

Mayor
James Kallander
Council Members
Tim Joyce
James Kacsh
David Allison
Bret Bradford
EJ Cheshier
David Reggiani
Robert Beedle

Interim City Manager
Donald Moore

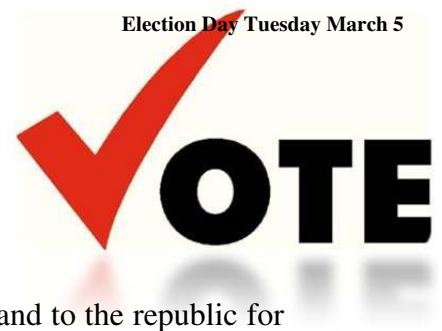
City Clerk
Susan Bourgeois

Deputy Clerk
Tina Hammer

Student Council

**REGULAR COUNCIL MEETING
FEBRUARY 20, 2013 @ 7:30 PM
LIBRARY MEETING ROOM**

Election Day Tuesday March 5



AGENDA

A. CALL TO ORDER

B. INVOCATION AND PLEDGE OF ALLEGIANCE

I pledge allegiance to the Flag of the United States of America, and to the republic for which it stands, one Nation under God, indivisible with liberty and justice for all.

C. ROLL CALL

Mayor James Kallander, Council members Tim Joyce, James Kacsh, David Allison, Bret Bradford, EJ Cheshier, David Reggiani and Robert Beedle

D. APPROVAL OF REGULAR AGENDA..... (voice vote)

E. DISCLOSURES OF CONFLICTS OF INTEREST

F. COMMUNICATIONS BY AND PETITIONS FROM VISITORS

1. Guest Speakers – None
2. Audience comments regarding agenda items..... **(3 minutes per speaker)**
3. Chairpersons and Representatives of Boards and Commissions
(Harbor, HSB, Parks & Rec, P&Z, School Board)
4. Superintendent's Report
5. Student Council Representative's Report

G. APPROVAL OF CONSENT CALENDAR..... (roll call vote)

6. Resolution 02-13-08..... **(page 1)**
A resolution of the City Council of the City of Cordova, Alaska, authorizing creation of a city manager assessment committee to assist with the selection process of a new city manager and to make recommendations to the City Council on final interviewees
7. Resolution 02-13-09..... **(page 3)**
A resolution of the City Council of the City of Cordova, Alaska, opposing the U.S. Food and Drug Administration's preliminary finding of no significant effect on the quality of the human environment in the United States with approval of Aquabounty Technologies, Inc.'s application to market genetically modified Atlantic salmon in the United States
8. Council concurrence of Mayor's appointment of Election Board for 2013..... **(page 8)**

H. APPROVAL OF MINUTES

9. Minutes of 02-06-13 City Council Regular Meeting..... **(page 9)**

I. CONSIDERATION OF BIDS

J. REPORTS OF OFFICERS

10. Mayor's Report
11. Manager's Report..... **(page 16)**
12. City Clerk's Report..... **(page 27)**
13. Staff Reports
 - a. Buck Adams, UBS Financial, City Investments..... **(page 28)**
 - b. Moe Zamarron, Public Works Director

K. CORRESPONDENCE

14. US Dept of Transportation EAS to Alaska Air Letter 02-10-13..... **(page 61)**

L. ORDINANCES AND RESOLUTIONS

- 15. Ordinance 1104..... (roll call vote)(page 69)**
An ordinance of the City of Cordova, Alaska, exempting Lot 5, Block 5, Odiak Subdivision, from property taxation and any special assessments so long as a payment in lieu of taxes is paid by the Native Village of Eyak on the property and the property is used by the Native Village of Eyak as low-income housing – 2nd reading
- 16. Ordinance 1105..... (roll call vote)(page 71)**
An ordinance of the City of Cordova, Alaska, authorizing the city administration to enter into a cooperation agreement with the Native Village of Eyak for payment in lieu of taxes on Lot 5, Block 5, Odiak Subdivision, so long as the property is used for low-income housing – 2nd reading
- 17. Ordinance 1106..... (roll call vote)(page 76)**
An ordinance of the City Council of the City of Cordova, Alaska, repealing Cordova Municipal Code Chapter 14.28 entitled “hospital” and adopting Title 15 entitled “city owned medical facilities” which incorporates the provisions of Chapter 14.28 but requires the City Council to sit as the Hospital Service Board and updates the obligations of the medical staff and hospital administrator to reflect the City’s use of a hospital management company to administer City owned medical facilities– 2nd reading
- 18. Resolution 02-13-07..... (voice vote)(page 85)**
A resolution of the City Council of the City of Cordova, authorizing the city manager to enter into a 2 year lease of property legally described as Lot 2, Block 7, North Fill Development Park with Ric and Osa Schultz (dba Mobile Grid Trailers, Inc.)

M. UNFINISHED BUSINESS

N. NEW & MISCELLANEOUS BUSINESS

- 19. Request for lease of City land: portion of High School Bldg. (USS 2637)..... (voice vote)(page 98)**
- 20. Council concurrence of Mayor’s appointments to the City Manager..... (voice vote)(page 105)**
Assessment Committee
- 21. Contract Approval with Eagle Contracting for Eyak Lake WTP..... (voice vote)(page 106)**
Chemical Mezzanine Structural Repairs
- 22. Pending Agenda and Calendar..... (page 112)**

O. AUDIENCE PARTICIPATION

P. COUNCIL COMMENTS

- 23. Council Comments**

Q. EXECUTIVE SESSION

- 24. Cordova Center**

R. ADJOURNMENT

Executive Sessions: Subjects which may be discussed are: (1) Matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the government; (2) Subjects that tend to prejudice the reputation and character of any person; provided that the person may request a public discussion; (3) Matters which by law, municipal charter or code are required to be confidential; (4) Matters involving consideration of governmental records that by law are not subject to public disclosure.

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MEMO FROM SUSAN BOURGEOIS, CITY CLERK

DATE: February 13, 2013
TO: Mayor and City Council
SUBJECT: City Resolution 02-13-08

At a City Council Work Session on January 23, Interim City Manager Don Moore discussed his City Manager recruitment/selection plan. Part of the plan was the formation of a City Manager Assessment Committee as was used in 2009 with the last City Manager recruitment/hire process. This Resolution creates the Assessment Committee and tasks it with certain duties. Later in tonight's meeting Mayor Kallander will offer the names of those he would like to appoint and will ask for Council concurrence to populate the committee.

RECOMMENDED MOTION: Move to approve Resolution 02-13-08

REQUIRED ACTION: Majority voice vote.

**CITY OF CORDOVA, ALASKA
RESOLUTION 02-13-08**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORDOVA, ALASKA,
AUTHORIZING CREATION OF A CITY MANAGER ASSESSMENT COMMITTEE
TO ASSIST WITH THE SELECTION PROCESS OF A NEW CITY MANAGER AND
TO MAKE RECOMMENDATIONS TO THE CITY COUNCIL ON FINAL
INTERVIEWEES**

WHEREAS, the City of Cordova needs to hire a new city manager; and

WHEREAS, the City Council supports establishing a committee of local citizens and City Council members to assist with the selection process and to make recommendations on final interviewees; and

WHEREAS, the City Manager Assessment Committee shall remain in force until such time Council deems the Committee is no longer needed.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of the City of Cordova, Alaska, hereby authorizes the creation of a City Manager Assessment Committee to assist with the selection process of a new city manager and to make recommendations to the City Council on final interviewees.

PASSED AND APPROVED THIS 20th DAY OF FEBRUARY, 2013.

Jim Kallander, Mayor

ATTEST:

Susan Bourgeois, City Clerk

MEMO FROM SUSAN BOURGEOIS, CITY CLERK

DATE: February 15, 2013
TO: Mayor and City Council
SUBJECT: City Resolution 02-13-09

In October 2010, Council passed Resolution 10-10-59 (attached here) opposing AquaBounty's application with the US FDA to market genetically engineered Atlantic Salmon. Debra Thompson, Deputy Clerk from Petersburg had sent us that Resolution after Petersburg Assembly passed a similar one. Recently she sent this updated Resolution which goes the next step and opposes the FDA's finding of no significant effect. She once again contacted coastal Alaskan towns and asked that we also approve a similar resolution and then post it on the FDA's website as a comment which would need to be received by February 25, 2013.

RECOMMENDED MOTION: Move to approve Resolution 02-13-09

REQUIRED ACTION: Majority voice vote.

**CITY OF CORDOVA, ALASKA
RESOLUTION 02-13-09**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORDOVA, ALASKA,
OPPOSING THE U.S. FOOD AND DRUG ADMINISTRATION'S PRELIMINARY FINDING
OF NO SIGNIFICANT EFFECT ON THE QUALITY OF THE HUMAN ENVIRONMENT IN
THE UNITED STATES WITH APPROVAL OF AQUABOUTY TECHNOLOGIES, INC'S
APPLICATION TO MARKET GENETICALLY MODIFIED ATLANTIC SALMON IN THE
UNITED STATES**

WHEREAS, AquaBounty Technologies, Inc. has submitted an application to the Food and Drug Administration (FDA) for approval of the "AquAdvantage Salmon", a genetically modified Atlantic salmon, for human consumption and marketing in the United States; and

WHEREAS, this is the first genetically modified animal intended to be used as food in the United States; and

WHEREAS, the Center for Veterinary Medicine prepared the "Preliminary Finding of No Significant Impact" (FONSI) report for the FDA, which expresses support for approval of the "AquAdvantage Salmon"; and

WHEREAS, the FONSI report states the social, economical and cultural effects of approving the rearing and eventual sale of the genetically modified AquAdvantage Salmon to citizens of the United States have not been analyzed and evaluated; and

WHEREAS, the "AquAdvantage Salmon" was bred by inserting a Pacific Chinook salmon growth hormone gene and an Ocean Pout antifreeze protein gene into fertilized eggs of wild Atlantic salmon. The fish that develop from these eggs have an enhanced growth rate compared to wild and farmed Atlantic salmon that are not genetically modified; and

WHEREAS, AquaBounty proposes fertilization and incubation to the eyed-egg stage on Prince Edward Island, Canada; shipment of the eyed-eggs to Panama; grow-out and processing of fish in Panama; and, shipment of processed fish to the United States for retail sale. AquaBounty maintains the land based rearing of the "AquAdvantage Salmon" to be safely contained with a minimum risk of escapement into the wild; and, in the event there is an escape, believes the geographical area of the salmon rearing is unfavorable to the survival of "AquAdvantage Salmon"; and

WHEREAS, Alaskans know all too well that fish farming containment measures are not fail-safe. Escaped farmed Atlantic salmon from British Columbia fish farms are found in Alaskan waters and are mixing with our wild stocks of Pacific salmon. In addition, AquaBounty does not adequately address the possibility of eyed-eggs making their way into the Prince Edward Island streams that flow into the Northern Atlantic Ocean and are currently the spawning grounds for adult hatchery-reared Atlantic salmon; and

WHEREAS, the development of "AquAdvantage Salmon" has been ongoing for approximately 15 years, yet the product has not been the subject of thorough scientific research and testing to ensure its consumption by humans is safe in the long term; and

WHEREAS, many salmon consumers purchase the product for its widely recognized health benefits, and this lack of safe consumption testing could weaken consumer confidence in all salmon products. Weakened consumer confidence would cause undue financial stress on all wild seafood based livelihoods; and

WHEREAS, Alaska's wild seafood industry, which is extremely important to the state's economy and is the largest industry in Cordova, could be severely impacted by the sale of genetically modified salmon; and

WHEREAS, there is no shortage of farmed Atlantic salmon. The sole purpose of genetically modifying Atlantic salmon is to increase profits for biotechnology firms and salmon farms by creating faster growing fish. While most consumers prefer wild salmon, if the price difference between wild and farmed salmon widens due to a flooded farmed salmon market with the faster-growing AquaAdvantage Salmon, the probability that a consumer chooses farmed salmon will increase. This will directly harm our commercial fishermen; and

WHEREAS, should the FDA approve AquaBounty's application to market their product in the United States, it is critical that the product be mandated to be clearly labeled "Genetically Modified" to allow consumers to make an informed choice regarding their health and well being. Alaska statutes require such labels be prominently displayed on the front of the package.

NOW, THEREFORE, BE IT RESOLVED that the Cordova City Council by this resolution does not support the FDA's "Preliminary Finding of No Significant Impact" or approval of genetically engineered salmon for sale in the United States.

BE IT FURTHER RESOLVED, if, despite strong environmental and human health concerns and lacking the evaluation of the social, economic and cultural effects on the United States and its citizens, the application is approved by the FDA, product labeling requirements should include the words "Genetically Modified" prominently displayed in a minimum font size and a contrasting color on the front of the package.

PASSED AND APPROVED THIS 20th DAY OF FEBRUARY, 2013.

James Kallander, Mayor

Attest:

Susan Bourgeois, City Clerk

**CITY OF CORDOVA
RESOLUTION 10-10-59**

**A RESOLUTION OPPOSING AN APPLICATION FROM AQUABOUNTY
TECHNOLOGIES, INC. TO THE U.S. FOOD AND DRUG ADMINISTRATION (FDA)
TO APPROVE AND MARKET GENETICALLY ENGINEERED ATLANTIC SALMON
IN THE UNITED STATES**

WHEREAS, AquaBounty Technologies, Inc. has submitted an application to the FDA for approval of the “AquAdvantage Salmon”, a genetically engineered Atlantic salmon, for human consumption and marketing in the United States; and

WHEREAS, this is the **first** genetically engineered animal intended to be used as food in the United States; and

WHEREAS, the “AquAdvantage Salmon” was bred by inserting a recombinant DNA construct (also called a transgene) comprised of a Pacific Chinook salmon growth hormone gene and an Ocean Pout antifreeze protein gene into fertilized eggs of wild Atlantic salmon. The breeding of six subsequent generations led to an “AquAdvantage Salmon” line which bears a single copy of the integrated transgene. The broodstock used in spawning of “AquAdvantage Salmon” are females containing two copies of the transgene that have been scientifically sex-reversed for breeding purposes, therefore labeled neomales. The neomales are crossed with female Atlantic salmon that do not possess the transgene to produce eggs containing a single copy of the transgene. The fish that develop from these eggs have an enhanced growth rate compared to non-transgenic Atlantic salmon; and

WHEREAS, AquaBounty proposes fertilization and incubation to the eyed-egg stage on Prince Edward Island, Canada; shipment of the eyed-eggs to Panama; grow-out and processing of fish in Panama; and, shipment of processed fish to the United States for retail sale. While AquaBounty maintains the land based rearing of the “AquAdvantage Salmon” to be safely contained with a minimum risk of escapement into the wild; and, in the event there is an escape, believes the geographical area of the salmon rearing is unfavorable to the survival of “AquAdvantage Salmon”, Alaskans know all too well that fish farming containment measures are not fail-safe. In addition, AquaBounty does not address the possibility of eyed-eggs making their way into the streams that run into the Northern Atlantic Ocean; and

WHEREAS, Cordova City Council urges you to honor the Food and Drug Administration Amendments Act of 2007 provision (P.L. 110-85) requiring the FDA Commissioner “to consult with the Assistant Administrator of the National Marine Fisheries Service of the National Oceanic and Atmospheric Administration to produce a report on any environmental risks associated with genetically engineered seafood products, including the impact on wild fish stocks”; and

WHEREAS, the development of “AquAdvantage Salmon” has been ongoing for approximately 15 years, yet the product has not been the subject of thorough scientific research and testing to ensure its consumption is safe in the long term; and

WHEREAS, many salmon consumers purchase the product for its widely recognized health benefits, this lack of safe consumption testing could weaken consumer confidence in all salmon products; and

WHEREAS, Alaska's wild seafood industry, which is extremely important to the state's economy and is the largest industry in Cordova, could be severely impacted by the sale of genetically engineered salmon if proper labeling is not required. Should the FDA approve AquaBounty's application to market their product in the United States, it is critical that the product be mandated to be clearly labeled "Genetically Modified" to allow consumers to make an informed choice. Alaska statutes require such labels be prominently displayed on the front of the package.

NOW THEREFORE BE IT RESOLVED THAT the City Council of the City of Cordova by this resolution does not support approval of genetically engineered salmon for sale in the United States.


BE IT FURTHER RESOLVED THAT if despite strong environmental and human health concerns the application is approved by the FDA, product labeling requirements should include the words "Genetically Modified" prominently displayed in a minimum font size and a contrasting color on the front of the package.

PASSED AND APPROVED THIS 20TH DAY OF OCTOBER, 2010.




James Kallander, Mayor

ATTEST:


Susan Bourgeois, City Clerk

A MEMO FROM SUSAN BOURGEOIS, CITY CLERK

DATE: February 12, 2013
TO: Mayor and City Council
SUBJECT: Appointment of 2013 Election Board members

Below are the names of the individuals who have been selected to serve on the election board for the 2013 General Election on March 5, 2013.

Recommended motion: Move to concur with the Mayor's appointment of the 2013 General Election board members as follows:

Diana Rubio, as Chairperson
Heidi Babic
Becky Chapek
Seawan Gehlbach
Sue Muma
Anne Schultz
Sue Shellhorn
Ruth Steele
Susan Bourgeois
Tina Hammer

Required action: Majority voice vote or approval of the consent calendar.

**CITY COUNCIL REGULAR MEETING
FEBRUARY 6, 2013 @ 7:30 PM
LIBRARY MEETING ROOM
MINUTES**

A. CALL TO ORDER

Mayor James Kallander called the Council Regular Meeting to order at 7:30 pm on February 6, 2013, in the Library Meeting Room.

B. INVOCATION AND PLEDGE OF ALLEGIANCE

Mayor James Kallander led the audience in the Pledge of Allegiance.

C. ROLL CALL

Present for roll call were *Mayor James Kallander* and Council members *Tim Joyce*, *James Kacsh*, *David Allison* (via teleconference), *Bret Bradford*, *EJ Cheshier*, *David Reggiani* and *Robert Beedle*. Also present were Interim City Manager *Don Moore* and City Clerk *Susan Bourgeois*.

D. APPROVAL OF REGULAR AGENDA

M/Cheshier S/Bradford to approve the Regular Agenda.

Vote on motion: 7 yeas, 0 nays. Motion passes.

E. DISCLOSURES OF CONFLICTS OF INTEREST - None**F. COMMUNICATIONS BY AND PETITIONS FROM VISITORS**

1. Guest Speaker – none

2. Audience comments regarding agenda items - none

3. Chairpersons and Representatives of Boards and Commissions

Harbor Commission representative *Beedle* reported there was no meeting.

HSB Interim chair *Reggiani* stated reports from administrator were given and privileging action was taken for some medical doctors. Three discussion items were heard, first being the new community health needs assessment. Second, the medical staff bylaws were approved. Finally, an update on the CT scanner was received.

P&R representative *Kacsh* stated they will meet next week.

P&Z representative *Reggiani* reported they will meet next week.

School Board representative *Bradford* said they will meet next week.

4. Superintendent's Report

Theresa Keel discussed North Pacific Erectors completion of roof repairs to the high school. They were unable to replace the roof but made a substantial number of patches in a 90' x 60' section. In doing so, they found considerable damage under the roof which is being submitted to the insurance company. *Keel* hopes the entire roof will be replaced. *Mayor Kallander* inquired about the student trip to Juneau. *Keel* reported that students *Carl Ranney* and *Steve Swartzbart*, and herself, attended the 2013 AASB Leadership & Legislative Fly-In. *Mayor Kallander* reported that *Senate President Charlie Huggins* interviewed the students and gave a televised press report on how impressed he was with them. *Keel* described the interaction between *Senator Huggins* and the students in Juneau. *Ranney* and *Swartzbart* told the *Senator* what they were doing in school, their plans after graduation and all the great things happening in Cordova. She continued that the students impressed all the Senators and Representatives they came into contact with giving their story of Cordova and Cordova schools. She felt that the students came away from the experience realizing what a great school and community we have here compared to some of the other students they met while attending the conference. *Joyce* returned to the topic of the roof and asked how extensive the damage was and if it went beyond the plywood layer. *Keel* said *Jared* will be giving a more detailed report at Monday's School Board meeting to the extent of the damage but that the

water was getting past the plywood on to the floor. **Beedle** asked which areas were leaking. **Keel** said leaks were in the hallways, cafeteria area and the library has a new leak causing stains on the ceiling tiles. **Cheshier** added that it is never good when the boat is sinking from the top.

5. Student Council Representative's Report – there was no student council rep in attendance.

G. APPROVAL OF CONSENT CALENDAR

Mayor James Kallander informed Council that the consent calendar was before them.

6. Waive right to protest renewal of liquor license for Anchor Bar & Liquor Store – Beverage Dispensary Lic. #61 & Anchor Liquor Store – Package Store Lic. #62.

7. Council concurrence of Mayor's appointments to fill vacancies on Harbor Commission.

Vote on Consent Calendar: 7 yeas, 0 nays. Kacsh-yes; Cheshier-yes; Joyce-yes; Allison-yes; Beedle-yes; Reggiani-yes and Bradford-yes. Consent Calendar was approved.

H. APPROVAL OF MINUTES

M/Cheshier S/Bradford to approve the minutes.

8. Minutes of 12-19-12 City Council Public Hearing

9. Minutes of 12-26-12 City Council Special Meeting

Vote on motion: 7 yeas, 0 nays. Motion passes.

I. CONSIDERATION OF BIDS – None.

J. REPORTS OF OFFICERS

10. Mayor's Report

Mayor Kallander thanked Fish & Game Solstice captain **Dave Anderson** in arranging to have an AF&G vessel's major renovation repair done in our shipyard. This has provided work for five or six business here in Cordova that could have gone to Kodiak or Seward. **Mayor Kallander** was in Juneau on January 23, 2013 and attended a budget meeting with Fish & Game and House Finance Committee's along with **Commissioner Campbell**. **Bill Stoltze**, co-chair of house finance, presented information on the Cordova Community Center and requested funding. **Rep. Stoltze's** grandfather came to Cordova and **Mayor Kallander** presented him with some historical information for which he was happy to receive. He met with Fish & Game **Commissioner Campbell**, who has a vote on the EVOS trustee council, and discussed the letter he wrote and the request for funding for the Cordova Center which he felt went well. **Mayor Kallander** also met with **Tyson Gallagher** from the Office of Management & Budget, who reports to the Governor office, and went over the trustee's budget and the request for funding letter. **Mayor** stated that his letter had gotten a lot of activity before he arrived with the idea that he wanted the Governor onboard as he has three voters on the trustee council. **Mayor** met with the new DOT Commissioner, **Patrick Kemp** and confirmed that the Chenega would be staying in Cordova and squelched rumors to the contrary. **Kemp** discussed the preliminary issues with the Chenega's engines. He was up to speed with the Copper River Highway issues and the 38 mile bridge also recognized the challenges with funding. During a break **Mayor Kallander** called **Jen Schorr**, Alaska Department of Law and Federal Trustee **Pat Pourchot**, who will both be voters on the Federal side. **Jen Schorr** helped the City last year with the EVOS grant. **Mayor** met with **Senator Kevin Meyer** and a member of his staff, **Susan Cunningham**, who is Senate Finance Co-chair, again speaking about the \$5 million funding (for Cordova Center). The next day **Mayor Kallander** met with **Peggy Wilson** of transportation as the Chenega's outcome was unknown at that time. Next he met with **Alan Austerman** and got a commitment from him to do the ask on the house side for the \$5 million. Next he attended a meeting with **Senator Dennis Egan**, with transportation, about both the highway and the ferry. The **Mayor** lunched with **Gary Stevens** and chief of staff **Katrina Matheny** and received a commitment from him personally that he will carry the \$5 million number in the senate. The strategy was to build support around the people who would be doing the asking. He then met with **Jolene Julian**, head grant administrator, and **Jen Schorr** who has been getting three to five emails a day from

EVOS staff about how to restructure the grant. **Mayor Kallander** thanked **Schorr** and stated she is a huge advocate for Cordova with EVOS and the way the grant distributed the funds. The **Mayor** stated that we had developed a line of credit with UBS for cash flow problems. **Schorr** informed him that according to the grant agreement she has spending authority for 20% of the grant and could cut checks, which the City did not know. This contingency was set up in the grant to address cash flow problems. **Schorr** also alerted us to outstanding balances that were due to the City which have not been collected. In addition we are due interest from the point the grant was awarded but no language on how or when that interest will be paid. **Schorr** is looking in to this but City will be following up also. **Bradford** questioned what that interest rate might be. **Joyce** thought it would be the same rate as the permanent fund. This could be substantial amount of money. January 28, 2013 **Mayor Kallander** was invited by **Tom Barrett** and attended a community meeting at Alyeska Pipeline Service Company in Anchorage. He and **Kristen Smith Carpenter** toured the control center and **Mayor Kallander** was impressed with the technology. Alyeska is doing research into transporting the pipeline oil cold to keep the water frozen versus heating the oil. Currently, warm oil flow demands continuous pigging of the pipeline. Oil production has declined 6% last year which has resulted in a \$1.5 billion loss in tax revenue for the State of Alaska. **Mayor Kallander** then met with **Jen Schorr** at the Department of Law. In a lengthy conversation, he fielded questions from her and discussed the requests we made. Before tonight's meeting, **Mayor Kallander** had a conversation with **Captain Falvey** regarding the Chenega. It is crewed up and ready to go. Engine manufacture MTU has sent an inspection letter to DNV, a certifying agency in Norway. DNV has asked a couple of questions but **Falvey** felt they would be able to answer them appropriately. There is no indication if or when they will certify the Chenega but **Falvey** is optimistic. The Aurora was scheduled for 45 days of maintenance in Seward starting February 13 which has shrunk to 20 days of compliance work to recertify. Worst case scenario we will be without any ferry service for 20 days.

11. Manager's Report

Don Moore informed council that he appointed **George Wintle** as acting Police Chief. **George** has been with the Cordova Department since June of last year and has over 25 years in law enforcement both in investigative and patrol work. The PERS audit from the State was received that covered a number of former employees with some adverse findings that are being dealt with. **Moore** listed the number of projects and their activity since last council meeting. He asked Public Works Director to make a presentation to council on the LT2 project funding. **Moe** updated council on the project funding that was put into the 2013 budget. We have a grant for the project that we need to match. DEC will loan us the matching amount. This loan has to be approved by the voters. The upgrading of our equipment will qualify as depreciation improvements. An existing depreciation improvement fund will be used to pay back the loan so there is no user rate increase required. We will be asking the voters to approve a \$1,018,500 loan for the matching 30/70 grant. DEC will forgive \$141,000 of the loan upon repayment. **Joyce** asked what dollar amount would be brought to the voters. **Moe** explained that the loan was pre-applied for in the amount of \$1,081,500 which is amount we should go to the ballot for. Project total match is \$1,617,857. **Kacsh** asked if we would have to go back to the voters for the remainder of the project total match and felt it was tough to keep going back to the voters. **Moe** explained that we could go back and borrow the balance or it could come out of a city fund. **Bradford** stated he liked the negative interest rate. **Moe** said he could start the loan process for the project balance. **Bradford** questioned the marketing plan. **Beedle** asked what happens if we don't do it. **Moe** explained that the LT2 project must be completed by September, 2014 regardless of loan approval and we will not get the forgiveness amount. **Mayor Kallander** clarified that two years ago there was a proposal for \$11M for this project. He tried to get out of the requirement but communities in Alaska, who had a lot of money, went ahead with LT2. If we had stuck together as a State we might have gotten out of it as Portland went to the Supreme Court and won. So now we must comply with the LT2 requirement. With complying by upgrading equipment this is

the least expensive way to go. **Joyce** agreed that we would be remiss in not accepting the loan with the forgiveness amount making it a negative interest rate. **Beedle** commented we would be encumbering the enterprise funds for the next 20 years and that rates might have to be raised later. **Moe** elaborated that by changing the direction of the LT2 project away from building \$12M in new infrastructure to addressing our aging equipment is what the depreciation funds were meant to be used for. Additionally, since snow removal to tanks is required a new road grader is included in project. **Moe** moved on to the Refuse Project funding which is a second loan up for voter approval to address deterioration and aging equipment at the bailer. The \$441,000 grant will be matched by a DEC loan amount of \$785,000 in a 30/70 split. This loan is to rebuild the bailer machine and building, increasing usability 10 to 15 years. The entire city portion will be paid using the existing depreciation from the refuse enterprise fund. No rate increases are required to fund this project. **Mayor Kallander** asked about the interest rate of the loan. **Moe** explained the interest rate is fixed at 1.5% and a small subsidy will apply. This subsidy will be about equal to the interest on the loan and the subsidy for both the LT2 and Refuse Project could increase with early application. A resolution is required to add both of these loans to the March ballot. **Joyce** commented these projects have to be done and the loans would be the cheapest way to fund them. **Moe** added that our landfill is rated class 2 which requires us to have a landfill closure fund that each year we fund with \$50,000. With the improvements at the baler we should reduce what we put into the landfill each year. This could reclassify us to a class 3 landfill then we would not be required to fund a closure fund. We now have \$584,000 in that fund. **Moore** continued with his report stating he had been working with the finance director on the City's finances. He reviewed UBS Financial Services fourth quarter report of the City's investment portfolio which is attached in packet. Grant or payment submittals made total \$1.3M and have been prescreened which will be received in the next week. Museum artifacts need to be moved out of the basement of CEC by February 15th and we have clearance to move them into the CCMC basement. **Moore** thanked the staff, **Sam Greenwood, Shannon Joekay, Paula Payne, Josh Hallquist** and community members **Karen Hallquist** and **Kristen Carpenter** for hosting the Cordova Community Center open house Saturday during the Iceworm Festival. He praised their efforts and received positive feedback from community attendees who were grateful to have an opportunity to tour the facility. Finally, **Moore** referred to his entrance report with his first month's observations. These are first impressions and if he got anything wrong he will correct it in his exit report.

12. City Clerk's Report

Bourgeois reported that council's city email address is forwarding correctly to their home addresses. The Election preparations continue. Declaration of candidacy closed February 5 and **Bourgeois** updated council with the final declared candidates. She is in the process of printing the sample ballots and thought the newspaper or radio might be hosting a candidate forum. She has signed the City up for an Alaska Airlines EasyBiz account which will allow the City to earn mileage plan miles. There is no cost to the City for using EasyBiz.

13. Staff Reports - None

K. CORRESPONDENCE

14. Department of the Navy notice of supplemental EIS in re training in GOA 01-07-13

15. FY14 Population determination from DCCED 01-15-2013

16. Mayor letter in re Alaska Airlines EAS 01-22-13

17. News release form Chugach National Forest in re Forest Plan Revision 01/31/13

Joyce commented that there will be a public meeting, February 27th held at the Masonic Hall, starting at 6:30 PM for the Chugach Forest Plan Revision. Since the City is surrounded by national forest the plan revisions will affect the City over the next fifteen years. He encouraged citizens and Council to attend and

be informed. *Mayor Kallander* felt there should be a council representative and *Kacsh* volunteered to attend.

L. ORDINANCES AND RESOLUTIONS

18. Ordinance 1104

An ordinance of the City of Cordova, Alaska, exempting Lot 5, Block 5, Odiak Subdivision, from property taxation and any special assessments so long as a payment in lieu of taxes is paid by the Native Village of Eyak on the property and the property is used by the Native Village of Eyak as low-income housing

M/Reggiani S/Kacsh to adopt an ordinance of the City of Cordova, Alaska, exempting Lot 5, Block 5, Odiak Subdivision, from property taxation and any special assessments so long as a payment in lieu of taxes is paid by the Native Village of Eyak on the property and the property is used by the Native Village of Eyak as low-income housing

Beedle asked for an explanation of the ordinance. *Reggiani* referred to Holly Wells' memo on page 44 of council's packet. *Cheshier* explained that City's approval would allow NVE to receive their grant. NVE explained that this covers one unit.

Vote on motion: 7 yeas, 0 nays. Motion passes.

19. Ordinance 1105

An ordinance of the City of Cordova, Alaska, authorizing the city administration to enter into a cooperation agreement with the Native Village of Eyak for payment in lieu of taxes on Lot 5, Block 5, Odiak Subdivision, so long as the property is used for low-income housing

M/Bradford S/ Reggiani to adopt an ordinance of the City of Cordova, Alaska, authorizing the city administration to enter into a cooperation agreement with the Native Village of Eyak for payment in lieu of taxes on Lot 5, Block 5, Odiak Subdivision, so long as the property is used for low-income housing

Bradford questioned what happens if the property is no longer used for low-income housing. *Bourgeois* responded that an annual form would be mailed in before the tax rolls are certified to say if property is still used as low-income.

Vote on motion: 7 yeas, 0 nays. Motion passes.

20. Ordinance 1106

An ordinance of the City Council of the City of Cordova, Alaska, repealing Cordova Municipal Code Chapter 14.28 entitled "hospital" and adopting Title 15 entitled "city owned medical facilities" which incorporates the provisions of Chapter 14.28 but requires the City Council to sit as the Hospital Service Board and updates the obligations of the medical staff and hospital administrator to reflect the City's use of a hospital management company to administer City owned medical facilities

M/Bradford S/ Kacsh to adopt an ordinance of the City Council of the City of Cordova, Alaska, repealing Cordova Municipal Code Chapter 14.28 entitled "hospital" and adopting Title 15 entitled "city owned medical facilities" which incorporates the provisions of Chapter 14.28 but requires the City Council to sit as the Hospital Service Board and updates the obligations of the medical staff and hospital administrator to reflect the City's use of a hospital management company to administer City owned medical facilities

Vote on motion: 7 yeas, 0 nays. Motion passes.

21. Resolution 02-13-03

A resolution of the City Council of the City of Cordova, Alaska, authorizing the appropriation from the General Fund in the amount of \$574,611.00 to the Cordova Community Medical Center (CCMC) to fund the costs of the electronic health records Centriq (EHR Centriq) hardware and software maintenance agreement with Healthland

M/Kacsh S/ Bradford to approve a resolution of the City Council of the City of Cordova, Alaska, authorizing the appropriation from the General Fund in the amount of \$574,611.00 to the Cordova

Community Medical Center (CCMC) to fund the costs of the electronic health records Centriq (EHR Centriq) hardware and software maintenance agreement with Healthland

Reggiani quipped about missing a meeting and council using the permanent fund. He wanted to know more about the 2.5% interest rate and what it was tied to as he felt we were paying ourselves back. **Bradford** stated that the permanent fund was earning money so they did not want to lose earnings while loaning money. **Mayor Kallander** stated there was much discussion and debate on the separation between City and hospital. **Joyce** added that the hospital could have gone out and gotten a loan themselves at 6% interest but this was a method to save the hospital some charges. The 2.5% interest was a way to repay the permanent fund. **Kacsh** stated the interest was included in the Medicaid reimbursement schedule. **Beedle** agreed some of the interest is covered by Medicaid. **Mayor Kallander** state the payback schedule was so aggressive it amounted to very little interest.

M/Reggiani S/Bradford to amend resolution 02-13-03 striking the “at a rate of 2.5%” in the fourth paragraph and strike the “Be It Further Resolved” paragraph entirely.

Reggiani explained that because the payback schedule is so aggressive there is no need to charge interest and that this is more of a cash flow loan. His recommendation is to use the general fund itself rather than the reserve fund thus striking the last paragraph. **Mayor Kallander** noted that with 60 day notice from management of cash flow issues we can still go to the permanent fund as a bail out if we had to. **Joyce** is against the last paragraph deletion as the permanent fund cannot be used for operations. He felt taking from the general fund would cause a cash flow problem. **Kacsh** agreed and he was not comfortable using the general fund. **Allison** stated that in the interest of speed take it out of the general fund and leave the last paragraph since to states council “will consider” an ordinance so they wouldn’t necessarily have to do that. **Cheshier** thought the 2.5% should be stricken but questioned the liquidity of the permanent fund. **Reggiani** added that the general fund earned less interest due to short term investments so less lost interest to borrow from it. **Kacsh** asked **Moore** if the general fund could absorb the loan. **Moore** said general fund cash flow should not be a problem. **Stavig** interjected the hospital has grants and Medicaid coming in and their intent is to pay a significant portion next year. On the flip side, for the budget year 2014, there will be additional funds they will have to provide. The general reserve fund could sustain the loan right now but be cognizant of future items before council. **Mayor Kallander** stated that the majority of the money, \$480,000 is expected for the first year pay off and that the hospital could handle the \$90K service obligation in their budget. **Cheshier** thought we would be ahead by not disturbing our permanent fund and investments. **Reggiani** added that the bulk of the pay back is in the first year and the general fund will handle it. **Bradford** would like to be able to consider using permanent fund in the future if necessary. **Joyce** agreed and would like the last paragraph left in to resolve that issue if necessary. **Beedle** thought the hospital could get more Medicaid funds if an interest rate was included.

Vote on amendment: 0 yeas, 7 nays. Amendment failed.

M/Reggiani S/Bradford to amend resolution 02-13-03 on the fourth whereas to strike “at a rate of 2.5%” and at the last paragraph “Be It Further Resolved” strike “to be repaid at the interest rate of 2.5%”.

Beedle clarified that the loan would be coming out of the general fund unless there was a short fall later on. **Joyce** stated he would like to see the 2.5% left in the last paragraph so if funds were taken from the permanent fund Medicaid would reimburse a portion of that interest. **Bradford** thought the loan would be paid back for we realized anything from the 2.5%. **Beedle** stated if the loan came from the permanent fund we would lose earning on \$600,000 for a year.

Vote on amendment: 7 yeas, 0 nays. Amendment approved.

Vote on main motion as amended: 7 yeas, 7 nays. Motion approved.

22. Resolution 02-13-04

A resolution of the City Council of the City of Cordova, Alaska, appropriating \$90,955.50 from the general fund to the Samson land swap project to fund project related construction costs.

M/Kacsh S/Bradford to approve a resolution of the City Council of the City of Cordova, Alaska, appropriating \$90,955.50 from the general fund to the Samson land swap project to fund project related construction costs.

Reggiani questions why the interest rate was left blank in the resolution. **Joyce** explained the cost is being paid back by the users of the boat lift and the additional money will be applied to the same loan. He does not know the original interest rate of that loan. **Mayor Kallander** said staff was looking in to what the interest rate was. **Bradford** asked if an interest rate was included would that be added to the rate the harbor is paying now and wondered how we would track it. **Kacsh** gave some history on the original boat haul out loan. **Cheshier** suggested language that would say at a rate equal to the boat haul out loan.

M/Reggiani S/Bradford to amend resolution 02-13-04 to strike the blank and the percentage and insert the language “at an interest rate equal to the interest rate of the original loan for the purchase of the harbor boat lift”.

Vote on amendment: 7 yeas, 0 nays. Amendment approved.

Vote on main motion: 7 yeas, 0 nays. Motion approved.

M. UNFINISHED BUSINESS - None

N. NEW & MISCELLANEOUS BUSINESS

23. Pending Agenda and Calendar

Council decided to have a special meeting on Friday, February 8, 2013 at 12 pm to pass resolutions to submit the questions of the loans discussed earlier to voters. **Bourgeois** reminded council that there will be a Cordova Center work session on February 21 at 7 pm. **Keel** mentioned the school board meeting was changed to Monday, February 11th. A Council Public Hearing was also set for February 20th at 7:15 pm.

O. AUDIENCE PARTICIPATION – None

P. COUNCIL COMMENTS

22. Council Comments

Beedle said a citizen called about snow plowing on Lake Avenue and was wondering if we were short-handed. **Moe** stated crews were plowing.

Cheshier noticed snow in his neighborhood.

Reggiani had no comment.

Bradford commended **Laura Cloward** for her great job on the City website.

Joyce had no comment.

Kacsh had no comment.

Allison had no comment.

Q. EXECUTIVE SESSION – None

R. ADJOURNMENT

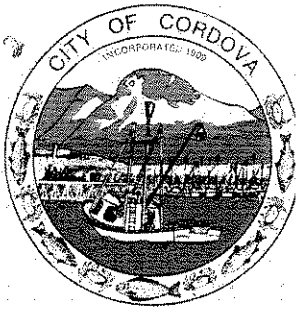
M/Bradford S/Beedle to adjourn the regular meeting at 9:22 pm

Vote on motion: 7 yeas, 0 nays. Motion passes.

Approved: February 20, 2013

Attest: _____

Tina Hammer, Deputy Clerk



CITY OF CORDOVA

Office of City Manager

To: Mayor and City Council
From: Donald L. Moore, Interim City Manager
Subject: **Manager's Report**
Date: February 20, 2013

LT2 Loan Projects: Attached is some essential information in a condensed summary concerning the LT2 loan issue that is relevant to propositions 3 and 4 on the March 5th election.

Personnel: Brandon Dahl has been hired as the Refuse Foreman at the Baler. The City is currently advertising for the Police Chief position and the City Manager positions. To date we have received several requests for applications but only a few have returned.

As this is written, I have a candidate for Police Chief scheduled for interview on February 15th.

Construction Projects: Attached is a tracking list of active City construction projects. There are also more projects in the planning stage that are yet to be added. As this list demonstrates, I believe our construction management resources are currently saturated and I am re-evaluating how this work is to be scheduled and delivered.

Various Meetings & Actions: Met with Copper River Watershed Project and CCMC concerning watershed drainage into Odiak Slough. The remediation of this is going to require some care and planning because it is a major snow dump site.

Attended the Harbor Commission meeting on February 13th.

Filed the application for a Rasmuson grant with helpful assistance from Kristin Carpenter of CRWP.

Received and attached letter report from Cordova Chamber of Commerce.

Major Revenue Receipts: The City received \$947,249.68 from the Forest Receipts program which is about \$115K less than was budgeted. Also received:

- The 4th quarter EVOS grant payment of \$182,981.87.
- Hospital Roof, \$339,137.37
- Breakwater extension, \$594,519.34
- Boat Ramp, \$172,000

Total of \$1,896,750.80 received in the 2 weeks prior.

Don Moore

From: Josh Hallquist
Sent: Tuesday, February 12, 2013 1:25 PM
To: City Manager; Tracy Merritt; Moe Zamarron
Subject: Project List

Don and Tracey,

Here is my project list:

- Breakwater Extension
 - Ongoing project to complete 6-1-13 – final grading and survey required
- North Fill Floating Dock
 - Ongoing project to complete 5-1-13 – Work to resume with low tides this month
 - Removal and replacement of concrete planks and fasteners
 - Form and Pour the concrete float supports.
 - Form and pour the dock ramp/anchor
 - Re-work barrier rock
 - Install floating dock section
- CCMC Signage
 - Ongoing project to complete 3-1-13
 - NLE currently installing electrical connections for new lighted signs
 - SignCo completing fabrication of new signs now and planning to install 3-6-13.
- CCMC EIFS Repair
 - Engineering services ongoing
 - Bid project
 - Execute project.. complete by 7-1-13
- CCMC Pneumatic Control Repair and restoration
 - RFP out for bid ---due 2-19-13
 - Review bids and award.....or change horses and see if we can get funding for new DDC control system and other HVAC upgrades...AMARESCO
 - Execute project...complete by 6-1-13
- Water Treatment Plant Chemical Mezzanine Column Repair
 - Eagle is apparent low bidder...need approval from Moe/Don to ask for council approval
 - Issue contract and execute project...complete by 5-1-13
- Water Treatment Plant Roof Replacement
 - Moe working to secure grant
 - After grant secured work up RFP package and bid out
 - Award and execute project...needs to be done by 9-1-13 or suffer weather cost
- Samson Relocate
 - Ongoing project to be complete by 4-1-13
 - Electrical trenching complete and conduit installed
 - Cable and Equipment on order to arrive 3-11-13
 - Install cable and remaining equipment
 - Move shop (double crane pick)
 - Install new sewer and water service to new Samson office trailer
- Badarki Door Replacement
 - All new doors and frames on site
 - Parks and Rec crew installing new doors and frames...one of three complete as of Saturday.
- City Shop Electrical Renovations
 - RFP complete and ready for public notice

- Need Moe's approval to notice
 - Issue contract and execute
- Waste water plant freeze protection at grit separator shed
 - Need to complete design of shelter extension, valve blankets, and heat trace
 - Write RFP....verify funds available will cover project
 - Execute project
- Waste water plant vehicle storage building siding replacement
 - Assemble RFP for siding replacement
 - Verify available funds will cover project
 - Execute
- Baler facility renovations
 - Dee High working up engineering cost proposal with engineers cost estimate for construction
 - Verify grant money available...issue engineering services contract
 - Bid out project
 - Execute project
- Baler Machine Rebuild
 - Assemble RFP for baler machine restoration
 - Bid out and execute
- Cordova Center Phase I
 - Window testing
 - REA Defense
 - Assist as needed
- Cordova Center Phase II
 - Final plan review
 - Council approval to move forward....
 - Daily oversight of project if approved.
- Emergency Generator Installation at Mt Eccles
 - Haight and Associates are currently working up an engineering support services proposal to facilitate hook-up and use of the new generator.
 - Need direction from Moe/Don to determine if my services are needed
 - Possible Design build RFP per Caly Coplin's offer to help.
 - Maintenance schedule with generator maintenance folks. Who pays? School? Fire department?
- Safe Routes to School
 - I am currently working on helping fill out the grant paperwork with Shannon.
 - This project is getting a late start and will probably need to go next spring.

That is it
Big fun
THX
JH

Cordova Chamber of Commerce

P.O. Box 99 • First Street
Cordova, Alaska 99574
(907) 424-7260 • Fax (907) 424-7259
www.cordovachamber.com



RECEIVED
FEB 14 2013
City of Cordova

February 14, 2013

City of Cordova
Box 1210
Cordova, AK 99574
Attention: Don Moore

Dear Mr. Moore,

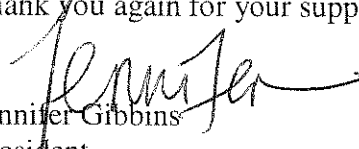
The Cordova Chamber of Commerce would like to thank you and the city council for providing continued financial support to the Chamber for the year 2013. This show of support for the work the Chamber puts into marketing the City of Cordova and for its role as the Visitor and Convention Bureau for the city enables us to continue our service to the City of Cordova and its business community.

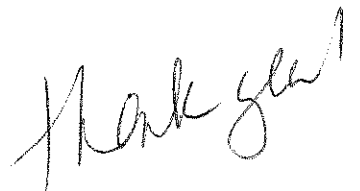
City of Cordova divides their financial support (\$75,000.00 in 2013) to the Chamber into four quarterly payments of \$18,750.00. This allows the Chamber to keep ahead of publication deadlines for the Cordova brochure and other marketing materials so we do not run out of brochures and can continue to supply the visitor centers throughout Alaska, especially the Anchorage Downtown log cabin and the airport kiosk. Today we are asking for payment of the 1st quarter installment. Several advertising deadlines are looming, so we request that this be expedited.

In addition to our continuing participation in the Iceworm Festival, Clean-up Day, 4th of July, the Sobriety Celebration and the Salmon Festival, we are responsible for the planning and coordination of the Shorebird Festival as well as supporting the Fungus Festival, Christmas light-up, and other civic events throughout the year. We intend to maintain the level of in-state advertising throughout the year to draw Alaskans to visit Cordova for their family vacations. We have continued this marketing effort with a state-wide scanner advertising campaign focused on drawing Alaskans to our Shorebird and 4th of July events, as well as the Salmon Festival. We will again host a Cordova booth at the Alaska Sportsman Show in Anchorage in March. Plans are under way to begin marketing efforts for the convention center scheduled to open in late 2014. The obvious trickle down will be increased sales and accommodations tax revenues collected by the city.

The Cordova Chamber of Commerce Board of Directors is also active in the daily operation of the Chamber and we are conducting a search for a new executive director. Additionally, we have recently hired Jackie Harris as office manager. We are in the process of assessing the role and opportunities for the Chamber as Cordova prepares to bring the Cordova Center online. We look forward to reporting to our members and the city on these efforts soon and appreciate your patience and support during this transition period.

Thank you again for your support of the Chamber.


Jennifer Gibbins
President
Cordova Chamber of Commerce





THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Commerce, Community,
and Economic Development

DIVISION OF COMMUNITY AND REGIONAL AFFAIRS

P.O. Box 110809
Juneau, Alaska 99811-0809
Main: 907.465.4751/907.465.4733
Programs fax: 907.465.4761

February 11, 2013

Dear Municipal Official:

Recently, you were awarded your FY13 National Forest Receipts payment. The lump sum payment includes your receipts for road miles as well as the allocation for schools. For your records, we are providing the following information to you regarding the breakdown of the two amounts:

Community: **Cordova**

Total Payment: **\$947,249.68**

Road Payment: **\$86,029.61**

School Payment: **\$861,220.07**

If you have questions regarding this payment, please feel free to contact me 907-465-4733 or you may email me at: Danielle.Lindoff@alaska.gov

Sincerely,

A handwritten signature in cursive script that reads "Danielle Lindoff".

Danielle Lindoff
Local Government Specialist IV

PROPOSITIONS 3 & 4

The State of Alaska has made \$6,082,500 available to the Citizens of Cordova for improvements to the Water and Refuse systems.

\$4,216,000 of this money comes to us as grants that do not have to be paid back.

\$1,866,500 comes in the form of loans that require only partial payback.

Cordova City Charter requires that the Citizens of Cordova be fully aware of all loans taken by the City and vote Yes or No in each case.

On the March 5th ballot there will be presented to the Voter two loan requests, one in the amount of \$1,081,500 for improvements in the Water Division and one in the amount of \$785,000 for improvements in the Refuse Division.

Much of the work that is being done with this money has been mandated by the United States EPA. We are doing it whether we borrow the money or not.

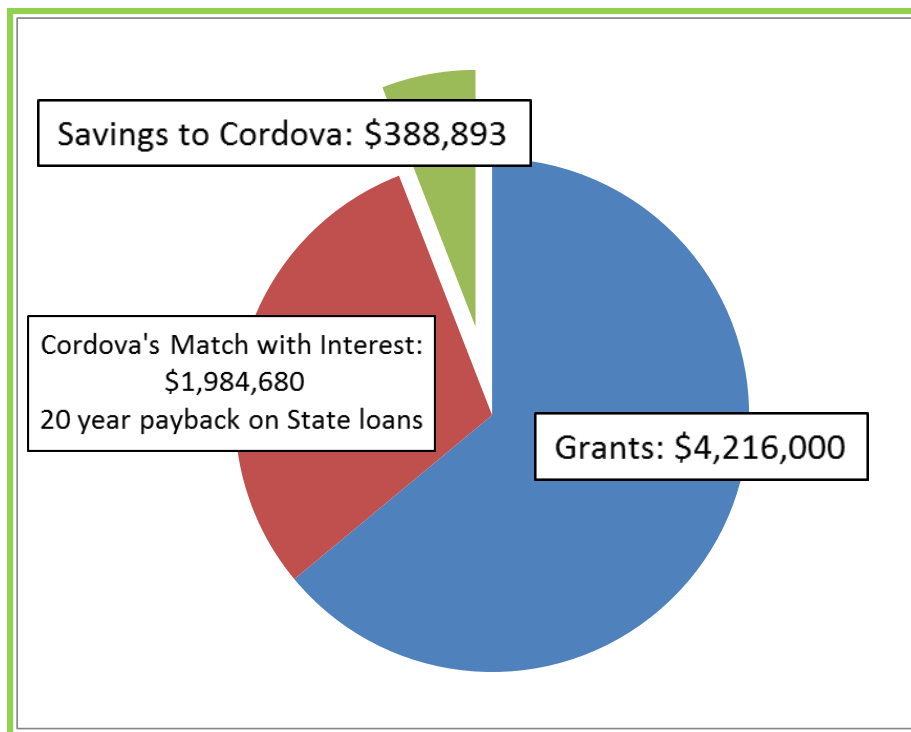
If we accept these loans from the State by May 2013, the City will not be required to repay all of it saving the citizens of Cordova \$388,893 in principal and interest.

The 20 year payback for the loans is scheduled into our budget so there will be no rate increase because we borrowed this money.

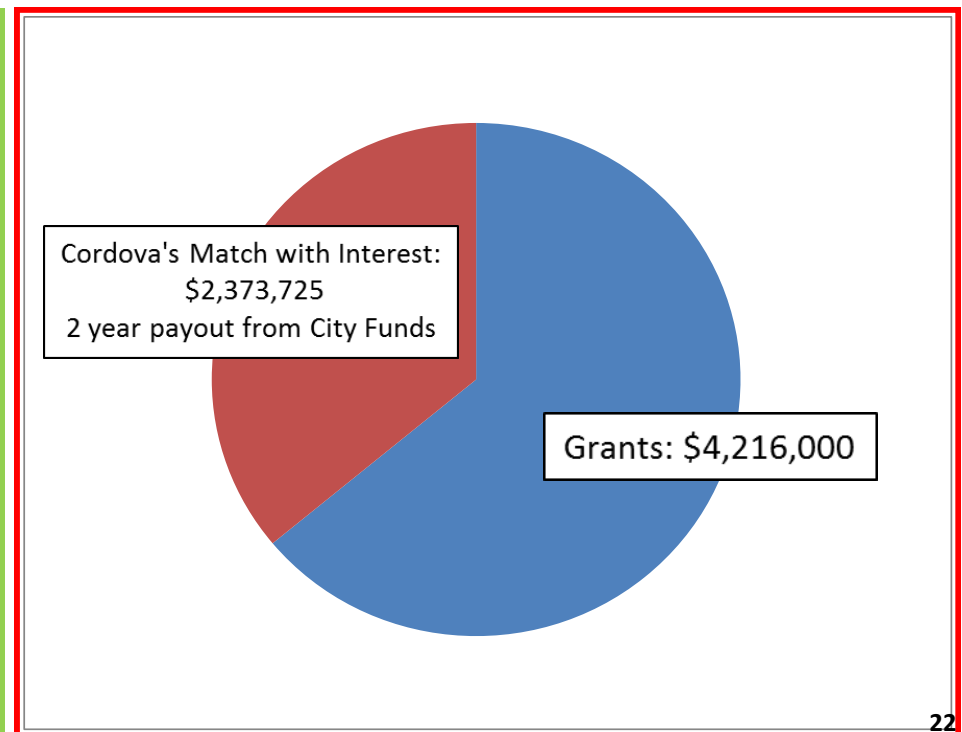
Visit the City's website or stop by City Hall for full details about the propositions.

What is the difference between a YES or NO vote On Loan Propositions 3 and 4?

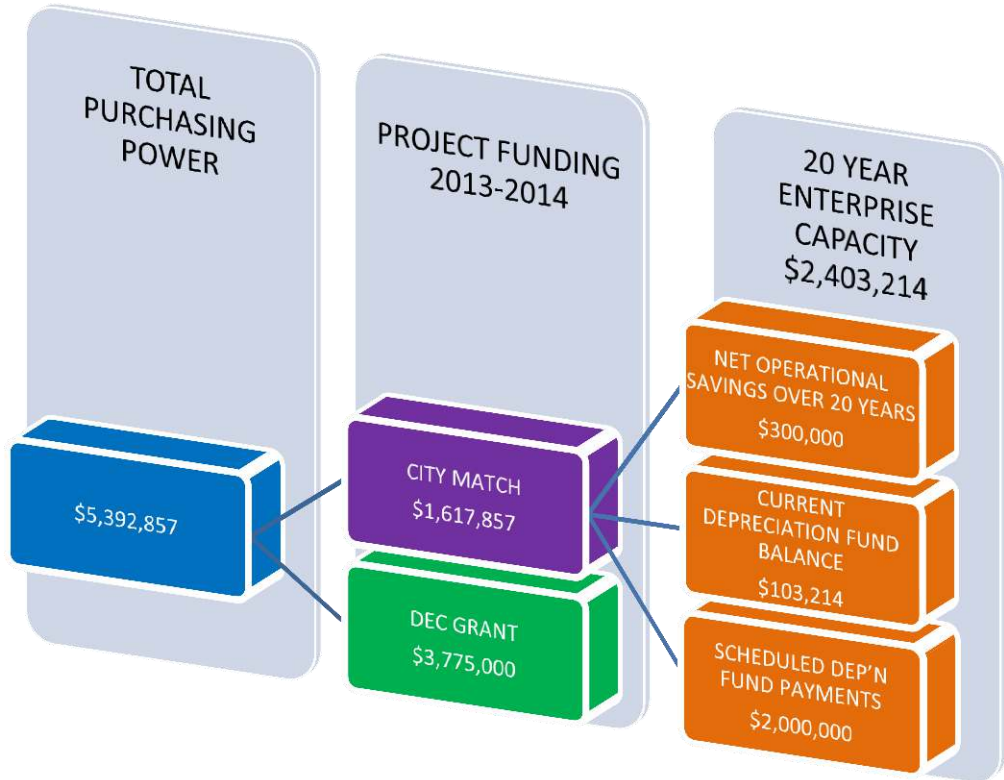
YES on Both



NO on Both



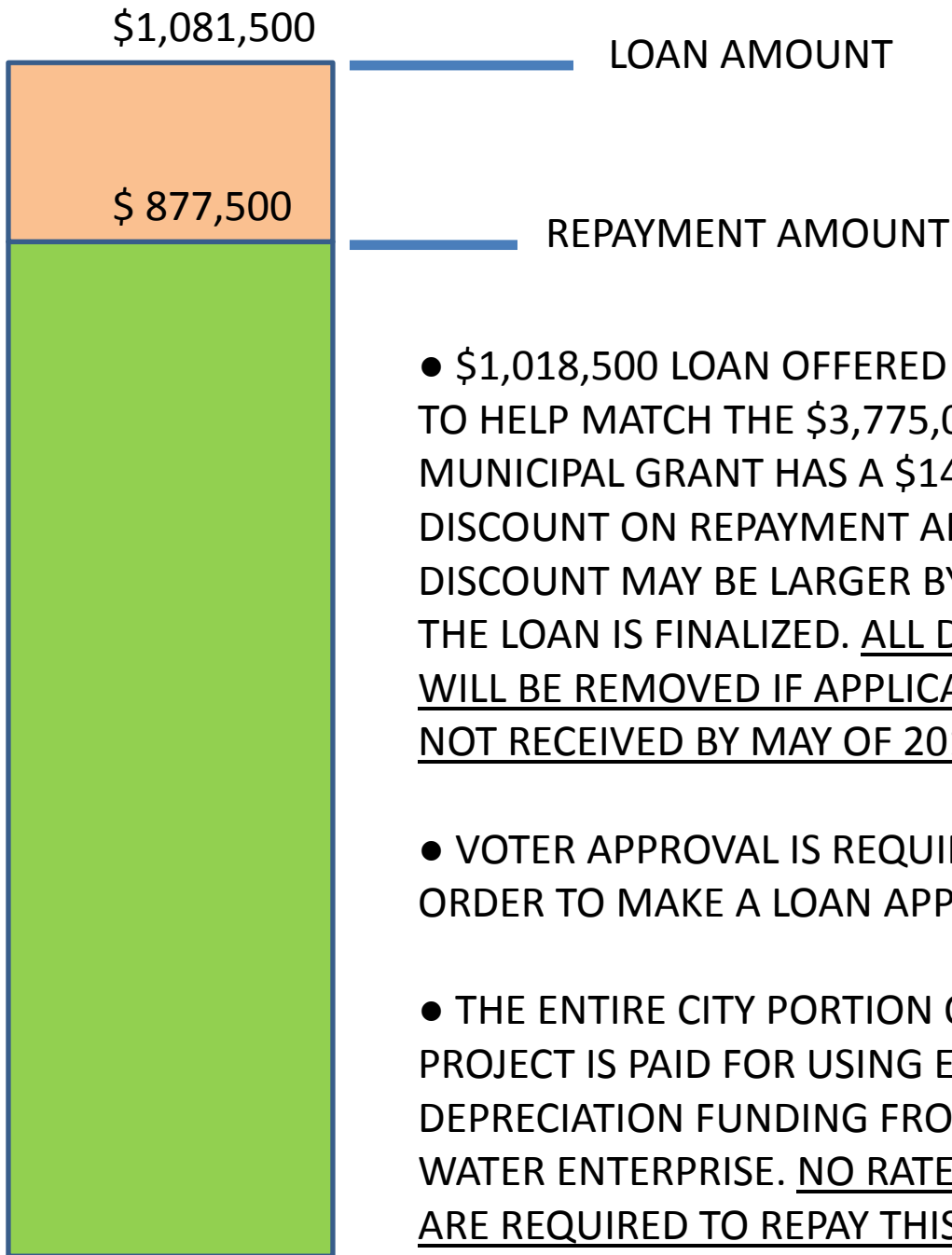
LT2 PROJECT FUNDING



City of Cordova's Primary Water System Upgrade for LT2 Compliance, Cost Estimate

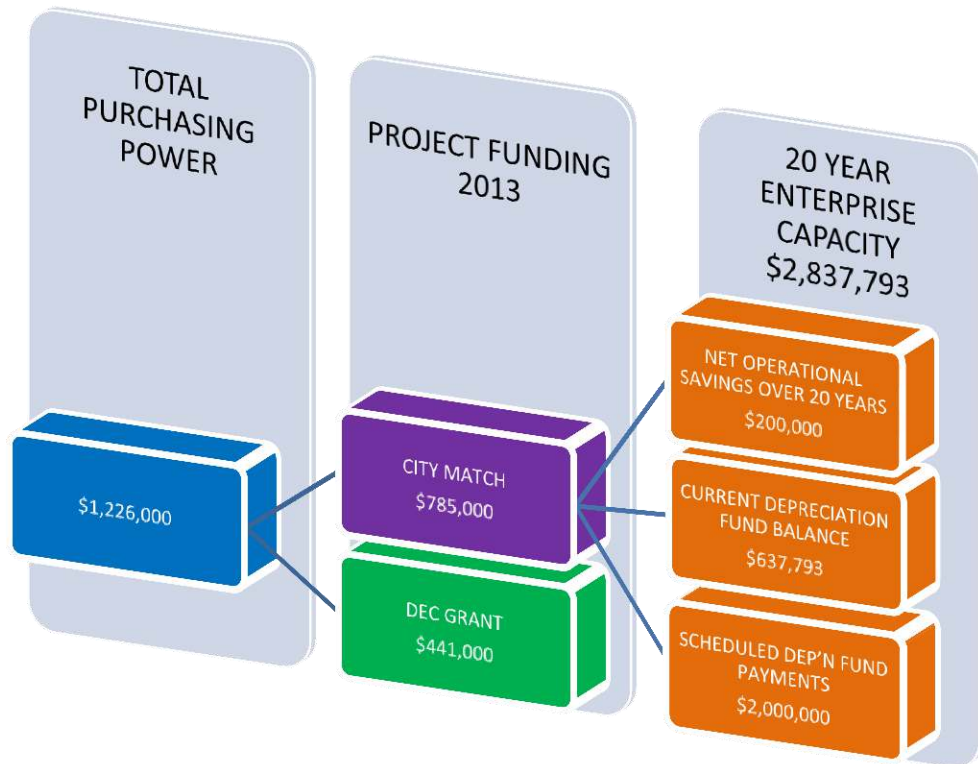
Item	Description	Cost Estimate
1	Distribution System Leak Detection	12,500
2	New System Automation and SCADA	652,000
3	Community Conservation Education Program	145,900
4	Repair Morpac Tank	425,000
5	Improve Murcheson Catchment	325,000
6	Redirect Murcheson Flow to system Filters	59,200
7	Test Murcheson for E. Coli	N/C
8	Improve Orca Catchment	175,000
9	Install UV treatment at Orca	874,000
10	Clean Eyak Lake Intake Screen	158,000
11	Replace Filter Media and Valves	75,200
12	Upgrade Eyak Pumps, Controls, VFD's & Motors	850,000
13	Design and Engineering	320,300
14	Eyak WTP Roof and Column Repair	750,457
15	Water meter installations	185,300
16	Road Grader/winter condition facility access	385,000
	Total	5,392,857

LT2 LOAN DETAILS



- \$1,018,500 LOAN OFFERED FROM DEC TO HELP MATCH THE \$3,775,000 30/70 MUNICIPAL GRANT HAS A \$141,000 DISCOUNT ON REPAYMENT AND THE DISCOUNT MAY BE LARGER BY THE TIME THE LOAN IS FINALIZED. ALL DISCOUNTS WILL BE REMOVED IF APPLICATION IS NOT RECEIVED BY MAY OF 2013.
- VOTER APPROVAL IS REQUIRED IN ORDER TO MAKE A LOAN APPLICATION.
- THE ENTIRE CITY PORTION OF THE LT2 PROJECT IS PAID FOR USING EXISTING DEPRECIATION FUNDING FROM THE WATER ENTERPRISE. NO RATE INCREASES ARE REQUIRED TO REPAY THIS LOAN.

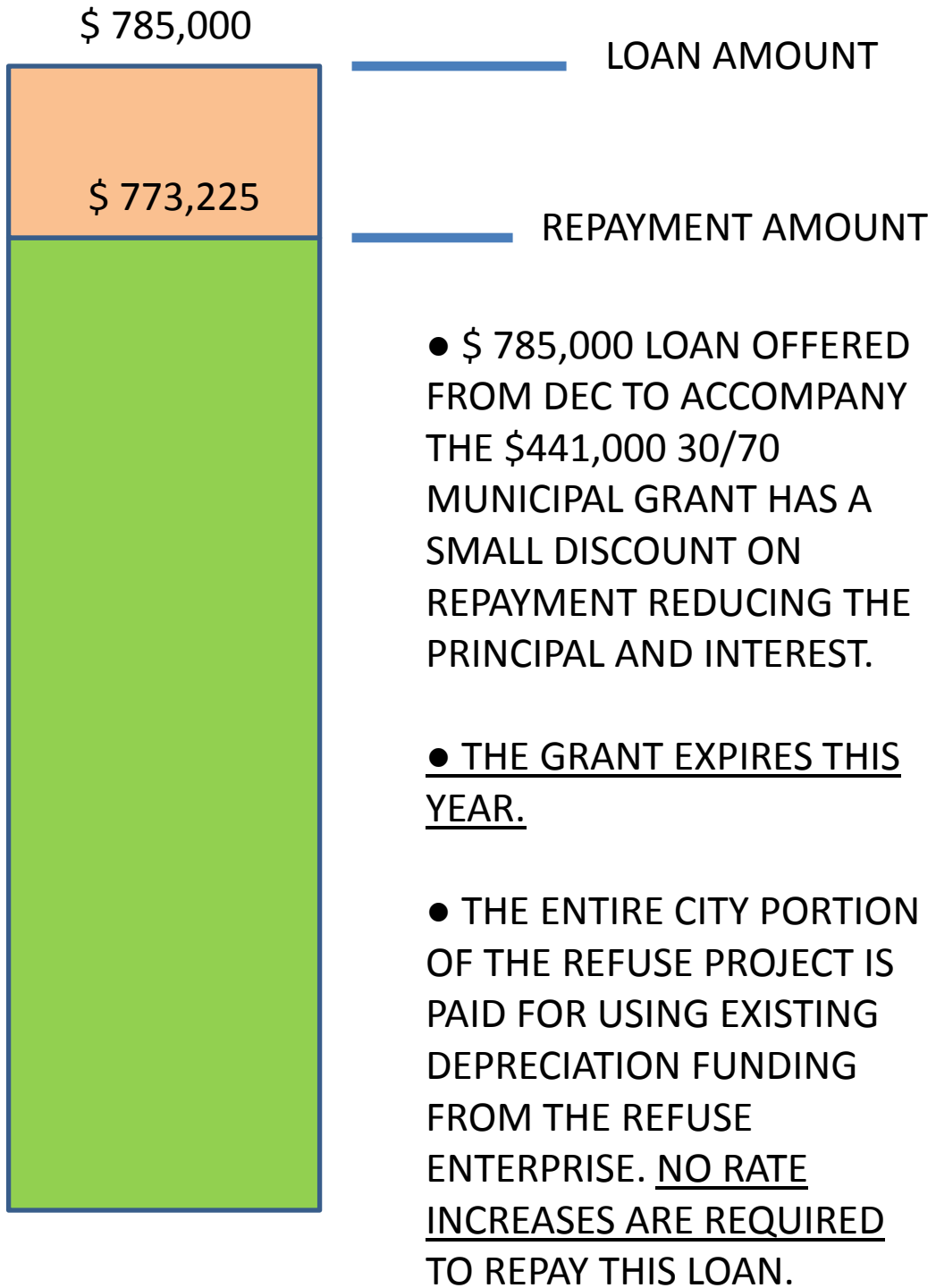
REFUSE PROJECT FUNDING



City of Cordova's Solid Waste System Upgrades, Cost Estimate

Item	Description	Cost Estimate
1	Building Shell, Insulation, Roof	650,000
2	Concrete Work	35,500
3	Overhead Doors	17,500
4	Interior Buildout	72,000
5	Electrical Improvements	70,000
6	Baler Machine Rehab	95,000
7	Baler Program and Control Upgrades	15,000
8	Additional 4-8 yd Dumpsters	35,500
9	Additional 20 yd Containers	34,100
10	Material Handling Attachments	26,400
11	Baler Facility Site Work	175,000
	Total	1,226,000

REFUSE LOAN DETAILS





City of Cordova,
Office of the City Clerk
Cordova, AK 99574
602 Railroad Avenue * PO Box 1210

Phone: 907.424.6248
Fax: 907.424.6000
Cell: 907.253.6248
E-mail: cityclerk@cityofcordova.net

CITY CLERK'S REPORT TO COUNCIL

February 20, 2013 Regular Council Meeting

Date of Report: February 13, 2013

Things I need feedback on or am reporting back to Council on:

- DCCED, DCRA (department of community and regional affairs) run by previous Cordova Clerk, Elizabeth Manfred offers free local government assistance in the form of training for newly elected or appointed board/commission/council members. I would like her to come soon after the election. Which evening of week of March 26?

Things the Clerk's Office has been working on:

- Signed paychecks/other AP checks
- Prepared agendas and packets for public hearing and regular meeting on 02-20-13
- Advertised and posted election info in re upcoming ballot propositions and ads on total indebtedness
- Deputy Clerk continues toward finalization of the 2013 assessment roll notices out March 8, then a one month appeal period followed by Board of Equalization on April 15
- Tina also working on delinquencies and will begin preparing for the foreclosure notice to be published in March
- Election Day: Tuesday March 5, 2013; created ballots and prepared for absentee in person and began mailing absentee by mail ballots per applications received; applications for absentee by mail accepted until February 26
- Seats coming open and declarations received from:
Council seats: **Seat A** George Covell, Kenneth Jones, Kristin Smith Carpenter; **Seat F** David Reggiani and Scott Pegau; **Seat G** Robert Beedle, James Burton, Barclay Kopchak; **Mayor** Jim Kallander, James Kacsh, Marty Cochran; **School Board:** Tammy Altermott, Melissa O'Brien, Lorean Pallas and Barbara Jewell
- Finalized Election Board will ask for Council concurrence of their appointment at Feb 20 meeting
- Prepared Frankenfish Resolution per Petersburg request and Mayor direction
- Received final filing of an Initiative Petition in re trapping regulations – certified the findings with the assistance of the City Attorney and began preparation of the ad naming all the signers on the petition per CMC 2.56.017 – will be on the ballot in March 2014
- Completed a records request regarding board/commission/council appointments and dates of office
- Attended staff meeting on Tuesday February 12



UBS Financial Services Inc.

3000 A Street, Suite 100
Anchorage, Alaska 99503

Anchorage Office

Fax. 907-261-5990

www.ubs.com

February 1, 2013

City Council Members and Staff
City of Cordova, Alaska
602 Railroad Avenue
Cordova, Alaska 99574

Dear Council Members and Staff,

Thank you for the opportunity to review the assets and performance of Cordova's investments during 2012. As of December 31, 2012, the City of Cordova has a total of **\$14,405,260** (including accrued interest), on deposit with UBS, distributed among seven funded accounts. Five of these accounts are under active investment management. Three of the accounts are fixed income accounts managed by Sage Advisors. In addition, two of the Permanent Fund accounts are invested in the discretionary Portfolio Management Program (PMP).

The remaining two accounts, one for the Permanent Fund and one for the Central Treasury, are being utilized as cash management accounts with the assets deposited in money market funds. In addition, we added a short-term fixed income fund to the Permanent Fund's cash management account with the goal of enhancing yield. Also, an FDIC insured certificate of deposit, which consists of twelve different asset classes, was also incorporated into the account to afford the opportunity to have diversified market exposure, while underpinning the principal with FDIC insurance.

For calendar year 2012, the net returns for the three Permanent Fund accounts, which include a cash management account, has been 5.72%. The return for the three Central Treasury accounts, which consist of only fixed income investments and cash type instruments, was 2.58%. The combined net returns year to date for all accounts held at UBS has been 4.32%.

*The balance of the Securities Based Lending credit line currently totals **\$500,000**.*

I have attached a two page executive summary of the widely read UBS research piece, "2013 The Year Ahead". I have also attached three performance reports for your review. The first report is titled COC-Total and reflects the asset allocation and portfolio performance for all seven accounts combined. This summary report is followed by separate reports for the Permanent Fund and Central Treasury accounts. As always, thank you for the opportunity to assist Cordova.

Sincerely,

Buck Adams, CFP®, CIMA®, ChFC®
Senior Vice President – Investments
Senior Managed Accounts Consultant.

Attached: 2012 Performance reports for Permanent Fund and Central Treasury accounts
2013 "The Year Ahead" executive summary research report



Branch office:
3000 "a" Street
Suite 100
Anchorage, AK 995034040

Financial Advisor:
KEYSTONE WEALTH MANAGEMENT
9072615971

UBS Client Review

as of January 25, 2013

Prepared for

COC - CT

Accounts included in this review

Account	Name	Type
UC 03542	• CT	• MAC Wrap
UC 03543	• CT	• Business Service Account
UC 04046	• CT	• MAC Wrap

What's inside

Executive summary.	2
Portfolio review.	3
Additional information about your performance.	6
Important information about this report.	7

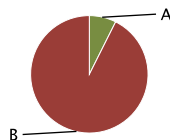
Executive summary

as of January 25, 2013

Asset allocation summary

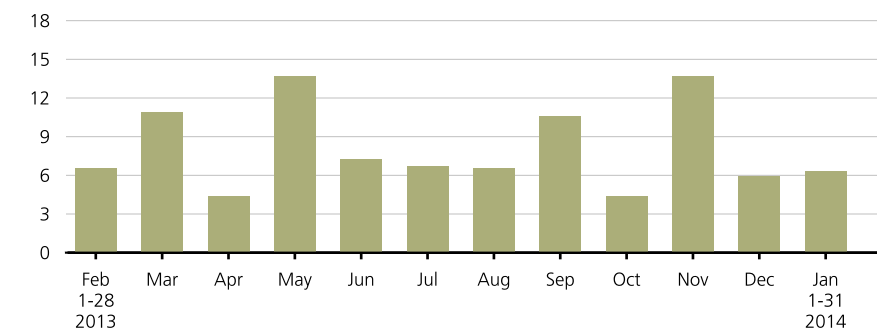
	Value on 01/25/2013 (\$)	% of portfolio
A Cash	373,150.92	7.40
Cash	373,150.92	7.40
B Fixed Income	4,668,964.46	92.60
US	4,569,921.87	90.64
International	99,042.59	1.96
C Equity	0.00	0.00
D Commodities	0.00	0.00
E Non-Traditional	0.00	0.00
F Other	0.00	0.00
Total Portfolio	\$5,042,115.38	100%

Balanced mutual funds represented in multiple asset classes based on Morningstar allocations



Expected cash flow

\$ Thousands



Taxable income

Total expected cash flow: \$97,938.55

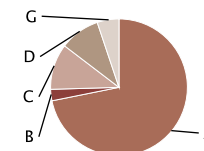
Cash flows displayed account for known events such as maturities and mandatory puts.

Equity sector analysis

Portfolio does not contain applicable holdings - exhibit intentionally left blank.

Credit quality of bond holdings

Effective credit rating	Issues	Value on 01/25/2013 (\$)	% of port.
A Aaa/AAA/AAA	38	3,354,091.79	71.96
B Aa/AA/AA	7	125,804.17	2.67
C A/A/A	28	505,732.85	10.78
D Baa/BBB/BBB	29	443,076.13	9.42
E Non-investment grade	0	0.00	0.00
F Certificate of deposit	0	0.00	0.00
G Not rated	2	240,259.52	5.16
Total	104	\$4,668,964.46	100%

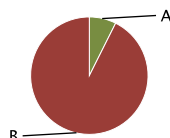


Portfolio review

as of January 25, 2013

Asset allocation summary

	Value on 01/25/2013 (\$)	% of portfolio
A Cash	373,150.92	7.40
US-US Cash	373,150.92	7.40
B Fixed Income	4,668,964.46	92.60
US Fixed Income-Other	411,436.60	8.16
Government-Short	1,375,478.92	27.28
Government-Intermediate	1,669,921.35	33.12
Government-Long	137,514.43	2.73
Corporate Investment Grade Credit-Short	295,535.29	5.86
Corporate Investment Grade Credit-Intermediate	664,322.23	13.18
Corporate Investment Grade Credit-Long	4,989.12	0.10
Corporate High Yield	10,723.93	0.21
Developed Markets	99,042.59	1.96
C Equity	0.00	0.00
D Commodities	0.00	0.00
E Non-Traditional	0.00	0.00
F Other	0.00	0.00
Total Portfolio	\$5,042,115.38	100%



Rounding calculation may affect totals.

Balanced mutual funds represented in multiple asset classes based on Morningstar allocations

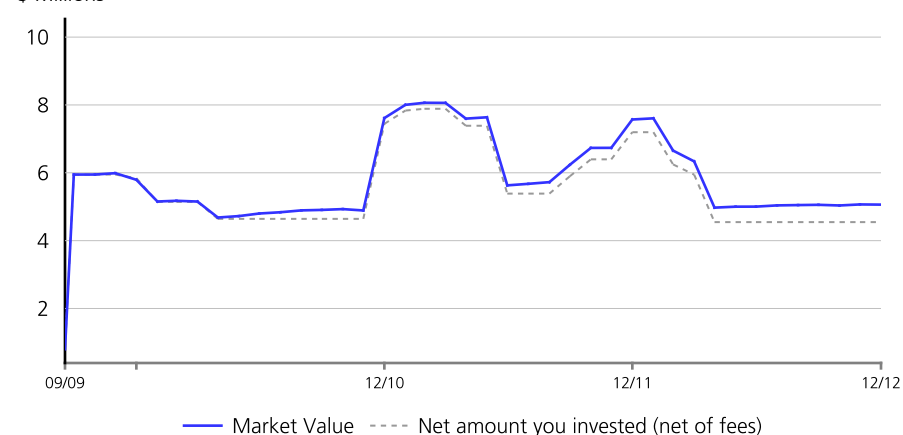
Portfolio value and investment returns

	Performance returns (annualized > 1 year)			
	QTD 09/30/2012 to 12/31/2012	YTD 12/31/2011 to 12/31/2012	2011 12/31/2010 to 12/31/2011	3 Years 12/31/2009 to 12/31/2012
Opening value	5,055,906.02	7,570,835.68	7,612,402.78	5,794,545.62
Net deposits/withdrawals	-4,852.67	-2,670,410.10	-262,520.75	-1,351,749.30
Div./interest income	24,182.07	103,457.25	92,630.50	314,051.90
Change in accr. interest	-4,085.98	-586.73	-8,969.64	-19,659.53
Change in value	-9,379.79	58,473.55	137,292.79	324,580.97
Closing value	5,061,769.65	5,061,769.65	7,570,835.68	5,061,769.65
Net Time-weighted ROR	0.12	2.58	3.13	3.31

Net deposits and withdrawals include program and account fees.

Sources of portfolio value

\$ Millions

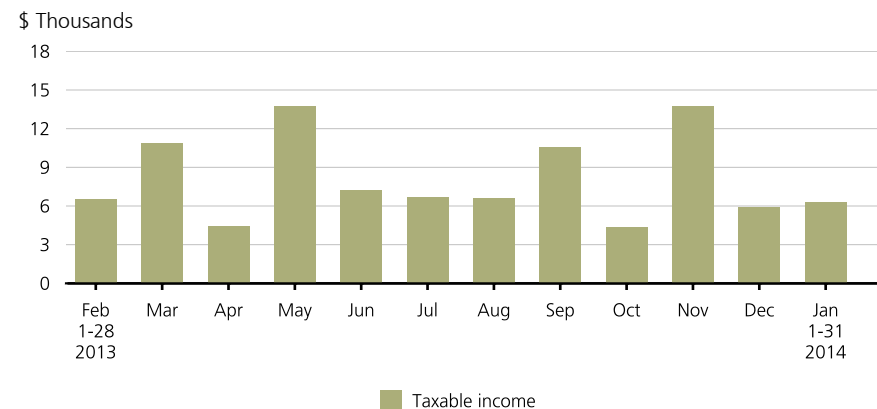


Portfolio review - as of January 25, 2013 (continued)

Summary of gains and losses

	Short term (\$)	Long term (\$)	Total (\$)
2012 Realized gains and losses	33,930.75	35,962.55	69,893.30
Taxable	33,930.75	35,962.55	69,893.30
Tax-deferred	0.00	0.00	0.00
2013 Year to date	-100.93	463.90	362.97
Taxable	-100.93	463.90	362.97
Tax-deferred	0.00	0.00	0.00

Expected cash flow

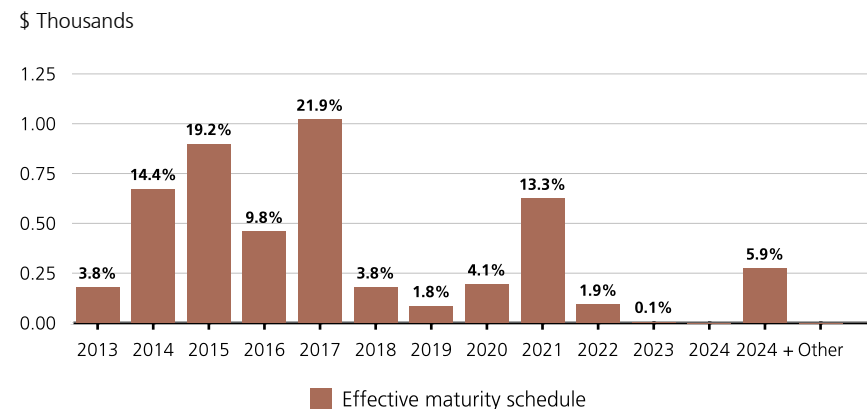

Total expected cash flow: \$97,938.55

Cash flows displayed account for known events such as maturities and mandatory puts.

Equity sector analysis

Portfolio does not contain applicable holdings - exhibit intentionally left blank.

Bond maturity schedule



Cash, mutual funds and some preferred securities are not included.

Portfolio review - as of January 25, 2013 (continued)

Summary of performance by account

					Performance returns (annualized > 1 year)			
					QTD 09/30/2012 to 12/31/2012	YTD 12/31/2011 to 12/31/2012	2011 12/31/2010 to 12/31/2011	3 Years 12/31/2009 to 12/31/2012
UC	Performance start date	Value on 12/31/2012 (\$)	% of portfolio					
UC 03542 CT•MAC Wrap•SAGE INT FIXED	Nov 05, 2009	1,994,191.11	39.40%	Net time-weighted	-0.04%	1.59%	5.50%	3.86%
Risk profile: Conservative								
Return objective: Current Income								
UC 03543 CT•Business Service Account	Sep 17, 2009	255,946.93	5.06%	Net time-weighted	-0.03%	1.92%	0.12%	-9.53%
Risk profile: Conservative								
Return objective: Current Income								
UC 04046 CT•MAC Wrap•SAGE INT FIXED	Feb 08, 2011	2,811,631.61	55.55%	Net time-weighted	0.24%	3.85%	N/A	N/A
Risk profile: Moderate								
Return objective: Current Income and Capital Appreciation								
Total Portfolio	Dec 31, 2009	\$5,061,769.65	100%	Net time-weighted	0.12%	2.58%	3.13%	3.31%

					QTD 09/30/2012 to 12/31/2012	YTD 12/31/2011 to 12/31/2012	2011 12/31/2010 to 12/31/2011	3 Years 12/31/2009 to 12/31/2012
Benchmarks - Annualized time-weighted returns								
US Treasury Bill - 3 Mos					0.02%	0.08%	0.07%	0.09%
BC Aggregate Bond Index					0.21%	4.21%	7.84%	6.18%
S&P 500					-0.38%	16.00%	2.11%	10.86%

Additional information about your performance

as of January 25, 2013

Inception to date returns (annualized > 1 year)

	ITD	
	Performance	Start date to
	Start date	01/25/2013
Consolidated	09/17/2009	2.57%



Disclosures applicable to accounts at UBS Financial Services Inc.

This section contains important disclosures regarding the information and valuations presented here. This report presents information since December 31, 2002. This report does not include complete account activity or performance of your accounts before this date. All information presented is subject to change at any time and is provided only as of the date indicated. The information in this report is for informational purposes only and should not be relied upon as the basis of an investment or liquidation decision. UBS FS accounts statements and official tax documents are the only official record of your accounts and are not replaced, amended or superseded by any of the information presented in these reports.

UBS FS offers a number of investment advisory programs to clients, acting in our capacity as an investment adviser, including fee-based financial planning, discretionary account management, non-discretionary investment advisory programs, and advice on the selection of investment managers and mutual funds offered through our investment advisory programs. When we act as your investment adviser, we will have a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to you. At the beginning of our advisory relationship, we will give you our Form ADV brochure(s) for the program(s) you selected that provides detailed information about, among other things, the advisory services we provide, our fees, our personnel, our other business activities and financial industry affiliations and conflicts between our interests and your interests.

Please review the report content carefully and contact your Financial Advisor with any questions.

The account listing may or may not include all of your accounts with UBS FS. The accounts included in this report are listed under the "Accounts included in this review" shown on the first page.

Client Accounts: This report includes all assets in the accounts listed and may include eligible and ineligible assets in a fee-based program. Since ineligible assets are not considered fee-based program assets, the inclusion of such securities will distort the actual performance of your accounts and does not reflect the performance of your accounts in the fee-based program. **As a result, the performance reflected in this report can vary substantially from the individual account performance reflected in the performance reports provided to you as part of those programs.** For fee-based programs, fees are charged on the market value of eligible assets in the accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. When shown on a report, the risk profile and return objectives describe your overall goals for these accounts. For each account you maintain, you choose one return objective and a primary risk profile. If you have questions regarding

these objectives or wish to change them, please contact your Financial Advisor to update your accounts records.

Performance: This report presents accounts activity and performance starting 12/31/02. For accounts opened prior to 12/31/02, this report does not include the complete account activity or performance of your accounts prior to that date. For consolidated reports, the Performance Start Date will be the earliest performance start date of any of the individual accounts selected for the consolidation time period. If an individual account's performance information is not available for a full reporting time period (month to date, quarter to date, year to date or performance to date), the individual's net of fee time weighted return will not be displayed. For consolidated accounts that include different account Performance Start Dates, the consolidated Additions/Withdrawals, Income Earned and Investment Appreciation/ Depreciation will include all activity that occurred during the consolidated reporting time period. Accounts that hold or held insurance products will be reported on from the month end date of when insurance and annuity activity could be obtained from the carrier.

Time-weighted Returns (prior to 10/31/2010): The report displays a time weighted rate of return (TWR) that is calculated using the Modified Dietz Method. This calculation uses the beginning and ending portfolio values for the month and weighs each contribution/withdrawal based upon the day the cashflow occurred. Periods greater than one month are calculated by linking the monthly returns. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. All periods shown which are greater than 12 months are annualized.

Time-weighted Returns (after 10/31/2010): The report displays a time weighted rate of return (TWR) that is calculated by dividing the portfolio's daily gain/loss by the previous day's closing market value. All cashflows are posted at end of day. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. Periods greater than one day are calculated by linking the daily returns. All periods shown which are greater than 12 months are annualized.

Money-weighted returns: Money-weighted return (MWR) is a measure of the rate of return for an asset or portfolio of assets. It is calculated by finding the daily Internal Rate of Return (IRR) for the period and then compounding this return by the number of days in the period being measured. The MWR incorporates the size and timing of cash flows, so it is an effective measure returns on a portfolio.

Annualized Performance: All performance periods greater than one year are calculated (unless otherwise

stated) on an annualized basis, which represents the return on an investment multiplied or divided to give a comparable one year return.

Cumulative Performance: A cumulative return is the aggregate amount that an investment has gained or lost over time, independent of the period of time involved.

Net of Fees and Gross of Fees Performance: Performance is presented on a "net of fees" and "gross of fees" basis, where indicated. Net returns do not reflect Program and wrap fees prior to 10/31/10 for accounts that are billed separately via invoice through a separate account billing arrangement. Gross returns do not reflect the deduction of fees, commissions or other charges. The payment of actual fees and expenses will reduce a client's return. The compound effect of such fees and expenses should be considered when reviewing returns. For example, the net effect of the deduction of fees on annualized performance, including the compounded effect over time, is determined by the relative size of the fee and the account's investment performance.

Benchmark/Major Indices: The past performance of an index is not a guarantee of future results. Any benchmark is shown for informational purposes only and relates to historical performance of market indices and not the performance of actual investments. The benchmark is not managed and does not reflect the deduction of any fees and expenses, which will lower results. Indices are not actively managed and investors cannot directly invest in indices. The portfolio's investment strategy is not restricted to securities in the benchmark. Further, there is no guarantee that an investor's account will meet or exceed the stated benchmark. Index performance information has been obtained from third parties deemed to be reliable. We have not independently verified this information, nor do we make any representations or warranties to the accuracy or completeness of this information.

Custom Time Periods: If represented on this report, the performance start date and the performance end date have been selected by your Financial Advisor in order to provide performance and account activity information for your account for the specified period of time only. As a result only a portion of your account's activity and performance information is presented in the performance report, and, therefore, presents a distorted representation of your account's activity and performance.

Net Deposits/Withdrawals: When shown on a report, this information represents the net value of all cash and securities contributions and withdrawals, program fees (including wrap fees) and other fees added to or subtracted from your accounts from the first day to the last day of the period. When fees are shown separately, net deposits / withdrawals does not include program fees (including wrap fees). When investment return is

displayed net deposits / withdrawals does not include program fees (including wrap fees). For security contributions and withdrawals, securities are calculated using the end of day UBS FS price on the day securities are delivered in or out of the accounts. Wrap fees will be included in this calculation except when paid via an invoice or through a separate accounts billing arrangement.

Dividends/Interest: Dividend and interest earned, when shown on a report, does not reflect your account's tax status or reporting requirements. Use only official tax reporting documents (i.e. 1099) for tax reporting purposes. The classification of private investment distributions can only be determined by referring to the official year-end tax-reporting document provided by the issuer.

Change in Accrued Interest: When shown on a report, this information represents the difference between the accrued interest at the beginning of the period from the accrued interest at the end of the period.

Change in Value: Represents the change in value of the portfolio during the reporting period, excluding additions/withdrawals, dividend and interest income earned and accrued interest.

Fees: Fees represented in this report include program and wrap fees. Program and wrap fees prior to October 1, 2010 for accounts that are billed separately via invoice through a separate account billing arrangement are not included in this report. Commissions are not included in the fees calculation.

Net of fees: When indicated, the information is shown net of fees and commission charges to your accounts for the time period shown. For example, if your accounts are charged an asset based fee during the month the report is produced, net of fees performance information would reflect the deduction of those fees. Please see your program documents regarding fee schedules.

Performance Start Date Changes: The Performance Start Date for accounts marked with a 'A' have changed. Performance figures of an account with a changed Performance Start Date may not include the entire history of the account. The new Performance Start Date will generate performance returns and activity information for a shorter period than is available at UBS FS. As a result, the overall performance of these accounts may generate better performance than the period of time that would be included if the report used the inception date of the account. UBS FS recommends reviewing performance reports that use the inception date of the account because reports with longer time frames are usually more helpful when evaluating investment programs and strategies. Performance reports may include accounts with inception dates that precede the new Performance Start Date and will show performance and activity information from the earliest



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

available inception date.

The change in Performance Start Date may be the result of a performance gap due to a zero-balance that prevents the calculation of continuous returns from the inception of the account. The Performance Start Date may also change if an account has failed one of our performance data integrity tests. In such instances, the account will be labeled as 'Review Required' and performance prior to that failure will be restricted. Finally, the Performance Start Date will change if you have explicitly requested a performance restart. Please contact your Financial Advisor for additional details regarding your new Performance Start Date.

Closed Account Performance: Accounts that have been closed may be included in the consolidated performance report. When closed accounts are included in the consolidated report, the performance report will only include information for the time period the account was active during the consolidated performance reporting time period.

Portfolio: For purposes of this report "portfolio" is defined as all of the accounts presented on the cover page or the header of this report and does not necessarily include all of the client's accounts held at UBS FS or elsewhere.

Percentage: Portfolio (in the "% Portfolio" column) includes all holdings held in the account(s) selected when this report was generated. Broad asset class (in the "% broad asset class" column) includes all holdings held in that broad asset class in the account(s) selected when this report was generated.

Pricing: All securities are priced using the closing price reported on the last business day preceding the date of this report. Every reasonable attempt has been made to accurately price securities; however, we make no warranty with respect to any security's price. Please refer to the back of the first page of your UBS FS accounts statement for important information regarding the pricing used for certain types of securities, the sources of pricing data and other qualifications concerning the pricing of securities. To determine the value of securities in your account, we generally rely on third party quotation services. If a price is unavailable or believed to be unreliable, we may determine the price in good faith and may use other sources such as the last recorded transaction. When securities are held at another custodian or if you hold illiquid or restricted securities for which there is no published price, we will generally rely on the value provided by the custodian or issuer of that security.

Cash: Cash on deposit at UBS Bank USA is protected by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in principal and accrued interest per depositor for each ownership type. Deposits made in an individual's own name, joint name, or individual retirement account are each held in a separate type of ownership. Such deposits are not guaranteed by UBS FS.

More information is available upon request.

Mutual Fund Asset Allocation: If the option to unbundle balanced mutual funds is selected and if a fund's holdings data is available, mutual funds will be classified by the asset class, subclass, and style breakdown of their underlying holdings. Where a mutual fund or ETF contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the fund to those sectors measured as a percentage of the total fund's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a monthly basis to UBS FS based on data supplied by the fund which may not be current. Mutual funds change their portfolio holdings on a regular (often daily) basis. Accordingly, any analysis that includes mutual funds may not accurately reflect the current composition of these funds. If a fund's underlying holding data is not available, it will be classified based on its corresponding overall Morningstar classification. All data is as of the date indicated in the report.

Equity Style: The Growth, Value and Core labels are determined by Standard and Poor's using a price-to-book ratio methodology. The Growth, Value and Core labels are based on how a company's price-to-book ratio compares to the median price-to-book ratio for its industry based on the company's assigned Industry Sector. If the company's ratio is greater than or equal to the industry median, it is classified as a growth stock. If the company's ratio is less than the industry median, it is classified as a value stock. If a security includes both growth and value attributes, it is classified as a core stock. If price-to-book is not available or the industry's median is not available, this item will be Unclassified.

Equity Capitalization: Market Capitalization is defined as the number of shares outstanding times the market value. Equity securities are classified as Large Cap if they have a capitalization of 8 billion or above. Securities with capitalization between 1.8 and 7.9 billion are classified as Mid Cap. Securities with capitalization below 1.79 billion are classified as Small Cap. Unclassified securities are those for which no capitalization is available or applicable.

Equity Sectors: The Equity sector analysis may include a variety of accounts, each with different investment and risk parameters. As a result, the overweighting or underweighting in a particular sector or asset class should not be viewed as an isolated factor in making investment/liquidation decisions; but should be assessed on an account by account basis to determine the overall impact on the account's portfolio.

Classified Equity: Classified equities are defined as those equities for which the firm can confirm the specific industry and sector of the underlying equity instrument.

Estimated Annual Income: The Estimated Annual

Income is the annualized year to date per share dividends paid and multiplied by the quantity of shares held in the selected account(s).

Current Yield: Current yield is defined as the estimated annual income divided by the total market value.

Bond Rating: These ratings are obtained from independent industry sources and are not verified by UBS FS. Securities without rating information are left blank. Rating agencies may discontinue ratings on high yield securities.

NR: When NR is displayed under bond rating column, no ratings currently available from that rating agency.

High Yield: This report may designate a security as a high yield fixed income security even though one or more rating agencies rate the security as an investment grade security. Further, this report may incorporate a rating that is no longer current with the rating agency. For more information about the rating for any high yield fixed income security, or to consider whether to hold or sell a high yield fixed income security, please contact your financial advisor or representative and do not make any investment decision based on this report.

Credit/Event Risk: Investments are subject to event risk and changes in credit quality of the issuer. Issuers can experience economic situations that may have adverse effects on the market value of their securities.

Interest Rate Risk: Bonds are subject to market value fluctuations as interest rates rise and fall. If sold prior to maturity, the price received for an issue may be less than the original purchase price.

Reinvestment Risk: Since most corporate issues pay interest semiannually, the coupon payments over the life of the bond can have a major impact on the bond's total return.

Effective Maturity: Effective maturity is the expected redemption due to pre-refunding, puts, or maturity and does not reflect any sinking fund activity, optional or extraordinary calls. Securities without a maturity date are left blank and typically include Preferred Securities, Mutual Funds and Fixed Income UITs.

Yields: Yield to Maturity and Yield to Worst are calculated to the worst call.

Accrued Interest: Interest that has accumulated between the most recent payment and the report date may be reflected in market values for interest bearing securities.

Tax Status: "Taxable" includes all securities held in a taxable account that are subject to federal and/or state or local taxation. "Tax-exempt" includes all securities held in a taxable account that are exempt from federal,

state and local taxation. "Tax-deferred" includes all securities held in a tax-deferred account, regardless of the status of the security.

Cash Flow: This Cash Flow analysis is based on the historical dividend, coupon and interest payments you have received as of the Record Date in connection with the securities listed and assumes that you will continue to hold the securities for the periods for which cash flows are projected. The attached may or may not include principal paybacks for the securities listed. These potential cash flows are subject to change due to a variety of reasons, including but not limited to, contractual provisions, changes in corporate policies, changes in the value of the underlying securities and interest rate fluctuations. The effect of a call on any security(s) and the consequential impact on its potential cash flow(s) is not reflected in this report. Payments that occur in the same month in which the report is generated -- but prior to the report run ("As of") date -- are not reflected in this report. In determining the potential cash flows, UBS FS relies on information obtained from third party services it believes to be reliable. UBS FS does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Although UBS FS generally updates this information as it is received, the Firm does not provide any assurances that the information listed is accurate as of the Record Date. Cash flows for mortgage-backed, asset-backed, factored, and other pass-through securities are based on the assumptions that the current face amount, principal pay-down, interest payment and payment frequency remain constant. Calculations may include principal payments, are intended to be an estimate of future projected interest cash flows and do not in any way guarantee accuracy.

Expected Cash Flow reporting for Puerto Rico

Income Tax Purposes: Expected Cash Flow reporting may be prepared solely for Puerto Rico income tax purposes only. If you have received expected cash flow reporting for Puerto Rico income tax purposes only and are NOT subject to Puerto Rico income taxes, you have received this reporting in error and you should contact your Financial Advisor immediately. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes. If you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not be relied upon by you or your advisers. Neither UBS FS nor its employees provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

Gain/Loss: The gain/loss information may include calculations based upon non-UBS FS cost basis information. The Firm does not independently verify or guarantee the accuracy or validity of any information provided by sources other than UBS FS. In addition, if



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

this report contains positions with unavailable cost basis, the gain/(loss) for these positions are excluded in the calculation for the Gain/(Loss). As a result these figures may not be accurate and are provided for informational purposes only. Clients should not rely on this information in making purchase or sell decisions, for tax purposes or otherwise. Rely only on year-end tax forms when preparing your tax return. See your monthly statement for additional information.

Gain/Loss reporting for Puerto Rico Income Tax

Purposes: Gain/(Loss) reporting may be prepared solely for Puerto Rico income tax purposes only. If you have received gain/(loss) reporting for Puerto Rico income tax purposes only and are NOT subject to Puerto Rico income taxes, you have received this reporting in error and you should contact your Financial Advisor immediately. Pursuant to the Puerto Rico Internal Revenue Code (PRIRC) long-term capital gains are derived from the sale or exchange of capital assets held longer than six (6) months. For the purposes of this report only, long term gains and losses are represented by assets held for a period of more than six (6) months. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes. If you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not be relied upon by you or your advisers for purposes other than determining realized gain/loss for Puerto Rico income tax purposes. Neither UBS FS nor its employees provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

Gain/Loss 60/40: Index options listed in this report may be subject to IRS Tax Code - section 1256 categorizing them as broad-based index options. If so, the index may be eligible to be treated as 60% long term and 40% short terms for tax purposes. Please contact your tax professional to determine eligibility.

Account changes: At UBS, we are committed to helping you work toward your financial goals. So that we may continue providing you with financial advice that is consistent with your investment objectives, please consider the following two questions:

- 1) Have there been any changes to your financial situation or investment objectives?
 - 2) Would you like to implement or modify any restrictions regarding the management of your account?
- If the answer to either question is "yes," it is important that you contact your Financial Advisor as soon as possible to discuss these changes. For MAC advisory accounts, please contact your investment manager directly if you would like to impose or change any investment restrictions on your account.

ADV disclosure: A complimentary copy of our current Form ADV Disclosure Brochure that describes the

advisory program and related fees is available through your Financial Advisor. Please contact your Financial Advisor if you have any questions.

Important information for former Piper Jaffray and

McDonald Investments clients: As an accommodation to former Piper Jaffray and McDonald Investments clients, these reports include performance history for their Piper Jaffray accounts prior to August 12, 2006 and McDonald Investments accounts prior to February 9, 2007, the date the respective accounts were converted to UBS FS. UBS FS has not independently verified this information nor do we make any representations or warranties as to the accuracy or completeness of that information and will not be liable to you if any such information is unavailable, delayed or inaccurate.

For insurance, annuities, and 529 Plans, UBS FS relies on information obtained from third party services it believes to be reliable. UBS FS does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Information for insurance, annuities, and 529 Plans that has been provided by a third party service may not reflect the quantity and market value as of the previous business day. When available, an "as of" date is included in the description.

Investors outside the U.S. are subject to securities and tax regulations within their applicable jurisdiction that are not addressed in this report. Nothing in this report shall be construed to be a solicitation to buy or offer to sell any security, product or service to any non-U.S. investor, nor shall any such security, product or service be solicited, offered or sold in any jurisdiction where such activity would be contrary to the securities laws or other local laws and regulations or would subject UBS to any registration requirement within such jurisdiction.

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Financial Advisor:
KEYSTONE WEALTH MANAGEMENT
9072615971

UBS Client Review

as of January 25, 2013

Prepared for

COC - PF

Accounts included in this review

Account	Name	Type
UC 03544	• PF	• Business Service Account
UC 03545	• PF	• Portfolio Management Program
UC 03546	• PF	• MAC Wrap
UC 04047	• PF	• Portfolio Management Program

What's inside

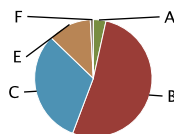
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Executive summary

as of January 25, 2013

Asset allocation summary

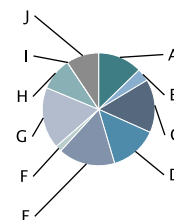
	Value on 01/25/2013 (\$)	% of portfolio
A Cash	327,747.72	3.47
Cash	327,747.72	3.47
B Fixed Income	4,938,840.41	52.26
US	3,885,732.61	41.12
Global	724,328.81	7.67
International	328,778.99	3.47
C Equity	2,972,840.19	31.46
US	1,476,078.22	15.62
Global	812,697.53	8.60
International	684,064.44	7.24
D Commodities	0.00	0.00
E Non-Traditional	1,131,661.50	11.98
Non-Traditional	1,131,661.50	11.98
F Other	78,556.48	0.83
Other	78,556.48	0.83
Total Portfolio	\$9,449,646.31	100%



Balanced mutual funds represented in multiple asset classes based on Morningstar allocations

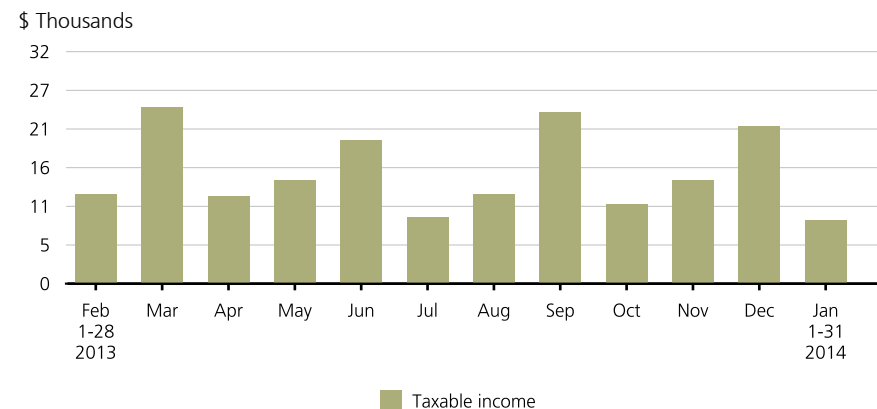
Equity sector analysis

	Value on 01/25/2013 (\$)	% of equity
A Consumer discretionary	294,358.95	9.90
B Energy	85,163.21	2.86
C Finance	354,561.40	11.93
D Health care	318,495.66	10.71
E Industrials	378,647.58	12.74
F Materials	41,864.45	1.41
G Staples	409,431.24	13.77
H Technology	217,130.65	7.30
I Telecommunications	622.17	0.02
J Utilities	216,719.05	7.29
Total classified equity	\$2,316,994.36	100%
Unclassified securities	655,845.83	



Balanced mutual funds represented in multiple asset classes based on Morningstar allocations

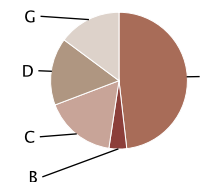
Expected cash flow


Total expected cash flow: \$184,296.25

Cash flows displayed account for known events such as maturities and mandatory puts.

Credit quality of bond holdings

Effective credit rating	Issues	Value on 01/25/2013 (\$)	% of port.
A Aaa/AAA/AAA	31	1,512,097.86	48.34
B Aa/AA/AA	7	131,074.61	4.15
C A/A/A	28	528,805.63	16.77
D Baa/BBB/BBB	31	500,644.57	15.85
E Non-investment grade	0	0.00	0.00
F Certificate of deposit	0	0.00	0.00
G Not rated	3	465,201.28	14.89
Total	100	\$3,137,823.95	100%

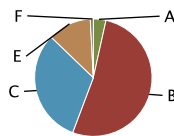


Portfolio review

as of January 25, 2013

Asset allocation summary

	Value on 01/25/2013 (\$)	% of portfolio
A Cash	327,747.72	3.47
US-US Cash	327,747.72	3.47
B Fixed Income	4,938,840.41	52.26
US Fixed Income-Short	659,486.49	6.98
US Fixed Income-Other	893,881.13	9.46
Government-Short	394,766.15	4.18
Government-Intermediate	738,989.30	7.82
Government-Long	148,092.47	1.57
Corporate Investment Grade Credit-Short	325,416.65	3.44
Corporate Investment Grade Credit-Intermediate	709,014.52	7.51
Corporate High Yield	16,085.90	0.17
Global	724,328.81	7.67
International	34,348.28	0.36
Developed Markets	110,007.74	1.16
Emerging Markets	184,422.97	1.94
C Equity	2,972,840.19	31.46
US Equity-Growth	15,684.26	0.17
Large Cap-Core	320,664.43	3.39
Large Cap-Growth	51,903.56	0.55
Large Cap-Value	150,041.53	1.59
Mid Cap-Core	200,429.93	2.12
Mid Cap-Growth	175,824.47	1.86
Mid Cap-Value	41,614.52	0.44
Mid Cap-Master Limited Partnerships	166,995.16	1.77
Small Cap-Growth	804.64	0.01
Small Cap-Value	352,115.72	3.72
Global-Growth	483,598.65	5.12
Global-Value	329,098.88	3.48
International-Other	407,698.04	4.31
Developed Markets-Core	83,761.37	0.89
Developed Markets-Growth	25,848.57	0.27
Developed Markets-Value	28,734.87	0.30
Developed Markets-Other	138,021.59	1.47



	Value on 01/25/2013 (\$)	% of portfolio
D Commodities	0.00	0.00
E Non-Traditional	1,131,661.50	11.98
Hedge Funds-Multi Strategy	175,365.82	1.86
Hedge Funds-Managed Futures	789,823.86	8.36
Hedge Funds-Equity Long/Short	166,471.82	1.76
F Other	78,556.48	0.83
Other	78,556.48	0.83
Total Portfolio	\$9,449,646.31	100%

Rounding calculation may affect totals.

Balanced mutual funds represented in multiple asset classes based on Morningstar allocations

Past performance does not guarantee future results and current performance may be lower/higher than past data presented.

Portfolio review - as of January 25, 2013 (continued)

Portfolio value and investment returns

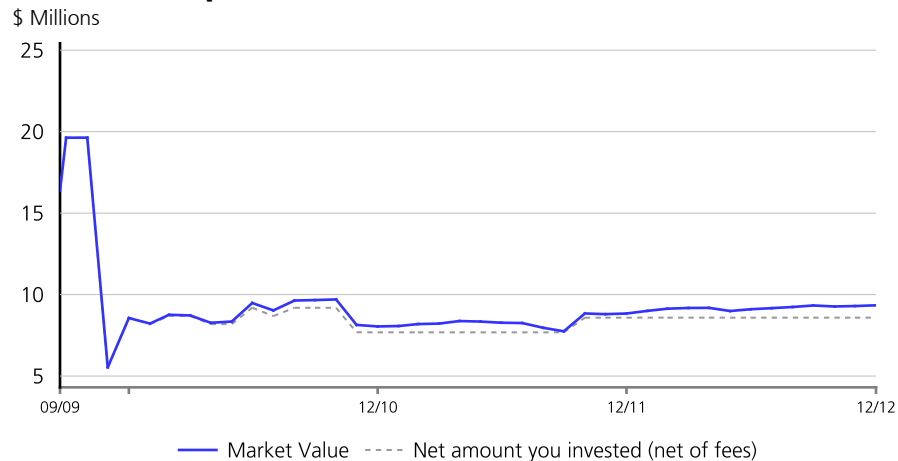
Performance returns (annualized > 1 year)				
	QTD 09/30/2012 to 12/31/2012	YTD 12/31/2011 to 12/31/2012	2011 12/31/2010 to 12/31/2011	3 Years 12/31/2009 to 12/31/2012
Opening value	9,333,079.57	8,838,201.86	8,044,951.78	8,560,297.33
Net deposits/withdrawals	-16,002.44	-60,562.89	842,376.45	-157,561.92
Div./interest income	83,981.62	173,628.02	189,371.45	548,112.18
Change in accr. interest	-1,691.31	-3,170.06	550.75	-8,318.91
Change in value	-55,876.19	395,394.33	-239,048.57	400,962.57
Closing value	9,343,491.25	9,343,491.25	8,838,201.86	9,343,491.25
Net Time-weighted ROR	0.11	5.72	-1.41	2.89

Net deposits and withdrawals include program and account fees.

Summary of gains and losses

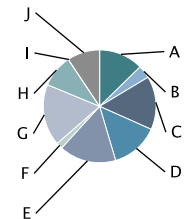
	Short term (\$)	Long term (\$)	Total (\$)
2012 Realized gains and losses	32,249.03	187,280.30	219,529.33
Taxable	32,249.03	187,280.30	219,529.33
Tax-deferred	0.00	0.00	0.00
2013 Year to date	1,088.53	-324.25	764.28
Taxable	1,088.53	-324.25	764.28
Tax-deferred	0.00	0.00	0.00

Sources of portfolio value



Equity sector analysis

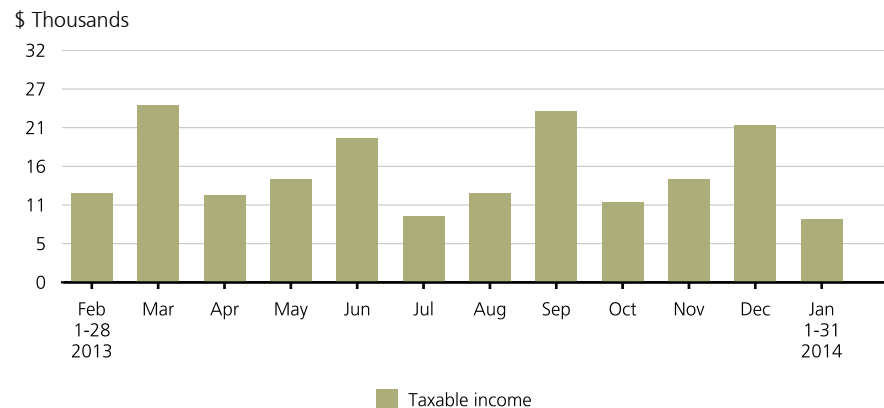
	Value on 01/25/2013 (\$)	% of equity
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B Energy	85,163.21	2.86
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Total classified equity	\$2,316,994.36	100%
Unclassified securities	655,845.83	



Balanced mutual funds represented in multiple asset classes based on Morningstar allocations

Portfolio review - as of January 25, 2013 (continued)

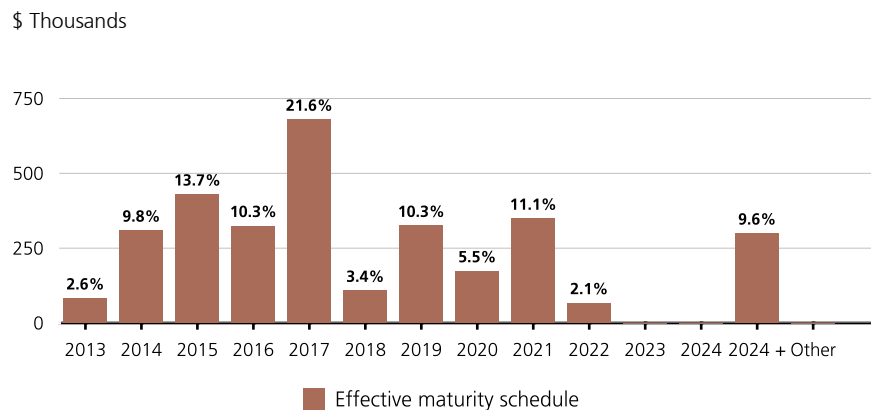
Expected cash flow



Total expected cash flow: \$184,296.25

Cash flows displayed account for known events such as maturities and mandatory puts.

Bond maturity schedule



Cash, mutual funds and some preferred securities are not included.

Portfolio review - as of January 25, 2013 (continued)

Summary of performance by account

						Performance returns (annualized > 1 year)			
						QTD	YTD	2011	3 Years
						09/30/2012 to 12/31/2012	12/31/2011 to 12/31/2012	12/31/2010 to 12/31/2011	12/31/2009 to 12/31/2012
UC 03544	PF•Business Service Account	Performance start date	Value on 12/31/2012 (\$)	% of portfolio					
	Risk profile: Conservative	Sep 21, 2009	906,581.85	9.70%	Net time-weighted	-0.13%	0.36%	0.11%	-3.85%
	Return objective: Current Income								
UC 03545	PF•Portfolio Management Program•Keystone Wealth Management	Nov 21, 2012	2,769,669.54	29.64%	Net time-weighted	N/A	N/A	N/A	N/A
	Risk profile: Moderate								
	Return objective: Capital Appreciation								
UC 03546	PF•MAC Wrap•SAGE INT FIXED	Nov 05, 2009	2,976,549.55	31.86%	Net time-weighted	0.13%	3.54%	4.12%	4.14%
	Risk profile: Conservative								
	Return objective: Current Income								
UC 04047	PF•Portfolio Management Program•Keystone Wealth Management	Dec 23, 2010	2,690,690.32	28.80%	Net time-weighted	-1.09%	8.35%	-5.20%	N/A
	Risk profile: Moderate								
	Return objective: Capital Appreciation								
Total Portfolio		Sep 21, 2009	\$9,343,491.25	100%	Net time-weighted	0.11%	5.72%	-1.41%	2.89%

						QTD	YTD	2011	3 Years
						09/30/2012 to 12/31/2012	12/31/2011 to 12/31/2012	12/31/2010 to 12/31/2011	12/31/2009 to 12/31/2012
Benchmarks - Annualized time-weighted returns									
US Treasury Bill - 3 Mos						0.02%	0.08%	0.07%	0.09%
BC Aggregate Bond Index						0.21%	4.21%	7.84%	6.18%
S&P 500						-0.38%	16.00%	2.11%	10.86%

Additional information about your performance

as of January 25, 2013

Inception to date returns (annualized > 1 year)

	ITD	
	Performance	Start date to
	Start date	01/25/2013
Consolidated	09/21/2009	2.70%



Disclosures applicable to accounts at UBS Financial Services Inc.

This section contains important disclosures regarding the information and valuations presented here. This report presents information since December 31, 2002. This report does not include complete account activity or performance of your accounts before this date. All information presented is subject to change at any time and is provided only as of the date indicated. The information in this report is for informational purposes only and should not be relied upon as the basis of an investment or liquidation decision. UBS FS accounts statements and official tax documents are the only official record of your accounts and are not replaced, amended or superseded by any of the information presented in these reports.

UBS FS offers a number of investment advisory programs to clients, acting in our capacity as an investment adviser, including fee-based financial planning, discretionary account management, non-discretionary investment advisory programs, and advice on the selection of investment managers and mutual funds offered through our investment advisory programs. When we act as your investment adviser, we will have a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to you. At the beginning of our advisory relationship, we will give you our Form ADV brochure(s) for the program(s) you selected that provides detailed information about, among other things, the advisory services we provide, our fees, our personnel, our other business activities and financial industry affiliations and conflicts between our interests and your interests.

Please review the report content carefully and contact your Financial Advisor with any questions.

The account listing may or may not include all of your accounts with UBS FS. The accounts included in this report are listed under the "Accounts included in this review" shown on the first page.

Client Accounts: This report includes all assets in the accounts listed and may include eligible and ineligible assets in a fee-based program. Since ineligible assets are not considered fee-based program assets, the inclusion of such securities will distort the actual performance of your accounts and does not reflect the performance of your accounts in the fee-based program. **As a result, the performance reflected in this report can vary substantially from the individual account performance reflected in the performance reports provided to you as part of those programs.** For fee-based programs, fees are charged on the market value of eligible assets in the accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. When shown on a report, the risk profile and return objectives describe your overall goals for these accounts. For each account you maintain, you choose one return objective and a primary risk profile. If you have questions regarding

these objectives or wish to change them, please contact your Financial Advisor to update your accounts records.

Performance: This report presents accounts activity and performance starting 12/31/02. For accounts opened prior to 12/31/02, this report does not include the complete account activity or performance of your accounts prior to that date. For consolidated reports, the Performance Start Date will be the earliest performance start date of any of the individual accounts selected for the consolidation time period. If an individual account's performance information is not available for a full reporting time period (month to date, quarter to date, year to date or performance to date), the individual's net of fee time weighted return will not be displayed. For consolidated accounts that include different account Performance Start Dates, the consolidated Additions/Withdrawals, Income Earned and Investment Appreciation/ Depreciation will include all activity that occurred during the consolidated reporting time period. Accounts that hold or held insurance products will be reported on from the month end date of when insurance and annuity activity could be obtained from the carrier.

Time-weighted Returns (prior to 10/31/2010): The report displays a time weighted rate of return (TWR) that is calculated using the Modified Dietz Method. This calculation uses the beginning and ending portfolio values for the month and weighs each contribution/withdrawal based upon the day the cashflow occurred. Periods greater than one month are calculated by linking the monthly returns. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. All periods shown which are greater than 12 months are annualized.

Time-weighted Returns (after 10/31/2010): The report displays a time weighted rate of return (TWR) that is calculated by dividing the portfolio's daily gain/loss by the previous day's closing market value. All cashflows are posted at end of day. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. Periods greater than one day are calculated by linking the daily returns. All periods shown which are greater than 12 months are annualized.

Money-weighted returns: Money-weighted return (MWR) is a measure of the rate of return for an asset or portfolio of assets. It is calculated by finding the daily Internal Rate of Return (IRR) for the period and then compounding this return by the number of days in the period being measured. The MWR incorporates the size and timing of cash flows, so it is an effective measure returns on a portfolio.

Annualized Performance: All performance periods greater than one year are calculated (unless otherwise

stated) on an annualized basis, which represents the return on an investment multiplied or divided to give a comparable one year return.

Cumulative Performance: A cumulative return is the aggregate amount that an investment has gained or lost over time, independent of the period of time involved.

Net of Fees and Gross of Fees Performance: Performance is presented on a "net of fees" and "gross of fees" basis, where indicated. Net returns do not reflect Program and wrap fees prior to 10/31/10 for accounts that are billed separately via invoice through a separate account billing arrangement. Gross returns do not reflect the deduction of fees, commissions or other charges. The payment of actual fees and expenses will reduce a client's return. The compound effect of such fees and expenses should be considered when reviewing returns. For example, the net effect of the deduction of fees on annualized performance, including the compounded effect over time, is determined by the relative size of the fee and the account's investment performance.

Benchmark/Major Indices: The past performance of an index is not a guarantee of future results. Any benchmark is shown for informational purposes only and relates to historical performance of market indices and not the performance of actual investments. The benchmark is not managed and does not reflect the deduction of any fees and expenses, which will lower results. Indices are not actively managed and investors cannot directly invest in indices. The portfolio's investment strategy is not restricted to securities in the benchmark. Further, there is no guarantee that an investor's account will meet or exceed the stated benchmark. Index performance information has been obtained from third parties deemed to be reliable. We have not independently verified this information, nor do we make any representations or warranties to the accuracy or completeness of this information.

Custom Time Periods: If represented on this report, the performance start date and the performance end date have been selected by your Financial Advisor in order to provide performance and account activity information for your account for the specified period of time only. As a result only a portion of your account's activity and performance information is presented in the performance report, and, therefore, presents a distorted representation of your account's activity and performance.

Net Deposits/Withdrawals: When shown on a report, this information represents the net value of all cash and securities contributions and withdrawals, program fees (including wrap fees) and other fees added to or subtracted from your accounts from the first day to the last day of the period. When fees are shown separately, net deposits / withdrawals does not include program fees (including wrap fees). When investment return is

displayed net deposits / withdrawals does not include program fees (including wrap fees). For security contributions and withdrawals, securities are calculated using the end of day UBS FS price on the day securities are delivered in or out of the accounts. Wrap fees will be included in this calculation except when paid via an invoice or through a separate accounts billing arrangement.

Dividends/Interest: Dividend and interest earned, when shown on a report, does not reflect your account's tax status or reporting requirements. Use only official tax reporting documents (i.e. 1099) for tax reporting purposes. The classification of private investment distributions can only be determined by referring to the official year-end tax-reporting document provided by the issuer.

Change in Accrued Interest: When shown on a report, this information represents the difference between the accrued interest at the beginning of the period from the accrued interest at the end of the period.

Change in Value: Represents the change in value of the portfolio during the reporting period, excluding additions/withdrawals, dividend and interest income earned and accrued interest.

Fees: Fees represented in this report include program and wrap fees. Program and wrap fees prior to October 1, 2010 for accounts that are billed separately via invoice through a separate account billing arrangement are not included in this report. Commissions are not included in the fees calculation.

Net of fees: When indicated, the information is shown net of fees and commission charges to your accounts for the time period shown. For example, if your accounts are charged an asset based fee during the month the report is produced, net of fees performance information would reflect the deduction of those fees. Please see your program documents regarding fee schedules.

Performance Start Date Changes: The Performance Start Date for accounts marked with a 'A' have changed. Performance figures of an account with a changed Performance Start Date may not include the entire history of the account. The new Performance Start Date will generate performance returns and activity information for a shorter period than is available at UBS FS. As a result, the overall performance of these accounts may generate better performance than the period of time that would be included if the report used the inception date of the account. UBS FS recommends reviewing performance reports that use the inception date of the account because reports with longer time frames are usually more helpful when evaluating investment programs and strategies. Performance reports may include accounts with inception dates that precede the new Performance Start Date and will show performance and activity information from the earliest



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

available inception date.

The change in Performance Start Date may be the result of a performance gap due to a zero-balance that prevents the calculation of continuous returns from the inception of the account. The Performance Start Date may also change if an account has failed one of our performance data integrity tests. In such instances, the account will be labeled as 'Review Required' and performance prior to that failure will be restricted. Finally, the Performance Start Date will change if you have explicitly requested a performance restart. Please contact your Financial Advisor for additional details regarding your new Performance Start Date.

Closed Account Performance: Accounts that have been closed may be included in the consolidated performance report. When closed accounts are included in the consolidated report, the performance report will only include information for the time period the account was active during the consolidated performance reporting time period.

Portfolio: For purposes of this report "portfolio" is defined as all of the accounts presented on the cover page or the header of this report and does not necessarily include all of the client's accounts held at UBS FS or elsewhere.

Percentage: Portfolio (in the "% Portfolio" column) includes all holdings held in the account(s) selected when this report was generated. Broad asset class (in the "% broad asset class" column) includes all holdings held in that broad asset class in the account(s) selected when this report was generated.

Pricing: All securities are priced using the closing price reported on the last business day preceding the date of this report. Every reasonable attempt has been made to accurately price securities; however, we make no warranty with respect to any security's price. Please refer to the back of the first page of your UBS FS accounts statement for important information regarding the pricing used for certain types of securities, the sources of pricing data and other qualifications concerning the pricing of securities. To determine the value of securities in your account, we generally rely on third party quotation services. If a price is unavailable or believed to be unreliable, we may determine the price in good faith and may use other sources such as the last recorded transaction. When securities are held at another custodian or if you hold illiquid or restricted securities for which there is no published price, we will generally rely on the value provided by the custodian or issuer of that security.

Cash: Cash on deposit at UBS Bank USA is protected by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in principal and accrued interest per depositor for each ownership type. Deposits made in an individual's own name, joint name, or individual retirement account are each held in a separate type of ownership. Such deposits are not guaranteed by UBS FS.

More information is available upon request.

Mutual Fund Asset Allocation: If the option to unbundle balanced mutual funds is selected and if a fund's holdings data is available, mutual funds will be classified by the asset class, subclass, and style breakdown of their underlying holdings. Where a mutual fund or ETF contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the fund to those sectors measured as a percentage of the total fund's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a monthly basis to UBS FS based on data supplied by the fund which may not be current. Mutual funds change their portfolio holdings on a regular (often daily) basis. Accordingly, any analysis that includes mutual funds may not accurately reflect the current composition of these funds. If a fund's underlying holding data is not available, it will be classified based on its corresponding overall Morningstar classification. All data is as of the date indicated in the report.

Equity Style: The Growth, Value and Core labels are determined by Standard and Poor's using a price-to-book ratio methodology. The Growth, Value and Core labels are based on how a company's price-to-book ratio compares to the median price-to-book ratio for its industry based on the company's assigned Industry Sector. If the company's ratio is greater than or equal to the industry median, it is classified as a growth stock. If the company's ratio is less than the industry median, it is classified as a value stock. If a security includes both growth and value attributes, it is classified as a core stock. If price-to-book is not available or the industry's median is not available, this item will be Unclassified.

Equity Capitalization: Market Capitalization is defined as the number of shares outstanding times the market value. Equity securities are classified as Large Cap if they have a capitalization of 8 billion or above. Securities with capitalization between 1.8 and 7.9 billion are classified as Mid Cap. Securities with capitalization below 1.79 billion are classified as Small Cap. Unclassified securities are those for which no capitalization is available or applicable.

Equity Sectors: The Equity sector analysis may include a variety of accounts, each with different investment and risk parameters. As a result, the overweighting or underweighting in a particular sector or asset class should not be viewed as an isolated factor in making investment/liquidation decisions; but should be assessed on an account by account basis to determine the overall impact on the account's portfolio.

Classified Equity: Classified equities are defined as those equities for which the firm can confirm the specific industry and sector of the underlying equity instrument.

Estimated Annual Income: The Estimated Annual

Income is the annualized year to date per share dividends paid and multiplied by the quantity of shares held in the selected account(s).

Current Yield: Current yield is defined as the estimated annual income divided by the total market value.

Bond Rating: These ratings are obtained from independent industry sources and are not verified by UBS FS. Securities without rating information are left blank. Rating agencies may discontinue ratings on high yield securities.

NR: When NR is displayed under bond rating column, no ratings currently available from that rating agency.

High Yield: This report may designate a security as a high yield fixed income security even though one or more rating agencies rate the security as an investment grade security. Further, this report may incorporate a rating that is no longer current with the rating agency. For more information about the rating for any high yield fixed income security, or to consider whether to hold or sell a high yield fixed income security, please contact your financial advisor or representative and do not make any investment decision based on this report.

Credit/Event Risk: Investments are subject to event risk and changes in credit quality of the issuer. Issuers can experience economic situations that may have adverse effects on the market value of their securities.

Interest Rate Risk: Bonds are subject to market value fluctuations as interest rates rise and fall. If sold prior to maturity, the price received for an issue may be less than the original purchase price.

Reinvestment Risk: Since most corporate issues pay interest semiannually, the coupon payments over the life of the bond can have a major impact on the bond's total return.

Effective Maturity: Effective maturity is the expected redemption due to pre-refunding, puts, or maturity and does not reflect any sinking fund activity, optional or extraordinary calls. Securities without a maturity date are left blank and typically include Preferred Securities, Mutual Funds and Fixed Income UITs.

Yields: Yield to Maturity and Yield to Worst are calculated to the worst call.

Accrued Interest: Interest that has accumulated between the most recent payment and the report date may be reflected in market values for interest bearing securities.

Tax Status: "Taxable" includes all securities held in a taxable account that are subject to federal and/or state or local taxation. "Tax-exempt" includes all securities held in a taxable account that are exempt from federal,

state and local taxation. "Tax-deferred" includes all securities held in a tax-deferred account, regardless of the status of the security.

Cash Flow: This Cash Flow analysis is based on the historical dividend, coupon and interest payments you have received as of the Record Date in connection with the securities listed and assumes that you will continue to hold the securities for the periods for which cash flows are projected. The attached may or may not include principal paybacks for the securities listed. These potential cash flows are subject to change due to a variety of reasons, including but not limited to, contractual provisions, changes in corporate policies, changes in the value of the underlying securities and interest rate fluctuations. The effect of a call on any security(s) and the consequential impact on its potential cash flow(s) is not reflected in this report. Payments that occur in the same month in which the report is generated -- but prior to the report run ("As of") date -- are not reflected in this report. In determining the potential cash flows, UBS FS relies on information obtained from third party services it believes to be reliable. UBS FS does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Although UBS FS generally updates this information as it is received, the Firm does not provide any assurances that the information listed is accurate as of the Record Date. Cash flows for mortgage-backed, asset-backed, factored, and other pass-through securities are based on the assumptions that the current face amount, principal pay-down, interest payment and payment frequency remain constant. Calculations may include principal payments, are intended to be an estimate of future projected interest cash flows and do not in any way guarantee accuracy.

Expected Cash Flow reporting for Puerto Rico

Income Tax Purposes: Expected Cash Flow reporting may be prepared solely for Puerto Rico income tax purposes only. If you have received expected cash flow reporting for Puerto Rico income tax purposes only and are NOT subject to Puerto Rico income taxes, you have received this reporting in error and you should contact your Financial Advisor immediately. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes. If you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not be relied upon by you or your advisers. Neither UBS FS nor its employees provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

Gain/Loss: The gain/loss information may include calculations based upon non-UBS FS cost basis information. The Firm does not independently verify or guarantee the accuracy or validity of any information provided by sources other than UBS FS. In addition, if



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

this report contains positions with unavailable cost basis, the gain/(loss) for these positions are excluded in the calculation for the Gain/(Loss). As a result these figures may not be accurate and are provided for informational purposes only. Clients should not rely on this information in making purchase or sell decisions, for tax purposes or otherwise. Rely only on year-end tax forms when preparing your tax return. See your monthly statement for additional information.

Gain/Loss reporting for Puerto Rico Income Tax

Purposes: Gain/(Loss) reporting may be prepared solely for Puerto Rico income tax purposes only. If you have received gain/(loss) reporting for Puerto Rico income tax purposes only and are NOT subject to Puerto Rico income taxes, you have received this reporting in error and you should contact your Financial Advisor immediately. Pursuant to the Puerto Rico Internal Revenue Code (PRIRC) long-term capital gains are derived from the sale or exchange of capital assets held longer than six (6) months. For the purposes of this report only, long term gains and losses are represented by assets held for a period of more than six (6) months. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes. If you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not be relied upon by you or your advisers for purposes other than determining realized gain/loss for Puerto Rico income tax purposes. Neither UBS FS nor its employees provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

Gain/Loss 60/40: Index options listed in this report may be subject to IRS Tax Code - section 1256 categorizing them as broad-based index options. If so, the index may be eligible to be treated as 60% long term and 40% short terms for tax purposes. Please contact your tax professional to determine eligibility.

Account changes: At UBS, we are committed to helping you work toward your financial goals. So that we may continue providing you with financial advice that is consistent with your investment objectives, please consider the following two questions:

- 1) Have there been any changes to your financial situation or investment objectives?
 - 2) Would you like to implement or modify any restrictions regarding the management of your account?
- If the answer to either question is "yes," it is important that you contact your Financial Advisor as soon as possible to discuss these changes. For MAC advisory accounts, please contact your investment manager directly if you would like to impose or change any investment restrictions on your account.

ADV disclosure: A complimentary copy of our current Form ADV Disclosure Brochure that describes the

advisory program and related fees is available through your Financial Advisor. Please contact your Financial Advisor if you have any questions.

Important information for former Piper Jaffray and

McDonald Investments clients: As an accommodation to former Piper Jaffray and McDonald Investments clients, these reports include performance history for their Piper Jaffray accounts prior to August 12, 2006 and McDonald Investments accounts prior to February 9, 2007, the date the respective accounts were converted to UBS FS. UBS FS has not independently verified this information nor do we make any representations or warranties as to the accuracy or completeness of that information and will not be liable to you if any such information is unavailable, delayed or inaccurate.

For insurance, annuities, and 529 Plans, UBS FS relies on information obtained from third party services it believes to be reliable. UBS FS does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Information for insurance, annuities, and 529 Plans that has been provided by a third party service may not reflect the quantity and market value as of the previous business day. When available, an "as of" date is included in the description.

Investors outside the U.S. are subject to securities and tax regulations within their applicable jurisdiction that are not addressed in this report. Nothing in this report shall be construed to be a solicitation to buy or offer to sell any security, product or service to any non-U.S. investor, nor shall any such security, product or service be solicited, offered or sold in any jurisdiction where such activity would be contrary to the securities laws or other local laws and regulations or would subject UBS to any registration requirement within such jurisdiction.

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Financial Advisor:
KEYSTONE WEALTH MANAGEMENT
9072615971

UBS Client Review

as of January 25, 2013

Prepared for

COC - Total

Accounts included in this review

Account	Name	Type
UC 03542	• CT	• MAC Wrap
UC 03543	• CT	• Business Service Account
UC 03544	• PF	• Business Service Account
UC 03545	• PF	• Portfolio Management Program
UC 03546	• PF	• MAC Wrap
UC 03547	• City of Cordova	• Basic Investment Account - Business
UC 04046	• CT	• MAC Wrap
UC 04047	• PF	• Portfolio Management Program
5F 08662	• City of Cordova	• Premier Fixed Credit Line
5V D7092	• Loc	• Premier Variable Credit Line

What's inside

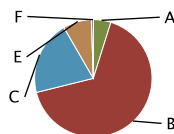
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Executive summary

as of January 25, 2013

Asset allocation summary

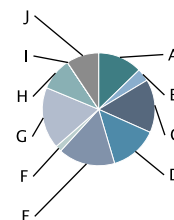
	Value on 01/25/2013 (\$)	% of portfolio
A Cash	700,898.64	4.84
Cash	700,898.64	4.84
B Fixed Income	9,607,804.88	66.30
US	8,455,654.48	58.35
Global	724,328.81	5.00
International	427,821.59	2.95
C Equity	2,972,840.19	20.51
US	1,476,078.22	10.19
Global	812,697.53	5.61
International	684,064.44	4.71
D Commodities	0.00	0.00
E Non-Traditional	1,131,661.50	7.81
Non-Traditional	1,131,661.50	7.81
F Other	78,556.48	0.54
Other	78,556.48	0.54
Total Portfolio	\$14,491,761.70	100%



Balanced mutual funds represented in multiple asset classes based on Morningstar allocations

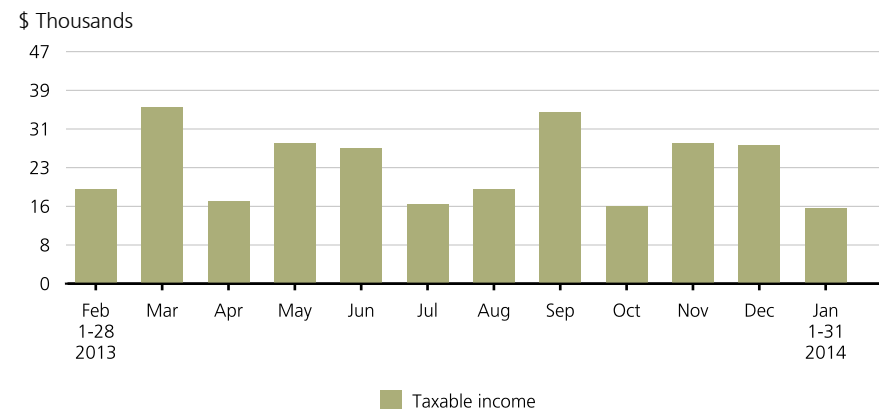
Equity sector analysis

	Value on 01/25/2013 (\$)	% of equity
A Consumer discretionary	294,358.95	9.90
B Energy	85,163.21	2.86
C Finance	354,561.40	11.93
D Health care	318,495.66	10.71
E Industrials	378,647.58	12.74
F Materials	41,864.45	1.41
G Staples	409,431.24	13.77
H Technology	217,130.65	7.30
I Telecommunications	622.17	0.02
J Utilities	216,719.05	7.29
Total classified equity	\$2,316,994.36	100%
Unclassified securities	655,845.83	



Balanced mutual funds represented in multiple asset classes based on Morningstar allocations

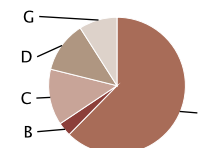
Expected cash flow


Total expected cash flow: \$282,234.80

Cash flows displayed account for known events such as maturities and mandatory puts.

Credit quality of bond holdings

Effective credit rating	Issues	Value on 01/25/2013 (\$)	% of port.
A Aaa/AAA/AAA	39	4,866,189.65	62.47
B Aa/AA/AA	7	256,878.79	3.27
C A/A/A	29	1,034,538.48	13.19
D Baa/BBB/BBB	31	943,720.70	12.00
E Non-investment grade	0	0.00	0.00
F Certificate of deposit	0	0.00	0.00
G Not rated	3	705,460.80	9.07
Total	109	\$7,806,788.42	100%

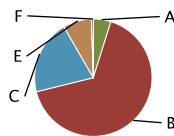


Portfolio review

as of January 25, 2013

Asset allocation summary

	Value on 01/25/2013 (\$)	% of portfolio
A Cash	700,898.64	4.84
US-US Cash	700,898.64	4.84
B Fixed Income	9,607,804.88	66.30
US Fixed Income-Short	659,486.49	4.55
US Fixed Income-Other	1,305,317.73	9.01
Government-Short	1,770,245.08	12.22
Government-Intermediate	2,408,910.65	16.62
Government-Long	285,606.90	1.97
Corporate Investment Grade Credit-Short	620,951.94	4.28
Corporate Investment Grade Credit-Intermediate	1,373,336.75	9.48
Corporate Investment Grade Credit-Long	4,989.12	0.04
Corporate High Yield	26,809.83	0.19
Global	724,328.81	5.00
International	34,348.28	0.24
Developed Markets	209,050.33	1.44
Emerging Markets	184,422.97	1.26
C Equity	2,972,840.19	20.51
US Equity-Growth	15,684.26	0.11
Large Cap-Core	320,664.43	2.21
Large Cap-Growth	51,903.56	0.36
Large Cap-Value	150,041.53	1.04
Mid Cap-Core	200,429.93	1.38
Mid Cap-Growth	175,824.47	1.21
Mid Cap-Value	41,614.52	0.29
Mid Cap-Master Limited Partnerships	166,995.16	1.16
Small Cap-Growth	804.64	0.01
Small Cap-Value	352,115.72	2.43
Global-Growth	483,598.65	3.34
Global-Value	329,098.88	2.27
International-Other	407,698.04	2.81
Developed Markets-Core	83,761.37	0.58
Developed Markets-Growth	25,848.57	0.18
Developed Markets-Value	28,734.87	0.20



	Value on 01/25/2013 (\$)	% of portfolio
Developed Markets-Other	138,021.59	0.93
D Commodities	0.00	0.00
E Non-Traditional	1,131,661.50	7.81
Hedge Funds-Multi Strategy	175,365.82	1.21
Hedge Funds-Managed Futures	789,823.86	5.45
Hedge Funds-Equity Long/Short	166,471.82	1.15
F Other	78,556.48	0.54
Other	78,556.48	0.54
Total Portfolio	\$14,491,761.70	100%

Rounding calculation may affect totals.

Balanced mutual funds represented in multiple asset classes based on Morningstar allocations

Past performance does not guarantee future results and current performance may be lower/higher than past data presented.

Report created on: January 28, 2013

Portfolio review - as of January 25, 2013 (continued)

Portfolio value and investment returns

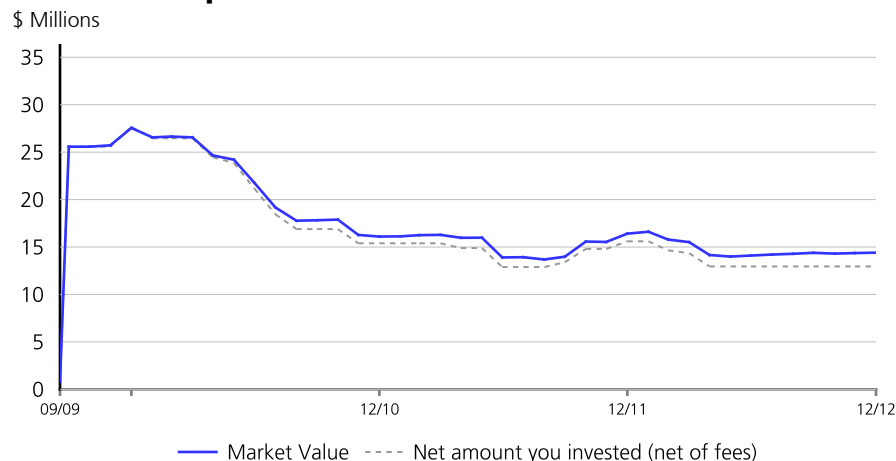
Performance returns (annualized > 1 year)				
	QTD 09/30/2012 to 12/31/2012	YTD 12/31/2011 to 12/31/2012	2011 12/31/2010 to 12/31/2011	3 Years 12/31/2009 to 12/31/2012
Opening value	14,388,985.59	16,409,037.55	16,101,459.59	27,552,002.80
Net deposits/withdrawals	-20,855.11	-2,730,972.99	135,851.76	-14,958,253.83
Div./interest income	108,163.69	277,085.27	283,826.60	1,060,462.32
Change in accr. interest	-5,777.28	-3,756.80	-8,418.88	-90,315.68
Change in value	-65,255.98	453,867.88	-103,681.52	841,365.30
Closing value	14,405,260.91	14,405,260.91	16,409,037.55	14,405,260.91
Net Time-weighted ROR	0.11	4.32	0.33	2.63

Net deposits and withdrawals include program and account fees.

Summary of gains and losses

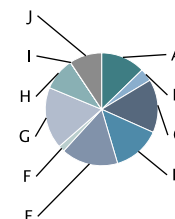
	Short term (\$)	Long term (\$)	Total (\$)
2012 Realized gains and losses	66,179.78	223,242.85	289,422.63
Taxable	66,179.78	223,242.85	289,422.63
Tax-deferred	0.00	0.00	0.00
2013 Year to date	987.60	139.65	1,127.25
Taxable	987.60	139.65	1,127.25
Tax-deferred	0.00	0.00	0.00

Sources of portfolio value



Equity sector analysis

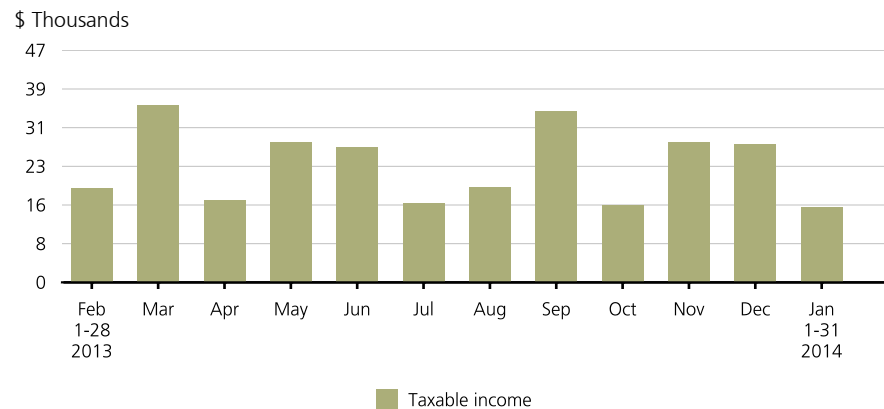
	Value on 01/25/2013 (\$)	% of equity
A Consumer discretionary	294,358.95	9.90
B Energy	85,163.21	2.86
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Total classified equity	\$2,316,994.36	100%
Unclassified securities	655,845.83	



Balanced mutual funds represented in multiple asset classes based on Morningstar allocations

Portfolio review - as of January 25, 2013 (continued)

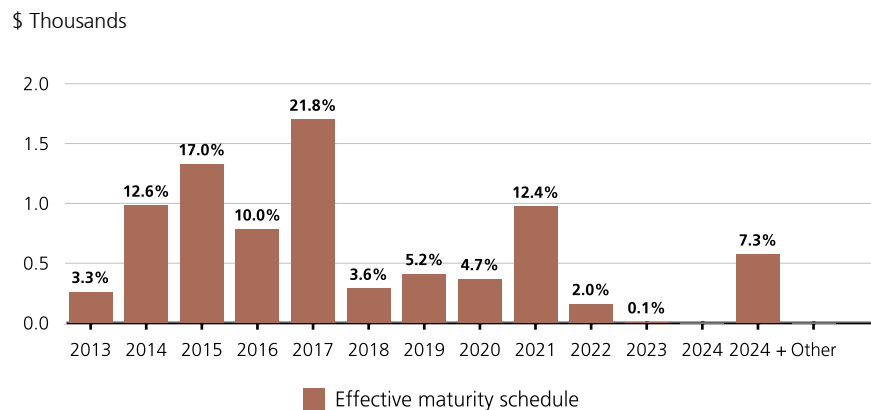
Expected cash flow



Total expected cash flow: \$282,234.80

Cash flows displayed account for known events such as maturities and mandatory puts.

Bond maturity schedule



Cash, mutual funds and some preferred securities are not included.

Portfolio review - as of January 25, 2013 (continued)

Summary of performance by account

					Performance returns (annualized > 1 year)			
					QTD	YTD	2011	3 Years
					09/30/2012 to 12/31/2012	12/31/2011 to 12/31/2012	12/31/2010 to 12/31/2011	12/31/2009 to 12/31/2012
Performance start date	Value on 12/31/2012 (\$)	% of portfolio						
UC 03542 CT•MAC Wrap•SAGE INT FIXED Risk profile: Conservative Return objective: Current Income	Nov 05, 2009	1,994,191.11	13.84%	Net time-weighted	-0.04%	1.59%	5.50%	3.86%
UC 03543 CT•Business Service Account Risk profile: Conservative Return objective: Current Income	Sep 17, 2009	255,946.93	1.78%	Net time-weighted	-0.03%	1.92%	0.12%	-9.53%
UC 03544 PF•Business Service Account Risk profile: Conservative Return objective: Current Income	Sep 21, 2009	906,581.85	6.29%	Net time-weighted	-0.13%	0.36%	0.11%	-3.85%
UC 03545 PF•Portfolio Management Program•Keystone Wealth Management Risk profile: Moderate Return objective: Capital Appreciation	Nov 21, 2012	2,769,669.54	19.23%	Net time-weighted	N/A	N/A	N/A	N/A
UC 03546 PF•MAC Wrap•SAGE INT FIXED Risk profile: Conservative Return objective: Current Income	Nov 05, 2009	2,976,549.55	20.66%	Net time-weighted	0.13%	3.54%	4.12%	4.14%
UC 03547 City of Cordova School•Basic Investment Account - Business Risk profile: Conservative Return objective: Current Income	Feb 18, 2011	0.00	0.00%	Net time-weighted	N/A	N/A	N/A	N/A
UC 04046 CT•MAC Wrap•SAGE INT FIXED Risk profile: Moderate Return objective: Current Income and Capital Appreciation	Feb 08, 2011	2,811,631.61	19.52%	Net time-weighted	0.24%	3.85%	N/A	N/A
UC 04047 PF•Portfolio Management Program•Keystone Wealth Management Risk profile: Moderate Return objective: Capital Appreciation	Dec 23, 2010	2,690,690.32	18.68%	Net time-weighted	-1.09%	8.35%	-5.20%	N/A
Total Portfolio	Sep 17, 2009	\$14,405,260.91	100%	Net time-weighted	0.11%	4.32%	0.33%	2.63%

Portfolio review - as of January 25, 2013 (continued)

	QTD 09/30/2012 to 12/31/2012	YTD 12/31/2011 to 12/31/2012	2011 12/31/2010 to 12/31/2011	3 Years 12/31/2009 to 12/31/2012
Benchmarks - Annualized time-weighted returns				
US Treasury Bill - 3 Mos	0.02%	0.08%	0.07%	0.09%
BC Aggregate Bond Index	0.21%	4.21%	7.84%	6.18%
S&P 500	-0.38%	16.00%	2.11%	10.86%

Additional information about your performance

as of January 25, 2013

Inception to date returns (annualized > 1 year)

	ITD	
	Performance	Start date to
	Start date	01/25/2013
Consolidated	09/17/2009	2.38%



Disclosures applicable to accounts at UBS Financial Services Inc.

This section contains important disclosures regarding the information and valuations presented here. This report presents information since December 31, 2002. This report does not include complete account activity or performance of your accounts before this date. All information presented is subject to change at any time and is provided only as of the date indicated. The information in this report is for informational purposes only and should not be relied upon as the basis of an investment or liquidation decision. UBS FS accounts statements and official tax documents are the only official record of your accounts and are not replaced, amended or superseded by any of the information presented in these reports.

UBS FS offers a number of investment advisory programs to clients, acting in our capacity as an investment adviser, including fee-based financial planning, discretionary account management, non-discretionary investment advisory programs, and advice on the selection of investment managers and mutual funds offered through our investment advisory programs. When we act as your investment adviser, we will have a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to you. At the beginning of our advisory relationship, we will give you our Form ADV brochure(s) for the program(s) you selected that provides detailed information about, among other things, the advisory services we provide, our fees, our personnel, our other business activities and financial industry affiliations and conflicts between our interests and your interests.

Please review the report content carefully and contact your Financial Advisor with any questions.

The account listing may or may not include all of your accounts with UBS FS. The accounts included in this report are listed under the "Accounts included in this review" shown on the first page.

Client Accounts: This report includes all assets in the accounts listed and may include eligible and ineligible assets in a fee-based program. Since ineligible assets are not considered fee-based program assets, the inclusion of such securities will distort the actual performance of your accounts and does not reflect the performance of your accounts in the fee-based program. **As a result, the performance reflected in this report can vary substantially from the individual account performance reflected in the performance reports provided to you as part of those programs.** For fee-based programs, fees are charged on the market value of eligible assets in the accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. When shown on a report, the risk profile and return objectives describe your overall goals for these accounts. For each account you maintain, you choose one return objective and a primary risk profile. If you have questions regarding

these objectives or wish to change them, please contact your Financial Advisor to update your accounts records.

Performance: This report presents accounts activity and performance starting 12/31/02. For accounts opened prior to 12/31/02, this report does not include the complete account activity or performance of your accounts prior to that date. For consolidated reports, the Performance Start Date will be the earliest performance start date of any of the individual accounts selected for the consolidation time period. If an individual account's performance information is not available for a full reporting time period (month to date, quarter to date, year to date or performance to date), the individual's net of fee time weighted return will not be displayed. For consolidated accounts that include different account Performance Start Dates, the consolidated Additions/Withdrawals, Income Earned and Investment Appreciation/ Depreciation will include all activity that occurred during the consolidated reporting time period. Accounts that hold or held insurance products will be reported on from the month end date of when insurance and annuity activity could be obtained from the carrier.

Time-weighted Returns (prior to 10/31/2010): The report displays a time weighted rate of return (TWR) that is calculated using the Modified Dietz Method. This calculation uses the beginning and ending portfolio values for the month and weighs each contribution/withdrawal based upon the day the cashflow occurred. Periods greater than one month are calculated by linking the monthly returns. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. All periods shown which are greater than 12 months are annualized.

Time-weighted Returns (after 10/31/2010): The report displays a time weighted rate of return (TWR) that is calculated by dividing the portfolio's daily gain/loss by the previous day's closing market value. All cashflows are posted at end of day. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. Periods greater than one day are calculated by linking the daily returns. All periods shown which are greater than 12 months are annualized.

Money-weighted returns: Money-weighted return (MWR) is a measure of the rate of return for an asset or portfolio of assets. It is calculated by finding the daily Internal Rate of Return (IRR) for the period and then compounding this return by the number of days in the period being measured. The MWR incorporates the size and timing of cash flows, so it is an effective measure returns on a portfolio.

Annualized Performance: All performance periods greater than one year are calculated (unless otherwise

stated) on an annualized basis, which represents the return on an investment multiplied or divided to give a comparable one year return.

Cumulative Performance: A cumulative return is the aggregate amount that an investment has gained or lost over time, independent of the period of time involved.

Net of Fees and Gross of Fees Performance: Performance is presented on a "net of fees" and "gross of fees" basis, where indicated. Net returns do not reflect Program and wrap fees prior to 10/31/10 for accounts that are billed separately via invoice through a separate account billing arrangement. Gross returns do not reflect the deduction of fees, commissions or other charges. The payment of actual fees and expenses will reduce a client's return. The compound effect of such fees and expenses should be considered when reviewing returns. For example, the net effect of the deduction of fees on annualized performance, including the compounded effect over time, is determined by the relative size of the fee and the account's investment performance.

Benchmark/Major Indices: The past performance of an index is not a guarantee of future results. Any benchmark is shown for informational purposes only and relates to historical performance of market indices and not the performance of actual investments. The benchmark is not managed and does not reflect the deduction of any fees and expenses, which will lower results. Indices are not actively managed and investors cannot directly invest in indices. The portfolio's investment strategy is not restricted to securities in the benchmark. Further, there is no guarantee that an investor's account will meet or exceed the stated benchmark. Index performance information has been obtained from third parties deemed to be reliable. We have not independently verified this information, nor do we make any representations or warranties to the accuracy or completeness of this information.

Custom Time Periods: If represented on this report, the performance start date and the performance end date have been selected by your Financial Advisor in order to provide performance and account activity information for your account for the specified period of time only. As a result only a portion of your account's activity and performance information is presented in the performance report, and, therefore, presents a distorted representation of your account's activity and performance.

Net Deposits/Withdrawals: When shown on a report, this information represents the net value of all cash and securities contributions and withdrawals, program fees (including wrap fees) and other fees added to or subtracted from your accounts from the first day to the last day of the period. When fees are shown separately, net deposits / withdrawals does not include program fees (including wrap fees). When investment return is

displayed net deposits / withdrawals does not include program fees (including wrap fees). For security contributions and withdrawals, securities are calculated using the end of day UBS FS price on the day securities are delivered in or out of the accounts. Wrap fees will be included in this calculation except when paid via an invoice or through a separate accounts billing arrangement.

Dividends/Interest: Dividend and interest earned, when shown on a report, does not reflect your account's tax status or reporting requirements. Use only official tax reporting documents (i.e. 1099) for tax reporting purposes. The classification of private investment distributions can only be determined by referring to the official year-end tax-reporting document provided by the issuer.

Change in Accrued Interest: When shown on a report, this information represents the difference between the accrued interest at the beginning of the period from the accrued interest at the end of the period.

Change in Value: Represents the change in value of the portfolio during the reporting period, excluding additions/withdrawals, dividend and interest income earned and accrued interest.

Fees: Fees represented in this report include program and wrap fees. Program and wrap fees prior to October 1, 2010 for accounts that are billed separately via invoice through a separate account billing arrangement are not included in this report. Commissions are not included in the fees calculation.

Net of fees: When indicated, the information is shown net of fees and commission charges to your accounts for the time period shown. For example, if your accounts are charged an asset based fee during the month the report is produced, net of fees performance information would reflect the deduction of those fees. Please see your program documents regarding fee schedules.

Performance Start Date Changes: The Performance Start Date for accounts marked with a 'A' have changed. Performance figures of an account with a changed Performance Start Date may not include the entire history of the account. The new Performance Start Date will generate performance returns and activity information for a shorter period than is available at UBS FS. As a result, the overall performance of these accounts may generate better performance than the period of time that would be included if the report used the inception date of the account. UBS FS recommends reviewing performance reports that use the inception date of the account because reports with longer time frames are usually more helpful when evaluating investment programs and strategies. Performance reports may include accounts with inception dates that precede the new Performance Start Date and will show performance and activity information from the earliest



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

available inception date.

The change in Performance Start Date may be the result of a performance gap due to a zero-balance that prevents the calculation of continuous returns from the inception of the account. The Performance Start Date may also change if an account has failed one of our performance data integrity tests. In such instances, the account will be labeled as 'Review Required' and performance prior to that failure will be restricted. Finally, the Performance Start Date will change if you have explicitly requested a performance restart. Please contact your Financial Advisor for additional details regarding your new Performance Start Date.

Closed Account Performance: Accounts that have been closed may be included in the consolidated performance report. When closed accounts are included in the consolidated report, the performance report will only include information for the time period the account was active during the consolidated performance reporting time period.

Portfolio: For purposes of this report "portfolio" is defined as all of the accounts presented on the cover page or the header of this report and does not necessarily include all of the client's accounts held at UBS FS or elsewhere.

Percentage: Portfolio (in the "% Portfolio" column) includes all holdings held in the account(s) selected when this report was generated. Broad asset class (in the "% broad asset class" column) includes all holdings held in that broad asset class in the account(s) selected when this report was generated.

Pricing: All securities are priced using the closing price reported on the last business day preceding the date of this report. Every reasonable attempt has been made to accurately price securities; however, we make no warranty with respect to any security's price. Please refer to the back of the first page of your UBS FS accounts statement for important information regarding the pricing used for certain types of securities, the sources of pricing data and other qualifications concerning the pricing of securities. To determine the value of securities in your account, we generally rely on third party quotation services. If a price is unavailable or believed to be unreliable, we may determine the price in good faith and may use other sources such as the last recorded transaction. When securities are held at another custodian or if you hold illiquid or restricted securities for which there is no published price, we will generally rely on the value provided by the custodian or issuer of that security.

Cash: Cash on deposit at UBS Bank USA is protected by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in principal and accrued interest per depositor for each ownership type. Deposits made in an individual's own name, joint name, or individual retirement account are each held in a separate type of ownership. Such deposits are not guaranteed by UBS FS.

More information is available upon request.

Mutual Fund Asset Allocation: If the option to unbundle balanced mutual funds is selected and if a fund's holdings data is available, mutual funds will be classified by the asset class, subclass, and style breakdown of their underlying holdings. Where a mutual fund or ETF contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the fund to those sectors measured as a percentage of the total fund's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a monthly basis to UBS FS based on data supplied by the fund which may not be current. Mutual funds change their portfolio holdings on a regular (often daily) basis. Accordingly, any analysis that includes mutual funds may not accurately reflect the current composition of these funds. If a fund's underlying holding data is not available, it will be classified based on its corresponding overall Morningstar classification. All data is as of the date indicated in the report.

Equity Style: The Growth, Value and Core labels are determined by Standard and Poor's using a price-to-book ratio methodology. The Growth, Value and Core labels are based on how a company's price-to-book ratio compares to the median price-to-book ratio for its industry based on the company's assigned Industry Sector. If the company's ratio is greater than or equal to the industry median, it is classified as a growth stock. If the company's ratio is less than the industry median, it is classified as a value stock. If a security includes both growth and value attributes, it is classified as a core stock. If price-to-book is not available or the industry's median is not available, this item will be Unclassified.

Equity Capitalization: Market Capitalization is defined as the number of shares outstanding times the market value. Equity securities are classified as Large Cap if they have a capitalization of 8 billion or above. Securities with capitalization between 1.8 and 7.9 billion are classified as Mid Cap. Securities with capitalization below 1.79 billion are classified as Small Cap. Unclassified securities are those for which no capitalization is available or applicable.

Equity Sectors: The Equity sector analysis may include a variety of accounts, each with different investment and risk parameters. As a result, the overweighting or underweighting in a particular sector or asset class should not be viewed as an isolated factor in making investment/liquidation decisions; but should be assessed on an account by account basis to determine the overall impact on the account's portfolio.

Classified Equity: Classified equities are defined as those equities for which the firm can confirm the specific industry and sector of the underlying equity instrument.

Estimated Annual Income: The Estimated Annual

Income is the annualized year to date per share dividends paid and multiplied by the quantity of shares held in the selected account(s).

Current Yield: Current yield is defined as the estimated annual income divided by the total market value.

Bond Rating: These ratings are obtained from independent industry sources and are not verified by UBS FS. Securities without rating information are left blank. Rating agencies may discontinue ratings on high yield securities.

NR: When NR is displayed under bond rating column, no ratings currently available from that rating agency.

High Yield: This report may designate a security as a high yield fixed income security even though one or more rating agencies rate the security as an investment grade security. Further, this report may incorporate a rating that is no longer current with the rating agency. For more information about the rating for any high yield fixed income security, or to consider whether to hold or sell a high yield fixed income security, please contact your financial advisor or representative and do not make any investment decision based on this report.

Credit/Event Risk: Investments are subject to event risk and changes in credit quality of the issuer. Issuers can experience economic situations that may have adverse effects on the market value of their securities.

Interest Rate Risk: Bonds are subject to market value fluctuations as interest rates rise and fall. If sold prior to maturity, the price received for an issue may be less than the original purchase price.

Reinvestment Risk: Since most corporate issues pay interest semiannually, the coupon payments over the life of the bond can have a major impact on the bond's total return.

Effective Maturity: Effective maturity is the expected redemption due to pre-refunding, puts, or maturity and does not reflect any sinking fund activity, optional or extraordinary calls. Securities without a maturity date are left blank and typically include Preferred Securities, Mutual Funds and Fixed Income UITs.

Yields: Yield to Maturity and Yield to Worst are calculated to the worst call.

Accrued Interest: Interest that has accumulated between the most recent payment and the report date may be reflected in market values for interest bearing securities.

Tax Status: "Taxable" includes all securities held in a taxable account that are subject to federal and/or state or local taxation. "Tax-exempt" includes all securities held in a taxable account that are exempt from federal,

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Cash Flow: This Cash Flow analysis is based on the historical dividend, coupon and interest payments you have received as of the Record Date in connection with the securities listed and assumes that you will continue to hold the securities for the periods for which cash flows are projected. The attached may or may not include principal paybacks for the securities listed. These potential cash flows are subject to change due to a variety of reasons, including but not limited to, contractual provisions, changes in corporate policies, changes in the value of the underlying securities and interest rate fluctuations. The effect of a call on any security(s) and the consequential impact on its potential cash flow(s) is not reflected in this report. Payments that occur in the same month in which the report is generated -- but prior to the report run ("As of") date -- are not reflected in this report. In determining the potential cash flows, UBS FS relies on information obtained from third party services it believes to be reliable. UBS FS does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Although UBS FS generally updates this information as it is received, the Firm does not provide any assurances that the information listed is accurate as of the Record Date. Cash flows for mortgage-backed, asset-backed, factored, and other pass-through securities are based on the assumptions that the current face amount, principal pay-down, interest payment and payment frequency remain constant. Calculations may include principal payments, are intended to be an estimate of future projected interest cash flows and do not in any way guarantee accuracy.

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Income Tax Purposes: Expected Cash Flow reporting may be prepared solely for Puerto Rico income tax purposes only. If you have received expected cash flow reporting for Puerto Rico income tax purposes only and are NOT subject to Puerto Rico income taxes, you have received this reporting in error and you should contact your Financial Advisor immediately. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes. If you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not be relied upon by you or your advisers. Neither UBS FS nor its employees provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

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Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

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Purposes: Gain/(Loss) reporting may be prepared solely for Puerto Rico income tax purposes only. If you have received gain/(loss) reporting for Puerto Rico income tax purposes only and are NOT subject to Puerto Rico income taxes, you have received this reporting in error and you should contact your Financial Advisor immediately. Pursuant to the Puerto Rico Internal Revenue Code (PRIRC) long-term capital gains are derived from the sale or exchange of capital assets held longer than six (6) months. For the purposes of this report only, long term gains and losses are represented by assets held for a period of more than six (6) months. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes. If you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not be relied upon by you or your advisers for purposes other than determining realized gain/loss for Puerto Rico income tax purposes. Neither UBS FS nor its employees provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

Gain/Loss 60/40: Index options listed in this report may be subject to IRS Tax Code - section 1256 categorizing them as broad-based index options. If so, the index may be eligible to be treated as 60% long term and 40% short terms for tax purposes. Please contact your tax professional to determine eligibility.

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- 1) Have there been any changes to your financial situation or investment objectives?
 - 2) Would you like to implement or modify any restrictions regarding the management of your account?
- If the answer to either question is "yes," it is important that you contact your Financial Advisor as soon as possible to discuss these changes. For MAC advisory accounts, please contact your investment manager directly if you would like to impose or change any investment restrictions on your account.

ADV disclosure: A complimentary copy of our current Form ADV Disclosure Brochure that describes the

advisory program and related fees is available through your Financial Advisor. Please contact your Financial Advisor if you have any questions.

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McDonald Investments clients: As an accommodation to former Piper Jaffray and McDonald Investments clients, these reports include performance history for their Piper Jaffray accounts prior to August 12, 2006 and McDonald Investments accounts prior to February 9, 2007, the date the respective accounts were converted to UBS FS. UBS FS has not independently verified this information nor do we make any representations or warranties as to the accuracy or completeness of that information and will not be liable to you if any such information is unavailable, delayed or inaccurate.

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2013 *The Year Ahead*

Valuable research and investment insights every month

Market Outlook | January 2013



What's in store for 2013? According to analysts in the newly combined UBS Chief Investment Office and Wealth Management Research organizations (CIO/WMR), political uncertainty and the need to rebuild balance sheets will continue to play an important role. However, with fewer wholesale leadership changes in sight, political flashpoints will likely center more on festering domestic policy disputes and selective geopolitical hotspots rather than democratic electoral shifts and despotic power transitions, as was the case last year. CIO/WMR analysts say issues ranging from the need for credible fiscal reform in the U.S. to the prospects for conflict in the Middle East will therefore dominate this year's political discussion. Likewise, the impact from the deleveraging process will be increasingly less uniform, with consumers and financial institutions in the U.S. having already made substantial progress toward reducing leverage. This suggests that balance sheet burdens will shift from the private sector (households) to the public sector (the federal government).

Wisdom and will

It is against this still unsettled backdrop that the wisdom of policy choices and the will of political leaders will prove crucial in shaping the fortunes of the real economy and financial markets, in CIO/WMR's view. Tangible and credible solutions to long-term fiscal, competitive and financial imbalances can go a long way toward driving robust private sector expansions. Corporations now sit on over \$1.5 trillion in cash while investors remain largely

on the sidelines, says CIO/WMR analysts. The ability to overcome political dysfunction in the U.S., strengthen the crisis management approach in Europe and successfully navigate the economic transition in China could prompt a fresh wave of business investment spending and a broader level of consumer reengagement. This in turn would help to shrink bloated risk premiums and rekindle interest in risk assets—which would likely extend across global financial markets.

Note however that the failure to address most of these issues in a timely and credible manner could place the current fragile recovery in jeopardy, according to CIO/WMR. While the global economy is on somewhat firmer footing than it was last year at this time, there is still precious little margin for error. Elected officials must therefore take great care to avoid the same sort of policy mistakes that have littered the political landscape in recent years. Central bankers can—and will—help to ease the fiscal adjustments process and buy policymakers some time with an aggressively accommodative monetary policy mix. But they can only offer a respite—not a resolution. For the economy to break free of the current malaise, it will require some clarity on reform efforts from elected officials. So while the economy appears clear for takeoff, policy missteps could yet ground things to a halt.

As it is difficult to predict with certainty how the global economy will fare in 2013, it is critical for investors to have a sound financial plan that includes well-diversified strategic allocations to a range of asset classes. With this in mind, it is CIO/WMR's view that the world economy will continue to slowly improve, albeit at a sub-trend pace, with global growth around 3.0% in 2013, up from a 2012 pace of around 2.5%.

The U.S.—walking a fiscal tightrope

In the U.S., CIO/WMR analysts view the underlying growth dynamics as fairly constructive. The housing market has started recovering, energy production is expanding, credit standards have been easing and even the labor market has improved. The consumer, accounting for two-thirds of the economy, has remained remarkably resilient despite policy uncertainty. Adding to this the Federal Reserve's highly supportive monetary policy, CIO/WMR's baselined expectation is for ongoing moderate economic growth of

slightly above 2% for 2013, despite the risks of some fiscal restraint. A key question for 2013 is whether politicians will use the breathing space the Fed has given them to push ahead with difficult reforms. The mere uncertainty surrounding the fiscal cliff has already led to a substantial decline in business investment and clear leadership on this issue will be critical, in CIO/WMR's view.

The eurozone: from recession to stagnation

In the eurozone, CIO/WMR expects uncertainty surrounding the debt crisis, fiscal austerity and widespread deleveraging to keep growth only barely positive in 2013, but still escaping recession. Germany will remain the strongest large economy in the region, but growth will likely remain below 1% as a result of the weak external environment. The bulk of the improvement in the overall eurozone picture is likely to be driven by Italy—one of 2012's weakest economies—as it passes the peak of its austerity measures. Spain continues to tread a difficult path, requiring further fiscal contraction of 4% of GDP in order to set its finances on a more sustainable path, and a loan-to-deposit ratio of approximately 180% leaves its banking sector vulnerable to funding crises.

Emerging markets reaccelerate

The Chinese economy should grow at around 8.0% in 2013, in CIO/WMR's view. Investment is picking up through increased infrastructure spending, and the export sector is showing signs of stabilization, as evidenced by recent data showing exports rising at a rate that's well ahead of a 10% year-on-year pace. However, a key focus for investors will be monitoring how much resolve the new leadership shows in rebalancing the economy away from fixed asset investment and toward consumption. For now, there are few signs of this rebalancing taking place, and sudden policy shifts in 2013 are unlikely, as continuity and stability are important goals of the new government.

More broadly, 2013 is likely to prove to be a year of stronger growth. Brazilian growth is expected to more than double to around 3-4%, while India is expected to grow 6.5% next year from 5.5% in 2012. Russia should maintain its current growth of around 3.5% into next year. Furthermore, inflation should remain tame, as we expect energy and food prices to exert less pressure on consumer price indexes. These benign macro drivers, coupled with attractive valuations, provide support for emerging market equities into 2013. Beyond equities, CIO/WMR analysts continue to see improving credit

fundamentals for most emerging markets, and this should be reflected in the solid performance of fixed income assets. In this area, we favor corporate over sovereign debt, where we see more compelling valuations.

Investment positioning into 2013

In fixed income, investors should continue to seek higher-yielding alternatives to government bonds, including investment-grade corporate debt, U.S. high-yield and emerging market corporate debt. While yields on many bonds in these asset classes have tumbled to record lows, the yield advantage they offer over government bonds remains above historical averages and fundamentals are still remarkably solid. For global equities, CIO/WMR expects 2013 to be another positive year, with returns in the high single-digit to low-teens range. Accommodative central banks provide a supportive backdrop, and on longer-term valuation measures, equities are more attractive than bonds—with the equity risk premium unusually elevated. But valuation is rarely enough to drive performance in the near term; this will depend on global policymakers setting the stage for improving economic momentum, corporate earnings and investor sentiment. Alternative investment areas, such as hedge funds, focused on relative-value and event-driven strategies, can provide valuable diversification to portfolios due to their low correlation to risky assets.

Let's talk about it

The above was condensed from *CIO WMR Year Ahead* (December 2012), a report from the integrated UBS Chief Investment Office and Wealth Management Research. To obtain a copy of this report or discuss how its research insights might bear on your portfolio, please contact a UBS Financial Advisor.

**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**



Issued by the Department of Transportation
on the 11th of February, 2013

Essential Air Service at

**CORDOVA, GUSTAVUS,
PETERSBURG, WRANGELL, AND
YAKUTAT, ALASKA**

Under 49 U.S.C. 41731 *et seq.*

DOCKET DOT-OST-1998-4899

ORDER RE-SELECTING CARRIER

Summary

By this Order, the Department is re-selecting Alaska Airlines, Inc., to provide Essential Air Service (EAS) at Cordova, Gustavus, and Yakutat, Alaska, for \$4,827,052 annual subsidy and at Petersburg and Wrangell at an annual subsidy rate of \$3,476,579, from May 1, 2013, through April 30, 2015.¹

Background

By Order 2011-2-1, February 1, 2011, the Department re-selected Alaska Airlines, Inc. to provide subsidized EAS at Cordova, Gustavus, Petersburg, Wrangell, and Yakutat, Alaska, through April 30, 2013. Under that Order, Alaska Airlines provides service to Petersburg and Wrangell over a Juneau-Petersburg-Wrangell-Ketchikan routing for an annual subsidy of \$3,415,987; and to Cordova and Yakutat over an Anchorage-Cordova-Yakutat-Juneau routing; and nonstop turnaround service between Gustavus and Juneau for a total annual subsidy of \$4,846,951. All of the communities receive seven round trips a week with B-737 equipment year round except Gustavus, which receives subsidized service for only a 13-week summer period.²

¹ Such subsidy is calculated and distributed on a fiscal year basis, subject to the availability of funds.

² During the remainder of the year, Gustavus's EAS is provided on a subsidy-free basis by other airlines with small aircraft.

As the end of the current contract on April 30, 2013, was approaching, we issued Order 2012-10-24, October 26, 2012, requesting EAS proposals for a new contract period beginning May 1, 2013.

Proposal of Alaska Airlines

Only Alaska Airlines submitted a proposal, and it submitted only one option. The carrier proposes to continue to provide the same level of service described above, and requests \$4,827,052 annual subsidy at Cordova, Gustavus, and Yakutat, and \$3,476,579 at Petersburg and Wrangell.

Community Comments

We received comments from the city officials of Cordova, Petersburg, and Wrangell, as well as from Icicle Seafoods, Inc., Cruise Line Agencies of Alaska, the University of Alaska Southeast, the Juneau Chamber of Commerce, and numerous comments from other local parties. All expressed strong support for Alaska Airlines. The City of Petersburg indicated that Alaska Airlines' service provides single-plane, nonstop or multi-stop access to Anchorage, Juneau, Ketchikan, and Seattle, all key communities of interest. The City of Cordova indicates that Alaska Airlines' jets are equipped with Required Navigation Performance Technology, enabling reliable access during inclement weather. The City of Wrangell indicates that "Alaska's jet service is critical to the economic well-being of not only our community, but the entire region." The regional impact is attested to by the interest of the Juneau Chamber of Commerce.

Decision

Alaska Airlines proposes to continue the current service level but requests a slight increase in subsidy. Alaska Airlines is the only carrier to submit a proposal, and it submitted only one option. Compared to the subsidy rates set by Order 2011-2-1, the currently effective Order, revenue has increased by 22 percent, offset largely by a corresponding increase in fuel expense.

Based upon our review, the level of subsidy appears reasonable, and as noted there is strong community support for the proposal of Alaska Airlines. Its service to Anchorage, Juneau, and Ketchikan will provide the communities with access to the national air transportation system. We are also encouraged that the level of subsidy has remained essentially flat from the prior period. Based on all of the above, we will re-select Alaska Airlines to provide the communities' EAS for an additional two-year period.

Carrier Fitness

49 U.S.C. §§ 41737(b) and 41738 require that the Department find an air carrier fit, willing, and able to provide reliable service before the Department may subsidize it to provide EAS. Alaska Airlines is subject to the Department's continuing fitness requirements, and no information has come to our attention that would cause us to question the carrier's fitness at this time. DOT has contacted the Federal Aviation Administration, and it has raised no concerns that would negatively affect our fitness findings. We therefore conclude that the carrier remains fit to conduct the operations proposed here.

This Order is issued under authority delegated in 49 CFR Part 1.56a(f).

ACCORDINGLY,

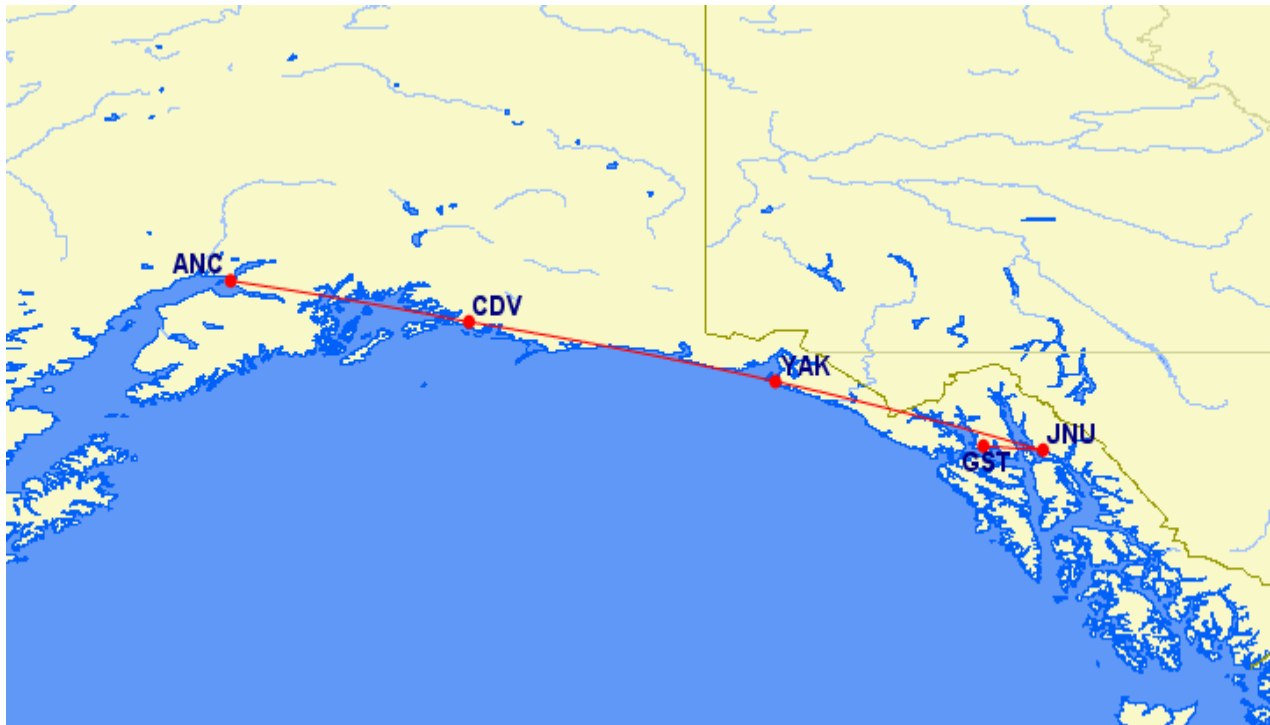
1. We re-select Alaska Airlines, Inc., to provide Essential Air Service at Cordova, Gustavus, Petersburg, Wrangell, and Yakutat, Alaska, as described in Appendix C;
2. We direct Alaska Airlines, to retain all books, records, and other source and summary documentation to support claims for payment, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. Such documentation shall be retained for seven years from the service date of the Order or until the Department indicates that the records may be destroyed, whichever comes first. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this Order;
3. We find that Alaska Airlines, Inc., continues to be fit, willing and able to operate as a certificated carrier and capable of providing reliable Essential Air Service at the these communities
4. This docket will remain open until further Order of the Department; and
5. We will serve copies of this Order on the Mayors of Cordova, Gustavus, Petersburg, Wrangell, and Yakutat, Alaska, and on Alaska Airlines, Inc.

By:

Susan Kurland
Assistant Secretary for
Aviation and International Affairs

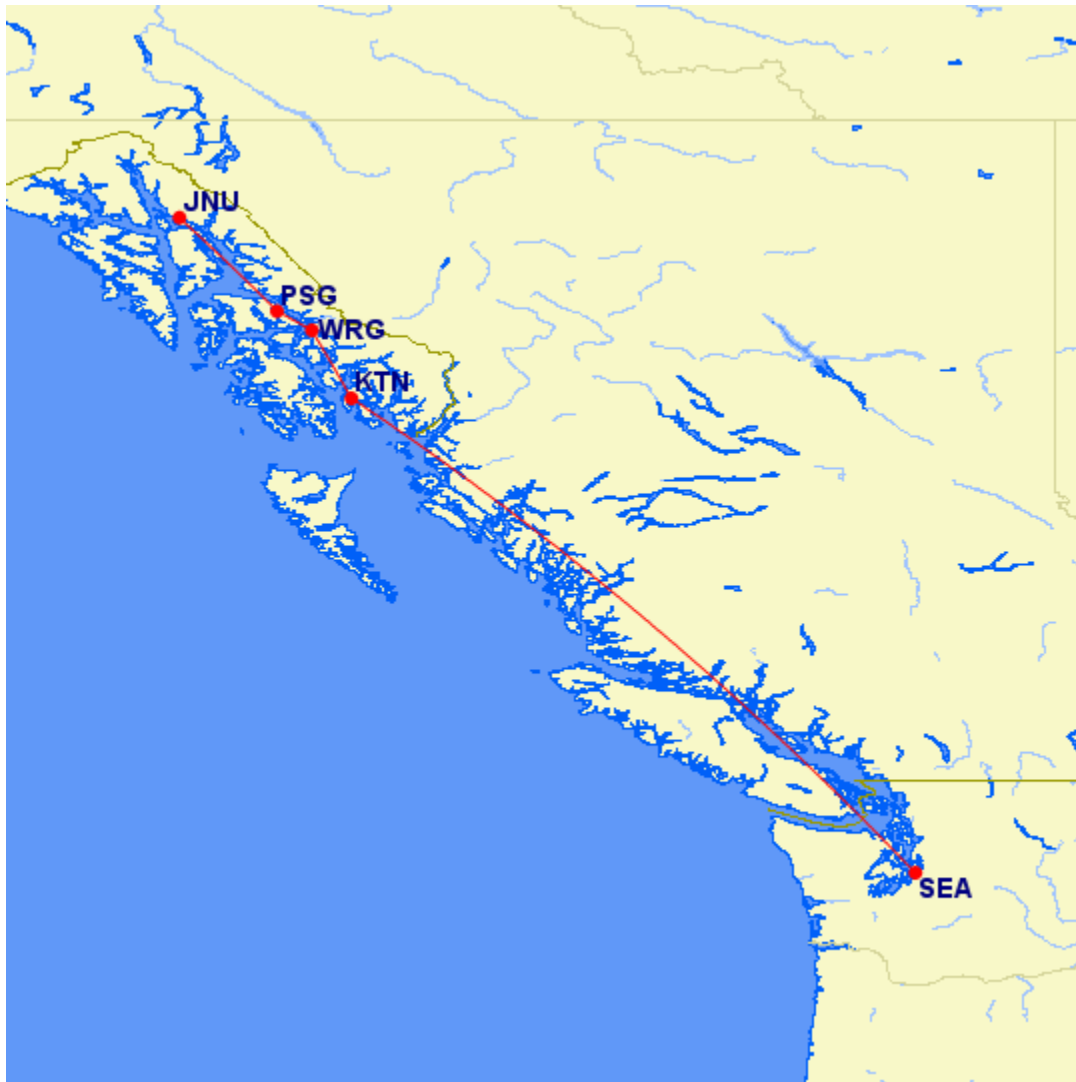
(SEAL)

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Nonstop, Great Circle Miles, North to South

Anchorage to Cordova,	160
Cordova to Yakutat,	213
Yakutat to Juneau,	199
Gustavus to Juneau,	41



Nonstop, Great Circle Miles, North to South

Juneau to Petersburg,	123
Petersburg to Wrangell,	31
Wrangell to Ketchikan,	82
Ketchikan to Seattle,	680

Appendix B

Alaska Airlines, Inc., Essential Air Service at Cordova, Gustavus, Petersburg, Wrangell, and Yakutat, Alaska

	Cordova, Gustavus, and Yakutat	Petersburg & Wrangell
Passenger Revenue	\$7,069,763	\$7,618,183
Freight/Mail	\$2,235,579	\$1,200,444
Excess Baggage	\$136,094	\$73,852
<u>Trans. Related and Other</u>	<u>\$1,481,652</u>	<u>\$1,790,525</u>
Total Revenue	\$10,923,088	\$10,683,004
Flying Operations	\$2,532,580	\$2,276,823
Fuel	\$4,226,224	\$3,799,430
Maintenance	\$722,319	\$649,374
<u>Ownership</u>	<u>\$1,989,325</u>	<u>\$1,788,430</u>
Total Indirect	\$9,470,448	\$8,514,057
Flight Attendant	\$255,638	\$229,822
Selling/Advertising	\$867,428	\$779,830
Station	\$3,340,887	\$3,003,501
<u>Overhead</u>	<u>\$1,065,732</u>	<u>\$958,107</u>
Total Indirect	\$5,529,685	\$4,971,260
Total Operating	\$15,000,133	\$13,485,317
<u>Return @ 5%</u>	<u>\$750,007</u>	<u>\$674,266</u>
Economic Costs	\$15,750,140	\$14,159,583
Compensation 1/	\$4,827,052	\$3,476,579

1/ The subtotals for the two proposals reflect the sum of the individual line elements but are different than Alaska Airlines initially proposed. However, the combined total of \$8,303,631 (\$4,827,052 + \$3,476,579) is the same as the carrier proposed.

Alaska Airlines, Inc., d/b/a United Express, Essential Air Service to be Provided to
Cordova, Gustavus, and Yakutat, Alaska, Docket 1998-4899

Effective Period: May 1, 2013, through April 30, 2015

Aircraft: B-737-400

Scheduled Service:

Cordova, 7 nonstop round trips/week to Anchorage, and 7 one-stop (Yakutat) trips/week to Juneau

Yakutat, 7 nonstop round trips/week to Juneau and 7 one-stop (Cordova) trips/week to Juneau

Gustavus: 7 nonstop round trips/week to Juneau, for the two 13-week peak summer seasons –

May 26, 2013, thru August 24, 2013, and June 1, 2014, thru August 30, 2014.

	<u>\$/Flight, JNU or ANC¹</u>	<u>Weekly Ceiling ²</u>
Cordova	\$1,595	\$44,660 ³
Yakutat	\$1,595	\$44,660
Gustavus	\$1,595	\$22,330 ⁴

Note: The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate Order, including the service plans outlined in the Order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with the Order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the Order during the applicable period of this rate, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be ensured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this Order, then, at the end of the period for which the Department does make payments in the stipulated amounts or at the stipulated service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the Department and carrier do not constitute a total or partial reduction or cessation of payment.

Subsidy contract are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph. Funds may not be available for performance under this order beyond March 27, 2013. The Government's obligation for performance under this order beyond March 27, 2013, is subject to the availability of funds from which payment for services can be made. No legal liability on the part of the Government for any payment may arise for performance under this order beyond March 27, 2013, until funds are made available to the Department for performance. If funds are not made available for performance beyond March 27, 2013, the Department will provide notice in writing to the carrier.

All claims for payment must be submitted within 60 days of the last day of service provided under this Order.

¹ \$4,827,052 annual compensation ÷ 3,026 annual flights at the eligible points and their hubs, calculated as follows:
52 weeks 28 flights in each direction x 2 communities (CDV and YAK) x 0.978 = 2,848;
13 weeks x 1 community (GST) x 14 flights in each direction x .978 = 178

² Calendar weeks that fall into separate calendar months will be treated as part of the later month for the purpose of calculating both calendar weeks per month and the monthly compensation.

³ 28 departures/arrivals per week between each point and Anchorage/Juneau x \$1,595.

⁴ 14 departures/arrivals per week between Gustavus and Juneau x \$1,595.

Appendix C-2

Alaska Airlines, Inc., d/b/a United Express, Essential Air Service to be Provided to Cordova, Gustavus, and Yakutat, Alaska, Docket 1998-4899

Effective Period: May 1, 2013, through April 30, 2015

Scheduled Service :

Petersburg, 7 nonstop round trips/week to Juneau and 7 one-stop (Wrangell) trips/week to Ketchikan.

Wrangell, 7 nonstop round trips/week to Ketchikan and 7 one-stop (Petersburg) trips/week to Juneau.

Aircraft: B-737-400

	<u>\$/Flight, JNU or KTN¹</u>	<u>Weekly Ceiling ²</u>
Petersburg	\$1,221	\$34,188 ³
Wrangell	\$1,221	\$34,188

Note: The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate Order, including the service plans outlined in the Order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with the Order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the Order during the applicable period of this rate, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be ensured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this Order, then, at the end of the period for which the Department does make payments in the stipulated amounts or at the stipulated service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the Department and carrier do not constitute a total or partial reduction or cessation of payment.

Subsidy contract are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph. Funds may not be available for performance under this order beyond March 27, 2013. The Government's obligation for performance under this order beyond March 27, 2013, is subject to the availability of funds from which payment for services can be made. No legal liability on the part of the Government for any payment may arise for performance under this order beyond March 27, 2013, until funds are made available to the Department for performance. If funds are not made available for performance beyond March 27, 2013, the Department will provide notice in writing to the carrier.

All claims for payment must be submitted within 60 days of the last day of service provided under this Order.

¹ \$3,476,579 annual compensation ÷ 2,848 annual flights at the eligible points and their hubs, calculated as follows:
52 weeks x 28 flights in each direction x 2 communities (PSG and WRG) x 0.978 = 2,848.

² Calendar weeks that fall into separate calendar months will be treated as part of the later month for the purpose of calculating both calendar weeks per month and the monthly compensation.

³ 28 departures/arrivals per week between each point and Juneau/Ketchikan x \$1,221.

MEMORANDUM

**TO: SUSAN BOURGEOIS
CITY CLERK
CITY OF CORDOVA**

FROM: HOLLY C. WELLS

**RE: ORDINANCES 1104 & 1105
EXEMPTION OF NVE PROPERTY USED FOR LOW-INCOME
HOUSING FROM REAL AND PERSONAL PROPERTY TAXES**

FILE NO.: 401,777.212

DATE: JANUARY 29, 2013

The Native Village of Eyak ("NVE") received an Indian Housing Block Grant to provide low income housing under Section 101 of the Native American Housing Assistance and Self Determination Act of 1996, 25 U.S.C. §4111. Under the Act and in order to qualify for Grant funds, the property used for low income housing must be exempt from all real and personal property taxes and any special assessments imposed by the municipality in which the housing project sits. However, the Act permits NVE to pay the City a payment in lieu of taxes ("PILOT") up to \$150 per dwelling unit or ten percent of the difference between the shelter rent and the utility cost, whichever is greater. Accordingly, NVE has requested tax exempt status for the specific property funded by the Grant and has also proposed a cooperation agreement mandating a PILOT of \$150 per dwelling unit or ten percent of the difference between the shelter rent and the utility cost so long as the property at issue is used as low income housing in compliance with the cooperation agreement.

In order to assist NVE in securing and retaining the Grant funds and providing much needed low income housing in Cordova, Ordinance 1104 exempts the property in question from personal and real property tax and any special assessments so long as a cooperation agreement is entered between the City and NVE that provides for a PILOT. Ordinance 1105 authorizes the City Manager to enter into a cooperation agreement proposed by NVE that provides for the necessary PILOT.

**CITY OF CORDOVA, ALASKA
ORDINANCE 1104**

AN ORDINANCE OF THE CITY OF CORDOVA, ALASKA, EXEMPTING LOT 5, BLOCK 5, ODIK SUBDIVISION, FROM PROPERTY TAXATION AND ANY SPECIAL ASSESSMENTS SO LONG AS A PAYMENT IN LIEU OF TAXES IS PAID BY THE NATIVE VILLAGE OF EYAK ON THE PROPERTY AND THE PROPERTY IS USED BY THE NATIVE VILLAGE OF EYAK AS LOW-INCOME HOUSING

WHEREAS, the Native Village of Eyak (“NVE”) used an Indian Housing Block Grant to improve Lot 5, Block 5, in the Odiak Subdivision (the “Property”); and

WHEREAS, NVE acquired and improved the Property for use as low-income housing in compliance with the Indian Housing Block Grant, and

WHEREAS, 25 U.S.C. §4111 requires recipients of the Indian Housing Block Grant to secure exemption from real and personal property taxes and special assessments on the housing project; and

WHEREAS, the City of Cordova (“City”) is authorized to provide an exemption to NVE under 25 U.S.C. §4111; and

WHEREAS, it is in the City’s best interest to support and encourage the development of low-income housing throughout the City given the current shortage of housing,

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Cordova, that:

Section 1. The Property is exempt from real and personal property taxes and any special assessments so long as NVE and the City enter into a cooperation agreement for payment in lieu of taxes and NVE continues to use the Property as low-income housing as more specifically required under a cooperation agreement approved by City Council and pursuant to 25 U.S.C. § 4111.

Section 2. This ordinance shall be effective thirty (30) days after its passage and publication. This ordinance shall be enacted in accordance with Section 2.13 of the Charter of the City of Cordova, Alaska, and published in the Cordova Times, a newspaper of general circulation in the City, within ten (10) days after its passage.

1st reading: February 6, 2013

2nd reading and public hearing: February 20, 2013

PASSED AND APPROVED THIS 20th DAY OF FEBRUARY, 2013.

James Kallander, Mayor

Attest:

Susan Bourgeois, City Clerk

**CITY OF CORDOVA, ALASKA
ORDINANCE 1105**

**AN ORDINANCE OF THE CITY OF CORDOVA, ALASKA, AUTHORIZING THE CITY
ADMINISTRATION TO ENTER INTO A COOPERATION AGREEMENT WITH THE
NATIVE VILLAGE OF EYAK FOR PAYMENT IN LIEU OF TAXES ON LOT 5, BLOCK 5,
ODIAK SUBDIVISION, SO LONG AS THE PROPERTY IS USED FOR LOW-INCOME
HOUSING**

WHEREAS, the Native Village of Eyak (“NVE”) used an Indian Housing Block Grant to acquire and improve Lot 5, Block 5, in the Odiak Subdivision (the “Property”); and

WHEREAS, NVE acquired and improved the Property for use as low-income housing in compliance with the Indian Housing Block Grant, and

WHEREAS, 25 U.S.C. §4111 requires recipients of the Indian Housing Block Grant to secure exemption from real and personal property taxes and special assessments on the housing project and to enter into a cooperation agreement providing the City a payment in lieu of taxes (“PILOT”) on the Property; and

WHEREAS, it is in the City’s best interest to support and encourage the development of low-income housing throughout the City given the current shortage of housing,

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Cordova, that:

Section 1. The City Manager or his or her representative is hereby authorized to enter into the Local Cooperation Agreement, attached to this Ordinance as Exhibit A, which requires NVE to pay a PILOT of \$150.00 per dwelling unit or ten percent of the difference between the shelter rent and the utility costs per dwelling unit so long as the Property is owned by NVE and used for low-income rental or lease-purchase homeownership purposes.

Section 2. This ordinance shall be effective thirty (30) days after its passage and publication. This ordinance shall be enacted in accordance with Section 2.13 of the Charter of the City of Cordova, Alaska, and published in the Cordova Times, a newspaper of general circulation in the City, within ten (10) days after its passage.

1st reading: February 6, 2013

2nd reading and public hearing: February 20, 2013

PASSED AND APPROVED THIS 20th DAY OF FEBRUARY, 2013.

James Kallander, Mayor

Attest:

Susan Bourgeois, City Clerk

Sample Alaska Cooperation Agreement

Version 1:

Tax Exempt and Payment in Lieu of Taxes (PILOT) to Be Paid

Under Section 101 of the Native American Housing Assistance and Self Determination Act of 1996, 25 U.S.C. § 4111 (NAHASDA), Indian Housing Block Grant (IHBG) funds provided on behalf of an Indian tribe may not be used for rental or lease-purchase homeownership units that are owned by the IHBG recipient for the tribe and developed under NAHASDA or the United States Housing Act of 1937 (42 U.S.C. § 1437 et seq.) unless the governing body of the locality, within which the rental or lease-purchase homeownership units are or will be situated, has entered into an agreement with the recipient. With limited exception, the cooperation agreement must provide for local cooperation, tax-exemption of the units and the annual payments of user fees or payments in lieu of taxes to compensate such governments for the costs of providing governmental services (i.e., including police and fire protection, roads, water and sewerage systems, utilities systems and related facilities).

The annual payments of user fees or payments in lieu of taxes may be an amount equal to the greater of \$150 per dwelling unit or 10 percent of the difference between the shelter rent and the utility cost, or may be such lesser amount as: (a) is prescribed by State, tribal, or local law; (b) agreed to by the local governing body in the agreement; or (c) the recipient and the local governing body may agree that such user fees or payments in lieu of taxes shall not be made.

HUD prescribes no form of this required “Cooperation Agreement;” however, in its effort to provide technical assistance to Alaska IHBG recipients, the Alaska Office of Native American Program (AONAP) has developed sample Cooperation Agreements that Alaska IHBG recipients may use to develop their own.

This **Version 1: Tax Exempt and Payment in Lieu of Taxes (PILOT) to Be Paid** may be used as a guide when the Alaska IHBG recipient and the Governing Body of the locality, in which the rental or lease-purchase homeownership units are situated, have agreed that the rental or lease-purchase homeownership units are tax exempt and the Alaska IHBG recipient will pay a user fee or Payments in Lieu of Taxes (PILOT) in accordance Section 101(d)(2) of NAHASDA.

LOCAL COOPERATION AGREEMENT

This agreement entered into this _____ day of _____, 20__, by and between the Native Village of Eyak (herein after called the Recipient), and the City of Cordova (hereinafter called the Local Governing Body”).

In consideration of the mutual covenants hereinafter set forth, the parties do hereby agree as follows:

1. Whenever used in this agreement:
 - a) The term “project” shall mean the property at developed Lot 5 Block 5 Odiak Subdivision by the Recipient with financial assistance of the United States of America, acting by and through the Secretary of the Department of Housing and Urban Development (hereinafter called the “Government”), and under the Native American Housing Assistance and Self Determination Act of 1996 or the United States Housing Act of 1937; and
 - b) The term “shelter rent” shall mean the total of all charges to all tenants of a project(s) for dwelling rents (excluding all other income of such project(s)), less the cost to the Recipient of all dwelling and non-dwelling utilities.
2. The Recipient shall endeavor to secure funding from the Government for the cost to develop, acquire and/or administer one low-income housing project, comprising 1 unit, as a rental unit. The project is located within the jurisdictional limits of the Local Governing Body. The obligations of the parties hereto shall apply solely to this project. Any future project(s), and the units therein, within the jurisdictional limits of the Local Governing Body as those jurisdictional limits are delineated on the date of this agreement, will be negotiated on a case-by-case basis.
3. Pursuant to this agreement, this project within the jurisdictional limits of the Local Governing Body is exempt from all real and personal property taxes and special assessments levied or imposed by the Local Governing Body. So long as the project is owned by the Recipient and is used for low-income rental or lease-purchase homeownership purposes, the Local Governing Body agrees that it will not levy or impose any real or personal property taxes or special assessments with respect thereto as required by Section 101(d) of the Native American Housing and Self Determination Act of 1996, 25 U.S.C. § 4111(d). At any time that the project is no longer funded under the Department of Housing and Urban Development, the Recipient will immediately inform the Local Governing Body and resume a standard schedule of real or personal property taxes.
4. During such period in which the project is exempt from all real and personal property taxes and special assessments levied or imposed by the Local Governing Body,

the Recipient shall make annual payments of either user fees or Payments in Lieu of Taxes (PILOT) instead of taxes or special assessments in payment for public services and facilities furnished from time to time without other cost or charge to such project(s).

5. Each such annual payment of user fees or PILOT shall be made at the time when real property taxes on such project(s) would be paid if it were subject to taxation and shall be in an amount equal to the greater of \$150 per dwelling unit or ten percent (10%) of the difference between the shelter rent and the utility costs per dwelling unit

6. Notwithstanding the Recipient's agreement to pay user fees or a PILOT, the Local Governing Body agrees that no lien against any project(s) or assets of the Recipient shall attach, nor shall any interest or penalties accrue or attach on account thereof, for the failure to make such payments of user fees or PILOT.

7. During the period commencing with the date of the acquisition of any part of the site or sites of any project(s) and continuing so long as such project(s) is owned by the Recipient and used for low-income rental or lease-purchase homeownership purposes, the Local Governing Body, without cost or charge to the Recipient or the tenants of such project(s) other than user fees or PILOT described above, shall furnish or cause to be furnished to the Recipient and the tenants of such project(s) any and all public services, facilities and infrastructure of the same character and to the same extent as are furnished from time to time without cost or charge to other dwellings and inhabitants within the Local Governing Body's jurisdictional limits.

8. If by reason of the Local Governing Body's failure or refusal to furnish or cause to be furnished any and all public services, facilities and infrastructure which it has agreed hereunder to furnish or to cause to be furnished to the Recipient or to the tenants of any project(s), the Recipient incurs any expense to obtain such services or facilities, then the Recipient may deduct the amount of such expense from any payment of user fees or PILOT due or to become due to the Local Governing Body with respect to any low-income housing project(s) owned by the Recipient.]

9. No cooperation agreement previously entered into between the Local Governing Body and the Recipient shall be construed to apply to any project(s) covered by this agreement.

10. This agreement shall not be abrogated, changed, or modified without the consent of both the Local Governing Body and the Recipient. The privileges and obligations of the Local Governing Body hereunder shall remain in full force and effect with respect to each project(s) so long as the Recipient holds title to such project(s). However, if at any time the title to, or possession of, any project(s) is held by a public body or governmental agency, including the Government, the provisions hereto shall inure to the benefit of and may be enforced by such public body or governmental agency, including the Government.

IN WITNESS WHEREOF, the Local Governing Body and the Recipient have respectively signed this agreement and caused their seal to be affixed and attested as of the day and year first above written.

(SEAL)

(Corporate Name of Local Governing Body)

By: _____
(Title)

Attest:

(Title)

(SEAL)

(Corporate Name of the Recipient)

By: _____
Robert Henrichs, President

Attest:

(Title)

MEMORANDUM

**TO: SUSAN BOURGEOIS
CITY CLERK
CITY OF CORDOVA**

FROM: HOLLY C. WELLS

**RE: ORDINANCE 1106
REPEAL OF MUNICIPAL CODE 14.28**

FILE NO.: 401,777.212

DATE: JANUARY 30, 2013

INTRODUCTION

The City of Cordova, Alaska, Administration and the Cordova City Council have been working on restructuring the Cordova Community Medical Center ("CCMC") to streamline its operations and ensure that CCMC is able to continue operations and provide much needed medical services in the City well into the future. To this end, the City entered into an agreement with Providence Alaska in 2012 under which the City pays Providence to manage and administer CCMC subject to oversight by the Health Services Board ("Board"), the City Council, and in certain personnel matters the city manager. The Management Agreement was authorized and approved via Ordinance 1106. Under the Management Agreement, the City agreed that it was inefficient to subject CCMC to oversight by two separate government bodies, namely the Board and the City Council. Accordingly, the City Council determined that, in the interest of the efficient operation and management of CCMC, the City would propose an amendment to the Cordova Municipal Code requiring the Council to sit as the Board. Ordinance 1106 is designed to implement the structural changes previously discussed by City Council, CCMC administration, and City administration. This memorandum discusses in detail the revisions taking place in Chapter 14.28 as it is incorporated in Title 15.

REVISIONS

The following changes have been made to Chapter 14.28:

A. General Revisions

Chapter 14.28 is being removed from Title 14, which deals primarily with City utilities and other unrelated City services, and adopted as Title 15. The chapter name is being expanded to “City Owned Medical Facilities” rather than simply “Hospital” as CCMC encompasses a long term care facility as well as a clinic in addition to the hospital services and thus the new title more accurately describes CCMC operations.

B. Revisions to 14.28.005 Entitled “Definitions”

While this section has been renumbered to CMC 15.10.005, no other changes were necessary as the Code was recently changed to include the definition of a “Contract Administrator” and to encompass all City-owned medical facilities in the definition of “CCMC.”

C. Revisions to CMC 14.28.010 Entitled “Community Health Services Board”

CMC 14.28.010 has been renumbered 15.20.010. This provision now mandates that the City Council shall sit as the Board and eliminates all other requirements regarding the composition of the Board. It also eliminates references to the terms of Board members. The revisions preserve the requirements that the Board appoint a subcommittee to provide guidance regarding mental health and alcohol problems and preserves the general obligations of the Board. The revised Code also continues to require the Board to elect officers as this process should provide for smooth Board meetings.

The revisions to CMC 14.28.010 now require quarterly meetings to be held the first Monday in January, April, July, and October at a time and place to be designated by the Board. This permits Council to simply hold Board meetings before the scheduled Council meetings in those months or to schedule a separate meeting if necessary. The Code was also revised to permit two members of the Board to call an additional meeting at any time when these members determine such a meeting is necessary. The purpose of this provision is to provide the Board with the flexibility to address management or personnel issues that cannot wait until the quarterly meeting.

D. Repeal of CMC 14.28.011 Entitled “Absences to terminate membership”

CMC 14.28.011, which addressed the removal of Board members, was eliminated from the Code and instead removal of Board members is now addressed in CMC 15.20.010 (former 14.28.010), which permits the removal of a Board member only when a member is removed from the City Council. The

intent of this change is to prevent the Board from having a different composition than the Council or a shortage of members.

E. Revisions to CMC 14.28.020 Entitled “Administration”

CMC 14.28.020 has been renumbered as 15.30.020. This section has been revised to eliminate City Council involvement in CCMC governance given that the Board is comprised of the members of Council. Thus, the Board, rather than the Council, now has the authority to appoint and terminate the CCMC administrator. The duties and obligations of the CCMC administrator remain substantially unchanged except that the Code now subjects supervision by the administrator over CCMC personnel to oversight by the City Manager in accordance with the provisions of CCMC personnel plans. This oversight is necessary to ensure that the City maintains control and supervision of its own employees regardless of whether the Board chooses to employ a Contract administrator. The administrator’s duties have also been expanded to require the imposition of a record retention policy and to ensure compliance with that policy.

F. Revisions to CMC 14.20.030 Entitled “Medical Staff”

CMC 14.20.030 has been renumbered as 15.40.030. This section has been greatly simplified, removing definitions of “medical staff” and reducing requirements regarding medical staff responsibilities, contracts, and work performed. Instead, the Code now incorporates by reference the Medical Staff Bylaws, which shall provide for the definition, organization, and governance of the medical staff subject to Board approval of these bylaws and any amendments to these bylaws. This permits the bylaws to be changed more easily by the Board to reflect the needs of CCMC.

G. Revisions to CMC 14.28.032 Entitled “Allied health professionals”

CMC 14.28.032 has been renumbered as 15.50.040. This section has also been revised to remove definitions of “allied health professionals” and descriptions of the duties of such professionals. These definitions and requirements regarding the conduct and duties of allied health professionals will now be addressed in the Medical Staff Bylaws. This section does, however, continue to mandate that allied health professionals submit qualifications to the medical staff credentialing body and that the Board retains final approval of granting privileges to allied health professionals.

H. Revisions to CMC 14.28.035 Entitled “Other health care professionals”

CMC 14.28.035 has been renumbered as 15.60.050. This section also removes the requirements for CCMC privileges from the Code and incorporates the Medical Staff Bylaws to the extent applicable. This section continues to permit the Board to grant privileges at CCMC to health care professionals other than medical staff or allied health professionals.

I. Repeal of CMC 14.28.040 Entitled Records

This section has been removed from the Code but a requirement that the CCMC administrator impose a record retention policy and ensure compliance with that policy has been added to former CMC 14.28.020 (CMC 15.30.020(j)). This permits the administrator to revise the policy quickly as needed to comply with any changes in the law.

J. Revisions to CMC 14.28.050 Entitled Schedule of Revenue

CMC 14.28.050 has been renumbered as 15.70.060. While this section remains substantially unchanged, the formatting was changed so that the numbering was consistent with the rest of the title. While the Board now consists solely of Council members, the budgeting process must occur both before the Council sitting as the Board and the City Council sitting as the Council. This ensures proper procedure regarding public participation in the budget process and permits the Council to include discussions and considerations regarding the CCMC budget alongside the City's general budget.

K. Conclusion

For the most part, all of the changes to former Chapter 14.28 are designed to revise the Code to reflect the reality of current CCMC operations and to provide CCMC and the City flexibility in managing CCMC. These revisions were the result of discussions with CCMC administration, City administration, and meetings with City Council.

**CITY OF CORDOVA, ALASKA
ORDINANCE 1106**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CORDOVA, ALASKA,
REPEALING CORDOVA MUNICIPAL CODE CHAPTER 14.28 ENTITLED “HOSPITAL”
AND ADOPTING TITLE 15 ENTITLED “CITY OWNED MEDICAL FACILITIES” WHICH
INCORPORATES THE PROVISIONS OF CHAPTER 14.28 BUT REQUIRES THE CITY
COUNCIL TO SIT AS THE HOSPITAL SERVICE BOARD AND UPDATES THE
OBLIGATIONS OF THE MEDICAL STAFF AND HOSPITAL ADMINISTRATOR TO
REFLECT THE CITY’S USE OF A HOSPITAL MANAGEMENT COMPANY TO
ADMINISTER CITY OWNED MEDICAL FACILITIES**

WHEREAS, the City Council previously determined that it is in the City’s best interests to hire an outside management company to manage the Cordova Community Medical Center (“CCMC”); and

WHEREAS, the City Council also previously determined that while the City would benefit from outside management of CCMC, it also found that it was in the City’s best interest to maintain ownership of CCMC and to continue to employ the majority of CCMC staff directly; and

WHEREAS, the City Council also concluded that CCMC operations would be positively impacted if City Council sat directly as the Hospital Services Board, with guidance and involvement from the community and CCMC management; and

WHEREAS, Chapter 14.28 anticipates a separate Health Services Board and City Council and does not anticipate outside management of CCMC and thus requires revisions to reflect the responsibilities and obligations of the City Council sitting as the Health Services Board;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Cordova, that:
Section 1. Cordova Municipal Code Chapter 14.28 is repealed and Title 15 is adopted to read as follows:

TITLE 15 CITY OWNED MEDICAL FACILITIES

Sections:

- 15.10.005 - Definitions.
- 15.20.010 - Community health services board.
- 15.30.020 - Administration.
- 15.40.030 - Medical staff.
- 15.50.040 - Allied health professionals.
- 15.60.050 - Other health care professionals.
- 15.70.060 - Schedule of revenue.
- 15.10.005- Definitions.

As used in this chapter:

“Administrator” means a city employee appointed by the city to administer the CCMC, a contract administrator or, where the context requires, the employee that the contract administrator designates as administrator of the CCMC.

“Board” means the Community Health Services Board.

“CCMC” means the Cordova Community Medical Center, which consists of an acute care hospital, long term care facility and clinic, and all other health care facilities owned and/or operated by the City.

“Contract administrator” means an entity with whom the city contracts to administer and/or manage the CCMC.

15.20.010 - Community health services board.

A. There shall be a board known as the Community Health Services Board which shall be composed of all the members of the City Council. No employee of the CCMC or the administrator shall be eligible to serve on the Board.

B. A subcommittee of the Board comprised of three Board members shall be appointed by a majority of the Board to provide guidance to the mental health and alcohol programs and develop and present the mental health and alcohol budget to the Board.

C. General Powers. Subject to state and municipal law, the Board shall be responsible for the operations of CCMC and shall prescribe the terms under which patients shall be admitted to CCMC. Standards of operation shall be established and enforced, to the extent possible, by the Board. The powers of the Board may be delegated to a contract administrator with approval by a majority of the Board.

D. Organization. The Board shall elect annually from its members a president, a vice-president and secretary and such other officers as it deems necessary. The Board shall establish such committees and shall assign such duties and responsibilities to the committees as it deems necessary.

E. Removal. A member of the Board shall be removed upon removal of that member from the council.

F. Meetings. The board shall meet quarterly on the first Monday in January, April, July, and October at a time and place to be designated by the Board, and notice of and agenda of all meetings shall be posted at a public location in the CCMC, and at the city hall. Any two members of the Board may schedule a meeting at any time when they determine such a meeting is necessary. All meetings of the Board shall be open to the public; except that the Board may meet in executive session, pursuant to notice, to discuss:

1. Matters the immediate knowledge of which would clearly have an adverse effect upon the finance of the government unit;
2. Subjects that tend to prejudice the reputation and character of any person; provided, that the person may attend the discussion and request a public discussion;
3. Matters which, by law, municipal charter or ordinance, are required to be confidential;
4. Matters involving consideration of governmental records that by law are not subject to disclosure;
5. Direction to an attorney or labor negotiator regarding the handling of a specific legal matter or pending labor negotiations.

G. Reports. The Board shall, on or before sixty days prior to the end of the fiscal year, submit a detailed and itemized estimate of revenues and a detailed and itemized budget for the next fiscal year to the City Council.

H. Membership in Association. The Board may maintain membership in any local, state, or national group or association organized and operated for the promotion of the public health and welfare or the advancement of the efficiency of medical center and community health facilities administration and in connection therewith, pay dues and fees thereto.

15.30.020 - Administration.

A. All personnel necessary to operate the CCMC, except for employees of a contract administrator, shall be subject to personnel, pay, and classification plans for CCMC employees. No personnel, pay, or classification plan is effective unless and until it is approved by the board. All contracts for nonmedical services which obligate the CCMC in excess of twenty-five thousand dollars, including contracts for professional or consulting services, must be approved in advance by the board.

B. Administrator. The administrator shall be the chief executive officer of the CCMC.

1. Appointment and Termination of Administrator. The administrator shall be appointed by the board and may be terminated by the board. In determining whether to appoint or terminate an administrator, the board shall consult with the City Attorney.

2. Duties and Responsibilities of the Administrator. The administrator is responsible for the overall supervision of the affairs of the CCMC. The administrator's authority and duties shall include without limitation, the following:

- a. To be responsible for carrying out all applicable laws and ordinances and the terms of all grants received by the health services system;
- b. To be responsible for carrying out policies established by the board or the City Council;
- c. To prepare and submit to the board a detailed and itemized estimate of revenues and a detailed and itemized budget at least ninety days prior to the end of the fiscal year, for the next fiscal year;
- d. To prepare and submit to the board a plan of organization for the personnel and others concerned with the CCMC;
- e. To select, employ, control, and discharge all CCMC employees subject to oversight and approval by City Manager in accordance with the provisions of any CCMC personnel plans;
- f. To work with the professional staff and with those concerned with the rendering of professional services to the end that the best possible care may be rendered to all patients;
- g. To prepare such reports as may be required on any phase of medical center activity;
- h. To attend all meetings of the board and standing committees established by the board, except where otherwise specified;

- i. To supervise all purchasing of equipment and supplies in accordance with policy and procedures established and approved by the board and approved by the city council;
- j. To ensure that CCMC adopts and imposes a record retention policy that fully complies with federal, state, and local laws;
- k. To perform any other duty that may be necessary in the best interest of the city medical center system.

15.40.030 - Medical staff.

- A. The medical staff shall be defined and governed by Medical Staff Bylaws approved by the Board. Any amendments to the Medical Staff Bylaws shall also be approved by the Board. There is created a medical staff which shall be composed of physicians, dentists, and podiatrists.
- B. Professional Care. All persons admitted to CCMC shall be under the professional care of a member of the medical staff.
- C. Responsibility. The medical staff shall be responsible to the board for the clinical and scientific work of the medical center, clinic or other community health facilities operated by the city. The medical staff shall be called upon to advise the board regarding professional problems and policies.
- D. Membership. The medical staff shall at all times comply with all federal and state laws of medical practice. In this latter connection, the practice of fee-splitting shall be prohibited and any such division of fees shall be cause for exclusion or expulsion from the staff. Appointment to the medical staff shall be made by the Board as provided under the Medical Staff Bylaws.
- E. Contract for Rendering of Professional Services. The Board may contract with medical staff for the rendering of professional services at CCMC.
- F. Costs. If any attorney is retained to hear a case, the attorneys fees and costs shall be considered an operating cost of the CCMC.

15.50.040 - Allied health professionals.

Allied health professionals, as defined in the Medical Staff by laws, shall comply with the Medical Staff Bylaws. The Board must approve privileges at CCMC for any allied health professional. Since no right of privileges are presumed, rejection of an applicant is final, except that a rejected applicant may reapply at any time. The granting of privileges to an allied health professional does not confer upon that individual any degree or classification of membership on the medical staff.

15.60.050 - Other health care professionals.

The Board may at its discretion, provide for the granting of privileges at CCMC to health care professionals who are not members of the medical and nursing staff, and who are not allied health professionals. Candidates for this category of health care professionals must possess a valid Alaska license to practice their profession, and must qualify by virtue of all federal, state and local laws. Each category of professional health care providers must furnish such credentials, as shall be required by the Board and the Medical Staff Bylaws.

15.70.060 - Schedule of revenue.

A. Finances of the CCMC shall be in accordance with city, state and federal laws and regulations, those regulations generally prescribed by any accrediting associations as may apply and as the Board determines to accept. For all checks issued from CCMC funds, two signatures shall be required. The Board may, by Board policy, establish a monetary cap and checks exceeding the monetary cap shall require the signature of the administrator and a member of the Board and checks not exceeding the monetary cap shall require the signature of the administrator and a CCMC employee to be designated by the Board. In absence of the administrator checks shall be signed as established by Board policy.

B. Schedule of Charges. A schedule of revenue for each classification as incorporated in the budget shall be approved annually or more frequently as need may arise by the board. The city council may, through taxation or other lawful method of obtaining funding, provide additional or supplemental funding of community health services operations.

C. Preparation and Submission of Budget.

1. The administrator shall prepare an annual budget in accordance with approved CCMC procedures and shall submit such budget to the board for approval. The board shall submit such budget to the city council with its recommendations by no later than sixty days prior to the end of the fiscal year.

2. The city council, in accordance with Section 5-4 of the City Charter, by vote of at least a majority of its members no later than the third day before the beginning of the fiscal year, shall adopt budget appropriations of the next fiscal year. If the council fails to adopt the budget and make appropriations on or before that day, the budget and rate changes if any, as submitted or as amended as the case may be, shall go into effect and the proposed expenditures therein shall become the appropriations for the next fiscal year.

C. Other Fiscal Matters. All other fiscal matters including, but not limited to, custody of funds, accounting and collection, shall be governed by general accounting procedures.

Section 2. This ordinance shall be effective thirty (30) days after its passage and publication. This ordinance shall be enacted in accordance with Section 2.13 of the Charter of the City of Cordova, Alaska, and published in the Cordova Times, a newspaper of general circulation in the City, within ten (10) days after its passage.

1st reading: February 6, 2013

2nd reading and public hearing: February 20, 2013

PASSED AND APPROVED THIS 20th DAY OF FEBRUARY, 2013.

James Kallander, Mayor

Attest:

Susan Bourgeois, City Clerk

Memorandum

To: City Council and City Manager

From: Planning Department staff

Date: 2/15/2013

Re: Mobile Grid Lease

PART I. GENERAL INFORMATION:

File No.: 02-060-136-1

Requested Action: Approval of Resolution 02-13-07

Survey: Lot 2, Block 7, North Fill Development Park

PART II. BACKGROUND:

Ric and Osa Schultz dba Mobile Grid Trailers, Inc. have been leasing Lot 2, Block 7, North Fill Development Park since 2003. The taxes and lease payments have been timely for the duration of the last lease.

The allowed uses for this lease are

4. USES AND CONDITION OF PREMISES

A. Authorized Uses. Use of the Premises shall be limited to haul out facilities, boat and trailer storage, and towing facilities, operated by Lessee, and the leased premises shall not, without prior written consent of the Lessor, be used for any other purposes. Lessor expressly reserves the right to terminate this lease in the event Lessee fails to operate said use for a period of eighteen consecutive months.

The tenants have maintained the uses and conditions as described during the lease. The term of this lease will be two years, commencing on April 20, 2013 and expiring on April 20, 2015.

PART III. SUGGESTED MOTION

“I move to approve Resolution 02-13-07.”

**CITY OF CORDOVA, ALASKA
RESOLUTION 02-13-07**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORDOVA, AUTHORIZING
THE CITY MANAGER TO ENTER INTO A 2 YEAR LEASE OF PROPERTY LEGALLY
DESCRIBED AS LOT 2, BLOCK 7, NORTH FILL DEVELOPMENT PARK WITH RIC AND
OSA SCHULTZ (DBA MOBILE GRID TRAILERS, INC.)**

WHEREAS, the current lease term with the Ric and Osa Schultz (dba Mobile Grid Trailers, Inc.). will commence on April 14th, 2013, the new lease would carry their tenancy through April 14th, 2015; and

WHEREAS, the current lease with the Ric and Osa Schultz (dba Mobile Grid Trailers, Inc.) is generally described as Lot 2, Block 7, North Fill Development Park, Plat 86-6, located within Cordova Recording District, Cordova Alaska; and

WHEREAS, the annual rental rate will be Seven thousand five hundred eighty-four dollars and eight cents (\$7,584.08); and

WHEREAS, the City Administration proposes entering into the lease so long as the terms of the original lease remain in force; and

WHEREAS, the lease between the City of Cordova and the Ric and Osa Schultz (dba Mobile Grid Trailers, Inc.) is hereto attached as Attachment A.

NOW, THEREFORE BE IT RESOLVED THAT the City Council of the City of Cordova hereby authorizes and directs the City Manager to renew the lease on the property to the Ric and Osa Schultz (dba Mobile Grid Trailers, Inc.) in accordance with the terms in the Lease. The form and content of the Lease now before this meeting is in all respects authorized, approved and confirmed by this resolution, and the City Manager hereby is authorized, empowered and directed to execute and deliver the Lease reflecting the terms in the Lease on behalf of the City, in substantially the form and content now before this meeting but with such changes, modifications, additions and deletions therein as he shall deem necessary, desirable or appropriate, the execution thereof to constitute conclusive evidence of approval of any and all changes, modifications, additions or deletions therein from the form and content of said documents now before this meeting, and from and after the execution and delivery of said documents, the City Manager hereby is authorized, empowered and directed to do all acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of the Lease.

PASSED AND APPROVED THIS 20th DAY OF FEBRUARY, 2013.

James Kallander, Mayor

Attest:

Susan Bourgeois, City Clerk

CITY OF CORDOVA
Cordova, Alaska

GROUND LEASE

THIS LEASE ("Lease") by and between the **CITY OF CORDOVA**, a municipal corporation organized and existing under the laws of the State of Alaska (the "City"), and **Ric and Osa Schultz (dba Mobile Grid Trailers, Inc.)** doing business in Cordova, Alaska ("Lessee").

RECITALS

WHEREAS, the City owns that certain unimproved parcel of land in Cordova, Alaska generally described as Lot 2, Block 7, North Fill Development Park, Plat 86-6, located within Cordova Recording District, Cordova Alaska, (referred to hereinafter as the "Premises"); and

WHEREAS, Lessee desires to lease the Premises from the City, and Lessor desires to lease the Premises to Lessee, on the terms and conditions set forth herein; and

WHEREAS, the Cordova City Council ("Council") has approved the lease of the Premises from the City to Lessee in accordance with the Cordova City Charter §5-17 and Chapter 5.22 of the Cordova Municipal Code (hereinafter referred to as the "Code" or "CMC").

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the parties hereto, it is agreed as follows:

1. LEASE OF PREMISES

Subject to the terms and conditions set forth herein, the City hereby leases to Lessee and Lessee hereby leases from the City, the Premises.

2. LEASE TERM

The term of this Lease shall be two (2) year, commencing on **April 20, 2013**.

The "Commencement Date") and expiring two (2) years later, on **April 20, 2015**, unless earlier terminated in accordance with the terms of this Lease.

3. RENT

A. Base Rent. The rent during the term of this Lease shall be Seven thousand five hundred and eighty-four dollars and eight cents (\$7584.08) or Six Hundred Thirty Two Dollars (\$632.00) in twelve monthly installments (the "Base Rent"), which shall be due and payable in advance on the Commencement Date of this agreement. Base Rent shall be paid to the City in lawful money of the United States without abatement, deduction or set-off for any reason whatsoever, at the address provided for notice to the City set forth in Section 20.E of this Lease, or at any other place that the City may from time to time direct in writing. Base Rent shall be paid promptly when due without notice or demand therefor. The parties intend the Base Rent to be absolutely net to the City. All costs, expenses and obligations of every kind and nature whatsoever in connection with or relating to the Premises shall be the obligation of, and shall be paid by, Lessee. As required by the CMC Section 5.22.040(C), any lease having a term of more than two (2) years shall be subject to a rental adjustment to fair market value at intervals of no more than two (2) years, but no adjustment shall result in a reduction of rent.

B. Additional Charges. In addition to the Base Rent, Lessee acknowledges and agrees that Lessee is obligated to pay and shall pay, before delinquency and without reimbursement, all costs,

expenses and obligations of every kind and nature whatsoever in connection with or relating to the Premises or the activities conducted on the Premises, including without limitation those costs, expenses and obligations identified in Section 7 and all other sums, costs, expenses, taxes (including 6% sales tax, which shall be paid by Lessee monthly at the same time Lessee makes its monthly payments of Base Rent to the City) and other payments that Lessee assumes or agrees to pay under the provisions of this Lease (the "Additional Charges").

Without limiting in any way Lessee's payment obligations, the City shall have the right, but not the obligation, at all times during the Lease term, to pay any charges levied or imposed upon the Premises that remain unpaid after the same have become due and payable, and the amount paid, plus the City's reasonable expenses, shall be additional rent due from Lessee to the City, with interest thereon at the rate of ten percent (10%) per annum from the date of payment thereof by the City until repayment thereof by Lessee.

C. Late Penalty Provision. Rent not paid within ten (10) days of the due date shall be assessed a late charge of ten percent (10%) of the delinquent amount; such charge shall be considered liquidated damages and shall be due and payable as additional rent. In the event the late charge assessment above exceeds the maximum amount allowable by law, the amount assessed will be adjusted to the maximum amount allowable by law.

D. Security Deposit. Upon execution of this Lease, the City may require Lessee to deposit with the City an amount equal to two months' rent (the "Security Deposit"). The Security Deposit shall be held by the City as security for the faithful performance by Lessee of all of Lessee's obligations under this Lease. If Lessee fails to pay the Base Rent, or a portion thereof, or otherwise defaults with respect to any provision of this Lease, after notice and beyond the expiration of any applicable cure period the City may use, apply or retain all or any portion of the Security Deposit for:

- (i) the payment of any rent or other sum in default;
- (ii) the payment of any other sum to which the City may become obligated by reason of Lessee's default; or
- (iii) to compensate the City for any loss or damage which the City may suffer thereby, including, but not limited to, any costs associated with moving and storage of Lessee's personal property (if any) remaining on the Premises beyond termination of the Lease. The City shall be free to commingle the Security Deposit with funds held in the City's own accounts, including accounts in which the City keeps other security deposits. If Lessee performs all of its obligations under this Lease, the Security Deposit, or so much thereof as has not been used, applied or retained by the City in accordance with this Section, shall be returned to Lessee, at the expiration of the term, and subject to Lessee relinquishing possession of the Premises, without payment of interest or other increment for its use, within 30 days of Lessee's vacation of the Premises.

4. USES AND CONDITION OF PREMISES

A. Authorized Uses. Use of the Premises shall be limited to haul out facilities, boat and trailer storage, and towing facilities, operated by Lessee, and the leased premises shall not, without prior written consent of the Lessor, be used for any other purposes. Lessor expressly reserves the right to terminate this lease in the event Lessee fails to operate said use for a period of eighteen consecutive months.

B. Inspections. The City and its authorized representatives and agents shall have the right, but not the obligation, to enter the Premises at all reasonable times to inspect the use and condition of the Premises; to serve, post or keep posted any notices required or allowed under the provisions of this Lease, including notices of non-responsibility for liens; and to do any act or thing necessary for the safety or preservation of the Premises. The City shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of the City's entry onto the Premises, except for damage resulting directly from the acts of the City or its authorized representatives or agents.

C. Compliance with Laws. Lessee shall maintain and repair the Premises in compliance with all applicable laws, regulations, ordinances, rules, orders, permits, licenses and other authorizations. Lessee shall not use or permit the use of the Premises for any purpose prohibited by law or which would cause a cancellation of any insurance policy covering the Premises. Lessee shall not leave the Premises unoccupied or vacant without the City's prior written consent. Lessee shall not cause or permit any Hazardous Material (as defined in Section 9.B of this Lease) to be brought upon, kept, or used in, on or about the Premises except for such Hazardous Material as is necessary to conduct Lessee's authorized uses of the Premises. Any such Hazardous Material brought upon, kept, or used in, on or about the Premises shall be used, kept, stored, and disposed of in a manner that complies with all environmental laws and regulations applicable to Hazardous Material. Lessee shall not cause or allow the release or discharge of any other materials or substances that are known to pose a hazard to the environment or human health.

D. Lessee's Acceptance of Premises. Lessee has inspected the Premises to its complete satisfaction and is familiar with its condition, and the City makes no representations or warranties with respect thereto, including but not limited to the condition of the Premises or its suitability or fitness for any use Lessee may make of the Premises. Lessee accepts the Premises AS IS, WHERE IS, WITH ALL FAULTS. No action or inaction by the Council, the City Manager, or any other officer, agent or employee of the City relating to or in furtherance of the lease of the Premises shall be deemed to constitute an express or implied representation or warranty that the Premises, or any part thereof, is suitable or usable or any specific purpose whatsoever. Any such action or inaction shall be deemed to be and constitute performance of a discretionary policy and planning function only, and shall be immune and give no right of action as provided in Alaska Statute §9.65.070, or any amendment thereto.

E. The City may terminate this Lease for any or no reason upon thirty (30) days' written notice to Lessee.

5. REPRESENTATIONS AND WARRANTIES

Lessee represents and warrants to the City that Lessee is not delinquent in the payment of any obligation to the City, and Lessee has not previously breached or defaulted in the performance of a material contractual or legal obligation to the City, which breach or default has not been remedied or cured.

6. ASSIGNMENTS AND SUBLETTING; SUBORDINATION

Lessee shall not assign or otherwise transfer this Lease or any interest herein or sublet the Premises or any portion thereof, or permit the occupancy of any part of the Premises by any other person or entity, without the prior written consent of the City, which consent the City may withhold in its absolute discretion. The City shall not be required to subordinate this Lease or the City's interest in the Premises to the interest of any other person or entity.

7. OPERATIONS, MAINTENANCE, UTILITIES, TAXES AND ASSESSMENTS

Lessee shall, at Lessee's sole cost and expense, be solely responsible for: (1) the maintenance and repair of the Premises and shall not commit or allow any waste upon the Premises; (2) obtaining any and all permits and approvals necessary for Lessee's use of the Premises; (3) all utilities and services needed for Lessee's use of the Premises; (4) all taxes and assessments levied against the Premises, and Lessee agrees to pay all such taxes and assessments as and when they become due, including but not limited to all utility bills and special assessments levied and unpaid as of the date of this Lease or hereafter levied for public improvements; (5) all licenses, excise fees, and occupation taxes with respect to the business and activities conducted on the Premises; (6) all real property taxes, personal property taxes, and sales taxes related to the Premises or Lessee's use or occupancy thereof; and (7) any taxes on the leasehold interest created under this Lease.

8. LIENS

Lessee will suffer no lien or other encumbrance to attach to the Premises, including without limitation mechanic's or materialman's liens, sales tax liens under CMC §5.40.125, or property tax liens under CMC §5.36.260. If the City posts any notice of non-responsibility on the Premises, Lessee will ensure that the notice is maintained in a conspicuous place.

9. INDEMNIFICATION

A. General Indemnification. Lessee shall defend, indemnify and hold the City and its authorized representatives, agents, officers, and employees harmless from and against any and all actions, suits, claims, demands, penalties, fines, judgments, liabilities, settlements, damages, or other costs or expenses (including, without limitation, attorney's fees, court costs, litigation expenses, and consultant and expert fees) resulting from, arising out of, or related to Lessee's occupation or use of the Premises or the occupation or use of the Premises by Lessee's employees, agents, servants, customers, contractors, subcontractors, sub-lessees or invitees, including but not limited to all claims and demands arising out of any labor performed, materials furnished, or obligations incurred in connection with any improvements, repairs, or alterations constructed or made on the Premises and the cost of defending against such claims, including reasonable attorney fees. In the event that such a lien is recorded against the Premises, Lessee shall, at Lessee's sole expense within ninety (90) days after being served with written notice thereof, protect the City against said lien by filing a lien release bond or causing the release of such lien.

B. Environmental Indemnification. Lessee has had full opportunity to examine the Premises for the presence of any Hazardous Material (as hereafter defined) and accepts the Premises AS IS, WHERE IS, WITH ALL FAULTS. Lessee releases the City and its authorized representatives, agents, officers, and employees from any and all actions, suits, claims, demands, penalties, fines, judgments, liabilities, settlements, damages, or other costs or expenses (including, without limitation, attorney's fees, court costs, litigation expenses, and consultant and expert fees) arising during or after the term of this Lease, that result from the use, keeping, storage, or disposal of Hazardous Material in, on or about the Premises by Lessee, or that arise out of or result from Lessee's occupancy or use of the Premises or the use or occupancy of the Premises by Lessee's employees, agents, servants, customers, contractors, subcontractors, sub-lessees, invitees or authorized representatives. This release includes, without limitation, any and all costs incurred due to any investigation of the Premises or any cleanup, removal, or restoration mandated by a federal, state, or local agency or political subdivision, or by law or regulation. Lessee agrees that it shall be fully liable for all costs and expenses related to the use, storage, and disposal of Hazardous Material generated, kept or brought on the Premises by Lessee, its employees, agents, servants, customers, contractors, subcontractors, sub-lessees, invitees or authorized representatives.

Lessee shall defend, indemnify, and hold the City and its authorized representatives, agents, officers, and employees harmless from and against any claims, demands, penalties, fines, judgments, liabilities, settlements, damages, costs, or expenses (including, without limitation, attorney's fees, court costs, litigation expenses, and consultant and expert fees) of whatever kind or nature, known or unknown, contingent or otherwise, arising in whole or in part from or in any way related to (i) the presence, disposal, release, or threatened release of any such Hazardous Material which is on or from the Premises, soil, water, ground water, vegetation, buildings, personal property, persons, animals, or otherwise; (ii) any personal injury or property damage arising out of or related to such Hazardous Material; (iii) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Material; and (iv) any violation of any laws applicable to such Hazardous Material; provided, however, that the acts giving rise to the claims, demands, penalties, fines, judgments, liabilities, settlements, damages, costs, or expenses arise in whole or in part from the use of, operations on, or activities on the Premises by Lessee or its employees, agents, servants, customers, contractors, subcontractors, sub-lessees, invitees, or authorized representatives.

As used in this Lease, "Hazardous Material" means any substance which is toxic, ignitable, reactive, or corrosive or which is regulated by any federal, state or local law or regulation, as now in force or as may be amended from time to time, relating to the protection of human health or the environment, as well as any judgments, orders, injunctions, awards, decrees, covenants, conditions, or other restrictions or standards relating to the same. "Hazardous Material" includes any and all material or substances that are defined as "hazardous waste," "extremely hazardous waste," or a "hazardous substance" under any such law or regulation.

10. INSURANCE

Lessee shall procure and maintain, at Lessee's sole cost and expense, the following policies of insurance with a reputable insurance company or companies satisfactory to the City:

(1) Commercial general liability insurance in respect of the Premises and the conduct of Lessee's business and operations, naming the City as an additional insured, with minimum limits of liability of Ten Million dollars (\$10,000,000.00) per accident or occurrence for bodily injury and death, and property damage for each occurrence;

(2) Property insurance, insuring against loss or damage by fire and such other risks as are customarily included in the broad form of extended coverage, in an amount of coverage not less than the replacement value of the improvements on the Premises, if any, and on such terms as are satisfactory to the City;

(3) Personal property insurance covering Lessee's trade fixtures, furnishings, equipment, and other items of personal property of Lessee located on the Premises; and

(4) Workers compensation insurance, and such other insurance as is required by law.

All insurance required under this Lease shall contain an endorsement requiring thirty (30) days' advance written notice to the City before cancellation or change in the coverage, scope, or amount of any policy. Prior to commencement of the Lease term, Lessee shall provide the City with proof of the insurance required by this Section 10.

11. REMOVAL OF PROPERTY

Upon expiration or earlier termination of this Lease, at the option of the City, Lessee shall remove from the Premises, at Lessee's sole expense, all property Lessee has placed or caused to be placed on the Premises. Lessee shall repair any damage to the Premises caused by such removal and return the Premises as near as possible to its original condition as existed on the Commencement Date. All property which is not promptly removed by Lessee pursuant to the City's request and in any event within thirty (30) days of the date of expiration or termination of this Lease may be removed, sold, destroyed or otherwise disposed of in any manner deemed appropriate by the City, all at Lessee's sole expense, and Lessee hereby agrees to pay the City for such expenses. Notwithstanding any provision to the contrary in this Lease, all petroleum, fuel, or chemical storage tanks installed in or on the Premises during the term of this Lease shall remain the property of the Lessee and, upon expiration or earlier termination of the Lease and upon request of the City, Lessee shall remove any and all such tanks and any and all contaminated soil and other materials from the Premises, all at Lessee's sole expense.

12. DEFAULT AND REMEDIES

A. Default. The occurrence of any of the following shall constitute a default and a breach of this Lease by the Lessee:

(i) The failure to make payment when due of any installment of rent, Additional Charges or of any other sum herein specified to be paid by the Lessee;

(ii) The failure to pay any taxes or assessments due from the Lessee to the City and in any way related to this Lease, the Premises, any improvements, or the Lessee's activities or business conducted thereon, including but not limited to any real property, personal property or sales taxes;

(iii) An assignment for the benefit of Lessee's creditors or the filing of a voluntary or involuntary petition by or against Lessee under any law for the purpose of adjudicating Lessee a bankrupt, or for extending the time for payment, adjustment, or satisfaction of Lessee's liabilities, or for reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency, unless the assignment or proceeding, and all consequent orders, adjudications, custodies, and supervision are dismissed, vacated or otherwise permanently stated or terminated within thirty (30) days after the assignment, filing or other initial event;

(iv) The appointment of a receiver or a debtor-in-possession to take possession of the Premises (or any portion thereof) or of Lessee's interest in the leasehold estate (or any portion thereof) or of Lessee's operations on the Premises (or any portion thereof) by reason of Lessee's insolvency;

(v) The abandonment or vacation of the Premises or any portion thereof;

(vi) Execution, levy or attachment on Lessee's interest in this Lease or the Premises, or any portion thereof;

(vii) The breach or violation of any statutes, laws, regulations, rules or ordinances of any kind applicable to Lessee's use or occupancy of the Premises; or

(viii) The failure to observe or perform any covenant, promise, agreement, obligation or condition set forth in this Lease, other than the payment of rent, if such failure shall not be cured within ten (10) days after written notice has been given to Lessee. Notices given under this subsection shall specify the alleged breach and the applicable Lease provision and demand that the Lessee perform according to the terms of the Lease. No such notice shall be deemed a forfeiture or termination of this Lease unless the City expressly makes such election in the notice.

B. Remedies. If the Lessee breaches any provision of this Lease, in addition to all other rights and remedies the City has at law or in equity, the City may do one or more of the following:

(i) Distrain for rent due any of Lessee's personal property which comes into the City's possession. This remedy shall include the right of the City to dispose of Lessee's personal property in a commercially reasonable manner. Lessee agrees that compliance with the procedures set forth in the Alaska Uniform Commercial Code with respect to the sale of property shall be a commercially reasonable disposal.

(ii) Re-enter the Premises, take possession thereof, and remove all property from the Premises. The property may be removed and stored at Lessee's expense, all without service of notice or resort to legal process, which Lessee waives, and without the City becoming liable for any damage that may result unless the loss or damage is caused by the City's negligence in the removal or storage of the property. No re-entry by the City shall be deemed an acceptance of surrender of this Lease. No provision of this Lease shall be construed as an assumption by the City of a duty to re-enter and re-let the Premises upon Lessee's default. If Lessee does not immediately surrender possession of the Premises after termination by the City and upon demand by the City, the City may forthwith enter into and upon and repossess the Premises and expel Lessee without being deemed guilty in any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or breach of covenant;

(iii) Declare this Lease terminated;

(iv) Recover, whether this Lease is terminated or not, reasonable attorney's fees and all other expenses incurred by the City by reason of the default or breach by Lessee;

(v) Recover an amount to be due immediately upon breach equal to the sum of all rent, Additional Charges and other payments for which Lessee is obligated under the Lease;

- (vi) Recover the costs of performing any duty of Lessee in this Lease;
- (vii) Collect any and all rents due or to become due from subtenants or other occupants of the Premises.

13. SUBSIDENCE

The City shall not be responsible for any washout, subsidence, avulsion, settling or reliction to the Premises, nor for any injury caused thereby to the property of the Lessee or any sub-lessee, or that of any other person. The City is not obligated to replace, refill, or improve any part of the Premises during Lessee's occupancy in the event of such washout, subsidence, avulsion, settling, or reliction.

14. VACATION BY LESSEE

Upon the expiration or sooner termination of this Lease, Lessee shall peaceably vacate the Premises and the Premises shall be returned to the City by Lessee together with any alterations, additions or improvements made after the Commencement Date, unless the City requests that they be removed from the Premises. Upon such vacation, Lessee shall remove from the Premises any items of personal property brought on to the Premises. Any such property not removed from the Premises within thirty (30) days of the expiration or termination of this Lease shall become the property of the City at no cost or charge to the City, and may be removed, sold, destroyed or otherwise disposed of in any manner deemed appropriate by the City, all at Lessee's sole expense, and Lessee hereby agrees to pay the City for such expenses.

15. RESERVATION OF RIGHTS

The City reserves the right to designate and grant rights-of-way and utility easements across the Premises without compensation to Lessee or any other party, including the right of ingress and egress to and from the Premises for the construction, operation and maintenance of utilities and access, provided that Lessee shall be compensated for the taking or destruction of any improvements on the Premises. Lessee shall be responsible for requesting a rental adjustment to reflect any reduction in the value of the Premises.

16. SIGNS

No signs or other advertising symbols, canopies, or awnings shall be attached to or painted on or within the Premises without approval of the City Manager first being obtained; provided, however, that this prohibition shall not apply to standard, directional, informational and identification signs of two square feet or less in size. At the termination of this Lease, or sooner, all such signs, advertising matter, symbols, canopies or awnings, attached or painted by Lessee shall be removed from the Premises by Lessee at its own expense, and Lessee shall repair any damage or injury to the Premises, and correct any unsightly conditions caused by the maintenance or removal of said signs.

17. HOLDING OVER

If Lessee with the City's written consent remains in possession of the Premises after the expiration or termination of the Lease term for any cause, or after the date in any notice given by the City to Lessee terminating this Lease, such holding over shall be deemed a tenancy from month to month at the same rental amount applicable immediately prior to such expiration or termination, subject to adjustment in accordance with CMC § 5.22.040(c) or such successor provision of the code then in effect, and shall be terminable on 30 days' written notice given at any time by either party. All other provisions of this Lease except those pertaining to term and rent shall apply to the month-to-month tenancy. If Lessee holds over without the City's express written consent, Lessee is deemed to be a tenant at sufferance and may be removed through a forcible entry and detainer proceeding without service on Lessee of a notice to quit.

18. EMINENT DOMAIN

If the whole or any part of the Premises shall be taken for any public or quasi-public use, under any statute or by right of eminent domain or private purchase in lieu thereof by a public body vested with the power of eminent domain, then the following provisions shall be operative.

A. Total Taking. If the Premises are totally taken by condemnation, this Lease shall terminate.

B. Partial Taking. If the Premises are partially taken by condemnation, then this Lease shall continue and the rent as specified in Section 3 above shall be abated in a proportion equal to the ratio that the portion of the Premises taken bears to the total Premises leased hereunder.

C. Award. Upon condemnation, the parties shall share in the award to the extent that their interests, respectively, are depreciated, damaged, or destroyed by the condemnation.

19. COSTS

Lessee shall be liable to and shall pay the City for the fees and costs incurred by the City in connection with the preparation, operation and enforcement of this Lease.

20. MISCELLANEOUS

A. Time Is of the Essence. Time is of the essence of this Lease and of each provision hereof.

B. Entire Agreement. This Lease represents the entire agreement between the parties with respect to the subject matter hereof, and may not be amended except in writing executed by the City and Lessee.

C. Governing Law and Venue. This Lease shall be subject to the provisions of the Code now or hereafter in effect. This Lease shall be governed by and construed in accordance with Alaska law and any action arising under this Lease shall be brought in a court of competent jurisdiction in Cordova, Alaska.

D. Relationship of Parties. Nothing in this Lease shall be deemed or construed to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between Lessee and the City. Neither the method of computation of rent, nor any other provisions contained in this Lease, nor any acts of the parties shall be deemed to create any relationship between the City and Lessee other than the relationship of lessee and lessor.

E. Notice. All notices hereunder may be hand-delivered or mailed. If mailed, they shall be sent by certified or registered mail to the following respective addresses:

TO CITY:

**City of Cordova
Attn: City Manager
P.O. Box 1210
Cordova, Alaska 99574**

TO LESSEE:

**Mobile Grid Trailers, Inc.
Attn: Ric & Osa Schultz
P.O. Box 1291
Cordova, AK 99574**

or to such other respective addresses as either party hereto may hereafter from time to time designate in advance in writing to the other party. Notices sent by mail shall be deemed to have been given when properly mailed, and the postmark affixed by the U.S. Post Office shall be conclusive evidence of the date of mailing. If hand-delivered, notice shall be deemed to have been made at the time of delivery.

F. Captions. Captions herein are for convenience and reference and shall not be used in construing the provisions of this Lease.

G. No Waiver of Breach. No failure by the City to insist upon the strict performance of any term, covenant or condition of this Lease, or to exercise any right or remedy upon a breach thereof, shall constitute a waiver of any such breach or of such term, covenant or condition. No waiver of any breach shall effect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other existing or subsequent breach.

H. Survival. No expiration or termination of this Lease shall expire or terminate any liability or obligation to perform which arose prior to the termination or expiration.

I. Late Payment. In the event that any rent or other payment due under this Lease is not received by the City when due, a late fee of five percent (5%) per month of the principal amount due shall be due and payable until the full amount of rent or other payment is received by the City.

J. Partial Invalidity. If any provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

K. Successors and Assigns. The terms, covenants and conditions in this Lease shall inure to the benefit of and shall be binding upon the successors and permitted assigns of the City and Lessee.

L. Estoppel Certificates. Either party shall at any time and from time to time, upon not less than 10 days' prior written request by the other party, execute, acknowledge, and deliver to such party a statement certifying that this Lease is unamended and in full force and effect (or, if there has been any amendment, that the same is in full force and effect as amended and stating the amendments); that there are no defaults existing (or, if there is any claimed default, stating the nature and extent thereof); and stating the dates to which the rent and other charges have been paid in advance.

M. Recordation of Lease. The parties agree that this Lease shall not be recorded, but upon the request of either party, the other party will join the requesting party in executing a memorandum of lease in a form suitable for recording, and each party agrees that such memorandum shall be prepared and recorded at the requesting party's expense.

N. Authority. Lessee represents that Lessee is a for-profit corporation duly organized, validly existing, and in good standing under the laws of the State of Washington, and is duly authorized by the State of Alaska to do business as a foreign corporation in the State of Alaska, and that Lessee has all necessary power and is duly authorized to enter into this Lease and to carry out the obligations of Lessee hereunder. Prior to executing this Lease, Lessee shall provide the City with a certificate of authority issued by the State of Alaska, and shall provide the City with a resolution of Lessee's Board of Directors authorizing Lessee to enter into this Lease and to carry out its obligations hereunder as set forth above, and authorizing and directing the officer of Lessee whose name and signature appear at the end of this Lease to execute this Lease on Lessee's behalf.

O. Exhibits. Exhibit A to this Lease is hereby specifically incorporated into this Lease.

P. No Third Party Beneficiaries. Nothing in this Lease shall be interpreted or construed to create any rights or benefits to any parties not signatories or successors or permitted assigns of signatories to this Lease.

Q. Interpretation. The language in all parts of this Lease shall in all cases be simply construed according to its fair meaning and not for or against the City or Lessee as both City and Lessee have had the assistance of attorneys in drafting and reviewing this Lease.

R. Counterparts. This Lease may be executed in counterparts, each of which when so

executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

S. Attorney's Fees. In the event that the City shall bring any suit or action to enforce this Lease or any term or provision hereof, and shall prevail in such suit or action, Lessee agrees that Lessee shall pay the City's attorney's fees, costs and expenses incurred in connection with such suit or action.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed on the dates set opposite their respective signatures below.

CITY:

CITY OF CORDOVA

Dated: _____

By: _____

Its: City Manager

Attest: _____
City Clerk

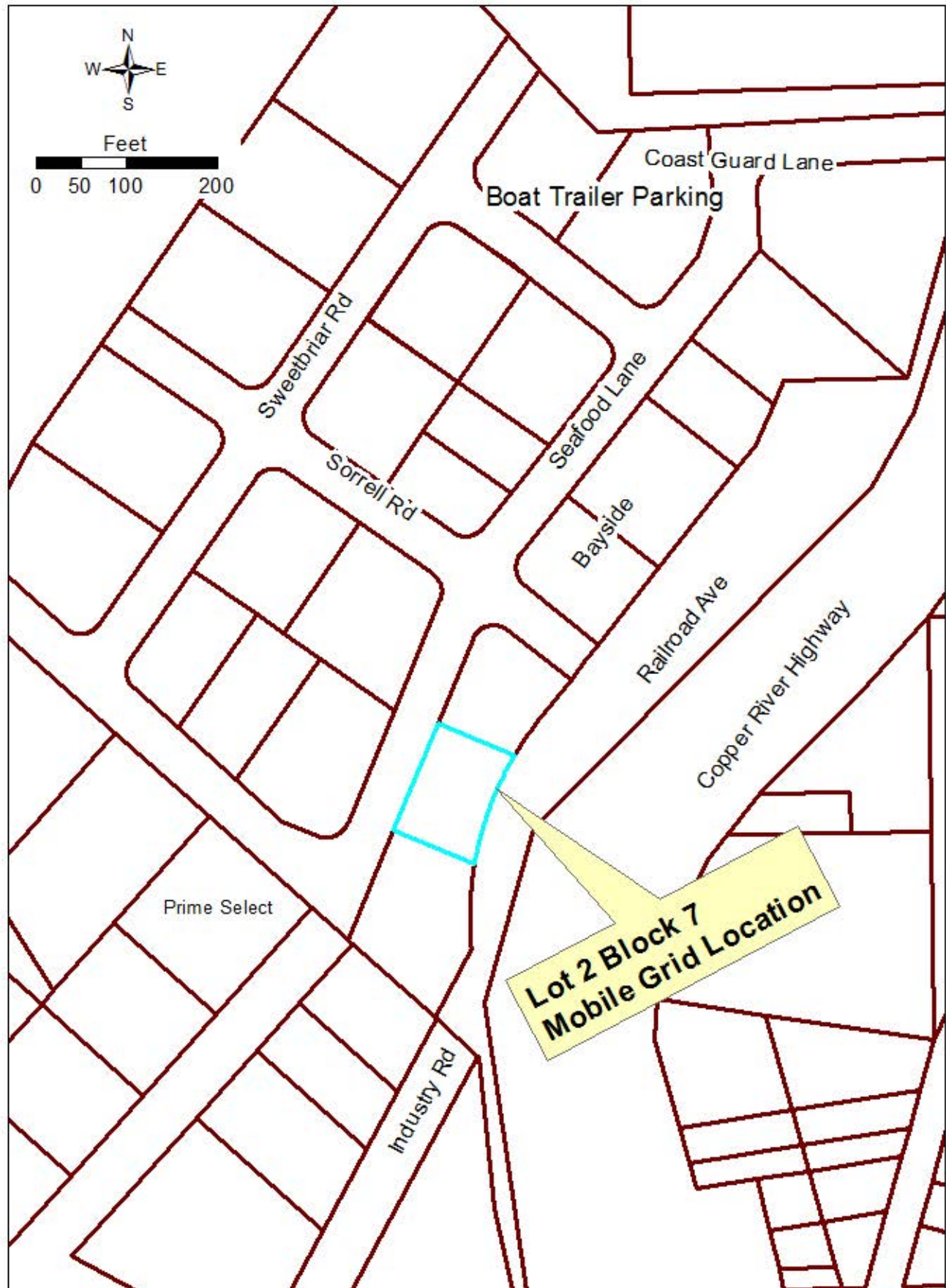
LESSEE:

Dated: _____

By: _____

Its: _____

Location Map -- Mobile Grid Lease Lot



Memorandum

To: City Council

Thru: Samantha Greenwood, City Planner

Date: February 13, 2013

Re: Recommendation from P&Z, Letter of Interest, School Board recommendation – Lease space within the High School Building (USS 2637) for Prince William Sound Community College office and classroom use

PART I. GENERAL INFORMATION:

The timeline of the disposal of space within the High School Building (USS 2637) for Prince William Sound Community College (PWSCC) office and classroom use

1. 2/1/2013 Letter of interest was received from PWSCC
2. 1/9/2013 & 2/11/2013 School board meeting, letter and leasing opportunity were discussed and a resolution recommending to accept application as per CMC 5.22 was passed and forwarded to P&Z
3. 2/12/2013 Planning and zoning reviewed letter and resolution, made recommendation to City Council on disposal and method of disposal.

PART II. REVIEW OF APPLICABLE CODE

At the Planning Commission meeting the application and resolution was discussed.

As described in section 5.22.040 P&Z shall review and make a recommendation to city council on the disposal of the property and the method of disposal.

5.22.040 - Application to lease or purchase

D. The planning commission shall review the application, and recommend to the city council whether the city should accept the application, offer the real property interest for disposal by one of the competitive procedures in Section 5.22.060, or decline to dispose of the real property interest.

Section 5.22.060

- A. In approving a disposal of an interest in city real property for fair market value, the council shall select the method by which the city manager will conduct the disposal from among the following:
1. Negotiate an agreement with the person who applied to lease or purchase the property;
 2. Invite sealed bids to lease or purchase the property;
 3. Offer the property for lease or purchase at public auction;
 4. Request sealed proposals to lease or purchase the property.

The following motion was made and voted on

M/Greenwood, S/McGann “I move to recommend to City Council to dispose 1203 square feet of classroom and office space at the High School Building (USS 2637) by procedure #1.”

Yeas: Bailer, Greenwood, McGann, Pegau, Reggiani, Baenen, & LoForte

7-0 motion passes

At this time city council needs to review the recommendation from P&Z and do one of the following as described in 5.22.060.

5.22.060 - Methods of disposal for fair market value.

A. In approving a disposal of an interest in city real property for fair market value, the council shall select the method by which the city manager will conduct the disposal from among the following:

1. Negotiate an agreement with the person who applied to lease or purchase the property;
2. Invite sealed bids to lease or purchase the property;
3. Offer the property for lease or purchase at public auction;
4. Request sealed proposals to lease or purchase the property.

PART III. STAFF RECOMMENDED MOTION:

Motion for Approval:

"I move that the City dispose of 1203 square feet of classroom and office space at the High School Building (USS 2637) for not less than fair market value as outlined in chapter 5.22.060A____*_____”.

*It is intended that the maker of the motion select one of the four methods in the applicable code section above and insert such in the blank in the recommended motion.



PRINCE • WILLIAM • SOUND • COMMUNITY • COLLEGE

Office of the President

Theresa Keel, Superintendent
Cordova School District
675 Second Street
PO Box 1330
Cordova, AK 99574

February 1, 2013

Dear Ms. Keel:

I was informed today that a formal letter requesting to lease the space at Cordova High School is needed, and I am happy to formalize that request. As you know, we have occupied the agreed space since August 2012 under a temporary use permit from the City of Cordova. A permanent solution to the city ordinance was expected to be in place prior to the holiday break in December, in keeping with the MOA and Use Permit that was put in place through that process.

Allow me, then, to reiterate the request that PWSCC be allowed to remain at the Cordova High School location currently leased to us. It is our intention to remain there until such a time that our needs or the high school's needs change. To date, the arrangement has worked well for all parties, and we hope to continue that.

Please let me know if there are any additional steps needed from me to help secure this arrangement.

Best Regards,

A handwritten signature in dark ink, appearing to read "P. Wes Lundburg", is written over the "Best Regards," text.

P. Wes Lundburg
Interim President



CORDOVA SCHOOL DISTRICT

PO Box 1330 * 675 Second Street
Cordova, Alaska 99574
(907) 424-3265 * FAX (907) 424-3271

CITY OF CORDOVA, ALASKA Cordova School Board RESOLUTION

A RESOLUTION OF THE CORDOVA SCHOOL BOARD RECOMMENDING THAT THE CITY OF CORDOVA PLANNING AND ZONING COMMISSION ACCEPT THE APPLICATION FROM THE PRINCE WILLIAM SOUND COMMUNITY COLLEGE TO LEASE A PORTION OF THE CORDOVA HIGH SCHOOL

WHEREAS, the Cordova School Board supports enhancing the educational opportunities in Cordova; and

WHEREAS, partnering with the Prince William Sound Community College will provide additional educational opportunities.

NOW, THEREFORE, BE IT RESOLVED that the Cordova School Board, hereby recommends that the Planning and Zoning Commission accept the application from Prince William Sound Community College to lease a portion of the Cordova High School.

PASSED AND APPROVED THIS 11th DAY OF February, 2013

Pete Hoepfner, President
Cordova School Board

Theresa Keel, Superintendent
Cordova School District

PROPOSED LEASE
SCHOOL DISTRICT PROPERTY

This Agreement is made in duplicate this XX day of January 2013, by and between Cordova School District Whose principal place of business is 675 Second Street, Cordova, Alaska 99574 (hereinafter referred to as "Lessor"), and the University of Alaska, whose address of record is 3211 Providence Dr. Anchorage AK 99508, on behalf of the University of Alaska Prince William Sound Community College's Cordova Campus (hereinafter referred to as "Lessee").

Premises

Subject to the terms and conditions contained herein, Lessor leases to Lessee approximately 1,203 feet of classroom and office space known as "Classroom #3" and the "Multi-Purpose Room of the Library in the Cordova High School located at 100 Fisherman Way, Cordova, Alaska, including the reasonable use of common areas, including but not limited to, stairwells, hallways, restrooms, and on-site parking.

Term

The term of this Agreement shall be five (5) years, commencing on January XX, 2013, and terminating on January XX, 2018.

Extension of Term

The parties may extend the terms of this Lease upon mutual agreement

Rent

Lessee shall pay to Lessor the sum of \$1,666.66 per month as rent (Rent) commencing January XX, 2013. Rent shall be payable by the first day of each month throughout the term of this Lease and any extension thereof. Payment for any partial month's occupancy shall be prorated, based upon a thirty (30) day month. Rent may be paid in advance on a less frequent basis at the option of the Lessee.

Other Provisions

- A. Lessor shall provide janitorial service and supplies
- B. Lessee shall provide all telephone and internet infrastructure independent of the Cordova School District infrastructure
- C. Lessee shall telephone and line service charges
- D. Lessee shall pay internet services and phone charges
- E. Lessor shall pay all other utility costs (consisting of heat, electricity, snow removal, sewer and water).
- F. Library: With the exception of the District's use of the library for scheduled board meetings (typically monthly) Lessee will jointly use the library spaces in conjunction with Lessors activities during the scheduled school days, provided such use by the Lessee does not disrupt the Lessor's use of the library. This may include days when the library is closed due to traveling teams/visiting students accessing for sleeping quarters etc.

- G. Lessee must provide current liability insurance to the district in a form acceptable to the district. The Lessee is self-insured and will provide a Certificate of Self Insurance within 20 days to Lessor.
- H. General Indemnification. Lessee shall defend, indemnify and hold the City and its authorized representatives, agents, officers, and employees harmless from and against any and all actions, suits, claims, demands, penalties, fines, judgments, liabilities, settlements, damages, or other costs or expenses (including, without limitation, attorney's fees, court costs, litigation expenses, and consultant and expert fees) caused by lessee negligent acts or omissions, or omissions of Lessee's employees, agents, students or invitees. This provision does not apply to any harm, loss, injury or death caused by the negligent acts or omissions of lessor or its employees, agents, students, or invitees.
- I. Lessee is responsible for damages to premises resulting from or arising out of the Lessee's use of the premises.
- J. For security reasons, Lessee's related visitors must check into the principal's office upon arrival to the school/college during normal school day hours.
- K. Any adult classes (including GED) must be provided after the school day is completed (4:00 pm). The building hours will typically be 7:00 AM to 10:00 PM.
- L. Lessee must adhere to Lessor's Board policies that specifically apply to the University's use and work in the classroom and that do not violate the University's policies and regulations.
- M. Lessor will provide Lessee with current access to school calendar of events.
- N. Lessee reserves the right to erect or affix such exterior and interior signs as may be necessary to inform the public of the nature and locations of Lessee's business. The size and character of the signs shall be at Lessee's discretion and shall not unreasonably detract from the aesthetics of the building in which the Leased Premises is located.

Notices

All payments of rent shall be either hand-delivered or sent, postage prepaid, through United States mail to Lessor at the address shown below. All notices referred to in this Agreement shall be sent certified mail, return receipt requested, to the parties at the addresses shown below and shall be deemed given three (3) days after deposit in the mail.

LESSOR

Cordova School District
675 Second Street
Cordova, AK 99574

LESSEE

University of Alaska
Prince William Sound Community College
303 Lowe St.
Valdez AK 99686

Representation as to Authority

Each party represents that it has the authority and is authorized to enter into this Agreement.

Entire Agreement

This Agreement, and the exhibits set forth all of the terms, conditions, covenants and agreements of the parties relative to this Lease and supersede any former agreements, oral or written, which, upon the execution of this Lease, are terminated and of no further force and effect. There are no terms, conditions, covenants or agreements, except as herein provided.

Lessor

Cordova School District

By: _____

Title: _____

Date: _____

Lessee

University of Alaska

By: _____

Title: _____

Date: _____

DRAFT

MEMO FROM SUSAN BOURGEOIS, CITY CLERK

DATE: February 13, 2013
TO: Mayor and City Council
SUBJECT: City Manager Assessment Committee

Earlier in the meeting, Council approved the creation of the City Manager Assessment Committee as Resolution 02-13-08. **Mayor Kallander** will be bringing the names to the meeting of those he wishes to appoint to this committee.

RECOMMENDED MOTION: Move to approve Mayor Kallander's appointments to the City Manager Assessment Committee to serve until the committee is deemed no longer necessary.

REQUIRED ACTION: Majority voice vote.



City of Cordova
602 Railroad Ave.
P.O. Box 1210
Cordova, Alaska 99574
Phone: (907) 424-6200
Fax: (907) 424-6000
Email: citymanager@cityofcordova.net
Web: www.cityofcordova.net

CITY OF CORDOVA

Office of City Manager

February 14, 2013

Memo to City Council

Re: Eyak Lake Water Treatment Plant Chemical Mezzanine Structural Repairs

CMC 5.12.040 “Council approval of contracts” says:

No contract for supplies, services or construction which obligates the city to pay more than fifteen thousand dollars may be executed unless the council has approved a memorandum setting forth the following essential terms of the contract:

- A. The identity of the contractor;*
- B. The contract price;*
- C. The nature and quantity of the performance that the city shall receive under the contract; and*
- D. The time for performance under the contract.*

I recommend the city enter into a contract with Eagle Contracting Corporation, of Cordova, Alaska, to perform structural repairs to the Eyak Lake Water Treatment Plant Chemical Mezzanine and associated work as set forth in the attached RFP 01-13 (Exhibit A).

The contract price is not to exceed Thirty Six Thousand Four Hundred and Twenty Five dollars and seventy cents (\$36,425.70).

A summary of the nature and quantity of the performance the city shall receive is set forth in the attached RFP 01-13 (Exhibit A).

The time for performance is for all work to be completed is 10 weeks after notice to proceed is issued.

Recommended action: Voice Vote.

I move to direct the City Manager to enter into a contract with Eagle Contracting Corporation, to perform structural repairs to the Eyak Lake Water Treatment Plant Chemical Mezzanine and associated work for a sum of Thirty Six Thousand Four Hundred and Twenty Five dollars and seventy cents (\$36,425.70)

Thank you,
Donald Moore
City Manager

City of Cordova
Cordova, Alaska
Eyak Lake Water Treatment Plant
Request for Proposal # 01-13
Eyak Lake Water Treatment Plant Chemical Mezzanine Structural Repairs
REQUEST FOR PROPOSAL

The City of Cordova is requesting written proposals from qualified Contractors interested in performing structural repairs to the Eyak Lake Water Treatment Plant Chemical Mezzanine in Cordova Alaska. Sealed proposals, plainly marked, "RFP #01-13 – Eyak Lake Water Treatment Plant Chemical Mezzanine Structural Repairs" addressed to the City Manager, City of Cordova, P.O. Box 1210, Cordova, AK 99574 will be accepted until 2:00 p.m. February 04, 2013. PROPOSALS RECEIVED AFTER 2:00 P.M. WILL NOT BE CONSIDERED.

Copies of this RFP may be obtained at the front desk of Cordova City Hall, or from ccpm@cityofcordova.net, or by calling (907) 424-6280.

The City of Cordova reserves the right to reject any and all proposals, to waive technical or legal deficiencies, to accept any proposal that is in the best interest of the City and to negotiate the terms and conditions of any proposal leading to acceptance and final execution of a contract for services.

If you have any questions pertaining to the submittal and review process of City bids please contact the City Manager at the following number: 907-424-6200.

The City welcomes potential Contractors to visit the Eyak Lake Water Treatment Plant to better understand the dynamics, operations, location and access throughout the facility. To arrange for a visit or if you have any questions pertaining to the specifics of this RFP and the scope of services, please contact the City of Cordova Project Manager, Josh Hallquist at the following number: 907-253-6232.

I. INTENT OF SOLICITATION

The City of Cordova (City) is soliciting competitive proposals from qualified contractors to perform structural repairs to the chemical Mezzanine at the Eyak Lake water treatment plant. Structural repairs include demolition and replacement of an existing concrete column, installation of two new support columns including new footings, and epoxy coating of the chemical mezzanine floor. Additional service requirements will be found in SECTION III, SCOPE OF WORK.

II. BACKGROUND

The Eyak Water Treatment Plant is a working water treatment facility constructed in the 1980's. It is used to supplement the city water supply system during high usage or dry conditions. The chemical mezzanine houses the chlorine injection system. The waste stream from this system (salt water) has been allowed to drain across the unprotected mezzanine slab to the floor drain for many years. This salty water has, over the years, saturated the concrete structure below causing extensive damage to the supporting concrete column and beam below. The plant will remain in operation during construction; however brief shut downs are anticipated to allow re-routing of electrical/mechanical piping as necessary. Shutdowns will be coordinated with the plant operator thru the COC project Manager.

III. SCOPE OF WORK

Provide the necessary material, equipment, and labor to perform the following work activities: The original as-built record drawings have been included for reference. A detailed sketch of the new

column construction is also included along with a marked-up floor plan showing the location of the two new columns and footings. Product data for the desired Epoxy floor coating system has been included as well. Photographs of the existing conditions are also included.

- Demolish the existing 14" square reinforced concrete column from the concrete beam connection above to the top of footing below the finish floor.
 - Saw cutting will be required to avoid damage to remaining concrete beam and footing.
 - Shoring as required
- Install new structural steel column in place of concrete column to be demolished.
 - See SK-2 for structural steel column design and anchoring requirements.
- Install two new F-1 footings as indicated on SK1 and section 3/S7
 - Footing size and reinforcing per "Interior Column Footing Schedule" located on sheet S-7.
 - The floor slab will need to be saw-cut and removed to allow placement of the footings.
- Install two new structural steel columns as indicated on SK1.
 - See SK-2 for structural steel column design and anchoring requirements.
- Re-route existing electrical, mechanical, and plumbing as necessary for demolition and installation of new columns.
- Pour back concrete slab at footings to match existing.
 - Concrete reinforcement to match existing (see attached as-built drawings)
- Prep and apply epoxy coating on chemical mezzanine floor.
 - See attached product data for "Epoxy-Coat", Note alternate coatings will be considered.
 - Plant operators will remove existing tanks and equipment to allow prep and coating of floor.
 - Prep and coating of the floor (including dry time) will need to occur in a 4-day window.
 - This work activity must occur when the plant is not needed to supplement the main water supply system; therefore it will need to be closely coordinated.
- Submittal and approval of shop drawings/product data will be required for all permanent materials prior to fabrication and/or procurement.
- Shop drawings must show dimensions, description of materials, ect..
- Concrete will be 3000psi minimum
- Steel will be a minimum of 36ksi and prime painted.
- Threaded Anchor rods will be F1554 Grade 36 (ASTM A307 grade C) with A590 Nuts and hardened steel washers.
- Epoxy for anchor bolts will be Hilti HIT-RE 500-SD or equivalent.
- All welding will be performed by a certified welder. Submittal of welding certs required prior to field welding.
- Project will be subject to Title 36 Public Contracts Pamphlet 600.

Contractor shall possess and keep in force all licenses, business permits and other permits required to perform the services of this Agreement. Work shall be completed no later than May 1, 2013.

IV. SUBMITTAL REQUIREMENTS

Each Vendor shall submit two (2) original signed copies of its proposal. The proposal shall be submitted in the following manner:

1. Contractor Description. Provide a description and history of the Contractor emphasizing the Contractor's resources and expertise in the area(s) relevant to this RFP. In addition, identify the person(s) who has decision-making authority for the Contractor; and who will be the Contractor's primary contact person(s) with the City.
2. Proposals
 - Clearly state the total cost to the City for completion of all work.
 - Provide evidence of liability insurance, and worker's compensation insurance if applicable.

V. SELECTION CRITERIA

Each proposal shall be evaluated based on the following criteria based on the following sections of Cordova Municipal Code (CMC):

1. Total cost of Proposal to the City; (CMC 5.12.120(A))
2. Contractor's qualifications and responsibility. (CMC 5.12.170)
 - a. The skill and experience demonstrated by the bidder in performing contracts of a similar nature;
 - b. The bidder's record for honesty and integrity;
 - c. The bidder's capacity to perform in terms of facilities, equipment, personnel and financing;
 - d. The past and present compliance by the bidder with laws and ordinances related to its performance under the contract; and
 - e. The bidder's past performance under city contracts. If the bidder has failed in any material way to perform its obligations under any contract with the city, the city manager may consider the bidder to be not responsible.
 - f. The bidder's past performance of financial obligations to the city. If at the time of award the bidder is delinquent, overdue or in default on the payment of any money, debt or liability to the city, the city manager shall consider the bidder to be not responsible.

Proposals will be opened at the front desk in City Hall on February 04, 2013 at approximately 2:05 P.M. A contract may be awarded by City Council on February 21, 2013 if recommended by City Manager. The City of Cordova reserves the right to reject any and all proposals, to waive technical or legal deficiencies, to make such investigation as it deems necessary to evaluate Contractor's qualifications, to accept any proposal that may be deemed in the best interest of the City and to negotiate terms and conditions of any proposal leading to acceptance and final execution of a contract for services.



P.O. Box 1128, Cordova AK 99574
907-424-7702 fax 907-424-3994
ecc1@ctcak.net

Eagle Contracting Corporation
The Down to Earth Company

January 30, 2013

RFP #01-13 – Eyak Lake Water Treatment Plant Chemical Mezzanine Structural Repairs

TO: City Manager
City of Cordova
P.O. Box 1210
Cordova, AK 99574

Eagle Contracting Corporation, Inc. (Eagle) is pleased to submit this response to your RFP #01-13. Total Lump Sum Bid Price for this RFP is: \$36,425.70.

Contractor Description:

Eagle Contracting Corporation, Inc. (Eagle) has been doing concrete demolition and construction, steel fabrication and installation, and building jacking and moving for the 25 years that we have been in business. Eagle is also familiar with preparation and application of concrete coatings. Eagle has performed many small, medium, and large contracts for the City of Cordova in the past and have always performed within expectations.

Eagle has all of the resources necessary to complete this project in a timely manner including equipment and experienced manpower. Don Sjostedt is Eagle's Project Manager and will be the responsible person with decision making authority for Eagle. Don will be your primary contact person with the city on this project. The Office number 424-7702 or Don's Cell phone 429-3922 are good contact numbers.

Proposal:

Eagle Proposes to provide all labor, equipment, and materials to do structural repairs including demolition of existing concrete column, installation of 3 new steel columns and epoxy coating for chemical mezzanine floor, plus other work as completely described in the RFP Scope of Work.

Eagle proposes to do all work described above for a lump sum of \$36,425.70.

Eagle has all required licenses required to complete this project as well as Liability and Workers Compensation coverage as required in the RFP documents. Liability and Workers Compensation proof attached.

Don Sjostedt, Project Manager



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

1/29/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Alaska USA Insurance Brokers P.O. Box 196530 Anchorage AK 99519		CONTACT NAME: Abigail Bonney, CRIS PHONE (A/C, No, Ext): (907) 561-1250 FAX (A/C, No): (907) 561-4315 E-MAIL ADDRESS: a.bonney@alaskausainsurance.com PRODUCER CUSTOMER ID #: 00000281															
INSURED Eagle Contracting Corporation P.O. Box 1128 Cordova AK 99574		<table border="1"><thead><tr><th>INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr></thead><tbody><tr><td>INSURER A: Illinois National Insurance Co</td><td></td></tr><tr><td>INSURER B: New Hampshire Insurance Co</td><td></td></tr><tr><td>INSURER C: Liberty Northwest</td><td></td></tr><tr><td>INSURER D:</td><td></td></tr><tr><td>INSURER E:</td><td></td></tr><tr><td>INSURER F:</td><td></td></tr></tbody></table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Illinois National Insurance Co		INSURER B: New Hampshire Insurance Co		INSURER C: Liberty Northwest		INSURER D:		INSURER E:		INSURER F:	
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INSURER D:																	
INSURER E:																	
INSURER F:																	

COVERAGES

CERTIFICATE NUMBER: 12/13 All

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY			06LX0158499254	10/1/2012	10/1/2013	EACH OCCURRENCE	\$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person)	\$ 5,000
							PERSONAL & ADV INJURY	\$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	\$ 2,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC						PRODUCTS - COMP/OP AGG	\$ 2,000,000
A	AUTOMOBILE LIABILITY			06CA0158475604	10/1/2012	10/1/2013	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person)	\$
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident)	\$
	<input checked="" type="checkbox"/> SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident)	\$
	<input checked="" type="checkbox"/> HIRED AUTOS			Uninsured motorist combined	\$ 1,000,000			
	<input checked="" type="checkbox"/> NON-OWNED AUTOS			Medical payments	\$ 5,000			
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB	<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE		01UD0128571091	10/1/2012	10/1/2013	EACH OCCURRENCE	\$ 1,000,000
							AGGREGATE	\$ 1,000,000
								\$
	<input checked="" type="checkbox"/> DEDUCTIBLE							\$
	<input checked="" type="checkbox"/> RETENTION \$ 10,000							
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N	N/A	WC41NC017086012	10/1/2012	10/1/2013	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)						E.L. EACH ACCIDENT	\$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	\$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

20 days notice for non-payment of premium per Alaska Statute.

Evidence of Insurance for Bidding Purposes

CERTIFICATE HOLDER**CANCELLATION**

City of Cordova
602 Railroad Avenue
Cordova, AK 99574

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

A Bonney, CRIS/ABBIE

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Pending agenda:

Capital Priorities List Meeting –**March 2013, June 2013, September 2013, December 2013**
Regular Election – March 5, 2013 7am – 8pm Library Meeting Room

Committees:

Cordova Center Committee: Tim Joyce, Sylvia Lange, Dan Logan, Mark Lynch, Sam Greenwood, Moe Zamarron, Dave Reggiani, Cathy Sherman

Fisheries Advisory Committee: David Reggiani, PWSAC; Ken Roemhildt, Seafood Sales; Jim Holley, AML; Torie Baker, Marine Advisory Program Coordinator; John Bocci; and Jeremy Botz, ADF&G

Cordova Trails Committee: Elizabeth Senear, VACANCY, Jim Kallander, Toni Godes, and David Zastrow

Public Services Building Design Committee: David Reggiani - Chairman, Chief Bob (Griffiths), Martin Moe, Jim Kacsh, Dick Groff, Mike Hicks, Tom Bailer

E-911 Committee: Chief Bob Griffiths – Chairman, Bret Bradford, Gray Graham, Dick Groff, Mike Hicks (and/or Paul Trumblee), David Allison, George Covell

City Manager Assessment Committee: to be named at 2/20/13 meeting

Calendars:

3 months of calendars are attached hereto
February 2013; March 2013; April 2013

February 2013

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
Location Legend CH-City Hall Conference Room LMR-Library Mtg Rm HSL-High School Library					1	2
3	4	5 declaration of candidacy closes	6 tbd HSB LMR 7:30 reg mtg LMR	7	8	9
10	11 7:00 Sch Bd HSL	12 7:00 P&Z LMR	13 7:00 Hrbr Cms CH	14	15	16
17	18 Presidents' Day City Hall Offices Closed	19 6:00 Parks & Rec LMR Absentee voting at City Hall	20 7:00 HSB spec 7:15 pub hrg LMR 7:30 reg mtg LMR _____	21 7:00 wksn Absentee voting at City Hall	22 _____	23
24	25 Absentee voting at City Hall	26 _____	27 Absentee voting at City Hall	28 _____		Location Legend CH-City Hall Conference Room LMR-Library Mtg Rm HSL-High School Library

March 2013

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
Location Legend CH-City Hall Conference Room LMR-Library Mtg Rm	HSL-High School Library				1 Absentee voting at City Hall	2
3	4 Absentee voting at City Hall	5 Cordova Regular Election Polls open 7a—8p LMR	6 tbd HSB LMR 7:30 reg mtg LMR	7	8	9
10	11 5:30 Parks & Rec LMR	12 7:00 P&Z LMR	13 7:00 Sch Bd HSL 7:00 Hrbr Cms CH	14 7:00 special mtg to certify election	15	16
17	18	19	20 7:15 pub hrg (maybe) LMR 7:30 reg mtg LMR	21	22	23
24	25	26	27	28	29	30
31					Location Legend CH-City Hall Conference Room LMR-Library Mtg Rm	HSL-High School Library

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April 2013

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
Location Legend CH-City Hall Conference Room LMR-Library Mtg Rm HSL-High School Library	<i>1</i>	<i>2</i>	<i>3</i> tbd HSB LMR 7:15 pub hrg (maybe) LMR 7:30 reg mtg LMR	<i>4</i>	<i>5</i>	<i>6</i>
<i>7</i>	<i>8</i> 5:30 Parks & Rec LMR	<i>9</i> 7:00 P&Z LMR	<i>10</i> 7:00 Sch Bd HSL 7:00 Hrbr Cms CH	<i>11</i>	<i>12</i>	<i>13</i>
<i>14</i>	<i>15</i> 7:00 BoE Hearing	<i>16</i>	<i>17</i> 7:15 pub hrg (maybe) LMR 7:30 reg mtg LMR	<i>18</i>	<i>19</i>	<i>20</i>
<i>21</i>	<i>22</i> City's Financial Audit	<i>23</i> —————	<i>24</i> City's Financial Audit	<i>25</i> —————	<i>26</i> City's Financial Audit	<i>27</i>
<i>28</i>	<i>29</i>	<i>30</i>				Location Legend CH-City Hall Conference Room LMR-Library Mtg Rm HSL-High School Library 115