

In the opinion of K&L Gates LLP, Bond Counsel, assuming compliance with certain covenants of the Municipality, interest on the 2022 Solid Waste Services Bonds is excludable from gross income for federal income tax purposes under existing law. Interest on the 2022 Solid Waste Services Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. However, interest on the 2022 Solid Waste Services Bonds is taken into account in determining “adjusted financial statement income” of certain corporations for purposes of computing the alternative minimum tax imposed on “applicable corporations” for tax years beginning after December 31, 2022. Interest on the 2022 Solid Waste Services Bonds is not included in taxable income for purposes of the Alaska income tax imposed on corporations. See “TAX MATTERS” herein for a discussion of the opinion of Bond Counsel.



MUNICIPALITY OF ANCHORAGE, ALASKA

\$109,755,000

**Solid Waste Services Revenue
Refunding Bonds, 2022 Series A**



Dated: Date of Delivery

Due: November 1, as shown on the inside cover

The Solid Waste Services Revenue Refunding Bonds, 2022 Series A (the “2022 Solid Waste Services Bonds”) will be issued to (i) refinance capital improvements to the solid waste facilities of the Municipality including a portion of the costs of the new Central Transfer Station by refunding the Outstanding Subordinate Lien Note, as further described herein, and (ii) pay costs of issuing the 2022 Solid Waste Services Bonds. The 2022 Solid Waste Services Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2022 Solid Waste Services Bonds. Individual purchases of interests in the 2022 Solid Waste Services Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof within a maturity. Purchasers of such interests will not receive certificates representing their interest in the 2022 Solid Waste Services Bonds. Principal and interest on the 2022 Solid Waste Services Bonds are payable directly to DTC by U.S. Bank Trust Company, National Association, Seattle, Washington, as authenticating paying agent and registrar (“Registrar”) for the 2022 Solid Waste Services Bonds. Principal is payable on the dates set forth on the inside cover. Interest is payable on May 1, 2023, and on each May 1 and November 1 thereafter until maturity or prior redemption. Upon receipt of payments of principal and interest, DTC will in turn remit such principal and interest to the DTC Participants (as such term is defined herein) for subsequent disbursement to the purchasers of beneficial interests in the 2022 Solid Waste Services Bonds, as described in APPENDIX E—Book-Entry Only System.

The 2022 Solid Waste Services Bonds are subject to redemption prior to their respective scheduled maturities as more fully described herein under the caption “DESCRIPTION OF THE 2022 SOLID WASTE SERVICES BONDS—Redemption of the 2022 Solid Waste Services Bonds.”

The 2022 Solid Waste Services Bonds are payable solely from and secured by a charge and lien on the Revenues (as hereinafter defined) of the Municipality pledged therefor and moneys in the Solid Waste Disposal Utility Revenue Fund and Refuse Collection Utility Revenue Fund (together, the “Revenue Fund”), subject only to payment of Operating Expenses (as hereinafter defined). The Municipality has reserved the right to issue Future Parity Bonds. No debt service reserve account secures the payment of the 2022 Solid Waste Services Bonds.

The 2022 Solid Waste Services Bonds are not general obligations of the Municipality and neither the faith and credit nor the taxing power of the Municipality, the State of Alaska, or any political subdivision thereof is pledged to the payment of premium, if any, principal of or interest on the 2022 Solid Waste Services Bonds.

MATURITY SCHEDULE — Inside of Cover Page

The 2022 Solid Waste Services Bonds are offered when, as and if issued and received by the Underwriters and are subject to the approving legal opinion of K&L Gates LLP of Seattle, Washington, Bond Counsel, as to validity and the exemption of interest thereon from federal income taxation. Certain legal matters will be passed upon for the Underwriters by Pacifica Law Group LLP of Seattle, Washington. It is expected that the 2022 Solid Waste Services Bonds will be available for delivery through the facilities of DTC in New York, New York, by Fast Automated Securities Transfer (FAST) on or about November 15, 2022.

J.P. Morgan

**BofA Securities
Ramirez & Co., Inc.**

**Citigroup
US Bancorp**

**KeyBanc Capital Markets Inc.
Wells Fargo Securities**

MATURITY SCHEDULE

MUNICIPALITY OF ANCHORAGE, ALASKA

\$109,755,000 SOLID WASTE SERVICES REVENUE REFUNDING BONDS, 2022 SERIES A

Maturities, Amounts, Interest Rates, Yields and Prices (Base CUSIP[†] No. 033262)

Due November 1	Principal Amount	Interest Rate	Yield	Price	CUSIP [†] No.	Due November 1	Principal Amount	Interest Rate	Yield	Price	CUSIP [†] No.
2024	\$ 995,000	5.000%	3.070%	103.644%	AA4	2034	\$ 1,620,000	5.000%	3.830%	109.611%*	AL0
2025	1,045,000	5.000	3.120	105.276	AB2	2035	1,700,000	5.000	3.930	108.747*	AM8
2026	1,095,000	5.000	3.210	106.607	AC0	2036	1,785,000	5.250	3.980	110.358*	AN6
2027	1,150,000	5.000	3.260	107.909	AD8	2037	1,880,000	5.250	4.050	109.754*	AP1
2028	1,205,000	5.000	3.320	109.016	AE6	2038	1,975,000	5.250	4.140	108.983*	AQ9
2029	1,270,000	5.000	3.360	110.102	AF3	2039	2,080,000	5.250	4.230	108.219*	AR7
2030	1,330,000	5.000	3.410	111.002	AG1	2040	2,190,000	5.500	4.290	109.723*	AS5
2031	1,400,000	5.000	3.480	111.614	AH9	2041	2,310,000	5.500	4.340	109.298*	AT3
2032	1,470,000	5.000	3.550	112.075	AJ5	2042	2,435,000	5.500	4.360	109.129*	AU0
2033	1,540,000	5.000	3.680	110.923*	AK2						

\$30,860,000 4.000% Term Bond Due November 1, 2052; Yield: 5.050%; Price: 83.872%; CUSIP[†]: 033262AV8

\$48,420,000 5.250% Term Bond Due November 1, 2062; Yield: 5.250%; Price 100.000%; CUSIP[†]: 033262AW6

* Priced to the call date of November 1, 2032.

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No dealer, broker, salesperson or other person has been authorized to give any information or make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the 2022 Solid Waste Services 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 sale of the securities offered hereby shall under any circumstances create an implication that there has been no change in the affairs of the Municipality, or any party described herein, since the date hereof.

Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of any of the 2022 Solid Waste Services Bonds.

UPON ISSUANCE, THE 2022 SOLID WASTE SERVICES BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED ON THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE 2022 SOLID WASTE SERVICES BONDS FOR SALE. NEITHER THE BOND ORDINANCE NOR THE TRUST AGREEMENT WILL BE QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED.

This Official Statement is submitted by the Municipality in connection with the sale of the 2022 Solid Waste Services Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The information set forth herein has been furnished by the Municipality and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs of the Municipality since the date hereof.

BDO USA, LLP, Inc., the Municipality's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. BDO USA, LLP also has not performed any procedures relating to this Official Statement.

Certain statements contained in this Official Statement do not reflect historical facts but are forecast, projections, estimates or other "forward-looking statements." The words "estimate," "project," "anticipate," "expect," "intend," "believe," "forecast," "assume" and similar expressions are intended to identify forward-looking statements. Such forecast, projections, estimates and other forward-looking statements are not intended as representations of fact or guarantees of results. Any such forward-looking statements are subject to variety of risks and uncertainties that cause actual results or performance to differ materially from those that have been forecasted, estimated or projected. These forward-looking statements speak only as of the date of this Official Statement. The delivery of this Official Statement does not impose upon the Municipality any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Municipality's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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

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*This inactive textual reference to the Municipality website and Solid Waste Services website is contact information provided only for convenience. These references are not hyperlinks and, by these references, the websites are not incorporated into this Official Statement.

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OFFICIAL STATEMENT

Relating to

MUNICIPALITY OF ANCHORAGE, ALASKA

\$109,755,000

Solid Waste Services Revenue Refunding Bonds, 2022 Series A

INTRODUCTION

General

This Official Statement, including the cover hereof and the appendices hereto, was prepared to provide information relating to the Municipality, the 2022 Solid Waste Services Bonds and the facilities that will generate revenues to pay debt service on the 2022 Solid Waste Services Bonds. The 2022 Solid Waste Services Bonds are authorized by ordinances of the Assembly.

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

All of the summaries of, or references to, provisions of statutes of the State of Alaska (the “State”), ordinances, resolutions and the Home Rule Charter (the “Municipal Charter”) of the Municipality and other documents contained herein are made subject to the complete provisions thereof and do not purport to be complete statements of such provisions, copies of which are available for inspection at the office of the Municipality upon request. Certain financial information regarding the Municipality has been taken or derived from the audited financial statements and other financial reports of the Municipality. Reference should be made to the audited financial statements and other financial reports, and their accompanying notes, for additional information. Copies thereof are available for inspection at the office of the Municipality upon request. A copy of the audited financial statements of Solid Waste Services for the year ended December 31, 2021 appear as Appendix A hereto.

Summaries of, or references to, provisions of the Internal Revenue Code of 1986, as amended (the “Code”), contained herein are made subject to the complete provisions thereof and do not purport to be complete statements thereof. Capitalized terms which are not defined herein shall have the meanings set forth in Appendix D.

Authority for Issuance of the 2022 Solid Waste Services Bonds

The 2022 Solid Waste Services Bonds are issued pursuant to Article XV of the Municipal Charter. The sale of the 2022 Solid Waste Services Bonds is further authorized by Ordinance No. AO 2018-76 passed by the Assembly on October 23, 2018, as amended by Ordinance No. AO 2021-35 passed by the Assembly on April 14, 2021 (together, the “Bond Ordinance”). The Bond Ordinance set forth certain details of the 2022 Solid Waste Services Bonds and authorized the Chief Fiscal Officer of the Municipality to cause the 2022 Solid Waste Services Bonds to be sold by negotiated sale.

Further details of the 2022 Solid Waste Services Bonds are found in the Trust Agreement, dated November 15, 2022 (the “Trust Agreement”), by and between the Municipality and the Registrar.

Security and Sources of Payment for the 2022 Solid Waste Services Bonds

The 2022 Solid Waste Services Bonds are payable solely from, and secured by a charge and lien on, Revenues generated by the Refuse Collection Utility (the “RCU”) and the Solid Waste Disposal Utility (the “SWSDU”, combined the “Solid Waste Services” or “SWS”) (the “Revenues”) and moneys in the Solid Waste Disposal Utility

Revenue Fund and Refuse Collection Utility Revenue Fund (together, the “Revenue Fund”), subject only to payment of Operating Expenses. The lien of the Parity Bonds on Revenues is superior to all other claims except for the obligation of the Municipality to pay Operating Expenses. The Municipality has reserved the right to issue Future Parity Bonds having a lien on Net Revenues equal to the lien of the Parity Bonds. There are no outstanding Parity Bonds.

The 2022 Solid Waste Services Bonds are not general obligations of the Municipality, and neither the faith and credit nor the taxing power of the Municipality, the State or any political subdivision thereof is pledged to the payment of the principal of and interest on the 2022 Solid Waste Services Bonds.

Purpose of the 2022 Solid Waste Services Bonds

The proceeds of the 2022 Solid Waste Services Bonds will be used to (i) refinance capital improvements to the solid waste facilities of the Municipality including a portion of the costs of the new Central Transfer Station by refunding the Outstanding Subordinate Lien Note, as further described herein, and (ii) pay costs of issuance of the 2022 Solid Waste Services Bonds. See “USE OF PROCEEDS FOR THE 2022 SOLID WASTE SERVICES BONDS—Refunding Plan—2022 Solid Waste Services Bonds”.

Continuing Disclosure

The Municipality has covenanted in the Trust Agreement for the benefit of the holders and beneficial owners of the 2022 Solid Waste Services Bonds to provide certain financial information and operating data and to give notices of certain events to assist the Underwriters in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5). See “CONTINUING DISCLOSURE UNDERTAKINGS” and Appendix F.

DESCRIPTION OF THE 2022 SOLID WASTE SERVICES BONDS

The 2022 Solid Waste Services Bonds will be issued as fully registered bonds under a book-entry system, registered in the name of Cede & Co., as nominee of DTC, acting as depository for the 2022 Solid Waste Services Bonds. Individual purchases of the 2022 Solid Waste Services Bonds will be made in the principal amount of \$5,000, or integral multiples thereof within a single maturity and will be held in book-entry form only.

Interest on the 2022 Solid Waste Services Bonds is payable semiannually on May 1 and November 1 each year, commencing May 1, 2023, until maturity or prior redemption. Principal of the 2022 Solid Waste Services Bonds is due November 1 in the years and amounts shown on the inside front cover hereof. The Registrar will make principal and interest payments to Cede & Co. which, in turn, will disburse such principal and interest payments to its participants (the “DTC Participants”) in accordance with DTC policies. Payments by such DTC Participants to the beneficial owners of the 2022 Solid Waste Services Bonds (the “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 DTC Participants and not of DTC, the Registrar or the Municipality. See “APPENDIX E—BOOK-ENTRY ONLY SYSTEM.”

The 2022 Solid Waste Services Bonds are not general obligations of the Municipality, and neither the faith and credit nor the taxing power of the Municipality, the State or any political subdivision thereof is pledged to the payment of premium, if any, the principal of, or interest on the 2022 Solid Waste Services Bonds.

Redemption of the 2022 Solid Waste Services Bonds

Optional Redemption

The 2022 Solid Waste Services Bonds maturing on or after November 1, 2033 (the “Callable Solid Waste Services Bonds”), are subject to redemption, in whole or in part, at the option of the Municipality, on any date on or after November 1, 2032, at a price of 100% of the principal amount thereof to be redeemed, plus accrued interest to the date so fixed for redemption.

Mandatory Redemption

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the term 2022 Solid Waste Services Bonds maturing November 1, 2052 and November 1, 2062 are subject to mandatory sinking fund redemption on November 1 of the years and in the principal amounts set forth in the following tables. Any such redemption shall be at a price equal to 100 percent of the principal amount to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption, but without premium.

2052 Term Bond	
Year (November 1)	Principal Amount
2043	\$2,570,000
2044	2,675,000
2045	2,780,000
2046	2,890,000
2047	3,005,000
2048	3,130,000
2049	3,250,000
2050	3,380,000
2051	3,520,000
2052 ⁽¹⁾	3,660,000

⁽¹⁾ Final Maturity

2062 Term Bond	
Year (November 1)	Principal Amount
2053	\$3,805,000
2054	4,005,000
2055	4,215,000
2056	4,435,000
2057	4,670,000
2058	4,915,000
2059	5,170,000
2060	5,445,000
2061	5,730,000
2062 ⁽¹⁾	6,030,000

⁽¹⁾ Final Maturity

Selection of 2022 Solid Waste Services Bonds to be Redeemed

For as long as the Callable Solid Waste Services Bonds are held in book-entry only form, the selection of Callable Solid Waste Services Bonds within a maturity to be redeemed will be made in accordance with the operational arrangements then in effect at DTC. If the Callable Solid Waste Services Bonds are no longer held in uncertificated form, the selection of such Callable Solid Waste Services Bonds to be redeemed and the surrender and reissuance thereof, as applicable, will be made as follows: If the Municipality redeems at any one time fewer than all of the Callable Solid Waste Services Bonds having the same maturity date, the particular Callable Solid Waste Services Bonds of such maturity to be redeemed will be selected by lot (or in such manner determined by the Registrar) in increments of \$5,000. In the case of a Callable Solid Waste Services Bonds of a denomination greater than \$5,000, the Municipality and the Registrar will treat each such Callable Solid Waste Services Bonds as representing such number of separate Callable Solid Waste Services Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Callable Solid Waste Services Bond by \$5,000. In the event that only a portion of the principal sum of a Callable Solid Waste Services Bond is redeemed, upon surrender of such Callable Solid Waste Services Bond at the principal office of the Registrar there will be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a

Callable Solid Waste Services Bond of like maturity and interest rate in any of the denominations authorized in the Trust Agreement.

Notice of Redemption; Conditional Redemption; Rescission

For so long as the 2022 Solid Waste Services Bonds are held in uncertificated form, notice of redemption, which notice may be conditional or may be rescinded prior to the scheduled redemption date, will be given in accordance with the operational arrangements of DTC as then in effect, and neither the Municipality nor the Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the 2022 Solid Waste Services Bonds are no longer held in uncertificated form), notice of redemption will be given as follows: Unless waived by any owner of the 2022 Solid Waste Services Bonds to be redeemed, official notice of any such redemption (which redemption will be conditioned by the Registrar on the receipt of sufficient funds for redemption) will be given by the Registrar on behalf of the Municipality 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 2022 Solid Waste Services Bond or 2022 Solid Waste Services 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 Registrar.

All such notices of redemption will be dated and will state: (a) the redemption date; (b) the redemption price; (c) if fewer than all outstanding 2022 Solid Waste Services Bonds are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of such 2022 Solid Waste Services Bonds to be redeemed; (d) that on the redemption date, unless the conditions to redemption have not been satisfied or the notice of redemption has been rescinded, 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 2022 Solid Waste Services Bonds are to be surrendered for payment of the redemption price, which place of payment will be the principal office of the Registrar.

If the 2022 Solid Waste Services Bonds are no longer held in uncertificated form, then, in addition to the foregoing notice, the Municipality will cause further notice to be given as provided in the Trust Agreement, but no defect in said further notice and no failure to give all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption if notice is given as above prescribed.

Interest on the 2022 Solid Waste Services Bonds so called for redemption will cease to accrue on the date fixed for redemption unless the same are not redeemed upon presentation and pursuant to such call.

Defeasance

The Municipality has reserved the right in the Trust Agreement to defease the 2022 Solid Waste Services Bonds, in whole or in part. The 2022 Solid Waste Services Bonds may be defeased only if money and/or Government Obligations are irrevocably set aside in a special account in amounts sufficient to pay and redeem the defeased 2022 Solid Waste Services Bonds at maturity or earlier redemption. If the Municipality defeases any 2022 Solid Waste Services Bonds, the defeased 2022 Solid Waste Services Bonds will be deemed not to be outstanding hereunder or under any other Series Ordinance, and the Trust Agreement shall be deemed satisfied and discharged with respect to such 2022 Solid Waste Services Bonds. The owners and holders of defeased 2022 Solid Waste Services Bonds will be entitled to be paid only from the money and/or Government Obligations that have been set aside in the special account.

USE OF PROCEEDS FOR THE 2022 SOLID WASTE SERVICES BONDS

Sources and Uses of Funds

Set forth in the following table is a summary of the estimated application of bond proceeds associated with the execution and delivery of the 2022 Solid Waste Services Bonds.

SOLID WASTE SERVICES REVENUE REFUNDING BONDS, 2022 SERIES A

<u>Sources of Funds:</u>	
Principal Amount of 2022 Solid Waste Services Bonds	\$109,755,000
Net Original Issue Discount	<u>(2,159,790)</u>
Total Sources of Funds: ⁽¹⁾	<u>\$107,595,210</u>
 <u>Uses of Funds:</u>	
Refunding Deposit	\$107,000,000
Issuance Expenses ⁽²⁾	<u>595,210</u>
Total Uses of Funds: ⁽¹⁾	<u>\$107,595,210</u>

⁽¹⁾ Totals may not foot due to rounding.

⁽²⁾ Includes underwriters' discount, additional proceeds and other fees and expenses.

Refunding Plan - 2022 Solid Waste Services Bonds

The Municipality will refund with the proceeds of the 2022 Solid Waste Services Bonds substantially all, except for a nominal amount, of the Subordinate Lien Refuse Collection Utility and Solid Waste Disposal Utility Revenue Note, 2019 Series A, issued on February 1, 2019, in the not to exceed amount of \$130,000,000, and currently outstanding in the amount of \$107,203,145 (the "Outstanding Subordinate Lien Note"). The Municipality expects to continue to make draws on the Outstanding Subordinate Lien Note.

SECURITY FOR THE 2022 SOLID WASTE SERVICES BONDS

General

The 2022 Solid Waste Services Bonds are payable solely from, and secured by a lien and charge on, Revenues and money on hand in the Revenue Fund, subject only to payment of Operating Expenses. The Municipality has reserved the right to issue Future Parity Bonds, having a lien on Net Revenues equal to the lien thereon of the 2022 Solid Waste Services Bonds.

Rate Covenant and Flow of Funds

Parity Bonds.

The Municipality has covenanted in the Trust Agreement to use Revenues and money in the Revenue Fund in the following order of priority:

First, to pay Operating Expenses except Municipal Utility Service Assessments or any assessment levied in lieu of municipal taxes;

Second, to make all payments, including sinking fund payments, required to be made into the Bond Fund for the payment of the principal of and interest on any Parity Bonds;

Third, to make all payments required to replenish reserve accounts, if any, securing payment of Parity Bonds;

Fourth, to make all payments, including sinking fund payments, required to be made on Subordinate Obligations, as well as any new debt service account for the payment of the principal of and interest on any Subordinate Obligations;

Fifth, to make all payments required to replenish reserve accounts, if any, securing payment of Subordinate Obligations;

Sixth, to make all required payments of Municipal Utility Service Assessments or other assessments levied in lieu of municipal taxes;

Seventh, to repay all loans from the Alaska Clean Water Fund;

Eighth, to make all required payments of any obligations subordinate to the Subordinate Obligations; and

Ninth, to make payments not otherwise made pursuant to the preceding priorities into any fund or account to pay or secure the payment of debt service on general obligation bonds issued for RCU and/or SWSDU purposes, to pay the costs of additions, betterments, improvements and repairs to and extensions and replacements of Facilities of the RCU and/or the SWSDU, to make legally authorized payments into any other fund or account of the Municipality, to purchase or redeem Solid Waste Services revenue bonds or notes, or for any other proper purpose in connection with the operation of the RCU and/or the SWSDU.

The Municipality has covenanted in the Trust Agreement to establish, maintain and collect rates and charges for solid waste disposal utility and refuse collection services and all other services or facilities furnished or supplied by RCU and/or SWSDU in each fiscal year that will provide Net Revenues in amounts sufficient to meet its Rate Covenant. As provided in the Trust Agreement, the term “Rate Covenant” means Net Revenues for each fiscal year in an amount equal to at least 1.35 times the Annual Debt Service Requirement for such year on all Outstanding Parity Bonds.

Bond Fund

The debt service on Parity Bonds is paid from a special fund designated as the “Anchorage Refuse Collection Utility and Solid Waste Disposal Utility Revenue Bond Fund” (the “Bond Fund”). The Municipality is obligated to make payments into the Bond Fund (no later than the date due) sufficient to pay the principal of, premium, if any, and interest on the Parity Bonds as it becomes due and payable. The deposits into the Bond Fund are to be made from Revenue (subject to the priorities described in “SECURITY FOR THE 2022 SOLID WASTE SERVICES BONDS—Rate Covenant and Flow of Funds”).

Reserve Accounts

The Municipality may but is not obligated to establish a separate reserve account within the Bond Fund or a common reserve with respect to any series of Future Parity Bonds solely for the purpose of further securing the repayment of such series of Future Parity Bonds in such amounts and from such sources, including, but not limited to, the proceeds of such series of Future Parity Bonds or Revenues (subject to the priorities described in “SECURITY FOR THE 2022 SOLID WASTE SERVICES BONDS—Rate Covenant and Flow of Funds”), as the Municipality shall determine. **No reserve account will be established with respect to the 2022 Solid Waste Services Bonds.**

Future Parity Bonds

Future Parity Bonds. The Trust Agreement authorizes the issuance of Future Parity Bonds under certain conditions. Future Parity Bonds would have a lien on Net Revenues equal to the lien of the 2022 Solid Waste Services Bonds.

(a) *Limitations on Issuance of Parity Bonds.* Except as provided in subsection (b) below, the Municipality has agreed in the Trust Agreement for the sole benefit of the owners and holders of the 2022 Solid Waste Services Bonds (and the owners of any successive issuances of Future Parity Bonds for as long as the same remain Outstanding) that it shall not issue any series of Future Parity Bonds unless:

(1) the Municipality shall not have been in default of its Rate Covenant for the immediately preceding fiscal year, and

(2) there shall have been filed with its bond counsel a certificate (prepared as described in subsection (c) or (d) below) demonstrating fulfillment of the Coverage Requirement, commencing with the first full fiscal year following the later of (A) the date of commercial operation of the Facilities to be financed with the proceeds of the Parity Bonds or (B) the date on which any portion of interest on the series of Parity Bonds then being issued no longer will be paid from the proceeds of such series of Parity Bonds and for the following two fiscal years.

(b) *No Certificate Required.* The certificate described in the foregoing subsection (a)(2) shall not be required as a condition to the issuance of Parity Bonds:

(1) if the Parity Bonds being issued are for the purpose of refunding Outstanding Parity Bonds upon compliance with the provisions of subsection (e); or

(2) if the Parity Bonds are being issued to pay costs of construction of Facilities for which Parity Bonds have been issued previously and the principal amount of such Parity Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of Parity Bonds theretofore issued for such Facilities and reasonably allocable to the Facilities to be completed as shown in a written certificate of the Chief Fiscal Officer, and the nature and purpose of such Facilities has not materially changed.

(c) *Certificate of the Municipality Without A Consultant.* If required pursuant to the foregoing subsection (a)(2), a certificate may be delivered by the Municipality without a Consultant if Net Revenues, based upon the financial statements of the Municipality for the Base Period, corroborated by the most recently audited financial statements of Solid Waste Services, audited by an independent certified public accounting firm, demonstrate that the Coverage Requirement will be fulfilled commencing with the first full fiscal year following the later of (A) the date of commercial operation of the Facilities to be financed with the proceeds of the Parity Bonds as reasonably estimated by the Municipality, or (B) the date on which any portion of interest on the series of Parity Bonds then being issued will not be paid from the proceeds of such series of Parity Bonds and for the following two fiscal years; provided, however, the certificate of the Municipality may make an adjustment to Net Revenues to reflect rate increases for the RCU and/or SWSDU approved by the Assembly to the extent that the revenue impact is not fully reflected in the audited financial statements.

(d) *Certificate of a Consultant.* Unless compliance with the requirements of subsection (a)(2) have been otherwise satisfied (as provided in (b) or (c) above), compliance with the Coverage Requirement shall be demonstrated conclusively by a certificate of a Consultant.

In making the computations of Net Revenues for the purpose of certifying compliance with the Coverage Requirement the Consultant shall use as a basis the Net Revenues for the Base Period.

In making such computations the Consultant shall make such adjustments as follows:

(1) The Net Revenues derived from those customers of RCU and SWSDU that have become customers during such Base Period or thereafter and prior to the date of such certificate, adjusted to reflect an estimate of a full year's Net Revenues from each such customer to the extent such Net Revenues were not previously included.

(2) The estimated annual Net Revenues to be derived from any person, firm, association, private or municipal corporation under any executed contract for refuse collection or solid waste service, which Net Revenues were not previously included in any of the sources of Net Revenues.

(3) The estimated annual Net Revenues to be derived from the operation of any additions or improvements to or extensions of the Facilities under construction but not completed at the time of such certificate and not being paid for out of the proceeds of sale of such Parity Bonds being issued, and which Net Revenues were not otherwise included in any of the sources of Net Revenues.

(4) The estimated annual Net Revenues to be derived from the operation of any additions and improvements to or extensions of the Facilities being paid for out of the proceeds of sale of such Future Parity Bonds being issued.

(5) The estimated additional annual Net Revenues to be derived from rate and charge increases that have been fully approved by the regulatory authority with jurisdiction to become effective thereafter if there has been any change in such rates and charges put into effect or so approved during or after such twelve (12)-consecutive month rate period.

In the event the Municipality will not derive any Revenues as a result of the construction of the additions, improvements or extensions being or to be made to the Facilities within the provisions of subparagraphs (3) and (4) immediately above, the estimated Operating Expenses of such additions, improvements and extensions shall be deducted from such Net Revenues.

(e) *Refunding of Parity Bonds.* Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) Parity Bonds, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption (or purchase) and the expenses of issuing such Parity Bonds to purchase or refund the same and of effecting such refunding upon delivery of a certificate as provided in (d) above. Such refunding Parity Bonds also may be issued without a certificate if the Maximum Annual Debt Service on all Parity Bonds to be Outstanding after the issuance of the refunding Parity Bonds shall not be greater than the Maximum Annual Debt Service were such refunding not to occur.

(f) *Refunding of Other Obligations.* Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) any other bonds of the Municipality, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption of such bonds (or purchase) and the expenses of issuing the Parity Bonds to purchase or refund the same and of effecting such refunding; *provided, however,* that prior to the issuance of such Parity Bonds the Municipality must provide a certificate if required by (c) or (d) above.

The Municipality has also reserved the right to issue revenue bonds or other obligations having a lien on Net Revenues subordinate to the lien of Parity Bonds as set forth in the Trust Agreement.

Other Operating Covenants in the Trust Agreement

The Municipality has further covenanted in the Trust Agreement:

1. *Maintenance of Solid Waste Services Facilities.* The Municipality will at all times maintain, preserve and keep the Solid Waste Services Facilities and every part and parcel thereof in good repair, working order and condition; will from time to time make or cause to be made all necessary and proper repairs, renewals and replacements thereto so the business carried on in connection therewith may be properly and advantageously conducted; and will at all times operate the Solid Waste Services Facilities in an efficient manner and at a reasonable cost.
2. *Insurance.* The Municipality will at all times carry fire insurance and such other forms of insurance on the Facilities as are ordinarily insured in such amounts and with such deductibles as under good business practice are ordinarily carried on such Facilities to the degree that such Facilities are not self-insured.
3. *Use of Money in Revenue Fund.* The Municipality will not expend any of the money in the Revenue Fund for any extensions or betterments which are not economically sound and which will not contribute to the operation of the RCU and/or the SWSDU in an efficient and economical manner

unless such extensions or betterments are required by law or by any regulatory body having valid jurisdiction.

4. *Books and Accounts.* The Municipality will keep and maintain proper books and accounts with respect to the operation of the RCU and the SWSU in such manner as prescribed by any authorities having jurisdiction over the RCU and the SWSU; will cause its books and accounts to be audited annually by a certified public accountant, copies of which audits shall, upon request, be furnished to the purchaser or purchasers or owners of the Parity Bonds. Said audit shall show whether or not the Municipality has in all respects performed and complied with the covenants set forth in the Bond Ordinance and the Trust Agreement, including the payments into the Bond Fund herein provided for.
5. *Compliance with Laws.* The Municipality covenants to comply in all material respects with all applicable law, including federal, state and local laws and environmental laws, in the operation of the RCU and the SWSU.
6. *Disposal of Properties.* The Municipality will not mortgage, sell, lease, or in any manner encumber or dispose of all or substantially all the RCU and/or the SWSU (voluntarily or involuntarily), unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of, premium, if any, and interest on all outstanding bonds payable therefrom, nor will it mortgage, sell, lease, or in any manner encumber or dispose of (including but not limited to a disposition by transfer to another public or private organization) voluntarily or involuntarily any part of the RCU and/or the SWSU that is used, useful and material to the operation of the RCU and/or the SWSU unless:
 - (a) the Municipality certifies, based upon reasonable expectations, that the remaining assets of the RCU and/or the SWSU shall be sufficient to continue regular operations of the RCU and/or the SWSU on a financially sound basis for a period of at least five years, and
 - (b) provision is made for replacement thereof or for payment into the Bond Fund of the total amount of revenue received that shall not be less than an amount that shall bear the same ratio to the amount of outstanding Parity Bonds as the greater of:
 - (i) the Net Revenues for such outstanding Parity Bonds for the 12 months preceding such sale, lease, encumbrance or disposal from the portion of the Facilities sold, leased, encumbered or disposed of bears to the Net Revenues for such Parity Bonds from the entire Solid Waste Services Utility for the same period;
 - (ii) the Revenues for the 12 months preceding such sale, lease, encumbrance or disposal from the portion of the RCU and the SWSU sold, leased, encumbered or disposed of bears to the Net Revenues for such Parity Bonds from the entire RCU and the SWSU the same period;
 - (iii) the proportion of assets (on a depreciated basis) allocable to the assets being sold, leased, encumbered or disposed of bears to the total assets of the entire RCU and the SWSU; or
 - (iv) the proportion of customers of the RCU and the SWSU allocable to the assets being sold, leased, encumbered or disposed of bears to the total number of customers of the RCU and the SWSU,

provided, however, that the Municipality may dispose of any portion of the RCU and the SWSU up to an aggregate of five percent of the book value of the total assets included within the RCU and the SWSU without the requirement for any deposit to the Bond Fund as provided in the Trust Agreement.

Any such moneys so paid into the Bond Fund shall be used to retire such outstanding Parity Bonds at the earliest possible date. Any money received by the Municipality as condemnation awards, insurance proceeds or the proceeds of sale, if not deposited to the Bond Fund, shall be used for the replacement of RCU and the SWSDU.

Amendatory and Supplemental Ordinances

The Assembly from time to time and at any time may approve an ordinance or ordinances supplemental to the Bond Ordinance, which ordinance or ordinances thereafter shall become a part of the Bond Ordinance, or the Chief Fiscal Officer may approve an amendment to the Trust Agreement for any one or more of the following purposes:

- (1) To add to the covenants and agreements of the Municipality in the Trust Agreement or the Bond Ordinance contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Municipality.
- (2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in the Bond Ordinance and/or the Trust Agreement or in regard to matters or questions arising under the Bond Ordinance and/or the Trust Agreement as the Assembly or the Chief Fiscal Officer, as the case may be, may deem necessary or desirable and not inconsistent with the Bond Ordinance and/or the Trust Agreement and which shall not materially and adversely affect the interest of the Registered Owners or Beneficial Owners of any Parity Bonds.
- (3) To provide for the issuance of Parity Bonds in a different form of book-entry or certificated obligations.

Any such supplemental ordinance or amendment to the Trust Agreement may be approved without the consent of the Registered Owner or Beneficial Owner of any of the Parity Bonds at any time outstanding, notwithstanding any of the provisions of subsection (b) of this section.

With the consent of the Registered Owners of not less than 60% in aggregate principal amount of any Parity Bonds at the time Outstanding, the Assembly may approve an ordinance or ordinances supplemental to the Bond Ordinance and/or the Chief Fiscal Officer may approve an amendment to the Trust Agreement for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Bond Ordinance and/or the Trust Agreement or of any supplemental ordinance or amendment to the Trust Agreement; provided, however, that no such supplemental ordinance or agreement shall:

- (1) extend the fixed maturity of any Parity Bond, or reduce the rate of interest, or reduce the amount or change the date of any sinking fund payment requirement, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owner of each Parity Bond affected; or
- (2) reduce the 60% approval requirement without the consent of the Registered Owners of all of the Parity Bonds then outstanding; or
- (3) remove the pledge and lien of the Bond Ordinance or the Trust Agreement.

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OUTSTANDING SOLID WASTE SERVICES INDEBTEDNESS

Parity Bonds

The Municipality currently has no outstanding Parity Bonds. The Municipality has reserved the right to issue Future Parity Bonds upon compliance with the provisions of the Trust Agreement. See “SECURITY FOR THE 2022 SOLID WASTE SERVICES BONDS—Future Parity Bonds.”

The Trust Agreement does not require that a debt service reserve fund be created for each series of Parity Bonds and does not require that any minimum amount be deposited to a reserve fund for Parity Bonds. At the option of the Municipality, Parity Bonds may be secured by a common reserve fund or may be secured by a separate reserve fund for a series.

Subordinate Obligations

The Municipality has reserved the right to issue revenue bonds with a lien subordinate to the Parity Bonds, payable from Revenue after all of the payments and transfers described in clauses First through Second under “SECURITY FOR THE 2022 SOLID WASTE SERVICES BONDS—Rate Covenant and Flow of Funds” have been made. The Municipality has outstanding the following series of Subordinate Lien Parity Bonds.

**TABLE 1
OUTSTANDING SUBORDINATE LIEN PARITY INDEBTEDNESS**

Authorizing Ordinance Number	Date of Original Issue	Principal Amount	Principal Amount Outstanding (10/20/2022)	Final Maturity Date
2018-76	02/01/2019	\$ 130,000,000 ⁽¹⁾	\$ 107,203,145	02/01/2025

⁽¹⁾ Represents maximum loan commitment as of May 1, 2022. The maximum loan commitment at the time of issuance in 2019 was \$55,000,000, subsequently raised in 2021 to \$100,000,000, and again in May of 2022 to the current level. Following payment of all then outstanding amounts with the proceeds of the 2022 Solid Waste Services Bonds, \$64,441,855 will remain available to be drawn.

Source: Solid Waste Services

The loan agreement executed in connection with the Outstanding Subordinate Lien Note sets forth a number of covenants and rights for the benefit of the Note holder, including default interest and other remedies in an event of default. Covenants include, among others, a rate covenant and a covenant not to issue Parity Bonds or future subordinate obligations unless (with certain exceptions) a coverage requirement is satisfied (and for these purposes the coverage requirement means net revenues equal to or greater than 115% of maximum annual debt service for subordinate obligations, and 125% for Parity Bonds). Events of default include payment and covenant defaults, insolvency-related defaults, an unsatisfied judgement against the RCU or the SWSDU in excess of \$10,000,000, and any event of default under the Parity Bonds. The Outstanding Subordinate Lien Note is not subject to acceleration.

In addition to the Outstanding Subordinate Lien Note, the Municipality has outstanding as of September 30, 2022, \$8,045,011 of Alaska Clean Water Fund loans payable by SWSDU. Alaska Clean Water Fund loans are payable from Revenue after all of the payments and transfers described in clauses First through Sixth under “SECURITY FOR THE 2022 SOLID WASTE SERVICES BONDS—Rate Covenant and Flow of Funds” have been made. Alaska Clean Water Fund loans are not subject to acceleration.

Debt Payment Record

The Municipality has never defaulted on the payment of principal or interest on any of its bonds or other debt.

Debt Service Schedule

The following table sets forth the debt service requirements for the 2022 Solid Waste Services Bonds.

TABLE 2
BOND DEBT SERVICE
SOLID WASTE SERVICES
(As of November 15, 2022)

Fiscal Year (12/31)	Solid Waste Services Revenue Refunding Bonds, 2022 Series A		
Principal	Interest	Debt Service⁽¹⁾	
2023	--	\$ 5,145,957	\$ 5,145,957
2024	\$ 995,000	5,354,175	6,349,175
2025	1,045,000	5,304,425	6,349,425
2026	1,095,000	5,252,175	6,347,175
2027	1,150,000	5,197,425	6,347,425
2028	1,205,000	5,139,925	6,344,925
2029	1,270,000	5,079,675	6,349,675
2030	1,330,000	5,016,175	6,346,175
2031	1,400,000	4,949,675	6,349,675
2032	1,470,000	4,879,675	6,349,675
2033	1,540,000	4,806,175	6,346,175
2034	1,620,000	4,729,175	6,349,175
2035	1,700,000	4,648,175	6,348,175
2036	1,785,000	4,563,175	6,348,175
2037	1,880,000	4,469,463	6,349,463
2038	1,975,000	4,370,762	6,345,762
2039	2,080,000	4,267,075	6,347,075
2040	2,190,000	4,157,875	6,347,875
2041	2,310,000	4,037,425	6,347,425
2042	2,435,000	3,910,375	6,345,375
2043	2,570,000	3,776,450	6,346,450
2044	2,675,000	3,673,650	6,348,650
2045	2,780,000	3,566,650	6,346,650
2046	2,890,000	3,455,450	6,345,450
2047	3,005,000	3,339,850	6,344,850
2048	3,130,000	3,219,650	6,349,650
2049	3,250,000	3,094,450	6,344,450
2050	3,380,000	2,964,450	6,344,450
2051	3,520,000	2,829,250	6,349,250
2052	3,660,000	2,688,450	6,348,450
2053	3,805,000	2,542,050	6,347,050
2054	4,005,000	2,342,288	6,347,288
2055	4,215,000	2,132,025	6,347,025
2056	4,435,000	1,910,737	6,345,737
2057	4,670,000	1,677,900	6,347,900
2058	4,915,000	1,432,725	6,347,725
2059	5,170,000	1,174,688	6,344,688
2060	5,445,000	903,262	6,348,262
2061	5,730,000	617,400	6,347,400
2062	6,030,000	316,575	6,346,575
TOTAL⁽¹⁾	\$ 109,755,000	\$ 142,936,907	\$ 252,691,907

⁽¹⁾ Totals may not foot due to rounding.

MUNICIPALITY OF ANCHORAGE

History

In 1975, the citizens of the Anchorage area ratified a Home Rule Charter for a unified municipal government. Under the Municipal Charter, the City of Anchorage, incorporated in 1920, the Greater Anchorage Area Borough (“GAAB”), incorporated in 1964, and two small, incorporated communities, Girdwood and Glen Alps, were dissolved as of September 15, 1975, and the Municipality became their legal successor. The area of the Municipality is coterminous with the area of the former GAAB and totals approximately 2,006 square miles (of which approximately 1,717 square miles is land area). General and economic information relating to the Municipality is contained in Appendix B to this Official Statement.

Organization

The chief executive officer of the Municipality is the Mayor, who is elected at large to a three year term and who may not serve more than two consecutive terms. Subject to confirmation by the Assembly, the Mayor appoints the Municipal Manager, the Municipal Attorney, the Chief Fiscal Officer and all heads of municipal departments. The Mayor may participate, but may not vote, in meetings of the Assembly. The Mayor may veto ordinances passed by the Assembly, and veto, strike or reduce budget or appropriation measure line items. A minimum of eight members of the Assembly must vote to override a veto by the Mayor.

The legislative power of the Municipality is vested in the Assembly comprised of 12 members, elected by district, to three year terms and who may not serve more than three consecutive terms. The presiding officer of the Assembly is the Chairperson, who is elected annually from and by the membership of the Assembly. The Assembly appoints the Municipal Clerk.

Municipal services are provided through geographic service areas. Each service area is treated as an individual taxing unit although only the Municipality can levy taxes. Certain services of the Municipality -- education, planning and zoning, health services, animal control, environmental quality, taxing and assessing, emergency medical service and public transportation -- are provided area-wide. The ad valorem tax rate for these services is uniform throughout the Municipality. In addition, geographic service areas consisting of only part of the area within the Municipality have been created for such purposes as fire protection, police protection, road maintenance, parks and recreation, building safety, etc. As a result, the total tax rate applicable to any given parcel of property is the sum of the Municipality wide levy rates plus the rates for the special purpose service areas within which that parcel is located.

Pursuant to the Municipal Charter, the Municipality owns and operates a number of utilities as enterprise funds. These utilities include the Refuse Collection Utility, Solid Waste Disposal Utility, Water Utility, and Wastewater Utility (referred to as Anchorage Water & Wastewater Utility). The utilities finance capital expansion, in part, with the proceeds of bonds, primarily revenue bonds, and the debt service on which is paid by the users of the respective utilities. The Municipality also owns and operates the Port of Anchorage and Merrill Field, the municipal airport.

Administrative Officers

Dave Bronson, Mayor

Mr. Bronson commenced his term as Mayor on July 1, 2021. He has been an Anchorage resident the past 29 years. Mr. Bronson was an Active Duty Air Force Pilot from 1981 to 1990, USAF Reserves Plans Officer from 1992 to 1993, and an Alaska ANG Maintenance Officer and Pilot from 1993 to 2005 while balancing a commercial airline pilot career from 1990 to 2020. Mr. Bronson earned a BS in Agricultural Economics from the University of Wisconsin.

Amy Demboski, Municipal Manager

Ms. Demboski was appointed as the Municipal Manager on July 1, 2021. Ms. Demboski served on the Anchorage Assembly prior to her role as Deputy Chief of Staff to Governor Dunleavy, and most recently as Deputy

Commissioner of the Department of Commerce, Community, and Economic Development for the State of Alaska prior to stepping into the role of Municipal Manager. Ms. Demboski earned a MBA focused in Finance, a Master of Public Administration focused in Criminal Justice Administration, Graduate Certifications in Public Administration and Environmental Management from Columbia Southern University, as well as a BA degree in Justice and History from the University of Alaska, Anchorage, and a Certificate in Corrections from Purdue Global University.

Blair Christensen, Acting Municipal Attorney

Ms. Christensen joined the Municipality in 2014. Ms. Christensen has been an attorney for over 20 years and has been barred in Alaska since 2003. Ms. Christensen clerked for Justice Bud Carpeneti of the Alaska Supreme Court. After clerking, she did real estate transactional work in Southern California until she returned to Alaska where she has done a variety of legal work for both private and government employers. Ms. Christensen was the primary labor and employment attorney for the Municipality for over seven years and became the Deputy Municipal Attorney at the end of 2021. Ms. Christensen was appointed as the Acting Municipal Attorney on September 13, 2022. Ms. Christensen supervises the attorneys in the Civil Division and oversees a broad range of legal matters for the Municipality. She has a Bachelor of Arts from the University of California, San Diego and a Juris Doctorate from the University of California, Davis.

Grant Yutrzenka, Acting Chief Fiscal Officer and Chief Financial Officer of AWWU

Mr. Yutrzenka joined the Anchorage Water & Wastewater Utility (“AWWU”) in February 2019. He was appointed the Municipality’s Acting Chief Fiscal Officer on September 19, 2022. He has been involved with utility management in both the public and private sectors for over 15 years. He has experience in long-range planning, regulatory affairs, operations, technology as well as accounting and finance. Mr. Yutrzenka holds a Bachelor in Business Administration with an emphasis in Accounting.

Ross Risvold, Director of Public Finance

Mr. Risvold joined the Municipality in October 2004. He has more than forty years of financial management experience in both the public and private sectors. His experience includes fourteen years at the Alaska Housing Finance Corporation (“AHFC”) where as a Finance Office he was responsible for managing the daily operations of the Corporation’s portfolios of trusted and unrestricted assets. Mr. Risvold was also involved in the design and maintenance of methods of capital acquisition in the domestic and international short and long term capital markets with debt securities offered publicly as well as privately placed. Mr. Risvold also worked in the telecommunications industry for Sprint PCS for four years where his roles included fraud identification and investigation, auditing, compliance, consulting and training. He earned an MBA in Finance from the University of Minnesota and a BS from the University of Wyoming.

Labor Relations

Labor Organizations

The Municipality had 2,529 employees, excluding School District personnel, as of October 3, 2022.

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Employees of the Municipality are represented by the labor organizations shown in the following table. Management of the Municipality believes its relations with employees in the past have been satisfactory. There have been no work stoppages or strikes by employees of the Municipality in the last five years.

Labor Organization	Expiration	Employees⁽¹⁾
Anchorage Municipal Employees Association	12/31/25	423
Anchorage Police Department Employees Association	12/31/24	531
International Association of Fire Fighters	06/30/25	371
International Brotherhood of Electrical Workers (“IBEW”)	06/30/24	55
IBEW / Technicians	12/31/24	63
International Union of Operating Engineers	06/30/26	132
Public Employees Local 71	06/30/24	64
Plumbers and Pipefitters	06/30/22 ⁽²⁾	141
Teamsters	12/31/22 ⁽²⁾	127
Non-Represented / Executive & Assembly Employees	N/A	622

(1) Membership shows hired personnel as of October 3, 2022.

(2) Contract currently under negotiation.

Source: Municipality of Anchorage

Retirement Plans, Other Post-Employment Benefits and Related Unfunded Liabilities

Retirement Plans

Permanent employees of the Municipality participate in one of the following retirement plans, all of which are subject to regular actuarial review:

- Alaska Public Employees Retirement System
- Anchorage Police and Fire Retirement Plan I, II or III
- International Brotherhood of Electrical Workers Pension Plan
- International Union of Operating Engineers Local 302

All pension and post-employment healthcare benefit obligations of the Municipality are included on the government-wide, proprietary, or fiduciary financial statements. See the Municipality’s Financial Statements, dated December 31, 2021, Note 13.

Other Post-Employment Benefits

Other Post-Employment Benefits (“OPEB”) are post-employment benefits that an employee will begin to receive at the start of retirement. These do not include pension benefits paid to the retired employee. OPEB that an employee can be compensated for are life insurance premiums, healthcare premiums and deferred compensation arrangements. The Municipality has several Retirement Plans, including closed retirement plans, which include OPEB.

Related Unfunded Liabilities

Information on plans and unfunded liabilities related to post-employment benefits can be found in the Municipality’s Financial Statements, dated December 31, 2021, Note 14.

Insurance

Property Insurance. The Municipality maintains replacement cost of “all-risk” insurance on all of its properties through contracts with FM Global. The deductible per occurrence is \$100,000 and the maximum payment per occurrence is \$500,000,000. The total property covered, including property of the Municipality (consolidated to obtain cost efficiency), is currently in excess of \$4.0 billion. Certain perils are not covered by the Municipality’s

policies, including earthquakes. Earthquake coverage is deemed to be not cost-effective given the expense, high deductibles and low policy limits of such coverage. The large dollar value and disbursement of these assets throughout the Municipality make this type of coverage not cost effective.

Liability Insurance. The Municipality also maintains commercial coverage for torts and workers compensation claims. The first layer of the excess liability coverage, over the Municipality's \$3,000,000 self-insured retention, is provided by Allied World Insurance Co. in the amount of \$5,000,000 per occurrence; the second layer of excess insurance of \$5,000,000 per occurrence is provided by Upland Specialty; the third layer of \$5,000,000 per occurrence is provided by Gemini Insurance Company; the fourth layer of \$10,000,000 per occurrence is provided by Navigators Specialty Insurance; the fifth layer of \$5,000,000 per occurrence is provided by Hallmark; the sixth layer of \$5,000,000 per occurrence is provided by Lexington; and the seventh layer of \$5,000,000 per occurrence is provided by Landmark American, for a total of \$40,000,000 excess liability coverage over self-insured retention. The Municipality's workers compensation policy is provided by Midwest Employer's Casualty and provides statutory limits over the \$3,000,000 per occurrence self-insured retention.

The Municipality also maintains a stand alone liability policy for cyber security incidents with Allied World Insurance Co. The policy has a \$5,000,000 aggregate limit of coverage with a \$500,000 deductible.

The Municipality maintains a self insurance fund in order to pay known and actuarially anticipated claims. The amount retained in the self insurance fund is determined by the Municipality's risk manager as advised annually by external insurance consultants. The most recent study completed in 2022 (using 2021 data compiled in 2022), by Willis Towers Watson, set forth Low, Expected and High loss amounts. The self insurance reserve is maintained at a level adequate to meet workers compensation, general liability, and auto liability claims with a Low of \$23,897,491 and a High of \$39,771,320. The Expected loss amount has been estimated to be \$31,152,108.

Response to COVID-19

The COVID-19 pandemic currently is affecting communities across the globe, including the State and the Municipality. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 a national emergency. On March 11, 2020, Alaska's Governor declared a public health disaster emergency under State law as a result of COVID-19. On March 12, 2020, the Municipality issued a Proclamation of Emergency pursuant to Anchorage Municipal Code Section 3.80.040 caused by COVID-19. The State Governor issued a series of health mandates which were subsequently rescinded.

The State issued four health advisories on February 14, 2021, which remain in effect until rescinded. All other prior health orders, health alerts, and health mandates issued by the State have expired, been superseded, or rescinded and are no longer valid.

The pandemic has had a significant impact on the Municipality and its operations, and the Municipality has taken various steps to mitigate its impact. The Municipality is currently reviewing potential revenue impacts on its funds and on operations. The Municipality has implemented and will continue to explore several avenues in response to projected revenue impacts. The Municipality has also adopted a series of Emergency Ordinances using interfund loans to provide financial resources for labor, supplies, and other expenditures required to address municipal response to COVID-19. The Municipality is continuously pursuing FEMA reimbursements for the COVID-19 related expenses. As of December 31, 2021, a total \$118.5 million interfund loans have been authorized for COVID-19 response, and of this amount, \$101.5 million has been expended, and \$36.7 million has been reimbursed by FEMA.

The Municipality has received and expects to continue to receive Federal and State support related to COVID-19 relief. The Municipality was allocated and received a total of \$156,713,566 in CARES Act funds, \$35,431,860 in Emergency Rental Assistance Program (ERA No. 1) funds, and \$51,658,683 in American Rescue Plan Act ("ARPA") funds. Additionally, the Municipality was awarded \$26,928,213 in Emergency Rental Assistance Program ("ERA") funds, of which \$10,771,285 has been received as of May 13, 2021. Additionally, a CARES award for Transportation: operating assistance and security in the amount of \$18,580,864 was awarded to the Municipality. This brings total Federal assistance related to COVID-19 relief received to \$273,156,258. The funds were allocated to relief, response and support efforts in the community. They have been divided into the following

priority areas: public health and safety; housing and homelessness; economic stimulus; family support; community investments; and direct municipal response. As of December 31, 2021, a total of \$238,753,755 of combined CARES Act funds, ERA funds and ARPA funds have been expended.

While the full impact of the COVID-19 pandemic on the Municipality and the regional economy is currently uncertain, the Municipality currently believes that these measures will help mitigate its anticipated revenue shortfall. The Municipality, however, cannot predict the duration and extent of the COVID-19 public health emergency, or quantify the magnitude of the impact on the regional and local economy or on the revenues and expenses of the Municipality. The Municipality's response has been guided by Center for Disease Control guidelines and recommendations. The Municipality has received and expended over \$200 million in federal funds in its effort to keep the Municipality's citizens safe. The Municipality has made additional qualified expenditures to address COVID issues for which it expects reimbursement from FEMA. No assurances can be given with respect to the timing of these reimbursements. The Municipality will continue to monitor the evolving situation and respond as needed. See "CERTAIN INVESTMENT CONSIDERATIONS—COVID-19 and other Public Health Pandemics or Outbreaks."

ANCHORAGE DEPARTMENT OF SOLID WASTE SERVICES

General

The Department of Solid Waste Services of the Municipality (the "SWS") includes two separate utilities: the Solid Waste Disposal Utility, which operates a central solid waste transfer station and a regional solid waste landfill serving the entire Municipality, and the Refuse Collection Utility, which provides residential and commercial refuse collection service throughout the City Service Area (the area that comprised the former City of Anchorage at the time of the formation of the Municipality in 1975). Refuse collection service outside the City Service Area is provided by private companies. The Solid Waste Disposal Utility and the Refuse Collection Utility receive services from, and share the expenses pro rata of, a common administrative/clerical staff and the vehicle maintenance section of SWS. As a department within the Municipality, SWS is a fully integrated organization. Its personnel and equipment resources provide management services and support functions for both the Solid Waste Disposal Utility and the Refuse Collection Utility. Financially, however, the two utilities are managed and accounted for as separate, self-supporting enterprises. All sources of funding are maintained within separate account systems for each utility, but have been combined for purposes of providing security for the repayment of the Parity Bonds.

Administration

Daniel Zipay, Solid Waste Services Director

Mr. Zipay has more than 40 years' experience in the trucking and waste services industry. He founded the State's largest waste company, Alaska Waste, in 1997, and has owned and operated other business related to refuse and material handling.

Glen Haasl, Operations Manager

Mr. Haasl has over 38 years' experience in the Solid Waste field and manages SWS operations at both the Anchorage Landfill and Central Transfer Station.

Susan Kent-Crafts, Chief Financial Officer

Ms. Kent-Crafts joined the Municipality as CFO of Solid Waste Services on March 7, 2022. She has more than 40 years of financial management experience in the public, non-profit, and private sectors. She earned a BA and MBA in Business Management from the University of Alaska.

Michael Rhodes, Manager of Engineering and Planning

Mr. Rhodes holds a Bachelor of Science degree in Civil Engineering and is a registered Professional Engineer in Alaska. Mr. Rhodes has worked as an engineering professional for over 9 years, with over three years at Solid Waste Services.

Budget

SWS's operating and capital budgets are submitted to the Assembly, as part of the municipal budget, for approval. Public hearings are conducted to obtain taxpayer and ratepayer comments. The municipal budget, if and as revised by the Assembly, is enacted by ordinance. After passage of the budgets, quarterly changes in appropriations may be approved by Assembly resolution.

SWS utility funds are enterprise funds and as such, are not subject to Governmental Fund requirements. SWS is not tax-supported. Revenues are generated from ratepayers; therefore, there is no legal requirement to maintain a balanced budget. However, Section 19.14(a) of the Municipal Charter requires SWS to be operated in such a manner as to provide a reasonable profit. The accrual basis of accounting is used to record revenues and expenses with the net profits or deficits increasing or decreasing SWS's net assets.

SWS Statement of Revenues, Expenses, and Changes in Net Position

The following table sets forth a summary of the Revenues, Expenses, and Changes in Net Position for SWS for 2020-2021.

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TABLE 3
SWS COMBINED REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2020 (unaudited)	2021
Operating revenues		
Landfill services	\$ 3,911,542	\$ 4,773,174
Landfill gas sales	2,614,604	2,587,675
Transfer station services	17,776,477	18,345,504
Refuse collection operation-commercial	7,827,042	8,277,806
Refuse collection operation-residential	4,076,993	4,409,742
Other operating revenues - collection fees, late fees, surcharges	290,523	247,691
Total operating revenues	<u>\$ 36,497,181</u>	<u>\$ 38,641,592</u>
Operating expenses		
Operations:		
Landfill operations	\$ 6,773,537	\$ 8,056,976
Landfill gas collection system	1,094,905	986,569
Transfer station operations	6,654,663	6,741,552
Refuse commercial collections	4,761,935	5,831,906
Refuse residential collections	2,361,792	2,235,564
Other direct expenses disposal	1,885,861	657,711
Other direct expenses refuse	2,694,519	1,652,373
Total operations	<u>\$ 26,227,212</u>	<u>\$ 26,162,651</u>
Amortization of landfill closure costs	4,140,988	1,532,265
Depreciation	5,654,418	5,961,801
Total operating expenses	<u>\$ 36,022,618</u>	<u>\$ 33,656,717</u>
Operating income	\$ 474,563	\$ 4,984,875
Nonoperating revenues (expenses)		
Investment income	\$ 810,719	\$ 311,180
Investment gain on landfill postclosure cash reserve	4,670,515	2,480,648
Gain on disposal of capital assets	60,099	331,202
PERS on-behalf (credit)	138,226	(95,602)
Intergovernmental revenue	--	36,896
Interest on long-term obligations	(498,376)	(714,852)
Total nonoperating revenues (expenses)	<u>\$ 5,181,183</u>	<u>\$ 2,349,472</u>
Income before capital contributions and transfers	\$ 5,655,746	\$ 7,334,347
Capital contributions and transfers		
Capital contributions	\$ 54,179	\$ 5,146,179
Transfers to other funds:		
Municipal utility service assessment	\$(1,222,858)	\$ (1,410,737)
Dividend	(1,050,000)	(1,056,000)
Other transfers from other funds	1,617,536	2,932,571
Other transfers to other funds	--	(5,108,399)
Total capital contributions and transfers	<u>\$ (601,143)</u>	<u>\$ 503,614</u>
Change in net position	\$ 5,054,603	\$ 7,837,961
Net position, beginning	80,473,538	85,528,141
Net position, ending	<u>\$ 85,528,141</u>	<u>\$ 93,366,102</u>

Source: Anchorage Solid Waste Services 2021 Audited and 2020 Unaudited Financial Statements

Debt Service Coverage

The following table sets forth a summary of the Net Revenue Available for Debt Service of SWS for the five years through 2021, derived from the audited financial statements of the Municipality for 2017-2021.

**TABLE 4
DEBT SERVICE COVERAGE**

Year	Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirement (Parity Bonds and Subordinate Obligations)			Coverage ⁽³⁾
				Principal	Interest	Total	
2021	\$ 38,952,747	\$ 28,308,864	\$ 10,643,883	--	\$ 451,064	\$ 451,064	23.6x
2020	37,307,900	27,602,241	9,705,659	--	354,499	354,499	27.4x
2019	36,054,341	26,528,027	9,526,314	--	194,957	194,957	48.9x
2018	35,631,147	26,897,763	8,733,384	--	--	--	--
2017	35,113,632	25,081,697	10,031,935	--	--	--	--

⁽¹⁾ Includes operating revenue and investment income.

⁽²⁾ These are Operating Expenses excluding 'On-behalf' payments made on-behalf of the Municipality by the State directly to the Public Employees Retirement System, and net pension expense and other post-employment benefits, depreciation, and amortization of landfill closure costs, but including MUSA.

⁽³⁾ Debt Service reflects subordinate debt to be refunded by the 2022 Solid Waste Services Bonds; there were no Outstanding Parity Bonds during the period shown. Required minimum coverage for Parity Bonds is 1.35x. As of December 31, 2021, SWS did not have any Parity Bonds. Required minimum coverage for Subordinate Lien Obligations is 1.15x. Required minimum coverage for the State of Alaska Clean Water Fund loans is 1.0x.

Source: Municipality 2017-2021 Audited Financial Statements

Capital Improvement Program

SWS continually monitors and evaluates its facilities and equipment to identify needed capital improvements. SWS creates a Capital Improvement Program (“CIP”) in accordance with SWS’s Integrated Solid Waste Master Plan, and publishes a 5-year CIP annually as a component of its Proposed Utility Budget delivered to the Assembly. SWS anticipates future capital improvements will be made to SWS facilities in accordance with the CIP.

A portion of the proceeds of the 2022 Solid Waste Services Bonds are being used to refinance costs of replacement of the central transfer station in midtown Anchorage (the “CTS”), and to support the expansion of SWS through the capital projects as defined in the CIP. SWS found that the prior CTS was nearing the end of its useful life, posed health and safety risks, and is not properly sized or designed for the vehicle size and volume that it serves today as well as the recycling initiatives that are being implemented by SWS. SWS is well underway to completing the construction of a new transfer station facility that is estimated to open in early 2023. The new facility will provide increased capacity for peak flows of commercial and residential customers as well as provide much needed on-site traffic circulation improvements. The new transfer station will enhance the SWSDU’s ability to serve the community, while accommodating needs for increased recycling and waste reduction efforts to extend the life of the Anchorage Regional Landfill (the “ARL”).

Below is a summary of the proposed 2023 CIP.

TABLE 5
SUMMARY OF CIP PROJECTS
(In Thousands \$)

Project	2023	2024	2025	2026	2027	2028	Total Cost
Design and Construction of Gas Collection System at ARL	\$ 700	\$ 1,004	\$ 700	\$ 700	\$ 700	--	\$ 3,804
Disposal Pickups and Light Duty Vehicles	--	110	125	165	--	--	400
Disposal Tanker, Truck, Tractors to Haul Trash and Leachate	1,370	970	1,163	1,185	1,075	--	5,763
Purchase Tarp Deployment System for Landfill	--	20	--	20	--	\$ 20	60
Replacement Dozers, Loaders, Compactors and Dump Trucks for Landfill	1,700	--	3,200	--	2,500	--	7,400
Replacement of Trackless Tractor, Cherry Pickers, Tire Shredder	--	--	180	--	1,500	--	1,680
Replace Dumpsters and Roll Carts	--	335	335	335	335	--	1,340
Replacement of Refuse Frontloaders Sideloaders and light-duty vehicles	100	1,027	245	153	1,000	--	2,525
Replace Recycle Roll Carts and Yard Waste Carts	25	25	25	25	25	--	125
Total Capital Plan	\$ 3,895	\$ 3,491	\$ 5,973	\$ 2,583	\$ 7,135	\$ 20	\$ 23,097

Source: Proposed 2023 SWS Capital Improvement Program

Regulation

The Solid Waste Disposal Utility is not subject to regulation by the Regulatory Commission of Alaska (“RCA”). The Refuse Collection Utility, however, like other refuse collection companies and agencies in Alaska (except military collection operations), is required to obtain certification from the RCA to provide services within any given area; but has been exempted from economic regulation, including regulation of rates and charges, by the RCA.

Labor Relations

Of the 98 current employees of the SWS, 21 are administrative/clerical personnel, 49 are Solid Waste Disposal Utility employees, 20 are Refuse Collection Utility employees and 8 are employed in the vehicle maintenance section.

Of these employees, 89 are represented by labor organizations including 71 by the Joint Crafts Council and 18 by the Anchorage Municipal Employees Association. The remaining employees are either non-represented or executive and are covered by the Municipal Personnel Rules established by ordinance in the Anchorage Municipal Code.

SWS management is committed to providing adequate and satisfactory training and development opportunities to all employees. Communications between employees and SWS management have historically been well-developed and on-going as reflected in SWS’s culture of continuous improvement.

ANCHORAGE SOLID WASTE DISPOSAL UTILITY

History

Municipal solid waste disposal was originally a function of the City Public Works Department, which operated the city landfill at Merrill Field. Under unification, the Municipality acquired responsibility for five waste disposal sites from Peters Creek to Girdwood. The SWSDU was formed to operate and maintain these sites, while

managing solid waste disposal matters throughout the Municipality. The five sites were ultimately closed, and waste disposal was consolidated at the ARL. The facility was opened in 1987 and is the only operating municipal solid waste landfill within the Municipality.

Service Area

The SWSDU serves the entire Municipality. The services include the disposal of solid waste and collection of household hazardous waste. Municipal solid waste is received at two transfer stations located within the Municipality. The waste is then transported by the SWSDU to the ARL for final disposal.

Facilities

Anchorage Regional Landfill. The ARL has a total land area of approximately 275-acres and is being developed in phases called cells. Currently, cells 1 through 7, 8a, 8b, 9a, and 10 - 12 have been constructed. Cells 9b and 8c are currently being designed with construction anticipated in 2024 and 2025. The ARL is projected to have a total capacity in excess of 47.5 million cubic yards and should reach its capacity in 2069, dependent upon population growth, waste compaction, diversion of more recyclables and construction activities. In 2020, approximately 301,000 tons were deposited in ARL, which represents just under 14,000 tons less than in 2019. The reduction in tonnage is largely attributable to reduction in Anchorage tourism, construction, and other business activities due to the COVID-19 pandemic. SWSDU currently expects an average of approximately 300,000 tons in 2021 as well as future years.

SWS uses a 12-month average of waste generation and cover used by the landfill to predict the day the landfill will reach full capacity. As public behavior changes, lowering the rate of waste generation and thus using less cover, the life of the landfill will be affected. Decomposition and compaction are considered in the equation, as well as population growth. SWS does not have a target set because this information is continually changing, however, SWS has a goal to extend the life of ARL, and 2070 is currently the estimated year of closure, as of June 30, 2022.

Transfer stations. The transfer stations located at Girdwood and the CTS allow the SWSDU to reduce traffic flow to the landfill and restrict access to the working face. The CTS also helps keep the Municipality's garbage collection rates low by minimizing the distance that private haulers have to drive to dispose of collected waste. This also helps to reduce greenhouse gas emissions. The CTS receives the largest amount of solid waste, having received nearly 207,000 tons in 2020 from almost 190,000 customers. This facility has an operating capacity of 1,600 tons per day. The SWSDU operates a fleet of 29 transfer tractor and trailers that transport the solid waste from Girdwood and CTS to ultimate disposal at ARL, each with a capacity of 120 cubic yards.

A portion of the proceeds of the 2022 Solid Waste Services Bonds are being used to refinance costs of replacing the CTS. SWS is constructing the new transfer station facility in three construction phases – Phase 1 being early civil site work, Phase 2 being remaining early civil site work and foundations, and Phase 3 being remaining construction. The replacement CTS is estimated to open in early 2023. The new facility will provide increased capacity for peak flows of commercial and residential customers as well as provide on-site traffic circulation improvements. SWS believes that the new transfer station will be:

- Cleaner & Quieter – enclosed design to reduce litter and offer better odor containment.
- Safer – reduce risk to the people who work in and use this facility while also improving ease of access.
- More Efficient & More Recycling –improve queuing times, and open up space for innovation in recycling, reusing, and waste reduction efforts to extend the life of the ARL.

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Below are photos of representative work in process on the CTS.



The Municipality has created in Code 26.80.060 the closure and post-closure care restricted cash and investment fund for the Anchorage Regional Landfill (the “ARL Fund”). This is an endowment fund for the purposes of funding costs related to the closure and post-closure care activities of the landfill, as required by Federal Environmental Protection Agency (“EPA”) and Alaska Department of Environmental Conservation (“ADEC”) agencies.

In 2021, the Municipality withdrew \$25.0 million from the ARL Fund due to its overfunded status. These unrestricted funds are held and owned by the SWSDU. The ARL Fund currently has a balance of \$17.3 million as of August 30, 2022.

The SWSDU is responsible for post closure care and monitoring of former landfill sites at Merrill Field, Peters Creek (Loretta French Park), and International Airport Road (Javier de la Vega Park). At each of these sites, SWS must perform annual or biennial groundwater and landfill gas (“LFG”) migration monitoring. There is no end date at this time for when monitoring will be discontinued at these sites. The SWSDU operates an active LFG collection system at Merrill Field to mitigate migration of LFG to commercial buildings constructed along Merrill Field Drive. The SWSDU also operates and maintains a leachate collection system along 15th Avenue to mitigate potential migration of groundwater contaminants to the Chester Creek system. Since no closure funds were ever designated for these sites, all post closure care activities must be funded out of the SWSDU’s annual operating budget by current ratepayers.

Hazardous Waste. The SWSDU operates a 6,000 square foot hazardous waste collection facility built in 1989 at the ARL. Through 2020, the facility has collected nearly 24 million pounds of hazardous waste that otherwise may have been improperly disposed of at ARL, the storm drain system, or citizens’ backyards.

Household hazardous waste received at Hazardous Waste Facility located at ARL is handled by a contractor and shipped out of state to federally-approved hazardous waste disposal sites. Other materials are rendered inert and landfilled, processed locally, recycled, or stocked for other Anchorage residents to take home for reuse. SWS also expects to use waste oil collected from collection and transfer vehicles to use as fuel in heaters that will provide heat for warm storage at the new ARL facility.

Recycling. City-wide recycling has stabilized, and trash disposed at the landfill has remained steady for several years. Funded from a recycling surcharge, the recycling program promotes recycling and the recycling industry with the goal of extending the ultimate life of the landfill. The surcharge has funded the development of an expanded paved public recycling drop-off site at the landfill. ARL currently accepts aluminum cans, paper, plastic, and cardboard. The materials are then transported to the Anchorage Recycling Center.

The program also provides support for public space recycling and to the Anchorage School District (“ASD”) by collecting mixed paper from their facilities, and promotes education for students and the reduction of waste generated from their facilities. Recycling within the Municipality is further supported through a grant for Christmas tree recycling, economic and business development grants for developing ideas for reusing materials in-state, such as glass, tires, construction and demolition debris, and organics.

Regulation

The SWSDU is not economically regulated by any non-municipal agencies but is overseen by the Anchorage Municipal Assembly. SWSDU operates under numerous permits and many EPA regulations. ARL is operated under a Solid Waste operating permit issued by the ADEC. This permit must be renewed every five years. ARL construction and certain operations must comply with the EPA Resource Conservation and Recovery Act (“RCRA”) subtitle D. The facility is also regulated under a Title V air emissions operating permit issued by ADEC. The SWSDU operates under two permits from Anchorage Water and Wastewater Utility for industrial water discharge, one for disposal of leachate from ARL and one for discharge of leachate contaminated groundwater at Merrill Field Airport. ARL has permits from the U.S. Department of Fish and Wildlife and the Alaska Department of Fish and Game for bird management.

Environmental Mandates

SWSDU must operate under, and comply with, numerous environmental mandates. These mandates have a significant economic impact on the cost of operations and construction for the utility. The main environmental mandates that have a significant impact on the SWSDU are RCRA subtitle D, the Clean Air Act, New Source Performance Standards, the Clean Water Act, SARA Title 3 (Super Fund), NESAP (asbestos), and NPDES (storm water discharge). In 2010, EPA added greenhouse gas monitoring and reporting requirements that affect both active and closed landfill sites. It is projected that the environmental mandates regarding operating and constructing a landfill will become even more stringent in the future.

Solid Waste Rates and Charges

The Municipal Assembly has the sole authority to change rates and charges. The Administration has recommended to the Municipal Assembly to increase rates for the SWSDU effective January 1, 2023 and additional percentage increases in the years 2024 through 2028. These increases are expected to allow the SWSDU to comply with all existing SWSDU Rate Covenants.

The following table shows the rates and charges for trash disposal at the SWSDU as of December 31, 2017 through 2022:

**TABLE 6
DISPOSAL RATES AND CHARGES**

Year	Cars	Pickups ⁽¹⁾	Min. Rate	Rate/Ton	Commercial (Large Vehicle) Rates	
					Non-Compacted (per cu yard)	Compacted (per cu yard)
2022	\$ 6.00	\$ 16.00	\$ 6.00	\$ 83.96	\$ 11.25	\$ 22.50
2021	6.00	16.00	6.00	79.02	10.60	21.20
2020	6.00	16.00	6.00	74.38	10.00	20.00
2019	6.00	16.00	6.00	70.00	9.50	19.00
2018	5.00	15.00	5.00	66.50	9.00	18.00
2017	5.00	15.00	5.00	66.50	9.00	18.00

⁽¹⁾ Includes pickups, vans and trailers with box dimensions which do not exceed 96 inches in length, 66 inches in width, and 36 inches in height. Rates for up to 1,000 lbs; pickup trucks with loads in excess of 1,000 lbs are weighed and pay the tonnage rate.
Source: Anchorage Solid Waste Services

Different rates apply to hazardous wastes.

Solid Waste Annual Tonnage

The following table shows the total tonnage of solid waste deposited in the ARL in the years 2017-2021:

**TABLE 7
SOLID WASTE DISPOSAL ANNUAL TONNAGE**

Year	Tonnage
2021	306,975
2020	301,061
2019	314,265
2018	350,024
2017	308,151

Source: Municipality Annual Comprehensive Financial Reports 2017-2021

SWSDU Top Customers

The following table shows the top ten customers served by SWSDU in 2021:

**TABLE 8
TOP TEN SWSDU CUSTOMERS**

Customer Name	Revenue
Waste Connections Inc.	\$ 10,006,603
Northern Waste LLC	1,387,444
Bluearctic Waste Solutions LLC	1,293,626
Central Recycling Service Inc.	528,664
Ramsey & Sons Trucking	353,443
AK Alaska Btdt LLC	220,448
Red Box Refuse LLC	154,084
BP Investments Inc.	143,860
Roger Hickel Contracting Inc.	142,561
Municipality of Anchorage Water and Waste Water Utility – Pt Wornzof Location	140,354
Total	\$ 14,371,087

Source: Anchorage Solid Waste Services

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Historical Net Income

The following table sets forth a summary of the Revenues, Expenses, Operating and Net Income of the Solid Waste Disposal Utility for the five years through 2021, derived from the audited financial statements of the Municipality for 2017-2021.

TABLE 9
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ANCHORAGE SOLID WASTE DISPOSAL UTILITY

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Operating Revenues					
Refuse Collection Charges	\$ 10,481,199	\$ 10,435,010	\$ 10,812,854	\$ 11,512,370	\$ 12,140,976
Container Rental Charges	468,955	479,920	500,698	391,665	546,570
Other Revenue	97,674	160,253	165,380	104,680	99,264
Total Operating Revenues	<u>\$ 11,047,828</u>	<u>\$ 11,075,183</u>	<u>\$ 11,478,932</u>	<u>\$ 12,008,715</u>	<u>\$ 12,786,810</u>
Operating Expenses					
Personnel Services	\$ 3,127,375	\$ 3,315,306	\$ 3,226,819	\$ 3,274,328	\$ 4,582,761
PERS and OPEB On-Behalf Expenses	115,015	11,829	(528,384)	195,580	(257,969)
Supplies	283,380	705,517	540,541	355,161	421,600
Other Services and Charges	2,927,540	3,481,437	3,280,550	3,298,658	3,585,164
Charges from Other Departments	1,950,027	2,297,527	2,621,464	2,694,519	1,388,289
Depreciation	969,982	1,178,980	1,229,550	1,214,295	1,395,215
Total Operating Expenses	<u>\$ 9,373,319</u>	<u>\$ 10,990,596</u>	<u>\$ 10,370,540</u>	<u>\$ 11,032,541</u>	<u>\$ 11,115,060</u>
Operating Income	\$ 1,674,509	\$ 84,587	\$ 1,108,392	\$ 976,174	\$ 1,671,750
Non-operating Revenues (Expenses)					
Intergovernmental Revenue- Pension and OPEB On-behalf	\$ 67,546	\$ 51,115	\$ (36,093)	\$ 97,616	\$ (76,554)
Investment Income- Short-term	242,288	95,267	527,300	354,970	66,684
Intergovernmental Revenue	-	-	-	-	36,896
Interest on Long-Term Obligations	-	-	(198,844)	(132,378)	(202,182)
Gain (loss) on Disposal of Cap. Assets	-	-	(9,527)	25,955	6,841
Total Non-operating Revenues (Exp.)	<u>\$ 309,834</u>	<u>\$ 146,382</u>	<u>\$ 282,836</u>	<u>\$ 346,163</u>	<u>\$ (168,315)</u>
Transfers					
Municipal Utility Service Assessment	\$ (55,139)	\$ (75,101)	\$ (82,155)	\$ (186,177)	\$ (200,207)
Dividend	(555,628)	(552,391)	-	(300,000)	(306,000)
Transfers to Other Funds	-	-	-	-	(134)
Total Transfers	<u>\$ (610,767)</u>	<u>\$ (627,492)</u>	<u>\$ (82,155)</u>	<u>\$ (486,177)</u>	<u>\$ (506,341)</u>
Change in Net Position	\$ 1,373,576	\$ (396,523)	\$ 1,309,073	\$ 836,160	\$ 997,094
Net Position, Beginning	<u>11,740,340</u>	<u>12,607,684</u>	<u>12,211,161</u>	<u>13,162,237</u>	<u>13,998,397</u>
Net Position, Ending	<u>\$ 13,113,916</u>	<u>\$ 12,211,161</u>	<u>\$ 13,520,234</u>	<u>\$ 13,998,397</u>	<u>\$ 14,995,491</u>

Source: Municipality Annual Comprehensive Financial Reports 2017-2021

ANCHORAGE REFUSE COLLECTION UTILITY

History

The RCU was originally a function of the former City of Anchorage Public Works Department. When the City and Borough merged in 1975, the RCU became an enterprise activity of the Municipality.

Service Area

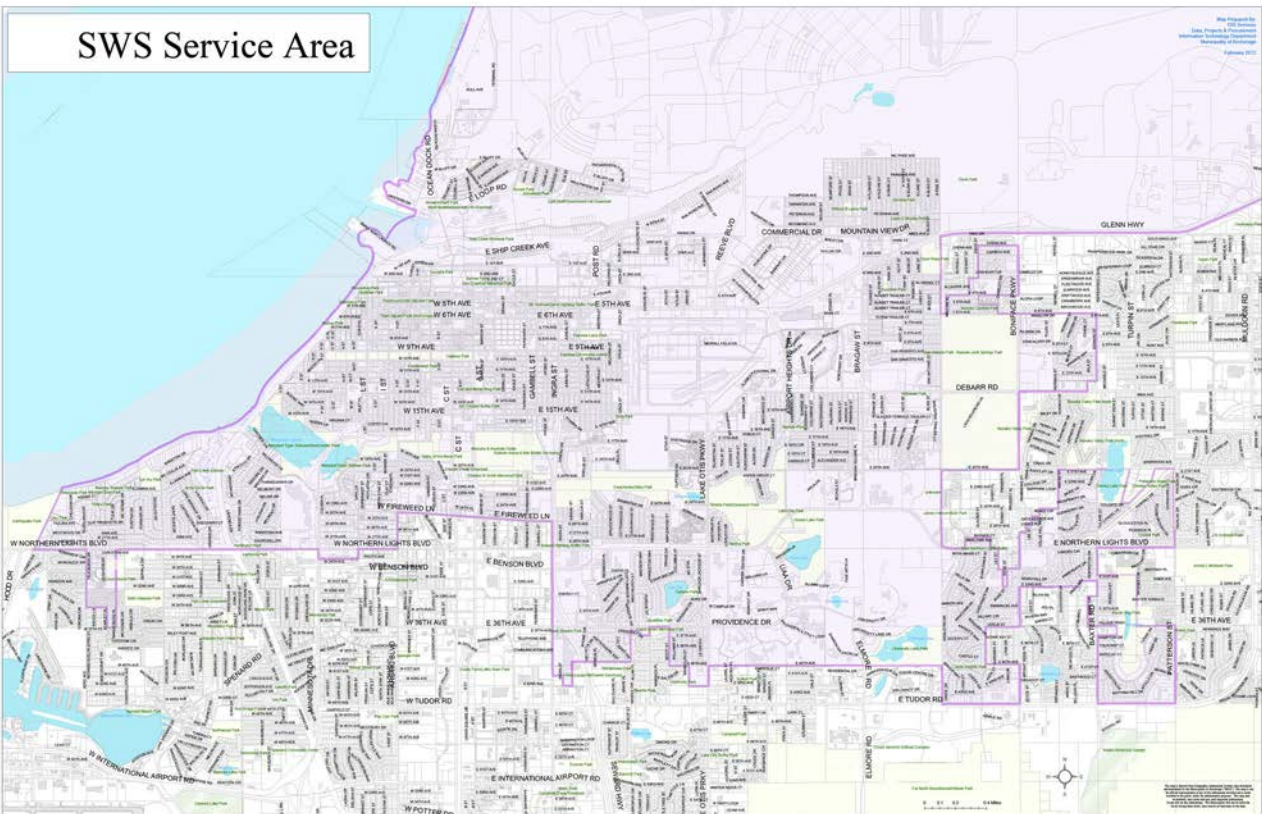
The RCU provides garbage and recycling collection to the former City of Anchorage service area, which is approximately 20% of the population of the Municipality. Since at least 1952, there has been mandatory service for all customers of the RCU service area. Chapter 26.70 of the Municipality's Code of Ordinances requires that every person residing in or occupying a building within the RCU Service Area must use the system of solid waste collection and disposal provided by the Municipality, although the Director of the Department may exempt a person from this requirement if, in the judgement of the Director, that person requires solid waste collection and disposal service which cannot be provided by the RCU.

The RCU provides seven types of service: commercial dumpster; commercial recycling; automated garbage roll cart service; recycling roll cart service; residential organics; commercial and residential glass collection; and limited can and bag service.

As a result of an automated trash and recycling collection service that began in the fall of 2009, most SWS residential customers are serviced using automated vehicles and roll carts. In 2017, the final phase of automated collection rollout was completed and the RCU is servicing eight automated garbage collection routes. Approximately 100 customers remain on can and bag service.

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The RCU service area is shown in purple below:



Source: Anchorage Solid Waste Services

Facilities

The RCU's truck fleet assets include:

- 11 commercial refuse collection vehicles;
- 10 residential refuse and recycling vehicles (automated and can/bag); 10 automated and 2 Tomcats
- Two rear load vehicles for Municipality paper collection and recycling; and,
- 9 support vehicles (General Foreman Vehicle, Refuse Collections Leadman Vehicle, Expeditor Vehicle, Mechanics' Trucks, and one fully electric Box Van).

Currently, there is an average of 25,000 roll-carts and 2,032 dumpsters in service. The RCU maintains a 27,000 square foot building that contains vehicle maintenance, warm storage space, and administrative offices located at the CTS.

The RCU is assisting with the planning, design and construction of the new CTS as there will be numerous components of the facility that will support RCU functions.

Recycling. The RCU offers recycling roll cart service; residential organics; and commercial and residential glass collection. The RCU is currently in the process of evaluating and rolling out additional collection services such as curbside residential organics collection and commercial and residential glass collection.

Fleet Electrification. The RCU secured grant funding to assist in purchase and deployment of an all-electric medium duty vehicle and two all-electric class 8 collection vehicles in 2022.

Regulation

The fees charged by RCU are determined annually by the Anchorage Municipal Assembly pursuant to an exemption from the requirements of AS 42.05 except those governing certification. The RCA granted the RCU the exclusive right to collect solid waste within its defined service area by a Certificate of Public Convenience and Necessity which was issued by the on May 11, 1982, pursuant to Commission Order U-81-90(1).

Environmental Mandates

Although there is no specific state or federal regulations governing refuse collection, RCU must comply with a number of mandated regulations. These regulations include but are not limited to: the Federal Clean Air Act; the Clean Water Act; and, the Occupational Safety and Health Administration. These regulations have and will continue to impact the economics and operations of RCU.

Refuse Collection Rates and Charges

The Municipal Assembly has the sole authority to change rates and charges. The Administration has recommended to the Municipal Assembly to increase rates for the RCU effective January 1, 2023 and additional percentage increases in the years 2024 through 2028. These increases are expected to allow the RCU to comply with all existing RCU Rate Covenants.

The following table shows the rates and charges for refuse collection at the RCU as of December 31, 2017 through 2022:

**TABLE 10
RESIDENTIAL DISPOSAL RATES AND CHARGES**

Year	Single Family Can Service	Single Family Automated Service			
		32 gal Cart ⁽¹⁾	48 gal Cart	64 gal Cart ⁽¹⁾	96 gal Cart ⁽¹⁾
2022	\$ 23.14	\$ 16.00	\$ 23.68	\$ 31.97	\$ 44.35
2021	21.80	15.25	22.55	30.45	42.25
2020	20.54	14.52	21.49	29.00	40.25
2019	19.35	13.70	20.27	27.62	38.33
2018	18.25	N/A ⁽²⁾	19.10	26.56	36.50
2017	18.25	N/A ⁽²⁾	17.70	24.65	33.90

⁽¹⁾ Bear-Resistant Roll Carts are available for these sizes with a \$2.00 per month surcharge.

⁽²⁾ The 32-gallon cart was not available in 2017 and 2018.

Source: Anchorage Solid Waste Services

Different rates apply for other residential services (such as excess cans or bags, pack-out service, or special pick-up services). Organics service may be subscribed to at \$5.25 for a 32 gallon cart, or \$10.50 for a 96 gallon cart. Recycling containers and services are provided at no additional fee.

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**TABLE 11
COMMERCIAL DISPOSAL RATES AND CHARGES⁽¹⁾**

Year	2 Cubic Yards	3 Cubic Yards	4 Cubic Yards	6 Cubic Yards	8 Cubic Yards
2022	\$ 116.00	\$ 152.00	\$ 183.00	\$ 261.00	\$ 340.00
2021	110.00	145.00	174.00	249.00	324.00
2020	105.00	138.00	166.00	237.00	309.00
2019	100.00	131.00	158.00	226.00	294.00
2018	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A

⁽¹⁾ For dumpster containers serviced once per week by one operator.
Source: Anchorage Solid Waste Services

Different rates apply for other commercial services (such as more frequent service, offered up to twice daily; or service by a two-person crew; can or bag service; or a dumpster locking mechanism). The dumpster rental rate is \$22.85 per month. Recycling containers and services may be subscribed to at \$32.28 for a 96 gallon cart serviced once per week (with different rates for every other week, or twice weekly service).

RCU Customers

Because the service area boundaries of the RCU are finite, there is a limited potential for future growth in the customer base beyond development within the City of Anchorage. For 2022, the average customer base and types of services rendered by the RCU were as follows:

- Residential automated collection service to 12,882 customers.
- Residential can and bag service to 132 customers.
- Commercial containerized service to 2,095 business and multifamily residential customers.

The customer base over the past five years has been relatively stable, with an average annual growth of approximately 693 customers.

Billings for commercial refuse collection service (including duplex, triplex and multifamily residential customers) are mailed at the end of each calendar month and billings for single family residential refuse collection service are mailed at the beginning of each calendar quarter (three-month period). Customer billing and collection functions are performed by SWS.

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RCU Top Customers

The following table shows the top ten customers served by RCU in 2021:

TABLE 12
TOP TEN RCU CUSTOMERS

Customer Name	Revenue
Penland Mobile Park	\$164,501
Anchorage Neighborhood Housing Services	139,165
Malispina Glacier Investments	94,671
North Pointe Apartments	89,550
Woodside Village	62,842
University of Alaska	58,170
Village Condo Association	55,261
Cook Inlet Housing	53,343
Anchorage Manorhouse Condo Association	53,230
Tyce Apartments	44,063
Total	\$ 814,796

Source: Anchorage Solid Waste Services

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Historical Net Income

The following table sets forth a summary of the Revenues, Expenses, Operating Income and Net Income of the Refuse Collection Utility for the five years through 2021, derived from the audited financial statements of the Municipality for 2017-2021.

TABLE 13
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ANCHORAGE REFUSE COLLECTION UTILITY

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Operating Revenues:					
Landfill Fees	\$ 19,087,627	\$ 19,936,703	\$ 19,634,352	\$ 20,173,044	\$ 21,340,185
Hazardous Waste Fees	274,869	501,729	581,810	810,461	854,108
Community Recycling Surcharge	584,446	609,919	579,936	704,514	924,386
Landfill Gas Sales	--	2,967,624	2,567,710	2,614,604	2,587,675
Other Revenue	2,948,872	352,267	57,375	185,843	148,428
Total operating revenues	<u>\$ 22,895,814</u>	<u>\$ 24,368,242</u>	<u>\$ 23,421,183</u>	<u>\$ 24,488,466</u>	<u>\$ 25,854,782</u>
Operating expenses					
Personnel Services	\$ 8,439,969	\$ 8,767,501	\$ 9,382,692	\$ 9,727,457	\$ 8,565,839
PERS and OPEB On-Behalf expenses	97,330	(274,923)	(823,234)	(347,751)	(477,507)
Supplies	1,144,580	1,541,839	1,227,156	987,033	1,310,399
Other services and charges	5,165,879	4,951,944	4,902,176	5,708,086	5,635,465
Amortization of Landfill Closure Costs	489,148	1,602,499	(907,592)	4,140,988	1,532,265
Charges from other departments	832,337	890,190	405,920	334,141	1,408,611
Depreciation	4,249,968	4,400,603	4,272,022	4,440,123	4,566,586
Total operating expenses	<u>\$ 20,419,211</u>	<u>\$ 21,879,653</u>	<u>\$ 18,459,140</u>	<u>\$ 24,990,077</u>	<u>\$ 22,541,658</u>
Operating income	\$ 2,476,603	\$ 2,488,589	\$ 4,962,043	\$ (501,611)	\$ 3,313,124
Non-operating revenues (expenses)					
Investment Income- Short-term	\$ 927,702	\$ 92,455	\$ 626,926	\$ 455,749	\$ 244,471
Investment Gain on Landfill Post Closure Cash Reserve	--	(1,496,567)	5,492,439	4,670,515	2,480,672
Gain (loss) on Disposal of Cap. Assets	216,338	291,243	248,728	34,144	324,361
Loss On Impaired Assets	--	(1,008,061)	(503,770)	--	--
Intergovernmental Revenue- Pension and OPEB On-behalf	57,160	44,647	(25,546)	40,610	(19,048)
Interest Expense and Other Charges	(243,729)	(202,680)	(478,648)	(365,998)	(512,671)
Total Non-Operating Revenues (Exp.)	<u>\$ 957,471</u>	<u>\$(2,278,963)</u>	<u>\$ 5,360,129</u>	<u>\$ 4,835,020</u>	<u>\$ 2,517,785</u>
Capital contributions and transfers					
Cap. Contributions- Intergovernmental Transfers:	--	--	\$ 248,030	\$ 54,179	\$ 5,146,179
Municipal utility service assessment	\$(1,155,471)	\$ (871,401)	(858,554)	(1,036,681)	(1,210,529)
Dividend	(1,143,933)	(789,878)	(232,800)	(750,000)	(750,000)
Transfers from Other Funds	--	--	607,962	1,617,536	2,932,571
Transfers to Other Funds	(81,500)	(12,000)	--	--	(5,108,265)
Total Cap. Contributions and Transfers	<u>\$(2,380,904)</u>	<u>\$(1,673,279)</u>	<u>\$ (235,362)</u>	<u>\$ (114,966)</u>	<u>\$ 1,009,956</u>
Change in net position	\$ 1,053,170	\$(1,463,653)	\$ 10,086,810	\$ 4,218,443	\$ 6,840,865
Net position, beginning	57,705,363	58,330,147	56,866,494	67,311,301	71,529,744
Net position, ending	<u>\$ 58,758,533</u>	<u>\$ 56,866,494</u>	<u>\$ 66,953,304</u>	<u>\$ 71,529,744</u>	<u>\$ 78,370,609</u>

Source: Municipality Annual Comprehensive Financial Reports 2017-2021

LITIGATION AND CLAIMS

There is no controversy or litigation of any nature now pending or, to the knowledge of the Municipality, threatened to restrain or enjoin the sale, issuance, execution or delivery of the 2022 Solid Waste Services Bonds or affecting the validity of the 2022 Solid Waste Services Bonds or any proceedings of the Municipality taken with respect to the sale or issuance thereof, or the pledge or application of any moneys or security provided for the payment of the 2022 Solid Waste Services Bonds, or the existence or powers of the Municipality. Lawsuits and other claims incidental to the ordinary course of operations of the Municipality are largely covered by the Municipality's self-insurance funds and insurance purchased from private insurers and will not have a materially adverse effect upon the financial position of the Solid Waste Services Utility or the Municipality in the opinion of SWS's management and, with respect to litigation, the Municipal Attorney.

Upon delivery of the 2022 Solid Waste Services Bonds, the Municipality will furnish a certificate, in form satisfactory to Bond Counsel, to the effect that, among other things, there is no litigation pending in any court to restrain or enjoin the issuance or delivery of the 2022 Solid Waste Services Bonds or in any way contesting the validity or enforceability of the 2022 Solid Waste Services Bonds.

CERTAIN INVESTMENT CONSIDERATIONS

Prospective purchasers of the 2022 Solid Waste Services Bonds should consider the matters set forth below as well as other information contained in this Official Statement in evaluating an investment in the 2022 Solid Waste Services Bonds. This section does not purport to be a comprehensive list or description of all potential risks which, if realized, could adversely affect the payment or the value of the 2022 Solid Waste Services Bonds. The order of presentation of these factors below is not intended to create any implication as to the relative importance of any one risk factor over another.

Factors that Affect Net Revenues; Operating Results

The 2022 Solid Waste Services Bonds are special limited obligations payable solely from Net Revenue and moneys in the Revenue Fund. A number of factors may affect Revenues and/or Operating Expenses, and therefore Net Revenue available to pay the 2022 Solid Waste Services Bonds. The following describes some of these factors.

All municipal solid waste management systems are subject to comprehensive environmental regulation by federal, state and other authorities that, among other things: (i) regulate the siting, construction, operation, closure, and monitoring of municipal solid waste landfills or other disposal sites; (ii) require or seek to promote the recycling of certain types of solid waste in lieu of landfilling; and (iii) regulate air emissions. A number of other factors also could impact the results of operations of Solid Waste Services in the future, including changes in regional and local economic conditions, changes in population, increased Operating Expenses, increases in recycling and other waste-reduction efforts, and changes in general market conditions. There can be no assurance that SWS will be able to maintain the current number of existing users if there are changes in the residential and/or commercial population of the relevant service area. Recycling, composting, and other methods of waste reduction are employed in a variety of ways in the Municipality to meet waste reduction goals, which can negatively impact Revenues.

Environmental and Legal Compliance

Municipal solid waste management systems, including Solid Waste Services, are subject to comprehensive and continuing environmental regulation. Federal, state and other standards and procedures that regulate the operations and environmental impacts of solid waste management systems are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that Solid Waste Services will remain subject to the regulations currently in effect, will be in compliance with current or future regulations or will always be able to obtain all required permits. Compliance with applicable environmental standards could result in additional capital and operating expenditures and reduced operating and efficiency levels, as well as possible fines, penalties or liabilities for noncompliance.

The RCU has the exclusive right to collect solid waste within the defined RCU service area, and the SWSDU requires all solid waste generated within the Municipality, unless exempted, to be disposed of by delivery to State-permitted solid waste processing and disposal facilities located in the Municipality. Flow control ordinances have been challenged in some jurisdictions, but the U.S. Supreme Court has ruled that flow control ordinances that require delivery of all solid waste to a publicly owned and operated local facility and that treated all in-state and out-of-state private haulers the same do not discriminate against interstate commerce for purposes of the Commerce Clause.

Seismic, Volcanic, Wildfires and Climate Change

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. On November 30, 2018, a magnitude 7.2 earthquake affected Anchorage, and damaged Solid Waste Services facilities including a warm storage facility, vehicle maintenance facility and administration building. The Federal Emergency Management Agency is expected to cover certain costs associated with the damage. See Appendix A. 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.

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.

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 and Municipality by creating unhealthy air quality levels, threatening infrastructure, businesses, and residences, destroying natural resources, and damaging wildlife habitat.

Climate change poses potential risks to SWS and the Municipality and their 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 SWS and the Municipality.

COVID-19 and other Public Health Pandemics or Outbreaks

Pandemics and health emergencies may adversely impact the Municipality (including SWS) and its revenues, expenses and financial condition. As discussed herein, the COVID-19 pandemic is affecting the entire world, including the State and Municipality. The impact that the COVID-19 pandemic is having and will have on commerce, financial markets, the State, Municipality and region is significant, and the nature of the impact is likely to evolve over the next several years. The Municipality has provided the information contained in this Official Statement to describe some of the impacts that the COVID-19 pandemic and related orders have had on the Municipality's (and SWS's) finances and operations, and to describe some of the actions that the Municipality is taking in response. The Municipality cannot predict the duration and extent of the COVID-19 public health emergency, or quantify the magnitude of the impact on the State and regional economy or on the other revenues and expenses of the Municipality. The COVID-19 outbreak is ongoing, and its dynamic nature leads to many uncertainties, including (i) the geographic spread of the virus; (ii) the severity of the disease; (iii) the duration of the outbreak and the incidence of new variants; (iv) actions that may be taken by governmental authorities to contain or mitigate the outbreak; (v) the development and implementation of medical therapeutics or vaccinations; (vi) travel restrictions; (vii) the impact of the outbreak on the local or global economy; (viii) whether and to what extent the State Governor may order additional public health measures; and (ix) the impact of the outbreak and actions taken in response to the outbreak on Municipality revenues, expenses, and financial condition. Prospective investors should assume that the restrictions and limitations instituted related to COVID-19 may continue, and the current upheaval to the national and global economies may continue and/or be exacerbated, at least over the near term, and the recovery may be prolonged.

Cybersecurity

The Municipality (including SWS) relies on a complex technology environment to conduct its operations. A cybersecurity breach could damage the systems and cause material disruption to operations and services. The cost to remedy such damage or protect against future attacks could be substantial. Security breaches could expose the Municipality to litigation and other legal risks, which could cause the Municipality to incur costs related to legal or regulatory claims.

Bankruptcy

The enforceability of the rights and remedies of the bondowners may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws and equitable principles relating to or affecting the enforcement of creditors' rights generally. Municipalities in the State of Alaska are not currently authorized by state law to file for voluntary bankruptcy under Chapter 9 of the United States Bankruptcy Code. Potential purchasers of the 2022 Solid Waste Services Bonds should consult their own attorneys and advisors in assessing the risk and the likelihood of recovery in the event the Municipality becomes a debtor in a bankruptcy case prior to the time the 2022 Solid Waste Services Bonds are paid in full.

Limitations on Remedies

Any remedies available to the owners of the 2022 Solid Waste Services Bonds upon the occurrence of an event of default under the Bond Ordinance or Trust Agreement are in many respects dependent upon judicial actions, which are in turn often subject to discretion and delay and could be both expensive and time-consuming to obtain. If the Municipality fails to comply with its covenants under the Bond Ordinance and Trust Agreement or to pay principal of or interest on the 2022 Solid Waste Services Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the 2022 Solid Waste Services Bonds. The Parity Bonds are not subject to acceleration upon an event of default.

In addition to the limitations on any remedies contained in the Bond Ordinance and Trust Agreement, the rights and obligations under the 2022 Solid Waste Services Bonds, Bond Ordinance, and Trust Agreement may be limited by and are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

No Acceleration

Neither a 2022 Solid Waste Services Bond owner nor any 2022 Solid Waste Services Bond owners' trustee has the right under the Bond Ordinance or Trust Agreement to accelerate the payment of debt service on the 2022 Solid Waste Services Bonds upon the occurrence of an event of default. The Municipality is liable for principal and interest payments only as they become due. In the event of multiple defaults in payment of principal of or interest on the Parity Bonds, the bond owners or the Parity Bond owners' trustee would be required to bring a separate action for each such payment not made. This could give rise to a difference in interests between owners of earlier and later maturing Parity Bonds. The Outstanding Subordinate Lien Note and Alaska Clean Water Fund loans are also not subject to acceleration.

Outstanding Subordinate Lien Note

The Loan Agreement executed in connection with the Outstanding Subordinate Lien Note sets forth a number of covenants and rights for the benefit of the Note holder, including covenants regarding the issuance of Future Parity Bonds. The Outstanding Subordinate Lien Note matures February 1, 2025, with principal payment due on or prior to maturity. Upon an event of default (which events include a cross default to defaults on Parity Bonds), the Note holder is entitled to default interest. The Outstanding Subordinate Lien Note is not subject to acceleration.

MUNICIPAL UTILITY SERVICE ASSESSMENTS

Under the Anchorage Municipal Code, the Municipality has established a system of municipal utility service assessments (“MUSA”) in order to require municipal enterprise activities (the municipal water and wastewater utility, municipal light and power, solid waste disposal utility and refuse collection utility) to make payments in lieu of taxes to the Municipality in support of general government. MUSA is calculated by applying the millage rate established annually for each service area by the Assembly to the net classified plant in service as of January 1 of the current year of each utility, located in that service area. The established millage rate is that rate assessed other owners of real, personal and business property in each service area.

CONTINUING DISCLOSURE UNDERTAKINGS

The Municipality has covenanted in the Trust Agreement for the benefit of bondowners to provide certain financial information and operating data relating to Solid Waste Services by no less than nine months after the end of the fiscal year, commencing in 2023 for the fiscal year ended December 31, 2022 (the “Annual Report”); and to provide notices of the occurrence of certain enumerated events. Until otherwise designated by the MSRB or the Securities and Exchange Commission, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB’s Electronic Municipal Market Access system (“EMMA”), currently located at www.emma.msrb.org (which is not incorporated into this Official Statement by reference). All notices, financial information and operating data required by the undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to the undertaking must be accompanied by identifying information as prescribed by the MSRB. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). Copies of the Municipality’s undertaking to provide ongoing disclosure as set out in the Trust Agreement is included in this Official Statement as Appendix F.

Prior compliance. The Municipality has no prior outstanding undertakings for Solid Waste Services revenue bonds, but has entered into continuing disclosure undertakings in connection with other bonds of the Municipality bonds. The Municipality’s 2017 annual financial and operating information was timely filed but not linked to all the CUSIP numbers for the Municipality’s 2005A Electric Revenue Bonds, which are no longer outstanding. In August 2019, the Municipality became aware that the 2018 school district financial statements were not filed to the CUSIP numbers for the Municipality’s 2018 general obligation bonds. On August 27, 2019, the Municipality uploaded the statements together with a notice of failure to timely file the information. The Municipality did not file certain notices of listed events related to changes in ratings of one or more series of outstanding series of bonds, due to ratings changes of bond insurers. The Municipality did not file information regarding amendments to four loan agreements for AWWU in a timely manner. On August 30, 2019, the Municipality filed the amendments and a notice of failure to timely provide the information. The Municipality did not file information regarding a property schedule under its Amended and Restated Master Lease Agreement in a timely manner. On April 30, 2021, the Municipality filed the property schedule and a notice of failure to timely file the information.

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the 2022 Solid Waste Services Bonds are subject to the approval of K&L Gates LLP, of Seattle, Washington, Bond Counsel to the Municipality. A copy of the form of Bond Counsel’s opinion is attached as Appendix C hereto. The opinion of Bond Counsel is given based on factual representations made to Bond Counsel and under existing law as of the date of initial delivery of the 2022 Solid Waste Services Bonds. Bond Counsel assumes no obligation to revise or supplement its opinions to reflect any facts or circumstances that may thereafter come to its attention or any changes in law that may thereafter occur. The opinion of Bond Counsel is an expression of its professional judgment on the matters expressly addressed in its opinion and do not constitute a guarantee of result.

Certain legal matters will be passed on for the Underwriters by their counsel, Pacifica Law Group LLP, Seattle, Washington. Any opinion of Pacifica Law Group LLP will be addressed solely to the Underwriters and may not be relied upon by owners of the 2022 Solid Waste Services Bonds.

Some or all of the fees of the Municipal Advisor, Bond Counsel, and Underwriter's Council are contingent upon the sale of the 2022 Solid Waste Services Bonds.

TAX MATTERS

In the opinion of Bond Counsel, interest on the 2022 Solid Waste Services Bonds is excludable from gross income for federal income tax purposes. Interest on the 2022 Solid Waste Services Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

Under the Inflation Reduction Act signed into law by President Biden on August 16, 2022, certain large corporations are subject to a 15 percent alternative minimum tax measured based on book income reported to stockholders. Accordingly, for taxable years beginning after December 31, 2022, interest on the 2022 Solid Waste Services Bonds is taken into account in determining the "adjusted financial statement income" of certain corporations for purposes of computing the alternative minimum tax imposed on "applicable corporations."

Interest on the 2022 Solid Waste Services Bonds is not included in taxable income for purposes of the Alaska income tax imposed on corporations.

Federal income tax law contains a number of requirements that apply to the 2022 Solid Waste Services Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the 2022 Solid Waste Services Bonds and the facilities refinanced with proceeds of such bonds and certain other matters. The Municipality has covenanted to comply with all applicable requirements.

Bond Counsel's opinion is subject to the condition that the Municipality comply with the above-referenced covenants and, in addition, will rely on representations by the Municipality and its advisors with respect to matters solely within the knowledge of the Municipality and its advisors, respectively, which Bond Counsel has not independently verified. If the Municipality fails to comply with such covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the 2022 Solid Waste Services Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2022 Solid Waste Services Bonds, regardless of the date on which the event causing taxability occurs.

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the 2022 Solid Waste Services Bonds. Owners of the 2022 Solid Waste Services Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning such bonds, which may include tax issues associated with original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Prospective purchasers of the 2022 Solid Waste Services Bonds should be aware that ownership of the 2022 Solid Waste Services Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2022 Solid Waste Services Bonds. Bond Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the 2022 Solid Waste Services Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations, such as the 2022 Solid Waste Services Bonds, are in many cases required to be reported to the Internal Revenue Service (the "IRS"). Additionally, backup withholding may apply to any such payments made to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Internal Revenue Code of 1986, as amended (the "Code"), if enacted into law, will not cause the interest on the 2022 Solid

Waste Services Bonds to be subject, directly or indirectly, to federal income taxation. From time to time, legislation is proposed that, if enacted, could alter the federal income tax consequences described herein, or otherwise prevent owners of the 2022 Solid Waste Services Bonds from realizing the full current benefit of the tax status of the interest on the 2022 Solid Waste Services Bonds. Prospective purchasers of the 2022 Solid Waste Services Bonds should consult their own tax advisors regarding any pending or proposed federal legislation, as to which Bond Counsel expresses no view.

Bond Counsel's opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Bond Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Bond Counsel and the Municipality's compliance with its covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the 2022 Solid Waste Services Bonds. Owners of the 2022 Solid Waste Services Bonds are advised that, if the IRS does audit the 2022 Solid Waste Services Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the Municipality as the taxpayer, and the owners of the 2022 Solid Waste Services Bonds may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the 2022 Solid Waste Services Bonds until the audit is concluded, regardless of the ultimate outcome.

Premium

An amount equal to the excess of the purchase price of a 2022 Solid Waste Services Bond over its stated redemption price at maturity constitutes premium on that 2022 Solid Waste Services Bond. A purchaser of a 2022 Solid Waste Services Bond must amortize any premium over that 2022 Solid Waste Services Bond's term using constant yield principles, based on the 2022 Solid Waste Services Bond's yield to maturity. As premium is amortized, the purchaser's basis in the 2022 Solid Waste Services Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the 2022 Solid Waste Services Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of 2022 Solid Waste Services Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and the state and local tax consequences of owning such 2022 Solid Waste Services Bonds.

Original Issue Discount

The initial public offering price of certain 2022 Solid Waste Services Bonds (the "Original Issue Discount Bonds"), is less than the stated redemption price at maturity. In such case, the difference between (i) the stated amount payable at the maturity of an Original Issue Discount Bond and (ii) the initial public offering price of that Original Issue Discount Bond constitutes original issue discount with respect to that Original Issue Discount Bond in the hands of the owner who purchased that Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds. The initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to an Original Issue Discount Bond equal to that portion of the amount of the original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by the initial owner.

In the event of the redemption, sale or other taxable disposition of an Original Issue Discount Bond prior to its stated maturity, however, the amount realized by the initial owner in excess of the basis of the Original Issue Discount Bond in the hands of its initial owner (adjusted upward by the portion of the original issue discount allocable to the period for which such 2022 Solid Waste Services Bond was held by the initial owner) is includable in gross income. Purchasers of Original Issue Discount Bonds should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes and the state and local tax consequences of owning Original Issue Discount Bonds.

Qualified Tax-Exempt Obligations

The Municipality has not designated the 2022 Solid Waste Services Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Code.

FINANCIAL STATEMENTS OF SOLID WASTE SERVICES

The financial statements of the SWS of December 31, 2021 and December 31, 2020 (unaudited) included in Appendices A have been audited by BDO USA, LLP, independent auditors, as stated in their report appearing therein. Their report with respect thereto contains a paragraph which emphasizes that the financial statements represent the financial position and results of operations of the Municipality of Anchorage, Alaska, Solid Waste Fund and Refuse Fund and not the Municipality of Anchorage, Alaska, taken as a whole. BDO USA, LLP, the Municipality’s independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. BDO USA, LLP also has not performed any procedures relating to this Official Statement.

RATINGS

S&P Global Ratings have assigned its rating of “AA” to the 2022 Solid Waste Services Bonds. Certain information was supplied by the Municipality to such rating agencies to be considered in evaluating the 2022 Solid Waste Services Bonds.

The foregoing rating express only the views of the rating agency and is not a recommendation to buy, sell or hold the 2022 Solid Waste Services Bonds. An explanation of the significance of the rating may be obtained from the rating agency furnishing the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the 2022 Solid Waste Services Bonds. The Municipality does not have any obligation to take any action, other than file a listed event notification, if the rating on the 2022 Solid Waste Services Bonds is changed, suspended or withdrawn.

FINANCIAL ADVISOR

Masterson Advisors LLC (“Masterson”) is employed as Financial Advisor to the Municipality in connection with the issuance of the 2022 Solid Waste Services Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the 2022 Solid Waste Services Bonds is contingent upon the issuance and delivery of the 2022 Solid Waste Services Bonds. Masterson, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the 2022 Solid Waste Services Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

UNDERWRITING

All of the 2022 Solid Waste Services Bonds are being purchased by the Underwriters pursuant to a bond purchase agreement, at a price of \$107,377,427.55 (representing the aggregate principal amount of the 2022 Solid Waste Services Bonds less a net original issue discount of \$2,159,790.35 and less an Underwriters’ discount of \$217,782.10). The Underwriters intend to offer the 2022 Solid Waste Services Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement.

The Underwriters may allow concessions from the public offering prices to certain dealers who may re-allow concessions to other dealers. After the initial public offering, prices may be varied from time to time by the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the 2022 Solid Waste Services Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2022 Solid Waste Services Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2022 Solid Waste Services Bonds that such firm sells.

BofA Securities, Inc., one of the Underwriters of the 2022 Solid Waste Services Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2022 Solid Waste Services Bonds.

Citigroup Global Markets Inc., one of the Underwriters of the 2022 Solid Waste Services Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

“US Bancorp” is the marketing name of U.S. Bancorp Investments, Inc. (“USBII”), one of the Underwriters of the 2022 Solid Waste Services Bonds, and is an affiliate of U.S. Bank Trust Company National Association, which is serving as the Paying Agent and Registrar for the 2022 Solid Waste Services Bonds.

Wells Fargo Corporate & Investment Banking (which may be referred to elsewhere as “CIB,” “Wells Fargo Securities” or “WFS”) is the trade name used for the corporate banking, capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association (“WFBNA”), a member of the National Futures Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, N.A. Municipal Finance Group, a separately identifiable department of WFBNA, registered with the U.S. Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA, acting through its Municipal Finance Group, one of the Underwriters of the 2022 Solid Waste Services Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the 2022 Solid Waste Services Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2022 Solid Waste Services Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the 2022 Solid Waste Services Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

MISCELLANEOUS

The purpose of this Official Statement is to supply information to purchasers of the 2022 Solid Waste Services Bonds. The summaries provided in this Official Statement and in the appendices attached hereto and the documents referred to herein do not purport to be comprehensive or definitive, and all references to the documents summarized are qualified in their entirety by reference to each such document. All references to the 2022 Solid Waste Services Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of the documents referred to herein are available for inspection during the period of the offering at the principal office of the Municipality.

Statements in this Official Statement, including matters of opinion, projections and forecasts, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Municipality, SWS, and the purchasers of the 2022 Solid Waste Services Bonds.

THE MUNICIPALITY OF ANCHORAGE

By /s/ Grant Yutrzenka
Acting Chief Fiscal Officer

APPENDIX A

FINANCIAL STATEMENTS

THE MUNICIPALITY OF ANCHORAGE, ALASKA, SOLID WASTE SERVICES

2021 and 2020 (unaudited)

The Financial Statements include Management's Discussion and Analysis, the Basic Financial Statements, Notes to the financial statements and Required Supplementary Information.

Note that "Total Operating Expenses" in Table 2 of the Financial Statements contains a typographical error and is not the summation of the three figures above for each year. "Total Operating Expenses" for 2020 and 2021 are shown in Table 3 of this Official Statement.

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**Municipality of Anchorage, Alaska
Solid Waste Services**
(Refuse and Disposal Utilities of the Municipality
of Anchorage, Alaska)

Financial Statements, Required
Supplementary Information, and Other
Information

December 31, 2021 and 2020 (Unaudited)

(With Independent Auditor's Report Thereon)

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership, and the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



Municipality of Anchorage, Alaska
Solid Waste Services

(Refuse and Disposal Utilities of the Municipality of Anchorage, Alaska)

Financial Statements, Required Supplementary Information, and Other
Information

December 31, 2021 and 2020 (Unaudited)

(With Independent Auditor's Report Thereon)

Municipality of Anchorage, Alaska Solid Waste Services

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Municipality of Anchorage, Alaska Solid Waste Services

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3601 C Street, Suite 600
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Independent Auditor's Report

Honorable Mayor and Members of the Assembly
Municipality of Anchorage, Alaska

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Solid Waste Services of Alaska, the enterprise funds Solid Waste Refuse Utility and Solid Waste Disposal Utility of the Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Solid Waste Services of Alaska's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Solid Waste Services of Alaska, as of December 31, 2021, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Solid Waste Services of Alaska and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Solid Waste Services of Alaska's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Solid Waste Services of Alaska's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Solid Waste Services of Alaska's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements present only Solid Waste Services of Alaska, the enterprise funds Solid Waste Refuse Utility and Solid Waste Disposal Utility of the Municipality of Anchorage, Alaska, and do not purport to, and do not present fairly the financial position of the Municipality of Anchorage, Alaska as of December 31, 2021, the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

2020 Financial Statements

The December 31, 2020 information included in the financial statements for Solid Waste Services has been marked as unaudited. Solid Waste Services, as the Refuse and Disposal enterprise funds of the Municipality of Anchorage, was included in the business-type activities and aggregate remaining fund information of the audit of the financial statements of the Municipality of Anchorage for the year ended December 31, 2020. We have previously audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2020, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2021. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with those audited financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules of Solid Waste Services of Alaska's proportionate share of the net pension and net other postemployment benefit liability and asset and Solid Waste Service contributions to the pension and other postemployment benefit plans be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Solid Waste Services of Alaska's basic financial statements. The supplementary section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Our opinion on the basic financial statements does not cover the supplementary information, and we do not express an opinion or any form of assurance thereon.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022 on our consideration of Solid Waste Services of Alaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Solid Waste Services of Alaska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Solid Waste Service's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
September 27, 2022

Management's Discussion and Analysis

Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)

Solid Waste Services is a department of the Municipality of Anchorage, Alaska (Municipality of Anchorage).

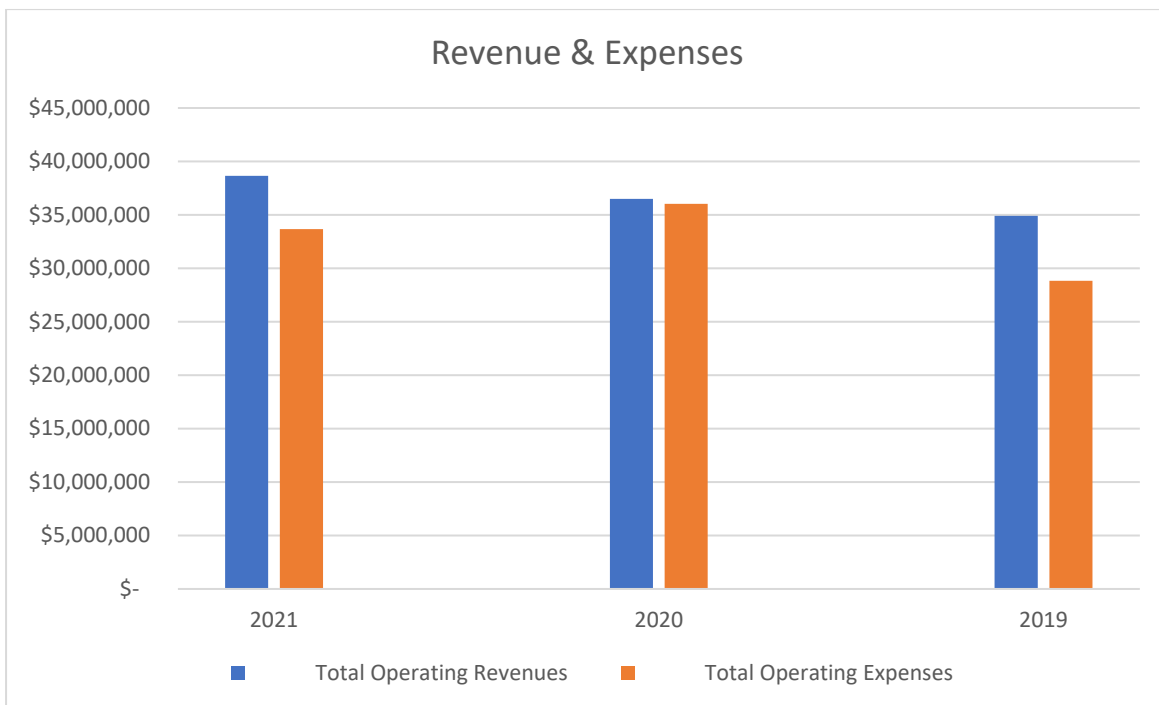
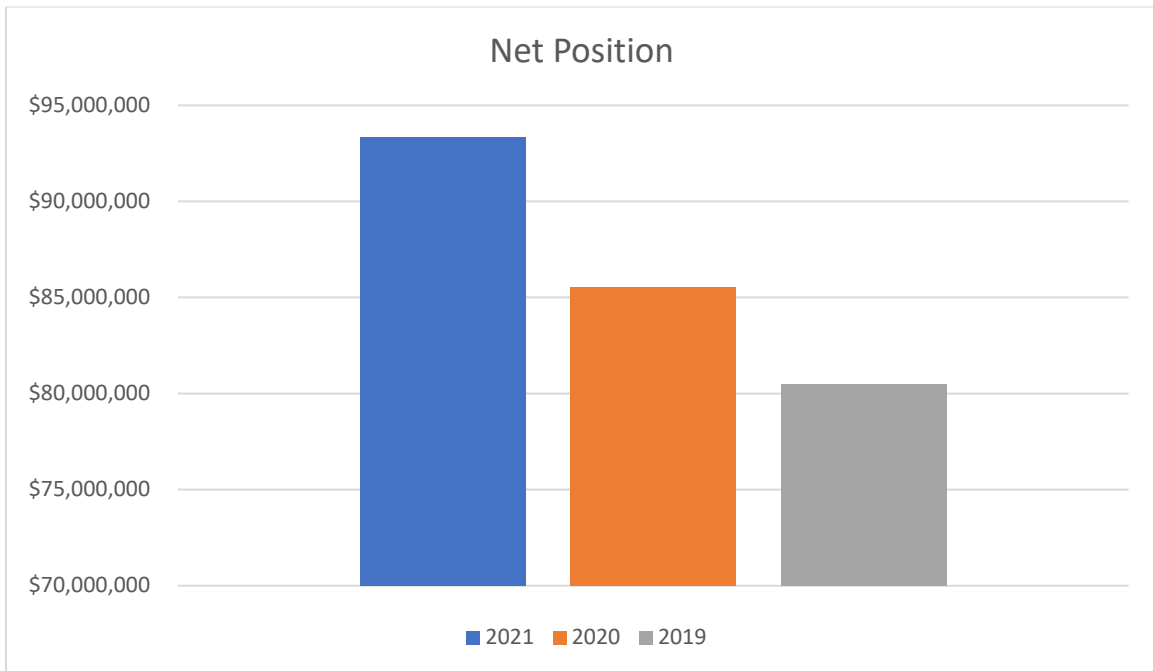
The Solid Waste & Recycling Advisory commission, consisting of between 4 and 6 members approved by the Municipal Assembly, acts as an advisory council to Solid Waste Services. The following is a discussion and analysis of Solid Waste Services' financial performance, providing an overview of the financial activities for the years ended December 31, 2021, 2020, and 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues, provide an overview of Solid Waste Services' financial activities and identify changes in Solid Waste Services' financial position. We encourage readers to consider the information presented here in conjunction with Solid Waste Services' financial statements and accompanying notes, taken as a whole.

Financial Highlights

- Net position increased \$7,837,961 or 9% in 2021. The increase in net position was primarily due to a rate increase of 5% for The Refuse Utility and 6.5% for the Disposal Utility instituted each year beginning in 2019. In 2020, net position increased \$5,054,603 or 6%. The increase in net position was primarily due to a rate increase of 5% for The Refuse Utility and 6.5% for the Disposal Utility instituted each year beginning in 2019.
- Operating revenues increased \$2,144,411 or 6% in 2021 and \$1,597,066 or 5% in 2020 due to scheduled increases in rates approved by Municipal Assembly.
- Operating expenses decreased by \$2,365,901 or 7% in 2021. The decrease is primarily due to stabilization of expenses back to the normal range. This was due to increased expenses in prior years from the 2018 earthquake which increased expenses, and the 2019 Covid protocols and additional expenses due to the Pandemic restrictions in the workplace (Remote work) which increased expenses in 2019 and 2020. Operating expense increased by \$7,192,938 or 18% in 2020. The increase is primarily due to November 2018 earthquake which increased expenses in 2019 and Covid which increased expenses in 2020.

Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)



Municipality of Anchorage, Alaska

Solid Waste Services

Management's Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)

Overview of the Financial Statements

Solid Waste Services is a business type activity of the Municipality that operates Solid Waste Services. Solid Waste Services reports as an enterprise fund of the Municipality.

Solid Waste Services' financial statements offer short and long-term information about activities of Solid Waste Services and collectively provide an indication of Solid Waste Services' financial health. The basic financial statements present on a comparative basis for the years ended December 31, 2021, and 2020, and include the following: Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; notes to the basic financial statements; and required supplementary information (RSI). The basic financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

Statements of Net Position - These statements include all Solid Waste Services' assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.

Statements of Revenues, Expenses, and Changes in Net Position - These statements present Solid Waste Services' operating revenues and expenses and nonoperating revenues and expenses, and the change in net position of Solid Waste Services for the years presented.

Statements of Cash Flows - These statements report cash and cash equivalent activities for the year resulting from operating activities, noncapital financing activities, capital, and related financing activities, and investing activities. The net result of these activities added to beginning of year cash and cash equivalents reconciles to cash and cash equivalents at the end of the year. Solid Waste Services presents its Statements of Cash Flows using the direct method of reporting operating cash flows.

Notes to Financial Statements - The notes provide the reader with additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information - The RSI presents certain information concerning the progress of funding Solid Waste Services' obligation to provide pension and other postemployment benefits.

Supplementary Information - The supplementary information provides the reader with the Statements of Revenue, Expenses, and Changes in Net Position for the Solid Waste Refuse Utility, the Solid Waste Disposal Utility, as well as the combining Statements of Revenue, Expenses, and Changes in Net Position for Solid Waste Services of Alaska.

Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)

Financial Analysis of Solid Waste Services

One of the most important questions asked about Solid Waste Services' finances is whether Solid Waste Services, as a whole, is better off or worse off as a result of the year's activities. The Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position report information about Solid Waste Services' activities in a way that helps answer this question.

These two statements report Solid Waste Services' net position and changes in net position. One can think of Solid Waste Services' net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as one way to measure financial health and whether financial health is improving or deteriorating. However, one will need to also consider other nonfinancial factors such as changes in economic conditions, population growth and new or changed legislation.

Changes in Solid Waste Services' net position can be determined by reviewing the following condensed Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position as of December 31, 2021, 2020, and 2019. The analysis below focuses on Solid Waste Services' net position at the end of the year (Table 1) and changes in net position (Table 2) during the year.

TABLE 1
Summary of Net Position

	2021	2020	2019
Assets and Deferred Outflows of Resources			
Current assets	\$ 54,471,792	\$ 24,895,293	\$ 25,586,188
Non current Assets	175,493,899	151,521,994	123,790,909
Deferred outflows of resources	327,335	623,491	593,115
Total Assets and Deferred Outflows of Resources	\$ 230,293,026	\$ 177,040,778	\$ 149,970,212
Liabilities and Deferred Inflows of Resources			
Current liabilities	\$ 16,063,565	\$ 7,237,072	\$ 4,875,407
Non current liabilities	118,504,692	83,994,482	64,258,935
Deferred inflows of resources	2,358,667	281,083	362,333
Total liabilities and Deferred inflows of Resources	\$ 136,926,924	\$ 91,512,637	\$ 69,496,675
Net Position			
Net investment in capital assets	\$ 71,322,412	\$ 62,948,490	\$ 58,772,514
Restricted for post closure care	-	3,742,561	3,377,837
Restricted for capital construction	5,170,488	-	-
Unrestricted	16,873,202	18,837,090	18,323,187
Total net position	\$ 93,366,102	\$ 85,528,141	\$ 80,473,538
Total Liabilities, Deferered Inflows of Resources and Net Position	\$ 230,293,026	\$ 177,040,778	\$ 149,970,213

Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)

During 2021, Solid Waste Services' total assets and deferred outflows of resources increased by \$53,252,248. Noncurrent assets increased by \$23,971,905. Current assets increased by \$29,576,499 primarily due to an increase in equity in the general cash pool. During 2020, Solid Waste Services' total assets decreased by \$690,895. Noncurrent assets increased by \$27,791,905 primarily due to constructions of a new CTS building in process.

During 2021, Solid Waste Services' current liabilities increased by \$8,826,493 primarily due to FEMA projects in process from 2018 Earthquake construction. Total liabilities and deferred inflows of resources increased by \$45,414,287 due to the issuance of a short-term borrowing program for the CTS Construction project. During 2020, Solid Waste Services' current liabilities increased by \$2,361,666 primarily due to FEMA projects in process from 2018 Earthquake construction. Total liabilities increased by \$22,097,213 due to the increase in current liabilities discussed above.

Changes in Solid Waste Services' net position can be determined by reviewing the following condensed Summary of Revenues, Expenses, and Changes in Net Position for the years ending December 31, 2021, 2020, and 2019 (Table 2).

During 2021, Solid Waste Services' operating revenues increased by \$2,144,411 or 6%, due chiefly to the rate increase implemented in 2020 and 2021. During 2020, Solid Waste Services' operating revenues increased by \$1,597,066 or 5%, due to the rate increase for 6.5% done in 2020.

In 2021, Solid Waste Services' operating expenses decreased by \$2,365,901 due to stabilization back to normal after prior year increases in expenses. In 2020, Solid Waste Services' operating expenses increased by \$7,192,938 primarily due to the Covid Pandemic that disrupted normal business activity, causing increased expense to accommodate remote workstations.

Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)

Table 2

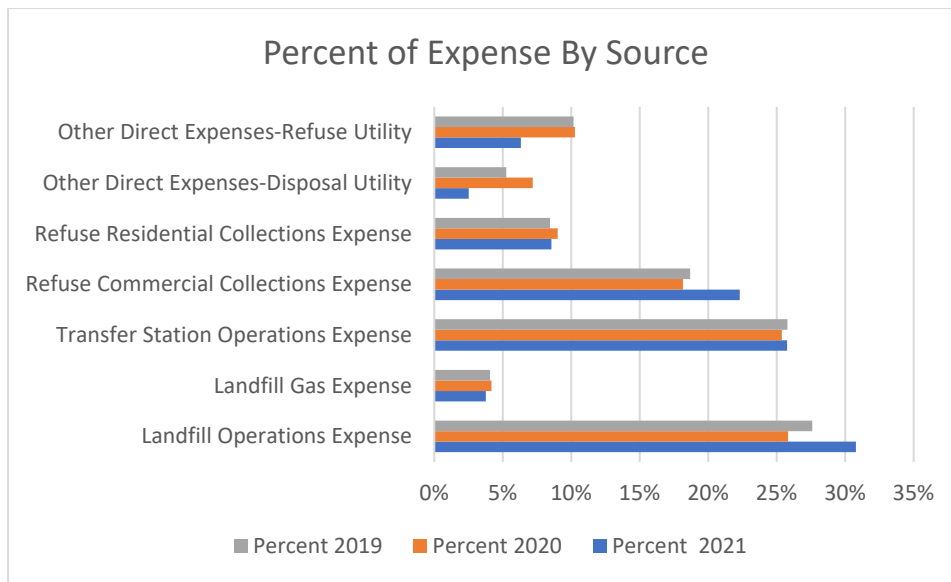
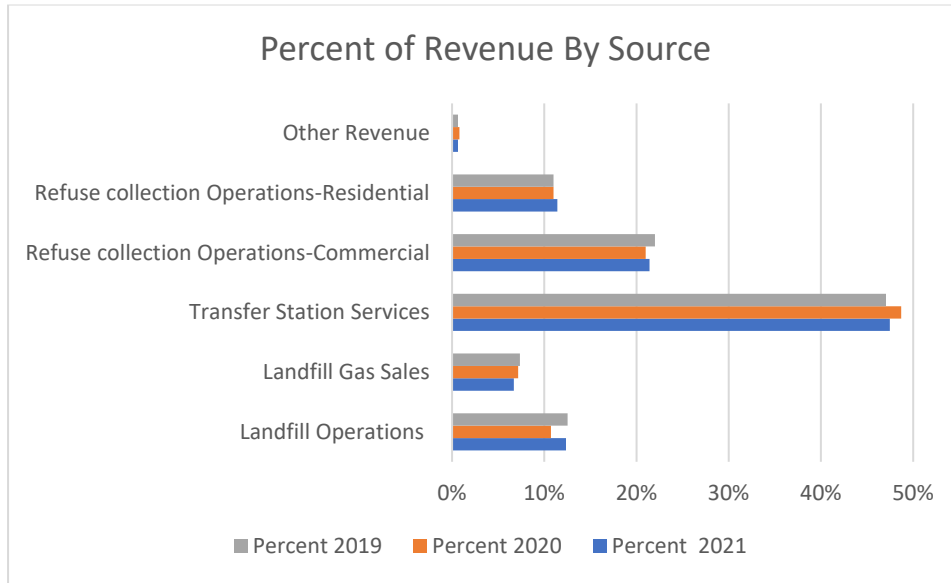
MUNICIPALITY OF ANCHORAGE, ALASKA
Solid Waste Utility

Comparative Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2021 and 2020 and 2019
Summary of Revenues, Expenses, and Changes in Net Position

	2021	2020	2019
OPERATING REVENUES			
Charges for Sales and Services:			
Landfill Operations	\$ 4,773,174	\$ 3,911,542	\$ 4,370,455
Landfill Gas Sales	2,587,675	2,614,604	2,567,710
Transfer Station Services	18,345,504	17,776,477	16,425,643
Refuse collection Operations-Commercial	8,277,806	7,827,042	7,592,866
Refuse collection Operations-Residential	4,409,742	4,076,993	# 3,720,686
Total Charges for Sales and Services	\$ 38,393,901	\$ 36,206,658	\$ 34,677,360
Other Revenue	247,691	290,523	222,755
Total Operating Revenues	\$ 38,641,592	\$ 36,497,181	\$ 34,900,115
OPERATING EXPENSES			
Landfill Operations Expense	8,056,976	6,773,537	4,723,304
Landfill Gas Expense	986,569	1,094,905	763,495
Transfer Station Operations Expense	6,741,552	6,654,663	4,640,411
Refuse Commercial Collections Expense	5,831,906	4,761,935	3,320,580
Refuse Residential Collections Expense	2,235,564	2,361,792	1,646,919
Other Direct Expenses-Disposal Utility	657,711	1,885,861	3,763,582
Other Direct Expenses-Refuse Utility	1,652,373	2,694,519	5,377,408
Total Operations	26,162,651	26,227,212	24,235,699
Amortization of Landfill Closure Costs	1,532,265	4,140,988	(907,592)
Depreciation	5,961,801	5,654,418	5,501,572
Total Operating Expenses	\$ 7,494,066	\$ 9,795,406	\$ 4,593,980
Operating Income (Loss)	4,984,875	474,563	6,070,436
NON-OPERATING REVENUES (EXPENSES)			
Investment Income	311,180	810,719	1,154,226
Investment Gain on Landfill Post Closure Cash Reserve	2,480,648	4,670,515	5,492,439
Gain/ Loss On Disposal of Capital Assets Assets	331,202	60,099	(264,569)
Intergovernmental Revenue- Pension & OPEB on-behalf	(95,602)	138,226	(61,639)
Intergovernmental Revenue	36,896	-	-
Interest on Long-Term Obligations	(714,852)	(498,376)	(677,492)
Total Non-Operating Revenues (Expenses)	\$ 2,349,472	\$ 5,181,183	\$ 5,642,965
Income Before Contributions and Transfers	7,334,347	5,655,746	11,713,401
Capital Contributions & Transfers	503,614	(601,143)	(317,517)
Change in Net Position	7,837,961	5,054,603	11,395,884
Net Position, January 1	85,528,141	80,473,538	69,077,654
Net Position, December 31	\$ 93,366,102	\$ 85,528,141	\$ 80,473,538

Municipality of Anchorage, Alaska Solid Waste Services

Management’s Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)



**Municipality of Anchorage, Alaska
Solid Waste Services**

**Management's Discussion and Analysis
December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)**

Capital Assets and Debt Administration

Capital Assets

The following table summarizes Solid Waste Services' capital assets, at cost, as of December 31, 2021, 2020, and 2019.

**Table 3
Net Capital Assets**

	2021	2020	2019
CAPITAL ASSETS			
Land	\$ 19,854,585	\$ 19,854,585	\$ 20,103,705
Land Improvements	49,598,154	51,332,295	46,681,240
Buildings	2,104,469	2,224,809	1,179,284
Building Improvements	1,847,426	1,552,023	1,457,763
Vehicles	7,591,869	6,998,729	6,377,225
Machinery and Equipment	5,955,216	7,512,896	5,953,973
Computer Hardware	327,422	437,351	142,609
Computer Software	97,656	129,383	-
Office Equipment	13,758	16,582	13,961
Total Fixed Assets	\$ 87,390,555	\$ 90,058,653	\$ 81,909,760
Construction Work in Progress	66,560,858	19,634,955	\$ 4,880,370
Total Capital Assets	\$ 153,951,413	\$ 109,693,608	\$ 86,790,130
Increase in Capital Assets	\$ 44,257,805	\$ 22,903,478	

2021 major additions include:

- Construction WIP - Transfer Station \$4,216,209
- Vehicles \$6,992,675
- Machinery and Equipment \$11,970,745

Construction work on the new CRT site began in 2020 with Land Improvement, Solid Waste Services Modernization Program.

Additional information on Solid Waste Services' capital assets can be found in Note 4.

**Municipality of Anchorage, Alaska
Solid Waste Services**

**Management’s Discussion and Analysis
December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)**

Debt

The following table summarizes Solid Waste Services’ debt as of December 31, 2021, 2020, and 2019.

Table 4
Net Debt

	2021	2020	2019
Total Debt			
Clean Water Loans	\$ 8,757,453	\$ 9,796,042	\$ 11,282,660
Notes Payable	68,449,122	33,146,174	16,734,956
TOTAL	\$ 77,206,575	\$ 42,942,216	\$ 28,017,616
Increase in Debt	\$ 34,264,359	\$ 14,924,600	

In 2020, Solid Waste Services started a Short-Term Borrowing agreement with a commercial bank predominantly for the Construction of the new Central Transfer Station.

Budgetary Highlights

The 2021 budget projected SWS operating revenues of \$40.35 million. Actual 2021 operating revenues earned \$38.6 million and were \$1.7 million under budget projections. The 2021 non-operating budget projected was \$369,981. Actual 2021 non-operating was \$2.3 million, attributable to investments, and cash pool investment.

The 2020 budget projected SWS operating revenues of \$37.8 million. Actual 2020 operating revenues earned were \$36.5 million and \$1.2 million under budget projections. The 2020 non-operating budget projected was \$712,348. Actual 2020 non-operating was \$531 million, attributable to investments, and cash pool investment.

Brief History

The Municipality of Anchorage maintains a co-located facility for its Central Transfer Station (CTS) and the Department of Solid Waste Services (SWS) Administration/Maintenance Building. The 11.4-acre facility, at 1111 East 56th Avenue in Anchorage, north of East 56th Avenue, has existed at this site for over 40 years. The CTS, operated by the SWS Solid Waste Disposal Utility, currently provides commercial, small contractor, and residential waste and recycling drop-off services, with an operating capacity of 1,600 tons per day. This location also hosts collection of residential bulky/white goods, used oil, batteries, and household hazardous waste. The CTS also operates a reuse center, where Anchorage residents can bring household items such as paints, cleaners, and solvents for pick up and reuse by other residents.

Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)

In addition to the CTS and the SWS Administration/ Maintenance Building, the site supports the SWS Refuse Collections Utility, a fueling island for SWS operations vehicles, container repair and equipment storage areas, outdoor and warm storage for SWS operations vehicles, and parking for employee vehicles. The Solid Waste Disposal Utility operates a fleet of transfer trailers that transport solid waste from the CTS to the Anchorage Regional Landfill for final disposal.

Current Challenges

The existing complex has been operating for over 40 years. Consideration of major revisions or development of a new solid waste transfer facility has been discussed for some time. A variety of factors have prompted discussions about major revisions or replacement for the solid waste transfer facility, include the age of the solid waste and recycling assets at the CTS, safety risks associated with intermingled customer/vehicle streams, and customer requests, concerns, and complaints. The most prominent customer feedback is related to the high volume and lengthy onsite dwell time of residential traffic, and the unavailability of solid waste and recycling (materials management) services and practices that have progressed since the facility's original design. The existing transfer station building needs comprehensive refurbishment and upgrade to enable continued efficient CTS conceptual planning and operations.

In 2017, SWS contracted with Tetra Tech Alaska, LLC to develop the *Central Transfer Station Conceptual Planning Design Basis Report*. The final report, submitted to SWS in August 2018, provided a comprehensive review of the current facilities, circulation, capacities, parking, security, safety, and operational systems of the complex. It also provided several options for renovation of existing structures and development of new structures to support SWS operations.

On November 14, 2018, the Municipality of Anchorage released a request for proposals to provide professional architectural and engineering services for a new Central Transfer Station. The solicitation sought an architectural-engineering firm to perform all aspects of planning, design, and construction administration for operational grounds, infrastructure, component buildings, and ancillary structures. The solicitation identified Concept 2A from the Master Plan Report as the initial basis of the design. Tetra Tech was awarded the contract.

Beginning in 2020 a new CTS facility started being constructed in a lot adjacent to the current facility, with a proposed opening date in May of 2023.

With the additional space, future modifications could include; re-routing of transfer station traffic to remove truck traffic from 54th and 56th Avenues and Juneau Street, improvements to the transfer station logistics, potential redevelopment of the aging administration building, relocating the household hazardous waste program to a more convenient location and expanding the facility, adapting of the facility to other uses within the waste management field such as an organics diversion program, recycling, and material processing which will better serve the needs of the community.

Contacting Solid Waste Services' Financial Management

This financial report is designed to provide Solid Waste Services' customers, taxpayers, investors, and creditors with a general overview of Solid Waste Services' finances and to demonstrate Solid Waste Services' accountability for the money it receives. For questions about this report, or for additional financial information, contact the Municipality of Anchorage, Solid Waste Services Department, 1111 E 56th Ave, Anchorage, AK 99517.

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Financial Statements

Municipality of Anchorage, Alaska

Solid Waste Services

Statements of Net Position

<i>December 31,</i>	2021	2020 (Unaudited)
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 3,475	\$ 3,475
Equity in general cash pool	35,972,973	6,109,360
Equity in bond and grant capital acquisition & construction pool	9,810,405	15,368,652
Accounts receivable, net	3,350,001	3,307,461
Accrued interest receivable	155,361	93,496
Prepaid items and deposits	9,089	12,849
Restricted assets:		
Intergovernmental receivables	5,170,488	-
Total Current Assets	54,471,792	24,895,293
Noncurrent Assets		
Unrestricted assets:		
Capital assets, net	87,396,555	90,058,653
Construction work in process	66,560,858	19,634,955
Net other postemployment benefits asset	2,185,119	352,598
Total unrestricted noncurrent assets	156,142,532	110,046,206
Restricted assets:		
Landfill postclosure cash reserve	19,351,367	41,475,788
Total Noncurrent Assets	175,493,899	151,521,994
Total Assets	229,965,691	176,417,287
Deferred Outflows of Resources		
Related to pensions	278,554	415,050
Related to other postemployment benefits asset	48,781	208,441
Total Deferred Outflows of Resources	327,335	623,491
Total Assets and Deferred Outflows of Resources	\$ 230,293,026	\$ 177,040,778

Municipality of Anchorage, Alaska
Solid Waste Services

Statements of Net Position, continued

<i>December 31,</i>	2021	2020 (Unaudited)
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 2,883,548	\$ 879,144
Compensated absences payable	725,814	706,589
Accrued payroll liabilities	589,749	562,021
Accrued interest payable	147,990	111,045
Alaska Clean Water loans payable, current portion	1,038,590	1,038,590
Unearned revenue and deposits	141,381	136,781
Capital acquisition and construction accounts and retainages payable	5,428,424	3,802,902
Due to other funds	5,108,069	-
Total Current Liabilities	16,063,565	7,237,072
Noncurrent Liabilities		
Compensated absences payable	56,893	162,213
Net pension liability	3,014,322	4,189,297
Net other postemployment benefits liability	-	6,119
Alaska Clean Water loans payable, net of current portion	7,718,863	8,757,452
Notes payable	68,449,122	33,146,174
Landfill closure liability	39,265,492	37,733,227
Total Noncurrent Liabilities	118,504,692	83,994,482
Total Liabilities	134,568,257	91,231,554
Deferred Inflows of Resources		
Related to pensions	1,202,046	-
Related to net other postemployment benefits asset and liability	1,156,621	281,083
Total Deferred Inflows of Resources	2,358,667	281,083
Net Position		
Net investment in capital assets	71,322,412	62,948,490
Restricted for closure and postclosure care	-	3,742,561
Restricted for capital construction	5,170,488	-
Unrestricted	16,873,202	18,837,090
Total Net Position	93,366,102	85,528,141
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 230,293,026	\$ 177,040,778

See accompanying notes to basic financial statements.

Municipality of Anchorage, Alaska
Solid Waste Services

Statements of Revenues, Expenses, and Changes in Net Position

<i>Years Ended December 31,</i>	2021	2020 (Unaudited)
Operating Revenues		
Landfill services	\$ 4,773,174	\$ 3,911,542
Landfill gas sales	2,587,675	2,614,604
Transfer station services	18,345,504	17,776,477
Refuse collection operation-commercial	8,277,806	7,827,042
Refuse collection operation-residential	4,409,742	4,076,993
<hr/>		
Total charges for sales and services	38,393,901	36,206,658
Other operating revenues - collection fees, late fees, surcharges	247,691	290,523
<hr/>		
Total Operating Revenues	38,641,592	36,497,181
<hr/>		
Operating Expenses		
Operations:		
Landfill operations	8,056,976	6,773,537
Landfill gas collection system	986,569	1,094,905
Transfer station operations	6,741,552	6,654,663
Refuse commercial collections	5,831,906	4,761,935
Refuse residential collections	2,235,564	2,361,792
Other direct expenses disposal	657,711	1,885,861
Other direct expenses refuse	1,652,373	2,694,519
<hr/>		
Total operations	26,162,651	26,227,212
Amortization of landfill closure costs	1,532,265	4,140,988
Depreciation	5,961,801	5,654,418
<hr/>		
Total Operating Expenses	33,656,717	36,022,618
<hr/>		
Operating income	4,984,875	474,563

Municipality of Anchorage, Alaska
Solid Waste Services

Statements of Revenues, Expenses, and Changes in Net Position, continued

<i>Years Ended December 31,</i>	2021	2020 (Unaudited)
Nonoperating Revenues (Expenses)		
Investment income	\$ 311,180	\$ 810,719
Investment gain on landfill postclosure cash reserve	2,480,648	4,670,515
Gain on disposal of capital assets	331,202	60,099
PERS on-behalf (credit)	(95,602)	138,226
Intergovernmental revenue	36,896	-
Interest on long-term obligations	(714,852)	(498,376)
Total Nonoperating Revenues (Expenses)	2,349,472	5,181,183
Income before capital contributions and transfers	7,334,347	5,655,746
Capital Contributions and Transfers		
Capital contributions	5,146,179	54,179
Transfers to other funds:		
Municipal utility service assessment	(1,410,737)	(1,222,858)
Dividend	(1,056,000)	(1,050,000)
Other transfers from other funds	2,932,571	1,617,536
Other transfers to other funds	(5,108,399)	-
Change in Net Position	7,837,961	5,054,603
Net Position, beginning	85,528,141	80,473,538
Net Position, ending	\$ 93,366,102	\$ 85,528,141

See accompanying notes to basic financial statements.

Municipality of Anchorage, Alaska
Solid Waste Services

Statements of Cash Flows

<i>Years Ended December 31,</i>	2021	2020 (Unaudited)
Cash Flows from Operating Activities		
Receipts from customers	\$ 38,603,652	\$ 36,990,162
Payments to employees	(13,206,967)	(12,793,079)
Payments to vendors	(8,944,463)	(10,170,974)
Internal activity - payments made to other funds	(2,796,900)	(3,028,660)
Net cash flows from operating activities	13,655,322	10,997,449
Cash Flows for Noncapital Financing Activities		
Transfers to other funds	(7,575,136)	(2,272,858)
Change in due to other funds	5,108,069	-
Net cash flows for noncapital financing activities	(2,467,067)	(2,272,858)
Cash Flows from (for) Capital and Related Financing Activities		
Principal payments on long-term obligations	(1,038,589)	(1,486,618)
Acquisition and construction of capital assets	(48,621,072)	(26,297,080)
Interest payments on long-term obligations	(677,908)	(521,878)
Transfers from other funds	2,932,571	1,617,536
Proceeds from issuance of notes payable	35,302,948	16,411,218
Proceeds from disposal of capital assets	352,190	368,365
Capital grant proceeds	12,587	54,179
Net cash flows for capital and related financing activities	(11,737,273)	(9,854,278)
Cash Flows from Investing Activities		
Investment income	2,729,963	5,470,144
Net Increase (Decrease) in Cash, Cash Equivalents, and Investments	2,180,945	4,340,457
Cash, Cash Equivalents, and Investments, beginning	62,957,275	58,616,818
Cash, Cash equivalents, and Investments, ending	\$ 65,138,220	\$ 62,957,275
Components of Cash, Cash Equivalents, and Investments		
Cash and cash equivalents	\$ 3,475	\$ 3,475
Equity in general cash pool	35,972,973	6,109,360
Equity in Bond and Grant Capital Acquisition and Construction Pool	9,810,405	15,368,652
Landfill postclosure cash reserve	19,351,367	41,475,788
Cash, Cash Equivalents, and Investments, ending	\$ 65,138,220	\$ 62,957,275

Municipality of Anchorage, Alaska
Solid Waste Services

Statements of Cash Flows, continued

<i>Years Ended December 31,</i>	2021	2020 (Unaudited)
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:		
Operating income	\$ 4,984,875	\$ 474,563
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	5,961,801	5,654,418
PERS relief - noncash expenses (credits)	(95,602)	138,226
Change in landfill closure liability	1,532,265	4,140,988
Increase (Decrease) in:		
Accounts receivable, net	(42,540)	485,637
Prepaid items and deposits	3,760	51,093
Net other postemployment benefits asset	(1,832,521)	(321,895)
Deferred outflows of resources related to pensions	136,496	(72,374)
Deferred outflows of resources related to other postemployment benefits	159,660	41,998
Accounts payable	2,004,405	126,871
Compensated absences payable	(86,095)	86,691
Net pension liability	(1,174,975)	609,523
Net other postemployment benefits liability	(6,119)	(466,399)
Accrued payroll liabilities	27,728	11,930
Unearned revenue and deposits	4,600	117,429
Deferred inflows of resources related to pensions	1,202,046	(184,596)
Deferred inflows of resources related to other postemployment benefits	875,538	103,346
Net Cash Flows from Operating Activities	\$ 13,655,322	\$ 10,997,449
Supplementary Disclosure of Cash Flow Information		
Capital purchases on account	\$ 5,428,424	\$ 3,802,902
Contributed capital for equipment	5,146,179	54,179

See accompanying notes to basic financial statements.

Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements December 31, 2021 and 2020 (Unaudited)

1. Description of Business and Summary of Significant Accounting Policies

Solid Waste Services of Alaska (SWS), a nonmajor enterprise fund of the Municipality of Anchorage (MOA), is comprised of two separate utilities - the Refuse Collection Utility (RCU) which collects solid waste for disposal, and the Disposal Utility which owns a transfer station in Girdwood, the Central Transfer Station (CTS) in mid-town and the Anchorage Regional Landfill (ARL) located near Eagle River. The Disposal Utility (SWSDU) receives solid waste at the two transfer stations and hauls it to the Anchorage Regional Landfill for final disposal. The financial statements above present only the financial position RCU and SWSDU, and does not purport to, nor present fairly the financial position of the Municipality of Anchorage, Alaska as of December 31, 2021.

CTS was built in 1977 when the Merrill Field and International Airport Road Landfills were closed. The transfer site was established to provide a centralized location for the citizens of Anchorage to dispose of their solid waste. Originally designed as a shredder plant, CTS was modified in 1982, to the present-day tipping floor with a new scale-house and cash-booth added. A warm storage building for the growing Refuse Collections fleet and the administrative building were added in 1987. The Household Hazardous Waste Disposal program was established at the same time.

The current facility receives approximately 80% of the solid waste generated in Anchorage and is capable of handling upwards of 1,500 tons of refuse per day.

In 2011 SWS and the MOA signed an agreement with Doyon Utilities for the sale and transfer of excess Landfill Gas generated at the landfill site. This contract brings in approximately \$2.5 million annually, and the contract will remain active until 2033, when Doyon will have an option to extend to 2043. In 2012 the new facility was completed, and the gas-to-energy system went online January 2013. SWSDU is responsible for the transportation and storage of treated Landfill Gas from the Gas Processing System to the electrical generation plant that is owned by Doyon Utilities on Joint Base Elmendorf Richardson (JBER), which borders the Landfill facility.

Refuse Collection Utility (RCU)

The RCU provides both residential and commercial service to the former City of Anchorage service area. The RCU has converted 99% of its residential customers to automated collections operations. There are approximately 100 customers which still receive manual can and bag pickup.

Commercial refuse collection consists of six routes serviced Monday through Friday and three additional routes serviced on Saturdays. This equates to the servicing of over 5,000 dumpsters on a weekly basis. All commercial refuse collected is unloaded at the CTS. There is also a commercial glass collection route that services numerous businesses throughout the SWS service area.

Residential refuse collection consists of 11 routes serviced Monday through Friday for over 10,000 customers-all residential refuse is collected and unloaded at CTS. Additionally, curbside recycling, mixed paper and cardboard recycling, as well as residential organics (food scraps and yard waste) are available for residential collection.

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

Solid Waste Disposal Utility (SWSDU)

The main function of the SWSDU is to dispose of household and commercial refuse generated within the MOA. The solid waste is dropped off by the public at three locations: Girdwood Transfer Station (GTS), CTS, and ARL. The SWSDU has an extensive fleet of specialized equipment for the disposal of refuse that is maintained, operated, and supported by highly skilled and trained staff.

GTS received over 690 tons of refuse in 2020 (unaudited). GTS has a paved area where solid waste is discarded into an enclosure containing a 120-cubic yard trailer for transfer to CTS. GTS accepts used oil and batteries from customers and these items are picked up by SWS's household hazardous waste (HHW) contractors for proper disposal, recycling, or for reuse.

Solid waste disposed of at CTS is transferred by SWS tractors pulling 120 cubic yard (approximately 20-tons at a time) open top trailers to ARL. An average of 600 tons per day of solid waste is transferred from CTS to ARL. CTS also has a HHW disposal location and accepts residential used oil, batteries, and appliances that are picked up by contractors for proper disposal, recycling, or for reuse. Customers can drop off small quantities (less than 220 pounds per month) of unregulated hazardous waste which is not allowed to be disposed at ARL. A total of 25 SWS operators performs the various duties and operations associated with CTS.

It is a 275-acre, award-winning, subtitle D landfill that typically processes more than 1,000 tons of refuse daily. Currently, 11 cells are constructed, with a total of 12 cells to be developed at full build out of the facility. Every day solid waste is compacted and then covered with soil using bulldozers or alternative daily cover such as plastic tarps, grinded wood waste and recycled construction and demolition debris. The soil cover material comes from the excavation of future cells located on-site. Each landfill cell is lined and contains a leachate (water) collection system. Leachate is collected and transported in pipelines at the bottom of the landfill to collection lagoons for pre-treatment by aeration to increase the oxygen levels within it. On average, three specially designed leachate tankers transport and dispose of over 30 million gallons per year at the Anchorage Water & Wastewater Utility's Turpin Road dump station. ARL employees are responsible for the daily disposal of all of the MOA's refuse, the excavation and hauling of daily cover material, the installation and maintenance of landfill gas recovery wells and lines, the hauling of leachate, the building and maintaining of roads, snow removal, dust control and equipment repair. Located within a warm storage facility located at ARL, vehicle maintenance employees repair and maintain heavy equipment and SWSDU vehicles. A total of 26 SWS operators and mechanics perform the various duties and operations associated with ARL. The main HHW facility is located at ARL and is operated by a contractor that serves residential and small business customers.

Cash Pool and Investments

The Municipality uses a central treasury to account for all cash and investments. Bond and grant proceeds are shown as equity in the bond and grant capital acquisition and construction pool and are used for capital projects; all other cash is shown as equity in the general cash pool. Equity in the general capital cash pools are treated as a cash equivalent for cash flow purposes. Investments are recorded at fair value. Interest on cash pool investments is allocated to Solid Waste Services each month based on its monthly closing cash pool equity balances.

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

For purposes of the Statements of Cash Flows, Solid Waste Services has defined cash as the demand deposits and all investments maintained in the general cash pool, regardless of maturity period, since Solid Waste Services uses the cash pool essentially as a demand deposit account.

Restricted Assets

It is Solid Waste Services' policy to first use restricted assets to make certain payments when both restricted and unrestricted assets are available for the same purpose. "Intergovernmental receivables" represent grant receivables due from state and federal governments. "Landfill postclosure cash reserve" represents an investment that was restricted for the purpose of making payments related to future closure and postclosure costs of the Anchorage Regional Landfill. Solid Waste Services has restricted assets of \$24,521,855 and \$41,475,788 at December 31, 2021 and 2020 (unaudited), respectively.

Capital Assets

Capital assets are stated at cost. To be considered for capitalization, the cost of an asset must exceed \$5,000 and the service life must exceed more than one year. Land, construction in progress, and works of art are not depreciated. Solid Waste Services depreciates all other assets using a straight-line method and whole life convention. Additions to plant in service are recorded at original cost of contracted services, direct labor and materials, interest and indirect overhead charges. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Estimated lives of major capital asset categories follow:

Buildings	5-44 years
Building improvements	10-20 years
Land improvements	5-40 years
Vehicles	5-7 years
Machinery and equipment	3-20 years
Computer hardware and software	3-10 years
Office furniture and fixtures	5-20 years

Deferred Outflows of Resources

In addition to assets, the Statements of Net Position report a separate section of deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. At December 31, 2021 and 2020 (unaudited), Solid Waste Services had deferred outflows of resources from pension and other postemployment benefits (OPEB) related items. These items are amortized to expense over time.

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

Operating Revenues and Expenses

Operating revenues and expenses result from providing services in connection with Solid Waste Services' principal ongoing operations. Nonoperating revenues and expenses include those revenues and expenses not directly related to Solid Waste Services' principal ongoing operations.

Compensated Absences Payable

Solid Waste Services records compensated absences payable, which includes cashable sick leave, when earned.

Pensions and Other Postemployment Benefits (OPEB)

For the purposes of measuring the net pension and net OPEB liabilities or asset, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds or employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

In addition to liabilities, the Statements of Net Position present deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until then. At December 31, 2021 and 2020 (unaudited), Solid Waste Services had deferred inflows of resource for pension and OPEB related items. These items are amortized as a reduction of expense over varying periods of time based on their nature.

Intergovernmental Charges

Certain functions of the Municipality of a general and administrative nature are centralized and the related cost is allocated to the various funds of the Municipality, including Solid Waste Services. Charges from other departments to Solid Waste Services totaled \$2,976,900 and \$3,028,660 for the years ended December 31, 2021 and 2020 (unaudited), respectively. These amounts do not include Solid Waste Services' payments to the Municipality's risk management programs.

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Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

Net Position

Solid Waste Services' net position is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, less the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Solid Waste Services' restricted net position represents assets restricted for capital construction in accordance with intergovernmental grant agreements or terms of legal settlements, as well as amounts restricted for closure and postclosure care of the Anchorage Regional Landfill. Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets. When both restricted and unrestricted resources are available for use, generally it is Solid Waste Services' policy to use restricted resources first, then unrestricted resources when they are needed.

Risk Management and Self-Insurance

The Municipality is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; illness of and injuries to employees; unemployment; and natural disasters. The Municipality utilizes three risk management funds to account for and finance its uninsured risks of loss.

The Municipality provides coverage up to the maximum of \$3,000,000 per occurrence for automobile and general liability claims and for each workers' compensation claim. No settled claim exceeded this commercial coverage in 2021, 2020 (unaudited), or 2019 (unaudited).

Unemployment compensation expense is based on actual claims paid by the State of Alaska and reimbursed by the Municipality.

All Municipal departments participate in the Municipality's risk management program and make payments to the risk management funds based on actuarial estimates of the amounts needed to pay prior and current year claims. Solid Waste Services does not include any portion of the Municipality's claims payable among its liabilities on the Statements of Net Position.

Interfund Payable/Receivable

In the event that Solid Waste Services borrows from the Municipal Central Treasury to fund capital projects, the Municipality assesses a monthly fee. The fee is based on the investment earnings rate plus a margin negotiated between the Municipality and Solid Waste Services. When Solid Waste Services sells commercial paper, the cash pool will be reimbursed from the debt proceeds. In the event that other funds borrow from Solid Waste Services, Solid Waste Services will receive the investment earnings. At December 31, 2021 and December 31, 2020 (unaudited), Solid Waste Services had no interfund receivables or payables outstanding to the Municipality related to the monthly assessment fee.

Reclassifications

Certain amounts previously reported in the MOA ACFR for Solid Waste Services of Alaska have been reclassified in the 2020 (unaudited) financial statements presented above to conform to the current year's presentation. The reclassification had no effects on previously reported change in net position.

**Municipality of Anchorage, Alaska
Solid Waste Services**

Notes to Financial Statements

2. Cash and Investments

At December 31, 2021 and 2020 (unaudited), the Municipality had the following investments held in the Municipal Central Treasury:

December 31, 2021

Investment Type	Fair Value	Fixed Income Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Central treasury-unrestricted:					
Money market funds	\$ 80,191,431	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	27,285,694	27,285,694	-	-	-
Commercial paper	10,994,052	10,994,052	-	-	-
Certificates of Deposit	4,560,196	4,560,196	-	-	-
U.S. treasuries	120,975,556	13,900,572	90,219,967	16,855,017	-
U.S. agencies	8,226,227	-	1,073,504	4,595,007	2,557,716
Municipal bonds	162,814	-	18,610	144,204	-
Asset-backed securities**	21,500,890	-	11,114,637	1,915,491	8,470,762
Corporate fixed income securities	139,309,176	38,716,758	52,594,979	42,752,680	5,244,759
	\$ 413,206,036	\$ 95,457,272	\$ 155,021,697	\$66,262,399	\$ 16,273,237

Central treasury-restricted:					
Money market funds	\$ 54,814,675	\$ -	\$ -	\$ -	\$ -
U.S. treasuries	9,177,692	9,177,692	-	-	-
U.S. agencies	2,496,378	2,496,378	-	-	-
	\$ 66,488,745	\$ 11,674,070	\$ -	\$ -	\$ -

Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund

Money market funds	\$ 8,441	\$ -	\$ -	\$ -	\$ -
Fixed income funds	9,372,945	-	-	9,372,945	-
Domestic Equities & Equity Funds	6,156,663	-	-	-	-
International Equities & Equity Funds	3,813,318	-	-	-	-
	\$ 19,351,367	\$ 11,674,070	\$ -	\$ 9,372,945	\$ -

** Includes asset-backed securities, residential and commercial mortgage-backed securities, and collateralized debt obligations.

**Municipality of Anchorage, Alaska
Solid Waste Services**

Notes to Financial Statements

December 31, 2020 (Unaudited)

Investment Type	Fair Value*	Fixed Income Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Central treasury-unrestricted:					
Money market funds	\$ 78,959,479	\$ -	\$ -	\$ -	\$ -
U.S. treasuries	107,697,330	-	96,477,708	10,238,499	981,123
U.S. agencies	27,567,964	10,411,045	371,139	10,838,106	5,947,674
Municipal bonds	725,872	-	54,203	333,528	338,141
Asset-backed securities**	22,945,988	241,387	12,109,746	2,887,506	7,707,349
Corporate fixed income securities	130,020,418	12,172,799	59,734,200	54,905,810	3,207,609
Domestic equities***	9,486	-	-	-	-
	\$ 367,926,537	\$ 22,825,231	\$ 168,746,996	\$ 79,203,449	\$ 18,181,896

Central treasury-restricted:					
Money market funds	\$ 21,846,171	\$ -	\$ -	\$ -	\$ -
U.S. treasuries	54,488,045	-	54,488,045	-	-
U.S. agencies	40,528,022	-	40,528,022	-	-
Corporate fixed income securities***	1,035,136	-	1,035,136	-	-
	\$ 117,897,374	\$ -	\$ 96,051,203	\$ -	\$ -

Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund

Money market funds	\$ 73,510	\$ -	\$ -	\$ -	\$ -
Fixed income funds	20,660,286	-	-	20,660,286	-
Domestic Equities & Equity Funds	12,380,381	-	-	-	-
International Equities & Equity Funds	8,361,611	-	-	-	-
	\$ 41,475,788	\$ -	\$ -	\$ 20,660,286	\$ -

* Fair value includes accrued income.

** Includes asset-backed securities, residential and commercial mortgage-backed securities.

*** In 2019, the Central Treasury obtained an equity position when a corporate fixed income security was restructured via bankruptcy. The Municipality chose to hold this position until it is advantageous to sell it. The position was sold in 2021.

Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements

Solid Waste Services had the following investment balances held in the Municipal Central Treasury at December 31, 2021 and 2020 (unaudited):

	2021	2020 (Unaudited)
Equity in general cash pool	\$ 35,972,973	\$ 6,109,360
Restricted cash - landfill postclosure cash reserve	19,351,367	41,475,788
Equity in bond and grant capital acquisition & construction pool	9,810,405	15,368,652
<hr/>		
Total cash, cash equivalents and investments held in central treasury	\$ 65,134,745	\$ 62,953,800

The Municipality manages its Central Treasury in four portfolios; one internally managed portfolio and three externally managed duration portfolios based on liability duration and cash needs: working capital, contingency reserve and strategic reserve.

The Municipality maintains a comprehensive policy over cash and investments that is designed to mitigate risks while maximizing investment return and providing for operating liquidity. Pursuant to Anchorage Municipal Code (AMC) 6.50.030, the Municipality requires investments to meet specific rating and issuer requirements.

Both externally and internally managed investments are subject to the primary investment objectives outlined in AMC 6.50.030, in priority order as follows: safety of principal, liquidity, return on investment and duration matching. Consistent with these objectives, AMC 6.50.030 authorizes investments that meet the following rating and issuer requirements:

- Obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies.
- Corporate Debt Securities that are guaranteed by the U.S. government or the Federal Deposit Insurance Corporation (FDIC) as to principal and interest.
- Taxable and tax-exempt municipal securities having a long-term rating of at least A- by a nationally recognized rating agency or taxable or tax-exempt municipal securities having a short-term rating of at least A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch.
- Debt securities issued and guaranteed by the International Bank for Reconstruction and Development (IBRD) and rated AAA by a nationally recognized rating agency.
- Commercial paper, excluding asset-backed commercial paper, rated at least A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch.
- Bank debt obligations, including unsecured certificates of deposit, notes, time deposits, and bankers' acceptances (with maturities of not more than 365 days), and deposits with any bank, the short-term obligations of which are rated at least A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch and which is either:
 - a) Incorporated under the laws of the United States of America, or any state thereof, and subject to supervision and examination by federal or state banking authorities; or
 - b) Issued through a foreign bank with a branch or agency licensed under the laws of the United States of America, or any state thereof, or under the laws of a country with a Standard & Poor's sovereign rating of AAA, or a Moody's sovereign rating for bank deposits of Aaa, or a Fitch national rating of AAA, and subject to supervision and examination by federal or state banking authorities.

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

- Repurchase agreements secured by obligations of the U.S. government, U.S. agencies, or U.S. government-sponsored corporations and agencies.
- Dollar denominated corporate debt instruments rated BBB- or better (investment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Dollar denominated corporate debt instruments rated lower than BBB- (noninvestment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency, including emerging markets.
- Dollar denominated debt instruments of foreign governments rated BBB- or better (investment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Asset Backed Securities (ABS), excluding commercial paper, collateralized by: credit cards, automobile loans, leases and other receivables which must have a credit rating of AA- or above by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Mortgage Backed Securities, including generic mortgage-backed pass-through securities issued by Ginnie Mae, Freddie Mac, and Fannie Mae, as well as nonagency mortgage-backed securities, Collateralized Mortgage Obligations (CMOs), or Commercial Mortgage-Backed Securities (CMBS), which must have a credit rating of AA- or better by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Debt issued by the Tennessee Valley Authority.
- Money Market Mutual Funds rated Am or better by Standard & Poor's, or the equivalent by another nationally recognized rating agency, as long as they consist of allowable securities as outlined above.
- The Alaska Municipal League Investment Pool (AMLIP), except that the Working Capital portfolio may not be invested in AMLIP.
- Mutual Funds consisting of allowable securities as outlined above.
- Interfund Loans from a Municipal Cash Pool to a Municipal Fund.

In addition to providing a list of authorized investments, AMC 06.50.030 specifically prohibits investment in the following:

- Structured Investment Vehicles.
- Asset Backed Commercial Paper.
- Short Sales.
- Securities not denominated in U.S. Dollars.
- Commodities.
- Real Estate Investments.
- Derivatives, except "to be announced" forward mortgage-backed securities (TBAs) and derivatives for which payment is guaranteed by the U.S. government or an agency thereof.

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Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements

The Investment Management Agreement (IMA) for each external manager and the policy and procedures (P&P) applicable to the internally managed investments provide additional guidelines for each portfolio's investment mandate. The IMA and P&P limit the concentration of investments for the working capital portfolio at the time new investments are purchased as follows:

Investment Type	Concentration Limit	Working Capital Portfolio Holding % at December 31, 2021	Working Capital Portfolio Holding % at December 31, 2020 (Unaudited)
U.S. government securities*	50% to 100% of investment portfolio	15%	13%
Repurchase agreements	0% to 50% of investment portfolio	13%	-%
Certificates of Deposit	0% to 25% of investment portfolio	2%	-%
Commercial paper	0% to 25% of investment portfolio; maximum 5% per issuer	6%	-%
Corporate fixed income securities**	0% to 25% of investment portfolio; maximum 5% per issuer	18%	8%
Money market mutual funds***	0% to 25% of investment portfolio	46%	79%
		100%	100%

* Includes debt obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations.

** The maximum exposure to Corporate floating rate and variable rate debt securities in the Working Capital Portfolio is 10 percent. Corporation fixed income debt securities must have a final maturity within one (1) year of purchase, and corporate floating rate or variable rate debt securities must have a final maturity within two (2) years or purchase.

*** The Working Capital Portfolio may not be invested in AMLIP.

*** The Working Capital Portfolio held a large proportion of investments in Cash Equivalents at December 31, 2021, in anticipation of liquidity needs.

**Municipality of Anchorage, Alaska
Solid Waste Services**

Notes to Financial Statements

The IMA and P&P limit the concentration of investments for the internally managed portfolio at the time new investments are purchased as follows:

Investment Type	Concentration Limit	Internally Managed Holding % at December 31, 2021	Internally Managed Holding % at December 31, 2020 (Unaudited)
U.S. government securities*	50% to 100% of portfolio	21%	76%
Corporate fixed income	0% to 25% of portfolio; maximum 5% per issuer	5%	1%
Money market mutual funds**	0% to 25% of portfolio	74%	23%
		100%	100%

* Includes debt obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations.

** The Internally Managed Portfolio contained an excess of cash equivalents at December 31, 2021 in anticipation of planned spending on debt service and a large cash payout to the Anchorage School District.

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Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The externally managed portfolios of the Municipal Central Treasury utilize the duration method to measure exposure to interest rate risk.

Duration is a measure of an investment's sensitivity to interest rate changes and represents the sensitivity of an investment's market price to a one percent change in interest rates. The effective duration of an investment is determined by its expected future cash flows, factoring in uncertainties introduced through options, prepayments, and variable rates. The effective duration of a pool is the average fair value weighted effective duration of each security in the pool.

AMC 6.50.030 requires the Working Capital Portfolio have a duration of zero to 270 days. At December 31, 2021, the Working Capital Portfolio had a duration of 0.10 years, or approximately 37 days, and was within the targeted duration. AMC 6.50.030 also requires that the Contingency Reserve Portfolio have an average duration within half a year of its benchmark. At December 31, 2021, the Contingency Reserve Portfolio had a duration of 1.78 years as compared to its benchmark, Barclays 1-3 Year Government Index, which had a duration of 1.92 years. AMC 6.50.030 requires the Strategic Reserve Portfolio have a maximum duration no greater than one year in excess of its benchmark. At December 31, 2021, the Strategic Reserve Portfolio had a duration of 3.22 years as compared to its benchmark, Barclays Intermediate Government/Corporate Index, which had a duration of 3.92 years.

All other funds disclose interest rate risk through the segmented time distribution tables within this note, which categorize fixed income investments according to their maturities. The Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund and the MOA Trust Fund do not have investment policies addressing interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For fixed income securities, this risk is generally expressed as a credit rating.

At December 31, 2021, the Municipal Central Treasury's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled \$185,142,999. The distribution of ratings on these securities was as follows:

Moody's		S&P	
Aaa	13%	AAA	7%
Aa	1%	AA	6%
A	18%	A	12%
Baa	31%	BBB	39%
Ba or lower	23%	BB or lower	23%
Not rated	14%	Not rated	13%
100%		100%	

**Municipality of Anchorage, Alaska
Solid Waste Services**

Notes to Financial Statements

At December 31, 2020 (unaudited), the Municipal Central Treasury’s investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled \$222,823,400. The distribution of ratings on these securities was as follows:

Moody’s		S&P	
Aaa	15%	AAA	7%
Aa	2%	AA	10%
A	19%	A	13%
Baa	16%	BBB	24%
Ba or lower	23%	BB or lower	21%
Not rated	25%	Not rated	25%
100%		100%	

At December 31, 2021, The Anchorage Regional Landfill Closure and Postclosure Liability Fund had one investment totaling \$9,372,945 in fixed income funds that were rated AA.

At December 31, 2020 (unaudited), The Anchorage Regional Landfill Closure and Postclosure Liability Fund had one investment totaling \$20,660,286 in fixed income funds that were rated AA.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity’s investment in a single issuer. GASB Statement No. 40 requires disclosure when the amount invested in a single issuer exceeds 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government, as well as mutual funds and other pooled investments, are exempted from this requirement.

At December 31, 2021 and 2020 (unaudited), the Municipal Central Treasury had no investments in any single issuer exceeding 5% of total investments.

At December 31, 2021 and 2020 (unaudited), The Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund had no policy regarding concentration of holdings with a single issuer. The Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund had no investments in any single issuer exceeding 5 percent of total investments at December 31, 2021 and 2020 (unaudited).

Custodial Credit Risk

Custodial credit risk is the risk, in event of the failure of a depository institution, that an entity will not be able to recover deposits or collateral securities in the possession of an outside party. For investments, custodial credit risk is the risk, in event of the failure of the counterparty to a transaction, that an entity will not be able to recover the value of the investment or collateral securities in the possession of an outside party.

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

All collateral consists of obligations issued, or fully insured or guaranteed as to payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation, with market value not less than the collateralized deposit balances.

AMC 6.50.030 requires that repurchase agreements be secured by obligations of the U.S. government, U.S. agencies, or U.S. government-sponsored corporations and agencies. As of December 31, 2021 and 2020 (unaudited), the Municipality had \$157,329 and \$135,917, respectively, in cash deposits and investments exposed to custodial risk.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Municipality has no specific policy addressing foreign currency risk; however foreign currency risk is managed through the requirements of AMC 6.50.030 and the asset allocation policies of each portfolio.

The Municipal Central Treasury is not exposed to foreign currency risk because AMC 6.50.030 explicitly prohibits the purchase of securities not denominated in U.S. Dollars. At December 31, 2021 and 2020 (unaudited), all debt obligations held in the Municipal Central Treasury were payable in U.S. Dollars.

Fair Value Measurements

At December 31, 2021 and 2020 (unaudited), the Municipality had the following cash and investments, valued as follows:

- Asset-backed securities are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- Bank loan investment funds are valued at Net Asset Value (NAV) of units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability.
- Certificates of deposit are valued at the daily price quoted by the financial institution holding the investment for the Municipality.
- Commercial paper is valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issues with similar credit ratings.
- Domestic equities are valued at the closing price reported on the active market on which the individual securities traded.
- Fixed income securities, including corporate bonds, are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

- Comingled funds are valued at NAV of units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.
- Domestic equity funds are valued at the closing price reported on the active market on which individual funds are traded.
- Emerging market debt funds are valued at the closing price reported on the active market on which the individual funds traded.
- Fixed income funds are valued at the closing price reported on the active market on which the individual funds traded.
- International equity funds are valued at the closing price reported on the active market on which the individual funds traded.
- Municipal bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- Real estate funds are valued at NAV of units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.
- Repurchase agreements are valued at the daily closing price as reported using the daily price quoted by the financial institution holding the investment for the Municipality.
- U.S. treasuries are valued at the closing price reported on the active market on which the individual securities traded.
- U.S. agencies are valued using pricing models maximizing the use of observable inputs for similar securities.

The Municipality utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Municipality determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principle or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: quoted prices for identical assets or liabilities in active markets
- Level 2 Inputs: quoted prices for similar assets or liabilities in active or inactive markets; or inputs other than quoted prices that are observable
- Level 3 Inputs: significant unobservable inputs for assets or liabilities

The Municipality categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

**Municipality of Anchorage, Alaska
Solid Waste Services**

Notes to Financial Statements

The Municipality had the following recurring fair value measurements as of December 31, 2021:

Investment type:	Total	Level 1	Level 2
Central treasury - unrestricted investments measured at fair value:			
Commercial paper	\$ 10,994,052	\$ -	\$ 10,994,052
U.S. treasuries	120,975,556	120,975,556	-
U.S. agencies	8,226,227	-	8,226,227
Municipal bonds	162,814	-	162,814
Asset-backed securities	21,500,890	-	21,500,890
Corporate fixed income securities	139,309,176	-	139,309,176
	<u>\$ 301,168,715</u>	<u>\$ 120,975,556</u>	<u>\$ 180,193,159</u>

Investments measured at amortized cost:	
Money market funds	80,191,431
Repurchase agreements	27,285,694
Certificate of Deposits	4,560,196

Total central treasury - unrestricted \$ 413,206,036

Central treasury - restricted investments measured at fair value:			
U.S. treasuries	\$ 9,177,692	\$ 9,177,692	\$ -
U.S. agencies	2,496,378	-	2,496,378
	<u>\$ 11,674,070</u>	<u>\$ 9,177,692</u>	<u>\$ 2,496,378</u>

Investments measured at amortized cost -
Money market funds 54,814,675

Total central treasury - restricted \$ 66,488,745

Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund - investments measured at fair value:			
U.S. fixed income	\$ 9,372,945	\$ -	\$ 9,372,345
Domestic Equities and Equity Funds	6,156,663	6,156,663	-
International Equities and Equity Funds	3,813,318	3,813,318	-
	<u>\$ 19,342,926</u>	<u>\$ 9,969,981</u>	<u>\$ 9,372,945</u>

Investments measured at amortized cost -
Money market funds 8,441

Total central treasury - unrestricted \$ 19,351,367

Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements

The Municipality had the following recurring fair value measurements as of December 31, 2020 (unaudited):

Investment type:	Total	Level 1	Level 2
Central treasury - unrestricted investments measured at fair value:			
U.S. treasuries	\$ 107,697,330	\$ 107,697,330	\$ -
U.S. agencies	27,567,964	-	27,567,964
Municipal bonds	725,872	-	725,872
Asset-backed securities	22,945,988	-	22,945,988
Corporate fixed income securities	130,020,418	-	130,020,418
Domestic equities	9,486	9,486	-
	<u>\$ 288,967,058</u>	<u>\$ 107,706,816</u>	<u>\$ 181,260,242</u>

Investments measured at amortized cost - Money market funds	<u>78,959,479</u>
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<u>Total central treasury - unrestricted</u>	<u>\$ 367,926,537</u>
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Central treasury - restricted investments measured at fair value:			
U.S. treasuries	\$ 54,488,045	\$ 54,488,045	\$ -
U.S. agencies	40,528,022	-	40,528,022
Corporate fixed income securities	1,035,136	-	1,035,136
	<u>\$ 96,051,203</u>	<u>\$ 54,488,045</u>	<u>\$ 41,563,158</u>

Investments measured at amortized cost - Money market funds	<u>21,846,171</u>
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<u>Total central treasury - restricted</u>	<u>\$ 117,897,374</u>
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Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund - investments measured at fair value:			
U.S. fixed income	\$ 20,660,286	\$ 20,660,286	\$ -
Domestic Equities and Equity Funds	12,380,381	12,380,381	-
International Equities and Equity Funds	8,361,611	8,361,611	-
	<u>\$ 41,402,278</u>	<u>\$ 41,402,278</u>	<u>\$ -</u>

Investments measured at amortized cost - Money market funds	<u>73,510</u>
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<u>Total central treasury - unrestricted</u>	<u>\$ 41,475,788</u>
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Municipality of Anchorage, Alaska
Solid Waste Services

Notes to Financial Statements

3. Accounts Receivable

Solid Waste Services reports accounts receivable on its Statements of Net Position net of allowances for uncollectable accounts. At December 31, 2021 and 2020 (unaudited), Solid Waste Services reported gross receivables of \$3,501,676 and \$3,541,185, respectively. At December 31, 2021 and 2020 (unaudited), Solid Waste Services reported an allowance for uncollectable accounts of \$151,675 and \$233,724, respectively. At December 31, 2021 and 2020 (unaudited), Solid Waste Services reported net accounts receivables of \$3,350,001 and \$3,307,461, respectively.

4. Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2021:

	Balance January 1, 2021 (Unaudited)	Increase	Decrease	Balance December 31, 2021
Capital assets not being depreciated:				
Land	\$ 19,854,585	-		\$ 19,854,585
Construction in progress	19,634,955	50,248,781	(3,322,878)	66,560,858
Total capital assets not being depreciated	39,489,540	50,248,781	(3,322,878)	86,415,443
Capital assets being depreciated:				
Buildings	\$ 14,939,022	-	-	\$ 14,939,022
Building improvements	2,480,042	384,578	-	2,864,620
Land improvements	85,563,722	134,759	-	85,698,481
Vehicles	17,974,904	2,528,886	(985,711)	19,518,079
Machinery and equipment	23,570,841	230,752	(1,023,770)	22,777,823
Computer hardware	939,678	41,715	-	981,393
Computer software	231,724	-	-	231,724
Office furniture and fixtures	141,255	-	-	141,255
Total capital assets being depreciated	145,841,188	3,320,690	(2,009,481)	147,152,397
Less accumulated depreciation for:				
Buildings	\$ 12,714,213	120,340	-	\$ 12,834,553
Building improvements	928,019	89,175	-	1,017,195
Land improvements	34,231,428	1,868,900	-	36,100,328
Vehicles	10,976,175	1,888,894	(944,859)	11,920,209
Machinery and equipment	16,057,945	1,808,297	(1,043,635)	16,822,605
Computer hardware	502,327	151,644	-	653,971
Computer software	102,341	31,727	-	134,068
Office furniture and fixtures	124,673	2,824	-	127,498
Total accumulated depreciation	75,637,120	5,961,801	(1,988,494)	79,610,427
Capital assets being depreciated, net	70,204,068	(2,641,111)	(20,987)	67,541,970
Total Capital Assets, net	\$ 109,693,608	\$ 47,607,670	(3,343,865)	\$ 153,957,413

**Municipality of Anchorage, Alaska
Solid Waste Services**

Notes to Financial Statements

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2020 (unaudited):

	Balance January 1, 2020 (Unaudited)	Increase	Decrease	Balance December 31, 2020 (Unaudited)
Capital assets not being depreciated:				
Land	\$ 20,103,705	\$ -	\$ (249,120)	\$ 19,854,585
Construction in progress	4,880,370	28,811,984	(14,057,399)	19,634,955
Total capital assets not being depreciated	24,984,075	28,811,984	(14,306,519)	39,489,540
Capital assets being depreciated:				
Buildings	\$ 13,795,395	\$ 1,143,627	\$ -	\$ 14,939,022
Building improvements	2,308,365	171,677	-	2,480,042
Land improvements	79,209,528	6,354,194	-	85,563,722
Vehicles	16,585,694	2,380,905	(991,695)	17,974,904
Machinery and equipment	20,123,956	3,463,766	(16,881)	23,570,841
Computer hardware	506,201	433,477	-	939,678
Computer software	73,087	158,637	-	231,724
Other furniture and fixtures	135,961	5,294	-	141,255
Total capital assets being depreciated	132,738,187	14,111,577	(1,008,576)	145,841,188
Less accumulated depreciation for:				
Buildings	\$ 12,616,110	\$ 98,103	\$ -	\$ 12,714,213
Building improvements	850,603	77,416	-	928,019
Land improvements	32,528,288	1,703,139	-	34,231,428
Vehicles	10,208,468	1,703,854	(936,147)	10,976,175
Machinery and equipment	14,169,983	1,901,247	(13,285)	16,057,945
Computer hardware	363,592	138,735	-	502,327
Computer software	73,087	29,254	-	102,341
Office furniture and fixtures	122,001	2,672	-	124,673
Total accumulated depreciation	70,932,132	5,654,420	(949,432)	75,637,120
Capital assets being depreciated, net	61,806,055	8,457,157	(59,144)	70,204,068
Total Capital Assets, net	\$ 86,790,130	\$ 37,269,141	\$ (14,365,665)	\$ 109,693,608

**Municipality of Anchorage, Alaska
Solid Waste Services**

Notes to Financial Statements

5. Operating Leases

Solid Waste Services has entered an operating lease for the use of 49.19 acres of land and three (3) groundwater monitoring wells. The total operating lease expense for 2021 was \$51,714. The annual rental payments of the lease commitments over the remaining terms are as follows:

Years Ending December 31,

2022	\$ 53,266
2023	54,864
2024	56,510
2025	58,205
2026	59,951
2027-2031	327,837
2032-2036	380,052
2037-2040	347,183
<hr/>	
Total	\$ 1,337,868

6. Noncurrent Liabilities

Long-Term Obligations Issued

Solid Waste Services obtains low interest loans from the State of Alaska Department of Environmental Conservation Clean Water Fund to fund capital improvement projects. These loans were issued on per project basis until 2019 when the Programmatic Financial (ProFi), an annual loan, began being issued. The loans issued per project enter repayment status one year after initiation of operation of the facilities with loan terms included in the contract. The loans issued annually go into repayment the following year. These loans have repayment terms of up to 20 years. The total amounts payable December 31, 2021 and 2020 (unaudited), were \$8,757,453 and \$9,796,042, respectively. In 2020 the Alaska Department of Environmental Conservation's State Revolving Fund Program offered borrowers the opportunity to defer loan repayments for a portion of the year without incurring any additional interest or late fees and the Utility took advantage of the option, deferring \$2,318,248 in principal and \$396,636 in interest payments. The State of Alaska deferred 2020 (unaudited) payments on select loans, with no change to amortization schedules other than shifting the remaining payment due dates by one year.

Notes Payable from Direct Borrowings

In February 2019, the Refuse and Disposal Utilities entered into a joint Loan Agreement for up to \$55 million with a commercial bank. Revenues from customers of the Refuse and Disposal Utilities are pledged to pay the debt service for this loan. On June 24, 2021, the Solid Waste Utilities and its commercial bank amended this loan agreement, increasing the amount to be borrowed up to \$100 million with the maturity date of February 1, 2025. The interest rate percentage per annum is calculate based on the 90-Day SOFR times 0.79 plus 1.01 on the outstanding principal balance. The commitment fee percentage per annum is 0.10 percent on the un-utilized amount.

**Municipality of Anchorage, Alaska
Solid Waste Services**

Notes to Financial Statements

As of December 31, 2021, the combined outstanding principal balance for both Solid Waste Utilities was \$68,449,122, with the Refuse Utility reporting \$24,368,154 of the outstanding principal and the Disposal Utility reporting \$44,080,968 of the outstanding principal. The interest fees incurred as of December 31, 2021, for both Solid Waste Utilities were \$461,979, with the Refuse Utility reporting \$164,902 and the Disposal Utility reporting \$297,077. The commitment fees incurred as of December 31, 2021, for both Solid Waste Utilities were \$89,378, with the Refuse Utility reporting \$30,104 and the Disposal Utility reporting \$59,274.

The amount of interest expense recognized on the notes for the year ended December 31, 2021 and 2020 (unaudited) was \$714,852 and \$498,376, respectively.

Changes in noncurrent liabilities for the year ended December 31, 2021 were as follows:

	Balance January 1, 2021 (Unaudited)	Addition	Reduction	Balance December 31, 2021	Due Within One Year
Notes payable from direct borrowings	\$ 33,146,174	\$ 35,302,948	\$ -	\$ 68,449,122	\$ -
Loans payable	9,796,042	-	(1,038,589)	8,757,453	1,038,590
Landfill closure liability	37,733,227	1,532,265	-	39,265,492	-
Compensated absences payable	868,802	835,088	(921,183)	782,707	725,814
Total Noncurrent Liabilities	\$ 81,544,245	\$ 37,670,301	\$ (1,959,772)	\$ 117,254,774	\$ 1,764,404

Debt service requirements to maturity follow:

<i>Year Ending December 31,</i>	Principal	Interest	Total
2022	\$ 1,038,590	\$ 848,640	\$ 1,887,230
2023	1,038,588	833,061	1,871,649
2024	1,038,588	817,483	1,856,071
2025	69,487,710	144,399	69,632,109
2026	1,038,588	69,047	1,107,635
2027-2031	2,586,085	176,711	2,762,796
2032-2036	978,426	29,353	1,007,779
	\$ 77,206,575	\$ 2,918,694	\$ 80,125,269

Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements

7. Environmental Issues

The Municipality has adopted an aggressive proactive policy designed to identify and mitigate the potential effects of past, present, and future activity that may result in environmental impact. It is accounting policy to record a liability when the likelihood of responsibility for an environmental impact is probable and the cost of mitigating the impact is estimable within reasonable limits. On December 31, 2021, there are environmental issues that meet both of these criteria and, accordingly, a provision has been made in the accompanying financial statements for the cost of mitigating environmental concerns of underground fuel and hazardous waste contamination. The following is a summary of environmental concerns.

Solid Waste Landfill Sites

The Municipality's landfill at Merrill Field was closed during 1987 following approximately 50 years of usage. An active gas migration control system was constructed in 1992 and has since operated without fail. Operation of the gas control system has been effective in maintaining compliance with regulations pertaining to landfill gas and protecting public safety.

In 1996, a project was undertaken to improve existing groundwater controls and to construct a new system to control and collect groundwater from beneath the site for treatment in the municipal wastewater system. This collection system has operated without fail and has been effective in mitigating potential offsite migration of contaminants. The Municipality continues to maintain landfill gas and groundwater control systems and to perform monitoring of this site in compliance with state and federal regulations governing closure of solid waste facilities.

Air Quality Violations at Anchorage Regional Landfill

On or about March 28, 2018, the Alaska Department of Environmental Conservation (ADEC) issued a Notice of Violation (NOV) to the Municipality of Anchorage, Solid Waste Fund, alleging multiple violations of the Municipality's Air Quality Operating Permits for the Anchorage Regional Landfill, all relating to the emission of landfill gas. On or about June 10, 2019, the ADEC issued a second NOV to the Solid Waste Fund alleging 1) failure to conduct surface emission monitoring (SEM), and 2) failure to meet certification requirements. The Solid Waste Fund met with ADEC on a several occasions in an attempt to resolve the alleged violations; the Solid Waste Fund and ADEC engaged in an exchange of letters discussing potential compliance measures and settlement of civil penalties.

On May 12, 2022, ADEC and the Municipality agreed to a Final Compliance Order by Consent in this matter. The order contained several mandatory corrective actions to be undertaken by the Solid Waste Fund in response to the violations, including installation of additional gas control capacity, surface emissions monitoring and reporting requirements. In addition, the Municipality has agreed to pay administrative fees, costs, and expenses of ADEC, a penalty of \$200,000, and to perform a Supplemental Environmental Project (SEP). The total costs of the SEP and corrective actions are not determinable at this time, however ADEC is requiring a minimum cost of the SEP to be \$271,000. The liabilities on December 31, 2021 for the Solid Waste Fund include the agreed upon penalty amount for this matter.

Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the Municipality to place a final cover on its current regional landfill when it stops accepting solid waste and to perform certain maintenance and monitoring functions at the landfill for thirty years after closure. To properly account for these future closure and postclosure costs each year, the Solid Waste Fund records an operating expense based on landfill capacity. During 2020 (unaudited), the future closure and postclosure care costs were re-evaluated and adjusted to reflect current conditions. On December 31, 2021, the Solid Waste Fund had

**Municipality of Anchorage, Alaska
Solid Waste Services**

Notes to Financial Statements

a recorded liability of \$39,265,492 associated with these future costs, based on the use of 38.295 percent of the landfill’s estimated capacity. Based upon the 2020 study (unaudited), it is estimated the Solid Waste Fund will recognize an additional \$63,267,818 in liability expense between 2021 and 2064, the current estimated date the landfill is expected to reach full capacity. These amounts are based upon what it would cost to perform all the closure and postclosure functions in 2021. Future inflation costs and additional costs that might arise from, changes in requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both. Activity in the long-term liability for landfill closure and postclosure care cost was as follows:

	Balance January 1, 2021 (Unaudited)	Additions	Deletions	Balance December 31, 2021	Due in One Year
Future Landfill Closure Costs	\$ 37,733,227	\$ 1,532,265	-	\$ 39,265,492	-

State laws and federal regulations require the Municipality to provide financial assurances for future closure and postclosure costs by one of several allowable mechanisms available. The Municipality elected to use the “Local Government Test” financial assurance mechanism to comply with the regulation. Pursuant to the Anchorage Municipal Code 26.80.060 a restricted cash and investment account has been established to fund the liability for landfill closure and postclosure purposes. On December 31, 2021, Solid Waste Services reported \$19,351,367 of restricted assets for payment of closure and postclosure care costs.

8. Pension and Other Postemployment Benefits

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

Solid Waste Services of Alaska participates in the Alaska Public Employees’ Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in an annual comprehensive financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/dr/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Peace/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements

The PERS DB Plan was closed to new entrants effective July 1, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from a DB agent-multiple employer plan to a DB cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded “on-behalf” contribution (subject to funding availability), and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan’s past service liability contribution rate as adopted by the Alaska Retirement Management Board (ARM Board). As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

Solid Waste Services of Alaska recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the DC plan. Contributions derived from the DC employee payroll is referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25-year term which ends in 2039. This change results in lower ARM Board Rates than previously adopted.

Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements

State Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the proprietary funds and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

Contribution rates for the plan year ended June 30, 2021 and June 30, 2022 were determined in the June 30, 2019 and June 30, 2020 actuarial valuations, respectively. The Solid Waste Services' contribution rates for the 2021 and 2020 (unaudited) calendar years were as follows:

<i>January 1, 2021 to June 30, 2021</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	14.57%	26.58%	8.85%
Postemployment healthcare (ARHCT)	7.43%	4.27%	-%
Total Contribution Rates	22.00%	30.85%	8.85%

<i>July 1, 2021 to December 31, 2021</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.54%	26.99%	8.11%
Postemployment healthcare (ARHCT)	6.46%	3.12%	-%
Total Contribution Rates	22.00%	30.11%	8.11%

<i>January 1, 2020 to June 30, 2020 (Unaudited)</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.72%	23.73%	6.62%
Postemployment healthcare (ARHCT)	6.28%	4.89%	-%
Total Contribution Rates	22.00%	28.62%	6.62%

<i>July 1, 2020 to December 31, 2020 (Unaudited)</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	22.00%	26.58%	8.85%
Postemployment healthcare (ARHCT)	-%	4.27%	-%
Total Contribution Rates	22.00%	30.85%	8.85%

Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements

In 2021, Solid Waste Services was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2020 to June 30, 2021	SWS's Fiscal Year January 1, 2021 to December 31, 2021
Employer contributions (including DBUL)	\$ 303,389	\$ 312,002
Nonemployer contributions (on-behalf)	182,095	173,176
Total Contributions	\$ 485,484	\$ 485,178

In addition, employee contributions to the Plan totaled \$63,898 Solid Waste Services' 2021 fiscal year.

In 2020 (unaudited), Solid Waste Services was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2019 to June 30, 2020 (Unaudited)	City Fiscal Year January 1, 2020 to December 31, 2020 (Unaudited)
Employer contributions (including DBUL)	\$ 287,361	\$ 307,741
Nonemployer contributions (on-behalf)	150,823	178,529
Total Contributions	\$ 438,184	\$ 486,270

In addition, employee contributions to the Plan totaled \$74,072 Solid Waste Services of Alaska's 2020 (unaudited) fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021 and 2020 (unaudited), Solid Waste Services reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to Solid Waste Services. The amount recognized by Solid Waste Services for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with Solid Waste Services were as follows:

	2021
Solid Waste Services' proportionate share of NPL	\$ 3,014,322
State's proportionate share of NPL associated with Solid Waste Services	408,348
Total Net Pension Liability	\$ 3,422,670
	2020 (Unaudited)
Solid Waste Services' proportionate share of NPL	\$ 4,189,297
State's proportionate share of NPL associated with Solid Waste Services	1,733,515
Total Net Pension Liability	\$ 5,922,812

**Municipality of Anchorage, Alaska
Solid Waste Services**

Notes to Financial Statements

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net pension liability as of that date. The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net pension liability as of that date.

Solid Waste Services' proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2021 measurement date, the City's proportion was 0.08217 percent, which was a(n) decrease (increase) of 0.01118% from its proportion of 0.07099% measured as of June 30, 2020.

For the year ended December 31, 2021, Solid Waste Services recognized pension expense of \$647,662 and on-behalf revenue of \$585 for support provided by the State. At December 31, 2021, Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (13,354)
Net difference between projected and actual earnings on pension plan investments	-	(1,188,692)
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	118,437	-
Solid Waste Services contributions subsequent to the measurement date	160,117	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 278,554	\$ (1,202,046)

For the year ended December 31, 2020 (unaudited), Solid Waste Services recognized pension expense of \$877,679 and on-behalf revenue of \$224,022 for support provided by the State. At December 31, 2020 (unaudited), Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources (Unaudited)	Deferred Inflows of Resources (Unaudited)
Difference between expected and actual experience	\$ 13,289	\$ -
Net difference between projected and actual earnings on pension plan investments	170,505	-
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	72,159	-
Solid Waste Services contributions subsequent to the measurement date	159,057	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 415,050	\$ -

**Municipality of Anchorage, Alaska
Solid Waste Services**

Notes to Financial Statements

The \$160,117 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,

2022	\$ (171,154)
2023	(272,282)
2024	(294,534)
2025	(345,639)
<hr/>	
Total Amortization	\$ (1,083,609)

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 40% of the time.

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Notes to Financial Statements

The actuarial assumptions used in the June 30, 2020 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2014 to June 30, 2018. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

The total pension liability for the measurement period ended June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50%
Salary increases	Increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 40% of the time.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2014 to June 30, 2018. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience.

**Municipality of Anchorage, Alaska
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Notes to Financial Statements

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.04%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

June 30, 2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-%	0.13%

June 30, 2020 (Unaudited)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	-%	(1.09)%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. The discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Notes to Financial Statements

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Solid Waste Services' proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what Solid Waste Services' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

<i>June 30, 2021</i>	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Solid Waste Services' proportionate share of the net pension liability	0.08217%	\$ 4,464,632	\$ 3,014,322	\$ 1,795,877

<i>June 30, 2020 (Unaudited)</i>	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Solid Waste Services' proportionate share of the net pension liability	0.07099%	\$ 5,446,973	\$ 4,189,297	\$ 3,131,459

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that Solid Waste Services of Alaska contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

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Notes to Financial Statements

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended December 31, 2021 and 2020 to cover a portion of Solid Waste Services of Alaska's employer match contributions. For the year ended December 31, 2021 and 2020 (unaudited), forfeitures reduced pension expense by \$2,480 and \$124, respectively.

Employee Contribution Rate

For the year ended December 31, 2021 and 2020 (unaudited), employees were required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the years ended December 31, 2021 and 2020 (unaudited), Solid Waste Services was required to contribute 5% of covered salary into the Plan.

Solid Waste Services of Alaska and employee contributions to PERS for pensions for the year ended December 31, 2021 were \$63,328 and \$101,324, respectively. Solid Waste Services of Alaska and employee contributions to PERS for pensions for the year ended December 31, 2020 (unaudited) were \$62,425 and \$99,884, respectively.

(c) Defined Benefit Other Postemployment Benefits (OPEB) Plans

As part of its participation in PERS, the City participates in the following cost sharing multiple employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD).

The ARHCT, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

Employer Contribution Rate

Employer contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute.

**Municipality of Anchorage, Alaska
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Notes to Financial Statements

Employer contribution rates for the year ended December 31, 2021 and 2020 (unaudited) were as follows:

<i>January 1, 2021 to June 30, 2021</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	7.43%	7.43%
Retiree Medical Plan	1.27%	1.27%
Occupational Death and Disability Benefits	0.31%	0.31%

Total Contribution Rates	9.01%	9.01%
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<i>July 1, 2021 to December 31, 2021</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	6.46%	6.46%
Retiree Medical Plan	1.07%	1.07%
Occupational Death and Disability Benefits	0.31%	0.31%

Total Contribution Rates	7.84%	7.84%
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January 1, 2020 to June 30, 2020 (unaudited)

Alaska Retiree Healthcare Trust	6.28%
Retiree Medical Plan	1.32%
Occupational Death and Disability Benefits	0.26%

Total Contribution Rates	7.86%
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July 1, 2020 to December 31, 2020 (unaudited)

Alaska Retiree Healthcare Trust	-%
Retiree Medical Plan	1.27%
Occupational Death and Disability Benefits	0.31%

Total Contribution Rates	1.58%
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In 2021 and 2020 (unaudited), Solid Waste Services was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2020 to June 30, 2021	Solid Waste's Fiscal Year January 1, 2021 to December 31, 2021	Measurement Period July 1, 2019 to June 30, 2020 (Unaudited)	Solid Waste's Fiscal Year January 1, 2020 to December 31, 2020 (Unaudited)
Employer contributions - ARHCT	\$ 70,240	\$ 62,424	\$ 114,328	\$ 93,155
Employer contributions - RMP	15,612	14,791	16,016	16,159
Employer contributions - ODD	5,588	5,743	5,226	5,480
Total Contributions	\$ 91,440	\$ 82,958	\$ 135,570	\$ 114,794

**Municipality of Anchorage, Alaska
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Notes to Financial Statements

OPEB Liabilities, OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

At December 31, 2021, Solid Waste Services reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to Solid Waste Services. At December 31, 2020 (unaudited), Solid Waste Services reported an asset and liability for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to Solid Waste. The amount recognized by Solid Waste Services for its proportional share, the related State proportion, and the total were as follows:

	2021	2020 (Unaudited)
Solid Waste Services' proportionate share of NOL - RMP	\$ -	\$ 6,119
Subtotal Net OPEB Liabilities	-	6,119
Total Net OPEB Liabilities	-	6,119
Solid Waste Services' proportionate share of NOA - ARHCT	2,116,664	321,356
Solid Waste Services' proportionate share of NOA - RMP	22,550	-
Solid Waste Services' proportionate share of NOA - ODD	45,905	31,242
Subtotal Net OPEB Assets	2,185,119	352,598
State's proportionate share of the ARHCT NOA associated with Solid Waste Services	277,228	133,322
Total Net OPEB Assets	\$ 2,462,347	\$ 485,920

The total OPEB liabilities (asset) for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net OPEB liabilities (asset) as of that date. Solid Waste Services' proportion of the net OPEB liabilities (asset) were based on a projection of Solid Waste Services' long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	Employer Proportion		
	June 30, 2020 Measurement Date (Unaudited)	June 30, 2021 Measurement Date	
Port's proportionate share of the net OPEB liabilities (assets):			
ARHCT	0.0710%	0.0825%	(0.0015)%
RMP	0.0863%	0.0840%	(0.0023)%
ODD	0.1146%	0.1042%	(0.0104)%

**Municipality of Anchorage, Alaska
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Notes to Financial Statements

Collective Totals (All Plans)

For the year ended December 31, 2021, Solid Waste Services recognized collective OPEB expense of \$(821,257) and on-behalf revenue of \$(96,188) for support provided by the Plans.

At December 31, 2021, Solid Waste Services reported collective deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>All Plans</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,677	\$ (35,839)
Changes in assumptions	7,009	(93,739)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,018,020)
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	1,630	(9,023)
Solid Waste Services contributions subsequent to the measurement date	38,465	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans	\$ 48,781	\$ (1,156,621)

For the year ended December 31, 2020 (unaudited), Solid Waste Services recognized collective OPEB expense of \$(232,071) and on-behalf revenue of \$(85,796) for support provided by the Plans.

At December 31, 2020 (unaudited), Solid Waste Services reported collective deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>All Plans</i>	Deferred Outflows of Resources (Unaudited)	Deferred Inflows of Resources (Unaudited)
Difference between expected and actual experience	\$ 32	\$ (37,577)
Changes in assumptions	8,593	(240,280)
Net difference between projected and actual earnings on OPEB plan investments	132,748	-
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	17,768	(3,226)
Solid Waste Services contributions subsequent to the measurement date	49,300	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans	\$ 208,441	\$ (281,083)

**Municipality of Anchorage, Alaska
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Notes to Financial Statements

The \$38,465 reported as collective deferred outflows of resources related to OPEB plans resulting from Solid Waste Services contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,

2022	\$	(350,411)
2023		(237,816)
2024		(254,929)
2025		(296,282)
2026		(3,170)
Thereafter		(3,697)
Total Amortization		\$ (1,146,305)

ARHCT Plan

At December 31, 2021, Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to the ARHCT Plan from the following sources:

<i>ARHCT Plan</i>		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$	-	\$ (22,228)
Changes in assumptions		-	(79,989)
Net difference between projected and actual earnings on OPEB plan investments		-	(990,487)
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions		-	(6,447)
Solid Waste Services contributions subsequent to the measurement date		28,622	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ARHCT Plan	\$	28,622	\$ (1,099,151)

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**Municipality of Anchorage, Alaska
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Notes to Financial Statements

At December 31, 2020 (unaudited), Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to the ARHCT Plan from the following sources:

<i>ARHCT Plan</i>	Deferred Outflows of Resources (Unaudited)	Deferred Inflows of Resources (Unaudited)
Difference between expected and actual experience	\$ -	\$ (25,780)
Changes in assumptions	-	(224,004)
Net difference between projected and actual earnings on OPEB plan investments	128,936	-
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	17,024	-
Solid Waste Services contributions subsequent to the measurement date	38,265	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ARHCT Plan	\$ 184,225	\$ (249,784)

The \$28,623 reported as deferred outflows of resources at December 31, 2021 related to the ARHCT Plan resulting from Solid Waste Services contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,

2022	\$ (340,707)
2023	(228,105)
2024	(244,938)
2025	(285,401)
Total Amortization	\$ (1,099,151)

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**Municipality of Anchorage, Alaska
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Notes to Financial Statements

Retiree Medical Plan

At December 31, 2021, Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to the RMP Plan from the following sources:

<i>RMP Plan</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,677	\$ (1,072)
Changes in assumptions	7,009	(13,401)
Net difference between projected and actual earnings on OPEB plan investments	-	(20,174)
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	814	-
Solid Waste Services contributions subsequent to the measurement date	6,926	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to RMP Plan	\$ 16,426	\$ (34,647)

At December 31, 2020 (unaudited), Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to the RMP Plan from the following sources:

<i>RMP Plan</i>	Deferred Outflows of Resources (Unaudited)	Deferred Inflows of Resources (Unaudited)
Difference between expected and actual experience	\$ 32	\$ (1,315)
Changes in assumptions	8,593	-
Net difference between projected and actual earnings on OPEB plan investments	-	(15,818)
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	2,740	-
Solid Waste Services contributions subsequent to the measurement date	744	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to RMP Plan	\$ 12,109	\$ (17,133)

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Notes to Financial Statements

The \$6,926 reported as deferred outflows of resources at December 31, 2021 related to the RMP Plan resulting from Solid Waste Services contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,

2022	\$	(5,399)
2023		(5,408)
2024		(5,612)
2025		(6,254)
2026		(668)
Thereafter		(1,806)
Total Amortization		\$ (25,147)

ODD Plan

At December 31, 2021, Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to the ODD Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>ODD Plan</i>		
Difference between expected and actual experience	\$ -	\$ (12,538)
Changes in assumptions	-	(349)
Net difference between projected and actual earnings on OPEB plan investments	-	(7,361)
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	816	(2,575)
Solid Waste Services contributions subsequent to the measurement date	2,917	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ODD Plan	\$ 3,733	\$ (22,823)

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Notes to Financial Statements

At December 31, 2020 (unaudited), Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to the ODD Plan from the following sources:

<i>ODD Plan</i>	Deferred Outflows of Resources (Unaudited)	Deferred Inflows of Resources (Unaudited)
Difference between expected and actual experience	\$ -	\$ (10,482)
Changes in assumptions	-	(458)
Net difference between projected and actual earnings on OPEB plan investments	1,072	-
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	-	(3,226)
Solid Waste Services contributions subsequent to the measurement date	2,900	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ODD Plan	\$ 3,972	\$ (14,166)

The \$2,917 reported as deferred outflows of resources at December 31, 2021 related to the ODD Plan resulting from Solid Waste contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,

2022	\$ (4,309)
2023	(4,303)
2024	(4,380)
2025	(4,626)
2026	(2,503)
Thereafter	(1,886)
Total Amortization	\$ (22,007)

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Notes to Financial Statements

Actuarial Assumptions

The total OPEB asset and liability for each plan for the measurement period ended June 30, 2021 was determined by actuarial valuations as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50%
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/ Firefighter. Graded by service from 6.75% to 2.75% for all others
Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039, as determined by projections based on the June 30, 2020 valuation.
Healthcare cost trend rates	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5%
Investment return of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality (ARHCT, RMP, and ODD Plans)	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
(ODD Plan)	Deaths are assumed to be occupational 40% of the time. Disability mortality in accordance with the RP-2014 Disabled Table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
Participation (ARHCT)	100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

**Municipality of Anchorage, Alaska
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Notes to Financial Statements

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year CY 20 and CY 21.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

June 30, 2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-%	0.13%

June 30, 2020 (Unaudited)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	-%	(1.09)%

**Municipality of Anchorage, Alaska
Solid Waste Services**

Notes to Financial Statements

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2021 was 7.38%. The discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents Solid Waste Services' proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.38%, as well as what Solid Waste Services' proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<i>2021</i>	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
-------------	-----------------------	---------------------------	-------------------------------------	---------------------------

Solid Waste Services'

proportionate share of the net
OPEB liability (asset):

ARHCT	0.0825%	\$ (1,384,266)	\$ (2,116,663)	\$(2,724,865)
RMP	0.0840%	14,718	(22,550)	(50,698)
ODD	0.1042%	(43,956)	(45,906)	(47,457)

<i>2020 (Unaudited)</i>	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
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Solid Waste Services'

proportionate share of the net
OPEB liability (asset):

ARHCT	0.0710%	\$ (335,329)	\$ 321,356	\$ 865,285
RMP	0.0863%	(37,906)	(6,119)	17,943
ODD	0.1146%	29,357	31,242	32,747

**Municipality of Anchorage, Alaska
Solid Waste Services**

Notes to Financial Statements

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the Solid Waste Services' proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation reports as well as what the Solid Waste Services' proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

2021	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Solid Waste Services' proportionate share of the net OPEB liability (asset):				
ARHCT	0.0825%	\$ (2,796,062)	\$ (2,116,663)	\$ (1,296,806)
RMP	0.0840%	(54,727)	(22,550)	21,294
ODD	0.1042%	-	(45,906)	-

2020 (Unaudited)	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Solid Waste Services' proportionate share of the net OPEB liability (asset):				
ARHCT	0.0710%	\$ 929,060	\$ 321,356	\$ (414,538)
RMP	0.0863%	21,469	(6,119)	(43,644)
ODD	0.1146%	-	31,242	-

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

(d) Defined Contribution OPEB Plans

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expense to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

Contribution Rate

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2021, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,168 per year for each full-time employee, and \$1.39 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2021 and 2020 (unaudited), Solid Waste contributed \$31,030 and \$31,859 in DC OPEB costs, respectively. These amounts have been recognized as expense/expenditures.

9. Subsequent Events

On May 1, 2022, Solid Waste Services Utility fund amended its Subordinate Lien Refuse Collection Utility and Solid Waste Disposal Utility Revenue Note, 2019 Series A to allow an increase in borrowing from \$100 million to \$130 million. The amount borrowed as of December 31, 2021, was \$68,449,122, with additional funds requested as of August 26, 2022, in the amount of \$30,510,205. Under the terms of the Loan Agreement, the interest on the loan is to be paid quarterly and is calculated based on the 90-day SOFR rate times .79 plus 1.01 percent. The maturity date of the Loan Agreement is on February 1, 2025. The Refuse and Disposal Utilities expected to continue borrowing on these available funds throughout the near future.

10. New Accounting Pronouncements

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by Solid Waste Services in 2021:

- GASB 89- Accounting for Interest Costs Incurred before the End of a Construction Period. Interest expense on debt for financing construction projects is expensed in the periods incurred and is not included in the historical cost of the Municipality’s capital assets. For the regulated utilities, Allowance for Funds Used During Construction (AFUDC) is capitalized in the financial statements in accordance with GASB Statement No. 62, paragraph 485.
- GASB 95- Postponement of the Effective Dates of Certain Authoritative Guidance. Due to the COVID-19 pandemic, the GASB Board issued GASB Statement No. 95, which postponed the effective dates of several statements which were due to be implemented during the 2020 and 2021 reporting periods. The Municipality made the decision to early implement the aforementioned GASB Statements Nos. 84, 88, and 90, as the implementation of these Statements were already completed or were not applicable at the time of the issuance of GASB 95. The remainder of the Statements affected by GASB 95 will be implemented in accordance with their new effective dates as listed below.

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

The following standards are required to be implemented in the future financial reporting periods (effective dates adjusted for the issuance of GASB 95).

- GASB 87- Leases. The provisions of this Statements are required to be implemented for the 2022 financial reporting period.
- GASB 92- Omnibus 2020. The provisions of this statement are required to be implemented in the 2022 reporting period.
- GASB 93- Replacement of Interbank Offered Rates. The provisions of this statement are required to be implemented in the 2022 reporting period.
- GASB 94- Public-private and Public-public Partnerships and Availability Payment Arrangements. The provisions of this statement are required to be implemented in the 2023 reporting period.
- GASB 96- Subscription-based Information Technology Arrangements. The provisions of this statement are required to be implemented in the 2023 reporting period.
- GASB 99- Omnibus 2022. The provisions of this statements are required to be implemented in the 2023 and 2024 reporting periods.
- GASB 100- Accounting Changes and Error Corrections. The provisions of this statement are required to be implemented in the 2024 reporting period.
- GASB 101- Compensated Absences. The provisions of this statement are required to be implemented in the 2024 reporting period.

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Required Supplementary Information

Municipality of Anchorage, Alaska

Solid Waste Services Public Employees' Retirement System - Pension Plan

Schedule of the Solid Waste Services' Proportionate Share of the Net Pension Liability

<i>Years Ended December 31,</i>	2021	2020 (Unaudited)
Solid Waste Services' Proportion of the Net Pension Liability	0.08217%	0.07099%
Solid Waste Services' Proportionate Share of the Net Pension Liability	\$ 3,014,322	\$ 4,189,297
State of Alaska Proportionate Share of the Net Pension Liability	\$ 408,348	\$ 1,733,514
 Total Net Pension Liability	 \$ 3,422,670	 \$ 5,922,811
 Solid Waste Services' Covered Payroll	 \$ 2,229,340	 \$ 2,361,607
 Solid Waste Services' Proportionate Share of the Net Pension Liability as a Percentage of Payroll	 135.21%	 177.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.46%	76.46%

Schedule of Solid Waste Services Contributions

<i>Years Ended December 31,</i>	2021	2020 (Unaudited)
Contractually Required Contributions	\$ 312,002	\$ 307,741
Contributions Relative to the Contractually Required Contribution	312,002	307,741
 Contribution Deficiency (Excess)	 \$ -	 \$ -
 Solid Waste Services' Covered Payroll	 \$ 2,241,195	 \$ 2,316,446
Contributions as a Percentage of Covered Payroll	13.92%	13.29%

Separately issued financial statements for Solid Waste Services were issued beginning with the fiscal year ended December 31, 2021. Therefore, period prior to 2021 and 2020 are not presented.

See accompanying notes to Required Supplementary Information.

Municipality of Anchorage, Alaska

Solid Waste Services Public Employees' Retirement System - OPEB Plans

Schedule of the Solid Waste Services' Proportionate Share of the Net OPEB Liability (Asset)

Years Ended December 31,	ARHCT		RMP		ODD	
	2021	2020 (Unaudited)	2021	2020 (Unaudited)	2021	2020 (Unaudited)
	Solid Waste Services' Proportion of the Net OPEB Liability (Asset)	0.08251%	0.07096%	0.08401%	0.08626%	0.10416%
Solid Waste Services' Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,116,664)	\$ (321,356)	\$ (22,550)	\$ 6,119	\$ (45,905)	\$ (31,242)
State of Alaska Proportionate Share of the Net OPEB Liability	(277,228)	(133,322)	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (2,393,892)	\$ (454,678)	\$ (22,550)	\$ 6,119	\$ (45,905)	\$ (31,242)
Solid Waste Services' Covered Payroll	\$ 2,229,340	\$2,361,607	\$2,229,340	\$2,361,607	\$2,229,340	\$2,361,607
Solid Waste Services' Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-94.95%	-13.61%	-1.01%	0.26%	-2.06%	-1.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	135.54%	106.15%	115.10%	95.23%	374.22%	283.80%

Schedule of Solid Waste Services Contributions

Years Ended December 31,	ARHCT		RMP		ODD	
	2021	2020 (Unaudited)	2021	2020 (Unaudited)	2021	2020 (Unaudited)
	Contractually Required Contributions	\$ 62,424	\$ 93,156	\$ 14,791	\$ 16,159	\$ 5,743
Contributions Relative to the Contractually Required Contribution	62,424	93,156	14,791	16,159	5,743	5,480
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Solid Waste Services' Covered Payroll	\$ 2,241,195	\$2,316,466	\$2,241,195	\$2,316,466	\$2,241,195	\$2,316,466
Contributions as a Percentage of Covered Payroll	2.79%	4.02%	0.66%	0.70%	0.26%	0.24%

Separately issued financial statements for Solid Waste Services were issued beginning with the fiscal year ended December 31, 2021. Therefore, periods prior to 2020 are not presented.

See accompanying notes to Required Supplementary Information.

**Municipality of Anchorage, Alaska
Solid Waste Services**

**Notes to Required Supplementary Information
December 31, 2021**

1. Public Employees' Retirement System Pension Plan

Schedule of Solid Waste Services' Proportionate Share of the Net Pension Liability

This table is presented based on the Plan measurement date. For December 31, 2021, the Plan measurement date is June 30, 2021. For December 31, 2020 (unaudited), the Plan measurement date is June 30, 2020.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2020 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2014 to June 30, 2018. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

In 2020 (unaudited), the discount rate was lowered from 8.00% to 7.38%.

Amounts reported reflect a change in assumptions between 2017 and 2018 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

GASB requires ten years of information be presented. However, until a full ten years of information is available, Solid Waste Services will present only those years for which information is available.

Schedule of Solid Waste Service's Contributions

This table is based on Solid Waste Services' contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statements of Net Position.

GASB requires ten years of information be presented. However, until a full ten years of information is available, Solid Waste Services will present only those years for which information is available.

**Municipality of Anchorage, Alaska
Solid Waste Services**

Notes to Required Supplementary Information, continued

2. Public Employees' Retirement System OPEB Plans

Schedule of Solid Waste Services' Proportionate Share of the Net OPEB Asset and Liability

This table is presented based on the Plan measurement date. For December 31, 2021, the Plan measurement date is June 30, 2021. For December 31, 2020 (unaudited), the Plan measurement date is June 30, 2020.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2014 to June 30, 2018, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year CY 20 to CY 21.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2020 (unaudited), the discount rate was lowered from 8% to 7.38%.

In 2019, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in largest projected subsidies to offset the cost of prescription drug coverage.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the Solid Waste Services will present only those years for which information is available.

Schedule of Solid Waste Contributions

This table is based on the Solid Waste Services' contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statements of Net Position.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the Solid Waste Services will present only those years for which information is available.

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Supplementary Information

Municipality of Anchorage, Alaska
Solid Waste Services

Combining Statements of Revenues, Expenses, and Changes in Net Position

<i>Year Ended December 31, 2021</i>	Refuse	Disposal	Total
Operating Revenues			
Landfill services	\$ -	\$ 4,773,174	\$ 4,773,174
Landfill gas sales	-	2,587,675	2,587,675
Transfer station services	-	18,345,504	18,345,504
Refuse collection operation-commercial	8,277,806	-	8,277,806
Refuse collection operation-residential	4,409,742	-	4,409,742
<hr/>			
Total charges for sales and services	12,687,548	25,706,353	38,393,901
Other operating revenues - collection fees, late fees, surcharges	99,263	148,428	247,691
<hr/>			
Total Operating Revenues	12,786,811	25,854,781	38,641,592
<hr/>			
Operating Expenses			
Operations:			
Landfill operations	-	8,056,976	8,056,976
Landfill gas collection system	-	986,569	986,569
Transfer station operations	-	6,741,552	6,741,552
Refuse commercial collections	5,831,906	-	5,831,906
Refuse residential collections	2,235,564	-	2,235,564
Other direct expenses disposal	-	657,711	657,711
Other direct expenses refuse	1,652,373	-	1,652,373
<hr/>			
Total operations	9,719,843	16,442,808	26,162,651
Amortization of landfill closure costs	-	1,532,265	1,532,265
Depreciation	1,395,215	4,566,586	5,961,801
<hr/>			
Total Operating Expenses	11,115,058	22,541,659	33,656,717
<hr/>			
Operating income	1,671,753	3,313,122	4,984,875

Municipality of Anchorage, Alaska
Solid Waste Services

Combining Statements of Revenues, Expenses, and Changes in Net Position, continued

<i>Year Ended December 31,</i>	Refuse	Disposal	Total
Nonoperating Revenues (Expenses)			
Investment income	\$ 66,685	\$ 244,495	\$ 311,180
Investment gain on landfill postclosure cash reserve	-	2,480,648	2,480,648
Gain on disposal of capital assets	6,841	324,361	331,202
PERS on-behalf (credit)	(76,553)	(19,049)	(95,602)
Intergovernmental revenue	36,896	-	36,896
Interest on long-term obligations	(202,181)	(512,671)	(714,852)
Total Nonoperating Revenues (Expenses)	(168,312)	2,517,784	2,349,472
Income before capital contributions and transfers	1,503,441	5,830,906	7,334,347
Capital Contributions and Transfers			
Capital contributions	-	5,146,179	5,146,179
Transfers to other funds:			
Municipal service assessment	(200,208)	(1,210,529)	(1,410,737)
Dividend	(306,000)	(750,000)	(1,056,000)
Other transfers from other funds	-	2,932,571	2,932,571
Other transfers to other funds	(134)	(5,108,265)	(5,108,399)
Change in Net Position	997,099	6,840,862	7,837,961
Net Position, beginning	13,998,397	71,529,744	85,528,141
Net Position, ending	\$ 14,995,496	\$ 78,370,606	\$ 93,366,102

Municipality of Anchorage, Alaska
Solid Waste Services - Refuse Utility

Statements of Revenues, Expenses, and Changes in Net Position

	Refuse Commercial Collection	Refuse Residential Collection	Other Direct Services	Total 2021	Total 2020 (Unaudited)
Operating Revenues					
Charges for Services:					
Refuse collection charges	\$7,731,236	\$4,409,742	\$ -	\$12,140,978	\$11,512,370
Container rental charges	546,570	-	-	546,570	391,665
Total Charges for Services	8,277,806	4,409,742	-	12,687,548	11,904,035
Other operating revenues - collection fees, late fees, surcharges	53,967	33,255	12,041	99,263	104,680
Total Operating Revenues	8,331,773	4,442,997	12,041	12,786,811	12,008,715
Operating Expenses					
Operations:					
Personnel services	2,594,875	994,702	735,215	4,324,792	3,469,908
Supplies	252,960	96,968	71,671	421,599	355,161
Other contracted services and expenses	2,151,098	824,588	609,478	3,585,164	3,298,658
Charges from other departments	832,973	319,306	236,009	1,388,288	2,694,519
Total operations	5,831,906	2,235,564	1,652,373	9,719,843	9,818,246
Depreciation	-	-	1,395,215	1,395,215	1,214,295
Total Operating Expenses	5,831,906	2,235,564	3,047,588	11,115,058	11,032,541
Operating income (loss)	2,499,867	2,207,433	(3,035,547)	1,671,753	976,174
Nonoperating Revenues (Expenses)					
Investment income	-	-	66,685	66,685	354,970
Gain on disposal of capital assets	-	-	6,841	6,841	25,955
PERS on-behalf revenue (credits)	(45,932)	(17,607)	(13,014)	(76,553)	97,616
Intergovernmental revenue	-	-	36,896	36,896	-
Interest on long-term obligations	-	-	(202,181)	(202,181)	(132,378)
Total Nonoperating Revenues (Expenses)	(45,932)	(17,607)	(104,773)	(168,312)	346,163
Income (loss) before capital contributions and transfers	2,453,935	2,189,826	(3,140,320)	1,503,441	1,322,337
Capital Contributions and Transfers					
Transfers to other funds:					
Municipal utility service assessment	-	-	(200,208)	(200,208)	(186,177)
Dividend	-	-	(306,000)	(306,000)	(300,000)
Other transfers to other funds	-	-	(134)	(134)	-
Change in Net Position	\$2,453,935	\$2,189,826	\$(3,646,662)	\$ 997,099	\$ 836,160

Municipality of Anchorage, Alaska
Solid Waste Services - Disposal Utility

Statements of Revenues, Expenses, and Changes in Net Position

	Landfill Services	Landfill Gas Services	Transfer Station Services	Other Direct Services	Total 2021	Total 2020 (Unaudited)
Operating Revenues						
Charges for Services:						
Landfill fees	\$ 4,773,095	\$ -	\$ 16,567,090	\$ -	\$ 21,340,185	\$ 20,173,044
Hazardous waste	79	-	854,029	-	854,108	810,461
Community Recycling Surcharge	-	-	924,385	-	924,385	704,514
Landfill gas sales	-	2,587,675	-	-	2,587,675	2,614,604
Total Charges for Services	4,773,174	2,587,675	18,345,504	-	25,706,353	24,302,623
Other operating revenues -						
collection fees, late fees, surcharges	53,750	-	94,678	-	148,428	185,843
Total Operating Revenues	4,826,924	2,587,675	18,440,182	-	25,854,781	24,488,466
Operating Expenses						
Operations:						
Personnel services	3,963,283	485,300	3,316,216	323,533	8,088,332	9,379,706
Supplies	642,096	78,624	537,264	52,416	1,310,400	987,033
Other contracted services and expenses	2,761,378	338,128	2,310,541	225,418	5,635,465	5,708,086
Charges from other departments	690,219	84,517	577,531	56,344	1,408,611	334,141
Total operations	8,056,976	986,569	6,741,552	657,711	16,442,808	16,408,966
Amortization of landfill closure costs	-	-	-	1,532,265	1,532,265	4,140,988
Depreciation	-	-	-	4,566,586	4,566,586	4,440,123
Total Operating Expenses	8,056,976	986,569	6,741,552	6,756,562	22,541,659	24,990,077
Operating income (loss)	(3,230,052)	1,601,106	11,698,630	(6,756,562)	3,313,122	(501,611)
Nonoperating Revenues (Expenses)						
Investment income	-	-	-	244,495	244,495	455,749
Investment gain on landfill postclosure cash reserve	-	-	-	2,480,648	2,480,648	4,670,515
Gain on disposal of capital assets	157,600	-	166,761	-	324,361	34,144
PERS on-behalf revenue (credits)	(9,334)	(1,143)	(7,810)	(762)	(19,049)	40,610
Interest on long-term obligations	-	-	-	(512,671)	(512,671)	(365,998)
Total Nonoperating Revenues (Expenses)	148,266	(1,143)	158,951	2,211,710	2,517,784	4,835,020
Income (loss) before capital contributions and transfers	(3,081,786)	1,599,963	11,857,581	(4,544,852)	5,830,906	4,333,409
Capital Contributions and Transfers						
Capital contributions	-	-	-	5,146,179	5,146,179	54,179
Transfers to other funds:						
Municipal utility service assessment	-	-	-	(1,210,529)	(1,210,529)	(1,036,681)
Dividend	-	-	-	(750,000)	(750,000)	(750,000)
Other transfers from other funds	-	-	-	2,932,571	2,932,571	1,617,536
Other transfers to other funds	-	-	-	(5,108,265)	(5,108,265)	-
Change in Net Position	\$ (3,081,786)	\$ 1,599,963	\$ 11,857,581	\$ (3,534,896)	\$ 6,840,862	\$ 4,218,443

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Statistical Section

Municipality of Anchorage, Alaska
Solid Waste Services

Comparative Detail Schedule of Actual Revenues by Source

	2021	2020
Landfill Fees	\$ 4,773,174	\$ 3,911,542
Transfer Station Fees	16,567,011	16,261,502
Hazardous Waste Fees	854,108	810,461
Community Recycling Surcharge	924,385	704,514
Landfill Gas Sales	2,587,675	2,614,604
Refuse Collection Charges	12,140,978	11,512,370
Container Rental Charges	546,570	391,665
Refuse Other Revenue	247,691	290,523
Subtotal	38,641,592	36,497,181
Capital contributions	5,146,179	54,179
Transfers from other funds	2,932,571	1,617,536
Total	\$ 46,720,342	\$ 38,168,896

Municipality of Anchorage, Alaska
Solid Waste Services
Current Collection Rates

Type of Service	Collection Rates
Flat Rate Pickup	\$ 16.00
Central Transfer Station (CTS)	79.02
Alaska Regional Landfill (ARL)	67.73
32 Gal Roll Cart	15.25
64 Gal Roll Cart	30.45
96 Gal Roll Cart	42.25
3 CU YD Dumpster	145.00
4 CU YD Dumpster	174.00

Issued by Assembly Ordinances 2020-91 and 2020-92 on 10/1/2020, effective 1/1/2021.

Municipality of Anchorage, Alaska
Solid Waste Services

Four-Year Annual Tonnage Report by Customer/Type

	2021	2020	2019	2018
City Refuse	28,856	33,266	34,384	32,981
Alaska Waste Anchorage	105,311	103,818	138,587	117,480
Alaska Waste Eagle River	6	-	-	-
Alaska Waste Valley	-	-	510	-
Girdwood Transfer Station	505	662	669	496
FRF/FRMV/FRMC	644	-	881	-
JBER AFB	4,527	181	5,468	965
Permit	62,150	39,210	67,748	30,471
Weighted Cash	14,631	9,378	18,860	9,764
Automobiles	3,908	2,419	3,850	1,911
Pickup Trucks	18,955	15,943	19,691	12,519
MOA No Charge	25,253	2,542	23,617	2,917
Total Tons	264,746	207,419	314,265	209,504

Municipality of Anchorage, Alaska
Solid Waste Services
Financial Ratios

<i>Description</i>	2021	2020
Current ratio (current assets / current liabilities)	3.39	3.44
Quick ratio (quick assets / current liabilities)	3.07	3.44
Return on investment (change in net position / total assets)	3%	3%
Return on equity (change in net position / net position)	9%	6%
Capital structure	91%	94%
Operating margin	13%	1%

Notes to financial ratios:

Quick or Acid-test ratio computed by removing from current assets inventory and restricted current assets.

Municipality of Anchorage, Alaska
Solid Waste Services

Historical Revenues for Top Ten Customers

<i>Customer Name</i>	2021
Waste Connections Inc.	\$ 10,006,603
SWS Refuse Collection Trucks	2,794,726
SWS Flat Rate Customers	2,457,111
SWS Weighed Customers	1,467,765
Northern Waste, LLC	1,387,444
Blue Arctic Waste Solutions LLC	1,293,626
Central Recycling Service Inc.	528,664
Ramsey & Sons Trucking	353,443
AK Alaska BTDT LLC	220,448
Penland Mobile Park	164,501

Municipality of Anchorage, Alaska
Solid Waste Services

**Schedule of Revenues, Expenses, and Changes in Net Position -
Budget to Actual**

<i>Year Ended December 31, 2021</i>	Budget	Actual	Variance
Operating Revenues			
Landfill Fees	\$ 23,048,162	\$ 21,340,185	\$ (1,707,977)
Landfill Gas Sales	565,268	2,587,675	2,022,407
Hazardous Waste	678,692	854,107	175,415
Community Recycling Surcharge	2,500,000	924,386	(1,575,614)
Refuse Collection Charges	12,817,135	12,140,978	(676,157)
Container Rental Charges	548,329	546,570	(1,759)
<hr/>			
Total charges for sales and services	40,157,586	38,393,901	(1,763,685)
Other Revenue - collection fees, late fees, surcharges	193,734	247,691	53,957
Total Operating Revenues	40,351,320	38,641,592	(1,709,728)
<hr/>			
Operating Expenses			
Operations:			
Personnel Services	10,316,343	12,413,124	2,096,781
Supplies	1,664,817	1,731,999	67,182
Other Services and Charges	9,378,001	9,220,629	(157,372)
Charges from Other Departments	6,713,383	2,796,899	(3,916,484)
<hr/>			
Total operations	28,072,544	26,162,651	(1,909,893)
Amortization of Landfill Closure Costs	1,000,000	1,532,265	532,265
Depreciation	6,307,000	5,961,801	(345,199)
<hr/>			
Total Operating Expenses	35,379,544	33,656,717	(1,722,827)
<hr/>			
Operating Income	4,971,776	4,984,875	13,099

Municipality of Anchorage, Alaska
Solid Waste Services

**Schedule of Revenues, Expenses, and Changes in Net Position -
Budget to Actual, continued**

<i>Year Ended December 31, 2021</i>	Budget	Actual	Variance
Nonoperating Revenues (Expenses)			
Investment Gain on Landfill Postclosure Revenue	\$ 530,000	\$ 2,480,648	\$ 1,950,648
Investment Income(loss)	(208,019)	311,180	519,199
Intergovernmental Revenues-Pension and OPEB on-behalf	-	(95,602)	(95,602)
Intergovernmental Revenues	-	36,896	36,896
Interest on Long-Term Obligations	(2,186,100)	(714,852)	1,471,248
Gain on Disposal of Capital Assets	50,000	331,202	281,202
Total Nonoperating Revenues (Expenses)	(1,814,119)	2,349,472	4,163,591
Income before capital contributions and transfers	3,157,657	7,334,347	4,176,690
Capital Contributions and Transfers			
Capital Contributions	50,000	5,146,179	5,096,179
Municipal Service Assessment	(1,037,612)	(1,410,737)	(373,125)
Dividend	(1,056,000)	(1,056,000)	-
Other Transfers from other funds	-	2,932,571	2,932,571
Transfers to/from Other Funds	-	(5,108,399)	(5,108,399)
Change in Net Position	\$ 1,114,045	7,837,961	\$ 11,832,315
Net Position, beginning		85,528,141	
Net Position, ending		\$ 93,366,102	

Other Reporting Required by *Government Auditing Standards*



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Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor and Members of the Assembly
Municipality of Anchorage, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Solid Waste Services of Alaska Fund, the enterprise funds Solid Waste Refuse Utility and Solid Waste Disposal Utility of the Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Solid Waste Services of Alaska’s basic financial statements, and have issued our report thereon dated September 27, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Solid Waste Services of Alaska’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the Solid Waste Services of Alaska’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Solid Waste Services of Alaska’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2021-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Solid Waste Services of Alaska's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Solid Waste Services of Alaska's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Solid Waste Services of Alaska's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses as item 2021-001. Solid Waste Services of Alaska's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Solid Waste Services of Alaska's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Solid Waste Services of Alaska's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
September 27, 2022

**Municipality of Anchorage, Alaska
Solid Waste Services**

**Schedule of Findings and Responses
For the Year Ended December 31, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no (none reported)
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> reported)
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

<u>Finding 2021-001</u>	Reporting of Deferred Inflows - Material Weakness over Financial Reporting
<i>Criteria</i>	Generally accepted accounting principles do not allow for the deferral of revenue in proprietary funds due to timing of receipt of payment.
<i>Condition</i>	The financial statements initially reflected a deferred inflow for monies not received within 6 months under Disaster Grants - Public Assistance (FEMA) programs.
<i>Cause</i>	The Municipality had initially recorded a portion of these funds in a special revenue fund and later moved them. Because they were initially recorded in a governmental fund, policies around the recording of a deferred inflow were followed. Financial statement review procedures did not identify the difference in accounting between fund types.
<i>Effect or potential effect</i>	An adjustment of \$2 million to increase capital contributions and net position was made to correct the error.
<i>Recommendation</i>	Management should review the nature of deferred inflows for proper applicability based on fund type.
<i>Views of responsible officials</i>	Management concurs with the finding. Management plans to add additional financial statement review procedures around deferred inflow balances.

**Municipality of Anchorage, Alaska
Solid Waste Services**

**Schedule of Findings and Responses, continued
For the Year Ended December 31, 2021**

Section III - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards
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<u>Finding 2021-001</u>	Reporting of Deferred Inflows - Material Weakness over Financial Reporting
<i>Criteria</i>	Generally accepted accounting principles do not allow for the deferral of revenue in proprietary funds due to timing of receipt of payment.
<i>Condition</i>	The financial statements initially reflected a deferred inflow for monies not received within 6 months under Disaster Grants - Public Assistance (FEMA) programs. A material adjustment was recorded to correct.
<i>Cause</i>	The Municipality had initially recorded a portion of these funds in a special revenue fund and later moved them. Because they were initially recorded in a governmental fund, policies around the recording of a deferred inflow were followed. Financial statement review procedures did not identify the difference in accounting between fund types.
<i>Effect or potential effect</i>	An adjustment of \$2 million increase capital contributions and net position.
<i>Recommendation</i>	Management should review the nature of deferred inflows for proper applicability based on fund type.
<i>Views of responsible officials</i>	Management plans to add additional financial statement review procedures around deferred inflow balances.



Municipality of Anchorage

Office of the Chief Fiscal Officer

MUNICIPALITY OF ANCHORAGE, ALASKA

Corrective Action Plan
Year Ended December 31, 2021

Name of Contact Person: Amy Demboski, Municipal Manager
907-343-7110

Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

Finding 2021-001	Reporting of Deferred Inflows - Material Weakness over Financial Reporting
<i>Corrective Action Plan</i>	Management is working to improve the preparation and review process for the stand-alone financial statements for Solid Waste Services. Management will provide training to staff and supervisors overseeing the preparation of the financial statements on the use of deferred outflows and inflows in both the modified and full accrual methods of accounting to ensure that financial statements are prepared and reviewed in accordance with our policies and GAAP.
<i>Expected Completion Date</i>	December 31, 2022

APPENDIX B

GENERAL AND ECONOMIC INFORMATION MUNICIPALITY OF ANCHORAGE

Situated on a broad plain at the head of Cook Inlet in southcentral Alaska, the Anchorage area (known as the Anchorage Bowl) was settled in 1915 as a construction base for the Alaska Railroad, which was built by the federal government. The railroad runs from the Gulf of Alaska at Seward Alaska to Fairbanks in interior Alaska. The largest of Alaska's cities, the Municipality is a modern, progressive and dynamic metropolitan center with a 2020 population (U.S. Census) of 291,247.

The Municipality is the leading trade, supply, banking and communications center of Alaska as well as the headquarters city in Alaska for many of the national and international firms participating in the development of the petroleum, natural gas and other natural resources of the State. The Municipality is also home to several of the corporate headquarters of the Twelve Native Regional Corporations established under the 1971 Alaska Native Regional Claims Settlement Act passed by U.S. Congress. The Municipality is also an important seaport, a world air transportation center, the headquarters city for the Alaska Railroad and the site of two large and historically stable military bases-Fort Richardson Army Base and Elmendorf Air Force Base (which were consolidated by the Department of Defense in 2010 and are now referred to as Joint Base Elmendorf & Richardson ("JBER")). Federal and State government offices and tourism are also major factors in the economic base of the Municipality.

Population

The population of the Municipality and the State of Alaska is shown in the following chart:

	Population ⁽¹⁾	
	Municipality	State
2021 Estimate	289,697	734,323
2020 U.S. Census	291,247	733,391
2019 Estimate	292,487	732,734
2018 Estimate	294,973	735,367
2017 Estimate	298,176	738,920
2016 Estimate	299,330	740,637
2015 Estimate	298,933	737,786
2014 Estimate	300,252	737,053
2013 Estimate	301,223	736,552
2012 Estimate	298,306	731,005
2011 Estimate	295,713	722,473
2010 U.S. Census	291,826	710,231
2000 U.S. Census	260,283	626,931
1990 U.S. Census	226,338	550,043
1980 U.S. Census	174,431	401,851
1970 U.S. Census	126,385	302,361
1960 U.S. Census	82,833	226,167
1950 U.S. Census	19,432	128,643

Source: Alaska Department of Labor and Workforce Development

(1) Estimates are as of July 2021 from the Alaska Department of Labor and Workforce Development, Research and Analysis Section.

Construction Activity

New building activity in the Municipality from 2011 to 2021 is reflected in the following table, which sets forth the construction value of building permits issued by the Municipality.

Municipality Construction Activity (Dollars in Thousands)

<u>Year</u>	<u>Commercial Permits</u>	<u>Residential Permits</u>	<u>Total Permits</u>
2021	\$ 205,759	\$ 153,519	\$ 359,278
2020	199,832	165,333	365,165
2019	260,572	147,383	407,955
2018	269,655	132,187	401,843
2017	274,322	152,680	427,002
2016	334,900	132,031	466,931
2015	374,017	175,355	549,372
2014	486,830	194,096	680,927
2013	462,441	168,786	631,227
2012	298,699	149,914	448,613
2011	320,014	111,887	431,901

Source: Municipality of Anchorage, Permitting & Planning Division.

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Employment

The following table shows estimated wage and salary employment (exclusive of self-employed, domestic and agricultural workers) for the Municipality area by industry. Totals may not foot due to rounding.

Average Annual Wage and Salary Employment by Industry

	2015	2016	2017	2018	2019	2020
Goods Producing						
Mining (Oil/Gas) & Logging	3,900	3,000	2,700	2,600	2,700	2,400
Construction	8,300	7,500	7,200	7,500	7,700	7,000
Manufacturing	2,100	2,000	2,000	2,000	2,100	1,900
Total Goods Producing	14,300	12,500	11,900	12,200	12,400	11,300
Service Producing						
Transportation	11,000	11,000	11,100	11,200	11,000	10,300
Trade						
Wholesale	4,900	4,800	4,800	4,800	4,900	4,700
Retail	18,100	18,000	17,600	17,200	16,500	15,100
Total Trade	33,900	33,800	33,400	33,100	32,600	30,000
Finance, Insurance and Real Estate	7,400	7,500	7,400	7,300	7,200	6,900
Services & Miscellaneous	72,800	72,000	71,400	70,800	71,000	63,500
Federal	8,500	8,600	8,500	8,400	8,400	8,600
State	10,600	10,200	9,900	9,900	9,700	9,500
Local	10,200	10,400	10,400	10,100	10,000	9,200
Total Government	29,200	29,200	28,800	28,400	28,000	27,300
Total Service Producing	143,400	142,400	141,000	139,600	138,900	127,600
Total Goods and Service Producing	157,700	155,000	152,900	151,800	151,300	138,900

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

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The following table shows a comparison of the annual unemployment rates for the United States, Alaska and the Municipality for the period of 2015 through 2020.

	Annual Unemployment Rate					
	2015	2016	2017	2018	2019	2020
United States	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%
Alaska	6.3	6.6	6.5	5.9	5.4	7.8
Anchorage	4.9	5.3	5.4	5.0	4.4	7.4

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section (as of August 2021).

Oil and Gas Industry

Since 1968, when the first large oil and gas reservoir on the Arctic Coast was discovered, oil exploration and production have had a significant impact on the State’s finances. 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 piece of infrastructure has transmitted approximately 18.2 billion barrels of crude oil from the North Slope of Alaska to market between 1978 and 2016, with peak production of more than 2 million barrels per day in 1988.

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 \$28.5 billion as of January 1, 2019, \$28.2 billion as of January 1, 2018, \$28.4 billion as of January 1, 2017, \$27.7 billion as of January 1, 2016, and \$28.6 billion as of January 1, 2015.

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 \$569.5 million of gross tax levied in fiscal year 2019 on oil and gas property in the State, the State’s share was \$123.0 million; \$119.5 million of gross tax was actually collected due to a combination of credits and late payments. In the State of Alaska Department of Revenue Spring 2020 Revenue Forecast, the State forecasts income from the oil and gas property tax to be approximately \$123.2 million in fiscal year 2020 and \$116.7 million in fiscal year 2021.

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% of PTV with an alternative minimum tax of 0% to 4% of gross value, with the 4% 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% or 30% 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 will be 13% 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% 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% 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% 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% 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. For fiscal year 2021, an estimated \$738 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, 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 were no longer be eligible for cash repurchase. Instead, companies retained 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, HB 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. An Alaska Supreme Court decision has delayed the tax credit bonding program, and its future is uncertain.

Oil and Gas Royalties, Rents and Bonuses. In fiscal year 2019, approximately 97% of all current oil production in the State, including the reserves at Prudhoe Bay, was from State land leased for exploration and development. 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% on oil and gas production from land leased from the State, although some leases contain royalty rates of 16.67% 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% 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% 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% is to be deposited to the Permanent Fund, with up to 0.5% 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.

Military Bases

Elmendorf Air Force Base and Fort Richardson Army Base, two military bases located in Anchorage, are an important part of the economy of the Municipality. In 2010, the bases were joined under a shared command and new name. JBER, the acronym for the Joint Base Elmendorf/Richardson, (pronounced "jay-bear") is the name of the combined installations. JBER houses an airborne brigade, a support brigade, an F22 Wing, a C-17 Wing, and numerous other support and tenant organizations. As of July 2019, the total JBER population estimate was 12,697. The location of Anchorage on the globe is recognized by the military as an extremely favorable logistical location for the fast and efficient deployment of troops and equipment.

Port of Alaska

Port of Alaska ("PoA") is Alaska's main cargo terminal. It handles approximately 4.0 million tons of fuel and freight annually that is distributed to 90 percent of all Alaska residents and businesses located in communities, military bases and other destinations across the state (see table below). It is Alaska's main intermodal transport hub and connects the state's marine, roadway, rail, pipeline and air cargo systems.

PoA is one of 17 Department of Defense-designated commercial strategic seaport nationwide. It is Alaska's only Foreign Trade Zone (FTZ no. 160) that currently incorporates some 1,000 acres located at the Port of Alaska,

Ted Stevens Anchorage International Airport and other Anchorage-area sites. Half of the state’s inbound freight crosses PoA docks annually, and half of this cargo is transported to destinations outside of Anchorage. PoA serves deep-water vessels operating year round, including four scheduled, weekly container ships from the Port of Tacoma. Both domestic and foreign carriers provide routine bulk deliveries of petroleum products, cement, building materials and other commodities.

PoA facilities include: three general cargo terminals, two petroleum terminals, a dry barge landing, bulk cement-handling, gantry cranes and roll on/roll-off capability. Its docks are maintained at a full seaway depth of 35 ft. MLLW. PoA has or is adjacent to 125 acres of cargo handling and storage yard, 59,200 tons of bulk cement storage and 3.4 million barrels of liquid fuel storage.

Port of Alaska Ten-Year Annual Dock Tonnage Report

<u>Commodities Across Facility</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Freight NOS	36	689	1,167	2,199	5,876
Dry Bulk Goods	87,692	101,853	109,956	105,326	97,223
Petroleum, NOS (vessel fueling)	47,888	58,728	222,536	129,828	1,467
Vans/Flats/Containers	1,638,486	1,642,547	1,655,612	1,631,303	1,592,473
Vehicles	-	-	-	-	-
Petroleum, Shoreside	1,061,820	902,439	802,093	505,980	471,717
Petroleum, Bulk - Dockside	2,151,884	1,997,845	1,474,399	1,574,029	1,329,089
TOTAL TONS	4,987,806	4,704,101	4,265,763	3,948,665	3,497,845

<u>Commodities Across Facility</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Freight NOS	4,451	-	5,463	6,385	15,333
Dry Bulk Goods	122,006	126,737	140,684	119,271	119,939
Petroleum, NOS (vessel fueling)	893	5,013	2,031	2,615	1,454
Vans/Flats/Containers	1,582,951	1,681,222	1,811,136	1,738,601	1,740,969
Vehicles	-	-	-	2,615	-
Petroleum, Shoreside	368,708	368,294	916,050	952,631	1,046,636
Petroleum, Bulk - Dockside	1,419,162	1,592,317	580,343	586,041	829,900
TOTAL TONS	3,498,171	3,773,584	3,455,707	3,408,158	3,754,231

Source: Municipality of Anchorage, Port of Alaska

Transportation

Anchorage International Airport

The State operates the Ted Stevens Anchorage International Airport (the “ANC”) which serves as the primary passenger airport in Alaska and is an important cargo airport globally. ANC, including both domestic and international terminals and general aviation and air tax base around Lake Hood, covers approximately 4,837 acres of land. ANC is located approximately three miles southwest of the principal business district of the Municipality. The airport is classified by the FAA as a medium-hub airport on the basis of passenger enplanement levels. 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) was 24,202,128, as compared to 23,908,955 in fiscal year 2018 and 22,277,958 in 2017. 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 fiscal year 2010.

ANC’s passenger terminal facilities include an approximately 834,000 square-foot domestic South Terminal and, connected to it by an enclosed above-ground walkway, an approximately 312,000 square-foot North Terminal used primarily for international flights. Additional facilities include a control tower owned by the FAA, privately-owned maintenance hangars, fueling facilities and catering facilities, State-owned parking facilities for over 4,100 vehicles (including a 1,172 space parking garage, 1,372 additional spaces for paid long-term and short-term parking,

a new 335-space “Park, Ride & Fly” lot, and 1,258 employee parking spaces, but excluding over 1200 more spaces in the Consolidated Rental Car Facility), and land leased to the United States Post Office.

ANC is a strategically positioned cargo refueling and trans-loading hub. Cargo activity at ANC includes traffic between the United States and Asia.

Lake Hood and Lake Spenard - Seaplane Base

The Seaplane Base is located to the northeast of, and adjacent to the jet airport facilities of ANC. With approximately 1,000 based aircraft and approximately 81,000 landings in FY 2010, the Seaplane Base is one of the most active seaplane facilities in the world. The facility operates on a year-round basis, but weather conditions in the winter months dictate that the Seaplane Base operate as a ski-plane facility for part of the year.

Private Aircraft

More than 3,100 private aircraft are registered within the Municipality of Anchorage and are served by 11 airfields and two floatplane bases. Merrill Field, operated by the Municipality, is the largest general aviation airport for private aircraft in the State. Its paved runways of 4,000 feet and 2,640 feet handled 152,394 take-offs and landings during 2019.

The Alaska Railroad

The Alaska Railroad Corporation (the “ARRC”), which maintains its headquarters and principal repair shops, warehouses and yards in Anchorage, provides freight and passenger service. The ARRC serves the cities of Anchorage and Fairbanks, the ports of Whittier, Seward, and Anchorage as well as Denali National Park and military installations. Vessel and rail barge connections are provided from Seattle, Washington and Prince Rupert, British Columbia. The ARRC was owned and operated by the federal government from 1924 to January 1985, when ownership was transferred to the State.

The ARRC operates a total of 683 miles of track in Alaska. In 2018, the ARRC carried 3.2 million tons of freight and 531,611 passengers. In 2018, the railroad employed approximately 550 year-round employees.

APPENDIX C
FORM OF BOND COUNSEL OPINION

November 15, 2022

Municipality of Anchorage
Anchorage, Alaska

KeyBanc Capital Markets Inc.
Seattle, Washington

J.P. Morgan Securities LLC
Seattle, Washington

Samuel A. Ramirez & Co.
New York, New York

BofA Securities, Inc.
Seattle, Washington

U.S. Bancorp Investments, Inc.
San Francisco, California

Citigroup Global Markets Inc.
Los Angeles, California

Wells Fargo Bank, National Association
New York, New York

Re: Municipality of Anchorage, Alaska
Solid Waste Services Revenue Refunding Bonds, 2022 Series A - \$109,755,000

Ladies and Gentlemen:

We have acted as bond counsel to the Municipality of Anchorage, Alaska (the “Municipality”), and have examined a certified transcript of the proceedings taken in the matter of the issuance by the Municipality of its Solid Waste Services Revenue Refunding Bonds, 2022 Series A, in the aggregate principal amount of \$109,755,000 (the “2022 Solid Waste Services Bonds”), issued pursuant to Ordinance No. AO 2018-76 of the Municipality passed on October 23, 2018, as amended by Ordinance No. 2021-35 passed on April 14, 2021 (together, the “Bond Ordinance”), and a Trust Agreement between the Municipality and U.S. Bank Trust Company, National Association (the “Registrar”), dated November 15, 2022 (the “Trust Agreement”), for the purpose of providing funds to refund and refinance certain outstanding Solid Waste Services notes of the Municipality and to pay costs of issuance. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Trust Agreement.

The 2022 Solid Waste Services Bonds are subject to optional and mandatory redemption as provided in the Trust Agreement.

Regarding questions of fact material to our opinion, we have relied on representations of the Municipality in the Bond Ordinance and the Trust Agreement and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The 2022 Solid Waste Services Bonds have been legally issued and constitute valid and binding special obligations of the Municipality, both principal thereof and interest thereon being payable solely out of a special fund of the Municipality known as the “Anchorage Refuse Collection Utility and Solid Waste Disposal Utility Revenue Bond Fund” created pursuant to the Bond Ordinance (the “Bond Fund”), except to the extent that the enforcement of the rights and remedies of such owners of the 2022 Solid Waste Services Bonds may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. The Municipality has irrevocably bound itself to set aside and pay into the Bond Fund out of Revenues of Solid Waste Services of the Municipality, amounts necessary to pay the principal of and interest on the 2022 Solid Waste Services Bonds as the same become due.

3. The Municipality has pledged that the payments to be made into the Bond Fund out of Revenues shall be a lien and charge upon the money in the Solid Waste Disposal Utility Revenue Fund, Refuse Collection Utility Revenue Fund, and Revenues superior to all other charges of any kind or nature except Operating Expenses (other than Municipal Utility Service Assessments and successor payments in lieu of property taxes) and equal to the lien and charge thereon for amounts pledged to the payment of any Solid Waste Services revenue bonds of the Municipality hereafter issued on a parity therewith. The Municipality has reserved the right to issue Future Parity Bonds on the terms set forth in the Trust Agreement.

4. Interest on the 2022 Solid Waste Services Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Municipality comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 2022 Solid Waste Services Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Municipality has covenanted to comply with all applicable requirements. Failure to comply with certain of such covenants may cause interest on the 2022 Solid Waste Services Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2022 Solid Waste Services Bonds.

5. Interest on the 2022 Solid Waste Services Bonds is taken into account in determining "adjusted financial statement income" of certain corporations for purposes of computing the alternative minimum tax imposed on "applicable corporations" for tax years beginning after December 31, 2022.

6. Interest on the 2022 Solid Waste Services Bonds is not included in taxable income for purposes of the Alaska income tax imposed on corporations.

The 2022 Solid Waste Services Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the 2022 Solid Waste Services Bonds. Owners of the 2022 Solid Waste Services Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2022 Solid Waste Services Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material related to the 2022 Solid Waste Services Bonds (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto, or relating to the undertaking by the Municipality to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

K&L GATES LLP

APPENDIX D
FORM OF TRUST AGREEMENT

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TRUST AGREEMENT

between

MUNICIPALITY OF ANCHORAGE, ALASKA

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

Regarding

Municipality of Anchorage, Alaska
 Solid Waste Services Revenue Refunding Bonds, 2022 Series A

Dated as of
 November 15, 2022

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TRUST AGREEMENT

THIS TRUST AGREEMENT, made and dated as of November 15, 2022, by and between THE MUNICIPALITY OF ANCHORAGE, ALASKA (the "Municipality"), a home rule municipality and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, as Registrar (the "Registrar");

WITNESSETH:

WHEREAS, in 1975, the City of Anchorage (the "City") and the Greater Anchorage Area Borough unified into one government, the Municipality of Anchorage, Alaska; and

WHEREAS, the Municipality assumed the rights and obligations of the City, including the ownership and operation of the refuse collection utility of the City; and

WHEREAS, the Municipality has continued the operation of the Refuse Collection Utility (the "RCU") in the area formerly incorporated within the boundaries of the City; and

WHEREAS, the Municipality owns and operates the Solid Waste Disposal Utility (the "SWDU") as a separate utility under its Home Rule Charter (the "Charter"); and

WHEREAS, RCU and SWDU are in need of a new transfer station and certain additions and capital improvements (hereinafter defined as the "Projects"); and

WHEREAS, the Anchorage Assembly approved Ordinance No. AO 2018-76 on October 23, 2018, as amended by Ordinance No. AO 2021-35 approved on April 14, 2021 (together, the "Bond Ordinance"), which authorized the issuance and sale of refuse collection utility and solid waste disposal utility revenue bonds; and

WHEREAS, the Municipality has outstanding its Subordinate Lien Refuse Collection Utility and Solid Waste Disposal Utility Revenue Note, 2019 Series A, issued pursuant to the Bond Ordinance and a Loan Agreement dated February 1, 2019, as amended, which has a subordinate lien on the collective revenues of the RCU and the SWDU (the "Outstanding Subordinate Lien Notes"); and

WHEREAS, the Municipality has determined to issue bonds authorized by the Bond Ordinance to refund the Outstanding Subordinate Lien Notes and provide long-term financing for the Projects pursuant to the terms of this Trust Agreement (the "2022 Solid Waste Services Bonds"); and

WHEREAS, the Municipality intends to pledge the revenues of the RCU and the SWDU (together hereinafter defined as "Solid Waste Services," "Solid Waste Services Utility" or "SWS") for the sole purpose of paying and securing the payment of the 2022 Solid Waste Services Bonds; and

WHEREAS, the Constitution and statutes of the State of Alaska and Article XV of the Charter of the Municipality permit the Municipality to issue obligations payable out of the revenues of the RCU and the SWDU without ratification by an election; and

WHEREAS, the Municipality has received an offer from J.P. Morgan Securities LLC, BofA Securities, Inc., Citigroup Global Markets Inc., KeyBanc Capital Markets Inc., Samuel A. Ramirez & Co., U.S. Bancorp Investments, Inc. and Wells Fargo Bank, National Association to purchase the 2022 Solid Waste Services Bonds in the principal amount of \$109,755,000; and

WHEREAS, this Trust Agreement is intended to be the Registrar Agreement specifically authorized under the Bond Ordinance;

NOW, THEREFORE, THIS TRUST AGREEMENT

WITNESSETH:

GRANTING CLAUSES

The Municipality, in consideration of the premises and the acceptance by the Registrar of the trusts hereby created and of the purchase and acceptance of the 2022 Solid Waste Services Bonds by the 2022 Solid Waste Services Bond Owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the 2022 Solid Waste Services Bonds according to their tenor and effect and to secure the performance and observance by the Municipality of all the covenants expressed or implied herein and in the 2022 Solid Waste Services Bonds, does hereby grant the following described Trust Estate to the Registrar and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Municipality hereinafter set forth:

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, to the Registrar and its respective successors in trust and assigns forever:

I.

All covenants made for the benefit of 2022 Solid Waste Services Bond Owners by the Municipality hereunder and the Revenues of RCU and SWDU, and from moneys in the Revenue Fund of the Municipality, subject only to payment of Operating Expenses;

II.

All moneys and securities from time to time held by the Registrar under the terms of this Trust Agreement and any and all other real or personal property of every name and nature concurrently herewith or from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Municipality or by anyone in its behalf, or with its written consent, to the Registrar which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

Annual Debt Service means the total amount of Debt Service on any Parity Bond or any series of Parity Bonds in any fiscal year or Base Period.

Annual Debt Service Requirement means, with respect to any particular year and to any specified notes or bonds, an amount equal to

- (a) the principal amount of such notes or bonds due or subject to mandatory redemption during such year and for which no sinking fund installments have been established,
- (b) the amount of any payments required to be made during such year into any sinking fund established for the payment of any such notes or bonds, plus
- (c) all interest payable during such year on any such notes or bonds outstanding, calculated on the assumption that mandatory redemptions of notes or bonds for which no sinking fund installments have been established will be made in accordance with the mandatory call schedule, and that mandatory sinking fund installments will be applied to the redemption or retirement of such notes or bonds on the earlier of the date specified in such notes or bonds or the first par call date. Such amount shall be net of any interest and principal funded out of note or bond proceeds. Such amount shall also be net of any receipts of the Municipality, including but not limited to federal interest subsidy payments designated as such by the Municipality that are not included in Revenue and that are legally available to pay debt service on Parity Bonds.

Assembly means the general legislative authority of the Municipality, as the same may be constituted from time to time.

Authorized Municipality Representative means the Chief Fiscal Officer of the Municipality or his or her written designee.

Balloon Maturity Bonds means any Parity Bonds that are so designated in the proceedings pursuant to which such Parity Bonds are issued. Commercial paper (obligations with a maturity of not more than 270 days from the date of issuance) shall be deemed to be Balloon Maturity Bonds.

Base Period means any consecutive 12-month period selected by the Municipality out of the 30-month period next preceding the date of issuance of an additional series of Parity Bonds.

Beneficial Owner means the beneficial owner of all or a portion of a 2022 Solid Waste Services Bond while such 2022 Solid Waste Services Bond is in book-entry only form.

Bond Fund means the special fund established and maintained by the Municipality pursuant to the Bond Ordinance and Section 5.02(a) of this Trust Agreement and formally designated as the "Anchorage Refuse Collection Utility and Solid Waste Disposal Utility Revenue Bond Fund."

Bond Purchase Contract means the purchase contract for the 2022 Solid Waste Services Bonds between the Municipality and the Underwriters.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Parity Bond Owners without privilege, priority or distinction as to the lien or otherwise of any of the Parity Bonds over any of the other 2022 Solid Waste Services Bonds;

PROVIDED, HOWEVER, that if the Municipality, its successors or its assigns shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the 2022 Solid Waste Services Bonds, due or to become due thereon, at the times and in the manner mentioned in the 2022 Solid Waste Services Bonds and as provided in Article VII hereof according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article V hereof, or shall provide, as permitted hereby, for the payment thereof in accordance with Article VII hereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Trust Agreement to be kept, performed and observed by it, and shall pay or cause to be paid to the Registrar sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as provided in Article VII hereof, this Trust Agreement and the rights hereby granted shall cease, terminate and be void, and the Registrar shall thereupon cancel and discharge all provisions of this Trust Agreement allocable to 2022 Solid Waste Services Bonds and execute and deliver to the Municipality such instruments in writing as shall be reasonably requested by the Municipality to evidence the discharge hereof.

THIS TRUST AGREEMENT FURTHER WITNESSETH, that the Municipality does hereby covenant to and agree with the Registrar, for the benefit of the respective Owners from time to time of the 2022 Solid Waste Services Bonds, as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION; CONTENT OF CERTIFICATES AND OPINIONS

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Trust Agreement and of any agreement supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

Accreted Value means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in the proceedings authorizing their issuance as the amount representing the initial principal amount of such Capital Appreciation Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Original Issue Discount Bonds plus the amount of discounted principal which has accreted since the date of issue. In each case the Accreted Value shall be determined in accordance with the provisions of the proceedings authorizing the issuance of such Capital Appreciation Bonds or Original Issue Discount Bonds.

Bond Ordinance means Ordinance No. AO 2018-76 approved by the Assembly on October 23, 2018, as amended by Ordinance No. AO 2021-35 approved on April 14, 2021.

Bond Register means the registration books maintained by the Registrar containing the names and addresses of the Registered Owners of the 2022 Solid Waste Services Bonds.

Bond Year means each one-year period that ends on the date selected by the Chief Fiscal Officer. The first and last Bond Years may be short periods. If no day is selected by the Chief Fiscal Officer before the earlier of the final maturity date of the 2022 Solid Waste Services Bonds or the date that is five years after the date of the issuance of the 2022 Solid Waste Services Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the 2022 Solid Waste Services Bonds.

Capital Appreciation Bonds means Parity Bonds all or a portion of the interest on which is compounded, accumulated and payable only upon redemption or on the maturity date of such Parity Bonds. If so provided in the proceedings authorizing their issuance, Parity Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which Parity Bonds are no longer are Capital Appreciation Bonds, they shall be deemed Outstanding in a principal amount equal to their Accreted Value.

Charter means the Anchorage Municipal Charter as the same may be amended from time to time.

Chief Fiscal Officer means the chief fiscal officer or acting chief fiscal officer of the Municipality appointed and confirmed pursuant to Section 5.05 of the Charter.

City means the former City of Anchorage, a municipal corporation of the State of Alaska, and where the context requires the Municipality of Anchorage as successor to the former City of Anchorage.

Closing Date means the date of the initial delivery of the 2022 Solid Waste Services Bonds to the Underwriters.

Code means the Internal Revenue Code of 1986, as amended, and all applicable regulations thereunder.

Commission means the United States Securities and Exchange Commission.

Consultant means any firm qualified to make the calculations described in Section 4.01 as mutually agreed to between the Registrar and the Municipality.

Cost of Issuance Fund means the fund of that name maintained pursuant to Sections 8.02 and 8.03 of this Trust Agreement.

Coverage Requirement means Net Revenues equal to or greater than 135% of Maximum Annual Debt Service.

Date of Commercial Operation means the date upon which any Facilities of RCU or SWDU are first ready for normal continuous operation or, if portions of the Facilities are placed in normal continuous operation at different times, shall mean the midpoint of the dates of continuous operation of all portions of such Facilities, as estimated by the Municipality or, if used with reference to Facilities of RCU or SWDU to be acquired, shall mean the date on which such acquisition is final.

Debt Service means, for any period of time,

(a) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds which are not designated as Balloon Maturity Bonds in the proceedings authorizing their issuance, the principal amount thereof shall be equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest payable during such period;

(b) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (1) the principal amount of such Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payments required to be made during such period into any sinking fund established for the payment of any such Parity Bonds, as appropriate, plus (3) all interest payable during such period on any such Parity Bonds, Outstanding and with respect to Parity Bonds, with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Parity Bonds on the date specified in the proceedings authorizing such Parity Bonds;

(c) with respect to all other series of Parity Bonds Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds, an amount for any period equal to the amount which would have been payable for principal and interest on such Parity Bonds during such period computed on the assumption that the amount of Parity Bonds Outstanding as of the date of such computation would be amortized (1) in accordance with the mandatory redemption provisions, if any, set forth in the proceedings or proceedings authorizing the issuance of such Parity Bonds or Subordinate Obligations, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance (2) at an interest rate equal to 80% of the yield set forth in the 40-Bond Index published in the edition of *The Bond Buyer* (or comparable publication or such other similar index selected by the Municipality with the approval of the Consultant, if applicable) selected by the Municipality and published within 90 (ninety) days prior to the date of calculation or, if such calculation is being made in connection with the certificate required by Section 4.02 hereof, then within 90 (ninety) days of such certificate, (3) to provide for essentially level annual debt service of principal and interest over such period.

SWS 2022 SERIES A TRUST AGREEMENT -6-

Government Obligations means any of the following: (a) any bonds or other obligations which, as to principal and interest, constitute direct obligations of, or are unconditionally guaranteed by, the United States of America; (b) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an act of Congress as an agency or instrumentality of the United States of America; (c) obligations of financial institutions insured by the federal government, to the extent insured; and (d) bank certificates of deposit secured by obligations described in (a) and (b) hereof.

Letter of Representations means the Blanket Issuer Letter of Representations from the Municipality to DTC dated July 1, 1995.

Loan Agreement means the Loan Agreement, dated February 1, 2019, as amended, between the Municipality and Key Government Finance, Inc., pursuant to which the Outstanding Subordinate Lien Notes were issued.

Maximum Annual Debt Service means, with respect to any Outstanding series of Parity Bonds, the highest remaining Annual Debt Service for such series of Parity Bonds.

Mayor means the Mayor of the Municipality, elected pursuant to Section 5.01 of the Charter.

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

Municipal Manager means the Municipal Manager of the Municipality.

Municipal Utility Service Assessments or **MUSA** means assessments levied pursuant to Anchorage Municipal Code 26.10.025, as the same may be further amended, repealed and superseded from time to time and any successor assessments levied by the Municipality against the RCU or the SWDU, to be paid in lieu of property taxes for governmental services.

Municipality means Anchorage, Alaska, a municipal corporation organized and existing under the Constitution and laws of the State of Alaska.

Net Proceeds, when used with reference to the 2022 Solid Waste Services Bonds, means the principal amount of the 2022 Solid Waste Services Bonds, plus accrued interest and original issue premium, if any, and less original issue discount.

Net Revenue means Revenues less Operating Expenses.

Operating Expenses means the current expenses incurred for operation, maintenance and repair of the Facilities, as defined under generally accepted accounting principles, in effect from time to time. **Operating Expenses** shall not include on-behalf of payments on the Municipality by the State of Alaska directly to the Public Employees Retirement System and other post-employment benefits, any transfer of money to other funds of the Municipality or the payment of

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Debt Service shall also be calculated net of any receipts of the Municipality, including federal interest subsidy payments, designated as such by the Municipality that are not included in Revenue and that are legally available to pay debt service on Parity Bonds on the assumption that such amounts will continue to be paid in accordance with their original authorization. With respect to any Parity Bonds payable in other than U. S. Dollars, Debt Service shall be calculated as provided in the proceedings authorizing the issuance of such Parity Bonds. Debt Service shall be net of any interest funded out of Parity Bond proceeds. Debt Service shall include reimbursement obligations to providers of credit facilities to the extent authorized in authorizing proceedings.

Debt Service Account means the account of that name established and maintained by the Registrar pursuant to Section 5.02 of this Trust Agreement.

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 2022 Solid Waste Services Bonds pursuant to Section 2.03(b) hereof.

EMMA means the Municipal Securities Rulemaking Board (MSRB) Electronic Municipal Market Access system, currently located at www.emma.msrb.org.

Facilities means existing utility facilities of RCU or the SWDU as the same may be added to, improved and extended for as long as any of the Parity Bonds are outstanding, but shall not include such facilities that may be hereafter purchased, constructed or otherwise acquired by RCU or the SWDU as a separate utility system, the revenues of which may be pledged to the payment of obligations issued to purchase, construct or otherwise acquire and improve such separate systems.

Fiscal Year means the fiscal year of the Municipality, which currently is the calendar year.

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

Fixed Rate Bonds means those Parity Bonds other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under a Series Ordinance in which the rate of interest on such Parity Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in the proceedings authorizing their issuance, Parity Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.

Future Parity Bonds means revenue bonds or other revenue obligations issued by the Municipality in the future with a lien on Net Revenues equal to the lien thereon of the 2022 Solid Waste Services Bonds.

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license fees, or MUSA or allowances for depreciation or amortization of any principal or redemption price or purchase price of, or interest on, any obligations of the Municipality incurred in connection with and payable from Revenues or MUSA or any assessment levied in lieu of municipal taxes; provided, however, that for purposes of demonstrating compliance with the Rate Covenant and the Coverage Requirement, **Operating Expenses** shall include MUSA. Operating Expenses of the RCU and the SWDU shall continue to be accounted for separately as required by the Charter. Operating Expenses may be adjusted, regardless of then applicable generally accepted accounting principles, for certain items (e.g., to omit) in order to more fairly reflect the Municipality's annual operating performance.

Original Issue Discount Bonds means any Parity Bonds which are sold at an initial public offering price of less than 95% of their face value and which are specifically designated as Original Issue Discount Bonds in the Series Ordinance authorizing their issuance.

Outstanding when used with reference to Parity Bonds means all Parity Bonds authenticated and delivered under a Series Ordinance as of the time in question, except:

(a) All Parity Bonds theretofore cancelled or required to be cancelled under the applicable Series Ordinance;

(b) Parity Bonds for the payment or redemption of which provision has been made in accordance with a Series Ordinance; provided that, if such Parity Bonds are being redeemed, the required notice of redemption shall have been given or irrevocable instructions therefor shall have been given to the Registrar; and

(c) Parity Bonds in substitution for which other Parity Bonds have been authenticated and delivered pursuant to a Series Ordinance.

Outstanding Subordinate Lien Note means the Subordinate Lien Refuse Collection Utility and Solid Waste Disposal Utility Revenue Note, 2019 Series A, issued pursuant to the Bond Ordinance and the Loan Agreement.

Owner when all 2022 Solid Waste Services Bonds are held by a securities depository, means the beneficial owner of the 2022 Solid Waste Services Bond in question determined under the rules of that securities depository; otherwise **Owner** means Registered Owner.

Parity Bonds means the 2022 Solid Waste Services Bonds and any Future Parity Bonds.

Parity Conditions mean the conditions under which the Municipality may issue bonds in the future having a parity of lien on the Net Revenues with the lien of the 2022 Solid Waste Services Bonds, being those conditions set forth in Section 4.01 of this Trust Agreement.

Permitted Investments means any legal investment for funds of the Municipality.

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

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

Projects means the improvements made and to be made and as approved in Section 4 of the Bond Ordinance.

Rate Covenant has the meaning given such term in Section 6.01(a) hereof.

RCU means the existing Refuse Collection Utility of the Municipality.

Rating Agency means Fitch or S&P.

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

Rebate Amount means the rebate amount(s) computed pursuant to the Tax Certification.

Rebate Analyst means the Municipality or a firm of independent certified public accountants or a firm capable of performing rebate calculations selected by the Municipality to perform the rebate calculations as provided pursuant to Section 8.04 hereof and the Tax Certification.

Rebate Fund means the fund of that name established and maintained by the Registrar pursuant to Section 8.04 of this Trust Agreement.

Record Date means the close of business on the 15th day prior to each day on which a payment of interest on the 2022 Solid Waste Services Bonds is due and payable.

Registered Owner means the person named as the registered owner of a 2022 Solid Waste Services Bond in the Bond Register. For so long as the 2022 Solid Waste Services Bonds are held in book-entry only form, DTC shall be deemed to be the sole owner of the 2022 Solid Waste Services Bonds, except for purposes of Section 11.01 of this Trust Agreement.

Registrar means U.S. Bank Trust Company, National Association, Seattle, Washington, and its successors appointed pursuant to Section 9.01(e) hereof.

Revenue Fund means the Refuse Collection Utility Revenue Fund and the Solid Waste Disposal Utility Revenue Fund, which fund names may be changed prior to closing, as directed by the Authorized Municipality Representative into which the Municipality has pledged that all of the Revenues of the RCU and the SWDU, respectively, shall be paid as collected.

Revenue(s) means all rates and charges and other income and receipts in each case derived by or for the account of the Municipality from the ownership, leasing or operation of RCU and SWDU, except proceeds from the sale of the bonds or notes, any grants received for RCU or SWDU and interest received and profits derived from the investment of moneys obtained from such sources or from moneys held in any fund solely to pay or secure the payment of any bonds or notes issued in connection with the RCU and SWDU.

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.

S&P means S&P Global Ratings, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term **S&P** shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch) selected by the Chief Fiscal Officer.

Series Ordinance means the Bond Ordinance, this Trust Agreement and any future ordinance of the Assembly or trust agreement related thereto authorizing the issuance of a series of Future Parity Bonds, as such ordinance(s) and trust agreement(s) may thereafter be amended or supplemented in accordance with their respective terms.

Subordinate Obligations mean the Outstanding Subordinate Lien Note and any obligations issued in the future on a parity therewith.

SWDU means the existing Solid Waste Disposal Utility of the Municipality.

SWS or Solid Waste Services or Solid Waste Services Utility means the combined RCU and the SWDU.

Tax Certification means the Tax Agreement executed and delivered by the Municipality on the Closing Date.

2022 Solid Waste Services Bond or 2022 Solid Waste Services Bonds means the Municipality of Anchorage, Alaska Solid Waste Services Revenue Refunding Bonds, 2022 Series A the issuance and sale of which were authorized by the Bond Ordinance.

Underwriters mean J.P. Morgan Securities LLC, BofA Securities, Inc., Citigroup Global Markets Inc., KeyBanc Capital Markets Inc., Samuel A. Ramirez & Co., U.S. Bancorp Investments, Inc. and Wells Fargo Bank, National Association.

SECTION 1.02. Interpretation; Funds and Accounts.

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Trust Agreement, refer to this Trust Agreement 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 Trust Agreement;

(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, limited liability companies 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 Trust Agreement, 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 Trust Agreement, nor shall they affect its meaning, construction or effect;

(e) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and

(f) Whenever any consent or direction is required to be given by the Municipality, such consent or direction shall be deemed given when given by the Chief Fiscal Officer or his or her designee, respectively, and all references herein to the Chief Fiscal Officer shall be deemed to include references to his or her designee, as the case may be; and

(g) Notwithstanding the foregoing definitions, the Chief Fiscal Officer may maintain such separate funds and accounts in such names and under such additional designations as shall be required or advisable to comply with the accounting standards and conventions followed by the Municipality. The use of the term "Fund" is intended to meet legal requirements and is not intended to be defined as prescribed by generally accepted accounting principles.

(h) The following funds and accounts are referenced in this Trust Agreement:

(1) **Bond Fund** established and maintained by the Municipality pursuant to the Bond Ordinance and Section 5.02(a) of this Trust Agreement and formally designated as the "Anchorage Refuse Collection Utility and Solid Waste Disposal Utility Revenue Bond Fund."

(2) **Cost of Issuance Fund** established and maintained by the Registrar pursuant to Sections 8.02 and 8.03 of this Trust Agreement.

(3) **Debt Service Account** established and maintained by the Registrar pursuant to Section 5.02(b) of this Trust Agreement.

(4) **Rebate Fund** established and maintained by the Registrar pursuant to Section 8.04 of this Trust Agreement.

(5) **Revenue Fund** each established and maintained by the Municipality and formally designated as the "Refuse Collection Utility Revenue Fund" and the "Solid Waste Disposal Utility Revenue Fund."

ARTICLE II

THE 2022 SOLID WASTE SERVICES BONDS

SECTION 2.01. Details of 2022 Solid Waste Services Bonds.

The Municipality, in the Bond Ordinance, has authorized the issuance and sale of refuse collection utility and solid waste disposal utility revenue refunding bonds in one or more series and/or subseries. Of the refuse collection utility and solid waste disposal utility revenue refunding bonds authorized in the Bond Ordinance, the Municipality shall issue such bonds in the aggregate principal amount of \$109,755,000, which shall be designated as "Municipality of Anchorage, Alaska, Solid Waste Services Revenue Refunding Bonds, 2022 Series A" (the "2022 Solid Waste Services Bonds"). The aggregate principal amount of 2022 Solid Waste Services Bonds which may be issued and Outstanding under this Trust Agreement shall be equal to \$109,755,000 and no other 2022 Solid Waste Services Bonds may be issued under this Trust Agreement. This Trust Agreement constitutes a continuing agreement with the Registrar for the benefit of the Owners from time to time of the 2022 Solid Waste Services Bonds to secure the full payment of the principal and interest on all such 2022 Solid Waste Services Bonds subject to the covenants, provisions and conditions herein contained.

At any time after the execution of this Trust Agreement, the Municipality may execute and, upon satisfaction of the conditions set forth in this Section, the Registrar shall authenticate and, upon request of the Municipality, deliver the 2022 Solid Waste Services Bonds. Prior to the authentication and delivery of any 2022 Solid Waste Services Bonds by the Registrar, there shall have been filed with the Registrar each of the following:

(a) A copy of this Trust Agreement, duly executed;

- (b) A certified copy of the Bond Ordinance; and
- (c) A copy of the final approving opinion of bond counsel to the Municipality, duly executed.

The proceeds of the 2022 Solid Waste Services Bonds shall be paid and distributed as provided in a closing certificate of the Chief Fiscal Officer dated as of the Closing Date.

SECTION 2.02. Terms of the 2022 Solid Waste Services Bonds.

The 2022 Solid Waste Services Bonds shall be dated November 15, 2022; shall be in the denomination of \$5,000 each or any multiple thereof; shall bear interest at the rates per annum set forth below, payable on May 1, 2023, and semiannually thereafter on the first days of May and November of each year; shall be fully registered as to both principal and interest; shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification; and shall mature on November 1 in the years and amounts set forth below:

Maturity Years (November 1)	Principal Amounts	Interest Rates
2024	\$ 995,000	5.000%
2025	1,045,000	5.000
2026	1,095,000	5.000
2027	1,150,000	5.000
2028	1,205,000	5.000
2029	1,270,000	5.000
2030	1,330,000	5.000
2031	1,400,000	5.000
2032	1,470,000	5.000
2033	1,540,000	5.000
2034	1,620,000	5.000
2035	1,700,000	5.000
2036	1,785,000	5.250
2037	1,880,000	5.250
2038	1,975,000	5.250
2039	2,080,000	5.250
2040	2,190,000	5.500
2041	2,310,000	5.500
2042	2,435,000	5.500
2052	30,860,000	4.000
2062	48,420,000	5.250

corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized 2022 Solid Waste Services 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 Chief Fiscal Officer pursuant to subsection (2) below or 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 Chief Fiscal Officer to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Chief Fiscal Officer 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 Registrar shall, upon receipt of all outstanding 2022 Solid Waste Services Bonds, together with a written request of the Chief Fiscal Officer, issue a single new 2022 Solid Waste Services Bond for each maturity 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 Chief Fiscal Officer.

(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 Chief Fiscal Officer determines that it is in the best interest of the beneficial owners of the 2022 Solid Waste Services Bonds that such owners be able to obtain such bonds in the form of 2022 Solid Waste Services Bond certificates, the ownership of such 2022 Solid Waste Services Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The Chief Fiscal Officer shall deliver a written request to the Registrar, together with a supply of definitive 2022 Solid Waste Services Bonds, to issue 2022 Solid Waste Services Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then outstanding 2022 Solid Waste Services Bonds together with a written request of the Chief Fiscal Officer to the Registrar, new 2022 Solid Waste Services Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(d) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any 2022 Solid Waste Services Bond may be registered and 2022 Solid Waste Services Bonds may be exchanged, but no transfer of any such 2022 Solid Waste Services Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such 2022 Solid Waste Services Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered 2022 Solid Waste Services Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new 2022 Solid Waste Services Bond (or 2022 Solid Waste Services Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount

The 2022 Solid Waste Services Bonds shall be obligations only of the Bond Fund and shall be payable and secured as provided herein. The 2022 Solid Waste Services Bonds shall not be general obligations of the Municipality.

SECTION 2.03. Registration, Transfer and Exchange.

(a) *Registered Ownership.* The Municipality and the Registrar, each in its discretion, may deem and treat the Registered Owner of each 2022 Solid Waste Services Bond as the absolute owner thereof for all purposes (except as provided in Section 11.01 of this Trust Agreement), and neither the Municipality nor the Registrar shall be affected by any notice to the contrary. Payment of any such 2022 Solid Waste Services Bond shall be made only as described in Section 2.03(g) hereof, but such 2022 Solid Waste Services Bond may be transferred as herein provided. All such payments made as described in Section 2.03(g) shall be valid and shall satisfy and discharge the liability of the Municipality upon such 2022 Solid Waste Services Bond to the extent of the amount or amounts so paid.

(b) *DTC Acceptance/Letters of Representations.* The 2022 Solid Waste Services Bonds initially shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the 2022 Solid Waste Services Bonds as eligible for deposit at DTC, the Municipality has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the Municipality nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or the participants of any successor depository or those for whom any such successor acts as nominee) with respect to the 2022 Solid Waste Services 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 2022 Solid Waste Services Bonds, any notice which is permitted or required to be given to Registered Owners under this Trust Agreement (except such notices as shall be required to be given by the Municipality to the Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any 2022 Solid Waste Services 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 2022 Solid Waste Services Bonds.

If any 2022 Solid Waste Services Bond shall be duly presented for payment and funds have not been duly provided by the Municipality on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such 2022 Solid Waste Services Bond until it is paid.

(c) *Use of Depository.*

(1) The 2022 Solid Waste Services Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one 2022 Solid Waste Services Bond maturing on each of the maturity dates for the 2022 Solid Waste Services Bonds in a denomination

in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered 2022 Solid Waste Services Bond, in exchange for such surrendered and cancelled 2022 Solid Waste Services Bond. Any 2022 Solid Waste Services Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of 2022 Solid Waste Services Bonds of the same date, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to register the transfer or to exchange any 2022 Solid Waste Services Bond during the 15 days preceding any interest payment or principal payment date any such 2022 Solid Waste Services Bond is to be redeemed.

(e) *Registrar's Ownership of 2022 Solid Waste Services Bonds.* The Registrar may become the Registered Owner of any 2022 Solid Waste Services Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of 2022 Solid Waste Services Bonds.

(f) *Registration Covenant.* The Municipality covenants that, until all 2022 Solid Waste Services Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each 2022 Solid Waste Services Bond that complies with the provisions of Section 149 of the Code.

(g) *Place and Medium of Payment.* Both principal of and interest on the 2022 Solid Waste Services Bonds shall be payable in lawful money of the United States of America. Interest on the 2022 Solid Waste Services Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all 2022 Solid Waste Services Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as provided to the parties entitled to receive payment as of each Record Date in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the 2022 Solid Waste Services Bonds are no longer in fully immobilized form, interest on the 2022 Solid Waste Services 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 as of the Record Date, or upon the written request of a Registered Owner of more than \$1,000,000 of 2022 Solid Waste Services Bonds (received by the Registrar no later than the applicable Record Date), such payment shall be made by the Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the 2022 Solid Waste Services Bonds shall be payable upon presentation and surrender of such 2022 Solid Waste Services Bonds by the Registered Owners at the principal office of the Registrar.

ARTICLE III
REDEMPTION AND PURCHASE OF 2022 SOLID WASTE SERVICES BONDS

SECTION 3.01. Terms of Redemption.

(a) *Optional Redemption.* The 2022 Solid Waste Services Bonds maturing on and prior to November 1, 2032 are not subject to optional redemption in advance of their scheduled maturity. The 2022 Solid Waste Services Bonds maturing on and after November 1, 2033 are subject to redemption at the option of the Municipality on and after November 1, 2032 in whole or in part (and if in part, with maturities to be selected by the Municipality) on any date at a price of par plus accrued interest to the date fixed for redemption.

(b) *Mandatory Redemption.* The 2022 Solid Waste Services Bonds maturing on November 1, 2052, if not previously redeemed pursuant to the optional redemption provisions in Section 3.01(a), shall be redeemed on November 1 of the following years in the following principal amounts at a price of par:

Year (November 1)	Principal Amount
2043	\$ 2,570,000
2044	2,675,000
2045	2,780,000
2046	2,890,000
2047	3,005,000
2048	3,130,000
2049	3,250,000
2050	3,380,000
2051	3,520,000
2052*	3,660,000

* Maturity.

The 2022 Solid Waste Services Bonds maturing on November 1, 2062, if not previously redeemed pursuant to the optional redemption provisions in Section 3.01(a), shall be redeemed on November 1 of the following years in the following principal amounts at a price of par:

Year (November 1)	Principal Amount
2053	\$ 3,805,000
2054	4,005,000
2055	4,215,000
2056	4,435,000
2057	4,670,000
2058	4,915,000
2059	5,170,000
2060	5,445,000
2061	5,730,000
2062*	6,030,000

* Maturity.

In the event of a partial optional redemption of any 2022 Solid Waste Services Bonds described in this Section 3.01(b), the principal being redeemed may be applied to reduce the principal amount subject to mandatory redemption in the years and amounts designated by the Authorized Municipality Representative.

SECTION 3.02. Purchase of 2022 Solid Waste Services Bonds. The Municipality further reserves the right to use at any time any surplus Net Revenues available after providing for the payments required by paragraphs First through Eighth, inclusive, of Section 5.01 of this Trust Agreement, or other available funds, to purchase any of the 2022 Solid Waste Services Bonds that are offered to the Municipality at any price deemed appropriate by the Authorized Municipality Representative. Any purchase of 2022 Solid Waste Services Bonds may be made with or without tender of 2022 Solid Waste Services Bonds and at either public or private sale.

SECTION 3.03. Selection of 2022 Solid Waste Services Bonds for Redemption. For as long as the 2022 Solid Waste Services Bonds are held in book-entry only form, the selection of particular 2022 Solid Waste Services Bonds within a maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the 2022 Solid Waste Services Bonds are no longer held in uncertificated form, the selection of such 2022 Solid Waste Services Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c). If the Municipality redeems at any one time fewer than all of the 2022 Solid Waste Services Bonds having the same maturity date, the particular 2022 Solid Waste Services Bonds or portions of 2022 Solid Waste Services Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Registrar) in increments of \$5,000. In the case of a 2022 Solid Waste Services Bond of a denomination greater than \$5,000, the Municipality and the Registrar shall treat each 2022 Solid Waste Services Bond as representing such number of separate 2022 Solid Waste Services Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such 2022 Solid Waste Services Bond by \$5,000. In the event that only a portion of the principal sum of a 2022 Solid Waste Services Bond is redeemed, upon surrender of such 2022 Solid Waste Services Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a 2022 Solid Waste

Services Bond or 2022 Solid Waste Services Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

SECTION 3.04. Notice of Redemption.

(a) *Official Notice.* For so long as the 2022 Solid Waste Services Bonds are held in uncertificated form, notice of redemption, which notice may be conditional or may be rescinded prior to the scheduled redemption date, shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the Municipality nor the Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the 2022 Solid Waste Services Bonds are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of 2022 Solid Waste Services Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Registrar on the receipt of sufficient funds for redemption) shall be given by the Registrar on behalf of the Municipality 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 2022 Solid Waste Services Bond or 2022 Solid Waste Services 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 Registrar.

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

- (1) the redemption date,
- (2) the redemption price,
- (3) if fewer than all outstanding 2022 Solid Waste Services Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the 2022 Solid Waste Services Bonds to be redeemed,
- (4) that on the redemption date, unless the conditions to redemption have not been satisfied or the notice of redemption has been rescinded, the redemption price will become due and payable upon each such 2022 Solid Waste Services Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (5) the place where such 2022 Solid Waste Services Bonds, if then in certificated form, are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

On or prior to any redemption date, unless the conditions to redemption have not been satisfied or the notice of redemption has been rescinded, the Municipality shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the 2022 Solid Waste Services Bonds or portions of 2022 Solid Waste Services Bonds which are to be redeemed on that date.

(b) *Effect of Notice; 2022 Solid Waste Services Bonds Due.* Official notice of redemption having been given as aforesaid, the 2022 Solid Waste Services Bonds or portions of 2022 Solid Waste Services Bonds so to be redeemed shall, unless the conditions to redemption have not been satisfied or the notice of redemption has been rescinded, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Municipality shall default in the payment of the redemption price) such 2022 Solid Waste Services Bonds or portions of 2022 Solid Waste Services Bonds shall cease to bear interest and (if the 2022 Solid Waste Services Bonds are in certificated, upon surrender of such 2022 Solid Waste Services Bonds for redemption in accordance with said notice, such 2022 Solid Waste Services Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All 2022 Solid Waste Services Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

(c) *Additional Notice.* In addition to the foregoing notice, further notice shall be given by the Municipality 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 (1) the CUSIP numbers of all 2022 Solid Waste Services Bonds being redeemed; (2) the date of issue of the 2022 Solid Waste Services Bonds as originally issued; (3) the rate of interest borne by each 2022 Solid Waste Services Bond being redeemed; (4) the maturity date of each 2022 Solid Waste Services Bond being redeemed; and (5) any other descriptive information needed to identify accurately the 2022 Solid Waste Services Bonds being redeemed. Each further notice of redemption shall be sent at least 20 days before the redemption date to each party entitled to received notice pursuant to each Rating Agency then maintaining a rating on the 2022 Solid Waste Services Bonds, each Underwriter (or its successor, if any), Section 11.01 and to the MSRB, and with such additional information as the Municipality shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such 2022 Solid Waste Services Bonds.

(d) *Amendment of Notice Provisions.* The foregoing notice provisions of this Section 3.04, 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 3.05. Lost, Stolen, Destroyed or Mutilated 2022 Solid Waste Services Bonds. In case any 2022 Solid Waste Services Bonds shall at any time become mutilated or be lost, stolen or destroyed, the Municipality in the case of such a mutilated 2022 Solid Waste Services Bond shall, and in the case of such a lost, stolen or destroyed 2022 Solid Waste Services Bond in its discretion may, execute and deliver a new 2022 Solid Waste Services Bond of the same interest rate and maturity and of like tenor and effect in exchange or substitution for and upon the surrender and cancellation of such mutilated 2022 Solid Waste Services Bond, or in lieu of or in substitution for such destroyed, stolen or lost 2022 Solid Waste Services Bond, or if such stolen, destroyed or lost 2022 Solid Waste Services Bond shall have matured, instead of

issuing a substitute therefor, the Municipality may at its option pay the same without the surrender thereof. Except in the case where a mutilated 2022 Solid Waste Services Bond is surrendered, the applicant for the issuance of a substitute 2022 Solid Waste Services Bond shall furnish to the Registrar evidence satisfactory to it of the theft, destruction or loss of the original 2022 Solid Waste Services Bond, and of the ownership thereof, and also such security and indemnity as may be required by the Municipality, and no such substitute 2022 Solid Waste Services Bond shall be issued unless the applicant for the issuance thereof shall reimburse the Municipality for the expenses incurred by the Municipality in connection with the preparation, execution, issuance and delivery of the substitute 2022 Solid Waste Services Bond, and any such substitute 2022 Solid Waste Services Bond shall be equally and proportionately entitled to the security of the Bond Ordinance and this Trust Agreement with all other 2022 Solid Waste Services Bonds issued hereunder, whether or not the 2022 Solid Waste Services Bond alleged to have been lost, stolen or destroyed shall be found at any time or be enforceable by anyone.

ARTICLE IV PARITY CONDITIONS

SECTION 4.01. Compliance with Current Limitations under the Loan Agreement. The Municipality reserved the right in the Loan Agreement to issue the 2022 Solid Waste Services Bonds as "Parity Bonds" (as defined in the Loan Agreement) having a lien on Net Revenues prior to the lien thereon of the Subordinate Lien Obligations upon compliance with certain conditions as set forth in the Loan Agreement.

The Municipality hereby finds and determines as follows:

That the Municipality has not been in default of its Rate Covenant (as such term is defined in the Loan Agreement) for the fiscal year immediately preceding the year of issuance of the 2022 Solid Waste Services Bonds (2021); and

The 2022 Solid Waste Services Bonds are being issued are for the sole purpose of refunding Outstanding Subordinate Obligations upon compliance with the provisions of Section 4.01 (e) of the Loan Agreement.

SECTION 4.02. Future Parity Bonds.

(a) Limitations on Issuance of Parity Bonds. Except as provided in subsection (b) below, the Municipality hereby agrees for the sole benefit of the owners and holders of the 2022 Solid Waste Services Bonds (and the owners of any successive issuances of Future Parity Bonds for as long as the same remain Outstanding) that it shall not issue any series of Future Parity Bonds unless:

- (1) the Municipality shall not have been in default of its Rate Covenant for the immediately preceding fiscal year, and
- (2) there shall have been filed with its bond counsel a certificate (prepared as described in subsection (c) or (d) below) demonstrating fulfillment of the Coverage

certificate, adjusted to reflect an estimate of a full year's Net Revenues from each such customer to the extent such Net Revenues were not previously included.

(2) The estimated annual Net Revenues to be derived from any person, firm, association, private or municipal corporation under any executed contract for refuse collection or solid waste service, which Net Revenues were not previously included in any of the sources of Net Revenues.

(3) The estimated annual Net Revenues to be derived from the operation of any additions or improvements to or extensions of the Facilities under construction but not completed at the time of such certificate and not being paid for out of the proceeds of sale of such Parity Bonds being issued, and which Net Revenues were not otherwise included in any of the sources of Net Revenues.

(4) The estimated annual Net Revenues to be derived from the operation of any additions and improvements to or extensions of the Facilities being paid for out of the proceeds of sale of such Future Parity Bonds being issued.

(5) The estimated additional annual Net Revenues to be derived from rate and charge increases that have been fully approved by the regulatory authority with jurisdiction to become effective thereafter if there has been any change in such rates and charges put into effect or so approved during or after such twelve (12)-consecutive month rate period.

In the event the Municipality will not derive any Revenues as a result of the construction of the additions, improvements or extensions being or to be made to the Facilities within the provisions of subparagraphs (3) and (4) immediately above, the estimated Operating Expenses of such additions, improvements and extensions shall be deducted from such Net Revenues.

(e) Refunding of Parity Bonds. Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) Parity Bonds, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption (or purchase) and the expenses of issuing such Parity Bonds to purchase or refund the same and of effecting such refunding upon delivery of a certificate as provided in (d) above. Such refunding Parity Bonds also may be issued without a certificate if the Maximum Annual Debt Service on all Parity Bonds to be Outstanding after the issuance of the refunding Parity Bonds shall not be greater than the Maximum Annual Debt Service were such refunding not to occur.

(f) Refunding of Other Obligations. Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) any other bonds of the Municipality, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption of such bonds (or purchase) and the expenses of issuing the Parity Bonds to purchase or refund the same and of effecting such refunding; *provided, however*, that prior to the issuance of such Parity Bonds the Municipality must provide a certificate if required by (c) or (d) above.

Requirement, commencing with the first full fiscal year following the later of (A) the date of commercial operation of the Facilities to be financed with the proceeds of the Parity Bonds or (B) the date on which any portion of interest on the series of Parity Bonds then being issued no longer will be paid from the proceeds of such series of Parity Bonds and for the following two fiscal years.

(b) No Certificate Required. The certificate described in the foregoing subsection (a)(2) shall not be required as a condition to the issuance of Parity Bonds:

(1) if the Parity Bonds being issued are for the purpose of refunding Outstanding Parity Bonds upon compliance with the provisions of subsection (e); or

(2) if the Parity Bonds are being issued to pay costs of construction of Facilities for which Parity Bonds have been issued previously and the principal amount of such Parity Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of Parity Bonds theretofore issued for such Facilities and reasonably allocable to the Facilities to be completed as shown in a written certificate of the Chief Fiscal Officer, and the nature and purpose of such Facilities has not materially changed.

(c) Certificate of the Municipality Without A Consultant. If required pursuant to the foregoing subsection (a)(2), a certificate may be delivered by the Municipality without a Consultant if Net Revenues, based upon the financial statements of the Municipality for the Base Period, corroborated by the most recently audited financial statements of Solid Waste Services, audited by an independent certified public accounting firm, demonstrate that the Coverage Requirement will be fulfilled commencing with the first full fiscal year following the later of (A) the date of commercial operation of the Facilities to be financed with the proceeds of the Parity Bonds as reasonably estimated by the Municipality, or (B) the date on which any portion of interest on the series of Parity Bonds then being issued will not be paid from the proceeds of such series of Parity Bonds and for the following two fiscal years; provided, however, the certificate of the Municipality may make an adjustment to Net Revenues to reflect rate increases for the RCU and/or SWDU approved by the Assembly to the extent that the revenue impact is not fully reflected in the audited financial statements.

(d) Certificate of a Consultant. Unless compliance with the requirements of subsection (a)(2) have been otherwise satisfied (as provided in (b) or (c) above), compliance with the Coverage Requirement of this Section 4.01 shall be demonstrated conclusively by a certificate of a Consultant.

In making the computations of Net Revenues for the purpose of certifying compliance with the Coverage Requirement of this Section 4.01 the Consultant shall use as a basis the Net Revenues for the Base Period.

In making such computations the Consultant shall make such adjustments as follows:

(1) The Net Revenues derived from those customers of RCU and SWDU that have become customers during such Base Period or thereafter and prior to the date of such

(g) Refunding Within One Year. Parity Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity, any Parity Bonds for the payment of which sufficient Net Revenues or other moneys are not available, without the requirement of a certificate pursuant to (c) or (d) above.

SECTION 4.03. Liens Subordinate. Nothing herein contained shall prevent the Municipality from issuing revenue bonds or other obligations which are a charge upon the Net Revenues junior or inferior to the payments required to be made out of such Net Revenues to pay and secure the payment of any Parity Bonds.

ARTICLE V FUNDS AND ACCOUNTS; PRIORITY OF PAYMENT

SECTION 5.01. Revenue Fund and Priority of Use of Revenues. There has heretofore been created and maintained special funds known as the "Refuse Collection Utility Revenue Fund and the Solid Waste Disposal Utility Revenue Fund" (each a "Revenue Fund"). The Revenue Fund shall be held, maintained and invested by the Municipality. Revenues and the moneys in the Revenue Fund are hereby pledged to and shall be used only for the following purposes and in the following order of priority:

First, to pay Operating Expenses except Municipal Utility Service Assessments or any assessment levied in lieu of municipal taxes;

Second, to make all payments, including sinking fund payments, required to be made into the Bond Fund for the payment of the principal of and interest on any Parity Bonds

Third, to make all payments required to replenish reserve accounts, if any, securing payment of Parity Bonds;

Fourth, to make all payments, including sinking fund payments, required to be made on Subordinate Obligations, as well as any new debt service account for the payment of the principal of and interest on any Subordinate Obligations

Fifth, to make all payments required to replenish reserve accounts, if any, securing payment of Subordinate Obligations;

Sixth, to make all required payments of Municipal Utility Service Assessments or other assessments levied in lieu of municipal taxes;

Seventh, to repay all loans from the Alaska Clean Water Fund;

Eighth, to make all required payments of any obligations subordinate to the Subordinate Obligations; and

Ninth, to make payments not otherwise made pursuant to the preceding priorities into any fund or account to pay or secure the payment of debt service on general obligation bonds issued

for RCU and/or SWDU purposes, to pay the costs of additions, betterments, improvements and repairs to and extensions and replacements of Facilities of the RCU and/or the SWDU, to make legally authorized payments into any other fund or account of the Municipality, to purchase or redeem Solid Waste Services revenue bonds or notes, or for any other proper purpose in connection with the operation of the RCU and/or the SWDU.

Money in the Revenue Fund may be invested by the Municipality in any investment that is at the time of investment legal for investment of funds of the Municipality.

SECTION 5.02. Bond Fund and Accounts Therein

(a) Bond Fund.

(1) Establishment. There has heretofore been authorized, by Ordinance No. AO 2018-76, as amended, to be created a special fund of the Municipality known as the "Anchorage Refuse Collection Utility and Solid Waste Disposal Utility Revenue Bond Fund" (the "Bond Fund"), which fund is a trust fund to be drawn upon for the sole purpose of paying the principal of and interest and premium, if any, on all Parity Bonds.

(2) Deposits into Bond Fund. The Municipality hereby obligates and binds itself irrevocably to set aside and to pay (to the extent not otherwise provided) into the Bond Fund, certain fixed amounts from Net Revenues, without regard to any fixed proportion of said revenues, sufficient to pay the principal of and premium, if any, and interest on all Parity Bonds from time to time outstanding as the same respectively become due and payable either at the maturity thereof or in accordance with the terms of any sinking fund provided for the retirement of term Parity Bonds. Such deposits into the Bond Fund shall be made on or before the date on which any payment of principal, interest and/or premium is due. The payments into the Bond Fund for the payment of the Parity Bonds shall constitute a charge and lien upon Net Revenues of equal rank with the charge and lien on said Net Revenues for the payments required to be made into the Bond Fund for the payment of the principal of, premium, if any, and interest on any Future Parity Bonds.

(3) Withdrawals from Bond Fund. The Municipality hereby agrees that it shall remit to the Registrar for deposit into the Debt Service Account on or prior to each date on which a payment of debt service is due on the 2022 Solid Waste Services Bonds an amount equal to the debt service coming due on such date.

(4) Investments. All money in the Bond Fund may be kept in cash or invested in any investment that is a legal investment for funds of the Municipality.

(5) Security. The Bond Fund shall be drawn upon solely for the purpose of paying the principal of and premium, if any, and interest on Parity Bonds. Moneys set aside and remitted to the Registrar from time to time for such payments shall be held in trust for the owners of the Parity Bonds in respect of which the same shall have been so set aside. Until so set aside and remitted to the Registrar, all moneys in the Bond Fund shall be held in trust for the benefit of the owners of all Parity Bonds at the time outstanding equally and ratably.

(a) Rate Covenant. The Municipality will establish, maintain and collect rates and charges for refuse collection utility service and solid waste disposal utility service and all other services or facilities furnished or supplied by the RCU and/or SWDU in each fiscal year that will provide Net Revenues in an amount equal to at least 1.35 times the Annual Debt Service Requirement for such year on all Outstanding Parity Bonds.

(b) Maintenance of Facilities. The Municipality will at all times maintain, preserve and keep the Facilities and every part and parcel thereof in good repair, working order and condition; will from time to time make or cause to be made all necessary and proper repairs, renewals and replacements thereto so that the business carried on in connection therewith may be properly and advantageously conducted; and will at all times operate the Facilities in an efficient manner and at a reasonable cost.

(c) Insurance. The Municipality will at all times carry fire insurance and such other forms of insurance on the Facilities as are ordinarily insured in such amounts and with such deductibles as under good business practice are ordinarily carried on such Facilities to the degree that such Facilities are not self-insured.

(d) Use of Money in Revenue Fund. The Municipality will not expend any of the money in the Revenue Fund for any extensions or betterments which are not economically sound and which will not contribute to the operation of the RCU and/or the SWDU in an efficient and economical manner unless such extensions or betterments are required by law or by any regulatory body having valid jurisdiction.

(e) Books and Accounts. The Municipality will keep and maintain proper books and accounts with respect to the operation of the RCU and the SWDU in such manner as prescribed by any authorities having jurisdiction over the RCU and the SWDU; will cause its books and accounts to be audited annually by a certified public accountant, copies of which audits shall, upon request, be furnished to the purchaser or purchasers or owners of the Parity Bonds. Said audit shall show whether or not the Municipality has in all respects performed and complied with the covenants set forth in the Bond Ordinance and this Trust Agreement, including the payments into the Bond Fund herein provided for.

(f) Compliance with Laws. The Municipality covenants to comply in all material respects with all applicable law, including federal, state and local laws and environmental laws, in the operation of the RCU and the SWDU.

(g) Disposal of Properties. The Municipality will not mortgage, sell, lease, or in any manner encumber or dispose of all or substantially all the RCU and/or the SWDU (voluntarily or involuntarily), unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of, premium, if any, and interest on all outstanding bonds payable therefrom, nor will it mortgage, sell, lease, or in any manner encumber or dispose of (including but not limited to a disposition by transfer to another public or private organization) voluntarily or involuntarily any part of the RCU and/or the SWDU that is used, useful and material to the operation of the RCU and/or the SWDU unless

(b) Debt Service Account.

(1) Establishment. The Municipality hereby authorizes and directs the Registrar to establish a Debt Service Account (the "Debt Service Account"), to be held for the benefit of the owners and holders of the 2022 Solid Waste Services Bonds.

(2) Deposits to the Debt Service Account. The Registrar shall deposit amounts received from the Municipality pursuant to Section 5.02(a)(3) into the Debt Service Account.

(3) Withdrawals from the Debt Service Account. The Registrar shall withdraw from the Debt Service Account and remit to DTC, in accordance with its applicable procedures, money (to the extent on deposit therein) sufficient to pay each payment of debt service on the 2022 Solid Waste Services Bonds as the same is due and payable.

(4) Investments. In the event that the Registrar is the custodian of cash or investments in the Bond Fund, investments shall be made in Permitted Investments only upon the written direction of the Authorized Municipality Representative. Investments will be made without the addition of any fees or charges by the Registrar (excluding mutual funds or investment companies or trusts for with the Registrar, or an affiliate of the Registrar, serves as investment advisor, custodian, shareholder, servicing agent, transfer agent, administrator, or distributor).

SECTION 5.03. Reserve Account Option The 2022 Solid Waste Services Bonds shall not be secured by a reserve account. The Municipality does reserve the option, however, to establish one or more reserve accounts in the future for any series of Future Parity Bonds, which reserve account(s) may secure Future Parity Bonds of a single series or may be a common reserve securing multiple series of Future Parity Bonds. The terms of future reserve account(s), if any, shall be as set forth in the proceedings authorizing the issuance of Future Parity Bonds.

SECTION 5.04. Adequacy of Net Revenues The corporate authorities of the Municipality hereby declare that in fixing the amounts to be paid into the Bond Fund hereinbefore provided for they have exercised due regard for Operating Expenses, the payment priorities specified in paragraph Second of Section 5.01 of this Trust Agreement, and have not obligated the Municipality to set aside and pay into said Bond Fund a greater amount of Net Revenues than in their judgment will be available over and above Operating Expenses and such other payments.

ARTICLE VI
COVENANTS

SECTION 6.01. Specific Covenants The Municipality hereby makes the following covenants with the Registered Owner of each of the outstanding 2022 Solid Waste Services Bonds for as long as any of the same remain outstanding.

(1) the Municipality certifies, based upon reasonable expectations, that the remaining assets of the RCU and/or the SWDU shall be sufficient to continue regular operations of the RCU and/or the SWDU on a financially sound basis for a period of at least five years, and

(2) provision is made for replacement thereof or for payment into the Bond Fund of the total amount of revenue received which shall not be less than an amount which shall bear the same ratio to the amount of outstanding Parity Bonds as the greater of:

(A) the Net Revenues for such outstanding Parity Bonds for the 12 months preceding such sale, lease, encumbrance or disposal from the portion of the Facilities sold, leased, encumbered or disposed of bears to the Net Revenues for such Parity Bonds from the entire SWU for the same period;

(B) the Revenues for the 12 months preceding such sale, lease, encumbrance or disposal from the portion of the RCU and the SWDU sold, leased, encumbered or disposed of bears to the Revenues of the entire RCU and the SWDU for the same period;

(C) the proportion of assets (on a depreciated basis) allocable to the assets being sold, leased, encumbered or disposed of bears to the total assets of the entire RCU and the SWDU; or

(D) the proportion of customers of the RCU and the SWDU allocable to the assets being sold, leased, encumbered or disposed of bears to the total number of customers of the RCU and the SWDU, *provided, however*, that the Municipality may dispose of any portion of the RCU and the SWDU up to an aggregate of five percent of the book value of the total assets included within the RCU and the SWDU without the requirement for any deposit to the Bond Fund as hereinabove provided.

Any such moneys so paid into the Bond Fund shall be used to retire such outstanding Parity Bonds at the earliest possible date. Any money received by the Municipality as condemnation awards, insurance proceeds or the proceeds of sale, if not deposited to the Bond Fund, shall be used for the replacement of the RCU and the SWDU.

SECTION 6.02. Tax Covenants

(a) Covenants Regarding Arbitrage and Private Activity Bonds. The Municipality hereby covenants that it will not make any use of the proceeds of sale of the 2022 Solid Waste Services Bonds or any other funds of the Municipality which may be deemed to be proceeds of such 2022 Solid Waste Services Bonds pursuant to Section 148 of the Code which will cause the 2022 Solid Waste Services Bonds to be "arbitrage bonds" within the meaning of said section and the applicable regulations thereunder. The Municipality will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the 2022 Solid Waste Services Bonds) and the applicable regulations thereunder throughout the term of the 2022 Solid Waste Services Bonds.

The Municipality will take any action determined by the Municipality, after consultation with its bond counsel, to be legal and practicable and required to be taken by the Municipality under future federal laws or regulations in order to maintain the exemption of the interest on the 2022 Solid Waste Services Bonds from federal income taxation.

(b) *Arbitrage Rebate.* The Municipality shall compute and pay the Rebate Amount, if necessary, as provided in the Tax Certification.

(c) *Qualification Under Section 265(b) of the Code.* The Municipality has not designated the 2022 Solid Waste Services Bonds as "qualifying tax-exempt obligations" pursuant to Section 265(b) of the Code for investment by financial institutions.

(d) *Private Person Use Limitation for 2022 Solid Waste Services Bonds.* The Municipality covenants that for as long as the 2022 Solid Waste Services Bonds are outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the 2022 Solid Waste Services Bonds to be used for any Private Person Use; and

(2) More than 10% of the principal or interest payments on the 2022 Solid Waste Services Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the Municipality) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The Municipality further covenants that, if:

(3) More than five percent of the Net Proceeds of the 2022 Solid Waste Services Bonds are to be used for any Private Person Use; and

(4) More than five percent of the principal or interest payments on the 2022 Solid Waste Services Bonds in a Bond Year are (under the terms of the Bond Ordinance, this Trust Agreement or any underlying arrangement) directly or indirectly:

(A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or

(B) derived from payments (whether or not made to the Municipality) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the refinanced projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of such projects, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the 2022 Solid Waste Services Bonds used for the state or

(a) the sum of \$377,427.55 shall be deposited in the Cost of Issuance Fund, hereby authorized to be created by the Registrar and used to pay costs of issuance of the 2022 Solid Waste Services Bonds; and

(b) the sum of \$107,000,000.00 shall be remitted to Key Government Finance, Inc. on behalf of the Municipality and used to repay a portion of the Outstanding Subordinate Lien Note.

SECTION 8.03. Cost of Issuance Fund.

(a) *Establishment.* The Registrar shall establish a Cost of Issuance Fund for the purpose of paying costs of issuing the 2022 Solid Waste Services Bonds.

(b) *Deposits.* The amount of \$377,427.55 shall be remitted to the Registrar for deposit in the Cost of Issuance Fund on the Closing Date. Interest earnings on the Cost of Issuance Fund pursuant to Section 8.03(d) shall be deposited in the Cost of Issuance Fund.

(c) *Disbursements.* Upon receipt of written requisitions from an Authorized Municipality Representative in the form of Exhibit A attached hereto, the Registrar shall remit money from the Costs of Issuance Fund to pay the costs of issuing the 2022 Solid Waste Services Bonds.

(d) *Investment.* The Registrar shall invest moneys held in the Cost of Issuance Fund in Permitted Investments and only upon the written direction of the Authorized Municipality Representative. Investments shall be made without the addition of any fees or charges by the Registrar (excluding mutual funds or investment companies or trusts for which the Registrar, or an affiliate of the Registrar, services as investment advisor, custodian, shareholder, servicing agent, transfer agent, administrator or distributor). Interest earnings on investments of the Cost of Issuance Fund shall be deposited in the Cost of Issuance Fund.

(e) *Security.* The establishment of the Cost of Issuance Fund shall be for the benefit of the Municipality, and the Municipality may enforce payments therefrom upon compliance with the procedures set forth in this Section 8.03.

(f) *Closing.* All amounts held in the Cost of Issuance Fund shall be transferred to the Debt Service Account 90 days after the Closing Date, and the Cost of Issuance Fund shall be closed.

SECTION 8.04. Rebate Fund. The Rebate Fund shall be maintained for the purpose of holding funds required to satisfy arbitrage rebate requirements, as described in the Tax Certification. Notwithstanding any provision hereof to the contrary, funds deposited in the Rebate Fund shall be free and clear of any lien hereunder, but shall be held in trust for the purposes described in this Section 8.04. At the direction of the Authorized Municipality Representative, the Registrar shall apply funds on deposit in the Rebate Fund to make the payments of Rebate Amounts required pursuant to Section 6.02(b) hereof.

local governmental use portion of such projects to which the Private Person Use of such portion of the such refinanced projects relates. The Municipality further covenants that it will comply with any limitations on the use of such projects by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the 2022 Solid Waste Services Bonds. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the 2022 Solid Waste Services Bonds.

**ARTICLE VII
DEFEASANCE**

SECTION 7.01. Conditions of Defeasance. In the event that money and/or noncallable Government Obligations that are 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 sufficient to redeem and retire any or all of the 2022 Solid Waste Services Bonds in accordance with their terms are set aside in a special trust account in the Bond Fund to effect such redemption or retirement and such money and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on such 2022 Solid Waste Services Bonds, and such 2022 Solid Waste Services Bonds shall cease to be entitled to any lien, benefit or security of this Trust Agreement except the right to receive the funds so set aside and pledged, and such 2022 Solid Waste Services Bonds shall be deemed not to be outstanding hereunder or under any other Series Ordinance, and this Trust Agreement shall be deemed satisfied and discharged with respect to the Series 2022 Solid Waste Services Bonds. The Municipality shall provide notice of defeasance of Series 2022 Solid Waste Services Bonds to each party entitled to receive notice in accordance with Section 11.01.

When the 2022 Solid Waste Services Bonds are no longer Outstanding, any funds remaining on deposit with the Registrar shall be returned to the Municipality, and this Trust Agreement shall be fully discharged.

**ARTICLE VIII
REFUNDING; APPLICATION OF BOND PROCEEDS**

SECTION 8.01. Refunding. As authorized by the Bond Ordinance, the Chief Fiscal Officer hereby designates \$107,000,000 of the Outstanding Subordinate Lien Notes to be refunded by the proceeds of the 2022 Solid Waste Services Bonds, to provide for long term financing of the Projects.

SECTION 8.02. Application of 2022 Solid Waste Services Bond Proceeds. The net proceeds of sale of the 2022 Solid Waste Services Bonds, exclusive of the Underwriters' discount which shall be retained by the Underwriters, shall be remitted as follows:

(a) *Rebate Calculations and Deposits.* The Municipality will, at its cost, hire a Rebate Analyst in order to calculate or at the option of the Municipality, the Municipality shall calculate by no later than April 30 of each year, commencing with the year 2023 through 2027, the Rebate Amount as of December 31 of the preceding year for each year following the Closing Date, the Rebate Amount as of the date of such final disbursement. Based on each such calculation, the Registrar shall deposit into the Rebate Fund the amount, if any, from such fund or account as directed by the Authorized Municipality Representative.

The Rebate Analyst shall continue to make periodic rebate calculations by no later than April 30 of each five year period. Based on such calculations, and promptly upon receipt of each such calculation from the Rebate Analyst, transfers of funds from Gross Revenues shall be made to the Rebate Fund in amounts sufficient to make payments of any Rebate Amounts, as determined by the Rebate Analyst. The Registrar shall deposit any such amounts into the Rebate Fund.

(b) *Investment of Money in the Rebate Fund.* Money in the Rebate Fund shall be invested by the Registrar only in Permitted Investments and only upon written direction of an Authorized Municipality Representative and that mature no later than a date that is earlier than the date any payment of a Rebate Amount is due.

(c) *Rebate Withdrawals.* If the annual calculation of Rebateable Arbitrage under subsection (a) of this Section 8.04 hereof indicates that the balance in the Rebate Fund exceeds the Rebate Amount as of the date thereof, then the Registrar shall, if directed by an Authorized Representative, transfer all or any portion of such excess to the Debt Service Account.

(d) *Remaining Balance.* Any funds remaining in the Rebate Fund after the 2022 Solid Waste Services Bonds are no longer Outstanding shall be paid to SWS.

(e) *Amendment.* The intent of this Section 8.04 is to require funding of the Rebate Fund so that money in that account will be available to pay Rebate Amounts when it is required to be paid under Section 148 of the Code. Notwithstanding anything stated to the contrary in this Trust Agreement, the Municipality shall not be required to retain a Rebate Analyst or continue to perform arbitrage rebate calculations as provided in this Section 8.04 if the Municipality obtains an opinion of a nationally recognized bond counsel selected by the Municipality to the effect that the Municipality has met one of the permitted exceptions from the payment of Rebate Amounts; no Rebate Amount is due and owing and/or rebate computations are no longer required (which opinion may rely upon the mathematical computations of a Rebate Analyst).

**ARTICLE IX
THE REGISTRAR**

SECTION 9.01. Duties, Immunities and Liabilities of Registrar.

(a) *Appointment.* U.S. Bank Trust Company, National Association, Seattle, Washington, a national banking association, is appointed to serve as Registrar. The Registrar shall perform such duties and only such duties as are specifically imposed upon it as set forth in

the Bond Ordinance and this Trust Agreement and no implied duties or responsibilities shall be read into this Trust Agreement against the Registrar. The Registrar shall exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) *Removal.* Upon 30 days' advance written notice to the Registrar, the Chief Fiscal Officer may remove the Registrar at any time. In addition, the Chief Fiscal Officer shall remove the Registrar if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the 2022 Solid Waste Services Bonds then Outstanding (or their attorneys duly authorized in writing) or, without the necessity of advance written notice, if at any time the Registrar shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Registrar or its property shall be appointed, or any public officer shall take control or charge of the Registrar or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case the Chief Fiscal Officer shall give written notice of such removal to the Registrar and thereupon shall appoint a successor Registrar by an instrument in writing.

(c) *Resignation.* The Registrar may at any time resign by giving written notice of such resignation to the Chief Fiscal Officer and by giving the Owners notice of such resignation by first class mail at the addresses shown on the registration books maintained by the Registrar. Upon receiving such notice of resignation, the Chief Fiscal Officer shall promptly appoint a successor Registrar by an instrument in writing. The Registrar shall not be relieved of its duties until such successor Registrar has accepted appointment.

(d) *Appointment of Successor.* Any removal or resignation of the Registrar and appointment of a successor Registrar shall become effective only upon acceptance of appointment by the successor Registrar. If no successor Registrar shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Registrar or any 2022 Solid Waste Services Bond Owner (on behalf of himself and all other 2022 Solid Waste Services Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Registrar, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Registrar. Any successor Registrar appointed under this Trust Agreement shall signify its acceptance of such appointment by executing and delivering to the Chief Fiscal Officer and to its predecessor Registrar a written acceptance thereof, and thereupon such successor Registrar, without any further act, deed or conveyance, shall become vested with all the money, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Registrar, with like effect as if originally named Registrar herein; but, nevertheless, at the request of the Chief Fiscal Officer or the request of the successor Registrar, such predecessor Registrar shall, at the expense of the Municipality and upon prior payment or indemnification therefor, execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Registrar all the rights, title and interest of such predecessor Registrar in and to any property held by it under this Trust Agreement and shall pay over, transfer, assign and deliver to the successor Registrar

Agreement, or the bond documents or any representations therein. The Registrar shall incur no responsibility in respect of any such documents, other than in connection with the duties or obligations herein or in the 2022 Solid Waste Services Bonds assigned to or imposed upon it. The Registrar shall, however, be responsible for its representations contained in its certificate of authentication on the 2022 Solid Waste Services Bonds. The Registrar may become the Owner of 2022 Solid Waste Services Bonds as principal with the same rights it would have if it were not Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of 2022 Solid Waste Services Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the 2022 Solid Waste Services Bonds then Outstanding.

(b) *Direction from Owners.* The Registrar shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than 25% in aggregate principal amount of the 2022 Solid Waste Services Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Registrar or exercising any trust or power conferred upon the Registrar under this Trust Agreement. Before being obligated to commence any proceeding for any remedy or otherwise to take action at the direction of the Owners which could result in expense or liability to the Registrar, the Registrar may require that it be compensated and reimbursed for the reasonable fees and expenses of its counsel, and that it receive satisfactory indemnity against all liability, except liability resulting from its own negligence or willful misconduct.

(c) *Reliance.* The Registrar shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Trust Agreement.

(d) *No Expenditure of Funds.* No provision of this Trust Agreement shall require the Registrar to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) *Use of Agents.* The Registrar may exercise any powers hereunder and perform any duties of it through attorneys, accountants, receivers, or other agents employed by the Registrar, and, to the extent that payment has been approved in advance in writing by the Municipality, it shall be entitled to pay the reasonable compensation and expenses of such attorneys, accountants, receivers and agents. Before being required to take any action, the Registrar may require an opinion of counsel reasonably acceptable to it, which opinion shall be made available to the other parties hereto upon request, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Registrar shall be absolutely protected in relying thereon.

(f) *Permissive.* The permissible right of the Registrar to do things enumerated hereunder in this Trust Agreement shall not be construed as a duty.

any money or other property subject to the trusts and conditions herein set forth, subject to Section 9.03 herein. Upon request of the successor Registrar, the Chief Fiscal Officer shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Registrar all such money, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Registrar as provided in this subsection, such successor Registrar shall mail a notice of the succession of such Registrar to the trusts hereunder to any Rating Agency which is then rating the 2022 Solid Waste Services Bonds and to the 2022 Solid Waste Services Bond Owners at the addresses shown on the registration books maintained by the Registrar.

(e) *Qualification of Successor.* Any Registrar appointed under the provisions of this Section in succession to U.S. Bank Trust Company, National Association, as the initial Registrar, shall be a trust company or bank having the powers of a trust company qualified under the Act to act as Registrar, having a combined capital, surplus and undivided profits of at least \$150,000,000, subject to supervision or examination by federal or state authority and rated Baa3/P3 (or the equivalent) or higher by the Rating Agency, if any, then maintaining a rating for the 2022 Solid Waste Services Bonds or receives written notice from the Rating Agency then maintaining a rating for the 2022 Solid Waste Services Bonds that the rating on the 2022 Solid Waste Services Bonds will not be reduced or withdrawn upon such appointment. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(f) *Official Statement.* The Registrar shall have no responsibility with respect to any information, statement or recital in the Official Statement or other disclosure material prepared or distributed with respect to the 2022 Solid Waste Services Bonds.

(g) *Survival.* The Registrar's rights to immunities, indemnity, and protection from liability hereunder and its rights to payment of fees and expenses shall survive its resignation or removal and the final payment or defeasance of the 2022 Solid Waste Services Bonds or the discharge of this Trust Agreement.

SECTION 9.02. *Merger or Consolidation.* Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, provided such company shall be eligible under subsection (c) of Section 9.01, shall be the successor to such Registrar and Registrar's administration thereof without the executing or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 9.03. *Liability of Registrar.*

(a) *Limitation.* The recitals of facts herein and in the 2022 Solid Waste Services Bonds shall be taken as statements of the Municipality, and the Registrar shall have no responsibility for the correctness of the same or for the validity or sufficiency of this Trust

(g) *Inquiry.* The Registrar shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions, or agreements on the part of the Municipality, except as herein set forth; but the Registrar may require of the Municipality full information and advice as to the performance of the covenants, conditions, and agreements aforesaid.

(h) *Reliance.* The Registrar may rely and shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, facsimile, or other paper or document which in good faith it believes to be genuine and correct and signed or sent by the proper person or persons.

SECTION 9.04. *Preservation and Inspection of Documents.* All documents maintained by the Registrar under the provisions of this Trust Agreement shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Municipality and its agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions with reasonable prior notice.

SECTION 9.05. *Compensation.* The Registrar shall be entitled to receive compensation from the Municipality for the services of the Registrar rendered under or pursuant to this Trust Agreement, which compensation shall be determined in accordance with the written fee schedule of the Registrar attached hereto as Exhibit B and as may be supplemented or modified from time to time hereafter, or as of the date of appointment of any successor Registrar (or which compensation, in the absence of any such written fee schedule, shall be reasonable compensation). In addition, the Registrar shall be entitled to be reimbursed for all out-of-pocket expenditures, advances, reasonable legal fees, and other expenses reasonably or necessarily made or incurred in the execution of the trusts created by this Trust Agreement and in the exercise and performance of the powers and duties of the Registrar and for the reasonable and necessary costs and expenses incurred in defending any liability, except liability resulting from its negligence or willful misconduct.

ARTICLE X
MODIFICATION OF THE BOND ORDINANCE AND THIS TRUST AGREEMENT

SECTION 10.01. *Limitations.*

(a) *Supplements/Amendments to Bond Ordinance and/or Trust Agreement.* The Assembly from time to time and at any time may approve an ordinance or ordinances supplemental to the Bond Ordinance, which ordinance or ordinances thereafter shall become a part of the Bond Ordinance, or the Chief Fiscal Officer may approve an amendment to this Trust Agreement for any one or more of the following purposes:

(1) To add to the covenants and agreements of the Municipality in this Trust Agreement or the Bond Ordinance contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Municipality.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in the Bond Ordinance and/or this Trust Agreement or in regard to matters or questions arising under the Bond Ordinance and/or this Trust Agreement as the Assembly or the Chief Fiscal Officer, as the case may be, may deem necessary or desirable and not inconsistent with the Bond Ordinance and/or this Trust Agreement and which shall not materially and adversely affect the interest of the Registered Owners or Beneficial Owners of any Parity Bonds.

(3) To provide for the issuance of Parity Bonds in a different form of book-entry or certificated obligations.

Any such supplemental ordinance or amendment to this Trust Agreement may be approved without the consent of the Registered Owner or Beneficial Owner of any of the Parity Bonds at any time outstanding, notwithstanding any of the provisions of subsection (b) of this section.

(b) *With Consent.* With the consent of the Registered Owners of not less than 60% in aggregate principal amount of any Parity Bonds at the time Outstanding, the Assembly may approve an ordinance or ordinances supplemental to the Bond Ordinance and/or the Chief Fiscal Officer may approve an amendment to this Trust Agreement for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Bond Ordinance and/or this Trust Agreement or of any supplemental ordinance or amendment to this Trust Agreement; *provided, however,* that no such supplemental ordinance or agreement shall:

(1) Extend the fixed maturity of any of the Parity Bonds, or reduce the rate of interest thereon, or reduce the amount or change the date of any sinking fund payment requirement, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owner of each Parity Bond so affected; or

(2) Reduce the aforesaid percentage of Registered Owners of Parity Bonds required to approve any such supplemental ordinance or amendment to this Trust Agreement without the consent of the Registered Owners of all of the Parity Bonds then outstanding; or

(3) Remove the pledge and lien of the Bond Ordinance and/or this Trust Agreement on Revenues or the moneys in the Revenue Fund.

It shall not be necessary for the consent of the Registered Owners of the Parity Bonds under this subsection (b) to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

(c) *Effect.* Upon the adoption of any supplemental ordinance or approval of an amendment to this Trust Agreement pursuant to the provisions of this section, the Bond Ordinance and/or this Trust Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the Municipality under

financial statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available.

Operating Data. Updated versions of the type of information contained in the final Official Statement in the charts entitled:

- “Table 3 – Solid Waste Services Combined Revenues, Expenses and Changes in Net Position Solid Waste Services, including Debt Service Coverage”;
- “Table 4 – Debt Service Coverage”;
- “Table 6 – Disposal Rates and Charges”;
- “Table 7 – Solid Waste Disposal Annual Tonnage”;
- “Table 9 – Statement of Revenues, Expenses and Changes in Net Position- Anchorage Solid Waste Disposal Utility”;
- “Table 10 – Residential Disposal Rates and Charges”;
- “Table 11 – Commercial Disposal Rates and Charges”;
- “Table 13 – Statement of Revenues, Expenses and Changes in Net Position- Anchorage Refuse Collection Utility.”

Item 2 shall be required only to the extent that such information is not included in the annual financial statements of the Municipality.

The annual information and operating data described above shall be provided not later than nine months after the end fiscal year. The Municipality’s current fiscal year ends December 31. The Municipality may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the Municipality may cross-reference to other documents available to the public on the MSRB’s internet website.

If not provided as part of the annual financial information discussed above, the Municipality shall provide Solid Waste Services’s audited annual financial statement prepared in accordance with generally accepted accounting principles when available to the MSRB.

(c) *Listed Events.* The Municipality agrees to provide or cause to be provided, in a timely manner to the MSRB notice of the occurrence of any of the following events with respect to the 2022 Solid Waste Services Bonds not in excess of ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

the Bond Ordinance and/or this Trust Agreement and all Registered Owners of Parity Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendment, and all the terms and conditions of any such supplemental ordinance and/or amendment to this Trust Agreement shall be deemed to be part of the terms and conditions of the Bond Ordinance and/or this Trust Agreement for any and all purposes.

(d) *Notations on Parity Bonds.* Parity Bonds executed and delivered after the execution of any supplemental ordinance or amendment to this Trust Agreement adopted or approved pursuant to the provisions of this section may bear a notation as to any matter provided for in such supplemental ordinance or amendment to this Trust Agreement, and if such supplemental ordinance or agreement shall so provide, Parity Bonds so modified as to conform, in the opinion of the Assembly or the Chief Fiscal Officer, as the case may be, to any modification of the Bond Ordinance and/or this Trust Agreement contained in any such supplemental ordinance or amendment to this Trust Agreement may be prepared by the Municipality and delivered without cost to the owners of Parity Bonds then Outstanding, upon surrender for cancellation of such Parity Bond in equal aggregate principal amounts.

ARTICLE XI UNDERTAKING FOR ONGOING DISCLOSURE

SECTION 11.01. Undertaking.

(a) *Contract/Undertaking.* This Section 11.01 constitutes the Municipality’s written undertaking for the benefit of the owners and beneficial owners of the 2022 Solid Waste Services Bonds as required by Section (b)(5) of the Rule.

(b) *Financial Statements/Operating Data.* The Municipality agrees to provide or cause to be provided to the Municipal Securities Rulemaking Board (“MSRB”), the following annual financial information and operating data for the prior fiscal year (commencing in 2023 for the fiscal year ended December 31, 2022):

1. Annual financial statements, which statements may or may not be audited, showing ending fund balances for the Revenue Fund prepared in accordance with generally accepted accounting principles; and

2. Historical financial and operating information of the type presented in the Official Statement as follows:

Audited financial statements. Audited financial statements of Solid Waste Services, prepared in accordance with generally accepted accounting principles as prescribed by the Government Accounting Standards Board (or its successor) from time to time, generally of the type included in the Official Statement as Appendix A. If the audited financial statements are not available by the Submission Date, the Annual Disclosure Report for the 2022 Solid Waste Services Bonds shall contain unaudited financial statements in a format similar to the audited financial statements most recently prepared for the Solid Waste Services, and the audited

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2022 Solid Waste Services Bonds, or other material or events affecting the tax status of the 2022 Solid Waste Services Bonds;

7. Modifications to the rights of Bond owners, if material;

8. Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34 23856, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing the repayment of the 2022 Solid Waste Services Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Municipality;

13. The consummation of a merger, consolidation, or acquisition of the Municipality or the sale of all or substantially all of the assets of the Municipality, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement to undertake any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of the trustee, if material;

15. Incurrence of a financial obligation of the Municipality, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Municipality, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Municipality, any of which reflect financial difficulties.

The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule. The Municipality has established post issuance compliance procedures that include, *inter alia*, reporting obligations with respect to its undertakings under the Rule.

Solely for purposes of information, but without intending to modify this undertaking, the Municipality advises that there is no property securing the repayment of the 2022 Solid Waste Services Bonds. The Municipality shall promptly determine whether the events in which a materiality determination is permitted per SEC Rule 15c2-12 described above are material

(d) Notification Upon Failure to Provide Financial Data. The Municipality agrees to provide or cause to be provided, in a timely manner to the MSRB notice of its failure to provide the annual financial information described in Subsection (b) above on or prior to the date set forth in Subsection (b) above.

(e) EMMA; Format for Filings with the MSRB. Until otherwise designated by the MSRB or the Commission, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org. All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(f) Termination/Modification. The Municipality's obligations to provide annual financial information and notices of listed events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2022 Solid Waste Services Bonds. Any provision of this section shall be null and void if the Municipality (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the 2022 Solid Waste Services Bonds and (2) notifies the MSRB of such opinion and the cancellation of this section.

Notwithstanding any other provision of this Trust Agreement, the Municipality may amend this section and any provision of this section may be waived, without the consent of the registered or beneficial owners of the 2022 Solid Waste Services Bonds, provided the following conditions are satisfied (i) if the amendment or waiver relates to the submission of annual information or notices of material events described above, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2022 Solid Waste Services Bonds, or the type of business conducted; (ii) this section, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issue of the 2022 Solid Waste Services Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the beneficial owners of the 2022 Solid Waste Services Bonds. In the event of any amendment of this section, the Municipality shall describe such amendment in the next annual report, and shall include a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Municipality. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event under Subsection (c), and (ii) the annual report for

that it would have entered into this Trust Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the 2022 Solid Waste Services Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

SECTION 12.05. Notices. Any notice or demand upon the following parties shall be given by first class mail, return receipt requested, as set forth below, or to such other addresses as may from time to time be furnished, effective upon the receipt of notice thereof given as provided for in this Section 12.05.

If to the Municipality: Municipality of Anchorage
632 West Sixth Avenue, Suite 810
P. O. Box 196650
Anchorage, Alaska 99501
Attention: Chief Fiscal Officer
Telephone: (907) 343-6610
Teletype: (907) 343-6616

If to the Registrar: U.S. Bank Trust Company, National Association
1420 Fifth Avenue, 7th Floor
Mail Code PD-WA-T7CT
Seattle, WA 98101
Attention: Thomas Zrust
Telephone: (206) 344-4687
Teletype: (206) 344-4630

SECTION 12.06. Notices to Rating Agencies. The Registrar shall provide each Rating Agency then maintaining a rating on the 2022 Solid Waste Services Bonds with written notice prior to the effective date of such event of (a) any successor Registrar, (b) any material amendments to this Trust Agreement, (c) the redemption or tender in whole of the 2022 Solid Waste Services Bonds, and (d) the final payment of principal and interest on the 2022 Solid Waste Services Bonds.

SECTION 12.07. Evidence of Rights of Bond Owners. Any request, consent or other instrument required or permitted by this Trust Agreement to be signed and executed by 2022 Solid Waste Services Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such 2022 Solid Waste Services Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of 2022 Solid Waste Services Bonds transferable by delivery, shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Registrar and the Municipality if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of

the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(g) Bond Owner's Remedies Under This Section. The right of any bondowner or beneficial owner of 2022 Solid Waste Services Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the Municipality's obligations under this section, and any failure by the Municipality to comply with the provisions of this undertaking shall not be an event of default with respect to the 2022 Solid Waste Services Bonds. For purposes of this section, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2022 Solid Waste Services Bonds, including persons holding 2022 Solid Waste Services Bonds through nominees or depositories.

ARTICLE XII MISCELLANEOUS

SECTION 12.01. Successor Is Deemed Included in All References to Predecessor. Whenever in this Trust Agreement either the Municipality or the Registrar is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Municipality and the Registrar shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 12.02. Limitation of Rights to Parties and 2022 Solid Waste Services Bond Owners. Nothing in this Trust Agreement or in the 2022 Solid Waste Services Bonds expressed or implied is intended or shall be construed to give to any person other than the Municipality, the Registrar and the Owners of the 2022 Solid Waste Services Bonds, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision therein or herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Municipality, the Registrar and the Owners of the 2022 Solid Waste Services Bonds.

SECTION 12.03. Waiver of Notice. Except as otherwise provided herein, whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 12.04. Severability of Invalid Provisions. If any one or more of the provisions contained in this Trust Agreement or in the 2022 Solid Waste Services Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Trust Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Municipality hereby declares

any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of registered 2022 Solid Waste Services Bonds shall be proved by the bond registration books held by the Registrar.

Any request, consent, or other instrument or writing of the Owner of any 2022 Solid Waste Services Bond shall bind every future Owner of the same Bond and the Owner of every 2022 Solid Waste Services Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Registrar or the Municipality in accordance therewith or reliance thereon.

SECTION 12.08. Electronic Signatures. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. The parties agree that the electronic signature of a party to this Trust Agreement (or any amendment or supplement of this Trust Agreement) shall be as valid as an original signature of such party and shall be effective to bind such party to this Trust Agreement. The parties agree that any electronically signed document (including this Trust Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts", if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

SECTION 12.09. Payment by ACH or Wire Transfer. All payments due to the Registrar under this Agreement shall be made by the Municipality by ACH or wire transfer through the Federal Reserve System, or as otherwise agreed by the Municipality and the Registrar.

SECTION 12.10. Applicable Provisions of Law. This Trust Agreement shall be governed by and construed in accordance with the laws of the State of Alaska.

SECTION 12.11. Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Municipality and the Registrar shall preserve undestroyed, shall together constitute but one and the same instrument.

EXHIBIT A

Solid Waste Services Revenue Refunding Bonds, 2022 Series A

REQUISITION CERTIFICATE

IN WITNESS WHEREOF, the Municipality of Anchorage has caused this Trust Agreement to be signed in its name by its Chief Fiscal Officer and U.S. Bank Trust Company, National Association, in acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed in its corporate name by its officer thereunder duly authorized all as of the day and year first above written.

MUNICIPALITY OF ANCHORAGE, ALASKA

By _____
Grant Yutzenka, Acting Chief Fiscal Officer

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

By _____
Thomas Zrust, Vice President

REQUISITION CERTIFICATE NUMBER OR LETTER: _____
REQUISITION EXECUTION AND DRAW DATE: _____
REQUISITION AMOUNT: _____

TO: U.S. Bank Trust Company, National Association / Tom Zrust
1420 Fifth Avenue, 7th Floor
Mail Code PD-WA-T7CT
Seattle, WA 98101 FAX: 206-344-4630

FROM: Municipality of Anchorage, Alaska

SUBJECT: Trust Agreement dated as of November 15, 2022 between Municipality of Anchorage, Alaska and U.S. Bank Trust Company, National Association (the "Trust Agreement")

You are instructed to make the disbursement to pay this requisition from the following funds or accounts pursuant to Section 8.03 of the Trust Agreement for the 2022 Solid Waste Services Bonds:

Cost of Issuance Fund
Purpose: _____
Wire Instructions: _____
Cost of Issuance Expenses
Bank: _____

ABA Number: _____
Account Name: _____
Account #: _____
Bank Contact: _____

Terms capitalized herein have the meanings specified in the Trust Agreement.

Executed this ___th day of ___, 20__.

Municipality of Anchorage

Reviewed by: _____

Acting Chief Fiscal Officer, Grant Yutzenka

Reviewed by: _____

**EXHIBIT B
REGISTRAR FEE SCHEDULE**

See Attached

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The following information has been provided by the Depository Trust Company, New York, New York (“DTC”). The Municipality makes no representation regarding the accuracy or completeness thereof. Beneficial Owners (as hereinafter defined) should therefore confirm the following with DTC or the Participants (as hereinafter defined).

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2022 Solid Waste Services Bonds. The 2022 Solid Waste Services Bonds will be issued as fully-registered 2022 Solid Waste Services Bonds 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 2022 Solid Waste Services 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 a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of 2022 Solid Waste Services Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 Solid Waste Services 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 2022 Solid Waste Services 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 2022 Solid Waste Services Bonds, except in the event that use of the book-entry system for the 2022 Solid Waste Services Bonds is discontinued.

4. To facilitate subsequent transfers, all 2022 Solid Waste Services 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 2022 Solid Waste Services 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 2022 Solid Waste Services Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2022 Solid Waste Services 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. Beneficial Owners of 2022 Solid Waste Services Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2022 Solid Waste Services Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2022 Solid Waste Services Bonds may wish to ascertain that the nominee holding the 2022 Solid Waste Services Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the 2022 Solid Waste Services 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 2022 Solid Waste Services 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 Municipality 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 2022 Solid Waste Services Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. All payments on the 2022 Solid Waste Services 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 Municipality or the Paying Agent/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 2022 Solid Waste Services Bonds 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 Paying Agent/Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent/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 2022 Solid Waste Services Bonds at any time by giving reasonable notice to the Municipality or the Paying Agent/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 Municipality 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.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but neither the Municipality nor the Underwriters take any responsibility for the accuracy thereof.

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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CONTINUING DISCLOSURE UNDERTAKING

The Municipality covenants and agrees in Article XI of the Trust Agreement as follows:

(a) *Contract/Undertaking.* This Section 11.01 constitutes the Municipality's written undertaking for the benefit of the owners and beneficial owners of the 2022 Solid Waste Services Bonds as required by Section (b)(5) of the Rule.

(b) *Financial Statements/Operating Data.* The Municipality agrees to provide or cause to be provided to the Municipal Securities Rulemaking Board ("MSRB"), the following annual financial information and operating data for the prior fiscal year (commencing in 2023 for the fiscal year ended December 31, 2022):

1. Annual financial statements, which statements may or may not be audited, showing ending fund balances for the Revenue Fund prepared in accordance with generally accepted accounting principles; and

2. Historical financial and operating information of the type presented in the Official Statement as follows:

Audited financial statements. Audited financial statements of Solid Waste Services, prepared in accordance with generally accepted accounting principles as prescribed by the Government Accounting Standards Board (or its successor) from time to time, generally of the type included in the Official Statement as Appendix A. If the audited financial statements are not available by the Submission Date, the Annual Disclosure Report for the 2022 Solid Waste Services Bonds shall contain unaudited financial statements in a format similar to the audited financial statements most recently prepared for the Solid Waste Services, and the audited financial statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available.

Operating Data. Updated versions of the type of information contained in the final Official Statement in the charts entitled:

- "Table 3 – SWS Combined Revenues, Expenses, and Changes in Net Position";
- "Table 4 – Debt Service Coverage";
- "Table 6 – Disposal Rates and Charges";
- "Table 7 – Solid Waste Disposal Annual Tonnage";
- "Table 9 – Statement of Revenues, Expenses and Changes in Net Position-Anchorage Solid Waste Disposal Utility";
- "Table 10 – Residential Disposal Rates and Charges";
- "Table 11 – Commercial Disposal Rates and Charges"; and
- "Table 13 – Statement of Revenues, Expenses and Changes in Net Position-Anchorage Refuse Collection Utility."

Item 2 shall be required only to the extent that such information is not included in the annual financial statements of the Municipality.

The annual information and operating data described above shall be provided not later than nine months after the end fiscal year. The Municipality's current fiscal year ends December 31. The Municipality may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the Municipality may cross-reference to other documents available to the public on the MSRB's internet website.

If not provided as part of the annual financial information discussed above, the Municipality shall provide Solid Waste Services' audited annual financial statement prepared in accordance with generally accepted accounting principles when available to the MSRB.

(c) *Listed Events.* The Municipality agrees to provide or cause to be provided, in a timely manner to the MSRB notice of the occurrence of any of the following events with respect to the 2022 Solid Waste Services Bonds not in excess of ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2022 Solid Waste Services Bonds, or other material or events affecting the tax status of the 2022 Solid Waste Services Bonds;
7. Modifications to the rights of Bond owners, if material;
8. Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34 23856, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing the repayment of the 2022 Solid Waste Services Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Municipality;
13. The consummation of a merger, consolidation, or acquisition of the Municipality or the sale of all or substantially all of the assets of the Municipality, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement to undertake any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of the trustee, if material;
15. Incurrence of a financial obligation of the Municipality, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Municipality, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Municipality, any of which reflect financial difficulties.

The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule. The Municipality has established post issuance compliance procedures that include, *inter alia*, reporting obligations with respect to its undertakings under the Rule.

Solely for purposes of information, but without intending to modify this undertaking, the Municipality advises that there is no property securing the repayment of the 2022 Solid Waste Services Bonds. The Municipality shall promptly determine whether the events in which a materiality determination is permitted per SEC Rule 15c2-12 described above are material

(d) *Notification Upon Failure to Provide Financial Data.* The Municipality agrees to provide or cause to be provided, in a timely manner to the MSRB notice of its failure to provide the annual financial information described in Subsection (b) above on or prior to the date set forth in Subsection (b) above.

(e) *EMMA; Format for Filings with the MSRB.* Until otherwise designated by the MSRB or the Commission, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB’s Electronic Municipal Market Access system (“EMMA”), currently located at

www.emma.msrb.org. All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(f) *Termination/Modification.* The Municipality's obligations to provide annual financial information and notices of listed events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2022 Solid Waste Services Bonds. Any provision of this section shall be null and void if the Municipality (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the 2022 Solid Waste Services Bonds and (2) notifies the MSRB of such opinion and the cancellation of this section.

Notwithstanding any other provision of this Trust Agreement, the Municipality may amend this section and any provision of this section may be waived, without the consent of the registered or beneficial owners of the 2022 Solid Waste Services Bonds, provided the following conditions are satisfied (i) if the amendment or waiver relates to the submission of annual information or notices of material events described above, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2022 Solid Waste Services Bonds, or the type of business conducted; (ii) this section, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issue of the 2022 Solid Waste Services Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the beneficial owners of the 2022 Solid Waste Services Bonds. In the event of any amendment of this section, the Municipality shall describe such amendment in the next annual report, and shall include a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Municipality. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event under Subsection (c), and (ii) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(g) *Bond Owner's Remedies Under This Section.* The right of any bondowner or beneficial owner of 2022 Solid Waste Services Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the Municipality's obligations under this section, and any failure by the Municipality to comply with the provisions of this undertaking shall not be an event of default with respect to the 2022 Solid Waste Services Bonds. For purposes of this section, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2022 Solid Waste Services Bonds, including persons holding 2022 Solid Waste Services Bonds through nominees or depositories.

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