

STATE OF ALASKA
STATE BOND COMMITTEE

TO BE HELD AT:
TELEPHONIC MEETING
For Participation: 1-800-315-6338
Code: 907100#
Juneau, Alaska 99811
July 1, 2021
10:00 AM AKT



STATE BOND COMMITTEE AGENDA FOR MEETING

Meeting Place:
TELEPHONIC MEETING
For participation: 1-800-315-6338
Code: 907100#

July 1, 2021, at 10:00 A.M. AKT

- I. Call to Order
- II. Roll Call
- III. Public Meeting Notice
- IV. Approval of Agenda
- V. Minutes of the January 15, 2021, State Bond Committee Meeting
- VI. Public Participation and Comment
- VII. New Business
 - A. Resolution 2021-02 – State of Alaska International Airports System Revenue Refunding Bonds
- VIII. Debt Manager's Report
- IX. Committee Member Comments
- X. Schedule Next Meeting
- XI. Adjournment

STATUS: Active

NOTICE OF PUBLIC MEETING: STATE OF ALASKA - STATE BOND COMMITTEE

NOTICE OF PUBLIC MEETING: STATE OF ALASKA - STATE BOND COMMITTEE ('SBC')

Notice is hereby given that the State of Alaska - SBC will hold a meeting on July 1, 2021 at 10:00 a.m. AKT. This will be a telephonic meeting, with participation at 1-800-315-6338, with code 907100#.

The public is invited to attend and will be given the opportunity for public comment and participation. The SBC complies with Title II of the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973. Individuals who may need special modifications to participate should call (907) 465-2893 prior to the meeting.

AGENDA FOR SBC MEETING:

- I. Call to Order
- II. Roll Call
- III. Public Meeting Notice
- IV. Approval of Agenda
- V. Minutes of the January 15, 2021, SBC Meeting
- VI. Public Participation and Comment
- VII. New Business:
 - A. Resolution 2021-02 - Providing for Alaska International Airports System Revenue Refunding Bonds
- VIII. Debt Manager's Report
- IX. Committee Member Comments
- X. Schedule Next Meeting
- XI. Adjournment

Dated June 23, 2021
(907) 465-2893

Attachments, History, Details

Attachments

[SBC Agenda 7-1-2021.pdf](#)

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Events/Deadlines:

**MINUTES of the
STATE BOND COMMITTEE
January 15, 2021**

A meeting of the State Bond Committee (SBC) was held at 10:01 a.m. ADT on January 15, 2021. The meeting was held telephonically at 1-800-315-6338, with code 907100#.

SBC Members present were:

Mike Barnhill, Deputy Commissioner, Department of Revenue
Dave Donley, Deputy Commissioner, Department of Administration
Julie Anderson, Commissioner, Department of Commerce, Community, and Economic Development ('DCCED')

Also present were:

Deven Mitchell, Debt Manager, Department of Revenue
Ryan Williams, Operations Research Analyst, Department of Revenue
Doug Goe, Orrick, Herrington & Sutcliffe, LLP
Les Krusen, Orrick, Herrington & Sutcliffe, LLP
Greg Blonde, Orrick, Herrington & Sutcliffe, LLP
Pete Nissen, Acacia Financial Group, Inc.
Gerard Deta, Senior Finance Officer, AHFC
Derrick Chan, Finance Analyst, AHFC

I. Call to Order

Julie Anderson, Commissioner of DCCED, replaced John Springsteen as active member on the State Bond Committee. All committee members agreed that Mr. Barnhill would act as Chair Pro-Tempore for this SBC meeting. Mr. Barnhill called the meeting to order at 10:01 a.m. ADT on January 15, 2021.

II. Roll Call

Mr. Williams took roll call. Mr. Donley, Ms. Anderson, and Mr. Barnhill were present. There was a quorum.

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. Williams stated the meeting was properly noticed, advertised on the State's Online Public Notice site. The notice was officially published on January 4, 2021, for the January 15, 2021 meeting date.

IV. Approval of Agenda

The Agenda was reviewed by the committee. Ms. Anderson moved to approve the agenda as written, and Mr. Donley seconded. The agenda was approved and adopted by the

committee as written with no modifications and no objections.

V. Minutes of the October 20, 2020, SBC Meeting

The Minutes of the October 20, 2020 SBC Meeting were reviewed by the committee. The Minutes needed no modifications. Ms. Anderson moved to adopt the October 20, 2020 minutes as written, and approval was seconded by Mr. Donley. The October 20, 2020, SBC meeting minutes were approved and adopted by the committee as written with no modifications and no objections.

VI. Public Comment

Mr. Barnhill asked for public participation and comment. There was none. The Public Comment period was closed.

VII. New Business

Resolution No. 2021-01 – SBC Allocation of Private Activity Bond Volume Limit of the State of Alaska for Calendar Year 2020

Mr. Mitchell noted that Resolution 2021-01 relates to the State of Alaska's allocation of the Private Activity Bond Volume Limit for calendar year 2020. Mr. Mitchell stated that under requirements related to issuance of tax-exempt private activity bonds, some private activity bonds need to obtain volume cap under Section 146 of the IRS Code. Mr. Mitchell noted that the code limits the amount of private activity bonds that may be issued, and every year Alaska, through the State Bond Committee, allocates the limit of volume cap among issuers in the State. AHFC has been the main issuer, and over the last several years there has been less competitiveness for this allocation. The State of Alaska's calendar year 2020 volume cap available is \$321,775,000. Resolution 2021-01 before the committee would allocate the entire amount of the Private Activity Bond Volume Limit of the State of Alaska for calendar year 2020 to AHFC. Mr. Mitchell mentioned that AHFC has been the primary user of volume cap in the State, and is the most likely utilize the volume cap and they would have the ability to carry forward unused cap for up to three years. Mr. Mitchell mentioned that volume cap is available for use through the end of the calendar year in which it arises and then may be carried forward for an additional period of three years if carryforward forms are filed with the IRS no later than February 15th of the following year (carryforward date - by February 15, 2021). AHFC would have to independently identify the specific use of cap when carrying forward, and they have been the primary user of the volume cap for either residential or multi-family housing. Mr. Deta, AHFC, noted that they continue to actively utilize bond cap to the fullest extent possible for both residential single-family mortgage loans as well as for multi-family financings. Most have taken the form of conduit bond financings over the last few years. An upcoming multi-family project is contemplated in the amount of approximately \$19 million, the Jewel Lake Development, which would utilize a portion of the calendar year 2020 cap, and AHFC would file the required forms to utilize. Mr. Chan, AHFC, gave a brief overview of their proposed \$19 million conduit bond issuance, a 129-unit low-income multi-family development. This will utilize low income housing tax

credits, and the bonds will be serviced with revenues from the development. Ms. Anderson asked for a report from AFHC showing amount utilized and expired from prior allocation of the volume cap. Mr. Mitchel mentioned that the Debt Management staff posts a report regarding prior year allocations. Mr. Deta noted that AHFC has backup of the last approximate several years of volume cap utilization and can send to the committee, while DOR would have the higher-level detail of allocations. Additionally, AHFC has made every effort to utilize the cap and any carried forward cap when projects allow and are economically beneficial. AHFC has actively used volume cap and their policy is to always use the oldest allocated cap first to preserve volume cap on an ongoing basis. Ms. Anderson moved to approved Resolution 2021-01, and Mr. Donley seconded. Mr. Williams conducted a roll-call vote and there were three 'yes' votes and Resolution 2021-01 authorizing the allocation of Private Activity Bond Volume Limit of the State of Alaska for Calendar Year 2020 in the amount of \$321,775,000 to AHFC was approved unanimously by committee members.

VIII. Debt Manager's Report

Mr. Mitchell gave a brief overview of the recent Alaska Supreme Court decision. On September 4, 2020, the Alaska Supreme Court determined that the Alaska Tax Credit Certificate Bond Corporation ('ATCCBC') structure did not comply with the Alaska Constitution. The decision discusses a number of issues related to State of Alaska debt structuring alternatives that our legal teams are still working to fully understand, including the structuring related to other State Agencies. On September 28, 2020, the Department of Law filed a Petition for Rehearing with the Supreme Court to try and obtain some clarity on the Court's intent in their decision. The response of the Court will be important to other public corporations, including those with a moral obligation bond structures, including the Alaska Municipal Bond Bank as well as others that may utilize similar moral obligation structures.

In November 2020, the Clean Water / Drinking Water annual overnight borrowing transaction was successfully priced and closed.

Mr. Mitchell mentioned that we're in the drafting stage for the 2020-2021 Public Debt Book, and the Debt Affordability Analysis, and expect to have the final drafts prior to the end of January to successfully fulfill any posting requirements.

The Alaska International Airport System continues to review potentially refinancing bonds for savings, and will look to draft documents in order to proceed in a timely manner. Separately, through a conduit issuance and not the AIAS, there's potential for a refinance of the rental car facility located at the airport.

IX. Committee Member Comments

Mr. Barnhill welcomed Ms. Anderson to the State Bond Committee, and thanked Mr. Springsteen for his time on the committee. There were no additional comments.

X. Schedule Next Meeting

The next meeting shall occur at the call of the Chair. Mr. Mitchell mentioned that we will need to schedule a meeting, through the Chair, potentially in the April timeframe.

XI. Adjournment

Adjournment of the meeting was moved by Ms. Anderson and seconded by Mr. Donley. The meeting was adjourned at 10:32 a.m. ADT.

Amanda Holland, Acting Commissioner, Department
Of Administration

ATTEST:

Lucinda Mahoney, Commissioner, Department of Revenue

**STATE BOND COMMITTEE
OF THE STATE OF ALASKA**

SUPPLEMENTAL RESOLUTION NO. 2021-02

Providing for the Issuance of
State of Alaska International Airports System Revenue Refunding Bonds

Adopted July 1, 2021

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STATE BOND COMMITTEE

SUPPLEMENTAL RESOLUTION NO. 2021-02

- 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; 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, Resolution No. 2010-05 adopted August 30, 2010, Resolution No. 2015-07 adopted on October 27, 2015, and Resolution 2016-01, adopted January 5, 2020).**

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 Eighth 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”), Resolution No. 2010-05 authorizing four series of airport revenue bonds (the “Sixth Supplemental Resolution”), Resolution No. 2015-07 authorizing four series of airport revenue bonds (the “Seventh Supplemental Resolution”) and Resolution No. 2016-01 amending the Seventh 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 6/15/21)
99-01	International Airport System Revenue Bonds, Series 1999A (AMT)	1/15/99	\$ 162,500,000	\$ 50,000
2006-01	International Airports System Revenue Bonds, Series 2006A (AMT)	03/14/06	\$ 118,975,000	\$ 2,000,000
2008-08	International Airports System Variable Rate Demand Revenue Refunding Bonds, Series 2009A (Private Activity – Non-AMT)	01/06/09	\$ 50,000,000	\$ 43,000,000
2010-05	International Airports System Revenue Refunding Bonds, Series 2010A (Private Activity – AMT)	09/29/10	\$ 117,270,000	\$ 77,285,000
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
2015-07	International Airports System Revenue Refunding Bonds, Series 2016A (Governmental – Non-AMT)	02/10/16	\$ 73,635,000	\$ 73,635,000
2015-07	International Airports System Revenue Refunding Bonds, Series 2016B (Governmental – Non-AMT) (Delayed Delivery Bonds)	07/06/16	\$ 82,495,000	\$ 82,495,000
2015-07	International Airports System Revenue Refunding Bonds, Series 2016C (Private Activity – AMT)	02/10/16	\$ 11,220,000	\$ 8,870,000

(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 Variable Rate Demand Revenue Refunding Bonds, Series 2009A (Private Activity – Non-AMT), was issued on January 6, 2009 (the “Series 2009A Bonds”), pursuant to the Fifth Supplemental Resolution and maturing on October 1, 2030 in the principal amount of \$43,000,000 with mandatory sinking fund installments as follows:

Year (October 1)	Principal Amount
2027	\$2,600,000
2028	8,200,000
2029	15,800,000
2030*	16,400,000

*Final Maturity

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, another series of Outstanding Parity Bonds, designated as International Airports System Revenue Refunding Bonds, Series 2010A (Private Activity – AMT), was issued on September 29, 2010 (the “Series 2010A Bonds”), pursuant to the Sixth Supplemental Resolution and matures as follows:

Year (October 1)	Principal Amount	Interest Rate
2021	\$10,935,000	5.000%
2022	11,315,000	5.000
2023	11,715,000	5.000
2025	17,065,000	5.000
2026	12,950,000	5.000
2027	13,305,000	5.000

WHEREAS, the Sixth Supplemental Resolution provides that the State may call the Series 2010A Bonds maturing on or after October 1, 2021 for redemption on any date on and after October 1, 2020, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption; and

WHEREAS, another series of Outstanding Parity Bonds, designated as International Airports System Revenue Bonds, Series 2010C (Private Activity – Non-AMT), was issued on

September 29, 2010 (the “Series 2010C Bonds”), pursuant to the Sixth Supplemental Resolution with mandatory sinking fund installments as follows:

Year (October 1)	Principal Amount	Interest Rate
2031	\$ 5,845,000	5.000%
2032	6,145,000	5.000
2033*	575,000	5.000
*Final Maturity		

WHEREAS, the Sixth Supplemental Resolution provides that the State may call the Series 2010C Bonds for redemption on any date on and after October 1, 2020, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption; and

WHEREAS, another series of Outstanding Parity Bonds, designated as International Airports System Revenue Bonds, Series 2010D (Taxable Build America Bonds – Direct Payment to Issuer), was issued on September 29, 2010 (the “Series 2010D Bonds” and together with the Series 2009A Bonds, the Series 2010A Bonds, the Series 2010C Bonds and the Series 2010D Bonds, the “Refunding Candidates”), pursuant to the Sixth Supplemental Resolution with mandatory sinking fund installments as follows:

Year (October 1)	Principal Amount	Interest Rate
2033	\$ 5,855,000	6.284%
2034	6,705,000	6.284
2035*	6,980,000	6.284
*Final Maturity		

WHEREAS, the Sixth Supplemental Resolution provides that the State may call the Series 2010D Bonds for redemption on any date on and after October 1, 2020, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption; 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 Eighth Supplement Resolution (hereinafter defined as the “Series 2021 Bonds”; and

WHEREAS, in its determination of all of the matters and questions relating to the issuance and sale of the Series 2021 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 2021 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 2021 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 Eighth 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 2021 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 Eighth 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, may require the holding of a public hearing prior to the issuance of the Series 2021 Bonds; and

WHEREAS, the State Debt Manager will be authorized hereby to conduct a public hearing in Juneau, Alaska pursuant to a notice to be published on the State of Alaska's Online Public Notices website, regarding the issuance of a portion of the 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 I DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Definitions.

(a) *Eighth Supplemental Resolution.* For purposes of this Eighth Supplemental Resolution, and of any certificate, opinion or other document mentioned herein, the following capitalized terms shall have the meanings specified in this Section 1.01. Unless otherwise defined in this Eighth 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 Eighth 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 2021 Bonds (including persons holding Series 2021 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 Eighth 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 one or more series of Series 2021 Bonds, as approved by the Designated Representative pursuant to Section 2.13.

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.

Construction Fund means the account or accounts designated by the Debt Manager to hold and disburse a portion of the Series 2021 Bond proceeds to pay costs of issuance related to the Series 2021 Bonds.

DTC means The Depository Trust Company, New York, New York as depository for the Series 2021 Bonds, or any successor or substitute depository for the Series 2021 Bonds.

Eighth Supplemental Resolution means this Resolution No. 2021-02, as the same may be amended in accordance with its terms.

Escrow Agent means the financial institution selected by the Designated Representative as provided in Section 2.16.

Escrow Agreement means the Escrow Agent Agreement(s) pursuant to which the proceeds of a portion of the Series 2021 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 2021 Bonds, means all Series 2021 Bonds delivered hereunder except:

(a) Series 2021 Bonds cancelled by the Registrar or surrendered to the Registrar for cancellation; and

(b) Series 2021 Bonds paid or deemed to have been paid within the meaning of this Eighth 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 6/15/21)
99-01	International Airport System Revenue Bonds, Series 1999A (AMT)	1/15/99	\$ 162,500,000	\$ 50,000
2006-01	International Airports System Revenue Bonds, Series 2006A (AMT)	03/14/06	\$ 118,975,000	\$ 2,000,000
2008-08	International Airports System Variable Rate Demand Revenue Refunding Bonds, Series 2009A (Private Activity – Non-AMT)	01/06/09	\$ 50,000,000	\$ 43,000,000
2010-05	International Airports System Revenue Refunding Bonds, Series 2010A (Private Activity – AMT)	09/29/10	\$ 117,270,000	\$ 77,285,000
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
2015-07	International Airports System Revenue Refunding Bonds, Series 2016A (Governmental – Non-AMT)	02/10/16	\$ 73,635,000	\$ 73,635,000
2015-07	International Airports System Revenue Refunding Bonds,	07/6/2016	\$ 82,495,000	\$ 82,495,000

2015-07	Series 2016B (Governmental – Non-AMT) (Delayed Delivery Bonds) International Airports System Revenue Refunding Bonds, Series 2016C (Private Activity – AMT)	02/10/16	\$	11,220,000	\$	8,870,000
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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 2.13 of this Eighth Supplemental Resolution.

Refunding Candidates means, collectively, all or a portion of the Series 2009A Bonds, the Series 2010A Bonds, the Series 2010C Bonds and the Series 2010D Bonds.

Registered Owner means the person named as the registered owner of a Series 2021 Bond on the Bond Register. For so long as the Series 2021 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 S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, a limited liability company organized and existing under 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 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 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 2010A Bonds means the State of Alaska International Airports System Revenue Refunding Bonds, Series 2010A (Private Activity – AMT), issued pursuant to the Sixth Supplemental Resolution, maturing on October 1, 2021 through October 1, 2023 and October 1, 2025 through October 1, 2027.

Series 2010C Bonds means the State of Alaska International Airports System Revenue Bonds, Series 2010C (Private Activity – Non-AMT), issued pursuant to the Sixth Supplemental Resolution, maturing on October 1, 2033.

Series 2010D Bonds means the State of Alaska International Airports System Revenue Bonds, Series 2010D (Taxable Build America Bonds – Direct Payment to Issuer), issued pursuant to the Sixth Supplemental Resolution, maturing on October 1, 2035.

Series 2021 Bonds means the State of Alaska International Airports System Revenue Refunding Bonds, Series 2021, issued in one or more series, pursuant to this Eighth Supplemental Resolution.

Series 2021 Bond Insurance Policy means the municipal bond insurance policy, if any, issued by the Series 2021 Insurer insuring the payment when due of the principal of and interest on one or more series of the Series 2021 Bonds as provided therein.

Series 2021 Insurer means the issuer of a Series 2021 Bond Insurance Policy, if any, for the Series 2021 Bonds of a Series.

Surety Bond means the surety bond(s), if any, issued by the Surety Bond Issuer on the date(s) of issuance of the Series 2021 Bonds for the purpose of satisfying all or a portion of the Reserve Account Requirement.

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, RBC Capital Markets, LLC, J.P. Morgan Securities LLC and BofA Securities, Inc.

Section 1.02. Rules of Construction. The following rules of construction shall be applied to this Eighth 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 Eighth Supplemental Resolution, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Eighth Supplemental Resolution as a whole and not to any particular Article, Section or subdivision hereof.

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

Section 1.03. Effect of Resolution. Except as expressly provided herein, every term and condition contained in the Resolution shall apply to this Eighth Supplemental Resolution and to the Series 2021 Bonds with the same force and effect as if the same were set forth herein at length.

ARTICLE II THE SERIES 2021 BONDS

Section 2.01. Authorization of the Series 2021 Bonds. 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, if required, or purchase a Surety Bond therefore and to pay costs of issuance. The bonds may be designated Series 2021A and 2021B, as necessary, with additional designations as approved by the Designated Representative (the “Series 2021 Bonds”). The Series 2021 Bonds shall be issued in the aggregate principal amount of not to exceed \$150,000,000.

Section 2.02. Bond Details.

(a) *Description of the Series 2021 Bonds.* The Series 2021 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 2021 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 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 2.13 of this Eighth Supplemental Resolution.

(b) *Series 2021 Bonds a Special Fund Obligation.* The Series 2021 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 2021 Bonds.

The Series 2021 Bonds shall be obligations only of the Bond Fund and shall be payable and secured as provided herein. The Series 2021 Bonds do not constitute an indebtedness of the State within the meaning of the constitutional provisions and limitations of the State of Alaska.

Section 2.03. Redemption and Purchase.

(a) *Terms of Redemption for Series 2021 Bonds.* The Series 2021 Bonds may be subject to redemption as set forth in the Bond Purchase Contract and the manner of selection of Series 2021 Bonds for redemption shall be as set forth in the Bond Purchase Contract.

(b) *Selection of the Series 2021 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 2021 Bonds are held in book-entry only form, the selection of the Series 2021 Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Series 2021 Bonds are no longer held in uncertificated form, the selection of such Series 2021 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 2021 Bonds having the same maturity date, the particular Series 2021 Bonds or portions of Series 2021 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 2021 Bond of a denomination greater than \$5,000, the State and Registrar shall treat each Series 2021 Bond as representing such number of separate Series 2021 Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Series 2021 Bond by \$5,000. In the event that only a portion of the principal sum of a Series 2021 Bond is redeemed, upon surrender of the such Series 2021 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 2021 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 2021 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 2021 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 2021 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 2021 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 2021 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 2021 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 2021 Bonds or portions of the Series 2021 Bonds which are to be redeemed on that date.

Failure to give notice as to redemption of any Series 2021 Bond or any defect in such notice shall not invalidate redemption of any other Series 2021 Bond.

Notwithstanding the foregoing, if the Series 2021 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 2021 Insurer, if any, shall be given prior written notice of any proposed redemption of Series 2021 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 2021 Bonds.

(2) *Effect of Notice; Series 2021 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 2021 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 2021 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 2021 Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price upon delivery of such Series 2021 Bonds to the Registrar. Upon surrender for any partial redemption of any Series 2021 Bond, there shall be prepared for the Registered Owner a new Series 2021 Bond of the same maturity and Series in the aggregate amount of the unpaid principal. All Series 2021 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 2021 Bonds being redeemed; (B) the date of issue of the Series 2021 Bonds as originally issued; (C) the rate of interest borne by each Series 2021 Bond being redeemed; (D) the maturity date of each Series 2021 Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Series 2021 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 2.14, 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 2021 Bonds.

(4) *Use of CUSIP Numbers.* Upon the payment of the redemption price of the Series 2021 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by maturity, the Series 2021 Bonds being redeemed with the proceeds of such check or other transfer.

(5) *Amendment of Notice Provisions.* The foregoing notice provisions of this Section 2.03, 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 2021 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 2021 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 2021 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.

Section 2.04. Place and Medium of Payment.

(a) *Payment.* The payments of principal, interest, redemption price and purchase price of the Series 2021 Bonds shall be payable in lawful money of the United States of America. For so long as all Series 2021 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 2021 Bonds are no longer in fully immobilized form, interest on such Series 2021 Bonds shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to a Registered Owner of such Series 2021 Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Registered Owners of the Series 2021 Bonds at the addresses for such Registered Owners appearing on the Series 2021 Bond Register on the 15th day of the month preceding the interest payment date. Principal and

premium, if any, of the Series 2021 Bonds shall be payable upon presentation and surrender of such Series 2021 Bonds by the Registered Owners at the designated office of the Registrar.

(b) *Accrual of Interest.* Interest on the Series 2021 Bonds shall be calculated on the basis of a 360-day year (twelve 30-day months).

Section 2.05. Registration.

(a) *Registrar/Series 2021 Bond Register.* So long as any Series 2021 Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange and registration of transfer of the Series 2021 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 2021 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 2021 Bonds transferred or exchanged in accordance with the provisions of such Series 2021 Bonds and this Eighth Supplemental Resolution and to carry out all of the Registrar's powers and duties under this Eighth Supplemental Resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2021 Bonds.

(b) *Registered Ownership.* Payment of any such Series 2021 Bond shall be made only as described in Section 2.04 hereof, but such Series 2021 Bond may be transferred as herein provided. All such payments made as described in Section 2.04 shall be valid and shall satisfy and discharge the liability of the State upon such Series 2021 Bond to the extent of the amount or amounts so paid.

Except as provided in Sections 2.04, the Registrar and the State may treat the Registered Owner of a Series 2021 Bond as the absolute owner thereof for all purposes, whether or not such Series 2021 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 2021 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 2021 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 2021 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 2021 Bonds, any notice which is permitted or required to be given to Registered Owners under this Eighth 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 2021 Bonds or any consent given or other action taken by DTC as the Registered Owner.

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

(1) *Series 2021 Bonds Registered in the Name Designated by DTC.* The Series 2021 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 2021 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 2021 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 2021 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 2021 Bonds, together with a written request on behalf of the Designated Representative, issue a single new Series 2021 Bond for each maturity of such Series 2021 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 2021 Bonds that they be able to obtain Series 2021 Bond certificates, the ownership of Series 2021 Bonds may then be transferred to any person or entity as herein provided, and the Series 2021 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 2021 Bonds, to issue Series 2021 Bonds as herein provided in any Authorized Denomination. Upon receipt of all then Outstanding Series 2021 Bonds by the Registrar together with a written request on behalf of the Designated Representative to the Registrar, new Series 2021

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 2021 Bonds are no longer held in immobilized, book-entry form, the transfer of ownership of any Series 2021 Bond may be registered and such Series 2021 Bonds may be exchanged, but no transfer of any Series 2021 Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such Series 2021 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 2021 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Series 2021 Bond (or Series 2021 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 2021 Bond, in exchange for such surrendered and canceled Series 2021 Bond. Any Series 2021 Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Series 2021 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 2021 Bond during the five-day period prior to the selection of Series 2021 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 2021 Bonds.* The Registrar may become the Registered Owner of any Series 2021 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 2021 Bonds.

(g) *Registration Covenant.* The State covenants that, until all Series 2021 Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 2021 Bond that complies with the provisions of Section 149 of the Code.

Section 2.06. Application of Proceeds of the Series 2021 Bonds. Upon receipt of payment for any of the Series 2021 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 2021 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 2021 Bond Insurance Policy, if any, and one or more Surety Bonds to the Series 2021 Insurer.

(c) *Escrow.* The State shall transfer the necessary amount of proceeds of a portion of the Series 2021 Bonds to the Escrow Agent to refund the Refunded Bonds under the terms of the Escrow Agreement.

(d) *Construction Fund.* The State shall deposit the remainder of such proceeds in the Construction Fund to pay the costs of issuance of the Series 2021 Bonds.

Section 2.07. Construction Fund and Reserve Account.

(a) *Construction Fund.* A portion of the Series 2021 Bonds allocated to pay costs of issuance of the Series 2021 Bonds shall be deposited in the Construction Fund maintained in the State Treasury. However, such amount shall be segregated for purposes of accounting for expenditures. Separate accounts are authorized to be maintained in the State Treasury's Construction Fund, for each series of the Series 2021 Bond proceeds. Disbursements shall be made from the proceeds of the respective series of Series 2021 Bonds to pay allocable costs of issuance of the Series 2021 Bonds.

(b) *Reserve Account.* There is hereby authorized to be created in the Reserve Account a subaccount for the Series 2021 Bonds. The State hereby covenants and agrees that on the date of issuance of each Series of the Series 2021 Bonds, it will deposit funds into the Reserve Account in the amount necessary to satisfy the Reserve Account Requirement attributable to the Series 2021 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.

There is hereby authorized to be created in the Reserve Account a subaccount for the Series 2021 Bonds. The State hereby covenants and agrees that on the date of issuance of each Series of the Series 2021 Bonds, it will deposit funds into the Reserve Account in the amount necessary to satisfy the Reserve Account Requirement attributable to the Series 2021 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 2.08. 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 2021 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 2021 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 2021 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 2021 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 2021 Bonds, the State shall provide notice of defeasance of the Series 2021 Bonds to Registered Owners of the Series 2021 Bonds being defeased, to the Series 2021 Insurer, as applicable, and to each party entitled to receive notice in accordance with Section 2.14. 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 2021 Bonds as they become due, must be delivered to the Registrar prior to such defeasance.

Section 2.09. 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 exclusion of interest on the Series 2021 Bonds issued as tax-exempt obligations from gross income for purposes of federal income taxation 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 exclusion of interest on the Series 2021 Bonds from gross income for purposes of federal income taxation. The Designated Representative is hereby authorized to execute a Tax Certificate as well as any other certificates, agreements or other documents necessary or desirable to evidence compliance with such covenants.

(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 2021 Bonds or any other funds of the State which may be deemed to be proceeds of the Series 2021 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 2021 Bonds to the initial purchasers thereof, would have caused the Series 2021 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 2021 Bonds, including the requirements of Section 148(f) of the Code to make any required rebate payments to the United State and the State will maintain sufficient records regarding the investments of “gross proceeds” of the Series 2021 Bonds (within the meaning of section 148(f)(6)(B) of the Code),

(b) *Use of Proceeds and Refinanced Projects.* Proceeds of the Series 2021 Bonds will refinance the facilities financed directly or indirectly by the Series 2009A Bonds, the Series 2010A Bonds, the Series 2010C Bonds and the Series 2010D Bonds. The State covenants to comply with the restrictions on uses of such facilities to be described in the Tax Certificate for the Series 2021 Bonds, including, to the extent applicable, (i) the private business use limitations described in Section 141 of the Code with respect to the facilities financed or refinanced by the Series 2010C Bonds and Series 2010D Bonds, and (ii) the airport exempt facility bond restrictions described in Sections 142 and 147 of the Code with respect to the facilities financed or refinanced by the Series 2009A Bonds and Series 2010A Bonds.

(c) *Modification of Tax Covenants.* The covenants of this section are specified solely to assure the continued exclusion of interest on the Series 2021 Bonds from gross income for purposes of federal income taxation. 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 2021 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 exclusion of interest on the Series 2021 Bonds from gross income for purposes of federal income taxation.

Section 2.10. Lost, Stolen, Mutilated or Destroyed Series 2021 Bonds. In case any Series 2021 Bond or Series 2021 Bonds shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 2021 Bond or Series 2021 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 2021 Bond was actually lost, stolen or destroyed (including the presentation of a mutilated Series 2021 Bond) and of his ownership thereof, and upon furnishing the State and the Registrar with indemnity satisfactory to the State and the Registrar.

Section 2.11. Form of the Series 2021 Bonds and Registration Certificate.

(a) *Required Recital.* Each Series 2021 Bond shall include a recital to the effect that it is issued under AS 37.15.410 - 37.15.550.

(b) *Series 2021 Bonds.* The Series 2021 Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF ALASKA

INTERNATIONAL AIRPORTS SYSTEM REVENUE REFUNDING BOND,
SERIES 2021[] [(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. 2021-02 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.

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 2021[____] [(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 2021 Bonds are no longer in fully immobilized form, the form of such Series 2021 Bonds may be modified to conform to printing requirements and the terms of this Eighth Supplemental Resolution.

Section 2.12. Execution. The Series 2021 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 2021 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 Eighth Supplemental Resolution. Such Certificate of

Authentication shall be conclusive evidence that the Series 2021 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Eighth Supplemental Resolution.

In case either of the officers of the State who shall have executed the Series 2021 Bonds shall cease to be such officer or officers of the State before the Series 2021 Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the State, such Series 2021 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 2021 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 2021 Bond shall be the proper officers of the State although at the original date of such Series 2021 Bond any such person shall not have been such officer.

Section 2.13. Designation of Refunded Bonds and Sale of the Series 2021 Bonds.

(a) *Designation of Refunded Bonds.* As outlined in recitals of this Eighth Supplemental Resolution, the Refunding Candidates may be called for redemption prior to their scheduled maturities. All or a portion of the Refunding Candidates may be refunded with the proceeds of the Series 2021 Bonds authorized by this Eighth 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 2021 Bonds, exceeds the Savings Target.

(b) *Sale of the Series 2021 Bonds.* The Series 2021 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 Contracts. The Designated Representative is authorized and directed to publicize and conduct a public hearing or hearings on the issuance of the Series 2021 Bonds as may be 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 2021 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 2021 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 2021 Bonds in the manner provided hereafter so long as the aggregate principal amount of the Series 2021 Bonds does not exceed \$150,000,000.

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 2021 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 2021 Bonds. Subject to the terms and conditions set forth in this Section 2.13, 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 2021 Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representative by this Section 2.13 shall expire 120 days after the date of approval of this resolution. If a Bond Purchase Contract for the Series 2021 Bonds has not been executed within 120 days after the date of final approval of this resolution, the authorization for the issuance the Series 2021 Bonds shall be rescinded, and the Series 2021 Bonds shall not be issued nor their sale approved unless the Series 2021 Bonds shall have been re-authorized by resolution of the Committee. The resolution re-authorizing the issuance and sale of such Series 2021 Bonds may be in the form of a new resolution repealing this resolution in whole or in part (only with respect to the Series 2021 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 2.13.

Upon the passage and approval of this Eighth Supplemental Resolution, the proper officials of the State including the Designated Representative, are authorized and directed to undertake all action necessary or desirable for holding of a public hearing or hearings, for the prompt execution and delivery of the Series 2021 Bonds to the Underwriter thereof to purchase the Series 2021 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 2021 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 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 2021 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 2021 Bonds for the purposes of the Rule.

As a condition precedent to the issuance of the Series 2021 Bonds, the State shall comply with the provisions of Sections 2.02, 2.03 and 2.04 of the Resolution, so that the Series 2021 Bonds may be issued as Parity Bonds.

Section 2.14. 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 2021 Bonds for the benefit of the Beneficial Owners of the Series 2021 Bonds in order to assist the Underwriter in complying with Section (b)(5) of the Rule.

Section 2.15. Series 2021 Bond Insurance Policy; Provisions Relating to the Series 2021 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 2021 Bonds may be insured by the issuance of the Series 2021 Bond Insurance Policy. The Designated Representative, with the assistance of the Underwriter, is authorized to 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, if any, that is deemed to be the most cost effective and further to execute the bond insurance commitment and other agreements with the Series 2021 Insurer, which may include such covenants and conditions as shall be approved by the Designated Representative.

Section 2.16. 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 2021 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 2021 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 2021 Bonds and/or returned to the State for the payment of such expenses.

A portion of the proceeds of the sale of the Series 2021 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 2021 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 Fifth Supplemental Resolution and the Sixth Supplemental Resolution. 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 2021 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 2021 Bonds.

Section 2.17. 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 2021 Bonds to make the payments described in Section 2.16 of this Eighth 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 Fifth Supplemental Resolution and the Sixth Supplemental Resolution authorizing the redemption and retirement of the Series 2009A Bonds, the Series 2010A Bonds, the Series 2010C Bonds and the Series 2010D 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, Fifth Supplemental Resolution and the Sixth 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 2.16 of this Eighth Supplemental Resolution. All such sums shall be paid from the moneys and Acquired Obligations deposited with said Escrow Agent pursuant to Section 2.16 of this Eighth 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 2.16 of this Eighth 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 III
COMPLIANCE WITH PARITY CONDITIONS

Section 3.01. Requirements of Supplemental Resolution. In connection with of the Resolution the State hereby finds that this Eighth Supplemental Resolution specifies and provides for the following:

- (a) the authorized principal amount and designation of the Series 2021 Bonds;
- (b) the general purpose or purposes for which the Series 2021 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 2021 Bonds, and the principal amount maturing on each maturity date;
- (d) the interest rate or rates on the Series 2021 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 2021 Bonds will be deemed to be no longer Outstanding;
- (f) the currency or currencies in which the Series 2021 Bonds are payable;
- (g) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Series 2021 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 2021 Bonds;
- (i) the registrar or trustee, if any, for the Series 2021 Bonds and the duties and obligations thereof;
- (j) the form or forms of the Series 2021 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 2021 Bonds;
- (k) the terms and conditions, if any, for the redemption of the Series 2021 Bonds prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms;
- (l) the terms and conditions, if any, for the purchase of the Series 2021 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;
- (m) the manner of sale of the Series 2021 Bonds, with or without a premium or a discount;

(n) if so determined by the State, the authorization of and any terms and conditions with respect to credit or liquidity support for the Series 2021 Bonds and the pledge or provision of moneys, assets or security other than Revenues to or for the payment of the Series 2021 Bonds or any portion thereof;

(o) a subaccount within the Reserve Account for the Series 2021 Bonds and the application of moneys or securities therein; and

(p) any other provisions which the State deems necessary or desirable in connection with the Series 2021 Bonds.

Section 3.02. 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 2021 Bonds is authorized by the Act.

Second: The Series 2021 Bonds are being issued to refund outstanding airport revenue bonds of the State.

Third: The State is currently and upon issuance of the Series 2021 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 2021 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 2021 Bonds, the payments into the Bond Fund for the payment of the principal of and interest on the Series 2021 Bonds and the payments required by this Eighth 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 2021 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 IV
MISCELLANEOUS

Section 4.01. Liability of State Limited to Revenues. Notwithstanding anything contained in this Eighth 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 4.02. Benefits of Resolution Limited to Parties. Nothing in this Eighth 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 Eighth Supplemental Resolution. Any covenants, stipulations, promises or agreements in the Resolution or this Eighth 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 4.03. Successor Is Deemed Included in All References to Predecessor. Whenever, in this Eighth 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 4.04. 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 Eighth Supplemental Resolution is intended to supplement Resolution No. 99-01 of the Committee.

Section 4.05. 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 4.06. 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 4.07. 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 4.08. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Eighth 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 Eighth 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 4.09. Payments Due on Holidays. Subject to Article II of the Resolution, 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 4.10. Notices to Rating Agencies. The State shall give immediate notice to each Rating Agency then maintaining a rating on the Series 2021 Bonds in the event:

- (a) The Registrar resigns or is replaced;
- (b) This Eighth Supplemental Resolution is amended or supplemented; or
- (c) There has been a redemption or defeasance of the Series 2021 Bonds.

Section 4.11. Effective Date. This Eighth Supplemental Resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the 1st day of July 2021.

STATE OF ALASKA
STATE BOND COMMITTEE

JULIE ANDERSON
Commissioner, Department of Commerce
Community and Economic Development
Chair and Member
Alaska State Bond Committee

AMANDA HOLLAND
Commissioner, Department of Administration

Member
Alaska State Bond Committee

LUCINDA MAHONEY
Commissioner, Department of Revenue
Secretary and Member
Alaska State Bond Committee

Approved as to form:

Alaska Department of Law
State of Alaska

I, the undersigned, Secretary of the State Bond Committee of the State of Alaska (the “Committee”) DO HEREBY CERTIFY:

1. That the attached Supplemental Resolution numbered 2021-02 (the “Resolution”) is a true and correct copy of a resolution of the Committee as adopted at a meeting held on July 1, 2021, 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 1st day of July 2021.

LUCINDA MAHONEY
Commissioner, Department of Revenue
Secretary and Member
Alaska State Bond Committee



State of Alaska
Alaska International Airport Systems
Refunding Bonds, Series 2021

Financing Schedule

May - 2021						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24/31	25	26	27	28	29

June - 2021						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

July - 2021						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

August - 2021						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

September - 2021						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

October - 2021						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24/31	25	26	27	28	29	30

Week of	Action	Responsibility
May 24 th	Kick-off Call (5/28 9am AK/10am PT/1pm ET)	All
	Circulate Refunding Numbers	FA
May 31 st	Recirculate POS	UC/AIAS
	Circulate Initial Draft Supplemental Bond Resolution	BC
	Circulate Initial Draft State Bond Committee Resolution	BC
June 7 th	Circulate Initial Draft Rating Agency Presentation	UW/FA
June 14 th	Circulate Updated Draft of POS	UC
	Forward POS and State Bond Committee Res. to Signatory Airlines for Approval	AIAS
June 21 st	Circulate Updated Draft of POS	State
June 28 th	State Bond Committee Approval of Resolution (6/30)	State
July 5 th	Forward Rating Material to Rating Agencies	FA/UW
July 12 th	Rating Agency Presentations	State/FA/UW
July 19 th	Airline Operating Mtg (Date?)	State
	Circulate Draft Bond Purchase Agreement	UC
	Circulate Initial Draft of Investor Presentation	UW
July 26 th	Receive Ratings	State
	Due Diligence Call	All
	Post Preliminary Official Statement	All
	Post Investor Presentation	All
August 2 nd	Investor Roadshow/One-on-one Meetings/Calls	State/FA/UW
	Bond Pricing	
August 9 th	Print Official Statement	State/FA/UW
	Pre-Closing/Closing	All
	Issue Notice of Bond Redemption	All

Issuer:
 Bond Counsel (BC):
 Financial Advisor (FA):
 Book-Running Manager (UW)
 UW Counsel (UC)

State of Alaska
 Orrick, Herrington and Sutcliffe, LLP
 Acacia Financial Group
 RBC Capital Markets, LLC
 Jermain, Dunnagan & Owens, P.C.



Issuer	Telephone	Mobile	E-Mail
STATE OF ALASKA			
DEPARTMENT OF REVENUE			
State Office Building, 11 th Floor 333 Willoughby Juneau, AK 99811-0400			
Deven Mitchell, Debt Manager	907-465-3750		deven.mitchell@alaska.gov
Ryan Williams, Treasury Division	907-465-2893		ryan.williams@alaska.gov
ALASKA INTERNATIONAL AIRPORT SYSTEM			
Ted Stevens International Airport P.O. Box 196960 Anchorage, AK 99519-6960			
John R. Binder, Deputy Commissioner	907-____-____		john.binder@alaska.gov
Jim R. Szczesniak, ANC Manager	907-____-____		jim.szczesniak@alaska.gov
Keith Day, AIAS Controller	907-266-2404		keith.day@alaska.gov
Fairbanks International Airport 6450 Airport Way, Suite 1 Fairbanks, AK 99709			
Angela M. Spear, FAI Manager	907-____-____		angie.spear@alaska.gov
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This Preliminary Official Statement and the information herein are subject to completion or amendment in a final Official Statement. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under applicable securities laws of any such jurisdiction.

JDO DRAFT 6/25/2021

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2021

NEW ISSUE
BOOK-ENTRY ONLY

RATINGS: See "RATINGS" herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, [BOND COUNSEL TO PROVIDE LANGUAGE]. See "TAX MATTERS" herein. [FOR DISCUSSION – ISSUANCE OF TAXABLE BONDS TO PROVIDE SHORT TERM DEBT RELIEF.]

\$[_____] *
STATE OF ALASKA
INTERNATIONAL AIRPORTS SYSTEM

\$ _____ Revenue Refunding Bonds Series 2021A (Private Activity – AMT) Dated: _____, 2021*	\$ _____ Revenue Refunding Bonds Series 2021B (Private Activity – AMT) Dated: _____, 2021*	\$ _____ Revenue Refunding Bonds Series 2021C (Private Activity – Non-AMT) Dated: _____, 2021*	\$ _____ Revenue Refunding Bonds Series 2021D (_____) Dated: _____, 2021*	\$ _____ Revenue Refunding Bonds Series 2021E (Taxable) Dated: _____, 2021*
---	---	---	--	--

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 2021A (Private Activity – AMT) (the "2021A Bonds"), _____ * Revenue Refunding Bonds, Series 2021B (Private Activity – AMT) (the "2021B Bonds"), \$ _____ * principal amount of its Revenue Refunding Bonds, Series 2021C (Private Activity – Non-AMT) (the "2021C Bonds"), \$ _____ * principal amount of its Revenue Refunding Bonds, Series 2021D (_____) (the "2021D Bonds"), and \$ _____ * principal amount of its Revenue Refunding Bonds, Series 2021E (Taxable) (the "2021E Bonds," and together with the 2021A Bond, 2021B Bonds, 2021C Bonds and 2021D Bonds, the "Bonds").

The Bonds are being issued in the form of fully registered bonds in book-entry form and, when issued, will be registered 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 certificates representing their interests in the Bonds purchased. 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 (the "Registrar"), disbursement of payments to DTC participants is the responsibility of DTC, and subsequent disbursement of payments to beneficial owners of the Bonds is the responsibility of DTC participants, all as further described herein.

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.

* Preliminary, subject to change.
{01164297}

The purchase and ownership of beneficial ownership interests in the Bonds involve investment risks. Prospective purchasers should read this Official Statement in its entirety, giving particular attention to the matters addressed under “CERTAIN INVESTMENT CONSIDERATIONS.” For a discussion of the impact of COVID-19 on the System and associated risks, see ‘IMPACT OF COVID-19 PANDEMIC ON THE SYSTEM’ and “CERTAIN INVESTMENT CONSIDERATIONS – COVID-19 Risks.”

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

THIS COVER PAGE CONTAINS INFORMATION FOR QUICK REFERENCE ONLY AND IS NOT 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. THERE ARE RISKS ASSOCIATED WITH PURCHASE OF THE BONDS, AS FURTHER DESCRIBED HEREIN.

The Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by Orrick, Herrington & Sutcliffe 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, Jermain, Dunnagan & Owens, P.C., Anchorage, Alaska. Acacia Financial Group, Inc. serves as municipal advisor to the State of Alaska. It is expected that the Bonds in definitive form will be available for delivery through the facilities of DTC, on or about _____, 2021.

RBC Capital Markets

BofA Securities

J.P. Morgan

STATE OF ALASKA

\$ _____ *

**International Airports System
Revenue Refunding Bonds, Series 2021A
(Private Activity – AMT)**

Dated: Date of Delivery

Due: October 1, as shown below

The Series 2021A Bonds will be issued in fully registered form without coupons in denominations of \$5,000 on any integral multiple thereof. Interest on the Series 2021A Bonds will be payable October 1 and April 1, commencing _____ 1, 2021.

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

<u>Maturity*</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u> [†] <u>011842</u>
--	------------------------------------	--------------------------------	---------------------------------	--

\$ _____ *

**International Airports System
Revenue Refunding Bonds, Series 2021B
(Private Activity – AMT)**

Dated: Date of Delivery

Due: October 1, as shown below

The Series 2021B Bonds will be issued in fully registered form without coupons in denominations of \$5,000 on any integral multiple thereof. Interest on the Series 2021B Bonds will be payable October 1 and April 1, commencing _____ 1, 2021.

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

<u>Maturity*</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u> [†] <u>011842</u>
--	------------------------------------	--------------------------------	---------------------------------	--

\$ _____ *

**International Airports System
Revenue Refunding Bonds, Series 2021C
(Private Activity – Non-AMT)**

Dated: Date of Delivery

Due: October 1, as shown below

The Series 2021C Bonds will be issued in fully registered form without coupons in denominations of \$5,000 on any integral multiple thereof. Interest on the Series 2021C Bonds will be payable October 1 and April 1, commencing _____ 1, 2021.

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

<u>Maturity*</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u> [†] <u>011842</u>
--	------------------------------------	--------------------------------	---------------------------------	--

* 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.

\$ _____ *

International Airports System
Revenue Refunding Bonds, Series 2021D
(_____)

Dated: Date of Delivery

Due: October 1, as shown below

The Series 2021D Bonds will be issued in fully registered form without coupons in denominations of \$5,000 on any integral multiple thereof. Interest on the Series 2021D Bonds will be payable October 1 and April 1, commencing _____ 1, 2021.

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

<u>Maturity*</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u> [†] <u>011842</u>
--	------------------------------------	--------------------------------	---------------------------------	--

\$ _____ *

International Airports System
Revenue Refunding Bonds, Series 2021E
(Taxable)

Dated: Date of Delivery

Due: October 1, as shown below

The Series 2021E Bonds will be issued in fully registered form without coupons in denominations of \$5,000 on any integral multiple thereof. Interest on the Series 2021EBonds will be payable October 1 and April 1, commencing _____ 1, 2021.

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

<u>Maturity*</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u> [†] <u>011842</u>
--	------------------------------------	--------------------------------	---------------------------------	--

* 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.

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

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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, 2020 AND 2019
APPENDIX B:	STATE BOND COMMITTEE OF THE STATE OF ALASKA, RESOLUTION NO. 99-01
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APPENDIX E:	PROPOSED FORM OF OPINION OF BOND COUNSEL REGARDING THE _____ BONDS [TBD]
APPENDIX F:	DTC AND ITS BOOK-ENTRY ONLY SYSTEM
APPENDIX G:	FORM OF CONTINUING DISCLOSURE AGREEMENT
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PRELIMINARY NOTICES

Each entity listed below has provided the information under the caption or captions following its name. Each such entity is responsible only for the information provided under the captions following its name, unless otherwise stated herein.

Underwriters

“UNDERWRITING”

DTC

Appendix F – “DTC AND ITS BOOK-ENTRY ONLY SYSTEM”

All other information contained herein has been obtained from the State of Alaska and other sources that the State of Alaska believes to be reliable, but such other information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the State of Alaska or the Underwriters. 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 any implication that there has been no change in the affairs of the parties listed above since the date of this Official Statement.

No dealer, broker, salesperson, or other person has been authorized by the State of Alaska or the Underwriters to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer, solicitation, or sale of the Bonds, by any person in any jurisdiction in which such offer, solicitation, or sale is not authorized or in which the person making such offer, solicitation, or sale is not qualified to do so or to any person to whom it is unlawful to make such offer, solicitation, or sale.

Certain statements contained in this Official Statement do not reflect historical facts, but rather are forecasts and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words “estimate,” “forecast,” “project,” “anticipate,” “expect,” “intend,” “believe,” and other similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions, and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The State of Alaska specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information set forth in this Official Statement in accordance with, and as part of, their 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.

Information on web site addresses set forth in this Official Statement is not incorporated into this Official Statement and cannot be relied upon to be accurate as of the date of this Official Statement, nor can any such information be relied upon in making investment decisions regarding the Bonds.

IN CONNECTION WITH THE OFFERING 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.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Preliminary Official Statement constitutes an official statement of the State of Alaska that has been deemed final by the State of Alaska as of its date, except for the omission of no more than the information permitted by Rule 15c2-12.

OFFICIAL STATEMENT

Relating to

STATE OF ALASKA INTERNATIONAL AIRPORTS SYSTEM

\$ _____¹
Revenue Refunding Bonds, Series 2021A
(Private Activity – AMT)
Dated: _____, 2021*

\$ _____^{*}
Revenue Refunding Bonds, Series 2021B
(Private Activity – AMT)
Dated: _____, 2021*

\$ _____^{*}
Revenue Refunding Bonds, Series 2021C
(Private Activity – Non-AMT)
Dated: _____, 2021*

\$ _____^{*}
Revenue Refunding Bonds, Series 2021D
(_____)
Dated: _____, 2021*

\$ _____^{*}
Revenue Refunding Bonds, Series 2021E
(Taxable)
Dated: _____, 2021*

INTRODUCTION

The following introduction is subject in all respects to the more complete information set forth in this Official Statement. The descriptions and summaries of various documents set forth in this Official Statement do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the General Bond resolution. See Appendix B and C - “State Bond Committee of the State of Alaska, Resolution No. 90-01” and “State Bond Committee of the State of Alaska, Supplemental Resolution No. 2021-02,” respectively.

This Official Statement, including the cover page and the appendices hereto, sets forth certain information concerning the State of Alaska (the “State”), the State of Alaska International Airports System (“AIAS” or “System” or “Airports”), the Ted Stevens Anchorage International Airport (“ANC” or “Anchorage International Airport”), the Fairbanks International Airport (“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 2021A (Private Activity – AMT) (the “2021A Bonds”), \$ _____* principal amount of its State of Alaska International Airports System Revenue Refunding Bonds, Series 2021B (Private Activity – AMT) (the “2021B Bonds”), \$ _____* principal amount of its State of Alaska International Airports System Revenue Refunding Bonds, Series 2021B (Private Activity – Non-AMT) (the “202C Bonds”), \$ _____* principal amount of its State of Alaska International Airports System Revenue Refunding Bonds, Series 2021D (_____) (the “2021D Bonds”), and \$ _____* principal amount of its State of Alaska International Airports System Revenue Refunding Bonds, Series 2021E (Taxable), and together with the 2021A Bonds, 2021B Bonds, 2021C Bonds, and 2021D Bonds, 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 most recently supplemented by the State Bond Committee’s Supplemental Bond Resolution No. 2021-02, adopted _____, 20____, (together, the “Eighth 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.”

¹ Preliminary, subject to change.

The Bonds are expected to be delivered on or about _____, 2021. [TBD]

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 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 June 30, 2021, there are \$319,440,000 of Outstanding Parity Bonds (consisting of \$84,555,000 of new money revenue bonds and \$234,885,000 of refunding revenue bonds).

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, 2020 and 2019, 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 herein, 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. 2021-02.”

The information within this Official Statement has been compiled from official and other sources considered reliable by the State 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.

COVID-19 Impacts on the System. The outbreak of COVID-19 (“COVID-19”), a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization and is currently affecting many part of the world, including the United States and Alaska.

COVID-19 adversely affected travel and commerce globally, and is expected to continue to negatively affect economic growth worldwide. See “IMPACT OF COVID-19 PANDEMIC ON THE SYSTEM,” “SYSTEM FINANCIAL OPERATIONS AND RESULTS,” AND “INVESTMENT CONSIDERATIONS – COVID-19 Risks” which describes federal, state and local response to the COVID-19 pandemic and the impact to the System, including reductions in traffic and passenger enplanements.

DESCRIPTION OF THE BONDS

General Description of the Bonds

This Official Statement summarizes certain terms of the Bonds only while the Bonds are registered in the name of DTC or its nominee.

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 semiannually 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 Representations. See, “APPENDIX F – DTC and Its 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 Its 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 serve as initial the Securities Depository for the Bonds. The ownership of one fully-registered 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 Eighth 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 Its 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 [TBD]

[10-year optional par call for all Bonds – TBD]

[Make Whole Call for Series E - TBD]

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 the Refunding Bond Candidates. Depending on market conditions on the date of sale of the Bonds, and the resulting savings, the State may refund all or a portion of the Refunding Bond Candidates. The State is not obligated to refund any of the Refunding Bond Candidates listed in the following table on the following page.

REFUNDING BOND CANDIDATES*

<u>Bond Issue</u>	<u>Dated Date</u>	<u>Maturities to Be Refunded</u>	<u>Redemption Date</u>	<u>Price</u>
Variable Rate Demand Revenue Refunding Bonds, Series 2009A (Private Activity – AMT)	January 6, 2009	[TBD]	_____, 2021	100%
Revenue Refunding Bonds, Series 2010A (Private Activity - AMT)	September 29, 2010	October 1, ____ through October 1 ____	_____, 2021	100%
Revenue Refunding Bonds, Series 2010C (Private Activity Non- AMT)	September 29, 2010	October 1, ____ through October 1, ____	_____, 2021	100%
Revenue Bonds, Series 2010D (Taxable Build America Bonds – Direct Payment to Issuer)	September 29, 2010	October 1, 20__ through October 1, 20__	_____, 2021	100%

* Preliminary, subject to change.

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 U.S. Bank National Association, Seattle, Washington, 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, or obligations fully guaranteed by, the United States (the “Escrow Obligations”) maturing on the applicable redemption date.

In addition to the plan of refunding described above, the State and System expect to use cash over the next couple of years to defease certain Outstanding Parity Bonds in an effort to reduce overall debt service while preserving an appropriate amount of liquidity.

SOURCES AND USES TABLE

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

	<u>2021A</u> <u>Bonds</u>	<u>2021B</u> <u>Bonds</u>	<u>2021C</u> <u>Bonds</u>	<u>2021D</u> <u>Bonds</u>	<u>2021E</u> <u>Bonds</u>	<u>Aggregate</u>
Sources of Funds:						
Par Amount of Bonds	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Net Original Issue Premium/Discount	_____	_____	_____	_____	_____	_____
AIAS Cash Contribution	_____	_____	_____	_____	_____	_____
Total	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
Uses of Funds:						
Escrow Deposit	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Costs of Issuance*	_____	_____	_____	_____	_____	_____
Total	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

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

PARITY BOND DEBT SERVICE TABLE

The following table sets forth the debt service requirements for all Outstanding Parity Bonds as of _____ 2021.⁽¹⁾⁽²⁾

Fiscal Year (Ending June 30)	Outstanding Parity Bonds ⁽¹⁾⁽²⁾⁽³⁾	2021A Bonds	2021B Bonds	2021C Bonds	2021D Bonds	2021E Bonds	Total Debt Service
2021		\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
TOTALS:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

(1) Includes debt service for the Refunding Bond Candidates.

(2) Reflects the defeasance of redemption of Outstanding Parity Bonds expected to be defeased with proceeds of the Bonds. (See, "SECURITY FOR THE BONDS – Future Parity Bonds.")

(3) Preliminary, subject to change.

Note: Totals may not add due to rounding.

SECURITY FOR THE BONDS

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 revenue bonds authorized by the legislature 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.¹

¹ After approval by the FAA of ANC's amended PFC application 05-02-C-02-ANC on October 14, 2011, 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.

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. 2021-02.”

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 (the “Rate Covenant”). 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 Parity 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 two-thirds of the aggregate amount 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.

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 used herein, the term Qualified Insurance means, until the 2016 New Date, any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) which insurance company or companies, as of the time of issuance of such policy or surety bond, is rated in the highest rating category by any Rating Agency and from and after the 2016 New Date, shall mean any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) which insurance company or companies, as of the time of issuance of such policy or surety bond, is rated in one of the two highest rating categories by any Rating Agency. As used herein, the term “2016 New Date” means the earlier of (i) the date on which the Outstanding Parity Bonds are no longer Outstanding; or (ii) the date on which the Owner(s) of at least two-thirds of the aggregate principal amount of Parity Bonds then Outstanding consent to the amendment to the definition of Qualified Insurance made in the Bond Resolution. For purposes of this provision, (1) the Owners of the Bonds and any Future Parity Bonds issued following the issuance of the Bonds are deemed to have approved the amended definitions in the Bond Resolution, and (2) MBIA Insurance Corporation or its successor shall be deemed to be the Owners of the Series 1999A Bonds and the Series 2006A Bonds.

As of June 30, 2021, the Reserve Account had a balance of approximately \$55.7 million, comprised of approximately \$26.9 million cash, plus surety bonds with coverage totaling \$28.8 million constituting Qualified Insurance, described as follows:

<u>Issuer of Surety</u>	<u>Dollar Amount of Surety</u>	<u>Expiration Date</u>
MBIA Insurance Corporation*	\$11,857,499	October 1, 2024 or the date of retirement/ defeasance of the Series 1999A Bonds
MBIA Insurance Corporation*	\$16,156,439	October 1, 2030 or the date of retirement/ defeasance of the Series 2006A Bonds and Series 2006B Bonds

*National Public Finance Guarantee Corporation assumed the MBIA Insurance Corporation surety policy.

The Registrar shall draw upon or otherwise collect amounts payable under surety bonds held in the Reserve Account under the terms specified in each surety bond 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.

In connection with the issuance of the Bonds, the System expects, but is not required, to satisfy the Reserve Account Requirement with available cash and terminate all currently existing Qualified Insurance policies.

Outstanding Parity Bonds

The State has issued a total of \$965,118,000 principal amount of Parity Bonds under the General Bond Resolution. The Outstanding Parity Bonds (including refunding bonds), as of June 30, 2021, are as follows:

<u>Designation</u>	<u>Dated Date of Issue</u>	<u>Original Principal Amount</u>	<u>Current Outstanding Principal Amount</u>
International Airports System Revenue Bonds, Series 1999A (AMT)	01/15/99	\$162,500,000	\$50,000
International Airports System Revenue Bonds, Series 2006A (AMT)	3/14/06	118,975,000	2,000,000
International Airports System Variable Rate Demand Revenue Refunding Bonds, Series 2009A (Non-AMT)	01/06/09	50,000,000	43,000,000
International Airports System Revenue Refunding Bonds, Series 2010A (Private Activity - AMT)	09/29/10	117,270,000	78,209,000
International Airports System Revenue Refunding Bonds, Series 2010C (Private Activity - Non-AMT)	09/29/10	21,685,000	12,565,000
International Airports System Revenue Refunding Bonds, Series 2010D (Taxable Build American Bonds Direct Payment to Issuer)	09/29/10	19,540,000	19,540,000
International Airports System Revenue Bonds, Series 2016A (Governmental - Non-AMT)	02/10/16	73,635,000	73,635,000
International Airports System Revenue Refunding Bonds, Series 2016B (Governmental - Non-AMT)	07/06/16	82,495,000	82,495,000
International Airports System Revenue Bonds, Series 2016C (Private Activity - AMT)	02/10/16	<u>11,220,000</u>	<u>8,870,000</u>
Total		<u>\$657,320,000</u>	<u>\$319,440,000</u>

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. 2021-02 and Amending Resolution No. 2016-01."

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 respective 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 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.

AIAS is the State’s largest enterprise fund. AIAS is self-contained and revenues generated by the System are devoted to funding operations of AIAS, including payment of debt service on bonds issued under the General Bond Resolution.

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.

John MacKinnon, *Commissioner, Department of Transportation and Public Facilities*

John MacKinnon serves as commissioner of the Alaska Department of Transportation & Public Facilities. Under his direction, the Department is responsible for the planning, design, construction, and the maintenance and operation of Alaska’s transportation system, public buildings and facilities. MacKinnon previously spent five years as the Department’s deputy commissioner of highways and public facilities (2003-2007). In this role, he was responsible for the State highway program, policy and planning, administration, budget, and legislative relations. From 2008 to 2018, MacKinnon was executive director for the Associated General Contractors of Alaska. Before 2003, he was acting city manager for the City and Borough of Juneau and served on the Juneau Planning Commission and the Juneau Assembly for 12 years, the last six as deputy mayor. MacKinnon’s 24 years as a building contractor, along with other business interests, contribute to his experience and knowledge in both the private and public sectors. He is a fourth generation Alaskan and has a Bachelor of Science degree in Marine Resource Ecology from Huxley College of Environmental Studies.

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

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 235 rural airports and its two international airports. Since retiring from the United States Air Force in September 2012, and before joining Alaska government in June 2013, Mr. Binder served on Lockheed Martin’s National Airspace Implementation Support Contract (NISC) team in assisting the Federal Aviation Administration to upgrade Alaska’s airspace and air traffic infrastructure. He is an Accredited Airport Executive (A.A.E.) and serves on the board of the National Association of State Aviation Officials (NASAO).

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 that 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 both fighter and trainer aircraft experience in the F-15C Eagle, T-38 Talon, and the T-6 Texan II.

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.

Jim Szczesniak, Airport Manager, ANC

Mr. Szczesniak was appointed as the ANC Airport Manager in January of 2018 and serves as the executive in charge of the Ted Stevens Anchorage International Airport (ANC). Prior to assuming his leadership role with ANC, Mr. Szczesniak spent a decade working for the Chicago Airport System where he oversaw Chicago O'Hare International Airport's \$5 billion dollar capital improvement program as Deputy Commissioner of Aviation and, in addition, spent almost a decade working in the private sector where he oversaw the operations of a mid-sized manufacturing company.

Mr. Szczesniak holds a commercial pilots license, aircraft mechanics license, a Bachelor of Science degree in Aviation Management from South Illinois University, and a Master of Business Administration degree from the University of Chicago.

Angie Spear, Airport Manager, FAI

Ms. Spear was appointed as the FAI Airport Manager on November 1, 2018. She previously served as FAI's Deputy Director and Business Development Specialist, starting her airport career in 2005. Ms. Spear previously served as the Marketing Director at the John A. Carlson Center in Fairbanks. Prior to moving to Fairbanks, Ms. Spear resided in her hometown of Ketchikan, Alaska and worked for one of the largest Alaska based seafood companies where she was responsible for human resource, payroll and accounting functions. She has a diverse private sector background in multiple industries including transportation, hospitality, lumber, and the seafood/fishing.

Ms. Spear earned the Certified Member accreditation from the American Association of Airport Executives and has a broad array of airport specific accreditations. She is active in her local community and serves on the Board of Directors for the Fairbanks Chamber of Commerce and the Fairbanks Economic Development Corporation.

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 2020, 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, that 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 and had 2,723,002 and 1,157,378 passenger enplanements in Calendar Year (“CY”) 2019 and CY 2020, respectively, according to FAA preliminary CY 2020 Enplanements at Commercial Service Airports report. ANC is ranked number 55 in the nation based on CY 2020 passenger enplanement levels and in terms of cargo activity levels, ANC ranked as the number 2 cargo airport in the United States in CY 2020, based on air cargo tonnage, according to the FAA.

ANC Airfield

ANC airfield facilities include three major air carrier runways, all greater than 10,600 feet, the longest of which is 12,400 feet. Two of the three major runways are oriented east-west, and one is oriented north-south; a gravel runway for general aviation; and seaplane facilities with three water-lanes. The three major runways are capable of serving all types of commercial aircraft currently in service, and all three of the major runways are equipped with precise instrument landing systems (ILS). All three major runways are physically capable of serving aircraft such as the B747-8 and A380F, Design Group VI standard compliant, as well as their associated parallel taxiways. 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.

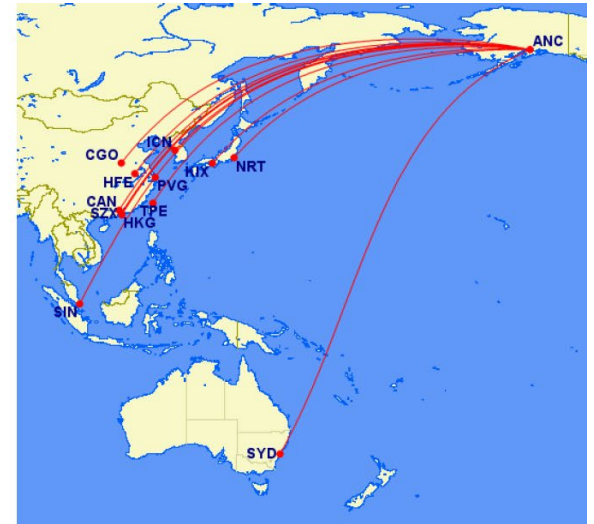
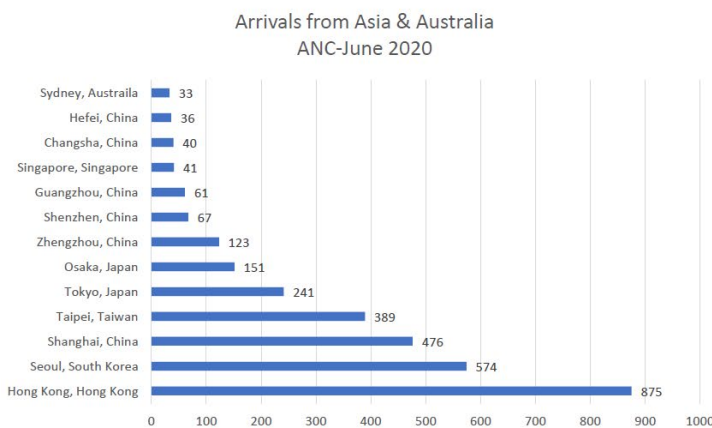
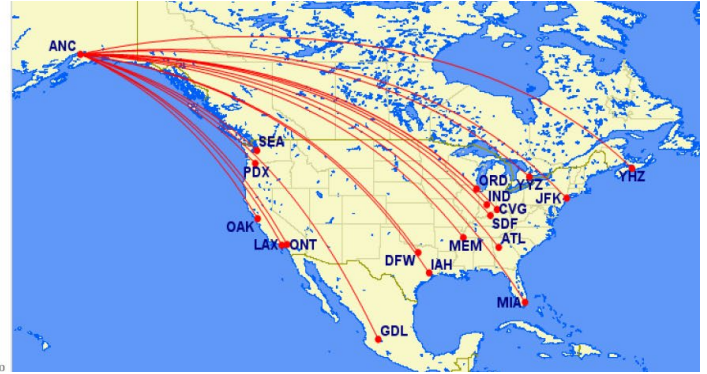
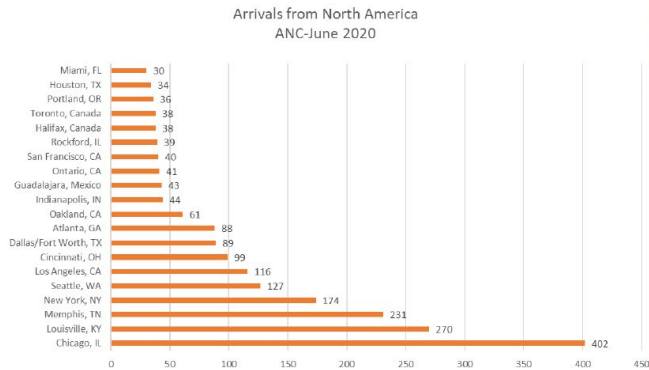
The South Terminal consists of three concourses. Concourse A provides six regional carrier ground-loading gates with approximately 18 regional aircraft parking positions. Concourse B has a total of nine gates, five of which are leased to airlines on a preferential basis, and four of which are State administered on a per-turn basis. Concourse C has nine jet gates, all nine of which are preferentially leased to an airline. Of the nine gates, all gates are owned by the State. 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 supports a number of international and domestic cargo airline administrative offices in addition to the Federal inspection service agencies.

ANC Cargo Facilities

ANC is a strategically positioned cargo refueling and transloading hub, located equidistance between Tokyo and New York, within 9.5 hours of approximately 90% of the industrialized world, and averaging approximately 805 and 870 international and domestic all-cargo landings weekly in FY 2019 and FY 2020 respectively, 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.

ANCHORAGE INTERNATIONAL CARGO AIRLINE FREIGHTER MARKETS:



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 used for express package sorting, refueling, as a 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 14) and the fact that the largest cargo operators by landed weight, Cathay Pacific at 14.4% and United Parcel Service at 13.8%, represented approximately 7.9% and 7.4%, respectively, of total AIAS operating revenues in FY 2015 (and 9.8% and 9.2%, respectively, of airline operating revenue). See, “SYSTEM FINANCIAL OPERATIONS AND RESULTS – Management Discussion of System Operating Results.”

Since 1996, the private sector has invested over \$350 million in cargo facilities at ANC and recently several applications for potential construction of new cargo facilities at ANC have been submitted and are in various stages of approval or development. Since 1996, Alaska Airlines and Northern Air Cargo have invested in excess of \$70 million in cargo facility improvements, with the 2018 construction of Alaska Airlines \$50 million Maintenance and Engineering Facility at Anchorage. The new facility is twice the size of the hangar it replaced, and can simultaneously house two Boeing 747-900 Max aircraft, which were individually too large to fit in the hangar replaced by the new facility. Alaska Airlines has also recently replaced its fleet of propeller driven Q400 passenger aircraft used primarily for certain intrastate routes within Alaska with Embraer 175 jet aircraft and has also upgraded its cargo aircraft capacity by replacing its fleet of Boeing 737-400 and 737-700 “Combi” aircraft (variably configurable to carry a combination of both passengers and cargo containers on main deck) with dedicated “all-cargo” Boeing 737-700 aircraft.

Alaska CargoPort, a third party facility developer/operator, invested approximately \$22 million in cargo apron, warehouse and distribution center facilities from 1999 to 2005. 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. In 2008, UPS opened a centralized wide-body pilot training facility at ANC. 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.

Recently, interest in cargo facility development at ANC has clearly increased with applications or proposals submitted for three significant facility development projects. A land lease was executed in FY 2020 in support of a proposed 500,000 square foot cargo transfer facility located on the west side of the airport across the north-south runway from the passenger terminals and the same developer also submitted an application for a 300,000 square foot air cargo warehouse located at the north end of the ANC airport. Costs of each of these projects are estimated to be \$170 million. Another proposal has been submitted to the ANC for a 700,000 square foot climate-controlled cargo warehouse to be located just north of the ANC passenger terminals along the east side of the north-south runway, with an estimated cost of \$200 million. FedEx Corporation has also submitted a proposal for a new \$57 million, 98,000 square foot domestic operations facility, to be located in the North Airpark at ANC.

Additional private investment has been, or continues to be made, at ANC to meet the needs of Conoco Phillips/BP shared services aviation support to Alaska's North Slope fields.

ANC Other Facilities

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 60,000 annual landings based on projections from most recent master plan study, 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 terminal radar approach control (TRACON) and air traffic control tower (ATCT) 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 land leased at the site of the former and repurposed Kulis Air National Guard base. The FAA is currently soliciting design-build proposal for the relocation and construction of new TRACON and ATCT facilities at ANC.

ANC Rental Car Facility

A rental car facility (the "ANC Rental Car Facility") is located on an approximately six-acre site at ANC, directly across from, and attached to, ANC's South Terminal. The ANC Rental Car Facility consolidates 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.

Although not obligated, in FY 2021 the System used \$3.1 million dollars of FAA CARES Act pandemic relief funds to mitigate an increase in customer facility charge of approximately 106%, effective January 1, 2021, to provide immediate rate relief to both the ANC travelling public and the rental car concessionaire businesses. See "IMPACT OF COVID-19 PANDEMIC ON THE SYSTEM – Federal Aviation Administration COVID-19 Pandemic Relief for System Airports" herein.

Bill Sheffield Alaska Railroad Corporation Depot

The Alaska Railroad Corporation (“ARRC”) completed construction of the Bill Sheffield Alaska Railroad Corporation Depot in 2002, 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.

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 562,420 and 233,504 enplanements in FY 2019 and FY 2020, respectively. It is ranked as the 128th largest airport in the United States for passenger activity and the 113th busiest for cargo traffic according to published preliminary FAA CY 2020 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, de-icing pads, and various runway lighting and air navigation systems.

FAI is served by an upgraded 146,000 square foot passenger terminal where-in regional, major domestic, and international carriers utilize a combination of six gates with four jetways owned by the System and two owned by airlines. Regional carriers are also served by two ground-loading gates, and international general aviation flights make use of a third ground-loading gate for customs clearance. The terminal is configured with 2 “swing” gates which can serve both domestic and international flight processing.

FAI is currently working on Runway 2R/20L reconstruction project and recent airline/tenant investment, including construction of a new LifeMed 16,000 square foot facility, which includes a 10,000 square foot hangar, 2 vehicle ambulance bays, office, meeting, administrative, and crew rest space, with a cost of approximately \$7 million. Omni Logistics, the largest aviation ground-handling operation at FAI, has also recently completed construction of a new \$8.3 million, 32,500 square foot facility, which includes a two-story structure with 22,500 square feet of hangar space, with administrative, training, and crew rest space.

ANC and FAI Master Plans

Both ANC and FAI most recent Master Plan updates were completed in 2014. These Master Plans were based on System forecast aviation demand developed in the 2013 AIAS Forecast Technical Report. The comprehensive studies generally indicated modest, positive, average annual growth in both passenger traffic (approximately 1.1% to 1.3% baseline for both Airports) and cargo tonnage (approximately 2.9% for ANC and 1.3% for FAI) through 2030. Near and mid-term facility requirements for both Airports are anticipated to be generally modest and for the most part, met by current or currently underway facility upgrades. More information about the respective Master Plans are available at:

ANC => http://www.ancmasterplan.com/library/ANC_MPU_ES_1212014_Final_Web_View_001.pdf.

FAI => http://pdcprojects.info/FAIMasterPlan/documents_chapters_7_2014.htm.

The reference to the above websites are not hyperlinks to these websites and such websites are not herein incorporated.

IMPACT OF COVID-19 PANDEMIC ON THE SYSTEM

The information and data contained under this heading “IMPACT OF COVID-19 PANDEMIC ON THE SYSTEM” contain “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and achievements to be different from future results, performance and

achievements expressed or implied by such forward- looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

The System cannot predict (i) the duration or extent of the Pandemic or another outbreak or pandemic; (ii) the scope or duration of future restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services to and from the System airports, or whether airlines will cease operations at the Airports or shut down in response to such restrictions or warnings; (iii) the long-term effects of Pandemic-related restrictions or warnings on air travel, including to and from the Airports, and costs and revenues of the System; (iv) the long-term effects of Pandemic-related disruptions on the local, state, national or global economy, manufacturing or supply chain, or whether such disruptions will adversely impact construction, costs, sources of funds, schedule or implementation of the System's capital improvement program or other operations of the System; (v) the extent to which the Pandemic or another outbreak or pandemic, or the resultant disruption to the local, state, national or global economy, may result in changes in demand for air travel, including long-term changes in consumer behavior, thereby negatively impacting the airlines or concessionaires serving the System, or the airline and travel industry, generally; (vi) whether or to what extent the System may provide additional deferrals, forbearances, adjustments or other changes to the System's contracts with airlines and concessionaires; or (vii) whether any of the foregoing may have a material adverse effect on the finances and operations of the System.

General Description

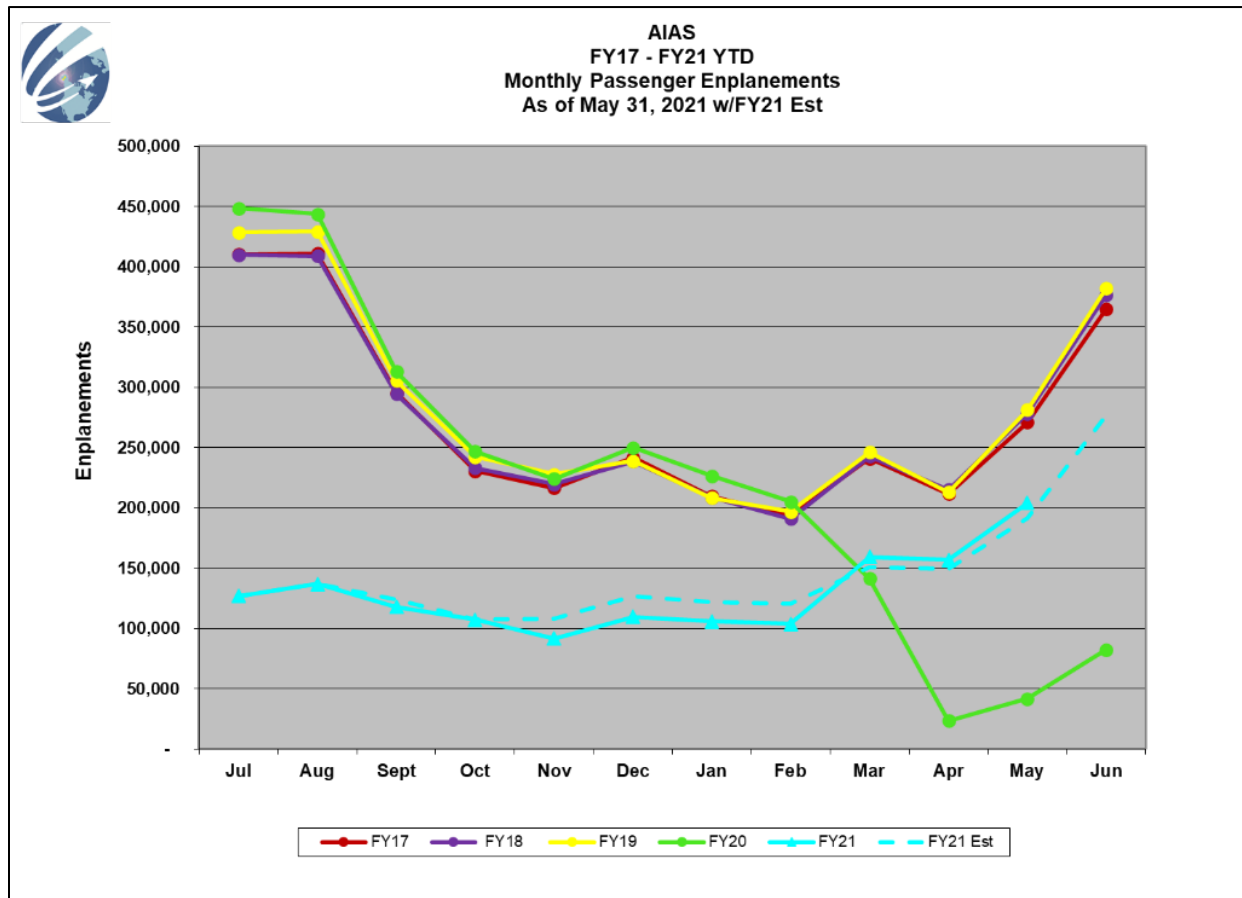
On March 11, 2020, the World Health Organization declared COVID-19 a pandemic (the “Pandemic”), resulting in restrictions that severely disrupted, and continue to disrupt, the economies of the United States and other countries. Many state and local governments in the United States and foreign governments issued “stay-at-home” and “shelter in place” orders and, at times, have closed borders and issued other travel restrictions and warnings. On January 12, 2021, the U.S. Center for Disease Control and Prevention announced a requirement for pre-departure COVID-19 testing of passengers of flights to the United States from other countries. The Pandemic, these measures and the resultant broad economic shutdown, reduced passenger volumes and number of flights at U.S. airports to unprecedented levels. Meanwhile, COVID-19, including newly identified variants, continue to spread. Although vaccines are being distributed in the United States and other countries, it is unknown whether certain restrictions will be eased, continued, reinstated or enhanced in the future. However, throughout the Pandemic, the System has continued to operate. See “—Impact on COVID-19 Pandemic on the Airports System” below.

The United States government, the Federal Reserve Board, and foreign government are taking statutory and regulatory actions and implementing other measures to mitigate the broad disruptive effects of the Pandemic on the United States and global economies. See “—Federal Aviation Administration COVID-19 Pandemic Relief for System Airports” below.

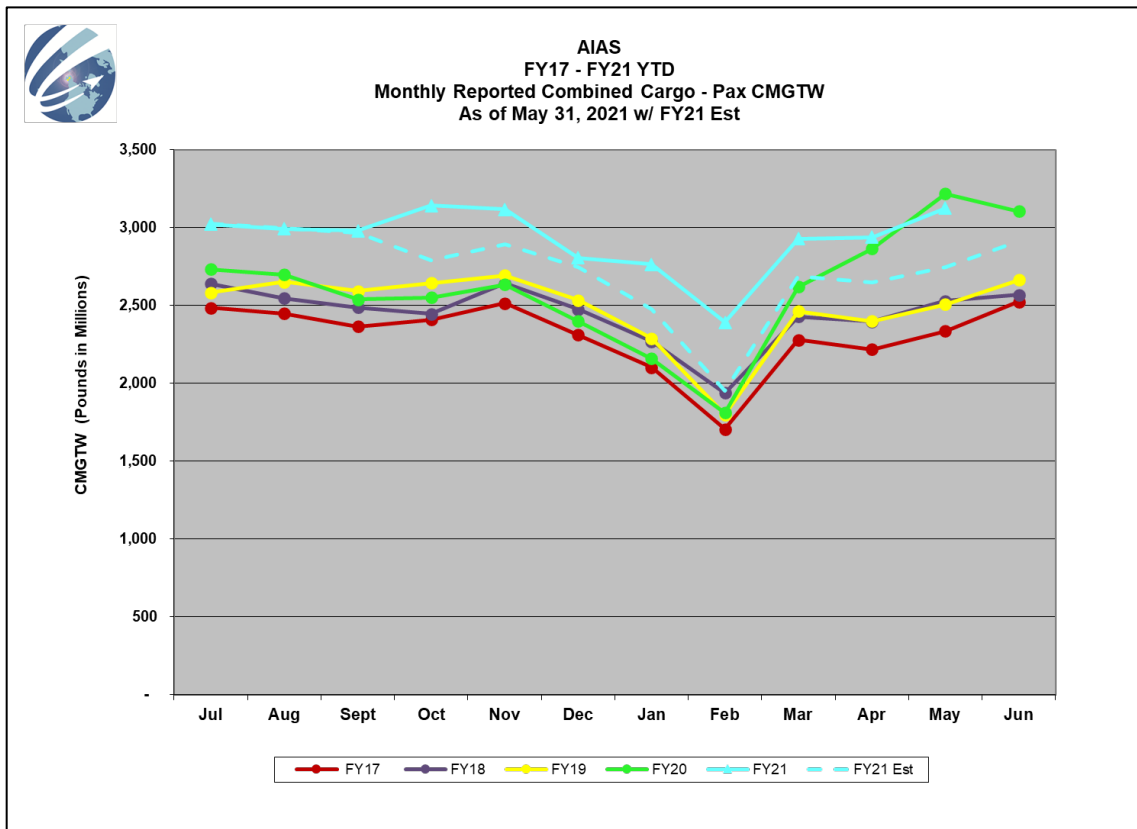
Impact of COVID-19 Pandemic on the Airport System

The Pandemic has caused significant reductions in domestic and international passenger air travel globally and has had significant negative and disruptive effects on the economies of the State of Alaska, the nation, and the world. The System experienced reductions to passenger air travel like that experienced by most North American airports from the Pandemic, however over the same period the System also experienced a significant surge in international air cargo movements, also due to the impact of the global Pandemic

The graphs below represent System passenger enplanements and combined cargo and passenger airline aircraft certified maximum take-off weight (CMGTW) activity from July 1, 2016, through May 31, 2021, and indicate the timing and impact of COVID-19 Pandemic on System operations beginning in March and April of 2020.



In April 2020, the System passenger enplanements level declined by nearly 90% relative to the April 2019 level, due to COVID-19. This was the largest monthly percentage decline relative to the same month in FY 2019 over the course of the Pandemic to-date. Subsequently, passenger enplanement levels have continued to grow back towards FY 2019 levels, with May 2021 level at approximately 73% of May 2019 level. Unless improvement in global control of the COVID-19 Pandemic falters from recent apparent gains caused by implementation of vaccination programs or for other reasons, restoration of tourist cruise ship activity in Alaska may begin to occur in July through September of 2021 and, if continued, the summer of 2022 may result in near return to July 2019 System passenger enplanement levels.



CMGTW is highly correlated to the System’s airfield primary operating revenue streams – landing fees, fuel flowage fees, and aircraft parking fees. Notwithstanding the significant reduction in passenger airline aircraft movements due to COVID-19, the System experienced a significant increase in net combined cargo and passenger airline CMGTW beginning in April of 2020 due to an increase in global air cargo aircraft movements. The increase was due not only to increased air cargo movement of personal protective medical supplies caused by the COVID-19 Pandemic, but also to increased e-commerce activity, as well as from the dislocation of international trans-Pacific passenger airline aircraft “belly-hold” cargo capacity resulting from COVID-19 impact on international passenger movements.

The United States, states and local governments and governments of other countries have at times closed borders to non-essential travel and issued other travel restrictions and warnings, such as requiring travelers to self-isolate or quarantine for up to 14 days upon arrival, further depressing air travel demand. Government officials at the federal, state and local levels have asked people to take actions to slow the spread of COVID-19 including, among other things, avoiding discretionary travel and self-isolating for a period of time after travel. On January 12, 2021, the U.S. Centers for Disease Control and Prevention announced a requirement for pre-departure COVID-19 testing of passengers on flights to the United States from other countries. Some state and local governments have required people arriving from other states or regions in the U.S. either to have received a negative COVID-19 test and/or to quarantine. Various state and local governments have at times issued directives for people to avoid social gatherings and stay at home except to meet essential needs or to work to provide essential services (“stay-at-home directives”) and have restricted the operation of certain types of businesses such as restaurants, hair salons and gyms. Although vaccines are in the early stages of distribution and to-date appear to be beginning to have an impact on the frequency and severity of COVID-19 infections, it is unknown when the COVID-19 pandemic will be deemed fully under control and whether restrictions, variant resurgences, or other impacts on passenger travel will continue for the foreseeable future.

Actions taken by the System to maintain its operational capacities, support airline customers, System tenants, and the traveling public over the course of the COVID-19 Pandemic included implementing the Governor of Alaska’s order waiving Airports concession rents for March 2020, implementing an airline rates and fees payment deferral program for the months of April, May, and June of 2020, reducing airline airfield rates and fees effective January 1, 2021, directing \$3.1 million of FAA CARES Act Pandemic relief funds to help pay debt service on bonds issued to finance the ANC rental car center in order to mitigate an increase of more than 100% in passenger facility fees paid by the traveling public which was required effective January 1, 2021. The Airports both implemented limited expense reduction efforts, enhanced cleaning, health and safety procedures, and engaged with other State agencies to provide COVID-19 testing and vaccination programs

at the Airports for System and airline employees and the traveling public as well. The System has not, however, waived or forgiven rents or fees over the course of the Pandemic.

The COVID-19 Pandemic related decline in System passenger movements resulted in significant FY 2020 and FY 2021 revenue losses from reduced concession activity sales for terminal food and beverage, retail, vehicle parking, and rental car operations. However most terminal and land rent revenue streams were not as significantly impacted. The increase in revenues from the increase in cargo operations experienced by the System during the COVID-19 Pandemic, along with significant pandemic relief provided by FAA pandemic relief airport grant programs have allowed the System to meet Bond Resolution covenants and corresponding debt service obligations for FY 2020 and FY 2021.

The System has experienced and may continue to experience decreases in aviation and non-aviation revenues as a result of the COVID-19 Pandemic, which to date has been significantly offset by federal relief funding. Much of the System revenue depends on the level of aviation activity and passenger traffic at the Airports, and the ability of the System to derive revenues from operations depends upon the financial health of the airlines serving the Airports and the airline industries as a whole.

Federal Aviation Administration COVID-19 Pandemic Relief for Airports

The federal Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) became law on March 27, 2020 and provides two types of funding for airports. Direct aid for airports to reimburse amounts spent for any lawful airport purpose, was included in the CARES Act. On April 29, 2020, the System executed grant agreement with the FAA for approximately \$33.1 million of such direct aid funds. As of June 22, 2021, the System has requested, received, or anticipates receipt of a total of \$23.0 million in CARES Act reimbursement. The System expects to use the entire \$33.1 million of CARES Act funds by the end of FY 2022 and apply these funds to offset operation and maintenance expenses and debt service. In addition, the CARES Act included a provision increasing the federal share of federal fiscal year 2020 (ended September 30, 2020) Airport Improvement Program (“AIP”) grants to 100 percent.

All airports receiving funds under the CARES Act were required to continue to employ, through December 31, 2020, at least 90 percent of the number of individuals employed (after making adjustments for retirements or voluntary employee separations) at the sponsored airports as of the date of enactment of the CARES Act. The FAA requires CARES Act grantees to submit quarterly reports of employment levels. The System has complied with maintaining the required employment levels and fulfilling the reporting obligations.

The Coronavirus Response and Relief Supplemental Appropriations Act (the “CRRSAA”), which became law on December 27, 2020, provides additional direct aid for airports. This relief grant program includes federal funding for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments, and relief from rent and minimum annual guarantees to on-airport car rental, on-airport parking, and in-terminal airport concessions located at “primary” airports, including the System. On May 3 and May 6, 2021, the System executed grant agreements with the FAA to secure approximately \$18.3 million of direct aid and concession relief reimbursement funds. As of June 22, 2021, the System has not requested receipt of any portion of the CRRSAA grants. The System expects, however, to spend the entire \$18.3 million of CRRSAA Act funds by the end of FY 2022 and use these funds to pay operation and maintenance expenses and debt service on outstanding AIAS revenue bonds.

The American Rescue Plan Act (the “ARPA”), which became law on March 11, 2021, provides additional FAA COVID-19 Pandemic relief for airports including federal funding for primary airports for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments, as well as funding for primary airports to provide relief from rent and minimum annual guarantees to airport concessions. On June 22, 2021, the FAA announced proposed allocations for airports of ARPA funds which included an allocation of approximately \$52.4 million for the System, comprised of \$49.6 million of direct support and \$2.8 million of concession reimbursements. The System estimates it will apply for ARPA grants and receive amounts for which it is eligible prior to funding deadline of September 30, 2024.

The ARPA also increases to 100 percent the federal share for all airport development project grants awarded in federal fiscal year (“FFY”) 2020-21, and all grants awarded in FFY 2019-20 with less than a 100-percent federal share.

All airports receiving funds under the ARPA are required to continue to employ, through September 30, 2021, at least 90 percent of the number of individuals employed (after making adjustments for retirements or voluntary employee separations) at the sponsored airport as of March 27, 2020 (the date of enactment of the CARES Act).

Future legislation may be introduced in the United States Congress that would provide new and/or additional financial relief to individuals, businesses and organizations affected financially by the COVID-19 Pandemic and related restrictions on activity, including potential additional relief to airlines and airports. The Airport System cannot predict whether additional federal financial support will be made available to airports (including the Airports) or airlines in the future, under what conditions, or whether the System would accept any such available support.

Bankruptcy Filings

On April 5, 2020, Ravn Air Group, Inc., and seven affiliated debtors, filed a Voluntary Petition with the United States Bankruptcy Court under Chapter 11 of the Bankruptcy Code.

On May 22, 2020, The Hertz Corporation (which includes Hertz Car Rental, Dollar Car Rental and Thrifty Car Rental) filed a Voluntary Petition with the United States Bankruptcy Court under Chapter 11 of the Bankruptcy Code. The post-petition entity continues to pay ground rent under the existing concession agreement. **[please review and revise, as appropriate.]**

On May 27, 2020, Advantage Holdco, Inc. (which includes Advantage Rent a Car and E-Z Rent-A-Car) filed a Voluntary Petition with the United States Bankruptcy Court under Chapter 11 of the Bankruptcy Code. **[Please explain status at the airports – regarding receipt of payments – if applicable.]**

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

TABLE 1
EMPLOYMENT IN THE ANCHORAGE REGION BY SECTOR
CY 2019

INDUSTRY		
Services & Miscellaneous		44.5%
<i>Educational & Health Services</i>	17.5	
<i>Leisure & Hospitality</i>	11.8	
<i>Professional & Business Services</i>	11.6	
<i>Other Services</i>	3.6	
Government		18.1
<i>Local</i>	6.2	
<i>State</i>	6.5	
<i>Federal</i>	5.5	
Trade/Transportation/Utilities		21.7
<i>Wholesale Trade</i>	3.3	
<i>Retail Trade</i>	11.0	
<i>Transportation/Warehouse/Public Utilities</i>	7.4	
Construction		5.1
Finance/Information		7.3
Natural Resources & Mining		1.9
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
CY 2019

INDUSTRY		
Services & Miscellaneous		36.4%
<i>Educational & Health Services</i>	14.5	
<i>Leisure & Hospitality</i>	12.0	
<i>Professional & Business Services</i>	7.2	
<i>Other Services</i>	2.7	
Government		27.5
<i>Local</i>	7.4	
<i>State</i>	11.9	
<i>Federal</i>	8.2	
Trade/Transportation/Utilities		20.4
<i>Wholesale Trade</i>	1.7	
<i>Retail Trade</i>	12.5	
<i>Transportation/Warehouse/Public Utilities</i>	6.2	
Construction		7.2
Finance/Information		4.3
Natural Resources & Mining		2.7
Manufacturing		1.5
TOTAL EMPLOYMENT		100.0%

Totals may not add due to rounding.

Source: Alaska Department of Labor and Workforce Development

Population Trends

In 2019, the estimated population of Anchorage and the Mat-Su Borough (together, the “Anchorage Region”), was 398,283. This accounted for approximately 54.5% of the State’s estimated 731,007 residents.* The Anchorage Region is the leading trade, supply, banking and communications center of the State. 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 statewide in Alaska was approximately 5.5%, 11.8% and 6.7% as of April 2019, 2020 and 2021, respectively⁺.

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 2015-2019

<u>Year</u>	<u>Anchorage Region⁽²⁾</u>	<u>Interior Region⁽³⁾</u>	<u>Total Area</u>	<u>State of Alaska</u>	<u>United States (millions)</u>
2015	398,597	112,888	511,485	736,989	320.74
2016	401,582	113,235	514,817	739,649	323.07
2017	402,110	112,020	514,130	737,783	325.12
2018	399,902	110,904	510,816	734,055	326.84
2019	398,283	109,847	508,130	731,007	328.33

(1) Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and U.S. Census 2015-2019.

(2) Anchorage Region includes the Matanuska-Susitna Borough.

(3) Interior Region includes the Fairbanks North Star Borough, Southeast Fairbanks Census Area, Denali Borough, and Yukon-Koyukuk Census Area.

Overview of Alaska Economy

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.

Income. In 2018 and 2019, Alaska had a median household income of \$75,545 (ranking 9th) and \$75,463 (ranking 13th) in the United States respectively.¹

Employment. Alaska Department of Labor and Workforce Development data shows the unemployment rate (seasonally adjusted) for Alaska for August 2018 and 2019 respectively was 5.8% and 7.2%, as compared to a national unemployment rates for the same periods of 3.8% and 3.7%. Historically Alaska’s unemployment has exceeded the national rate.²

Tourism. Between October 2016 and September 2017, Alaska received 2.2 million visitors, a 3.2% increase from the same period in 2015-16, and which represented the third year in a row of all-time high.³

Visitor volumes (2015-2016 = 2.17 million and 2014-2015 = 2.07 million). Most visitors to Alaska travel either by cruise ship or by air. During the survey study period, October 2016 through September 2017, 49 percent of visitors traveled by cruise ship, 47 percent were air visitors (entered *and* exited the state by air), and 4 percent were highway/ferry visitors

* Alaska Department of Labor and Workforce Development

⁺ US Bureau of Labor Statistics, local area Unemployment Statistics, seasonally adjusted.

¹ United States Census Bureau; Household Income: 2019 – American Community Survey Briefs, September 2020, ACSBR/20-03.

² Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics.

³ Alaska Visitor Statistics Program – The Economic Impacts of Alaska’s Visitor Industry (2017). Prepared for the State of Alaska Department of Economic Development by McDowell Group.

(entered *or* exited the state by highway or ferry). Alaska visitor volume increased fairly steadily from the “great recession” low of 1.77 million visitors experienced in 2009-2010 through 2016-2017, by 27%.³

Significant decreases in world crude oil prices will likely have both positive and negative impacts on AIAS operations if sustained, given that any negative impacts to State employment and State operating budgets may dampen demand for intra-state and leisure travel originating from Alaska. However, as jet fuel costs are highly correlated to crude oil prices and represent a significant component of both cargo and passenger airline operating costs, lower operating costs may in turn be stimulative to the large component of tourism travel into Alaska as well as to trans-Pacific air cargo traffic which constitutes a large portion of AIAS annual operating revenue.

See, “APPENDIX H – Summary Information Regarding the Economy of the State” for additional information regarding the State of Alaska economy.

AVIATION ACTIVITIES AND ACTIVITY LEVELS

Anchorage Passenger Activity

Enplaned passenger activity at ANC has increased from approximately 2.4 million in FY 2011 to approximately 2.8 million in FY 2019, an average compound annual growth rate of approximately 2.0%. In FY 2020, attributable to the COVID-19 pandemic, ANC experienced a decline of approximately 626 thousand passenger enplanements, a reduction of approximately 26% from FY 2019.

Set forth on the following page are tables showing passenger activity levels for the fiscal years ended June 30, 2011 through 2020 for ANC. Total passengers include passenger enplanements, passenger deplanements and in-transit passengers.

TABLE 4
Anchorage International Airport
ANNUAL PASSENGER ACTIVITY
(Thousands)

<u>Fiscal Year</u>	<u>Passenger Enplanements</u>	<u>Passenger Deplanements</u>	<u>In-Transit</u>	<u>Total*</u>
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
2016	2,775	2,764	19	5,558
2017	2,726	2,725	27	5,479
2018	2,742	2,732	25	5,499
2019	2,824	2,820	49	5,693
2020	2,198	2,177	37	4,412

*Totals may not add due to rounding.

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

TABLE 5
Anchorage International Airport
ANNUAL PASSENGER ENPLANEMENTS
(Thousands)

<u>Fiscal Year</u>	<u>Domestic Enplanements</u>	<u>International Enplanements</u>	<u>Total*</u>
2011	2,436	20	2,456
2012	2,461	32	2,493
2013	2,435	34	2,469
2014	2,513	34	2,547
2015	2,633	35	2,668
2016	2,742	33	2,775
2017	2,691	35	2,726
2018	2,705	37	2,742
2019	2,785	40	2,825
2020	2,169	29	2,198

* 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 2005, it was estimated that approximately 67.2% of total scheduled domestic enplanements at ANC would technically be considered traditional O&D. System management believes the 2005 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, notwithstanding the recent global disruption from COVID-19 pandemic. 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.

Prior to the COVID-19 pandemic, most ANC passenger enplanements have been domestic and most seasonal scheduled international passenger service being provided by airlines such as Air Canada, Icelandair, Condor Flugdienst GmbH, and seasonal charter service provided by carriers including Korean Airlines, Japan Airlines, and Air North Partnership.

ANC Top Five Non-Stop Destinations. According to USDOT T100 Segment Data, in CY 2019, the top five (5) direct service passenger destinations for ANC were (1) Seattle, Washington, (2) Fairbanks, Alaska, (3) Minneapolis, Minnesota, (4) Juneau, Alaska, (5) Portland, Oregon, and (5) Chicago, Illinois.

ANC Top Ten Passenger Airlines. The list below sets forth the top ten (10) ANC passenger airlines by number of their ANC passenger enplanements for CY 2019 and CY 2020, with CY 2020 data highlighting the impact of the COVID-19 pandemic on ANC Passenger movements.

TABLE 6
Anchorage International Airport
TOP TEN PASSENGER AIRLINES
(CY 2019 with CY 2020 Comparative Enplanements)

	<u>CY 2019</u>	<u>CY 2020</u>
Alaska Airlines Inc. (Includes Horizon)	1,872,412	900,126
Delta Air Lines Inc.	321,141	127,138
Corvus Airlines Inc.	266,957	46,466
United Air Lines Inc.	155,684	36,053
Conoco Phillips Alaska, Inc. (Includes Non-Scheduled)	80,913	27,489
American Airlines Inc.	49,014	-
Sun Country Airlines Inc.	29,870	7,836
Grant Aviation (Includes Non-Scheduled)	24,696	24,827
Air Canada	24,595	-
JetBlue Airways Corporation	<u>20,103</u>	-
	2,845,385	1,169,935

* Totals may not add due to rounding.

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

Fairbanks Passenger Activity

According to System data, the number of enplaned passengers at FAI in FY 2019 and FY 2020 were 577,961 and 450,812, respectively. From FY 2011 to FY 2019, total enplanements grew from approximately 471 thousand to 580 thousand, at an AACGR of approximately 2.7%. In FY 2020, attributable to the COVID-19 pandemic, FAI experienced a decline of approximately 124 thousand passenger enplanements, a reduction of approximately 22% from FY 2019.

Set forth below are tables showing passenger activity levels for FY 2010 through FY 2020 at FAI. Total passengers include passenger enplanements, passenger deplanements and in-transit passengers.

TABLE 7
Fairbanks International Airport
ANNUAL PASSENGER ACTIVITY
(Thousands)

<u>Fiscal Year</u>	<u>Enplanements</u>	<u>Deplanements</u>	<u>In-Transit</u>	<u>Total*</u>
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
2016	547	548	24	1,119
2017	573	576	23	1,172
2018	576	580	24	1,180
2019	580	588	24	1,192
2020	451	449	1	901

* Totals may not add due to rounding.

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

TABLE 8
Fairbanks International Airport
ANNUAL PASSENGER ENPLANEMENTS
(Thousands)

<u>Fiscal Year</u>	<u>Domestic</u>	<u>International</u>	<u>Total*</u>
2011	465	6	471
2012	462	6	468
2013	472	7	479
2014	486	11	497
2015	498	12	510
2016	540	7	547
2017	563	10	573
2018	566	10	576
2019	572	8	580
2020	446	5	451

* Totals may not add due to rounding.

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

FAI Top Five Non-Stop Destinations. According to USDOT T100 Segment Data, in CY 2019, the top five (5) direct (non-stop) passenger destinations for FAI were (1) Anchorage, Alaska, (2) Seattle, Washington, (3) Deadhorse, Alaska, (4) Minneapolis, Minnesota, and (5) Barrow, Alaska.

FAI Top Ten Passenger Airlines. Table 9 below sets forth the top ten (10) FAI passenger airlines, respective passenger enplanements, for CY 2019, with comparative CY 2020 data highlighting the impact of the COVID-9 pandemic on FAI passenger movements.

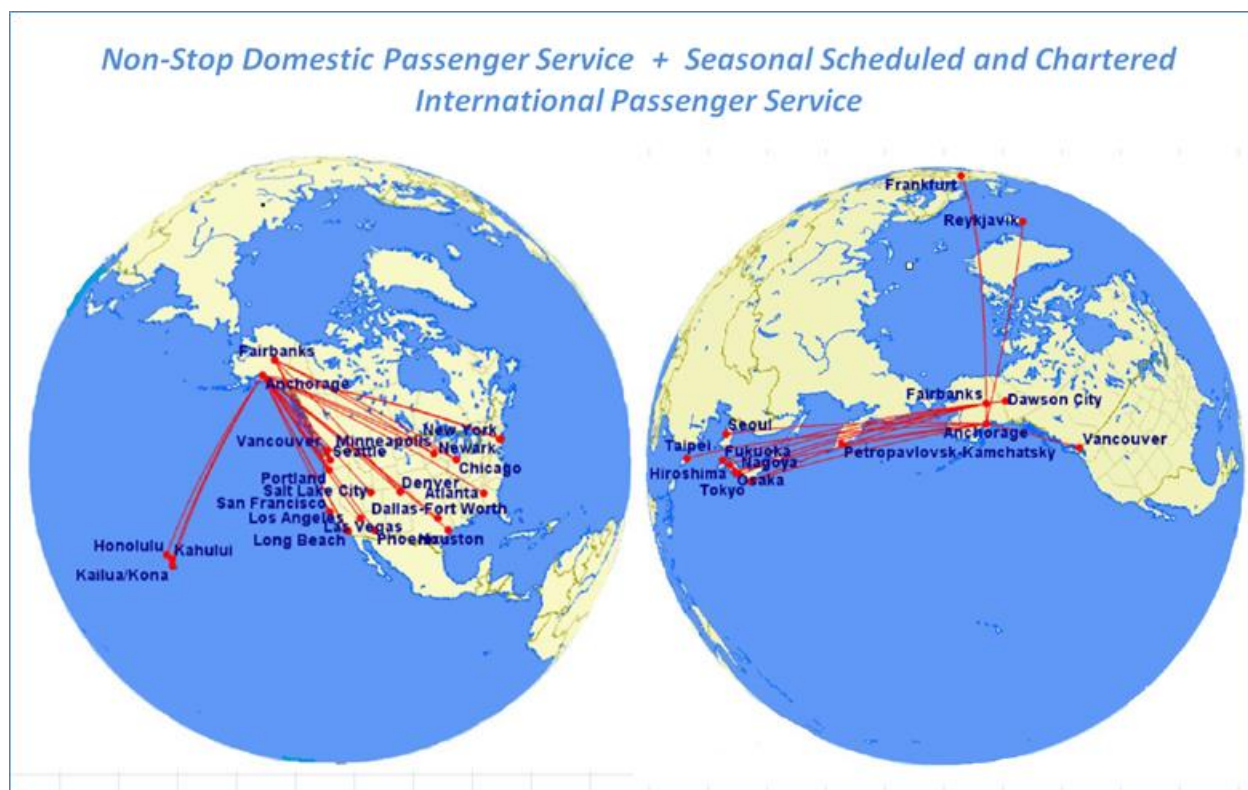
TABLE 9
Fairbanks International Airport
TOP TEN PASSENGER AIRLINES
(CY 2019 with CY 2020 Comparative Enplanements)

	<u>CY 2019</u>	<u>CY 2020</u>
Alaska Airlines Inc. (Includes Horizon)	425,100	194,128
Delta Air Lines Inc.	61,243	21,505
Wright Air Service (Includes Non-Scheduled)	29,524	14,170
United Air Lines Inc.	22,545	-
Corvus Airlines Inc.	8,810	4,695
Warbelow's Air Ventures Inc.	6,083	2,694
Air North Partnership Ltd.	2,391	-
Tatonduk Outfitters Limited	2,316	1,741
Conoco Phillips Alaska Inc. (Includes Non-Scheduled)	1,621	55
Condor Flugdienst GmbH	1,172	-
	585,039	293,793

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

System Passenger Service.

The maps below show CY 2019 direct (non-stop) scheduled domestic passenger service and charter international passenger service from and to ANC and FAI. The source for this information is US DOT BTS T100 CY 2014. Segment Data, map graphics from Greater Circle Mapper.



Anchorage Cargo Activity

The primary advantage ANC offers international air cargo carriers remains the increased revenue yield per flight available from the added payload that trans-Pacific 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.

The average number of all-cargo aircraft landings at ANC increased from approximately 805 per week in FY 2019 to approximately 870 in FY 2020. During that same period, annual all-cargo certificated maximum gross takeoff weight at ANC (measured in 1,000 lb. units) increased from 24,202,128 million to 26,557,174 million for pounds an increase of 9.7%. This increase has been driven by both increased global e-commerce as well as cargo traffic levels that are closely correlated with global economic conditions, including increases in COVID-19 pandemic supplies such as PPE in the last three months of FY 2020.

International Cargo Traffic. The list of international cargo operators at ANC in Table 14 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 2020 Top 50 International Airports. Over 40 Asian and North American cities are now linked by direct cargo flights to and from ANC.

Federal Legislation. 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.

Air Cargo Facilities. 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 10
Anchorage International Airport
ANNUAL ALL-CARGO AIRCRAFT LANDINGS

<u>Fiscal Year</u>	<u>Domestic</u>	<u>International</u>	<u>Total</u>
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	19,894	17,373	37,267
2016	19,608	17,896	37,504
2017	24,590	14,223	38,813
2018	26,950	14,317	41,267
2019	28,154	13,745	41,899
2020	31,264	13,988	45,252

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

TABLE 11
Anchorage International Airport
ANNUAL ALL-CARGO AIRCRAFT CERTIFICATED
MAXIMUM GROSS TAKEOFF WEIGHT
(Millions of pounds)

<u>Fiscal Year</u>	<u>Domestic</u>	<u>International</u>	<u>Total</u>
2011	8,213	17,002	25,215
2012	7,519	15,011	22,530
2013	6,661	14,786	21,447
2014	6,057	14,603	20,660
2015	6,235	15,736	21,971
2016	5,517	16,246	21,763
2017	9,390	12,888	22,278
2018	11,012	12,897	23,909
2019	12,599	11,603	24,202
2020	14,056	12,501	26,557

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 en route 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 12
Fairbanks International Airport
ANNUAL ALL-CARGO AIRCRAFT LANDINGS

<u>Fiscal Year</u>	<u>Domestic</u>	<u>International</u>	<u>Total</u>
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
2016	2,320	2	2,322
2017	2,473	4	2,477
2018	2,644	15	2,659
2019	2,547	2	2,549
2020	2,313	2	2,315

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

TABLE 13
Fairbanks International Airport
ANNUAL ALL-CARGO AIRCRAFT CERTIFICATED
MAXIMUM GROSS TAKEOFF WEIGHT
(Thousands of pounds)

<u>Fiscal Year</u>	<u>Domestic</u>	<u>International</u>	<u>Total</u>
2011	156	59	215
2012	132	6	138
2013	129	14	143
2014	126	17	143
2015	137	3	140
2016	116	2	118
2017	126	4	130
2018	120	12	132
2019	107	3	110
2020	85	2	87

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

Airline Service

The following tables list the air carriers reporting passengers and/or cargo movements at the Airports through FY 2020.

TABLE 14
Anchorage International Airport
COMMERCIAL AIR CARRIERS^(*)
As of June 30, 2019 (Some service is 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.
Sun Country Airlines
United Airlines, Inc.

Grant Aviation, Inc.

Scheduled International Passenger Service

Air Canada
Condor Flugdienst, GmbH (Seasonal)

Icelandair (Seasonal)

Non-Scheduled Passenger Service

Alascom
Atlas Air, Inc.
 GCI Communications, Inc.
 ConocoPhillips Alaska, Inc./BP Exploration (Alaska) Inc.
 Dena'ina Air Tax, LLC
 Guardian Flight, Inc.

Iliamna Air Taxi, Inc.
National Air Cargo Group, Inc.
 Omni Air International
 Security Aviation, Inc.

All-Cargo Operators

Air China Cargo Company Ltd
Air Transport International
Airbridge Cargo Airlines, LLC
Alaska Airlines, Inc.
Alaska Central Express, Inc.
 All Nippon Airways Co. Ltd
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 Co. Ltd.
Corvus Airlines, Inc.
 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
National Air Cargo Group, Inc.
Nippon Cargo Airlines
Northern Air Cargo, Inc.
Polar Air Cargo Worldwide, Inc.
 Qantas Airways, Ltd.
Singapore Airlines Cargo PTE, Ltd.
Sky Lease I, Inc.
 Southern Air, Inc.
Sun Country Airlines, Inc.
Suparna Airlines Co., Ltd.
Tatonduk Outfitters, Ltd.
 Transnorthern Aviation, LLC
United Parcel Service
 Volga-Dnepr Cargo Airline
Western Global Airlines

(*) Bold type indicates Airline is signatory to the current AIAS Passenger Terminal Lease and Operating Agreement, see discussion of Operating Agreement below.

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

TABLE 15
Fairbanks International Airport
COMMERCIAL AIR CARRIERS⁽¹⁾
As of June 30, 2019 (Some service is seasonal)

Scheduled Domestic Passenger Service

40 Mile Air Ltd.
Alaska Airlines, Inc.
Corvus Airlines, Inc.
Delta Air Lines, Inc.
Sun Country Airlines, Inc.

Tatonduk Outfitters, Ltd.
United Airlines, Inc.
Warbelow's Air Ventures, Inc.
Wright Air Service, Inc.

Scheduled International Passenger Service

Condor Thomas Cook

Non-Scheduled Passenger Service

Air North Partnership
ConocoPhillips Alaska, Inc./BP Exploration (Alaska) Inc.

Guardian Flight, Inc.
Life Med

All-Cargo Operators

Alaska Airlines, Inc.
Alaska Central Express, Inc.
Corvus Airlines, Inc.
Empire Airlines, Inc.
Everts Air Fuel, Inc.

Lynden Air Cargo, LLC
Tatonduk Outfitters, Ltd.
Transnorthern Aviation, LLC
Wright Air Service, Inc.

(1) Bold type indicates Airline is signatory to the current AIAS Passenger Terminal Lease and Operating Agreement, see discussion of Operating Agreement below.

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

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Top 10 CY2014 East Bound Cargo Freighter Flight Originations & Destinations by Carrier

Data source => USDOT BTS 2014 T100 Segment Data / Map Graphic Great Circle Mapper; <http://www.gcmap.com>

ANC "Top Ten" East-Bound Cargo Arrival Originations by Airline

			Air China	Alliana Airlines Inc.	Atlas Air Inc.	Cathay Pacific Airways Ltd.	China Airlines Ltd.	China Cargo Airline	Eva Airway	Federal Express Corporation	Kalitta Air LLC	Korean Air Lines Co. Ltd.	Nippon Cargo Airlines	Polar Air Cargo Airlines	Qantas Airways	Singapore Airlines Ltd.	Southern Air Inc.	United Parcel Service
25%	HKG - ANC	Hong Kong, Hong Kong	-	-	10%	49%	-	-	2%	-	-	-	12%	-	7%	3%	16%	
21%	TPE - ANC	Taipei, Taiwan	-	-	-	43%	-	37%	9%	-	-	-	-	-	-	-	11%	
19%	ICN - ANC	Seoul, South Korea	-	2%	6%	-	-	-	12%	-	55%	-	8%	-	-	-	16%	
16%	PVG - ANC	Shanghai, China	10%	-	18%	-	20%	-	1%	8%	-	13%	9%	-	4%	15%		
8%	NRT - ANC	Tokyo, Japan	-	-	1%	-	-	-	12%	-	-	54%	4%	-	-	-	28%	
3%	KIX - ANC	Osaka, Japan	-	-	-	-	-	-	31%	-	-	-	-	-	-	-	68%	
2%	SZX - ANC	Shenzhen, China	-	-	-	-	-	16%	-	-	-	-	-	-	-	-	84%	
2%	NGO - ANC	Nagoya, Japan	-	-	99%	-	-	-	-	-	-	-	-	-	-	-	-	
0%	CGO - ANC	Zhengzhou, China	-	-	100%	-	-	-	-	-	-	-	-	-	-	-	-	
0%	TSN - ANC	Tianjin, China	-	-	100%	-	-	-	-	-	-	-	-	-	-	-	-	
97%	"Top Ten" ANC EB Arrival Originations																	

ANC "Top Ten" East-Bound Cargo Departure Destinations by Airline

			Air China	Alliana Airlines Inc.	Atlas Air Inc.	Cathay Pacific Airways Ltd.	China Airlines Ltd.	China Cargo Airline	Eva Airway	Federal Express Corporation	Kalitta Air LLC	Korean Air Lines Co. Ltd.	Nippon Cargo Airlines	Polar Air Cargo Airlines	Qantas Airways	Singapore Airlines Ltd.	Southern Air Inc.	United Parcel Service
24%	ANC - ORD	Chicago, IL	3%	2%	13%	10%	12%	13%	9%	-	2%	12%	17%	-	3%	-	3%	-
15%	ANC - SDF	Louisville, KY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100%
11%	ANC - LAX	Los Angeles, CA	-	-	6%	25%	-	15%	-	-	29%	-	16%	-	8%	-	-	
7%	ANC - CVG	Cincinnati, OH	-	-	19%	-	-	-	-	-	-	-	70%	-	-	-	11%	-
7%	ANC - MEM	Memphis, TN	-	-	-	-	-	-	100%	-	-	-	-	-	-	-	-	-
7%	ANC - DFW	Dallas/Fort Worth, TX	8%	-	-	33%	1%	30%	-	-	10%	5%	-	-	12%	-	-	-
7%	ANC - JFK	New York, NY	6%	-	11%	25%	34%	8%	-	-	5%	-	10%	-	-	-	-	-
6%	ANC - MIA	Miami, FL	-	-	4%	37%	25%	-	-	-	35%	-	-	-	-	-	-	-
6%	ANC - ATL	Atlanta, GA	-	-	-	37%	-	19%	-	-	43%	-	-	-	-	-	-	-
4%	ANC - ONT	Ontario, CA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100%
92%	"Top Ten" ANC EB Departure Destinations																	



Top 10 CY2014 West Bound Cargo Freighter Flight Originations & Destinations by Carrier

Data source => USDOT BTS 2014 T100 Segment Data / Map Graphic Great Circle Mapper; <http://www.gcmap.com>

"Top Ten" ANC West Bound Cargo Arrival Originations by Airline

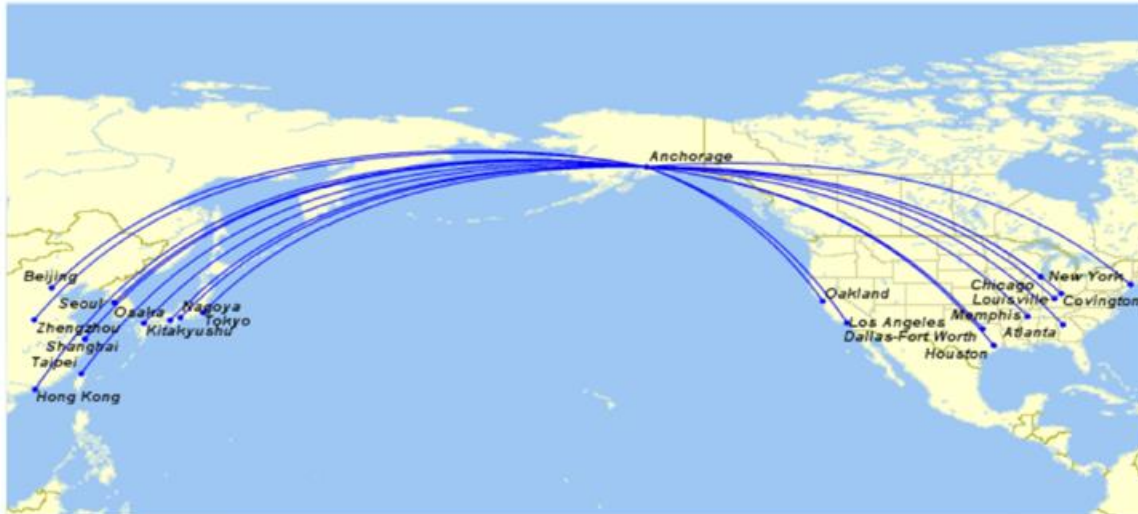
			Air China	All Nippon Airways Inc.	All Nippon Airways Inc.	China Pacific Airways Ltd.	China Airlines Ltd.	China Cargo Airlines	Eva Airways Corporation	Federal Express Corporation	Kulita Air LLC	Korean Air Lines Co. Ltd.	Nippon Cargo Airlines	Polar Air Cargo Airways	Singapore Airlines Ltd.	Southwest Air Inc.	United Parcel Service
19%	ORD - ANC	Chicago, IL	2%	2%	-	24%	15%	24%	16%	-	-	1%	12%	-	-	5%	-
13%	SDF - ANC	Louisville, KY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100%
12%	MEM - ANC	Memphis, TN	-	-	-	-	-	-	-	99%	-	-	-	-	-	-	-
8%	BKE - ANC	New York, NY	9%	-	-	12%	24%	-	9%	-	-	26%	20%	-	-	-	-
7%	DFW - ANC	Dallas/Fort Worth, TX	-	-	-	-	40%	-	17%	-	-	26%	10%	-	-	-	-
6%	CVG - ANC	Cincinnati, OH	-	-	11%	-	-	-	-	-	10%	-	-	79%	-	-	-
5%	ATL - ANC	Atlanta, GA	-	-	-	54%	2%	-	35%	-	-	9%	-	-	-	-	-
4%	OAK - ANC	Oakland, CA	-	-	-	-	-	-	100%	-	-	-	-	-	-	-	-
4%	IAH - ANC	Houston, TX	-	-	-	66%	31%	-	-	-	-	-	-	-	-	-	-
3%	LAX - ANC	Los Angeles, CA	-	-	1%	25%	-	-	55%	-	-	-	-	15%	2%	-	-

82% "Top Ten" ANC WB Arrival Originations

"Top Ten" ANC West-Bound Cargo Departure Destinations by Airline

			Air China	All Nippon Airways Inc.	All Nippon Airways Inc.	China Pacific Airways Ltd.	China Airlines Ltd.	China Cargo Airlines	Eva Airways Corporation	Federal Express Corporation	Kulita Air LLC	Korean Air Lines Co. Ltd.	Nippon Cargo Airlines	Polar Air Cargo Airways	Singapore Airlines Ltd.	Southwest Air Inc.	United Parcel Service
26%	ANC - HKG	Hong Kong, Hong Kong	-	-	-	3%	63%	-	-	6%	2%	-	-	10%	-	-	16%
21%	ANC - TPE	Taipei, Taiwan	-	-	-	-	47%	-	45%	8%	-	-	-	-	-	-	-
16%	ANC - NRT	Tokyo, Japan	-	-	-	-	-	-	35%	-	-	30%	4%	-	-	-	30%
16%	ANC - ICN	Seoul, South Korea	-	-	2%	2%	-	-	16%	-	-	38%	11%	-	-	-	30%
9%	ANC - KIX	Osaka, Japan	-	-	-	-	-	-	17%	46%	-	-	-	-	-	-	36%
9%	ANC - PVG	Shanghai, China	-	-	-	-	57%	-	-	-	-	-	5%	-	-	-	37%
1%	ANC - PEK	Beijing, China	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1%	ANC - CGO	Zhengzhou, China	-	-	-	-	-	-	-	-	-	-	-	-	-	100%	-
0%	ANC - NGO	Nagoya, Japan	-	24%	-	71%	-	-	-	-	-	-	-	-	-	-	-
0%	ANC - KIX	Kitakyushu, Japan	-	-	-	100%	-	-	-	-	-	-	-	-	-	-	-

99% "Top Ten" ANC WB Departure Destinations



SYSTEM OPERATING AGREEMENT, REVENUES AND EXPENSES

General

The Department, owner and operator of the System and its Airports, ANC and FAI, is party to an airline operating agreement (the "Operating Agreement") with certain airlines serving the Airports (the "Signatory Airlines"). The Operating Agreement, at many airports is referred to as a "use and lease agreement," that covers facility rental and the setting of landing fee rates and other charges as well as establishing the capital improvement program process 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 and as needed to meet total annual 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 located in the terminal areas, 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.

Airline Operating Agreement

The term of the Operating Agreement is July 1, 2013 through June 30, 2023.

The Operating Agreement is a residual cost based agreement and is subordinate to the General Bond Resolution. The minimum required number of annual landings for Signatory Airlines eligibility under the 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 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 gates, ticket counters and associated bag make-up is primarily on a per-turn or per-use basis.

A Vehicle Parking Position rent has been established for tenant airside vehicle parking adjacent to the System terminals. The Common Use Premises is a shared-use basis only. The 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 Operating Agreement with a specified schedule of annual increases through the term on the 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 Operating 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 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 both 50% of the count of Signatory Airlines and 50% of the revenue from Signatory Airlines in order to disapprove a ballot project (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 Operating Agreement whereby affirmative approval is required on the defined airline majority requirement. The 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.

Due to the COVID-9 Pandemic, certain requirements of the Operating Agreement were temporarily suspended due to Force Majeure contract provisions, primarily related to minimum gate utilization and minimum number of required annual landings.

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

System Operating Revenue

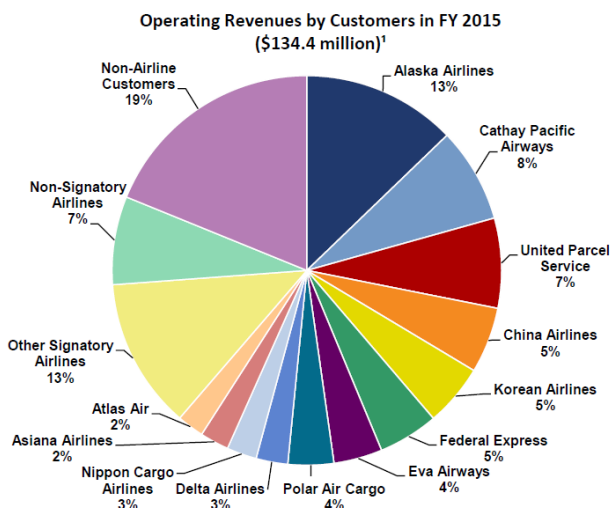
The following paragraphs describe the sources of revenue generated within the System as reported in the System's audited financial statements for the fiscal years ended on June 30, 2020, and 2019.

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 the Airports with minor exceptions. Operating revenues in FY 2020 and FY 2019 totaled \$136.7 and \$141.3 million respectively, of which approximately 19% (\$26.5 million) in FY 2020 and FY 2019 was from non-airline sources. Of the FY 2020 and FY 2019 operating revenues from airlines, approximately 30% (\$32.8 million) and 32% (\$35.7 million) were from passenger airlines, while 70% (\$77.4 million) and 68% (\$75.0 million) were from international and domestic flagged cargo airlines, respectively.

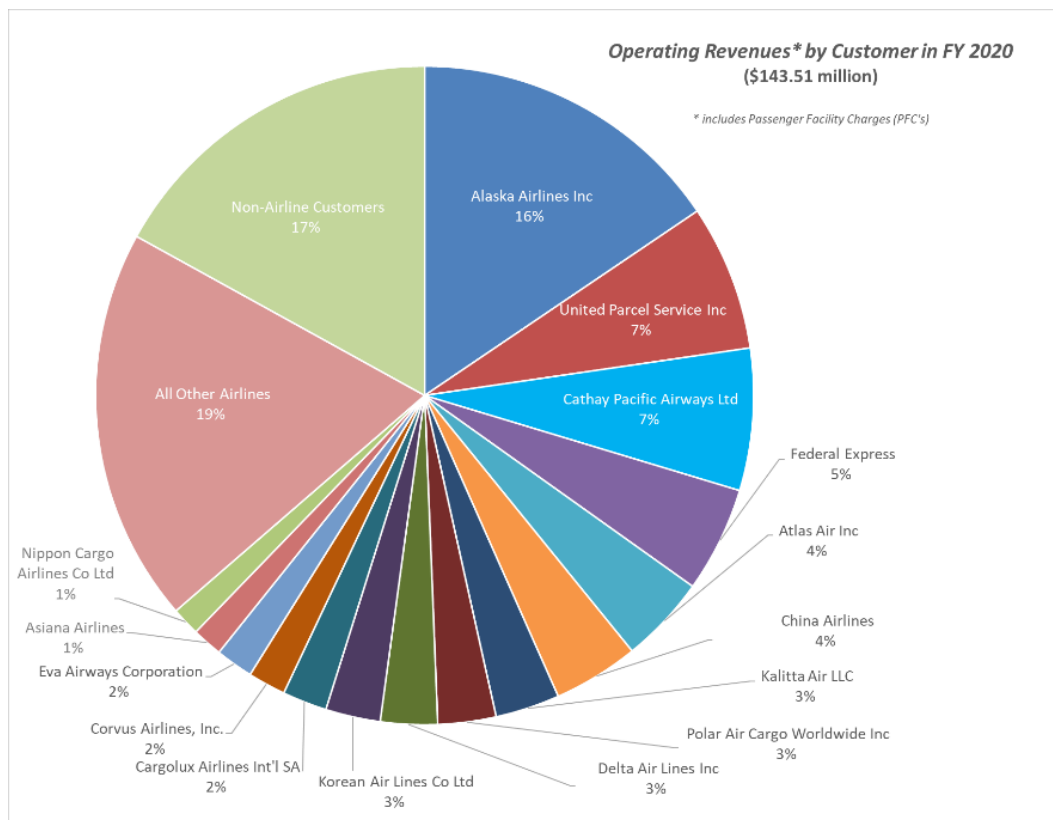
Total revenue from airlines (operating revenue plus passenger facility charges) was approximately \$117.4 in FY 2019 and \$115.7 in FY 2020.

Under the provisions of the Operating Agreement, landing fees are calculated according to the "residual cost" methodology, taking into consideration all System costs (as defined in the 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.



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



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.

Alaska International Airports System (Ted Stevens Anchorage & Fairbanks International Airports)

Passenger and Cargo Airline Revenue Summary

Fiscal Years 2016 - 2020

Airline	Airline Rev (\$1,000's)*					Pass Airline Revenue (\$1,000's)					Cargo Airline Revenue (\$1,000's)				
	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20
Alaska Airlines Inc	23,163	24,323	25,622	25,780	22,302	22,768	23,850	24,325	23,967	20,549	395	473	1,296	1,813	1,753
United Parcel Service Inc	10,160	11,014	11,395	9,660	10,263	-	-	-	1	-	10,160	11,014	11,395	9,659	10,263
Cathay Pacific Airways Ltd	11,568	11,680	12,212	10,495	10,010	7	-	7	33	0	11,561	11,680	12,204	10,461	10,009
Federal Express	5,929	6,945	7,523	6,679	7,432	1	-	1	2	1	5,929	6,945	7,522	6,677	7,431
Atlas Air Inc	2,443	3,841	4,793	4,594	6,164	123	150	143	177	175	2,320	3,691	4,650	4,416	5,990
China Airlines	6,828	6,853	7,279	6,267	6,033	17	23	15	0	-	6,812	6,830	7,265	6,267	6,033
Kalitta Air LLC	875	1,156	2,791	2,969	4,541	-	-	-	-	-	875	1,156	2,791	2,969	4,541
Polar Air Cargo Worldwide Inc	5,421	5,579	5,967	5,154	4,094	-	-	-	-	-	5,421	5,579	5,967	5,154	4,094
Delta Air Lines Inc	4,889	4,881	4,967	4,833	4,017	4,889	4,881	4,967	4,833	4,017	-	-	-	-	-
Korean Air Lines Co Ltd	6,731	5,761	4,893	4,143	3,869	27	10	21	24	1	6,704	5,752	4,872	4,119	3,869
Cargolux Airlines Int'l SA	2,311	2,594	3,103	2,905	3,139	-	-	-	-	-	2,311	2,594	3,103	2,905	3,139
Corvus Airlines, Inc.	2,717	3,039	2,836	2,988	2,664	2,717	3,039	2,822	2,869	2,591	-	-	14	120	73
Eva Airways Corporation	4,609	4,083	3,627	2,857	2,655	2	2	4	8	0	4,608	4,082	3,623	2,849	2,655
Asiana Airlines	3,010	2,888	2,587	2,297	2,140	7	0	5	0	0	3,003	2,888	2,583	2,297	2,140
Nippon Cargo Airlines Co Ltd	3,692	3,552	3,208	1,185	2,011	-	-	-	-	-	3,692	3,552	3,208	1,185	2,011
China Southern Airlines Company Ltd	1,109	1,266	1,567	1,652	1,732	5	-	11	-	-	1,104	1,266	1,556	1,652	1,732
United Airlines Inc	1,968	2,080	1,967	2,115	1,707	1,966	2,080	1,967	2,115	1,707	2	-	-	-	-
Northern Air Cargo LLC	1,532	1,735	1,820	1,779	1,694	-	-	-	-	140	1,532	1,735	1,820	1,779	1,554
Air China Cargo Company Ltd	1,078	1,106	1,488	1,309	1,561	9	3	-	-	-	1,069	1,103	1,488	1,309	1,561
Southern Air Inc	548	684	653	828	1,486	-	-	-	-	-	548	684	653	828	1,486
Western Global Airlines	18	224	752	1,205	1,239	-	-	-	-	-	18	224	752	1,205	1,239
World Fuel Services Inc	588	568	1,121	1,962	1,049	588	-	1,121	-	1,049	-	568	-	1,962	-
China Cargo Airlines	2,050	2,043	2,007	1,789	1,037	5	-	-	(4)	-	2,045	2,043	2,007	1,793	1,037
American Airlines	820	1,329	876	911	916	820	1,329	876	911	916	-	-	-	-	-
All Other Airlines	13,349	11,688	13,963	11,002	11,944	7,290	6,068	7,816	5,299	5,774	6,059	5,620	6,147	5,703	6,169
Total Airline Revenue	117,406	120,912	129,016	117,358	115,700	41,239	41,434	44,101	40,235	36,923	76,167	79,478	84,915	77,123	78,777

* Landing, parking, rents, allocated fuel flowage, and passenger facility fees (sorted by FY20 descending).

Fuel flowage fees have traditionally accounted for a substantial portion of System revenue, and in FY 2019 and FY 2020, represented approximately 14% and 15% respectively, of total operating revenue. The fuel flowage fee in FY 2019 and 2020 remained at \$0.027 per gallon for Signatory Airlines as established under the Operating Agreement. Fuel flowage fee for the period was \$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 approximately 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 2019 and FY 2020, concession revenues represented approximately 12% and 10%, respectively, 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 last renegotiated its food and beverage concession agreement in FY 2009, and has several airside food and beverage concessions, including national (Starbucks and McDonalds) as well as local (Humpy's Great Alaska Alehouse, Silver Gulch Brewing & Bottling Co., Sleeping Lady Lounge, and Sushi on the Fly) concession brands.

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 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 both FY 2019 and FY 2020, terminal building space rentals represented approximately 13% of total operating revenue.

Vehicle Parking Fees. In FY 2019 and FY 2020, vehicle parking revenues represented approximately 7% and 5%, respectively 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 an 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. The system completed a Landside Access Study in late 2019, which recommended, among other things, that ANC and FAI should implement new fees for Transportation Network Services (TNC) commercial vehicle access. The recommendations were temporarily deferred due to impact of COVID-19, however as passenger enplanements return to more normal historical levels, implementation of those and other recommendations from the Landside Access Study are anticipated to be undertaken. To-date, the System does not believe TNC operations to-date have had a materially adverse impact on vehicle parking and rental car concession revenues.

Land Rental Fees. The System rents land at the Airports to approximately 150 tenants at ANC and 96 tenants at FAI. In FY 2019 and FY 2020, land rental represented approximately 5% of total operating revenue for each year. 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. The System also provides land for certain governmental agencies that benefit the Airports (the FAA, the National Weather Service, the U.S. Post Office, 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, Airport identification badge and fingerprint clearance fees. Other sources represented less than 1% of total operating revenue in both FY 2019 and FY 2020.

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 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. Both Airports are currently applying its PFC receipts towards payment of debt service related to terminal renovation projects. In FY 2019 and FY 2020, the System received \$7.2 (\$5.4 million ANC and \$1.8 million FAI) and \$6.8 million (\$5.5 million ANC and \$1.3 million FAI) in PFC collections, respectively.

System Operating Expenses

The following paragraphs describe the operating expenses incurred within the System as reported in the System's audited financial statements for the fiscal years ended on June 30, 2020, 2019, 2018, 2017 and 2016. Significant changes in operating expense occurred as result of implementation of changes in net pension liability accrual accounting, primarily in fiscal years 2016 and 2017, which had significant decreases and increases for those two years, respectively.

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 five-year period FY 2016 through FY 2020, Facility Maintenance increased from \$22.6 million to \$28.7 million. The average for the five-year period was \$2.1 million. Generally, the System anticipates continued levels of annual facility maintenance expense consistent with historical five-year averages into the foreseeable future.

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 \$16.5 million in FY 2016 to \$19.8 million in FY 2020. As described above, changes in the first two years of the five-year period were somewhat disproportionately skewed due to the implementation of new pension accounting rules. The \$19.8 million average annual expense more accurately reflects the relatively consistent level of actual field and maintenance activities over the five-year period. Expectations are, even with consideration of modest increases in maintenance costs as airfield facilities age and variation in weather patterns impact cost of annual deicing efforts, that expenditures in this category will increase only relatively modestly into 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 \$10.1 million in FY 2016 to \$12.4 million in FY 2020. The System anticipates annual safety-related expenses to generally hold at approximately \$13.0 to \$14.0 million for the foreseeable future.

Administration. The administration expenses category includes the direct expenses of the staff of each of the Airports managerial, leasing, engineering, and accounting sections together with legal, audit, and insurance expenses and the costs of the Department allocable to the System. Administrative costs have increased from a level of \$10.8 million in FY 2016 to \$13.6 million in FY 2020. Controls are used to account for and restrict costs allocated to the System for services provided by the Department. Administrative expenses include the costs of information and accounting systems, leasing and concession management, and engineering oversight of airport planning and construction activities. Administration cost has averaged approximately \$13.1 million between FY 2016 and FY 2020, and is anticipated to remain at approximately \$13.0 to \$14.0 million 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 remained fairly steady over the last five years, averaging \$4.2 million annually between FY 2016 and FY 2020. Operation expenses are anticipated to remain fairly 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 noise and general environmental issues. These costs have grown over the last five years relative to the preceding five years, averaging slightly more than \$2.3 million relative to the average annual cost of \$1.0 million per year from FY 2011 to FY 2015. Generally, the increase in expenses is in part due to increased costs of measuring and mitigating per- and polyfluoroalkyl substances ("PFAS") concerns which have risen over the last five years. The System 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. The ANC operations are operated under a management contract while the FAI parking facilities are operated under a concessions agreement, resulting in vehicle parking revenues reported in the System's financial statements for FAI, net of expense, while ANC revenues and expense are broken out. Vehicle parking and curbside services, which is comprised primarily of the ANC vehicle parking

garage operating and maintenance expense, decreased from \$3.1 million in FY 2016 to \$2.1 million in FY 2020, primarily due to ANC parking revenue management system upgrades occurring in FY 2016 and FY 2017.

Risk Management Expenses. Risk management costs or insurance expenses have been steadily increasing over the five-year period FY 2016 to FY 2020, averaging \$1.2 million over this period. It is expected that risk management expenses will continue to increase annually somewhat due to increased premiums related to PFAS mitigation efforts.

SYSTEM FINANCIAL OPERATIONS AND RESULTS

Management Discussion of System Operating Results

System Operations. The System operates to provide 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 mostly steady growth from FY 2010 through FY 2019, with a significant surge in cargo airline activity associated with the global COVID-19 pandemic as well as significant growth in global e-commerce activity. The System has experienced fairly steady recovery and growth in cargo airline activity since declines associated with global financial dislocations in 2009 and 2010. Growth in passenger enplanements from 2010 through 2019 were steady, up until the onset of the COVID-19 global pandemic.

System Financials. The FY 2020 audited financial statements reflect continued relatively strong liquidity and manageable debt levels.

ANC. ANC has committed to accommodate growing demand, particularly by cargo traffic. The majority of airfield projects have been and are anticipated to continue to be primarily funded through the FAA Airport Improvement Program. These projects include, but are not limited to, annual asphalt replacement, runway, taxiway, and terminal apron improvements, and general aviation facilities improvement and maintenance.

FAI. Over the last decade FAI has improved and expanded facilities and infrastructure to better meet safety and capacity needs in order to serve the traveling public, airlines, tenants, and the broad commercial and private general aviation community, in addition to providing airside and landside access to land designated for future aeronautical development. FAI also serves as the primary alternate airport in support of flights which from time to time are unable to land at ANC.

Capital Improvement Program Planning

The FY 2022 - FY 2023 Capital Improvement Program ("CIP"), which is shown on the following page contain projects that the System currently plans to undertake during the remaining two-year course of the ten-year Operating Agreement. The FY 2022 - FY 2023 CIP was developed in consultation with and approved by the Signatory Airlines either in the course of initial Operating Agreement negotiations or in conformance with the Operating Agreement provisions for balloting or notification of subsequent capital projects undertaken over the course of that agreement. All System airport CIP capital project expenditures are subject to annual State legislative appropriation authorization as part of the State's capital budget process. The FY 2022 - FY 2023 CIP schedule shown on the following page has been increased by approximately \$28.3 and \$0.14 million respectively, since first approved through Operating Agreement ballot or notification process. Both years are expected to likely increase further by Operating Agreement ballot or notification, with relatively modest increase in FY 2022 and FY 2023 by ballot or notification and is expected to be further revised by subsequent balloting notification process in the normal course of the System's operations.

Funding for these projects in addition to projects anticipated to be balloted or notified over the remaining term of the FY 2014 - FY 2023 Operating Agreement is expected to total approximately \$140 million and consist of a mix of Federal Airport Improvement Program and rates and fee funding. 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 were it be required; (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.

**2014-2023 Operating Agreement Pre-Approved Capital Projects
(FY 2022 – FY 2023)**

Estimated as of June 10, 2021

ANC CIP

Cost Center	Description	Fiscal Year 2022	Fiscal Year 2023	Total
AF	ANC Airfield Pavement Reconstruction and Maintenance	\$32,175,960	\$33,141,239	\$65,317,199
AF	ANC Equipment	5,827,142	6,001,957	11,829,099
EN	ANC Environmental Projects	126,677	130,477	257,154
TA	ANC Information Technology Improvements	1,216,099	1,252,582	2,468,682
TA	ANC Facility Improvements, Renovations and Upgrades	1,393,447	1,435,251	2,828,698
OT	ANC Annual Improvements	912,074	939,437	1,851,511
OT	ANC Advanced Project Design and Planning	722,059	<u>743,721</u>	1,465,780
TA	ANC North Terminal Lobby Automatic Doors and Entry Vestibule Upgr	620,000		620,000
TA	ANC South Terminal Cooling Upgrades-Construction	9,000,000		9,000,000
AF	ANC LHD Runway 14/32 Rehabilitation	1,650,000		1,650,000
AF	ANC Runway 7R/25L Lighting Rehabilitation	2,300,000		2,300,000
TA	ANC Gate Lounge Seating	300,000		300,000
TA	ANC Terminal Access Road Improvements	11,394,700		11,394,700
OT	ANC Supply Warehouse Roof Replacement	<u>900,000</u>		<u>900,000</u>
ANC 2014-2023 CIP TOTALS		<u>\$68,538,159</u>	<u>\$43,644,664</u>	<u>\$112,182,824</u>

FAI CIP

Cost Center	Description	Fiscal Year 2022	Fiscal Year 2023	Total
AF	FAI Equipment	\$1,610,000	\$1,525,001	\$3,135,001
EN	FAI Environmental Projects	218,846	225,197	444,043
TA	FAI Information Technology Improvements	109,303	112,743	222,046
TA	FAI Facility Improvements, Renovations and Upgrades	126,677	130,477	257,154
OT	FAI Annual Improvements	348,362	358,813	707,175
OT	FAI Advanced Project Design and Planning	31,669	32,619	64,288
EN	FAI Firing Range Closure	<u>2,000,000</u>	<u>0</u>	<u>2,000,000</u>
FAI CIP TOTALS		<u>\$4,444,858</u>	<u>\$2,384,850</u>	<u>\$6,829,708</u>

AIAS 2014 – 2023 CIP TOTALS \$72,983,017 \$46,029,514 \$119,012,531

Cost Center Legend:

AF = Airfield
EN = Environmental
TA = Terminal Area
OT = Other

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 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 Operating Agreement, or that are not required as a result of an emergency or regulatory requirement, 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 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 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.

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 System was required to implement the provisions of GASB 68, Accounting and Financial Reporting for Pensions. As a result of the implementation the System recorded a net pension liability as of June 30, 2019 and 2020 in the amount of \$53.4 and \$57.1 million, respectively.

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%.

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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	2016	2017	2018	2019	2020
Operating Revenues					
Airfield operations					
Landing fees	\$ 69,261,527	\$70,584,392	\$74,884,735	\$62,963,705	\$61,927,355
Fuel flowage fees	18,179,860	18,971,511	19,968,511	19,644,331	20,968,254
Aircraft docking fees	1,349,791	1,544,779	1,493,296	1,851,140	591,461
Aircraft parking fees	3,479,832	3,627,070	3,887,661	3,884,350	4,057,027
Federal inspection services fees	862,472	968,545	1,040,541	1,125,312	1,175,221
Aircraft ramp fees	1,293,857	1,288,451	1,327,793	1,240,242	1,302,803
Concession fees	14,272,430	14,455,991	14,873,152	16,255,762	13,816,529
Terminal rents	16,568,164	16,347,994	16,494,033	17,814,996	18,210,922
Vehicle parking fees	9,244,114	9,082,460	9,233,610	9,303,109	7,503,258
Land rental fees	4,685,441	5,057,817	6,700,213	6,608,870	7,204,094
Airline bad debt	(2,500,000)	--	(2,339,726)	--	(477,324)
Other revenues	469,759	896,809	328,940	572,603	388,428
Total Operating Revenues	<u>\$ 137,167,247</u>	<u>\$142,825,819</u>	<u>\$147,892,759</u>	<u>\$141,264,420</u>	<u>\$136,704,028</u>
Operating Expenses					
Facilities (building maintenance)	\$ 22,638,934	\$31,036,664	\$27,799,706	\$25,228,193	\$28,665,868
Field and equipment maintenance	16,541,883	23,395,744	18,957,522	20,401,289	19,781,713
Safety	10,085,075	18,971,221	15,276,551	12,988,981	12,356,818
Administration	10,768,048	15,047,721	12,591,512	13,504,714	13,552,364
Operations	2,867,802	4,535,541	4,772,468	4,271,218	4,773,867
Environmental expenses	4,385,781	420,411	2,464,565	2,084,964	2,316,094
Vehicle parking and curbside services	3,099,300	3,449,834	2,270,412	2,299,918	2,063,825
Risk management	1,046,935	1,076,133	1,025,829	1,279,666	1,514,673
Depreciation and amortization	68,095,627	69,589,971	72,954,608	72,138,949	74,578,132
Total Operating Expenses	<u>\$139,529,385</u>	<u>\$167,523,240</u>	<u>\$158,113,173</u>	<u>\$154,197,892</u>	<u>\$154,197,892</u>
Operating Income (Loss)	<u>(\$2,362,138)</u>	<u>(\$24,697,421)</u>	<u>(\$10,220,414)</u>	<u>(\$12,933,472)</u>	<u>(\$22,889,326)</u>
Nonoperating Revenue (Expenses)					
Investment income	\$ 843,991	\$1,475,985	\$2,382,147	\$6,423,354	\$5,631,219
Interest expense	(21,034,305)	(20,474,662)	(15,562,889)	(13,225,747)	(12,922,954)
Sound insulation program	(241,314)	--	--	--	--
Grants	79,741	237,648	73,922	173,279	57,223
Gain/(loss) on disposal of capital assets	542,458	136,621	251,152	(1,114,876)	119,733
Reimbursable service income	6,365	215,771	90,760	236,602	1,017,335
Reimbursable service expense	(6,365)	(215,771)	(90,760)	(236,602)	(1,017,335)
Total Nonoperating Revenue (Expenses)	<u>(\$19,809,429)</u>	<u>(\$18,624,408)</u>	<u>(\$18,624,408)</u>	<u>(\$7,743,990)</u>	<u>(\$7,743,990)</u>
Income (Loss) before Capital Contributions	<u>(\$22,171,567)</u>	<u>(\$43,321,829)</u>	<u>(\$12,855,668)</u>	<u>(\$20,677,990)</u>	<u>(\$30,004,105)</u>
Capital Contributions:					
Transportation safety administration	\$ 6,134,911	\$4,989,339	\$956,709	\$5,323,080	\$46,623
Department of defense	--	--	--	--	--
Capital contributions other	386,159	18,450	--	173,513	3,444,873
CARES Act	--	--	--	--	9,942,200
Federal Aviation Administration	27,189,783	44,457,076	46,073,815	65,472,799	26,474,882
Passenger facility charges	6,318,930	6,798,387	6,869,290	7,215,785	6,802,979
Total Capital Contributions	<u>\$50,353,971</u>	<u>\$56,260,252</u>	<u>\$53,899,814</u>	<u>\$78,185,177</u>	<u>\$46,711,557</u>
Transfers in from other funds	<u>\$945,056</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Income (loss)	<u>\$ 18,803,272</u>	<u>\$12,938,423</u>	<u>\$30,823,732</u>	<u>\$57,507,715</u>	<u>\$16,707,452</u>

Source: Alaska International Airports System, Audited Financial Statements FY16, FY17, FY18, FY19 and FY20.

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Operating revenues	\$137,167,247	\$142,825,819	\$147,892,759	\$141,264,420	\$136,704,028
PFCs applied to debt service	5,200,000	5,200,000	5,200,000	5,200,000	8,450,000
Investment income	843,991	1,475,985	2,382,147	6,423,354	5,631,219
CARES Act Grant	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,942,000</u>
Total revenues	<u>\$143,211,238</u>	<u>\$149,591,804</u>	<u>\$155,474,906</u>	<u>\$152,887,774</u>	<u>\$160,727,447</u>
Maintenance and operation costs	\$139,529,385	\$167,523,240	\$158,113,173	\$154,197,892	\$159,593,354
Less noncash adjustments:					
Depreciation expense	(68,095,627)	(69,589,971)	(72,954,608)	(72,138,949)	(74,578,132)
Net pension liability reallocation and adjustment	<u>12,059,958</u>	<u>(14,315,012)</u>	<u>3,143,172</u>	<u>7,749,069</u>	<u>--</u>
	<u>\$82,968,095</u>	<u>\$83,618,257</u>	<u>\$88,301,737</u>	<u>\$89,808,012</u>	<u>\$85,015,222</u>
Net revenues	<u>\$60,243,143</u>	<u>\$65,883,547</u>	<u>\$67,173,169</u>	<u>\$63,079,762</u>	<u>\$75,712,225</u>
Fiscal year debt service	\$40,378,017	\$40,396,657	\$31,129,019	\$30,546,269	\$29,709,119
Coverage requirement	<u>1.25</u>	<u>1.25</u>	<u>1.25</u>	<u>1.25</u>	<u>1.25</u>
Net Revenues Required	<u>\$50,472,521</u>	<u>\$50,495,822</u>	<u>\$38,911,274</u>	<u>\$38,182,836</u>	<u>\$37,136,399</u>
Net Revenues in Excess of Net Revenues Required	<u>\$9,770,622</u>	<u>\$15,387,725</u>	<u>\$28,261,895</u>	<u>\$24,896,926</u>	<u>\$38,575,826</u>

Source: Alaska International Airports System, Audited Financial Statements FY16, FY17, FY18, FY19 and FY20.

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds 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 bonds. See, "SECURITY FOR THE BONDS."

COVID-19 Risks

The COVID-19 pandemic has resulted in a widespread health crisis that has adversely affected businesses and economies worldwide. The full impact of COVID-19 is unknown and continues to be rapidly evolving. Stay-at-home orders, social distancing guidelines, and travel restrictions have adversely affect the economies and financial markets of many countries, resulting in an economic downturn that has negatively impacted, and may continue to negatively impact, the local economy, the airline industry and transportation in general. The System's financial condition and result of operations, and the financial conditions and results of operation of the airlines serving the System, have been, and will continue, to be adversely affected by the COVID-19 pandemic. The State cannot predict the outcome of many factors related to COVID-19 that could materially adversely affect the System's financial condition or results of operation. Such factors include, but are not limited to:

- (1) the duration of extent of the COVID-19 pandemic or another outbreak, pandemic, or force majeure event;
- (2) the scope or duration of stay-at-home orders, social distancing guidelines, and other restrictions on travel, gatherings or any other activities, and the extent to which airlines will reduce service at the Airports or whether airlines will cease operations at the Airports or shut down in response to such restrictions or warnings;
- (3) the extent of the adverse effects due to COVID-19 or whether other outbreak or pandemic-related restrictions or warnings may have an adverse effect on air travel, including to and from the Airports, concession and services provided by the Airports concessionaires, System costs or System revenues;
- (4) whether and to what extent COVID-19 or another outbreak or pandemic may disrupt the local, State, national or global economy or supply chain, or whether any such disruption may adversely impact System-related construction, the cost, source of funds, schedule or implementation of the FY 2014 – FY 2023 CIP or other System operations;
- (5) the extent to which the COVID-19 outbreak or another outbreak or pandemic, or the resultant disruption to the local, State, national or global economies, may result in changes in demand for air travel, including long-term changes in consumer behavior and the operations of other businesses, or may have an impact on the airlines or concessionaires service at the Airports or the airline and travel industry, generally;
- (6) whether or to what extent the System may provide additional deferrals, forbearances, adjustments, payment plans or other changes to the System's arrangements with airlines, tenants and concessionaires; or
- (7) to what extent COVID-19 or any of the foregoing may continue to have a material adverse effect on the finances and operations of the System.

Prospective purchaser of the Bonds should assume that the restrictions and limitations related to COVID-19 pandemic, and the current upheaval to the air travel industry and the national and global economies, may increase at least over the near term, that recovery to pre-COVID-19 levels may be prolonged, and therefore, have an adverse impact on the System to generate sufficient Revenues to meet its Rate Covenant. For more information regarding the impact of COVID-19 on the System, see "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT SYSTEM" above.

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. See also, "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT SYSTEM" above.

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 United States 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."

Oil Prices

Oil is a volatile commodity, the price of which fluctuates based on many factors. The System's airline clients rely on oil products to operate their businesses, and the System is located in a State which relies on oil extraction as a major industry and source of revenue. The effects of volatility of the price of oil on the System are difficult to predict.

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.

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 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 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.

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 System has had no findings or reporting of instances of revenue diversions in violation of federal prohibitions.

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

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.

Earthquake

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.

On November 30, 2018, a magnitude 7.1 earthquake centered near Point Mackenzie, about 10 miles north of Anchorage, also caused destruction in Anchorage. Air travel was briefly halted at ANC to allow for necessary inspections. Air traffic resumed a few hours later; ANC experienced minimal damage. The possibility of a future large earthquake or 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. ANC recently updated its Part 150 Noise Compatibility Program and believes that, by working with the FAA, it can continue to manage noise issues effectively, although it cannot guarantee that noise issues will remain a minor cost consideration.

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.

In FY 2020, ANC entered into a Compliance Order By Consent (COBC) agreement with the State of Alaska's Department of Environmental Conservation regarding discharge of storm water effluent discharge related to airport operations at ANC storm water discharge Outfall D, located near Point Woronzof. The COBC resulted in suspended civil penalties of \$1.14 million dollars, with the suspension contingent upon ANC's compliance with the COBC, which ANC has indicated its intent to comply by signing the COBC and is currently working on addressing the matter through full conformance with the COBC.

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.

PFAS Contamination

Over the past several years, there has been a surge in regulatory interest to address the public health and environmental risks from releases of per- and polyfluoroalkyl substances (PFAS), including use of aqueous film-forming foams (AFFF) for firefighting or training. This call to action has resulted in rapid development of regulations and guidance, at both the federal and state level, which have started to impact the airport community.

In 2017, FAI became aware of ground water PFAS contamination at its airport rescue and firefighting training site. Subsequent investigation and testing identified several more areas of detectable ground water PFAS contamination. FAI undertook and completed a program to measure the potential for groundwater contamination on adjacent residential and commercial properties using well water as a source of potable drinking water and for those sources identified as above certain thresholds, FAI paid to convert those well systems to municipal water main systems.

ANC has begun and is performing similar testing of adjacent residential and commercial sites that utilize well systems for potable water. ANC is also taking steps to understand and respond to challenges how on-airport areas of PFAS or potential PFAS contamination will need to be addressed with respect to public health, regulatory, and commercial development projects.

The State of Alaska has been named in a class action involving PFAS contamination related to the FAI matter describe above and coalitions of concerned residents in a number of communities throughout the state have become active in

expressing their concerns regarding PFAS contamination. The State of Alaska has undertaken a class action against certain manufacturers of PFAS chemicals involving PFAS contamination throughout the state of Alaska.

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.

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 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 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. Orrick, Herrington & Sutcliffe 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, offices 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. While AS 37.15.415 provides for a continuing System revenue bond debt service appropriation, the System additionally participates in the annual budget process of the State for both regular operational costs as well as annual debt service costs. Annual appropriations are made from System revenues to pay for estimated annual operational costs in the body of the State's annual operating budget as part of the Department of Transportation and Public Facilities section of the bill. The State's operating budget includes an additional appropriation for the System's debt service in the "Debt and Other Obligations" portion of bill, which also includes general obligation bond, state guaranteed bonds, lease purchase obligations, and other obligations of the State. 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. As of June 30, 2020, all deposits of the Revenue Fund, Construction Fund, Reserve Account, and Repair and Replacement Reserve Account were collateralized by their participation in the State's investment pools, which creates an interest in a share of ownership in the pools rather than ownership of specific securities.

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 four subfunds holding bond proceeds from the Series 2006B Bonds, the Series 2006C Bonds, the Series 2010C Bonds and the Series 2010D Bonds.

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.

Reserve Account. Money in the Reserve Account is invested in the State's Short-Term Fixed Income Investment Pool. The primary objectives of the investment policy for the 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 Reserve Account.

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, 2020, 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.

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

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, per occurrence), 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 Parker, Smith and Feek, 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>¹ with further details and contact information.

FINANCIAL STATEMENTS OF THE SYSTEM

The financial statements for the years ended June 30, 2020 and 2019, 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

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 Bond Resolution, the Eighth 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 “STATE OF ALASKA – 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.

RATINGS

Moody’s and Fitch have assigned ratings of “__” and “_,” respectively, (both ratings with [stable] outlook assigned), based on their research and investigation of the State, the Department and 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

¹ 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.

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 2021A Bonds are being purchased at a price equal to \$_____ (being the par amount of the 2021A Bonds, plus \$_____ [net] original issue premium, less \$_____ Underwriters' discount).

The 2021B Bonds are being purchased at a price equal to \$_____ (being the par amount of the 2021B Bonds, plus \$_____ [net] original issue premium, less \$_____ Underwriters' discount).

The 2021C Bonds are being purchased at a price equal to \$_____ (being the par amount of the 2021C Bonds, plus \$_____ [net] original issue premium, less \$_____ Underwriters' discount).

The 2021D Bonds are being purchased at a price equal to \$_____ (being the par amount of the 2021D Bonds, plus \$_____ [net] original issue premium, less \$_____ Underwriters' discount).

The 2021E Bonds are being purchased at a price equal to \$_____ (being the par amount of the 2021E Bonds, 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.

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Anchorage, Alaska serves as municipal advisor to the State in connection with the issuance of the 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 Acacia Financial Group, Inc. respecting the accuracy and completeness of this Official Statement or any other matter related to the Official Statement.

TAX MATTERS

In the opinion of Bond Counsel, [TO BE PROVIDED BY BOND COUNSEL]

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the final approving opinions of Orrick, Herrington & Sutcliffe LLP, Seattle, Washington, Bond Counsel, in the form attached hereto as APPENDIX D with respect to the [_____] Bonds and APPENDIX E with respect to the [_____] 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, Jermain, Dunnagan & Owens, P.C., Anchorage, Alaska. The fees of Bond Counsel and Underwriters' Counsel are contingent upon the issuance of the Bonds.

CONTINUING DISCLOSURE

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, Alaska International Airports System.

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, 2022 for the Annual Disclosure Report for the fiscal year ending June 30, 2021, 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").

ALAS Filings. With respect to filing of annual financial information: on December 18, 2020, notice was provided to MSRB of failure to file the Alaska International Airports System's Fiscal Year 2020 Audited Financial Statements before the deadline of December 21, 2020 for certain outstanding bonds of the Alaska International Airports System. The notice provided an estimated date for the annual audited financial statements to be filed by January 31, 2021 and the annual audited financial statements were filed with MSRB by January 21, 2021. The disclosure requirement for filing the Fiscal Year 2020 Audited Financial Statements on all other outstanding Alaska International Airports System were timely satisfied.

With respect to filing of listed events: the State did not file certain notices of listed events relating to the downgrades of insurers of its outstanding bonds and certificates of participation; and the State did not file certain notices of rating changes attributable to general recalibrations of ratings by certain rating agencies for certain of its outstanding bonds and certificates of participation.

General. The State has adopted procedures to assure future compliance with its continuing disclosure undertakings. Other than as described above, in the previous five years, the State has not failed to comply, in all material respects, with its previous continuing disclosure undertakings.

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, 2020 AND 2019,” “STATE BOND COMMITTEE OF THE STATE OF ALASKA, RESOLUTION NO. 99-01,” “STATE BOND COMMITTEE OF THE STATE OF ALASKA, SUPPLEMENTAL RESOLUTION NO. 2021-02,” “PROPOSED FORM OF OPINION OF BOND COUNSEL REGARDING THE _____ BONDS,” “PROPOSED FORM OF OPINION OF BOND COUNSEL REGARDING THE _____ BONDS,” “DTC AND ITS BOOK-ENTRY ONLY SYSTEM,” “FORM OF CONTINUING DISCLOSURE AGREEMENT,” “FORM OF DELAYED DELIVERY INVESTOR CONTRACT,” and “SUMMARY INFORMATION REGARDING THE STATE OF ALASKA.”

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 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, 2020 AND 2019**

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. 2021-02

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL REGARDING THE BONDS

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL REGARDING THE BONDS

APPENDIX F

DTC AND ITS 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
SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE OF ALASKA

[SUBJECT TO REVIEW BY STATE OFFICIALS]

INFORMATION CONCERNING THE STATE OF ALASKA AND THE STATE'S ECONOMY

The information concerning the State of Alaska ("Alaska" or the "State") set forth here is dated as of the date of the Official Statement. The information contained herein is subject in all respects to the complete text of the financial reports referenced. The information contained herein has been obtained from sources that the State believes to be reliable but is not guaranteed as to accuracy.

State of Alaska

The key drivers of the Alaska economy include natural resource development, federal (including national defense), State, and local government, seafood, and tourism. Approximately 25.6 percent of the State's total nonfarm employment is derived from government (including federal, State, and local). Other major industries in Alaska include the education and health services industry, and trade, transportation, and utilities, making up 16.4 percent and 19.3 percent of total nonfarm employment, respectively. The State's major exports are oil, seafood (primarily salmon, halibut, cod, pollock, and crab), coal, gold, silver, zinc, and other minerals (Alaska Department of Labor and Workforce Development, Research & Analysis, Employment Statistics; 2020 Annual Average).

Historically, petroleum-related revenue has been the largest source of unrestricted revenue for the State's General Fund. Approximately 80 percent of the FY 2018 unrestricted General Fund revenue was generated from petroleum. In 2018, the Legislature enacted Senate Bill 26 ("SB 26"), which directs the State to appropriate amounts from the earnings reserve of the Alaska Permanent Fund to the General Fund as unrestricted General Fund revenue, diminishing the percentage of unrestricted revenue that petroleum-related revenue represents to a projected 24.9 percent for FY 2021.

In FY 2019, pursuant to SB 26, the State began appropriating amounts from the Permanent Fund Earnings Reserve to the General Fund as unrestricted General Fund revenue. SB 26 adjusted the transfer from the Permanent Fund Earnings Reserve to an amount determined by taking 5.25 percent of the average market value of the Permanent Fund for the first five of the preceding six fiscal years, including the fiscal year just ended. Effective July 1, 2021, the amount determined for transfer from the Permanent Fund Earnings Reserve is reduced to 5.00 percent of the average market value of the fund for the first five of the preceding six fiscal years, including the fiscal year just ended. As described below in "Government Funds – The Alaska Permanent Fund," this calculation does not include the principal attributable to the settlement of *State v. Amerada Hess*. The Alaska Permanent Fund Corporation ("APFC"), which manages the Permanent Fund, projects this annual transfer of unrestricted General Fund revenue to the General Fund in their monthly history and projections report. This shift of classification of revenue of the Permanent Fund from restricted to unrestricted was incorporated into the Fall 2018 Revenue Sources Book. For FY 2019, SB 26 resulted in a transfer of \$2.7 billion from the Permanent Fund Earnings Reserve to unrestricted General Fund revenue, and for FY 2020 the transfer was approximately \$2.9 billion. The enacted FY 2021 budget includes approximately \$3.1 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue. The Permanent Fund Dividend may be paid out of this transfer, and any residual revenue is available for other appropriation. The 2018 dividend paid in FY 2019 was \$1,606 per qualified resident, and the 2019 dividend paid in FY 2020 was \$992 per qualified resident.

Population

Alaska's Statewide population of 728,903 (July 2020 estimate) increased by 18,672, or 2.6 percent from the 2010 Census estimate; however, remains below the recent peak of an estimated 740,637 residents in July 2016.

The following table summarizes the State's population since 2010, as well as the estimated 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 / Mat-Su Borough Region, with a 15,454 population increase from 2010 to 2020, or an increase of 4.1 percent.

Population Estimates of Alaska by Region, 2010-2020*

Area Name	Census Estimate July 2010	Estimate July 2011	Estimate July 2012	Estimate July 2013	Estimate July 2014	Estimate April 2015	Estimate July 2016	Estimate July 2017	Estimate July 2018	Estimate July 2019	Estimate July 2020
Alaska	710,231	722,473	731,005	736,552	737,053	737,786	740,637	738,920	735,367	732,734	728,903
Anchorage / Mat-Su Region	380,821	387,425	391,970	397,171	398,520	399,077	402,169	402,783	400,658	399,269	396,275
Gulf Coast Region	78,631	80,184	80,546	80,548	80,855	81,025	81,171	80,882	80,946	81,048	80,995
Interior Region	112,021	112,879	115,417	114,617	113,098	112,978	113,351	112,166	111,066	110,067	110,946
Northern Region	26,445	26,932	27,269	27,559	27,508	27,811	27,815	27,750	27,666	27,484	27,123
Southeast Region	71,664	73,622	74,173	74,367	74,500	74,354	73,835	73,047	72,805	72,571	71,946
Southwest Region	40,649	41,431	41,630	42,290	42,572	42,541	42,296	42,292	42,226	42,295	41,618

Source: US Census Bureau for 2010 Census estimates, and Alaska Department of Labor and Workforce Development, Research and Analysis Section for July 2011 through 2020 estimates.

Income

In 2019, Alaska had a per capita personal income of \$62,102, an increase from the 2010 per capita personal income of \$45,529. For 2019, Alaska's per capita personal income ranked 10th in the United States. In 2019, per capita personal income for the United States was \$56,663.

The State's single consumer price index registered inflation of 0.5 percent or less each year from 2015 through 2017, which was the lowest period for inflation in the Alaska's history. In 2018, consumer prices increased 3 percent, which was the highest inflation rate in five years and the first time in three years that Alaska's costs increased faster than the U.S. One of the largest contributors to the 2018 increase was medical care, which tends to run higher than the overall index. In 2019, the average inflation rate for Alaska (CPI Urban Alaska, formerly Municipality of Anchorage) was 1.4 percent. The average in the U.S. was 1.8 percent.¹

The cost of living in Alaska remains significantly higher than the national average. According to the first quarter 2019 index for professional households, comparing cities' costs to the U.S. average, Anchorage, Fairbanks, and Juneau, the cost of living in those cities in comparison to the total index is approximately 127, 128, and 134 percent, respectively, more expensive than the average index of the U.S.²

Employment

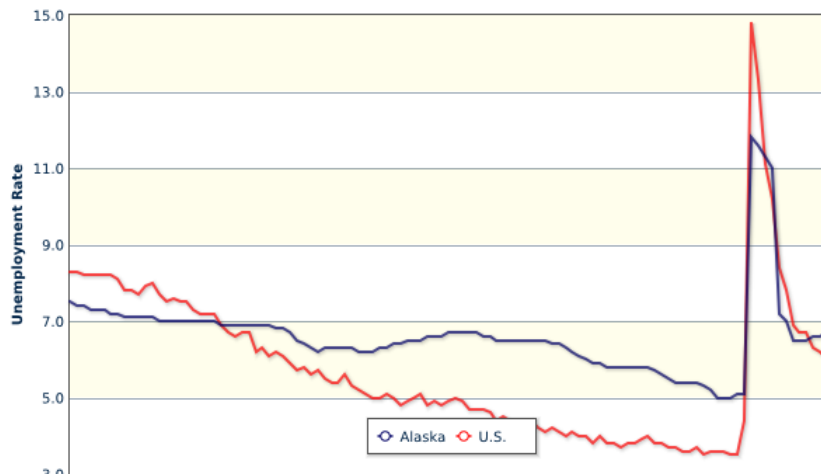
Data of the Alaska Department of Labor and Workforce Development shows the unemployment rate (seasonally adjusted, preliminary) for Alaska for April 2021 was 6.7 percent, as compared to a national unemployment rate for the same period of approximately 6.1 percent (seasonally adjusted, preliminary). As noted in the table below, historically the State's unemployment rate has exceeded the national rate.³

Seasonally Adjusted Unemployment Rates Alaska and the U.S. January 2012 to April 2021

¹ Alaska Department of Labor and Workforce Development, Alaska Economic Trends, July 2019.

² Alaska Department of Labor and Workforce Development, Alaska Economic Trends, July 2019.

³ 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 on average for CY 2020 was 76,800. The largest non-government sector of employment was Trade, Transportation and Utilities with 58,900. The table below provides a summary of the employment of the Alaska labor force by industry.

Alaska Labor Force Summary - Annual Average

	<u>2010¹</u>	<u>2020¹</u>	<u>Change (2010-2020)</u>
Total Nonfarm	325,000	302,700	-6.9%
Mining and Logging	15,000	11,300	-24.7%
Oil and Gas	12,700	7,800	-38.6%
Construction	16,600	15,800	-4.8%
Manufacturing	12,800	12,000	-6.3%
Trade, Transportation, Utilities	62,600	58,900	-5.9%
Wholesale Trade	6,200	6,200	0.0%
Retail Trade	35,400	33,400	-5.6%
Transportation, Warehousing and Utilities	21,000	19,300	-8.1%
Information	6,500	4,900	-24.6%
Financial Activities	12,200	10,800	-11.5%
Professional and Business Services	28,000	26,100	-6.8%
Educational and Health Services	43,100	49,400	14.6%
Health Care	30,200	38,200	26.5%
Leisure and Hospitality	31,500	26,600	-15.6%
Other Services	11,200	10,100	-9.8%
Government	85,400	76,800	-2.1%
Federal Government ²	17,500	15,400	-10.1%
State Government	25,900	22,400	-13.5%
Local Government ³	42,000	39,000	-7.1%

(1) Figures use an annual average.

(2) Federal government does not include military or armed personnel.

(3) Includes tribal government.

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

Federal Spending⁴

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.

According to Pew Trusts, in federal FY 2019, federal spending in Alaska comprised 42.7% of total state revenue, with 20.5% from taxes, 8.3% from service charges, 0.1% from local sources, and 28.5% from miscellaneous sources.

Oil and Gas⁵

According to a study completed by McDowell Group, Inc. for the Alaska Oil and Gas Association (released January 2020), in 2018, the primary oil and gas companies employed 4,111 Alaska residents earning \$983 million in wages. Alaska residents represent 84 percent of primary company total hire in Alaska. Based on the report, including all direct, indirect, and induced employment and wages, oil and gas industry spending in Alaska accounted for 41,800 jobs and \$3.1 billion in total wages in Alaska in 2018, including 5,800 jobs in the oil and gas support services sector, and 31,900 indirect and induced jobs in other private and public sectors.

Government⁶

Government was responsible for 76,800 jobs on average in calendar year 2020, over a quarter of all nonfarm employment in the State. This sector encompasses occupations in all industries, including teachers, builders, deckhands, and scientists.

Local government administrations and school districts represent the largest employers of that sector and accounted for approximately 12.9 percent of total nonfarm employment, which includes tribal government. State government employment accounted for approximately 7.4 percent of total nonfarm employment.

Federal government was responsible for 15,400 jobs on average in CY 2020, representing approximately 5.1 percent of total nonfarm employment. Before September 11, 2001, the military was reducing its presence in Alaska; however, since then the U.S. has 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. Other military growth includes civilian defense employment and federal spending on base and facility upgrades, salaries, and maintenance. Ten percent of all construction spending in Alaska in 2019 was tied to national defense, up 13 percent and \$80 million from the prior year. This increase was largely due to the military investment in reconstruction at Eielson Air Force Base to accommodate the two full squadrons of F-35s that will arrive during 2020.⁷

Health Care⁸

Health care has been the State's fastest-growing industry. It employed approximately 38,200 people on average in 2020, which accounted for approximately 12.6% of total nonfarm employment, and represented a 26.5 percent increase over a ten-year period. In 2017, health care practitioners and technicians made an average wage of \$98,020 in Alaska, making Alaska the highest paying state for these jobs overall, followed by Hawaii and California. The national health care wage average was \$80,760.

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.

⁴ The Pew Charitable Trusts, How States Raise Their Tax Dollars, FY 2019.

⁵ McDowell Group, Inc. (January 2020). The Role of the Oil and Gas Industry in Alaska's Economy. Alaska Oil and Gas Association. Retrieved from <http://www.mcdowellgroup.net/wp-content/uploads/2020/01/mcdowell-group-aoga-report-final-1-24-2020.pdf>

⁶ Alaska Department of Labor and Workforce Development, Research and Analysis Section.

⁷ Readiness and Environmental Protection Integration Program State Profile for Alaska 2018.

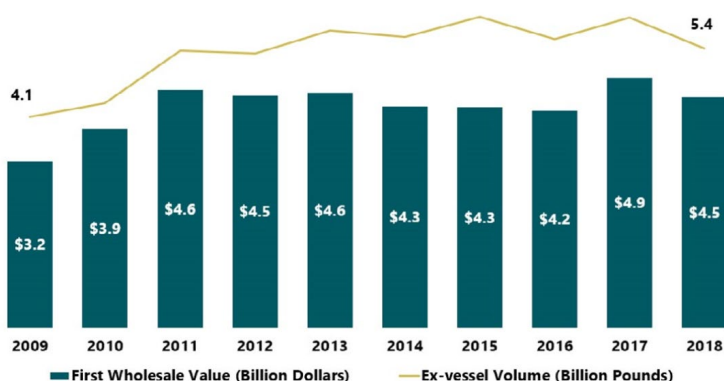
⁸ Alaska Economic Trends, September 2011, The Decade in Review: 2000 – 2010, and Alaska Economic Trends, December 2018.

Fisheries⁹

Approximately 5.7 billion pounds of seafood worth \$2.0 billion was harvested on average in 2017 and 2018 in Alaska annually (2017/2018 annual averages). Alaska produces two-thirds of the nation's seafood harvest in a typical year and is home to nine of the top twenty U.S. fishing ports by value.

In 2017, Alaska's leading export was seafood, with \$2.4 billion in export value accounting for approximately 49 percent of Alaska's total exports of \$4.9 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 \$622.9 million. During 2011, China exceeded Japan as the largest seafood export market (also topping all markets in total exports), and accounted for approximately \$796 million.¹⁶

Commercial fishermen landed over 5.4 billion pounds of Alaska seafood worth approximately \$2.0 billion in ex-vessel value on average in 2017 and 2018 in Alaska annually (2017/2018 annual averages). Salmon is the most valuable commercial species, making up 37 percent of first wholesale value, with Alaskan Pollock second making up 31 percent of first wholesale value.¹⁰ The following chart shows Alaska commercial harvest and ex-vessel value from 2009 through 2018:



Source: McDowell Group, The Economic Value of Alaska's Seafood Industry, January 2020 Report

Over five billion pounds of Alaska seafood was harvested, and processed by 166 shore-based processing facilities in 2018, employing 25,901 workers. Seafood processing is Alaska's largest manufacturing subsector, accounting for roughly 70 percent of all manufacturing employment in Alaska.¹³

In 2017, the top ports ranked by value in Alaska were -- Dutch Harbor ranked first (\$173 million), Naknek-King Salmon ranked second (\$154 million), Kodiak ranked third (\$152 million), Alaska Peninsula ranked fourth (\$112 million), and Aleutian Islands ranked fifth (\$106 million).¹¹

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 six largest operating mines are Fort Knox, Greens Creek, Red Dog, Usibelli, Pogo, and Kensington, and provided nearly 4,500 full-time jobs of the nearly 9,200 direct and indirect jobs attributed to the mining industry in Alaska in CY 2018. The export value of Alaska's primary produced metals was \$1.8 billion, or 36% of Alaska's total exports in 2017.¹²

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.

⁹Alaska Economic Trends, September 2011, The Decade in Review, 2000 – 2010.

¹⁰ Economic Value of the Alaska Seafood Industry, McDowell Group, Inc. January 2020, Retrieved from http://www.mcdowellgroup.net/wp-content/uploads/2020/01/mcdowell-group_asmi-economic-impacts-report-jan-2020-1.pdf.

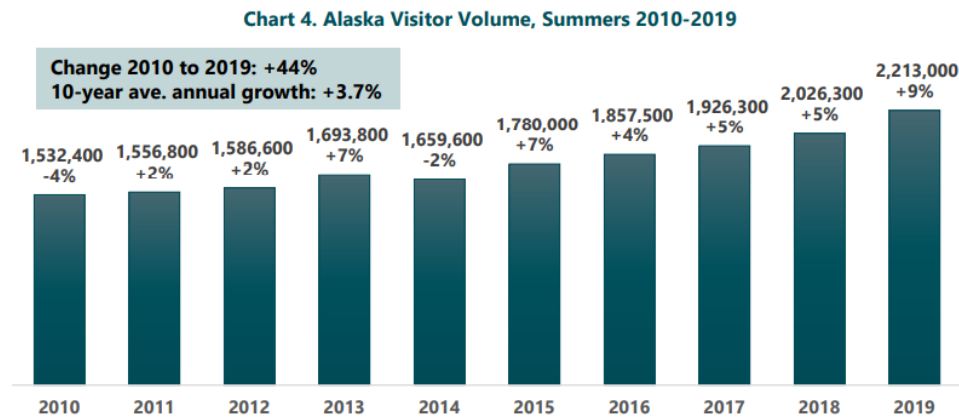
¹⁶ 2017 State of Alaska Export Report.

¹¹

¹² The Economic Benefits of Alaska's Mining Industry, McDowell Group, Inc. report for the Alaska Miners Association. January 2014.

Tourism¹³

The Alaska Summer 2019 visitor volume of 2,213,000 was the fifth consecutive summer of growth, and the largest single year growth in the last decade. By transportation market for Summer 2019, 60.2 percent traveled by cruise ship, 35.7 percent were air visitors, and 4.1 percent were highway / ferry visitors. The following chart shows Summer visitor volume since the 2010 season:



Source: McDowell Group, *Alaska Visitor Volume Winter 2018-19 & Summer 2019, June 2020 Report*

Retail¹⁴

A number of new chain and homegrown retailers opened in Alaska during the past two decades. Since 2000, the following retailers opened stores in Alaska: Kohl's, Walmart, Best Buy, Target, Sportsman's Warehouse, Petco, Bed Bath and Beyond, and Walgreens. The retail sector provided 33,400 jobs on average in Alaska in 2020.

Transportation¹⁵

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 three cargo airport in North America and as the number six cargo airport in the world by Airports Council International in calendar year 2019. In FY 2019 and FY 2020, all-cargo certificated maximum gross takeoff weight (measured in 1,000 lb. units) increased from 24,202,128 to 26,556,989, respectively. In FY 2019, passenger activity at ANC (including passenger enplanements, passenger deplanements and in-transit passengers) was approximately 5.7 million, as compared to 4.9 million in 2010.¹⁶

Alaska's ports and harbors are an important element of the State's economy, providing for the import and export of

¹³ McDowell Group, Inc., June 2020 report for ATIA on Alaska Visitor Volume Winter 2018-19 & Summer 2019.

¹⁴ Alaska Economic Trends, September 2011 and January 2014, Decade in Review, 2000-2010.

¹⁵ Alaska State Transportation Plan, adopted February 29, 2008.

¹⁶ Alaska International Airports System, Statistics, http://www.dot.alaska.gov/aias/assets/AIAS_Statistics.pdf.

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 Alaska ports by transporting passengers and vehicles between coastal communities. This service helps meet the social, educational, health and economic needs of Alaskans.

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 2018, the Alaska Railroad carried 3.2 million tons of freight and 531,611 passengers. As of June 2018, the railroad employed 550 year-round employees, and approximately 130 to 140 additional employees are hired for additional summer activity.¹⁷

¹⁷ Alaska Railroad Corporation Annual Report 2018,
https://www.alaskarailroad.com/sites/default/files/Communications/AnnualReport2018_Apr2019_Secured_FINAL.pdf.

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SOURCES AND USES OF FUNDS

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
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Dated Date 08/10/2021
Delivery Date 08/10/2021

Sources:	Proposed Refunding of 2009A Bonds (AMT)	Proposed Refunding of 2010A Bonds (AMT)	Proposed Refunding of 2010C Bonds (Non-AMT)	Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)	Total
Bond Proceeds:					
Par Amount	35,520,000.00	60,085,000.00	10,050,000.00	15,755,000.00	121,410,000.00
Premium	<u>9,354,739.20</u>	<u>10,324,175.10</u>	<u>2,889,270.00</u>	<u>4,381,177.95</u>	<u>26,949,362.25</u>
	44,874,739.20	70,409,175.10	12,939,270.00	20,136,177.95	148,359,362.25
Other Sources of Funds:					
Funds on Hand - Interest		1,288,083.33	209,416.67	409,297.87	1,906,797.87
Funds on Hand - Principal		<u>9,112,500.00</u>			<u>9,112,500.00</u>
		10,400,583.33	209,416.67	409,297.87	11,019,297.87
	44,874,739.20	80,809,758.43	13,148,686.67	20,545,475.82	159,378,660.12

Uses:	Proposed Refunding of 2009A Bonds (AMT)	Proposed Refunding of 2010A Bonds (AMT)	Proposed Refunding of 2010C Bonds (Non-AMT)	Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)	Total
Refunding Escrow Deposits:					
Cash Deposit	43,611,710.84	78,669,689.59	12,790,122.92	19,979,995.21	155,051,518.56
Other Fund Deposits:					
Debt Service Reserve Fund	1,023,968.37	1,732,126.68	289,720.78	454,184.17	3,500,000.00
Delivery Date Expenses:					
Cost of Issuance	131,653.08	222,702.00	37,249.81	58,395.11	450,000.00
Underwriter's Discount	<u>106,560.00</u>	<u>180,255.00</u>	<u>30,150.00</u>	<u>47,265.00</u>	<u>364,230.00</u>
	238,213.08	402,957.00	67,399.81	105,660.11	814,230.00
Other Uses of Funds:					
Additional Proceeds	846.91	4,985.16	1,443.16	5,636.33	12,911.56
	44,874,739.20	80,809,758.43	13,148,686.67	20,545,475.82	159,378,660.12

SUMMARY OF REFUNDING RESULTS

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
Preliminary, Subject to Change

	Proposed Refunding of 2009A Bonds (AMT)	Proposed Refunding of 2010A Bonds (AMT)	Proposed Refunding of 2010C Bonds (Non-AMT)	Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)	Total
Dated Date	08/10/2021	08/10/2021	08/10/2021	08/10/2021	08/10/2021
Delivery Date	08/10/2021	08/10/2021	08/10/2021	08/10/2021	08/10/2021
Arbitrage Yield	1.460104%	1.460104%	1.460104%	1.460104%	1.460104%
Escrow Yield					
Value of Negative Arbitrage					
Bond Par Amount	35,520,000.00	60,085,000.00	10,050,000.00	15,755,000.00	121,410,000.00
True Interest Cost	1.642835%	1.180239%	2.018584%	2.535663%	1.750116%
Net Interest Cost	1.876058%	1.302523%	2.329766%	2.917909%	1.998115%
All-In TIC	1.684654%	1.256330%	2.052154%	2.564385%	1.798303%
Average Coupon	5.000000%	5.000000%	5.000000%	5.000000%	5.000000%
Average Life	8.335	4.566	10.654	13.212	7.294
Weighted Average Maturity	8.344	4.632	10.653	13.210	7.444
Par amount of refunded bonds	43,000,000.00	77,285,000.00	12,565,000.00	19,540,000.00	152,390,000.00
Average coupon of refunded bonds	3.970000%	5.000000%	5.000000%	6.284000%	4.967614%
Average life of refunded bonds	8.211	3.345	10.722	13.199	6.590
Remaining weighted average maturity of refunded bonds	8.211	3.315	10.722	13.199	6.514
PV of prior debt	51,928,459.83	87,485,074.02	17,188,700.93	26,272,407.33	182,874,642.11
Net PV Savings	7,604,418.36	9,407,338.97	3,722,404.83	3,890,646.66	24,624,808.82
Percentage savings of refunded bonds	17.684694%	12.172270%	29.625188%	19.911191%	16.159071%
Percentage savings of refunding bonds	21.408835%	15.656718%	37.038854%	24.694679%	20.282356%

SUMMARY OF BONDS REFUNDED

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
Preliminary, Subject to Change

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2009A (AMT), 2009A, BOND:					
	10/01/2027	3.970%	2,600,000.00	08/10/2021	100.000
	10/01/2028	3.970%	8,200,000.00	08/10/2021	100.000
	10/01/2029	3.970%	15,800,000.00	08/10/2021	100.000
	10/01/2030	3.970%	16,400,000.00	08/10/2021	100.000
			43,000,000.00		
Series 2010A (AMT), 2010A, BOND:					
	10/01/2021	5.000%	10,935,000.00	08/10/2021	100.000
	10/01/2022	5.000%	11,315,000.00	08/10/2021	100.000
	10/01/2023	5.000%	11,715,000.00	08/10/2021	100.000
	10/01/2025	5.000%	17,065,000.00	08/10/2021	100.000
	10/01/2026	5.000%	12,950,000.00	08/10/2021	100.000
	10/01/2027	5.000%	13,305,000.00	08/10/2021	100.000
			77,285,000.00		
Series 2010C, 2010C, TERM:					
	10/01/2033	5.000%	12,565,000.00	08/10/2021	100.000
Series 2010D (BABs), 2010D, TERM:					
	10/01/2035	6.284%	19,540,000.00	08/10/2021	100.000
			152,390,000.00		

SAVINGS

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
Preliminary, Subject to Change

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 08/10/2021 @ 1.4601041%
06/30/2022	17,684,711.84	6,820,237.50	10,864,474.34	10,840,095.98
06/30/2023	17,508,461.84	5,920,500.00	11,587,961.84	11,397,122.58
06/30/2024	17,332,711.84	11,156,250.00	6,176,461.84	5,988,138.24
06/30/2025	5,324,836.84	5,652,000.00	-327,163.16	-311,414.13
06/30/2026	21,963,211.84	24,883,875.00	-2,920,663.16	-2,749,218.78
06/30/2027	17,097,836.84	20,017,125.00	-2,919,288.16	-2,708,706.69
06/30/2028	19,344,851.84	20,424,250.00	-1,079,398.16	-987,222.98
06/30/2029	11,092,846.84	9,162,750.00	1,930,096.84	1,739,583.70
06/30/2030	18,216,446.84	16,282,625.00	1,933,821.84	1,717,547.88
06/30/2031	18,177,276.84	16,245,000.00	1,932,276.84	1,691,140.47
06/30/2032	7,150,611.84	6,067,750.00	1,082,861.84	933,965.33
06/30/2033	7,150,861.84	6,066,500.00	1,084,361.84	921,905.21
06/30/2034	7,144,486.32	5,277,625.00	1,866,861.32	1,564,528.12
06/30/2035	7,140,449.22	5,861,500.00	1,278,949.22	1,056,360.27
06/30/2036	7,127,081.32	5,852,750.00	1,274,331.32	1,037,369.93
	199,456,683.94	165,690,737.50	33,765,946.44	32,131,195.14

Savings Summary

PV of savings from cash flow	32,131,195.14
Less: Prior funds on hand	-11,019,297.87
Plus: Refunding funds on hand	3,512,911.56
Net PV Savings	24,624,808.83

PRIOR BOND DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
Preliminary, Subject to Change

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Other Cash Flow	Total	Annual Total
12/30/2021	10,935,000	5.000%	3,713,746.80	14,648,746.80		-202,203.38	14,446,543.42	
06/30/2022			3,440,371.80	3,440,371.80	18,089,118.60	-202,203.38	3,238,168.42	17,684,711.84
12/30/2022	11,315,000	5.000%	3,440,371.80	14,755,371.80		-202,203.38	14,553,168.42	
06/30/2023			3,157,496.80	3,157,496.80	17,912,868.60	-202,203.38	2,955,293.42	17,508,461.84
12/30/2023	11,715,000	5.000%	3,157,496.80	14,872,496.80		-202,203.38	14,670,293.42	
06/30/2024			2,864,621.80	2,864,621.80	17,737,118.60	-202,203.38	2,662,418.42	17,332,711.84
12/30/2024			2,864,621.80	2,864,621.80		-202,203.38	2,662,418.42	
06/30/2025			2,864,621.80	2,864,621.80	5,729,243.60	-202,203.38	2,662,418.42	5,324,836.84
12/30/2025	17,065,000	5.000%	2,864,621.80	19,929,621.80		-202,203.38	19,727,418.42	
06/30/2026			2,437,996.80	2,437,996.80	22,367,618.60	-202,203.38	2,235,793.42	21,963,211.84
12/30/2026	12,950,000	5.000%	2,437,996.80	15,387,996.80		-202,203.38	15,185,793.42	
06/30/2027			2,114,246.80	2,114,246.80	17,502,243.60	-202,203.38	1,912,043.42	17,097,836.84
12/30/2027	15,905,000	** %	2,114,246.80	18,019,246.80		-202,203.38	17,817,043.42	
06/30/2028			1,730,011.80	1,730,011.80	19,749,258.60	-202,203.38	1,527,808.42	19,344,851.84
12/30/2028	8,200,000	3.970%	1,730,011.80	9,930,011.80		-202,203.38	9,727,808.42	
06/30/2029			1,567,241.80	1,567,241.80	11,497,253.60	-202,203.38	1,365,038.42	11,092,846.84
12/30/2029	15,800,000	3.970%	1,567,241.80	17,367,241.80		-202,203.38	17,165,038.42	
06/30/2030			1,253,611.80	1,253,611.80	18,620,853.60	-202,203.38	1,051,408.42	18,216,446.84
12/30/2030	16,400,000	3.970%	1,253,611.80	17,653,611.80		-202,203.38	17,451,408.42	
06/30/2031			928,071.80	928,071.80	18,581,683.60	-202,203.38	725,868.42	18,177,276.84
12/30/2031	5,845,000	5.000%	928,071.80	6,773,071.80		-202,203.38	6,570,868.42	
06/30/2032			781,946.80	781,946.80	7,555,018.60	-202,203.38	579,743.42	7,150,611.84
12/30/2032	6,145,000	5.000%	781,946.80	6,926,946.80		-202,203.38	6,724,743.42	
06/30/2033			628,321.80	628,321.80	7,555,268.60	-202,203.38	426,118.42	7,150,861.84
12/30/2033	6,430,000	** %	628,321.80	7,058,321.80		-202,203.38	6,856,118.42	
06/30/2034			429,982.70	429,982.70	7,488,304.50	-141,614.80	288,367.90	7,144,486.32
12/30/2034	6,705,000	6.284%	429,982.70	7,134,982.70		-141,614.80	6,993,367.90	
06/30/2035			219,311.60	219,311.60	7,354,294.30	-72,230.28	147,081.32	7,140,449.22
12/30/2035	6,980,000	6.284%	219,311.60	7,199,311.60		-72,230.28	7,127,081.32	
06/30/2036					7,199,311.60			7,127,081.32
	152,390,000		52,549,458.60	204,939,458.60	204,939,458.60	-5,482,774.66	199,456,683.94	199,456,683.94

BOND SUMMARY STATISTICS

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
Preliminary, Subject to Change

Dated Date	08/10/2021
Delivery Date	08/10/2021
Last Maturity	10/01/2035
Arbitrage Yield	1.460104%
True Interest Cost (TIC)	1.750116%
Net Interest Cost (NIC)	1.998115%
All-In TIC	1.798303%
Average Coupon	5.000000%
Average Life (years)	7.294
Weighted Average Maturity (years)	7.444
Duration of Issue (years)	6.379
Par Amount	121,410,000.00
Bond Proceeds	148,359,362.25
Total Interest	44,280,737.50
Net Interest	17,695,605.25
Total Debt Service	165,690,737.50
Maximum Annual Debt Service	24,883,875.00
Average Annual Debt Service	11,716,492.93
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	3.000000
Total Underwriter's Discount	3.000000
Bid Price	121.896987

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	121,410,000.00	122.197	5.000%	7.294	85,966.50
	121,410,000.00			7.294	85,966.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	121,410,000.00	121,410,000.00	121,410,000.00
+ Accrued Interest			
+ Premium (Discount)	26,949,362.25	26,949,362.25	26,949,362.25
- Underwriter's Discount	-364,230.00	-364,230.00	
- Cost of Issuance Expense		-450,000.00	
- Other Amounts			
Target Value	147,995,132.25	147,545,132.25	148,359,362.25
Target Date	08/10/2021	08/10/2021	08/10/2021
Yield	1.750116%	1.798303%	1.460104%

BOND PRICING

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
Preliminary, Subject to Change

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Proposed Refunding of 2009A Bonds (AMT), Bond Component:									
	10/01/2027	725,000	5.000%	1.290%	121.837				158,318.25
	10/01/2028	6,290,000	5.000%	1.440%	124.076				1,514,380.40
	10/01/2029	13,915,000	5.000%	1.580%	126.029				3,621,935.35
	10/01/2030	14,590,000	5.000%	1.700%	127.828				4,060,105.20
	10/01/2031		5.000%	1.770%	127.149 C	2.025%	10/01/2030	100.000	
	10/01/2032		5.000%	1.840%	126.474 C	2.294%	10/01/2030	100.000	
	10/01/2033		5.000%	1.870%	126.186 C	2.488%	10/01/2030	100.000	
	10/01/2034		5.000%	1.900%	125.899 C	2.653%	10/01/2030	100.000	
	10/01/2035		5.000%	1.930%	125.613 C	2.795%	10/01/2030	100.000	
		35,520,000							9,354,739.20
Proposed Refunding of 2010A Bonds (AMT), Bond Component:									
	10/01/2021	3,000,000	5.000%	0.410%	100.648				19,440.00
	10/01/2022		5.000%	0.490%	105.127				
	10/01/2023	5,370,000	5.000%	0.590%	109.370				503,169.00
	10/01/2024		5.000%	0.770%	113.103				
	10/01/2025	19,725,000	5.000%	0.960%	116.364				3,227,799.00
	10/01/2026	15,745,000	5.000%	1.140%	119.221				3,026,346.45
	10/01/2027	16,245,000	5.000%	1.290%	121.837				3,547,420.65
	10/01/2028		5.000%	1.440%	124.076				
	10/01/2029		5.000%	1.580%	126.029				
	10/01/2030		5.000%	1.700%	127.828				
	10/01/2031		5.000%	1.770%	127.149 C	2.025%	10/01/2030	100.000	
	10/01/2032		5.000%	1.840%	126.474 C	2.294%	10/01/2030	100.000	
	10/01/2033		5.000%	1.870%	126.186 C	2.488%	10/01/2030	100.000	
	10/01/2034		5.000%	1.900%	125.899 C	2.653%	10/01/2030	100.000	
	10/01/2035		5.000%	1.930%	125.613 C	2.795%	10/01/2030	100.000	
		60,085,000							10,324,175.10
Proposed Refunding of 2010C Bonds (Non-AMT), Bond Component:									
	10/01/2030		5.000%	1.500%	129.793				
	10/01/2031	4,900,000	5.000%	1.570%	129.101 C	1.841%	10/01/2030	100.000	1,425,949.00
	10/01/2032	5,150,000	5.000%	1.640%	128.414 C	2.123%	10/01/2030	100.000	1,463,321.00
	10/01/2033		5.000%	1.670%	128.121 C	2.328%	10/01/2030	100.000	
	10/01/2034		5.000%	1.700%	127.828 C	2.502%	10/01/2030	100.000	
	10/01/2035		5.000%	1.730%	127.537 C	2.652%	10/01/2030	100.000	
		10,050,000							2,889,270.00
Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT), Bond Component:									
	10/01/2032		5.000%	1.640%	128.414 C	2.123%	10/01/2030	100.000	
	10/01/2033	4,605,000	5.000%	1.670%	128.121 C	2.328%	10/01/2030	100.000	1,294,972.05
	10/01/2034	5,440,000	5.000%	1.700%	127.828 C	2.502%	10/01/2030	100.000	1,513,843.20
	10/01/2035	5,710,000	5.000%	1.730%	127.537 C	2.652%	10/01/2030	100.000	1,572,362.70
		15,755,000							4,381,177.95
		121,410,000							26,949,362.25

Dated Date 08/10/2021
Delivery Date 08/10/2021
First Coupon 10/01/2021

Par Amount 121,410,000.00
Premium 26,949,362.25

Production 148,359,362.25 122.196987%
Underwriter's Discount -364,230.00 -0.300000%

Purchase Price 147,995,132.25 121.896987%
Accrued Interest

Net Proceeds 147,995,132.25

BOND DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
Preliminary, Subject to Change

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/30/2021	3,000,000	5.000%	859,987.50	3,859,987.50	
06/30/2022			2,960,250.00	2,960,250.00	6,820,237.50
12/30/2022			2,960,250.00	2,960,250.00	
06/30/2023			2,960,250.00	2,960,250.00	5,920,500.00
12/30/2023	5,370,000	5.000%	2,960,250.00	8,330,250.00	
06/30/2024			2,826,000.00	2,826,000.00	11,156,250.00
12/30/2024			2,826,000.00	2,826,000.00	
06/30/2025			2,826,000.00	2,826,000.00	5,652,000.00
12/30/2025	19,725,000	5.000%	2,826,000.00	22,551,000.00	
06/30/2026			2,332,875.00	2,332,875.00	24,883,875.00
12/30/2026	15,745,000	5.000%	2,332,875.00	18,077,875.00	
06/30/2027			1,939,250.00	1,939,250.00	20,017,125.00
12/30/2027	16,970,000	5.000%	1,939,250.00	18,909,250.00	
06/30/2028			1,515,000.00	1,515,000.00	20,424,250.00
12/30/2028	6,290,000	5.000%	1,515,000.00	7,805,000.00	
06/30/2029			1,357,750.00	1,357,750.00	9,162,750.00
12/30/2029	13,915,000	5.000%	1,357,750.00	15,272,750.00	
06/30/2030			1,009,875.00	1,009,875.00	16,282,625.00
12/30/2030	14,590,000	5.000%	1,009,875.00	15,599,875.00	
06/30/2031			645,125.00	645,125.00	16,245,000.00
12/30/2031	4,900,000	5.000%	645,125.00	5,545,125.00	
06/30/2032			522,625.00	522,625.00	6,067,750.00
12/30/2032	5,150,000	5.000%	522,625.00	5,672,625.00	
06/30/2033			393,875.00	393,875.00	6,066,500.00
12/30/2033	4,605,000	5.000%	393,875.00	4,998,875.00	
06/30/2034			278,750.00	278,750.00	5,277,625.00
12/30/2034	5,440,000	5.000%	278,750.00	5,718,750.00	
06/30/2035			142,750.00	142,750.00	5,861,500.00
12/30/2035	5,710,000	5.000%	142,750.00	5,852,750.00	
06/30/2036					5,852,750.00
	121,410,000		44,280,737.50	165,690,737.50	165,690,737.50

BOND DEBT SERVICE BREAKDOWN

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
Preliminary, Subject to Change

Period Ending	Proposed Refunding of 2009A Bonds (AMT)	Proposed Refunding of 2010A Bonds (AMT)	Proposed Refunding of 2010C Bonds (Non-AMT)	Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)	Total
06/30/2022	1,139,600	4,852,727.08	322,437.50	505,472.92	6,820,237.50
06/30/2023	1,776,000	2,854,250.00	502,500.00	787,750.00	5,920,500.00
06/30/2024	1,776,000	8,090,000.00	502,500.00	787,750.00	11,156,250.00
06/30/2025	1,776,000	2,585,750.00	502,500.00	787,750.00	5,652,000.00
06/30/2026	1,776,000	21,817,625.00	502,500.00	787,750.00	24,883,875.00
06/30/2027	1,776,000	16,950,875.00	502,500.00	787,750.00	20,017,125.00
06/30/2028	2,482,875	16,651,125.00	502,500.00	787,750.00	20,424,250.00
06/30/2029	7,872,500		502,500.00	787,750.00	9,162,750.00
06/30/2030	14,992,375		502,500.00	787,750.00	16,282,625.00
06/30/2031	14,954,750		502,500.00	787,750.00	16,245,000.00
06/30/2032			5,280,000.00	787,750.00	6,067,750.00
06/30/2033			5,278,750.00	787,750.00	6,066,500.00
06/30/2034				5,277,625.00	5,277,625.00
06/30/2035				5,861,500.00	5,861,500.00
06/30/2036				5,852,750.00	5,852,750.00
	50,322,100	73,802,352.08	15,403,687.50	26,162,597.92	165,690,737.50

NET DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
Preliminary, Subject to Change

Period Ending	Total Debt Service	Debt Service Reserve Fund	Net Debt Service
06/30/2022	6,820,237.50		6,820,237.50
06/30/2023	5,920,500.00		5,920,500.00
06/30/2024	11,156,250.00		11,156,250.00
06/30/2025	5,652,000.00		5,652,000.00
06/30/2026	24,883,875.00		24,883,875.00
06/30/2027	20,017,125.00		20,017,125.00
06/30/2028	20,424,250.00	1,732,126.68	18,692,123.32
06/30/2029	9,162,750.00		9,162,750.00
06/30/2030	16,282,625.00		16,282,625.00
06/30/2031	16,245,000.00	1,023,968.37	15,221,031.63
06/30/2032	6,067,750.00		6,067,750.00
06/30/2033	6,066,500.00	289,720.78	5,776,779.22
06/30/2034	5,277,625.00		5,277,625.00
06/30/2035	5,861,500.00		5,861,500.00
06/30/2036	5,852,750.00	454,184.17	5,398,565.83
	165,690,737.50	3,500,000.00	162,190,737.50

BOND MATURITY TABLE

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
Preliminary, Subject to Change

Maturity Date	Proposed Refunding of 2009A Bonds (AMT)	Proposed Refunding of 2010A Bonds (AMT)	Proposed Refunding of 2010C Bonds (Non-AMT)	Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)	Total
10/01/2021		3,000,000			3,000,000
10/01/2022					
10/01/2023		5,370,000			5,370,000
10/01/2024					
10/01/2025		19,725,000			19,725,000
10/01/2026		15,745,000			15,745,000
10/01/2027	725,000	16,245,000			16,970,000
10/01/2028	6,290,000				6,290,000
10/01/2029	13,915,000				13,915,000
10/01/2030	14,590,000				14,590,000
10/01/2031			4,900,000		4,900,000
10/01/2032			5,150,000		5,150,000
10/01/2033				4,605,000	4,605,000
10/01/2034				5,440,000	5,440,000
10/01/2035				5,710,000	5,710,000
	35,520,000	60,085,000	10,050,000	15,755,000	121,410,000

ESCROW REQUIREMENTS

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
Preliminary, Subject to Change

Period Ending	Interest	Principal Redeemed	Total
08/10/2021	2,661,518.54	152,390,000.00	155,051,518.54
	2,661,518.54	152,390,000.00	155,051,518.54

ESCROW COST

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
Preliminary, Subject to Change

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
08/10/2021		155,051,518.56	155,051,518.56
	0	155,051,518.56	155,051,518.56

ESCROW SUFFICIENCY

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
Preliminary, Subject to Change

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
08/10/2021	155,051,518.54	155,051,518.56	0.02	0.02
	155,051,518.54	155,051,518.56	0.02	

ESCROW STATISTICS

Alaska International Airport Systems
Proposed Refunding Revenue Bonds, Series 2021
Preliminary, Subject to Change

Escrow	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Proposed Refunding of 2009A Bonds (AMT), Global Proceeds Escrow:							
	43,611,710.84				43,611,710.84		
Proposed Refunding of 2010A Bonds (AMT), Global Proceeds Escrow:							
	78,669,689.59				78,669,689.59		
Proposed Refunding of 2010C Bonds (Non-AMT), Global Proceeds Escrow:							
	12,790,122.92				12,790,122.92		
Proposed Refunding of 2010D Bonds (Taxable BABs) (, Global Proceeds Escrow:							
	19,979,995.21				19,979,995.21		
	155,051,518.56				155,051,518.56	0.00	0.00

Delivery date 08/10/2021
Arbitrage yield 1.460104%

SOURCES AND USES OF FUNDS

Alaska International Airport Systems
Proposed Refunding of 2009A Bonds (AMT)

Dated Date	08/10/2021
Delivery Date	08/10/2021

Sources:

Bond Proceeds:

Par Amount	35,520,000.00
Premium	9,354,739.20

	44,874,739.20
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Uses:

Refunding Escrow Deposits:

Cash Deposit	43,611,710.84
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Other Fund Deposits:

Debt Service Reserve Fund	1,023,968.37
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Delivery Date Expenses:

Cost of Issuance	131,653.08
Underwriter's Discount	106,560.00
	238,213.08

Other Uses of Funds:

Additional Proceeds	846.91
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	44,874,739.20
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SUMMARY OF REFUNDING RESULTS

Alaska International Airport Systems
Proposed Refunding of 2009A Bonds (AMT)

Dated Date	08/10/2021
Delivery Date	08/10/2021
Arbitrage yield	1.460104%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	35,520,000.00
True Interest Cost	1.642835%
Net Interest Cost	1.876058%
All-In TIC	1.684654%
Average Coupon	5.000000%
Average Life	8.335
Weighted Average Maturity	8.344
Par amount of refunded bonds	43,000,000.00
Average coupon of refunded bonds	3.970000%
Average life of refunded bonds	8.211
Remaining weighted average maturity of refunded bonds	8.211
PV of prior debt to 08/10/2021 @ 1.460104%	51,928,459.83
Net PV Savings	7,604,418.36
Percentage savings of refunded bonds	17.684694%
Percentage savings of refunding bonds	21.408835%

SAVINGS

Alaska International Airport Systems
Proposed Refunding of 2009A Bonds (AMT)

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 08/10/2021 @ 1.4601041%
06/30/2022	1,707,100.00	1,139,600.00	567,500.00	566,580.77
06/30/2023	1,707,100.00	1,776,000.00	-68,900.00	-67,519.53
06/30/2024	1,707,100.00	1,776,000.00	-68,900.00	-66,544.36
06/30/2025	1,707,100.00	1,776,000.00	-68,900.00	-65,583.28
06/30/2026	1,707,100.00	1,776,000.00	-68,900.00	-64,636.08
06/30/2027	1,707,100.00	1,776,000.00	-68,900.00	-63,702.56
06/30/2028	4,255,490.00	2,482,875.00	1,772,615.00	1,621,553.44
06/30/2029	9,641,110.00	7,872,500.00	1,768,610.00	1,594,560.13
06/30/2030	16,764,710.00	14,992,375.00	1,772,335.00	1,574,618.84
06/30/2031	16,725,540.00	14,954,750.00	1,770,790.00	1,550,275.71
	57,629,450.00	50,322,100.00	7,307,350.00	6,579,603.08

Savings Summary

PV of savings from cash flow	6,579,603.08
Plus: Refunding funds on hand	1,024,815.28
Net PV Savings	7,604,418.36

BOND PRICING

Alaska International Airport Systems
Proposed Refunding of 2009A Bonds (AMT)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Bond Component:									
	10/01/2027	725,000	5.000%	1.290%	121.837				158,318.25
	10/01/2028	6,290,000	5.000%	1.440%	124.076				1,514,380.40
	10/01/2029	13,915,000	5.000%	1.580%	126.029				3,621,935.35
	10/01/2030	14,590,000	5.000%	1.700%	127.828				4,060,105.20
	10/01/2031		5.000%	1.770%	127.149 C	2.025%	10/01/2030	100.000	
	10/01/2032		5.000%	1.840%	126.474 C	2.294%	10/01/2030	100.000	
	10/01/2033		5.000%	1.870%	126.186 C	2.488%	10/01/2030	100.000	
	10/01/2034		5.000%	1.900%	125.899 C	2.653%	10/01/2030	100.000	
	10/01/2035		5.000%	1.930%	125.613 C	2.795%	10/01/2030	100.000	
		35,520,000							9,354,739.20

Dated Date 08/10/2021

Delivery Date 08/10/2021

First Coupon 10/01/2021

Par Amount 35,520,000.00

Premium 9,354,739.20

Production 44,874,739.20 126.336541%

Underwriter's Discount -106,560.00 -0.300000%

Purchase Price 44,768,179.20 126.036541%

Accrued Interest

Net Proceeds 44,768,179.20

PRIOR BOND DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding of 2009A Bonds (AMT)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/30/2021			853,550	853,550	
06/30/2022			853,550	853,550	1,707,100
12/30/2022			853,550	853,550	
06/30/2023			853,550	853,550	1,707,100
12/30/2023			853,550	853,550	
06/30/2024			853,550	853,550	1,707,100
12/30/2024			853,550	853,550	
06/30/2025			853,550	853,550	1,707,100
12/30/2025			853,550	853,550	
06/30/2026			853,550	853,550	1,707,100
12/30/2026			853,550	853,550	
06/30/2027			853,550	853,550	1,707,100
12/30/2027	2,600,000	3.970%	853,550	3,453,550	
06/30/2028			801,940	801,940	4,255,490
12/30/2028	8,200,000	3.970%	801,940	9,001,940	
06/30/2029			639,170	639,170	9,641,110
12/30/2029	15,800,000	3.970%	639,170	16,439,170	
06/30/2030			325,540	325,540	16,764,710
12/30/2030	16,400,000	3.970%	325,540	16,725,540	
06/30/2031					16,725,540
	43,000,000		14,629,450	57,629,450	57,629,450

BOND DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding of 2009A Bonds (AMT)

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2022			1,139,600	1,139,600
06/30/2023			1,776,000	1,776,000
06/30/2024			1,776,000	1,776,000
06/30/2025			1,776,000	1,776,000
06/30/2026			1,776,000	1,776,000
06/30/2027			1,776,000	1,776,000
06/30/2028	725,000	5.000%	1,757,875	2,482,875
06/30/2029	6,290,000	5.000%	1,582,500	7,872,500
06/30/2030	13,915,000	5.000%	1,077,375	14,992,375
06/30/2031	14,590,000	5.000%	364,750	14,954,750
	35,520,000		14,802,100	50,322,100

BOND DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding of 2009A Bonds (AMT)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/30/2021			251,600	251,600	
06/30/2022			888,000	888,000	1,139,600
12/30/2022			888,000	888,000	
06/30/2023			888,000	888,000	1,776,000
12/30/2023			888,000	888,000	
06/30/2024			888,000	888,000	1,776,000
12/30/2024			888,000	888,000	
06/30/2025			888,000	888,000	1,776,000
12/30/2025			888,000	888,000	
06/30/2026			888,000	888,000	1,776,000
12/30/2026			888,000	888,000	
06/30/2027			888,000	888,000	1,776,000
12/30/2027	725,000	5.000%	888,000	1,613,000	
06/30/2028			869,875	869,875	2,482,875
12/30/2028	6,290,000	5.000%	869,875	7,159,875	
06/30/2029			712,625	712,625	7,872,500
12/30/2029	13,915,000	5.000%	712,625	14,627,625	
06/30/2030			364,750	364,750	14,992,375
12/30/2030	14,590,000	5.000%	364,750	14,954,750	
06/30/2031					14,954,750
	35,520,000		14,802,100	50,322,100	50,322,100

FORM 8038 STATISTICS

Alaska International Airport Systems
Proposed Refunding of 2009A Bonds (AMT)Dated Date 08/10/2021
Delivery Date 08/10/2021

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	10/01/2027	725,000.00	5.000%	121.837	883,318.25	725,000.00
	10/01/2028	6,290,000.00	5.000%	124.076	7,804,380.40	6,290,000.00
	10/01/2029	13,915,000.00	5.000%	126.029	17,536,935.35	13,915,000.00
	10/01/2030	14,590,000.00	5.000%	127.828	18,650,105.20	14,590,000.00
	10/01/2031		5.000%	127.149		
	10/01/2032		5.000%	126.474		
	10/01/2033		5.000%	126.186		
	10/01/2034		5.000%	125.899		
	10/01/2035		5.000%	125.613		
		35,520,000.00			44,874,739.20	35,520,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	10/01/2035	5.000%				
Entire Issue			44,874,739.20	35,520,000.00	8.3440	1.4601%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	238,213.08
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	1,023,968.37
Proceeds used to refund prior tax-exempt bonds	43,611,710.84
Proceeds used to refund prior taxable bonds	0.00
Remaining WAM of prior tax-exempt bonds (years)	8.2114
Remaining WAM of prior taxable bonds (years)	0.0000
Last call date of refunded tax-exempt bonds	08/10/2021

2011 Form 8038 Statistics

Proceeds used to currently refund prior issues	43,611,710.84
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	8.2114
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

Alaska International Airport Systems
Proposed Refunding of 2009A Bonds (AMT)

Bond Component	Date	Principal	Coupon	Price	Issue Price
Series 2009A (AMT):					
BOND	10/01/2027	2,600,000.00	3.970%	100.000	2,600,000.00
BOND	10/01/2028	8,200,000.00	3.970%	100.000	8,200,000.00
BOND	10/01/2029	15,800,000.00	3.970%	100.000	15,800,000.00
BOND	10/01/2030	16,400,000.00	3.970%	100.000	16,400,000.00
		43,000,000.00			43,000,000.00

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
Series 2009A (AMT)	08/10/2021	01/06/2009	8.2114
All Refunded Issues	08/10/2021		8.2114

ESCROW REQUIREMENTS

Alaska International Airport Systems
Proposed Refunding of 2009A Bonds (AMT)

Period Ending	Interest	Principal Redeemed	Total
08/10/2021	611,710.83	43,000,000.00	43,611,710.83
	611,710.83	43,000,000.00	43,611,710.83

ESCROW COST

Alaska International Airport Systems
Proposed Refunding of 2009A Bonds (AMT)

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
08/10/2021		43,611,710.84	43,611,710.84
	0	43,611,710.84	43,611,710.84

ESCROW SUFFICIENCY

Alaska International Airport Systems
Proposed Refunding of 2009A Bonds (AMT)

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
08/10/2021	43,611,710.83	43,611,710.84	0.01	0.01
	43,611,710.83	43,611,710.84	0.01	

ESCROW STATISTICS

Alaska International Airport Systems
Proposed Refunding of 2009A Bonds (AMT)

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:						
43,611,710.84				43,611,710.84		
43,611,710.84				43,611,710.84	0.00	0.00

Delivery date 08/10/2021
Arbitrage yield 1.460104%

SOURCES AND USES OF FUNDS

Alaska International Airport Systems
Proposed Refunding of 2010A Bonds (AMT)

Dated Date	08/10/2021
Delivery Date	08/10/2021

Sources:

Bond Proceeds:

Par Amount	60,085,000.00
Premium	10,324,175.10
	<u>70,409,175.10</u>

Other Sources of Funds:

Funds on Hand - Interest	1,288,083.33
Funds on Hand - Principal	9,112,500.00
	<u>10,400,583.33</u>

80,809,758.43

Uses:

Refunding Escrow Deposits:

Cash Deposit	78,669,689.59
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Other Fund Deposits:

Debt Service Reserve Fund	1,732,126.68
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Delivery Date Expenses:

Cost of Issuance	222,702.00
Underwriter's Discount	180,255.00
	<u>402,957.00</u>

Other Uses of Funds:

Additional Proceeds	4,985.16
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80,809,758.43

SUMMARY OF REFUNDING RESULTS

Alaska International Airport Systems
Proposed Refunding of 2010A Bonds (AMT)

Dated Date	08/10/2021
Delivery Date	08/10/2021
Arbitrage yield	1.460104%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	60,085,000.00
True Interest Cost	1.180239%
Net Interest Cost	1.302523%
All-In TIC	1.256330%
Average Coupon	5.000000%
Average Life	4.566
Weighted Average Maturity	4.632
Par amount of refunded bonds	77,285,000.00
Average coupon of refunded bonds	5.000000%
Average life of refunded bonds	3.345
Remaining weighted average maturity of refunded bonds	3.315
PV of prior debt to 08/10/2021 @ 1.460104%	87,485,074.02
Net PV Savings	9,407,338.97
Percentage savings of refunded bonds	12.172270%
Percentage savings of refunding bonds	15.656718%

SAVINGS

Alaska International Airport Systems
Proposed Refunding of 2010A Bonds (AMT)

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 08/10/2021 @ 1.4601041%
06/30/2022	14,525,875.00	4,852,727.08	9,673,147.92	9,651,557.14
06/30/2023	14,349,625.00	2,854,250.00	11,495,375.00	11,306,390.81
06/30/2024	14,173,875.00	8,090,000.00	6,083,875.00	5,898,716.87
06/30/2025	2,166,000.00	2,585,750.00	-419,750.00	-399,544.02
06/30/2026	18,804,375.00	21,817,625.00	-3,013,250.00	-2,836,075.83
06/30/2027	13,939,000.00	16,950,875.00	-3,011,875.00	-2,794,309.29
06/30/2028	13,637,625.00	16,651,125.00	-3,013,500.00	-2,755,925.22
	91,596,375.00	73,802,352.08	17,794,022.92	18,070,810.46

Savings Summary

PV of savings from cash flow	18,070,810.46
Less: Prior funds on hand	-10,400,583.33
Plus: Refunding funds on hand	1,737,111.84
Net PV Savings	9,407,338.97

BOND PRICING

Alaska International Airport Systems
Proposed Refunding of 2010A Bonds (AMT)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Bond Component:									
	10/01/2021	3,000,000	5.000%	0.410%	100.648				19,440.00
	10/01/2022		5.000%	0.490%	105.127				
	10/01/2023	5,370,000	5.000%	0.590%	109.370				503,169.00
	10/01/2024		5.000%	0.770%	113.103				
	10/01/2025	19,725,000	5.000%	0.960%	116.364				3,227,799.00
	10/01/2026	15,745,000	5.000%	1.140%	119.221				3,026,346.45
	10/01/2027	16,245,000	5.000%	1.290%	121.837				3,547,420.65
	10/01/2028		5.000%	1.440%	124.076				
	10/01/2029		5.000%	1.580%	126.029				
	10/01/2030		5.000%	1.700%	127.828				
	10/01/2031		5.000%	1.770%	127.149 C	2.025%	10/01/2030	100.000	
	10/01/2032		5.000%	1.840%	126.474 C	2.294%	10/01/2030	100.000	
	10/01/2033		5.000%	1.870%	126.186 C	2.488%	10/01/2030	100.000	
	10/01/2034		5.000%	1.900%	125.899 C	2.653%	10/01/2030	100.000	
	10/01/2035		5.000%	1.930%	125.613 C	2.795%	10/01/2030	100.000	
		60,085,000							10,324,175.10

Dated Date 08/10/2021
Delivery Date 08/10/2021
First Coupon 10/01/2021

Par Amount 60,085,000.00
Premium 10,324,175.10

Production 70,409,175.10 117.182616%
Underwriter's Discount -180,255.00 -0.300000%

Purchase Price 70,228,920.10 116.882616%
Accrued Interest

Net Proceeds 70,228,920.10

PRIOR BOND DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding of 2010A Bonds (AMT)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/30/2021	10,935,000	5.000%	1,932,125	12,867,125	
06/30/2022			1,658,750	1,658,750	14,525,875
12/30/2022	11,315,000	5.000%	1,658,750	12,973,750	
06/30/2023			1,375,875	1,375,875	14,349,625
12/30/2023	11,715,000	5.000%	1,375,875	13,090,875	
06/30/2024			1,083,000	1,083,000	14,173,875
12/30/2024			1,083,000	1,083,000	
06/30/2025			1,083,000	1,083,000	2,166,000
12/30/2025	17,065,000	5.000%	1,083,000	18,148,000	
06/30/2026			656,375	656,375	18,804,375
12/30/2026	12,950,000	5.000%	656,375	13,606,375	
06/30/2027			332,625	332,625	13,939,000
12/30/2027	13,305,000	5.000%	332,625	13,637,625	
06/30/2028					13,637,625
	77,285,000		14,311,375	91,596,375	91,596,375

BOND DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding of 2010A Bonds (AMT)

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2022	3,000,000	5.000%	1,852,727.08	4,852,727.08
06/30/2023			2,854,250.00	2,854,250.00
06/30/2024	5,370,000	5.000%	2,720,000.00	8,090,000.00
06/30/2025			2,585,750.00	2,585,750.00
06/30/2026	19,725,000	5.000%	2,092,625.00	21,817,625.00
06/30/2027	15,745,000	5.000%	1,205,875.00	16,950,875.00
06/30/2028	16,245,000	5.000%	406,125.00	16,651,125.00
	60,085,000		13,717,352.08	73,802,352.08

BOND DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding of 2010A Bonds (AMT)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/30/2021	3,000,000	5.000%	425,602.08	3,425,602.08	
06/30/2022			1,427,125.00	1,427,125.00	4,852,727.08
12/30/2022			1,427,125.00	1,427,125.00	
06/30/2023	5,370,000	5.000%	1,427,125.00	1,427,125.00	2,854,250.00
12/30/2023			1,427,125.00	6,797,125.00	
06/30/2024			1,292,875.00	1,292,875.00	8,090,000.00
12/30/2024	19,725,000	5.000%	1,292,875.00	1,292,875.00	
06/30/2025			1,292,875.00	1,292,875.00	2,585,750.00
12/30/2025			1,292,875.00	21,017,875.00	
06/30/2026	15,745,000	5.000%	799,750.00	799,750.00	21,817,625.00
12/30/2026			799,750.00	16,544,750.00	
06/30/2027			406,125.00	406,125.00	16,950,875.00
12/30/2027	16,245,000	5.000%	406,125.00	16,651,125.00	
06/30/2028					16,651,125.00
	60,085,000		13,717,352.08	73,802,352.08	73,802,352.08

FORM 8038 STATISTICS

Alaska International Airport Systems
Proposed Refunding of 2010A Bonds (AMT)Dated Date 08/10/2021
Delivery Date 08/10/2021

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	10/01/2021	3,000,000.00	5.000%	100.648	3,019,440.00	3,000,000.00
	10/01/2022		5.000%	105.127		
	10/01/2023	5,370,000.00	5.000%	109.370	5,873,169.00	5,370,000.00
	10/01/2024		5.000%	113.103		
	10/01/2025	19,725,000.00	5.000%	116.364	22,952,799.00	19,725,000.00
	10/01/2026	15,745,000.00	5.000%	119.221	18,771,346.45	15,745,000.00
	10/01/2027	16,245,000.00	5.000%	121.837	19,792,420.65	16,245,000.00
	10/01/2028		5.000%	124.076		
	10/01/2029		5.000%	126.029		
	10/01/2030		5.000%	127.828		
	10/01/2031		5.000%	127.149		
	10/01/2032		5.000%	126.474		
	10/01/2033		5.000%	126.186		
	10/01/2034		5.000%	125.899		
	10/01/2035		5.000%	125.613		
		60,085,000.00			70,409,175.10	60,085,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	10/01/2035	5.000%				
Entire Issue			70,409,175.10	60,085,000.00	4.6321	1.4601%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	402,957.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	1,732,126.68
Proceeds used to refund prior tax-exempt bonds	78,669,689.59
Proceeds used to refund prior taxable bonds	0.00
Remaining WAM of prior tax-exempt bonds (years)	3.3151
Remaining WAM of prior taxable bonds (years)	0.0000
Last call date of refunded tax-exempt bonds	08/10/2021

2011 Form 8038 Statistics

Proceeds used to currently refund prior issues	78,669,689.59
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	3.3151
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

FORM 8038 STATISTICS

Alaska International Airport Systems
Proposed Refunding of 2010A Bonds (AMT)Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
Series 2010A (AMT):					
BOND	10/01/2021	10,935,000.00	5.000%	107.410	11,745,283.50
BOND	10/01/2022	11,315,000.00	5.000%	106.228	12,019,698.20
BOND	10/01/2023	11,715,000.00	5.000%	105.393	12,346,789.95
BOND	10/01/2025	17,065,000.00	5.000%	104.238	17,788,214.70
BOND	10/01/2026	12,950,000.00	5.000%	103.584	13,414,128.00
BOND	10/01/2027	13,305,000.00	5.000%	102.855	13,684,857.75
77,285,000.00					80,998,972.10
			Last Call Date	Issue Date	Remaining Weighted Average Maturity
Series 2010A (AMT)			08/10/2021	09/29/2010	3.3151
All Refunded Issues			08/10/2021		3.3151

ESCROW REQUIREMENTS

Alaska International Airport Systems
Proposed Refunding of 2010A Bonds (AMT)

Period Ending	Interest	Principal Redeemed	Total
08/10/2021	1,384,689.58	77,285,000.00	78,669,689.58
	1,384,689.58	77,285,000.00	78,669,689.58

ESCROW COST

Alaska International Airport Systems
Proposed Refunding of 2010A Bonds (AMT)

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
08/10/2021		78,669,689.59	78,669,689.59
	0	78,669,689.59	78,669,689.59

ESCROW SUFFICIENCY

Alaska International Airport Systems
Proposed Refunding of 2010A Bonds (AMT)

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
08/10/2021	78,669,689.58	78,669,689.59	0.01	0.01
	78,669,689.58	78,669,689.59	0.01	

ESCROW STATISTICS

Alaska International Airport Systems
Proposed Refunding of 2010A Bonds (AMT)

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:						
78,669,689.59				78,669,689.59		
78,669,689.59				78,669,689.59	0.00	0.00

Delivery date 08/10/2021
Arbitrage yield 1.460104%

SOURCES AND USES OF FUNDS

Alaska International Airport Systems
Proposed Refunding of 2010C Bonds (Non-AMT)

Dated Date	08/10/2021
Delivery Date	08/10/2021

Sources:

Bond Proceeds:

Par Amount	10,050,000.00
Premium	2,889,270.00
	<u>12,939,270.00</u>

Other Sources of Funds:

Funds on Hand - Interest	209,416.67
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	<u>13,148,686.67</u>
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Uses:

Refunding Escrow Deposits:

Cash Deposit	12,790,122.92
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Other Fund Deposits:

Debt Service Reserve Fund	289,720.78
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Delivery Date Expenses:

Cost of Issuance	37,249.81
Underwriter's Discount	30,150.00
	<u>67,399.81</u>

Other Uses of Funds:

Additional Proceeds	1,443.16
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	<u>13,148,686.67</u>
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SUMMARY OF REFUNDING RESULTS

Alaska International Airport Systems
Proposed Refunding of 2010C Bonds (Non-AMT)

Dated Date	08/10/2021
Delivery Date	08/10/2021
Arbitrage yield	1.460104%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	10,050,000.00
True Interest Cost	2.018584%
Net Interest Cost	2.329766%
All-In TIC	2.052154%
Average Coupon	5.000000%
Average Life	10.654
Weighted Average Maturity	10.653
Par amount of refunded bonds	12,565,000.00
Average coupon of refunded bonds	5.000000%
Average life of refunded bonds	10.722
Remaining weighted average maturity of refunded bonds	10.722
PV of prior debt to 08/10/2021 @ 1.460104%	17,188,700.93
Net PV Savings	3,722,404.83
Percentage savings of refunded bonds	29.625188%
Percentage savings of refunding bonds	37.038854%

SAVINGS

Alaska International Airport Systems
Proposed Refunding of 2010C Bonds (Non-AMT)

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 08/10/2021 @ 1.4601041%
06/30/2022	628,250.00	322,437.50	305,812.50	304,728.12
06/30/2023	628,250.00	502,500.00	125,750.00	123,230.48
06/30/2024	628,250.00	502,500.00	125,750.00	121,450.70
06/30/2025	628,250.00	502,500.00	125,750.00	119,696.63
06/30/2026	628,250.00	502,500.00	125,750.00	117,967.89
06/30/2027	628,250.00	502,500.00	125,750.00	116,264.11
06/30/2028	628,250.00	502,500.00	125,750.00	114,584.95
06/30/2029	628,250.00	502,500.00	125,750.00	112,930.03
06/30/2030	628,250.00	502,500.00	125,750.00	111,299.02
06/30/2031	628,250.00	502,500.00	125,750.00	109,691.56
06/30/2032	6,327,125.00	5,280,000.00	1,047,125.00	903,242.36
06/30/2033	6,327,375.00	5,278,750.00	1,048,625.00	891,625.96
06/30/2034	589,375.00		589,375.00	493,945.74
	19,526,375.00	15,403,687.50	4,122,687.50	3,640,657.56

Savings Summary

PV of savings from cash flow	3,640,657.56
Less: Prior funds on hand	-209,416.67
Plus: Refunding funds on hand	291,163.94
Net PV Savings	3,722,404.83

BOND PRICING

Alaska International Airport Systems
Proposed Refunding of 2010C Bonds (Non-AMT)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Bond Component:	10/01/2030		5.000%	1.500%	129.793				
	10/01/2031	4,900,000	5.000%	1.570%	129.101 C	1.841%	10/01/2030	100.000	1,425,949.00
	10/01/2032	5,150,000	5.000%	1.640%	128.414 C	2.123%	10/01/2030	100.000	1,463,321.00
	10/01/2033		5.000%	1.670%	128.121 C	2.328%	10/01/2030	100.000	
	10/01/2034		5.000%	1.700%	127.828 C	2.502%	10/01/2030	100.000	
	10/01/2035		5.000%	1.730%	127.537 C	2.652%	10/01/2030	100.000	
10,050,000									2,889,270.00

Dated Date	08/10/2021	
Delivery Date	08/10/2021	
First Coupon	10/01/2021	
Par Amount	10,050,000.00	
Premium	2,889,270.00	
Production	12,939,270.00	128.748955%
Underwriter's Discount	-30,150.00	-0.300000%
Purchase Price	12,909,120.00	128.448955%
Accrued Interest		
Net Proceeds	12,909,120.00	

PRIOR BOND DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding of 2010C Bonds (Non-AMT)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/30/2021			314,125	314,125	
06/30/2022			314,125	314,125	628,250
12/30/2022			314,125	314,125	
06/30/2023			314,125	314,125	628,250
12/30/2023			314,125	314,125	
06/30/2024			314,125	314,125	628,250
12/30/2024			314,125	314,125	
06/30/2025			314,125	314,125	628,250
12/30/2025			314,125	314,125	
06/30/2026			314,125	314,125	628,250
12/30/2026			314,125	314,125	
06/30/2027			314,125	314,125	628,250
12/30/2027			314,125	314,125	
06/30/2028			314,125	314,125	628,250
12/30/2028			314,125	314,125	
06/30/2029			314,125	314,125	628,250
12/30/2029			314,125	314,125	
06/30/2030			314,125	314,125	628,250
12/30/2030			314,125	314,125	
06/30/2031			314,125	314,125	628,250
12/30/2031	5,845,000	5.000%	314,125	6,159,125	
06/30/2032			168,000	168,000	6,327,125
12/30/2032	6,145,000	5.000%	168,000	6,313,000	
06/30/2033			14,375	14,375	6,327,375
12/30/2033	575,000	5.000%	14,375	589,375	
06/30/2034					589,375
	12,565,000		6,961,375	19,526,375	19,526,375

BOND DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding of 2010C Bonds (Non-AMT)

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2022			322,437.50	322,437.50
06/30/2023			502,500.00	502,500.00
06/30/2024			502,500.00	502,500.00
06/30/2025			502,500.00	502,500.00
06/30/2026			502,500.00	502,500.00
06/30/2027			502,500.00	502,500.00
06/30/2028			502,500.00	502,500.00
06/30/2029			502,500.00	502,500.00
06/30/2030			502,500.00	502,500.00
06/30/2031			502,500.00	502,500.00
06/30/2032	4,900,000	5.000%	380,000.00	5,280,000.00
06/30/2033	5,150,000	5.000%	128,750.00	5,278,750.00
	10,050,000		5,353,687.50	15,403,687.50

BOND DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding of 2010C Bonds (Non-AMT)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/30/2021			71,187.50	71,187.50	
06/30/2022			251,250.00	251,250.00	322,437.50
12/30/2022			251,250.00	251,250.00	
06/30/2023			251,250.00	251,250.00	502,500.00
12/30/2023			251,250.00	251,250.00	
06/30/2024			251,250.00	251,250.00	502,500.00
12/30/2024			251,250.00	251,250.00	
06/30/2025			251,250.00	251,250.00	502,500.00
12/30/2025			251,250.00	251,250.00	
06/30/2026			251,250.00	251,250.00	502,500.00
12/30/2026			251,250.00	251,250.00	
06/30/2027			251,250.00	251,250.00	502,500.00
12/30/2027			251,250.00	251,250.00	
06/30/2028			251,250.00	251,250.00	502,500.00
12/30/2028			251,250.00	251,250.00	
06/30/2029			251,250.00	251,250.00	502,500.00
12/30/2029			251,250.00	251,250.00	
06/30/2030			251,250.00	251,250.00	502,500.00
12/30/2030			251,250.00	251,250.00	
06/30/2031			251,250.00	251,250.00	502,500.00
12/30/2031	4,900,000	5.000%	251,250.00	5,151,250.00	
06/30/2032			128,750.00	128,750.00	5,280,000.00
12/30/2032	5,150,000	5.000%	128,750.00	5,278,750.00	
06/30/2033					5,278,750.00
	10,050,000		5,353,687.50	15,403,687.50	15,403,687.50

FORM 8038 STATISTICS

Alaska International Airport Systems
Proposed Refunding of 2010C Bonds (Non-AMT)Dated Date 08/10/2021
Delivery Date 08/10/2021

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	10/01/2030		5.000%	129.793		
	10/01/2031	4,900,000.00	5.000%	129.101	6,325,949.00	4,900,000.00
	10/01/2032	5,150,000.00	5.000%	128.414	6,613,321.00	5,150,000.00
	10/01/2033		5.000%	128.121		
	10/01/2034		5.000%	127.828		
	10/01/2035		5.000%	127.537		
		10,050,000.00			12,939,270.00	10,050,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	10/01/2035	5.000%				
Entire Issue			12,939,270.00	10,050,000.00	10.6528	1.4601%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	67,399.81
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	289,720.78
Proceeds used to refund prior tax-exempt bonds	12,790,122.92
Proceeds used to refund prior taxable bonds	0.00
Remaining WAM of prior tax-exempt bonds (years)	10.7222
Remaining WAM of prior taxable bonds (years)	0.0000
Last call date of refunded tax-exempt bonds	08/10/2021

2011 Form 8038 Statistics

Proceeds used to currently refund prior issues	12,790,122.92
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	10.7222
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

Alaska International Airport Systems
Proposed Refunding of 2010C Bonds (Non-AMT)

Bond Component	Date	Principal	Coupon	Price	Issue Price
Series 2010C:					
TERM	10/01/2031	5,845,000.00	5.000%	104.979	6,136,022.55
TERM	10/01/2032	6,145,000.00	5.000%	104.979	6,450,959.55
TERM	10/01/2033	575,000.00	5.000%	104.979	603,629.25
		12,565,000.00			13,190,611.35

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
Series 2010C	08/10/2021	09/29/2010	10.7222
All Refunded Issues	08/10/2021		10.7222

ESCROW REQUIREMENTS

Alaska International Airport Systems
Proposed Refunding of 2010C Bonds (Non-AMT)

Period Ending	Interest	Principal Redeemed	Total
08/10/2021	225,122.92	12,565,000.00	12,790,122.92
	225,122.92	12,565,000.00	12,790,122.92

ESCROW COST

Alaska International Airport Systems
Proposed Refunding of 2010C Bonds (Non-AMT)

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
08/10/2021		12,790,122.92	12,790,122.92
	0	12,790,122.92	12,790,122.92

ESCROW SUFFICIENCY

Alaska International Airport Systems
Proposed Refunding of 2010C Bonds (Non-AMT)

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
08/10/2021	12,790,122.92	12,790,122.92	0.00	0.00
	12,790,122.92	12,790,122.92	0.00	

ESCROW STATISTICS

Alaska International Airport Systems
Proposed Refunding of 2010C Bonds (Non-AMT)

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:						
12,790,122.92				12,790,122.92		
12,790,122.92				12,790,122.92	0.00	0.00

Delivery date 08/10/2021
Arbitrage yield 1.460104%

SOURCES AND USES OF FUNDS

Alaska International Airport Systems
Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)

Dated Date	08/10/2021
Delivery Date	08/10/2021

Sources:

Bond Proceeds:

Par Amount	15,755,000.00
Premium	4,381,177.95
	<u>20,136,177.95</u>

Other Sources of Funds:

Funds on Hand - Interest	409,297.87
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	<u>20,545,475.82</u>
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Uses:

Refunding Escrow Deposits:

Cash Deposit	19,979,995.21
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Other Fund Deposits:

Debt Service Reserve Fund	454,184.17
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Delivery Date Expenses:

Cost of Issuance	58,395.11
Underwriter's Discount	47,265.00
	<u>105,660.11</u>

Other Uses of Funds:

Additional Proceeds	5,636.33
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	<u>20,545,475.82</u>
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SUMMARY OF REFUNDING RESULTS

Alaska International Airport Systems
Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)

Dated Date	08/10/2021
Delivery Date	08/10/2021
Arbitrage yield	1.460104%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	15,755,000.00
True Interest Cost	2.535663%
Net Interest Cost	2.917909%
All-In TIC	2.564385%
Average Coupon	5.000000%
Average Life	13.212
Weighted Average Maturity	13.210
Par amount of refunded bonds	19,540,000.00
Average coupon of refunded bonds	6.284000%
Average life of refunded bonds	13.199
Remaining weighted average maturity of refunded bonds	13.199
PV of prior debt to 08/10/2021 @ 1.460104%	26,272,407.33
Net PV Savings	3,890,646.66
Percentage savings of refunded bonds	19.911191%
Percentage savings of refunding bonds	24.694679%

SAVINGS

Alaska International Airport Systems
Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 08/10/2021 @ 1.4601041%
06/30/2022	823,486.84	505,472.92	318,013.92	317,229.95
06/30/2023	823,486.84	787,750.00	35,736.84	35,020.82
06/30/2024	823,486.84	787,750.00	35,736.84	34,515.02
06/30/2025	823,486.84	787,750.00	35,736.84	34,016.54
06/30/2026	823,486.84	787,750.00	35,736.84	33,525.24
06/30/2027	823,486.84	787,750.00	35,736.84	33,041.05
06/30/2028	823,486.84	787,750.00	35,736.84	32,563.85
06/30/2029	823,486.84	787,750.00	35,736.84	32,093.54
06/30/2030	823,486.84	787,750.00	35,736.84	31,630.02
06/30/2031	823,486.84	787,750.00	35,736.84	31,173.20
06/30/2032	823,486.84	787,750.00	35,736.84	30,722.97
06/30/2033	823,486.84	787,750.00	35,736.84	30,279.25
06/30/2034	6,555,111.32	5,277,625.00	1,277,486.32	1,070,582.38
06/30/2035	7,140,449.22	5,861,500.00	1,278,949.22	1,056,360.27
06/30/2036	7,127,081.32	5,852,750.00	1,274,331.32	1,037,369.93
	30,704,483.94	26,162,597.92	4,541,886.02	3,840,124.03

Savings Summary

PV of savings from cash flow	3,840,124.03
Less: Prior funds on hand	-409,297.87
Plus: Refunding funds on hand	459,820.50
Net PV Savings	3,890,646.66

BOND PRICING

Alaska International Airport Systems
Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Bond Component:	10/01/2032		5.000%	1.640%	128.414 C	2.123%	10/01/2030	100.000	
	10/01/2033	4,605,000	5.000%	1.670%	128.121 C	2.328%	10/01/2030	100.000	1,294,972.05
	10/01/2034	5,440,000	5.000%	1.700%	127.828 C	2.502%	10/01/2030	100.000	1,513,843.20
	10/01/2035	5,710,000	5.000%	1.730%	127.537 C	2.652%	10/01/2030	100.000	1,572,362.70
15,755,000									4,381,177.95

Dated Date	08/10/2021	
Delivery Date	08/10/2021	
First Coupon	10/01/2021	
Par Amount	15,755,000.00	
Premium	4,381,177.95	
Production	20,136,177.95	127.808175%
Underwriter's Discount	-47,265.00	-0.300000%
Purchase Price	20,088,912.95	127.508175%
Accrued Interest		
Net Proceeds	20,088,912.95	

PRIOR BOND DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Other Cash Flow	Total	Annual Total
12/30/2021			613,946.80	613,946.80		-202,203.38	411,743.42	
06/30/2022			613,946.80	613,946.80	1,227,893.60	-202,203.38	411,743.42	823,486.84
12/30/2022			613,946.80	613,946.80		-202,203.38	411,743.42	
06/30/2023			613,946.80	613,946.80	1,227,893.60	-202,203.38	411,743.42	823,486.84
12/30/2023			613,946.80	613,946.80		-202,203.38	411,743.42	
06/30/2024			613,946.80	613,946.80	1,227,893.60	-202,203.38	411,743.42	823,486.84
12/30/2024			613,946.80	613,946.80		-202,203.38	411,743.42	
06/30/2025			613,946.80	613,946.80	1,227,893.60	-202,203.38	411,743.42	823,486.84
12/30/2025			613,946.80	613,946.80		-202,203.38	411,743.42	
06/30/2026			613,946.80	613,946.80	1,227,893.60	-202,203.38	411,743.42	823,486.84
12/30/2026			613,946.80	613,946.80		-202,203.38	411,743.42	
06/30/2027			613,946.80	613,946.80	1,227,893.60	-202,203.38	411,743.42	823,486.84
12/30/2027			613,946.80	613,946.80		-202,203.38	411,743.42	
06/30/2028			613,946.80	613,946.80	1,227,893.60	-202,203.38	411,743.42	823,486.84
12/30/2028			613,946.80	613,946.80		-202,203.38	411,743.42	
06/30/2029			613,946.80	613,946.80	1,227,893.60	-202,203.38	411,743.42	823,486.84
12/30/2029			613,946.80	613,946.80		-202,203.38	411,743.42	
06/30/2030			613,946.80	613,946.80	1,227,893.60	-202,203.38	411,743.42	823,486.84
12/30/2030			613,946.80	613,946.80		-202,203.38	411,743.42	
06/30/2031			613,946.80	613,946.80	1,227,893.60	-202,203.38	411,743.42	823,486.84
12/30/2031			613,946.80	613,946.80		-202,203.38	411,743.42	
06/30/2032			613,946.80	613,946.80	1,227,893.60	-202,203.38	411,743.42	823,486.84
12/30/2032			613,946.80	613,946.80		-202,203.38	411,743.42	
06/30/2033			613,946.80	613,946.80	1,227,893.60	-202,203.38	411,743.42	823,486.84
12/30/2033	5,855,000	6.284%	613,946.80	6,468,946.80		-202,203.38	6,266,743.42	
06/30/2034			429,982.70	429,982.70	6,898,929.50	-141,614.80	288,367.90	6,555,111.32
12/30/2034	6,705,000	6.284%	429,982.70	7,134,982.70		-141,614.80	6,993,367.90	
06/30/2035			219,311.60	219,311.60	7,354,294.30	-72,230.28	147,081.32	7,140,449.22
12/30/2035	6,980,000	6.284%	219,311.60	7,199,311.60		-72,230.28	7,127,081.32	
06/30/2036					7,199,311.60			7,127,081.32
	19,540,000		16,647,258.60	36,187,258.60	36,187,258.60	-5,482,774.66	30,704,483.94	30,704,483.94

BOND DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2022			505,472.92	505,472.92
06/30/2023			787,750.00	787,750.00
06/30/2024			787,750.00	787,750.00
06/30/2025			787,750.00	787,750.00
06/30/2026			787,750.00	787,750.00
06/30/2027			787,750.00	787,750.00
06/30/2028			787,750.00	787,750.00
06/30/2029			787,750.00	787,750.00
06/30/2030			787,750.00	787,750.00
06/30/2031			787,750.00	787,750.00
06/30/2032			787,750.00	787,750.00
06/30/2033			787,750.00	787,750.00
06/30/2034	4,605,000	5.000%	672,625.00	5,277,625.00
06/30/2035	5,440,000	5.000%	421,500.00	5,861,500.00
06/30/2036	5,710,000	5.000%	142,750.00	5,852,750.00
	15,755,000		10,407,597.92	26,162,597.92

BOND DEBT SERVICE

Alaska International Airport Systems
Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/30/2021			111,597.92	111,597.92	
06/30/2022			393,875.00	393,875.00	505,472.92
12/30/2022			393,875.00	393,875.00	
06/30/2023			393,875.00	393,875.00	787,750.00
12/30/2023			393,875.00	393,875.00	
06/30/2024			393,875.00	393,875.00	787,750.00
12/30/2024			393,875.00	393,875.00	
06/30/2025			393,875.00	393,875.00	787,750.00
12/30/2025			393,875.00	393,875.00	
06/30/2026			393,875.00	393,875.00	787,750.00
12/30/2026			393,875.00	393,875.00	
06/30/2027			393,875.00	393,875.00	787,750.00
12/30/2027			393,875.00	393,875.00	
06/30/2028			393,875.00	393,875.00	787,750.00
12/30/2028			393,875.00	393,875.00	
06/30/2029			393,875.00	393,875.00	787,750.00
12/30/2029			393,875.00	393,875.00	
06/30/2030			393,875.00	393,875.00	787,750.00
12/30/2030			393,875.00	393,875.00	
06/30/2031			393,875.00	393,875.00	787,750.00
12/30/2031			393,875.00	393,875.00	
06/30/2032			393,875.00	393,875.00	787,750.00
12/30/2032			393,875.00	393,875.00	
06/30/2033			393,875.00	393,875.00	787,750.00
12/30/2033	4,605,000	5.000%	393,875.00	4,998,875.00	
06/30/2034			278,750.00	278,750.00	5,277,625.00
12/30/2034	5,440,000	5.000%	278,750.00	5,718,750.00	
06/30/2035			142,750.00	142,750.00	5,861,500.00
12/30/2035	5,710,000	5.000%	142,750.00	5,852,750.00	
06/30/2036					5,852,750.00
	15,755,000		10,407,597.92	26,162,597.92	26,162,597.92

FORM 8038 STATISTICS

Alaska International Airport Systems
Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)Dated Date 08/10/2021
Delivery Date 08/10/2021

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	10/01/2032		5.000%	128.414		
	10/01/2033	4,605,000.00	5.000%	128.121	5,899,972.05	4,605,000.00
	10/01/2034	5,440,000.00	5.000%	127.828	6,953,843.20	5,440,000.00
	10/01/2035	5,710,000.00	5.000%	127.537	7,282,362.70	5,710,000.00
		15,755,000.00			20,136,177.95	15,755,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	10/01/2035	5.000%	7,282,362.70	5,710,000.00		
Entire Issue			20,136,177.95	15,755,000.00	13.2103	1.4601%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	105,660.11
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	454,184.17
Proceeds used to refund prior tax-exempt bonds	19,979,995.21
Proceeds used to refund prior taxable bonds	0.00
Remaining WAM of prior tax-exempt bonds (years)	13.1992
Remaining WAM of prior taxable bonds (years)	0.0000
Last call date of refunded tax-exempt bonds	08/10/2021

2011 Form 8038 Statistics

Proceeds used to currently refund prior issues	19,979,995.21
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	13.1992
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

FORM 8038 STATISTICS

Alaska International Airport Systems
Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
Series 2010D (BABs):					
TERM	10/01/2033	5,855,000.00	6.284%	100.000	5,855,000.00
TERM	10/01/2034	6,705,000.00	6.284%	100.000	6,705,000.00
TERM	10/01/2035	6,980,000.00	6.284%	100.000	6,980,000.00
		19,540,000.00			19,540,000.00
			Last Call Date	Issue Date	Remaining Weighted Average Maturity
Series 2010D (BABs)			08/10/2021	09/29/2010	13.1992
All Refunded Issues			08/10/2021		13.1992

ESCROW REQUIREMENTS

Alaska International Airport Systems
Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)

Period Ending	Interest	Principal Redeemed	Total
08/10/2021	439,995.21	19,540,000.00	19,979,995.21
	439,995.21	19,540,000.00	19,979,995.21

ESCROW COST

Alaska International Airport Systems
Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
08/10/2021		19,979,995.21	19,979,995.21
	0	19,979,995.21	19,979,995.21

ESCROW SUFFICIENCY

Alaska International Airport Systems
Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
08/10/2021	19,979,995.21	19,979,995.21	0.00	0.00
	19,979,995.21	19,979,995.21	0.00	

ESCROW STATISTICS

Alaska International Airport Systems
Proposed Refunding of 2010D Bonds (Taxable BABs) (Non-AMT)

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:						
19,979,995.21				19,979,995.21		
19,979,995.21				19,979,995.21	0.00	0.00

Delivery date 08/10/2021
Arbitrage yield 1.460104%

NOTICE OF PUBLIC HEARING

July 1, 2021
9:30 a.m. Alaska time
Alaska State Office Building
333 Willoughby Avenue, 11th Floor
P.O. Box 110405
Juneau, Alaska 99811-0405
Dial-in: (800) 315-6338
Passcode: 907100#

The State Bond Committee (the “Committee”) of the State of Alaska (the “State”) will hold an open public hearing on Thursday, July 1, 2021, at 9:30 a.m. Alaska Time or as soon thereafter as possible, at the office of the State’s Debt Manager located at 333 Willoughby Avenue, 11th Floor, Juneau, Alaska, 99811 (for telephonic attendance, the dial-in number is (800) 315-6338, passcode: 907100#), pursuant to Section 147(f) of the Internal Revenue Code of 1986 (as amended, the “Code”), for the purpose of considering the issuance by the State of one or more series of bonds its International Airports System Revenue Refunding Bonds to be designated “Series 2021A” and “Series 2021B,” as necessary, with additional designations as approved by the designated representative of the Committee, in an aggregate principal amount not to exceed \$150,000,000 (the “Bonds”) to refinance certain capital improvements described below. The Committee intends to issue the Bonds in one or more series as part of a plan of financing provided for in Section 147(f)(2)(C) of the Code, and to issue the Bonds as exempt facility bonds for airport facilities pursuant to Section 142(a)(1) of the Code.

The improvements to be refinanced are all owned by the State, and are located at: (i) the Anchorage International Airport, located at 5000 W. International Airport Road, Anchorage, Alaska 99502 and (ii) the Fairbanks International Airport, located at 6450 Airport Way, Fairbanks, Alaska 99709.

Comments will be taken from all members of the public attending the hearing. Written comments may be sent prior to the meeting to Deven Mitchell, Debt Manager, P.O. Box 110405, Juneau, Alaska, 99811-0405.

The Committee proposes to approve its Supplemental Resolution No. 2021-02 (the “Resolution”) at its meeting to be held at the time, on the date and at the place specified in the first paragraph of this notice. The Resolution will, among other things, authorize the issuance of the Bonds and paying the costs of issuing the Bonds.

State of Alaska Department of Revenue

Published: June 24, 2021

MEMORANDUM

STATE OF ALASKA Department of Revenue

TO: State Bond Committee

DATE: June 24, 2021

FROM: Deven Mitchell
Debt Manager
Treasury Division

TELEPHONE: 465-3750

SUBJECT: Report

Since the last meeting the following items related to the SBC have occurred.

Both the State Debt Book and the Debt Affordability Analysis have been completed and posted to the Department of Revenue web site and for ongoing disclosure as needed. You may review them here: <https://treasury.dor.alaska.gov/Debt-Management/State-Publications.aspx>

The Supreme Court ruled on the Forrer case related to the Alaska Tax Credit Certificate Bond Corporation in March, finding that the proposed structure was unconstitutional. The decision affirmed the ability of the state to lease-purchase real property, but included a level of detail that, depending upon how interpreted, would prevent a current issuance or refinancing of the structures used for the currently outstanding Goose Creek Correction Facility and Alaska Native Tribal Health Consortium residential housing facility lease purchases. We have been able to work around this hamstringing with the State's master lease line of credit (funded a \$5.2 million street light LED retrofit) and the Alaska Municipal Bond Bank Authority (funded a \$230 million refinancing to generate \$30 million in savings), but the limitations may be more problematic for a real property lease purchase.

The credit rating agencies Moody's Investors Service, Standard and Poors, and Fitch Ratings updated their credit ratings on the State of Alaska in April. Moody's and S&P removed the negative outlook on the State's credit rating which they maintained in the low AA level (Aa3 Moody's and AA- S&P). Fitch maintained a negative outlook on their rating which is they maintained in the high single A level (A+). The rating reports are attached.

The Legislature did not authorize any new State of Alaska borrowing this session.

RatingsDirect®

Summary:

Alaska; Appropriations; General Obligation; Moral Obligation

Primary Credit Analyst:

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Summary:

Alaska; Appropriations; General Obligation; Moral Obligation

Credit Profile

Alaska GO

Long Term Rating

AA-/Negative

Downgraded

Rating Action

S&P Global Ratings has lowered its rating on the State of Alaska's general obligation (GO) debt to 'AA-' from 'AA'. At the same time, we lowered our ratings linked to the state's GO by one notch, which now reflects an 'A+' rating on the state's lease appropriation-backed debt, an 'A+' rating on the Alaska Municipal Bond Bank's (AMBB) debt secured through continuing appropriations and a moral obligation pledge of the state, and an 'A' rating on bonds issued by the Alaska Energy Authority and backed by a moral obligation pledge of the state. The outlook on all the ratings is negative.

Credit overview

The rating action is based on our view of a structural gap now identified for fiscal 2020 of nearly 25% and an adopted structural gap of about 21% for fiscal 2021 resulting from a collapse in oil prices. The drop in prices is largely due to a demand shock as a result of efforts to mitigate health and safety risks posed by the COVID-19 pandemic and an oversupply of oil in the market.

Our negative outlook on the state reflects narrowing fiscal options beyond fiscal 2021 as the enacted budget virtually depletes the state's traditional reserve balance, its Constitutional Budget Reserve Fund (CBRF), by the end of the fiscal year. If actual results end up at worse than enacted levels, the state will be left with limited options to return to structural balance other than significant reform of its fiscal profile or further drawing on its Earnings Reserve Account (ERA) for operations.

In the past, Alaska's outsized budget reserves provided an effective fiscal cushion against more rapid credit deterioration. However, the current economic environment is likely to cause sizable fiscal and economic harm to the state. We consider it to be entering a new period of heightened fiscal uncertainty and credit deterioration, not unlike what it went through beginning in mid-2015. Following the last major oil price rout, we placed our credit rating on Alaska on negative outlook and lowered it twice from August 2015 until we revised the outlook back to stable in June 2018.

We noted the state's fiscal improvement when it adopted a planned draw from the ERA in fiscal 2019 and future draws based on a Percent of Market Value (POMV) formula of the Permanent Fund's (PF) five-year average balance. Use of the draw is limited to operations and paying the annual PF dividend to residents. After fiscal 2021, however, the remaining balance in the ERA will be the state's only available remaining reserve. We consider future use of the ERA

beyond the POMV fraught with political uncertainty. Debate continues in the state whether to pay residents more of a dividend up to statutory levels set in the 1980s and additional back payment for dividends below the statutory level the past three years. We note that in fiscal 2021, a draw totaling \$680 million will be used for an estimated PF dividend of \$1,000 per resident despite the structural gap and underscores the political risk associated with using the full amount of the ERA draw for operations.

As of Feb. 29, 2020, the Alaska Permanent Fund Corp. reported an assigned balance of \$9.9 billion for future appropriations, \$2 billion of which was unrealized appreciation on invested assets. In our estimation, the planned draw on the ERA for fiscal years 2020 and 2021, depending on investment earnings, may leave the state with reserves to cover less than 200% of expenditures, down from an average 375% of expenditures from fiscal years 2015 to 2019.

For more information on the potential effects of the COVID-19 pandemic on state credit conditions, please see "The COVID-19 Outbreak Weakens U.S. State And Local Government Credit Conditions" (published on April 2, 2020 on RatingsDirect) and "All U.S. Public Finance Sector Outlooks Are Now Negative" (published on April 1, 2020).

Environmental, social, and governance factors

Our rating action incorporates our view regarding the health and safety risks posed by the COVID-19 pandemic. Absent the implications of COVID-19, we consider Alaska to have higher environmental and social risks compared to others in the U.S. states sector. However, we view its governance risks as being in line with the sector and it has historically maintained a strong management and policy framework to respond to developing risks.

Environmental risks stem from its high concentration in the oil and gas industry and potential for increasing regulatory challenges or costs as some sectors of the global economy transition to more renewable energy. In addition, Alaska has more coastline than any other state--over 6,500 miles--and is exposed to rising sea levels, although we also note that parts of the state are increasing in land mass as land beneath the sea is rising faster than sea levels. We also view social risks as higher than those of other states due to Alaska's below-average population growth and elevated unemployment levels that typically rank it among the top states nationally due to its countercyclical economy.

Based on the analytic factors evaluated for Alaska, on a four-point scale of '1.0' (as the strongest) to '4.0' (as the weakest), S&P Global Ratings has assigned a composite score of '2.1' to the state, which is associated with an 'AA-' credit level.

Negative Two-Year Outlook

There is a one-in-three chance we could take additional downward rating actions on the state over the next two years if structural alignment of its budget does not occur. The state has narrowing time and tools available to adjust its budgetary performance and if revenue estimates prove worse than expected, credit deterioration could occur more rapidly. Timing of the current oil price collapse occurs during a significant global supply and demand shock on top of a global recession. A prolonged period of oil markets in their current state is likely to create lingering recessionary effects even if the rest of the country were to begin its recovery. However, if the state were to return to near structural balance with a plan to build its traditional reserves, we may revise the outlook back to stable.

We could further adjust the rating downward based on the expected duration and severity of the structural imbalance. While we view Alaska as having strong liquidity, a sustained structural imbalance will likely result in further downward rating action.

Credit Opinion

Budgetary performance severely affected by oil price collapse

The fiscal 2021 budget presents an unwelcome revenue profile for Alaska. We view the enacted fiscal 2021 budget as significantly imbalanced as the state's main operating fund, its unrestricted general fund (UGF), relies on \$952.9 million from the CBRF, or 21% of budget. Based on the spring revenue forecast, projected UGF revenue was reduced by \$815 million (\$693 million oil related and \$121 million non-oil related). Annual UGF revenues total \$3.6 billion and consist of \$2.4 billion related to the statutory draw from the PF ERA for operations (68% of revenues); \$716 million is oil related (20%); and \$411.5 million non-oil related (12%). An additional \$680 million was drawn from the PF ERA to pay the PF dividend.

The enacted budget virtually depletes the state's CBRF to just \$61 million, leaving it to rely solely on its ERA for available reserves. Depending on how Alaska North Slope (ANS) oil price and production perform for the year, the effect on the CBRF balance may be better or worse than projected.

The spring revenue forecasts project significant year-over-year declines in oil-related revenue to the state from \$2.0 billion in fiscal 2019 to \$1.1 billion in fiscal 2020 (a 46% decline) and a further decline to \$716.6 million for fiscal 2021 (a 35% decline). The revenue forecast is based on ANS oil prices remaining below \$30.00 per barrel for the remainder of fiscal 2020, resulting in an annual average price of \$51.65 per barrel and an ANS price forecast of \$37.00 for fiscal 2021. Should the projected price forecast prove optimistic and Alaska fail to meet its estimate, the state's structural gap would only increase. For more information on S&P Global Ratings' oil price assumptions, read our report "S&P Global Ratings Cuts WTI And Brent Crude Oil Price Assumptions Amid Continued Near-Term Pressure," published March 19, 2020.

We note that in fiscal 2021, a draw totaling \$680 million will be used for an estimated PF dividend of \$1,000 per resident. The amount appropriated for the dividend was \$1.3 billion below the statutory formula and allows for retained earnings to be used for operations. The action has been taken the last two years by the legislature against the recommendations of the governor. However, continuing to retain earnings in the ERA and pay less than the statutory dividend is fraught with political uncertainty and has been a point of contention between the executive and legislative branches for years.

We have assigned a score of '1.9' to Alaska's budgetary performance, where '1.0' is the strongest score and '4.0' the weakest. This is a change from our prior assessment of '1.7' at the time of our last review.

Narrowing fiscal options and a failure to reform the fiscal profile weaken our government framework assessment

Historically, Alaska has used existing high fund balances to carry deficits and is not legally required to make midyear budget adjustments if a midyear gap develops. The governor has the discretion to hold back spending in the middle of

the fiscal year if a budget gap appears to be developing. Such adjustments were last made in fiscal 2009, during oil price fluctuations. The governor can unilaterally prioritize such holdbacks, but the holdbacks have no formal requirement or schedule.

The adoption of structurally imbalanced budgets, in our view, from fiscal years 2014 to 2021 provided time for the state to reform its fiscal profile. While it regularly reduced expenditures over this period, it made only limited changes to its revenue profile. Despite conversations around greater revenue diversification, the state only adopted planned use of its ERA for operations in fiscal 2019. While the ERA as a new revenue source was welcomed, the declining reserve balances expected at the end of fiscal 2021 leave the state with few options other than an overhaul of its fiscal profile.

Complicating revenue reform, in our view, are political considerations that prevent the state from taking action despite having the legal flexibility to do so. Such limitations have prevented Alaska from enacting revenue reforms in past years. Most recently, the governor continues to advocate for several measures that, in our opinion, may limit budgetary flexibility. These initiatives include voter approval of new or increased revenues, restrictive expenditure caps, and protecting the state's PF dividend payment to residents with a constitutional amendment (currently in statute). Even as the state's only remaining reserve fund is likely to decrease, the governor continues to advocate for further reductions in its balance to pay residents a full annual dividend and backpayments for prior years.

We have assigned a score of '1.6' out of '4.0' to Alaska's government framework, where '1.0' is the strongest score and '4.0' the weakest. This is a change from our prior assessment of '1.5' at the time of our last review.

Differing views on use of the ERA limit our view of financial management

In our opinion, Alaska's budgetary framework is adequate with established budget monitoring. The agreed-on ERA draw in SB 26 during fiscal 2019 allowed the legislature to spend up to 5.25% of the PF's average balance at June 30 over the prior five years before dropping to 5% in 2021. The legislation provided needed guidance for how the state intends to fund its operating deficit. However, the current administration views use of the ERA under SB 26 as more limited than what was adopted in 2018. The current legislature and administration consider only the full POMV amount as available for appropriations, split between the PF dividend payment and the general fund.

The current economic environment and differences over use of the ERA leave fewer resources available for general fund operations. As a result, the state will need to reduce its operating budget, reduce the PF dividend, and make additional revenue and expenditures changes to mitigate its structural deficit. In our opinion, the possibility of the state to using the remaining balance in the ERA (outside of the annual POMV draw) is unlikely and would significantly diminish its flexibility.

We consider Alaska's formal management practices good under our Financial Management Assessment (FMA) methodology. An FMA of good indicates our view that the state maintains many best practices we consider critical to supporting credit quality, particularly in the finance department. These practices, however, may not be institutionalized or formalized in policy, may lack detail or long-term elements, or may have little recognition by decision-makers outside of the finance department.

We have assigned a score of '2.5 ' out of '4.0' to the state of Alaska's financial management, where '1.0' is the strongest score and '4.0' the weakest.

Recessionary forces may linger in Alaska's economy even if U.S. recovery begins quickly

The state began to recover from a lingering recession that began in mid-2014 following that rout in oil prices while the U.S. economy expanded. The pace of the state's economic contraction had decelerated the past three years, but Alaska continues to rank among the slowest-growing states in the U.S. with real gross state product (GSP) compounded annual growth rate of negative 0.25% compared to national growth of 2.29% over the preceding five years (2010-2019). Even if the country were to partially bounce back from the COVID-19-induced recession, there is risk of recessionary forces lingering longer in Alaska as we have observed in prior periods.

The state's historical heavy reliance on oil-related revenues as a portion of its revenues makes it highly susceptible to shock declines in commodity prices. While such shock declines are not new to the state, the timing of this latest rout has upended recent fiscal and economic improvement (see "U.S. Oil-Producing States' Fiscal Preparedness Varies As Prices Collapse," published March 11, 2020).

Alaska remains the country's third-largest oil producer. Despite diversification in recent years, it is still highly dependent on oil production and its related exports. Business services, such as management and engineering and even high-technology software and internet firms, make up a strong and rapidly growing segment, especially in Anchorage. Tourism contributes roughly \$1.5 billion annually to the state's economy, according to IHS. However, efforts to mitigate the health and safety effects of COVID-19 are likely to weaken its tourism industry this year.

S&P Global Economics now forecasts that the resulting economic toll will be substantial globally (see "An Already Historic U.S. Downturn Now Looks Even Worse," published on April 16, 2020). In our opinion, the COVID-19-induced recession and other macroeconomic conditions are likely to have a material negative effect on Alaska's economy and finances.

We have assigned a score of '2.1 ' out of '4.0' to the state of Alaska's economy, where '1.0' is the strongest score and '4.0' the weakest.

Debt and liability profile remain adequate

At June 30, 2019, Alaska had about \$670 million of GO debt outstanding, \$215.2 million of appropriation-backed debt outstanding, and \$1.2 billion of moral obligation debt outstanding. Of the moral obligation debt, \$1.1 billion is related to the AMBB 2005, 2010, and 2016 general resolutions.

Total tax-supported debt per capita is \$1,277 (as of fiscal 2019 audited financial and population figures) and tax-supported debt (GO and appropriation) to personal income is at 2.1%. Tax-supported debt service as a percentage of general fund spending was low, at about 1.3%, in fiscal 2019. Tax-supported debt as a percentage of GSP is 17%. The state's debt principal amortizing in 10 years is 86.0%.

Based on the plan, June 30, 2019 CAFRs and GASB 67 reporting requirements for pension plans only, the Alaska PERS multiple-employer plan had a 63.4% funded ratio (not including other postemployment benefits [OPEBs]). The separate Teachers' Retirement System (TRS) had a 74.7% pension funded ratio as of fiscal year-end 2019. Both PERS and TRS employ an 7.38% assumed rate of return on invested assets effective Jan. 11, 2019, a rate we consider high and likely to result in contribution volatility. Combined with the liabilities associated with much smaller pension systems for judicial officials and retired National Guard and naval militia members with that of PERS and TRS, the

state's net pension liability was \$7.4 billion as of June 30, 2019. The net pension liability on this basis remains high, in our view, at \$6,517 per capita and 10.5% of total state personal income. The state's three-year funding average is 67% and has increased from 60.2% in 2014.

For fiscal 2019, the state reported its OPEB liability in conformance with GASB Statement No. 74. For PERS, the plan's funded ratio was 98% and 105.5% for TRS. The OPEB liability also includes those of other participating local governments. The state is required by statute to fund the annual contributions to the pension system at the actuarially recommended level. We view the state's commitment to pre-funding its OPEB obligation positively. In practice, it combines pension and OPEB assets in PERS and TRS, respectively, using an 8.0% discount rate for its OPEB plan.

We have assigned a score of '2.1' out of '4.0' to the state of Alaska's debt and liability profile, where '1.0' is the strongest score and '4.0' the weakest.

Ratings Detail (As Of April 17, 2020)		
Alaska GO (AGM)		
Unenhanced Rating	AA-(SPUR)/Negative	Downgraded
Alaska approp		
Long Term Rating	A+/Negative	Downgraded
Alaska GO		
Long Term Rating	AA-/Negative	Downgraded
Alaska Energy Auth, Alaska		
Alaska		
Alaska Energy Auth (Alaska) MORALOB		
Long Term Rating	A/Negative	Downgraded
Alaska Mun Bnd Bank, Alaska		
Alaska		
Alaska Mun Bnd Bank (Alaska) APPROP		
Long Term Rating	A+/Negative	Downgraded
Alaska Mun Bnd Bank (Alaska) APPROP		
Long Term Rating	A+/Negative	Downgraded
Alaska Mun Bnd Bank (Alaska) APPROP FOUR		
Long Term Rating	A+/Negative	Downgraded
Alaska Mun Bnd Bank (Alaska) APPROP FOUR		
Unenhanced Rating	A+(SPUR)/Negative	Downgraded
Alaska Mun Bnd Bank (Alaska) APPROP ONE		
Long Term Rating	A+/Negative	Downgraded
Alaska Mun Bnd Bank (Alaska) APPROP THREE		
Long Term Rating	A+/Negative	Downgraded
Alaska Mun Bnd Bank (Alaska) APPROP THREE		
Unenhanced Rating	A+(SPUR)/Negative	Downgraded
Alaska Mun Bnd Bank (Alaska) APPROP THREE		
Long Term Rating	A+/Negative	Downgraded
Alaska Mun Bnd Bank (Alaska) APPROP TWO		
Long Term Rating	A+/Negative	Downgraded

Ratings Detail (As Of April 17, 2020) (cont.)		
Alaska Mun Bnd Bank (Alaska) APPROP (AMBAC)		
<i>Unenhanced Rating</i>	A+(SPUR)/Negative	Downgraded
Alaska Mun Bnd Bank (Alaska) APPROP (MBIA) (National)		
<i>Unenhanced Rating</i>	A+(SPUR)/Negative	Downgraded
Alaska Mun Bnd Bank (Alaska) GO		
<i>Long Term Rating</i>	A+/Negative	Downgraded
Alaska Mun Bnd Bank (Alaska) ONE APPROP		
<i>Long Term Rating</i>	A+/Negative	Downgraded
Alaska Mun Bnd Bank (Alaska) TWO APPROP		
<i>Long Term Rating</i>	A+/Negative	Downgraded
Alaska Mun Bnd Bank (Alaska) (Master Resolution) APPROP		
<i>Long Term Rating</i>	A+/Negative	Downgraded
Alaska Mun Bnd Bank (Alaska) (Master Resolution) GO		
<i>Long Term Rating</i>	A+/Negative	Downgraded
Matanuska-Susitna Borough, Alaska		
Alaska		
Matanuska-Susitna Boro (Alaska) APPROP		
<i>Long Term Rating</i>	A+/Negative	Downgraded
<i>Preliminary Rating</i>	NR(prelim)	
Matanuska-Susitna Boro (Alaska) APPROP		
<i>Long Term Rating</i>	A+/Negative	Downgraded
Matanuska-Susitna Boro (Alaska) APPROP (ASSURED GTY)		
<i>Unenhanced Rating</i>	A+(SPUR)/Negative	Downgraded
Many issues are enhanced by bond insurance.		

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Rating Action: Moody's revises Alaska's outlook to stable, affirms GO and related ratings

22 Apr 2021

New York, April 22, 2021 -- Moody's Investors Service has revised the State of Alaska's outlook to stable from negative and affirmed the state's general obligation bond rating at Aa3. At the same time, the following ratings linked to the GO have also been affirmed: Alaska Municipal Bond Bank bonds and debt secured by state lease payments, both at A1, and moral obligation bonds of the Alaska Energy Authority, at A2.

RATINGS RATIONALE

Affirmation of the state's Aa3 rating reflects the positive revenue effects of stabilizing oil prices, and the state's ability to fund operations partly using earnings of the Alaska Permanent Fund, which has gained about 15% over the past two years. Credit challenges, such as a narrow economy, comparatively large net pension liability and high economic and revenue exposure to the petroleum industry have been largely offset by the state's ability to systematically draw on permanent fund profits for operating needs and its comparatively low fixed costs. Efforts to augment dividend payments to Alaska residents from the same source could pose a risk to the state's ability to replenish its operating budget reserves, however. Reliance on the permanent fund also exposes the state to a degree of financial market risk, although the fund's immense size and the state's current strategy of structured draws based on a moving average value of fund assets mitigates this exposure.

The Alaska Municipal Bond Bank bonds are a notch below the state's Aa3 GO rating to capture the risk that a future legislature could fail to enact timely legislation authorizing payment. The bonds are backed by the state's moral obligation pledge to replenish a debt service reserve fund, and by the state's practice for more than 10 years of proactively enacting appropriations for replenishment of the debt service reserve fund if necessary. Bonds issued by the bond bank finance projects of certain local governments and generally serve essential governmental purposes. Strong legal features also include the state's ability to intercept aid payments to local borrowers to cure deficiencies in their loan repayments.

The A1 rating on Alaska's appropriation bonds is one notch below the state's GO rating, factoring in the risk that a future legislature could fail to enact timely appropriations authorizing payment. This rationale applies to debt issued by the state for two specific projects. The rating captures the essentiality of the financed projects - a prison and a healthcare delivery facility - as well as the moderate strength of the underlying legal structure.

For the Alaska Energy Authority's bonds, the A2 rating is supported by the state's commitment to replenish a debt service reserve fund for the bonds if necessary. The debt service reserve is funded at the lesser of maximum annual debt service, or 10% of original bond proceeds. The strong legal framework for this support provides ample time for the legislature to enact appropriations to rebuild the reserve, although the legislature is not legally required to do so. The bonds are secured in the first instance by revenue of hydroelectric project. Statute and the bond resolution require the Alaska Energy Authority's chairman to provide timely advance notice each year of any amount needed to replenish the debt service reserve.

RATING OUTLOOK

Revision of the outlook to stable from negative is supported by Alaska's expected near-term path toward meeting operating budget requirements using moderate and sustainable draws on the Permanent Fund's Earnings Reserve Account in conjunction with oil production and other revenue.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Demonstration of ability to fund operations from recurring resources through economic cycles
- Reduction in unfunded pension liabilities
- Implementation of broad-based taxes or other fiscal strategies that help the state's transition from reliance on oil revenue

- For notched securities: Upgrade of the state's GO rating

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Accelerating depletion of Permanent Fund earnings as a consequence of draws beyond structured amounts contemplated in current state law
- Significant worsening of unfunded pension liabilities
- For Bond Bank: Discontinuation of the state's practice of appropriating funds to cure deficiencies each year
- For all notched securities: Downgrade of the state's GO rating

LEGAL SECURITY

General Obligation bonds: Alaska's general obligation debt is secured by a pledge of the state's full faith, credit and resources. Under Alaska's constitution, GOs require approval from voters in addition to the legislature and must generally be for capital improvements.

Lease appropriation bonds: The state's appropriation bonds and certificates of participation are backed by the state's commitment to make debt service payments subject to annual legislative appropriation.

Alaska Municipal Bond Bank: The bond bank's bonds are secured in the first instance by loan repayments from borrowers - mostly local governments - participating in the bond bank's loan program. The state provides a moral obligation to replenish a debt service reserve for the bonds and has established an annual practice of proactively enacting appropriations to replenish the fund. In addition, the state has the power to intercept aid payments to borrowers if their loan repayments fall short.

Alaska Energy Authority: The bonds are secured in the first instance by payments from the Bradley Lake Hydroelectric Project under a power purchase agreement through 2041 with six entities including Anchorage Municipal Light and Power.

USE OF PROCEEDS

Not applicable

PROFILE

Alaska is by far the largest state in geographic terms. Alaska is 586,412 square miles -- a fifth as large as the other 49 states combined. But the state's economy is comparatively small, with GDP that amounted to about \$50 billion in 2020. It is also among the least populous states, with 2020 population estimated at 731,158, according to the US Census Bureau. Alaska has vast natural resources that include oil and gas, and deposits of gold, zinc, lead and copper. For oil, it ranked as sixth-largest producer among states in 2019, according to the US Energy Information Administration. The Red Dog mine in northwest Alaska is among the world's largest producing zinc mines.

METHODOLOGY

The principal methodology used in the general obligation ratings was US States and Territories published in April 2018 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1084466. The principal methodology used in the lease and moral obligation ratings was Lease, Appropriation, Moral Obligation and Comparable Debt of US State and Local Governments published in January 2021 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1260202. Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of these methodologies.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

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RATING ACTION COMMENTARY

Fitch Affirms Alaska's IDR at 'A+'; Outlook Negative

Mon 26 Apr, 2021 - 8:59 PM ET

Fitch Ratings - San Francisco - 26 Apr 2021: Fitch Ratings has affirmed the following state of Alaska (AK) ratings:

--Issuer Default Rating (IDR) at 'A+';

--General obligation (GO) bonds at 'A+';

--State appropriation bonds at 'A';

--Alaska Municipal Bond Bank Authority 2005 and 2016 resolution bonds at 'A'.

The Rating Outlook is Negative.

SECURITY

State GO bonds are general obligations of the state of Alaska, to which the full faith, credit and resources of the state are pledged. Lease-purchase obligations are secured by annual appropriations from the state's unrestricted general fund (UGF).

Alaska Municipal Bond Bank Authority bonds are GOs of the bank, for which the state maintains an annual standing appropriation of state general fund resources to replenish the

bonds' reserve fund in the event of borrower default. The standing appropriation is the basis for the assigned rating on the 2005 and 2016 resolution bonds.

ANALYTICAL CONCLUSION

Alaska's 'A+' IDR and GO ratings reflect a narrower economic base than most states have, offset by a robust Permanent Fund (PF), a Permanent Fund Earnings Reserve (PFER) account and the Constitutional Budget Reserve Fund (CBRF). In combination, these main reserves represent key drivers of fiscal performance over the long-term. Alaska's steady draws on its reserves to fund operations in recent years leave it in a weaker fiscal position than most states. The Negative Outlook reflects the direction the rating is likely to move should the state fail to enact measures in fiscal 2022 that produce sustainable fiscal balance.

ECONOMIC RESOURCE BASE

Alaska's economy is largely based on the development and application of its abundant natural resources through the production of crude oil and natural gas, mining, fishing and tourism. Natural resources and mining directly generate around one-quarter of the state's GDP, additionally expanded by the multiplier effects from those turbulent sectors. The state's economy faces broad challenges related to future volatility in the demand for oil and natural gas, the growing interest in decarbonization and clean energy, federal policy regarding acceptable uses of publicly owned land, and the state's declining population trend since 2017.

KEY RATING DRIVERS

Revenue Framework: 'a'

Alaska's revenue framework has fundamentally transitioned, whereby the majority of its UGF revenues are generated from investment earnings rather than from petroleum revenues and other taxes. Sustainable management of the state's PF and PFER are critical to the rating. The state has complete control over its revenues, with an unlimited independent legal ability to raise operating revenues as needed. Reluctance to exercise this power limits its practical application.

Expenditure Framework: 'a'

Alaska maintains the broad expense-cutting ability common to most U.S. states, but its commitment to making dividend payments during periods of revenue sluggishness meaningfully reduces the state's operating flexibility.

Long-Term Liability Burden: 'aa'

Alaska's net direct debt and adjusted net pension liabilities are elevated but still in the moderate range, relative to both personal income and state GDP. They remain well above the U.S. states' median. Other post-employment benefit (OPEB) obligations are sizable but well funded. Both pension and OPEB liabilities are constitutionally protected benefits.

Operating Performance: 'a'

Historically, the state's strong management of its financial operations and extraordinary reserve balances have offset revenue volatility. However, the state's difficulty in achieving structural balance has led to consistent draws on accessible reserves, resulting in limited options and notably reduced resiliency.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to a positive rating action/upgrade:

--The Rating Outlook could return to Stable if the state advances financial policies in fiscal 2022 that promote stable financial performance and make progress toward improved financial resiliency.

Factors that could, individually or collectively, lead to a negative rating action/downgrade:

--Failure of the state to enact measures that make substantial progress toward a structurally balanced budget, including through tax policy changes or expenditure

reductions;

--Significant draws on the state's accessible reserves beyond Fitch's current expectations to balance financial operations or to fund other priorities.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>.

CURRENT DEVELOPMENTS

American Rescue Plan

Alaska is slated to receive over \$1 billion in American Rescue Plan (ARP) funding directly, with a further \$112 million for capital projects. Other governmental entities within the state are slated to receive \$231 million. The Alaska legislature is expected to appropriate the state share of ARP funds near the end of its current session in mid-May. The administration is proposing the ARP moneys be spent on emergency response costs, tourism revitalization, business support, infrastructure investments and offsetting certain general fund expenditures where permissible. For fiscal 2022, these ARP funds are likely to reduce both the use of UGF revenues and the projected deficit. The ultimate expenditure date for ARP funds is Dec. 31, 2024.

Approximately \$2.3 billion in federal pandemic funding assistance was previously allocated through the state's budget, via \$1.1 billion in enhanced funding for existing state agency programs and \$1.2 billion in coronavirus relief funds.

Alaska Budget Update

To encourage economic activity, the governor's fiscal 2022 budget proposal includes funding the balance of the 2020 PF dividend (\$1,916 per eligible Alaskan) at a total cost of \$1.2 billion and a PF dividend payment of \$3,056 in fiscal 2022 (\$2 billion). These amounts are based on a 1982 PF dividend formula law with which the state has failed to comply since 2016. Citing strong PF investment returns, the governor proposes taking \$6.3 billion from the PFER (roughly half for dividend payments and half for governmental expenses), more than twice the statutory withdrawal limit under Permanent Fund Protection Act of 2018 (the 2018 Act). This significant draw would be well beyond Fitch's current expectations and could trigger negative rating concern if implemented without offsetting budgetary measures.

The state's nonpartisan legislative finance division estimates that for every \$1 billion taken out of the PF, \$50 million in investment earnings are lost annually thereafter. Therefore, the governor's proposed \$3.2 billion overdraw would increase future deficits by \$160 million per year. Resistance in the legislature to the governor's proposal has grown with the prospect of direct economic relief to state residents from ARP moneys.

The governor's budget proposals include \$295 million in UGF spending cuts or shifts to other revenue sources (about 7% of budgeted UGF revenues of \$4.3 billion). It also includes unspecified additional revenue sources of \$900 million-\$1.2 billion each year beginning in fiscal 2023, which could signal the governor's willingness to consider new taxes. The chair of a newly formed house ways and means committee stated the committee will evaluate broad-based taxes in its analysis of potential new revenue sources. The senate president is also considering establishing a committee to consider broad-based taxes. The two most significant options would be sales tax and income tax. Payroll taxes and changes to oil taxes could also be analyzed. It would be difficult to implement new taxes in time for fiscal 2023, given both legislative review and a possible requirement for voter approval.

The governor is proposing a new formula for dividend payments that would generate lower dividend amounts than currently permitted, but would be more consistent than the current fluctuation in annual dividend payment amounts. The governor also proposes constitutional amendments to limit draws from the PF, require a vote of the people to pass new taxes and lower the constitutional spending limit, which is estimated at \$10.8 billion in fiscal 2020. However, constitutional amendments require both supermajority votes of the legislature and ratification by state voters. The failure of recent proposed constitutional amendments to achieve broad legislative consensus suggests future passage is unlikely.

CREDIT PROFILE

The state's GDP was flat to declining from 2013 to 2019, exacerbated by a rapid deterioration in crude oil prices from late 2014 that reduced related employment, resulting in the state's unemployment rate exceeding that of the nation. However, while the state's unemployment rate worsened in 2020 to 7.8% due to pandemic-driven economic contraction, it was outpaced by the national unemployment rate's sharper jump to 8.1%. Fitch's April 15, 2021 report, "U.S. States Labor Markets Tracker (Employment Recovery Remained Muted Through February, Pickup Expected in March)" notes that Alaska, along with 12 other states, has recovered less than 50% of the jobs lost at the peak of the pandemic. Leisure and hospitality and petroleum-related jobs took the greatest hits. Unemployment claims during the second week of March 2021 were five times the number of claims made the same week in 2020. It could take a number of years to fully regain all the lost jobs.

The state's spring 2021 revenue forecast assumes the Alaska North Slope average oil price per barrel gradually improving through fiscal 2030, along with total crude oil production. This forecast accounts for both projected production declines at existing oil fields and new developments progressing through the planning and development process. Such positive improvement broadly accords with Fitch's outlooks for the North American energy and midstream energy sectors, which also anticipate improvement in 2021. See "Fitch Ratings 2021 Outlook: North American Energy (Oil & Gas)" and "Fitch Ratings 2021 Outlook: North American Midstream Energy" published in November and December 2020, respectively on www.fitchratings.com. Alaska's oil price assumptions are somewhat more conservative than Fitch's in fiscal 2021, but noticeably less so in fiscal 2022.

REVENUE FRAMEWORK

The majority of the state's UGF revenues are generated from interest income. Alaska's PF receives an annual allocation of state-derived oil royalties, rents and bonuses, as well as special general fund transfers and investment earnings. A certain portion of the PF's annual investment earnings are channeled to the PFER. Under the 2018 Act, the state is permitted to make annual draws from the PFER to fund the dividend payment to residents and the state's financial operations under a percent of market value formula. The state anticipates these annual draws will continue indefinitely with the amounts for dividend payments and operations subject to the legislature's appropriation decisions. The annual PFER transfer to

the state's operating budget now dominates UGF revenues. Other PFER profits can be funneled back to the PF to inflation-proof its corpus.

Access to the PF corpus requires an amendment to the state's constitution, a path the state has not pursued to date. By contrast, the legislature can access the PFER through a simple majority vote. As of March 31, 2021, the PF had a principal balance of \$59.1 billion, including \$12.2 billion in unrealized gains that will be the source of future cash flow to the PFER. The PFER had a balance of \$17.3 billion, including \$3.1 billion in unrealized gains. The total combined balance of \$76.4 billion represented an almost 17% increase over the \$65.3 billion total balance at June 30, 2020 due to strong market performance.

In fiscal 2020, total UGF revenues, inclusive of the PFER transfer and other investment income, dropped 15%. To absorb the revenue shock from sharply lower crude oil prices and lower daily production in fiscal 2020, the PFER transfer and other investment income increased to almost \$3 billion, or two-thirds of total UGF revenues, up from \$2.8 billion, or just over half of total UGF revenues the prior year. The state's spring 2021 10-year revenue forecast estimates this heightened reliance on PFER transfers and other investment income will persist through fiscal 2022 at around \$3.1 billion, or two-thirds of UGF revenues each year. While the state forecasts the dollar amount of PFER transfers and other investment income will increase gradually thereafter, their proportionate contribution to total UGF revenues will decline marginally to a still substantial 59% by fiscal 2030, if unrestricted petroleum revenues rebound as anticipated.

The state's non-investment UGF revenues (primarily unrestricted petroleum revenues), after adjusting for the estimated impact of tax policy changes, declined substantially since the dramatic decline in oil prices beginning in late 2014 and subsequent volatility, including pandemic-related shocks. In fiscal 2014, petroleum revenues represented 88% of UGF revenues, declining to less than one-quarter in fiscal 2020. While the state forecasts 75% growth in unrestricted petroleum revenues between fiscals 2021 and 2030 due to anticipated increases in both oil prices and production, they would represent only around one-third of projected UGF revenues by fiscal 2030.

Modest additional sources of UGF revenue include various taxes, charges for services, fines, licenses and other nontaxation revenues. These unrestricted nonpetroleum revenues are forecast at less than one-tenth of UGF revenues through fiscal 2030.

Growth prospects for draws on the PFER to support operations and the dividend payment are dependent on actual PF investment returns, actions to inflation-proof the corpus of the PF, the realization of investment earnings, dividend payments and other factors. The Alaska Permanent Fund Corporation (APFC) is the investment manager.

APFC's base case set of assumptions includes a statutory income in the 6.4% range and an annual draw on the PFER ranging from \$3.1 billion in fiscal 2021 to \$3.7 billion in fiscal 2030, increasing at an assumed inflation rate of nearly 2.3% thereafter. Fitch's simulation indicates that the PFER is potentially sustainable through at least fiscal 2046, up from fiscal 2040 estimated last year, as the starting point for the analysis considers the higher PF corpus as of Feb. 28, 2021. This analysis is subject to significant assumptions, and is only intended to provide general guidance with regard to the sustainability of the PFER under different stress scenarios without consideration to the possibility of other actions taken on the part of management

Given the real possibility of lower long-term asset class returns, Fitch's sensitivity analysis also models weaker investment performance to gauge the possible impact on the PFER. Assuming a long-term rate of return of between 4.9% and 5.9%, anticipated draws on the PFER could result in PFER depletion in the early- to mid-2030s, approximately 10 years earlier than under APFC's base case. Increasing the draw on the PFER by \$1 billion per annum could accelerate the depletion of the fund to fiscal 2030 under the APFC's base case assumptions, or between fiscals 2027 and 2029 based on Fitch's investment return sensitivity analysis. PFER depletion would require the state to enact further changes to its revenue or expenditure framework to achieve balance. Asset returns, decisions for inflation-proofing, growth in annual draws and the amount of dividend payout will continue to significantly influence Fitch's assessment of the state's revenues and rating.

The state has no legal limitations on its ability to raise revenues through base broadenings, rate increases, or the assessment of new taxes or fees. The state does not currently levy personal income or sales taxes.

EXPENDITURE FRAMEWORK

As in most states, education and health and human services spending are Alaska's largest operating expenses. However, the annual PF dividend payment to residents is also a significant UGF appropriation, funded by a transfer from the PFER.

Fitch expects the natural pace of spending growth, absent policy actions, will be ahead of natural revenue growth, largely driven by the volatility in state-derived revenue sources. Growth in future spending is also affected by the varying levels of resident dividend payments. The state has flexibility regarding the dividend amount, as evidenced by recent years' dividends that were significantly smaller than permitted by the 1982 PF dividend formula law.

Medicaid will remain a cost driver for the state, although 100% of federal support for Alaskan Natives eases this burden to some extent and temporary federal medical assistance percentage enhancement provides some additional revenue during the pandemic. The fiscal challenge of Medicaid is common to all U.S. states. The nature of the program and federal government rules limit the states' options in managing the pace of spending growth. As with all federal programs, Medicaid remains subject to regulatory changes that could affect various aspects. However, federal action to revise Medicaid's fundamental programmatic and financial structure does not appear to be a near-term priority of the current federal administration or congressional leadership.

Alaska's ability to adjust expenditures to meet changing fiscal circumstances has been weakened by multiple years of actions to realign its budget, leaving remaining expenditure-cutting options that are much harder to implement. During fiscals 2022-2024, certain eligible costs could be covered by ARP funding.

While spending requirements for debt service and pension and OPEB obligations are manageable, inclusion of an amount for an annual dividend payment, which many state legislators and residents view as an intrinsic payment for eligible residents, reduces expenditure flexibility. Pension and OPEB benefits for state employees and teachers are constitutionally protected, further reducing the state's flexibility to make cuts. State Bill 125 commits the state, subject to the annual appropriation process, to fund the difference between specified employer contributions and the actuarially determined contribution (ADC). In prior years, the state improved pension funding through deposits from the CBRF that lowered the ADC.

LONG-TERM LIABILITY BURDEN

The state is an infrequent debt issuer, meeting most capital needs from annual revenues. Net direct debt as of June 30, 2020 of about \$1.3 billion measured nearly 3% of personal income after excluding guaranteed debt of the Housing Finance Corporation's Veteran's Mortgage Program, which has never required state support, and reimbursable municipal GO debt issued for school construction. The state reduced its share of school construction bond debt service costs by 50% in fiscal 2020 and 100% in fiscal 2021. The governor's proposed fiscal 2022 budget would restore the state's 50% contribution.

The state has no GO debt authorization. The governor's fiscal 2022 budget proposal includes a \$350 million bond infrastructure project package that would be eligible for significant federal match funding. Legislator support is uncertain since some question if ARP or other federal funding could be used instead. However, if enacted, the proposal would likely go to the voters in a special election in August or September 2021.

Net pension obligations are a more significant obligation for the state. Under Fitch's standard 6% return assumption, the state's net pension liability is nearly \$7.5 billion, with a 58% ratio of assets to liabilities. Well-funded retiree healthcare trusts are in place for both the state employees' and teachers' pension systems. The state shares responsibility for contributing to each of the component plans with other public sector entities, most notably municipalities and school districts.

The state's overall long-term liability burden represents 19% of fiscal 2021 personal income. While the liability is among the highest of the states, the majority of state debt is repaid from either unrestricted petroleum revenues or draws from the PFER, so the debt-to-income ratio is not as meaningful for Alaska as it is for other states. The liability burden moderates slightly to 17% when considered relative to GDP, which Fitch considers a more useful metric of the state's economic resource base.

OPERATING PERFORMANCE

The Office of Management and Budget advises that fiscals 2004-2012 experienced unprecedented budget growth, averaging nearly 15% annually, tracking revenue growth, which left the state with new and expanded programs that proved difficult to sunset when revenues dropped. In response to declining petroleum revenues, the state cut some

expenditures and sharply reduced the PF dividend in fiscals 2017-2021. However, these actions were insufficient to balance the state's budget, even with draws for operations from the PFER and the CBRF (approximately \$16 billion since fiscal 2014). To date, new revenue proposals have received insufficient legislator support for passage. Instead, the state has diminished its reserves, weakening financial resilience. The pandemic and oil market disruption further delayed consideration of measures to alleviate the ongoing structural imbalance.

According to the state's nonpartisan legislative finance division, fiscal 2021 is the ninth straight year of UGF deficit spending, despite UGF spending declining by 43% over that period and implementation of structured draws from the PF. This ongoing structural imbalance places increasing importance on the state's management of its reserves.

The CBRF, which is the state's primary savings account funded through the resolution of mineral-related income disputes and traditionally used for daily cash-management purposes, is projected to be \$898 million at fiscal YE 2021, potentially growing to \$1.3 billion by fiscal YE 2022 due to budgeted surplus operations, earnings and dispute-resolution deposits. At \$1.3 billion, the CBRF would be less than one-third of fiscal 2022's proposed \$4.3 billion in UGF operational spending. Therefore, while it will remain a useful cashflow tool, the CBRF lacks capacity to absorb much more deficit spending.

Alaska's statutory budget reserve (SBR), intermittently funded from appropriations of excess moneys received by the state, was emptied in fiscal 2020 (as had occurred previously) and no deposits are expected henceforth. The combined CBRF and SBR balances of \$1.3 billion forecast at fiscal YE 2022 represent a steep decline from fiscal 2013, when they totaled \$16.3 billion.

Financial operations continue to be supported by fiscal management that closely tracks revenue collections and expenditures during the year. The state updates its 10-year revenue forecasts twice yearly, employing its extensive knowledge of ongoing and planned natural resource developments.

Fitch is not concerned about the state's liquidity position since the state estimates in fiscal 2022 it could access a combined \$12.7 billion in the PFER, the CBRF, the power cost equalization endowment, the Alaska higher education investment fund and certain

subfunds of the general fund. This amount would cover an estimated 1,078 days of operations.

In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by information from Lumesis.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

Alaska has an ESG Relevance Score of '4' for Biodiversity and Natural Resource Management due to its exposure to the impact of natural resources management on the economy and governmental operations, which in combination with other factors, has a negative impact on the credit profile and is relevant to the rating in conjunction with other factors.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

RATING ACTIONS				
ENTITY/DEBT	RATING		PRIOR	
Alaska, State of (AK) [General Government]	LT	A+ Rating Outlook Negative	Affirmed	A+ Rating Outlook Negative

ENTITY/DEBT	RATING			PRIOR
● Alaska Municipal Bond Bank Authority (AK) /General Obligation - State DSRF Replenishment - 2005 Resolution/1 LT	LT	A Rating Outlook Negative	Affirmed	A Rating Outlook Negative
VIEW ADDITIONAL RATING DETAILS				

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APPLICABLE CRITERIA

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APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

FAST Econometric API - Fitch Analytical Stress Test Model, v2.4.0 ([1](#))

ADDITIONAL DISCLOSURES

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ENDORSEMENT STATUS

Alaska Pension Obligation Bond Corporation (AK)

EU Endorsed, UK Endorsed

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