STATE OF ALASKA

STATE BOND COMMITTEE

DEPARTMENT OF REVENUE
COMMISSIONER'S CONFERENCE ROOM

Juneau, Alaska

October 27, 2015

1:00 P.M.

STATE BOND COMMITTEE
AGENDA FOR BOARD OF DIRECTOR'S MEETING

Alaska Department of Revenue
Commissioner's Conference Room
333 Willoughby Avenue
State Office Building, 11th Floor
Juneau, Alaska 99811

October 27, 2015 at 1:00 P.M.

I. Call to Order

II. Roll Call

III. Public Meeting Notice

IV. Approval of Agenda

V. Minutes of September 21, 2015 State Bond Committee Meeting

VI. Public Participation and Comment

VII. New Business

- **A. Resolution 2015-07 – Authorizing the issuance of Alaska International Airport System Revenue Bonds**
- **B. Resolution 2015-08 – 2015 Private Activity Cap Allocation**
- **C. Debt Manager's Report**

VIII. Committee Member Comments

IX. Schedule Next Meeting

X. Adjournment

Notice of Meeting - Alaska State Bond Committee

NOTICE OF MEETING
STATE OF ALASKA STATE BOND COMMITTEE

Notice is hereby given that the State of Alaska State Bond Committee will hold a meeting at the Alaska Department of Revenue Commissioner's Office, 333 Willoughby Avenue, 11th Floor, Juneau, Alaska 99811, on October 27, 2015 at 1:00 p.m.

Resolution 2015-07 Authorizing the Issuance of Alaska International Airport System Revenue Bonds

Resolution 2015-08 2015 Private Activity Cap Allocation

Debt Manager's Report

The public is invited to attend and will be given the opportunity for public comment and participation. The State Bond Committee complies with Title II of the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973.

Dated October 12, 2015
Deven Mitchell

Attachments, History, Details

Attachments
None

Revision History
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Details

Department:	Revenue
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OFFICIAL MINUTES
STATE BOND COMMITTEE
September 21, 2015

A meeting of the State Bond Committee was held at 10:32 a.m. ASDT on September 21, 2015 at the Department of Revenue, Commissioner's Conference Room, Juneau, Alaska (333 Willoughby Avenue, State Office Building, 11th Floor, Juneau, Alaska 99811).

State Bond Committee Members present were:
John Boucher, Deputy Commissioner, Department of Administration
Jerry Burnett, Deputy Commissioner, Department of Revenue
Fred Parady, Deputy Commissioner, Department of Commerce, Community & Economic Development

Also present were:
Deven Mitchell, Debt Manager, Department of Revenue
Ryan Williams, Op. Research Analyst, Department of Revenue

Present telephonically were:
Susan Barry, Orrick, Herrington & Sutcliffe, LLP
Scott Schickli, Orrick, Herrington & Sutcliffe, LLP
Angela Trout, Orrick, Herrington & Sutcliffe, LLP
Pete Nissen, Acacia Financial Group
Joe Calogero, Acacia Financial Group
Phoebe Selden, Acacia Financial Group
Paul Bloom, Goldman Sachs
Kyle Vinson, Goldman Sachs

I. Call to Order

Mr. Parady called the meeting to order at 10:32 a.m. ASDT.

II. Roll Call

Mr. Mitchell took roll call. Mr. Parady, Mr. Burnett & Mr. Boucher were present.

III. Public Meeting Notice

A copy of the Affidavit of Publication concerning the date, location, and purpose of the meeting was reviewed and made a part of the minutes of the meeting. Mr. Mitchell stated the meeting notice was advertised in the State's Online Public Notice - The notice was officially published, dated September 3, 2015.

IV. Approval of Agenda

The Agenda was reviewed by the board and no changes were necessary. The agenda was approved as submitted without objection.

V. Minutes of May 5, 2015 SBC Meeting

Mr. Burnett moved and Mr. Boucher seconded approval of the May 5, 2015 minutes. The motion was adopted unanimously with 3 yes votes.

VI. Public Comment

Mr. Parady asked for public participation and comment. There was none.

VII. New Business

Resolution 2015-05

Mr. Mitchell stated that Resolution 2015-05 would provide for the issuance of the Alaska Clean Water Fund Revenue Bond Anticipation Note (BAN), 2015 Series A, and the Alaska Drinking Water Fund Revenue BAN, 2015 Series B. The 2015 Series A would provide the authority for the issuance and sale of an aggregate principal amount of up to $1,682,700, and an aggregate principal amount of up to $1,776,500 for 2015 Series B. The borrowed money (BANs proceeds) will be used as State of Alaska match to obtain federal appropriations into the funds. The borrowed money (BANs) will be paid off the day following initial borrowing. The only purpose for this transaction is to obtain additional federal appropriations into the funds without obligating additional general funds. Mr. Mitchell mentioned that he has been in contact with the previous year's facilitator, Key Agency Services, and the fee is in the proximity of $3,000 with interest expense. The final amount of interest expense will be determined when the Department of Environmental Conservation identifies the deposit amounts that are desired for the funds. The transaction is expected to be facilitated in the month of October 2015. Mr. Burnett moved Resolution 2015-05 and Mr. Boucher seconded the motion. The State Bond Committee then approved Resolution 2015-05 with three yes votes.

Resolution 2015-06

Mr. Mitchell stated that the resolution allocates a portion of the annual private activity bond volume limit for calendar year 2015. The total volume cap for calendar year 2015 is $301,515,000, and the Alaska Housing Finance Corporation (AHFC) has received an allocation of $8.5 million for an affordable housing - multi-unit facility, Alaska Industrial Development and Export Authority (AIDEA) has received $5 million of volume cap to refund bonds related to the financing of the Snettisham Hydroelectric Project, and pay for costs of issuance and reserves, and AIDEA has received an additional allocation of $100 million to provide for anticipated future projects that are estimated to accumulate to $200 million. AHFC has requested an additional allocation of $4 million for a 20 unit low income housing for the target population of the Mental Health Trust beneficiaries. Mr. Mitchell stated that private activity bond volume cap allocation is available for use until February of the year following allocation and then may be designated and carried forward for an additional period of three years. In summary of total allocation as defined in resolution 2015-06, the committee reaffirms the May 5, 2015 allocation of $8.5 million of the 2015 private activity bond volume limit for Alaska to AHFC, reaffirms the May 5, 2015 allocation of $105,000,000 to AIDEA, and approves an additional allocation of $4 million to AHFC. Mr. Burnett moved Resolution 2015-06 and Mr. Boucher seconded the motion. The State Bond Committee then approved Resolution 2015-06 with three yes votes.

State of Alaska GO Bond Project Tracking Discussion

Mr. Mitchell went over the following items for the Committee:

The GO Bond Project tracking spreadsheet and fund balance report was presented to the Committee for a summary review. The documents have projected project spending, and is a collaborative document with Department of Administration, Department of Commerce Community, and Economic Development, and Department of Transportation. There is often a mismatch between construction projections and actual project spending, which is costly when issuing notes and bonds for such projects, and most bond issues have seen sizable negative arbitrage over the years. The BAN issuance will become due in March of 2016, and there will need to be a decision made as to either fixing out the debt over the longer term, or once again roll the note.

Mr. Mitchell provided fixed income rate forecasts from different publications for the Committee's review. The Committee would need to make a decision on style of issuance to continue funding for the previous authorization of the 2012 Transportation GO bond act. Additional discussion would need to take place soon for a decision, and Mr. Mitchell stated that he would follow up with current events and information.

Alaska International Airport System (AIAS) Series 2015 Bonds

Mr. Mitchell stated that the Committee's packet contains information on an upcoming AIAS Revenue refunding bond transaction, including distribution list, and a presentation by Goldman Sachs. Paul Bloom, Goldman Sachs, was given the opportunity to review the presentation. AIAS has $102.3 million of current or advance refunding candidates, and a potential for over $14 million in present value savings at current rates (as of 9/9/2015). The VCAP process delayed the refunding, but it is now ready to move forward. The expected financing schedule includes seeking SBC approval in October, price bonds in November, and close the transaction in December. Mr. Parady questioned what the interest costs have been associated with the variable rate debt of the AIAS. Mr. Mitchell stated he would follow up with exact costs, but was very low relative to similar costs of a fixed amortization, under 1.00% including LOC fees.

VIII. Committee Member Comments

There were none.

IX. Schedule Next Meeting

Mr. Mitchell mentioned that another meeting at the call of the Chair would need to be in the October 2015, and that he would follow-up with the Committee.

X. Adjournment

The meeting was adjourned at 11:56 AM ASDT.

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Fred Parady, Deputy Commissioner,
Department of Commerce, Community and Economic Development- Chair

ATTEST:

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Randy Hoffbeck, Commissioner
Department of Revenue-
Secretary

STATE BOND COMMITTEE
OF THE STATE OF ALASKA

SUPPLEMENTAL RESOLUTION NO. 2015-07

Providing for the Issuance of

State of Alaska International Airports System Revenue Refunding Bonds

Adopted October 27, 2015

TABLE OF CONTENTS

Page

P:\20287_CMW\20287_B4P 10/23/15

ARTICLE XXXVI

COMPLIANCE WITH PARITY CONDITIONS

ARTICLE XXXVII

MISCELLANEOUS

STATE BOND COMMITTEE

SUPPLEMENTAL RESOLUTION NO. 2015-07

A Resolution of the State Bond Committee of the State of Alaska; authorizing the issuance and sale of one or more series of revenue bonds of the Alaska International Airports System for the purpose of refunding certain outstanding revenue bonds of the State; approving certain protective covenants; amending Resolution No. 99-01; and authorizing an agreement for ongoing disclosure (supplemental to Resolution No. 99-01, adopted January 28, 1999, Resolution No. 99-07 adopted October 15, 1999, Resolution No. 2002-01 adopted March 7, 2002, Resolution No. 2003-10 adopted December 3, 2003, Resolution No. 2006-01 adopted February 23, 2006, as amended by Resolution No. 2006-03 adopted March 9, 2006, Resolution No. 2008-08 adopted on December 22, 2008, as amended by Resolution No. 2009-02 adopted March 13, 2009 and Resolution No. 2010-05 adopted August 30, 2010).

WHEREAS, Chapter 88, SLA 1961, as amended (herein called the "1961 Act"), authorized the issuance and sale of revenue bonds of the State of Alaska (the "State") to acquire, equip, construct and install additions, improvements, extensions and facilities, all as more fully described in the Act (hereinafter defined) and in this Seventh Supplemental Resolution, at the international airports owned and operated by the State and located at or near the cities of Anchorage and Fairbanks (defined more particularly hereinafter as the "AIAS"); and

WHEREAS, the 1961 Act has been amended from time to time, most recently by Chapter 28, SLA 2005 (the "2005 Authorization") and is codified as AS 37.15.410 to 37.15.550 (collectively, the "Act"); and

WHEREAS, the 2005 Authorization increased the aggregate principal amount of airport revenue bonds authorized to be issued under the Act to $812,500,000; and

WHEREAS, the State Bond Committee adopted Resolution No. 99-01 (the "Resolution") authorizing the issuance of two series of airport revenue bonds, Resolution No. 99-07 authorizing one series of airport revenue bonds (the "First Supplemental Resolution"), Resolution No. 2002-01 authorizing two series of airport revenue bonds (the "Second Supplemental Resolution"), Resolution No. 2003-10 authorizing two series of airport revenue bonds (the "Third Supplemental Resolution"), Resolution No. 2006-01, as amended by Resolution No. 2006-03, authorizing four series of airport revenue bonds (the "Fourth Supplemental Resolution"), Resolution No. 2008-08, as amended by Resolution No. 2009-02, authorizing one series of airport revenue bonds (the "Fifth Supplemental Resolution"), and Resolution No. 2010-05 authorizing four series of airport revenue bonds (the "Sixth Supplemental Resolution"); and

WHEREAS, the State has issued and has outstanding the following described airport revenue bonds:

Original Authorizing Resolution No.	Designation	Dated Date of Issue	Original Principal Amount	Current Outstanding Principal Amount (as of 10/15/15)
99-01	International Airport System Revenue Bonds, Series 1999A (AMT)	1/15/99	$ 162,500,000	$ 11,290,000
99-07	International Airports System Revenue Bonds, Series 1999C	10/1/99	$ 25,000,000	$ 1,915,000
2003-10	International Airports System Revenue Bonds, Series 2003B	12/11/03	$ 21,900,000	$ 18,350,000
2006-01	International Airports System Revenue Bonds, Series 2006A (AMT)	03/14/06	$ 118,975,000	$ 61,675,000
2006-01	International Airports System Revenue Bonds, Series 2006B	03/14/06	$ 70,760,000	$ 70,760,000
2006-01	International Airports System Revenue Refunding Bonds, Series 2006D	03/14/06	$ 104,860,000	$ 99,410,000
2008-08	International Airports System Variable Rate Demand Revenue Refunding Bonds, Series 2009A (Private Activity – Non-AMT)	01/06/09	$ 50,000,000	$ 50,000,000
2010-05	International Airports System Revenue Refunding Bonds, Series 2010A (Private Activity – AMT)	09/29/10	$ 117,270,000	$111,415,000
2010-05	International Airports System Revenue Refunding Bonds, Series 2010B (Governmental – Non-AMT)	09/29/10	$ 21,685,000	$ 9,580,000
2010-05	International Airports System Revenue Bonds, Series 2010C (Private Activity – Non-AMT)	09/29/10	$ 12,565,000	$ 12,565,000
2010-05	International Airports System Revenue Bonds, Series 2010D (Taxable Build America Bonds – Direct Payment to Issuer)	09/29/10	$ 19,540,000	$ 19,540,000

(collectively, the “Outstanding Parity Bonds”); and

WHEREAS, the Resolution provides that the State Bond Committee may, by supplemental resolution, establish one or more other series of Bonds, and the State may issue, and the Registrar may authenticate and deliver, Bonds of any series so established, in such principal amount as shall be determined by the State Bond Committee, subject to the conditions and limitations contained in Sections 2.02, 2.03 and 2.04 of the Resolution; and

WHEREAS, one series of Outstanding Parity Bonds, designated as International Airports System Revenue Bonds, Series 1999A (AMT), was issued under date of January 15, 1999 (the "Series 1999A Bonds"), pursuant to the Resolution and matures as follows:

Maturity Years (October 1)	Principal Amounts	Interest Rates
2024	$ 11,290,000	5.000%

; and

WHEREAS, the Resolution provides that the State may call the Series 1999A Bonds maturing on or after October 1, 2010 for redemption on any date on and after April 1, 2009, at the following prices, expressed as a percentage of the principal amounts of the bonds to be redeemed, together with interest accrued to the date of redemption, as follows:

Redemption Dates	Redemption Prices
April 1, 2009 to March 31, 2010	101.0%
April 1, 2010 to March 31, 2011	100.5
April 1, 2011 and thereafter	100.0

; and

WHEREAS, another series of Outstanding Parity Bonds, designated as International Airports System Revenue Bonds, Series 1999C, was issued under date of October 1, 1999 (the "Series 1999C Bonds"), pursuant to the First Supplemental Resolution and matures as follows:

Maturity Years (October 1)	Principal Amounts	Interest Rates
2024	$ 1,915,000	6.220%

; and

WHEREAS, the First Supplemental Resolution provides that the State may call the Series 1999C Bonds maturing on or after October 1, 2010 for redemption on any date on and after October 1, 2009, at the price of par, together with interest accrued to the date of redemption; and

WHEREAS, another series of Outstanding Parity Bonds, designated as International Airports System Revenue Bonds, Series 2003B (Non-AMT), was issued under date of December 11, 2003 (the "Series 2003B Bonds"), pursuant to the Third Supplemental Resolution and matures as follows:

Maturity Years (October 1)	Principal Amounts	Interest Rates
2024	$ 600,000	4.875%
2026	11,675,000	5.000
2028	6,075,000	5.000

WHEREAS, the Third Supplemental Resolution provides that the State may call the Series 2003B Bonds maturing on or after October 1, 2014 for redemption on any date on and after October 1, 2013, at the price of par, together with interest accrued to the date of redemption; and

WHEREAS, another series of Outstanding Parity Bonds, designated as International Airports System Revenue Bonds, Series 2006A (AMT), was issued under date of March 14, 2006 (the "Series 2006A Bonds"), pursuant to the Fourth Supplemental Resolution and matures as follows:

Year (October 1)	Principal Amount	Interest Rate
2016	$ 7,645,000	4.000%
2016	915,000	4.200
2017	8,795,000	5.000
2017	110,000	4.250
2018	9,280,000	5.000
2018	70,000	4.250
2019	9,815,000	5.000
2020	10,305,000	5.000
2021	10,820,000	5.000
2022	3,550,000	5.000
2022	370,000	4.400

WHEREAS, the Fourth Supplemental Resolution provides that the State may call the Series 2006A Bonds maturing on or after October 1, 2017 for redemption on any date on and after October 1, 2016, at the price of par, together with interest accrued to the date of redemption; and

WHEREAS, another series of Outstanding Parity Bonds, designated as International Airports System Revenue Bonds, Series 2006B (Non-AMT), was issued under date of March 14, 2006 (the "Series 2006B Bonds"), pursuant to the Fourth Supplemental Resolution and matures as follows:

Year (October 1)	Principal Amount	Interest Rate
2022	$ 7,445,000	5.000%
2023	11,930,000	5.000
2024	12,525,000	5.000
2025	13,150,000	5.000
2026	13,810,000	5.000
2027	11,900,000	5.000

WHEREAS, the Fourth Supplemental Resolution provides that the State may call the Series 2006B Bonds maturing on or after October 1, 2017 for redemption on any date on and after October 1, 2016, at the price of par, together with interest accrued to the date of redemption; and

WHEREAS, another series of Outstanding Parity Bonds, designated as International Airports System Revenue Refunding Bonds, Series 2006D (Non-AMT), was issued under date of March 14, 2006 (the "Series 2006D Bonds"), pursuant to the Fourth Supplemental Resolution and matures as follows:

Year (October 1)	Principal Amount	Interest Rate
2016	$ 600,000	4.000%
2016	5,915,000	4.750
2017	825,000	4.000
2017	5,990,000	5.000
2018	200,000	4.000
2018	6,950,000	5.000
2019	550,000	4.125
2019	6,955,000	5.000
2020	7,875,000	5.000
2021	8,270,000	5.000
2022	150,000	4.200
2022	8,530,000	5.000
2023	9,110,000	5.000
2024	9,570,000	5.000
2025	8,860,000	5.000
2026	250,000	4.250
2026	9,050,000	5.000
2027	9,760,000	5.000

WHEREAS, the Fourth Supplemental Resolution provides that the State may call the Series 2006D Bonds maturing on or after October 1, 2017 for redemption on any date on and after October 1, 2016, at the price of par, together with interest accrued to the date of redemption; and

WHEREAS, another series of Outstanding Parity Bonds, designated as International Airports System Variable Rate Demand Revenue Refunding Bonds, Series 2009A (Private

Activity – Non-AMT), was issued under date of January 6, 2009 (the "Series 2009A Bonds," and together with the Series 1999A Bonds, the Series 1999C Bonds, the Series 2003B Bonds, the Series 2006A Bonds, the Series 2006B Bonds and the Series 2006D Bonds, the "Refunding Candidates"), pursuant to the Fifth Supplemental Resolution and maturing on October 1, 2030 in the principal amount of $50,000,000; and

WHEREAS, the Fifth Supplemental Resolution provides that the State may call the Series 2009A Bonds in whole or in part in principal amounts which permit all remaining Series 2009A Bonds to continue in authorized denominations, on any business day for those Series 2009A Bonds at a redemption price equal to 100% of the principal amount thereof together with accrued but unpaid interest to the redemption date; and

WHEREAS, the State may refund all or a portion of the Refunding Candidates; and

WHEREAS, it appears to the State Bond Committee that it is in the best interest of the State that airport revenue refunding bonds be issued as permitted under the Resolution and subject to the further conditions set forth in this Seventh Supplement Resolution (hereinafter defined as the "Series 2015/2016 Bonds"; and

WHEREAS, in its determination of all of the matters and questions relating to the issuance and sale of the Series 2015/2016 Bonds and the fixing of the terms, conditions and covenants thereof as provided in the Act, the decisions of the State Bond Committee, as expressed in this supplemental resolution, were and are those found to be reasonably necessary for the best interests of the State and its inhabitants and those which will accomplish the most advantageous sale of the Series 2015/2016 Bonds with due regard, however, for necessary or normal costs of maintenance and operation, renewals and replacements of and repairs to said airports and to all improvements thereto and facilities thereof owned, used, operated or leased in connection therewith, the future growth and expansion of the airports and all of such facilities, and the possibility of additional revenue bond financing for airports purposes; and

WHEREAS, the terms, conditions and covenants providing for the payment of the principal of the Series 2015/2016 Bonds and interest thereon and the other terms, conditions, covenants and protective features safeguarding such payment and relating to the maintenance, operation and improvement of said airports set forth in the Resolution and this Seventh Supplemental Resolution have been found to be necessary by the State Bond Committee; and

WHEREAS, the conditions and limitations contained in Sections 2.03 and 2.04 of the Resolution have been satisfied or will be satisfied at the time of issuance of the Series 2015/2016 Bonds; and

WHEREAS, the signatory airlines under the AIAS operating agreements have been given the opportunity to review and comment on a draft of this Seventh Supplemental Resolution and a draft of the official statement for the sale of the bonds authorized herein; and

WHEREAS, Section 147 of the Internal Revenue Code of 1986, as amended, requires the holding of a public hearing prior to the issuance of the Series 2015/2016 Bonds; and

WHEREAS, the State Debt Manager held a public hearing in Juneau, Alaska pursuant to a notice to be published in the *Juneau Empire*, regarding the issuance of a portion of the bonds to be authorized herein; and

WHEREAS, the Controller of the Alaska International Airports System held a public hearing in Anchorage, Alaska pursuant to a notice to be published in the *Alaska Dispatch News*, regarding the issuance of a portion of the bonds to be authorized herein; and

WHEREAS, the Acting Manager of the Fairbanks International Airport held a public hearing in Fairbanks, Alaska pursuant to a notice to be published in the *Fairbanks Daily News-Miner*, regarding the issuance of a portion of bonds to be authorized herein; and

WHEREAS, the State Bond Committee may delegate authority to the Designated Representative (as defined in the First Supplemental Resolution) to approve the final principal amounts, interest rates, maturity dates, redemption rights, interest payment dates and principal maturities under such terms and conditions as are specified in the purchase contract of the Underwriter;

NOW THEREFORE, BE IT RESOLVED by the State Bond Committee of the State of Alaska, as follows:

ARTICLE XXXIV
DEFINITIONS AND RULES OF CONSTRUCTION

<u>Section 34.01.</u> <u>Definitions and Amendment</u>.

(a) *Amendment to Resolution.*

(1) Section 1.01 of the Resolution is hereby amended by amending the following definition (additions are underscored and bracketed).

Designated Representative means, with respect to the State, the Chairman or the Secretary of the Committee, or Debt Manager of the State<u>[, or their respective designees]</u>.

(b) *Seventh Supplemental Resolution.* For purposes of this Seventh Supplemental Resolution, and of any certificate, opinion or other document mentioned herein, the following capitalized terms shall have the meanings specified in this Section 34.01. Unless otherwise defined in this Seventh Supplemental Resolution, all capitalized terms used herein shall have the meanings assigned to such terms in the Resolution. Capitalized terms defined in the recitals hereto shall have the meanings set forth in the recitals hereto.

Acquired Obligations means the Government Obligations acquired by the State under the terms of this Seventh Supplemental Resolution and the Escrow Agreement to effect the defeasance and refunding of the Refunded Bonds.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2015/2016 Bonds (including persons holding Series 2015/2016 Bonds through nominees, depositories or other intermediary).

Bond Counsel means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the State for any purpose under this Seventh Supplemental Resolution applicable to the use of that term.

Bond Purchase Contract means the agreement(s) between the State and the Underwriter with respect to the purchase of each series of the Series 2015/2016 Bonds, as approved by the Designated Representative pursuant to Section 35.13.

Code means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations or revenue rulings issued or amended with respect thereto by the U.S. Treasury Department or the Internal Revenue Service.

Cost of Issuance Agreement means the agreement of that name, to be entered into by the State and the Escrow Agent, providing for the payment of certain costs of issuance with respect to the issuance of the Series 2015/2016 Bonds.

DTC means The Depository Trust Company, New York, New York as depository for the Series 2015/2016 Bonds, or any successor or substitute depository for the Series 2015/2016 Bonds.

Escrow Agent means the financial institution selected by the Designated Representative as provided in Section 35.16.

Escrow Agreement means the Escrow Agent Agreement pursuant to which the proceeds of a portion of the Series 2015/2016 Bonds will be held by the Escrow Agent to defease the Refunded Bonds.

Fitch means Fitch Ratings, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by the Designated Representative.

Moody's means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term Moody's shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or S&P) selected by the Designated Representative.

Outstanding, when used as of a particular time with reference to Series 2015/2016 Bonds, means all Series 2015/2016 Bonds delivered hereunder except:

(a) Series 2015/2016 Bonds cancelled by the Registrar or surrendered to the Registrar for cancellation; and

(b) Series 2015/2016 Bonds paid or deemed to have been paid within the meaning of this Seventh Supplemental Resolution.

Outstanding Parity Bonds means the following:

Original Authorizing Resolution No.	Designation	Dated Date of Issue	Original Principal Amount	Current Outstanding Principal Amount (as of 10/15/15)
99-01	International Airport System Revenue Bonds, Series 1999A (AMT)	1/15/99	$ 162,500,000	$ 11,290,000
99-07	International Airports System Revenue Bonds, Series 1999C	10/1/99	$ 25,000,000	$ 1,915,000
2003-10	International Airports System Revenue Bonds, Series 2003B	12/11/03	$ 21,900,000	$ 18,350,000
2006-01	International Airports System Revenue Bonds, Series 2006A (AMT)	03/14/06	$ 118,975,000	$ 61,675,000
2006-01	International Airports System Revenue Bonds, Series 2006B	03/14/06	$ 70,760,000	$ 70,760,000
2006-01	International Airports System Revenue Refunding Bonds, Series 2006D	03/14/06	$ 104,860,000	$ 99,410,000
2008-08	International Airports System Variable Rate Demand Revenue Refunding Bonds, Series 2009A (Private Activity – Non-AMT)	01/06/09	$ 50,000,000	$ 50,000,000
2010-05	International Airports System Revenue Refunding Bonds, Series 2010A (Private Activity – AMT)	09/29/10	$ 117,270,000	$111,415,000
2010-05	International Airports System Revenue Refunding Bonds, Series 2010B (Governmental – Non-AMT)	09/29/10	$ 21,685,000	$ 9,580,000
2010-05	International Airports System Revenue Bonds, Series 2010C (Private Activity – Non-AMT)	09/29/10	$ 12,565,000	$ 12,565,000
2010-05	International Airports System Revenue Bonds, Series 2010D (Taxable Build America Bonds – Direct Payment to Issuer)	09/29/10	$ 19,540,000	$ 19,540,000

Person means an individual, a corporation, a partnership, limited liability company, an association, a joint stock company, a trust, an unincorporated organization, a governmental body or a political subdivision, a municipal corporation, a public corporation or any other group or organization of individuals.

Rating Agency means Fitch, Moody's or S&P.

Rating Category means the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Record Date means the 15th day of the month next preceding each interest payment date.

Refunded Bonds means the Refunding Candidates designated by the Designated Representative pursuant to Section 35.13 of this Seventh Supplemental Resolution.

Refunding Candidates means, collectively, some or all of the Series 1999A Bonds, the Series 1999C Bonds, the Series 2003B Bonds, the Series 2006A Bonds, the Series 2006B Bonds, the Series 2006D Bonds and the Series 2009A Bonds.

Registered Owner means the person named as the registered owner of a Series 2015/2016 Bond on the Bond Register. For so long as the Series 2015/2016 Bonds are held by a Securities Depository or its nominee, such Securities Depository shall be deemed to be the Registered Owner.

Resolution means Resolution No. 99-01 adopted by the Committee on January 28, 1999.

Savings Target means a dollar amount not less than zero.

SEC means the United States Securities and Exchange Commission.

Securities Depository means any clearing agency registered under Section 17A of the Securities Exchange Act of 1934, as amended.

S&P means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or Fitch) selected by the Designated Representative.

Series 1999A Bonds means the State of Alaska International Airports System Revenue Bonds, Series 1999A (AMT), issued pursuant to the Resolution, maturing on October 1, 2024.

Series 1999C Bonds means the State of Alaska International Airports System Revenue Bonds, Series 1999C, issued pursuant to the First Supplemental Resolution, maturing on October 1, 2024.

Series 2003B Bonds means the State of Alaska International Airports System Revenue Bonds, Series 2003B (Non-AMT), issued pursuant to the Third Supplemental Resolution, maturing on October 1, 2024, 2026 and 2028.

Series 2006A Bonds means the State of Alaska International Airports System Revenue Bonds, Series 2006A (AMT), issued pursuant to the Fourth Supplemental Resolution, maturing on October 1, 2017 through 2022.

Series 2006B Bonds means the State of Alaska International Airports System Revenue Bonds, Series 2006B (Non-AMT), issued pursuant to the Fourth Supplemental Resolution, maturing on October 1, 2022 through 2027.

Series 2006D Bonds means the State of Alaska International Airports System Revenue Refunding Bonds, Series 2006D (Non-AMT), issued pursuant to the Fourth Supplemental Resolution, maturing on October 1, 2017 through 2027.

Series 2009A Bonds means the State of Alaska International Airports System Variable Rate Demand Revenue Refunding Bonds, Series 2009A (Private Activity – Non-AMT), issued pursuant to the Fifth Supplemental Resolution, maturing on October 1, 2030.

Series 2015/2016 Bonds means the State of Alaska International Airports System Revenue Refunding Bonds, Series [2015/2016], issued in one or more series, pursuant to this Seventh Supplemental Resolution.

Series 2015/2016 Bond Insurance Policy means the municipal bond insurance policy, if any, issued by the Series 2015/2016 Insurer insuring the payment when due of the principal of and interest on one or more series of the Series 2015/2016 Bonds as provided therein.

Series 2015/2016 Insurer means the issuer of a Series 2015/2016 Bond Insurance Policy, if any, for the Series 2015/2016 Bonds of a series.

Seventh Supplemental Resolution means this Resolution No. 2015-07, as the same may be amended in accordance with its terms.

Surety Bond means the surety bond(s), if any, issued by the Surety Bond Issuer on the date(s) of issuance of the Series 2015/2016 Bonds for the purpose of satisfying all or a portion of the Reserve Account Requirement. There may be more than one Surety Bond.

Surety Bond Agreement means any Agreement(s) between the State and the Surety Bond Issuer with respect to the Surety Bond(s).

Surety Bond Issuer means any issuer(s) of the Surety Bond(s).

Underwriter means, together, Goldman, Sachs & Co., J.P. Morgan Securities LLC, Morgan Stanley & Co. and RBC Capital Markets, LLC.

Section 34.02. Rules of Construction. The following rules of construction shall be applied to this Seventh Supplemental Resolution.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Seventh Supplemental Resolution, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Seventh Supplemental Resolution as a whole and not to any particular Article, Section or subdivision hereof.

(d) In this Seventh Supplemental Resolution, the words "hereof," "herein," "hereto," "hereby" and "hereunder" (except in the form of Parity Bond) refer to this entire Seventh Supplemental Resolution.

(e) Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," "direction" or similar action hereunder by the AIAS shall, unless the form thereof is specifically provided, be in writing signed by the Authorized AIAS Representative.

<u>Section 34.03.</u> <u>Effect of Resolution</u>. Except as expressly provided herein, every term and condition contained in the Resolution shall apply to this Seventh Supplemental Resolution and to the Series 2015/2016 Bonds with the same force and effect as if the same were set forth herein at length.

ARTICLE XXXV
THE SERIES 2015/2016 BONDS

<u>Section 35.01.</u> <u>Authorization of the Series 2015/2016 Bonds</u>. As authorized by the Act, subject to the holding of a public hearing on the issuance of such bonds, the State shall issue one or more series of bonds to refund the Refunded Bonds, to fund a portion of the Reserve Account Requirement or purchase a Surety Bond therefore and to pay costs of issuance. The bonds may be designated Series 2015A, 2015B, 2016A and 2016B, as necessary, with additional designations as approved by the Designated Representative (the "Series 2015/2016 Bonds"). The Series 2015/2016 Bonds shall be issued in the aggregate principal amount of not to exceed $220,000,000.

<u>Section 35.02</u>. <u>Bond Details</u>.

(a) *Description of the Series 2015/2016 Bonds.* The Series 2015/2016 Bonds shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated as of the date of their original delivery, shall be in the denomination of $5,000 each or any integral multiple of $5,000 (provided that no Series 2015/2016 Bond of a series shall represent more than one maturity), and shall bear interest from their date, with the first interest payment occurring on the date set forth in the respective Bond Purchase Contract, and semiannually thereafter on the first days of each April and October and shall mature on October 1 in the years and principal amounts and shall bear interest at the rates set forth in the Bond Purchase Contract and as approved by the Designated Representative pursuant to Section 35.13 of this Seventh Supplemental Resolution.

(b) *Series 2015/2016 Bonds a Special Fund Obligation.* The Series 2015/2016 Bonds are not general obligations of the State, and no tax revenues of the State may be used to pay the principal of, premium, if any, and interest on the Series 2015/2016 Bonds.

The Series 2015/2016 Bonds shall be obligations only of the Bond Fund and shall be payable and secured as provided herein. The Series 2015/2016 Bonds do not constitute an indebtedness of the State within the meaning of the constitutional provisions and limitations of the State of Alaska.

Section 35.03. Redemption and Purchase.

(a) *Terms of Redemption for Series 2015/2016 Bonds.* The Series 2015/2016 Bonds may be subject to redemption as set forth in the Bond Purchase Contract and the manner of selection of Series 2015/2016 Bonds for redemption shall be as set forth in the Bond Purchase Contract.

(b) *Selection of the Series 2015/2016 Bonds for Redemption*. The maturities and series to be redeemed shall be selected by the State and, within a maturity, as long as the Series 2015/2016 Bonds are held in book-entry only form, the selection of the Series 2015/2016 Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Series 2015/2016 Bonds are no longer held in uncertificated form, the selection of such Series 2015/2016 Bonds to be redeemed shall be made as provided in this subsection (b). If the State redeems at any one time fewer than all of the Series 2015/2016 Bonds having the same maturity date, the particular Series 2015/2016 Bonds or portions of Series 2015/2016 Bonds of maturity within a series to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of $5,000. In the case of a Series 2015/2016 Bond of a denomination greater than $5,000, the State and Registrar shall treat each Series 2015/2016 Bond as representing such number of separate Series 2015/2016 Bonds each of the denomination of $5,000 as is obtained by dividing the actual principal amount of such Series 2015/2016 Bond by $5,000. In the event that only a portion of the principal sum of a Series 2015/2016 Bond is redeemed, upon surrender of the such Series 2015/2016 Bond at the designated corporate trust office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof or, at the option of the Registered Owner, a Series 2015/2016 Bond of like series, maturity and interest rate in any of the denominations herein authorized.

(c) *Notice of Redemption.*

(1) *Official Notice*. Unless waived by any owner of the Series 2015/2016 Bonds to be redeemed, official notice of any such redemption (which notice, in the case of an optional redemption, may be a conditional notice and shall state that redemption is conditioned by the Registrar on the receipt of sufficient funds for redemption) shall be given by the Registrar on behalf of the State by mailing a copy of an official redemption notice by first class mail at least 20 days prior to the date fixed for redemption to the Registered Owner of the Series 2015/2016 Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Funds received by the Registrar pursuant to a conditional notice of redemption described above shall be held uninvested until the date fixed for redemption.

All official notices of redemption shall be dated and shall state:

(A) the redemption date,

(B) the redemption price,

(C) if fewer than all Outstanding Series 2015/2016 Bonds are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of the Series 2015/2016 Bonds to be redeemed,

(D) that on the date fixed for redemption, provided that in the case of optional redemption the full amount of the redemption price is on deposit therefor, the redemption price will become due and payable upon each such Series 2015/2016 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(E) the place where such Series 2015/2016 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

Unless the State has revoked the notice of redemption in the case of an optional redemption, on or prior to any redemption date, the State shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 2015/2016 Bonds or portions of the Series 2015/2016 Bonds which are to be redeemed on that date.

Failure to give notice as to redemption of any Series 2015/2016 Bond or any defect in such notice shall not invalidate redemption of any other Series 2015/2016 Bond.

Notwithstanding the foregoing, if the Series 2015/2016 Bonds are then held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then in effect at DTC; *provided, however*, that the Series 2015/2016 Insurer, if any, shall be given prior written notice of any proposed redemption of Series 2015/2016 Bonds. In any event, notice of redemption shall be given by the State to the Registrar who shall give notice to DTC at least 20 days prior to the proposed date of redemption of the Series 2015/2016 Bonds.

(2) *Effect of Notice; Series 2015/2016 Bonds Due*. If notice of redemption has been duly given and, in the case of an optional redemption, money for the payment of the redemption price or portions thereof to be redeemed is held by the Registrar, then on the redemption date the Series 2015/2016 Bonds or portions thereof so called for redemption shall become payable at the redemption price specified in such notice; and from and after the redemption date, interest thereon or on portions thereof so called for redemption shall cease to accrue, such Series 2015/2016 Bonds or portions thereof shall cease to be Outstanding and to be entitled to any benefit, protection or security hereunder and the Owners of such Series 2015/2016 Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price upon delivery of such Series 2015/2016 Bonds to the Registrar. Upon surrender for any partial redemption of any Series 2015/2016 Bond, there shall be prepared for the Registered Owner a new Series 2015/2016 Bond of the same maturity and Series in the aggregate amount of the unpaid principal. All Series 2015/2016 Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

(3) *Additional Notice*. In addition to the foregoing notice, further notice shall be given by the State as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Series 2015/2016 Bonds being redeemed; (B) the date of issue of the Series 2015/2016 Bonds as originally issued; (C) the rate of interest borne by each Series 2015/2016 Bond being redeemed; (D) the maturity date of each Series 2015/2016 Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Series 2015/2016 Bonds being redeemed. Each further notice of redemption may be sent at least 25 days before the redemption date to each party entitled to receive a notice of redemption pursuant to Section 35.14, and to the Underwriter or to their business successors, if any, and to such persons (including the MSRB) and with such additional information as the Registrar deems appropriate, but such mailings shall not be a condition precedent to the redemption of such Series 2015/2016 Bonds.

(4) *Use of CUSIP Numbers*. Upon the payment of the redemption price of the Series 2015/2016 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by maturity, the Series 2015/2016 Bonds being redeemed with the proceeds of such check or other transfer.

(5) *Amendment of Notice Provisions*. The foregoing notice provisions of this Section 35.03, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended without the consent of any owners of the Series 2015/2016 Bonds by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

(d) *Purchase of the Series 2015/2016 Bonds for Retirement*. The State reserves the right to use at any time any Revenue on deposit in the Revenue Fund available after providing for the payments authorized by Section 3.02(b)(1) through (3) of the Resolution to purchase for retirement any of the Series 2015/2016 Bonds offered to the State at any price deemed reasonable to the State's Debt Manager.

(e) *Effect of Optional Redemption/Purchase*. To the extent that the State shall have optionally redeemed or purchased any Term Bonds since the last scheduled mandatory redemption of such Term Bonds, the State may reduce the principal amount of the Term Bonds of the same Series and maturity to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by the Designated Representative.

<u>Section 35.04</u>. <u>Place and Medium of Payment.</u>

(a) *Payment*. The payments of principal, interest, redemption price and purchase price of the Series 2015/2016 Bonds shall be payable in lawful money of the United States of America. For so long as all Series 2015/2016 Bonds are in fully immobilized form, such payments of principal and interest thereon shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations. In the event that the Series 2015/2016 Bonds are no longer in fully immobilized form, interest on such Series 2015/2016 Bonds shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to a Registered Owner of such Series 2015/2016 Bonds in aggregate principal amount of $1,000,000 or more who so requests) to the Registered Owners of the Series 2015/2016 Bonds at the addresses for such Registered Owners appearing on the Series 2015/2016 Bond Register on the 15th day of the month preceding the interest payment date. Principal and premium, if any, of the Series 2015/2016 Bonds shall be payable upon presentation and surrender of such Series 2015/2016 Bonds by the Registered Owners at the designated office of the Registrar.

(b) *Accrual of Interest*. Interest on the Series 2015/2016 Bonds shall be calculated on the basis of a 360-day year (twelve 30-day months).

<u>Section 35.05</u>. <u>Registration</u>.

(a) *Registrar/Series 2015/2016 Bond Register*. So long as any Series 2015/2016 Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange and registration of transfer of the Series 2015/2016 Bonds at its designated corporate trust office. The Registrar may be removed at any time as provided in Section 5.01 of the Resolution upon prior notice to the applicable Series 2015/2016 Insurer, as the case may be, DTC and a successor Registrar appointed by the Designated Representative. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. If a new Registrar has not been appointed within 30 days of such resignation or removal, the retiring Registrar may petition a court of competent jurisdiction for the appointment of a successor. Upon its resignation or removal, the Registrar shall transfer any Credit Facility or Liquidity Facility to the successor Registrar. The Registrar is authorized, on behalf of the State, to authenticate and deliver the Series 2015/2016 Bonds transferred or exchanged in accordance with the provisions of such Series 2015/2016 Bonds and this Seventh Supplemental Resolution and to carry out all of the Registrar's powers and duties under this Seventh Supplemental Resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2015/2016 Bonds.

(b) *Registered Ownership*. Payment of any such Series 2015/2016 Bond shall be made only as described in Section 35.04 hereof, but such Series 2015/2016 Bond may be transferred as herein provided. All such payments made as described in Section 35.04 shall be valid and shall satisfy and discharge the liability of the State upon such Series 2015/2016 Bond to the extent of the amount or amounts so paid.

Except as provided in Sections 35.14, the Registrar and the State may treat the Registered Owner of a Series 2015/2016 Bond as the absolute owner thereof for all purposes, whether or not such Series 2015/2016 Bond shall be overdue, and the Registrar and the State shall not be affected by any knowledge or notice to the contrary; and payment of the principal of and premium, if any, and interest on such Series 2015/2016 Bond shall be made only to such Registered Owner, which payments shall satisfy and discharge the liability of the State with respect to such Bond to the extent of the sum or sums so paid.

(c) *DTC Acceptance/Letter of Representations*. To induce DTC to accept the Series 2015/2016 Bonds as eligible for deposit at DTC, the State has executed and delivered to DTC the Letter of Representations.

Neither the State nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Series 2015/2016 Bonds in respect of the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal or redemption price of or interest on the Series 2015/2016 Bonds, any notice which is permitted or required to be given to Registered Owners under this Seventh Supplemental Resolution (except such notices as shall be required to be given by the State to the Registrar or to DTC), the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of the Series 2015/2016 Bonds or any consent given or other action taken by DTC as the Registered Owner.

(d) *Use of DTC/Book-Entry System.*

(1) *Series 2015/2016 Bonds Registered in the Name Designated by DTC.* The Series 2015/2016 Bonds shall be registered initially in the name of "CEDE & Co.," as nominee of DTC, (or such other name as may be requested by an authorized representative of DTC) with one Series 2015/2016 Bond maturing on the Maturity Date in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Series 2015/2016 Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, *provided that* any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute Securities Depository appointed by the Designated Representative pursuant to subsection (2) below or such substitute Securities Depository's successor; or (C) to any person as provided in paragraph (4) below.

(2) *Substitute Depository*. Upon the resignation of DTC or its successor (or any substitute Securities Depository or its successor) from its functions as Securities Depository or a determination by the Designated Representative that it is no longer in the best interest of Beneficial Owners to continue the system of book entry transfers through DTC or its successor (or any substitute Securities Depository or its successor), the Designated Representative may hereafter appoint a substitute Securities Depository. Any such substitute Securities Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) *Issuance of New Series 2015/2016 Bonds to Successor/Substitute Depository*. In the case of any transfer pursuant to clause (A) or (B) of paragraph (d)(1) above, the Registrar shall, upon receipt of all outstanding Series 2015/2016 Bonds, together with a written request on behalf of the Designated Representative, issue a single new Series 2015/2016 Bond for each maturity of such Series 2015/2016 Bonds then Outstanding, registered in the name of such successor or such substitute Securities Depository, or their nominees, as the case may be, all as specified in such written request of the Designated Representative.

(4) *Termination of Book-Entry System*. In the event that (A) DTC or its successor (or substitute Securities Depository or its successor) resigns from its functions as Securities Depository, and no substitute Securities Depository can be obtained, or (B) the Designated Representative determines that it is in the best interest of the Beneficial Owners of the Series 2015/2016 Bonds that they be able to obtain Series 2015/2016 Bond certificates, the ownership of Series 2015/2016 Bonds may then be transferred to any person or entity as herein provided, and the Series 2015/2016 Bonds shall no longer be held in fully immobilized form. The Designated Representative shall deliver a written request to the Registrar, together with a supply of definitive Series 2015/2016 Bonds, to issue Series 2015/2016 Bonds as herein provided in any Authorized Denomination. Upon receipt of all then Outstanding Series 2015/2016 Bonds by the Registrar together with a written request on behalf of the Designated Representative to the Registrar, new Series 2015/2016 Bonds shall be issued in such authorized denominations and registered in the names of such persons as are requested in such written request.

(e) *Transfer or Exchange of Registered Ownership; Change in Denominations*. If the Series 2015/2016 Bonds are no longer held in immobilized, book-entry form, the transfer of ownership of any Series 2015/2016 Bond may be registered and such Series 2015/2016 Bonds may be exchanged, but no transfer of any Series 2015/2016 Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such Series 2015/2016 Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 2015/2016 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Series 2015/2016 Bond (or Series 2015/2016 Bonds at the option of the new Registered Owner) of the same date, designation, if any, maturity date and interest rate and for the same aggregate principal amount in any Authorized Denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 2015/2016 Bond, in exchange for such surrendered and canceled Series 2015/2016 Bond. Any Series 2015/2016 Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Series 2015/2016 Bonds of the same date, series, maturity date and interest rate. Other than in connection with an optional or mandatory tender for purchase, the Registrar shall not be obligated to transfer or exchange any Series 2015/2016 Bond during the five-day period prior to the selection of Series 2015/2016 Bonds for redemption or the Maturity Date or following any mailing of notice of redemption. No charge shall be imposed upon Registered Owners in connection with any transfer or exchange, except for taxes or governmental charges related thereto.

(f) *Registrar's Ownership of the Series 2015/2016 Bonds*. The Registrar may become the Registered Owner of any Series 2015/2016 Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Series 2015/2016 Bonds.

(g) *Registration Covenant*. The State covenants that, until all Series 2015/2016 Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 2015/2016 Bond that complies with the provisions of Section 149 of the Code.

Section 35.06. Application of Proceeds of the Series 2015/2016 Bonds. Upon receipt of payment for any of the Series 2015/2016 Bonds when the same shall have been sold by the State, the State shall forthwith deposit the proceeds received from such sale in the following respective funds, in each case as specified in the closing memorandum prepared and delivered in connection with the delivery of each Series:

(a) *Interest Account*. The State shall deposit with the Registrar in the Interest Account established pursuant to Section 3.02 of the Resolution the accrued interest to the date of payment, if any, of the purchase price of the Series 2015/2016 Bonds received upon the sale thereof.

(b) *Insurance Premium; Surety Bond*. The State shall transfer or the Underwriter shall transfer directly the necessary amount of proceeds to pay the insurance premium for the Series 2015/2016 Bond Insurance Policy, if any, and one or more Surety Bonds to the Series 2015/2016 Insurer.

(c) *Escrow*. The State shall transfer the necessary amount of proceeds of a portion of the Series 2015/2016 Bonds to the Escrow Agent to refund the Refunded Bonds under the terms of the Escrow Agreement and pay issuance costs under the terms of the Cost of Issuance Agreement.

Section 35.07. Reserve Account. There is hereby authorized to be created in the Reserve Account a subaccount for the Series 2015/2016 Bonds. The State hereby covenants and agrees that on the date of issuance of each Series of the Series 2015/2016 Bonds, it will deposit funds into the Reserve Account in the amount necessary to satisfy the Reserve Account Requirement attributable to the Series 2015/2016 Bonds (then being issued), or purchase one or more Surety Bonds therefor, which with the remaining balance on hand in the Reserve Account (currently in the form of a surety bond and cash reserve) to be equal to the Reserve Account Requirement.

The Designated Representative may decide to utilize one or more Surety Bonds to satisfy the Reserve Account Requirement. Upon such election, the Designated Representative is hereby authorized to execute and deliver one or more Surety Bond Agreements with one or more Surety Bond Issuers to effect the delivery of the Surety Bond(s).

Section 35.08. Defeasance. If money and/or noncallable Government Obligations maturing at such time(s) and bearing such interest to be earned thereon (without any reinvestment thereof) as will provide a series of payments which shall be sufficient together with any money initially deposited, to provide for the payment of the principal of, premium, if any, and interest on all or a designated portion of the Series 2015/2016 Bonds when due (whether at maturity or upon earlier redemption in accordance with their respective terms) to effect such payment and are pledged irrevocably in accordance with a refunding or defeasance plan adopted by the State for the purpose of effecting such payment, then no further payments need be made in the Bond Fund for the payment of the principal of, interest or redemption premium on such Series 2015/2016 Bonds, the Registered Owners thereof shall cease to be entitled to any lien, benefit or security of this resolution, except the right to receive payment of the principal of, premium, if any, and interest on such Series 2015/2016 Bonds when due in accordance with their respective terms from the money and the principal and interest proceeds on the Government Obligations set aside in the trust account, and such Series 2015/2016 Bonds shall no longer be deemed to be Outstanding hereunder, or under any resolution authorizing the issuance of bonds or other indebtedness of the State.

Within 30 days of any defeasance of the Series 2015/2016 Bonds, the State shall provide notice of defeasance of the Series 2015/2016 Bonds to Registered Owners of the Series 2015/2016 Bonds being defeased, to the Series 2015/2016 Insurer, as applicable, and to each party entitled to receive notice in accordance with Section 35.14. If any defeasance is effected with, in whole or in part, Government Obligations, a verification report by a verification agent or independent accounting firm to the effect that such deposit is sufficient to pay the principal, interest and premium (if any) on the Series 2015/2016 Bonds as they become due, must be delivered to the Registrar prior to such defeasance.

Section 35.09. Tax Covenants. The State covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Series 2015/2016 Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Series 2015/2016 Bonds.

(a) *Arbitrage Covenant.* Without limiting the generality of the foregoing, the State covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Series 2015/2016 Bonds or any other funds of the State which may be deemed to be proceeds of the Series 2015/2016 Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the Series 2015/2016 Bonds to the initial purchasers thereof, would have caused the Series 2015/2016 Bonds to be "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code. The State will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Series 2015/2016 Bonds.

(b) *Use of Proceeds of the Series 2015/2016 Bonds issued to refinance the Series 1999A Bonds, the Series 1999C Bonds, the Series 2006A Bonds and the Series 2009A Bonds*. The Series 1999A Bonds, the Series 1999C Bonds, the Series 2006A Bonds and the Series 2009A Bonds include only facilities that are directly related and essential to:

(1) servicing aircraft or enabling aircraft to take off and land, or

(2) transferring passengers or cargo to or from aircraft or functionally related and subordinate to such airport facilities.

The State will, at all times while the Series 2015/2016 Bonds issued to refinance the Series 1999A Bonds, the Series 1999C Bonds, the Series 2006A Bonds and the Series 2009A Bonds are Outstanding, be the owner of all elements of the components of the Series 1999A Bonds, the Series 1999C Bonds, the Series 2006A Bonds and the Series 2009A Bonds being refinanced with such Series 2015/2016 Bonds. If any portion of the components of the Series 1999A Bonds, the Series 1999C Bonds, the Series 2006A Bonds and the Series 2009A Bonds is the subject of a lease or management contract with an entity other than a governmental unit, then the lease or management contract must meet the requirements of Section 142(b)(1)(B) of the Code.

The components of the Series 1999A Bonds, the Series 1999C Bonds, the Series 2006A Bonds and the Series 2009A Bonds refinanced with the proceeds of the Series 2015/2016 Bonds shall not include any:

(A) lodging facility,

(B) retail facility (including food and beverage facilities) in excess of a size necessary to serve passengers and employees,

(C) retail facility (other than parking) for passengers or the general public located outside the airport,

(D) office building for persons who are not employees of a governmental unit or the State, or

(E) industrial park or manufacturing facility, that is to be used for any private business use (within the meaning of Section 141(b)(6) of the Code).

Any element of any component of the Series 1999A Bonds, the Series 1999C Bonds, the Series 2006A Bonds and the Series 2009A Bonds being refinanced that is an office must be located at the airport and no more than a de minimis amount of the functions performed at such office may not be directly related to day-to-day operations of the airport. Any storage or training facilities included in any project must be located at the airport and must be of a character and size commensurate with the character and size of the airport.

All elements of the components of the Series 1999A Bonds, the Series 1999C Bonds, the Series 2006A Bonds and the Series 2009A Bonds being refinanced need to be located at or in close priority to the take-off and landing area in order to perform their functions.

Any land acquired by the State as a part of the Series 1999A Bonds, the Series 1999C Bonds, the Series 2006A Bonds and the Series 2009A Bonds being refinanced will be (i) acquired solely to mitigate damages attributable to airport noise or (ii) land that is adjacent to the airport, impaired by a significant level of airport noise and (I) in the case of improved land, use of the land and improvements before acquisition is incompatible with the airport noise level, use after acquisition is compatible with the airport noise level and the post-acquisition use is essentially different from the pre-acquisition use or (II) in the case of unimproved land (including agricultural land), use of the land after its acquisition will not be incompatible with the level of airport noise.

(c) *Arbitrage Rebate*. If the State does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the required rebate to the United States, the State will take all necessary steps to comply with the requirement that certain amounts earned by the State on the investment of the "gross proceeds" of the Series 2015/2016 Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the State will (i) maintain records regarding the investment of the gross proceeds of the Series 2015/2016 Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Series 2015/2016 Bonds separately from records of amounts on deposit in the funds and accounts of the State allocable to other bond issues of the State or moneys which do not represent gross proceeds of any bonds of the State, (ii) calculate at such times as are required by applicable regulations, the amount earned from the investment of the gross proceeds of the Series 2015/2016 Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Series 2015/2016 Bonds or on such other dates as may be permitted under applicable regulations, all amounts required to be rebated to the federal government. Further, the State will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Series 2015/2016 Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(d) *Modification of Tax Covenants*. The covenants of this section are specified solely to assure the continued exemption from federal income taxation of the interest on the Series 2015/2016 Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof (and without the consent of the Series 2015/2016 Insurer, the Registrar or any Registered Owner) upon receipt of an opinion of the State's Bond Counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Series 2015/2016 Bonds.

<u>Section 35.10</u>. <u>Lost, Stolen, Mutilated or Destroyed Series 2015/2016 Bonds</u>. In case any Series 2015/2016 Bond or Series 2015/2016 Bonds shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 2015/2016 Bond or Series 2015/2016 Bonds

of like series, date, number and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the State in connection therewith and upon his filing with the State evidence satisfactory to the State that such Series 2015/2016 Bond was actually lost, stolen or destroyed (including the presentation of a mutilated Series 2015/2016 Bond) and of his ownership thereof, and upon furnishing the State and the Registrar with indemnity satisfactory to the State and the Registrar.

Section 35.11. Form of the Series 2015/2016 Bonds and Registration Certificate.

(a) *Required Recital*. Each Series 2015/2016 Bond shall include a recital to the effect that it is issued under AS 37.15.410 - 37.15.550.

(b) *Series 2015/2016 Bonds*. The Series 2015/2016 Bonds shall be in substantially the following form:

[STATEMENT OF INSURANCE]

UNITED STATES OF AMERICA

NO. ______ $____________

STATE OF ALASKA

INTERNATIONAL AIRPORTS SYSTEM REVENUE REFUNDING BOND,
SERIES [2015/2016][__] [(AMT/ NON-AMT)]

MATURITY DATE: CUSIP NO. _______

INTEREST RATE:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE STATE OF ALASKA (the "State"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the State known as the "International Airports Revenue Bond Redemption Fund" (the "Bond Fund") the Principal Amount indicated above and to pay interest thereon from the Bond Fund from ___________, 20__, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each April and October, beginning on ________ 1, 20__. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the State to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A., acting through its agency office (the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of a series of bonds of the State in the aggregate principal amount of $________ of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued under AS 37.15.410 – 37.15.550 and pursuant to Resolution No. 99-01 as supplemented by Supplemental Resolution No. 2015-07 of the State Bond Committee (collectively, the "Bond Resolution") to pay part of the costs of refunding certain outstanding bonds.

The bonds of this issue are subject to redemption as stated in the Bond Purchase Contract.

[The bonds of this series are private activity bonds. The bonds of this series are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.]

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC's operational arrangements. The State and Registrar shall deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

The State hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The State does hereby pledge and bind itself to set aside from Revenues and to pay into the Bond Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of Revenues into the Bond Fund are hereby declared to be a first and prior lien and charge upon the Revenues, if any, equal in rank to the lien and charge upon such Revenues of the amounts required to pay and secure the payment of the Outstanding Parity Bonds and any revenue bonds of the State hereafter issued on a parity with the bonds of this issue.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and resolutions of the State and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the State of Alaska has caused this bond to be executed by the manual or facsimile signatures of the Governor and attested by the Lieutenant Governor, and the seal of the State to be impressed or a facsimile thereof imprinted hereon as of the ____ day of _____________, 20__.

STATE OF ALASKA

By ______________/s/________________
Governor

ATTEST:

____________/s/________________
Lieutenant Governor

CERTIFICATE OF AUTHENTICATION

Date of Authentication: ____________________

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the State of Alaska International Airports System Revenue Refunding Bonds, Series [2015/2016][__] [(AMT/Non-AMT)] of the State of Alaska, dated _______________, 20__.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., Registrar

By __________________________________
Authorized Signer

In the event any Series 2015/2016 Bonds are no longer in fully immobilized form, the form of such Series 2015/2016 Bonds may be modified to conform to printing requirements and the terms of this Seventh Supplemental Resolution.

Section 35.12. Execution. The Series 2015/2016 Bonds shall be executed on behalf of the State with the manual or facsimile signature of the Governor, shall be attested by the manual or facsimile signature of the Lieutenant Governor and shall have the seal of the State impressed or a facsimile thereof imprinted thereon.

Only such Series 2015/2016 Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Seventh Supplemental Resolution. Such Certificate of Authentication shall be conclusive evidence that the Series 2015/2016 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Seventh Supplemental Resolution.

In case either of the officers of the State who shall have executed the Series 2015/2016 Bonds shall cease to be such officer or officers of the State before the Series 2015/2016 Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the State, such Series 2015/2016 Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the State as though those who signed the same had continued to be such officers of the State. Any Series 2015/2016 Bond may also be signed and attested on behalf of the State by such persons as at the actual date of execution of such Series 2015/2016 Bond shall be the proper officers of the State although at the original date of such Series 2015/2016 Bond any such person shall not have been such officer.

Section 35.13. Designation of Refunded Bonds and Sale of the Series 2015/2016 Bonds.

(a) *Designation of Refunded Bonds.* As outlined in recitals of this Seventh Supplemental Resolution, the Refunding Candidates may be called for redemption prior to their scheduled maturities. All or some of the Refunding Candidates may be refunded with the proceeds of the Series 2015/2016 Bonds authorized by this Seventh Supplemental Resolution. The Designated Representative may select some or all of the Refunding Candidates and designate those Refunding Candidates as the "Refunded Bonds" in the Bond Purchase Contract if and to the extent (a) the average maturity of the Refunding Bonds is not greater than 120% of average reasonably expected economic life of the assets financed with the proceeds of the Refunded Bonds and (b) that the net present value aggregate savings with respect to Refunded Bonds to be realized as a result of the refunding of the Refunded Bonds, after payment of all costs of issuance of the allocable Series 2015/2016 Bonds, exceeds the Savings Target.

(b) *Sale of the Series 2015/2016 Bonds.* The Series 2015/2016 Bonds shall be sold at negotiated sale to the Underwriter in one or more series pursuant to the terms of one or more Bond Purchase Contract. The Designated Representative is authorized and directed to publicize and conduct a public hearing or hearings on the issuance of the Series 2015/2016 Bonds as required by Section 147 of the Internal Revenue Code of 1986, as amended. Following a public hearing or hearings, the Designated Representative is authorized to negotiate terms for the purchase of the Series 2015/2016 Bonds in one or more series and execute the Bond Purchase Contract(s), with such terms as are approved by the Designated Representative pursuant to this section and consistent with this resolution. The Committee has determined that it would be in the best interest of the State to delegate to the Designated Representative for a limited time the authority to determine the final series designations, final interest rates, maturity dates, aggregate principal amounts, terms of redemption and redemption rights and principal amounts of each maturity of the Series 2015/2016 Bonds. The Designated Representative is hereby authorized to approve the final interest rates, maturity dates, aggregate principal amounts, principal maturities, terms of redemption and redemption rights for the Series 2015/2016 Bonds in the manner provided hereafter so long as the aggregate principal amount of the Series 2015/2016 Bonds does not exceed $220,000,000.

In designating the Refunded Bonds, determining final series designations, final interest rates, maturity dates, aggregate principal amounts, principal maturities, terms of redemption and redemption rights, the Designated Representative, in consultation with State staff, shall take into account those factors that, in his judgment, will result in the overall lowest true interest cost on the Series 2015/2016 Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Series 2015/2016 Bonds. Subject to the terms and conditions set forth in this Section 35.13, the Designated Representative is hereby authorized to execute the final form of each Bond Purchase Contract, upon the Designated Representative approval of the final interest rates, maturity dates, aggregate principal amounts, principal maturities, terms of redemption and redemption rights, set forth therein. Following the execution of a Bond Purchase Contract, the Designated Representative shall provide a report to the Committee, describing the final terms of the Series 2015/2016 Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representative by this Section 35.13 shall expire 120 days after the date of approval of this resolution. If a Bond Purchase Contract for the Series 2015/2016 Bonds has not been executed within 120 days after the date of final approval of this resolution, the authorization for the issuance the Series 2015/2016 Bonds shall be rescinded, and the Series 2015/2016 Bonds shall not be issued nor their sale approved unless the Series 2015/2016 Bonds shall have been re-authorized by resolution of the Committee. The resolution re-authorizing the issuance and sale of such Series 2015/2016 Bonds may be in the form of a new resolution repealing this resolution in whole or in part (only with respect to the Series 2015/2016 Bonds not issued) or may be in the form of an amendatory resolution approving a purchase contract or establishing terms and conditions for the authority delegated under this Section 35.13.

Upon the passage and approval of this Seventh Supplemental Resolution, the proper officials of the State including the Designated Representative, are authorized and directed to undertake all action necessary for holding of a public hearing or hearings, for the prompt execution and delivery of the Series 2015/2016 Bonds to the Underwriter thereof to purchase the Series 2015/2016 Bond Insurance Policy and further to execute Bond Purchase Contracts and all closing certificates and documents required to effect the closing and delivery of the Series 2015/2016 Bonds in accordance with the terms of the respective Bond Purchase Contract. In furtherance of the foregoing, the Designated Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including underwriter's discount, the fees and expenses specified in the respective Bond Purchase Contract, including fees and expenses of underwriter and other retained services, including Bond Counsel, financial advisor, Consultant, rating agencies, fiscal agency, escrow agent, verification agent, escrow bidding agent and other expenses customarily incurred in connection with issuance and sale of bonds. The disbursement of Series 2015/2016 Bond proceeds to pay certain costs of issuance shall be made by the Escrow Agent under the terms set forth in a Cost of Issuance Agreement.

The Designated Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the State, the Official Statement(s) (and any Preliminary Official Statement) (both as defined in the respective Bond Purchase Contract) relating to the issuance and sale of the Series 2015/2016 Bonds and the distribution of the Official Statement(s) pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

The Designated Representative is hereby authorized to deem final the preliminary Official Statement(s) relating to each Series of Series 2015/2016 Bonds for the purposes of the Rule.

As a condition precedent to the issuance of the Series 2015/2016 Bonds, the State shall comply with the provisions of Sections 2.02, 2.03 and 2.04 of the Resolution, so that the Series 2015/2016 Bonds may be issued as Parity Bonds.

Section 35.14. Undertaking to Provide Ongoing Disclosure. The Committee hereby authorizes the Debt Manager to enter into agreements for ongoing disclosure, substantially in the form attached to the Preliminary Official Statement for each Series of the Series 2015/2016 Bonds for the benefit of the Beneficial Owners of the Series 2015/2016 Bonds in order to assist the Underwriter in complying with Section (b)(5) of the Rule.

Section 35.15. Series 2015/2016 Bond Insurance Policy; Provisions Relating to the Series 2015/2016 Insurer. The payments of the principal of and interest on one or more series, or principal maturities within one or more series, of the Series 2015/2016 Bonds may be insured by the issuance of the Series 2015/2016 Bond Insurance Policy. The Designated Representative, with the assistance of the Underwriter, shall solicit proposals from municipal bond insurance companies, and the Designated Representative, in consultation with the State's financial advisor, is hereby authorized to select the proposal that is deemed to be the most cost effective and further to execute the bond insurance commitment and other agreements with the Series 2015/2016 Insurer, which may include such covenants and conditions as shall be approved by the Designated Representative.

Section 35.16. Refunding. The Committee hereby authorizes the Designated Representative to solicit proposals for and select a financial institution to act as the escrow agent for the Refunded Bonds (the "Escrow Agent"). The Series 2015/2016 Bond proceeds designated together with a cash contribution from the State shall be transferred irrevocably to the Escrow Agent in order to implement the refunding plan. The proceeds of the Series 2015/2016 Bonds remaining after acquisition of such obligations and provision for the necessary beginning cash balance shall be utilized to pay expenses of the acquisition and safekeeping of such obligations and expenses of the issuance of the Series 2015/2016 Bonds and/or returned to the State for the payment of such expenses.

A portion of the proceeds of the sale of the Series 2015/2016 Bonds in the dollar amount certified by the State to the Escrow Agent shall be delivered to the Escrow Agent for the purpose of defeasing the Refunded Bonds.

Money received by the Escrow Agent from Series 2015/2016 Bond proceeds and other money provided by the State, shall be used immediately by the Escrow Agent upon receipt thereof in accordance with the terms of the Escrow Agreement to defease the Refunded Bonds as authorized by the Resolution, the First Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution and the Fifth Supplemental Resolution and pay costs of issuance allocable to the Series 2015/2016 Bonds. The State shall defease the Refunded Bonds and discharge such obligations by the use of money deposited with the Escrow Agent to purchase certain Government Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of interest on the Bonds through their respective call dates and the redemption price of the Refunded Bonds being redeemed on their earliest call dates as provided in the Escrow Agreement.

A beginning cash balance, if any, and Acquired Obligations shall be deposited irrevocably with the Escrow Agent in an amount sufficient to defease the Refunded Bonds, as evidenced by a report of a verification agent or independent accounting firm, delivered hereunder. The proceeds of the Series 2015/2016 Bonds remaining with the Escrow Agent after acquisition of the Acquired Obligations and provision for the necessary beginning cash balance shall be utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations and expenses of the issuance of the Series 2015/2016 Bonds.

Section 35.17. Call for Redemption of the Refunded Bonds. The State hereby irrevocably sets aside sufficient funds out of the purchase of Acquired Obligations from proceeds of the Series 2015/2016 Bonds to make the payments described in Section 35.16 of this Seventh Supplemental Resolution.

The State hereby irrevocably calls the Refunded Bonds for redemption as provided in the Escrow Agreement and in accordance with the provisions of the Resolution, the First Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution and the Fifth Supplemental Resolution authorizing the redemption and retirement of the Series 1999A Bonds, the Series 1999C Bonds, the Series 2003B Bonds, the Series 2006A Bonds, the Series 2006B Bonds, the Series 2006D Bonds and the Series 2009A Bonds, respectively, prior to their fixed maturity.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the final establishment of the escrow account and delivery of the Acquired Obligations to the Escrow Agent.

The Escrow Agent is hereby authorized and directed to provide for the timely giving of notice of the redemption of the Refunded Bonds in accordance with the applicable provisions of the Resolution, the First Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution and the Fifth Supplemental Resolution. The Designated Representative is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor. The costs of publication of such notice shall be an expense of the State.

The Escrow Agent is hereby authorized and directed to pay to the Designated Representative, or, at the direction of the Designated Representative, to the paying agent for the Refunded Bonds, sums sufficient to pay, when due, the payments specified in of Section 35.16 of this Seventh Supplemental Resolution. All such sums shall be paid from the moneys and Acquired Obligations deposited with said Escrow Agent pursuant to Section 35.16 of this Seventh Supplemental Resolution and the income therefrom and proceeds thereof. All such sums so paid to or at the direction of said Designated Representative shall be credited to a refunding account. All moneys and Acquired Obligations deposited with said Escrow Agent and any income therefrom shall be held, invested (but only at the direction of the Designated Representative) and applied in accordance with the provisions of the Escrow Agreement.

The State will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due.

In order to carry out the purposes of Section 35.16 of this Seventh Supplemental Resolution and of this section, the Designated Representative is authorized and directed to execute and deliver to the Escrow Agent a copy of the Escrow Agreement.

ARTICLE XXXVI
COMPLIANCE WITH PARITY CONDITIONS

Section 36.01. Requirements of Supplemental Resolution. In connection with Section 2.02 of the Resolution the State hereby finds that this Seventh Supplemental Resolution specifies and provides for the following:

(a) the authorized principal amount and designation of the Series 2015/2016 Bonds;

(b) the general purpose or purposes for which the Series 2015/2016 Bonds are being issued, and the deposit, disbursement and application of the proceeds of the sale of the Parity Bonds;

(c) the date or dates, and the maturity date or dates, of the Series 2015/2016 Bonds, and the principal amount maturing on each maturity date;

(d) the interest rate or rates on the Series 2015/2016 Bonds (which may be a rate of zero) and the interest payment date or dates therefor, and whether such interest rate or rates shall be fixed, variable or a combination of both and, if necessary, the manner of determining such rate or rates;

(e) the circumstances, if any, under which the Series 2015/2016 Bonds will be deemed to be no longer Outstanding;

(f) the currency or currencies in which the Series 2015/2016 Bonds are payable;

(g) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Series 2015/2016 Bonds;

(h) the place or places of payment of the principal, redemption price, if any, or purchase price, if any, of and interest on, the Series 2015/2016 Bonds;

(i) the tender agent or tender agents, if any, for the Series 2015/2016 Bonds and the duties and obligations thereof;

(j) the remarketing agent or remarketing agents, if any, for the Series 2015/2016 Bonds and the duties and obligations thereof;

(k) the registrar or trustee, if any, for the Series 2015/2016 Bonds and the duties and obligations thereof;

(l) the form or forms of the Series 2015/2016 Bonds and any coupons attached thereto, which may include but shall not be limited to, registered form, bearer form with or without coupons, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Series 2015/2016 Bonds;

(m) the terms and conditions, if any, for the redemption of the Series 2015/2016 Bonds prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms;

(n) the terms and conditions, if any, for the purchase of the Series 2015/2016 Bonds upon any optional or mandatory tender for purchase prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms;

(o) the manner of sale of the Series 2015/2016 Bonds, with or without a premium or a discount;

(p) if so determined by the State, the authorization of and any terms and conditions with respect to credit or liquidity support for the Series 2015/2016 Bonds and the pledge or provision of moneys, assets or security other than Revenues to or for the payment of the Series 2015/2016 Bonds or any portion thereof;

(q) a subaccount within the Reserve Account for the Series 2015/2016 Bonds and the application of moneys or securities therein; and

(r) any other provisions which the State deems necessary or desirable in connection with the Series 2015/2016 Bonds.

Section 36.02. General Compliance with Parity Conditions.

The State hereby finds and determines, as required by Section 2.03 of the Resolution, as follows:

First: The issuance of the Series 2015/2016 Bonds is authorized by the Act.

Second: The Series 2015/2016 Bonds are being issued to refund outstanding airport revenue bonds of the State.

Third: The State is currently and upon issuance of the Series 2015/2016 Bonds will be in compliance with all covenants set forth in the Resolution.

Fourth: There shall have been filed prior to the issuance of the Series 2015/2016 Bonds a certificate of the State (prepared as described in subsection (c) of Section 2.03) demonstrating fulfillment of the Coverage Requirement.

The conditions set forth in Sections 2.03 and Section 2.04 of the Resolution having been complied with prior to the issuance of the Series 2015/2016 Bonds, the payments into the Bond Fund for the payment of the principal of and interest on the Series 2015/2016 Bonds and the payments required by this Seventh Supplemental Resolution to be made into the Reserve Account shall constitute a lien and charge upon the money in the Revenue Fund equal in rank with the lien and charge on the money in such fund for the payments required to be made into the Bond Fund and into the Reserve Account to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds.

Said certificates having been obtained, the Series 2015/2016 Bonds shall be Parity Bonds, having an equal lien and charge upon Revenue of the System required to be paid into the Bond Fund and the Reserve Account therein to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds.

ARTICLE XXXVII
MISCELLANEOUS

Section 37.01. Liability of State Limited to Revenues. Notwithstanding anything contained in this Seventh Supplemental Resolution, the State shall not be required to advance any moneys derived from the proceeds of any taxes, or from any source of income other than the Revenues, for the payment of the principal of or interest on the Parity Bonds, for the maintenance and operation of the airports or for the performance of any covenants herein contained. Nevertheless, the State may, but shall not be required to, advance for any of the purposes hereof any moneys which the Legislature may hereafter authorize.

The Parity Bonds shall be revenue bonds, secured exclusively by the Revenues as in the Resolution provided. The Parity Bonds are not a general obligation of the State, and the general fund of the State is not liable, and the credit or taxing power of the State is not pledged, for the payment of the Parity Bonds or their interest. The owners of the Parity Bonds, or the coupons thereto appertaining, shall never have the right to compel the exercise of the taxing power by the State or the forfeiture of any property of the State.

Section 37.02. Benefits of Resolution Limited to Parties. Nothing in this Seventh Supplemental Resolution, expressed or implied, is intended to give to any person other than the State, the Registrar, the Paying Agents, and the owners of the Parity Bonds and coupons, any right, remedy or claim under or by reason of the Resolution or this Seventh Supplemental Resolution. Any covenants, stipulations, promises or agreements in the Resolution or this Seventh Supplemental Resolution contained by and on behalf of the State shall be for the sole and exclusive benefit of the owners of the Parity Bonds and coupons, the Registrar.

Section 37.03. Successor Is Deemed Included in All References to Predecessor. Whenever, in this Seventh Supplemental Resolution, the Committee, any officer of the State or the Registrar is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements contained in the Resolution by or on behalf of the Committee, any officer of the State or the Registrar shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 37.04. Discharge of Resolution; Supplement to Resolution No. 99-01.

If —

(i) all of the outstanding Parity Bonds shall have matured, or if notice of redemption of all of the outstanding Parity Bonds prior to maturity shall have been given, or provision satisfactory to the Registrar shall have been irrevocably made for the giving of such notice, and if the State shall have deposited with the Registrar, in trust, funds pursuant to the Resolution sufficient to pay and available for the payment of all amounts then due and thereafter to become due on all Parity Bonds, including all principal, interest and redemption premiums, or

(ii) all of the outstanding Parity Bonds are to be refunded, and the conditions set forth in Section 2.04 of the Resolution have been satisfied with respect to such Parity Bonds,

then, at the election of the State, and notwithstanding that any Parity Bonds or interest coupons shall not have been surrendered for payment, the pledge of the Revenues provided for in the Resolution and all other obligations of the State under the Resolution shall cease and terminate, except only the obligation of the State to pay or cause to be paid to the owners of the Parity Bonds and interest coupons not so surrendered and paid all sums due thereon. Notice of such election shall be filed with the Registrar.

Any funds held by any Registrar, at the time of receipt by the Registrar of such notice from the State, which are not required for the purpose above mentioned, shall be paid over to the Registrar. Any funds thereafter held by the Registrar, which are not required for said purpose, shall be paid over to the State.

This Seventh Supplemental Resolution is intended to supplement Resolution No. 99-01 of the Committee.

Section 37.05. Execution of Documents by Parity Bondowners. Any request, consent or other instrument which the Resolution may require or permit to be executed by Parity Bondowners may be in one or more instruments of substantially similar tenor, and shall be executed by Parity Bondowners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Parity Bondowner or his attorney of any such request, consent or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the amount of Parity Bonds transferable by delivery held by any person executing any such request, consent or other instrument or writing as a Parity Bondowner, the numbers of the Parity Bonds held by such person, and the date of his holding such Parity Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Registrar, executed by a trust company, bank, banker or other depositary wherever situated, showing that at the date therein mentioned such person had on deposit with such depositary, or exhibited to it, the Parity Bonds described in such certificate. The Registrar and the State may conclusively assume that such ownership continues until written notice to the contrary is served upon the Registrar. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Parity Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Registrar may deem sufficient. The Registrar may nevertheless, in its discretion, require further or other proof in cases where it deems the same desirable. The ownership of registered Parity Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, consent or other instrument or writing of the owner of any Parity Bond shall bind all future owners of such Parity Bond in respect of anything done or suffered to be done by the Registrar or the State in good faith and in accordance therewith.

Section 37.06. Waiver of Personal Liability. No member of the Committee and no officer, agent or employee of the State, or of any department or agency thereof, shall be individually or personally liable for the payment of the principal of or interest on the Parity Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 37.07. Publication for Successive Weeks. Any publication to be made under the provisions of the Resolution in successive weeks may be made in each instance upon any business day of the week and need not be made on the same day of any succeeding week or in the same newspaper for any or all of the successive publications, but may be made in different newspapers.

Section 37.08. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Seventh Supplemental Resolution on the part of the State (or of the Registrar) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Seventh Supplemental Resolution or of the Parity Bonds; but the Parity Bondowners shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

Section 37.09. Payments Due on Holidays. Subject to Article II, if an Interest Payment Date is not a business day then payment shall be made on the next business day and no interest shall accrue for the intervening period.

Section 37.10. Notices to Rating Agencies. The State shall give immediate notice to each Rating Agency then maintaining a rating on the Series 2015/2016 Bonds in the event:

(a) The Registrar resigns or is replaced;

(b) This Seventh Supplemental Resolution is amended or supplemented; or

(c) There has been a redemption or defeasance of the Series 2015/2016 Bonds.

Section 37.11. Effective Date. This Seventh Supplemental Resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the 27th day of October, 2015.

STATE OF ALASKA
STATE BOND COMMITTEE

____
CHRIS HLADICK
Commissioner, Department of Commerce
Community and Economic Development
Chair and Member
Alaska State Bond Committee

____
SHELDON FISHER
Commissioner, Department of Administration
Member
Alaska State Bond Committee

____
RANDALL HOFFBECK
Commissioner, Department of Revenue
Secretary and Member
Alaska State Bond Committee

Approved as to form:

____
Alaska Department of Law
State of Alaska

CERTIFICATE

I, the undersigned, Secretary of the State Bond Committee of the State of Alaska (herein called the "Committee") DO HEREBY CERTIFY:

1. That the attached Supplemental Resolution numbered 2015-07 (herein called the "Resolution") is a true and correct copy of a resolution of the Committee as adopted at a meeting held on October 27, 2015, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Committee voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of October, 2015.

____
Secretary

BRIEF DISCUSSION ON FORWARD REFUNDINGS

Forward refundings are similar in some respects to a traditional current refundings except that rather than a typical 2-4 week period between the pricing (and signing of the bond purchase contract) and the closing, the period between pricing and closing is longer (approximately 8 months in this case).

Because of the longer closing period, investors (buyers) demand a yield premium (higher borrowing rate to the issuer) to compensate for the forward period and the illiquidity on the bonds during the longer closing period.

A forward refunding may be employed when an advance refunding is not permissible under the IRS Code (usually because the bonds to be refunded are themselves advance refunding bonds, such as the 2006D Bonds, or are AMT bonds).

The "forward" mechanism (i.e. price now, close later, no escrow) permits an issuer to avail itself of the economic benefits of an "advance" refunding (i.e. price now, close now, escrow to call date) meaning current interest rates can be used to secure the refunding value rather than having to wait for the opportunity to current refund in the future.

While an advance refunding is not permissible for the 2006D Bonds (as they are a prior advance refunding), in the consideration by the State/AIAS of **either** (i) employing the forward refunding structure (securing current known savings, but bearing the forward premium) or (ii) not employing the forward refunding, and waiting until next summer to presumably current refund the 2006D Bonds (bearing the risk of the movement in interest rates, but avoiding the forward premium), the theoretical value of the advance refunding can be relevant to the consideration of the value of the forward refunding.

There are other limited risks (e.g. longer change in law, tax status, etc.) with a forward refunding, beyond those associated with a current/advance refunding, which we have previously discussed and are not re-addressed herein.

BRIEF DISCUSSION ON DEBT EXTENSION

Part of the Resolution for consideration by the SBC will authorize certain current & advance refundings of other AIAS bonds (e.g. 1999A, 1999C, 2003B, 2006B) and there is the expectation to effect certain additional AIAS debt defeasances at various points in the future, all for the purpose of achieving a lower, level and extended annual AIAS debt service.

Under the present conditions, the current/advance refundings of the above-mentioned bonds generate present value (PV) savings.

The extensions of debt maturities in the above-mentioned current/advance refundings results in the reduction in the amount of PV savings that will be derived from these refundings (as well as a reduction in the gross savings or increased dissavings in the refundings). This consequence is inherent in any debt refunding with extension of debt maturities.

FORWARD REFUNDING ECONOMIC CONSIDERATIONS

The same extension of maturities that is expected to occur with the current/advance refundings is also anticipated to occur with the forward refunding (if it is undertaken). And, of course, the same diminution of PV savings will occur with the forward refunding savings because of this maturity extension.

Therefore, we think it is appropriate to evaluate the potential forward refunding both (a) from the perspective of the expected extended maturity amortization, but also (b) from the perspective of a "theoretical" matched maturity amortization (which illustrates an approximation of the value of the refunding without the "cost" to the PV savings from the extension of the maturity) even though this is not the amortization that is expected.

The attached Summary Table (also highlighted in the below table) shows estimated refunding results (Gross savings, PV savings, % PV Savings and Negative Arbitrage) for the following scenarios under both the "theoretical" matched maturity amortization and the expected extended maturity amortization (based upon the scale, forward premium, amortization etc. utilized by Goldman Sachs in their 10/14/15 analytics):

- Scenario 1 – Forward Refunding now (pricing ~12/1/15, settle 7/5/16) with 64 bps forward premium above current market rates;
- Scenario 2 – "Theoretical" Current Refunding later (pricing & settle ~7/5/16) at current market rates;
- Scenario 3 – "Theoretical" Current Refunding later (pricing & settle ~7/5/16) at current market rates plus 100 bps;
- Scenario 4 – "Theoretical" Advance Refunding now (pricing & settle ~12/1/15)

Scenario *2006D Bonds - $92.9 million Refunded*	**"Theoretical" Matched Maturity Amortization**		**Estimated Extended Maturity Amortization**	
Scenario 1 [illegible] **Forward Refunding** **Current Rate + 64 bps (forward premium)**	Gross Savings **PV Savings** % PV Savings Negative Arb.	$10.3 mm **$8.8 mm** 9.4% ($0.7 mm)	Gross Savings **PV Savings** % PV Savings Negative Arb.	($9.5 mm) **$4.1 mm** 4.4% ($0.8 mm)
Scenario 2 (Requires waiting; bears interest rate movement risk) **Theo. Current Refunding** **Current Rates**	Gross Savings **PV Savings** % PV Savings Negative Arb.	$14.3 mm **$12.6 mm** 13.5% ($0.5 mm)	Gross Savings **PV Savings** % PV Savings Negative Arb.	($3.9 mm) **$6.5 mm** 7.0% ($0.6 mm)
Scenario 3 (Requires waiting; bears interest rate movement risk)	Gross Savings **PV Savings** % PV Savings	$8.0 mm **$6.7 mm** 7.2%	Gross Savings **PV Savings** % PV Savings	($12.8 mm) **$2.7 mm** 2.9%

Theo. Current Refunding Current Rate + 100 bps	Negative Arb.	($0.8 mm)	Negative Arb.	($0.8 mm)
Scenario 4 (Cannot be done; Illustrative only) Theo. Advance Refunding Current Rates	Gross Savings **PV Savings** % PV Savings Negative Arb.	$13.1 mm **$11.3 mm** 12.2% ($1.8 mm)	Gross Savings **PV Savings** % PV Savings Negative Arb.	($5.7 mm) **$5.0 mm** 5.4% ($2.0 mm)

While the column on the far right projects the actual expected effects because of the extension of maturities, the column in the middle represents the comparison of the alternatives removing the effect of the maturity extension.

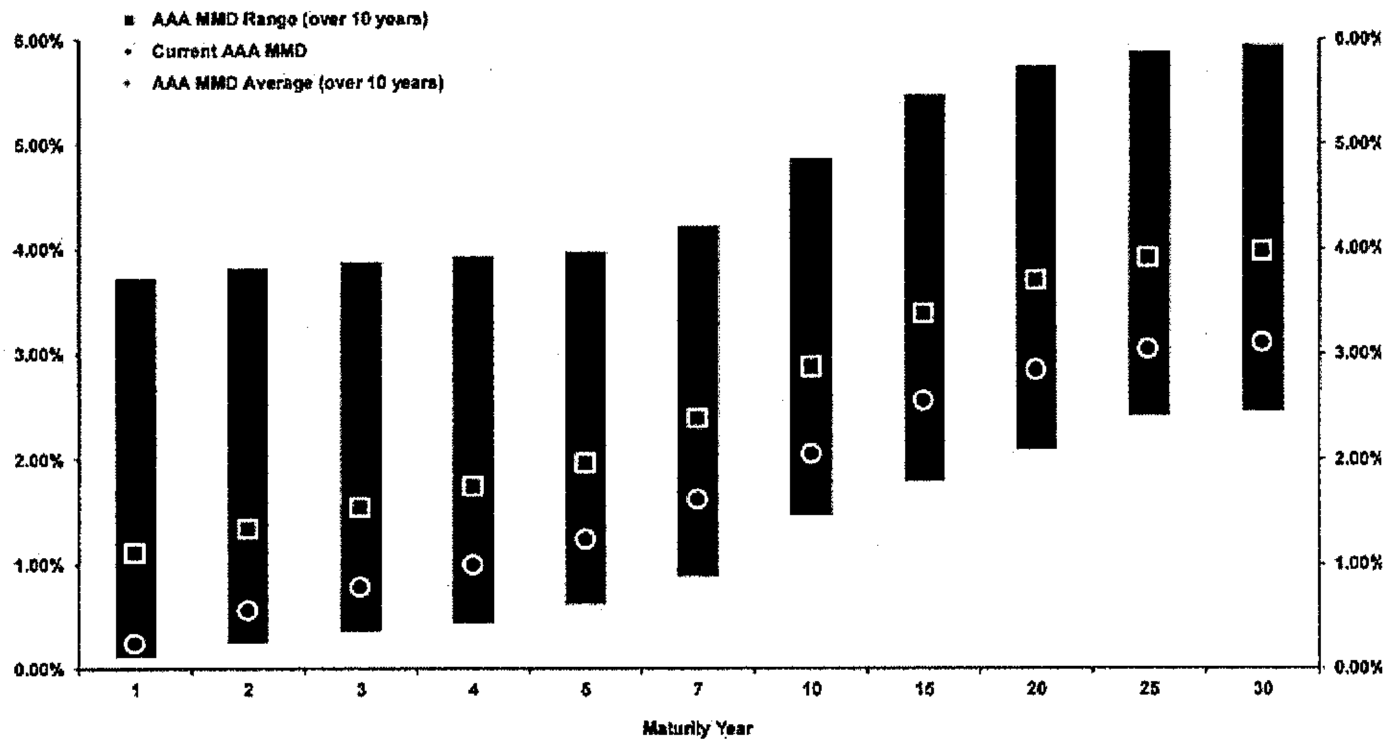
The forward refunding structure secures known refunding savings now (i.e. hedges against the upward movement in rates over the next 8 months), however it secures less savings than **might** be available if rates do not rise more than ~64 bps.

It is not possible to state where rates will be next summer. Most predictions seem to expect some increase in long term rates, but opinions vary and specifically predicting long term, high grade, tax-exempt rates in June of 2016 is not possible.

For historical perspective, the below chart illustrates that current high grade, tax-exempt rates are below their historical averages across the curve (but, of course, past values are not a predictor of future events).

Current AAA MMD Rates Are Below the Averages over the Past 10 Years

AAA MMD Rate Ranges over 10 Years



We are glad to further discuss this analysis at your convenience.

Regards,

Pete

Peter Nissen
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Alaska International Airport

Refunding Analysis of the 2006D Bonds

ACACIA
Financial Group, Inc.

Assumptions

Rates: Assumes current market rates (as of Goldman Sachs analysis on October 14) plus any additional spread as outlined for each scenario.

Purpose: Refunding of the 2006D Bonds (Non-AMT)

Par Amount of Refunded Bonds: $92,895,000

Scenarios

Scenario 1: Forward Refunding now (pricing ~12/1/15, settle 7/5/16) with 64 bps forward premium above current market rates

Scenario 2: "Theoretical" Current Refunding later (pricing & settle ~7/5/16) at current market rates

Scenario 3: "Theoretical" Current Refunding later (pricing & settle ~7/5/16) at current market rates plus 100 bps

Scenario 4: "Theoretical" Advance Refunding now (pricing & settle ~12/1/15)

Theoretical Matched Maturity Amortization : Structured to generate level debt service savings in connection with the refunding of the 2006D Series of Bonds.

Extended Maturity Amortization : Structured similar to the proposed transaction, where the debt service is in proportion to the anticipated refunding of the 2006D Series of Bonds to generate a level debt service structure in aggregate for all outstanding AIAS bonds.

Scenarios	"Theoretical" Matched Maturity Amortization		Extended Maturity Amortization	
Scenario 1: (Can be done now; hedges future interest rate movement)	Gross Savings:	$10.3 mm	Gross Savings:	($9.5 mm)
Forward Refunding	PV Savings:	$8.8 mm	PV Savings:	$4.1 mm
Current Rates +64 bps (forward premium)	PV Savings:	9.4%	PV Savings:	4.4%
	Neg Arb:	($0.7 mm)	Neg Arb:	($0.8 mm)
Scenario 2: (Requires waiting; bears interest rate movement risk)	Gross Savings:	$14.3 mm	Gross Savings:	($3.9 mm)
Theo. Current Refunding	PV Savings:	$12.6 mm	PV Savings:	$6.5 mm
Current Rates	PV Savings:	13.5%	PV Savings:	7.0%
	Neg Arb:	($0.5 mm)	Neg Arb:	($0.6 mm)
Scenario 3: (Requires waiting; bears interest rate movement risk)	Gross Savings:	$8.0 mm	Gross Savings:	($12.8 mm)
Theo. Current Refunding	PV Savings:	$6.7 mm	PV Savings:	$2.7 mm
Current Rates + 100 bps	PV Savings:	7.2%	PV Savings:	2.9%
	Neg Arb:	($0.8 mm)	Neg Arb:	($0.8 mm)
Scenario 3: (Cannot be done; Illustrative only)	Gross Savings:	$13.1 mm	Gross Savings:	($5.7 mm)
Theo. Advance Refunding	PV Savings:	$11.3 mm	PV Savings:	$5.0 mm
Current Rates	PV Savings:	12.2%	PV Savings:	5.4%
	Neg Arb:	($1.8 mm)	Neg Arb:	($2.0 mm)

PRELIMINARY OFFICIAL STATEMENT DATED __________ __, 2015

NEW ISSUE – BOOK ENTRY ONLY **RATINGS: See, "RATINGS" herein**

In the opinion of K&L Gates LLP, Bond Counsel, assuming compliance with certain covenants of the State, interest on the 2015A Bonds and the Series 2016A Bonds is excludable from gross income for federal income tax purposes under existing law, except for interest on any 2015A Bond or 2016A Bond for any period during which such 2015A Bond or 2016A Bond is held by a "substantial user" of the facilities refinanced by such 2015A Bonds or 2016A Bonds, or a "related person" to such "substantial user," within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the 2015A Bonds and 2016A Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the 2015B Bonds and 2016B Bonds is excludable from gross income for federal income tax purposes under existing law. Interest on the 2015B Bonds and the 2016B Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the 2015B Bonds and 2016B Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations. Interest on the Bonds is not included in taxable income for purposes of the Alaska income tax imposed on corporations. See "TAX MATTERS" herein. **[K&L to review/revise.]**

$____________*	**$____________***
STATE OF ALASKA	**STATE OF ALASKA**
International Airports System	**International Airports System**
Revenue Refunding Bonds	**Forward Delivery Revenue Refunding Bonds**

$__________*	**$___________***	**$__________***	**$___________***
Series 2015A	**Series 2015B**	**Series 2016A**	**Series 2016B**
(Private Activity – AMT)	**(Governmental – Non-AMT)**	**(Private Activity – AMT)**	**(Governmental – Non-AMT)**

Dated: ___________ __, 2015 **Dated:** ___________ __, 2016

Dates, Interest Rates, Prices or Yields, Are Shown on the Inside Cover Page

The State of Alaska is issuing $____________* principal amount of its International Airports System Revenue Refunding Bonds, Series 2015A (Private Activity – AMT) (the "2015A Bonds"), $____________* principal amount of International Airports System Revenue Refunding Bonds, Series 2015B (Governmental – Non-AMT) (the "2015B Bonds" and together with the 2015A Bonds, the "2015 Bonds"), $____________* principal amount of its Forward Delivery Revenue Refunding Bonds, Series 2016A (Private Activity – AMT) (the "2016A Bonds") and $____________* principal amount of its Forward Delivery Revenue Refunding Bonds, Series 2016B (Governmental – Non-AMT) (the "2016B Bonds" and together with the 2016A Bonds, the "2016 Bonds"). The 2015 Bonds and the 2016 Bonds are referred to herein as the "Bonds").

The 2015 Bonds are scheduled to be issued and delivered on __________ __, 2015. The 2016 Bonds are scheduled to be issued and delivered on ________ __, 20__. For a discussion regarding the forward delivery of the 2016 Bonds, certain conditions of the obligation of the underwriters to purchase the 2016 Bonds and certain risks to purchasers of beneficial interests in the 2016 Bonds resulting from the forward delivery thereof, see "CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE 2016 BONDS."

The Bonds will be issued, as fully registered bonds in book-entry form, without coupons, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds under a book-entry only system as described herein. Individual purchasers of beneficial ownership interests in the Bonds may be made in the principal amount of $5,000 or any integral multiple thereof. Beneficial Owners of the Bonds will not receive physical delivery of bond certificates.

The principal of and interest on the Bonds are payable directly to DTC by The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as registrar. Upon receipt of payments of such principal and interest, DTC is to remit such principal and interest to the participants in DTC for subsequent disbursement to the beneficial owners of the Bonds.

* Preliminary, subject to change.

The Bonds are special, limited obligations of the State of Alaska and are payable as to interest on, principal of and premium, if any (except to the extent paid from bond proceeds or the income from investments), solely from, and are secured by a pledge of, the Revenues derived by the State of Alaska from the operation of the Alaska International Airports System (the "System") consisting of the Ted Stevens Anchorage International Airport and the Fairbanks International Airport. The Bonds are not general obligations of the State of Alaska, and neither the full faith and credit nor the taxing power of the State of Alaska are pledged for the payment of the Bonds.

The Bonds are being issued to (i) refund certain Outstanding Parity Bonds, and (ii) finance costs of issuance of the Bonds as more fully described herein.

THIS COVER PAGE IS NOT INTENDED TO BE A SUMMARY OF THE TERMS OF OR SECURITY FOR THE BONDS. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING APPENDICES, TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by K&L Gates LLP, Seattle, Washington, Bond Counsel. Certain legal matters will be passed upon for the State of Alaska by the Attorney General for the State of Alaska, and for the Underwriters by Underwriters' Counsel. Acacia Financial Group, Inc. serves as independent financial advisor to the State of Alaska. It is expected that the Bonds in book-entry form will be available for delivery by Fast Automated Securities Transfer, through the facilities of DTC, on or about __________ __, 2015 with respect to the 2015 Bonds and on or about __________ __, 2016 with respect to the 2016 Bonds.

Goldman Sachs & Co. **RBC Capital Markets**

J.P. Morgan **Morgan Stanley**

DRAFT: 10/19/15 v3

STATE OF ALASKA

$___________*

International Airports System Revenue Refunding Bonds consisting of:

$___________*

Series 2015A (Private Activity – AMT)

Dated: Date of Delivery Due: October 1, as shown below

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICE OR YIELDS, AND CUSIP†

Maturity* (October 1)	Principal Amount*	Interest Rate	Price or Yield	Cusip† 011842	Maturity* (October 1)	Principal Amount*	Interest Rate	Price or Yield	Cusip† 011842
2016	$________				2023	$________			
2017					2025				
2018					2026				
2019					2027				
2020					2028				
2021					2029				
2022									

$___________*

Series 2015B (Governmental – Non-AMT)

Dated: Date of Delivery Due: October 1, as shown below

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICE OR YIELDS, AND CUSIP†

Maturity* (October 1)	Principal Amount*	Interest Rate	Price or Yield	Cusip† 011842
2016	$________			
2017				
2018				
2019				
2020				
2021				
2022				
2023				

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* Preliminary, subject to change.

† Copyright 2015, American Banker's Association. The CUSIP numbers herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of the McGraw-Hill Companies Inc. These numbers are not intended to create a database and do not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither AIAS nor the Underwriters take any responsibility for the accuracy of such CUSIP numbers.

STATE OF ALASKA

$__________*

International Airports System
Forward Delivery Revenue Refunding Bonds
consisting of:

$__________*

Series 2016A (Private Activity – AMT)

Dated: Date of Delivery Due: October 1, as shown below

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICE OR YIELDS, AND CUSIP†

Maturity* (October 1)	Principal Amount*	Interest Rate	Price or Yield	Cusip† 011842	Maturity* (October 1)	Principal Amount*	Interest Rate	Price or Yield	Cusip† 011842
2016	$________				2023	$________			
2017					2025				
2018					2026				
2019					2027				
2020					2028				
2021					2029				
2022									

$__________*

Series 2016B (Governmental – Non-AMT)

Dated: Date of Delivery Due: October 1, as shown below

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICE OR YIELDS, AND CUSIP†

Maturity* (October 1)	Principal Amount*	Interest Rate	Price or Yield	Cusip† 011842
2016	$________			
2017				
2018				
2019				
2020				
2021				
2022				
2023				

* Preliminary, subject to change.

† Copyright 2015, American Banker's Association. The CUSIP numbers herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of the McGraw-Hill Companies Inc. These numbers are not intended to create a database and do not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither AIAS nor the Underwriters take any responsibility for the accuracy of such CUSIP numbers.

STATE OF ALASKA
Bill Walker, Governor
Byron Mallott, Lt. Governor
P.O. Box 110001
Juneau, Alaska 99811
http://www.alaska.gov*

STATE BOND COMMITTEE

Chris Hladick, Chair
Commissioner
Department of Commerce,
Community and Economic Development

Randall Hoffbeck, Secretary
Commissioner
Department of Revenue

Sheldon Fisher, Member
Commissioner
Department of Administration

Fred Parady, Designee for Department of Commerce, Community and Economic Development
Deputy Commissioner of the
Department of Commerce,
Community and Economic Development

Jerry Burnett, Designee for Department of Revenue
Deputy Commissioner of the
Department of Revenue

John Boucher, Designee for Department of Administration
Deputy Commissioner of the
Department of Administration

Deven J. Mitchell
Debt Manager, State of Alaska
Department of Revenue

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
Marc Luiken, C.M., Commissioner

John R. Binder III, Deputy Commissioner - Aviation
(Executive Director, Alaska International Airports System)

ALASKA INTERNATIONAL AIRPORTS SYSTEM
John Parrott, **AAE,** Manager
Ted Stevens Anchorage International Airport

Angie Spear, Manager (Acting)
Fairbanks International Airport

Keith Day, **CPA,** Controller
Alaska International Airports System

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Anchorage, Alaska

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Seattle, Washington

REGISTRAR
The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

INDEPENDENT AUDITOR
BDO USA, LLP
Anchorage, Alaska

* The reference to the State's website is not a hyperlink and the State's website, by this reference, is not incorporated herein.

TABLE OF CONTENTS

The information contained in this Official Statement has been obtained from the State of Alaska and other sources deemed reliable. No representation is made, however, as to the accuracy or completeness of such information, and nothing contained in this Official Statement is, or shall be relied upon as, a promise or representation by the Underwriters. The information concerning DTC and its book-entry system has been obtained from DTC, and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters or the State of Alaska.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy and completeness of such information.

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the State of Alaska, the Underwriters or any other person to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the State of Alaska, the Underwriters or any other person. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

IN CONNECTION WITH THE OFFERING OR REMARKETING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE GENERAL BOND RESOLUTION, AS SUPPLEMENTED, BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MUNIOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

OFFICIAL STATEMENT

Relating to

$____________* STATE OF ALASKA International Airports System Revenue Refunding Bonds		**$____________* STATE OF ALASKA International Airports System Forward Delivery Revenue Refunding Bonds**	
$__________* Series 2015A (Private Activity – AMT)	**$___________* Series 2015B (Governmental – Non-AMT)**	**$__________* Series 2016A (Private Activity – AMT)**	**$___________* Series 2016B (Governmental – Non-AMT)**
Dated: ___________ __, 2015		**Dated:** ___________ __, 2016	

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, sets forth certain information concerning the State of Alaska (the "State"), the Alaska International Airports System ("AIAS" or "System"), the Ted Stevens Anchorage International Airport (referred to herein as "ANC" or "Anchorage International Airport"), the Fairbanks International Airport (referred to herein as "FAI" or "Fairbanks International Airport") and certain other matters in connection with the initial offering of $__________* principal amount of State of Alaska International Airports System Revenue Refunding Bonds, Series 2015A (Private Activity – AMT) (the "2015A Bonds"), $__________* principal amount of State of Alaska International Airports System Revenue Refunding Bonds, Series 2015B (Governmental – Non-AMT) (the "2015B Bonds" and together with the 2015A Bonds, the "2015 Bonds"), $____________* principal amount of its Forward Delivery Revenue Refunding Bonds, Series 2016A (Private Activity – AMT) (the "2016A Bonds") and $____________* principal amount of its Forward Delivery Revenue Refunding Bonds, Series 2016B (Governmental – Non-AMT) (the "2016B Bonds" and together with the 2016A Bonds, the "2016 Bonds"). The 2015 Bonds and the 2016 Bonds are referred to herein as the "Bonds").

The Bonds are issued under Alaska Statutes 37.15.410 – 37.15.550, inclusive (the "Act"). The Bonds are issued pursuant to, and are secured by, Resolution No. 68-4 of the State Bond Committee adopted April 11, 1968, as amended and restated by the State Bond Committee's Resolution No. 99-01 adopted January 28, 1999, as amended (the "General Bond Resolution"), as supplemented by the State Bond Committee's Supplemental Bond Resolution No. 2015-07, adopted October 27, 2015 (the "Seventh Supplemental Resolution"). The Bonds are being issued to refund certain Outstanding Parity Bonds, pursuant to the terms of the General Bond Resolution, all as more fully described under the caption "PLAN OF REFUNDING."

The Bonds are being issued to refund certain Outstanding Parity Bonds, pursuant to the terms of the General Bond Resolution, all as more fully described under the caption "PLAN OF REFUNDING."

The 2015 Bonds are expected to be delivered on or about ___________ __, 2015.

The 2016 Bonds will not be delivered until on or about ____________ __, 2016. The delay in the issuance and delivery of the 2016 Bonds may have significant consequences to the purchasers of beneficial ownership interests therein. The market value of the 2016 Bonds on the date of issuance and delivery thereof is unlikely to be the same as, and probably will be greater or less than, the respective initial offering prices thereof, and the difference may be substantial. Several factors may adversely affect the market prices of the 2016 Bonds, including, but not limited to, a general increase in interest rates for all obligations and other indebtedness, any threatened or adopted change in federal tax laws affecting the relative benefits of owning tax-exempt securities instead of other types of investments, such as fully taxable obligations, or any adverse development with respect to the State. See "CERTAIN DELAYED DELIVERY CONSIDERATIONS WITH RESPECT TO THE 2016 BONDS" herein.

The Bonds are secured by and are payable from (on a parity basis with all other bonds which have been issued (the "Outstanding Parity Bonds") and may be issued (the "Future Parity Bonds") under the General Bond Resolution) the Revenues derived by the State from the ownership, lease, use and operation of the System. Other than Revenues derived by the State from the System, funds held in the State's International Airports Construction Fund, and certain Passenger Facility

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* Preliminary, subject to change.

Charges ("PFC's") collected by the System which have been used, at the State's option, to pay debt service, no money has been, or is expected to be, provided from any other source for the payment of the Bonds or of any other bonds issued under the General Bond Resolution. See, "SECURITY FOR THE BONDS – Limited Liability."

THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE STATE, AND THE STATE DOES NOT, AND DID NOT, PLEDGE ITS FULL FAITH AND CREDIT TO THE PAYMENT OF THE BONDS. THE ISSUANCE OF THE BONDS DOES NOT, AND DID NOT, DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO APPLY MONEY FROM, OR LEVY OR PLEDGE, ANY FORM OF TAXATION WHATEVER TO THE PAYMENT OF THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE STATE PAYABLE OUT OF AND SECURED ONLY BY THE REVENUES DESCRIBED HEREIN.

The General Bond Resolution does not limit the amount of Future Parity Bonds that may be issued; however, the Act currently limits the cumulative principal amount of bonds authorized to not more than $812,500,000 (excluding refunding bonds). The State has issued a total of $789,285,000 principal amount of revenue bonds pursuant to the authority granted by the Act (excluding refunding bonds). As of October 15, 2015, there are $416,500,000 of Outstanding Parity Bonds (consisting of $_____________ of new money revenue bonds and $___________ of refunding bonds).

The Outstanding Parity Bonds (including refunding bonds), as of October 15, 2015, are as follows:

Designation	**Dated Date of Issue**	**Original Principal Amount**	**Current Outstanding Principal Amount**
International Airports System Revenue Bonds, Series 1999A (AMT)	01/15/99	$162,500,000	$11,290,000
International Airports System Revenue Bonds, Series 1999C (AMT)	10/01/99	25,000,000	1,915,000
International Airports System Revenue Bonds, Series 2003B (Non-AMT)	12/11/03	21,900,000	18,350,000
International Airports System Revenue Bonds, Series 2006A (AMT)	03/14/06	118,975,000	61,675,000
International Airports System Revenue Bonds, Series 2006B (Non-AMT)	03/14/06	70,760,000	70,760,000
International Airports System Revenue Refunding Bonds, Series 2006D (Non-AMT)	03/14/06	104,860,000	99,410,000
International Airports System Variable Rate Demand Revenue Refunding Bonds, Series 2009A (Non-AMT)	01/06/09	50,000,000	50,000,000
International Airports System Revenue Refunding Bonds, Series 2010A (Private Activity - AMT)	09/29/10	117,270,000	111,415,000
International Airports System Revenue Refunding Bonds, Series 2010B (Governmental - Non-AMT)	09/29/10	21,685,000	9,580,000
International Airports System Revenue Bonds, Series 2010C (Private Activity - Non-AMT)	09/29/10	12,565,000	12,565,000
International Airports System Revenue Bonds, Series 2010D (Taxable Build America Bonds – Direct Payment to Issuer)	09/29/10	19,540,000	19,540,000
Total		$725,055,000	$416,500,000

This Official Statement contains financial information taken or derived from the audited financial statements and unaudited records of the System. All of the financial information taken or derived from the financial statements of the State and all of the summaries of resolutions, statutes, agreements and other documents contained in this Official Statement are made subject to, and are qualified in their entirety by reference to, such financial statements, resolutions, statutes, agreements and documents. A copy of the audited financial statements of the System as of and for the years ended June 30, 2015 and 2014, with an Independent Auditors Report, appears as APPENDIX A hereto. BDO USA, LLP, the System's independent auditor, has not been engaged to perform and has not performed, since the date of its report included therein, any procedures on the financial statements addressed in that report. BDO USA, LLP has not performed any procedures relating to this Official Statement.

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. Certain capitalized terms used herein and not defined herein shall have the meaning given such terms in "APPENDIX B – State Bond Committee of the State of Alaska, Resolution No. 99-01" and in "APPENDIX C – State Bond Committee of the State of Alaska, Supplemental Resolution No. 2015-07."

The information within this Official Statement has been compiled from official and other sources considered reliable and, while not guaranteed as to accuracy, is believed by the State to be correct. Any statements herein involving estimates, forecasts or projections are to be construed as such rather than as commitments, assurances or statements of fact.

DESCRIPTION OF THE BONDS

General Description of the Bonds

The Bonds shall be issued in the principal amounts and available in the denominations set forth on the front cover hereof and shall mature in the amounts and on the dates set forth on the inside front cover hereof. Interest on the Bonds shall commence to accrue on their date of delivery and shall be payable semi-annually on the dates set forth on the front cover hereof and at the interest rates set forth on the inside cover hereof, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of Principal and Interest

So long as the Bonds of a series are in fully immobilized form, payments of principal and interest will be made as provided in the operational arrangements of DTC referred to in the Letter of Representation. See, "APPENDIX F – DTC and Book-Entry Only System." The principal of and redemption premium, if any, on any Bond will be payable to the Registered Owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the designated office of the Registrar. If any Bond is not paid upon presentation and surrender at or after maturity, it will continue to bear interest at the interest rate borne by the Bond until the principal thereof is paid in full. Except as described in "APPENDIX F – DTC and Book-Entry Only System," payment of interest on any Bond will be made to the Registered Owner thereof by check or draft mailed by the Registrar, by first class mail on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the Registered Owner thereof at the Registered Owner's address as shown on the registration records kept by the Registrar on the 15th day of the calendar month, whether or not a business day, next preceding such interest payment date (the "Record Date"). If the Bonds are no longer in book-entry form, payment of principal of and interest on the Bonds may, at the option of any Registered Owner of the Bonds in an aggregate principal amount of at least $1,000,000, be transmitted by wire transfer to such owner.

Book-Entry Transfer System

Book-Entry Bonds. DTC will act as initial Securities Depository for the Bonds. The ownership of one fully-registered 2015 Bond, each in the aggregate principal amount of such Bond, will be registered in the name of Cede & Co., as nominee for DTC. Neither the State nor the Registrar has any responsibility or obligation to DTC participants or Beneficial Owners in respect of the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal or Redemption Price of or interest on the Bonds, any notice which is permitted or required to be given to Registered Owners under the Seventh Supplemental Resolution for the Bonds (except such notices as are required to be given by the State to the Registrar or to DTC), the selection by DTC or any DTC participant of any person to receive payment in event of a partial redemption of the Bonds, or any consent given or other action taken by DTC as the Registered Owner. See, "APPENDIX F – DTC and Book-Entry Only System" for additional information.

The State makes no representation as to the accuracy or completeness of information in Appendix F, provided by DTC. Purchasers of the Bonds should confirm its contents with DTC or its participants.

Termination of Book-Entry Transfer System. In the event that DTC or its successor (or substitute Securities Depository or its successor) resigns and no substitute Securities Depository can be obtained, or the State determines that it is in the best interests of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, new Bonds are required to be issued and registered.

Redemption Provisions

Optional Redemption.

<u>*2015 Bonds*</u>

2015A Bonds. The 2015A Bonds maturing on or after October 1, 20__, are subject to redemption prior to maturity, in whole or in part (and if in part with maturities selected by the State) at the option of the State, on and after October 1, 20__, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption.

2015B Bonds. The 2015B Bonds maturing on or after October 1, 20__, are subject to redemption prior to maturity, in whole or in part (and if in part with maturities selected by the State) at the option of the State, on and after October 1, 20__, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption.

2016 Bonds

2016A Bonds. The 2016A Bonds maturing on or after October 1, 20__, are subject to redemption prior to maturity, in whole or in part (and if in part with maturities selected by the State) at the option of the State, on and after October 1, 20__, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption.

2016B Bonds. The 2016B Bonds maturing on or after October 1, 20__, are subject to redemption prior to maturity, in whole or in part (and if in part with maturities selected by the State) at the option of the State, on and after October 1, 20__, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption.

Mandatory Redemption.

2015 Bonds

2015A Bonds. The 2015A Bonds maturing on October 1, 20__ are subject to mandatory redemption in part on October 1, 20__, and on each October 1 thereafter, at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the redemption date, in the aggregate principal amounts set forth below for each such date.

20__ Term Bonds (Series 2015A)

Year	Amount
*	

* Final Maturity

2015B Bonds. The 2015B Bonds maturing on October 1, 20__ are subject to mandatory redemption in part on October 1, 20__, and on each October 1 thereafter, at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the redemption date, in the aggregate principal amounts set forth below for each such date.

20__ Term Bonds (Series 2015B)

Year	Amount
*	

* Final Maturity

2016 Bonds

2016A Bonds. The 2016A Bonds maturing on October 1, 20__ are subject to mandatory redemption in part on October 1, 20__, and on each October 1 thereafter, at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the redemption date, in the aggregate principal amounts set forth below for each such date.

20__ Term Bonds (Series 2016A)

Year	Amount
*	

* Final Maturity

2016B Bonds. The 2016B Bonds maturing on October 1, 20__ are subject to mandatory redemption in part on October 1, 20__, and on each October 1 thereafter, at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the redemption date, in the aggregate principal amounts set forth below for each such date.

20__ Term Bonds (Series 2016B)

Year	**Amount**
*	

* Final Maturity

General.

To the extent that the State shall have optionally redeemed or purchased any Term Bonds since the last scheduled mandatory redemption of such Term Bonds, the State may reduce the principal amount of the Term Bonds of the same Series and maturity to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by the Designated Representative.

Partial Redemption.

In the case of a partial redemption of Bonds of a single maturity within a series, the selection of the Bonds of such series shall be made in accordance with the operational arrangements in effect at DTC, so long as the Bonds are held in fully immobilized form. Otherwise the selection of the particular Bonds within a series and maturity shall be made by the Registrar by lot or in such other manner determined by the Registrar.

Notice of Redemption.

Neither the State nor the Registrar will provide any notice of redemption to any Beneficial Owner. Unless waived by any Registered Owner of a Bond to be redeemed, notice of redemption will be given by the Registrar, by first class mail, at least 20 days before the redemption date to the Registered Owner of any Bond (initially Cede & Co.) all or a part of which is called for redemption at the Registered Owner's address as it last appears on the register kept by the Registrar. The notice will identify the Bonds and state that on such date the principal amount thereof will become due and payable and that after such redemption date interest will cease to accrue. After such notice and presentation of said Bonds, the Bonds called for redemption will be paid, except that in the case of notice of a conditional redemption, redemption shall be conditioned by the Registrar on receipt of sufficient funds. Actual receipt of mailed notice by the Registered Owner of Bonds will not be a condition precedent to redemption of such Bonds. Failure to give such notice by mailing to the registered owner of any Bond designated for redemption, or any defect therein, will not affect the validity of the proceedings for the redemption of any other Bond.

To the extent that Cede & Co. is the registered owner for DTC as described above and in APPENDIX F hereto, DTC will be responsible for notifying the DTC Participants of any notice of redemption, which in turn will be responsible for notifying the Beneficial Owners.

PLAN OF REFUNDING

The Bonds are being issued to provide for, depending on market conditions at the time of sale of the Bonds, the defeasance and optional redemption of all or a portion of the outstanding principal amount of certain Outstanding Parity Bonds, described in the following table and referred to as the "Refunding Bond Candidates." The net proceeds of the Bonds will be applied, together with other legally available funds, to refund those Refunding Bond Candidates which will be refunded a result of the refunding. Depending on market conditions on the date of sale of the Bonds, and the resulting savings, the State may refund all or a portion or none of the Refunded Bond Candidates. The State is not obligated to refund any, or all, of the Refunding Bond Candidates listed in the following table.

REFUNDING BOND CANDIDATES

Bond Issue	Dated Date	Maturities to Be Refunded	Redemption Date	Price
Revenue Bonds, Series 1999A (AMT)	January 15, 1999	October 1, 2024	____________ (1)	100%
Revenue Bonds, Series 1999C	January 15, 1999	October 1, 2024	____________ (1)	100%
Revenue Bonds, Series 2003A (AMT)	December 11, 2003	October 1, 2016 through October 1, 2024	____________ (1)	100%
Revenue Bonds, Series 2003B	December 11, 2003	October 1, 2026 and October 1, 2028	October 1, 2013	100%
Revenue Bonds, Series 2006A (AMT)	March 14, 2006	October 1, 2017 through October 1, 2022	October 1, 2016	100%
Revenue Bonds, Series 2006B	March 14, 2006	October 1, 2022 through October 1, 2027	October 1, 2016	100%
Revenue Refunding Bonds, Series 2006D	March 14, 2006	October 1, 2017 through October 1, 2027	October 1, 2016	100%
Variable Rate Demand Refunding Bonds, 2009A	January 6, 2009	____________ (2)	____________ (1)	100%

(1) Preliminary, subject to change.
(2) Principal amount to be refunded.

(The Refunding Bond Candidates selected on the sale date to be refunded are herein referred to as the "Refunded Bonds.")

The State will enter into irrevocable Escrow Deposit Agreements with The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as escrow agent for the Refunded Bonds. Funds held by the escrow agent in the Bond Fund for the Refunded Bonds will be invested in non-callable, direct obligations of the United States (the "Escrow Obligations") maturing on the applicable redemption date. See, "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

SOURCES AND USES TABLE

The proceeds of the Bonds, and other funds, are expected to be applied as shown below.

	2015A Bonds	2015B Bonds	2016A Bonds	2016B Bonds	Aggregate
Sources of Funds:					
Par Amount of Bonds	$__________	$__________	$__________	$__________	$__________
Net Original Issue Premium/Discount	__________	__________	__________	__________	__________
Other Funds	__________	__________	__________	__________	__________
Total	$__________	$__________	$__________	$__________	$__________
Uses of Funds:					
Reserve Account	$__________	$__________	$__________	$__________	$__________
Escrow Deposit	__________	__________	__________	__________	__________
Costs of Issuance*	__________	__________	__________	__________	__________
Total	$__________	$__________	$__________	$__________	$__________

* Costs of issuance include legal fees, printing costs, underwriting discount, rating agency fees and similar costs.

ESTIMATED PARITY BOND DEBT SERVICE TABLE

The following table sets forth the debt service requirements for all Outstanding Parity Bonds as of ______ __, 2015.

Fiscal Year (Ending June 30)	Outstanding Parity Bonds(1)	2015A Bonds(2)	2015B Bonds(2)	2016A Bonds(2)	2016B Bonds(2)	Total Debt Service(2)
2015	$__________	$__________	$__________	$__________	$__________	$__________
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033	__________	__________	__________	__________	__________	__________
TOTALS:	$__________	$__________	$__________	$__________	$__________	$__________

(1) Preliminary, subject to change. The table does not include debt service for the Refunding Bond Candidates.
(2) Preliminary, subject to change.

Note: Totals may not add due to rounding.

CERTAIN DELAYED DELIVERY CONSIDERATIONS WITH RESPECT TO THE 2016 BONDS

General

The State expects to enter into a delayed delivery bond purchase contract (the "Delayed Delivery Bond Purchase Contract") dated _________ __, 2015* (the "Sale Date") for the 2016 Bonds by and between the State and Goldman Sachs & Go., as representative of the underwriters named in the Delayed Delivery Bond Purchase Contract (the "Representative"). Subject to the terms of the Delayed Delivery Bond Purchase Contract, the State expects to issue and deliver the 2016 Bonds on __________ __, 2016, or on such later date as is mutually agreed upon by the State and the Representative (the "Settlement Date"). The Representative, J.P. Morgan, Morgan Stanley and RBC Capital Markets Corporation are collectively referred to as the "Underwriters."

The obligation of the Underwriters to purchase, accept delivery of and pay for the 2016 Bonds under the Delayed Delivery Bond Purchase Contract is subject to the satisfaction of certain conditions on the Sale Date, (the "Preliminary Closing Date") and the Settlement Date. The conditions to be satisfied during the period from and including the Sale Date to and including the Preliminary Closing Date are, in general, comparable to those in connection with bond closings that utilize a standard period between sale dates and the date of issuance. In connection with the Delayed Delivery Bond Purchase Contract and the period from the Sale Date of the 2016 Bonds and the Settlement Date of the 2016 Bonds (the "Delayed Delivery Period"), there are certain termination rights and settlement conditions that are not generally present in bond transactions that do not involve a delayed delivery. All of the conditions and termination rights with respect to the sale and settlement of the 2016 Bonds are set forth in the Delayed Delivery Bond Purchase Contract, a copy of which is available upon request from the Representative. The following is a description of certain provisions of the Delayed Delivery Bond Purchase Contract and is not to be considered a full statement of the terms of the Delayed Delivery Bond Purchase Contract. Accordingly, the following description is qualified by reference thereto and is subject to the full text thereof.

Settlement

The issuance of the 2016 Bonds and the Underwriters' obligations under the Delayed Delivery Bond Purchase Contract to purchase, accept delivery of and pay for the 2016 Bonds on the Settlement Date are conditioned upon the performance by the State of its obligations thereunder, including, without limitation, the delivery of opinions, dated the Settlement Date, of Bond Counsel, substantially in the forms and to the effect as set forth in Appendix E to this Official Statement, together with a reliance letter from Bond Counsel addressed to the Representative, and the delivery of written evidence satisfactory to the Underwriters that, as of the Settlement Date, Moody's and Fitch shall not have withdrawn their respective ratings on the 2016 Bonds. See "Ratings" herein. The issuance of the 2016 Bonds is further contingent upon the delivery of certain certificates and legal opinions, and the satisfaction of other conditions as of the Settlement Date. The Underwriters have the right to terminate their obligations under the Delayed Delivery Bond Purchase Contract, by notifying the State of their election to do so, in the event that:

(a) At any time subsequent to the Preliminary Closing Date and on or prior to the Settlement Date, legislation shall have been enacted by the Congress of the United States, or recommended to the Congress for passage by the President of the United States or favorably reported for passage to either House of the Congress of the United States by any committee of such House, or passed by either House of the Congress, or a decision shall have been rendered by a court of the United States, or the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) shall have been made by the Treasury Department of the United States or the Internal Revenue Service (the "IRS"), with respect to the federal taxation of interest received on obligations of the general character of the 2016 Bonds, as a result of which Bond Counsel does not expect to be able to issue opinions on the Settlement Date either (i) substantially in the form and to the effect attached hereto as Appendix E, or (ii) notwithstanding a change in law from that existing on the Preliminary Closing Date which prevents Bond Counsel from issuing an opinion substantially in the forms and to the effect attached hereto as Appendix E as of the Settlement Date;

(b) For any other reason on the Settlement Date, Bond Counsel cannot issue its opinions substantially in the forms and to the effect attached hereto as Appendix E;

(c) At any time subsequent to the Preliminary Closing Date and on or prior to the Settlement Date, legislation shall be enacted or actively considered for enactment with an effective date prior to the Settlement Date, or a decision of a court of the United States shall be rendered, the effect of which is, in the opinion of counsel to the Underwriters, that the 2016 Bonds are not exempt from registration or other requirements under the Securities Act of 1933, as amended and then in

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* Preliminary, subject to change.

effect, or the General Bond Resolution is not exempt from qualification or other requirements under the Trust Indenture Act of 1939, as amended and then in effect, or the offering or sale of the 2016 Bonds would be in violation of the Securities Exchange Act of 1934, as amended and then in effect;

(d) At any time subsequent to the Preliminary Closing Date and on or prior to the Settlement Date, a stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction in the subject matter shall have been issued or made or any other event occurs the effect of which, in the opinion of counsel to the Underwriters, is that the General Bond Resolution or the offering, issuance or sale of the 2016 Bonds, is or would be in violation of any provision of the federal securities laws, including without limitation the Securities Act of 1933, as amended and then in effect, the Securities Exchange Act of 1934, as amended and then in effect, or the Trust Indenture Act of 1939, as amended and then in effect, or there shall have been any other Change in Law (for purposes of this paragraph (d), the term "Change in Law" shall mean: (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies, (ii) any legislation enacted by the Congress of the United States or recommended for passage by the President of the United States (whether or not such enacted or recommended legislation has a proposed effective date which is on or before the Settlement Date), (iii) any law, rule or regulation proposed or enacted by any governmental body, department or agency (whether or not such proposed or enacted law, rule or regulation has a proposed effective date which is on or before the Settlement Date), or (iv) any judgment, ruling or order issued by any court or administrative body, which in any such case, would, (A) as to the Underwriters, prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriters from purchasing the 2016 Bonds as provided in the Delayed Delivery Bond Purchase Contract or their sale of the 2016 Bonds or beneficial ownership interests therein to the public or, (B) as to the State, prohibit the issuance, sale or delivery of the 2016 Bonds (or have the retroactive effect of prohibiting such issuance, sale or delivery, if enacted, adopted, passed or finalized); (C) eliminate the exclusion from gross income of all of the interest on the 2016 Bonds (or have the retroactive effect of eliminating such exclusion if enacted, adopted, passed, or finalized); or

(e) On the Settlement Date, the 2016 Bonds are not rated by Moody's and Fitch.

During the Delayed Delivery Period, certain information contained in this Official Statement could change in a material respect. Pursuant to the Delayed Delivery Bond Purchase Contract, the State has agreed to amend and supplement this Official Statement or provide an updated Official Statement and to deliver such supplement or updated Official Statement not more than 14 days nor less than five days prior to the Settlement Date. The Underwriters may not refuse to purchase the 2016 Bonds, and the purchasers may not refuse to purchase the 2016 Bonds from the Underwriters pursuant to the hereinafter referred to Forward Purchase Contract, by reason of "general market or credit changes," including, but not limited to, (a) changes in the ratings of the 2016 Bonds, or (b) changes in the financial condition, operations, performance, properties or prospects of the State prior to the Settlement Date. All purchasers of the 2016 Bonds are required to execute and deliver to the Representative a Forward Purchase Contract ("Forward Purchase Contract") substantially in the form attached hereto as Appendix H. The Underwriters have advised the State that the 2016 Bonds will be sold only to investors who execute a Forward Purchase Contract. The proposed form of Forward Purchase Contract is attached hereto as Appendix H at the request and for the convenience of the Underwriters. The State will not be a party to the Forward Purchase Contracts, and the State is not in any way responsible for the performance thereof or for any representations or warranties contained therein. However, the State is a third-party beneficiary of the Forward Purchase Contracts. The rights and obligations under the Delayed Delivery Bond Purchase Contract are not conditioned or dependent upon the performance of any Forward Purchase Contract.

Additional Risks Related to the Delayed Delivery Period

During the Delayed Delivery Period, certain information contained in this Official Statement could change in a material respect. Any changes in such information will not permit the Underwriters to terminate the Delayed Delivery Bond Purchase Contract or release the purchasers from their obligation to purchase the 2016 Bonds pursuant to the Forward Purchase Contracts unless the change reflects an event described in items (a) through (f) under " – Settlement" herein. In addition to the risks set forth above, purchasers of the 2016 Bonds are subject to certain additional risks, some of which are described below.

Ratings Risk. The 2016 Bonds are currently rated "___" and "___" by Moody's and Fitch, respectively. See "Ratings" herein. No assurances can be given that the ratings assigned to the 2016 Bonds on the Settlement Date will not be different from those currently assigned to the 2016 Bonds. Issuance of the 2016 Bonds and the Underwriters' obligations under the Delayed Delivery Bond Purchase Contract are not conditioned upon the assignment of any particular ratings for the 2016 Bonds or the maintenance of the initial ratings of the 2016 Bonds.

Secondary Market Risk. The Underwriters are not obligated to make a secondary market in the 2016 Bonds, and no assurances can be given that a secondary market will exist for the 2016 Bonds during the Delayed Delivery Period. Purchasers of the 2016 Bonds should assume that the 2016 Bonds will be illiquid throughout the Delayed Delivery Period. In addition, liquidity may be affected by the requirement that any sales that occur during the Delayed Delivery Period be accompanied by a Forward Purchase Contract executed by the new purchaser.

Market Value Risk. The market value of the 2016 Bonds as of the Settlement Date may be affected by a variety of factors including, without limitation, general market conditions, the ratings then assigned to the 2016 Bonds, the financial condition and business operations of the State and federal, state and local income tax and other laws. The market value of the 2016 Bonds as of the Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the 2016 Bonds and that difference could be substantial. None of the State or the Underwriters makes any representation as to the expected market prices of the 2016 Bonds as of the Settlement Date. Further, no assurance can be given that the introduction or enactment of any future legislation will not affect the market prices for the 2016 Bonds as of the Settlement Date or thereafter or will not have a materially adverse impact on any secondary market for the 2016 Bonds.

Tax Law Risk. Subject to the additional conditions of settlement described under " – Settlement" above, the Delayed Delivery Bond Purchase Contract obligates the State to deliver and the Underwriters to purchase, accept delivery and pay for the 2016 Bonds if the State delivers opinions of Bond Counsel with respect to the 2016 Bonds substantially in the form and to the effect as set forth in Appendix H hereto. During the Delayed Delivery Period, new legislation, new court decisions, new regulations, or new rulings may be enacted, delivered or promulgated, or existing law, including regulations adopted pursuant thereto, may be interpreted in a manner that might prevent Bond Counsel from rendering its opinions or otherwise affect the substance of such opinions. Notwithstanding that the enactment of new legislation, new court decisions, the promulgation of new regulations or rulings or reinterpretations of existing law might diminish the value of, or otherwise affect, the exclusion of interest on the 2016 Bonds for purposes of federal income taxation payable on "state or local bonds," the State might be able to satisfy the requirements for the delivery of the 2016 Bonds. In such event, the purchasers would be required to accept delivery of the 2016 Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood that legislation affecting the treatment of interest on the 2016 Bonds or tax law may be enacted and the consequences of such changes to such purchasers.

Termination of Delayed Delivery Bond Purchase Contract. The Representative, on behalf of the Underwriters, may terminate the Delayed Delivery Bond Purchase Contract by notification to the State on or prior to the Settlement Date if any of the events described above in items (a) through (f) under " – Settlement" occurs.

SECURITY FOR THE BONDS
[TO BE REVIEWED/REVISED BY K&L]

General

The Bonds are secured under the General Bond Resolution, which contains provisions for the equal security of the Bonds, the Outstanding Parity Bonds and any Future Parity Bonds. The Bonds are limited obligations of the State and are payable as to principal, interest and premium, if any (except to the extent paid from bond proceeds or the income from investments), solely from, and are secured by a pledge of, the Revenues derived by the State from the operation of the System. The Bonds are secured by a statutory lien on Revenues; and no further action is required or filing made to perfect or maintain the lien on Revenues for the benefit on Bondholders. The Bonds are not general obligations of the State and neither the full faith and credit nor the taxing power of the State are pledged for the payment of the Bonds.

The Act, codified within the Alaska Statutes, establishes the International Airports Revenue Fund (AS 37.15.430) (the "Revenue Fund") and mandates that "all revenue, fees, charges, and rentals derived by the [S]tate from the ownership, lease, use and operation of the Airports and all of the facilities and improvements of them and facilities and improvements used in connection with them, excepting only proceeds of any customer facility charge, and unless otherwise contractually required customer facility maintenance charge" be deposited into the Revenue Fund. The Act provides that these revenues, fees and charges may be used only for the payment of debt service on Parity Bonds and other enumerated purposes. Under the General Bond Resolution, the following defined "Revenues" have been pledged by the State first for the benefit of the owners of Parity Bonds:

> All revenues, fees, charges and rentals derived by the State or State corporations from the ownership, lease, use and operation of AIAS and all of the facilities and improvements thereof and facilities and improvements used in connection therewith. The term "Revenues" includes all income and profit derived from the investment of moneys in any funds or accounts created by the Act (except the Construction Fund) or established pursuant to the

General Bond Resolution; it does not include the proceeds of any State tax or license. If and to the extent permitted by the Act, the term Revenues shall exclude:

(1) the proceeds of any borrowing by the State and the earnings thereon (other than earnings on proceeds deposited in the Reserve Account);

(2) income and revenue which may not legally be pledged for revenue bond debt service;

(3) passenger facility charges, head taxes, federal grants or substitutes therefor allocated to capital projects;

(4) payments made under Credit Facilities issued to pay or secure the payment of a particular Series of Parity Bonds;

(5) proceeds of insurance or condemnation proceeds other than business interruption insurance;

(6) income and revenue of the State separately pledged and used by it to pay and secure the payment of the principal of and interest on any issue or series of Special Revenue Bonds of the State issued to acquire, construct, equip, install or improve part or all of the particular facilities from which such income and revenue are derived, provided that nothing in this subparagraph (6) shall permit the withdrawal from Revenue of any income or revenue derived or to be derived by the State from any income producing facility which shall have been contributing to Revenue prior to the issuance of such Special Revenue Bonds; and

(7) income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the State.

Notwithstanding the foregoing, the State may elect to include other receipts (e.g., passenger facility charges) at any time as additional security or additional Revenue for any one or more series of obligations. The System intends to apply certain passenger facility charge receipts toward payment of debt service, although the State has not elected to include passenger facility charges as Revenue or as additional security for payment of the Bonds.[*]

The pledge of Revenues under the General Bond Resolution is for the equal and pro rata benefit and protection of the owners of Parity Bonds. The General Bond Resolution provides for the issuance of Future Parity Bonds on a parity with the Bonds and the Outstanding Parity Bonds. See, "APPENDIX B – State Bond Committee of the State of Alaska, Resolution No. 99-01" and "APPENDIX C – State Bond Committee of the State of Alaska, Supplemental Resolution No. 2015-07."

Rate Covenant

The General Bond Resolution provides that maintenance and operating expenses shall be paid from Revenues prior to payment of debt service to the extent permitted under the Act. Pursuant to the terms of the Bond Resolution, the Commissioner of the Alaska Department of Transportation and Public Facilities (also referred to herein as the "Commissioner") is required to fix and collect such fees, charges and rentals to be derived by the State from the ownership, lease, use and operation of the Airports, and all of the facilities and improvements thereof or used in connection therewith, as will provide Net Revenues (i.e., all Revenues less the maintenance and operating costs of the System) in each Fiscal Year at least equal to 1.25 times the sum of the Aggregate Annual Debt Service during such year plus any deposits required to be made during such year to the Reserve Account and the Repair and Replacement Reserve Account. From and after the New Date, unless declined by a written election by the Designated Representative, the term "Revenues" shall not include any federal subsidy legally available to pay the principal of or interest on Bonds.

As used herein, the term "New Date" means the earlier of (i) the date on which the Outstanding Parity Bonds (issued prior to 2010) are no longer Outstanding; or (ii) the date on which the owner(s) of at least 60% of all Outstanding Parity Bonds then Outstanding consent to the amendment to the definitions of Revenues and Coverage Requirement made in the Sixth Supplemental Resolution (State Bond Committee of the State of Alaska, Supplemental Resolution 2010-05). For purposes of this provision, the owners of the Bonds and any Future Parity Bonds are deemed to have approved the amended definitions in the Bond Resolution.

[*] After approval by the FAA of ANC's revised PFC application on __________ __, 20__, the System applied all of its annual PFC receipts towards payment of debt service on Outstanding Parity Bonds, including surpluses arising from reallocating the funding source of approximately $10 million of capital projects from PFCs to rates and fees charges. Since 2005, the State has applied approximately $33.1 million of annual PFC receipts towards payment of debt service on Outstanding Parity Bonds.

Reserve Account

Under the General Bond Resolution, a Reserve Account is maintained, along with the Bond Fund, to provide additional security for the repayment of all Parity Bonds. The General Bond Resolution provides that the Reserve Account will be maintained in an amount equal to the lesser of (i) Maximum Annual Debt Service with respect to all Parity Bonds; (ii) 125% of Average Annual Debt Service with respect to all Parity Bonds, or (iii) 10% of the initial amount of each series of Parity Bonds then Outstanding (the "Reserve Account Requirement"). From and after the New Date, (absent a written election by the Designated Representative to the contrary) Debt Service shall be calculated net of any federal subsidy legally available to pay the principal of or interest on the Bonds in the year of calculation. Thereafter, such federal subsidy shall no longer be included in the definition of Revenues.

Under the General Bond Resolution, all or any portion of the Reserve Account Requirement may be satisfied by the deposit of Qualified Insurance.

As of April 30, 2015, the Reserve Account had a balance of $___________, comprised of $_____ million, plus four surety bonds with coverage totaling $_________ constituting Qualified Insurance, described as follows: **[AIAS TO PROVIDE ADDITIONAL INFORMATION/DIRECTION.]**

Issuer of Surety	Dollar Amount of Surety	Expiration Date
Ambac Assurance Corporation	$ 2,043,648.51	October 1, 2024 or the date of retirement/defeasance of all Outstanding Parity Bonds
MBIA Insurance Corporation	$16,156,439.00	October 1, 2030 or the date of retirement/defeasance of the Series 2006A Bonds, Series 2006B Bonds and Series 2006C Bonds (which were refunded in 2009)

The Reserve Account is a pooled reserve, and the surety bonds are available to be drawn upon with respect to any shortfall, regardless of the particular series of Parity Bonds. The Registrar shall draw upon or otherwise collect amounts payable under any surety bonds held in the Reserve Account whenever moneys are otherwise required for purposes for which Reserve Account moneys may be applied under the General Bond Resolution. Any draw on a surety bond shall be made only after all funds in the Reserve Account have been expended.

Future Parity Bonds

The State may issue Future Parity Bonds from time to time for any purpose permitted by law, to include refunding or defeasance of any bonds then outstanding. All Future Parity Bonds will have an equal lien and charge upon Revenues. Any such issuance for other than a refunding or defeasance of Outstanding Parity Bonds will require: (i) authorizing legislation permitting the Future Parity Bonds to be issued; (ii) a finding by the Commissioner that the proceeds of the Future Parity Bonds will be expended on necessary projects, authorized by the Act; (iii) that the State is in compliance with all covenants of the Bond Resolution; and (iv) a certification either from a consultant or the State that the Net Revenues during each of the three Fiscal Years following the earlier of (a) completion of the projects being financed with the proceeds of the Future Parity Bonds or (b) the date the capitalized interest of the Future Parity Bonds is expended, are projected to be equal to at least 1.25 times Aggregate Annual Debt Service for all Parity Bonds then Outstanding, including Future Parity Bonds then to be issued. The certification referred to above in (iv) shall not be required if the Future Parity Bonds are being issued to pay costs of facilities for which Parity Bonds have been issued previously and the principal amount of such Future Parity Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of Parity Bonds theretofore issued for such facilities and reasonably allocable to the facilities to be completed as shown in a written certificate of a Designated Representative, and there is delivered a Consultant's certificate stating that the nature and purpose of such facilities has not materially changed. For refunding bonds, the certificate referenced in (iv) above is required if the issuance increases Maximum Annual Debt Service or if total debt service has not been reduced (except for Future Parity Bonds issued to refund Parity Bonds within one year of maturity or for the payment of which sufficient Net Revenues or other moneys are not available). See, "APPENDIX B – State Bond Committee of the State of Alaska, Resolution No. 99-01" and "APPENDIX C – State Bond Committee of the State of Alaska, Supplemental Resolution No. 2015-07."

Limited Liability

THE BONDS ARE NOT A GENERAL OBLIGATION OF THE STATE AND THE STATE DOES NOT PLEDGE ITS FULL FAITH AND CREDIT TO THE PAYMENT OF THE BONDS. THE ISSUANCE OF THE BONDS DOES NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO APPLY MONEY FROM, OR LEVY OR PLEDGE, ANY FORM OF TAXATION WHATSOEVER TO THE PAYMENT OF THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE STATE PAID OUT OF AND SECURED ONLY BY THE REVENUES DERIVED BY THE STATE FROM THE OWNERSHIP, LEASE, USE AND OPERATION OF THE SYSTEM.

THE STATE

State Government

Alaska is a sovereign state of the United States of America and is located in the far northwest corner of North America, to the west of Canada and approximately 500 miles north of the state of Washington. Alaska became the 49th state in 1959 pursuant to the Alaska Statehood Act, which was enacted by the United States Congress in 1958 (the "Statehood Act"). The Alaska Constitution was adopted by the Constitutional Convention on February 5, 1956, ratified by the people of Alaska on April 24,1956, and became operative with the formal proclamation of statehood on January 3, 1959.

There are three branches of government: legislative, executive and judicial. The legislative power of the State is vested in a legislature consisting of a Senate with a membership of 20 and a House of Representatives with a membership of 40 (the "Legislature"). The executive power of the State is vested in the Governor. The judicial power of the State is vested in a supreme court, a superior court and the courts established by the Legislature. The jurisdiction of courts and judicial districts are prescribed by law. The courts constitute a unified judicial system for operation and administration.

The State provides a range of services including education, health and human services, transportation, law enforcement, judicial, public safety, community and economic development, public improvements and general administrative services through a variety of departments, State authorities and corporations.

State Bond Committee

The Legislature, by AS 37.15.110, created the Committee. The Committee is comprised of the Commissioner of the Department of Commerce, Community & Economic Development (Chairperson), the Commissioner of the Department of Revenue (Secretary), and the Commissioner of the Department of Administration (Member), or their designees. The Committee adopts resolutions and generally oversees the proceedings relating to the issuance of bonds by the State.

THE ALASKA INTERNATIONAL AIRPORTS SYSTEM

Introduction

AIAS is comprised of two major international airports, Anchorage International Airport located approximately three miles from downtown Anchorage, and Fairbanks International Airport located approximately five miles from central Fairbanks. Both airports provide state of the art passenger and cargo facilities and services, including a major sea plane base for general and light aviation adjacent to and operated as part of ANC. Both airports have been owned by the State since Statehood in 1959, operated by the State since 1960 (after a brief transition period during which the Federal Aviation Administration ("FAA") operated ANC and FAI); AIAS was formed in 1961 pursuant to AS 37.15.410-550.

The System is managed by the Alaska Department of Transportation and Public Facilities (the "Department"). The Deputy Commissioner - Aviation & Executive Director of AIAS oversees the System, while a General Manager for each of ANC and FAI directs day to day operations at each airport. An Aviation Advisory Board (the "Board") was established by Executive Order in January 2003 and made permanent within the Department. The 11 member Board, appointed by the Governor, meets at least annually to provide recommendations on aviation policy issues to the Department.

Governance and Management

Following is biographical information of officials at the Department, AIAS, ANC and FAI.

Marc Luiken, C.M., *Commissioner, Department of Transportation and Public Facilities*

[PLEASE REVIEW BIO]
Commissioner Luiken is responsible for the planning, design and construction , as well as the maintenance and operation of AIAS public buildings and facilities. Mr. Luiken was previously the Commissioner of the Department from 2010 to 2012; a position he took after serving as the Deputy Commissioner – Aviation. Most recently Mr. Luiken served as project manager and performance coach with RLG International, a consulting firm supporting the oil industry in Alaska with ConocoPhillips and BP Exploration Alaska.

Previously, Mr. Luiken served 29 years with the U.S. Air Force before retiring June 1, 2010. As Vice Commander of the 11th Air Force he oversaw the mission execution for two flying wings, 15 long-range radars and two additional operating locations. He was also charged with ensuring North American air sovereignty through coordination with the Alaska North American Air Defense Region. His career spanned the globe with multiple assignments in the United Kingdom and Germany, an assignment in Japan and several deployments to Southwest Asia. He is a combat veteran with service in Operation Desert Storm, Operation Southern Watch, Operation Joint Forge and Operation Enduring Freedom.

Mr. Luiken is a 1981 U.S. Air Force Academy graduate, with a B.S. in Human Factor's Engineering. He earned a master's degree in Management from Troy State University and a second master's degree in Strategic Studies from Air University in Alabama. He is a member of the Air Force Association and Rotary International.

John R. Binder III, *Deputy Commissioner, Aviation, Department of Transportation and Public Facilities and Executive Director, AIAS*

[PLEASE REVIEW BIO]
Deputy Commissioner Binder has oversight responsibilities for the aviation mode within the Department. In this role he provides executive direction and daily oversight for all aspects of planning, development, operations and maintenance of the State's 247 rural airports and its two international airports. Since retiring from the United States Air Force in September 2012, and before coming on board with the Alaska government in June 2013, Mr. Binder joined Lockheed Martin's National Airspace Implementation Support Contract (NISC) team in assisting the Federal Aviation Administration upgrade Alaska's airspace and air traffic infrastructure.

Mr. Binder had a distinguished active duty career, retiring in the rank of Lieutenant Colonel after 21 years of service. He was a command pilot with both fighter and trainer aircraft experience in the F-15C Eagle, T-38 Talon, and the T-6 Texan II. His career encompassed several key leadership positions including managing the Air Force's busiest airfield, directing installation safety programs, and directing operational and training flying programs. Lieutenant Colonel Binder is a combat veteran with service in Operations Southern Watch and Noble Eagle, with military decorations including the Meritorious Service Medal (4), the Air Medal, and numerous additional campaign and service recognition medals.

Mr. Binder graduated from the U.S. Air Force Academy in 1991 with a Bachelor of Science degree in Astronautical Engineering. He also earned a Master of Science degree in Aeronautical Sciences from Embry-Riddle Aeronautical University in 1995 and a Master of Science degree in Space Systems from the Air Force Institute of Technology in 2006.

John Parrott, AAE, *Airport Manager, ANC*

John Parrott has been ANC Airport Manager since 2004, serving under an Airport Director until assuming full authority in spring 2010, when the Airport Director position was eliminated. Mr. Parrott previously held positions at ANC as Security Manager and Operations Manager since first joining ANC in 1998. Mr. Parrott became an Accredited Airport Executive in 2007. Prior to joining ANC, Mr. Parrott served twenty years as a United States Air Force officer and pilot flying F-4, F-16 and B-1 aircraft, retiring as Squadron Commander of the first ever Air National Guard B-1 Bomber Unit. Mr. Parrott is the First Vice Chair of the ACI-NA Cargo Committee, the First Vice Chair of the NWAAAE , Past President of the Alaska Armed Services YMCA and serves as an ex-Officious advisor to Visit Anchorage and the Anchorage Economic Development Corporation He graduated from the United States Air Force Academy with a Bachelor of Science degree in Chemistry and has a Master of Science degree from Embry-Riddle Aeronautical University with a double major of Management and Education. Mr. Parrot is active in the aviation community and a private pilot.

Angie Spear, *Acting Airport Manager, FAI*

[PLEASE PROVIDE BIO.]

Keith Day, CPA, *Controller, AIAS*

Keith Day assumed his role as Controller of the System in November, 2006. He is a licensed Certified Public Accountant in the State of Alaska and has both public and private sector accounting experience. His private sector accounting experience includes several years as an auditor for KPMG Peat Marwick, LLP, serving clients in governmental, not-for-profit, manufacturing and oil pipeline transportation industries; as an accounting manager for the State's largest grocery and drug store retailer; and as CFO for a reciprocal insurance exchange. His public sector accounting experience also includes serving as Chief of Finance for the Regulatory Commission of Alaska, the State's public utility and petroleum pipeline transportation regulatory agency. He holds a Bachelor of Arts degree in Business Administration - Accounting with a minor in Computer Science from the University of Alaska, Anchorage.

OVERVIEW OF OPERATIONS

AIAS plays a significant role in the State, national and international aviation systems. The State owns 247 airports, most of which are rural airports providing the only reasonable means of access to the many communities not connected to the primary Alaska road system. Given the geography and weather of Alaska, as well as the distances between rural off-road communities, aviation and the network of State-owned airports provide a practical, and in many cases the only, transportation substitute for a road network. The System is the heart of Alaska's airport network, providing the foundation for general aviation activity as well as an international gateway and hub for commercial aviation.

The System provides essential air service to Alaska residents, Alaska business and industry, the U.S. military and the Alaska tourist industry and provides globally strategic services to the international cargo industry. In FY 2015, the System served approximately 6.4 million passengers overall. Of these passengers, 42,000 were in-transit passengers – those who made a required stop in Alaska, primarily for purposes of refueling – on a flight to their ultimate destination. The System currently serves over 40 European, Asian and North American cities with non-stop scheduled and charter passenger and cargo flights.

See, "AVIATION ACTIVITIES AND ACTIVITY LEVELS" and "SYSTEM FINANCIAL OPERATIONS AND RESULTS – Management Discussion of System Operating Results."

SYSTEM FACILITIES

Anchorage International Airport

ANC, includes both domestic and international passenger terminals and a general aviation and air taxi base around Lake Hood, covers approximately 4,837 acres of land.

ANC serves as the primary passenger airport in the State and is an important cargo airport globally. ANC is classified by the FAA as a medium-hub airport on the basis of passenger enplanement levels. ANC is ranked 56th in the nation based on Calendar Year ("CY") 2014 passenger enplanement levels and in terms of cargo activity levels, ANC ranked, based on air cargo tonnage, as the number 2 cargo airport in the United States in CY 2014, according to the FAA.

ANC Airfield

ANC airfield facilities include three major air carrier runways, two of which are oriented east-west, and one which is oriented north-south; a gravel runway for general aviation; and seaplane facilities with three waterlanes. The three major runways are capable of serving all types of commercial aircraft currently in service, and two of the runways are equipped with precise instrument landing systems. Although the three runways are physically capable of serving aircraft such as the B747-8 and A380F, one runway was upgraded to full Design Group VI standards as part of ANC's FY 2009 – FY 2013 CIP. Additional facilities for air carrier aircraft include 24 taxiways; aircraft parking aprons with hydrant-fueling positions for 81 wide-body and narrow-body aircraft, a number of additional non-hydrant aircraft parking positions for Design Group III and IV aircraft, and various runway lighting and air navigational systems. Forty-seven of the 81 aircraft parking positions are State-owned and 34 are on private leaseholds. Of these 81 parking positions, 47 are either dedicated to, or primarily used by, cargo aircraft, with eight more North Terminal aprons for overflow cargo aircraft parking.

ANC Passenger Terminals

ANC's passenger terminal facilities include approximately 834,000 square-foot domestic South Terminal and, connected to it by an enclosed above-ground walkway, an approximately 312,000 square-foot North Terminal used primarily for international flights.

The South Terminal consists of three concourses. Concourse A provides six regional carrier ground-loading gates with approximately 18 regional aircraft parking positions. Concourse B has a total of nine gates, five of which are leased to airlines on a preferential basis, and four of which are State administered on a per-turn basis. Concourse C has nine jet gates, six of which are preferentially leased to airlines and three of which are State administered and charged for use on a per turn basis. Of the nine gates, all gates except one State administered gate have jet bridges; all six of the preferential leased gate jet bridges and one State administered gate jet bridge are owned by airlines. The leasing status of all gates, as well as the number that have jet bridges, remain subject to change in accordance with the AIAS Operating Agreement and Passenger Terminal Lease. The Operating Agreement is discussed further below under the caption "SYSTEM OPERATING AGREEMENT, REVENUES AND EXPENSES – Operating Agreement."

The North Terminal facility has eight State-owned jet bridge-equipped gates and approximately 21,000 square feet of concession space.

ANC Cargo Facilities

[PLEASE UPDATE]

ANC is a strategically positioned cargo refueling and transloading hub averaging approximately ___ international and domestic all-cargo landings weekly in FY 2014 due in part to its favored location on the great circle routes (see, "AVIATION ACTIVITIES AND ACTIVITY LEVELS – Airline Service – Geographical Map"). Cargo activity at ANC includes traffic between the United States and Asia. Additionally, two United States carriers – FedEx and UPS – operate international hub and spoke cargo routes from their respective bases at ANC.

Air cargo and express package services continue to be the most significant portion of the overall activity at ANC, accounting for over two-thirds of operating revenues in recent years. ANC is the major air gateway to the State for both passengers and cargo, and its strategic global location has also made it an important international cargo gateway, express package sorting, refueling, cargo transfer and cargo technical stop center for air cargo freighters flying between Asia and North America. ANC enjoys a broad base of cargo business, as evidenced by the large number and global diversity of its cargo carriers (as detailed in Table 12) and the fact that the largest cargo operators by landed weight, United Parcel Service and FedEx, represented approximately ___% and ___%, respectively, of total AIAS operating revenues in FY 2014 (and ___% and ___%, respectively, of airline operating revenue). See, "SYSTEM FINANCIAL OPERATIONS AND RESULTS – Management Discussion of System Operating Results."

Since 1996, the private sector has invested approximately $280 million in cargo facilities. In 2008, UPS opened a centralized wide-body pilot training facility at ANC. In 2006, UPS added a ground equipment maintenance and local distribution hub facility, and in 2005-2007, UPS added five wide-body parking aprons to increase aircraft parking capacity to a total of 11 aprons. FedEx has invested in excess of $150 million in ANC facilities and uses ANC as its hub for clearing incoming packages from Asia through U.S. Customs and Border Protection. In 2007, FedEx completed a multi-phased expansion of its international package sorting facility, a ground service equipment maintenance facility and two aircraft parking aprons to bring its total to 12 wide-body parking aprons. Alaska CargoPort, a third party facility developer/operator, invested approximately $22 million in cargo apron, warehouse and distribution center facilities from 1999 to 2005. Since 1996, Alaska Airlines and Northern Air Cargo have invested in excess of $20 million in cargo facility improvements. In 2008, Polar Air Cargo, 49% owned by DHL, established DHL's trans-Pacific express business hub at ANC. Currently, the three largest airline air cargo integrators UPS, Fedex, and DHL, routinely utilize ANC facilities.

Additional private investment has been made, or continues, at ANC to meet the needs of Conoco Phillips/BP shared services aviation support to Alaska's North Slope fields, arctic offshore oil exploration efforts, as well as corporate and general aviation activity.

ANC Other Facilities

[PLEASE UPDATE]

ANC includes the Lake Hood/Lake Spenard Base (the "Seaplane Base") and the adjoining Lake Hood Airstrip. The Seaplane Base is located to the northeast of, and adjacent to the jet airport facilities of ANC. With approximately 1,000 based aircraft and approximately **______** landings in FY 2015, the Seaplane Base is one of the most active seaplane facilities in the world. The facility operates on a year-round basis, but weather conditions in the winter months dictate that the Seaplane Base operate as a ski-plane facility for part of the year.

Additional facilities include a control tower owned by the FAA, privately-owned maintenance hangars, fueling facilities and catering facilities, State-owned parking facilities for over 4,100 vehicles (including a 1,172 space parking garage, 1,372 additional spaces for paid long-term and short-term parking, a 335-space "Park, Ride & Fly" lot, and 1,258 employee parking spaces, but excluding over 1200 more spaces in the Consolidated Rental Car Facility), and land leased to the United States Post Office and the Alaska National Guard.

ANC Rental Car Facility

In 2007, construction of a rental car facility (the "ANC Rental Car Facility") was completed. The ANC Rental Car Facility is located on an approximately six-acre site at ANC, directly across from, and attached to, ANC's renovated and expanded South Terminal. The ANC Rental Car Facility consolidated all rental car customer operations at ANC into a single consolidated facility. It consists of a four-level parking garage for the rental car operators, an underground passenger tunnel connecting the garage with ANC's South Terminal and certain other infrastructure improvements. The ANC Rental Car Facility was developed by a private contractor, not the State, though the State holds title. Project development, design and construction were paid for with proceeds of approximately $63 million dollars of conduit bonds issued by the Alaska Industrial Development and Export Authority (the "AIDEA Bonds"). The AIDEA Bonds are payable from the proceeds of Customer Facility Charges collected by the rental car companies as required by the Department; collection of Customer Facility Charges began in June 2005 from rental car customers and the proceeds are remitted by the rental car companies directly to the trustee for the AIDEA Bonds. The operation and maintenance costs of the ANC Rental Car Facility are paid from Facility Maintenance Charge proceeds similarly collected by the rental car companies from their customers and remitted directly to the AIDEA Bond trustee; the System is not financially responsible for the maintenance and operational expenses of the ANC Rental Car Facility.

Bill Sheffield Alaska Railroad Corporation Depot

In 2002, the Alaska Railroad Corporation ("ARRC") completed construction of the Bill Sheffield Alaska Railroad Corporation Depot, which is located immediately adjacent to the ANC parking structure and is connected to the terminal core area via pedestrian tunnel. The depot, which is both owned and operated by ARRC, totals 17,300 square feet.

ANC Master Plan

[PLEASE PROVIDE DESCRIPTION OF THE 2015 MASTER PLAN – EXPECTED TO BE PUBLISHED IN DECEMBER 2015.]

Fairbanks International Airport

Situated within the Fairbanks Borough, FAI is located approximately five miles southwest of the principal business center of the City of Fairbanks. It serves as a critical transportation and distribution center for interior and northern Alaska and features extensive civil and commercial general aviation facilities. FAI is classified by the FAA as a small-hub airport, having 509,962 enplanements in FY 2015. It is ranked as the 123rd largest airport in the United States for passenger activity and the 109th busiest for cargo traffic according to FAA CY 2014 statistics.

FAI is capable of serving all types of commercial aircraft currently in operation, including aircrafts such as the B747-8 and A380F. Airfield facilities include an air carrier runway that is 11,800 feet in length and fully instrumented with precision approach facilities and equipment. The north-south runway operation serves the needs of FAI because crosswind conditions (where crosswind components exceed 15 miles per hour) are typically encountered less than 2% of the year. Together with four hard-stands for heavy jet freighters, these facilities provide both a diversion alternative to ANC and an independent capacity to offer mid-route fueling for all models of cargo aircraft currently operating. Additional facilities include two general aviation runways (6,500 feet paved/2,900 feet gravel), a float plane base that supports over 500 based aircraft, parallel and crossing taxiways, extensive aircraft parking space, and various runway lighting and air navigation systems.

FAI is served by an upgraded 146,000 square foot passenger terminal completed in 2009. Regional, major domestic, and international carriers utilize a combination of six gates with four jetways owned by the System and two owned by airlines. The relatively new terminal brought improvements which addressed issues involving international passenger processing, air carrier terminal gate usage, outdated HVAC systems and controls, old security and baggage handling systems, passenger flow inefficiencies, and limited capacities for heavy seasonal tour passenger operations.

ECONOMIC DEMAND FOR AIR SERVICE

ANC and FAI serve both the local traffic generated in the Anchorage and Fairbanks Air trade areas, and the broader State-wide market where AIAS provides in-State origin and destination and global connections

Anchorage Air Trade Area

The greater air trade area for ANC includes the areas immediately surrounding Anchorage as well as the entire State north of the far southeast "Panhandle" (which is served primarily by jet airports at Ketchikan, Juneau and Sitka, and overlapped by the air trade area of the Seattle-Tacoma International Airport) (the "ANC Air Trade Area"). The primary region within the ANC Air Trade Area consists of the Municipality of Anchorage ("Anchorage") and the Mat-Su Borough. Because most of the region's population resides in Anchorage and the Mat-Su Borough, and because ANC is the only airport in that area with scheduled air carrier service, data for that immediate air trade area are used to represent the airport's entire service area (both immediate and greater).

Other sectors of the Anchorage Region's economy include mining, fishing, and tourism. In particular, tourism has become a significant factor in the passenger activity levels at ANC.

Fairbanks Air Trade Area

The air trade area for FAI is the interior region of the State, primarily the Fairbanks North Star Borough (the "Fairbanks Borough") and the City of Fairbanks (together, the "Fairbanks Region"). FAI also serves as the major commercial airport for many of the smaller communities located in interior and northern parts of the State. The Fairbanks Borough lies in the Tanana Valley in the interior of the State at the northern terminus of the Alaska Highway and the Alaska Railroad. It is about 230 nautical miles by air (about 360 highway miles) northeast of Anchorage and 80 miles south of the Arctic Circle. In 2014, the estimated population of the Fairbanks Region was 99,357. This accounted for approximately 13.9% of the estimated State population.*

In 1968, oil and gas reserves were discovered on Alaska's North Slope, and the Fairbanks Borough became the staging, service and supply center for the construction of the $7 billion, 809-mile Alaska Pipeline completed in 1977. The discovery of oil and the construction of the transmission pipeline accelerated growth in nearly all sectors of the Fairbanks Borough's economy. No single project on a comparable scale has affected the Fairbanks Borough since the pipeline; however, since 1980, the Fairbanks Borough has experienced moderate growth in population, income and employment throughout the economy, specifically the construction, finance, services and trade industries. Military and defense establishments also constitute an important segment of the Fairbanks Borough's economy, as does the University of Alaska-Fairbanks. Both Fort Wainwright and Eielson Air Force Base are located within the Fairbanks Borough.

* *Alaska Department of Labor and Workforce Development*

AIR-TRADE AREA EMPLOYMENT

[PLEASE REVIEW/CONFIRM]

TABLE 1

EMPLOYMENT IN THE ANCHORAGE REGION BY SECTOR

INDUSTRY		**CY 2014**
Services & Miscellaneous		43.0%
Educational & Health Services	16.1%	
Leisure & Hospitality	10.9%	
Professional & Business Services	12.1%	
Other Services	3.9%	
Government		19.4%
Local	7.8%	
State	6.8%	
Federal	4.8%	
Trade/Transportation/Utilities		21.2%
Wholesale Trade	2.7%	
Retail Trade	12.0%	
Transportation/Warehouse/Public Utilities	6.5%	
Construction		5.7%
Finance/Information		7.1%
Natural Resources & Mining		2.1%
Manufacturing		1.4%
TOTAL EMPLOYMENT		**100.0%**

Totals may not add due to rounding.

Source: Alaska Department of Labor and Workforce Development

TABLE 2

EMPLOYMENT IN THE FAIRBANKS REGION BY SECTOR

INDUSTRY		**CY 2014**
Services & Miscellaneous		33.9%
Educational & Health Services	13.5%	
Leisure & Hospitality	10.9%	
Professional & Business Services	6.4%	
Other Services	3.1%	
Government		29.9%
Local	8.3%	
State	14.0%	
Federal	7.5%	
Trade/Transportation/Utilities		20.3%
Wholesale Trade	2.1%	
Retail Trade	12.2%	
Transportation/Warehouse/Public Utilities	6.0%	
Construction		6.8%
Finance/Information		4.4%
Natural Resources & Mining		3.6%
Manufacturing		1.6%
TOTAL EMPLOYMENT		**100.0%**

Totals may not add due to rounding.

Source: Alaska Department of Labor and Workforce Development

Population Trends

In 2014, the estimated population of Anchorage and the Mat-Su Borough (together, the "Anchorage Region"), was 398,612. This accounted for approximately 54% of the State's estimated 735,801 residents.* The Anchorage Region is the leading trade, supply, banking and communications center of the State. The largest private employer in the region in 2014 was Providence Health & Services. Oil and gas extraction and oilfield services are a significant contributor to the Anchorage Region and Statewide payroll due to the relatively high wages per employee. Federal (including Joint Base Elmendorf-Richardson), State and local government are also significant employers in the Anchorage Region. Unemployment in the Anchorage/Mat-Su Region was approximately 6.0% as of March 2015 and the same for March 2014.

* *Alaska Department of Labor and Workforce Development*

Table 3 illustrates the historical population for the Anchorage Region, the Fairbanks Region, the State of Alaska and the United States.

TABLE 3

SUMMARY OF HISTORICAL POPULATION
THE AIR TRADE AREA, THE STATE AND THE UNITED STATES(1)
CY 2010-2014

Year	Anchorage Region(2)	Fairbanks Region	Total Area	State of Alaska	United States (millions)
2010	380,821	97,581	478,402	710,231	309.33
2011	387,881	97,807	485,688	723,136	311.59
2012	392,643	100,343	492,986	732,298	313.84
2013	397,774	99,949	497,723	737,259	317.58
2014	398,612	97,972	498,584	736,732	319.92

(1) Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and U.S. Census 2010-2014.
(2) Anchorage Region includes the Matanuska-Susitna Borough.

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Overview of Alaska Economy

Income. In 2014, Alaska had a median household income of $69,825 ranking second in the United States,[1] See, "APPENDIX I – Summary Information Regarding the Economy of the State."

Employment. Date of the Alaska Department of Labor and Workforce Development shows the unemployment rate (seasonally adjusted) for Alaska for August 2015 was 6.9%, as compared to a national unemployment rate for the same period of 6.1%. Historically Alaska's unemployment has exceeded the national rate.[2] See, "APPENDIX I – Summary Information Regarding the Economy of the State."

Tourism. Between May 1, 2014 and April 30, 2015, Alaska received 1,946,400 visitors, a 9.5% increase from the same period in 2010-11. Visitor volume reached an all-time high in 2013-14, when 1,966,700 visitors entered Alaska, exceeding the previous peak set during 2007-08.[3]

The majority of visitors to Alaska travel either by cruise ship or by air. In summer 2014, 623,600 visitors entered Alaska by air. The air market (non-cruise visitors that fly in and out of Alaska) increased by 1% in 2014, following a 7% increase in summer 2013. Cruise passenger volume dropped in 2014, for the first time in four years, by 3%. The 2014 air market total is the highest since the "transportation market" method of counting visitors started in 2006.[3]

AVIATION ACTIVITIES AND ACTIVITY LEVELS

Anchorage Passenger Activity

Enplaned passenger activity at ANC has increased from approximately 2.4 million in FY 2006 to approximately 2.7 million in FY 2015, an average compound annual growth rate of approximately 1.1%. Total passengers include passenger enplanements, passenger deplanements and in-transit passengers.

Set forth below are tables showing passenger activity levels for the fiscal years ended June 30, 2006 through 2015 for ANC:

TABLE 4

Anchorage International Airport
ANNUAL PASSENGER ACTIVITY
(thousands)

Fiscal Year	Passenger Enplanements	Passenger Deplanements	In-Transit	Total*
2006	2,409	2,398	237	5,044
2007	2,429	2,393	317	5,139
2008	2,562	2,505	313	5,380
2009	2,465	2,422	181	5,068
2010	2,347	2,347	189	4,883
2011	2,456	2,463	164	5,083
2012	2,493	2,483	91	5,067
2013	2,469	2,446	44	4,959
2014	2,547	2,539	33	5,119
2015	2,668	2,654	42	5,364

* Totals may not add due to rounding.

Source: Ted Stevens Anchorage International Airport Certified Activity Reports Fiscal Years - July 1 - June 30

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1 Bureau of Economic Analysis, Regional Data.
2 Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics.
3 Alaska Visitor Statistics Program VI Interim Visitor Volume Report, Fall/Winter 2014-15 (July 2015). Prepared for the State of Alaska Department of Economic Development by McDowell Group.

TABLE 5

Anchorage International Airport
ANNUAL PASSENGER ENPLANEMENTS
(thousands)

Fiscal Year	Domestic Enplanements	International Enplanements	Total*
2006	2,387	22	2,409
2007	2,405	24	2,429
2008	2,537	25	2,562
2009	2,441	24	2,465
2010	2,326	21	2,347
2011	2,436	20	2,456
2012	2,473	20	2,493
2013	2,451	18	2,469
2014	2,527	20	2,547
2015	2,653	15	2,668

* Totals may not add due to rounding.

Source: Ted Stevens Anchorage International Airport Certified Activity Reports Fiscal Years - July 1 - June 30

Passenger Enplanements and Origin and Destination Traffic. A large percentage of domestic passengers using ANC are either beginning or ending their trips at ANC, and nearly all of them are necessarily beginning and/or ending their journey within the ANC Air Trade Area. This type of passenger activity is commonly referred to as origin and destination ("O&D") passenger traffic. When last studied by an outside consultant in FY 20__, it was estimated that approximately _____% of total scheduled domestic enplanements at ANC would technically be considered traditional O&D. System management believes the 20__ estimate of traffic at ANC, within the traditional definition of O&D, remains reasonable because there have been no major changes in traffic patterns over the intervening period. Virtually all AIAS deplanements are essentially O&D, as no alternative hubs exist to reach the vast majority of other Alaskan airports north of Juneau.

Connecting traffic in the System has a different character from the connecting traffic at typical hub airports in the "Lower 48 States." Connecting traffic at a typical hub airport uses the hub to connect multiple communities that are mostly, if not all, beyond the hub airport's air trade area. Such flights could, in theory, be shifted to use some other airport as a hub by rerouting traffic. ANC, on the other hand, is the only airport in the State available to connect flights both between the many much smaller communities within the majority of the State and to flights to the Lower 48 states and international destinations. These communities are highly reliant on air travel due to the State's vast expanse and limited road system, but far too small to support direct service to anywhere but Anchorage.

ANC serves as the primary in-State air center. Domestic traffic connecting through ANC originates in, or is destined for, the ANC Air Trade Area, within which there is no other airport currently capable of serving as that connecting point. ANC's connecting passengers are for all practical purposes O&D-equivalents. Additionally, ANC's status as the hub for the ANC Air Trade Area is based entirely on geography; ANC is the only large commercial and population center within a radius of over 1,300 miles.

Total O&D and connecting passenger enplanements at ANC increased from approximately ____ million in FY 2006 to approximately ____ million in FY 2015, an Average Annual Compound Growth Rate ("AACGR") of ____%. Passenger enplanements have shown a net overall increase over the last ten years, although there was a decline of approximately ____% and ____% in FY 20__ and FY 20__ respectively, a trend which paralleled the global economic downturn and saw a return to positive growth rates of ____% and ____% in FY 2013 and FY 2014.

The majority of passenger enplanements are domestic, accounting for 99% of total enplanements in FY 2015. According to AIAS data, the domestic traffic segment has grown at an AACGR of 1.1% since FY 2006. International enplanements decreased from 22,000 in FY 2006 to approximately 15,000 in FY 2015 as reported by the AIAS in Table 5 above, an AACGR of <3.8>%.

In-Transit Passenger Traffic. ANC has long served as a major world air center because of its "crossroads" position on polar air routes. As shown on Table 5 above, international enplanements have declined over the last 5 years, and in-transit passenger activity decreased from approximately ________ in FY 2006 to approximately 42,000 in FY 2015; an AACGR of approximately <____>%, due primarily to changes in visa requirements along with other post September 11 security measures, longer range aircraft and world economic conditions. The resulting financial impact was relatively insignificant because international in-transit activity comprises only a small percentage of total activity and therefore did not substantially affect growth in total passengers during the period.

Fairbanks Passenger Activity

According to System data the number of enplaned passengers at FAI in FY 2015 was 509,962. From FY 2006 to FY 2015, total enplanements grew at an AACGR of approximately ___%. This growth over the last ten years (despite a small decline attributable to the national and global economic downturn) is a product of expansion of both the State population and its economy, along with growth in the tourist industry in the Fairbanks area and throughout the State.

Set forth below are tables showing passenger activity levels for FY 2006 through FY 2015 at FAI.

TABLE 6

Fairbanks International Airport
ANNUAL PASSENGER ACTIVITY
(thousands)

Fiscal Year	Enplanements	Deplanements	In-Transit	Total*
2006	460	463	48	971
2007	460	481	48	989
2008	481	497	47	1,025
2009	462	471	47	980
2010	458	477	51	986
2011	471	477	57	1,005
2012	468	473	60	1,001
2013	479	481	63	1,023
2014	497	492	72	1,061
2015	510	513	49	1,072

* Totals may not add due to rounding.

Source: Fairbanks International Airport Certified Activity Reports Fiscal Years - July 1 - June 30

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TABLE 7

Fairbanks International Airport
ANNUAL PASSENGER ENPLANEMENTS
(thousands)

Fiscal Year	Domestic	International	Total*
2006	455	5	460
2007	454	6	460
2008	474	7	481
2009	455	7	462
2010	452	6	458
2011	465	6	471
2012	462	6	468
2013	472	7	479
2014	493	4	497
2015	500	10	510

* Totals may not add due to rounding.

Source: Fairbanks International Airport Certified Activity Reports Fiscal Years - July 1 - June 30

PLEASE PROVIDE FOR FY 2006-2015 –

1) **Top 10 enplaned passenger – by airline – for ANC & FAI;**
2) **Top 10 passenger destinations – for ANC & FAI;**
3) **Discussion of new airlines/routes and lost airlines/routes – for ANC & FAI;**

Anchorage Cargo Activity

[PLEASE UPDATE.]

The primary advantage ANC offers international air cargo carriers remains the increased revenue yield per flight available from the added payload that flights via ANC can carry. Midpoint refueling at ANC minimizes what is commonly referred to in the industry as a "payload penalty," or the reduction of cargo capacity due to the greater weight of fuel needed to overfly a midpoint refueling stop such as ANC. A second advantage is the low cost to the carrier to use ANC as compared with many other airports, due in part to airlines' ability to break cargo flights into shorter segments so that one crew alone can fly each segment. A third advantage is the opportunity to increase aircraft utilization and route efficiency by balancing payloads between aircraft arriving from and departing to multiple points. A fourth advantage is that carriers are able to use transfers to combine loads and reach more markets without adding aircraft. In August 2010, the System hosted the Alaska International Air Cargo Summit, featuring U.S. Department of Transportation and international aviation experts from Washington, D.C., to highlight these advantages for both foreign and domestic international air cargo carrier representatives.

The average number of all-cargo aircraft landings at ANC decreased from approximately 906 per week in FY 2006 to approximately 716 in FY 2015, with the highest activity level in that interval being approximately 953 per week in FY 2009. During that same period, annual all-cargo certificated maximum gross takeoff weight at ANC (measured in 1,000 lb. units) decreased from ______ million to 22.0 million, for an AACGR of <6.0>%. This decrease has been driven by both increased capacity utilization by cargo carriers as well as oscillations in cargo traffic levels that are closely correlated with global economic conditions. The seasonal pattern of landings reflects the seasonality of international air cargo shipments, rather than fluctuations in the State economy.

International Cargo Traffic. The list of international cargo operators at ANC in Table 12 reflects ANC's proximity to Asia and other parts of North America. ANC is listed as the second-ranked air cargo airport in North America, as reported in ACI-NA preliminary 2014 Top 50 International Airports. Over 40 Asian and North American cities are now linked by direct cargo flights to and from ANC.

Since FY 2009, ANC experienced a significant oscillation in international air cargo activity levels, primarily associated with the global economic downturn, and somewhat hesitant recovery. The airline industry as a whole continues to deal with significant uncertainty regarding future activity levels due to concerns regarding the near-term state of the overall global economic environment.

Beginning in 1996, the U.S. Department of Transportation provided foreign air carriers expanded air cargo transfer authority, including change of gauge operations (e.g., change of plane size), when transiting System airports. Federal law was amended more significantly as part of the FAA Reauthorization Bill enacted on December 12, 2003 to grant foreign air cargo carriers operating via the State liberalized authority to transfer cargo to other foreign carriers to complete the international journey to or from the United States. The law allows the carriage of international origin and destination cargo on a foreign air carrier between Alaska and other points in the United States, even before or after a transfer in Alaska from a different foreign carrier, in the course of continuing international transportation involving a qualifying arrangement with a U.S. domestic air carrier. This legislation represents a large expansion of air service rights via ANC and FAI for foreign air carriers, which operate much of the trans-Pacific wide-body air freighter fleet, over rights available at any other U.S. airport.

There are approximately 253 acres dedicated to air cargo facilities at ANC. These areas include over one million square feet of buildings, 471,000 square yards of apron and 37 acres of auto parking and landside support. These facilities are located in each of the three principal development areas of the airport, the North Airpark, East Airpark and South Airpark. ANC also has several million square feet of vacant land well-located for future cargo development.

TABLE 8

Anchorage International Airport
ANNUAL ALL-CARGO AIRCRAFT LANDINGS

Fiscal Year	Domestic	International	Total
2006	24,924	22,167	47,091
2007	28,093	21,494	49,587
2008	27,121	19,844	46,965
2009	21,518	14,708	36,226
2010	21,490	18,519	40,009
2011	21,852	20,145	41,997
2012	20,486	17,424	37,910
2013	19,270	16,788	36,058
2014	18,795	16,271	35,066
2015	19,921	17,346	37,267

Source: Ted Stevens Anchorage International Airport Certified Activity Reports Fiscal Years - July 1 - June 30

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TABLE 9

Anchorage International Airport
ANNUAL ALL-CARGO AIRCRAFT CERTIFICATED
MAXIMUM GROSS TAKEOFF WEIGHT
(thousands of pounds)

Fiscal Year	Domestic	International	Total
2006	9,897,409	18,070,133	27,967,542
2007	11,617,786	17,445,982	29,063,768
2008	11,075,800	16,300,726	27,376,526
2009	8,225,423	12,308,010	20,533,433
2010	8,345,684	15,480,045	23,825,729
2011	8,212,770	17,002,043	25,214,813
2012	7,532,905	14,997,306	22,530,211
2013	6,610,084	14,786,651	21,396,735
2014	6,057,195	14,602,971	20,660,166
2015	6,263,850	15,706,993	21,970,843

Source: Ted Stevens Anchorage International Airport Certified Activity Reports Fiscal Years - July 1 - June 30

Fairbanks Cargo Activity

Although FAI is not currently used as a refueling stop for regularly scheduled intercontinental air cargo freighters, it is an important alternate for any necessary diversion from ANC by such aircraft.

Fairbanks Infrastructure. FAI's main air carrier runway (2L/20R) is 11,800 feet, equipped with full instrument landing system, precision approach facilities and equipment, and was fully rehabilitated and resurfaced in 2011. This enables the wide-body freighter fleets of transpacific and transatlantic cargo carriers to operate year-round and to minimize payload penalty. The FAI has also expanded the smaller east ramp paved general aviation runway from 3,200 feet long and 60 feet wide to 6,500 feet long and 100 feet wide. This was done to accommodate Design Group II aircraft (aircraft with a wingspan between 49-79 feet) that operate from the east ramp but previously taxied across the airfield to use the main air carrier runway. These types of aircraft include the Beechcraft 1900 and are used predominately in serving rural Alaska. Not only does the expanded general aviation runway reduce taxi time and costs, it also reduces exposure to hazardous runway crossings and increases the capacity of the main air carrier runway for larger aircraft.

Domestic Cargo Activity. Domestic cargo activity – interstate and intrastate service – is essential to the State's entire population. FAI serves as the cargo hub for interior Alaska and much of the North Slope. Lack of surface infrastructure or surface transportation alternatives and distances between in-State destinations continue as primary drivers of activity.

International Cargo Traffic. Although FAI is not currently served on a regular basis by non-stop cargo flights to and from Asia, FAI has received exemption authority under the federal legislation (discussed above) granting expanded cargo transfer authorities for foreign carriers transiting the State to perform interline transfers of cargo enroute between the lower 48 states and international origins or destinations under certain conditions. See, "AVIATION ACTIVITIES AND ACTIVITY LEVELS – Anchorage Cargo Activity – *International Cargo Traffic*."

TABLE 10

Fairbanks International Airport
ANNUAL ALL-CARGO AIRCRAFT LANDINGS

Fiscal Year	Domestic	International	Total
2006	6,064	599	6,663
2007	5,607	43	5,650
2008	5,238	13	5,251
2009	4,854	73	4,927
2010	4,739	27	4,766
2011	4,531	72	4,603
2012	4,434	7	4,441
2013	2,219	16	2,235
2014	2,487	19	2,506
2015	2,564	4	2,568

Source: Fairbanks International Airport Certified Activity Reports Fiscal Years - July 1 - June 30

TABLE 11

Fairbanks International Airport
ANNUAL ALL-CARGO AIRCRAFT CERTIFICATED
MAXIMUM GROSS TAKEOFF WEIGHT
(thousands of pounds)

Fiscal Year	Domestic	International	Total
2006	222,064	425,905	647,969
2007	199,468	36,609	236,077
2008	146,500	10,755	157,255
2009	189,716	58,500	248,216
2010	170,912	22,467	193,379
2011	155,569	59,621	215,190
2012	132,113	5,515	137,628
2013	129,070	13,689	142,759
2014	125,769	16,880	142,649
2015	136,565	3,536	140,101

Source: Fairbanks International Airport Certified Activity Reports Fiscal Years - July 1 - June 30

Airline Service

The following tables list the air carriers reporting enplaned passengers and/or enplaned cargo at the Airports through June 30, 2015.

TABLE 12

Anchorage International Airport
COMMERCIAL AIR CARRIERS(*)
As of June 30, 2015 (Some service may be seasonal)

Scheduled Domestic Passenger Service

Alaska Airlines, Inc.
Alaska Central Express, Inc.
American Airlines, Inc.
Corvus Airlines, Inc.
Delta Air Lines, Inc.
Grant Aviation, Inc.
Hageland Aviation Services, Inc.
JetBlue Airways (Seasonal)
Peninsula Airways, Inc.
Sun Country Airlines
United Airlines, Inc.

Scheduled International Passenger Service

Air Canada
Condor Flugdienst, GmbH
Icelandair (Seasonal)
Yakutia (Seasonal)

Non-Scheduled Passenger Service

Alascom
ConocoPhillips Alaska, Inc./BP Exploration (Alaska) Inc.
Guardian Flight, Inc.
Japan Airlines (Seasonal)
Korean Airlines (Seasonal)
Omni Air International

All-Cargo Operators

ABX Air, Inc.
Airbridge Cargo Airlines, LLC
Air China Cargo Company Ltd
Alaska Airlines, Inc.
Alaska Central Express, Inc.
Asiana Airlines, Inc.
Atlas Air, Inc.
Cargolux Airlines International S.A.
Cathay Pacific Airways, Ltd.
China Airlines, Ltd.
China Cargo Airlines, Inc.
China Southern Airlines
Desert Air Transport, Inc.
Empire Airlines, Inc.
Eva Airways Corporation
Federal Express Corporation
Kalitta Air, LLC
Korean Air Lines Co., Ltd.
Lynden Air Cargo, LLC
Nippon Cargo Airlines
Northern Air Cargo, Inc
Peninsula Airways, Inc.
Polar Air Cargo Worldwide, Inc.
Qantas Airways, Ltd.
Singapore Airlines Cargo PTE, Ltd.
Southern Air, Inc
Tatonduk Outfitters, Ltd..
Transnorthern Aviation, LLC
United Parcel Service
Volga-Dnepr Cargo Airline
Yangtze River Express Airline

(*) Bold type indicates Signatory Airlines of the 2013 Operating Agreement, as such terms are defined below.

Source: Alaska International Airports System Management Records and the Official Airline Guide

TABLE 13

Fairbanks International Airport
COMMERCIAL AIR CARRIERS[1]
As of June 30, 2015 (Some service may be seasonal)

Scheduled Domestic Passenger Service

40 Mile Air Ltd.	**Tatonduk Outfitters, Ltd.**
Alaska Airlines, Inc.	**United Airlines, Inc.**
Corvus Airlines, Inc.	Warbelow Air Ventures, Inc.
Delta Air Lines, Inc.	Wright Air Service, Inc.

Scheduled International Passenger Service

Condor Thomas Cook

Non-Scheduled Passenger Service

Air North Partnership	Life Med
ConocoPhillips Alaska, Inc./BP Exploration (Alaska) Inc.	Japan Airlines
Guardian Flight, Inc.	Sierra Pacific

All-Cargo Operators

Alaska Airlines, Inc.	**Lynden Air Cargo, LLC**
Alaska Central Express, Inc.	**Tatonduk Outfitters, Ltd.**
Corvus Airlines, Inc.	Transnorthern Aviation, LLC
Empire Airlines, Inc.	Volga-Dnepr cargo Airline
Everts Air Fuel, Inc.	Wright Air Service, Inc.

(1) Bold type indicates Signatory Airlines of the 2013 Operating Agreement, as such terms are defined below.

Source: Alaska International Airports System Management Records and the Official Airline Guide

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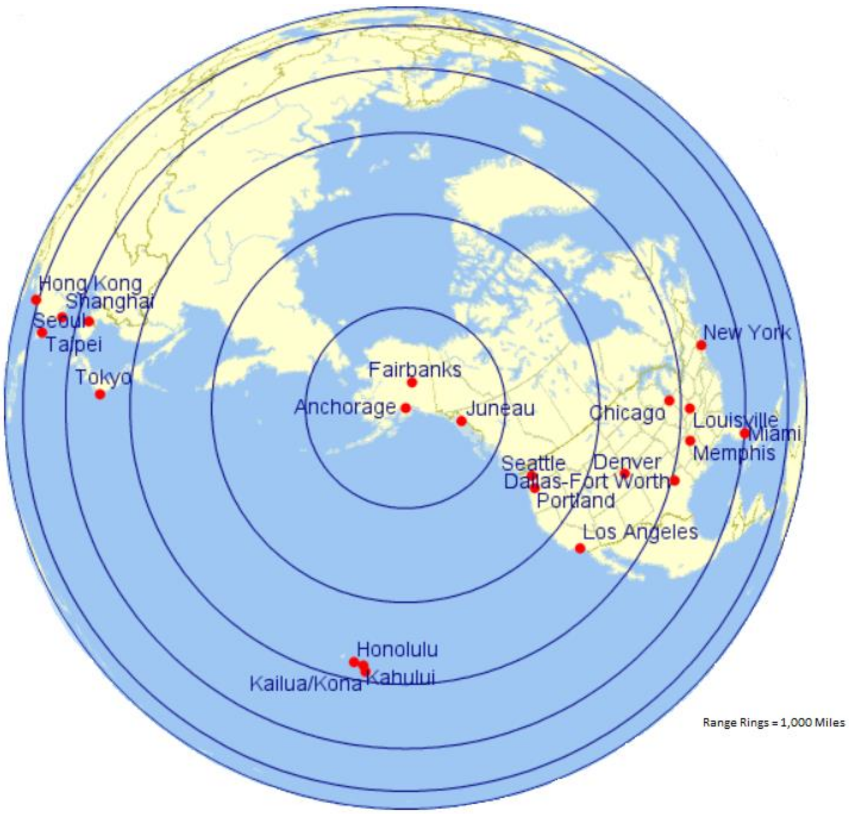
Geographical Map. The map (below), provided by the System, illustrates the geographic relationship between the System and various passenger and cargo destinations around the world:



Source: Anchorage International Airports System

SYSTEM OPERATING AGREEMENT, REVENUES AND EXPENSES

General

The Department, owner and operator of the System and its components, ANC and FAI, is party to an airline operating agreement (the "Operating Agreement") with each Signatory Airline. The Operating Agreement, referred to at many airports as a "use and lease agreement," covers both facility rental and the setting of landing fee rates and other charges by agreement with the Signatory Airlines. A separate original of the Operating Agreement document is executed between the Department and each of the Signatory Airlines. In nearly every case, the Operating Agreement executed with the passenger-carrying airlines, and in some cases the Operating Agreement with cargo airlines, also includes provisions for leasing space in the ANC domestic or international terminal and/or the FAI terminal. Otherwise, each Operating Agreement, covering both ANC and FAI, contains terms and conditions that are substantially identical.

Operating Agreement

The Operating Agreement contains provisions that govern the rights and obligations of the parties. The Operating Agreement spells out, for example, the methodology described in "SYSTEM FINANCIAL OPERATIONS – System Operating Revenue" for annually setting terminal rents and landing fees, and re-adjusting fees mid-year if necessary to meet total revenue requirements. Expense and revenue factors in the landing fee calculation achieve the overall residual cost coverage plan established in the Operating Agreement.

Among other things, the Operating Agreement grants the Signatory Airlines operating rights at ANC and FAI. In the case of passenger-carrying Signatory Airlines, the lease portions of the Operating Agreement convey some exclusive leasehold interests for administrative offices and airline club facilities, but ticket counters, boarding gate holdrooms and baggage make-up are preferentially leased or on a per-use basis for airport administered gates and ticket counters.

The Operating Agreement provides for a common leasehold interest to baggage claim areas. Aircraft parking areas on the apron adjacent to preferentially leased holdrooms (gate area) are subject to a preferential use privilege. ANC and FAI may authorize the subordinate use of a Signatory Airline's terminal facilities and aircraft parking positions including, under certain circumstances, both exclusive and preferential space, by another air carrier when the Signatory Airline has no activity scheduled, provided that reasonable and appropriate arrangements for compensation have either been agreed to between the airlines involved or are imposed by the Airport. The Operating Agreement sets forth specific procedures under which the Airports can require Signatory Airlines to accommodate new entrants or expanding incumbent airlines.

The Operating Agreement also provides for application of System revenues consistent with the Bond Resolution, regular certified activity reporting by the Signatory Airlines, and prohibition of relinquishment, assignment or sublease of Signatory Airline interests without the written consent of the Airport Director or Manager.

2013 Operating Agreement

The Department and the Signatory Airlines representatives concluded negotiating the terms of the 2013 Operating Agreement, which established an effective date of July 1, 2013 and an expiration date of June 30, 2023.

The 2013 Operating Agreement is a residual cost based agreement. The minimum required number of annual landings for Signatory Airlines eligibility under the 2013 Operating Agreement is 156 landings per year with the exception of international passenger flights which is 50 landings per year. There is established under the 2013 Operating Agreement a 25% premium for Non-Signatory Landing Fee and Airport Administered month-to-month rental of terminal space by any tenant and a four cent Non-Signatory Fuel Flowage Surcharge Fee premium. The structure of Airport Administered Premises charges for use of ticket counters and associated bag make-up is a per-hour basis to a per-use basis (up to four hours).

A Vehicle Parking Position rent has been established for tenant vehicle parking adjacent to the System terminals. The Common Use Premises is a shared-use basis only. The 2013 Operating Agreement contains certain provisions to better correlate certain cost center revenues with the related cost center expenses. Federal Inspection Services Fees are established for the first year of the 2013 Operating Agreement with a specified schedule of annual increases through the term on the 2013 Operating Agreement. Airport Administered Fees increases are capped such that in no case will the annual percentage increase for those rates exceed an amount that is greater than the annual percentage change in the terminal rental rate plus 5%.

The 2013 Operating new Agreement completes a 15-year transition, begun in 2009, to make the terminal rental rates more commensurate with the total costs to operate the terminals and to pay the debt service associated with financing of past or future terminal development. In addition terms relating to Affiliate Airlines and Designated Signatory Airline activity are included to provide more flexible business arrangements for Signatory Airlines. Environmental language is included in the 2013 Operating Agreement to protect the System and the Airlines in the event of an environmental issue.

The definition of a majority for capital project voting is a double barrel majority requiring 50% of the count of Signatory Airlines and 50% of the revenue from Signatory Airlines and that an absent vote is not considered a "yes" vote. A Mega Project (total cost of over $500,000,000 or rate based funds of over $100,000,000) approval process is included in the 2013 Operating Agreement whereby approval is based on the new Airline Majority rules and the Department may reinitiate the pre-ballot process. The 2013 Operating Agreement provides information sharing and communication protocols to promote a better understanding of the justifications and to provide an informal mechanism for input to shape approaches prior to the formal capital project approval process.

Copies of the master form of the 2013 Operating Agreement are available at http://dot.alaska.gov/aias/op_agreements.shtml.*

System Operating Revenue

The following paragraphs describe the sources of revenue generated within the System as reported in the System's audited financial statements for the fiscal years ended on June 30, 2015, 2014, 2013, 2012 and 2011.

Airline Operations. The System generates a major part of its revenue from two principal fees paid by the airlines serving the Airports: landing fees and fuel flowage fees. These fees are established system-wide and are applied uniformly to AIAS with minor exceptions. Operating revenues in FY 2015 totaled $_____ million, of which ___% ($____ million) was from non-airline sources, ___% ($____ million) was from passenger airlines, and __% ($____ million) was from international and domestic flagged cargo airlines.

Under the provisions of the 2013 Operating Agreement, landing fees are calculated according to the "residual cost" methodology, taking into consideration all System costs (as defined in the 2013 Operating Agreement) and all revenues other than from landing fees. The landing fee rate is determined for each fiscal year as that rate which, applied to the expected volume of landed Certified Maximum Gross Takeoff Weight ("CMGTW") for that year, is calculated to generate the total landing fee revenue necessary, after considering expected revenues from all other sources, to satisfy the total revenue requirements of the System, including the Rate Covenant. These fees may also be adjusted at mid-fiscal year, as a matter of course, and any other time during the year under certain circumstances to ensure the collection of sufficient revenue in the event CMGTW and resulting landing fee collections or other revenues fall below, or if costs exceed, expectations. In any year that it appears the twelve months of System revenues billed for the full year would be less than necessary to meet rate covenant requirements, the Operating Agreement provides for the System to invoice and the Signatory Airlines to pay additional revenues for the year, prorated by airline CMGTW, in an amount sufficient to ensure the rate covenant is met.

Fuel flowage fees have traditionally accounted for a substantial portion of System revenue, and in FY 2015, represented approximately ___% of total operating revenue. The fuel flowage fee in FY 2015 remained at $____ per gallon for Signatory Airlines as established under the 2013 Operating Agreement. Fuel flowage fee is $0.067 per gallon for all other purchasers of aviation fuel for aircrafts over 12,500 lbs. CMGTW. Fuel flowage fees are anticipated to remain at current levels through FY 2023. The fee is levied on all commercial fueling without regard to type of aircraft. Consequently, the large volume of international cargo traffic refueling at the Airports contributes significantly to fuel flowage fees.

The System also collects aircraft parking charges for use of aircraft parking positions either adjacent to airport-owned passenger terminals or remote. These charges are set annually to cover 10% of projected airfield expenses and, for the remote positions, are graduated based on size of aircraft and length of time parked.

Concession Fees. In FY 2015, concession revenues represented approximately ___% of total operating revenue. Primary concession revenues are from food and beverage, news and gifts, duty free, and rental car operations. Concession revenues are earned primarily by charging a percentage of concession gross revenues. ANC successfully renegotiated its food and beverage concession agreement in FY 2012, and in conjunction the newly renovated terminal spaces opened several new airside food and beverage concessions, including national (Starbucks, McDonalds, Quiznos) and local (Humpy's Great Alaska Alehouse and Norton Sound Seafood House) concession brands. Subsequently, ANC opened the Silver Gulch Brewing and Bottling Co. restaurant, bar, and retail store, a second Starbucks (landside location), and Grizzly Pizza and Wings providing landside seated and take-out service near Concourse A, which serves regional passenger airlines. An additional landside food and beverage concession providing Asian fusion style cuisine in Concourse C along with expansion

* The reference to the Department's website is not a hyperlink and the Department's website, by this reference, is not incorporated herein.

of the Norton Sound landside seating service area, and addition of Northern Lights Spa (massages, manicures, haircuts, facials, and associated products) are also in development. **[PLEASE UPDATE.]**

Terminal Rents. Passenger terminal building space rentals for the Signatory Airlines are charged on the basis of rates developed in accordance with various provisions of the 2013 Operating Agreement. Rentals to entities other than the Signatory Airlines are somewhat more variable, with concession rent, for example being based primarily on percentages of gross revenues, and with lower rates for certain support space necessary for generating higher revenues in the retail space. In FY 2015, terminal building space rentals represented approximately ___% of total operating revenue.

Vehicle Parking Fees. In FY 2015, vehicle parking revenues represented approximately ___% of total operating revenues. ANC receives all parking revenues and pays all related expenses, with a contractor managing all parking operations at ANC for a management fee that is reported as operating expense. FAI contracts parking as a concession and reports income, net of expenses, as vehicle parking revenues. ANC also provides a Park Ride & Fly lot for long-term parking.

Land Rental Fees. The System rents land at the Airports to approximately ____ tenants at ANC and ____ tenants at FAI. Since 2001, the land rental rates for aviation and auxiliary uses have been $0.09 and $0.12 per square foot per year, respectively. In 2003, the Commissioner adopted an order to adjust the System's standard land rents accordingly, as well as establishing the non-aviation rate at fair market rent in accordance with FAA guidance. Implementation of the new standard land rental rates went into effect July 1, 2003, but phase-in as to individual leases is based on rate review clauses. Rents are generated pursuant to these individual leases, the terms of which range between one year and 55 years. Regardless of the term, the leases are subject to rate review at least every five years. Subject to the individual lease terms, the System is in the process of implementing the fair market rental rate for non-aviation leases based on commercially appraised valuation. In FY 2012, land rental represented approximately ___% of total operating revenue. In general, tenants lease land from the System at the Airports to construct and maintain their own facilities; the System has no investment in these facilities except for the taxiways, roadways, terminals and utilities. However, in FY 2012, the System recorded the receipt of $22.6 million of fair market value of buildings and structures as contributed capital from the United States Department of Defense, related to the closure of Kulis Air National Guard base and associated lease termination. To date, the System has undertaken modest investment for repurposing and assessing marketability of the structures in order to generate additional rental revenues. The System successfully marketed one structure as a private terminal supporting offshore arctic oil exploration activities in FY 2012. The System also provides land for certain governmental agencies that benefit the Airports (the FAA, the National Weather Service, and select federal, State, and local entities).

Other Operating Revenues. The other sources of operating revenue for the System include fees for various miscellaneous charges (such as airport charges, lease of state personal property, flight service station rental and electric energy fees) derived at both Airports, and Airport identification badge and fingerprint clearance fees. Other sources represented approximately __% of total operating revenue in FY 2015.

Other Revenues of the System

Passenger Facility Charges. The Aviation Safety and Capacity Expansion Act of 1990 enabled airports to impose a passenger facility charge ("PFC") of $1.00, $2.00 or $3.00 on enplaning passengers. Beginning in 2000, the "Wendell H. Ford Aviation Investment and Reform Act for the 21st Century" ("AIR-21") allows a public agency to apply to the FAA for authority to increase the PFC to $4.00 or $4.50. A PFC of $3.00 requires a reduction in federal Airport Improvement Program (AIP) passenger entitlement funds of 50% for a medium hub airport. Increasing the authority to $4.00 or $4.50 changes the reduction in passenger entitlements from 50% to 75%.

In January 2006, FAI submitted its current PFC application to the FAA at the $4.50 level. As a small hub, FAI is not subject to reduction in passenger entitlements due to the increased PFC. FAI is using the current application receipts to pay debt service associated with its recently completed terminal area renovation through FY 2026. In FY 2012, ANC filed and received FAA approval of an amended PFC application, increasing the amount of PFC to be paid for eligible debt service associated with its Concourse A & B remodel from $25 million to $85 million through FY 2026. **[ANC is currently applying its PFC receipts towards payment of debt service on Outstanding Parity Bonds?]** The System recorded approximately $___ million in PFC revenue in FY 2015, the System received $____ million in PFC collections, with ANC (and FAI receiving $___ million and $___ million respectively.

System Operating Expenses

The following paragraphs describe the expenses generated within the System as reported in the System's audited financial statements for the fiscal years ended on June 30, 2015, 2014, 2013, 2012 and 2011.

Facility Maintenance. Facility Maintenance includes the maintenance of terminal building and other facilities at the Airports. The State provides custodial and maintenance services at the Airports through its own staff and contracted services. Over the period FY 2011 through FY 2015, Facility Maintenance increased from $____ million to $____ million. The average for the five-year period was $____ million, however in FY 2012, additional facilities costs were incurred in assessing and conditioning facilities acquired as part of the $22.6 million transfer of Department of Defense Kulis Air National Guard facilities to the System. The additional costs are intended to help convert the acquired facilities to revenue generating leases for ANC, an example of which was a private terminal/support facility developed and utilized to support the offshore arctic oil exploration activities of Royal Dutch Shell, LLP.

Field and Equipment Maintenance. Field and equipment maintenance includes all costs associated with the maintenance of airport equipment, runways, taxiways, aircraft parking aprons and airport grounds. Maintenance expenses have grown from a level of $____ million in FY 2011 to $____ million in FY 2015. Growth in Field and Equipment Maintenance expense over this period is primarily attributable to significant increases in the cost of runway deicer chemicals, as well as increased costs associated with moving from urea based deicer chemicals to alternatives as a result of changing environmental goals and anticipated regulatory requirements. The System anticipates field and equipment maintenance expenses will generally hold at a range of $___ million to $___ million for the foreseeable future.

Safety. Safety expenses include general security, law enforcement and crash-fire-rescue services. This category of expense has historically accounted for a significant expenditure in the System budget. Safety expenses have risen from a level of $____ million in FY 2011 to $____ million in FY 2015. While some increases in safety expenses reflect minor reorganization activities having some offsetting reductions in Operations, the System anticipates safety-related expenses to generally hold at this level for the foreseeable future.

Administration. The administration expenses category includes the direct expenses of the staff of each of the Airports together with legal and audit expenses and the costs of the Department allocable to the System. Administrative costs have increased from a level of $____ million in FY 2011 to $____ million in FY 2015. Controls are used to clearly account for and restrict costs allocated to the System for services provided by the Department. Administrative expenses include the costs of information systems, leasing and concession management, and engineering oversight of airport planning and construction activities. Even with a 2% increase in administrative expenses over the past five years, actual administration cost has remained relatively constant, averaging slightly less than $____ million, and is anticipated to remain at this level for the foreseeable future.

Operations. Operation expenses include all costs associated with the operation of the computerized security access control system, central airport communications, and oversight of daily airport terminal and airfield operations and service. Operation expenses have decreased modestly from $____ million in FY 2011 to $___ million in FY 2015. A portion of the decrease in cost reflects transfers of some responsibilities to safety due to minor reorganizations. Operation expenses are anticipated to remain constant for the foreseeable future.

Environmental Expenses. Environmental expenses represent System environmental assessment and clean-up costs associated with capital projects as well as certain expenses relating to the Airport's Noise Program. These costs decreased from $___ million in FY 2011 to $___ million in FY 2015, averaging approximately $____ million over the period. Generally, the decrease in expenses is in part due to an overall relatively declining level of construction activity over the period, with some minor restructuring of the Airport's Noise Program. The State cannot accurately predict future environmental costs due to the nature of the expense.

Vehicle Parking. Vehicle parking represents costs at ANC associated with maintaining and managing the parking facilities as well as operating the shuttle buses that serve the various parking lots and terminals. **[PLEASE CONFIRM THAT THE SYSTEM IS NOT RESPONSIBLE FOR O/M COST ASSOCIATED WITH THE ANC RENTAL CAR FACILITY.]** The related expenses decreased slightly from $___ million in FY 2011 to $____ million in FY 2015, in part due to reduced shuttle service resulting from terminal construction completions, including the ANC Connector between the North and South Terminals.

Risk Management Expenses. Risk management costs or insurance expenses have been relatively flat, at $___ million in FY 2011 to $____ million in FY 2015. It is expected that Risk Management expenses will continue to see some further increase in the short to near term future, resulting from anticipated increased market cost escalation.

SYSTEM FINANCIAL OPERATIONS AND RESULTS

Management Discussion of System Operating Results [PLEASE UPDATE.]

System Operations. The System is fulfilling its mission of providing a critical air transportation component of the State's intermodal transportation system while simultaneously supporting economic development, general business activity, trade and tourism. Activity, measured in combined passenger and cargo CMGTW, saw a period of steady growth from FY 2000 through much of FY 2008, but declined dramatically throughout FY 2009 and FY 2014. The decline during this period generally paralleled reductions in activity levels worldwide and was related to the global economic downturn. Additionally, the March 2009 eruption of Mt. Redoubt further exacerbated the decline in System CMGTW activity in FY 2009. Combined cargo and passenger CMGTW declined approximately 22% in FY 2009 relative to FY 2008, however a strong resurgence in the latter half of FY 2014 resulted in a year-over-year increase of approximately ___% for combined passenger and cargo CMGTW activity relative to FY 2009. Subsequently, passenger activity has generally stabilized at or near FY 2007 levels, however cargo activity has oscillated more severely and after some growth is currently again nearing FY 2009 activity levels. See, discussion below regarding FY 2012 statistical and financial results. **[PLEASE INCLUDE DISCUSSION FOR 2013 & 2014.]**

System Financials. The FY 2014 audited financial statements reflect strong liquidity and manageable debt levels. The audited results for FY 2014 show a decrease of operating revenues of approximately $____ million reflecting the intentional decision to collect reduced rates and fees from the airlines rather than increase rates as allowed by the terms of the 2013 Operating Agreement.

ANC. ANC has committed to accommodate growing demand, particularly by cargo traffic. ANC requested and received a Letter of Intent from the FAA in 2003 to fund major upgrades for the airfield to accommodate the New Large Aircraft ("NLA"), the A380F and B747-8. ANC constructed Taxiways K, Y, and R to these new standards. Runway 7R/25L reconstruction to NLA standards began in 2010. Other airfield projects will be funded through the FAA Airport Improvement Program. These projects include, but are not limited to, Taxiway U to NLA Taxilane standards, North Terminal Gates Pavement Rehabilitation, Remote Overnight Parking 7-11 Rehabilitation, Taxiway T to NLA Taxilane standards, Remote Overnight Parking 12-14 Rehabilitation and Runway 7L/25R Rehabilitation. **[PLEASE UPDATE.]**

FAI. Through projects recently completed or currently in progress, FAI will improve upon and/or expand facilities and infrastructure to meet safety and capacity needs in order to better serve the traveling public, airlines, tenants, and the broad commercial and private general aviation community, as well as provide airside and landside access to land designated for future aeronautical development. Also, in reciprocal fashion, FAI serves as the primary alternate airport in support of flights which from time to time are unable to land at ANC.

Capital Planning and Improvement Plan

The FY 2014 - FY 2023 Capital Improvement Program (the "FY 2014 - FY 2023 CIP"), which is shown on the following page under the caption "ALASKA INTERNATIONAL AIRPORTS SYSTEM CAPITAL IMPROVEMENT FUNDING PLAN (FY 2014 - FY 2023)," contains the projects that the System currently plans to undertake during the course of the ten-year 2013 Operating Agreement. The FY 2014 - FY 2023 CIP was approved by the Department and has been developed in consultation with and approved by the Signatory Airlines in the course of 2013 Operating Agreement negotiations and is expected to be further revised by subsequent balloting processes in the normal course of the System's operations as needs arise.

Funding for these projects is expected to total $413.8 and consist of a mix of Federal Airport Improvement Program ($331.6 million), and rates and fee funding ($82.2 million). However, a number of factors can influence the actual capital expenditures in any one year or series of years. Examples include: (1) the level of emergency capital expenditures; (2) the prioritization of safety improvements; (3) management of capacity needs; (4) the level of past and future anticipated improvements; (5) the availability of private sector capital to assist in capital expenditure requirements; (6) funding levels for FAA programs and pilot initiatives; (7) the opportunity for the System to qualify for discretionary and pilot programs of the FAA; and (8) the general economic climate in the aviation community and the willingness of the airlines to support or defer new capital improvements in any given year. **[PLEASE UPDATE.]**

ALASKA INTERNATIONAL AIRPORTS SYSTEM
CAPITAL IMPROVEMENT FUNDING PLAN
(FY 2014 – FY 2023)

ANC CIP

Cost Center	Description	AIP	IARF	Rate Based	Total
		Total by Funding Source ($1,000's)			
AF	ANC Airfield Pavement Reconstruction and Maintenance	$272,984	$18,199	$18,199	$291,183
AF	ANC Equipment	39,902	12,832	12,832	52,734
EN	ANC Environmental Projects	-	1,146	1,146	1,146
TA	ANC Information Technology Improvements	-	11,005	11,005	11,005
TA	ANC Facility Improvements, Renovations and Upgrades	-	12,610	12,610	12,610
OT	ANC Annual Improvements	-	8,254	8,254	8,254
OT	ANC Advanced Project Design and Planning	-	6,534	6,534	6,534
TA	ANC Concourse C Flooring Renewal	-	400	400	400
	ANC 2014-2023 CIP TOTALS	**$312,885**	**$70,981**	**$70,981**	**$383,867**

FAI CIP

Cost Center	Description	AIP	IARF	Rate Based	Total
		Total by Funding Source ($1,000's)			
AF	FAI Equipment	$9,838	$4,222	$4,222	$14,060
EN	FAI Environmental Projects	-	1,433	1,433	1,433
TA	FAI Information Technology Improvements	-	344	344	344
TA	FAI Facility Improvements, Renovations and Upgrades	-	1,146	1,146	1,146
OT	FAI Annual Improvements	-	3,153	3,153	3,153
OT	FAI Advanced Project Design and Planning	-	287	287	287
AF	FAI ARFF Upgrade Phase II	5,156	344	344	5,500
AF	FAI Security Upgrades	3,750	250	250	4,000
	FAI 2014-2023 CIP TOTALS	**$18,744**	**$11,178**	**$11,178**	**$29,922**
	AIAS 2014-2023 CIP TOTALS	**$331,630**	**$82,159**	**$82,159**	**$413,789**

Cost Center Legend:

AF = Airfield

AR = Ramp

EN = Environmental

TA = Terminal Area

Funding Source Legend:

AIP = FAA Airport Improvement Program Grant

IARF = International Airports Revenue Fund
(prefunded from rate collections)

Budget Process for Debt Service and Expenses

According to the Alaska Aeronautics Act of 1949, the Department is responsible for the maintenance and operation of all State-owned airports, including the System. As an agency of the State, the System is guided by the Executive Budget Act that lays out directions for planning and approval of State programs and their financial management. Budget requests for appropriations to pay debt service on the Bonds are not discretionary with the Department but are automatically included in the proposed budget by the Department of Revenue in the same manner as appropriations for the payment of State general obligation debt, except payments may be taken only from the Revenue Fund or, in limited circumstances, from the International Airports Construction Fund. Under the 2013 Operating Agreement, the Signatory Airlines approved a capital improvement program for each year spanning the term of such agreement. For projects not included among those pre-approved under the terms of the 2013 Operating Agreement, the System may either proceed for discrete projects under $500,000, with notice, or submit them to a vote by the Signatory Airlines for acceptance or one-year deferral. The 2013 Operating Agreement requires the System to submit to the Signatory Airlines annually the proposed operating budget for the following year. This proposed budget must contain estimated System expenses for such areas as maintenance, operation and administrative expenses, and estimated System revenues.

According to the statutes that establish the State budget process, each State agency must annually submit to the Governor's Office proposed operating and capital budget requests. These requests include goals and objectives, proposed modifications to existing program services, addition of new program services and resources needed to carry out the proposed plan. By December 15, the Governor's Office submits the proposed State budgets for the next FY to the Alaska Legislature. The Alaska Legislature is required to complete its public review and approval of expenditures through the appropriation process.

Debt Service. Under a section of the Act codified as AS 37.15.415, "[t]he amounts required annually to pay the principal, interest, and redemption premium on all issued and outstanding international airports revenue bonds of the state are appropriated each fiscal year from the International Airports Revenue Fund to the State Bond Committee to make all required payments of principal, interest, and redemption premium." The System is responsible for making available all necessary funds required by the Bond Resolution in a timely manner.

Employees and Pension Benefits

Historically, substantially all employees of the System participated in the State Public Employees' Retirement System ("PERS"). PERS provides a defined benefit cost-sharing public employee retirement system, which includes varying retirement, health care and death and disability benefits for employees whose first qualifying employment with the State pre-dated July 1, 2006. These employees fall into either the "police/fire" category or the "other" category. Different contribution rates are assigned to each category. Please refer to Note __ and Note __ to the System's audited financial statements for the fiscal years ended on June 30, 2015 and 2014 in APPENDIX A for additional information relating to the pension budget matters.

With respect to the System's employees first hired before July 1, 2006, police/fire participants in PERS contribute 7.50% and other participants contribute 6.75% of their salaries to PERS on a pre-tax basis. In April 2008, the Alaska Legislature passed Chapter 13 SLA 2008, effectively converting the PERS defined benefit plan from an agent-multiple employer plan to a cost sharing plan. This bill established one uniform contribution rate of 22% for PERS employers, rather than separate contribution rates for each employer. The additional amount necessary, in excess of 22%, to fund the PERS plans has subsequently been paid by the State. Under the cost sharing plan, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer PERS assets and liabilities, but rather all plan costs and past service liabilities are shared among all participating employers. Because of the conversion to a cost sharing plan, the System is not obligated to pay or to continue amortizing the previously recorded Net Pension/Other Post-Employment Benefits obligation. Accordingly, these net liabilities were written off and the System recorded an extraordinary gain on the legislation's effective date of July 1, 2008. In FY 2014 and FY 2013, the System recorded $3.4 million and $2.2 million, respectively, as transfers-in from other funds in recognition of the additional contribution amounts in excess of 22% annually funded by the State's general fund.

Current State law requires all newly eligible employees, hired on or after July 1, 2006, to be participants in a defined contribution retirement plan. Under that plan, public employees contribute 8.00% of compensation and employers contribute 5% of compensation plus additional amounts for certain medical, disability and death benefits. Employees hired prior to July 1, 2006 continue to accrue benefits under the existing defined benefit plans and, with respect to those plans, the employer pays the uniform contribution rate of 22%.

System Financial Operations

The Department manages the System as a self-sufficient enterprise fund. The books and accounts of the Airports are consolidated for purposes of reporting System financial operations. Financial performance for the System is presented in the table below.

ALASKA INTERNATIONAL AIRPORTS SYSTEM
AUDITED FINANCIAL INFORMATION FOR THE SYSTEM

Historical Financial Results	**2011**	**2012**	**2013**	**2014**	**2015**
Operating Revenues					
Airfield Operations					
Landing Fees	$38,966,878	$43,073,897	$42,354,330	$58,408,220	$66,169,767
Fuel Flowage Fees	22,985,124	19,857,728	18,190,460	17,390,814	18,437,967
Aircraft Docking Fees	1,526,134	1,410,264	1,518,929	1,040,666	1,244,778
Aircraft Parking Fees	3,642,722	3,133,832	3,427,725	3,302,709	3,629,699
Federal Inspection Services Fees	716,613	671,043	663,329	740,233	827,892
Aircraft Ramp Fees	712,042	767,806	860,372	986,392	1,153,639
Concession Fess	10,631,459	10,660,512	11,682,640	12,305,765	12,350,851
Terminal Rents	14,442,515	14,523,064	14,750,116	15,896,367	15,996,504
Vehicle Parking Fees	7,362,187	7,432,421	8,335,018	8,515,974	8,936,274
Land Rental Fees	4,480,326	4,047,534	4,802,662	4,596,794	4,729,191
Airline Bad Debt	--	--	--	(750,000)	--
Other Revenues	1,137,975	1,186,076	1,278,549	1,462,045	884,473
Total Operating Revenues	$106,603,975	$106,764,177	$107,864,130	$123,895,979	$134,361,035
Operating Expenses					
Facilities (Building Maintenance)	$23,109,247	$25,703,447	$25,322,305	$25,681,437	$29,563,600
Field and Equipment Maintenance	17,064,285	20,708,468	19,763,535	23,137,103	23,625,040
Safety	12,739,865	13,016,910	14,091,527	13,560,936	16,124,593
Administration	10,679,622	11,720,821	12,237,914	12,414,086	15,274,081
Operations	4,176,313	3,825,170	3,891,756	4,528,305	5,202,033
Environmental Expenses	1,030,216	1,093,216	1,040,818	1,257,979	1,001,054
Vehicle Parking and Curbside Services	2,550,532	2,765,575	2,489,246	2,891,025	2,947,976
Risk Management	853,367	936,600	928,502	1,219,513	876,852
Depreciation and Amortization	58,894,138	59,476,206	66,284,980	66,060,304	65,422,806
Total Operating Expense	$131,097,585	$139,246,413	$146,050,583	$150,750,688	$160,038,035
Operating Income (Loss)	($24,493,610)	($32,482,236)	($38,186,453)	($26,854,709)	($25,677,000)
Non-Operating Revenue (Expenses)					
Investment Income	$2,608,627	$2,518,609	$587,653	$843,529	$864,212
Interest Expense	(21,268,509)	(25,212,916)	(24,982,344)	(24,168,682)	(21,465,394)
Gain on Debt Refunding	(669,457)	(635,210)	--	--	--
Amortization of Bond Issuance Costs	--	--	(594,386)	--	--
Penalties and Fines	--	--	--	--	(1,361,002)
Arbitrage Rebate	(172,170)	327,879	--	(91,018)	--
Sound Insulation Program	(1,986,112)	(4,412,257)	(4,480,400)	(6,616,254)	(546,205)
Grants	4,449,853	1,498,459	1,173,268	702,907	708,164
Gain/(Loss) on Disposal of Capital Assets	(95,229)	(42,558)	184,079	691,814	182,090
Reimbursable Service Income	54,481	258,609	89,360	36,856	104,075
Reimbursable Service Expense	(54,481)	(258,609)	(89,360)	(36,856)	(104,075)
Total Non-Operating Revenue (Expenses)	($17,132,997)	($25,957,994)	($28,112,130)	($28,637,704)	($21,618,135)
Income (Loss) Before Capital Contributions	($41,626,607)	($58,440,230)	($66,298,583)	($55,492,413)	($47,295,135)
Capital Contributions:					
Transportation Safety Administration	$631,452	$12,112	$51,595	$777,323	$3,154,178
Rental Car Facility	--	--	50,000,000	--	--
Department of Defense	--	22,595,010	--	--	--
Federal Aviation Administration	28,249,151	60,876,224	33,633,111	51,169,307	41,551,259
Passenger Facility Charges	5,634,383	5,481,182	5,646,975	5,650,963	5,628,534
Total Capital Contributions	$34,514,986	$88,964,528	$89,331,681	$57,597,593	$50,353,971
Transfers in From Other Funds	$2,242,588	$3,368,241	$4,252,666	$4,335,341	$14,056,779
Net Income (Loss)	($4,869,033)	$33,892,539	$27,285,764	$6,440,521	$17,115,615

Source: Alaska International Airports System, Audited Financial Statements FY11, FY12, FY13, FY14 and FY15.

ALASKA INTERNATIONAL AIRPORTS SYSTEM
REVENUES APPLIED TO PAYMENT OF OUTSTANDING PARITY BONDS

	2011	2012	2013	2014	2015
Revenues:					
Operating revenues	$106,603,975	$106,764,177	$107,864,130	$123,895,979	$134,361,035
PFCs applied to Debt Service	5,200,000	8,700,000	8,700,000	7,200,000	5,200,000
Investment Income	2,608,627	2,518,609	587,653	843,529	864,212
Total Revenues	$114,412,602	$117,982,786	$117,151,783	$131,939,508	$140,425,247
Maintenance and Operation Costs	$131,097,585	$139,246,413	$146,050,583	$150,750,688	$160,038,035
Less noncash adjustments:					
Depreciation Expense	(58,894,138)	(59,476,206)	(66,284,980)	--	--
Employee Relief Contribution	(2,242,588)	(3,368,241)	(4,252,666)	(4,335,341)	(14,056,779)
	$69,960,859	$76,401,966	$75,512,937	$80,355,043	$80,558,450
Net Revenues	$44,451,743	$41,580,820	$41,638,846	$51,584,465	$59,866,797
Scheduled Debt Service Payments	$46,654,924	$41,197,082	$41,208,341	$41,212,034	$40,206,395
Less Defeased Debt	(14,996,565)	--	--	--	--
Less Debt Service paid from Construction Fund	--	(10,000,000)	(10,000,000)	--	--
Fiscal Year Debt Service	$31,658,359	$31,197,082	$31,208,341	$41,212,034	$40,206,395
Coverage Requirement	1.25	1.25	1.25	1.25	1.25
Net Revenues Required	$39,572,949	$38,996,352	$39,010,426	$51,515,043	$50,257,994
Net Revenues in Excess of Net Revenues Required	$4,878,794	$2,584,468	$2,628,420	$69,422	$9,608,803

Source: Alaska International Airports System, Audited Financial Statements FY11, FY12, FY13, FY14 and FY15.

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds may involve investment risk. Prospective purchasers of the Bonds should give careful consideration to the information set forth in this Official Statement, including, in particular, the matters referred to in the following summary. In considering the matters set forth in this Official Statement, prospective investors should carefully review all investment considerations set forth throughout this Official Statement and should specifically consider risks associated with the Bonds. The System's ability to derive Revenues from operation of the System sufficient to pay debt service on the Bonds depends upon many factors, most of which are not subject to the control of the System. These factors include the financial strength of the air transportation industry in general and the financial strength of the firms in the industry that operate at the Airports, and the general domestic and world economies that drive demand for passenger and international air cargo transportation.

The Bonds are not general obligations of the State. Neither the full faith and credit nor the taxing power of the State are pledged to the payment of the principal of or interest on the 2015 Bonds. See, "SECURITY FOR THE BONDS."

Certain Factors Affecting the Airline Industry

The Revenues of the Airports are affected substantially by the economic health of the airline transportation industry and the airlines serving the Airports. Among the factors that may materially affect the Airports and the passenger airlines include, but are not limited to, declining demand partly resulting from decreasing levels of disposable income and increase in prices, growth of population and the economic health of the region and nation, airline service and route networks, national and international economic and political conditions, changes in international currency exchange rates, changes in demand for air travel, service and fare competition, airline mergers, the availability and cost of aviation fuel and other necessary supplies, levels of air fares, fixed costs and capital requirements, the cost and availability of financing, the capacity of the national air traffic control system, national and international disasters and hostilities, the cost and availability of employees, labor relations within the airline industry, regulation by the federal government, environmental risks and regulations, noise abatement concerns and regulation, the financial health and viability of the airline industry, bankruptcy and insolvency laws, acts of war or terrorism and other risks. Many airlines, as a result of these and other factors, have operated at a loss in the past and many have filed for bankruptcy, ceased operations and/or merged with other airlines. Many of the same factors may materially affect the cargo freighter airlines, though those airlines are less affected by issues relating to travel, such as disposable income for leisure travel and passenger security and visa regulations, and more affected by international trade regulations, currency exchange rates, general business activity and import-export trade, specifically.

The airline industry generally saw significant improvement in its operating environment after suffering significant setbacks after the September 11, 2001 events. Several airlines providing service to ANC and FAI have gone into and successfully emerged from bankruptcy including United Airlines, the merged Delta Air Lines and the former Northwest Airlines, and ERA Aviation. However, increases in fuel costs over the past few years and the continuing weakness of the U.S. and international economies, in conjunction with continuing threat of future terrorist attacks, conflicts in the Middle East and increased security requirements in air transportation, have significantly adversely affected the North American transportation system, including operations of the Airports, and the financial condition of the airlines.

Potential investors are urged to review the airlines' financial information on file with the Securities and Exchange Commission ("SEC") and the USDOT. Like many airport operators, the System has experienced increased operating costs due to compliance with federally mandated and other security and operating changes. The System cannot predict the likelihood of future incidents similar to the September 11, 2001 events, the length or severity of U.S. and international economic downturns, the likelihood of future air transportation disruptions or the impact on the Airports or the airlines from such incidents or disruptions. See, "INFORMATION ABOUT CERTAIN AIRLINES SERVING THE AIRPORTS."

Cost and Availability of Aviation Fuel

Airline earnings are significantly affected by changes in the price of aviation fuel. According to the Air Transport Association, fuel, along with labor costs, is one of the largest cost components of airline operations, and continues to be an important and uncertain determinate of an air carrier's operating economics. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, Organization of Petroleum Exporting Countries policy, the rapid growth of economies such as China and India, the levels of inventory carried by industries, the amounts of reserves maintained by governments, disruptions to production and refining facilities and weather. According to the Air Transport Association, a one-dollar increase in the price of oil per barrel equates to approximately $425 million in annual additional expense for U.S. airlines. Significant and prolonged increases in the cost of aviation fuel are likely to have an adverse impact on air transportation industry profitability and hamper the recovery plans and cost-cutting efforts of certain airlines.

In the latter six months of FY 2012, the System experienced resurgence in trans-Pacific cargo operations consistent with global cargo growth during this period. This strong resurgence of cargo flights brought an unexpectedly rapid increase in demand for jet fuel for which air carriers had not contracted in advance from local producers. The result was an imbalance between demand and supply. System supply options have since expanded. System management continues to monitor the fuel supply issue in coordination with the Signatory Airlines with the recognition that fuel availability is not subject to System control. Discussion has also begun about longer range options for expanding fuel storage facilities to better buffer supply and demand. As at any airport, a significant or prolonged limitation in the availability of jet fuel at the System could have an adverse effect on airline activity or growth at the System.

Aviation Security Concerns and Related Costs

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of the current hostilities in Afghanistan and elsewhere in the Middle East, other potential hostilities and the threat of terrorist attacks, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally.

Intensified security precautions have been instituted by government agencies, airlines and airport operators, including the strengthening of aircraft cockpit doors, the federal program to allow and train domestic commercial airline pilots to carry firearms during flights, changes to prescribed flight crew responses to attempted hijackings, increased presence of armed air marshals, federalization of airport security functions under the Transportation Security Administration ("TSA"), revised procedures and techniques for the screening of baggage for weapons and explosives and technology for the screening of passengers, such as the United States Visitor and Immigration Status Indicator Technology. No assurance can be given that these precautions will be successful. Also, the possibility of international hostilities and/or further terrorists attacks involving or affecting commercial aviation are a continuing concern that may affect future travel behavior and airline passenger demand.

The System's financial condition could be adversely affected if the System incurs substantial increases in security costs in the future. There can be no assurance that the System will have sufficient resources to absorb the impact of such costs. In addition, if the airlines are required to pay substantial security costs, it would place an additional financial burden on many already financially troubled airlines which, in turn, could have a negative impact on the operations of the Airports and the System's Revenues. The System cannot predict the likelihood or impact of any future government required security measures.

Airline Bankruptcy

When a domestic airline that has an operating agreement with the System seeks bankruptcy protection or has bankruptcy proceedings initiated against it, the airline or bankruptcy trustee must decide within a time period determined by the United States Bankruptcy Code and the court whether to assume or reject the applicable operating agreement, lease or other contract. In the event of an assumption, the airline is legally required to cure any prior defaults and to provide adequate assurance of future performance under relevant agreements. Rejection of a lease or executory contract by such an airline would give rise to an unsecured claim of the System for damages, the amount of which in the case of a lease is limited by the Bankruptcy Code, and which may or may not result in any payment to the System.

In December 2003, enactment of Section 124 of Vision 100-Century of Aviation Reauthorization Act (Vision 100) (49 U.S.C. § 40117 (m)(1-7)) imposed new requirements for air carrier management of PFC revenue collected by the carrier after it files for bankruptcy protection. Through this provision, Congress specifically protected post-bankruptcy filing PFC revenues from creditor claims by recognizing and protecting the trust fund status of PFC revenue and prohibiting air carriers from using PFCs as security for liabilities to third parties. Nevertheless, the System is uncertain whether it would be afforded the status of a secured creditor with regard to PFCs collected or accrued on behalf of the System by an airline before it filed for bankruptcy protection. Although the airlines serving the System have generally not gotten significantly behind on PFC payments and bankruptcy courts and the FAA have helped prevent loss of PFCs in past airline bankruptcies, the System cannot predict whether an airline in bankruptcy protection would have properly accounted for the PFCs owed to the System or whether the bankruptcy estate would have sufficient moneys to pay the System in full the PFCs owed by such airline.

There is even less certainty with respect to foreign reorganization or insolvency proceedings involving foreign air carriers as foreign bankruptcy laws may vary, the risk of foreign bankruptcy proceedings may be an appropriate investment consideration.

As explained above, the 2013 Operating Agreement is a residual cost agreement whereby any shortfalls in revenues, even those resulting from bankruptcies, would result in the remaining Signatory Airlines collectively being obligated to pay higher rates and charges, or a prorated special invoice, to make up for the deficit. There can be no assurance, however, that the remaining Signatory Airlines would be able, individually or collectively, to meet their obligations under the 2013 Operating Agreement.

Loss of PFCs

The FAA has the power to terminate the authority to impose PFCs if the System's PFCs are not used for approved projects, if project implementation does not commence within the time period specified in the FAA's regulations or if the System otherwise violates FAA regulations. It is not possible to predict whether future restrictions or limitations on airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC revenue collections for capital projects for the Airports or whether such restrictions or legislation or regulations would adversely affect Revenues.

Federal Sequestration

Of concern on a national level are ongoing negotiations between the Executive Branch and Congress regarding strategies to reduce the federal budget deficit, including the federal sequestration which went into effect on March 1, 2013 (the "Federal Sequestration") and the impact that any agreement may have on ongoing anticipated federal funding for airports. The State cannot predict the ultimate efforts that Federal Sequestration could have on the System.

Finally, the Federal Sequestration could also reduce amount expected to be received by the State as subsidy payments relating to the interest in the State's outstanding International Airports System Revenue Bonds, 2010D Taxable Build America Bonds – Direct Payment to Issuer) by 8.7%, which in an annualized aggregate basis could result in a reduction of approximately $40,000 that the State had been expecting to receive annually. Such Federal Sequestration reduction rate is expected to be applied to subsidy payments until the end of the ______ Federal fiscal year.

Regulations and Restrictions Affecting the System

The operations of the System are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Operating Agreement, the federal acts authorizing the imposition and collection of PFCs and extensive federal legislation and regulations applicable to all airports in the United States. In the aftermath of the September 11, 2001 events, the Airports also have been required to implement enhanced security measures mandated by the FAA, the TSA and Airport management. See, "INVESTMENT CONSIDERATIONS – Aviation Security Concerns and Related Costs." Any of these requirements could be more burdensome or costly to the System.

Federal Restrictions on Airport Revenue Transfers. From time-to-time the State transfers funds, generally through the legislative appropriation process, from one arm of State government to another using various methods such as budget increases and decreases, declaration of dividends from public corporations back to the State, and the reallocation of revenue or expense cash flows. While the System is an arm of State government and ANC and FAI are State-owned assets, State law and FAA grant restrictions prohibit System funds from being transferred for non-System purposes or otherwise used for general governmental purposes. Alaska Statute 37.15.430 does not permit the use of Revenue Fund monies other than for support of ANC and FAI and their bonded indebtedness. Federal funds must be used in accordance with federal grant limitations. Although there are major exceptions, since 1982 airports that have accepted federal Airport Improvement Program ("AIP") grants have been required to agree to use airport-generated revenues only for the capital and operating costs of the airport, the airport system, or other facilities owned and operated by the airport and directly related to air transportation. See, 49 U.S.C. § 47107(b). Both ANC and FAI are grant recipients bound by these requirements. The 1996 FAA Reauthorization Act created a direct statutory prohibition against revenue diversion by any federally assisted airport, required audit certification of compliance with revenue use restrictions, and added new provisions on civil penalties, expedited procedures for recovery of illegally diverted revenues, repayment of past contributions to an airport and interest on diverted funds. The System annually submits financial reports to the FAA that reflect the expenditures and revenues of ANC and FAI and payments to and from other governmental agencies. The State Legislative Budget and Audit Committee's Legislative Audit Division is responsible for the preparation of the statewide Single Audit for the State. Part of that audit report is a review and an opinion regarding compliance with the federal prohibition of revenue diversion. No statewide Single Audit report for the State has ever identified diversion of System revenues to uses outside the System in violation of the federal prohibitions. The most recent State Single Audit report covers the State fiscal year ending **[June 30, 2009]**. **[PLEASE UPDATE.]**

FAA Rates and Charges Policy. The United States Code at 49 U.S.C. § 47129, requires that airport fees be "reasonable" and provides a mechanism by which the Secretary of Transportation can review rates and charges complaints brought on by air carriers. Section 47129 specifically states that the section does not apply to a fee imposed pursuant to a written agreement with air carriers using airport facilities and also provides that nothing in the section shall adversely affect the ability of an airport to meet its obligations under a financing agreement or covenant that is in force as of August 23, 1994.

The FAA has formally interpreted Section 47129 to exclude from the rates and charges review process of Section 47129 those rates and charges established pursuant to written agreements, pursuant to a pre-enactment bond covenant, or in existence and undisputed as of August 23, 1994. Although certain aspects of the FAA's policy pronouncements relating to Section 47129 have been the subject of extensive litigation, the exclusion from review of rates and fees established under by written agreements has not been challenged or modified.

The State believes the Operating Agreement falls within the provisions mentioned above that preclude air carriers from contesting such rates under Section 47129. So long as the Signatory Airlines operate under the Operating Agreement, as it may be extended, amended, or replaced by another written agreement, the State believes the Signatory Airlines will not be able to invoke successfully the rates and fees dispute provisions of Section 47129 to challenge rates properly set as provided under the Operating Agreement. It is conceivable, however, that the Secretary would entertain a complaint by a non-signatory aeronautical user. Although the FAA policy expressly allows non-signatory rates that are higher than signatory rates and that provision has not been disturbed by any legal ruling, it is also conceivable that the Secretary's review might result in a reduction of fees paid by non-signatory airlines.

Future Legislation and Regulations. The operation of the Airports and the ability of the System to generate Revenues sufficient to pay the debt service on the Bonds may be adversely affected by future federal, State or local legislation or regulations that affect the Airports directly or affect activities at the Airports. Legislation or regulations that could adversely affect the Revenues includes legislation or regulations limiting the use of properties of the Airports, legislation or regulations imposing additional liabilities or restrictions on the operation of the Airports or the airlines and other persons using the Airports, changes in environmental laws or regulations, reductions in federal funding for the Airports and elimination or reduction of the ability of the System to impose PFCs or other fees and charges for use of products or services of the Airports. The United States Congress could enact legislation making interest on the Bonds includable in gross income.

Volcanic Eruption or Earthquake

Mount Redoubt, located in the Kenai Peninsula Borough, about 110 miles southwest of Anchorage, erupted multiple times in March 2009. Ash clouds as high as 65,000 feet caused flight cancellations and delays at ANC. Certain flights intended for ANC were diverted to FAI and other places. Other volcanoes in south central Alaska may be capable of similar eruptions. The System cannot assess the probability of another or other volcanic eruptions at or near ANC.

In March 1964, a magnitude 9.2 earthquake centered in Prince William Sound, some 70 miles southeast of Anchorage, caused major destruction in Anchorage, including the collapse of the air traffic control tower at ANC at the time, but did not render the airfield existing at that time physically unusable. That quake remains the second most powerful ever recorded. Although subsequent construction has been subject to applicable seismic codes, the Anchorage region continues to be seismically active, and the possibility of a future large quake or the damage that could be caused to airport infrastructure, including airfield, terminal and air navigation and communication, cannot be determined.

Environmental Regulation

The FAA has jurisdiction over flying operations generally, including personnel, aircraft, ground facilities and other technical matters, as well as certain environmental matters. Under the FAA's airport noise regulations, most recently revised in the Airport Noise and Capacity Act of 1990 ("ANCA"), the industry is striving to reduce airport noise impacts on local communities while maintaining a safe and efficient national aviation system. Airport noise remains a significant federal and local issue, which may require substantial capital investments by the industry from time to time to meet applicable standards. Although ANC is currently implementing its updated Part 150 Noise Compatibility Program and believes that, working with the FAA and Anchorage, it can continue to manage noise issues effectively, it cannot guarantee that noise issues will remain a minor cost consideration. FAI also has a Part 150 Noise Compatibility Program in the process of implementation in cooperation with the Fairbanks Borough.

ANC has identified on its land certain areas of soils contaminated by aviation fuel. Although the airline fueling service consortium and other responsible parties are engaged in cleanup and remediation planning at their own expense, it is possible that environmental response costs could increase in the future. The State Department of Environmental Conservation has approved an alternate clean-up level for to ANC due to its status as an airport and light industrial area. ANC continues to monitor, and remediate as necessary, ANC land area.

The Environmental Protection Agency ("EPA"), under the Clean Water Act ("CWA"), has jurisdiction for water quality protection regulations. EPA with assistance from the ADEC administers water pollution control regulations affecting operation of the System. Water quality is a significant federal, state, and local issue which may require significant capital investments by the industry to meet discharge standards. ANC in partnership with its tenants, federal, state, and local regulatory agencies has established an active watershed management program to comply with the objectives of the CWA. This group addresses waste water control, water quality protection, and prevention of pollution to waters of the United States. In addition, the System has an Aviation Industry National Pollutant Discharge Elimination System ("NPDES") permit program in place. The State recently entered into a settlement with the EPA arising primarily from issues relating to highway construction run-off, but which will also affect erosion prevention and other practices in airport construction projects, potentially increasing the cost of those projects. In addition tighter limitations on de-icing fluid run-off could pose substantial costs at ANC within the next five years. ANC management and the Signatory Airlines have agreed to work together to identify a cost-effective solution to this issue if a less expensive alternative that will meet requirements is not identified.

Global warming concerns and calls for various industries to become carbon neutral have also attracted some attention to air transportation and may affect this sector in the future in ways that are not possible to predict.

Changes in Financial Markets and Financial Condition of Surety Bond Providers

The System has satisfied a portion of the Reserve Account Requirement with surety bonds. See, "SECURITY FOR THE BONDS – Reserve Account." If the credit quality of the providers of those surety bonds deteriorates the System may not be able to draw on those surety bonds in the event Revenues are insufficient to pay debt service on the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.

As of April 30, 2012, the Reserve Account Requirement is funded both with cash (approximately $__________) and surety bonds issued by MBIA ($__________) and AMBAC ($__________). As of the date of this Official Statement (i) MBIA is rated "B3" by Moody's Investors Service, Inc. and "BBB" by Standard & Poor's Ratings Services, and (ii) AMBAC is rated "____" by Moody's Investors Service, Inc. and "___" by Standard & Poor's Ratings Services. See, "SECURITY FOR THE BONDS – Reserve Account." **[PLEASE UPDATE.]**

Uncertainties of Projections, Forecasts and Assumptions

This Official Statement contains statements relating to future results that are "forward-looking statements." When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," "projected," and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Among the factors that may cause projected revenues and expenditures to be materially different from those anticipated include an inability to incur debt at assumed interest rates, construction delays, increases in construction costs, general economic downturns, factors affecting the airline industry in general or specific airlines, federal legislation and/or regulations, and regulatory and other restrictions, including, but not limited to, those that may affect the ability to undertake, the timing or the costs of certain projects, and any other factor identified as an investment consideration in this Official Statement. Any forecast is subject to such uncertainties. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Limitation of Remedies

The 2015 Bond Resolution provides limited remedies for Registered Owners if defaults occur. The availability of those remedies may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; the application of equitable principles and the exercise of judicial discretion in appropriate cases; common law and statutes affecting the enforceability of contractual obligations generally; and principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the State. The State cannot assure Registered Owners that the remedies provided in the General Bond Resolution will be available or effective to make Registered Owners whole if a default occurs.

Risk of Tax Audit of Municipal Issuers

The Internal Revenue Service (the "IRS") has established an ongoing program to audit tax-exempt obligations (such as the Bonds) to assess compliance with IRS provisions governing municipal bonds. K&L Gates LLP ("Bond Counsel") cannot predict whether the IRS will commence an audit of the Bonds. Registered Owners of the Bonds are advised that, if the IRS does audit the Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the State as the taxpayer, and the Registered Owners of the Bonds may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

INFORMATION ABOUT CERTAIN AIRLINES SERVING THE AIRPORTS

General

The System derives a substantial portion of its operating revenues from landing and facility rental fees paid by airlines using the System. The financial strength and stability of these airlines, together with the underlying strength of the System's passenger and cargo markets and numerous other factors, influence the level of aviation activity within the System and revenues, including PFCs, realized by the System.

Airline Information

Airlines, the shares of which are publicly held and traded, (or their respective parent corporations) are subject to the periodic reporting requirements of the Exchange Act and, in accordance therewith, file reports and other information with the SEC. Certain information, including financial information, as of particular dates concerning such airlines or their respective parent corporations is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected in the Public Reference Room of the SEC which can be located by calling the SEC at 1-800-SEC-0330. Additional information with respect to the filings of the airlines may be retrieved at the http://www.sec.gov. In addition, each airline is required to file periodic reports of financial and operating statistics with USDOT. Such reports can be inspected at the following location: Office of Airline Information, Bureau of Transportation Statistics, Department of Transportation, 100 F Street, NE, Room 1580, Washington, DC 20549 and at the SEC's regional offices at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511 and 233 Broadway, New York, New York 10279.

The System or the Underwriters undertake no responsibility for and make no representations as to the accuracy or completeness of the content of information available from the SEC or the USDOT as discussed in the preceding paragraph, including, but not limited to, updates of such information or links to other internet sites accessed through the Commission's website. Additionally, reference to the SEC website is not a hyperlink and the SEC's website, by this reference, is not incorporated herein.

STATE OF ALASKA

Government Budgets and Appropriations

Budgets. The State's fiscal year begins on July 1 and ends on the following June 30. The Constitution requires the Governor to submit to the Legislature by December 15 a budget for the next fiscal year, setting forth all proposed expenditures and anticipated income of all departments, office and agencies of the State, and to submit bills covering recommendations in the budget for new or additional revenues. The Constitution prohibits the withdrawal from the treasury of any funds, regardless of source, without an appropriation, and so the Governor's proposed budget and the Legislature's appropriations bills include federal and other funds as well as funds generated by the State.

General Appropriations. The Governor is required to submit three budgets – an operating budget, a mental health budget and a capital budget – by December 15 and to introduce the budgets and appropriation bills formally to the Legislature in January by the fourth day of the regular Legislative session. The appropriation bills, with any changes made by the House Finance Committee, are voted upon first by the House of Representatives, which can amend the bills. The bills approved by the House of Representatives are then voted upon and may be amended by the Senate. Often a conference committee of three members from each house is required to work out differences between the House-approved bills and the Senate-approved bills. The new versions are then submitted to both houses for final votes. Once enacted by both houses, the appropriations bills are delivered to the Governor for signature. The Governor may veto one or more of the appropriations made by the Legislature in an appropriations bill (a "line-item veto"). The Legislature may override a veto by the Governor, and either the Governor or the Legislature may initiate supplemental appropriations during the fiscal year to deal with new or changed revenue receipts, to correct errors or for any other reason.

The Governor has the ability to prioritize or restrict expenditures, redirect funds within an operating appropriation to fund core services, and expend unanticipated federal funds or program receipts. Historically, Alaskan Governors have placed restrictions on authorized expenditures during years when actual revenues were less than forecasted and budgeted. Expenditure restrictions have included deferring capital expenditures, State employment hiring freezes, and restrictions on allowed non-core operating expenses.

System Appropriations. **___________________________________. [PLEASE DESCRIBE APPROPRIATION PROCESS SPECIFIC TO THE SYSTEM AND PAYMENT OF DEBT SERVICE.]** See, "SYSTEM FINANCIAL OPERATIONS AND RESULTS – Budget Process for Debt Service and Expenses."

Investment Policies

Revenue Fund. All revenues, fees, charges and rentals derived by the State from State ownership, lease, use and operation of the System, other than customer facility charges and customer facility maintenance charges, must be deposited in the Revenue Fund established under the Act and the Bond Resolution. See, "SECURITY FOR THE BONDS." Money in the Revenue Fund may be invested in Permitted Investments. The State may invest the Revenue Fund assets through the State's investment pools as Permitted Investments. The State's investment pools include the State's Short-Term Fixed Income Investment Pool and Intermediate-Term Fixed Income Investment Pool.

The primary objectives of the investment policy for the Revenue Fund are to avoid material loss that could affect the ability to meet obligations and to provide for the ongoing operation costs of the System. The Revenue Fund is invested to achieve a relatively high return over an intermediate time horizon. The Department of Revenue has established performance benchmarks for the Revenue Fund comprised of the three-month U.S. Treasury Bill (28%) and Barclays 1-3 year Government Bond Index (72%).

Construction Fund. The International Airports Construction Fund ("Construction Fund") has been established under the Act and the Bond Resolution. Under the Bond Resolution, proceeds from outstanding bond issues are segregated in subfunds within the Construction Fund. There are currently five subfunds holding bond proceeds from the Series 2006A, 2006B and 2006C Bonds, and the Series 2010C and 2010D Bonds. **[PLEASE UPDATE.]**

The State has historically invested the Construction Fund through the State's investment pools, which include the State's Short-Term Fixed Income Investment Pool and the Intermediate-Term Fixed Income Investment Pool. Older bond issues' subfunds may be withdrawn from the State's investment pools if short-term interest rates rise to the restricted yield levels of the bond issues.

The primary objective of the investment policies for subfunds of the Construction Fund is to avoid material loss that could affect the ability to meet the construction obligations. Each subfund of the Construction Fund carries its own investment guidelines and asset allocation. All the subfunds are in the Short-Term Fixed Income Pool to minimize exposure to principal loss.

Repair and Replacement Reserve Account. Money in the Repair and Replacement Reserve Account is invested in the State's Short-Term Fixed Income Investment Pool. The primary objectives of the investment policy for the Repair and Replacement Reserve Account are to avoid material loss and provide maximum liquidity. In addition, the State seeks moderate and steady investment returns. The Department of Revenue has established one performance benchmark (the three-month U.S. Treasury Bill) for the Repair and Replacement Reserve Account.

Credit Risk. GASB Statement No. 40 requires a disclosure regarding custodial credit risk to indicate the chance of loss in the event a financial institution or third party holding the deposits or securities fails. Treasury's policy with regard to custodial credit risk is to collateralize State deposits to the extent possible. As of June 30, 2015, all deposits of the Revenue Fund, Construction Fund, Development Fund and Repair and Replacement Reserve Account were either collateralized or insured, to the extent possible. **[PLEASE CONFIRM.]**

The Revenue Fund, Construction Funds, and the Repair and Replacement Reserve Account participate in the State's investment pools, which creates an interest in a share of ownership in the pools rather than ownership of specific securities.

Bond Fund. The Registrar holds the Bond Fund and the money in the Bond Fund may be invested in Permitted Investments. The State does not expect material investment earnings from the Bond Fund because of the relatively small amount of money held in the Bond Fund and the short amount of time the Registrar holds the money.

Insurance

The Division of Risk Management's (the "Division") insurance program protects the physical assets and operations of all State agencies (including the Department's activities regarding the System) from accidental loss through a comprehensive program of self-insurance for normal and expected property and casualty claims of high frequency and low severity, combined with high limit broad form commercial insurance protection for catastrophic loss exposures for certain specialized risks, including the ownership and operation of Airports.

The Division acts as an in-house insurance carrier and broker, funding all sudden and accidental property and casualty claims through a funded self-insurance risk pool up to a designated retention limit, and thereafter, for the Airports, through commercial coverage under policies listed below. The annual premiums allocated by the Division to each agency under the annual cost of risk allocation are the maximum the respective agency is called upon to pay. This planning for known and catastrophic losses forestalls the need for the affected state agency to seek supplemental appropriation or disrupt vital state services after a major property loss, significant workers' compensation claim or adverse civil jury award for a covered claim.[1]

The following provides a brief overview of the current property/casualty insurance program for AIAS:

1. Airport & Aviation Liability comprehensive coverage; including airport premises liability and hangar-keepers liability. The limit of liability is $1,000,000,000, for all State airports including the System, with the Division funding the first $250,000 self-insured retention ("SIR").

2. All-risk property coverage is provided on a replacement cost basis with a coverage limit of $200,000,000 (with a $50,000,000 sublimit for earthquake and flood), with the Division funding the $1,000,000 SIR.

3. Workers' compensation coverage is provided through the fully self-insured program administered by the Division. The State is an authorized self-insured employer under AS 23.30.090.

Marketing [and brokering] of the State's Insurance program, is provided by Arthur J. Gallagher one of the largest independent brokers in the world market.

The Division maintains a home page and annual report at http://doa.alaska.gov/drm[2] with further details and contact information.

FINANCIAL STATEMENTS OF THE SYSTEM

The financial statements for the years ended June 30, 2015 and 2014, set forth in APPENDIX A hereto, have been audited by BDO USA, LLP, independent auditors, as stated in their report thereon appearing in APPENDIX A. Neither the System's independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information presented herein, nor have they expressed any opinion or given any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

AIAS has not requested the consent of BDO USA, LLP to include the financial statements, or their report, in this Official Statement.

LITIGATION
[FOR REVIEW BY PUTZIER]

As of the date of this Official Statement there is no controversy or litigation of any nature, to the knowledge of the State in its capacity as issuer of the Bonds, pending or threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the authority of the State or the validity of the Bonds or any actions or proceedings of the State taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds or any other bonds issued under the General Bond Resolution, the Seventh Supplemental Resolution or the use of the Bond proceeds.

In the normal course of its activities, the System is or may become involved in the defense of various claims, administrative proceedings and litigation arising out of the ownership and operation of the System. Some of these claims may be covered by the State's self-insurance pool or by commercially purchased insurance, both as described above under the caption "THE STATE – Insurance." Other matters, such as project-related condemnation or construction claims, may be fully funded with project funds. System management is not aware, as of the date of this statement, of any pending or threatened litigation, claims, assessments or governmental investigations, including environmental clean-up actions against the System, that, individually or in the aggregate in the opinion of System management, pose a reasonably probable risk of a material adverse effect on the financial position of the System.

[1] The Division does not cover pollution, employment or intellectual property claims.

[2] This inactive textual reference to the State's website is not a hyperlink and the State's website, by this reference, is not incorporated herein.

RATINGS
[FOR REVIEW]

Moody's and Fitch have assigned ratings of "___" and "___," respectively, based on their research and investigation of the State, the Department and the System. Moody's has assigned a negative outlook to the System and Fitch has assigned a stable outlook to the System. Such ratings and outlook reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch, One State Street Plaza, New York, New York 10004, (212) 908-0500 and Moody's, 99 Church Street, New York, New York 10007, (212) 553-0300.

The foregoing ratings express only the views of the rating agencies and are not recommendations to buy, sell or hold the Bonds. An explanation of the significance of each of the ratings may be obtained from the rating agency furnishing the rating. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, or either of them, if, in their or its judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

The 2015 Bonds are being purchased for reoffering by Goldman Sachs & Co., J.P. Morgan, Morgan Stanley and RBC Capital Markets Corporation (the "Underwriters") at a purchase price of $____________ (being the par amount of the 2015 Bonds, plus $______________ [net] original issue premium, less $___________ Underwriters' discount).

The 2016 Bonds are being purchased for reoffering by the Underwriters at a purchase price of $____________ (being the par amount of the 2016 Bonds, plus $______________ [net] original issue premium, less $___________ Underwriters' discount).

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the State and to persons and entities with relationships with the State, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the State (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the State. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Financial Advisor

Acacia Financial Group, Inc., Anchorage, Alaska has served as financial advisor to the State in connection with the issuance of the 2015 Bonds. Acacia Financial Group, Inc., has not audited, authenticated, or otherwise verified the information set forth in this Official Statement, or any other related information available to the State, with respect to the accuracy and completeness of disclosure of such information. No guaranty, warranty, or other representation is made by the State's Financial Advisor respecting the accuracy and completeness of this Official Statement or any other matter related to the Official Statement.

TAX MATTERS
[TO BE REVISED BY K&L]

2015 Bonds

In the opinion of Bond Counsel, interest on the 2015A Bonds is excludable from gross income for federal income tax purposes, except for interest on any 2015A Bond for any period during which such 2015A Bond is held by a "substantial user" of the facilities financed by the 2015A Bonds, or by a "related person" within the meaning of Section 147(a) of the of the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the 2015A Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

In the opinion of Bond Counsel, interest on the 2015B Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the 2015B Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Interest on the 2015A Bonds and the 2015B Bonds is not included in taxable income for purposes of the Alaska income tax imposed on corporations.

2016 Bonds

In the opinion of Bond Counsel, interest on the 2016A Bonds is excludable from gross income for federal income tax purposes, except for interest on any 2016A Bond for any period during which such 2016A Bond is held by a "substantial user" of the facilities financed by the 2016A Bonds, or by a "related person" within the meaning of Section 147(a) of the of the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the 2016A Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

In the opinion of Bond Counsel, interest on the 2016B Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the 2016B Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Interest on the 2016A Bonds and the 2016B Bonds is not included in taxable income for purposes of the Alaska income tax imposed on corporations.

General

Federal income tax law contains a number of requirements that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the Bonds and the facilities refinanced with proceeds of the Bonds and certain other matters. The State has covenanted to comply with all applicable requirements.

Bond Counsel's opinion is subject to the condition that the State comply with the above-referenced covenants and, in addition, will rely on representations by the State and its advisors with respect to matters solely within the knowledge of the State and its advisors, respectively, which Bond Counsel has not independently verified. If the State fails to comply with such covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds, regardless of the date on which the event causing taxability occurs.

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include tax issues associated with original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations, such as the Bonds, are in many cases required to be reported to the Internal Revenue Service (the "IRS"). Additionally, backup withholding may apply to any such payments made to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code, if enacted into law, will not cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of the interest on the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal legislation, as to which Bond Counsel expresses no view.

Bond Counsel's opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Bond Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Bond Counsel and the State's compliance with its covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Bonds. Owners of the Bonds are advised that, if the IRS does audit the Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the State as the taxpayer, and the owners of the Bonds may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Not Qualified Tax-Exempt Obligations

The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters on behalf of the State relating to (a) computation of anticipated receipts of principal and interest on the Escrow Obligations and the anticipated payments of principal and interest to redeem the __________ Refunded Bonds, and (b) computation of the yields on the Bonds and the Escrow Obligations was examined by _______________________. Such computations were based solely upon assumptions and information supplied by the Underwriters on behalf of the State. __________________________. has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of future events.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the final approving opinions of K&L Gates LLP, Seattle, Washington, Bond Counsel, in the forms attached hereto as APPENDIX D with respect to the 2015 Bonds and APPENDIX E with respect to the 2016 Bonds. Certain legal matters will be passed upon for the State by the Attorney General for the State, and for the Underwriters by their counsel. The fees of Bond Counsel and Underwriters' Counsel are contingent upon the issuance of the Bonds.

CONTINUING DISCLOSURE
[PLEASE UPDATE.]

Annual audited financial statements of the Alaska International Airports System will be available upon request from the State of Alaska Department of Transportation and Public Facilities.

The State has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data (the "Annual Disclosure Report") within seven months after the end of each fiscal year (the "Report Date"), commencing February 1, 2017 for the Annual Disclosure Report for the fiscal year ending June 30, 2016, and to provide notices of the occurrence of certain enumerated events, if material. A form of document specifying the nature of the information to be contained in the Annual Disclosure Report or the notices of material events is set forth in APPENDIX G hereto. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule").

In the previous five years, the State failed to provide event notices of rating downgrades of bond insurers in connection with its International Airports System Revenue Bonds issued in 2003 and 2006. All such notices were subsequently filed. The State has otherwise complied in all material respects with its prior undertakings pursuant to the Rule.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, forecast or estimates, whether or not expressly so stated, they are set forth as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the purchasers of any of the Bonds and the System or the State.

This Official Statement contains forward-looking statements, including (a) statements containing projections of System revenues, expenditures and other financial items, (b) statements of the plans and objectives of the State for future operations of the System, (c) statements of future economic performance of the System, and (d) statements of the assumptions underlying or relating to statements described in (a), (b), and (c) above (collectively, "Forward-Looking Statements"). Other than statements of historical facts, all statements included in this Official Statement regarding the System's financial position, business strategy, capital resources, and plans and objectives of the State for future operations of the System are Forward-Looking Statements. Although the expectations reflected in such Forward-Looking Statements are believed to be reasonable, there can be no assurance that such expectations will prove to have been correct. A reasonable effort has been made to disclose in this Official Statement important factors that could cause actual results to differ materially from expectations of the State (collectively, the "Cautionary Statements"). All subsequent written and oral Forward-Looking Statements attributable to the State or persons acting on behalf of the State are expressly qualified in their entirety by the Cautionary Statements.

There are appended to this Official Statement appendices entitled "AUDITED FINANCIAL STATEMENTS OF THE STATE OF ALASKA INTERNATIONAL AIRPORTS SYSTEM (AN ENTERPRISE FUND OF THE STATE OF ALASKA) FOR THE YEARS ENDED JUNE 30, 2015 AND 2014," "STATE BOND COMMITTEE OF THE STATE OF ALASKA, RESOLUTION NO. 99-01," "STATE BOND COMMITTEE OF THE STATE OF ALASKA, SUPPLEMENTAL RESOLUTION NO. 2015-07," "PROPOSED FORMS OF OPINION OF BOND COUNSEL REGARDING THE BONDS," "PROPOSED FORMS OF OPINION OF BOND COUNSEL REGARDING THE 2016 BONDS," DTC AND BOOK-ENTRY ONLY SYSTEM," "FORM OF CONTINUING DISCLOSURE AGREEMENT," "FORM OF FORWARD PURCHASE CONTRACT," and "SUMMARY INFORMATION REGARDING THE STATE."

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

PRELIMINARY OFFICIAL STATEMENT

The State hereby deems this Preliminary Official Statement pursuant to SEC Rule 15c2-12 as final as of its date except for the omission of the information dependent upon the pricing of the issue, such as offering prices, interest rates, delivery date and other terms of the 2015 Bonds dependent on the foregoing matters.

OFFICIAL STATEMENT

The State has authorized the execution and distribution of this Official Statement.

STATE OF ALASKA,
State Bond Committee

By /s/ Deven J. Mitchell
DEVEN J. MITCHELL
Debt Manager
State of Alaska
For the State Bond Committee

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF
THE STATE OF ALASKA INTERNATIONAL AIRPORTS SYSTEM
(AN ENTERPRISE FUND OF THE STATE OF ALASKA)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

APPENDIX B

STATE BOND COMMITTEE OF THE STATE OF ALASKA, RESOLUTION NO. 99-01

APPENDIX C

STATE BOND COMMITTEE OF THE STATE OF ALASKA, SUPPLEMENTAL RESOLUTION NO. 2015-07

APPENDIX D

PROPOSED FORMS OF OPINION OF BOND COUNSEL REGARDING THE 2015 BOND

APPENDIX E

PROPOSED FORMS OF OPINION OF BOND COUNSEL REGARDING THE 2016 BONDS

APPENDIX F

DTC AND BOOK-ENTRY ONLY SYSTEM

(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE
(Prepared by DTC – bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX H

FORM OF FORWARD PURCHASE CONTRACT

_________ __, 2016

Goldman, Sachs & Co.
200 West Street, 6th Floor
New York, NY 10282

Telephone No. (212) 902-1000
Attn: Municipal Underwriting Desk

Re: State of Alaska International Airports System Revenue Refunding Bonds, Series [2016A (Private Activity-AMT)] [2016B (Governmental Purpose-Non-AMT)] (Forward Delivery Bonds) (the "Bonds")

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby agrees to purchase from Goldman, Sachs & Co. ("GS"), when, as, and if issued and delivered to GS from the State of Alaska (the "Issuer"), and GS agrees to sell to the Purchaser the above-referenced Bonds offered by the Issuer under the Preliminary Official Statement, dated _______ __, 2015 (the "Preliminary Official Statement"), and the Official Statement, dated _______ __, 2015 (the "Official Statement"), and further documented in the related confirmation (the "Confirmation"), at the purchase price specified in the Confirmation. Any capitalized term not otherwise defined herein shall have the respective meaning given to such term as set forth in the Official Statement.

The Purchaser acknowledges that, on or prior to the date hereof, the Purchaser has received copies of the Preliminary Official Statement, the Official Statement and the Confirmation. The Purchaser acknowledges further that it has reviewed the Preliminary Official Statement, the Official Statement (including without limitation the section entitled "CERTAIN FORWARD DELIVERY CONSIDERATIONS WITH RESPECT TO THE 2016 BONDS" therein) and the Confirmation.

The Purchaser hereby agrees to accept delivery of such Bonds from GS on _______ __, 2016 (the "Settlement Date"). Payment for the Bonds, which the Purchaser has agreed to purchase on the Settlement Date, shall be made to GS or its order on the Settlement Date upon delivery to the Purchaser of the Bonds then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company.

1. Purchase and Settlement. Unless otherwise agreed in writing by GS and Purchaser, on the Settlement Date Purchaser shall pay for and accept delivery of the Bonds if the Bonds shall have been issued and delivered by the State (the "Issuer") and purchased, accepted and paid for by GS as provided in the Forward Contract of Purchase, dated as of _______ __, 2015, between the Issuer and GS as representative of the underwriters named therein. Purchaser's obligation to pay for and accept the Bonds in accordance herewith is not subject to any other condition not otherwise set forth in the Official Statement, including an adverse change in the market price or marketability of the Bonds or any adverse change in the business, affairs or financial condition of the Issuer or any other obligor. Settlement of the Bonds shall occur on a delivery versus payment basis. Payment shall be made in federal funds to an account or otherwise as designated by GS and the Bonds shall be transferred to an account designated by Purchaser.

2. Representations and Warranties. Purchaser represents and warrants that: (a) it is duly authorized to execute and deliver this Contract and to perform its obligations hereunder and has taken all necessary action (corporate and otherwise) to authorize such execution, delivery and performance; (b) it is acting hereunder as principal (or, if previously agreed in writing by GS, as agent for a disclosed principal); (c) the person signing this Contract on Purchaser's behalf is duly authorized to do so on Purchaser's behalf and is a Vice President or more senior officer of Purchaser; (d) it has obtained all authorizations of any governmental body required in connection with this Contract and such authorizations are in full force and effect; (e) this Contract constitutes a legal, valid and binding obligation of Purchaser enforceable against Purchaser in accordance with the terms hereof; (f) the execution, delivery and performance of this Contract do not and will not violate any law, regulation, ordinance, charter, by-law or rule applicable to Purchaser or any agreement by which Purchaser is bound or by which any of its assets are affected; and (g) Purchaser is knowledgeable of and experienced in the investment risks of entering into this Contract, is capable of evaluating the merits and risks of this Contract and is able to bear the economic risks associated with this Contract. Purchaser shall be deemed to repeat all of the foregoing representations and warranties on each day prior to and including the Settlement Date.

GS represents and warrants that: (i) it is duly authorized to execute and deliver this Contract and to perform its obligations hereunder and has taken all necessary action (corporate and otherwise) to authorize such execution, delivery and performance; (ii) the person signing this Contract on GS's behalf is, as of the date hereof, duly authorized to do so on GS's behalf and is a Vice President or more senior officer of GS; (iii) it has obtained all authorizations of any governmental body required in connection with this Contract and such authorizations are in full force and effect; (iv) this Contract constitutes a legal, valid and binding obligation of GS enforceable against GS in accordance with the terms hereof; and (v) the execution, delivery and performance of this Contract do not and will not violate any law, regulation, ordinance, charter, by-law or rule applicable to GS or any agreement by which GS is bound or by which any of its assets are affected and (iv) GS is an underwriter of the Bonds and has no knowledge of any material fact or circumstances that it is required to disclose under relevant securities laws. GS shall be deemed to repeat all of the foregoing representations and warranties on each day prior to and including the Settlement Date.

3. Provision of Official Statement and Other Information. Purchaser acknowledges that, as described in the Official Statement, one of the conditions to GS' obligation under the Delay Delivery Bond Purchase Contract to purchase the Bonds is that the Issuer provide to GS a supplement to the Official Statement (the 2016 Supplement). GS agrees to furnish a copy of the 2016 Supplement to Purchaser and, upon request by Purchaser, to furnish on the date of delivery of the Bonds such further information as may be required by the rules and regulations of the Securities and Exchange Commission and any other body having jurisdiction over the transaction. Purchaser agrees that between the date hereof and the date of the 2016 Supplement neither GS or the Issuer shall be required by Purchaser to deliver to Purchaser additional information or supplements to the Official Statement.

4. Default. Upon any Event of Default, the non-defaulting party shall be entitled (without limiting any other rights or remedies the non-defaulting party may have under applicable law or regulation or by reason of normal business practice) to (i) cancel and otherwise liquidate and close out the Transaction without prior notice to the defaulting party, whereupon the defaulting party shall be liable to the non-defaulting party for any resulting loss, damage, cost and expense (including, but not limited to, attorney's fees), including loss equal to the cost of entering into replacement transactions and any damages resulting from the non-defaulting party's entering into or canceling, or otherwise liquidating or closing out, any related hedge transactions; (ii) set off any obligation, including any delivery or payment obligation, of the non-defaulting party to the defaulting party against any obligation, including any delivery or payment obligation, of the defaulting party to the non-defaulting party, including against the defaulting party's obligations with respect to any transaction described in clause (i); and (iii) take any other action necessary or appropriate to protect and enforce its rights and preserve the benefits of its bargain under this Contract.

For purposes hereof, "Event of Default" means (i) the occurrence of an Insolvency Event (as defined below); (ii) any representation made by a party in paragraph 2 hereof is incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated; or (iii) a party disaffirms, rejects or repudiates any of its obligations under this Contract.

For purposes hereof, "Insolvency Event" means (i) the commencement by a party as debtor of any case or proceeding under any bankruptcy, insolvency, rehabilitation, delinquency, reorganization, liquidation, dissolution or similar law, or the seeking by a party of the appointment of a receiver, conservator, administrator, rehabilitator, custodian, liquidator, trustee, or similar official for such party or any part of such party's property; (ii) the commencement of any such case or proceeding against a party, or the seeking of such an appointment by another, or the filing against a party, of an application for a protective decree under the provisions of the Securities Investor Protection Act of 1970; or (iii) an acknowledgment by a party that such party has a negative net worth or is insolvent or is not paying or is unable to pay its debts as they become due.

5. GOVERNING LAW. THIS CONTRACT SHALL BE DEEMED TO HAVE BEEN MADE IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO CONFLICTS OF LAW PRINCIPLES.

6. Counterparts. This Forward Purchase Contract may be executed by either of the parties thereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

7. Miscellaneous. Any and all notices, statements, demands or other communications hereunder may be sent by a party to the other by mail, facsimile, telegraph, messenger or otherwise to the address specified on the face of this Contract, or so sent to such party at any other place specified in a notice of change of address hereafter received by the other. All notices and requests hereunder may be made orally, to be confirmed promptly in writing. Purchaser agrees that it will at all times satisfy the minimum initial and maintenance margin requirements of Regulation T of the Board of Governors of the

Federal Reserve System, Rule 431 of the New York Stock Exchange, Inc. and any other margin regulations applicable to GS. The rights of GS and Purchaser under this Contract shall not be assigned without the prior written consent of the other party and any purported assignment without such consent shall be null and void.

8. Third Party Beneficiary. The Issuer shall be deemed a third party beneficiary of this Forward Purchase Contract.

Purchaser: ____________________________

By: __________________________
Title: __________________________
Date: __________________________

Agreed and accepted:

Goldman, Sachs & Co.

By: __________________________
Title: __________________________
Date: __________________________

APPENDIX I

SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE

THE ECONOMY
[SUBJECT TO STATE REVIEW]

The economic and demographic information provided below has been derived from State publications and services which the State considers to be reliable. Such information is accurate as of its date; however, no assurance can be given that such information has not changed since its date.

State of Alaska

Sharply lower oil prices, together with decreased production, created a substantial potential revenue shortfall in the past fiscal year's state budget. This will affect government employment as well as the State's economy.

To meet this shortfall, the last State legislature appropriated reserves and enacted budget reductions. It is expected that future State budgets will increasingly depend on budget reductions, expenditure of reserves, and new revenue sources from taxes and/or Permanent Fund earnings which the legislature may enact.

A September 2015 article in *Alaska Economic Trends*[1] points out that although Alaska's economic structure, with its heavy dependence on oil revenues and the federal government, has not changed from the 1980s recession brought on by a sudden break in oil prices, our situation has changed with a larger and older population and larger amounts saved in budget reserve accounts.

The article lists the following changes today from the 1980s:

(a) Alaska's median age has risen from 27.5 in the early 1980s to 34.4 today.

(b) Service providing industries have increased their share of total employment the most since 1985, from 53 percent to 61 percent, most of the increase occurring in private health care and social services.

(c) Losses in the timber industry since 1985 have been offset by big gains in the management of commercial fishing.

(d) Residential construction has been steady and modest; between 2010 and 2014, 11,000 housing units were constructed.

Population

Alaska's Statewide population of 735,601 (July 2014 estimate) increased by 68,455, or 9 percent from 2005 to 2014. Alaska's growth was greater than the 8.6 percent increase for the United States as a whole during the ten-year period. Alaska's annual rate of population growth was 5.4 percent for the period from 2009-2014, mainly due to in-migration, or people moving into the State. Alaska's net migration, however, turned negative in 2014 and again in 2015, leading to the first population dip since 1988.[2]

The following table summarizes the State's population growth since 2005, as well as the growth of population in each of the State's regions. The majority of the high-growth areas were those with access to the road system. The highest growth area was in the Anchorage and Mat-Su Borough region, with a 46,584 population increase from 2005 to 2014, or an increase of 13.2 percent.

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[1] Alaska Economic Trends, September 2015, Caroline Schultz "The 80's Recession" Are we in a similar position today?
[2] Alaska Economic Trends, October 2015, Neal Fried, Alaska Migration and US Recessions.

Population of Alaska by Region, 2005-2014*

Area Name	Estimate July 2005	Estimate July 2006	Estimate July 2007	Estimate July 2008	Estimate July 2009	Census April 2010	Estimate July 2011	Estimate July 2012	Estimate July 2013	Estimate July 2014
Alaska	667,146	674,583	680,169	686,818	697,828	710,231	723,424	731,827	736,399	735,601
Anchorage / Mat-Su Region	352,028	360,060	362,163	366,562	375,304	380,821	387,989	392,385	397,208	398,612
Gulf Coast Region	75,403	75,196	76,121	76,973	77,742	78,628	80,401	80,692	80,507	80,576
Interior Region	104,391	104,919	109,336	110,473	110,752	112,024	112,534	115,080	114,175	112,197
Northern Region	23,665	23,655	23,548	23,532	23,685	26,445	26,962	27,288	27,547	27,437
Southeast Region	71,712	71,399	70,219	70,504	71,141	71,664	73,755	74,363	74,382	74,280
Southwest Region	39,947	39,354	38,782	38,774	39,204	40,649	41,783	42,019	42,580	42,499

* Preliminary Intercensal 2005-2009, 2011-2014 Census. All numbers are based on 2010 Census geography.

Source: US Census Bureau and Alaska Department of Labor and Workforce Development, Research and Analysis Section

Income

In 2013, Alaska had a per capita personal income of $50,150, an increase of almost 10 percent from the 2010 per capita personal income of $45,485. For the years 2009-2013 Alaska's per capita personal income ranked 7th in the U.S. Per capita personal income for the United States was $44,307 in 2014.

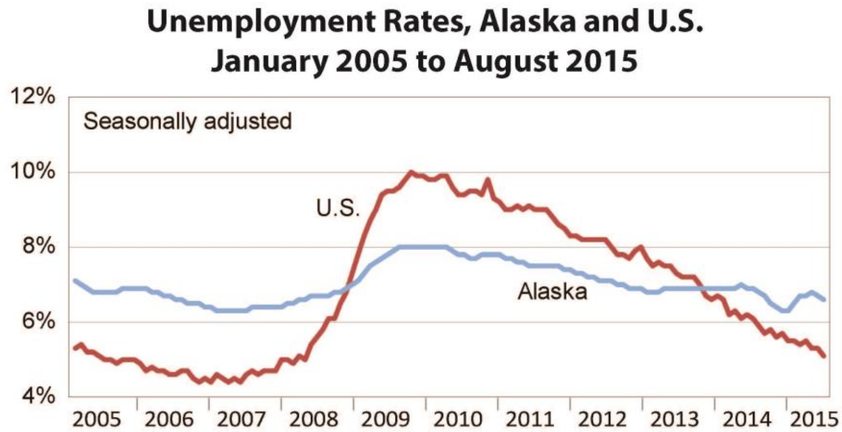
From 2010 to 2014, the average inflation rate in Anchorage (the only Alaska city included in the Consumer Price Index) was 2.4 percent. The average in the United States was 1.7 percent.

The cost of living in Alaska remains significantly higher than the national average. According to the most recent Council for Community and Economic Research's ACCRA Cost of Living Calculator, which compares the living costs for about 300 urban areas in the United States, including four Alaska cities, Anchorage, Juneau, Fairbanks and Kodiak, the cost of living in those cities is 28, 35, 32 and 35 percent, respectively, more expensive than the average city in the index.[3]

Employment

Data of the Alaska Department of Labor and Workforce Development shows the unemployment rate (seasonally adjusted) for Alaska for August 2015 was 6.9 percent, as compared to a national unemployment rate for the same period of 6.1 percent. As noted in the table below, historically the State's unemployment rate has exceeded the national rate, but until recently Alaska's unemployment rate has been lower than that of the U.S.[4]

[3] Alaska Department of Labor and Workforce Development, Alaska Economic Trends, July 2012.
[4] Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics.



The largest employment sector in Alaska is government comprised of federal, State and local government employees. Government employment in November 2014 was 82,400. The largest non-government sector of employment was Trade, Transportation and Utilities with 63,500. The table below provides a summary of the employment of the Alaska labor force by industry.

Alaska Labor Force Summary

	2003[1]	2013[1]	Change (2003-2013)	November 2014
Total Nonfarm	298,200	335,800	12.6%	324,400
Mining and Logging	10,200	17,500	71.6%	18,500
Oil and Gas	8,100	14,100	74.1%	15,000
Construction	16,900	16,600	-1.8%	15,700
Manufacturing	11,500	14,400	25.2%	9,900
Trade, Transportation, Utilities	60,800	64,000	5.3%	63,500
Wholesale Trade	6,100	6,600	8.2%	6,300
Retail Trade	34,000	35,900	5.6%	37,000
Transportation, Warehousing and Utilities	20,700	21,500	3.9%	20,200
Information	6,900	6,200	-10.1%	6,100
Financial Activities	12,000	12,200	1.7%	11,800
Professional and Business Services	24,500	30,000	22.4%	29,600
Educational and Health Services	33,400	47,200	41.3%	47,000
Health Care	23,900	33,600	40.6%	33,600
Leisure and Hospitality	29,600	33,500	13.2%	28,300
Other Services	11,200	11,700	4.5%	11,600
Government	81,200	82,700	1.8%	82,400
Federal Government[2]	17,100	15,500	-9.4%	14,400
State Government	24,100	26,300	9.1%	26,400
Local Government[3]	39,900	40,900	2.5%	41,600

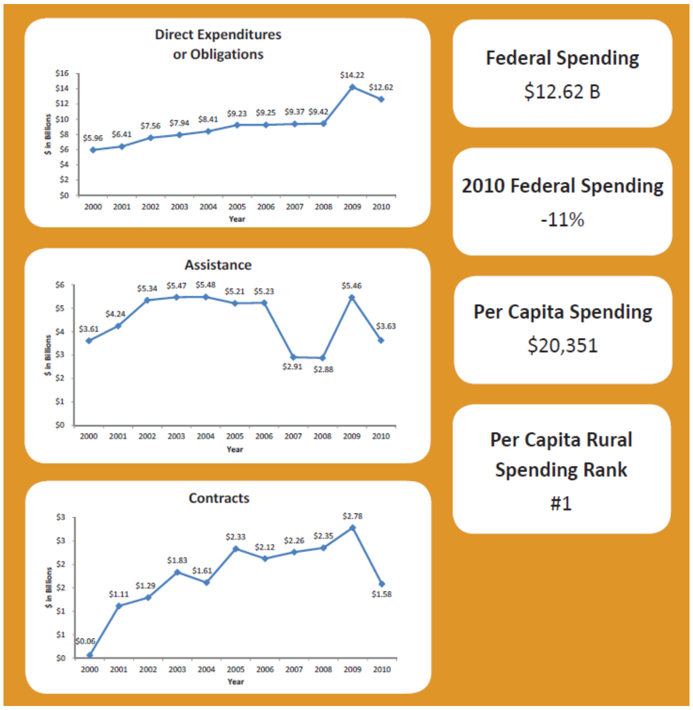
1 Figures are the average for the year.
2 Federal government does not include military or armed personal.
3 Includes tribal government.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis.

Federal Spending[5]

Federal spending has a significant impact on Alaska's economy. Federal funds contribute to military and federal government employment, as well as provide support for specific in-state programs and projects. In many cases, State funds are also used to leverage federal funds in matching programs helping to improve Alaskan communities.

2010 Federal Spending Indicators



Federal spending in Alaska has been on the rise since 2000. Most notably, the American Recovery and Reinvestment Act (ARRA) of 2009 resulted in a 48 percent increase in federal funding. Between 2009 and 2010, ARRA funding declined, but still remained significantly higher than pre-ARRA spending. During 2010, federal spending per capita in Alaska was $20,351. Alaska currently ranks first in total per capita federal spending, followed by Virginia and Maryland. Alaska ranks first in grants, second in salaries and wages, and fourth in procurement. In addition to direct expenditures, the federal government is also a significant employer and landowner in Alaska. The federal government is Alaska's largest landowner with 60 percent of Alaska total area including national parks, refuges, national forests, military installations, and the North Slope National Petroleum Reserve.[6] A strong federal presence spanning land management, military, and numerous public services also leads to significant employment opportunities as 40,000 Alaskans were on the federal payroll during 2010.[7]

Oil and Gas[8]

According to a study completed by McDowell Group, Inc. for the Alaska Oil and Gas Association (2011), employment and payroll in the oil and gas industry from October 2009 through September 2010 included over

[5] United States Department of Commerce, Census Bureau. 2011. Consolidated Federal Funds Report for Fiscal Year 2010: State and County Areas. CFFR/10

[6] Alaska Department of Natural Resources (ADNR), Division of Mining, Land, and Water. 2000. Land Ownership in Alaska Fact Sheet. March 2000.

[7] Alaska Department of Labor and Workforce Development (ADLWD), Research and Analysis Section. 2012. Trends. February 2012

[8] McDowell Group, Inc. (2011). The Role of the Oil and Gas Industry in Alaska's Economy. Alaska Oil and Gas Association. 52 pp. P. 1-2. Retrieved from http://www.aoga.org/wp-content/uploads/2011/10/2011-McDowell-Study.pdf

4,840 jobs and $764 million in payroll. The report also stated total direct and indirect jobs account for 13 percent of all private sector employment (10 percent of all employment) in Alaska and 18 percent of all private sector resident earnings (13 percent of all resident earnings). Oil and gas employment reached record levels despite the ongoing decline in oil production in Alaska.

Government[9]

Government was responsible for 76,900 jobs in July 2015, almost a quarter of all nonfarm employment in the State. This sector encompasses occupations in all industries, including teachers, builders, deckhands, and scientists.

Local government employment grew by about 1,000 jobs — or 2.5 percent — from 2004 to 2014, with local administrations and school districts representing the largest employers. Within the local government sector, school district employment gained 12 percent and other city, municipal, and borough employment grew by 1 percent.

As of 2013, State government employment accounted for approximately 7.8 percent of total nonfarm employment. The State-run University of Alaska's employment increased by 1,358 jobs, or 22 percent, while other State agencies' employment increased by 15 percent over the decade, for an overall increase of 17 percent in State government employment.

Federal government employment added about 200 jobs, or 1.1 percent, over the decade. Growth in the civilian defense sector, Veterans' Affairs, and the National Park Service was largely offset by reduced employment by the U.S. Postal Service, health services, agriculture, and aviation, as private firms stepped in or programs were phased out.

Before September 11, 2001, the military was reducing its presence in Alaska. However since then the U.S. funneled additional defense funds into the State. Though the Base Realignment and Closure Act of 2005 resulted in closures, the overall presence of armed forces in the State has increased. There were 3,100 more uniformed military personnel in Alaska in 2011 than there were in 2001. Other military growth includes civilian defense employment and federal spending on base and facility upgrades, salaries, and maintenance.[10] Force reduction proposals on the order of 2,700 to 3,000 personnel are, however, under current consideration.

Health Care[11]

Health care has been the State's fastest-growing industry. It employs nearly 31,500 people, and in 2011 its payroll exceeded $1.5 billion. Fifteen of the 100 largest private sector employers in the State are health care providers. Private sector health care employment increased from 18,100 in 2001 to 31,500 in 2011 and grew four times as fast as the average for all industries. As a result, health care made up over a quarter of all employment growth over the past decade in Alaska. It also grew twice as fast as the nation's health care sector.

The growing population of elderly Alaskans increased demand for services. Although only 7.7 percent of Alaskans are over 65 compared to the nation's 13 percent, the 65-plus group grew by 54 percent between 2000 and 2010, compared to 13 percent nationally. As the industry expanded and more health care choices emerged, more of Alaska's health care spending remained in-State. In 1990, health care accounted for 4 percent of Alaska's wage and salary employment versus 7 percent for the nation. By 2010, that difference narrowed to 9.3 percent for Alaska and 10.6 percent nationwide.

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[9] Alaska Department of Labor and Workforce Development, Research and Analysis Section.

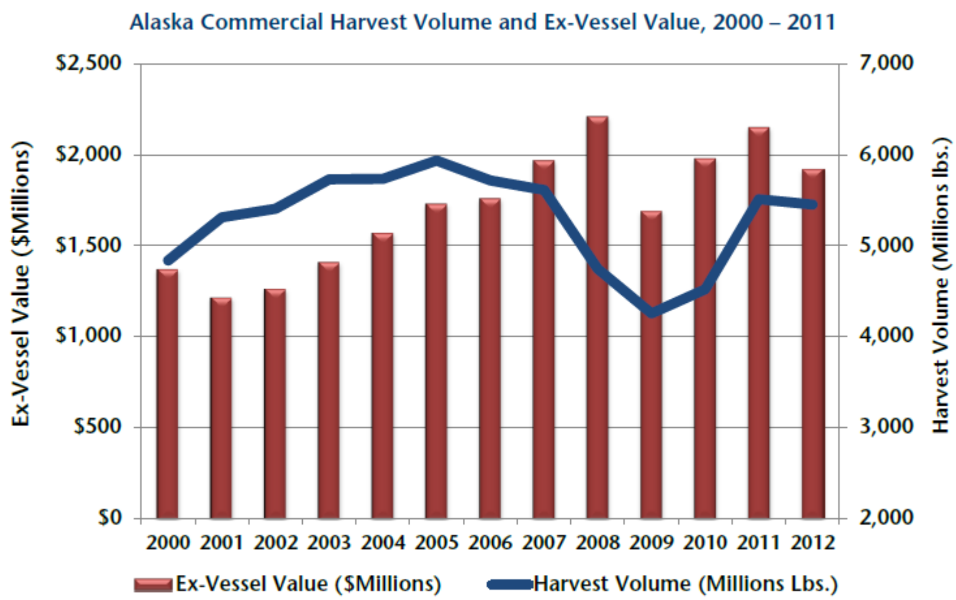
[10] State of Alaska, Comprehensive Annual Financial Report; July 1, 2011 – June 30, 2012.

[11] Alaska Economic Trends, September 2011, The Decade in Review: 2000 – 2010.

Fisheries[12]

In 2011, Alaska's leading export was seafood, increasing to $2.5 billion and accounting for 47 percent of Alaska's total exports of $5.2 billion. Two countries, China and Japan, make up more than $1.4 billion dollars of Alaska's total seafood exports. Japan, long the State's largest seafood export market, purchased $589 million. During 2011, China exceeded Japan as the largest seafood export market (also topping all markets in total exports), and accounted for $836 million. China has been rapidly growing in importance with Alaska's seafood exports (and total exports) as evidenced by a 62 percent increase from 2010 to 2011.

In 2011, commercial fishermen landed over 5.5 billion pounds of Alaska seafood worth $2.2 billion in ex-vessel value. The 2011 harvest is the most valuable single season harvest on record, in nominal terms, and the most valuable harvest since the mid-1990s after adjusting for inflation. Salmon is the most valuable commercial species, worth $657 million in ex-vessel value in 2011, while pollock is the largest fishery by harvest volume, worth $459 million in ex-vessel value in 2011. [13] The following chart shows Alaska commercial harvest and ex-vessel value from 2000 through 2011 (includes preliminary 2012 data):



Note: 2012 data is preliminary.
Source: McDowell Group estimates based on NPFMC Economic SAFE report and ADF&G COAR report.

Over five billion pounds of Alaska seafood was processed by 162 companies in 2011, employing 25,112 workers. Seafood processing is Alaska's largest manufacturing subsector, accounting for roughly 75 percent of all manufacturing employment in Alaska. Even though most processing plants are located outside of Alaska's major population centers, seafood processing companies employ roughly 1-in-15 private sector workers in Alaska. Seafood processors employed over 10,000 workers, on average, per month in 2011. However, most seafood processing workers' jobs are seasonal. Employment averages 6,800 during the late fall and winter months, before peaking at more than 20,000 during the height of the summer salmon season.[13]

In 2011, five of the country's top ten fishing ports, ranked by value, were in Alaska -- Dutch Harbor ranked first in volume and second in value ($207 million), Kodiak was fifth in volume and third in value ($168 million), Naknek-King Salmon ranked eighth in value ($86 million), and Akutan ranked fourth in value ($114 million). Sitka was ranked ninth in value at $85 million.[14]

12 Alaska Economic Trends, September 2011, The Decade in Review, 2000 – 2010.
13 Economic Value of the Alaska Seafood Industry, McDowell Group, Inc. September 2013.
14 "2010 Commercial Fishery Landings by Port Ranked by Dollars and 2010 Commercial Fishery Landings by Port Ranked by Poundage," NOAA Fisheries, Office of Science & Technology.

Mining

Alaska's mining industry includes exploration, mine development, and production. The industry produces zinc, lead, copper, gold, silver, coal, as well as construction minerals such as sand, gravel, and rock. Alaska's seven largest operating mines are Fort Knox, Greens Creek, Red Dog, Usibelli, Pogo, Kensington, and Nixon Fork, and provided nearly 4,600 full-time jobs of the nearly 9,100 mining industry jobs in Alaska in calendar year 2013. [15]

The growth in mining was supported by several large developments. Pogo Mine in the eastern interior of Alaska was commissioned in 2006, but began to create jobs in 2005. Fort Knox Mine in the Fairbanks North Star Borough built a heap-leach facility in 2009. And, after several delays, Kensington Mine opened in Southeast Alaska in June of 2010.

The value of Alaska's primary produced metals more than quadrupled from 2001 to 2007, from $786.6 million to $3.22 billion. The total value of Alaska's large mine mineral production in 2013 was approximately $3.4 billion, up $400 million from 2012's value of $3.0 billion.[16]

Tourism[17]

Alaska visitor volume for May 2013-April 2014 was 1,966,700, a 6 percent increase over the previous 12 month period.

Alaska's visitor industry accounted for an estimated 38,700 full- and part-time jobs during the 2013-2014 study period, including all direct, indirect, and induced impacts.

Out-of-state visitors to Alaska spent an estimated $1.8 billion in Alaska between October 2013 and September 2014. This figure includes in-state spending only, excluding the cost of transportation to and from the State.

Retail[18]

A number of new chain and homegrown retailers opened in Alaska during the past decade. Since 2000, the following retailers opened stores in Alaska: Kohl's, new Walmarts, Best Buy, Target, Sportsman's Warehouse, Petco, Bed Bath and Beyond, and Walgreens. The retail sector provided 35,400 jobs in Alaska in 2014.

Retail trade remains Alaska's largest private sector employer. During the 1980s and 1990s, retail trade in Alaska grew more rapidly than the overall economy. However, during this most recent decade, retail employment grew half as fast as overall employment, adding just 2,400 jobs compared to the 7,500 new jobs during the 1990s. At the end of the decade, retail's share of total Statewide employment was on par with the rest of the nation at 11 percent.

According to census data, Alaska's per-capita sales run 9 percent above the national average, with higher prices accounting for much of that difference.

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[15] The Economic Benefits of Alaska's Mining Industry, McDowell Group, Inc. report for the Alaska Miners Association. January 2014.
[16] The Economic Benefits of Alaska's Mining Industry, McDowell Group, Inc. report for the Alaska Miners Association. January 2013
[17] McDowell Group, Inc. report for DCCED on Alaska's Visitor Industry 2011-2012 and report for Fall/Winter 2013-2014.
[18] Alaska Economic Trends, September 2011 and January 2014, Decade in Review, 2000-2010.

Transportation[19]

Given the geography of the State, Alaskans rely on aviation and marine transportation to move people and goods. Although Alaska is the largest state in terms of area, it has the fifth-lowest road mileage in the U. S.. The primary reasons for the low road miles in Alaska are (i) the majority of people live in the urbanized areas and (ii) extreme weather, rugged terrain, vast distances, low population density and scattered islands make road construction difficult and costly compared to the number of users. Many remote communities are connected to the rest of Alaska and the rest of the world, through waterways or airports, rather than roads.

Most goods shipped to and from Alaska move by way of intermodal transportation systems. Most food, household items and consumer goods shipped from the lower 48 states of the U. S. to Alaska generally arrive by container ship, barge or roll-on, roll-off vessel. Upon arriving in Alaska, freight bound for destinations connected by the highway system are transported by truck or by rail on the Alaska Railroad. Freight bound for remote destinations is flown from Anchorage or Fairbanks to the remote communities. Heavy or bulk commodities are most often moved by barge to remote communities where seasonal barge service is available.

Given the size, geography and population distribution in Alaska, air transportation is critical for Alaska's economy and the health, safety and welfare of all Alaskans. The State owns about 252 rural airports, in addition to Ted Stevens Anchorage International Airport ("ANC") and Fairbanks International Airport. ANC serves as the primary passenger airport in the State and is an important cargo airport globally. In terms of cargo levels, ANC was ranked as the number two cargo airport in North America and as the number five cargo airport in the world by Airports Council International in calendar year 2010. In fiscal year 2014, all-cargo certificated maximum gross takeoff weight (measured in 1,000 lb. units) increased to 20,660,000 from 20,307,000 in 2000, however, this was a decrease from the 2013 FY total of approximately 21,397,000. In fiscal year 2014, passenger activity at ANC (including passenger enplanements, passenger deplanements and in-transit passengers) was approximately 5.12 million, as compared to 5.03 million in 2000. [20]

Alaska's ports and harbors are an important element of the State's economy, providing for the import and export of goods. Port and harbor facilities provide an economic base for those communities dependent on marine resource utilization such as fishing and recreational use. They are an essential link to Alaska's resources, including fisheries, oil, natural gas, mineral resources and recreational activities.

The Alaska Marine Highway System ("AMHS") is a critical part of Alaska's transportation system and the service it provides is part of the National Highway System. AMHS serves 32 Alaska ports by transporting passengers and vehicles between coastal communities on 11 operating vessels. This service helps meet the social, educational, health and economic needs of Alaskans. In 2013, AMHS carried approximately 313,311 passengers and 108,797 vehicles.

The Alaska Railroad operates a total of 656 miles of railway miles in Alaska, consisting of 467 miles of main line, 54 miles of branch line and 135 miles of yards and sidings. The Alaska Railroad plays an important economic role. In 2014, the Alaska Railroad carried 4.92 million tons of freight and 468,661 passengers. As of June 2013, the railroad employed 685 year-round employees.[21]

In 2010 the transportation sector represented 5.9 percent of Alaska's wage and salary employment versus 3.2 percent for the nation. Transportation also represents a greater share of gross domestic product in Alaska than it does nationwide, at 9 percent in-State versus the nation's 3 percent.

[19] Alaska State Transportation Plan, adopted February 29, 2008.
[20] Alaska International Airports System, Statistics, http://www.dot.alaska.gov/aias/assets/AIAS_Statistics.pdf.
[21] Alaska Railroad Corporation Fact Sheet, http://www.akrr.com/arrc29.html.

Transportation employment grew modestly in the last decade, with 21,500 jobs in 2013 compared to 20,700 jobs in 2003. The slowdown in Alaska's economy in 2009 resulted in steep declines in the visitor industry and international cargo. However, employment growth in Alaska's transportation sector was slightly positive between 2000 and 2013, in contrast to the nation's decline of more than 6 percent.

STATE BOND COMMITTEE

RESOLUTION NO. 2015-08

A Resolution of the State Bond Committee of the State of Alaska Allocating a Portion of the Private Activity Bond Volume Limit of the State of Alaska for Calendar Year 2015

WHEREAS, Alaska Statute 37.15.800 directs the State Bond Committee (the "Committee") to allocate the private activity bond volume limit for Alaska (the "volume cap") as authorized under 26 U.S.C. 146(e); and

WHEREAS, the volume cap for calendar year 2015 is $301,515,000; and

WHEREAS, the Alaska Housing Finance Corporation (AHFC) has received an allocation of $8,500,000 of volume cap for a multi-unit facility to enhance access to affordable rental housing for Alaska's low-income and elderly population; and

WHEREAS, the Alaska Housing Finance Corporation (AHFC) has received an additional allocation of $4,000,000 of volume cap for a 20 unit low income housing for the target population of Mental Health Trust beneficiaries; and

WHEREAS, the Alaska Industrial Development and Export Authority (AIDEA) has received an allocation of $5,000,000 of volume cap to refund bonds related to the financing of the Snettisham Hydroelectric Project and pay for costs of issuance and reserves; and

WHEREAS, the Alaska Industrial Development and Export Authority (AIDEA) did not use $3,733,230 of the $5,000,000 of volume cap to refund bonds related to the financing of the Snettisham Hydroelectric Project and has returned that cap to the Committee; and

WHEREAS, the Alaska Industrial Development and Export Authority (AIDEA) has received an additional allocation of $100,000,000 of volume cap to provide for anticipated future projects that are estimated to accumulate to $200 million; and

WHEREAS, in addition to the Volume Cap, 26 U.S.C. Section 142(a)(13) permits tax-exempt bonds to be issued to finance certain public educational facilities ("Qualified Public Educational Facilities Bonds"); and

WHEREAS, 26 U.S.C. Section 142(k) provides an annual limit for the issuance of Qualified Public Educational Facilities Bonds equal to the greater of (1)

$10 multiplied by the State population or (2) $5,000,000; and

WHEREAS, Notice 2002-56 of the Internal Revenue Service specifies that the most recent census estimate of the resident population of a state released by the Bureau of the Census before the beginning of a calendar year is to be used to determine the Qualified Public Educational Facilities Bond limit for that calendar year; and

WHEREAS, the 2010 estimate of the resident population of Alaska released by the Bureau of the Census is 710,231, and, therefore, the Qualified Public Educational Facilities Bond limit for Alaska for 2014 is $7,102,310;

WHEREAS, over the last three years there have been very limited requests for volume cap with annual year end allocations to AHFC of the majority of each year's cap for potential use in future years; and

WHEREAS, private activity bond volume cap allocations are available for use until February of the year following allocation and then may be designated and carried forward for an additional period of three years; and

WHEREAS, there have been no municipal and there are no additional requests for volume cap at this time for 2015 volume cap.

WHEREAS, the additional allocation will lower the cost of the financing of AHFC;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOND COMMITTEE:

Section 1. The Committee hereby reaffirms the May 5, 2015 allocation of $8,500,000 and September 21, 2015 allocation of $4,000,000 of the 2015 private activity bond volume limit for Alaska to AHFC.

Section 2. The Committee hereby reaffirms the May 5, 2015 allocation of $101,266,770 of the 2015 private activity bond volume limit for Alaska to AIDEA.

Section 3. The Committee approves an additional allocation of $187,748,230 of the 2015 private activity bond volume limit for Alaska to AHFC.

Section 4. The Committee hereby allocates the entire Qualified Public Educational Facilities Bond limit for Alaska for 2015 of $7,102,310 to AIDEA.

Section 5. This Resolution is effective immediately.

DATED AND ADOPTED this 27th day of October, 2015.

____
Chris Hladick, Commissioner
of the Department of Commerce, Community and Economic Development, Chair

____
Randy Hoffbeck, Commissioner of the
Department of Revenue, Secretary

____
Sheldon Fisher, Commissioner of the
Department of Administration, Member

APPROVED AS TO FORM:

____
Attorney General of the
State of Alaska

Mitchell, Deven J (DOR)

From: Michael E. Lamb <mlamb@aidea.org>
Sent: Tuesday, September 29, 2015 9:48 AM
To: Mitchell, Deven J (DOR)
Cc: Kenneth Vassar; Lisa Lauterbur
Subject: FW: Unused Volume Cap
Attachments: SBC docs.pdf

Hello Deven. Lisa did a fabulous job below in communicating what this e-mail covers in the way of a notification. Do you need anything else?

Michael

From: llauterbur@kevlaw.org [mailto:llauterbur@kevlaw.org]
Sent: Friday, September 25, 2015 10:24 AM
To: Michael E. Lamb <mlamb@aidea.org>
Cc: Kenneth Vassar <kvassar@kevlaw.org>
Subject: Unused Volume Cap

Hi Michael, AIDEA will need to notify the State Bond Committee (Deven) about the unused portion of volume cap (in the amount of $3,733,230) allocated to it for the Snettisham Refunding. This has happened in the past and Ken's recollection is that AIDEA just needs to provide something in writing that basically says AIDEA did not use all of the volume cap allocated and then it's in the SBC's court to decide what they want to do with that.

Lisa C. Lauterbur
Legal Assistant
for Ken Vassar
Law Office of Kenneth E. Vassar, LLC
2220 North Star Street #24
Anchorage, Alaska 99503
Phone: (907) 223-2925
llauterbur@kevlaw.org

AGENDA for October 2015 rating agency trip

Alaska's Team
Revenue Commissioner Randy Hoffbeck
Revenue Deputy Commissioner Jerry Burnett
Chief Investment Officer, Gary Bader
Debt Manager, Deven Mitchell

Schedule

Preparatory meeting on Tuesday October 27 at 5:30

FitchRatings on Wednesday October 28 from 8:30 to 10:30
33 Whitehall Street
Contact: Marcy Block (212) 908-0239
Doug Offerman (212) 908-0889
Marcy Block - expected
Doug Offerman – expected
Laura Porter - expected
Tom McCormick
Rich Raphael

Moody's on Wednesday October 28 from 11:30 to 2:00 (lunch provided)
7 World Trade Center
Contact: John Lombardi (212-553-2829 Ted Hampton (212) 553-2741
Participants
John Lombardi – Associate Analyst, state ratings
Ted Hampton – Vice President/Senior Credit Officer, States Rating Team
Nicholas Samuels -- Vice President/Senior Credit Officer & Manager, States Rating Team
Timothy Blake – Managing Director, US Public Finance
Jack Dorer –Managing Director, US Public Finance

Standard & Poor's on Wednesday October 28 from 2:30 to 4:30
55 Water Street
Contact: Gabe Petek (415) 371-5042
Participants
Gabriel Petek (by video conference)
Robin Prunty
Dave Hitchcock, and

State of Alaska

Fall 2015 Fiscal and Credit Update

October 21, 2015

Table of Contents

1. Introduction

Presentation Team

Randy Hoffbeck *Commissioner, DOR*	• Commissioner – Alaska Department of Revenue – 10 Months • North Slope Borough CFO and Chief of Staff – 13 Years • Municipality of Anchorage – 10 Years • State of Alaska – Petroleum Property Tax Assessor – 5 Years
Jerry Burnett *Deputy Commissioner, DOR*	• Deputy Commissioner – Alaska Department of Revenue – Cumulative 11 Years • Staff to Alaskan Legislators – 12 Years
Gary Bader *Chief Investment Officer, DOR*	• Chief Investment Officer – Alaska Department of Revenue – 12 Years • Director of Retirement and Benefits – Alaska Department of Administration – 2 Years • Deputy Commissioner – Alaska Department of Administration – 2 Years
Deven Mitchell *Debt Manager, DOR*	• Alaska Department of Revenue – 24 Years • Alaska Department of Revenue – Debt Manager – 17 years • Alaska Municipal Bond Bank Authority – Executive Director – 17 years

Key Updates and Purpose of Meeting

The State has a long track record of managing through economic cycles and is committed to developing a long-term balanced plan

- **The State has engaged in a deliberate, transparent, and comprehensive process to discuss the long-term fiscal situation with Alaskans**
  - The State has held a series of public meetings throughout Alaska
  - Recognition of the need for both expense management and new sources of revenue
- **The State is evaluating fiscal strategies with the goal of putting in place a sustainable Fiscal Plan**
  - The State has reduced operating costs and pay-as-you-go capital spending
  - The State is evaluating new taxes, repurposing existing revenues, further expense reductions, and reasonable draws on the State's extraordinary reserves
  - The State has increased pension fund deposits and is considering pension obligation bonds to increase budget stability
- **Today's meeting is intended to provide an update on the State's progress**
  - Review of current situation and fiscal flexibility
  - Outline the State's process and expectations for developing the long-term Fiscal Plan

December 2015 – January 2016 Key Dates

Early December	• Fall 2015 Revenue Sources Book
Mid December	• Release of FY2015 audited financials • Release of updated Actuarial report
December 15, 2015	• Governor's proposed FY2017 budget and recommended Fiscal Plan
January 19, 2016	• Start of regular legislative session
January 31, 2016	• Release of State debt book

2. Current Budget and Fiscal Framework

Summary

The State is putting in place a sustainable Fiscal Plan

Current Budget Situation

Revenue has Declined with the Decline in Oil Prices

- The State currently has an *unrestricted* revenue budget gap due to oil prices
- The State continues to generate significant revenue, including revenue that is restricted by custom only
- The State is in the process of updating the official oil price and production forecast

Ongoing Cost Focus

The State is Proactively Managing Spending

- The Governor and lawmakers reduced the State's unrestricted General Fund spending for FY2016 to $4.95 billion, a reduction of $1.1 billion or 19% from FY2015
- Further reductions are expected

Revenue Outlook

The State is Committed to New Revenue

- The State's revenue outlook recognizes the current oil price environment
- The State's historic definition of Unrestricted General Fund Revenue does not include all State revenues available for appropriation
- The State is looking to stabilize and use more efficiently existing revenue <u>and</u> to add new sources

Reserves, Liquidity and Investment Income

The State has a Significant Liquidity Position and Substantial Investment Income

- The State is well positioned with reserve balances of $16.1 billion as of August 31, 2015[(1)]
- Existing reserves are being used as planned; similar to prior low oil price environments
- Provides the State with liquidity and revenue flexibility to adjust its fiscal approach in a strategic and efficient fashion

State's Approach to Fiscal Sustainability

The State is Committed to a Stable and Sustainable Long-term Fiscal Framework

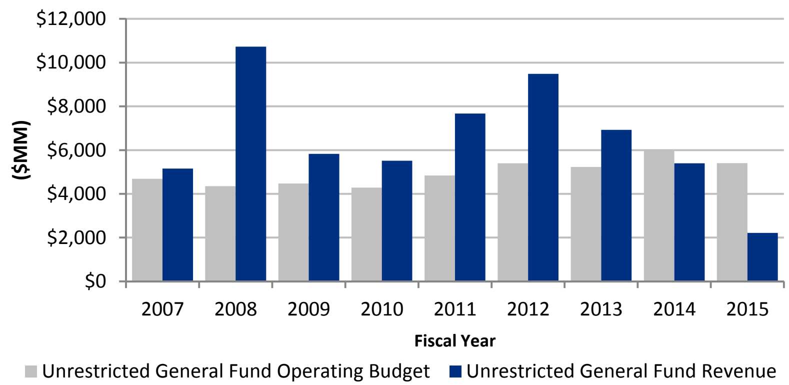
- The State has significant flexibility and options as it manages its fiscal future
- The State expects an ongoing combination of cost management, new revenues, and judicious use of reserves
- The State continues to support the development of Alaska's natural resources over the long-term

[(1)] Reserve balances include the market values of the Constitutional Budget Reserve (CBRF) and the Permanent Fund Earnings Reserve (PFER) as of August 31, 2015 (unaudited).

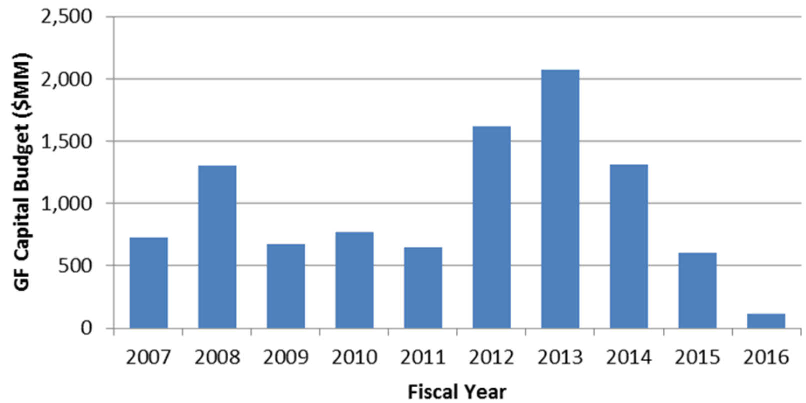
History of Fiscal Responsibility

During strong revenue environments, the State has focused on capital investment and building reserves

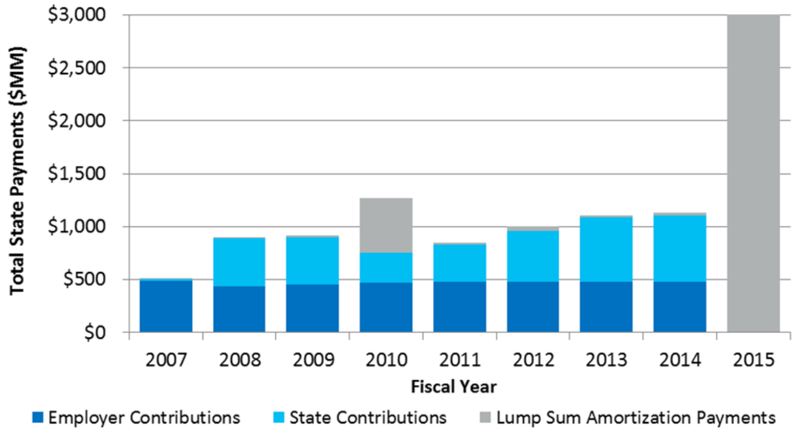
State Unrestricted General Fund Operating Budget & Unrestricted General Fund Revenue
FY2007 – FY2015



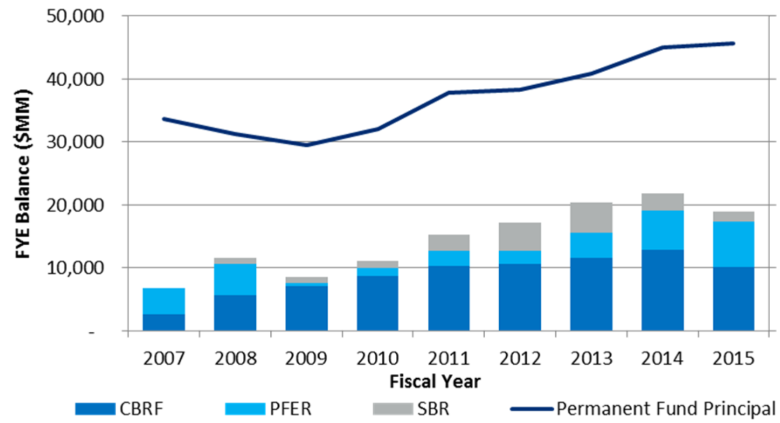
State Unrestricted General Fund Capital Budget
FY2007 – FY2016



Total State Payments for PERS and TRS[1]
FY2007 – FY2015



Reserve Fund Balances
FY2007 – FY2015



[1] PERS and TRS CAFR for Year Ended June 30, 2014 and excludes transfers to PERS and TRS Healthcare Trusts.

History of Fiscal Responsibility

The State has prudently managed its reserves, annual expenditures, and investments in strategic priorities

	ANS Prices	General Fund ($MM)			Total Revenue Available For Appropriation ($MM)							Savings ($MM)	
FY	Average Price ANS West Coast ($/bbl)	General Fund Unrestricted Revenue (GFUR)[1]	General Fund Expense[2]	General Fund Surplus/ (Deficit)	Other Designated General Fund	Tax & Royalty Settlements CBRF	CBRF Investment Earnings	APFC (Statutory Net Income)	APFC (GASB)	Total Revenues Available for Appropriation[3]	Total Revenues Available for Appropriation as a % of GFUR	Deposit to / (withdrawal from) Short-term Savings[4]	Deposit to / (withdrawal from) Total Savings[5]
2003	28.59	1,948	2,496	(548)	557	22	144	355	963	3,026	155%	(1,413)	$594
2004	32.36	2,346	2,319	27	457	8	53	1,502	3,434	4,366	186%	731	3,462
2005	44.85	3,189	3,046	143	528	27	97	1,754	2,640	5,596	175%	752	3,162
2006	62.12	4,200	3,133	1,067	540	44	73	2,690	3,072	7,547	180%	1,176	4,381
2007	61.60	5,159	5,469	(310)	730	114	181	3,429	5,448	9,612	186%	1,829	7,563
2008	96.51	10,728	5,654	5,074	653	438	(60)	2,938	(1,372)	14,698	137%	5,241	5,288
2009	68.34	5,831	6,659	(828)	603	203	(527)	(2,509)	(6,394)	6,110	105%	(3,388)	(5,957)
2010	74.90	5,513	5,541	(28)	294	553	691	1,590	3,517	8,641	157%	2,539	4,746
2011	94.49	7,673	6,355	1,318	291	167	1,027	2,143	6,812	11,301	147%	4,164	9,854
2012	112.65	9,485	7,252	2,233	277	102	191	1,568	(100)	11,624	123%	1,885	3,767
2013	107.57	6,929	7,708	(780)	301	177	618	2,928	4,314	10,952	158%	3,195	5,731
2014	107.57	5,394	7,053	(1,659)	296	141	1,006	3,531	6,848	10,368	192%	1,473	5,995
2015	67.49	2,287	5,006	(2,719)	330	136	198	2,907	2,384	5,858	256%	(2,874)	TBD

Revenues Available for Appropriation and the State's Historic Definition of Unrestricted Revenue

- The State's Fall 2015 Revenue Sources Book, which is expected to be released in early December, is expected to include a discussion of total revenues available for appropriation, the definition of which is broader than how the State has historically defined unrestricted revenues

(1) General Fund unrestricted revenue history sourced from Fall 2015 Revenue Sources Book Table A-4a
(2) General Fund expenditure history sourced from OMB enacted Fiscal Summaries - Total Authorization to spend with adjustments for post-transfer balance to/from Reserves
(3) Total revenues available for appropriation include General Fund Unrestricted Revenue, Other Designated General Fund Revenue, Tax and Royalty Settlements to the CBRF, CBRF investment earnings, and annual APFC Statutory Net Income, if positive. APFC GASB reporting differs from Statutory Net Income. FY2015 values include some estimates.
(4) Includes SBR, CBRF, and PFER change in fund balances year over year.
(5) Change in State Net Position. Includes Permanent Fund.

Composition of Principal Expenditures

Expenses are concentrated in core services, local government support, capital investment and savings

Core Services

State Operating Expenses Have Increased Modestly Even During Recent High Oil Price Years

- General Fund operating expenses have increased an aggregate of 8% FY07-FY16 (compares to cumulative national inflation of 15%)
- The State is committed to a responsible budget while continuing to fund core State services

Local Government Support

State Support of Local Governments Remains a Core Priority

- Local government revenue sharing
- School debt reimbursement program
- Foundation Formula
- Capped employer contribution rates for both Pension and OPEB
- State's pay-go funding of capital projects

Capital Investment and Debt

The State's Approach to Capital Investment Remains Conservative

- $1.14 billion of outstanding State supported debt (100% fixed rate)
- Total debt service payout ratio of 76% in 2025 and 92% in 2030
- Budgeted $9.8 billion of capital on a pay-go basis since FY2007
- State reduced capital budget to $118 million in FY2016

Savings

The State Has Demonstrated a Significant Commitment to Savings

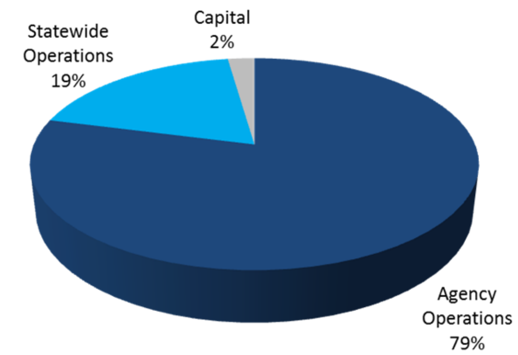
- Short-term savings total $16.1 billion, or 325% of FY2016 unrestricted General Fund expenses[(1)]
- The State increased total savings by over $30.1 billion FY2010-FY2014 (net position)

Permanent Fund Dividend

FY2015 Dividend Distributions Total $1.37 Billion

- Disbursed $22.8 billion since 1982
- FY2015 Dividend of $2,072/resident was the highest on record

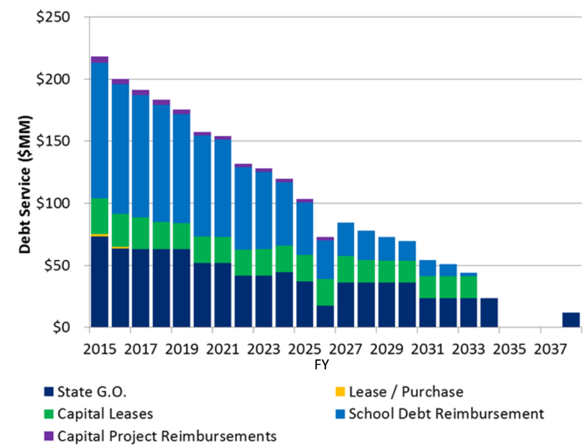
Budget Expenditures – FY2016



Debt Service

Outstanding State Supported Debt

FYs Ended June 30, 2015 – 2038



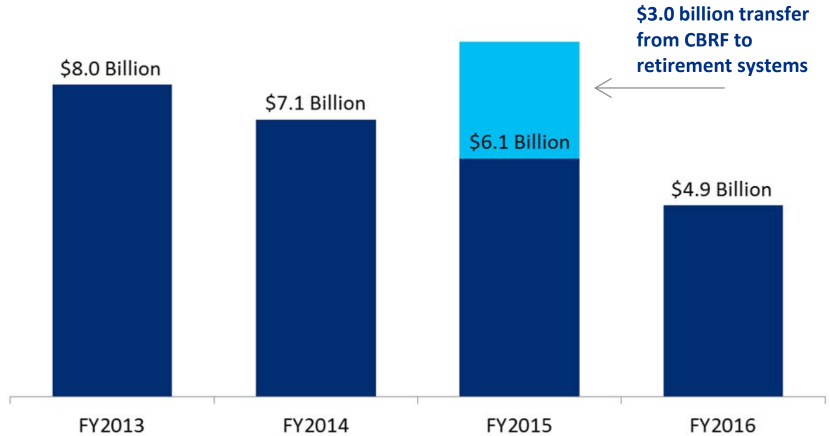
[(1)] Reserve balances include the market values of the Constitutional Budget Reserve (CBRF) and the Permanent Fund Earnings Reserve (PFER) as of August 31, 2015 (unaudited).

Ongoing Focus on Cost Management

The State has already made spending adjustments and recognizes the need for further expenditure reductions going forward

- Constitutional mandates continue to be the priority
- The Governor and Legislature took action by reducing spending authorization by 19% from FY 2015 to FY 2016
  - The executive branch is receiving the largest cuts – an average of 13.5%
  - The legislative branch budget was reduced by 5.4%
  - Capital spending was reduced by 80%
  - Governor Walker used his line-item veto to reduce a $700 million appropriation for refundable oil exploration expenditures to $500 million

Unrestricted General Fund Budget



- When adjusted for inflation and population, the current unrestricted General Fund budget is lower than it was in the late 1970's and early 1980's
- The State recognizes that to achieve recurring structural balance it will be necessary to utilize a combination of continued budgetary restraint as well as changes to existing taxes, potential new taxes, and the strategic use of legacy assets

FY2016 Budget Reduction Detail

Budget Review Summary – Two Scenario Comparison (1587)

	FY 2015 Management Plan (11493)	Final FY2016 Operating Less Vetoes (12608)	FY2015 Management Plan vs. Final FY2016 Operating Less Vetoes	
Non-Formula Agency	**$2,205,746.0**	**$1,952,057.6**	**($253,688.4)**	(11.5%)
Administration	86,030.2	76,383.9	(9,646.3)	(11.2%)
Commerce	40,454.3	27,707.3	(12,747.0)	(31.5%)
Corrections	297,654.4	281,178.0	(16,476.4)	(5.5%)
Educ & Early Devel	57,419.6	42,363.3	(15,056.3)	(26.2%)
Environ Conservation	22,472.1	20,468.5	(2,003.6)	(8.9%)
Fish and Game	79,387.8	66,443.3	(12,944.5)	(16.3%)
Governor	33,609.5	23,538.9	(10,070.6)	(30.0%)
Health & Social Svcs	388,277.2	368,277.9	(19,999.3)	(5.2%)
Labor & Workforce	33,448.0	26,249.6	(7,198.4)	(21.5%)
Law	61,275.3	53,973.3	(7,302.0)	(11.9%)
Alaska Aerospace Corp	6,084.3	100.2	(5,984.1)	(98.4%)
Military & Veterans Affairs (Except AAC)	18,105.3	16,765.8	(1,339.5)	(7.4%)
Natural Resources	88,072.8	71,464.3	(16,608.5)	(18.9%)
Public Safety	171,553.2	163,274.3	(8,278.9)	(4.8%)
Revenue	33,831.4	29,515.2	(4,316.2)	(12.8%)
Transportation	278,604.6	247,963.9	(30,640.7)	(11.0%)
University of Alaska	370,599.7	355,787.0	(14,812.7)	(4.0%)
Judiciary	111,866.3	110,402.9	(1,463.4)	(1.3%)
Branch-Wide Unallocated Approps	27,000.0	(29,800.0)	(56,800.0)	(210.4%)
Running Total	**$2,205,746.0**	**$1,952,057.6**	**($253,688.4)**	**(11.5%)**
Legislature	77,622.0	73,397.9	(4,224.1)	(5.4%)
Running Total	**$2,283,368.0**	**$2,025,455.5**	**($257,912.5)**	(11.3%)
Formula Agency	$2,219,650.6	$2,065,555.5	($154,095.1)	(6.9%)
Administration	2,148.1	2,026.3	(121.8)	(5.7%)
Educ & Early Devel	1,351,502.2	1,259,958.6	(91,543.6)	(6.8%)
Health & Social Svcs	865,373.0	802,836.1	(62,536.9)	(7.2%)
Military & Veterans Affairs	627.3	734.5	107.2	17.1%
Running Total	**$4,503,018.6**	**$4,091,011.0**	**($412,007.6)**	**(9.1%)**
Statewide	$1,007,695.0	$744,616.1	($263,078.9)	(26.1%)
Debt Service	218,841.3	206,209.1	(12,632.2)	(5.8%)
Direct Approp to Retirement Account	5,241.6	262,519.9	257,278.3	4908.4%
Special Appropriations	33,366.8	0.0	(33,366.8)	(100.0%)
Fund Capitalization	682,500.0	502,000.0	(180,500.0)	(26.4%)
Fund Transfers	67,745.3	(226,112.9)	(293,858.2)	(433.8%)
Running Total	**$5,510,713.6**	**$4,835,627.1**	**($675,086.5)**	(12.3%)
Capital Projects	594,881.1	118,418.0	476,463.0	80.1%
Running Total	**$6,105,594.7**	**$4,954,045.1**	**$1,151,549.5**	18.9%
Grand Total	**$6,105,594.7**	**$4,954,045.1**	**$1,151,549.5**	18.9%

Composition of State Revenues

The State's revenue profile is changing

Revenue from Oil and Gas

Historically Dominant, Petroleum Revenues Currently Represent a Smaller Portion of Total Revenues

- For FY14, oil revenues represented approximately 33% of total State revenues
- The State continues to take a rigorous approach to oil and gas forecasting

Non-oil Revenue

Non-oil Revenue Continues to Grow and Diversify

- Contained in the non-oil figures is corporate tax revenue unrelated to petroleum producers, mining taxes and royalties, fisheries taxes, motor fuel taxes and tobacco taxes
- Non-oil revenue has grown 18% over the past 10 years, but has been outpaced by growth in investment revenue ($982mm FY14)

Investment Revenue

Investment Revenue Represented the Largest Source of State Revenue in FY2014

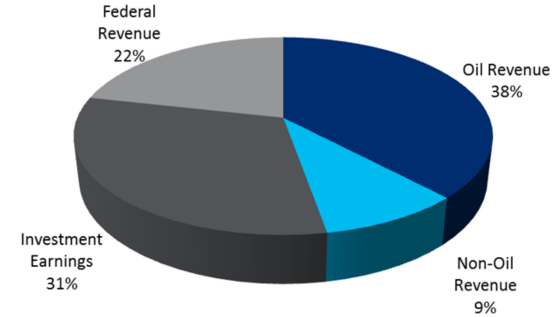
- FY2014 investment earnings total $8.1 billion; total investment earnings exceeded total oil revenues
- $2.7 billion in average annual investment revenue over the past ten years

Unrestricted versus Restricted Revenue

State Revenue Includes Revenue that is Restricted by Custom Only and Available for Appropriation

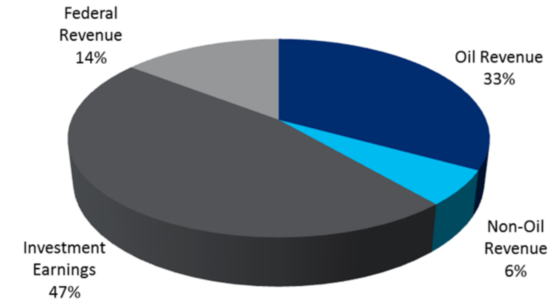
- Over the past 10 years:
  - As *historically defined*, an average of 50% of total State revenue was unrestricted
  - As *legally defined*, an average of 76% of total State revenue was available for appropriation by the Legislature

Revenue Composition – FY2005



Total State Revenue ($MM)	$8,948
Revenue Available for Appropriation ($MM)	$ 5,596
% of Total	63%

Revenue Composition – FY2014



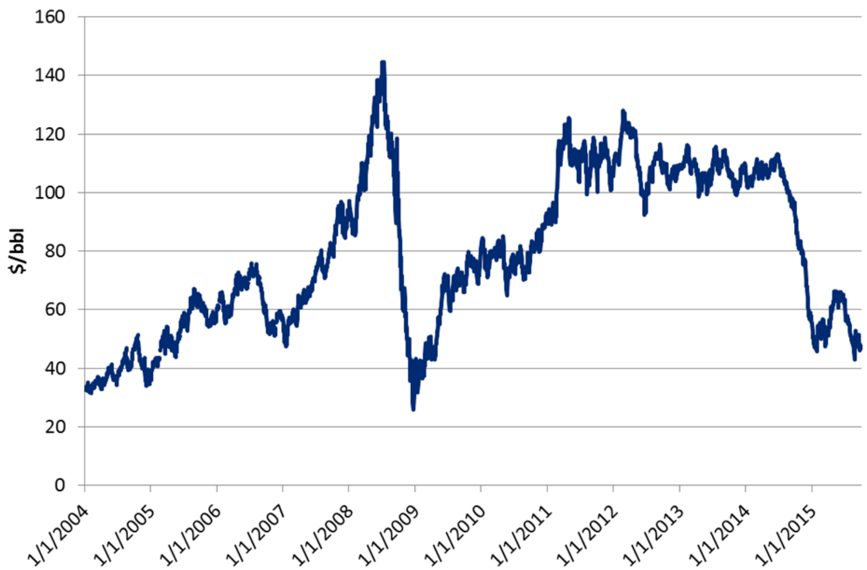
Total State Revenue ($MM)	$17,242
Revenue Available for Appropriation ($MM)	$10,368
% of Total	60%

Review of Revenue Outlook

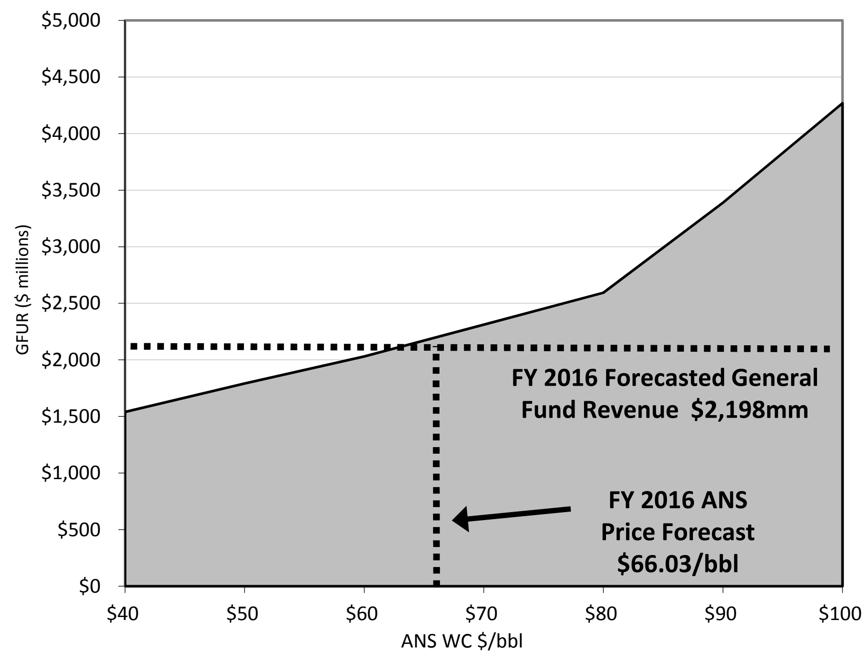
The State's oil and gas tax structure is designed to protect General Fund Unrestricted Revenue ("GFUR")

- State has experienced significant oil price volatility before (1998, 2008)
- The current oil and gas tax regime was designed to protect the State's financial strength by limiting the marginal reduction in GFUR at ANS West Coast oil prices below $80/bbl

Monthly Average Spot Price ANS West Coast
January 2004 – September 30, 2015



FY 2016 GFUR with Price Sensitivity
(Based on Spring 2015 Forecast)



Source: Historical data posted by DOR – Tax Division, http://www.tax.alaska.gov/programs/oil/prevailing/ans.aspx

Review of Revenue Outlook (Continued)

The Spring 2015 Revenue Sources Book represents the State's latest publicly released revenue forecast

- Since the release of the Spring 2015 Revenue Sources Book, oil prices have moved lower
  - Next official forecast is scheduled to be released in December 2015
  - Fiscal year to-date ANS West Coast prices have averaged $51.25/bbl (as of Sept 30, 2015)
  - Assuming average prices of $51.25/bbl for the full fiscal year, the projected budget deficit is estimated to be $3.1 billion (versus Spring 2015 forecast of $2.7 billion)
- As the State has moved to develop its long-term Fiscal Plan, it has been in recognition of the current oil price environment

Spring 2015 Revenue Forecast:

($ millions)	**2015 (Projected Close-out)**	**2016 (Authorized)**	**2017**	**2018**	**2019**	**2020**	**2021**
Oil Price and Production							
Forecast ANS West Coast Price ($/barrel)	$67.49	$66.03	$86.66	$89.06	$97.51	$109.54	$112.61
Forecast ANS Production (000's Barrels per Day)	508.0	519.5	535.5	506.6	469.9	440.1	406.6
Revenue versus Spending							
General Fund Unrestricted Revenues	2,287.4*	2,198.2	3,174.9	3,240.6	3,788.3	4,535.2	4,435.1
General Fund Expenses	5,006.1*	4,954.0*	5,341.4	5,063.2	5,049.6	5,134.9	5,213.4
Budget Surplus / (Deficit)	($2,718.7)	($2,755.8)	($2,166.5)	($1,822.6)	($1,261.3)	($599.7)	($778.3)

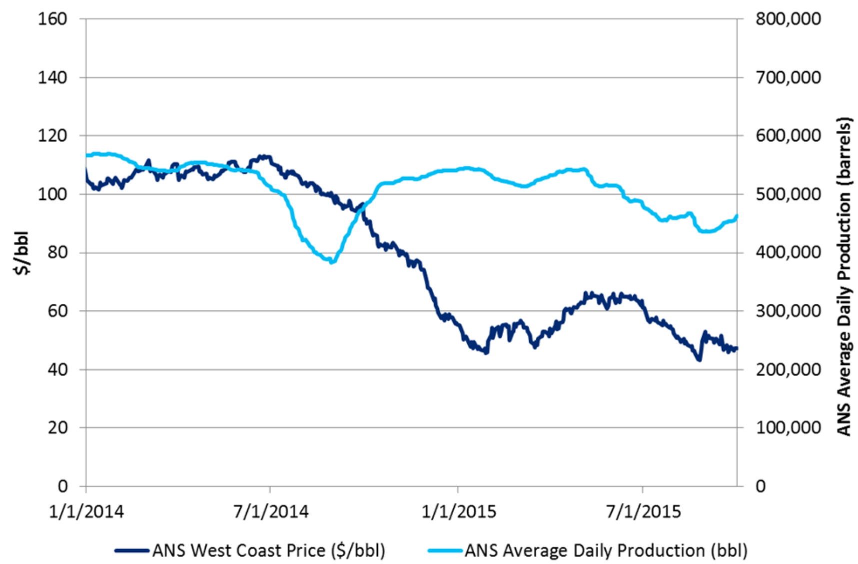
*Balances and Projections as of the Spring 2015 Revenue Sources Book Release, projections updated for General Fund Revenues and Expenses FY 2015, expenses reflect downward revision by one-time use of the Public Education Fund; FY16 budget authorization actuals

Source: State of Alaska Spring 2015 Revenue Sources Book, 2015 & OMB SLA 2015 enacted summary 6-30-2015

Review of Revenue Outlook (Continued)

Despite the lower oil price environment, production and capital investment continue

ANS Average Daily Production (30-day rolling average) Versus Monthly Average Spot Price ANS West Coast January 2014 – September 30, 2015



- Industry investment in Alaska continues due to long project lead times and the relatively long-lived nature of investments
- In the Spring 2015 Revenue Sources Book, the State forecast oil production to increase in FY2016 and FY2017; the first multi-year increase in production in over a decade[1]
- The State is working with industry to support exploration and production
  - Proactive global marketing program; increased presence in Cook Inlet and ANS from international oil and gas players
  - Strategic leasing program to put more resources into play
  - Economic development programs in place to support resource development
- Royal Dutch Shell's recent decision to stop offshore drilling will not directly impact the State's production forecast
  - Forecast does not factor in production from offshore drilling
  - Expected to have indirect impact on employment and investment
- Longer term, the State and its partners continue to move forward with plans for natural gas commercialization
  - Special legislative session to begin on October 24

(1) Source: Department of Revenue – Revenue Sources Book Spring 2015, Fall 2014
(2) Department of Revenue forecasts do not include upside reported from projects under development and evaluation

Review of Investment Revenue and Reserve Balances

The State's reserve balances provide the State with substantial investment revenue

Reserves

Funds	Description	Balance as of June 30, 2015 ($mm)	FY2015 Investment Earnings ($mm)	Balance as of August 31, 2015 ($mm)[1]
Statutory Budget Reserve	• Established in 1991 to provide General Fund liquidity • Funded by appropriation from unrestricted revenue beginning FY2008 • *First reserve to draw in event of cash flow shortfall, requires simple majority to appropriate, no requirement to replenish (Balances shown incorporate the surplus / (deficit) presented annually in the SOA CAFR)*	$1,654	$31	$0
Constitutional Budget Reserve	• Established in 1991 to provide fiscal stability • Restricted use and mandated periodic funding of the reserve • *Second reserve to draw in event of cash flow shortfall, requires 75% majority to appropriate, must replenish*	$10,101	$198	$10,090
Permanent Fund Earnings Reserve	• Legislatively available portion of Permanent Fund • *Third to draw in event of cash flow shortfall, requires simple majority to appropriate*	$7,162	$2,384	$6,025
Permanent Fund	• Source for perpetual earnings and budget stability • *Requires constitutional amendment to withdraw*	$45,638		$45,103
	TOTAL	**$64,555**	**$2,613**	**$61,218**

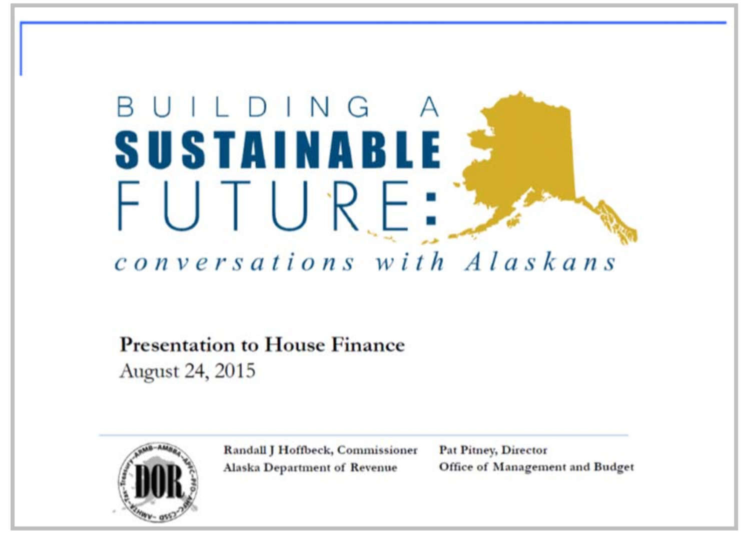
Source: State of Alaska

[1] Balances presented are market values as of August 31, 2015 (unaudited).

State's Approach to Developing a Sustainable Fiscal Plan

The State has developed a transparent public process to identify and review new fiscal approaches

- The Governor established a cabinet level fiscal group
- Preparing a Fiscal Plan to achieve a balanced budget for recommendation to the Legislature in the 2016 session
- Initiated the Building a Sustainable Future outreach campaign to engage and educate Alaskans on the State's fiscal situation
    - Outreach campaign to discuss Alaska's fiscal future in communities throughout Alaska
    - Created and distributed a revenue and expenditure model to allow the public to analyze the State's fiscal situation
    - Long-term plan to keep the budget in equilibrium does not rely on additional revenue generation sources such as natural gas developments



State's Approach to a Sustainable Fiscal Plan

The State has significant flexibility to address its budget gap

	Annual Revenue Impact	Time to Implement	Comments / Feedback
Expense Reduction			
Reduction in Ongoing Costs	**Medium**	**Near Term**	Unrestricted General Fund Spending reduced by $1.1 billion in FY2016 v. FY2015
Reduction in Capital Spending	**Medium**	**Near Term**	
Modify Oil and Gas Taxes			
Base Rate	**Large**	**Long Term**	SB21 "Law of Land" in foreseeable future
Minimum Tax	**Medium**	**Long Term**	Based on modeling for increase to 10%
Gross Value Reduction	**Smaller**	**Medium Term**	
Cook Inlet Production Tax	**Medium**	**Medium Term**	Possibly in tandem with gas credit revision
Hazardous Release Surcharge	**Smaller**	**Medium Term**	
Natural Gas Reserves Tax	**Large**	**Long Term**	Not significant until production begins
Modify Oil and Gas Credits			
North Slope Reimbursable Credits	**Medium**	**Medium Term**	
Per Barrel Credit	**Medium**	**Near Term**	Precedent set with SB192 in 2014
Cook Inlet Reimbursable Credit	**Medium**	**Near Term**	Replaces ACES type spending credit with SB21 type production based credit
Modify Non-Oil and Gas Taxes			
Corporate Income Tax Rate	**Smaller**	**Medium Term**	Much of roughly $982 million in Alaska's "non oil and gas" revenue comes from these existing taxes (FY2014). While individually modest in size, increments to each could add $100+ million in annual revenue
Mining Taxes	**Smaller**	**Medium Term**	
Fisheries Tax	**Smaller**	**Medium Term**	
Motor Fuel Taxes	**Smaller**	**Medium Term**	
Tobacco Taxes	**Smaller**	**Medium Term**	

Legend	Annual Revenue Impact	Time to Implement
(green)	> $500 million	Near Term
(dark blue)	$100 – 500 million	Medium Term
(orange)	< $100 million	Long Term

Source: Department of Revenue White Paper dated June 4, 2015.

State's Approach to a Sustainable Fiscal Plan (Continued)

The State has significant flexibility to address its budget gap

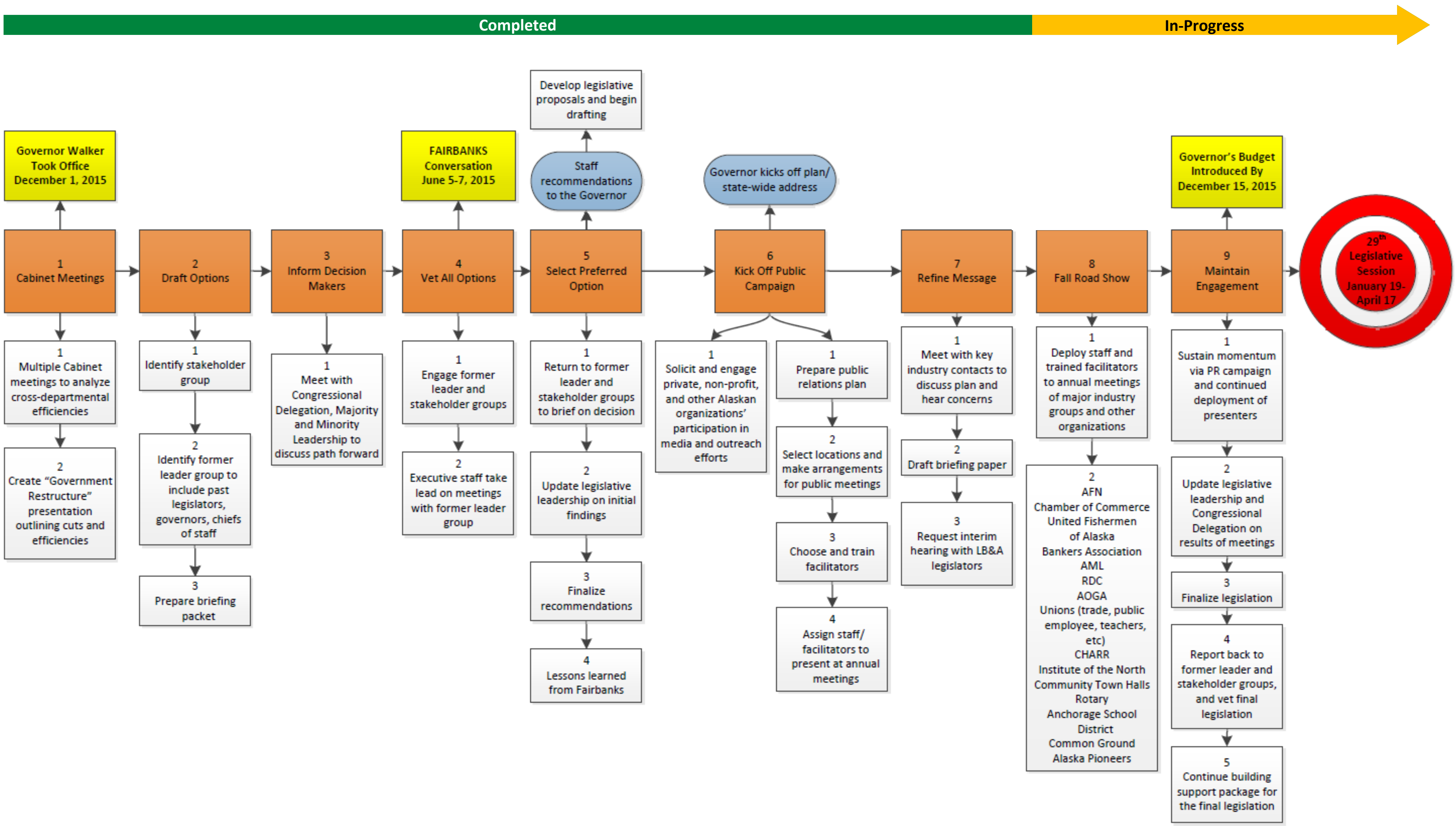
	Annual Revenue Impact	Time to Implement	Comments / Feedback
Repurposing Financial Assets			
Annual Programmatic Use of Permanent Fund Earnings	**Large**	**Medium Term**	
Permanent Fund Dividend Cap	**Large**	**Medium Term**	
Royalty Diversion	**Smaller**	**Near Term**	Precedent set in 2003 with HB11
Royalty/Earnings Swap	**Large**	**Medium Term**	Per SB 114 proposed in 2014
Pension Obligation Bonds	**Smaller**	**Near Term**	Legislation in place to issue POBs
New Taxes			
Healthcare Provider Tax	**Smaller**	**Near Term**	Alaska is currently only state in US not levying this tax
Business License Gross Receipts Tax	**Smaller**	**Near Term**	Restoration of previous tax
Income Tax – Traditional	**Large**	**Long Term**	
Income Tax – Capital Gains	**Smaller**	**Medium Term**	All forms of income tax could apply to residents, transient employees or both
Income Tax – S-Corps Tax	**Smaller**	**Medium Term**	
Payroll/School Tax	**Medium**	**Near Term**	SB97 Introduced in 2015
Sales Tax	**Medium**	**Long Term**	Competes with local sales tax
Statewide Property Tax	**Medium**	**Long Term**	
Lottery/Gaming	**Smaller**	**Medium Term**	Could impact numerous nonprofit gaming operations

Legend	Revenue Impact	Time to Implement
(green)	> $500 million	Near Term
(dark blue)	$100 – 500 million	Medium Term
(orange)	< $100 million	Long Term

Source: Department of Revenue White Paper dated June 4, 2015.

Sustainable Alaska Action Plan

The State is following a deliberate and transparent plan to achieve long term stability



3. Alaska Pension/OPEB Update

Alaska Pension System Overview

The State administers various retirement programs with the Public Employee's Retirement System ("PERS") and the Teachers' Retirement System ("TRS") being the two largest

Legal Basis for Pension Benefits

The State's and Other Public Employers' Payment of Pension/OPEB Benefits are Constitutionally Protected

- Alaska's retirement benefits incorporate both Pensions and OPEB
- SB125 commits the State to funding the difference between specified employer contributions (22% for PERS and 12.56% for TRS) and the actuarially required payment to pay down the UAAL over 25 years
- Legislation has also been passed to address UAAL amortization; spiking and other cost provisions

System Administration

System Administration is Well Established

- The Alaska Retirement Management ("ARM") Board serves as fiduciary for PERS and TRS
- DOA serves as the administrator for both PERS and TRS
- DOR provides investment and cash management services

Funding Status

The Funding Status of PERS and TRS has Improved

- FY2014 figures do not reflect the impact of the State's $3 billion transfer from the CBRF in FY 2015 ($1 billion PERS; $2 billion TRS). FY2015 figures are estimates

	FY 2014			FY 2015 (est.)
	Pension	OPEB	Aggregate	Aggregate
PERS	59.7%	87.0%	70.1%	74.2%
TRS	54.5%	77.0%	61.2%	79.3%

Proactive Management

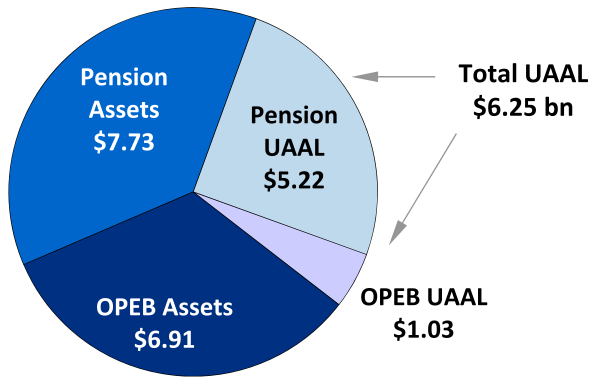
The State has a Long History of Proactively Managing its Pension/OPEB Liabilities

- TRS and PERS closed their defined benefit plans in 2006 to new members
- Over the last 10-years, the State has made several additional contributions (totaling $3.7 billion) to the retirement systems to reduce unfunded liabilities
- In FY2015, the State transferred $3 billion from the CBRF to PERS and TRS

Source: State of Alaska, Buck Consultants Report to ARMB Actuarial Committee dated June 17, 2015, pages 12 & 13.

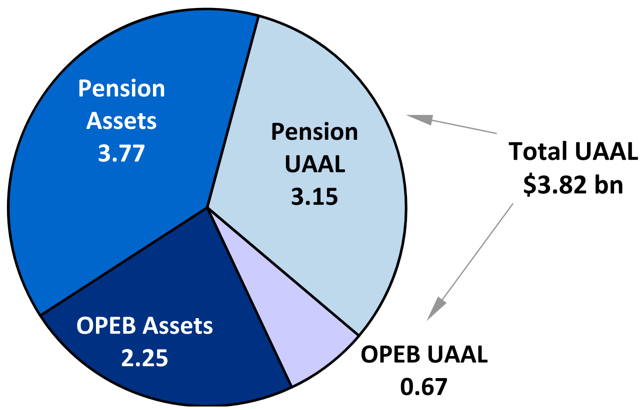
Retirement System Overview (TRS and PERS)

PERS DB Pension and OPEB[1]
June 30, 2014



Total Accrued Liability: $20.898 billion
Aggregate Funded Ratio: 70.1%

TRS DB Pension and OPEB[1]
June 30, 2014

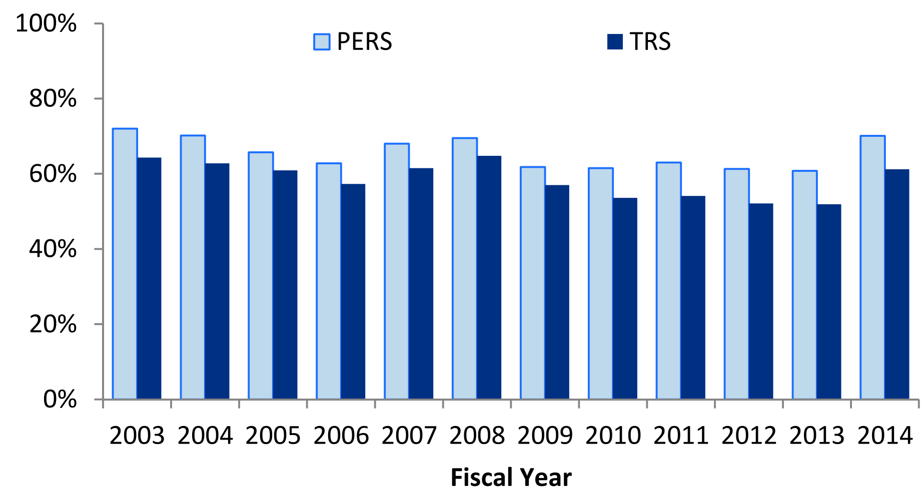


Total Accrued Liability: $9.841 billion
Aggregate Funded Ratio: 61.2%

Fiscal Year Ended June 30, 2014
($ in millions)

	DB and OPEB[2]	
	PERS	**TRS**
Inactive Plan Members / Beneficiaries	48,876	14,888
Active Members	19,474	5,995
Benefit Payments	$1,048.9	$529.6
Plan Member Contributions	$169.3	$68.3
Employer Contributions	$477.1	$94.6
State SB 125 Contributions	$312.5	$316.8
Employer Contribution Rate[1]	35.68%	52.62%
SB 125 Cap Rate	22.00%	12.56%

PERS and TRS Historical Funding Status (Pension and OPEB)
FY 2003 – FY 2014



[1] *Pie chart figures are as of June 30, 2014 as provided by Buck Consultants in June 17, 2015 Presentation to ARMB Actuarial Committee, pages 12 & 13.*
[2] *Figures as of June 30, 2014 as provided for in the PERS and TRS Comprehensive Annual Financial Reports for FY Ended June 30, 2014*
Other Pension Systems of the State include: National Guard and Naval Militia System, Elected Public Officers System, Supplemental Annuity Plan, Deferred Compensation Plan, Defined Contribution Plan

Previous Pension/OPEB Reforms

The State has proactively taken steps to address pension / OPEB funding

Cost Management:

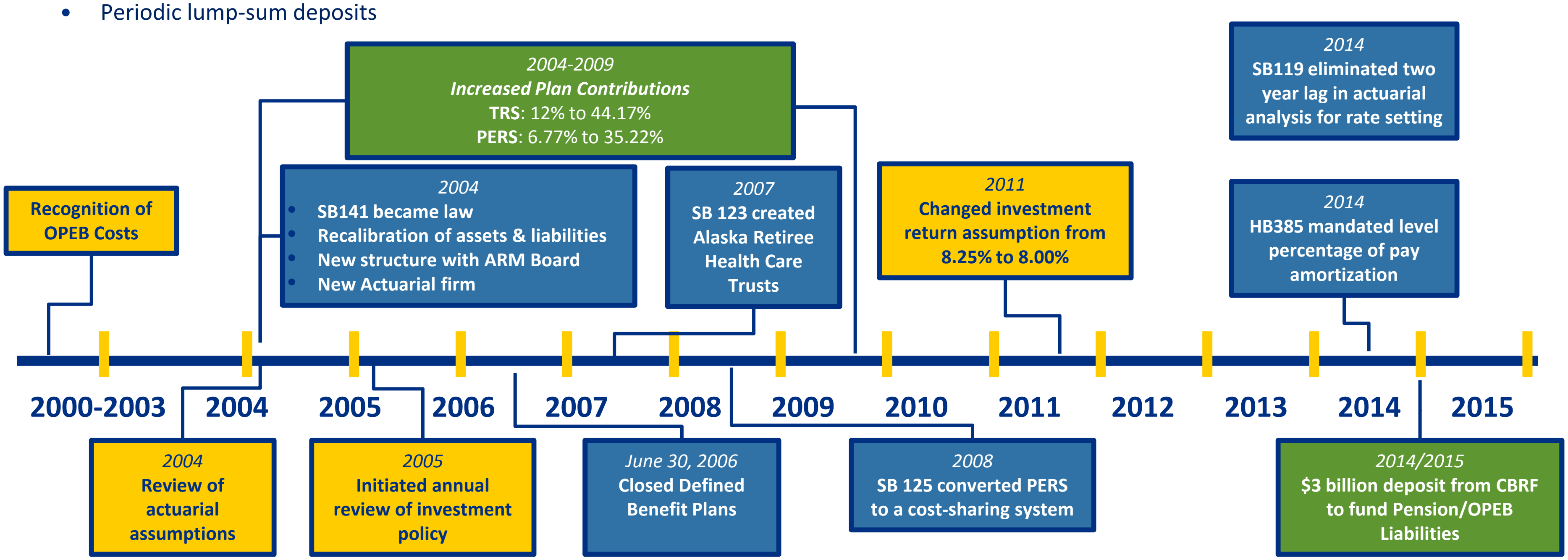
- State closed PERS and TRS defined benefit plans to new participants in 2006
- Targets 100% funding in 25 years, including State assistance payments

State Support in Statute:

- SB125 converted PERS into a cost-sharing plan under which the unfunded liability is shared among employers
  - All employers pay a set percentage of payroll
  - State funds the difference between set percentage and actuarially required payment, subject to appropriation

Proactive Amortization:

- The Legislature mandated a level percentage of pay amortization (HB385 in 2014)
- Periodic lump-sum deposits



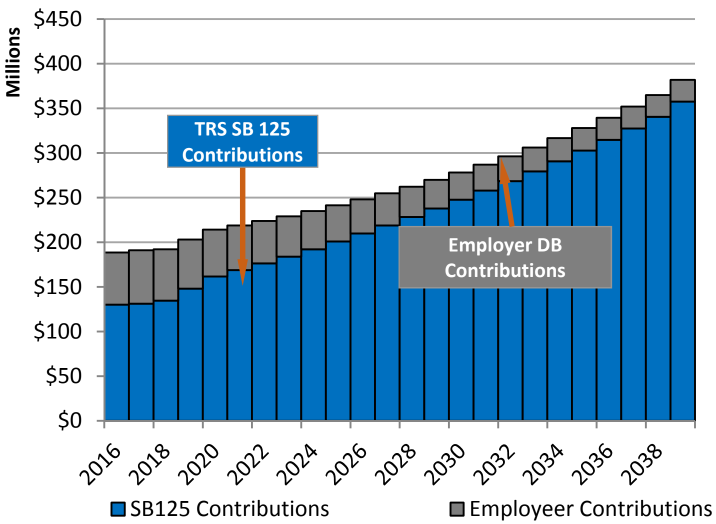
Source: State of Alaska

Legend	
(blue)	Statutory Changes
(yellow)	Proactive Administrative Actions
(green)	Adds to System funding

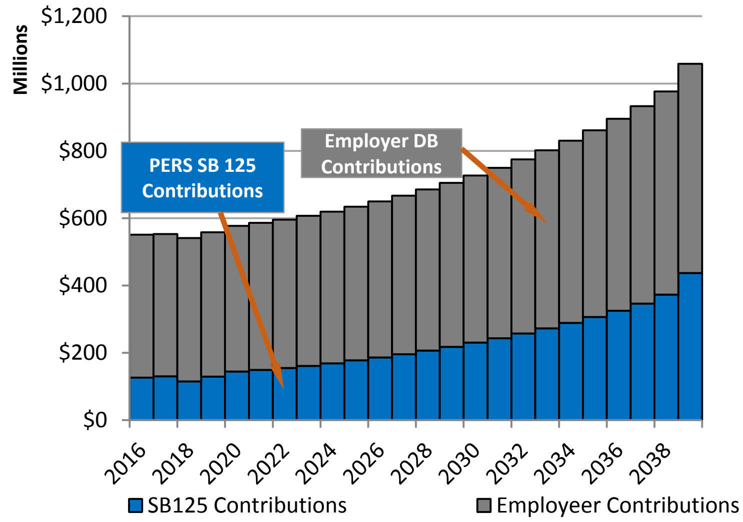
State Retirement Contributions

Details of the State's contributions are provided below

TRS – Total Defined Benefit Contributions



PERS – Total Defined Benefit Contributions



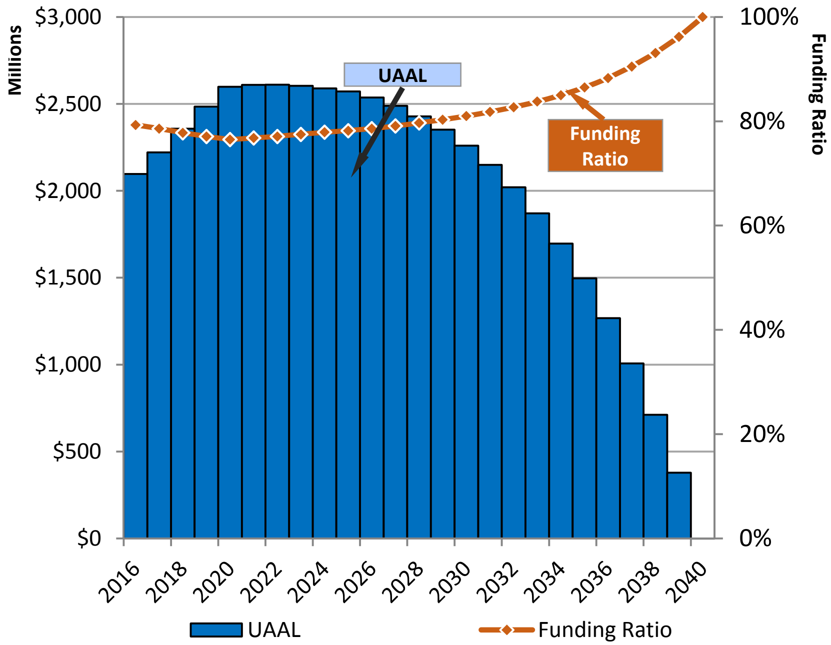
- Employer contributions to TRS and PERS are in two forms:
  - First, State and local employers contribute the cap of 12.56% (TRS) and 22% (PERS)
  - Second, the State also makes an additional contribution pursuant to Senate Bill 125
- The State and local employer contributions (e.g. the 12.56% and the 22%) are divided between the defined benefit (DB) plan and the defined contribution (DCR) plan
- Contributions fund both pension and health care liabilities
- Both TRS and PERS also receive contributions from employees (not shown on these graphs)

Source: Buck Consultants as of October 8, 2015. Reflects addition of $3 billion transfer in FY15.

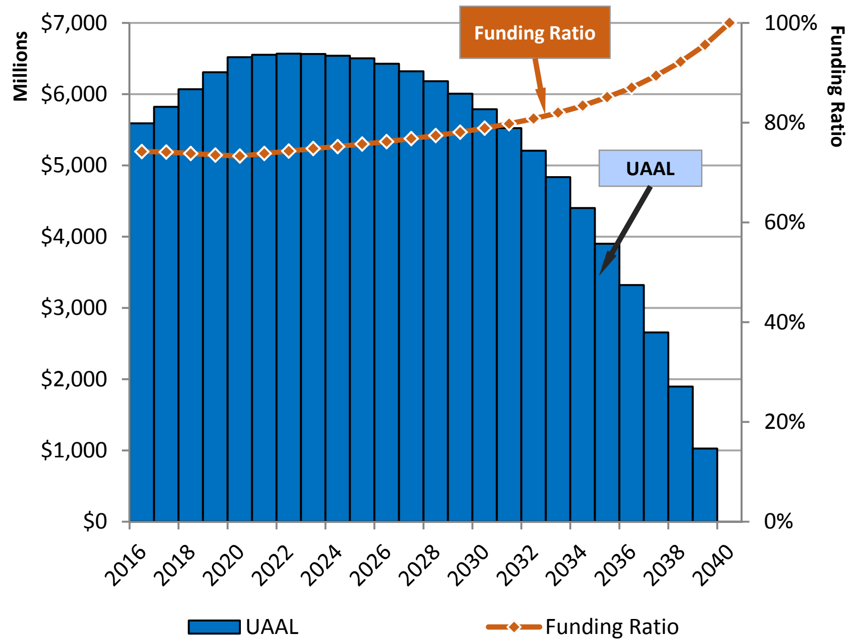
TRS and PERS UAAL and Funding Ratio

TRS and PERS are expected to be fully funded by 2040

TRS – UAAL and Funding Ratio



PERS – UAAL and Funding Ratio



- As a result of SB 125, TRS and PERS benefit payments will gradually increase until the UAAL is fully funded
- Benefit payments are expected to significantly decline beginning in 2040 when the UAAL is eliminated

Source: Buck Consultants as of October 8, 2015. Reflects addition of $3 billion transfer in FY15.

Potential POB Transaction Summary and Rationale

As part of its long-term plan, the State is exploring a pension obligation bond transaction as authorized by the Legislature in 2008

- In 2008, the Alaska Legislature authorized the issuance of up to $5.0 billion of Pension Obligation Bonds through the Alaska Pension Obligation Bond Corporation ("APOBC" or "Corporation")
- The issuance of POBs by APOBC would build upon the State's prior pension reforms and lump-sum payment deposits as part of the State's larger Fiscal Plan
- The POBs would finance deposits to TRS and/or PERS targeting yet to be determined funding ratios and generally shoring up pension funding in the systems
    - Would benefit both pension and OPEB funding
    - Programmatic approach expected
- The Corporation's POBs would be secured by a Funding Agreement between the State and the Corporation
    - **The State's obligation would be subject to annual appropriation by the State Legislature**
- The State is expected to implement a conservative structure that:
    - Provides annual payment benefits over the life of the transaction consistent with the current 25-year UAAL amortization
    - Stabilizes the State budget for pension funding
    - Takes advantage of favorable market conditions in the taxable municipal market
    - Maintains existing pension asset allocation and investment strategy

4. Conclusion

Conclusion

Alaska's Financial Structure is Working	• The State has prudently managed its reserves, annual expenditures, and investments in both high and low oil price environments • The State's approach to capital investment and debt remains conservative • Relatively small amount of outstanding State supported debt, which is conservatively structured • Significant spending reductions have been enacted and additional spending reductions are planned • State is in the process of identifying and proposing additional revenue sources • Built in structure of forced savings in good times and bad
Robust Liquidity and Investment Income	• Despite draws on reserves, Alaska continues to have a substantial liquidity position • Total reserve balance of over $61.2 billion as of August 31, 2015 • Short-term reserve balances of $16.1 billion as of August 31, 2015 • Over $30.1 billion increase in net position FY2010-FY2014 • Investment revenue now represents the largest component of total State revenue and has averaged $2.7 billion annually over the past 10 years
Credit Milestones: Next 90 Days	• Fall 2015 Revenue Sources Book – **Early December** • Governor's proposed fiscal package and FY2017 budget – **by December 15** • FY2015 CAFR – **Mid December** • Updated Actuarial Report – **Mid December** • Credit update and potential POB rating discussion – **December/January**