

STATE OF ALASKA

STATE BOND COMMITTEE

TO BE HELD AT:
TELEPHONIC MEETING
For Participation: 1-907-202-7104
Code: 408 330 84#
Juneau, Alaska 99811
September 15, 2022
10:00 AM Alaska Time



STATE BOND COMMITTEE AGENDA FOR MEETING

Meeting Place:
TELEPHONIC MEETING
Call-in: (907) 202-7104,
Conference ID: 408 330 84#

September 15, 2022, at 10:00 A.M. Alaska Time

- I. Call to Order
- II. Roll Call
- III. Public Meeting Notice
- IV. Approval of Agenda
- V. Minutes of the October 26, 2021, State Bond Committee Meeting
- VI. Public Participation and Comment
- VII. New Business
 - A. Resolution 2022-01 – Providing for the issuance and sale of General Obligation Refunding Bonds, Series 2022A
 - B. Resolution 2022-02 – Providing for the issuance and sale of Clean Water and Drinking Water Revenue BANs 2022 Series A, and 2022 Series B
- 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 September 15, 2022, at 10:00 a.m. Alaska Time. This will be a telephonic meeting, with participation at (907) 202-7104, with code 408 330 84#.

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 October 26, 2021, SBC Meeting
- VI. Public Participation and Comment
- VII. New Business:
 - A. Resolution 2022-01 – Providing for the issuance and sale of General Obligation Refunding Bonds, Series 2022A
 - B. Resolution 2022-02 – Providing for the issuance and sale of Clean Water and Drinking Water Revenue BANs 2022 Series A, and 2022 Series B
- VIII. Debt Manager's Report
- IX. Committee Member Comments
- X. Schedule Next Meeting
- XI. Adjournment

Dated September 8, 2022

[Attachments, History, Details](#)

Attachments

[SBC Agenda 9-15-2022.pdf](#)

Revision History

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**MINUTES of the
STATE BOND COMMITTEE
October 26, 2021**

A meeting of the State Bond Committee (SBC) was held at 10:00 a.m. Alaska Time on October 26, 2021. The meeting was held telephonically at 1-907-202-7104, with code 116974195#.

SBC Members present were:

Brian Fechter, Deputy Commissioner, Delegate for the Department of Revenue (DOR)

Micaela Fowler, Administrative Services Director, Delegate for the Department of Commerce, Community and Economic Development (DCCED)

There was a quorum

Dave Donley, Deputy Commissioner, Delegate for the Department of Administration (*absent*)

Also present were:

Deven Mitchell, Debt Manager, Department of Revenue

Ryan Williams, Operations Research Analyst, Department of Revenue

Les Krusen, Orrick, Herrington & Sutcliffe, LLP, Bond Counsel to the SBC

I. Call to Order

Dave Donley, the delegate for DOA, was absent for this State Bond Committee meeting (planned absence). Committee members Brian Fechter and Micaela Fowler agreed that Ms. Fowler would act as Chair for this SBC meeting as delegate for the DCCED. Ms. Fowler called the meeting to order at 10:00 a.m. Alaska Time on October 26, 2021.

II. Roll Call

Mr. Williams took roll call. Mr. Fechter, and Ms. Fowler 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 October 15, 2021, for the October 26, 2021, meeting date.

IV. Approval of Agenda

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

unanimously by the committee as written with no modifications and no objections.

V. Minutes of the July 1, 2021, SBC Meeting

The Minutes of the July 1, 2021, SBC Meeting were reviewed by the committee. The Minutes needed no modifications. Mr. Fechter moved to adopt the July 1, 2021, minutes as written, and approval was seconded by Ms. Fowler. The July 1, 2021, SBC meeting minutes were unanimously approved and adopted by the committee as written with no modifications and no objections.

VI. Public Comment

Ms. Fowler asked for public participation and comment. There was none. The Public Comment period was closed.

VII. New Business

Resolution No. 2021-3 – Providing for the issuance of Alaska Clean Water Fund Revenue Bond Anticipation Note, 2021 Series A, and of Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2021 Series B

Mr. Mitchell noted that Mr. Williams has been working with DEC, DOA, DOR and state contractors regarding the annual overnight BAN transaction for the Alaska Clean Water and Drinking Water Funds (CW/DW Funds). Mr. Williams noted that while money in the CW/DW Funds is restricted by Federal law, the interest income on principal held in the Funds and the interest income on loans made by the Funds could be used to repay debt service of the Funds. Additionally, the EPA has confirmed that money borrowed by the Funds could be used as State match to obtain federal grants. Mr. Williams stated that for several years KeyBank has undergone the overnight borrowing transaction for the Funds and has agreed to do so for the fiscal year 2022 transaction, which is anticipated to occur on November 9th and 10th, 2021. Additionally, bond counsel to SBC, Orrick, Herrington, Sutcliffe LLP, has provided the resolution and is willing to oversee closing documentation to complete the transaction. Mr. Williams stated that additional details of the transaction are contained in the MOU behind Resolution 2021-3, and the form is anticipated to be final. Mr. Williams mentioned that the fiscal year 2022 budget amounts for the CW and DW Funds are slightly less than stated in Resolution 2021-3, but the budget amounts are quoted as estimated to be, so the resolution builds in flexibility to complete the transaction. Also, the resolution contains an issuance cost and interest fee cap at \$15,000, with estimated costs expected to come in less. Mr. Krusen described Resolution 2021-3 in more detail, noting that the resolution provides for a CW Revenue Bond Anticipation Note, 2021 Series A, with aggregate principal amount of up to \$2,054,500, and a DW Revenue Bond Anticipation Note, 2021 Series B, with aggregate principal amount of up to \$2,256,700. Mr. Krusen noted that the date of issuance and final maturity date shall occur no later than December 31, 2021, and the total costs of the Notes, including total interest payable on the Notes, shall not exceed \$15,000. Mr. Krusen stated that the authority granted to the Debt Manager, provided for in Section 5 of Resolution 2021-3, shall expire 75 days after the date of adoption and approval of the

resolution. Mr. Mitchell noted that this is at least the 19th year of the CW/DW transaction, and a conversation has been initiated with DEC regarding a way to streamline the process or add additional years of borrowing activity so that you may conduct a borrowing to accomplish the same tasks for multiple years with less administrative burden. Ms. Fowler asked for any additional comments from the committee. Mr. Fechter had no comments and moved to adopt Resolution 2021-3, and Ms. Fowler seconded the motion. Mr. Williams took a roll call vote, and the State Bond Committee then approved Resolution 2021-3 with two yes votes, a unanimous vote by present board members.

Resolution No. 2021-04 – SBC Allocation of Private Activity Bond Volume Limit of the State of Alaska for Calendar Year 2021

Mr. Mitchell noted that Resolution 2021-04 relates to the State of Alaska's allocation of the Private Activity Bond Volume Limit for calendar year 2021. 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. Mr. Mitchell mentioned that AHFC has been the main issuer and recipient of the cap and over the last ten years, or more, and there has been low competitiveness for this allocation. AIDEA received a portion of the allocation several years ago but has not been a primary user. 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, 2022). Mr. Mitchell mentioned that Resolution 2021-04 would become effective at the end of the calendar year, December 31, 2021, and should no requests for volume cap be received at that time, AHFC would receive the allocation so that they may undergo the process to carry forward. Mr. Mitchell noted that there could be a request to the committee that may qualify prior to the end of the calendar year and would alert the committee if a request is received. Mr. Williams noted that the State of Alaska's calendar year 2021 volume cap available is \$324,995,000, which is the minimum amount per the IRS, as Alaska does not use the population calculation due to our low population size. Resolution 2021-04 before the committee would allocate the entire amount of the Private Activity Bond Volume Limit of the State of Alaska for calendar year 2021 to AHFC. Mr. Williams noted that AHFC would have to specifically identify use when carrying forward and this function is completed by AHFC. Ms. Fowler asked for any additional comments from the committee. Mr. Fechter had no comments, and moved to approve Resolution 2021-04, and Ms. Fowler seconded. Mr. Williams conducted a roll-call vote and there were two 'yes' votes and Resolution 2021-04 authorizing the allocation of Private Activity Bond Volume Limit of the State of Alaska for Calendar Year 2021 in the amount of \$324,995,000 to AHFC, effective December 31, 2021, was approved unanimously by present committee members.

VIII. Debt Manager's Report

Mr. Mitchell gave a report on the following items not already covered by the SBC agenda:

Mr. Mitchell stated that the Alaska International Airports System issued bonds in August 2021, in the amount \$85.5 million of Series 2021 refunding bonds. Additionally, with the AIAS contribution of \$40.0 million of cash and prior debt service funds on hand, there was a total defeasance and refunding of \$154.4 million of par resulting in an estimated \$81.8 million reduction in scheduled debt service payments between FY2022 and FY2036. The estimated net present value savings was approximately \$24.9 million. Mr. Mitchell stated that there were three series of bonds issued, one was tax-exempt, one was private activity not subject to the alternative minimum tax (AMT), and one was private activity that was subject to the AMT. The transaction also defeased the 1999A, 2006A bonds, with refundings of the 2009A, 2010A, 2010C, and 2010D bonds. Mitchell mentioned that the surety policies that had been used along with cash and cash contributions as part of the reserve requirement would be retired, leaving a fully cash-funded reserve meeting the reserve requirement (without the use of surety policies).

IX. Committee Member Comments

There were no additional comments.

X. Schedule Next Meeting

Ms. Fowler stated that the next meeting shall occur at the call of the Chair.

XI. Adjournment

Adjournment of the meeting was moved by Mr. Fechter and seconded by Ms. Fowler. The meeting was adjourned at 10:19 a.m. Alaska Time.

Paula Vrana, Commissioner, Department of Administration

ATTEST:

Lucinda Mahoney, Commissioner, Department of Revenue

STATE BOND COMMITTEE
OF THE STATE OF ALASKA

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2022A

RESOLUTION NO. 2022-01

A Resolution of the State Bond Committee of the State of Alaska, providing for the issuance and sale of general obligation refunding bonds of the State in the aggregate principal amount of not to exceed \$60,000,000; approving the sale of such bonds; and authorizing the Designated Representative to approve the interest rates, maturity dates, redemption provisions and principal amounts for the bonds under the terms and conditions set forth herein.

ADOPTED ON SEPTEMBER 15, 2022

Prepared by:
Orrick, Herrington & Sutcliffe LLP

TABLE OF CONTENTS^{*}

Section 1.	Definitions.....	2
Section 2.	Authorization of Bonds.....	5
Section 3.	Registration	6
Section 4.	Redemption and Purchase of Bonds	10
Section 5.	Form of Bonds	12
Section 6.	Execution of Bonds.....	14
Section 7.	Pledge.....	15
Section 8.	Defeasance	15
Section 9.	Tax Covenants	16
Section 10.	Sale of Bonds	17
Section 11.	Application of Bond Proceeds; Designation of the Refunded Bonds.....	18
Section 12.	Undertaking to Provide Ongoing Disclosure.....	21
Section 13.	Severability	21
Section 14.	Effective Date	21

EXHIBIT A: Form of Escrow Deposit Agreement

^{*} This Table of Contents and the cover page are not a part of the following resolution and are included only for the convenience of the reader.

RESOLUTION NO. 2022-01

A Resolution of the State Bond Committee of the State of Alaska, providing for the issuance and sale of general obligation refunding bonds of the State in the aggregate principal amount of not to exceed \$60,000,000; approving the sale of such bonds; and authorizing the Designated Representative to approve the interest rates, maturity dates, redemption provisions and principal amounts for the bonds under the terms and conditions set forth herein.

WHEREAS, the State of Alaska (the “State”) now has outstanding its General Obligation Refunding Bonds, Series 2012A, issued pursuant to Resolution No. 2012-01, dated as of January 6, 2012, in the original principal amount of \$175,560,000 (the “2012A Bonds”), maturing in remaining principal amounts and bearing interest as follows:

<u>Maturity Years (August 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2023	\$ 2,665,000	3.00 %
2023	4,750,000	4.00

; and

WHEREAS, the 2012A Bonds maturing on August 1, 2023 are callable for redemption at any time on or after August 1, 2022, at a price of par plus accrued interest to the date of redemption; and

WHEREAS, the State now has outstanding its General Obligation Bonds, Series 2013B, issued pursuant to Resolution No. 2012-04, dated as of December 14, 2012, in the original principal amount of \$150,535,000 (the “2013B Bonds” and, together with the 2012A Bonds, the “Prior Bonds”), maturing in remaining principal amounts and bearing interest as follows:

<u>Maturity Years (August 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2023	\$ 10,040,000	5.00 %
2023	4,000,000	4.00
2024	17,000,000	5.00
2024	630,000	4.00
2025	18,135,000	5.00
2025	405,000	4.00

; and

WHEREAS, the 2013B Bonds maturing on or after August 1, 2023 are callable for redemption at any time on or after February 1, 2023, at a price of par plus accrued interest to the date of redemption; and

WHEREAS, as a result of changed market conditions, it appears that debt service savings may be obtained by refunding all or a portion of the Prior Bonds through the issuance of general obligation refunding bonds of the State in the aggregate principal amount of not to exceed \$60,000,000 (the “Bonds”); and

WHEREAS, pursuant to AS 37.15.210, general obligation bonds of the State may be refunded by the issuance of general obligation refunding bonds of the State if, in the opinion of the State Bond Committee (the “Committee”), the refunding is advantageous to and in the best interest of the State and its inhabitants, and such refunding bonds may be sold in the manner and at the prices that the Committee determines to be for the best interest of the State and its inhabitants; and

WHEREAS, the Committee has determined to delegate authority to the State Debt Manager or his designee (the “Designated Representative”), for a limited time, to approve the interest rates, maturity dates, interest payment dates, redemption provisions and principal amounts under the terms and conditions approved by this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOND COMMITTEE OF THE STATE OF ALASKA:

Section 1. Definitions. As used in this resolution, the following words shall have the following meanings:

“**2012A Bonds**” means the General Obligation Refunding Bonds, Series 2012A, of the State issued on February 8, 2012, as more particularly described in the recitals of this resolution.

“**2012A Refunded Bonds**” means the 2012A Bonds that are designated by the Designated Representative pursuant to Sections 10 and 11 of this resolution.

“**2012A Registrar**” means U.S. Bank National Association, as paying agent and registrar of the 2012A Bonds.

“**2013B Bonds**” means the General Obligation Bonds, Series 2013B, of the State issued on January 23, 2013, as more particularly described in the recitals of this resolution.

“**2013B Refunded Bonds**” means the 2013B Bonds that are designated by the Designated Representative pursuant to Sections 10 and 11 of this resolution.

“**2013B Registrar**” means The Bank of New York Mellon Trust Company, N.A., as paying agent and registrar of the 2013B Bonds.

“Beneficial Owner” means the beneficial owner of all or a portion of a Bond while such Bond is in fully immobilized form.

“Bond Register” means the registration books maintained by the Bond Registrar setting forth the names and addresses of owners of the Bonds.

“Bond Registrar” means U.S. Bank Trust Company, National Association, as authenticating agent, paying agent and registrar with the duties and powers herein provided, including its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Section 3.

“Bonds” means the State of Alaska General Obligation Refunding Bonds, Series 2022A, to be issued pursuant to this resolution in the aggregate principal amount of not to exceed \$60,000,000.

“Bond Year” means each one-year period that ends on the date selected by the State. The first and last Bond Years may be short periods. If no date is selected by the Designated Representative before the earlier of the final maturity date of the Bonds or the date that is five years after the date of issuance of the Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bonds.

“Code” means the federal Internal Revenue Code of 1986 and the applicable regulations thereunder.

“Commission” means the United States Securities and Exchange Commission.

“Debt Manager” means the State Debt Manager.

“Debt Service Fund” means the Alaska debt retirement fund of the State.

“Designated Representative” means the Debt Manager or his designee.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to Section 3 hereof.

“Escrow Agreement” means the Escrow Deposit Agreement, in respect of the 2013B Bonds, to be dated as of the date of closing and delivery of the Bonds.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A.

“Governmental Person” means a state or local governmental unit or any instrumentality thereof. It does not include the United States or any agency or instrumentality thereof.

“Letter of Representations” means a blanket issuer letter of representations from the State to DTC.

“MSRB” means the Municipal Securities Rulemaking Board or any successor to its functions.

“Net Proceeds,” when used with reference to the Bonds, means the principal amount of the Bonds, plus accrued interest and original issue premium, if any, and less original issue discount, if any.

“Nongovernmental Person” means any Person other than a Governmental Person.

“Prior Bonds” means, collectively, the 2012A Bonds and the 2013B Bonds.

“Person” means an individual, a trust, estate, partnership, association, company, corporation or governmental unit.

“Private Business Use” means the use of property in a trade or business by a Nongovernmental Person if such use is other than as a member of the general public. Private Business Use will arise from ownership of the property by a Nongovernmental Person. Private Business Use may also arise from other arrangements that transfer to the Nongovernmental Person the actual or beneficial use of the property (such as certain leases and management contracts). Use of property as a member of the general public includes attendance by the Nongovernmental Person at municipal meetings. Use of property by nonprofit community groups or community recreational groups is not treated as Private Business Use if the property is made available for such use by all such community groups on an equal basis and the term of such use does not exceed 50 days.

“Purchase Contract” means the bond purchase agreement between the State and the Underwriters provided for in Section 10 of this resolution.

“Refunded Bonds” means, collectively, the 2012A Refunded Bonds and the 2013B Refunded Bonds.

“Registered Owner” means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC shall be deemed to be the sole Registered Owner.

“Rule” means the Commission’s Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” means the State of Alaska.

“**State Bond Committee**” means the duly constituted State Bond Committee established pursuant to AS 37.15.110.

“**Term Bonds**” means the portion of the Bonds, if any, designated as “Term Bonds” in the Purchase Contract for the Bonds.

“**Underwriters**” means Jefferies, LLC and RBC Capital Markets, LLC.

Interpretation of Terms. In this resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and Sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect; and

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of Bonds. The State hereby authorizes the issuance and sale of not to exceed \$60,000,000 aggregate principal amount of general obligation refunding bonds authorized as provided herein for refunding the Refunded Bonds (the “Bonds”). The Committee hereby finds that the sale of the Bonds in the manner and on the terms set forth in this resolution is for the best interests of the State and its inhabitants. The Bonds shall be dated as of their date of delivery; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 each or any integral multiple thereof, provided that no Bond shall represent more than one maturity and interest rate; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control; and

shall bear interest payable semiannually on the first day of each February and August, commencing February 1, 2023 (or on such other semiannual payment dates as may be approved by the Designated Representative) at rates set forth in the Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Purchase Contract and as approved by the Designated Representative in accordance with Section 10. The Bonds of any of the maturities may be combined and issued as Term Bonds, subject to mandatory redemption as provided in the Purchase Contract for the Bonds.

Section 3. Registration.

(a) *Bond Registrar; Bond Register.* The State Bond Committee hereby selects U.S. Bank Trust Company, National Association, as the Bond Registrar, for the safeguarding and disbursement of the money for the payment of debt service on the Bonds and for the duties herein set forth with respect to the authentication, delivery and registration of the Bonds. The Bonds shall be issued only in registered form as to both principal and interest. The Bond Registrar may resign at any time upon 30 days' prior written notice to the State Bond Committee and may be removed at any time at the option of the State Bond Committee upon prior notice to the Bond Registrar and appointment of a successor Bond Registrar. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. If a successor Bond Registrar has not been appointed within 30 days after the giving of such notice of resignation or removal, the retiring Bond Registrar may petition a court of competent jurisdiction for the appointment of a successor.

The Bond Registrar shall keep, or cause to be kept, at its corporate trust office, sufficient books for the registration and transfer of the Bonds which shall at all times be open to inspection by the State (the "Bond Register"). The Bond Registrar is authorized, on behalf of the State, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this resolution and to carry out all of the Bond Registrar's powers and duties under this resolution. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

(b) *Registered Ownership.* The State and the Bond Registrar shall deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 12 of this resolution), and neither the State nor the Bond Registrar shall be affected by

any notice to the contrary. Payment of any such Bond shall be made only as described in Section 3(h) hereof, but such Bond may be transferred as hereinafter provided. All such payments made as described in Section 3(h) shall be valid and shall satisfy and discharge the liability of the State upon such Bond to the extent of the amount or amounts so paid.

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

Neither the State nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant; the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds; any notice that is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the State to the Bond Registrar or to DTC or to any successor depository); or any consent given or other action taken by DTC (or by any successor depository) as the Registered Owner. Except as provided in Section 12 in connection with the Rule, for so long as any Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of “CEDE & Co.”, as nominee of DTC, with one Bond of each interest rate, maturing on each of the maturity dates for the Bonds, and in a denomination corresponding to the total principal amount bearing interest at the same rate and designated to mature on such date. Registered ownership of such immobilized 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 depository appointed by the State Bond Committee or the Designated Representative pursuant to subsection (2) below or to such substitute depository’s successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the State Bond Committee or the Designated Representative to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the State Bond Committee or the Designated Representative may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the State Bond Committee or the Designated Representative, issue a single new Bond for each maturity and interest rate then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the State Bond Committee or the Designated Representative.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the State Bond Committee or the Designated Representative determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The State Bond Committee or the Designated Representative shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds, together with a written request on behalf of the State Bond Committee or the Designated Representative to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer or exchange of any such Bond shall be valid unless such Bond is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent or attorney in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall

authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity 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 Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding the date any such Bond is to be redeemed.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond 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 Bonds.

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

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. For so long as the Bonds are in fully immobilized form, payments of principal and interest shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations.

In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the designated office of the Bond Registrar; provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount of Bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

If any Bond shall be duly presented for payment and funds have not been duly provided by the State on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until such Bond is paid.

Section 4. *Redemption and Purchase of Bonds.*

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

(b) *Mandatory Redemption.* The Bonds shall be subject to mandatory redemption, if any, set forth in the Purchase Contract and as approved by the Designated Representative pursuant to Section 10 of this resolution.

(c) *Purchase of Bonds.* The State reserves the right to purchase any of the Bonds offered to the State at any time at a price deemed reasonable by the Designated Representative and in the case of Term Bonds purchased for cancellation, to credit the principal amount of Term Bonds so purchased against an equal amount of mandatory sinking fund installments in the year or years selected by the Designated Representative.

(d) *Notice of Redemption.*

(1) Official Notice. Unless waived by any owner of Bonds to be redeemed, official notice of any redemption, which notice in the case of optional redemption may be a conditional notice, shall be given by the Bond Registrar on behalf of the State by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

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

- (A) the date fixed for redemption;
- (B) the redemption price;
- (C) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity and interest rate (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (D) that on the date fixed for redemption (unless the notice of optional redemption is a conditional notice, in which case the notice shall state that interest shall cease to

accrue from the date fixed for redemption if and to the extent that funds have been provided to the Bond Registrar for the redemption of Bonds), the redemption price will become due and payable upon each such 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 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

(2) Effect of Notice; Bonds Due. Unless the State has revoked a notice of optional redemption (or unless the State provided a conditional notice of optional redemption and the conditions for redemption set forth therein are not satisfied), then on or prior to any redemption date, the State shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds to be redeemed on that date; and official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the date fixed for redemption (unless in the case of a conditional notice of optional redemption, the condition is not satisfied or funds sufficient to pay the redemption price are not on deposit with the Bond Registrar), become due and payable at the redemption price therein specified, and from and after such date (unless the State shall not have paid the redemption price), such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice (except as described above in the case of a notice of optional redemption), such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the date fixed for redemption shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same maturity and interest rate in the amount of the unpaid principal. All Bonds that have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice of redemption, 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 Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed;

(D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 15 days before the date fixed for redemption to each party entitled to receive notice pursuant to Section 12, and to the senior managing Underwriter for the Bonds or to its business successor, if any, and to such persons and with such additional information as the Designated Representative shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

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

(5) Amendment of Notice Provisions. The foregoing notice provisions of this Section 4, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 5. Form of Bonds. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____ \$ _____

STATE OF ALASKA

GENERAL OBLIGATION REFUNDING BOND, SERIES 2022A

INTEREST RATE: MATURITY DATE: CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The STATE OF ALASKA (the "State"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from _____, 2022, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on the first day of each February and August, commencing on [February 1, 2023]. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of

this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in the operational arrangements of The Depository Trust Company (“DTC”) referred to in the Blanket Issuer Letter of Representations (the “Letter of Representations”) from the State to DTC. U.S. Bank Trust Company, National Association has been appointed to act as registrar, paying agent and authenticating agent for the Bonds(the “Bond Registrar”).

This bond is one of an authorized issue of bonds of like date and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of \$_____ (the “Bonds”), and is issued pursuant to Resolution No. 2022-01 (the “Bond Resolution”) adopted by the State Bond Committee on September 15, 2022 to provide funds for refunding certain outstanding bonds of the State. Capitalized terms used in this bond and not otherwise defined shall have the meanings given them in the Bond Resolution.

The bonds of this issue are subject to optional [and mandatory] redemption prior to their scheduled maturities as provided in the Purchase Contract.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Alaska and resolutions duly adopted by the State Bond Committee, including the Bond Resolution.

The bonds of this issue are not “private activity bonds” as such term is defined in the Internal Revenue Code of 1986, as amended (the “Code”). The bonds of this issue are not “qualified tax-exempt obligations” under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

The bonds of this issue are general obligations of the State. The full faith, credit and resources of the State are hereby irrevocably pledged for the prompt payment of the principal and interest on 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 Bond Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Alaska to exist and to have happened and been done and performed precedent to and in the issuance of this bond do exist and have happened and been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the State may incur.

IN WITNESS WHEREOF, the State of Alaska has caused this bond to be executed by the manual or facsimile signatures of the Governor and Lieutenant Governor of the State of Alaska, and the seal of the State to be impressed, imprinted or otherwise reproduced hereon, as of this ____ day of _____, 2022.

By /s/ facsimile
Governor of the State of Alaska

/s/ facsimile

Lieutenant Governor of the
State of Alaska

The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

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, General Obligation Refunding Bonds, Series 2022A, of the State, dated _____, 2022.

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION,
as Bond Registrar

By: _____
Authorized Signer

Section 6. Execution of Bonds. The Bonds shall be executed on behalf of the State with the manual or facsimile signatures of the Governor and Lieutenant Governor of the State of Alaska, and the corporate seal of the State shall be impressed, imprinted or otherwise reproduced thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be

conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

In case either of the officers who have executed the Bonds shall cease to be officer or officers of the State before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the State, such 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 Bond may also be signed and attested on behalf of the State by such persons who are at the actual date of delivery of such Bond the proper officers of the State although at the original date of such Bond any such person shall not have been such officer of the State.

Section 7. Pledge. The Bonds are general obligations of the State. The full faith, credit and resources of the State are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds.

Before December 1 of each year after the Bonds are issued, this Committee shall certify to the Commissioner of Administration of the State the amount needed for the following calendar year to meet principal, interest and reserve requirements on all general obligation bonds of the State then outstanding, including the Bonds. The Commissioner of Administration shall set aside these amounts or make the necessary provisions for the setting aside of these amounts so that there will be sufficient money to pay the principal and interest on the due dates.

Pursuant to AS 37.15.012, the amounts required annually to pay the principal, interest, and redemption premium on the Bonds are appropriated each fiscal year from the Debt Service Fund to the State Bond Committee to make all required payments of principal of and interest and redemption premium, if any, on the Bonds. If the balance in the Debt Service Fund is insufficient to fully pay these amounts, the necessary additional amounts are appropriated from the general fund of the State to the State Bond Committee to make all required payments of principal of and interest and redemption premium, if any, on the Bonds.

Section 8. Defeasance. In the event that money and/or government obligations, which are noncallable direct obligations of the United States or obligations unconditionally guaranteed by the United States, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, as evidenced by a report of an independent accountant or

verification agent (which report shall be required only if the defeasance is not a full cash defeasance (i.e., such report shall only be required if government obligations constitute all or part of the deposit from which payments to effect the defeasance will be made)), are set aside in a special account of the State to effect such redemption and retirement, and such moneys and the principal of and interest on such government obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Fund of the State for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of this resolution except the right to receive the moneys so set aside and pledged, and such Bonds shall be deemed not to be outstanding hereunder.

The Bond Registrar shall provide notice of defeasance of Bonds to registered owners and to each party entitled to receive notice pursuant to Section 12.

Section 9. Tax Covenants. The following covenants are made in order to issue the Bonds as obligations the interest on which is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. The State shall at all times do and perform all acts and things permitted by law and this resolution which are necessary or desirable to assure that interest paid on the Bonds will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the State agrees to comply with the provisions of any tax certificate (the “Tax Certificate”) entered into at the time the Bonds are issued, covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the State that may be deemed to be proceeds of such Bonds pursuant to Section 148 of the Code that will cause the Bonds to be “arbitrage bonds” within the meaning of said section, and covenants that for so long as the Bonds are outstanding, it will not permit any uses of the assets financed by the Bonds that would result in the Bonds being private activity bonds within the meaning of Section 141(a) of the Code. These covenants shall survive defeasance or refunding of the Bonds to the extent necessary to maintain the tax-exempt status of the Bonds. Notwithstanding any provisions of this Section, if the State shall receive an opinion of nationally recognized bond counsel that any specific action required under this Section or under the Tax Certificate is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, the State may conclusively rely

on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

Section 10. Sale of Bonds. The Bonds shall be sold by negotiated sale to the Underwriters pursuant to the terms of the Purchase Contract. The Designated Representative is authorized to designate the Refunded Bonds by selection from the Prior Bonds as described in Section 11(b) of this resolution and negotiate terms for the purchase of the Bonds and execute the Purchase Contract, with such terms as are approved by the Designated Representative pursuant to this section and consistent with this resolution. The State Bond 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 designate the Refunded Bonds and determine the final interest rates, maturity dates, aggregate principal amount, terms of redemption and redemption rights and principal amounts of the Bonds of each maturity. The Designated Representative is hereby authorized to designate the Refunded Bonds, approve the final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights for the Bonds in the manner provided hereafter so long as (i) the aggregate principal amount of the Bonds does not exceed \$60,000,000; (ii) the final maturity of the Bonds shall not be later than the final maturity of the Refunded Bonds; and (iii) 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 Bonds, is at least equal to 2.00% of the Refunded Bonds.

In designating the Refunded Bonds and determining final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights, the Designated Representative, in consultation with State staff and the State's municipal advisor, shall take into account those factors that, in his judgment, will generate the most advantageous results for the State, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds. Subject to the terms and conditions set forth in this Section 10, the Designated Representative is hereby authorized to execute the final form of the Purchase Contract, upon the Designated Representative's approval of the final interest rates, maturity dates; aggregate principal amount, principal maturities, terms of redemption and redemption rights, set forth therein. Following the execution of the Purchase Contract, the Designated Representative shall provide a report to the State Bond Committee, describing the final terms of the Bonds approved pursuant to the authority delegated in this section.

The authority granted to the Designated Representative by this Section 10 shall expire 120 days after the date of approval of this resolution. If a Purchase Contract for the Bonds has not been executed within 120 days after the date of final approval of this resolution, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless the Bonds shall have been re-authorized by resolution of the State Bond Committee. The resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new resolution repealing this resolution in whole or in part (only with respect to the 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 10.

Upon the adoption of this resolution, the proper officials of the State including the Designated Representative, are authorized and directed to undertake all other actions necessary for the prompt sale, execution and delivery of the Bonds and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the Purchase Contract.

The Designated Representative is authorized to approve and “deem final” for purposes of the Rule a preliminary official statement and any amendments thereto prior to the date of the official statement and is authorized to ratify and to approve for purposes of the Rule, and to execute on behalf of the State, the official statement relating to the issuance and sale of the Bonds and to ratify and approve the distribution of such preliminary official statement and official statement pursuant thereto with such changes, if any, as may be deemed by him to be appropriate.

Section 11. Application of Bond Proceeds; Designation of the Refunded Bonds. The money derived from the sale of the Bonds shall be allocated and expended as described in the following provisions.

(a) A portion of the Bond proceeds shall be used for the payment of the costs of issuance of the Bonds.

(b) *Designation of Refunded Bonds.* As outlined in the recitals to this resolution, certain principal maturities of the Prior Bonds may be called for redemption prior to their scheduled maturities. All or some of the Prior Bonds may be defeased, refunded and refinanced with the proceeds of the Bonds authorized by this resolution. As provided in Section 10, the Designated Representative may select some or all of the Prior Bonds and designate those Prior Bonds as the “Refunded Bonds” in the Purchase Contract if and to the extent 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 Bonds, is at least equal to 2.00% of the Refunded Bonds.

(c) *Refunding.* A portion of the proceeds of the sale of the Bonds in the dollar amount specified by the Designated Representative shall be applied for the purpose of optionally redeeming the 2012A Refunded Bonds. A portion of the proceeds of the sale of the 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 2013B Refunded Bonds.

Money received by the Escrow Agent from 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 2013B Refunded Bonds as authorized by Resolution No. 2012-04. The State shall defease the 2013B Refunded Bonds and discharge such obligations by the use of money deposited with the Escrow Agent to purchase certain government obligations, which may be United States Treasury Obligations, United States Treasury Obligations - State and Local Government Series, or other nonprepayable obligations which are unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America or REFCORP debt obligations unconditionally guaranteed by the United States, 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 each of the 2013B Bonds that have been designated as “2013B Refunded Bonds”:

(1) interest on the 2013B Refunded Bonds coming due on each date on which interest is due and payable, to and including February 1, 2023;

(2) principal of the 2013B Refunded Bonds coming due on each date on which principal is due and payable, to and including February 1, 2023; and

(3) the redemption price of the 2013B Refunded Bonds (100% of the principal amount thereof) on February 1, 2023.

Such obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to acquired obligations in connection with refunding bond issues.

(d) *Appointment of Escrow Agent.* The State Bond Committee hereby selects The Bank of New York Mellon Trust Company, N.A., to act as the escrow agent for the 2013B Refunded Bonds (the “Escrow Agent”). The Bond proceeds designated in the foregoing subsection 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 Bonds remaining after the acquisition of such obligations and provision for the necessary beginning cash balance in respect of the defeasance of the 2013B Bonds shall be utilized to pay expenses of the acquisition and safekeeping of such obligations and expenses of the issuance of the Bonds and/or returned to the State for the payment of such expenses.

(e) *Call For Redemption of the Refunded Bonds.* The State hereby irrevocably sets aside sufficient funds, from the proceeds of the Bonds or out of the purchase of government obligations from proceeds of the Bonds, as applicable to make the payments described in subsection (c) above.

The State hereby calls the 2012A Bonds, maturing on August 1, 2023, for redemption on or about the closing date for the Bonds, in accordance with terms of Resolution No. 2012-01, authorizing the redemption and retirement of the 2012A Bonds prior to their fixed maturities, and the State hereby calls the 2013B Bonds, maturing on or after August 1, 2023, for redemption on February 1, 2023, in accordance with terms of Resolution No. 2012-04, authorizing the redemption and retirement of the 2013B Bonds prior to their fixed maturities.

The defeasance and call for redemption of the 2013B Refunded Bonds shall be effective and irrevocable after the final establishment of the escrow account and delivery of the government obligations to the Escrow Agent.

The 2012A Registrar is hereby authorized and directed to provide for the giving of notice of the redemption of the 2012A Refunded Bonds in accordance with the applicable provisions of Resolution No. 2012-01 and the 2013B Registrar is hereby authorized and directed to provide for the giving of notice of the defeasance and redemption of the 2013B Refunded Bonds in accordance with the applicable provisions of Resolution No. 2012-04. The Debt Manager of the State is authorized and requested to provide whatever assistance is necessary to accomplish such defeasance and redemption and the giving of notice therefor. The costs of publication of such notices shall be an expense of the State.

The Escrow Agent is hereby authorized and directed to pay to the bond registrar for the 2013B Refunded Bonds, sums sufficient to pay, when due, the payments specified in this section of this resolution. All such sums shall be paid from the moneys and government obligations deposited with said Escrow Agent pursuant to this section of this resolution, and the income

therefrom and proceeds thereof. All moneys and government obligations deposited with the Escrow Agent and any income therefrom shall be credited to a refunding account and held, invested (but only at the direction of the Designated Representative) and applied in accordance with the provisions of this resolution and with the laws of the State of Alaska for the benefit of the State and owners of the 2013B Refunded Bonds.

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 2013B Refunded Bonds shall be paid when due.

(f) *Escrow Agreement.* The Designated Representative is authorized and directed to execute and deliver to the Escrow Agent an Escrow Deposit Agreement substantially in the form attached hereto as Exhibit A.

The State hereby irrevocably sets aside for and pledges to the payment of the 2013B Refunded Bonds the moneys and obligations to be deposited with the Escrow Agent pursuant to the Escrow Agreement to accomplish the plan of refunding and defeasance of the 2013B Refunded Bonds set forth herein and in the Escrow Agreement. When all of the Refunded Bonds shall have been redeemed and retired, the State may cause any remaining money to be transferred to the Debt Service Fund for the purposes set forth above:

Section 12. Undertaking to Provide Ongoing Disclosure. The State Bond Committee hereby authorizes the Designated Representative to enter into an agreement for ongoing disclosure, substantially in the form attached to the Preliminary Official Statement for the Bonds for the benefit of the Beneficial Owners of the Bonds and to assist the Underwriters in complying with Section (b)(5) of the Rule.

Section 13. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the State shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

Section 14. Effective Date. This resolution shall become effective immediately upon its adoption.

[Remainder of page intentionally left blank]

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the
15th day of September, 2022.

STATE OF ALASKA
STATE BOND COMMITTEE

Julie Sande
Commissioner, Department of Commerce
Community and Economic Development
Chair and Member
Alaska State Bond Committee

Paula Vrana
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

EXHIBIT A
FORM OF ESCROW DEPOSIT AGREEMENT

ESCROW DEPOSIT AGREEMENT

STATE OF ALASKA GENERAL OBLIGATION REFUNDING BONDS, SERIES 2022A

THIS ESCROW AGREEMENT, dated November [], 2022 (herein, together with any amendments or supplements hereto, called the “Agreement”) is entered into by and between the STATE OF ALASKA (herein called the “State”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized under the laws of the United States of America, as escrow agent (herein, together with any successor in such capacity, called the “Escrow Agent”). The notice addresses of the State and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

WITNESSETH:

WHEREAS, the State has issued and there presently remain outstanding the obligations described in Exhibit B (the “Refunded Bonds”); and

WHEREAS, pursuant to Resolution No. 2022-01, adopted by the State Bond Committee of the State of Alaska on September 15, 2022 (the “Resolution”), the State has determined to cause to be issued its General Obligation Refunding Bonds, Series 2022A (the “Refunding Bonds”), the proceeds of which are being used for the purpose of providing funds to pay the costs of refunding the Refunded Bonds; and

WHEREAS, the Escrow Agent has reviewed the Resolution and this Agreement and is willing to serve as Escrow Agent; and

WHEREAS, pursuant to the Resolution, the Refunded Bonds have been designated for redemption prior to their scheduled maturity dates and, after provision is made for such redemption, the Refunded Bonds will come due in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in Exhibit C attached hereto and made a part hereof; and

WHEREAS, when Escrowed Securities have been deposited with the Escrow Agent for the payment of all principal and interest of the Refunded Bonds when due, then the Refunded Bonds shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, [] has prepared a verification report which is dated November [], 2022 (the “Verification Report”) relating to the source and use of funds available to accomplish the refunding of the Refunded Bonds, the investment of such funds and the adequacy of such funds and investments to provide for the payment of the debt service due on the Refunded Bonds; and

WHEREAS, the Refunding Bonds have been duly authorized to be issued, sold, and delivered for the purpose of obtaining the funds required to provide for the payment of the principal of, interest on and redemption premium on the Refunded Bonds when due as shown on Exhibit C attached hereto; and

WHEREAS, the State desires that, concurrently with the delivery of the Refunding Bonds to the purchasers, the proceeds of the Refunding Bonds, together with certain other available funds of the State, shall be applied to purchase certain direct obligations of the United States of America hereinafter defined as the “Escrowed Securities” for deposit to the credit of the Refunding Account created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Refunding Account;

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest on the Refunded Bonds, the State and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

ARTICLE 1

1.1 Definitions.

Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

Escrowed Securities means the noncallable Government Obligations described in Exhibit D, or cash or other noncallable obligations substituted therefor pursuant to Section 4.2 of this Agreement.

Government Obligations means direct, noncallable (a) United States Treasury Obligations, (b) United States Treasury Obligations—State and Local Government Series, (c) non-prepayable obligations which are unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America or (d) REFCORP debt obligations unconditionally guaranteed by the United States.

Paying Agent means The Bank of New York Mellon Trust Company, N.A., Seattle, Washington, as the paying agent for the Refunded Bonds.

Refunding Account means the fund created by this Agreement to be established, held and administered by the Escrow Agent pursuant to the provisions of this Agreement.

1.2 Other Definitions.

The terms “Agreement,” “State,” “Escrow Agent,” “Resolution,” “Refunded Bonds,” “Refunding Bonds,” and “Verification Report” when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

1.3 Interpretations.

The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof

shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the defeasance of the Refunded Bonds in accordance with applicable law.

ARTICLE 2 Deposit of Funds and Escrowed Securities

2.1 Deposits in the Refunding Account and Costs of Issuance Account.

Concurrently with the sale and delivery of the Refunding Bonds, the State shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in a Refunding Account (the “Refunding Account”), the funds sufficient to purchase the Escrowed Securities described on Exhibit D and for deposit in a Costs of Issuance Account (the “Costs of Issuance Account”) the funds sufficient to pay costs of issuance of the Bonds as defined and described in Exhibit D, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the State in writing.

ARTICLE 3 Creation and Operation of Refunding Account and Costs of Issuance Account

3.1 Refunding Account.

3.1.1 *Refunding Account.* The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Refunding Account. The Escrow Agent agrees that upon receipt it will deposit to the credit of the Refunding Account the funds and the Escrowed Securities described in Exhibit D. Such deposit, all proceeds therefrom, and all cash balances on deposit therein (a) shall be the property of the Refunding Account, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.2. When the final transfers have been made for the payment of such principal of and interest on the Refunded Bonds, any balance then remaining in the Refunding Account shall be transferred to the State, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

3.1.2 *Costs of Issuance Account.* The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Costs of Issuance Account. The Escrow Agent agrees that upon receipt it will deposit to the credit of the Costs of Issuance Account the sum of \$[COI] to pay those costs of issuance set forth on Exhibit D. Such deposit, all proceeds therefrom, and all cash balances on deposit therein shall be the property of the Costs of Issuance Account to pay those costs of issuance set forth on Exhibit D upon receipt of invoices. If any of the \$[COI] deposit allocated for costs of issuance remains unspent on [February 3, 2023], the Escrow Agent shall transfer such unspent amount to the State.

3.2 Payment of Principal and Interest.

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the cash balances on deposit in the Refunding Account, the amounts required to pay the principal of and interest on the Refunded Bonds on the dates and in the amounts shown in Exhibit C.

3.3 Sufficiency of Refunding Account.

The State represents that, based upon the information provided in the Verification Report, the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit in the Refunding Account will be at all times sufficient to provide money for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Refunded Bonds as such interest comes due and the principal of the Refunded Bonds all as more fully set forth in Exhibit E. The Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Refunding Account.

3.4 Trust Fund.

The Escrow Agent shall hold at all times the Refunding Account, the Escrowed Securities and all other assets of the Refunding Account, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Refunding Account to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Refunding Account only as set forth herein. The Escrowed Securities and other assets of the Refunding Account shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Bonds; and a special account shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Bonds shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Refunding Account to which they are entitled as owners of the Refunded Bonds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the State, and the Escrow Agent shall have no right to title with respect thereto except as an Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the State or, except to the extent expressly herein provided, by the Paying Agent.

ARTICLE 4 Limitation on Investments

4.1 Investments.

Except for the initial investment in the Escrowed Securities, and except as provided in Section 4.2 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities.

4.2 Substitution of Securities.

At the written request of the State and upon compliance with the conditions hereinafter stated, the Escrow Agent shall utilize cash balances in the Refunding Account, or sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Refunded Bonds or Government Obligations which do not permit the redemption thereof at the option of the obligor. Any such transaction may be effected by the Escrow Agent only if (a) the Escrow Agent shall have received a written opinion from a firm of certified public accountants that such transaction will not cause the amount of money and securities in the Refunding Account to be reduced below an amount sufficient to provide for the full and timely payment of principal of and interest on all of the remaining Refunded Bonds as they become due, taking into account any optional redemption thereof exercised by the State in connection with such transaction; and (b) the Escrow Agent shall have received the unqualified written legal opinion of bond counsel or tax counsel to the effect that such transaction will not cause any of the Refunding Bonds or Refunded Bonds to be an “arbitrage bond” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

ARTICLE 5 Application of Cash Balances

5.1 In General.

Except as provided in Section 2.1, 3.2 and 4.2 hereof, no withdrawals, transfers or reinvestment shall be made of cash balances in the Refunding Account. Cash balances shall be held by the Escrow Agent in United States currency as cash balances as shown on the books and records of the Escrow Agent and, except as provided herein, shall not be reinvested by the Escrow Agent.

ARTICLE 6 Redemption of Refunded Bonds

6.1 Call for Redemption.

The State hereby irrevocably calls the Refunded Bonds for redemption on their earliest redemption dates, as shown in the Verification Report and on Appendix A attached hereto.

6.2 Notice of Redemption/Notice of Defeasance.

The Escrow Agent agrees to give a notice of defeasance and a notice of redemption of the Refunded Bonds, in substantially the forms attached hereto as Appendix A and Appendix B, to the Paying Agent for dissemination in accordance with the terms of Resolution No. 2012-04, adopted on December 14, 2012, authorizing the Refunded Bonds (“Resolution No. 2012-04”). The notice of defeasance shall be given immediately following the execution of this Agreement, and the notice of redemption shall be given in accordance with Resolution No. 2012-04. The Escrow Agent hereby certifies that provision satisfactory and acceptable to the Escrow Agent has been made for the giving of notice of redemption of the Refunded Bonds. The cost of publication of the notices, if any, will be paid by the State.

ARTICLE 7Records and Reports

7.1 Records.

The Escrow Agent will keep books of record and account in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Refunding Account and all proceeds thereof, and such books shall be available for inspection during business hours and after reasonable notice.

7.2 Reports.

While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the State a written report summarizing all transactions relating to the Refunding Account during the preceding year, including, without limitation, credits to the Refunding Account as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Refunding Account for payments on the Refunded Bonds or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Refunding Account as of the end of such period.

ARTICLE 8Concerning the Paying Agent and Escrow Agent

8.1 Representations.

The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

8.2 Limitation on Liability.

The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Refunding Account. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Refunding Account or any failure of the obligors of the Escrowed Securities to make timely payment thereon.

The recitals herein and in the Resolution shall be taken as the statements of the State and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent.

The Escrow Agent is not a party to the proceedings authorizing the Refunded Bonds and is not responsible for nor bound by any of the provisions thereof (except to the extent that the Escrow Agent may be a place of payment and paying agent and/or a paying agent/registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement, and no implied obligations or covenants shall be read against it hereunder.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Refunding Account, or any part thereof, or as to the title of the State thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties that the Escrow Agent shall never be required to risk, use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the State with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Refunding Account, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the State or any other person such reasonable additional evidence as the Escrow Agent may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the State at any time.

Notwithstanding any provision contained herein to the contrary, the Escrow Agent, including its officers, directors, employees and agents, shall:

8.2.1 have no responsibility to inquire into or determine the genuineness, authenticity, or sufficiency of any securities, checks, or other documents or instruments submitted to it in connection with its duties hereunder;

8.2.2 be entitled to deem the signatories of any documents or instruments submitted to it hereunder as being those purported to be authorized to sign such documents or instruments on behalf of the parties hereto, and shall be entitled to rely upon the genuineness of the signatures of such signatories without inquiry and without requiring substantiating evidence of any kind;

8.2.3 IN NO EVENT SHALL THE ESCROW AGENT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (i) DAMAGES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES WHICH RESULT FROM THE ESCROW AGENT'S FAILURE TO ACT IN ACCORDANCE WITH THE STANDARDS SET FORTH IN THIS AGREEMENT, OR (ii) SPECIAL, PUNITIVE OR CONSEQUENTIAL

DAMAGES, EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; and

8.2.4 have the right, but not the obligation, to consult with counsel of choice and shall not be liable for action taken or omitted to be taken in good faith by Escrow Agent either in accordance with the advice of such counsel or in accordance with any opinion of counsel to the State addressed and delivered to the Escrow Agent.

The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care.

If the Escrow Agent renders any service hereunder not provided for in this Agreement, or the Escrow Agent is made a party to or intervenes in any litigation pertaining to this Agreement or institutes interpleader proceedings relative hereto, the Escrow Agent shall be compensated reasonably by the State for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out-of-pocket and incidental expenses and legal fees and expenses occasioned thereby.

The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the State elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The State agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

8.3 Compensation.

The State shall pay to the Escrow Agent fees for performing the services hereunder and for the expenses (including, without limitation, legal fees and expenses) incurred or to be incurred by the Escrow Agent in the administration of this Agreement pursuant to the terms of the Fee Schedule attached as Appendix C. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Refunding Account for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses as Escrow Agent or in any other capacity.

8.4 Successor Escrow Agents.

If at any time the Escrow Agent or its legal successor or successors should resign or become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the State of Alaska, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the State within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Bonds then outstanding by an instrument or instruments in writing filed with the State, signed by such owners or by their duly authorized attorneys-in-fact or the retiring Escrow Agent may petition a court of competent jurisdiction for the appointment of a successor. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Bond may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a bank, association or corporation organized and doing business under the laws of the United States or any state, authorized under such laws' to exercise corporate trust powers, having a combined capital and surplus of at least \$100,000,000 and subject to the supervision or examination by federal or state authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the State and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the State shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor Escrow Agent if (a) the requirements of this Section 8.4 are satisfied; (b) the successor Escrow Agent has assumed all the obligations of the Escrow Agent under this Agreement; and (c) all of the Escrowed Securities and money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor Escrow Agent.

ARTICLE 9 Miscellaneous

9.1 Notice.

Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the State or the Escrow Agent at the address shown on Exhibit A attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten days prior notice thereof.

9.2 Termination of Responsibilities.

Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the State, the owners of the Refunded Bonds or to any other person or persons in connection with this Agreement.

9.3 Binding Agreement.

This Agreement shall be binding upon the State and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Bonds, the State, the Escrow Agent and their respective successors and legal representatives.

9.4 Severability.

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

9.5 Alaska Law Governs.

This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Alaska.

9.6 Time of the Essence.

Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

9.7 Notice to Moody's, Fitch and S&P.

In the event that this agreement or any provision thereof is severed, amended or revoked, the State shall provide written notice of such severance, amendment or revocation to Moody's Investors Service at 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007,

Attention: Public Finance Rating Desk/ Refunded Bonds, Fitch Ratings at One State Street Plaza, New York, New York, 10004, Attention: Public Finance Rating Desk/Refunded Bonds and to S&P Global Ratings, 55 Water Street, New York, New York 10041, Attention: Municipal Bond Department.

9.8 Amendments.

This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall materially adversely affect the rights of the holders of the Refunded Bonds, as evidenced by an opinion of counsel delivered to the Escrow Agent. No such amendment shall be made without first receiving written confirmation from the rating agencies, (if any) which have rated the Refunded Bonds that such amendment will not result in a withdrawal or reduction of its rating then assigned to the Refunded Bonds. If this Agreement is amended, prior written notice and copies of the proposed changes shall be given to the rating agencies which have rated the Refunded Bonds.

EXECUTED as of the date first written above.

STATE OF ALASKA

Debt Manager

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Escrow Agent**

Authorized Signer

Exhibit A	-	Addresses of the State and the Escrow Agent
Exhibit B	-	Description of the Refunded Bonds
Exhibit C	-	Schedule of Debt Service on Refunded Bonds
Exhibit D	-	Description of Beginning Cash Deposit (if any) and Escrowed Securities
Exhibit E	-	Refunding Account Cash Flow
Appendix A	-	Notice of Redemption for Refunded Bonds
Appendix B	-	Notice of Defeasance for Refunded Bonds
Appendix C	-	Fee Schedule

EXHIBIT A
Addresses of the State and Escrow Agent

State: State of Alaska
Department of Revenue
P.O. Box 110405
Juneau, AK 99811
Attention: Debt Manager

Escrow Agent: The Bank of New York Mellon Trust Company, N.A
[*To come*]

EXHIBIT B
Description of the Refunded Bonds

State of Alaska
General Obligation Bonds, Series 2013B
(the “Refunded Bonds”)

Maturity Years (August 1)	Principal Amounts	Interest Rates
2023	\$ 10,040,000	5.00 %
2023	4,000,000	4.00
2024	17,000,000	5.00
2024	630,000	4.00
2025	18,135,000	5.00
2025	405,000	4.00

EXHIBIT C
Schedule of Debt Service on Refunded Bonds

Date	Interest	Principal	Total
	\$	\$	\$
Totals:	\$	\$	\$

EXHIBIT D
Escrow Deposit

I. Cash: \$[_]

II. Other Obligations

[illegible]

III. Costs of Issuance

[To Cross Reference Final Closing/Flow of Funds Memorandum]

EXHIBIT E
Refunding Account Cash Flow

[To come]

<u>Date</u>	<u>Escrow Requirement</u>	<u>Net Escrow Receipts</u>	<u>Excess Receipts</u>	<u>Cash Balance</u>
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APPENDIX A
Notice of Redemption *

State of Alaska
General Obligation Bonds, Series 2013B

NOTICE IS HEREBY GIVEN that the State of Alaska has called for redemption on February 1, 2023, the following described outstanding General Obligation Bonds, Series 2013B (the “Refunded Bonds”).

The Refunded Bonds will be redeemed at a price of 100% of their principal amount, plus interest accrued to February 1, 2023. The redemption price of the Refunded Bonds is due and payable on presentation and surrender of the Refunded Bonds at the office of:

The Bank of New York Mellon
Global Corporate Trust
Attn: Transfers/Redemption
2001 Bryan Street, 10th Floor
Dallas, Texas 75201

Interest on all Refunded Bonds shall cease to accrue on February 1, 2023.

The following Refunded Bonds are being redeemed:

<u>Maturity Years (August 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>	<u>CUSIP[†] Nos.</u>
2023	\$ 10,040,000	5.00 %	011770Z98
2023	4,000,000	4.00	011770Y73
2024	17,000,000	5.00	0117702A1
2024	630,000	4.00	011770Y81
2025	18,135,000	5.00	0117702B9
2025	405,000	4.00	011770Y99

* This notice shall be given not more than 60 nor less than 20 days prior to February 1, 2023 by first-class mail to each registered owner of the Refunded Bonds. In addition notice shall be mailed at least 20 days prior to February 1, 2023, to The Depository Trust Company of New York, New York; Jefferies LLC; RBC Capital Markets, LLC; Moody’s Investors Service, Fitch Ratings, S&P Global Ratings and the MSRB.

† The CUSIP numbers listed in this notice are for convenience of references only, and neither the State of Alaska nor The Bank of New York Mellon Trust Company, N.A. shall be responsible for any error of any nature relating to the CUSIP numbers on the respective Refunded Bond or in this notice.

By Order of the State of Alaska

The Bank of New York Mellon Trust Company, N.A., as Paying Agent

Dated: _____

Withholding of a portion of gross redemption proceeds of any payment made within the United States may be required by federal law unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your Bonds.

APPENDIX B
Notice of Defeasance[‡]

State of Alaska
General Obligation Bonds, Series 2013B

NOTICE IS HEREBY GIVEN to the owners of the above captioned bonds with respect to which, pursuant to an Escrow Agreement dated November [], 2022, by and between the STATE OF ALASKA (the “State”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized under the laws of the United States of America (the “Escrow Agent”), the State has deposited into an escrow account, held by the Escrow Agent, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money to pay on the dates listed below the principal thereof and interest on the bonds described below (the “Refunded Bonds”). Such Refunded Bonds are therefore deemed to be no longer outstanding pursuant to Resolution No. 2012-04 of the State, adopted on December 14, 2012, authorizing the Refunded Bonds, but will be paid by application of the assets in such escrow.

The Refunded Bonds are described as follows:

State of Alaska
General Obligation Bonds, Series 2013B
(Dated January 23, 2013)

Maturity Years (August 1)	Par Amounts Defeased	Interest Rates	Original CUSIP Nos.	Call Date
2023	\$10,040,000	5.00%	011770Z98	2/1/2023
2023	4,000,000	4.00	011770Y73	2/1/2023
2024	17,000,000	5.00	0117702A1	2/1/2023
2024	630,000	4.00	011770Y81	2/1/2023
2025	18,135,000	5.00	0117702B9	2/1/2023
2025	405,000	4.00	011770Y99	2/1/2023

Neither the State nor the Escrow Agent shall be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Refunded Bond. They are included for the convenience of the holders.

Dated: November [], 2022.

[‡] This notice shall be given immediately by first class mail to each registered owner of the Refunded Bonds and to the MSRB.

APPENDIX C

Schedule of Fees for Services as
Refunding Escrow Agent
For
State of Alaska
General Obligation Bonds Refunding Escrow (2013B)
[To come]

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Bonds is not included in taxable income for purposes of the State of Alaska income tax imposed on corporations. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."



\$ _____ *

STATE OF ALASKA
General Obligation Refunding Bonds
Series 2022A

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

The State of Alaska (the "State") is issuing \$ _____ * aggregate principal amount of General Obligation Refunding Bonds, Series 2022A (the "Bonds").

The Bonds will be general obligations of the State and the full faith, credit and resources of the State will be pledged to the payment of principal of and interest on the Bonds. See "THE BONDS – Security for the Bonds" herein.

The Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be payable on February 1, 2023 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months at the annual rates set forth on the inside front cover. The Bonds will not be subject to redemption prior to maturity.

The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of Bonds will not receive physical certificates representing their interest in the Bonds purchased. DTC will act as securities depository for the Bonds. Individual purchases of interests in the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. The principal of and interest on the Bonds will be payable directly to DTC by U.S. Bank National Association, Seattle, Washington as authenticating agent, paying agent and registrar for the Bonds. Upon receipt of payments of principal and interest, DTC is to remit such principal and interest to the Direct Participants (defined in Appendix E) for subsequent disbursement to the purchasers of beneficial interests in the Bonds, as described herein.

The Bonds are being issued pursuant to the Alaska Constitution, Alaska Statutes 37.15.010 through 37.15.220 (the "Bond Act") and the Resolution (as defined herein) for the purpose of refunding all or a portion of the State's General Obligation Refunding Bonds, Series 2012A and the State's General Obligation Bonds, Series 2013B. See "THE BONDS – Application of Bond Proceeds."

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

The Bonds are offered when, as and if issued, subject to receipt of an approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the State Bond Committee. Certain legal matters will be passed upon for Jefferies LLC and RBC Capital Markets, LLC (the "Underwriters") by their special counsel, K&L Gates LLP. Acacia Financial Group, Inc. is serving as Financial Advisor to the State. It is expected that the Bonds in book-entry form will be available for delivery by Fast Automated Securities Transfer, through the facilities of DTC, on or about ____, 2022*.

Jefferies LLC

RBC Capital Markets, LLC

The date of this Official Statement is October __, 2022

* Preliminary, subject to change

\$ _____^{*}
STATE OF ALASKA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2022A

Dated: Date of Delivery

Due: August 1, as shown below

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES, CUSIPS

<u>Maturity August 1[*]</u>	<u>Principal Amount[*]</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
2023	\$				
2024					
2025					

^{*} Preliminary, subject to change

[†] Copyright 2022, CUSIP Global Services. CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CGS. This data is not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided in this Official Statement for convenience of reference only. CUSIP numbers are subject to change. Neither the State of Alaska nor the Underwriter nor their agents or advisors takes any responsibility for the accuracy of such CUSIP® numbers

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¹ The reference to the State's website is not part of this Official Statement, and investors should not rely on information presented in the

State's website in determining whether to purchase the Bonds. This inactive textual reference to the Bond Bank's website is not a hyperlink and does not incorporate the State's website by reference.

* The current Commissioner of the DOR, Lucinda Mahoney, submitted her resignation, effective September 9, 2022. An Acting Commissioner of DOR is anticipated to be designated shortly thereafter.

The information contained in this Official Statement has been obtained from sources the State deems reliable. The information concerning DTC and its book-entry system has been obtained from DTC, and no representation is made by the State as to the completeness or accuracy of such information.

No dealer, broker, salesperson or other person has been authorized by the State or by the State Bond Committee (the "Committee") or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Underwriter, the State or by the Committee.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sales made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State or DTC since the date hereof. This Official Statement does not constitute a contract between the State and any one or more of the purchasers or registered owners of the Bonds.

Information on website 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.

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

Certain statements contained in this Official Statement reflect not historical facts but forecasts and "forward-looking statements." The words "estimate," "project," "anticipate," "expect," "intend," "believe," "plan," "budget," "forecast," "assume," and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are based upon underlying assumptions, many of which in turn are based upon further assumptions. No assurance can be given that the future results or plans discussed herein will be achieved and actual results may differ, perhaps materially, from the plans, budgets, assumptions, forecasts and projections described herein. Except for the historical information included in the continuing disclosure undertaking of the State, the State does not plan to issue any updates or revisions to those forward-looking statements. See APPENDIX D -- "Proposed Form of Continuing Disclosure Undertaking."

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE 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 BOND RESOLUTION 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 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.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT	1
THE BONDS	2
Authority for Issuance and Purpose of the Bonds	2
Security for the Bonds	2
General Description of the Bonds	2
Application of Bond Proceeds	3
Sources and Uses Table	4
Redemption of the Bonds	4
Defeasance	4
Book-Entry System	5
INFORMATION CONCERNING THE STATE OF ALASKA	5
General	5
State Government	5
State Bond Committee	6
Infectious Disease Outbreak – COVID-19	6
State Revenues	7
Government Budgets and Appropriations	17
Government Funds	21
Revenue Forecasts	25
General Fund Expenditure Trends	27
Fiscal Year 2021 10-Year Plan and General Fund Forecast	27
Other Funds Maintained by the State	29
State Ownership of Land and Natural Resources	30
Oil and Gas Reserves and Potential Future Recoverable Resources	31
Natural Gas Pipeline Developments	33
Mineral Resources	33
Other Major Resources	35
Public Debt and Other Obligations of the State	35
STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES	44
General	44
The ARM Board	45
Administration of the Systems	45
Valuation Reports	45
The Public Employees' Retirement System	46
Teachers' Retirement System	54
Recent Pension Reforms	61
The Other Retirement Systems	62
State's Supplemental Benefits System	62
State's Deferred Compensation Plan	62
State's Annual/Personal Leave and Sick Leave	63
INVESTMENT POLICIES	63
General Fund, Constitutional Budget Reserve Fund and Other Subfunds	63
The Permanent Fund	63
SPECIAL INVESTOR CONSIDERATIONS	64
Revenues of the State	64
Other Factors Affecting the State	65

Infectious Disease Outbreak.....	66
Ratings.....	66
Early Redemption.....	66
Federal Income Tax Considerations.....	67
Secondary Market and Prices	67
LITIGATION.....	67
Oil and Gas Tax Litigation.....	67
Environmental Litigation.....	68
Tort Claims.....	68
Medicaid Payment Rate Appeals.....	68
Employment Claims	68
Tobacco Company Litigation.....	68
CERTAIN LEGAL MATTERS.....	69
TAX MATTERS.....	69
Not Qualified Tax-Exempt Obligations	71
VERIFICATION OF MATHEMATICAL COMPUTATIONS	71
FORWARD-LOOKING STATEMENTS	71
RATINGS	72
FINANCIAL ADVISOR	72
UNDERWRITING	72
CONTINUING DISCLOSURE.....	73
MISCELLANEOUS	73
PRELIMINARY OFFICIAL STATEMENT.....	73
EXECUTION OF OFFICIAL STATEMENT	74
APPENDIX A – Summary Information Regarding the Economy of the State	
APPENDIX B – State of Alaska “General Purpose Financial Statements” from the Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2021	
APPENDIX C – Proposed Form of Bond Counsel Opinion	
APPENDIX D – Proposed Form of Continuing Disclosure Undertaking	
APPENDIX E – Information Regarding The Depository Trust Company	

OFFICIAL STATEMENT

Relating to

\$ _____^{*}
STATE OF ALASKA
General Obligation Refunding Bonds,
Series 2022A

INTRODUCTORY STATEMENT

The purpose of this Official Statement, including the Appendices, is to provide certain information concerning the State of Alaska (the “State”) and the issuance of \$ _____^{*} aggregate principal amount of the State of Alaska General Obligation Refunding Bonds, Series 2022A (the “Bonds”). The Bonds will be issued pursuant to Resolution No. 2022-01 (the “Resolution”), adopted by the State Bond Committee (the “Committee”) on September 15, 2022. See “THE BONDS” herein for a description of the Bonds and the security therefor.

The Bonds will be general obligations of the State and the full faith, credit and resources of the State will be pledged to the payment of the principal of and interest on the Bonds. See “THE BONDS – Security for the Bonds” herein.

The Bonds are being issued to refund a portion of the State’s General Obligation Refunding Bonds, Series 2012A (the “Series 2012A Bonds”) and a portion of the State’s General Obligation Bonds, Series 2013B (the “Series 2013B Bonds”), as more fully described under the caption “THE BONDS – Application of Bond Proceeds” herein.

The proposed form of the opinion of Bond Counsel is included in Appendix C.

The proposed form of the Continuing Disclosure Undertaking is included in Appendix D.

The historical financial information included in this Official Statement is derived primarily from the State’s audited financial statements and from the State’s unaudited financial documents and records. All of the historical information about the State’s financial condition and about its economy and resources and all summaries of resolutions, statutes, agreements, reports and other documents are subject to and are qualified in their entirety by reference to such financial statements, records, resolutions, statutes, agreements, reports and other documents. A copy of the State’s audited financial statements for the fiscal year (“FY”) ended June 30, 2021 is included in this Official Statement as Appendix B.

In addition to historical information, this Official Statement includes information about the State’s long-term plans and proposed budgets and forecast information about the State’s resources, economy and revenues and expenditures. Forecast information is derived from a number of sources and is based upon a variety of assumptions, many of which themselves are based upon other forecasts and assumptions and most of which are not within the State’s control. Actual budgets, plans and results may differ materially from the plans, budgets and results described herein.

^{*} Preliminary, subject to change

The outbreak of the 2019 novel coronavirus (“COVID-19”) is a significant event that has had and will continue to have ongoing, material effects on the State. Although the effects of COVID-19 cannot be predicted with certainty, COVID-19 and related social distancing measures implemented by local, state, federal or foreign governments in response to COVID-19 have had and are expected to continue to have a material adverse effect on the global economy and financial markets; economic activity within the State, including the oil and gas, tourism, seafood and healthcare industries, among others; revenues collected by the State; and the value of the Alaska Permanent Fund and Earnings Reserve. Historic information in this Official Statement about the finances and operations of the State that predates the outbreak of COVID-19 should be considered in light of the effects the COVID-19 outbreak may have on the current and future finances and operations thereof. Any budgets or projections that have been updated since the outbreak of COVID-19 should be considered in light of the further impact from the COVID-19 outbreak. On March 15, 2022, the Department of Revenue’s Tax Division issued its Revenue Sources Book Spring 2022 Revenue Forecast (the “Spring 2022 Revenue Forecast”), which provides updated projections that reflect certain impacts from the COVID-19 outbreak and is described in this Official Statement. The Spring 2022 Revenue Forecast and any other budget and projection information and all other forward-looking statements in this Official Statement were based on expectations as of the date thereof and are not intended as representations of fact or guarantees of results. Any such forward-looking statements are inherently subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated, or projected.

For a discussion of COVID-19 and certain other risks associated with an investment in the Bonds, see “SPECIAL INVESTOR CONSIDERATIONS.”

THE BONDS

Authority for Issuance and Purpose of the Bonds

The Bonds are being issued pursuant to the Alaska Constitution, AS 37.15.010 through 37.15.220 (the “Bond Act”) and the Resolution.

Security for the Bonds

When issued, the Bonds will be general obligations of the State, and the full faith, credit and resources of the State will be pledged to the payment of the principal of and interest on the Bonds. Pursuant to the Bond Act, the amounts required annually to pay the principal of and interest and redemption premium on all issued and outstanding general obligations bonds of the State are appropriated to the Committee to make all required payments of principal, interest and redemption premium. AS 37.15.012 provides that, if such appropriation is insufficient to fully pay these amounts, the necessary additional amounts are appropriated from the General Fund to the Committee to make all required payments of principal, interest and redemption premium.

For the payment of principal of and interest on general obligation indebtedness, including the Bonds, the State has the power to levy taxes, including taxes on all taxable property and income in the State, without limitation as to rate or amount. For a description of the State’s current taxes and other sources of revenues, see “INFORMATION CONCERNING THE STATE OF ALASKA – State Revenues” and “INFORMATION CONCERNING THE STATE OF ALASKA – Public Debt and Other Obligations of the State” herein.

General Description of the Bonds

The Bonds are issuable solely as fully registered Bonds without coupons (initially in the book-entry only system) in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of their date of original issuance and delivery and will bear interest at the rates and subject to prior redemption,

will mature on the dates set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on February 1 and August 1 of each year, commencing on February 1, 2023, computed on the basis of a 360-day year (consisting of 12 months of 30 days each).

When issued, the Bonds will be registered in the name of Cede & Co. as the partnership nominee of the Depository Trust Company, New York, New York (“DTC”). So long as Cede & Co. (or such other name as may be requested by an authorized representative of DTC), is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the U.S. Bank National Association, as bond registrar (the “Bond Registrar”) to DTC, which, in turn, is obligated to remit such principal and interest to the Direct Participants for subsequent disbursement to the Beneficial Owners (each as defined in Appendix E) of the Bonds. See “– Book-Entry-System” below and “INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY” in Appendix E.

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 in the event 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.

Application of Bond Proceeds

The Bonds are being issued to provide for, depending on market conditions at the time of sale of the Bonds, (i) the optional redemption on November 9, 2022* of all or a portion of the outstanding principal amount of the Series 2012A Bonds (the “Series 2012A Bonds Refunding Candidates”) and (ii) the defeasance to the optional redemption on February 1, 2023 of all or a portion of the outstanding principal amount of the Series 2013B Bonds (the “Series 2013B Bonds Refunding Candidates” and together with the Series 2012A Bonds Refunding Candidates, the “Refunding Candidates”). Details of the Refunding Candidates are set forth below.

Refunding Candidates

State of Alaska General Obligation Refunding Bonds, Series 2012A Dated: February 18, 2012

Maturity (August 1)	Outstanding Principal Amount	Redemption Date[†]	Price	CUSIP No.
2023	\$2,665,000	November 9, 2022	100%	011770X41
2023	4,750,000	November 9, 2022	100%	011770W42

State of Alaska General Obligation Bonds, Series 2013B Dated: January 23, 2013

Maturity (August 1)	Outstanding Principal Amount	Redemption Date*	Price	CUSIP No.
2023	\$10,040,000	February 1, 2023	100%	011770Z98
2023	4,000,000	February 1, 2023	100%	011770Y73
2024	17,000,000	February 1, 2023	100%	0117702A1
2024	630,000	February 1, 2023	100%	011770Y81
2025	18,135,000	February 1, 2023	100%	0117702B9
2025	405,000	February 1, 2023	100%	011770Y99

* Preliminary, subject to change.

† Preliminary, subject to change.

Depending on market conditions on the date of sale of the Bonds, and the resulting savings, the State may refund all, a portion or none of the Refunding Candidates on the sale date. The State is not obligated to issue any of the Bonds or to refund any or all of the Refunding Candidates. The Series 2012A Bonds Refunding Candidates selected on the sale date to be refunded are herein referred to as the "Series 2012A Refunded Bonds" and the Series 2013B Bonds Refunding Candidates selected on the sale date to be refunded are herein referred to as the "Series 2013B Refunded Bonds." Collectively, the Series 2012A Refunded Bonds and the Series 2013B Refunded Bonds are referred to herein as the "Refunded Bonds". The net proceeds of the Bonds will be applied, together with other legally available funds, to refund the Refunded Bonds.

The State will enter into an irrevocable Escrow Deposit Agreement with The Bank of New York Mellon Trust Company, N.A. as escrow agent for the defeasance of the 2013B Refunded Bonds. Funds held by the escrow agent for the 2013A Refunded Bonds will be invested in noncallable, direct obligations of the United States or other noncallable obligations which are unconditionally guaranteed as to full and timely payment of principal and interest by the United States (the "Escrow Obligations") maturing on the applicable redemption date. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

Sources and Uses Table

The State expects to apply proceeds of the Bonds as shown below.

Sources of Funds:

Principal Amount of Bonds	\$ _____
Original Issue Premium/(Discount)	_____
Total	\$ _____

Uses of Funds:

Redemption of the 2012A Refunded Bonds	\$ _____
Defeasance and Redemption of the 2013B Refunded Bonds	\$ _____
Costs of Issuance*	_____
Total	\$ _____

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

Redemption of the Bonds

Optional Redemption. The Bonds are not subject to redemption prior to maturity.

Purchase of the Bonds

The State has reserved the right to purchase any of the Bonds offered to the State at any time at a price deemed reasonable by the State.

Defeasance

The Resolution provides that in the event that money and/or noncallable direct obligations of the United States or obligations unconditionally guaranteed by the United States, (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, are set aside in a special account of the State to effect such redemption and retirement and are pledged for such purpose, then no further payments need be made for the payment of the principal of and interest on the

Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of the Resolution except the right to receive the moneys so set aside and pledged, and such Bonds shall be deemed to be no longer outstanding under the Resolution.

Book-Entry System

When issued, the Bonds will be registered in the name of Cede & Co. (or such other name as may be requested by an authorized representative of DTC), as nominee of DTC. DTC will act as securities depository for the Bonds. Unless the State elects to substitute another depository or determines that Beneficial Owners of the Bonds obtain Bond certificates, individual purchases will be made only in book-entry form through DTC, and purchasers will not receive physical certificates representing their interests in the Bonds purchased. Except as provided in the Resolution so long as Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to Owners, Registered Owners or holders mean Cede & Co. (or such other name) and not the Beneficial Owners of the Bonds. For information about DTC and its book-entry system, see “INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY” in Appendix E.

INFORMATION CONCERNING THE STATE OF ALASKA

General

Alaska is a sovereign state of the United States of America, located in the far northwest of North America to the west of Canada, with its southeastern border approximately 500 miles north of the State of Washington. Alaska became a state in 1959. The State’s population increased approximately 7.7 percent between fiscal year 2008 and fiscal year 2016; however, since 2016 the population has contracted by approximately 1 percent with a population estimate as of June 30, 2021, of 734,323 (Alaska Department of Labor and Workforce Development, Research & Analysis Section).

Alaska includes approximately 586,412 square miles (approximately 365 million acres) of land and is the largest state of the United States (roughly equivalent in size to one-fifth of all of the other 49 states combined). Unlike the other 49 states, where significant portions of the land may be owned by individuals or entities in the private sector, less than one percent of the land in Alaska is owned by private, non-Alaska Native owners. As described below, most of the State’s revenue is derived from resources owned by the State itself, including petroleum and minerals extracted from State-owned lands and investment income on securities in funds owned by the State.

State Government

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.

Alaska government has three branches: 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 is prescribed by law. The courts constitute a unified judicial system for operation and administration.

The State provides or funds 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.

There are 19 organized boroughs in Alaska and 145 cities, 49 of which are located within an organized borough and 96 of which are located within the unorganized borough. Of these, 15 boroughs and 21 cities impose property taxes and 9 boroughs and 94 cities impose general sales taxes.

State Bond Committee

The Legislature, by AS 37.15.110, has created the Committee. The Committee is comprised of the Commissioner of the Department of Commerce, Community & Economic Development (“DCCED”), as chairperson, the Commissioner of the Department of Revenue (“DOR”), as secretary, and the Commissioner of the Department of Administration (“DOA”), or their designees. The Committee adopts resolutions and generally oversees the proceedings relating to the issuance of bonds by the State.

Infectious Disease Outbreak – COVID-19

The outbreak of COVID-19 has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce, and financial markets globally. In addition to actions taken by State, local and federal governments, governments throughout the world have taken action to limit, and in some cases prohibit, non-essential travel to or from their territories in response to COVID-19, which may have an adverse effect on tourism and other economic activity in the State. While some governments have lifted such restrictions, certain restrictions have been reimposed from time to time. In November of 2021, Canada ended its ban on cruise ships. If Canada reinstates its ban, without U.S. Congressional action, future large sailings to the Alaska market may be effectively cancelled.

On February 14, 2021, the State of Alaska’s declaration of public health disaster emergency, which had been in place since March 2020, expired. With this expiration the prior State-level health orders, health alerts, and health mandates expired. Four State-level health advisories remain in place to provide guidance to individuals on keeping safe in their community, while travelling to/from the State and within the State, and for critical infrastructure. Certain individual boroughs, cities and villages continue to maintain locally imposed restrictions on travel, businesses and other activities.

The United States government and the Federal Reserve Board are taking legislative and regulatory actions and implementing measures to mitigate the broad disruptive effects of the COVID-19 outbreak. The CARES Act, passed by the 116th U.S. Congress in March 2020, established a \$150 billion Coronavirus Relief Fund to, among other things, provide financial assistance to states. The State has received its approximately \$1.25 billion allocation from the Coronavirus Relief Fund, which can be used to cover COVID-19 related expenses. The CARES Act limits the State’s use of funds from the Coronavirus Relief Fund to COVID-19 expense reimbursement rather than to offset anticipated state tax revenue losses.

The State, governmental agencies, and local governments within the State have received grants from the federal government including approximately \$87 million in pass-through funding to school districts, \$50 million in pass-through funding for fisheries relief, \$49 million for rural airports, and \$29 million related to Federal Transit Administration pass-through funding, among other grants.

In addition, the State is eligible to receive a 6.2 percent increase to its federal medical assistance percentage related to Medicaid through the end of the calendar quarter in which the COVID-19 pandemic is determined to be over. The increase will currently expire in mid-October 2022 without an extension. The State anticipates that it will receive an additional \$40 million to \$60 million in federal funding as a result of the percentage increase.

On March 11, 2021, President Biden signed the \$1.9 trillion stimulus package. Alaska is expected to receive funding through a number of channels from the package. The State of Alaska is expected to receive \$1.17 billion and local governments approximately \$230 million. Tribes in Alaska are expected to receive approximately \$1 billion, among other funding, the allocation and expenditure of which may take place over the next three years.

The COVID-19 outbreak is ongoing, and its dynamic nature leads to uncertainties, including (i) the geographic spread of the virus and its variants and the emergence of new variants; (ii) the severity of the disease; (iii) the duration of the outbreak; (iv) actions that governmental authorities may take in the future to contain or mitigate the outbreak; (v) the development, efficacy, distribution and acceptance of medical therapeutics and vaccinations and the efficacy of therapeutics and vaccines to emerging and new variants; (vi) additional or changed travel restrictions; (vii) the impact of the outbreak on the State, local or global economy; (viii) whether and to what extent the Governor or local executives may order additional public health measures; (ix) restoration of public perception of the safety and necessity of travel for personal and business needs; and (x) the impact of the outbreak and actions taken in response to the outbreak on the State. Prospective investors should assume that the restrictions and limitations instituted related to COVID-19 may be reimposed or continue, that the current upheaval to the national and global economies and financial markets may continue and/or be exacerbated, at least over the near term, and that the recovery may be prolonged. Additional pandemics, and other public health emergencies, may occur and may occur with greater frequency and intensity due to trends in globalization.State Revenues

The State does not currently impose personal income taxes and has never imposed statewide general sales taxes. The State does, however, impose a number of business-related taxes that, together with rents and royalties and fines and fees, represented nearly 100 percent of designated and unrestricted non-investment General Fund revenue in fiscal year 2021. Grants, contributions, and other revenue from the federal government and interest and investment income represent the remaining portions of State revenue.

The key drivers of the Alaska economy include natural resource development, federal (including national defense) and State government, seafood, and tourism. Approximately 24.8 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 16.3 percent and 19.7 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; 2021 Annual Average).

The Department of Revenue – Tax Division (the “Tax Division”) produces a semi-annual revenue sources book. The revenue sources book published each fall is the comprehensive annual forecast released in December, and the revenue forecast published in the spring is an annual, partial update of the revenue sources book published in the preceding fall. The most recent revenue forecast comes from the Spring 2022 Revenue Forecast, released by the Tax Division on March 15, 2022, as supplemented by the August 2022 Outlook Update, released on August 16, 2022 (together, the “Spring 2022 Revenue Forecast”). The Department of Revenue currently develops a monthly Outlook Update that is used internally to review near-term revenue projections. While this update does not incorporate the level of rigor and detail put into the official spring and fall revenue forecasts, it does give an indication of how revenues are anticipated to perform based on the most currently available information. The next comprehensive forecast, the Fall 2022

Revenue Sources Book and Forecast, is anticipated to be released in December 2022.

The Spring 2022 Revenue Forecast reflects a significant increase in expected unrestricted General Fund revenue compared to the Fall 2021 Revenue Sources Book and Forecast, released by the Tax Division on December 15, 2021. Increases in petroleum-related revenue are largely a function of higher oil price forecasts related to global market supply/demand fluctuations and the continued recovery from COVID-19. The Spring 2022 Revenue Forecast for federal revenue is based on federal receipts as of March 1, 2022, and includes COVID-19 relief funding. The Spring 2022 Revenue Forecast includes preliminary estimates of potential state receipts from the Infrastructure Investment and Jobs Act passed by Congress in November 2021 in fiscal year 2023-2027. In updating its forecast methodology in fiscal year 2022, the Tax Division made several changes, including:

- The Tax Division updated its oil price forecast methodology. Previously, the oil price forecast was derived based on two years of futures market projections for Brent crude followed by an assumption that prices would increase with inflation thereafter. Beginning with the Fall 2021 Revenue Forecast, released by the Tax Division on December 15, 2021, the oil price forecast utilizes futures market projections for as many years as are available followed by an assumption that prices will increase with inflation thereafter. This change was made in an effort to provide a more accurate projection of oil prices and State revenue over the medium and long-term;
- The Oil and Gas Hazardous Release Surcharge and the Motor Fuel Refined Fuel Surcharge are now classified as Designated General Fund revenue beginning with fiscal year 2022. Prior to fiscal year 2022, these two revenue sources were classified as Unrestricted General Fund revenue; and
- The assumption that natural gas liquids will be shipped from Prudhoe Bay to Kuparuk for use in an ongoing large-scale enhanced oil recovery project has been removed. Shipments of natural gas liquids ended in August 2021, and this forecast assumes no such shipments will take place in the future.

Historically, petroleum-related revenue has been the largest source of unrestricted revenue for the General Fund. In fiscal year 2018 approximately 80% of total unrestricted General Fund revenue was generated from oil production. 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 General Fund revenue that petroleum-related revenue represents to approximately 38 percent in fiscal year 2019, 24 percent in fiscal year 2020, and 25 percent in fiscal year 2021. In the Spring 2022 Revenue Forecast, the State forecasts the percentage of unrestricted General Fund revenue that petroleum-related revenue represents to be approximately 50.6 percent in fiscal year 2022 and 53.4 percent in fiscal year 2023.

In fiscal year 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 transfers 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 transfers from the Permanent Fund Earnings Reserve was reduced to 5.00 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. 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, which manages the Permanent Fund, projects these annual transfers to the General Fund as unrestricted revenue in their monthly history and projections report, as reflected in Table 2. The Permanent Fund Earnings Reserve transferred approximately \$3.1 billion to General Fund revenue in fiscal year 2021 and is expected

to transfer approximately \$3.1 billion and \$3.4 billion to General Revenue in fiscal years 2022 and 2023, respectively. The Permanent Fund Dividend may be paid out of these transfers, and any residual revenue is available for other appropriation. The Permanent Fund Dividend amount, paid in calendar year 2020, was \$992 per qualified resident, and the Permanent Fund Dividend amount, paid in calendar year 2021, was \$1,114 per qualified resident.

The Alaska Permanent Fund was established by a voter-approved constitutional amendment that took effect in February 1977. Pursuant to legislation enacted in 1982, annual appropriations are made from the Permanent Fund Earnings Reserve, first for dividends to qualified Alaska residents and then for inflation-proofing. The principal portion of the Permanent Fund, which was approximately \$62.3 billion as of May 31, 2022, unaudited, may not be spent without amending the State Constitution. The earnings reserve, approximately \$17.2 billion as of May 31, 2022, unaudited (subsequent to June 30, 2021, this amount included approximately \$3.4 billion committed to the State’s General Fund pursuant to SB 26 for the succeeding fiscal year), may be appropriated by a majority vote of the Legislature. See “– Government Funds – *The Alaska Permanent Fund*” below.

In the August 2022 Outlook Update, the State forecasted general purpose unrestricted revenue to be approximately \$7,615.5 million in fiscal year 2023.

In the Spring 2022 Revenue Forecast, the State forecasted general purpose unrestricted revenue to be approximately \$6,952.7 million in fiscal year 2022 and \$8,331.0 million in fiscal year 2023, compared to \$4,782.8 million in fiscal year 2021 and \$4,529.1 million in fiscal year 2020. The primary reason for this forecasted increase was unrestricted petroleum revenue increasing from \$1,217.6 million in fiscal year 2021 to an estimated \$3,519.9 million in fiscal year 2022, and an estimated \$4,449.1 million in fiscal year 2023.

In the Spring 2022 Revenue Forecast, the State forecasts that Alaska North Slope (“ANS”) oil prices will average \$91.90 in fiscal year 2022 and \$111.04 in fiscal year 2023, compared to actual prices averaging \$54.14 in fiscal year 2021 and \$52.12 in fiscal year 2020. The State forecasts that ANS production will average approximately 481.8 thousand barrels of oil per day in fiscal year 2022 and 502.3 thousand barrels of oil per day in fiscal year 2023, compared to 486.1 thousand barrels of oil per day in fiscal year 2021 and 471.8 thousand barrels of oil per day in fiscal year 2020. In the Spring 2022 Revenue Forecast, the State forecasts ANS oil prices and production and general purpose unrestricted revenue through fiscal year 2031. See Table 4.

Oil and Gas Revenues. The State’s unrestricted General Fund revenues have historically been generated primarily from petroleum production activities. The State receives petroleum revenues (some of which are restricted) from five sources: oil and gas property taxes, oil and gas production taxes, bonuses and rents, oil and gas royalties, and corporate income taxes.

Oil and Gas Property Tax. The State levies an oil and gas property tax on the value of taxable oil and gas exploration, production and pipeline transportation property in the State at a rate of 20 mills (two percent) of the assessed value of the property. This is the only centrally assessed statewide property tax program in Alaska. Oil and gas reserves, oil or gas leases, the rights to explore or produce oil or gas, and intangible drilling expenses are not considered taxable property under the statute. The most notable properties that are subject to this tax are the Trans-Alaska Pipeline System, including the terminal at Valdez (“TAPS”) and the field production systems at Prudhoe Bay. The assessed value of all existing properties subject to this tax was approximately \$28.2 billion as of January 1, 2021, \$29.0 billion as of January 1, 2020, \$28.5 billion as of January 1, 2019, and \$28.2 billion as of January 1, 2018.

Property taxes on exploration property are based upon estimated market value of the property. For property taxes on production property, values are based upon replacement cost, less depreciation based on the economic life of the proven reserves (or the economic limit in the case of taxes on offshore platforms

or onshore facilities). The amount collected from property taxes on existing production property is expected to decrease in the future. For property taxes on pipeline transportation property (primarily TAPS property), values are determined based upon the economic value, taking into account the estimated life of the proven reserves of gas or unrefined oil expected to be transported by the pipeline and replacement cost, less depreciation based on the economic life of the reserves.

When the oil and gas property is located within the jurisdiction of a municipality, the municipality may also levy a tax on the property at the same rate the municipality taxes all other non-oil and gas property. The tax paid to a municipality on oil and gas property acts as a credit toward the payment to the State. Of the \$564.1 million of gross tax levied in fiscal year 2021 on oil and gas property in the State, the State's share was \$120.7 million; \$119.2 million of gross tax was actually collected due to a combination of credits and late payments. In the Spring 2022 Revenue Forecast, the State forecasts income from the oil and gas property tax to be approximately \$123.6 million in fiscal year 2022 and \$116.2 million in fiscal year 2023.

Revenue from oil and gas property taxes is deposited in the General Fund; however, the State Constitution requires that settlement payments received by the State after a property tax assessment dispute be deposited in the Constitutional Budget Reserve Fund (the "CBRF"). In fiscal years 2020 and 2021, \$281.2 million and \$22.5 million, respectively, in total settlements were deposited into the CBRF, and in the Spring 2022 Revenue Forecast, the State forecasts settlements to be zero in fiscal year 2022 and \$25 million in fiscal year 2023. See "– Government Funds – *The Constitutional Budget Reserve Fund*" below.

Oil and Gas Production Taxes. The State levies a tax on oil and gas production income generated from production activities in the State. The tax on production is levied on sales of all onshore oil and gas production, except for federal and State royalty shares and on offshore developments within three miles of shore.

The oil and gas production tax can be a significant source of revenue and in many past years has been the State's single largest source of revenue. The production tax is levied differently based upon the type of production (oil versus gas) and the geographical location (North Slope versus Cook Inlet, the State's two producing petroleum basins).

For North Slope oil and export gas, the tax uses the concept of "Production Tax Value" ("PTV"), which is the gross value at the point of production minus lease expenditures. PTV is similar in concept to net profit, but different in that all lease expenditures can be deducted in the year incurred; that is, capital expenditures are not subject to a depreciation schedule. The production tax rate is 35 percent of PTV with an alternative minimum tax of 0 percent to 4 percent of gross value, with the 4 percent minimum tax applying when average ANS oil prices for the year exceed \$25 per barrel.

Several tax credits and other mechanisms are available for North Slope oil production to provide incentives for additional investment. A per-taxable-barrel credit is available, which is reduced progressively from \$8 per barrel to \$0 as wellhead value increases from \$80 per barrel to \$150 per barrel. A company that chooses to take this credit may not use any other credits to reduce tax paid to below the gross minimum tax. An additional incentive applies for qualifying new production areas on the North Slope. The so-called "Gross Value Reduction" ("GVR") allows a company to exclude 20 percent or 30 percent of the gross value for that production from the tax calculation. Qualifying production includes areas surrounding a currently producing area that may not be commercial to develop, as well as new oil pools. Oil that qualifies for this GVR receives a flat \$5 per-taxable-barrel credit rather than the sliding-scale credit available for most other North Slope production. As a further incentive, this \$5 per-taxable-barrel credit can be applied to reduce tax liability below the minimum tax. The GVR is available only for the first seven years of production and ends early if ANS prices exceed \$70 per barrel for any three years.

Effective January 1, 2022, for North Slope export gas, the tax rate is 13 percent of gross value at the point of production. Currently, only a very small amount of gas is technically export gas, which is sold for field operations in federal offshore leases. However, this tax rate would apply to any major gas export project developed in the future.

For the North Slope, a Net Operating Loss (“NOL”) credit in the amount of 35 percent of losses was available until December 31, 2017. It allowed a credit to be carried forward to offset a future tax liability or, in some cases, to be transferred or repurchased by the State. Effective January 1, 2018, the NOL credit was replaced with a new carried-forward annual loss provision. In lieu of credits, a company may carry forward 100 percent of lease expenditures not applied against the tax and may apply all or part of lease expenditures in a future year. A carried-forward annual loss may not reduce tax below the minimum tax and may only be used after the start of regular production from the area in which the expenditures were incurred. An unused carried-forward annual loss declines in value by one-tenth each year beginning in the eighth or eleventh year after it is earned, depending on whether the carried-forward annual loss was earned from a producing or non-producing area.

Cook Inlet oil production is officially subject to the same tax rate of 35 percent of PTV. However, the tax is limited by statute to a maximum of \$1 per barrel.

For Cook Inlet gas production, the tax rate is 35 percent of PTV, and the tax is limited to a maximum value averaging 17.7 cents per thousand cubic feet. This rate also applies to North Slope gas used for qualifying in-State uses, commonly referred to as “non-export gas.”

Taxpayers are required to make monthly estimated payments, based upon activities of the preceding month. These payments are due on the last day of the following month, and taxpayers are required to file an annual tax return to “true up” any tax liabilities or overpayments made during the year. From fiscal year 2007 through fiscal year 2017, as an incentive for new exploration, companies without tax liability against which to apply credits could apply for a refund of the value of most of the credits, subject to appropriation. In fiscal year 2016, the State credited for potential purchase \$498 million from companies claiming such credits. For fiscal year 2017, the State appropriated the minimum provided for in the statutorily based formula of \$32.7 million for payments of such credits. In fiscal year 2018, the State purchased \$75 million in tax credits through the Oil and Gas Tax Credit Fund and purchased an additional \$103 million in fiscal year 2019. No funds were appropriated for the purchase of tax credit certificates for fiscal year 2020 or fiscal year 2021, and \$54 million of general funds were appropriated in the fiscal year 2022 budget. In the enacted fiscal year 2023 budget, \$60 million of general funds were appropriated to the Oil and Gas Tax Credit Fund. Additionally, an amount equal to 10 percent of all revenues from taxes levied by AS 43.55.011 that is not required to be deposited in the budget reserve fund, not to exceed \$330 million, is appropriated from the general fund to the Oil and Gas Tax Credit Fund. As of the date of the Spring 2022 Revenue Forecast, an estimated \$532 million in tax credits are projected to be available for State repurchase, with the majority of those being credits earned in prior years. Payments of these credits are subject to future fiscal year appropriation.

In 2017, House Bill 111 (“HB 111”) was enacted, making multiple changes to the State’s oil and gas production tax and tax credit statutes. Following passage of HB 111, new credits will no longer be eligible for cash repurchase. Instead, companies will retain their credits until such time as they owe a tax liability to the State, at which time the credits could be used to offset the company’s oil and gas production taxes.

In 2018, House Bill 331 was enacted, creating a tax credit bonding program that would allow the State to purchase outstanding oil and gas tax credits at a discount to face value, and spread the funding out over several years through issuance of subject to appropriation bonds. A legal challenge has delayed the tax credit bonding program. The fiscal year 2020 operating budget appropriated \$700 million of bond

proceeds to the Oil and Gas Tax Credit Fund for expenditure in fiscal year 2020 or 2021. A legal challenge delayed the tax credit bonding program, and in September 2020, the Alaska Supreme Court held that the tax credit bonding program under House Bill 331 was unconstitutional, prohibiting the Alaska Tax Credit Certificate Bond Corporation from issuing bonds to finance the purchase of approximately \$700 million in outstanding tax credit certificates.

All unrestricted revenue generated by the oil and gas production taxes (approximately \$134 million in fiscal year 2017, \$750 million in fiscal year 2018, \$596 million in fiscal year 2019, \$285 million in fiscal year 2020, \$389 million in fiscal year 2021, and forecasted in the Spring 2022 Revenue Forecast to be \$1,941.2 million in fiscal year 2022 and \$2,534.3 million in fiscal year 2023) is deposited in the General Fund, except that any payments received as a result of an audit assessment under the oil and gas production tax or as a result of litigation with respect to the tax are deposited into the CBRF. See Table 1.

Oil and Gas Royalties, Rents and Bonuses. In Alaska, the state retains ownership of all subsurface minerals on lands in the State, with the exception of some federal and Alaska Native Corporation lands. As the land owner, through the Department of Natural Resources (“DNR”), the State earns revenue from leasing as (i) upfront bonuses, (ii) annual rent charges and (iii) retained royalty interests in the oil and gas production. State land historically has been leased largely based on a competitive bonus bid system. Under this system, the State retains a statutorily prescribed minimum royalty interest of at least 12.5 percent on oil and gas production from land leased from the State, although some leases contain royalty rates of 16.67 percent and some also include a net profit-share or sliding scale component. Under all lease contracts the State has ever written, the State reserves the right to switch between taking its royalty in-kind or in cash (in cash royalty is valued according to a formula based upon the contract prices received by the producers, net of transportation charges). When the State elects to take its royalty share in-kind, the State becomes responsible for selling and transporting that royalty share, which means establishing complex contracts to accomplish these tasks. The State regularly negotiates these contracts and has historically sold roughly 95 percent of North Slope oil royalties in this way. State royalty revenue from production on State land that is not obligated to the Permanent Fund or Public School Trust Fund is unrestricted revenue that is available for general appropriations.

In addition to royalties from production on State land, the State receives 50 percent of royalties and lease bonuses and rents received by the federal government from leases of federal lands in the National Petroleum Reserve Alaska (the “NPR-A”). The State is required to deposit its entire share of lease bonuses, rents, and royalties from oil activity in the NPR-A in the NPR-A Special Revenue Fund, from which a portion is used to make grants to municipalities that demonstrate present or future impact from oil development in the NPR-A. Of the revenue in the NPR-A Special Revenue Fund that is not appropriated to municipalities, 50 percent is to be deposited to the Permanent Fund, with up to 0.5 percent to the Public School Trust Fund and then to the Power Cost Equalization Fund. Any remaining amount is then available for General Fund appropriations. The State also receives a portion of revenues from federal royalties and bonuses on all other federal lands located within State borders and from certain federal waters.

Table 1 summarizes the sources and initial applications of oil and other petroleum-related revenue for fiscal years 2012 through 2021.

Table 1
Sources and Initial Applications of Oil and Other Petroleum-Related Revenue
Fiscal Years Ended June 30, 2010 – 2019

	(\$ millions)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Oil Revenue to the General Fund										
Property Tax	\$ 111.2	\$ 99.3	\$ 128.1	\$ 125.2	\$ 111.7	\$ 120.4	\$ 121.6	\$ 119.5	\$ 122.9	\$ 119.2
Corporate Income Tax ⁽¹⁾ .	568.8	434.6	307.6	94.8	(58.8)	(59.4)	66.4	217.7	(0.2)	(19.4)
Production Tax..	6,146.1	4,050.3	2,614.7	389.7	186.0	134.4	749.9	595.5	285.1	389.0
Royalties (including bonuses, rents and interest) ⁽²⁾⁽³⁾	2,031.7	1,767.8	1,712.4	1,078.2	870.6	681.5	1,002.3	1,111.1	675.3	728.8
Subtotal	\$8,857.8	\$6,352.0	\$4,762.8	\$1,687.9	\$1,109.5	\$ 876.9	\$ 1,940.2	\$ 2,043.8	\$ 1,083.1	\$ 1,217.6
Oil Revenue to Other Funds										
Royalties to the Permanent Fund and School Fund ⁽²⁾⁽³⁾	\$ 919.6	\$ 855.9	\$ 786.2	\$ 518.3	\$ 396.9	\$ 340.0	\$ 363.1	\$ 382.3	\$ 323.9	\$ 337.7
Tax settlements to CBRF	102.8	357.4	177.4	149.9	119.1	481.9	121.3	181.2	281.2	22.5
NPR-A royalties, rents and bonuses ⁽⁴⁾	4.8	3.6	6.8	3.2	1.8	1.4	23.7	12.3	16.4	15.8
Subtotal	1,027.2	1,216.9	970.4	671.4	517.8	823.2	508.0	575.8	621.5	376.0
	\$9,885.0	\$7,568.9	\$5,733.2	\$2,359.3	\$1,627.3	\$1,700.1	\$2,448.2	\$2,619.6	\$1,704.6	\$1,593.6
Total Oil Revenue										

(1) Corporate income tax collections for fiscal years 2016 and 2017 were negative due to large refunds of prior-year estimated taxes and low estimated taxes for those fiscal years.

(2) Net of deposits in the Permanent Fund and the CBRF. See APPENDIX B “State of Alaska “General Purpose Financial Statements” from the Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2019–*Independent Auditor’s Report*.” The State Constitution requires the State to deposit at least 25 percent in the Permanent Fund, and between 1980 and 2003, State statutes required the State to deposit at least 50 percent in the Permanent Fund. The statutory minimum was changed to 25 percent beginning July 1, 2003, and changed back to 50 percent as of October 1, 2008. In fiscal year 2018 and fiscal year 2019, only the constitutionally required 25 percent of royalties were deposited into the Permanent Fund. See “Government Funds – *The Alaska Permanent Fund*” below.

(3) Includes proceeds of royalties taken in-kind.

(4) By federal statute, the State receives 50 percent of federal revenues from oil and gas lease sales located in the NPR-A.

Source: 2012 through 2021 Revenue Sources Books and Spring 2022 Revenue Forecast, Tax Division.

Corporate Income Tax. The State levies a corporate income tax on Alaska taxable net income of corporations doing business in Alaska (other than certain qualified small businesses and income received by certain corporations from the sale of salmon or salmon eggs). Corporate income tax rates are graduated and range from zero percent to 9.4 percent of income earned in Alaska. Taxable income generally is calculated using the provisions of the federal Internal Revenue Code, and the calculation of Alaska taxable income varies, depending upon whether the corporation does business solely in Alaska, does business both inside and outside Alaska, or is part of a group of corporations that operate as a unit in the conduct of a

single business (a “unitary” or “combined” group). Oil and gas companies are combined on a world-wide basis, although for other industries only the companies doing business in the United States are combined. Taxpayers may claim all federal incentive credits, but federal credits that refund other federal taxes are not allowed as credits against State corporate income taxes. In addition to the federal incentive credits, the State provides additional incentives, including an education credit for contributions made to accredited State universities or colleges for education purposes, a minerals exploration incentive, an oil and gas exploration incentive, and a gas exploration and development tax credit.

Most corporate net income tax collections are deposited in the General Fund, although collections from corporate income tax audit assessments of oil and gas corporations are deposited in the CBRF.

Non-Oil Revenues. The State also receives unrestricted and restricted General Fund revenues from activities unrelated to petroleum. The State receives revenues from corporate income taxes paid by corporations other than petroleum producers, cigarette/tobacco/marijuana excise taxes, motor fuel taxes, alcoholic beverage taxes, fishery business taxes, electric and telephone cooperative taxes, insurance premium taxes, commercial passenger vessel excise taxes and service charges, permit fees, fines and forfeitures, mining license taxes, and miscellaneous revenues. See “– Government Budgets and Appropriations – *General Appropriations*” below. A number of these non-oil tax, license, and fee revenues (but not investment income and federal revenue) are shared with municipalities. In fiscal year 2021, unrestricted revenues unrelated to petroleum production (excluding investment income and federal revenues) was \$444.3 million, and in the Spring 2022 Revenue Forecast, the State forecasts the value to be \$368.3 million in fiscal year 2022 and \$505.3 million in fiscal year 2023. Contained in the non-oil figures is the minerals industry, which contributes State revenue in the form of corporate income tax, mining license tax, and mining rents and royalties. For additional information, see “– Government Budgets and Appropriations – *General Appropriations*” below.

Federal Revenue. The federal government is a significant employer in Alaska, directly and indirectly, in connection with its military bases and as a result of procurement contracts, grants, and other spending. In addition to expenditures in connection with federal military bases and other activities in Alaska, the State receives funding from the federal government, approximately \$3.2 billion in fiscal year 2017, \$3.1 billion in fiscal year 2018, \$3.4 billion in fiscal year 2019, \$4.2 billion in fiscal year 2020, and \$7.6 billion in 2021. In the Spring 2022 Revenue Forecast, the State forecasts restricted federal revenue to be approximately \$6.2 billion in fiscal year 2022 and \$5.1 billion in fiscal year 2023. The forecasts represent total budgeted spending authority for federal receipts, and actual federal receipts are subject to change. The federal funds are used primarily for road and airport improvements, aid to schools, and Medicaid payments, all of which are restricted by legislative appropriation to specific uses. Federal funds are most often transferred to the State on a reimbursement basis, and all transfers are subject to federal and State audit. Most federal funding requires State matching. The unrestricted general fund State match for federal spending in fiscal year 2022 was approximately \$750 million for the operating budget and \$130 million for the capital budget.

Investment Revenues. The State earns unrestricted and restricted by custom investment earnings from a number of internal funds. Two primary sources of investment income for the State are the two constitutionally-mandated funds, the Permanent Fund and the CBRF. The Permanent Fund had a fund balance (principal and earnings reserve) of approximately \$79.5 billion as of May 31, 2022, unaudited, which includes approximately \$3.4 billion committed to the State’s General Fund pursuant to SB 26 for the succeeding fiscal year. The Permanent Fund had a total fund balance of \$81.9 billion as of June 30, 2021, \$65.3 billion as of June 30, 2020, \$66.3 billion as of June 30, 2019, \$64.9 billion as of June 30, 2018, and \$59.8 billion as of June 30, 2017. The CBRF had an unaudited asset balance of approximately \$0.9 billion as of June 30, 2022. The CBRF had an asset balance of approximately \$1.1 billion as of June 30, 2021, \$2.0 billion as of June 30, 2020, \$1.8 billion as of June 30, 2019, \$2.4 billion as of June 30, 2018, and \$3.9 billion as of June 30, 2017. Restricted investment revenue from the CBRF was approximately

\$2.2 million in fiscal year 2021. In the Spring 2022 Revenue Forecast, the State forecasts restricted investment revenue from the CBRF to be \$0.5 million in fiscal year 2022 and \$1.7 million in fiscal year 2023. The next comprehensive forecast, the Fall 2022 Revenue Sources Book and Forecast, is anticipated to be released in December 2022. The Permanent Fund Earnings Reserve balance is available for appropriation with a majority vote of the Legislature, while appropriation of the Permanent Fund’s principal balance requires amendment of the State Constitution. The balance of the CBRF is available for appropriation with a three-fourths vote of each house of the Legislature, and as described below, the State has historically borrowed from the CBRF when needed to address mismatches between revenue receipts and expenditures in the General Fund and/or to balance the budget at the end of the fiscal year.

As previously described, SB 26, relating to the earnings of the Permanent Fund, was enacted in 2018. The Alaska Permanent Fund Corporation (“APFC”) projects these annual transfers of unrestricted General Fund revenue from the Permanent Fund Earnings Reserve to the General Fund in their monthly history and projections report, as reflected in Table 2.

Table 2
State of Alaska
Transfer from the Permanent Fund Earnings Reserve
to the General Fund for the Fiscal Years Ending June 30, 2019-2021
APFC FORECAST for Fiscal Years Ending June 30, 2022 – 2031

(\$ millions)

Fiscal Year	Transfer Amount
2019	\$2,723
2020	2,933
2021	3,091
Projected ⁽¹⁾	
2022	3,069
2023	3,361
2024	3,601
2025	3,812
2026	4,028
2027	4,272
2028	4,367
2029	4,458
2030	4,543
2031	4,623

(1) APFC transfer projections as of the unaudited May 31, 2022 report, and subject to change.

General Fund asset balances listed as of June 30 may include borrowings from the CBRF for future fiscal year operating requirements. All CBRF values for fiscal year 2021 stated above are asset values. See “– Government Funds – *The Constitutional Budget Reserve Fund*” and “– *The Alaska Permanent Fund*” below.

In the past, the State has also received earnings on the Statutory Budget Reserve Fund (the “SBRF”). Earnings on the SBRF are considered General Fund unrestricted revenue unless otherwise appropriated back to the SBRF. Article IX, Section 17(d) of the Alaska Constitution provides that the

amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year is to be deposited in the CBRF until the amount appropriated from the CBRF is repaid. The available fund balance of the SBRF diminished to zero during fiscal year 2016. The SBRF unassigned fund balance for fiscal year 2021, reported in the State’s Annual Comprehensive Financial Report (“ACFR”), was \$480.8 million as of June 30, 2021. The Office of Management & Budget Fiscal Summary as of June 29, 2022, projects a SBRF balance of approximately \$370.3 million as of June 30, 2022. See “– Government Funds – *The Statutory Budget Reserve Fund*” below.

In addition to investment income from the above-described funds, the State receives investment income (including interest paid) from investment of other unrestricted funds (\$29.4 million in fiscal year 2021, \$58.1 million in fiscal year 2020, \$93.3 million in fiscal year 2019, \$16.3 million in fiscal year 2018, and \$17.3 million in fiscal year 2017). In the Spring 2022 Revenue Forecast, the State forecasts investment revenue/(loss) of other unrestricted funds to be approximately (\$4.7) million in fiscal year 2022 and \$16.0 million in fiscal year 2023. See “– Government Funds” below.

Major Components of State Revenues. Table 3 summarizes the sources of unrestricted and restricted revenues available to the State in fiscal years 2016 through 2021, with a forecast for fiscal years 2022 and 2023 from the Spring 2022 Revenue Forecast.

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Table 3
Total State Government Revenue by Major Component
Fiscal Years Ended June 30, 2016 – 2021
Forecast for Fiscal Years Ended and Ending June 30, 2022 – 2023
(\$ millions)

	2016	2017	2018	2019	2020	2021	2022 ⁽²⁾	2023 ⁽²⁾
Revenue Source								
<u>Unrestricted</u>								
Oil Revenue	\$ 1,109.5	\$ 876.9	\$ 1,940.2	\$ 2,043.8	\$ 1,083.1	\$ 1,217.6	\$ 3,519.9	\$ 4,449.1
Non-Oil Revenue	400.7	460.3	457.0	490.1	454.8	444.3	368.3	505.3
Investment Earnings	22.5	17.3	16.3	2,815.9	2,991.2	3,120.9	3,064.6	3,376.6
Subtotal	\$ 1,532.7	\$ 1,354.6	\$ 2,413.5	\$ 5,349.8	\$ 4,529.1	\$ 4,782.8	\$ 6,952.7	\$ 8,331.0
<u>Restricted</u>								
Oil Revenue ⁽¹⁾	\$ 517.8	\$ 823.8	\$ 508.1	\$ 575.8	\$ 621.5	\$ 376.0	\$ 551.2	\$ 716.5
Non-Oil Revenue	647.5	656.3	697.4	631.2	558.6	590.9	692.9	703.8
Investment Earnings ⁽³⁾	556.0	6,832.2	5,616.4	1,188.0	(1,208.5)	16,460.9	1,421.2	1,549.0
Federal Revenue	2,640.1	3,198.2	3,124.6	3,434.5	4,173.0	7,555.0	6,165.1	5,135.1
Subtotal	4,361.4	11,510.5	9,446.5	5,829.6	4,144.6	24,982.8	8,830.4	8,104.4
Total	\$ 5,894.1	\$12,865.1	\$12,360.0	\$11,179.4	\$ 8,673.7	\$29,765.6	\$15,783.1	\$16,435.4

Totals may not foot due to rounding.

- (1) “Restricted Oil Revenue” includes oil revenue for the State’s share of rents, royalties, and bonuses from the NPR–A, shared by the federal government. Starting in fiscal year 2022, hazardous release surcharge and refined fuel surcharge are included in Restricted Oil Revenue. Prior to 2021, these surcharges were included in “Unrestricted Oil Revenue.”
- (2) Forecasts for fiscal years 2022 and 2023 include a projection for the transfer from the Permanent Fund Earnings Reserve to the General Fund for unrestricted General Fund expenditures, including the Permanent Fund Dividend, based on SB 26. All values for fiscal year 2022 and 2023 are based on projections as of the release of the Spring 2022 Revenue Forecast and are subject to change.
- (3) A portion of the Restricted investment earnings starting in fiscal year 2019 consist of Permanent Fund unrealized gains and realized gains, less the transfer to the General Fund classified as unrestricted pursuant to SB 26.

Source: 2016 through 2021 Revenue Sources Books and Spring 2022 Revenue Forecast, Tax Division.

Government Budgets and Appropriations

The Legislature is responsible for enacting the laws of the State, including laws that impose State taxes, and for appropriating money to operate the government. The State is limited by federal law, the State Constitution and statutes, and by policy in how it manages its funds and, as in other states, no funds, regardless of source, may be spent without a valid appropriation from the Legislature. The Legislature has a 90-day statutory time limit, and a constitutional time limit of 120 days with an allowance for up to an additional 10 days, to approve a budget. If the Legislature fails to approve a budget, or if other limited purpose legislation needs to be considered, the Governor or Legislature may call a special session to consider such matters. See “– General Appropriations” below.

Budgets. The State’s fiscal year begins on July 1 and ends on the following June 30, and the Legislature meets in regular session beginning on the fourth Monday of January in each year. The Governor is required by AS 37.07.020(a) to prepare: (1) a statutorily conforming budget for the succeeding fiscal

year, including capital, operating, and mental health budgets, setting forth all proposed expenditures (including expenditures of federal and other funds not generated by the State) and anticipated income of all departments, offices, and agencies of the State; (2) a general appropriation bill to authorize proposed expenditures; and (3) in the case of proposed new or additional revenues, one or more bills containing recommendations for such new or additional revenues. In accordance with AS 37.07.020(b), the Governor is also required to prepare a six-year capital budget covering the succeeding six fiscal years and a 10-year fiscal plan. To assist the Governor in preparing budgets, proposed appropriation bills, and fiscal plans, the Tax Division prepares forecasts of annual revenues in December and March or April of each year. See “– State Revenues” above and “– *General Appropriations*,” Table 4, “– Government Funds,” and “– Revenue Forecasts” below.

The State Constitution prohibits the withdrawal from the treasury of nearly all funds, regardless of source, without an appropriation. As a consequence, the Governor’s proposed budget and the Legislature’s appropriation bills include federal and other funds as well as funds from the State and, by practice, funds that may be available for withdrawal without an appropriation. The State has customarily restricted certain revenue sources each fiscal year by practice. Such revenue is nonetheless available for appropriation.

General Appropriations. The Governor is required by State law to submit the 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. These three budgets then go to the House Finance Committee and are voted upon by the House of Representatives. The three budgets then go to the Senate Finance Committee, are voted upon by the full Senate, and may go to a conference committee to work out differences between the House and Senate versions (and then be submitted to both houses for final votes). Bills passed by both houses 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”) or may sign the bill or permit the bill to become law without a signature or veto. The Legislature may override a veto by the Governor (by a vote of three-fourths of the members of each house of the Legislature in the case of appropriation bills and by a vote of two-thirds of the members of each house in the case of other bills). 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. An appropriation is an authorization to spend, not a requirement to spend. Enacted budget appropriations may be expended beginning July 1.

The Governor is permitted to prioritize or restrict expenditures, to redirect funds within an operating appropriation to fund core services, and to expend unanticipated federal funds or program receipts. Historically, Alaskan Governors have placed restrictions on authorized operating and capital expenditures during years in which actual revenues were less than forecast and budgeted. Such expenditure restrictions have included deferring capital expenditures, State employment hiring and compensation freezes, lay-offs and furloughs, and restrictions on non-core operating expenses. Operating and capital expenditures have generally declined over the same time-period through, among other actions, use of administrative restrictions on spending. See “– Public Debt and Other Obligations of the State” below.

Additional options for the State to manage budget funding include reducing State expenditures, transferring spending authority among line items, providing additional incentives to develop petroleum or mining resources, reinstituting a State personal income tax, or imposing other broad-based statewide taxes, such as a sales tax. Most of these options, including the imposition of personal income taxes or other taxes, would require action by the Legislature.

Governor Michael J. Dunleavy was elected in November 2018 and took office in December 2018. In his fiscal year 2020 budget, the Governor declared that significant adjustments to the State budget were needed to allow for a Permanent Fund Dividend distribution to State residents based on a historical statutory formula. This proposal was not approved by the Legislature. In his fiscal year 2021 and 2022 budgets the

Governor again requested a Permanent Fund Dividend distribution to eligible State residents based on the historical statutory formula. Again, the Legislature did not approve these proposals. The enacted fiscal year 2023 budget includes an appropriation of approximately \$2.1 billion for Permanent Fund Dividend distributions to all Alaskans, of which approximately \$420.1 million was designated as a special appropriation for energy relief.

The State's enacted budget for fiscal year 2023 diminished spending from fiscal year 2022 (including supplemental budget spending) from \$14.1 billion to \$12.3 billion, a reduction of approximately \$1.8 billion.

In May 2021, Governor Dunleavy revised his proposed constitutional amendment relating to the Alaska Permanent Fund, appropriations from the Permanent Fund, and the Permanent Fund Dividend. The revised amendment provides that 50% of the annual POMV transfer from the Permanent Fund Earnings Reserve Account would be dedicated to the Permanent Fund Dividend distribution. This proposal has received limited consideration by the Legislature to date and to be implemented, must receive a two-thirds vote of approval from both the House of Representatives and the Senate followed by approval in a statewide election.

Appropriations for Debt and Appropriations for Subject-to-Appropriation Obligations. The Governor's appropriations bills include separate subsections for appropriations for State debt and other subject-to-appropriation obligations and specify the sources of funds to pay such obligations. For the State's outstanding voter-approved general obligation bonds and bond anticipation notes and for revenue anticipation notes to which the State's full faith and credit are pledged, money is appropriated from the General Fund and, if necessary, to the General Fund from other funds, including the Permanent Fund, to the State Bond Committee to make all required payments of principal, interest, and redemption premium. For these full faith and credit obligations, the State legally is required to raise taxes if State revenues are not sufficient to make the required payments.

The Governor's appropriation bills also include separate subsections for appropriations for subject-to-appropriation obligations, such as outstanding capital leases and lease-purchase financings authorized by law, and for State "moral obligation" debt, appropriations to replenish debt service reserves in the event of a deficiency. Such appropriations are made from the General Fund or from appropriations transferring to the General Fund money available in other funds such as the CBRF, SBRF, the Power Cost Equalization Fund, unencumbered funds of the State's public corporations, and the Permanent Fund Earnings Reserve.

Appropriation Limits. The State Constitution does not limit expenditures but does provide for an appropriation limit and reserves one-third of the amount within the limit for capital projects and loan appropriations. Because State appropriations have never approached the limit, the reservation for capital projects and loan appropriations has not been a constraint. The appropriation limit does not include appropriations for Permanent Fund Dividends described below, appropriations of revenue bond proceeds, appropriations to pay general obligation bonds, or appropriations of funds received in trust from a non-State source for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds. In general, under the State Constitution, appropriations that do not qualify for an exception may not exceed \$2.5 billion by more than the cumulative change, derived from federal indices, in population and inflation since July 1, 1981. For fiscal year 2021, the Office of Management and Budget estimated the limit to be approximately \$10.3 billion. The fiscal year 2021 budget, not counting the excluded appropriations, was \$5.4 billion, or \$4.9 billion less than the constitutional limit.

As shown in Table 4, unrestricted General Fund revenue increased to \$2.41 billion in fiscal year 2020 and increased to approximately \$4.8 billion in 2021. In fiscal year 2019, the State began appropriating amounts from the Permanent Fund Earnings Reserve to the General Fund as unrestricted General Fund revenue, which significantly diminishes the percentage of unrestricted revenue that petroleum-related

revenue represents. The enacted fiscal year 2021 budget includes approximately \$3.1 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue. This shift of classification of revenue of the Permanent Fund from restricted to unrestricted was incorporated into the State's revenue projections in Table 4.

Table 4
State of Alaska
Total Unrestricted General Fund Revenue, ANS West Coast Oil Price, and ANS Oil Production
Fiscal Years Ended June 30, 2012 – 2021 and
Forecast for Fiscal Years Ending June 30, 2022 – 2031

Fiscal Year	Total Unrestricted General Fund Revenue (\$ millions)	ANS West Coast Oil Price (\$/barrel)	ANS Oil Production (thousands of barrels per day)
2012	\$9,485	\$112.65	579.4
2013	6,929	107.57	531.6
2014	5,390	107.57	530.4
2015	2,256	72.58	501.0
2016	1,533	43.18	514.7
2017	1,355	49.43	526.4
2018	2,414	63.61	518.5
2019	5,350	69.46	496.9
2020	4,529	52.12	471.8
2021	4,783	54.14	486.1
Projected ⁽¹⁾			
2022	6,953	91.68	481.8
2023	8,331	101.00	502.3
2024	7,666	90.00	503.2
2025	7,196	82.00	511.6
2026	6,986	77.00	510.1
2027	7,001	75.00	513.7
2028	7,060	74.00	523.7
2029	7,140	74.00	521.8
2030	7,293	75.00	535.3
2031	7,734	77.00	576.6

⁽¹⁾ The values for fiscal years 2022 through 2031 use the projections included in the Spring 2022 Revenue Forecast, and are subject to change. Fiscal year 2021 includes \$3.1 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue. Forecast period includes a projection for the transfer from the Permanent Fund Earnings Reserve to the General Fund for unrestricted General Fund expenditures, including the Permanent Fund Dividend, based on SB 26.

Source: 2012 through 2021 Revenue Sources Books and Spring 2022 Revenue Forecast, Tax Division.

The State has historically provided fiscal stability by forward funding or endowing programs, including the method used by the State to fund K-12 education. The State's constitutionally based obligation for K-12 education has been one of the largest single recurring budget line items in the State's budget. In

the enacted fiscal year 2023 budget, \$1.2 billion is appropriated from the general fund to the public education fund. See “– Public Debt and Other Obligations of the State – *State-Supported Debt – State-Supported Municipal Debt Eligible for State Reimbursement*” below.

The Spring 2022 Revenue Forecast projects approximately \$6.9 billion in unrestricted General Fund revenue prior to any carryforwards and adjustments from fiscal year 2021, and the enacted fiscal year 2022 budget included approximately \$4.6 billion in total unrestricted General Fund operating and capital budget appropriations prior to any carryforwards and adjustments from fiscal year 2021. The enacted fiscal year 2022 budget included approximately \$3.1 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue.

In fiscal year 2022, unrestricted General Fund capital budget appropriations increased to approximately \$242.9 million after six consecutive fiscal years that unrestricted General Fund capital budget appropriations had been under \$200 million, compared to \$608 million in fiscal year 2015. The State’s fiscal year 2022 total capital budget appropriations, including designated general funds, other funds and federal funds is approximately \$2 billion (Source: Office of Management and Budget, FY2023 Fiscal Summary as of June 29, 2022).

Government Funds

Because the State is dependent upon taxes, royalties, fees, and other revenues that can be volatile, the State has developed a framework of constitutionally and statutorily restricted revenue that is held in a variety of reserve funds to provide long-term and short-term options to address cash flow mismatches and budgetary deficits. The State Constitution provides that with three exceptions, the proceeds of State taxes or licenses “shall not be dedicated to any special purpose.” The three exceptions are when required by the federal government for State participation in federal programs, any dedication existing before statehood, and when provided by the State Constitution, such as restricted for savings in the Permanent Fund or the CBRF.

Current State funding options available on a statutory basis include General Fund unrestricted revenue (which pursuant to SB 26 includes an annual transfer from the Permanent Fund Earnings Reserve), use of the earnings or the principal balance of the SBRF, borrowing restricted earnings revenue or principal balance from the CBRF, use of the statutorily restricted oil revenue currently flowing to the Permanent Fund, and use of the unrestricted earnings revenue of the Permanent Fund. To balance revenues and expenditures in a time of financial stress, each of these funds can be drawn upon, following various protocols. The CBRF may be accessed with a majority vote of the Legislature following a year-over-year total decline in total revenue available for appropriation, or in any year by a three-quarters vote of both houses of the Legislature. A majority vote of the Legislature is needed to appropriate from the SBRF and from the Permanent Fund Earnings Reserve.

The General Fund. Unrestricted State revenue is annually deposited in the General Fund, which serves as the State’s primary operating fund and accounts for most of the State’s unrestricted financial resources. The State has, however, created more than approximately 55 subfunds and “cash pools” within the General Fund to account for funds allocated to particular purposes or reserves, including the CBRF, the SBRF, an Alaska Capital Income Fund, and a debt retirement fund. In terms of long-term and short-term financial flexibility, the CBRF and the SBRF (subfunds within the General Fund) have been of particular importance to the State.

The Constitutional Budget Reserve Fund. The State Constitution requires that oil and gas and mineral dispute-related revenue be deposited in the CBRF. The State Constitution provides that other than money required to be deposited in the Permanent Fund and the Public School Trust Fund, all money

received by the State after July 1, 1990 as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, are required to be deposited in the CBRF. Money in the CBRF may be appropriated (i) for any public purpose, upon the affirmative vote of three-fourths of each house of the Legislature; or (ii) by majority vote if the amount available to the State for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year; however, the amount appropriated may not exceed the amount necessary, when added to other funds available for appropriation, to provide for total appropriations equal to the amount of appropriations made in the previous calendar year for the previous fiscal year. The State Constitution also provides that until the amount appropriated from the CBRF is repaid, excess money in the General Fund at the end of each fiscal year must be deposited in the CBRF.

The State historically has borrowed from the CBRF as part of its cash management plan to address timing mismatches between revenues and disbursements within a fiscal year and also to balance the budget when necessary at the end of the fiscal year. The State has drawn on the CBRF in each year since fiscal year 2014, although in some years dedicated earnings and deposits into the CBRF were greater than the draws. Historical borrowing from the CBRF in the 1990's through 2005 was completely repaid in fiscal year 2010 and no borrowing activity from the CBRF occurred during fiscal years 2011, 2012, or 2013.

The fiscal year 2015 capital budget approved by the Legislature included a \$3 billion transfer from the CBRF to the Public Employees Retirement System ("PERS") and Teachers Retirement System ("TRS"). PERS received \$1 billion and TRS received \$2 billion. This transfer resulted in a liability of the General Fund. Additional amounts were appropriated from the CBRF to the General Fund during fiscal years 2016, 2017, 2018, 2019, 2020 and 2021, to fund shortfalls between State revenue and General Fund appropriations. The total net amount appropriated from the CBRF since fiscal year 2015 as of June 30, 2021 was \$12.8 billion. Pursuant to the State's fiscal year 2021 ACFR, the June 30, 2021, unassigned fund balance of the CBRF was approximately \$767.2 million.

The asset balance in the CBRF as of June 30, 2021, was approximately \$1.1 billion, including earnings of approximately \$2.2 million. General Fund asset balances listed as of June 30 may include borrowings from the CBRF for future fiscal year operating requirements. As of June 30, 2020, the asset balance was approximately \$2.0 billion, with investment earnings of \$62.8 million; as of June 30, 2019, the asset balance was \$1.8 billion, with investment earnings of \$74.8 million; as of June 30, 2018, the asset balance was \$2.4 billion, with earnings of \$47.2 million; and as of June 30, 2017, the asset balance was \$3.9 billion, with earnings of \$94.2 million.

The Statutory Budget Reserve Fund. The SBRF has existed in the State's accounting structure since 1986. The SBRF is available for use for legal purposes by majority vote of the Legislature and with approval by the Governor. If the unrestricted amount available for appropriation in the fiscal year was insufficient to cover General Fund appropriations, the amount necessary to balance revenue and General Fund appropriations or to prevent a cash deficiency in the General Fund was appropriated from the SBRF to the General Fund. For fiscal year 2015, this resulted in a year-end transfer from the SBRF to the General Fund of approximately \$2.5 billion. As of June 30, 2015, the SBRF held approximately \$288 million. Article IX, Section 17(d) of the Alaska Constitution provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year is to be deposited in the CBRF until the amount appropriated from the CBRF is repaid. For fiscal year 2016, this resulted in a year-end sweep from the SBRF to the General Fund for transfer to the CBRF in the amount of \$288 million and the available fund balance of the SBRF diminished to zero. The available fund balance of the SBRF, as of June 30, 2019, was zero. The SBRF unassigned fund balance for fiscal year 2021, reported in the State's ACFR, was \$480.8 million as of June 30, 2021. The most recent Office of Management & Budget Fiscal Summary as of June 29, 2022, projects a SBRF balance of approximately \$370.3 million as of June 30, 2022. Any earnings on the SBRF are considered unrestricted investment revenue and flow to the General Fund.

The Alaska Permanent Fund. The Permanent Fund was established by a voter-approved

constitutional amendment that took effect in February 1977. The amendment provides that “at least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments” and that “all income from the permanent fund shall be deposited in the General Fund unless otherwise provided by law.”

In 1980, legislation was enacted that provided for the management of the Permanent Fund by the APFC, a public corporation within the DOR managed by a board of trustees. The same legislation modified the contribution rate to the Permanent Fund from 25 percent (the minimum constitutionally mandated contribution) to 50 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares, federal mineral revenue sharing payments, and bonuses received by the State from mineral leases issued after December 1, 1979 or, in the case of bonuses, after May 1, 1980. The statutory contribution rate was changed back to 25 percent by legislation as of July 1, 2003 but then returned to 50 percent as of October 1, 2008. In fiscal year 2018 and 2019, only the constitutionally required 25 percent of royalties were deposited into the Permanent Fund. For fiscal year 2021, State oil and mineral revenues deposited in the Permanent Fund were \$320 million, compared to \$319 million in fiscal year 2020, \$385 million in fiscal year 2019, \$353 million in fiscal year 2018, and \$365 million in fiscal year 2017. Since inception, as of June 30, 2021, contributions to the principal account of the Permanent Fund, both constitutionally and statutorily mandated, include \$18.0 billion for inflation proofing, \$17.9 billion in royalty contributions, and \$11.0 billion in special appropriations.

The Permanent Fund tracks earnings on a basis compliant with statements pronounced by the Governmental Accounting Standards Board (“GASB”) in the compilation of the financial statements of the Permanent Fund. Fund balance consists of two parts: (1) principal, which is non-spendable, and (2) earnings reserve, which is spendable with an appropriation by the Legislature. By statute, only realized gains are deposited in the earnings reserve. Unrealized gains and losses associated with principal remain allocated to principal. Because realized gains deposited in the earnings reserve are invested alongside the principal, however, the unrealized gains and losses associated with the earnings reserve are spendable with an appropriation of the Legislature.

Pursuant to legislation enacted in 1982, annual appropriations are made from the Permanent Fund Earnings Reserve, first for dividends to qualified Alaska residents and then for inflation proofing. Between 1982 and 2021, \$26.7 billion of dividends were paid to Alaska residents and \$18.0 billion of Permanent Fund income has been added to principal for inflation proofing. For fiscal years 2016, 2017, and 2018, there were no appropriations and therefore no transfers from the earnings reserve to principal for inflation proofing. The amount calculated under statute for fiscal year 2019 inflation proofing, \$989 million, provided for in the enacted fiscal year 2019 operating budget, was appropriated from the earnings reserve to the principal of the Permanent Fund to offset the effect of inflation on the principal for fiscal year 2019. The State’s fiscal year 2020 budget included an appropriation of approximately \$4.8 billion from the earnings reserve to the principal of the Permanent Fund. The State’s fiscal year 2021 budget did not include an appropriation for additions to principal for inflation proofing. The Legislature made a \$4 billion special appropriation to principal in the fiscal year 2022 budget. In the enacted fiscal year 2023 budget, approximately \$1 billion is appropriated from the earnings reserve to the principal of the Permanent Fund. The Permanent Fund Dividend amount, paid in calendar year 2020, was \$992 per qualified resident, and the Permanent Fund Dividend amount, paid in calendar year 2021, was \$1,114 per qualified resident.

If any income remains after these transfers (except the portion transferred to the Alaska Capital Income Fund as described below), it remains in the Permanent Fund Earnings Reserve as undistributed income. The Legislature may appropriate funds from the earnings reserve at any time for any other lawful purpose. The principal portion of the Permanent Fund, approximately \$60.7 billion as of June 30, 2021, up from approximately \$52.4 billion as of June 30, 2020, may not be spent without amending the State

Constitution. The earnings reserve, approximately \$21.1 billion as of June 30, 2021, up from approximately \$12.9 billion as of June 30, 2020, may be appropriated by a majority vote of the Legislature.

During fiscal years 1990 through 1999, the Permanent Fund received dedicated State revenues from settlements of a number of North Slope royalty cases (known collectively as *State v. Amerada Hess*). The total of the settlements and retained income thereon, as of June 30, 2019, was approximately \$424.4 million. Earnings on the settlements are excluded from the dividend calculation and are not subject to inflation proofing in accordance with State law, and beginning in 2005, the settlement earnings have been appropriated to the Alaska Capital Income Fund, a subfund within the General Fund. The Alaska Capital Income Fund realized earnings on settlement principal of approximately \$50.1 million as of June 30, 2021, up from approximately \$20.5 million as of June 30, 2020.

As previously discussed, SB 26 created a percent of market value to provide a sustainable draw on the earnings reserve for transfer to the General Fund as unrestricted revenue.

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Table 5
State of Alaska
Available Funds and Recurring and Discretionary General Fund Expenditures
Fiscal Years Ended June 30, 2012 – 2021

Fiscal Year	General Purpose Unrestricted Revenue (\$ mil)	Recurring & Discretionary General Fund Expenditures (\$ mil)	Unrestricted Revenue Surplus/ (Deficit) (\$ mil)	Ending SBRF Reserves Available Balance (\$ mil)	Ending CBRF Reserves Available Balance (\$ mil) ⁽¹⁾	Permanent Fund Earnings Reserve Balance (\$ mil)	Oil Price (\$/barrel)	ANS Oil Production (thousands of barrels per day)
2012	\$9,485	\$7,252	\$2,233	\$2,683	\$10,642	\$2,081	\$112.65	579.4
2013	6,929	7,455	(526)	4,711 ⁽²⁾	11,564	4,054	107.57	531.6
2014	5,394	7,314	(1,920)	2,791 ⁽²⁾	12,780	6,211	107.57	530.4
2015	2,257	4,760	(2,503) ⁽³⁾	288 ⁽²⁾	10,101	7,162	72.58	501.0
2016	1,533	5,213	(3,680) ⁽³⁾	– ⁽²⁾	7,331	8,570	43.18	514.7
2017	1,354	4,498	(3,144) ⁽³⁾	– ⁽²⁾	3,896	12,816	49.43	526.4
2018	2,414	4,489	(2,075) ⁽³⁾	– ⁽²⁾	2,360	18,864 ⁽⁴⁾	63.61	518.5
2019	5,350 ⁽⁵⁾	4,889	461 ⁽³⁾	– ⁽²⁾	1,832	18,481 ⁽⁴⁾	69.46	495.0
2020	4,529 ⁽⁵⁾	4,805	(276) ⁽³⁾	– ⁽²⁾	1,983	12,894 ⁽⁴⁾	52.12	471.8
2021	4,783 ⁽⁵⁾	5,031 ⁽³⁾	(248) ⁽³⁾	481 ⁽²⁾	1,076	21,148 ⁽⁴⁾	54.14	486.1

(1) The CBRF available balance represents the historical asset values.

(2) Includes unassigned fund balance through net transfer from the SBRF to the General Fund reconciled at the release of the State's ACFR.

(3) The SBRF was used to balance the fiscal year 2015 deficit, with \$288 million remaining as of June 30, 2015. Article IX, Section 17(d) of the Alaska Constitution provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year is to be deposited in the CBRF until the amount appropriated is repaid. The available fund balance of the SBRF as of June 30, 2016, was zero. Fiscal year 2021 includes an estimated \$325 million transfer to the SBRF from the Unrestricted General Fund.

(4) Includes amount committed for the fiscal years 2019 and 2020 General Fund transfer pursuant to SB 26, as well as any special appropriations and/or inflation proofing transfers.

(5) Includes Permanent Fund Earnings Reserve transfer prior to dividend payments.

Source: State of Alaska Department of Revenue and Office of Management and Budget.

Revenue Forecasts

The State regularly prepares revenue forecasts for planning and budgetary purposes. Of necessity, such forecasts include assumptions about events that are not within the State's control. The forecast oil production volumes include only production expected from projects currently under development or evaluation. The forecast does not include any revenues that could be received if a natural gas pipeline is constructed. In making its forecasts, the State makes assumptions about, among other things, the demand for oil and national and international economic factors and assumes that the Legislature will not amend current laws to change materially the sources and uses of State revenue and that no major calamities such as earthquakes or catastrophic damage to TAPS will occur. Portions of TAPS are located in areas that have experienced and may in the future again experience major earthquakes. Actual revenues and expenditures will vary, perhaps materially, from year to year, particularly if any one or more of the assumptions upon which the State's forecasts are based proves to be incorrect or if other unexpected events occur. The State's most recent forecast is set forth in the Spring 2022 Revenue Forecast. The State will next update its forecast in the Fall 2022 Revenue Sources Book and Forecast, which is anticipated to be released in December 2022. The State has provided certain estimates for fiscal year 2022 and 2023 based on information available as of the Spring 2022 Revenue Forecast, as well as certain audited results for fiscal year 2021 for the CBRF and the APFC. See "– Government Funds" above for a description of some of the actions the State can take when revenues prove to be lower than expected.

The State has customarily restricted certain revenue sources each fiscal year by practice. Such revenue is nonetheless available for appropriation. Table 6 provides a summary of the State's most recent forecast for revenues subject to appropriation in fiscal years 2022 through 2027.

Table 6
State of Alaska Revenues Subject to Appropriation
FORECAST Summary for Fiscal Years 2022 through 2027 ⁽¹⁾
(millions)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
<u>Petroleum Revenue</u>						
Unrestricted General Fund	\$ 3,519.9	\$ 4,449.1	\$ 3,517.8	\$ 2,827.7	\$ 2,393.4	\$ 2,154.8
Production Tax – Hazardous Release Surcharge	7.9	8.2	8.2	8.3	8.2	8.3
Royalties, Bonuses, Rents, and Interest to Alaska Permanent Fund	71.0	100.9	97.0	96.9	91.9	101.2
Tax and Royalty Settlements to CBRF	0.0	25.0	30.0	30.0	30.0	30.0
Subtotal Petroleum Revenue	<u>\$3,598.7</u>	<u>\$4,583.1</u>	<u>\$3,653.0</u>	<u>\$2,962.9</u>	<u>\$2,523.5</u>	<u>\$2,294.4</u>
<u>Non-Petroleum Revenue</u>						
Unrestricted General Fund	\$ 368.3	\$ 505.3	\$ 528.0	\$ 535.1	\$ 539.8	\$ 546.7
Royalties to Alaska Permanent Fund beyond 25% dedication	2.9	3.1	3.1	3.2	3.3	3.3
	\$	\$			\$	\$
Subtotal Non-Petroleum Revenue	<u>851.8</u>	<u>981.5</u>	<u>\$1,006.7</u>	<u>\$1,015.8</u>	<u>1,022.4</u>	<u>1,030.6</u>
<u>Investment Revenue</u>						
	\$		\$	\$	\$	\$
Unrestricted General Fund	3,064.6	\$3,376.6	3,619.9	3,833.6	4,052.3	4,299.1
Designated General Fund	15.4	47.8	48.1	48.3	48.5	48.8
CBRF	0.5	1.7	2.9	4.2	5.6	7.1
	\$	\$	\$	\$	\$	\$
Subtotal Investment Revenue	3,080.4	3,426.1	3,670.9	3,886.1	4,106.4	4,355.0
Total Revenue Subject to Appropriation	<u>\$7,531.0</u>	<u>\$8,990.7</u>	<u>\$8,330.6</u>	<u>\$7,864.8</u>	<u>\$7,652.3</u>	<u>\$7,680.0</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>

(1) This table presents only the largest known categories of current year funds subject to appropriation. A comprehensive review of all accounts in the State accounting system would likely reveal additional revenues subject to appropriation beyond those identified here.

Source: Spring 2022 Revenue Forecast, Tax Division.

General Fund Expenditure Trends

From the fiscal year 2013 peak through the budgeted fiscal year 2021, recurring Unrestricted General Fund expenditures have diminished from approximately \$7.9 billion to \$4.5 billion. A significant portion of the expenditures during this time frame were funded from prior year excess revenue held in the Constitutional Budget Reserve Fund, the Statutory Budget Reserve Fund or in the form of forward funding future fiscal year appropriations. Following fiscal year 2021 the balance of the Constitutional Budget Reserve Fund is projected at \$80.5 million, the Statutory Budget Reserve Fund is zero, and the fiscal year 2021 budget did not include any forward funding appropriations for the fiscal year 2022 budget.

Fiscal Year 2021 10-Year Plan and General Fund Forecast

The Executive branch is obligated by Alaska Statute 37.07.020 (b) to provide a 10-year plan on an annual basis. The Office of the Governor, Office of Management and Budget annually in December submits a 10-year projection of revenues based on the Department of Revenue, Tax Division's Fall Revenue Sources Book and expenditures as projected by their staff. The expenditure projections contained in the document are intended to be used as a planning tool. They do not represent a commitment by the Executive Branch to require spending at a particular level any future year.

The Fiscal Year 2021 Budget Overview and 10-Year Plan ("FY 2021 10-Year Plan") was released by Governor Dunleavy's administration and the Office of Management and Budget on December 11, 2019. The FY 2021 10-Year Plan is provided in complete form on the State of Alaska, Office of the Governor, Office of Management and Budget's website. The 2019 plan included recognition of the State of Alaska's diminishing reserves and need for a shift in future year's budgets, as reflected in the "Budget Baseline" in Table 7.

Table 7

Fiscal Year 2021 Budget Overview and 10-Year Plan – Budget Baseline

FY2021-FY2030 Budget Baseline

Source of Funding	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Unrestricted General Fund Revenue per RSB	\$1,967.5	\$1,976.4	\$1,944.9	\$1,957.5	\$2,021.0	\$2,043.0	\$2,117.0	\$2,172.4	\$2,260.7	\$2,266.3
Gross Percent of Market Value ("POMV") Transfer	\$3,091.5	\$3,095.0	\$3,262.0	\$3,378.0	\$3,460.0	\$3,545.0	\$3,632.0	\$3,721.0	\$3,811.0	\$3,904.0
Less Payments of Permanent Fund Dividends	(\$2,005.1)	(\$2,247.7)	(\$2,396.2)	(\$2,231.3)	(\$2,396.2)	(\$2,495.5)	(\$2,560.7)	(\$2,627.2)	(\$2,695.4)	(\$2,766.0)
Net POMV Transfer	\$1,086.4	\$847.3	\$865.8	\$1,146.7	\$1,063.8	\$1,049.5	\$1,071.3	\$1,093.8	\$1,115.6	\$1,138.0
CBR Transfer	\$1,547.5	\$542.4	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Remaining Deficit	\$-	\$1,169.5	\$1,730.6	\$1,438.1	\$1,454.9	\$1,449.7	\$1,359.6	\$1,253.3	\$1,146.1	\$1,124.0
Total Available General Funds	\$4,601.3	\$4,535.7	\$4,541.3	\$4,542.3	\$4,539.7	\$4,542.2	\$4,547.9	\$4,519.4	\$4,522.4	\$4,528.3
Use of Funds	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Agency Operations	\$3,897.5	\$3,897.5	\$3,897.5	\$3,897.5	\$3,897.5	\$3,897.5	\$3,897.5	\$3,897.5	\$3,897.5	\$3,897.5
Debt Service Payments	\$135.0	\$132.2	\$136.3	\$133.5	\$126.9	\$124.1	\$124.4	\$88.3	\$83.6	\$80.9
PERS/TRS Contributions	\$345.6	\$324.0	\$325.6	\$329.3	\$333.2	\$338.6	\$344.1	\$351.7	\$359.3	\$367.9
Fund Capitalizations/Transfers	\$87.6	\$32.0	\$32.0	\$32.0	\$32.0	\$32.0	\$32.0	\$32.0	\$32.0	\$32.0
Capital	\$135.6	\$150.0	\$150.0	\$150.0	\$150.0	\$150.0	\$150.0	\$150.0	\$150.0	\$150.0
Total General Fund Appropriations	\$4,601.3	\$4,535.7	\$4,541.3	\$4,542.3	\$4,539.7	\$4,542.2	\$4,547.9	\$4,519.4	\$4,522.4	\$4,528.3

The 2019 plan outlines five primary scenarios for fiscal reform as shown in Table 8. These scenarios represent the general options recognized as available to the State of Alaska given the projections

of future year's revenues and expenditure needs. There is no guarantee any of these options will be implemented or if assumptions about future revenues or expenditures will be accurate.

Table 8

Fiscal Year 2021 Budget Overview and 10-Year Plan – Summary of Scenarios

	Scenario 1 <i>Balancing the Budget Through Reductions</i>	Scenario 2 <i>Big Taxes, Big Government</i>	Scenario 3 <i>The “Excess” PFD, Taxes After Savings Run Dry</i>	Scenario 4a <i>Continue to Balance the Budget Through Use of Savings, Then Taxes</i>	Scenario 4b <i>Continue to Balance the Budget Through Use of Savings, Then Ad-hoc Draws</i>	Scenario 5 <i>Balanced Approach</i>
Action Taken in Scenario	Reductions are taken in order to avoid draining savings	Implement taxes to avoid draining savings	Reduce PFDs to avoid draining savings; implement taxes after PFD drops to zero	Draw from savings (CBR, SBR, other smaller accounts), implement taxes after savings are depleted	Draw from savings (CBR, SBR, other smaller accounts), make unstructured Permanent Fund draws when savings are depleted	New PFD formula (50/50 POMV), modest taxes, and modest reductions
Budget Growth	Inflation only at 2.25% calculated after reductions take place. Increases above this level must be funded through further reductions	Historic growth rate of 4.4% for agencies and capital. Statewide items such as Debt hold steady as known projections	Historic growth rate of 4.4% for agencies and capital. Statewide items such as Debt hold steady as known projections	Inflation only at 2.25%	Inflation only at 2.25%	Reductions in year one and two then Inflation only at 2.25%
Use of Savings	Use CBR as a glide-path to reduce \$1.4 billion over 2 years	None	None	Fully Depleted Savings	Fully Depleted Savings	Partial Draw on Savings to allow time for budget to come into balance
PFD Assumption	The statutory PFD is fully funded	The statutory PFD is fully funded	PFD is paid with available revenue after Government is fully funded	The statutory PFD is fully funded	The statutory PFD is fully funded	New PFD formula, over longer periods of time PFD is approximately the same
Unstructured Draws (Beyond POMV)	None	None	None	None	Yes - After Savings are depleted, results in a \$18 billion loss in value of the fund over 10 years	None

In the 2019 Legislature there was debate and effort to implement components of the fiscal reform options presented in the December 2019 10-Year Plan. In addition, members of the Legislature introduced legislation to both change how the State utilizes revenue historically restricted by custom and generate new revenue through taxation. The legislative leadership also publicly declared their focus on diminishing the level of State spending prior to considering increasing revenue measures. Fiscal reform efforts in the 2020 Legislature were pre-empted and overwhelmed by the COVID-19 pandemic and related health and economic impacts.

The Fiscal Year 2021 budget was approved by the Legislature on March 29, 2020, and on April 6, 2020, Governor Dunleavy signed into law the Fiscal Year 2021 budget. The next 10-Year Plan is expected to be released in December of 2020. The December 2019 10-Year Plan does not include certain information or updated forecasts contained in the Spring 2020 Revenue Sources Book.

Other Funds Maintained by the State

The State maintains other types of funds, such as Enterprise Funds, Trust and Agency Funds, Capital Projects Funds and Special Revenue Funds.

Enterprise Funds are operated by the State for “self-supported” activities that provide goods and/or services to the public on a charged payment basis. The International Airports Revenue Fund and a number of State loan program funds are Enterprise Funds.

Trust and Agency Funds are maintained to account for assets held by the State acting in the capacity of custodian or fiduciary agent. In addition to the Permanent Fund and the retirement systems funds, major funds in this category include the Public School Trust Fund, the Mental Health Trust Fund, the Power Cost Equalization Endowment and the University of Alaska Endowment.

Capital Projects Funds account for the use of the proceeds of general obligation bond issues and matching federal funds for capital outlays. In general, all capital outlay projects are accounted for through Capital Projects Funds except capital projects being financed by the General Fund through direct appropriations and capital projects financed with moneys in the International Airports Revenue Fund.

Special Revenue Funds are maintained in connection with the State's issuance of revenue bonds, such as revenue bonds issued by the Alaska International Airports System and the Sport Fishing Revenue Bonds.

State Ownership of Land and Natural Resources

Alaska includes 586,412 square miles (365 million acres) of land and is the largest state in the United States, roughly equivalent in size to one-fifth of all the other 49 states combined. Unlike the other 49 states, where significant portions of the land may be owned by individuals or entities in the private sector, less than one percent of the land in Alaska is owned by private, non-Alaska Native owners.

In 1959, when Alaska became a state, 99.8 percent of the land was owned by the federal government. The Statehood Act, as modified by the Alaska Land Transfer Acceleration Act of 2004, gave the State the right to select and acquire approximately 105.5 million of the nearly 365 million acres of federal lands in Alaska. As of April 2020, over 95 percent, about 100 million acres, of this grant has been conveyed to the State. In addition, the State owns approximately 65 million acres of submerged and tide lands, some of which overlie areas with the potential for natural resource production.

Land ownership in Alaska is also shaped by the Alaska Native Claims Settlement Act ("ANCSA") enacted by Congress in 1971. Under ANCSA, 13 regional corporations and more than 200 village corporations were established with Alaska Natives as their shareholders and beneficiaries. These corporations were authorized to select approximately 44 million acres of federal lands and the associated subsurface and surface rights for transfer into their ownership.

In summary, Alaska Natives and ANCSA corporations own approximately 13 percent of Alaska lands, the State owns approximately 26 percent, and the federal government owns approximately 60 percent, with less than one percent of Alaska lands owned by private, non-Native owners. As described below, the State obtains significant revenues from companies that lease State-owned lands for extraction of oil, natural gas, coal, gold, silver, zinc, copper and other minerals and shares with the federal government revenues from oil, natural gas and other assets extracted from federal lands leased by private companies. Additionally, the State receives indirect benefits and tax revenues from development and activity on ANCSA corporation-owned lands.

For State land, Article 8, Section 1 of the State Constitution provides that, "it is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest." The DNR is the State entity entrusted with executing this objective on the 165-million-acre upland and tideland portfolio. Consequently, DNR has a stewardship and public trust responsibility for all State-owned land, water and resources in addition to regulatory responsibilities on private lands.

As part of this work, DNR manages the State's mineral, coal, oil and gas, geothermal, timber, material and water resources, provides land use authorizations for surface activities on State land, receives title from the federal government in accordance with the Statehood Act and the Alaska Land Transfer

Acceleration Act and conveys land to private purchasers. DNR manages and distributes a large volume of technical data, public records, land records and geospatial information.

Oil and Gas Reserves and Potential Future Recoverable Resources

Most of the State's annual revenues have been generated from oil exploration and production since 1968, when the first large oil and gas reservoir on the Arctic Coast was discovered. To enable the production of this resource, the Trans Alaska Pipeline System (TAPS), an 800-mile, 48-inch crude oil pipeline from the State's Arctic Coast to Valdez in south-central Alaska was constructed in the 1970s and came online in 1977. This nationally important infrastructure has transmitted more than 18 billion barrels of crude oil from the North Slope of Alaska to market through calendar year 2019. Other pipelines exist upstream of TAPS that have spare capacity and currently deliver oil production from existing fields.

At peak production levels in 1988, over 2 million barrels per day were flowing through TAPS from the Prudhoe Bay field, the Kuparuk field (the State's second largest oil-producing area), as well as from the Endicott and Lisburne satellite fields. While oil production has declined to approximately 500,000 barrels of oil per day in 2019, since 2016 upwards of 10 billion barrels of new discoveries have been made and currently stand at different stages of appraisal and development.

The Alaska North Slope continues to see new oil being produced from redevelopment of existing fields, as well as new developments that will bring future production. This new production on the North Slope has helped to offset some of the volume decline since the 1988 peak. The DOR Fall 2019 forecast for North Slope crude oil production is 492,063 barrels per day in FY 2020 and 490,466 in FY 2021.

In the DOR Fall 2019 Revenue Sources Book, the State forecasted that crude oil production on the North Slope will rebound slightly over the 10-year forecast period to 494,529 barrels per day by FY 2029. This forecast applies a risk-weighted view on future projects which typically fall below forecasts by operators of the projects in question. For example, publications by some Alaskan producers place daily production at approximately 600,000 barrels of oil per day on average, as early as 2026 running through 2034. IHS Markit's 40% production growth projection for North Slope suggests a similar outlook for Alaska (IHS Markit, 2018).

Other potential in future production lies with some technologically challenged resources within Alaska. For example, with successful pilot and small-scale deployments of polymer flooding, viscous and heavy oil technologies could further unlock resources that have stayed out of recoverable estimates in the past. Broad application of more viscous and heavy oil technologies will translate to significant increases in State production in viscous and some heavy oil resources.

The State does not include any potential production from the Arctic National Wildlife Refuge (ANWR) or other fields yet to be discovered in its forecasts. After President Trump signed the Tax Cuts and Jobs Act (Public Law 115-97) in December 2017, the US Department of Interior was directed to hold at least two oil and gas lease sales in the ANWR Coastal Plain. This area is commonly known as the "1002 area," after section 1002 of the Alaska National Interest Lands Conservation Act of 1980. The Environmental Impact Statement process is ongoing, so a lease sale has not yet been held. The law requires the first ANWR lease sale to be held by December 2021.

Some of Alaska's oil companies are still able to attract capital at competitive rates to continue to develop oil and gas assets in Alaska. The Fall 2019 Revenue Sources Book presented aggregated capital spending projections for Alaska's Oil industry to exceed \$15 Billion through 2025. With the price slump in March 2020, for most companies, at least some development drilling, exploration or other projects are being deferred until oil prices improve. Prior to the price slump, even as capital shifted away from other US Basins, recent refocusing of oil industry expenditure into conventional resources with relatively low decline rate placed Alaskan projects in favorable ranking. As oil prices rebound, this trend of selective

spending is projected to keep Alaska's projects competitive. For international oil companies, a combination of a balanced State fiscal system and highly competitive Federal tax regime has made Alaskan assets attractive to foreign investors. This is evident by the number of non-US firms that have entered Alaska's Basins in the last 5 years.

Oil production from the smaller fields within the Cook Inlet Basin, in south-central Alaska, has increased for the last five years as new participants entered the Alaska market. Although some of these fields have now been in production for over 60 years, but new discoveries in the basin continue to be made. Cook Inlet production has grown from 8,900 barrels per day in 2010 to 18,000 barrels in 2015, and now hovers approximately 14,500 barrels of oil per day. The DOR Fall 2019 Revenue Sources Book forecasts Cook Inlet production to decline down to 9,000 in 2025.

Alaska also features immense potential for future production from known (discovered but undeveloped) and unknown (undiscovered) hydrocarbon resources on the North Slope. To highlight the level of exploration of Alaska's North Slope, it is often compared to the state of Wyoming. The North Slope is approximately the same size as Wyoming, but while it has had approximately 19,000 exploratory wells drilled, the North Slope has barely exceeded 600 in 2019. While relatively under-explored, recent discoveries by operators in new exploration play-types within the shallower Brookian-sourced Strata, point to the prolificity of the basin. A study by the IHS Markit in 2018 forecasted a 40% rise in crude oil production from the basin by the 2026 timeframe and coupled with the level of past production, and the capability of existing operators, views Alaska as a Super Basin in resurgence (IHS Markit, 2018).

In the next ten years, the State anticipates new developments on State and federal lands, both of which benefit the State. Many of the opportunities to add production from State lands are from expanded heavy and viscous oil development, tight oil development, continued satellite development at Alpine, and projects targeting the Brookian Nanushuk topset trend. Major projects in active appraisal and development include the Greater Mooses' Tooth II project, which already passed Final Investment Decision, the Pikka Nanushuk project on State lands, past extensive appraisal and facing imminent FID, and the Greater Willow Project in advanced appraisal within the NPR-A. These projects could increase proved crude oil reserves by several billion barrels.

While production in the NPR-A is entirely on Federally managed lands, the State of Alaska benefits from the production of federal oil within the State (especially in the NPR-A, where the State is entitled to 50 percent of all royalties, bonuses and rents) and benefits from the production of oil from non-State private lands shipped through TAPS. In addition to direct payments, projects on State land also benefit from oil production from non-State land through decreased tariffs resulting in increased economic viability of new projects and prolonged economic life of producing fields.

Additionally, studies by the USGS also point to the undiscovered resource potential of the North Slope Basin. A study by the USGS (2020) estimates mean undiscovered resources within the North Slope Central region at 3.5 Billion unrisks barrels. This area is generally closer to infrastructure. Including the NPR-A area increases this estimate to over 13 Billion barrels (USGS, 2017). Exploration successes by ConocoPhillips Alaska and Oil Search Alaska in and around the Western North Slope area continue to increase industry confidence in the undiscovered resource potential of the area.

The State continues to see strong interest in bidding on leases of State land for oil and gas exploration and production on the North Slope and Cook Inlet. The DNR Division of Oil & Gas holds five regular areawide lease sales twice per year: Cook Inlet and the Alaska Peninsula in Spring, and North Slope, North Slope Foothills, and Beaufort Sea in Fall. In the 2017 through 2019, the Division of Oil & Gas held six lease sales, receiving 386 bids on 346 sale tracts from 16 unique bidding groups, bringing in nearly \$54 million in bonus bids. Bidders included major international producers and established independent companies. As of June 2020, there are 15.5 million unleased acres in the five areawide sale areas.

To encourage interest in the State’s unleased acreage, a significant amount of data related to wells, geology, and seismic surveys has been made available on several government websites, including the Division of Oil & Gas, the Division of Geological & Geophysical Surveys, and the Alaska Oil & Gas Conservation Commission.

Natural Gas Pipeline Developments

Natural gas development on the Alaska North Slope has been limited because a pipeline to transport recovered natural gas to market outside Alaska has never been constructed. As a result, natural gas produced in conjunction with oil production on the North Slope is not yet sold commercially in significant volumes. Most of the produced gas is re-injected into the North Slope oil fields for use in enhanced oil recovery projects at the Prudhoe Bay field or at the Kuparuk field while some is used on site or is sold to the TAPS and used to heat field camps, run electrical generators or power the TAPS pump stations. Although there are currently an estimated 50 TCF of known contingent gas resources on the North Slope, mostly in the Prudhoe Bay and Point Thomson fields, geologic estimates for the greater Alaska region by the U.S. Geological Survey (onshore and state waters) and the Bureau of Ocean Energy Management (Outer Continental Shelf waters) place the amount of undiscovered technically recoverable resources around 200 TCF of conventional gas and 125 TCF of methane hydrates and shale gas.

The State’s production tax and royalty provisions apply to natural gas products as well as to oil, and the State’s long-term financial planning is based in part on efforts to develop natural gas resources as oil production declines. See “– State Revenues—*Oil and Gas Revenues*” herein.

To spur commercialization of Alaska natural gas, the Legislature has passed several acts designed to reach a solution to moving gas off the North Slope to in-state and export markets. After passage of the Alaska Gasline Inducement Act of 2007, the State and TransCanada Alaska investigated a plan to build a 1,715-mile natural gas pipeline from a natural gas treatment plant at Prudhoe Bay to the Alberta Hub in Canada. The project conducted its initial open season in 2010, receiving multiple bids from potential shippers. In 2012, TransCanada, ExxonMobil, ConocoPhillips and BP formally agreed on a work plan under the AGIA framework and pertinent milestones to explore and develop a concept for a liquefied natural gas project and associated pipeline to Southcentral Alaska.

In 2013, the Alaska Gasline Development Corporation (“AGDC”) was established as an independent, public corporation of the State of Alaska. Its mission was expanded in 2014 to include developing a liquified natural gas (“LNG”) project for the state. In addition to developing initial scoping and engineering for the project, much work has been done to court potential buyers of LNG in Asian markets.

Since 2016, the AGDC has been leading the proposed multibillion-dollar project to build a natural gas pipeline from the North Slope to South-central Alaska, where LNG was successfully exported to Asian markets from 1969 to 2015. The project will also include infrastructure such as a gas conditioning plant on the North Slope and a new liquefaction plant and marine terminal in Nikiski, Alaska. In April and May of 2020, AGDC received crucial authorizations from U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration and the Federal Energy Regulatory Commission to construct and operate the Alaska LNG Project. AGDC is currently updating its economic analysis to assess commercial viability and is also seeking a partner in the project.

Mineral Resources

According to Alaska DNR Division of Geological Surveys, the State contains large amounts of the world’s mineral reserves including 12% of the coal, 3.5% of the zinc, 3% of the gold, 2% of the lead, 1.5% of the silver, and 0.3% of the copper. Six large mines that produce zinc, gold, lead, silver, and coal are

currently in operation and several other large mines are under development or exploration. There are also more than 400 smaller-scale placer gold, and sand and gravel mining operations.

The six major Alaska mines are:

- Red Dog Mine, a surface mine and mill that produces zinc, lead and silver in concentrates in the Northwest Arctic Borough. It is a joint venture between Teck and an Alaska Native Corporation. Red Dog is one of the largest zinc mines in the world, both in terms of production and reserves.
- Fort Knox Mine, owned by Kinross, has been the largest gold producer in Alaska since production began in 1996 and is located 25 miles northeast of Fairbanks.
- Pogo Mine is an underground gold mining operation that began producing gold in 2006, operated by Northern Star Resources Limited.
- Usibelli Coal Mine, located outside Healy, in the interior of the State, is the only operating coal mine in Alaska and was established in 1943.
- Greens Creek Mine, located on Admiralty Island, in southeast Alaska near Juneau, is an underground polymetallic mine producing silver, gold, zinc and lead since 1989. It is owned by Hecla and is one of the world's top 10 silver producers.
- Kensington Gold Mine, located on the east side of Lynn Canal about 45 miles north-northwest of Juneau, is owned by Coeur Alaska. It began production in 2010.

Mining claims and prospecting sites covered approximately 3.69 million acres of Alaska in 2018, with 6,248 active Federal and 37,705 active state mining claims. State 40- and 160-acre claim staking decreased by almost 34 percent in 2018, while staking of state prospecting sites decreased by 48 percent. More than 87 percent fewer Federal claims were staked in 2018.

The total reported value of Alaska's mineral industry decreased in 2018 to \$2.9 billion, more than 7 percent lower than its \$3.15 billion value in 2017. The total value is a composite of the year's expenditures on exploration and development plus the estimated first market value of the commodities produced. Alaska's mineral production sector remained strong despite slowdowns in exploration and development spending. Zinc was the top metal produced in 2018, according to its production value of almost 58 percent of total Alaska metal production. Gold followed at 28 percent, along with lead at 7.9 percent and silver at 6.6 percent. The increased mineral production value in 2018 compared with 2017 resulted primarily from higher metal prices. The average 2018 price for gold and lead increased by 1 percent from the previous year's average, while the price of zinc rose 4.6 percent and copper rose 7.1 percent.

In calendar year 2014, the value of Alaska's large mine gross mineral production was \$3.28 billion, down 4 percent compared to \$3.42 billion in 2013, and \$3.44 billion in 2012. Exploration expenditures in 2018 totaled \$140 million, compared with \$120 million in 2017, and \$59 million in 2016. Total value spent on exploration since 1981 is estimated at \$3.68 billion. The industry spent an estimated \$334 million on mine construction and other capital investment in 2018, up 11.5 percent compared to \$299.5 million in 2017, and \$217 million in 2016. Alaska's mining industry also provided an estimated 4,600 direct mining industry jobs in Alaska in 2019, with 9,400 total direct and indirect jobs, and \$740 million in total direct and indirect payroll.*

Mining companies are among the largest taxpayers in the City and Borough of Juneau, the Fairbanks North Star Borough, the Denali Borough and the Northwest Arctic Borough. Minerals are the State's second largest non-oil export commodity, behind seafood, and accounted for export value of \$1.78 billion in 2018.

Advanced exploration or development stage mineral projects in Alaska include:

* McDowell Group, Inc. February 2020 – The Economic Benefits of Alaska's Mining Industry, 2019 Estimated

- The Donlin Gold Project in southwest Alaska, a large open-pit gold deposit.
- Bornite, Ambler and Lik projects in northwest Alaska, all base-metal sulfide deposits.
- The Pebble Project, an initiative to develop a copper, gold and molybdenum deposit in the Bristol Bay region of southwest Alaska.
- The Livengood gold project north of Fairbanks, which completed a feasibility study in 2013.
- The Niblack and Palmer projects in southeast Alaska, for the production of gold, silver, copper, lead and zinc.
- The Bokan Mountain project, a rare earth minerals deposit in southeast Alaska, on Prince of Wales Island.
- The Graphite Creek graphite project on the Seward Peninsula north of Nome.
- The high-grade gold veins at the Terra project in the western Alaska Range.
- Anarraaq-Aktigiruk project, massive sulfide deposit under investigation for zinc, lead, and silver located about eight miles northwest of Red Dog
- The Palmer Project, a VMS deposit near Haines.

The State's revenues from mining are derived primarily from mining license taxes, corporate income taxes, annual rentals and production royalties. Production may end over the next decade at several of the mines that currently contribute most of the State's mining-related revenue. In most cases, as is common in the industry, new resource areas are being explored for expansions and extensions of the mine life. In addition, several projects are in advanced exploration or the permitting phase. Overall, in calendar 2018, over \$144.7 million of reported and estimated revenues were paid to the State and municipalities by Alaska's mineral industry, with a state total of \$110.4 million, and an estimated municipality total of \$34.3 million. There was an estimated \$335 million in payments to Alaska Native corporations in 2018. See "— State Revenues – *Non-Oil Revenues.*"

Alaska has a number of deposits of rare earth elements, which are used in magnets, batteries, refining and other metallurgical applications. Finished products in which they are critical include smart phones, hybrid cars, military hardware, advanced consumer electronics, fiber optics and windmills. Bokan Mountain, which is located in Southeast Alaska, on Prince of Wales Island near Ketchikan, has inferred resources of between 1.0 and 6.7 million metric tons. There are three other known deposits of rare earth elements located on Prince of Wales Island, as well as near Nome and Fairbanks that are currently under evaluation. The Alaska Division of Geological & Geophysical Surveys is currently engaged in a major project to detail Alaska's potential to develop rare earth elements and other strategic and critical minerals.

Other Major Resources

Fish and game have long been important resources in Alaska, and taxes on fish landings and processing represent a share of the State's non-petroleum revenues. With increased air and cruise services to Alaska in the last 10 years, tourism is now another important source of revenue for the State. Although passenger fee revenues are restricted revenue and not available for general appropriations, the large commercial passenger cruise vessels are subject to the State corporate income tax, the proceeds of which are unrestricted. See "State Revenues—Other Non-Oil and Non-Mineral Revenues."

Public Debt and Other Obligations of the State

State debt includes general obligation bonds and revenue anticipation notes, and State-supported debt includes lease-purchase financings and revenue bonds. The State also provides guarantees and other support for certain debt and operates the School Debt Reimbursement Program (the "SDRP") and the Transportation and Infrastructure Debt Service Reimbursement Program (the "TIDSRP"). Other than the Veterans' Mortgage Program, these programs do not constitute indebtedness of the State but do provide, annually on a subject-to-appropriation basis, financial support for certain bonds of local governments and obligations of State agencies.

Outstanding State Debt. State debt includes general obligation bonds and revenue anticipation notes. The State Constitution provides that general obligation bonds must be authorized by law and be ratified by the voters and permits authorization of general obligation bonds only for capital improvements. The amount and timing of a bond sale must be approved by the State Bond Committee. For both general obligation bonds and revenue anticipation notes, the full faith, credit, and resources of the State are pledged to the payment of principal and interest. If future State revenues are insufficient to make the required principal and interest payments, the State is legally required to raise taxes to provide sufficient funds for this purpose. Approximately \$663.0 million of general obligation bonds were outstanding as of June 30, 2021. See “– *Summary of Outstanding Debt*” and Tables 7 and 8 below.

Most recently, in November 2012, voters approved \$453,499,200 in general obligation bonds for the purpose of design and construction of State transportation projects (the “2012 Transportation Bond Act”). During fiscal year 2021, the State issued its General Obligation Bond Series 2020A, which used the remaining authority under the 2012 Transportation Bond Act.

The following other debt and debt programs of the State were outstanding as of June 30, 2021, except as otherwise noted.

State Guaranteed Debt. The only purpose for which State guaranteed debt may be issued is for payment of principal and interest on revenue bonds issued for the Veterans Mortgage Program by the Alaska Housing Finance Corporation (“AHFC”) for the purpose of purchasing mortgage loans made for residences of qualifying veterans. These bonds are also general obligation bonds of the State, and they must be authorized by law, ratified by the voters, and approved by the State Bond Committee. In November 2010, voters approved \$600 million of State guaranteed veterans’ mortgage bonds, and the total unissued authorization was \$584.6 million as of June 30, 2021. As of June 30, 2021, approximately \$59.5 million of State guaranteed debt was outstanding.

State-Supported Debt. State-supported debt is debt for which the ultimate source of payment is, or may include, appropriations from the General Fund. The State does not pledge its full faith and credit to State-supported debt, but another public issuer may have pledged its full faith and credit to it. State-supported debt is not considered “debt” under the State Constitution, because the State’s payments on this debt are subject to annual appropriation by the Legislature, recourse is limited to the financed property, and this debt does not create a long-term obligation of the State binding future legislatures. Voter approval of such debt is not required. State-supported debt includes lease-purchase financing obligations (structured as certificates of participation (“COPs”)) and capital leases the State has entered into with respect to the Linny Pacillo Parking Garage (with AHFC) and the Goose Creek Correctional Center (with the Matanuska-Susitna Borough). Approximately \$190.8 million of State-supported debt was outstanding as of June 30, 2021.

On September 4, 2020, the Alaska Supreme Court (the “Supreme Court”) issued a decision in *Eric Forrer v. State of Alaska* (“Forrer”) related to the Alaska Tax Credit Certificate Bond Corporation (“ATCCBC”) that clarified the circumstances under which financial obligations of the State constitute debt within the meaning of Article IX Section 8 (State Debt) and Article IX Section 11 (Exceptions) of the State constitution. While the decision reaffirmed prior Supreme Court decisions allowing the use of State Supported Debt for lease-purchase of real property arrangements and clarified the scope of the revenue bond exception in Article IX Section 11 of the State constitution, it specifically disallowed the structure contemplated for the Alaska Tax Credit Certificate Bond Corporation which is described further below. Due to similarity of structure, the decision also rendered the Pension Obligation Bond Corporation (created in AS 37.16) and the Toll Bridge Revenue Bonds for the Knik Arm Bridge (created in AS 37.15, Article 2) illegal. On September 28, 2020, the State of Alaska Department of Law filed a Petition for Rehearing with the Supreme Court in an attempt to obtain clarity on the scope of the Supreme Court’s intent in their decision. The Supreme Court declined to respond to the Petition for Rehearing without any further ruling on the merits of the case. Certain broad references in the Forrer may be read to effect the constitutionality

of certain debt service reserve or other debt service funding structures by the State in connection with current or future State agency or local government programs with legal structures that, while fundamentally different from the ATCCBC in both public purpose and bond structure, share certain statutory frameworks with the ATCCBC. Bonds issued pursuant to the 2005 Master Resolution are not affected by Forrer because they meet the requirements to constitute valid revenue debt contained in Article IX Section 11 of the State constitution and as interpreted by Forrer.

State-Supported Unfunded Actuarially Assumed Liability (UAAL). In 2008, Senate Bill 125 (“SB 125”) became law, requiring that the State fund any actuarially determined employer contribution rate above 22 percent for PERS or 12.56 percent for TRS out of the General Fund, to the extent the actuarially determined employer contribution rate exceeds payment of (i) the employer normal cost and (ii) required employer contributions for retiree major medical insurance, health reimbursement arrangement plans, and occupational death and disability benefits. This change was designed to address stress municipal employers were experiencing due to high actuarially determined percentage of payroll amounts to pay for actuarially assumed unfunded liabilities of the retirement systems. In 2015, GASB Statement No. 68 (“GASB 68”) was enacted, updating reporting and disclosure requirements related to pension-related liabilities. One of the key changes was requiring a government that is committed to making payments on a pension system’s unfunded actuarially assumed liability (“UAAL”) on behalf of another entity to record the liability as a debt of the government making the payment. As a result of GASB 68, \$5.8 billion of long-term debt was reflected in the State’s ACFR for fiscal year 2015 for a total of \$6.0 billion of UAAL.

This liability will be paid through fiscal year 2046 with annual payments determined based on a variety of actuarial assumptions, and the evolving experience as it occurs. Both the current balance of liabilities as well as the magnitude in change in liability from future outcomes highlight the impact that PERS and TRS funding needs have on the State. Effective January 11, 2019, the Alaska Retirement Management Board voted to change the actuarially assumed rate of investment return to 7.38 percent from 8.00 percent, along with several other actuarial assumptions. According to the PERS and TRS ACFR, as of June 30, 2021, a one percent reduction in the rate of return on investments increases the net PERS pension liability by approximately \$1,765,059,000 and the net TRS pension liability by approximately \$813,272,000.

As long as the SB 125 statutory framework is in place, the State is statutorily obligated to obtain amounts required to meet all actuarially determined employer contribution rates for PERS employers above 22 percent and TRS employers above 12.56 percent (subject to the exceptions described above). This payment is subject to annual appropriation. Based on the most recent actuarial valuation dated June 30, 2020, the UAAL for PERS and TRS as of June 30, 2020, was approximately \$5.9 billion. The Other Post Employment Benefit (“OPEB”) as of the PERS and TRS fiscal year 2021 ACFR, using fair value asset levels, are greater than the assumed liabilities for both PERS (\$2,565,354,000 overfunded) and TRS (\$1,162,681,000 overfunded).

State-Supported Municipal Debt Eligible for State Reimbursement. The State administers two programs that reimburse municipalities for municipal debt: the SDRP and the TIDSRP. These programs provide for State reimbursement of annual debt service on general obligation bonds of municipalities for the SDRP and a combination of general obligation and revenue bonds of authorized participants in the TIDSRP. The State may choose not to fund these programs in part or whole.

The Department of Education and Early Development (“DEED”) administers the SDRP, which was created by law in 1970. The SDRP allows municipalities to apply, and if structured correctly, be eligible for reimbursement on up to 100 percent of the debt service on general obligation bonds issued for school construction. All municipal bonds are required to be authorized as general obligation bonds of the municipality, providing the ultimate source of payment commitment. The SDRP has been partially funded in a number of years. Access to the SDRP was restricted during the 1990s due to State budgetary pressure. Beginning in the early 2000s, and through 2014, the program was generally available for any qualified

municipal project at reimbursement rates of 60 to 70 percent of debt service. In 2015, the Legislature passed a moratorium on the SDRP and eliminated DEED's authority to issue agreements to reimburse debt from school bonds that voters approved after January 1, 2015, and before July 1, 2020. Since 1983, the SDRP has been partially funded ten times, most recently in fiscal year 2017 at approximately 79 percent of the authorized amount, in fiscal year 2020 at 50 percent of the authorized amount, in fiscal year 2021 at zero percent of the authorized amount, and in fiscal year 2022 at approximately 42 percent of the authorized amount. As of June 30, 2021, State-supported SDRP debt was \$561.0 million.

The Department of Transportation and Public Facilities and the Alaska Energy Authority administer TIDSRP. The program currently includes University of Alaska revenue bonds, seven municipalities' general obligation bonds, and two electric associations' revenue bonds. There are no additional authorized participants in TIDSRP and no efforts have been made to add to the program since creation in 2002. Other than certain reimbursements for the University of Alaska, no funding was provided in the budgets for fiscal year 2020 through fiscal year 2022. As of June 30, 2021, State-supported TIDSRP debt was approximately \$19.0 million.

While the SDRP and the TIDSRA have been only partially funded or not funded at all in fiscal years 2020-2022, the statutorily allowed reimbursements are still reflected as State subject-to-appropriation obligations in current year balances and future year payment commitments within certain sections of the State's Public Debt publication.

The State has received \$1.25 billion in funding from the federal CARES Act to pay for COVID-19 impacts and mitigate the impact of these reductions. The State has distributed \$562.5 million of CARES Act funding to municipalities in the State.

State-Supported Toll Revenue Bonds. In April 2014, AS 37 Chapter 16 was enacted creating the Knik Arm Crossing project in the Alaska Department of Transportation and Public Facilities. The Legislation provides for the Department of Transportation to enter into a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan and for the Department of Revenue to issue up to \$300 million of state supported subordinate lien toll bridge revenue bonds. Given the green field nature of this project there is a 100% expectation of insufficient toll revenue to cover debt service and the State's general fund having to make debt payments for at least 7 to 10 years, and longer if traffic forecasts are not realized. Based on the September 4, 2020, decision of the Alaska Supreme Court this statutory construct is invalid.

State Moral Obligation Debt. State moral obligation debt consists of bonds issued by certain State agencies or authorities that are secured, in part, by a debt service reserve fund that is benefited by a discretionary replenishment provision that requires the applicable State agency or authority to report any deficiencies to the debt service reserve fund, and permits, but does not legally obligate, the Legislature to appropriate to the particular State agency or authority the amount necessary to replenish the debt service reserve fund up to its funding requirement (generally the maximum amount of debt service required in any year). Such agency or authority debt is payable in the first instance by revenues generated from loan repayments or by the respective projects financed from bond proceeds. Among those State agencies that have the ability to issue such debt are: Alaska Aerospace Development Corporation, which has not issued any debt; Alaska Energy Authority ("AEA"); AHFC; Alaska Industrial Development and Export Authority ("AIDEA"); Alaska Municipal Bond Bank Authority ("AMBBA"); and Alaska Student Loan Corporation ("ASLC"). Approximately \$1,096.5 million of such State agency or authority revenue bond debt was outstanding as of June 30, 2021.

State and University Revenue Debt. This type of debt is issued by the State or by the University of Alaska but is secured only by revenues derived from projects financed from bond proceeds. Revenue debt is not a general obligation of the State or of the University and does not require voter approval. Such debt is authorized by law and issued by the State Bond Committee or the University of Alaska for projects

approved by the Commissioner of Transportation and Public Facilities or by the University of Alaska. This type of debt includes Sportfish Revenue Bonds, International Airports Revenue Bonds, various University Revenue Bonds, Notes, and Contracts, Clean Water and Drinking Water Fund Bonds, and Toll Facilities Revenue Bonds. As of June 30, 2021, there was \$585.1 million of State and University revenue debt outstanding, consisting of \$265.7 million of University of Alaska Revenue Bonds, Notes, and Contracts, and \$319.4 million of Alaska International Airport System Revenue Bonds.

State Agency Debt. State agency debt is secured by revenues generated from the use of bond proceeds or the assets financed by bond proceeds or otherwise of assets of the agency issuing the bonds. This debt is not a general obligation of the State nor does the State provide security for the debt in any other manner, i.e., by appropriations, guarantees, or moral obligation pledges. As of June 30, 2021, there was \$1,658.4 million aggregate principal amount of State agency debt outstanding, consisting of \$1,302.0 million of AHFC obligations, \$9.9 million of Bond Bank Coastal Energy Impact Program Bonds payable to the National Oceanic and Atmospheric Administration, \$495 million of Alaska Railroad Notes, and \$297.3 million of obligations of the Northern Tobacco Securitization Corporation.

State Agency Collateralized or Insured Debt. As security for State agency collateralized or insured debt, the particular State agency pledges mortgage loans or other securities as primary security which, in turn, may be 100 percent insured or guaranteed by another party with a superior credit standing. This upgrades the credit rating on the debt and lowers the interest cost and makes it less likely that the State will assume responsibility for the debt. As of June 30, 2021, the total principal amount outstanding of State agency collateralized or insured debt was approximately \$1,104.8 million, consisting of approximately \$1,053.0 million issued by AHFC and \$51.8 million issued by AIDEA.

Potential State-Supported Pension Obligation Bonds. In 2008, AS.37 Chapter 16 was enacted creating the Pension Obligation Bond Corporation (the “POBC”) for the purpose of issuing bonds for up to \$5 billion for the prepayment of UAAL of the retirement systems. The POBC bonds would have been considered State Supported debt, as they would be secured by agreements with other state agencies that are subject to annual appropriation. In 2018, the POBC bond limit was reduced to \$1.5 billion. Based on the September 4, 2020 decision of the Alaska Supreme Court, this statutory construct is invalid.

Potential State-Supported Tax Credit Certificate Bonds. In 2018, AS 37.18.010 was enacted creating the Alaska Tax Credit Certificate Bond Corporation (the “ATCCBC”) for the purpose of selling bonds for up to \$1 billion to provide for the purchase of certain State tax credits. The ATCCBC bonds would be considered State-supported debt as they would be secured by agreements entered into by other State agencies that are subject to annual appropriation. A legal challenge of the State Constitutionality of the ATCCBC was filed and delayed the potential for bond issuance. Based on the September 4, 2020 decision of the Alaska Supreme Court, this statutory construct is invalid.

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Summary of Outstanding Debt. Table 9 lists, by type, the outstanding State-related debt as of June 30, 2021, except as otherwise noted.

Table 9
State of Alaska Debt and State-Related Debt by Type as of June 30, 2021
(\$ millions)

	Principal outstanding	Interest to maturity	Total debt service to maturity
State Debt			
State of Alaska General Obligation Bonds	\$ 663.0	\$ 262.3	\$ 925.3
State Guaranteed Debt			
Alaska Housing Finance Corporation State Guaranteed Bonds (Veterans' Mortgage Program)	59.5	21.8	81.3
State Supported Debt			
Certificates of Participation	18.7	4.4	23.1
Lease Revenue Bonds with State Credit Pledge and Payment	172.1	55.1	227.2
Total State Supported Debt	<u>190.8</u>	<u>59.5</u>	<u>250.3</u>
State Supported Municipal Debt			
State Reimbursement of Municipal School Debt Service	561.0	133.3	694.3
State Reimbursement of Capital Projects	19.0	4.0	23.0
Total State Supported Municipal Debt	<u>580.0</u>	<u>137.3</u>	<u>717.3</u>
Pension System Unfunded Actuarial Accrued Liability (UAAL) ⁽³⁾			
Public Employees' Retirement System UAAL	4,613.0	N/A	4,613.0
Teachers' Retirement System UAAL	1,328.4	N/A	1,328.4
Total UAAL	<u>5,941.4</u>	<u>N/A</u>	<u>5,941.4</u>
State Moral Obligation Debt			
Alaska Municipal Bond Bank:			
2005 & 2016 General Resolution General Obligation Bonds	1,027.4	400.7	1,428.1
Alaska Energy Authority:			
Power Revenue Bonds #1 through #10	69.1	33.4	102.5
Total State Moral Obligation Debt	<u>1,096.5</u>	<u>434.1</u>	<u>1,530.6</u>
State Revenue Debt			
International Airports Revenue Bonds	319.4	117.9	437.3
University of Alaska Debt			
University of Alaska Revenue Bonds	251.5	120.8	372.3
University Lease Liability and Notes Payable	14.2	3.8	18.0
Total University of Alaska Debt	<u>265.7</u>	<u>124.6</u>	<u>390.3</u>
Total State Revenue and University Debt	<u>585.1</u>	<u>242.5</u>	<u>827.6</u>

[Table 9 continues on next page]

	<u>Principal outstanding</u>	<u>Interest to maturity</u>	<u>Total debt service to maturity</u>
State Agency Debt			
Alaska Housing Finance Corporation:			
Commercial Paper	\$ 130.7	N/A	\$ 130.7
State Capital Project Bonds ⁽²⁾	10.4	\$ 0.4	10.8
State Capital Project Bonds II ⁽²⁾	1,160.9	219.2	1,380.1
Alaska Municipal Bond Bank Coastal Energy Loan Bonds	9.6	1.9	11.5
Alaska Railroad	49.5	3.8	53.3
Northern Tobacco Securitization Corporation			
2006 Tobacco Settlement Asset-Backed Bonds ⁽¹⁾	297.3	357.9	655.2
Total State Agency Debt	<u>1,658.4</u>	<u>583.2</u>	<u>2,241.6</u>
State Agency Collateralized or Insured Debt			
Alaska Housing Finance Corporation:			
Home Mortgage Revenue Bonds:	478.0	208.5	686.5
General Mortgage Revenue Bonds II	497.4	193.9	691.3
Government Purpose Bonds	77.6	13.9	91.5
Alaska Industrial Development and Export Authority:			
Power Revenue Bonds, 2015 Series (Snettisham Hydro Project)	51.8	19.2	71.0
Total State Agency Collateralized or Insured Debt	<u>1,104.8</u>	<u>435.5</u>	<u>1,540.3</u>
Total State and State Agency Debt	<u>11,879.5</u>		
Municipal Debt			
School G.O. Debt	871.7	N/A	N/A
Other G.O. Debt ⁽⁴⁾	1,419.0	N/A	N/A
Revenue Debt ⁽⁴⁾	765.5	N/A	N/A
Total Municipal Debt	<u>3,056.2</u>		
Debt Reported in More than One Category			
Less: State Reimbursable Municipal Debt and Capital Leases	(191.1)		
Less: State Reimbursable Municipal School G.O. Debt	(561.0)		
Less: Alaska Municipal Bond Bank debt included in University debt	(81.2)		
Less: Alaska Municipal Bond Bank debt included in Municipal debt	(845.5)		
Total Deductions Due to Reporting in More than One Category	<u>(1,678.8)</u>		
Total Alaska Public Debt	<u>\$13,256.9</u>		

(1) In the enacted fiscal year 2022 Budget, School Debt was funded at 42%, and Capital Project Reimbursements only included certain University of Alaska reimbursements.

(2) Does not include defeased bonds.

(3) From most recent June 30, 2020 actuarial valuation.

(4) Other G.O. Debt includes certain information sourced directly from municipal ACFRs.

(5) "Interest to Maturity" and "Total Debt Service to Maturity" includes accreted interest due at maturity of \$125.2 million

Source: 2021 – 2022 Alaska Public Debt Book, State of Alaska.

General Fund Supported Obligations. General Fund support is pledged and required for only a portion of the total outstanding public debt. General obligation bonds are unconditionally supported, and COPs and capital leases are subject-to-appropriation commitments with associated obligations. The SDRP and TIDSRP provide discretionary annual payments to municipal issuers for qualified bonds of the municipalities that are eligible by statute to participate in the programs. Table 10 sets forth existing debt service on outstanding State-supported debt the State has provided from the General Fund for these outstanding obligations and the forecast support required to retire the outstanding obligations into the future. With the State’s fiscal year 2022 budget, the “Capital Project Reimbursements” column was reduced to zero, and the SDRP was funded at approximately 42%.

Table 10
State of Alaska
Payments on General Fund Paid Debt as of June 30, 2021
(\$ millions)

Fiscal Year	State G.O.*	Lease / Purchase	Capital Leases ⁽¹⁾	School Debt Reimbursement ^{(2),(3)}	Capital Project Reimbursement ⁽³⁾	Statutory Debt Payment to PERS/TRS ⁽³⁾	Total Debt Service
2021	\$79.1	\$2.9	\$19.5	\$91.4	\$3.6	\$338.6	\$535.0
2022	73.7	2.9	19.5	81.3	3.6	336.2	517.2
2023	73.5	2.9	19.5	82.3	3.6	341.6	523.4
2024	73.3	2.9	19.5	66.7	3.6	358.2	524.2
2025	68.3	2.9	19.5	57.0	3.6	371.7	523.0
2026	68.1	2.9	19.5	47.4	2.8	379.9	520.7
2027	67.5	2.9	20.9	42.8	2.6	388.7	525.4
2028	66.5	2.9	20.9	40.1	2.2	397.9	530.5
2029	65.5	2.9	17.6	35.4	0.9	408.3	530.6
2030	64.8	—	17.6	32.8	0.9	419.1	535.1
2031	52.4	—	17.6	30.2	0.4	431.1	531.6
2032	51.9	—	17.6	27.2	—	443.2	539.9
2033	51.4	—	17.6	21.1	—	456.1	546.2
2034	50.9	—	—	17.9	—	469.4	538.3
2035	27.1	—	—	12.9	—	483.1	523.1
2036	27.0	—	—	5.8	—	498.1	531.0
2037	6.6	—	—	0.7	—	513.7	521.0
2038	18.3	—	—	0.6	—	530.0	548.9
2039	6.1	—	—	0.6	—	546.4	553.1
2040	6.1	—	—	—	—	17.6	23.7
2041	6.1	—	—	—	—	18.3	24.4
2042	—	—	—	—	—	18.8	18.8

(1) A prison and a parking garage have been financed with capital leases.

(2) Fiscal years 2021 – 2039 payments are based on actual bond repayment schedules on file with the Department of Education & Early Development as of 6/30/2021.

(3) In fiscal year 2022, School Debt and Capital Project Reimbursements were funded at 42%, and zero, respectively, other than certain reimbursements for the University of Alaska.

(4) Based on PERS and TRS Actuarial Valuation Reports as of June 30, 2020, payment estimate of zero for 2043-2045, and a projected payment in 2046 of \$1.3 million.

(*) State G.O. debt service is net of federal subsidies on interest expense through 2038.

Source: 2021 – 2022 Alaska Public Debt Book, State of Alaska.

Payment History. The State has never defaulted on its general obligation bond obligations nor has it ever failed to appropriate funds for any State-supported outstanding securitized lease obligations.

State Debt Capacity. The State has historically used the ratio of debt service to revenue as a guideline for determining debt capacity of the State. This policy was established due to the State's relatively small population and high per capita revenue due to oil resource-generated revenue. Historically the State's policy has been that debt service should not exceed five percent of unrestricted revenue when considering only general obligation bonds and COPs that are State-supported. More recently, the State has included more discretionary General Fund supported obligations and programs, including the SDRP, TIDSRP, and certain capital leases. With the more inclusive funding, the State's policy allows the annual payments on these items to range up to seven percent of unrestricted revenue.

Table 11
State of Alaska
Debt Service on Outstanding Obligations to Unrestricted Revenues
Fiscal Years Ended June 30, 1996 – 2021
FORECAST FOR Fiscal Years Ending June 30, 2022 – 2031

Fiscal Year	Unrestricted Revenues (\$ millions)	State G.O. Debt Service (%)	State Supported Debt Service (%)	Total State Debt Service (%)	School Debt Reimbursements (%)	Statutory Payment to PERS/TRS (%)	Total Payments to Revenues (%)
1996	\$2,133.3	1.0%	0.5%	1.4%	3.7%	—	5.2%
1997	2,494.9	0.7	0.4	1.0	2.5	—	3.5
1998	1,825.5	0.8	0.6	1.3	3.4	—	4.7
1999	1,348.4	0.7	1.1	1.8	4.6	—	6.3
2000	2,081.7	0.1	0.9	1.0	3.1	—	4.1
2001	2,281.9	0.0	0.7	0.7	2.3	—	3.0
2002	1,660.3	0.0	1.3	1.3	3.3	—	4.5
2003	1,947.6	0.0	1.1	1.1	2.7	—	3.7
2004	2,345.6	0.8	0.9	1.7	2.6	—	4.3
2005	3,188.8	1.5	0.7	2.2	2.2	—	4.4
2006	4,200.4	1.1	0.6	1.7	1.9	—	3.6
2007	5,158.6	0.9	0.5	1.4	1.7	—	3.1
2008	10,728.2	0.4	0.3	0.6	0.8	—	1.4
2009	5,838.0	0.8	0.6	1.3	1.6	—	2.9
2010	5,512.7	0.9	0.8	1.7	1.7	—	3.4
2011	7,673.0	0.7	0.6	1.3	1.3	—	2.6
2012	9,485.2	0.8	0.4	1.3	1.1	—	2.4
2013	6,928.5	1.1	0.6	1.7	1.6	—	3.3
2014	5,390.0	1.4	0.7	2.1	2.0	—	4.1
2015	2,256.0	3.3	1.6	4.9	5.2	—	10.1
2016	1,533.0	4.0	2.3	6.3	7.6	—	13.9
2017	1,355.0	6.1	2.3	8.3	6.7	—	15.0
2018	2,413.5	3.7	1.1	4.8	4.6	—	9.4
2019	5,349.8	1.7	0.4	2.1	2.0	—	4.1
2020	4,537.0	1.7	0.5	2.2	2.2	—	4.4
2021	4,782.8	1.7	0.5	2.1	2.0	—	4.1
projected							
2022	5,731.9	1.3	0.4	1.7	1.5	5.9	9.1
2023	5,937.7	1.2	0.4	1.6	1.4	5.8	8.8
2024	6,064.5	1.2	0.4	1.6	1.2	5.9	8.7
2025	6,237.9	1.1	0.4	1.5	1.0	6.0	8.5

2026	6,359.0	1.1	0.4	1.4	0.8	6.0	8.2
2027	6,571.2	1.0	0.4	1.4	0.7	5.9	8.0
2028	6,685.8	1.0	0.4	1.4	0.6	6.0	8.0
2029	6,726.1	1.0	0.3	1.3	0.5	6.1	7.9
2030	6,910.8	0.9	0.3	1.2	0.5	6.1	7.8
2031	7,132.7	0.7	0.2	1.0	0.4	6.0	7.4

Source: 2021 – 2022 Alaska Public Debt Book, State of Alaska. 2022 Alaska Public Debt Book was published in January 2022.

STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES

General

The State, through the DOA, administers five retirement systems, a healthcare trust, a deferred compensation plan and a supplemental annuity plan. The two largest retirement systems are PERS TRS. Smaller systems are the Alaska National Guard and Naval Militia Retirement System (“NGNMRS”) and the Judicial Retirement System (“JRS”). The fifth system, the smallest, is the Elected Public Officers Retirement System (“EPORS”), which provides benefits to elected officials who served in 1976.

PERS and TRS each had funding ratios in excess of 100 percent (i.e., were “overfunded”) as recently as 2001. Since that time, as a result of investment losses, recalibration of OPEB liabilities and changes in actuarial assumptions and valuation methodologies, PERS and TRS each has had a UAAL and increasing actuarially determined employer contribution rates. The NGNMRS and JRS, although much smaller systems, also had UAALs until May 2008, when the Legislature made additional contributions in amounts calculated to eliminate the entire UAAL of both the NGNMRS and JRS as of June 30, 2006. The NGNMRS has been fully funded or close to fully funded since June 30, 2010. Despite the additional funding in 2008, the JRS system has continued to have a UAAL through June 30, 2019, primarily on the pension benefits. The State maintains EPORS as a cash-funded, pay-as-you go arrangement and pays benefits each year as they arise. No assets are set aside to pay EPORS benefit costs.

In December 2019, the State’s consulting actuary provided draft June 30, 2019 valuation reports for PERS and TRS defined benefits pension and OPEB, and defined contribution OPEB. The valuations were adopted by the ARM Board on June 18, 2020. The valuation produces a PERS defined benefit pension funding level of 63.7% and Other Post-Employment Benefits funding level of 109.2%, and a total funding level of 78.4%. The 2019 valuation report shows a TRS defined benefit pension funding level of 75.3% and Other Post-Employment Benefits funding level of 117.0%, and a total funding level of 85.9% as reflected in Table 12.

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Table 12

**Actuarial Valuation Report⁽¹⁾
As of June 30, 2019**

Funded Status as of June 30 (\$'s in 000's)	PERS		TRS	
	2019	2018	2019	2018
Defined Benefit ("DB") – Pension				
a. Actuarial Accrued Liability	\$15,039,180	\$14,606,033	\$7,388,020	\$7,276,290
b. Valuation Assets	9,576,693	9,430,192	5,563,931	5,541,600
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	63.7%	64.6%	75.3%	76.2%
DB – Healthcare				
a. Actuarial Accrued Liability	\$7,151,694	\$7,658,104	\$2,518,644	\$2,684,150
b. Valuation Assets	7,810,491	7,686,509	2,947,562	2,898,709
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	109.2%	100.4%	117.0%	108.0%
DB – Total				
a. Actuarial Accrued Liability	\$22,190,874	\$22,264,137	\$9,906,664	\$9,960,440
b. Valuation Assets	17,387,184	17,116,701	8,851,493	8,440,309
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	78.4%	76.9%	85.9%	84.7%
Defined Contribution Retirement ("DCR") – Pension				
a. Actuarial Accrued Liability	\$9,774	\$7,713	\$240	\$30
b. Valuation Assets	36,701	30,961	4,359	3,845
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	375.5%	401.4%	1,816.3%	12,816.7%
DCR – Healthcare				
a. Actuarial Accrued Liability	\$124,946	\$118,598	\$32,981	\$32,429
b. Valuation Assets	118,783	100,097	42,307	36,776
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	95.1%	84.4%	128.3%	113.4%
DCR – Total				
a. Actuarial Accrued Liability	\$134,720	\$126,311	\$33,221	\$32,459
b. Valuation Assets	155,484	131,058	46,666	40,621
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	115.4%	103.8%	140.5%	125.1%

(1) The fiscal year 2019 actuarial valuation report was adopted by the ARM Board on June 18, 2020.

Source: Actuarial Valuation Report as of June 30, 2019.

The ARM Board

The Alaska Retirement Management ("ARM") Board is the fiduciary for funds of three of the retirement systems: PERS, TRS and the NGNMRS and has investment oversight of all of the systems. The ARM Board's mission is to serve as the trustee of the assets of the State's retirement systems, the supplemental annuity plan, the deferred compensation program for State employees and the Retiree Healthcare Trusts (for the PERS, TRS, JRS, and the Retiree Health Fund).

Administration of the Systems

The Commissioner of the DOA or the Commissioner's designee is the administrator, and the Attorney General is the legal counsel, for each of the State's retirement systems. The Treasury Division of the DOR provides investment and cash management services, together with external money managers and consultants, for the ARM Board and for each of the retirement systems and healthcare trusts.

Valuation Reports

PERS and TRS are funded by a combination of mandatory employee contributions at rates that are determined by statute, investment income, and employer contributions at rates adopted by the ARM Board based upon recommendations of the consulting actuary in its valuation reports. State law limits PERS and TRS contribution rates, and statutes provide that the State contribute additional amounts up to the actuarially determined contribution rate. State law requires that actuarial valuation reports be prepared annually for PERS and TRS and that the work of the actuary be reviewed by a second, independent actuary.

State law requires in addition that every four years a different independent actuary be retained to conduct a separate, complete valuation for comparison purposes.

Employer Contribution Rates. Employer contribution rates are adopted by the ARM Board and are based upon State law, administrative regulations and the actuarial determined employer contribution rates based upon results of the actuary's valuations. Employer rates represent a percentage of payroll based upon (i) the normal cost (a uniform rate for all employers within a specific pension program (e.g., PERS and TRS) calculated to reflect the cost of benefits accruing in the applicable FY, less the value of the employees' contributions during that year, plus (ii) the past service cost (amortization of the UAAL over the remaining amortization period). The PERS employer contribution rate is set by law at 22.0 percent; the TRS contribution employer rate is set by law at 12.56 percent. Compensation used to determine required employer contribution rates is total compensation to all active members, including those who are not members of the defined benefit plans. If the actuarially determined employer contribution rate adopted by the ARM Board to fund the plans exceeds these statutorily established rates, the State is required to consider annually appropriating an amount that, when combined with the total employer contributions, will be sufficient to pay the plans' past service liability for that FY.

Employee Contributions. Employee contributions are established by statute and vary for each program and for tiers within a program. If statutorily permitted, employees may also make additional, voluntary contributions, which are accounted for separately.

The Public Employees' Retirement System

General. PERS, formed in 1961, is the largest of the State's retirement systems with 154 employers comprising three State entities, 74 municipalities, 52 school districts and 25 other public entities. The three State entities represent approximately 50 percent of active PERS members. PERS is a cost-sharing, multiple employer plan composed of both a defined benefit ("DB") plan and a defined contribution ("DC") plan. Membership in either plan is dependent upon the participant date of hire. The PERS DB plan was closed to all new members effective July 1, 2006.

At June 30, 2019, the PERS DB membership consisted of 12,316 active members and 36,059 retirees, and beneficiaries and the PERS DC membership consisted of 22,395 total active members. PERS provides pension and other post-employment benefits, death and disability benefits prior to retirement and death benefits and survivor benefits after retirement, in a combination of defined benefit (Tiers 1, 2 and 3) and defined contribution (Tier 4) plans. PERS also provides a voluntary savings plan for the DB tiers and beginning in FY 2007 is funding costs of healthcare benefits through the separate Retiree Healthcare Trust within PERS. Membership in PERS is mandatory for all full- and part-time (15-30 hours per week) employees of the State and of the other participating governmental employers (other than employees exempted by statute or employer participation agreements or who belong to another of the State's retirement systems).

Participants first hired before July 1, 1986 are Tier 1 participants of PERS and are eligible for retirement and for health insurance premiums paid by PERS earlier than members hired after June 30, 1986 (Tier 2). Members first hired after June 30, 1996 (Tier 3) have a 10-year requirement for system-paid premiums, and members who are not peace officer/firefighter members have a different final average earnings calculation than members from Tiers 1 and 2.

Shift to Defined Contribution Plan. In 2005, the Legislature closed the PERS DB plan to members first hired on or after July 1, 2006 and created for Tier 4 employees a DC retirement plan, which is composed of a participant-directed investment account, retiree major medical benefits, a health reimbursement arrangement, and occupational disability and death benefits.

The PERS DC participant account is funded with employee contributions of 8 percent and an employer match of 5 percent. Each participant designates how both employee and employer contributions (regardless of vesting status) are to be allocated among various investment options. Participants are 100

percent vested in their employee contribution and related earnings. Employer contributions to the participant account, plus any earnings they generate are vested as shown in the following Table 13:

Table 13

PERS DC Vesting Schedule

<u>Years of Service</u>	<u>Vested Percentage of Employer Contributions</u>
1 year	0%
2 years	25%
3 years	50%
4 years	75%
5 years	100%

Source: State of Alaska, Division of Retirement & Benefits

Employee Contributions. The PERS DB member contribution rates are 7.5 percent for peace officers and firefighters, 9.6 percent for certain school district employees, and 6.75 percent for general members, as required by statute. The DB member contributions earn interest at the rate of 4.5 percent per annum, compounded semiannually.

The PERS DC Plan member contribution rate is 8.0 percent, as required by statute.

Employer Contributions. The employer contribution rate is determined by the consulting actuary and adopted by the ARM Board annually. AS 39.35.255(a) sets the employer contribution rate at 22.0 percent. The employer contribution rate is paid based on all eligible salaries of the employer without regard to the participant's tier status. The difference between the actuarially determined contribution rate and the statutory employer effective rate is paid by the State as a direct appropriation, also known as the "Additional State Contribution" set out in AS 39.35.280.

Employer contributions made on behalf of DC members also include funding of the DC Retiree Major Medical Plan, Occupational Death and Disability Plan, and the Health Reimbursement Arrangement. DC employer contribution rates are determined by the ARM Board and are based upon State law, administrative regulations, and the actuary's recommended employer contribution rates based upon results of the actuary's valuations.

Table 14 provides a history of the employer contribution rates from FY 2013 through FY 2021.

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Table 14
PERS Employer Contribution Rates

<u>FY</u>	<u>ARM Board Adopted Rate</u>	<u>DB Employer Effective Rate</u>	<u>DC Employer Match</u>	<u>DC Retiree Medical Plan</u>	<u>Occupational Death and Disability - Police/Fire</u>	<u>DC Occupational Death and Disability – All Others</u>	<u>DC Health Reimbursement Arrangement ⁽¹⁾</u>
2013	35.84%	22.00%	5.00%	0.48%	0.99%	0.14%	\$ 1,848.43
2014	35.68%	22.00%	5.00%	0.48%	1.14%	0.20%	\$ 1,896.60
2015 ⁽²⁾	44.03%	22.00%	5.00%	1.66%	1.06%	0.22%	\$ 1,960.53
2016	27.19%	22.00%	5.00%	1.68%	1.05%	0.22%	\$ 2,004.52
2017	26.14%	22.00%	5.00%	1.18%	0.49%	0.17%	\$ 2,049.36
2018	25.01%	22.00%	5.00%	1.03%	0.43%	0.16%	\$ 2,084.16
2019	27.58%	22.00%	5.00%	0.94%	0.76%	0.26%	\$ 2,102.88
2020	28.62%	22.00%	5.00%	1.32%	0.72%	0.26%	\$ 2,121.60
2021	30.85%	22.00%	5.00%	1.27%	0.70%	0.31%	\$ 2,159.04

(1) The employer contribution to the Health Reimbursement Arrangement is expressed as a dollar amount that must be paid in full on an annual basis for each year of service.

(2) Table 14 shows the ARMB adopted rate for FY 2015 based on a level percentage of payroll. The actual contribution for FY 2015 was the one-time transfer of \$3 billion from the Constitutional Budget Reserve Fund (\$1 billion to PERS and \$2 billion to TRS) described under “Recent Pension Reforms.”

Source: State of Alaska Division of Retirement and Benefits.

Contributions from the State of Alaska. AS 39.35.280 provides that the State is obligated to annually consider appropriating to contribute each July 1 or, as soon after July 1 as funds become available, an amount for the ensuing FY that, when combined with the total employer contribution rate of 22.0 percent, is sufficient to pay the PERS DB past service liability at the consolidated actuarially determined contribution rate (“ADC”) adopted by the ARM Board for the FY. Table 15 provides a seven-year history of the additional PERS contributions from the State under AS 39.35.280. For FY 2015, the State total contribution to PERS was a one-time payment of \$1 billion. Due to the one-time contributions, additional legislative and actuarial adjustments in analyzing the pension systems, employer contributions have diminished from levels shown in Table 15. For FY 2021, the ARM Board has recommended a PERS contribution rate attributable to participating employers at 30.85%. This results in estimated employer contributions of \$369,903,000 and an additional estimated State contribution under AS 39.35.280 of approximately \$203,585,000.

Table 15
Additional PERS Contribution from the State (under AS 39.35.280)

<u>FY</u>	<u>Legislative Bill</u>	<u>Amount Provided by State under AS 39.35.280 (\$000s)</u>	<u>Total Employer Contributions to PERS DB (\$000s)</u>	<u>% of Contributions made by State ⁽¹⁾</u>
2014	House Bill 65	312,473	410,983	43.2
2015	Senate Bill 119 ⁽²⁾	1,000,000	397,164	71.6
2016	House Bill 2001	126,521	390,990	24.4
2017	House Bill 256	99,167	388,138	20.4
2018	House Bill 57	72,571	385,396	15.8
2019	House Bill 286	135,367	385,357	26.0
2020	House Bill 39	159,055	N/A	N/A
2021	House Bill 205	203,585	N/A	N/A

(1) Percent of Contributions made by State under AS 39.35.280.

(2) One-time transfer of \$3 billion from the Constitutional Budget Reserve Fund (\$1 billion to PERS) described under “Recent Pension Reforms.”

Source: State of Alaska Division of Retirement and Benefits.

Pension Benefits. PERS DB members are eligible for normal retirement at age 55 or early retirement at age 50 (Tier 1) or normal retirement at age 60 and early retirement at age 55 (for Tiers 2 and 3), in each case with at least five years of paid-up PERS service or other qualifying service. Members may retire at any age when they have at least 30 years of paid-up service.

PERS DC members are immediately and fully vested in member contributions and related earnings (losses). A member is fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. See Table 13 for vesting percentages.

Other Post-Employment Benefits. PERS pays provider major medical healthcare benefits for all Tier 1 retirees, for Tier 2 retirees who are at least 60, and for Tier 3 retirees with ten years of credited service without premium cost to the member. Retirees in Tiers 1, 2, and 3 with 30 years of service (20 years for Tier 1 peace officers and firefighters and 25 years for other peace officers and firefighters) receive benefits with premiums paid by PERS regardless of their age or Tier. For Tier 4 retirees who are eligible for Medicare, PERS pays a portion (70-90 percent of the cost, depending upon length of service) of health insurance premiums.

PERS DC members are eligible for major medical benefits through the retiree medical plan after certain requirements have been met. In addition, PERS DC members have access to a health reimbursement arrangement plan and Occupational Death and Disability Benefits.

Actuarial Valuation – PERS DB. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Effective June 30, 2018, the Board adopted a layered UAAL amortization method: Layer #1 equals the sum of (i) the UAAL at June 30, 2018, based on the 2017 valuation, plus (ii) the FY18 experience gain/loss. Layer #1 is amortized over the remainder of the 25-year closed period that was originally established in 2014. Layer #2 is amortized over a separate closed 25-year period starting in 2018. Future layers will be created each year based on the change in UAAL occurring that year, and will be amortized over separate closed 25-year periods. The UAAL amortization continues to be on a level percent of pay basis. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

The FY 2014 contribution requirements were determined as a percentage of total payroll, and reflect the cost of benefits accruing and a fixed 25-year amortization as a level percentage of payroll of the initial unfunded accrued liability and subsequent gains/losses and other changes. The payroll used to determine the contribution rates is the total payroll of all active members in the system, including those hired after July 1, 2006 who are in the DC plan. The amortization period is set by the ARM Board. Contribution rates are recommended by the consulting actuary and adopted by the ARM Board each year.

The Legislature has discretion to deviate from the rates recommended by the ARM Board; however, they have not historically done so.

The most recent funding objective of the plan, as adopted by the ARM Board for FY 2015, is to set an employer contribution rate that will pay the normal cost and amortize the initial UAAL and each subsequent annual change in the UAAL over a closed 25-year period as a level percentage of payroll amortization. After the ARM Board's adoption of the contribution rate for FY 2015, the Legislature provided for one-time deposits of \$1 billion to PERS and \$2 billion to TRS in the FY 2015 capital budget,

and amended statutes to require a level percentage of payroll method for determining contributions in the future.

Table 16 presents a summary of the funding status of PERS as a whole, including pension and post-employment healthcare benefits combined, as of June 30, 2003 through June 30, 2019. The information presented in Table 16 is derived from the 2014 PERS Valuation Report and differs from the information about PERS prepared for accounting purposes.

Table 16
PERS Funding Status⁽¹⁾
(as of June 30)

Actuarial Valuation Year	Aggregate Accrued Liability (000s)	Valuation of Assets (000s)	Unfunded Liability (000s)	Funded Ratio (%)
2003	\$ 10,561,653	\$ 7,687,281	\$ 2,874,372	72.8%
2004 ⁽²⁾	11,443,916	8,030,414	3,413,502	70.2
2005	12,844,841	8,442,919	4,401,922	65.7
2006	14,388,413	9,040,908	5,347,505	62.8
2007 ⁽³⁾	14,570,933	9,900,960	4,669,973	68.0
2008	15,888,141	11,040,106	4,848,035	69.5
2009	16,579,371	10,242,978	6,336,393	61.8
2010	18,132,492	11,157,464	6,975,028	61.5
2011	18,740,550	11,813,774	6,926,776	63.0
2012	19,292,361	11,832,030	7,460,331	61.3
2013	19,992,759	12,162,626	7,830,133	60.8
2014	20,897,372	14,644,598	6,252,774	70.1
2015	20,648,663	16,173,459	4,475,204	78.3
2016	21,369,490	16,467,992	4,901,498	77.1
2017	21,881,395	16,786,771	5,094,624	76.7
2018	22,264,137	17,116,701	5,147,436	76.9
2019	22,190,874	17,387,184	4,803,690	78.4

See Recent Pension Reform section for actuarial projection as of June 30, 2019.

(1) For PERS Tiers I-III and pension and other post-employment benefits combined.

(2) Change in valuation assumptions (particularly the healthcare cost assumptions) and change in methods.

(3) Tier 4, the PERS defined contribution plan, became effective for employees first hired after June 30, 2006 when the defined benefit plans were closed. Change in healthcare cost assumptions.

Source: 2019 PERS Actuarial Valuation Report, Section 1.7.

Tables 17 and 18 present the State of Alaska PERS, Schedule of Contributions from Employers and the State for the Defined Benefit Pension Plan and the Alaska Retiree Healthcare Trust Plan, respectively. These schedules show the dollar amount of the ADC, contributions in relation to the ADC, and the contributions as a percentage of covered payroll (under AS 39.35.280).

Table 17
PERS - Schedule of Employer and Nonemployer Contributions – Defined Benefit Pension Plan
Last 10 Fiscal Years
(In thousands)

<u>Year Ended June 30</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2010	\$ 217,080	\$ 186,617	\$ 30,463	\$ 1,586,697	11.8%
2011	220,419	204,262	16,157	1,559,938	13.1
2012	351,674	313,607	38,067	1,522,399	20.6
2013	382,889	344,063	38,826	1,534,665	22.4
2014	358,718	382,998	(24,280)	1,405,198	27.3
2015	529,264	1,226,136	(696,872)	1,412,237	86.8
2016	566,615	323,946	242,669	1,322,925	24.5
2017	368,766	362,764	6,002	1,247,884	29.1
2018	395,663	372,383	23,280	1,159,599	32.1
2019	414,243	418,458	(4,215)	1,049,152	39.9

Source: PERS Financial Statement as of June 30, 2019.

Table 18
PERS - Schedule of Employer and Nonemployer Contributions – Alaska Retiree Healthcare Trust Plan
Last 10 Fiscal Years
(In thousands)

<u>Year Ended June 30</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2010	\$ 790,793	\$ 313,683	\$ 477,110	\$ 1,586,697	19.8%
2011	525,075	362,188	162,887	1,559,938	23.2
2012	498,433	334,941	163,492	1,522,399	22.0
2013	612,792	373,205	239,587	1,534,665	24.3
2014	783,827	340,458	443,369	1,405,198	24.2
2015	782,258	171,028	611,230	1,412,237	12.1
2016	790,824	193,564	597,260	1,322,925	14.6
2017	133,845	124,541	9,304	1,247,884	10.0
2018	71,251	85,731	(14,480)	1,159,599	7.4
2019	99,083	102,266	(3,183)	1,049,152	9.8

Source: PERS Financial Statement as of June 30, 2019.

For PERS, the annual actuarially determined contribution (ADC) for pension for FY 2017 was \$368,766,000, FY 2018 was \$395,663,000 and for FY 2019 was \$414,243,000. The contributions in relation to the ADC for FY 2017 was \$362,764,000, FY 2018 was \$372,383,000, and FY 2019 was \$418,458,000, \$6,002,000 and \$23,280,000 less than the ADC in FY 2017 and FY 2018, respectively, and \$4,215,000 more than the ADC in FY 2019.

Projections of benefits for financial report purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows.

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay normal cost basis for pension and healthcare
Amortization Method	Level percentage of pay, layered
Equivalent Single Amortization Period	25 years
Asset Valuation Method	5-year smoothed fair value, reinitialized to fair value as of June 30, 2014
Actuarial Assumptions:	
Investment rate of return*	7.38% for pension and for healthcare.
Projected salary increases	Peace Officer/Firefighter: Merit – 2.75% per year for the first 4 years of employment, grading down to 0.5% at 7 years and thereafter. Productivity – 0.5% per year. Others: Merit – 6.00% per year grading down to 2.00% after 5 years; for more than 6 years of service, 1.50% grading down to 0%. Productivity – 0.5% per year.
*Includes price inflation at	2.50%
Cost-of-living adjustment	Post-retirement Pension Adjustment.

Changes in Actuarial Assumptions Since the Prior Valuation. The ARM Board contracted for an experience analysis to be performed of the actuarial assumptions underlying the PERS actuarial valuation. The experience analysis covered the timeframe of July 1, 2013 to June 30, 2017, and were first used in the June 30, 2018 actuarial valuation reports. As a result of the experience analysis the following changes were made as of June 30, 2018 actuarial valuation. There have been no changes in methodology since the June 30, 2018 valuation.

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Defined benefit pension and postemployment healthcare benefit plan:

	June 30, 2019	June 30, 2017
Salary Scale	Based on actual experience from 2013 to 2017. Inflation 2.50% per year and productivity 0.25% per year.	Rates adjusted on actual experience from 2010-2013.
Pre-termination Mortality	Based upon 2013-2017 actual mortality experience. 100% (male and female) of RP-2014 health annuitant table with MP-2017 generational improvement.	Based upon 2010-2013 actual mortality experience. 60% of male rates and 65% of female rates of the post termination mortality rates
Post-termination Mortality	Based upon 2013-2017 actual mortality experience. 91% of male and 96% of female rates of RP-2014 health annuitant table with MP-2017 generational improvement.	96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.
Disability Mortality	In accordance with the RP-2014 disability table with MP-2017 generational improvement.	RP-2000 Disabled retiree table, 2000 base year projected to 2018 with projection scale BB.
Turnover	Rates adjusted based on actual experience from 2013-2017.	Based upon the 2010-2013 actual withdrawal experience.
Disability	Incidence rates based on 2013-2017 actual experience. Peace Officer/Firefighter: assumed to be occupational 75% of the time. Others: assumed to be occupational 40% of the time.	Incidence rates based on 2010-2013 actual experience. Peace officer/firefighter: Decreased rates by 5%. Others: Decreased rates by 30%.
Retirement	Rates were adjusted based on actual experience from 2013-2017.	Retirement rates based upon the actual 2010-2013 experience.
Deferred vested commencement date	Deferred vested members are assumed to retire at their earliest unreduced retirement date. The modified cash refund annuity is valued as a three-year certain and life annuity.	Peace officer/firefighter: Tier 1 age 55 Tier 2 and 3 age 60 Others: Earliest unreduced age
COLA	Of those benefit recipients who are eligible for the COLA, 70% of others and 65% of peace officer/firefighters are assumed to remain in Alaska and receive the COLA.	Of those benefit recipients who are eligible for the COLA, 70% of others and 65% of peace officer/firefighters are assumed to remain in Alaska and receive the COLA.
Occupational Death and Disability	Others: 40% Peace officer/firefighters: 75%	Others: 50% Peace officer/firefighters: 70%

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Defined contribution occupational death and disability and retiree medical benefits plan:

	June 30, 2019	June 30, 2017
Salary Scale	Based on actual experience from 2013-2017. Inflation – 2.50% per year Productivity – 0.25% per year	Inflation – 3.12% per year Productivity – 0.50% per year
Pre-termination Mortality	Based upon 2013-2017 actual mortality experience. 100% of male and female of RP-2014 employee table with MP-2017 generational improvement.	Based upon 2010-2013 actual mortality experience. 60% of male rates and 65% of female rates of the post termination mortality rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others.
Post-termination Mortality	Based upon 2013-2017 actual mortality experience, 91% of male and 96% of female rates of the RP-2014 healthy annuitant table with MP-2017 generational improvement.	96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.
Disability	Incidence rates based on 2013-2017 actual experience. Post-termination disabled mortality in accordance with RP-2014 disabled retiree mortality table with MP-2017 generational improvement. Disabilities are assumed to be occupational 70% of the time for peace officer/firefighters, 50% of the time for others.	Incidence rates based on 2010-2013 actual experience. Post termination disabled mortality in accordance with RP-2000 disabled retiree mortality table, 2000 base year projected to 2018 with projection scale BB. Disabilities are assumed to be occupational 70% of the time for peace officer/firefighters, 50% of the time for others.
Turnover	Select and ultimate rates based upon the 2013-2017 actual experience.	Based upon the 2010-2013 actual withdrawal experience.
Occupational Death and Disability	Others: 40% Peace officer/firefighters: 75%	Others: 50% Peace officer/firefighters: 70%

Teachers' Retirement System

General. TRS was established in 1955 to provide pension and other post-employment benefits to teachers and other eligible participants. TRS includes 58 employers (including the 53 school districts). TRS is a cost-sharing, multiple employer plan composed of both a DB plan and a DC plan. Membership in either plan is dependent upon the participant date of hire. The TRS DB plan is closed to all new members effective July 1, 2006.

On June 30, 2019, the TRS DB membership consisted of 4,087 active members and 13,239 retirees and beneficiaries and the TRS DC membership consisted of 5,218 active members. TRS provides pension and other post-employment benefits, death and disability benefits prior to retirement and death benefits and survivor benefits after retirement, in a combination of defined benefit (Tiers 1 and 2) and defined contribution (Tier 3) plans. TRS also funds costs of healthcare benefits through the separate Retiree Healthcare Trust within TRS. Membership in TRS is mandatory for all full- and part-time employees, including employees who are certificated elementary and secondary teachers, school nurses and certificated employees in positions requiring teaching certificates, employees in Department of Education and Early Development and Department of Labor and Workforce Development positions that require teaching certificates, University of Alaska full- and part-time teachers and with the approval of the TRS administrator, full-time administrative employees in positions requiring academic standing and certain full-time or part-time teachers of Alaska Native language or culture who elect to be covered under TRS.

Participants first hired before July 1, 1990 are Tier 1 participants of TRS and are eligible for retirement and for health insurance premiums paid by TRS earlier than members hired after July 1, 1990 (Tier 2).

Shift to Defined Contribution Plan. In 2005, the Legislature closed the TRS DB plan to members first hired on or after July 1, 2006 and created for Tier 3 employees a DC retirement plan, which is composed of a participant-directed investment account, medical benefits, a health reimbursement arrangement, and occupational disability and death benefits.

The TRS DC participant account is funded with employee contributions of 8 percent and an employer match of 7 percent. Each participant designates how contributions are to be allocated among various investment options. Participants are 100 percent vested in their employee contribution and related earnings. Employer contributions to the participant account, plus any earnings they generate are vested as shown in the following Table 19:

Table 19

TRS DC Vesting Schedule

<u>Years of Service</u>	<u>Vested Percentage of Employer Contributions</u>
1 year	0%
2 years	25%
3 years	50%
4 years	75%
5 years	100%

Source: State of Alaska, Division of Retirement & Benefits

Employee Contributions. The TRS DB member contribution rates are 8.65 percent as required by statute. Eligible TRS DB members contribute an additional 1.00 percent of their salary under a supplemental contribution provision. The DB member contributions earn interest at the rate of 7.0 percent per annum, compounded annually on June 30.

The TRS DC member contribution rate is 8.0 percent, as required by statute.

Employer Contributions. The employer contribution rate is determined by the consulting actuary and adopted by the ARM Board annually. AS 14.25.070(a) sets the employer contribution rate at 12.56 percent. The employer contribution rate is paid based on all eligible salaries of the employer without regard to the participant's tier status. The difference between the actuarially determined contribution rate and the statutory employer effective rate is paid by the State as a direct appropriation, also known as the "Additional State Contribution" under AS 14.25.085.

Employer contributions made on behalf of DC members also include funding of the DC Retiree Major Medical Plan, Occupational Death and Disability Plan, and the Health Reimbursement Arrangement. DC employer contribution rates are determined by the ARM Board and are based upon State law, administrative regulations, and the actuary's recommended employer contribution rates based upon results of the actuary's valuations.

Table 20 provides a history of the employer contribution rates from FY 2013 through FY 2021.

Table 20 TRS Employer Contribution Rates

FY	ARM Board Adopted <u>Rate</u>	Employer Effective <u>Rate</u>	DC Employer <u>Match</u>	DC Retiree Medical <u>Plan</u>	DC Occupational Death and Disability	DC Health Reimbursement <u>Arrangement</u> ⁽¹⁾
2013	52.67%	12.56%	7.00%	0.49%	0.00%	\$ 1,848.43
2014	53.62%	12.56%	7.00%	0.47%	0.00%	\$ 1,896.60
2015 ⁽²⁾	70.75%	12.56%	7.00%	2.04%	0.00%	\$ 1,960.53
2016	29.27%	12.56%	7.00%	2.04%	0.00%	\$ 2,004.52
2017	28.02%	12.56%	7.00%	1.05%	0.00%	\$ 2,049.36
2018	26.78%	12.56%	7.00%	0.91%	0.00%	\$ 2,084.16
2019	28.90%	12.56%	7.00%	0.79%	0.08%	\$ 2,102.88
2020	30.47%	12.56%	7.00%	1.09%	0.08%	\$ 2,121.60
2021	30.47%	12.56%	7.00%	0.93%	0.08%	\$ 2,159.04

(1) The employer contribution to the Health Reimbursement Arrangement is expressed as a dollar amount that must be paid in full on an annual basis for each year of service.

(2) Table 19 shows the ARMB adopted rate for FY 2015 based on a level percentage of payroll. The actual contribution for FY 2015 was the one-time transfer of \$3 billion from the Constitutional Budget Reserve Fund (\$1 Billion to PERS and \$2 Billion to TRS) discussed in "Recent Pension Reforms."

Source: State of Alaska Division of Retirement and Benefits.

Contributions from the State of Alaska. AS 14.25.085 provides that the State is obligated to annually consider appropriating to contribute each July 1 or, as soon after July 1 as funds become available, an amount for the ensuing FY that, when combined with the total employer contribution rate of 12.56 percent, is sufficient to pay the DB past service liability at the consolidated ADC adopted by the ARM Board for the FY.

Table 21 provides a history of the TRS contributions from the State under AS 14.25.085 from FY 2014 through FY 2020. For FY 2015, the State total contribution to TRS was a one-time payment of \$2 billion. For FY 2021, the ARM Board has adopted a TRS contribution rate attributable to participating employers at 30.47%. This results in employer contributions of \$48,459,000 and an additional State contribution under AS 14.25.085 of \$134,976,000.

Table 21
TRS Contribution from the State (under AS 14.25.085)

FY	<u>Legislative Bill</u>	Amount Provided by State under AS 14.25.085 (\$000s)	Total Employer Contributions to TRS DB Plan (\$000s)	% of Contributions made by State ⁽¹⁾
2014	House Bill 65	316,846	69,551	82.0
2015	Senate Bill 119 ⁽²⁾	2,000,000	63,296	96.9
2016	House Bill 2001	130,108	60,058	68.4
2017	House Bill 256	116,700	60,703	65.8
2018	House Bill 57	111,757	59,140	65.4
2019	House Bill 286	128,174	53,953	70.4
2020	House Bill 39	141,129	N/A	N/A
2021	House Bill 205	134,976	N/A	N/A

(1) Percent of Contributions made by State under AS 14.25.085.

(2) One-time transfer of \$3 billion from the Constitutional Budget Reserve Fund (\$2 billion to TRS) described under "Recent Pension Reforms."

Source: State of Alaska Division of Retirement and Benefits.

Pension Benefits. Tier 1 members were hired before July 1, 1990 and are eligible for normal retirement at age 55 or for early retirement at age 50, and Tier 2 members were hired after June 30, 1990

and before July 1, 2006 and are eligible for normal retirement at age 60 and for early retirement at 55, and generally with at least eight years of paid-up membership service or other qualifying service. Members may retire at any age when they have at least 20 years of paid-up membership service or 20-25 years of a combination of paid-up membership service and other types of service. TRS members are also eligible for normal retirement if they have, for each of 20 school years, at least one-half year of membership service as a part-time teacher.

Tier 3 employees were hired after June 30, 2006 and are 100 percent vested in their own contributions from the beginning and vest in their employers' seven-percent contributions over five years: 25 percent after two years of service, 50 percent after three years of service, 75 percent after four years of service and 100 percent after five years of service. Tier 3 pension payments (the account balance plus investment income) are payable in a lump sum or over time at the employee's option.

Other Post-employment Benefits. TRS provides major medical healthcare benefits for all Tier 1 members who are at least 50 or who are any age with at least 20 years of paid-up service receive healthcare benefits and Tier 2 members who are 60 or older or who have 25 years of paid-up membership service or are disabled also receive healthcare benefits. Tier 2 members may receive coverage prior to age 60 if they pay the premiums. Medical benefits are supplemental to Medicare. For both Tier 1 and Tier 2, coverage includes coverage for eligible dependents.

For Tier 3, the TRS healthcare plan is a coinsurance major medical and prescription drug plan intended to maintain over time coinsurance levels at approximately 80 percent by the plan and 20 percent by the participant, with a maximum annual coinsurance payable by the participant of \$2,500 per person and a maximum lifetime benefit payable by the plan, less any amounts paid by Medicare.

Actuarial Valuation – TRS DB. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Effective June 30, 2018, the Board adopted a layered UAAL amortization method: Layer #1 equals the sum of (i) the UAAL at June 30, 2018 based on the 2017 valuation, plus (ii) the FY 2018 experience gain/loss. Layer #1 is amortized over the remainder of the 25-year closed period that was originally established in 2014. Layer #2 equals the change in UAAL at June 30, 2018, due to the experience study and EGWP implementation. Layer #2 is amortized over a separate closed 25-year period starting in 2018. Future layers will be created each year based on the change in UAAL occurring that year, and will be amortized over separate closed 25-year periods. The UAAL amortization continues to be on a level percent of pay basis. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

The FY 2014 contribution requirements are determined as a percentage of payroll, and reflect the cost of benefits accruing and a fixed 25-year amortization as a level percentage of payroll of the initial unfunded accrued liability and subsequent assumption changes and gains/losses. The payroll used to determine the contribution rates is the total payroll of all active members in the System, including those hired after July 1, 2006 who are in the Defined Contribution Retirement Plan. The amortization period is set by the ARM Board. Contribution levels are recommended by the consulting actuary and adopted by the ARM Board each year.

The Legislature has discretion to deviate from the rates recommended by the ARM Board, however, have not historically done so.

The most recent funding objective of the plan, as adopted by the ARM Board for FY 2015, was to set an employer contribution rate that will pay the normal cost and amortize the initial UAAL and each

subsequent annual change in the UAAL over a closed 25-year period as a level percentage of payroll amortization.

The information about TRS funding status included in Table 22 reflects the status of TRS as of June 30, 2019. Information about TRS assets and liabilities allocable to State employers alone is not shown because most non-State TRS employers make these contributions primarily from funds provided by the State.

Table 22
TRS Funding Status ⁽¹⁾
(as of June 30)

Actuarial Valuation Year	Aggregate Accrued Liability (000s)	Valuation Assets (000s)	Unfunded Accrued Liability (000s)	Funded Ratio (%)
2003	\$ 5,835,609	\$ 3,752,285	\$ 2,083,324	64.3%
2004 ⁽²⁾	6,123,600	3,845,370	2,278,230	62.8
2005	6,498,556	3,958,939	2,539,617	60.9
2006	7,229,851	4,141,700	3,088,151	57.3
2007	7,189,403	4,424,399	2,765,004	61.5
2008	7,619,178	4,936,976	2,682,202	64.8
2009	7,847,514	4,472,958	3,374,556	57.0
2010	8,847,788	4,739,128	4,108,660	53.6
2011	9,128,795	4,937,937	4,190,858	54.1
2012	9,346,444	4,869,154	4,477,290	52.1
2013	9,592,107	4,974,076	4,618,031	51.9
2014	9,841,032	6,019,274	3,821,758	61.2
2015	9,729,117	8,108,923	1,620,194	83.3
2016	9,907,624	8,200,391	1,707,233	82.8
2017	10,144,618	8,313,637	1,830,981	82.0
2018	9,960,440	8,440,309	1,520,131	84.7
2019	9,906,664	8,511,493	1,395,171	85.9

See Recent Pension Reform section for actuarial projection as of June 30, 2018

(1) Includes pension benefits and other post-employment benefits.

(2) Change in asset valuation method.

Source: 2019 TRS Actuarial Valuation Report, Section 1.7.

Tables 23 and 24 present the State of Alaska TRS, Schedule of Contributions from Employers and the State for the Defined Benefit Pension Plan and the Alaska Retiree Healthcare Trust Plan, respectively. These schedules show the dollar amount of the ADC, contributions in relation to the ADC, and the contributions as a percentage of covered payroll (under AS 39.35.280).

Table 23
TRS - Schedule of Employer and Nonemployer Contributions – Defined Benefit Pension Plan
Last 10 Fiscal Years
(In thousands)

<u>Year Ended June 30</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2010	\$ 170,788	\$ 134,275	\$ 36,513	\$ 564,887	23.8%
2011	167,978	142,147	25,831	584,068	24.3
2012	229,509	195,576	33,933	561,971	34.8
2013	259,786	234,317	25,469	550,044	42.6
2014	240,366	246,461	(6,095)	514,035	48.0
2015	321,971	1,699,074	(1,377,103)	490,667	346.3
2016	359,790	124,067	235,723	473,734	26.2
2017	133,417	153,334	(19,917)	449,629	34.1
2018	144,391	151,593	(7,202)	425,841	35.6
2019	154,083	164,170	(10,087)	392,609	41.8

Source: TRS Financial Statement as of June 30, 2019.

Table 24
TRS - Schedule of Employer and Nonemployer Contributions – Alaska Retiree Healthcare Trust Plan
Last 10 Fiscal Years
(In thousands)

<u>Year Ended June 30</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2010	\$ 312,922	\$ 115,681	\$ 197,241	\$ 564,887	20.5%
2011	167,686	124,724	42,962	584,068	21.4
2012	192,700	113,411	79,289	561,971	20.2
2013	330,411	141,125	189,286	550,044	25.7
2014	320,797	139,936	180,861	514,035	27.2
2015	352,417	364,222	(11,805)	490,667	74.2
2016	336,595	66,099	270,496	473,734	14.0
2017	42,171	24,069	18,102	449,629	5.4
2018	19,518	19,305	213	425,841	4.5
2019	19,944	17,957	1,987	392,609	4.6

Source: TRS Financial Statement as of June 30, 2019.

For TRS, the annual ADC for pension for FY 2017 was \$133,417,000, FY 2018 was \$144,391,000 and for FY 2019 was \$154,083,000. The contributions in relation to the ADC for FY 2017 was \$153,334,000, FY 2018 was \$151,593,000, and FY 2019 was \$164,170,000, \$19,917,000, \$7,202,000, and \$10,087,000 more than the ADC in FY 2017, FY 2018, and FY 2019, respectively.

Projections of benefits for financial report purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows.

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay normal cost basis for pension and healthcare
Amortization Method	Level percentage of pay, layered
Equivalent Single Amortization Period	25 years (each layer is amortized on a closed 25-year period)
Asset Valuation Method	5-year smoothed fair value, reinitialized to fair value as of June 30, 2014
Actuarial Assumptions:	
Investment rate of return*	7.38% per year
Projected salary increases	Based upon the 2013-2017 actual experience; inflation - 2.50% per year; productivity – 0.25% per year
*Includes inflation at	2.50%
Cost-of-living adjustment	Post-retirement Pension Adjustment (PRPA) is 50% and 75% of assumed inflation and is valued for the annual automatic PRPA as specified in statute.

Changes in Actuarial Assumptions Since the Prior Valuation. The ARM Board contracted for an experience analysis to be performed of the actuarial assumptions underlying the TRS actuarial valuation. The experience analysis covered the timeframe of July 1, 2013 to June 30, 2017, and were first used in the June 30, 2018 actuarial valuation reports. As a result of the experience analysis the following changes were made as of June 30, 2018 actuarial valuation. There have been no changes in methodology since the June 30, 2018 valuation.

	June 30, 2019	June 30, 2017
Salary Scale	Based on actual experience from 2013-2017.	Rates adjusted on actual experience from 2010 to 2013.
Pre-termination Mortality	Mortality rates based on the 2013-2017 actual experience. 100% of RP-2014 white-collar employee table with MP-2017 generational improvement.	68% of male rates and 60% of female rates of RP-2000, 2000 Base Year projected to 2018 with Projection Scale BB. Deaths are assumed to result from non-occupational causes 85% of the time.
Post-termination Mortality	Mortality rates based on the 2013-2017 actual experience. 93% of male and 90% of female rates of RP-2017 generational improvement. Deaths are assumed to result from occupational causes 15% of the time.	94% of male rates and 97% of female rates of RP-2000, 2000 Base Year projected to 2018 with Projection Scale BB, with a three-year setback for males and a four-year setback for females.

	June 30, 2019	June 30, 2017
Disability Mortality	Incidence rates based on the 2013-2017 actual experience. Post-disability mortality in accordance with the RP-2014 disabled table with MP-2017 generational improvement. Deaths are assumed to be from non-occupational causes 85% of the time.	RP-2000 Disabled Retiree Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB.
Turnover	Based on the 2013-2017 actual experience	Select and ultimate rates based upon the 2010-2013 actual withdrawal experience.
Disability	Based on the 2013-2017 actual experience.	Retirement rates based on 2010-2013 experience. Male/female rates increased and changed to Unisex rates. Disabilities are assumed to result from occupational causes 15% of the time.
Retirement	Based on the 2013-2017 actual experience.	Retirement rates based on 2010-2013 experience.
Part-time Service	0.75 years of credited service per year.	Part-time employees are assumed to earn 0.75 years of credited service per year.

Recent Pension Reforms

In the past several years, to mitigate expected pension costs and rising employer contribution rates, the Legislature enacted a range of statutory changes to the retirement systems and to the State's approach to managing pension and OPEB costs. In 2005, the Legislature closed the PERS and TRS DB plans and to establish DC plans, each with a healthcare component, for new employees.

In 2007, the Legislature enacted Senate Bill 123, which created the Alaska Retiree Health Care Trusts (the "Retiree Healthcare Trusts"). Senate Bill 123 directed that all separately calculated employer contributions for other post-employment benefits under the DB plans and all appropriations, earnings and reserves for the payment of retiree medical obligations be credited to these separate trusts. The State received a ruling from the IRS confirming that the State could reallocate a portion of the assets of PERS and TRS to the Retiree Healthcare Trusts, which it did.

In 2008, the Legislature enacted two additional reform bills: Senate Bill 125 and the Retirement Cost Funding Act. The Retirement Cost Funding Act authorizes issuers, including the Alaska Pension Obligation Bond Corporation ("POBC"), to issue bonds and/or to enter into contracts to finance the payment by governmental employers of their share of the UAALs of the retirement systems. The Governor's budget for FY 2017 included an appropriation to the POBC in anticipation of a potential bond issuance. The proposed bonds were to be structured to realize a 90% funding level in TRS and to minimize the State's non-employer payments to the retirement system. Projected savings were to be concentrated in the final 8 years of the amortization of the unfunded liability. On February 16, 2016, the Governor's budget was amended and the appropriation to the POBC was eliminated. At this time, it is uncertain whether the POBC will be issuing bonds.

Senate Bill 125 converted PERS to a cost-sharing system, similar to TRS, and shifted to the State more of the cost of funding the UAALs of PERS and TRS. Senate Bill 125 set employer contribution rates at the higher of (i) 22 percent of total payroll for PERS and 12.56 percent of payroll for TRS and (ii) in each case, the rate required to cover the actuarially determined normal cost plus amounts required to be contributed to the DC plans' Retiree Health Care Trusts.

As proposed by the Governor, the 2014 Legislature funded a \$3 billion transfer from the State's Constitutional Budget Reserve Fund to the PERS and TRS retirement trust funds as part of a plan to manage the ongoing cost of funding the unfunded liabilities. The Legislature directed \$2 billion being transferred to the TRS trust and \$1 billion being transferred to the PERS trust in the FY 2015 capital budget. As part of the agreement for the transfer, the Legislature also approved HB 385 that provides for any excess assets

at the termination of the plan be deposited in the General Fund and that the contribution rate for liquidating past service liabilities be based on a level percent of pay method based on amortization of the past service liability for a closed term of 25 years. An additional adjustment in 2014 was provided for in SB 119, which eliminated effective in FY 2015 the two-year lag in actuarial analysis for rate setting. In October 2014, the State's consulting actuary estimated the impact of the one-time contributions and programmatic adjustments to increase the PERS projected June 30, 2015 funding ratio to 71.8% and the projected 2015 TRS funding ratio to 77.0%. This was updated in the 2019 valuation to a PERS June 30, 2019 funding ratio of 78.4% and a 2019 TRS funding ratio of 85.9%

The Other Retirement Systems

The Alaska National Guard and Alaska Naval Militia Retirement System. The NGNMRS was established in 1973 and includes members of the Alaska National Guard and members of the Alaska Naval Militia. Members receive voluntary retirement benefits, which do not include healthcare benefits. The total contribution for FY 2019 was \$851,686 and for FY 2018 was \$907,231. As of June 30, 2019, the roll-forward actuarial valuation reported an actuarial accrued liability of \$22.6 million, actuarial value of assets of \$41.9 million, and excess assets of \$19.3 million. The NGNMRS is funded at 185.6%. It is understood that there will be no contributions to the NGNMRS until such time that it is funded below 100%.

The Judicial Retirement System. The JRS was established in 1963 and provides pension and other post-employment benefits to Supreme Court Justices and Superior, District and Appellate Court judges and the administrative director of the court system. As of the June 30, 2019 roll-forward actuarial valuation, the pension plan was funded at 84.2% and the healthcare plan was funded at 184.2%. The System's unfunded liability was \$19.8 million, and was funded at 91.7%.

The Elected Public Officers Retirement System. The EPORS was enacted as a retirement system for elected State officials who held office between January 1, 1976 and October 14, 1976. As of June 30, 2019, the actuarial accrued liability was \$17.8 million, with an expected annual benefit payment and claims cost of approximately \$1.46 million. No assets are set aside to pay EPORS benefit costs.

State's Supplemental Benefits System

In 1979, State employees elected to withdraw from the Social Security system. The State established a benefit program, effective January 1, 1980, which supplements the existing public employee retirement plans. Participation in the supplemental benefits system is mandatory for each State employee and the 21 other employers participating in the supplemental benefits system. A combined employer/employee contribution of 12.26 percent of wages (one-half contributed by employees up to the wage limit in effect for Social Security in a current year) is deposited into each employee's annuity plan account. Separate contributions are allowed to a cafeteria style supplemental benefit plan to provide death, survivor, disability and health benefits.

As of June 30, 2019, the supplemental benefits system had approximately 46,900 participants. At June 30, 2019, net assets available for system benefits were \$4.1 billion. These assets are held in trust by the State for the exclusive benefit of covered employees and their beneficiaries.

State's Deferred Compensation Plan

The State maintains an optional Deferred Compensation Plan (the "Plan") for the benefit of its employees and participating eligible employers. Participants under the Plan defer receipt of a portion of their salary until termination of State or political subdivision employment. As of June 30, 2019, the Plan had approximately 11,500 participants. As of June 30, 2019, the net assets available for Plan benefits were \$990.3 million. These assets are held in trust by the State for the exclusive benefit of the covered employees and their beneficiaries.

State's Annual/Personal Leave and Sick Leave

The cost of annual/personal leave and sick leave for State employees is charged against agency appropriations when leave is used rather than when leave is earned, except when an employee's State service is terminated. In that instance, the accumulated annual/personal leave balance is charged to a terminal leave liability account that is funded by a charge to each agency's operating budget.

INVESTMENT POLICIES

General Fund, Constitutional Budget Reserve Fund and Other Subfunds

By statute, the Commissioner of the DOR is the fiduciary for many of the State's funds, including the CBRF, General Fund and subfunds within the General Fund, such as the SBRF and the Alaska Capital Income Fund. The Commissioner's responsibilities for these funds include establishing investment policy, providing accounting and custody for the assets and monitoring and reporting the performance and characteristics of the funds and investment options. The Commissioner reviews capital market assumptions and sets an appropriate asset allocation for the General Fund, the Constitutional Budget Reserve Fund and the other subfunds, consistent with each fund's objectives and constraints.

As of July 1, 2020, the target asset allocation for the General Fund is 23 percent core U.S. fixed income and 77 percent short-term fixed income investments.

As of July 1, 2020, the Constitutional Budget Reserve Fund main account, with a short-term time horizon, has a target asset allocation of 100 percent short-term fixed income investments.

Annually, the Commissioner of the DOR adopts specific investment policies for each asset class. These investment policies specify asset class characteristics, monitoring requirements and risk controls. The Commissioner may revise the investment policies as market conditions warrant. The State employs industry consultants and a professional staff to assist in monitoring and evaluating investments.

The Permanent Fund

A governor-appointed APFC Board of Trustees (the "APFC Board") sets the APFC investment policy. The policy is required to be consistent with the prudent investor rule stated in AS 37.13.120, which provides: "The prudent-investor rule as applied to investment activity of the fund means that the corporation shall exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the fund over time while maximizing the expected total return from both income and the appreciation of capital."

At least once each calendar year, the APFC Board reviews its asset allocation policy for the investment of fund assets for the coming year, and was last amended on July 1, 2020. On May 21, 2020, the APFC Board adopted changes to the Investment Policy which included a five-year asset allocation plan for each fiscal year 2021 through 2025. This review is conducted under the guidance of APFC investment staff, with the assistance and advice of the APFC Board's investment consultant. The APFC Board's long-term investment goal is to achieve an average annual real rate of return of five percent at acceptable risk levels (measured by expected volatility).

The APFC Board has created a three-person investment advisory council to provide the APFC Board with independent advice from professionals with significant, direct experience in the management and operation of large investment funds. The role of the members of the investment advisory council is to make recommendations to the APFC Board concerning investment policies, investment strategy and investment procedures; and provide other advice as requested by the APFC Board.

The APFC Board's investment allocation includes multiple asset classes having varying risk and correlation assumptions. The APFC investment policy seeks to optimize expected return versus expected risk. The fund's current target asset allocation as of July 1, 2020 is: 39 percent public equity, 21 percent fixed income, 15 percent private equity, 9 percent private income, 7 percent real estate, 6 percent absolute return, 2 percent cash, and 1 percent other investments. The APFC Board also establishes policies and guidelines for the asset classes in which fund assets are invested.

To allow for market fluctuations and to minimize transaction costs, the APFC Board has adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each risk and asset class, the APFC's chief investment officer has discretionary authority to permit target deviations within one specified range (referred to as the "green zone" in the investment policy), the APFC's executive director can approve target deviations for up to 90 days within a broader range (the "yellow zone"), and the APFC Board can approve operating for longer than 30 days within a third range (the "red zone").

SPECIAL INVESTOR CONSIDERATIONS

The following is a discussion of certain risks that could affect payments to be made with respect to the Bonds. This discussion is not, and is not intended to be, exhaustive, should be read in conjunction with all other parts of this Official Statement, and should not be considered to be a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement, including the appendices, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.

Revenues of the State

Investment Earnings. Investment earnings are a principal source of unrestricted General Fund revenue for the State. In 2018, the Legislature enacted 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. The State has forecasted for fiscal year 2020 that of \$4,522.3 billion of unrestricted General Fund revenue, \$2,969.4 billion, or 66 percent, will be derived from transfers from the Permanent Fund Earnings Reserve. See "INFORMATION CONCERNING THE STATE OF ALASKA – State Revenues" and "– Government Funds – *The Alaska Permanent Fund*." The past performance of such investments cannot be used as a basis to predict future results. The results in subsequent fiscal years will depend upon the state of general economic conditions and market results of investments that may be held by the State from time to time for its investment purposes.

Oil and Gas Revenues. The State's unrestricted General Fund revenue has historically been generated primarily from petroleum production activities. Approximately 80 percent of fiscal year 2018 unrestricted General Fund revenue was generated from petroleum. The State has forecasted for fiscal year 2020 that of \$4,522.3 billion of unrestricted General Fund revenue, \$1,098.8 billion, or 24 percent, will be derived from oil and gas revenue.

Many factors affect the ability of the petroleum industry to sustain production in the State, including: future economic conditions; energy prices; technological changes; transportation costs; availability and cost of materials used in processing; availability and affordability of insurance; availability

and capability of qualified management and personnel; technical difficulties or supplier interruptions; and seasonality. Energy prices are affected by, among other factors outside the control of the State: the supply and demand for oil and gas and expectations regarding supply and demand; the development of energy production technology, such as hydraulic fracturing; political conditions in other oil-producing countries, including the possibility of insurgency or war in such areas; economic conditions in the United States and worldwide; governmental regulations and taxation, including regulations on carbon emissions and other greenhouse gases; the impact of energy conservation efforts; the price and availability of alternative fuel sources; weather conditions; the availability of transportation systems and storage; and market uncertainty.

The spread of COVID-19 has had a material adverse effect on the demand for and price of petroleum products. It is anticipated the reduction in demand for and the price of petroleum products will have a negative effect on revenues of the State, and there can be no assurance that oil and gas revenue of the State will not decrease further. See “INFORMATION CONCERNING THE STATE OF ALASKA – *State Revenues – Oil and Gas Revenues.*”

Federal Revenues. The State receives federal revenues for specific purposes that are generally subject to review or audit by grantor agencies. Entitlement to federal revenues is generally conditioned upon compliance with the terms of grant agreements and applicable federal regulations, including the expenditure of assistance for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the State. Reductions in federal funding could result in reduced economic activity and increased State costs. There can be no assurance that federal revenues available to the State will not decrease. See “INFORMATION CONCERNING THE STATE OF ALASKA – *State Revenues – Federal Revenue.*”

Other Factors Affecting the State

Future Economic Conditions. Increased unemployment, adverse economic conditions including the health of the oil and gas industry, volatility in the tourism industry including the summer cruise ship season, changes in demographics, the cost and availability of energy, the inability to control expenses in periods of inflation, and difficulty in increasing revenues while maintaining a competitive economic environment could all affect the finances and operations of the State.

Cybersecurity Risks. The State relies on electronic systems and technologies to conduct its operations. In the past several years, a number of entities have sought to gain unauthorized access to electronic systems of various organizations for the purpose of misappropriating assets or personal, operational, financial, or other sensitive information that can cause operational disruption. These attempts, which are increasing, include highly sophisticated efforts to electronically circumvent security measures as well as more traditional intelligence gathering aimed at obtaining information necessary to gain such access. No assurance can be given that security measures implemented by the State will be able to prevent cyber-attacks on their electronic systems, and no assurances can be given that any cyber-attacks, if successful, will not have a material adverse effect on their finances or operations.

Earthquakes. The State contains many regions of seismic activity, with frequent small earthquakes and occasionally moderate and larger earthquakes. A 1964 earthquake with its epicenter in southcentral Alaska measuring 9.2 on the Richter scale was the most powerful earthquake recorded in North American history, and the second most powerful in world history, causing over 130 deaths. Certain soil types and property located in certain areas of the State could become subject to liquefaction and could result in landslides following a major earthquake and any aftershocks. Areas of the State also could experience the effects of a tsunami following a major earthquake. A significant earthquake may disrupt transportation, communication, water and sewer systems, power and fuel delivery for weeks to months throughout certain regions of the State, and could result in significant permanent loss of population and business.

Volcanic Eruptions. The State contains many active volcanoes. A volcanic eruption could result in landslides and releases of gas and ash that can interfere with air travel, a principal mode of transportation in the State.

Wildfires. Areas of the State have experienced drought conditions and increased wildfire activity. Warmer and drier summer conditions increase the risk of wildfires that may threaten the health, economy, and environment of the State by creating unhealthy air quality levels, threatening infrastructure, businesses, and residences, destroying natural resources, and damaging wildlife habitat.

Climate Change. Climate change poses potential risks to the State and its finances and operations. Extreme weather events can result in droughts, wildfires, floods, and other natural disasters. Climate change may also affect population migration and shifts in economic activities such as agriculture, fishing, and construction of facilities and roads on permafrost and ice. No assurance can be given that climate change will not have a material adverse effect on the finances and operations of the State.

Infectious Disease Outbreak

The financial condition of the State, including the State's ability to collect tax and other sources of revenue, may be materially affected by an international, national or localized outbreak of an infectious disease, such as COVID-19, or other highly contagious or epidemic disease (an "Outbreak").

Tax and other revenue receipts of the State are heavily dependent on financial markets, commodities markets and tourism, all of which may be adversely affected by the continued spread of COVID-19 or by a new Outbreak and any governmental policies related thereto, in each case on an international, domestic or local level. For example, while some governments have lifted travel restrictions, certain restrictions have been reimposed from time to time. In November of 2021, Canada ended its ban on cruise ships. If Canada reinstates its ban, without U.S. Congressional action, future large sailings to the Alaska market may be effectively cancelled.

On February 14, 2021, the State of Alaska's declaration of public health disaster emergency, which had been in place since March 2020, expired. With this expiration the prior State-level health orders, health alerts, and health mandates expired. Four State-level health advisories remain in place to provide guidance to individuals on keeping safe in their community, while travelling to/from the State and within the State, and for critical infrastructure. Certain individual boroughs, cities and villages continue to maintain locally imposed restrictions on travel, businesses and other activities.

Despite any policies of the State and the existence of governmental aid programs, there can be no assurances that an Outbreak, including the COVID-19, will not materially affect the regional economy of the State or the national or global economies and, accordingly, materially adversely affect the receipt of revenues by the State.

Ratings

The lowering, suspension, or withdrawal of either or both of the ratings initially assigned to the Bonds could adversely affect the market price and the market for the Bonds. See "RATINGS."

Early Redemption

Purchasers of Bonds, including those who purchase Bonds at a price in excess of their principal amount or who hold such a Bond trading at a price in excess of par, should consider the fact that the Bonds are subject to redemption at a price equal to their principal amount plus accrued interest in the event such Bonds are redeemed prior to maturity. See "THE BONDS – *Redemption of the Bonds.*"

Federal Income Tax Considerations

The exemption of interest on the Bonds from federal income taxes is dependent upon continuing compliance by the State with the requirements of the Code. If there is a failure to continuously comply with the covenants of the Code, interest on the Bonds could become includible for federal income tax purposes in the gross income of the owners thereof, retroactive to the date of issuance of the Bonds. All or a portion of the interest on the Bonds also could become subject to federal and/or state income tax as a result of changes of law. Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax-exempt status of such interest.

If interest on the Bonds becomes so includible in the owners' gross incomes, the effect will be to reduce the yield on an owner's Bonds as a result of the federal and, in certain cases, state and local, income tax liability incurred in connection with the receipt of interest on the Bonds. There is no provision for any adjustment to the interest rate borne by the Bonds in the event of any such loss of tax-exempt status, nor is any provision made for the payment of any penalties or premium in such event. As a result, the owners of the Bonds may be forced to bear the adverse economic consequences of any such loss of tax-exempt status and may not have adequate remedies against the Bond Bank to recover any losses or damages so sustained.

Secondary Market and Prices

It has been the practice of underwriters to maintain a secondary market in municipal securities they sell, and the underwriters of the Bonds likely will engage in secondary market trading of the Bonds, subject to applicable securities laws. The underwriters, however, are not obligated to engage in secondary trading or to repurchase any of the Bonds at the request of the owners thereof. No assurance can be given that a market will exist for the resale of the Bonds. Because of general market conditions or because of adverse history or economic prospects connected with a particular issue or issuer, secondary marketing activity in connection with a particular issue may be suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price. **There can be no guarantee that there will be a secondary market for the Bonds, or if a secondary market exists, that the Bonds can be sold for any particular price.**

LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the State, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the State taken with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the Bonds, or the existence or powers of the State.

Upon the delivery of the Bonds, the State will furnish a certificate, to the effect that, among other things, there is no litigation pending in any State court to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting the validity or enforceability of the Bonds.

At any given time, including the present, there are numerous civil actions filed by or pending against the State, which could positively or negatively impact revenue sources or cash flow. A short description of such material litigation is provided below.

Oil and Gas Tax Litigation

Administrative Litigation: There are a number of disputed tax assessments against oil and gas corporations that are at the administrative level and thus confidential under AS 43.05.230(a). The

assessments involve the corporate income tax (AS 43.20) or the oil and gas production tax (AS 43.55). Because the taxpayers, the tax years, and the amounts involved are confidential, a more detailed description of the cases cannot be given. Due to the confidentiality statute and because the disputed tax assessments are ongoing, the State cannot give an estimate of how much is expected to be eventually recovered through settlement, the administrative proceedings, or adjudication. Moneys recovered are required to be transferred to the CBRF.

Environmental Litigation

State of Alaska v. Williams Alaska Petroleum, Inc. et al., Case No. 4FA-14-01544CI Consolidated. This case involves litigation over environmental liabilities for the North Pole Refinery, including sulfolane pollution of the North Pole drinking water aquifer. Defendant refinery operator Williams Alaska Petroleum, Inc., asserted counterclaims seeking contribution from the State due to its role of lessor of the property during 27 out of 37 years the refinery operated. The case went to trial in October 2019. On January 3, 2020, the court issued a memorandum decision in favor of the State and denying Williams' counterclaims. Judgment was entered against Williams on March 23, 2020. Williams' post-trial motion to amend the judgment is pending. Williams has filed a notice of appeal to the Alaska Supreme Court.

Tort Claims

The Attorney General's Office is involved in defending numerous tort claims asserted against the State and agencies. No estimate can be given as to the likelihood or financial effect on the outcome of such claims.

Medicaid Payment Rate Appeals

The Attorney General's Office is involved in defending numerous Medicaid payment rate appeals filed by providers. No estimate can be given as to the likelihood or financial effect on the outcome of such appeals.

Employment Claims

The Attorney General's Office is involved in defending numerous employment-related claims filed by present or former employees. No estimate can be given as to the likelihood or financial effect on the outcome of such claims.

Tobacco Company Litigation

In 1998, Alaska was among 46 states that entered into a settlement of claims against the nation's major tobacco companies. The companies agreed to pay \$4.5 billion in 2000 with annual increases until payments reach \$9 billion in 2019 and each year thereafter. The State's share, based upon its proportionate tobacco consumption, is about .034 percent of the yearly payment. This income stream is indefinite as long as Americans continue to consume tobacco products.

The Legislature authorized the State to sell to the AHFC 80 percent of the State's annual settlement income. AHFC's purchase was financed through the issuance of revenue bonds by the Northern Tobacco Securitization Corporation (the "NTSC"), a subsidiary the AHFC established and to which the right to receive 80 percent of the settlement revenues was transferred. In 2006, NTSC issued additional revenue bonds to refinance its purchase of the State's annual settlement income. The NTSC is using the income stream to pay debt service on the bonds. When the bonds are paid, the settlement income reverts to the State. The State used the bond proceeds to pay for a variety of construction and maintenance projects including rural schools, ports and harbors.

The master settlement agreement provides for a payment adjustment mechanism that, when triggered, could result in the impairment of the State's right to receive the remaining 20 percent of revenue that is not pledged to the NTSC and the NTSC could suffer a revenue shortfall. This payment adjustment mechanism has been triggered for the years 2003 - 2010. States that have diligently enforced their qualifying statute are exempted from the application of this adjustment mechanism. In July 2010, an arbitration commenced regarding which states "diligently enforced" their qualifying statutes in 2003. During that arbitration, Alaska and 15 other states/territories received notice that the participating manufacturers (tobacco companies that joined the master settlement agreement) no longer contested their diligence, rendering those states exempt from the 2003 adjustment. In 2018, entered into a settlement agreement that exempted the State from adjustments for the years 2004 through 2017. An additional provision of the settlement agreement was triggered in March of 2020 that exempted the State from adjustments for the years 2018 and 2019. The State has the opportunity to extend the settlement agreement for the years 2020 through 2022 and will elect whether or not to do so on or before August 1, 2020. The State continues to monitor and participate in this case.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the State Bond Committee. The proposed form of the Bond Counsel's opinion is attached as Appendix C hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. The Office of the Attorney General will issue a certificate to the effect that no litigation is pending that challenges the issuance of the Bonds.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the State ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax.

Bond Counsel is also of the opinion, based on existing laws of the State of Alaska, that interest on the Bonds is not included in taxable income for purposes of the State of Alaska income tax imposed on corporations.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount,

including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The State has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the State or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The State has covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the State or the Beneficial Owners

regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the State and its counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the State legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the State or the Beneficial Owners to incur significant expense.

Not Qualified Tax-Exempt Obligations

The State has not designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Code.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters on behalf of the State relating to (a) computation of anticipated receipts of principal of and interest on the Escrow Obligations and the anticipated payments of principal and interest to redeem the 2013B Refunded Bonds, and (b) computation of the yields on the Bonds and the Escrow Obligations was examined by _____. Such computations were based solely upon assumptions and information supplied by the Underwriters on behalf of the State. _____, has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of future events.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the State, that are not purely historical, are forward-looking statements, including statements regarding the State’s expectations, hopes, intentions, forecasts or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the State on the date hereof, and the State assumes no obligation to update any such forward-looking statements. The State’s actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible changes in underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the State. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") have assigned the Bonds ratings of "____" with a _____ Outlook and "____" with a _____ Outlook respectively, based on their research and investigation of the State. Moody's and S&P are collectively referred to as the "Rating Agencies." The State furnished each of the Rating Agencies with certain information and materials concerning the Bonds and the State. Any desired explanation of such ratings should be obtained from the rating agency furnishing the same.

Generally, each of the Rating Agencies bases its ratings on such information and materials and also on investigations, studies, and assumptions that it may undertake independently. The ratings assigned by Moody's and S&P express only the views of the Rating Agencies. An explanation of the significance of the ratings may be obtained from Moody's and S&P, respectively. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in the judgment of such rating agency, circumstances so warrant. Any such change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

Acacia Financial Group, Inc. of Anchorage, Alaska (the "Financial Advisor") serves as independent financial advisor to the State in connection with various matters relating to the planning, structuring, execution and delivery of the Bonds. The Financial Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiated instruments. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the State. No guaranty, warranty or other representation is made by the Financial Advisor respecting the accuracy and completeness of this Official Statement or any other matter related to the Official Statement.

UNDERWRITING

The Bonds are to be purchased from the State at an aggregate purchase price of \$_____ (the principal amount of the Bonds, plus net issue premium of \$_____, less Underwriters' discount of \$_____); subject to the terms of a bond purchase agreement (the "Purchase Agreement") between the State and Jefferies LLC and RBC Capital Markets LLC (together, the "Underwriters"). The Purchase Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased and that the obligation of the Underwriters to accept and pay for the Bonds is subject to certain terms and conditions set forth therein, including the approval by counsel of certain legal matters.

The initial offering prices or prices corresponding to the yields set forth on the inside cover of this Official Statement may be changed from time to time by the Underwriters without prior notice to any person. The Underwriters may offer and sell the Bonds to certain dealers, unit investment trusts, or money market funds at prices lower than the initial offering prices or prices corresponding to the yields set forth on the inside cover of this Official Statement.

The Underwriters and their affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, financial advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the State. The Underwriters and their affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their affiliates may also communicate independent investment

recommendations, market color, or trading ideas and publish independent research views in respect of this securities offering or other offerings of the State.

Jefferies LLC has entered into a distribution agreement with InspereX LLC (“InspereX”) for the retail distribution of municipal securities. Pursuant to the agreement, if Jefferies LLC sells the Bonds to InspereX, it will share a portion of its selling concession compensation with InspereX.

CONTINUING DISCLOSURE

Annual audited financial statements of the State will be available upon request from the State of Alaska Department of Revenue. 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 FY, commencing January 31, 2023 for the Annual Disclosure Report for the FY ending June 30, 2022, and to provide notices of the occurrence of certain enumerated events. A form of document specifying the nature of the information to be contained in the Annual Disclosure Report or the notices of certain events is set forth in Appendix D 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”).

A failure by the State to comply with the undertaking pursuant to the Rule will not constitute a default under the Resolution. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by a broker-dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds or their market price.

The State has adopted procedures to assure future compliance with its continuing disclosure undertakings.

MISCELLANEOUS

The Bonds qualify as collateral for State funds deposited by the Department of Revenue.

The purpose of this Official Statement is to supply information to prospective purchasers of the Bonds. Quotations from and summaries and explanations of the Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements as to their provisions. This Official Statement is not intended to be a contract or agreement between the State and the purchasers and owners of the Bonds. This Official Statement may not be reproduced or used, in whole or in part, for any purpose other than in connection with the issuance and sale of the Bonds.

All data contained herein, including the appendices hereto, have been taken from State records unless attributed to a specific source. Insofar as any statements contained in this Official Statement involve matters of estimates, projections, forecasts or matters of opinion, whether or not expressly stated, they are set forth as such and are not to be construed as representations of fact.

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 has deemed this Preliminary Official Statement pursuant to SEC Rule 15c2-12 as final

as of its date except for the omission of offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, ratings, and other terms of the Bonds depending on such matters.

EXECUTION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been authorized by the State.

STATE OF ALASKA

By _____

Deven J. Mitchell
Debt Manager,
State of Alaska
For the State Bond Committee

APPENDIX A

SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE

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

The information concerning the State of Alaska ("Alaska" or the "State") set forth in this Appendix 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.

The outbreak of the 2019 novel coronavirus ("COVID-19") is a significant event that has had and will continue to have ongoing, material effects on the State. Although the effects of COVID-19 cannot be predicted with certainty, COVID-19 and related social distancing measures implemented in response to COVID-19 have had and are expected to continue to have a material adverse effect on the global economy and financial markets; economic activity within the State, including the oil and gas, tourism, seafood and healthcare industries, among others; revenues collected by the State; and the value of the Alaska Permanent Fund and Earnings Reserve. Historic information in this Official Statement about the finances and operations of the State that predates the outbreak of COVID-19 should be considered in light of the possible or probable negative effects the COVID-19 outbreak may have on the current and future finances and operations thereof. Any budgets or projections that have been updated since the outbreak of COVID-19 should be considered in light of the possible or probable further negative impact from the COVID-19 outbreak. On April 6, 2020 the Department of Revenue's Tax Division issued its Revenue Sources Book Spring 2020 Revenue Forecast (the "Spring 2020 Revenue Forecast"), which provides updated projections that reflect certain impacts from the COVID-19 outbreak and is described in this Official Statement. The Spring 2020 Revenue Forecast and any other budget and projection information and all other forward-looking statements in this Official Statement were based on expectations as of the date thereof and are not intended as representations of fact or guarantees of results. Any such forward-looking statements are inherently subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated, or projected.

For a discussion of COVID-19 see "INFORMATION CONCERNING THE STATE OF ALASKA – Infectious Disease Outbreak – COVID-19" and "SPECIAL INVESTOR CONSIDERATIONS."

State of Alaska

The key drivers of the Alaska economy include natural resource development, federal (including national defense) and State government, seafood, and tourism. Approximately 24.2 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 15.4 percent and 19.6 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; 2019 Annual Average).

Population

Alaska's Statewide population of 731,007 (July 2019 estimate) increased by 20,776, or 2.9 percent from the 2010 Census estimate; however, remains below the recent peak of an estimated 739,649 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 and Mat-Su Borough region, with a 19,081 population increase from 2010 to 2019, or an increase of 5 percent.

Population of Alaska by Region, 2011-2019*

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
Alaska	710,231	722,262	730,649	736,077	736,416	736,989	739,649	737,783	734,055	731,007
Anchorage / Mat-Su Region	380,821	387,303	391,767	396,899	398,151	398,597	401,582	402,110	399,902	398,283
Gulf Coast Region	78,631	80,164	80,508	80,495	80,785	80,937	81,062	80,763	80,806	80,866
Interior Region	112,021	112,852	115,352	114,552	113,019	112,888	113,235	112,020	110,904	109,847
Northern Region	26,445	26,927	27,260	27,545	27,486	27,783	27,780	27,716	27,627	27,432
Southeast Region	71,664	73,599	74,149	74,319	74,437	74,278	73,742	72,941	72,657	72,373
Southwest Region	40,649	41,417	41,613	42,267	42,538	42,506	42,248	42,233	42,159	42,206

Source: US Census Bureau for 2010 Census Estimate, and Alaska Department of Labor and Workforce Development, Research and Analysis Section for July 2011 through 2019 Estimate.

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

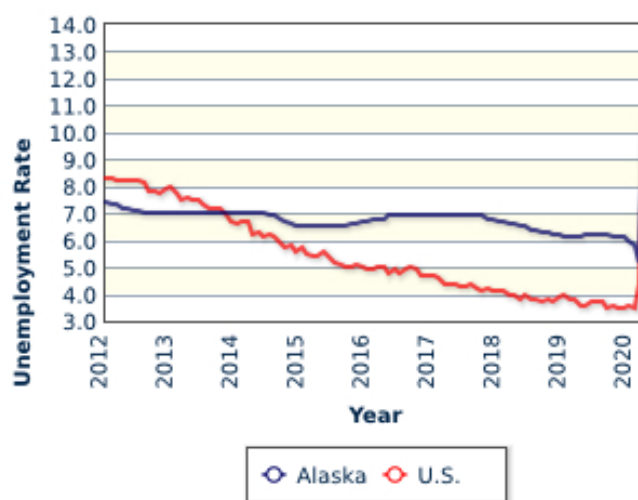
Data of the Alaska Department of Labor and Workforce Development shows the unemployment rate (seasonally adjusted, preliminary) for Alaska for May 2020 was 12.6 percent, as compared to a national unemployment rate for the same period of approximately 13.3 percent.³

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, Alaska Economic Trends, July 2019, and US Bureau of Labor Statistics.

**Seasonally Adjusted Unemployment Rates Alaska and the U.S.
January 2012 to May 2020**



The largest employment sector in Alaska is government comprised of federal, state and local government employees. Government employment on average for calendar year 2019 was 79,800. The largest non-government sector of employment was Trade, Transportation and Utilities with 64,500. The table below provides a summary of the employment of the Alaska labor force by industry.

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Alaska Labor Force Summary - Annual Average

	<u>2009¹</u>	<u>2019¹</u>	<u>Change (2009-2019)</u>
Total Nonfarm	320,900	329,700	2.7%
Mining and Logging	14,900	13,400	-10.1%
Oil and Gas	12,800	9,900	-22.7%
Construction	16,500	16,400	-0.6%
Manufacturing	13,000	13,100	0.8%
Trade, Transportation, Utilities	63,100	64,500	2.2%
Wholesale Trade	6,200	6,600	6.5%
Retail Trade	35,500	35,500	0.0%
Transportation, Warehousing and Utilities	21,300	22,400	5.2%
Information	6,600	5,300	-19.7%
Financial Activities	12,200	11,700	-4.1%
Professional and Business Services	27,800	27,700	-0.4%
Educational and Health Services	40,700	50,800	24.8%
Health Care	28,800	38,500	33.7%
Leisure and Hospitality	31,100	36,100	16.1%
Other Services	11,400	11,000	-3.5%
Government	83,700	79,800	-4.7%
Federal Government ²	17,100	14,800	-13.5%
State Government	25,400	23,200	-8.7%
Local Government ³	41,200	41,700	1.2%

1 Figures use an annual average.

2 Federal government does not include military or armed personal.

3 Includes tribal government.

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

Federal Spending

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.

The American Recovery and Reinvestment Act ("ARRA") of 2009 resulted in a 48 percent increase in federal funding. Between 2009 and 2010, ARRA funding declined, but still remained significantly higher than pre-ARRA spending. During 2010, federal spending per capita in Alaska was \$20,351. At the time, Alaska ranked first in total per capita federal spending, followed by Virginia and Maryland. Alaska ranked first in grants, second in salaries and wages, and fourth in procurement. In addition to direct expenditures, the federal government is also a significant employer and landowner in Alaska. The federal government is Alaska's largest landowner with 60 percent of Alaska total area including national parks, refuges, national forests, military installations, and the North Slope National Petroleum Reserve.¹ A strong federal presence spanning land management, military, and numerous public services also leads to significant employment opportunities as 40,000 Alaskans were on the federal payroll during 2010.²

¹ Alaska Department of Natural Resources (ADNR), Division of Mining, Land, and Water. Land Ownership in Alaska Fact Sheet, March 2000.

² Alaska Department of Labor and Workforce Development (ADLWD), Research and Analysis Section. Trends February 2012.

Oil and Gas¹

According to a study completed by McDowell Group, Inc. for the Alaska Oil and Gas Association (2016), the primary oil and gas companies employed 4,275 Alaska residents earning \$749 million in wages. Alaska residents represent 85 percent of primary company total hire in Alaska. Based on the 2016 report, and wage and salary data from the Alaska Department of Labor and Workforce Development, the oil and gas industry accounts for 15 percent of all employment and 20 percent of all wages in Alaska.

Government²

Government was responsible for 79,800 jobs on average in calendar year 2019, almost a quarter of all nonfarm employment in the State. This sector encompasses occupations in all industries, including teachers, builders, deckhands, and scientists.

Local government employment has remained stable from 2009 to 2019. Local government administrations and school districts represent the largest employers of that sector and accounted for approximately 12.6 percent of total nonfarm employment, which includes tribal government. State government employment accounted for approximately 7.0 percent of total nonfarm employment.

Federal government was responsible for 14,800 jobs on average in calendar year 2019, representing approximately 4.5 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 2020.³

Health Care⁴

Health care has been the State's fastest-growing industry. It employed approximately 38,500 people on average in 2019, representing a 33.7 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.

¹ McDowell Group, Inc. (2016). The Role of the Oil and Gas Industry in Alaska's Economy. Alaska Oil and Gas Association. Retrieved from <https://www.mcdowellgroup.net/wp-content/uploads/2017/09/mcdowell-group-aoga-report.pdf>

² Alaska Department of Labor and Workforce Development, Research and Analysis Section.

³ Readiness and Environmental Protection Integration Program State Profile for Alaska 2018

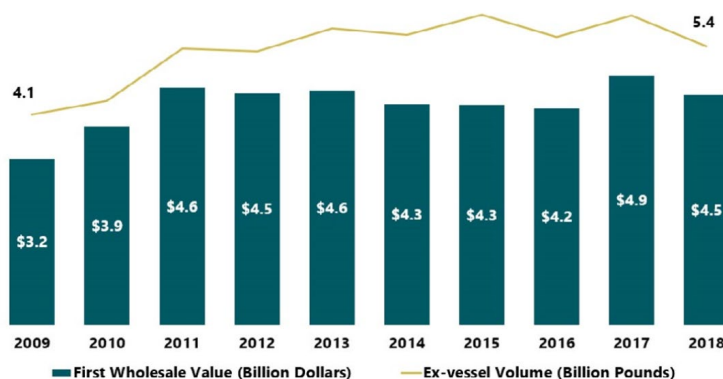
⁴ Alaska Economic Trends, September 2011, The Decade in Review: 2000 – 2010, and Alaska Economic Trends, December 2018.

Fisheries

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)¹. 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 billion². 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.

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)¹. 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. 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 workers¹. Seafood processing is Alaska's largest manufacturing subsector, accounting for roughly 70 percent of all manufacturing employment in Alaska.

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)¹.

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 calendar year 2018. The export value of Alaska's primary produced metals was \$1.8 billion, or 36% of Alaska's total exports in 2017.³

¹ 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.

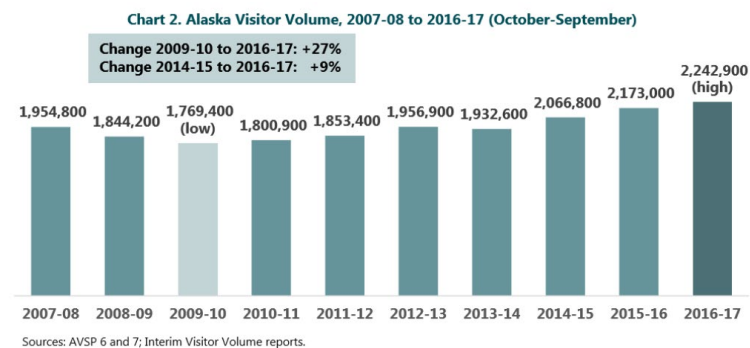
² 2017 State of Alaska Export Report

³ The Economic Benefits of Alaska's Mining Industry, McDowell Group, Inc. report for the Alaska Miners Association. January 2014.

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.

Tourism¹

Alaska visitor volume for October 2016 through September 2017 was 2,242,900. By transportation market, 49 percent traveled by cruise ship, 47 percent were air visitors, and 4 percent were highway / ferry visitors. The following chart shows visitor volume since the 2007/2008 season:



Source: McDowell Group, *The Economic Impact of Alaska's Visitor Industry 2017*, November 2018 Report

visitor industry accounted for an estimated 43,300 full- and part-time jobs during the 2016-2017 study period, including all direct, indirect, and induced impacts.

Out-of-state visitors to Alaska spent an estimated \$2.5 billion in Alaska between October 2016 and September 2017. This figure includes in-state spending only, excluding the cost of transportation to and from the State.

Retail²

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 35,500 jobs on average in Alaska in 2019.

Transportation³

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.

¹ McDowell Group, Inc. report for DCCED on Alaska's Visitor Industry 2017.

² Alaska Economic Trends, September 2011 and January 2014, Decade in Review, 2000-2010.

³ Alaska State Transportation Plan, adopted February 29, 2008.

Most goods shipped to and from Alaska move by way of intermodal transportation systems. Most food, household items and consumer goods shipped from the lower 48 states of the U. S. to Alaska generally arrive by container ship, barge or roll-on, roll-off vessel. Upon arriving in Alaska, freight bound for destinations connected by the highway system are transported by truck or by rail on the Alaska Railroad. Freight bound for remote destinations is flown from Anchorage or Fairbanks to the remote communities. Heavy or bulk commodities are most often moved by barge to remote communities where seasonal barge service is available.

Given the size, geography and population distribution in Alaska, air transportation is critical for Alaska's economy and the health, safety and welfare of all Alaskans. The State owns about 252 rural airports, in addition to Ted Stevens Anchorage International Airport ("ANC") and Fairbanks International Airport. ANC serves as the primary passenger airport in the State and is an important cargo airport globally. In terms of cargo levels, ANC was ranked as the number two cargo airport in North America and as the number five cargo airport in the world by Airports Council International in calendar year 2018. In fiscal year 2019, all-cargo certificated maximum gross takeoff weight (measured in 1,000 lb. units) increased to 24,202,000, a level that has not been breached since 25,215,000 in 2011; however, this is less than the peak achieved in 2007 of 29,129,000. In fiscal year 2019, passenger activity at ANC (including passenger enplanements, passenger deplanements and in-transit passengers) was approximately 5.69 million, as compared to 4.88 million in 2010.¹

Alaska's ports and harbors are an important element of the State's economy, providing for the import and export of goods. Port and harbor facilities provide an economic base for those communities dependent on marine resource utilization such as fishing and recreational use. They are an essential link to Alaska's resources, including fisheries, oil, natural gas, mineral resources and recreational activities.

The Alaska Marine Highway System ("AMHS") is a critical part of Alaska's transportation system and the service it provides is part of the National Highway System. AMHS serves 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.²

¹ Alaska International Airports System, Statistics, http://www.dot.alaska.gov/aias/assets/AIAS_Statistics.pdf.

² Alaska Railroad Corporation Annual Report 2018, https://www.alaskarailroad.com/sites/default/files/Communications/AnnualReport2018_Apr2019_Secured_FINAL.pdf

APPENDIX B

STATE OF ALASKA “GENERAL PURPOSE FINANCIAL STATEMENTS” FROM THE COMPREHENSIVE ANNUAL FINANCIAL REPORT, Fiscal Year Ended June 30, 2019

The annual financial report for the State contained in Appendix B hereto is historical information that presents the State’s financial position as of June 30, 2019. This report reflects historical performance. The financial performance of the State reflected in such report cannot be relied upon as a reliable indicator of subsequent performance. Historical trends cannot be used to anticipate results or trends in future periods.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

APPENDIX E

INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY

INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds 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 Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments on the Bonds 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 the State or the Bond Registrar, 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, the Bond Registrar or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the State or the Bond Registrar, 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. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the State or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Draft Financing Schedule (As of August 17, 2022)

August 2022	September 2022	October 2022	November 2022
S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S
1 2 3 4 5 6	1 2 3	1	1 2 3 4 5
7 8 9 10 11 12 13	4 5 6 7 8 9 10	2 3 4 5 6 7 8	6 7 8 9 10 11 12
14 15 16 17 18 19 20	11 12 13 14 15 16 17	9 10 11 12 13 14 15	13 14 15 16 17 18 19
21 22 23 24 25 26 27	18 19 20 21 22 23 24	16 17 18 19 20 21 22	20 21 22 23 24 25 26
28 29 30 31	25 26 27 28 29 30	23 24 25 26 27 28 29	27 28 29 30
		30 31	

Denotes holiday
 Denotes pricing/closing
 Denotes FOMC meeting

Date	Event	Responsibility
Week of 8/15		
Wednesday, 8/17	▪ <u>10am ADT/2pm EDT</u> : Kick-Off Meeting	All
Week of 8/22		
By Friday, 8/26	▪ Circulate initial draft of Resolution	ORR
Week of 8/29		
By Thursday, 8/30	▪ Circulate revised draft of Resolution ▪ Circulate initial draft POS	ORR TBD
Week of 9/5		
Monday, 9/5	▪ Labor Day	
Thursday, 9/8	▪ Circulate revised drafts of Resolution ▪ Circulate revised draft of POS	ORR TBD
Week of 9/12		
Monday, 9/13	▪ Finalize Resolution	All
Thursday, 9/15	▪ SBC Meeting (target date, to be confirmed) ▪ Circulate revised draft of POS	All TBD
Week of 9/19		
Tuesday-Wednesday, 9/20-21	▪ FOMC Meeting	
Thursday, 9/22	▪ Circulate revised draft of POS ▪ Circulate initial draft of Bond Purchase Agreement	TBD KLG
By Friday, 9/23	▪ Finalize plan of finance/bond structure ▪ Select verification agent	All AK
Week of 9/26		
Week of	▪ Rating agency meetings ▪ Pre-verify cash flows	AK JEFF, ACA, AK, VA
Thursday, 9/29	▪ Circulate revised draft of POS	TBD
Week of 10/3		
Monday, 10/3	▪ Time TBD : Due diligence call	All
Thursday, 10/5	▪ Finalize POS ▪ Receive ratings ▪ Post POS	All AK All
By Friday, 10/6	▪ Circulate revised draft of Bond Purchase Agreement	KLG
Week of 10/10		
Monday, 10/10	▪ Indigenous People's Day	
Week of	▪ Pre-market bonds to investors	UW, AK
By Thursday, 10/13	▪ Deliver conditional redemption notice for the Series 2012A Bonds (at least 20 and no more than 60 days before redemption date)	AK
Week of 10/17		
Week of	▪ Price bonds ▪ Sign Bond Purchase Agreement ▪ Post final OS	UW, AK, ACA UW, AK All
Week of 10/24		
Week of	▪ Draft closing documents	All
Week of 10/31		
Tuesday-Wednesday, 11/1-2	▪ FOMC Meeting	
Wednesday, 11/2	▪ Pre-closing	All
Thursday, 11/3	▪ Closing ▪ Redeem Series 2012A Bonds	All AK, USB

**State of Alaska
General Obligation Refunding Bonds
Series 2022A**

Draft Financing Schedule (As of August 17, 2022)

August 2022	September 2022	October 2022	November 2022
S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S
1 2 3 4 5 6	1 2 3	1	1 2 3 4 5
7 8 9 10 11 12 13	4 5 6 7 8 9 10	2 3 4 5 6 7 8	6 7 8 9 10 11 12
14 15 16 17 18 19 20	11 12 13 14 15 16 17	9 10 11 12 13 14 15	13 14 15 16 17 18 19
21 22 23 24 25 26 27	18 19 20 21 22 23 24	16 17 18 19 20 21 22	20 21 22 23 24 25 26
28 29 30 31	25 26 27 28 29 30	23 24 25 26 27 28 29	27 28 29 30
		30 31	

Denotes holiday
 Denotes pricing/closing
 Denotes FOMC meeting

Legend		
Issuer	State of Alaska	AK
Bond Counsel	Orrick, Herrington & Sutcliffe LLP	ORR
Underwriter's Counsel	K&L Gates LLP	KLK
Senior Manager	Jefferies LLC	JEFF
Co-Manager	RBC Capital Markets	RBC
Financial Advisor	Acacia Financial Group, Inc.	ACA
Trustee – Series 2012A	U.S. Bank National Association	USB
Trustee – Series 2013B	The Bank of New York Mellon Trust Company, N.A.	BNY
Trustee – Series 2022A	TBD	TRUST
Verification Agent	TBD	VA



STATE OF ALASKA
General Obligation Refunding Bonds, Series 2022

Distribution List as of September 8, 2022

Page 1 of 2

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STATE OF ALASKA
General Obligation Refunding Bonds, Series 2022

Distribution List as of September 8, 2022

Page 2 of 2

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TABLE OF CONTENTS

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Report	Page
Sources and Uses of Funds	1
Summary of Refunding Results	2
Bond Summary Statistics	3
Bond Pricing	4
Bond Debt Service	5
Savings	6
Prior Bond Debt Service	8
Summary of Bonds Refunded	9
Savings By Maturity	10
Underwriter's Discount	11
Cost of Issuance	12
Escrow Requirements	13
Escrow Descriptions	14
Escrow Cost	15
Escrow Cash Flow	16
Escrow Sufficiency	17
Escrow Statistics	18

SOURCES AND USES OF FUNDS

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Dated Date	11/03/2022
Delivery Date	11/03/2022

Sources:

Bond Proceeds:	
Par Amount	56,585,000.00
Premium	2,300,982.35
	58,885,982.35

Uses:

Refunding Escrow Deposits:	
Cash Deposit	7,483,987.22
SLGS Purchases	51,125,861.00
	58,609,848.22

Delivery Date Expenses:	
Cost of Issuance	180,000.00
Underwriter's Discount	93,893.64
	273,893.64

Other Uses of Funds:	
Additional Proceeds	2,240.49
	58,885,982.35

SUMMARY OF REFUNDING RESULTS

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Dated Date	11/03/2022
Delivery Date	11/03/2022
Arbitrage yield	2.522328%
Escrow yield	2.522309%
Value of Negative Arbitrage	2.32
Bond Par Amount	56,585,000.00
True Interest Cost	2.620648%
Effective Interest Cost	2.522328%
Net Interest Cost	2.697096%
Average Coupon	5.000000%
Average Life	1.694
Par amount of refunded bonds	57,625,000.00
Average coupon of refunded bonds	4.869968%
Average life of refunded bonds	1.694
PV of prior debt to 11/03/2022 @ 2.522328%	60,537,214.03
Net PV Savings	1,653,472.17
Percentage savings of refunded bonds	2.869366%
Percentage savings of refunding bonds	2.922103%

BOND SUMMARY STATISTICS

State of Alaska
General Obligation Refunding Bonds
Series 2022A---
Rates as of 9/7/2022

Dated Date	11/03/2022
Delivery Date	11/03/2022
First Coupon	02/01/2023
Last Maturity	08/01/2025
Arbitrage Yield	2.522328%
True Interest Cost (TIC)	2.620648%
Net Interest Cost (NIC)	2.697096%
All-In TIC	2.809820%
Average Coupon	5.000000%
Average Life (years)	1.694
Duration of Issue (years)	1.644
Par Amount	56,585,000.00
Bond Proceeds	58,885,982.35
Total Interest	4,791,969.44
Net Interest	2,584,880.73
Total Debt Service	61,376,969.44
Maximum Annual Debt Service	23,377,375.00
Average Annual Debt Service	22,364,077.93
Underwriter's Fees (per \$1000)	
Average Takedown	1.250000
Other Fee	0.409338
Total Underwriter's Discount	1.659338
Bid Price	103.900484

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	56,585,000.00	104.066	5.000%	1.694	9,505.50
	56,585,000.00			1.694	9,505.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	56,585,000.00	56,585,000.00	56,585,000.00
+ Accrued Interest			
+ Premium (Discount)	2,300,982.35	2,300,982.35	2,300,982.35
- Underwriter's Discount	-93,893.64	-93,893.64	
- Cost of Issuance Expense		-180,000.00	
- Other Amounts			
Target Value	58,792,088.71	58,612,088.71	58,885,982.35
Target Date	11/03/2022	11/03/2022	11/03/2022
Yield	2.620648%	2.809820%	2.522328%

BOND PRICING

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)	Takedown
Serial Bonds:							
	08/01/2023	21,075,000	5.000%	2.460%	101.858	391,573.50	1.250
	08/01/2024	17,305,000	5.000%	2.510%	104.220	730,271.00	1.250
	08/01/2025	18,205,000	5.000%	2.540%	106.477	1,179,137.85	1.250
		56,585,000					
						2,300,982.35	

Dated Date	11/03/2022	
Delivery Date	11/03/2022	
First Coupon	02/01/2023	
Par Amount	56,585,000.00	
Premium	2,300,982.35	
Production	58,885,982.35	104.066418%
Underwriter's Discount	-93,893.64	-0.165934%
Purchase Price	58,792,088.71	103.900484%
Accrued Interest		
Net Proceeds	58,792,088.71	

BOND DEBT SERVICE

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2023			691,594.44	691,594.44
06/30/2024	21,075,000	5.000%	2,302,375.00	23,377,375.00
06/30/2025	17,305,000	5.000%	1,342,875.00	18,647,875.00
06/30/2026	18,205,000	5.000%	455,125.00	18,660,125.00
	56,585,000		4,791,969.44	61,376,969.44

SAVINGS

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 11/03/2022 @ 2.5223278%
06/30/2023	1,365,050.00	691,594.44	673,455.56	669,341.82
06/30/2024	23,719,125.00	23,377,375.00	341,750.00	335,293.66
06/30/2025	18,990,550.00	18,647,875.00	342,675.00	327,938.54
06/30/2026	19,001,475.00	18,660,125.00	341,350.00	318,657.65
	63,076,200.00	61,376,969.44	1,699,230.56	1,651,231.68

Savings Summary

PV of savings from cash flow	1,651,231.68
Plus: Refunding funds on hand	2,240.49
Net PV Savings	1,653,472.17

SAVINGS

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2022 @ 2.5223278%
02/01/2023	1,365,050.00	691,594.44	673,455.56		669,341.82
06/30/2023				673,455.56	
08/01/2023	22,820,050.00	22,489,625.00	330,425.00		324,316.47
02/01/2024	899,075.00	887,750.00	11,325.00		10,977.20
06/30/2024				341,750.00	
08/01/2024	18,529,075.00	18,192,750.00	336,325.00		321,935.91
02/01/2025	461,475.00	455,125.00	6,350.00		6,002.62
06/30/2025				342,675.00	
08/01/2025	19,001,475.00	18,660,125.00	341,350.00		318,657.65
06/30/2026				341,350.00	
	63,076,200.00	61,376,969.44	1,699,230.56	1,699,230.56	1,651,231.68

Savings Summary

PV of savings from cash flow	1,651,231.68
Plus: Refunding funds on hand	2,240.49
Net PV Savings	1,653,472.17

PRIOR BOND DEBT SERVICE

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2023			1,365,050	1,365,050
06/30/2024	21,455,000	** %	2,264,125	23,719,125
06/30/2025	17,630,000	** %	1,360,550	18,990,550
06/30/2026	18,540,000	** %	461,475	19,001,475
	57,625,000		5,451,200	63,076,200

SUMMARY OF BONDS REFUNDED

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
GO Bonds, Series 2012A, S2012A:					
SER_C	08/01/2023	3.000%	2,665,000	11/03/2022	100.000
SER_C2	08/01/2023	4.000%	4,750,000	11/03/2022	100.000
			7,415,000		
GO Bonds, Series 2013B, S2013B:					
SER_C	08/01/2023	5.000%	10,040,000	02/01/2023	100.000
SER_C2	08/01/2023	4.000%	4,000,000	02/01/2023	100.000
SER_C	08/01/2024	5.000%	17,000,000	02/01/2023	100.000
SER_C2	08/01/2024	4.000%	630,000	02/01/2023	100.000
SER_C	08/01/2025	5.000%	18,135,000	02/01/2023	100.000
SER_C2	08/01/2025	4.000%	405,000	02/01/2023	100.000
			50,210,000		
			57,625,000		

SAVINGS BY MATURITY

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Bond	Maturity Date	Interest Rate	Par Amount	Nominal Savings	Nominal Savings Percent
GO Bonds, Series 2012A, S2012A:					
SER_C	08/01/2023	3.000%	2,665,000.00	-2,555.71	-0.096%
SER_C2	08/01/2023	4.000%	4,750,000.00	30,208.34	0.636%
			7,415,000.00	27,652.63	
GO Bonds, Series 2013B, S2013B:					
SER_C	08/01/2023	5.000%	10,040,000.00	77,495.28	0.772%
	08/01/2024	5.000%	17,000,000.00	533,733.14	3.140%
	08/01/2025	5.000%	18,135,000.00	981,244.00	5.411%
SER_C2	08/01/2023	4.000%	4,000,000.00	11,247.46	0.281%
	08/01/2024	4.000%	630,000.00	10,616.85	1.685%
	08/01/2025	4.000%	405,000.00	12,215.06	3.016%
			50,210,000.00	1,626,551.78	
			57,625,000.00	1,654,204.41	

Note: Calculated Using Remaining Maturities

UNDERWRITER'S DISCOUNT

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Underwriter's Discount	\$/1000	Amount
Average Takedown	1.25000	70,731.25
K&L Gates LLP (Underwriters' Counsel)	0.26509	15,000.00
CUSIP Fee	0.00672	380.00
Day Loan	0.01443	816.55
iPreo (i.e., Order Entry, Wires, Taxes, etc.)	0.06844	3,872.63
DTC Fee	0.01414	800.00
DAC Fee	0.00786	445.00
iPreo Game Day	0.03266	1,848.21
	1.65934	93,893.64

COST OF ISSUANCE

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Cost of Issuance	\$/1000	Amount
Orrick, Herrington & Sutcliffe LLP (Bond Counsel)	0.61854	35,000.00
Acacia Financial Group, Inc. (Financial Advisor)	0.61854	35,000.00
Rating Agency Fee (Moody's)	0.75992	43,000.00
Rating Agency Fee (S&P)	0.79526	45,000.00
US Bank NA (Trustee & Trustee's Counsel)	0.13254	7,500.00
Verification Agent	0.05302	3,000.00
ImageMaster, LLC (Printer)	0.04418	2,500.00
Contingency	0.15905	9,000.00
	3.18106	180,000.00

ESCROW REQUIREMENTS

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Period Ending	Interest	Principal Redeemed	Total
11/03/2022	68,987.22	7,415,000	7,483,987.22
02/01/2023	1,230,075.00	50,210,000	51,440,075.00
	1,299,062.22	57,625,000	58,924,062.22

ESCROW DESCRIPTIONS

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Nov 3, 2022:							
	SLGS	Certificate	02/01/2023	02/01/2023	45,188,426	2.820%	2.820%
	SLGS	Certificate	02/01/2023		5,937,435		2.820%
					51,125,861		

SLGS Summary

SLGS Rates File	07SEP22
Total Certificates of Indebtedness	51,125,861.00

ESCROW COST

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Type of Security	Maturity Date	Par Amount	Rate	Cost	Total Cost
SLGS	02/01/2023	45,188,426	2.820%	45,188,426	45,188,426.00
SLGS	02/01/2023	5,937,435		5,937,435	5,937,435.00
		51,125,861		51,125,861	51,125,861.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
11/03/2022	51,125,861	7,483,987.22	58,609,848.22	2.522309%
	51,125,861	7,483,987.22	58,609,848.22	

ESCROW CASH FLOW

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Date	Principal	Interest	Net Escrow Receipts	Present Value to 11/03/2022 @ 2.5223090%
02/01/2023	51,125,861.00	314,214.32	51,440,075.32	51,125,861.00
	51,125,861.00	314,214.32	51,440,075.32	51,125,861.00

Escrow Cost Summary

Purchase date	11/03/2022
Purchase cost of securities	51,125,861.00
Target for yield calculation	51,125,861.00

ESCROW SUFFICIENCY

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
11/03/2022	7,483,987.22	7,483,987.22		
02/01/2023	51,440,075.00	51,440,075.32	0.32	0.32
	58,924,062.22	58,924,062.54	0.32	

ESCROW STATISTICS

State of Alaska
General Obligation Refunding Bonds
Series 2022A

Rates as of 9/7/2022

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:						
58,609,848.22	0.241	2.522309%	2.522309%	58,609,845.90	2.32	
58,609,848.22				58,609,845.90	2.32	0.00

Delivery date 11/03/2022
Arbitrage yield 2.522328%

Explanation of Resolution 2022-02

Per Alaska Statutes Title 37 Chapter 15 Article 5 the State Bond Committee (SBC is empowered to issue up to \$15 million in revenue bonds for both the Clean Water Fund and the Drinking Water Fund annually). The Funds themselves are managed by the Department of Environmental Conservation (DEC) with oversight from the Federal Government through the Environmental Protection Agency (EPA). The Funds were established through Federal grants with local match requirement to make below market loans for specific purposes related to clean water and drinking water projects. Once money has been deposited into the fund it may not be removed for any purpose other than for limited administrative cost and making loans to qualified borrowers.

Due to budgetary constraints and perceived excess capacity in the two funds state match requirements from the State's General Fund became more and more challenging in the late 90's. In response DEC and SBC staff explored alternatives to relying upon the General Fund. This research determined that while all money in the Funds was restricted by Federal law the interest income on principal held in the Funds and the interest income on loans made by the Funds could be used to repay debt service of the Funds. It was further determined, and confirmed by the EPA, that money borrowed by the Funds could be used as State match to obtain additional Federal grants. This determination resulted in an annual Bond Anticipation Note issuance of both the Clean Water Fund and Drinking Water Fund that was privately placed one day and repaid the next day. For FY2023 this overnight transaction will be for approximately \$2.796 million, is estimated to cost less than \$10,000 to accomplish and will result in additional State match through Federal grant funding.

Enclosed is the Resolution for consideration as well as the DOR/DEC MOU regarding the transaction. We will also work with DOA, DOR cash management and an external underwriter to complete by the end of calendar year 2022.

STATE BOND COMMITTEE
OF THE STATE OF ALASKA

RESOLUTION NO. 2022-02

Providing for the Issuance of

Alaska Clean Water Fund Revenue Bond Anticipation Note, 2022 Series A
and of
Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2022 Series B

Approved on September 15, 2022

Prepared by:

ORRICK, HERRINGTON & SUTCLIFFE LLP

TABLE OF CONTENTS*

	<u>Page</u>
Section 1. Defined Terms	2
Section 2. Authorization of Series of Clean Water Bonds.....	5
Section 3. Authorization of Series of Drinking Water Bonds	5
Section 4. Authorization of Notes.....	5
Section 5. Designated Representative.....	6
Section 6. Sale of Notes	7
Section 7. Form of Notes	7
Section 8. Execution and Delivery of Notes.....	12
Section 9. Disbursement of Note Proceeds.....	12
Section 10. Repayment of Notes.....	12
Section 11. Further Documents and Certificates	14
Section 12. Limitations on Liability	14

* This Table of Contents is not a part of the following resolution.

STATE BOND COMMITTEE

RESOLUTION NO. 2022-02

A Resolution of the State Bond Committee of the State of Alaska relating to the issuance and sale of two series of notes to be designated as Alaska Clean Water Fund Revenue Bond Anticipation Note, 2022 Series A in the aggregate principal amount of up to \$1,435,000 and Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2022 Series B in the aggregate principal amount of up to \$1,451,600; fixing the place of payment and other covenants with respect to said notes; and authorizing the Debt Manager to solicit proposals from banks for the purchase of the notes, to approve the final interest costs and maturity dates for the notes and to execute a purchase contract, under the terms and conditions set forth herein.

WHEREAS, the Federal Water Quality Act of 1987 (the “Clean Water Act”) established a state revolving fund program in order to replace the United States Environmental Protection Agency (“EPA”) construction grants program with revolving loan programs operated by the individual states; and

WHEREAS, the Safe Drinking Water Act Amendments of 1996, amending the Safe Drinking Water Act (the “Drinking Water Act”) also established a state revolving fund program in order to permit states to establish revolving fund loan programs; and

WHEREAS, in order to capitalize state revolving funds, the EPA may make annual capitalization grants to the states, on the condition that each state provide a state match for such state’s revolving funds; and

WHEREAS, Chapter 141 of the Session Laws of Alaska of 1996, as amended in 2000 by the Alaska Legislature in House Bill 304(FIN) and as codified at AS 37.15.560-.605 and AS 46.03.032-.039 (the “Act”), authorized the issuance and sale of Alaska Clean Water Fund revenue bonds of the State of Alaska (the “State”) in the principal amount of up to \$15,000,000 per Fiscal Year or up to \$150,000,000 total to provide financial assistance to municipalities and other qualified entities through the Alaska Clean Water Fund Loan Program (the “Authorized Clean Water Bonds”); and

WHEREAS, the Act authorized the issuance and sale of Alaska Drinking Water Fund revenue bonds of the State in the principal amount of up to \$15,000,000 per Fiscal Year or up to \$150,000,000 total to provide financial assistance to municipalities and other qualified entities through the Alaska Drinking Water Fund Loan Program (the “Authorized Drinking Water Bonds”); and

WHEREAS, AS 37.15.300-.390 authorizes the State Bond Committee (the “Committee”), when the Committee considers it in the best interests of the State, to borrow money in anticipation of the sale of revenue bonds if money to be derived from the sale of the bonds has been appropriated and if the revenue bonds have been authorized by law; and

WHEREAS, the Committee wishes to delegate authority to the Debt Manager of the State to solicit proposals from banks for the purchase of the notes authorized herein, approve the interest costs and maturity dates for the Notes within the parameters described in this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOND COMMITTEE OF THE STATE OF ALASKA, as follows:

Section 1. Defined Terms. In this resolution, the following terms shall have the following meanings.

“Act” means Chapter 141 of the Session Laws of Alaska of 1996, as amended by House Bill No. 304 (FIN), codified at AS 37.15.560-.605 and AS 46.03.032-.039.

“Alaska Clean Water Fund” or **“Clean Water Fund”** means the fund established pursuant to AS 46.03.032(a).

“Alaska Drinking Water Fund” or **“Drinking Water Fund”** means the fund of that name established pursuant to AS 46.03.036.

“Bank” means the bank selected and identified by the Designated Representative in accordance with the authority granted to him pursuant to Section 5 hereof.

“Bond Fund – Clean Water” means the Alaska Clean Water Fund Revenue Bond Redemption Fund, established pursuant to AS 37.15.565.

“Bond Fund – Drinking Water” means the Alaska Drinking Water Fund Revenue Bond Redemption Fund, established pursuant to AS 37.15.565.

“Bonds” mean Clean Water Bonds or the Drinking Water Bonds.

“Clean Water Act” means the Federal Clean Water Act, as amended by the Federal Water Quality Act of 1987, 33 U.S.C. 1251-1387.

“Clean Water Bonds” means the bonds payable from Clean Water Revenues which include interest on loan repayments and investment interest and issued under authority of AS 37.15.560-.605 pursuant to authorization of the Committee.

“Clean Water Maturity Date” means the date of maturity of the Clean Water Note, which date of maturity shall be specified in the Purchase Contract and shall be no later than December 31, 2022.

“Clean Water Note” as further defined in Section 4(a), means the Alaska Clean Water Fund Revenue Bond Anticipation Note, 2022 Series A in the aggregate principal amount of up to \$1,435,000.

“Clean Water Project” means any one of the following categories of projects:

- (a) planning, designing, building, constructing and rehabilitating a public

wastewater collection, treatment or discharge system;

(b) implementing a management program for controlling water pollution from nonpoint sources under 33 U.S.C. 1329, including planning, designing, building, constructing and rehabilitating a solid waste management system; and

(c) developing and implementing an estuary conservation and management program under 33 U.S.C. 1330.

“Clean Water Rate” means the per annum interest rate payable on the Clean Water Note, which interest rate shall be specified in the Purchase Contract.

“Clean Water Revenues” means the money on hand in the Clean Water Fund, including money appropriated by the State Legislature to meet federal matching requirements, federal capitalization grants, loan repayments, interest received from loan repayments and interest received from investment of money in the Clean Water Fund and the proceeds and accrued interest received from the sale of Clean Water Bonds issued under AS 37.15.560-.605 and secured by the Clean Water Fund.

“Committee” means the state bond committee, created pursuant to AS 37.15.110, whose members include the commissioner of commerce, community and economic development, the commissioner of administration and the commissioner of revenue.

“DEC” means the State of Alaska Department of Environmental Conservation, or a successor.

“DEC Representative” means the Commissioner of DEC or such other official of DEC as shall be designated by the Commissioner in writing to the Designated Representative.

“Designated Representative” means the Debt Manager of DOR or such other person as may be designated from time to time by resolution of the Committee.

“DOR” means the State of Alaska Department of Revenue, or a successor.

“Drinking Water Act” means the Federal Safe Drinking Water Act, as amended by the Safe Drinking Water Act Amendments of 1996, 42 U.S.C. 300j *et. seq.*

“Drinking Water Bonds” means the bonds payable from Drinking Water Revenues which include interest on loan repayments and investment interest and issued under authority of AS 37.15.560-.605 pursuant to authorization of the Committee.

“Drinking Water Fund” means the separate fund established by AS 46.03.036(a).

“Drinking Water Maturity Date” means the date of maturity of the Drinking Water Note, which date of maturity shall be specified in the Purchase Contract and shall be no later than December 31, 2022.

“Drinking Water Note” as further defined in Section 4(b), means the Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2022 Series B in the aggregate principal amount of up to \$1,451,600.

“Drinking Water Rate” means the per annum interest rate payable on the Drinking Water Note, which interest rate shall be specified in the Purchase Contract.

“Drinking Water Project” means drinking water system projects, including projects to plan, design, build, construct, or rehabilitate a public drinking water collection, storage, treatment or distribution system.

“Drinking Water Revenues” means the money on hand in the Drinking Water Fund, including money appropriated by the State Legislature to meet federal matching requirements, federal capitalization grants, loan repayments, interest received from loan repayments and interest received from investment of money in the Drinking Water Fund and the proceeds and accrued interest received from the sale of Drinking Water Bonds issued under AS 37.15.560-.605 and secured by the Drinking Water Fund.

“Fiscal Year” means the fiscal year of the State, which currently is July through June of each year.

“Note Account – Clean Water” means the Alaska Clean Water Fund Revenue Bond Anticipation Note Account, created within the Bond Fund – Clean Water for the payment of principal and interest on the Clean Water Note.

“Note Account – Drinking Water” means the Alaska Drinking Water Fund Revenue Bond Anticipation Note Account, created within the Bond Fund – Drinking Water for the payment of principal and interest on the Drinking Water Note.

“Note Register” means the books or records maintained by the State containing the name and mailing address of the owner of each Note or nominee of such owner and the principal amount and number of Notes held by each owner or nominee.

“Notes” means either or both of the Clean Water Note and the Drinking Water Note.

“Pledged Clean Water Revenue” means Clean Water Revenues consisting of interest received from investment of money in the Clean Water Fund and the interest portion of loan repayments.

“Pledged Drinking Water Revenue” means Drinking Water Revenues consisting of interest received from investment of money in the Drinking Water Fund and the interest portion of loan repayments.

“Purchase Contract” means a purchase contract or agreement executed by the Designated Representative and the Bank in connection with the sale and purchase of the Notes as authorized to be executed pursuant to Section 5 hereof.

“Regulations” means the regulations promulgated by DEC with respect to the Alaska Clean Water and Drinking Water Revolving Loan Funds, under 18 AAC 76, as the same may be hereafter amended or modified and supplemented from time to time.

“Series” means all of the Bonds authenticated and delivered on original issuance and identified as being a part of a separate series.

“State” means the State of Alaska.

Section 2. Authorization of Series of Clean Water Bonds. The State shall issue Clean Water Bonds in Series from time to time to implement the Act. The proceeds of the Clean Water Bonds shall be used for the purposes described in AS 46.03.032(d). The Clean Water Bonds shall be authorized by resolution of the Committee which shall fix the principal amount, denomination, date, maturities, manner of sale, place or places of payment, rights of redemption, if any, terms, form, conditions and covenants of said Clean Water Bonds.

Section 3. Authorization of Series of Drinking Water Bonds. The State shall issue Drinking Water Bonds in Series from time to time to implement the Act. The proceeds of the Drinking Water Bonds shall be used for the purposes described in AS 46.03.036. The Drinking Water Bonds shall be authorized by resolution of the Committee which shall fix the principal amount, denomination, date, maturities, manner of sale, place or places of payment, rights of redemption, if any, terms, form, conditions and covenants of said Drinking Water Bonds.

Section 4. Authorization of Notes.

(a) *Clean Water Note.* In anticipation of the issuance of the Clean Water Bonds authorized by Section 2 hereof, the Committee hereby authorizes the issuance of a revenue bond anticipation note to finance certain Clean Water Projects (the “Clean Water Note”). The Clean Water Note shall be issued in the aggregate principal amount of up to \$1,435,000 and shall be designated as the Alaska Clean Water Fund Revenue Bond Anticipation Note, 2022 Series A. The Clean Water Note shall be dated as of the date of its issuance and delivery; shall be fully registered as to both principal and interest, shall be in the denomination of up to \$1,435,000, shall be numbered N-1, and shall bear interest on unpaid principal from its date at a rate equal to the Clean Water Rate and shall mature on the Clean Water Maturity Date.

(b) *Drinking Water Note.* In anticipation of the issuance of the Drinking Water Bonds authorized by Section 3 hereof, the Committee hereby authorizes the issuance of a revenue bond anticipation note to finance certain Drinking Water Projects (the “Drinking Water Note”). The Drinking Water Note shall be issued in the aggregate principal amount of up to \$1,451,600 and shall be designated as the Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2022 Series B. The Drinking Water Note shall be dated as of the date of its issuance and delivery; shall be fully registered as to both principal and interest, shall be in the denomination of up to \$1,451,600, shall be numbered N-1, and shall bear interest on unpaid principal from its date at a rate equal to the Drinking Water Rate, payable at maturity and shall mature on the Drinking Water Maturity Date.

(c) *Place and Medium of Payment.* The principal of and interest on the Notes shall be payable in lawful money of the United States of America. Interest on the Notes shall be

calculated on the basis of a 365-day year and actual days elapsed. Upon presentation and surrender of the Clean Water Note, principal and interest shall be transferred from the Note Account – Clean Water to the Bank on the date when due. Upon presentation and surrender of the Drinking Water Note, principal and interest shall be transferred from the Note Account – Drinking Water to the Bank on the date when due. Interest and principal of the Notes shall, upon request of the Bank, be payable by wire transfer to the account of the Bank on the date due (upon confirmation that the Notes shall have been presented to the Designated Representative for payment).

Section 5. Designated Representative. The Committee hereby designates the Debt Manager of the Department of Revenue to act on its behalf as the “Designated Representative” and to exercise the authority granted to the Designated Representative hereunder.

The Committee has determined that it may be inconvenient to meet before the proposed time on which money may be required from the sale of the Notes. Accordingly, the Designated Representative is hereby authorized to prepare a solicitation for proposals to be circulated to local, Alaska banks for the purchase of the Notes and to review and negotiate terms for the purchase of the Notes consistent with the terms of this section. The Committee has determined that it would be in the best interest of the Committee to delegate to the Designated Representative for a limited time the authority to approve the final interest costs and maturity dates for the Notes and other terms and conditions of the Notes. The Designated Representative is hereby authorized to approve the final interest costs (to be expressed as an interest rate for each Note) and maturity dates of Notes and the total of all other costs to be incurred in connection with the financing in the manner provided hereafter.

If the Designated Representative elects to prepare a solicitation and in preparing the solicitation for proposals, evaluating the responses, negotiating a Purchase Contract and determining the final interest rates, maturity dates and total costs of issuance for the Notes, the Designated Representative, in consultation with the Deputy Commissioner of the Department of Revenue and the State’s financial advisor, shall take into account those factors that, in his judgment, will result in the lowest true interest cost on the Notes 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 Notes. The date of issuance and final maturity date shall occur no later than December 31, 2022, and the total costs of the Notes, including total interest payable on the Notes, shall not exceed \$15,000. Subject to the terms and conditions set forth in this Section 5, the Designated Representative is authorized to reject any proposal received (including all proposals) and to re-advertise and accept the proposal deemed most responsive and cost effective. The Designated Representative is hereby authorized to execute the final form of the Purchase Contract. Following the execution of the Purchase Contract, the Debt Manager shall provide a report to the Committee, describing the final terms of the Notes approved pursuant to the authority delegated in this section. The authority granted to the Debt Manager by this Section 5 shall expire 75 days after the date of adoption and approval of this resolution. If the Purchase Contract for the Notes has not been executed within 75 days after the date of adoption and final approval of this resolution, the authorization for the issuance of the Notes shall be rescinded, and such Notes shall not be issued nor their sale approved unless such Notes shall have been re-authorized by resolution of the Committee. The resolution re-authorizing the issuance and sale of such Notes may be in the form of a new resolution repealing this resolution in whole or in part (only with respect to the Notes 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 5.

The Designated Representative and the State's financial advisor are hereby authorized to review and approve on behalf of the Committee a request for qualifications/proposal to be distributed to eligible banking institutions relative to the Notes with such additions and changes as may be deemed necessary or advisable to them. The proper State officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Notes to the Bank and for the proper application and use of the proceeds of sale thereof.

The Designated Representative is hereby designated as the registrar and authenticating agent for the Notes. The Designated Representative is hereby further authorized to contract with and arrange for the printing and delivery of the Notes.

Section 6. Sale of Notes. The Notes shall be sold to the Bank in accordance with its proposal for the purchase of the Notes and the Purchase Contract, as authorized to be delivered under Section 5 of this resolution. The Designated Representative is hereby authorized and directed to do all things necessary for the prompt delivery of the Notes to the Bank.

Section 7. Form of Notes.

(a) *Clean Water Note.* The Clean Water Note shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. 1 \$ _____

STATE OF ALASKA
ALASKA CLEAN WATER REVENUE BOND ANTICIPATION NOTE,
2022 SERIES A

INTEREST RATE: _____% MATURITY DATE: _____, 2022

DATED DATE: _____, 2022

REGISTERED OWNER: _____

TAX ID NUMBER: _____

PRINCIPAL AMOUNT: _____

The State of Alaska (the "State") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or its registered assigns, but solely from the Note Account – Clean Water (hereinafter defined) on the Maturity Date identified above, the Principal Amount indicated above together with interest thereon from the Dated Date payable on the Maturity Date. Such Principal Amount, together with accrued interest, shall be paid only upon presentation and surrender of this note at the office of the Debt Manager of the State of Alaska, as registrar and authenticating agent (the "Registrar"). Both principal of and interest on this note are payable in lawful money of the United States of America solely out of the Note Account – Clean Water (the "Note Account – Clean Water") created within the special fund of the State known as the "Alaska Clean Water Fund Revenue Bond Redemption Fund" (the "Bond Fund –Clean

Water”) established pursuant to AS 37.15.565 and in accordance with the terms of Resolution No. 2022-02 (the “Resolution”) of the State Bond Committee (the “Committee”). The definitions contained in the Resolution shall apply to capitalized terms contained herein.

This note is issued pursuant to the Constitution and statutes of the State of Alaska and duly adopted resolutions of the Committee in anticipation of the issuance of clean water fund revenue bonds for the purpose of implementing the Alaska Clean Water Fund Loan Program for the State and its municipalities. This note is payable solely from the Note Account – Clean Water, into which shall be deposited Clean Water Revenues consisting of interest earnings on Clean Water Revenues in the Clean Water Fund and the interest portion of loan repayments (collectively, “Pledged Clean Water Revenue”) deposited in the Clean Water Fund and/or the proceeds of Clean Water Bonds or of refunding bond anticipation notes on or prior to the maturity of this note.

THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE A GENERAL OBLIGATION OF THE STATE OF ALASKA OR ANY OF ITS DEPARTMENTS, OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF ALASKA OR OF ANY SUCH DEPARTMENT, BUT SHALL BE PAYABLE SOLELY FROM THE NOTE ACCOUNT – CLEAN WATER WITHIN THE BOND FUND – CLEAN WATER AND FROM THE CLEAN WATER REVENUES. THE STATE OF ALASKA SHALL NOT BE OBLIGATED TO PAY THE SAME NOR INTEREST THEREON EXCEPT FROM SUCH PAYMENTS AND PROCEEDS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF ALASKA OR OF ANY DEPARTMENT THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THIS NOTE.

The interest on this note is not exempt from federal income taxation. The interest on this note is includible in federal gross income.

This note shall not be validly issued until duly authenticated by the manual signature of the Registrar in the Certificate of Authentication below.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Alaska, and resolutions of the State to be done precedent to and in the issuance of this note have happened, been done and performed.

IN WITNESS WHEREOF, the State of Alaska has caused this note to be executed with the facsimile signature of the Governor of the State of Alaska and to be countersigned by the Lieutenant Governor, this ____ day of _____, 2022.

STATE OF ALASKA

By _____
Governor

Countersigned:

Lieutenant Governor

The Certificate of Authentication on the Clean Water Note shall be in substantially the following form:

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This note is the note described in the within-mentioned Resolution and is the Alaska Clean Water Fund Revenue Bond Anticipation Note, 2022 Series A of the State of Alaska, dated _____, 2022.

STATE OF ALASKA

DEPARTMENT OF REVENUE

By _____
Debt Manager

(b) *Drinking Water Note.* The Drinking Water Note shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. 1

\$ _____

STATE OF ALASKA
ALASKA DRINKING WATER REVENUE BOND ANTICIPATION NOTE,
2022 SERIES B

INTEREST RATE: _____% MATURITY DATE: _____, 2022

DATED DATE: _____, 2022

REGISTERED OWNER: _____

TAX ID NUMBER: _____

PRINCIPAL AMOUNT: _____

The State of Alaska (the “State”) hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or its registered assigns, but solely from the Note Account – Drinking Water (hereinafter defined) on the Maturity Date identified above, the Principal Amount indicated above together with interest thereon from the Dated Date payable on the Maturity Date. Such Principal Amount, together with accrued interest, shall be paid only upon presentation and surrender of this note at the office of the Debt Manager of the State of Alaska, as registrar and authenticating agent (the “Registrar”). Both principal of and interest on this note are payable in lawful money of the United States of America solely out of the Note Account – Drinking Water (the “Note Account – Drinking Water”) created within the special fund of the State known as the “Alaska Drinking Water Fund Revenue Bond Redemption Fund” (the “Bond Fund – Drinking Water”) established pursuant to AS 37.15.565” and in accordance with the terms of Resolution No. 2022-02 (the “Resolution”) of the State Bond Committee (the “Committee”). The definitions contained in the Resolution shall apply to capitalized terms contained herein.

This note is issued pursuant to the Constitution and statutes of the State of Alaska and duly adopted resolutions of the Committee in anticipation of the issuance of drinking water fund revenue bonds for the purpose of implementing the Alaska Drinking Water Fund Loan Program for the State and its municipalities. This note is payable solely from the Note Account – Drinking Water, into which shall be deposited Drinking Water Revenues constituting interest received from investment of money in the Drinking Water Fund and the interest portion of loan repayments (collectively, “Pledged Drinking Water Revenue”) and/or the proceeds of Drinking Water Bonds or of refunding bond anticipation notes on or prior to the maturity of this note.

THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE A GENERAL OBLIGATION OF THE STATE OF ALASKA OR ANY OF ITS DEPARTMENTS, OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF ALASKA OR OF ANY SUCH DEPARTMENT, BUT SHALL BE PAYABLE SOLELY FROM THE NOTE ACCOUNT – DRINKING WATER WITHIN THE BOND FUND – DRINKING WATER AND FROM THE DRINKING WATER REVENUES. THE STATE OF ALASKA SHALL NOT BE OBLIGATED TO PAY THE SAME NOR INTEREST THEREON EXCEPT FROM SUCH PAYMENTS AND PROCEEDS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF ALASKA OR OF ANY DEPARTMENT THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THIS NOTE.

The interest on this note is not exempt from federal income taxation. The interest on this note is includible in federal gross income.

This note shall not be validly issued until duly authenticated by the manual signature of the Registrar in the Certificate of Authentication below.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Alaska, and resolutions of the State to be done precedent to and in the issuance of this note have happened, been done and performed.

IN WITNESS WHEREOF, the State of Alaska has caused this note to be executed with the facsimile signature of the Governor of the State of Alaska and to be countersigned by the Lieutenant Governor, this ____ day of _____, 2022.

STATE OF ALASKA

By _____
Governor

Countersigned:

Lieutenant Governor

The Certificate of Authentication on the Drinking Water Note shall be in substantially the following form:

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This note is the note described in the within-mentioned Resolution and is the Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2022 Series B of the State of Alaska, dated _____, 2022.

STATE OF ALASKA

DEPARTMENT OF REVENUE

By _____
Debt Manager

Section 8. Execution and Delivery of Notes. The Notes shall be executed with the facsimile signature of the Governor and countersigned by facsimile signature of the Lieutenant Governor. The Designated Representative is hereby authorized and directed to authenticate and thereafter to deliver the Notes to the Bank.

Section 9. Disbursement of Note Proceeds.

(a) Alaska Clean Water Fund. The Alaska Clean Water Fund has been established as a State fund by AS 46.03.032. The net proceeds of the Clean Water Note shall be deposited in the Clean Water Fund and shall be disbursed as directed by legislative appropriation to pay costs of Clean Water Projects and for such additional purposes as provided in AS 46.03.032, including but not limited to the provision of state matching funds. Costs of issuance for the Clean Water Note shall be paid from gross proceeds of the Clean Water Note and shall be paid on the date of issuance of the Clean Water Note.

(b) Alaska Drinking Water Fund. The Alaska Drinking Water Fund has been established as a State fund by AS 46.03.036. The net proceeds of the Drinking Water Note shall be deposited in the Drinking Water Fund and shall be disbursed as directed by legislative appropriation to pay costs of Drinking Water Projects and for such additional purposes as provided in AS 46.03.036, including but not limited to the provision of state matching funds. Costs of issuance for the Drinking Water Note shall be paid from gross proceeds of the Drinking Water Note and shall be paid on the date of issuance of the Drinking Water Note.

Section 10. Repayment of Notes.

(a) Note Account – Clean Water. The Bond Fund – Clean Water has been established as a State fund within the State by AS 37.15.565. There is authorized to be created within the Bond Fund – Clean Water an account to be named the “Note Account – Clean Water.” The Note Account – Clean Water shall be a trust fund used for paying and securing the payment of principal of and interest on the Clean Water Note.

On or prior to the date the Clean Water Note becomes due and payable, and in the event that money is not otherwise on hand in the Note Account – Clean Water, the State shall cause to

be deposited in the Revenue Account – Clean Water, sufficient Pledged Clean Water Revenue to pay and redeem the Clean Water Note.

On or before the date on which the Clean Water Note matures, the Designated Representative shall cause to be deposited Pledged Clean Water Revenue in the Note Account – Clean Water or the Committee shall cause Clean Water Bonds to be issued or issue a refunding bond anticipation note to provide amounts sufficient to pay and redeem the Clean Water Note. The Designated Representative is hereby authorized to transfer Pledged Clean Water Revenue from the Revenue Account – Clean Water to the Note Account – Clean Water amounts sufficient to pay and redeem the Clean Water Note when due.

The Clean Water Note shall be an obligation only of the Note Account – Clean Water created and maintained within the Bond Fund – Clean Water and shall not constitute a general obligation of the State. When principal of and interest of the Clean Water Note has been paid in full, any remaining amount in the Note Account – Clean Water shall become part of the entire Bond Fund – Clean Water, and the Note Account – Clean Water shall be closed.

(b) Note Account – Drinking Water. The Bond Fund – Drinking Water has been established as a State fund within the State by AS 37.15.565. There is authorized to be created within the Bond Fund – Drinking Water an account to be named the “Note Account – Drinking Water.” The Note Account – Drinking Water shall be a trust fund used for paying and securing the payment of principal of and interest on the Drinking Water Note.

On or prior to the date the Drinking Water Note becomes due and payable, and in the event that money is not otherwise on hand in the Note Account – Drinking Water, the State shall cause to be deposited in the Revenue Account – Drinking Water, sufficient Pledged Drinking Water Revenue to pay and redeem the Drinking Water Note.

On or before the date on which the Drinking Water Note matures, the Designated Representative shall cause to be deposited Pledged Drinking Water Revenue in the Note Account – Drinking Water or the Committee shall cause Drinking Water Bonds to be issued or issue a refunding bond anticipation note to provide amounts sufficient to pay and redeem the Drinking Water Note. The Designated Representative is hereby authorized to transfer Pledged Drinking Water Revenue from the Revenue Account – Drinking Water to the Note Account – Drinking Water amounts sufficient to pay and redeem the Drinking Water Note when due.

The Drinking Water Note shall be an obligation only of the Note Account – Drinking Water created and maintained within the Bond Fund – Drinking Water and shall not constitute a general obligation of the State.

When principal of and interest of the Drinking Water Note has been paid in full, any remaining amount in the Note Account – Drinking Water shall become part of the entire Bond Fund – Drinking Water, and the Note Account – Drinking Water shall be closed.

Section 11. Further Documents and Certificates. The Chair, Secretary and Designated Representative, as may be appropriate, are authorized and directed to execute any and all documents and do any and all things determined necessary to effect the accomplishment of the issuance, placement and delivery of the Notes and to deliver the necessary documents to the proper parties as requested to carry out the intended purposes of this resolution.

Section 12. Limitations on Liability. Nothing contained in this resolution nor in the Notes, nor any other instrument, shall be construed with respect to the State as incurring a charge upon the general credit of the State or against the taxing power of the State, nor shall the breach of any agreement contained in this resolution, the Notes or any other instrument or document executed in connection therewith impose any charge upon the general credit of the State or the taxing power of the State.

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the 15th day of September 2022.

STATE OF ALASKA
STATE BOND COMMITTEE

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

PAULA VRANA
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

CERTIFICATE

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

1. That the attached Resolution No. 2022-02 (herein called the "Resolution") is a true and correct copy of a resolution of the Committee as adopted at a meeting held on September 15, 2022, 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 15th day of September 2022.

Secretary

MEMORANDUM OF UNDERSTANDING (DRAFT)

Between: Department of Environmental Conservation **Date:** September 9, 2022
Department of Revenue

From: Ryan Williams **Telephone:** 465-2893
Operations Research Analyst
Treasury Division

Subject: Clean Water Fund and Drinking Water Fund 2022 Bonding

OVERVIEW –

The Clean Water and Drinking Water Funds are revolving loan funds administered by the Department of Environmental Conservation (DEC) with federal oversight provided by the Environmental Protection Agency (EPA). Both Funds are authorized to issue debt through the State Bond Committee (SBC). Both Funds hold interest earnings from loans that have been made out of the Funds and interest earnings within the Funds. Federal regulation allows interest earnings within the Funds to be used for the retirement of debts of the Funds.

In an effort to reduce general fund match exposure in obtaining federal match funding DEC (at the suggestion of the EPA) proposed borrowing the state match requirement secured by interest earnings of the Funds and repaying the borrowing immediately. The state has used this exercise to eliminate the need for general fund money to secure federal dollars in each of the last fifteen years.

TRANSACTION

CLOSING –

On October 25, 2022, \$2,795,599 in Revenue Bond Anticipation Notes will be issued. \$1,389,473 will be issued as the Alaska Clean Water Revenue Bond Anticipation Note, 2022 Series A. \$1,406,126 will be issued as the Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2022 Series B. The bonds will be purchased by KeyBank, National Association, A KeyCorp Company (“KeyBank”). Proceeds of the sale will be distributed by KeyBank as follows:

1. On October 25, 2022, \$1,385,000.88 will be wired to the State of Alaska for deposit to the Alaska Clean Water Fund held in AY01. DEC will ensure interest is credited to the Fund. Wire Instructions are:

State Street Bank and Trust Company
State Street Financial Center
1776 Heritage Dr.
North Quincy, MA 02171

ABA #011000028
State of Alaska – AY01
General Investment Fund
Account #00657189
Attn: Cash Management, 907-465-2360

2. On October 25, 2022, \$1,401,600.28 will be wired to the State of Alaska for deposit to the Alaska Drinking Water Fund held in AY01. DEC will ensure interest is credited to the Fund. Wire Instructions are:

State Street Bank and Trust Company
State Street Financial Center
1776 Heritage Dr.
North Quincy, MA 02171

ABA #011000028
State of Alaska – AY01
General Investment Fund
Account #00657189
Attn: Cash Management, 907-465-2360

3. On October 25, 2022, KeyBank will retain \$4,497.85, \$4,000.00 for payment of the origination fee, and \$497.84 for overnight interest expense. A total of \$2,235.52 is allocable to the Series 2022A (\$1,988.09 for origination fee, and \$247.43 for interest expense) and a total of \$2,262.32 is allocable to the Series 2022B (\$2,011.91 for origination fee, and \$250.41 for interest expense).
4. On October 25, 2022, KeyBank will wire \$4,500.00 to Orrick Herrington & Sutcliffe LLP for payment of services related to the issuance of the BANs. (\$2,236.60 is allocated to the Series 2022A and \$2,263.40 to the Series 2022B). Wire Instructions are:

Send to: ABA No. 121000248
SWIFT Code: WFBIUS6S
Wells Fargo
420 Montgomery Street
San Francisco, CA 94104
Account of: Orrick, Herrington & Sutcliffe LLP
Account No. 4123701088

Reference Required: client No. 40003-17

REDEMPTION –

On October 26, 2022, \$1,389,473 will be transferred from the interest earnings in the Clean Water Fund to the Bond Redemption Fund. The funds will then immediately be wired to KeyBank (see wire instructions below) for redemption of the Alaska Clean Water Revenue Bond Anticipation Note, 2022 Series A.

WIRE INSTUCTIONS SERIES A

BANK:	KeyBank National Association
ABA ROUTING #:	041001039
ATTN:	Key Agency Services
ACCOUNT #:	1140228209035
Ref:	State of Alaska

On October 26, 2022, \$1,406,126 will be transferred from the interest earnings in the Drinking Water Fund to the Bond Redemption Fund. The funds will then immediately be wired to KeyBank (see wire instructions below) for redemption of the Alaska Drinking Water Revenue Bond Anticipation Note, 2022 Series B.

WIRE INSTUCTIONS SERIES B

BANK:	KeyBank National Association
ABA ROUTING #:	041001039
ATTN:	Key Agency Services
ACCOUNT #:	1140228209035
Ref:	State of Alaska



STATE BOND COMMITTEE - STATE OF ALASKA
Clean Water & Drinking Water Bond Anticipation Notes, 2022 Series AB

Distribution List as of September 8, 2022

Page 1 of 1

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