NEW ISSUE **S&P Global Rating: "A"**
FULL BOOK-ENTRY **S&P Insured Rating on the 2020 Series B Bonds: "AA"**
(See the captions "BOND INSURANCE" and "RATINGS" herein)

In the opinion of K&L Gates LLP, Bond Counsel, assuming compliance with certain covenants of the Municipality, interest on the 2020 Series A Bonds is excludable from gross income for federal income tax purposes under existing law, except for interest on any 2020 Series A Bond for any period during which such 2020 Series A Bond is held by a "substantial user" of the facilities financed or refinanced by such 2020 Series A Bonds, or a "related person" to such "substantial user," within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the 2020 Series A Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the 2020 Series A Bonds is not included in taxable income for purposes of the Alaska income tax imposed on corporations. Interest on the 2020 Series B Bonds is not excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel.

MUNICIPALITY OF ANCHORAGE, ALASKA

$18,885,000	$46,210,000
2020 Port Revenue Bonds, Series A (AMT)	**2020 Port Revenue Bonds, Series B (Taxable)**

Dated: Date of Delivery **Due: December 1, as shown on the inside cover**

The Bonds of each series 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 for the Bonds. Individual purchases of interests in the Bonds of each series will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof within a single maturity. Purchasers of such interests will not receive certificates representing their interests in the Bonds. Principal of and interest on the Bonds of each series are payable directly to DTC by U.S. Bank National Association, as authenticating paying agent and registrar (the "Registrar") for the Bonds. Principal of the Bonds of each series is payable on the dates set forth on the inside cover. Interest on the Bonds of each series is payable on June 1, 2021, and semiannually thereafter on each June 1 and December 1. 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 Bonds, as described in APPENDIX D—Book-Entry Only System.

The Bonds of each series are subject to redemption prior to their respective scheduled maturities as more fully described herein under the caption "DESCRIPTION OF THE BONDS—Redemption."

The scheduled payment of principal of and interest on the 2020 Series B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2020 Series B Bonds by Assured Guaranty Municipal Corp.

The Bonds are revenue obligations of the Municipality of Anchorage, Alaska (the "Municipality"), the proceeds of which will be used to refund the balance outstanding on an outstanding short term borrowing program loan of the Port of Alaska (the "Port"), provide funds to finance or reimburse the Municipality for a portion of the costs of the Port of Alaska Modernization Program (the "PAMP"), fund the Common Reserve Account-A for the 2020 Series A Bonds (as herein defined) and the Common Reserve Account-B (as herein defined) for the 2020 Series B Bonds, to capitalize interest on the Bonds and pay costs of issuance of the Bonds. The Bonds are secured solely by a pledge of the Gross Revenues (as such term is defined herein) of the Port and moneys in the Port Fund of the Municipality, subject only to the payment of Operating Expenses (as such term is defined herein), having a lien on such Gross Revenues equal to the lien thereon of bonds issued in the future on a parity therewith. The Municipality has reserved the right to issue parity lien bonds in the future.

The 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 repayment of the principal of or interest on the Bonds.

MATURITY SCHEDULES — Inside of Cover Page

The Bonds of each series 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 Hawkins Delafield and Wood LLP, Sacramento, California. It is expected that the 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 December 3, 2020.

BofA Securities **US Bancorp**

J.P. Morgan **KeyBanc Capital Markets Inc.** **Wells Fargo Securities**

Dated: November 19, 2020

MATURITY SCHEDULES

MUNICIPALITY OF ANCHORAGE, ALASKA

$18,885,000
2020 Port Revenue Bonds, Series A (AMT)

Maturities, Amounts, Interest Rates and Yields
(Base CUSIP† No. 033252)

$18,885,000 5.000% Term Bond Due December 1, 2050; Yield: 2.530%; Price: 121.691%*; CUSIP†: AA5

* Priced to the call date of December 1, 2030.

$46,210,000
2020 Port Revenue Bonds, Series B (Taxable)

Maturities, Amounts, Interest Rates and Yields
(Base CUSIP† No. 033252)

Due December 1	Principal Amount	Interest Rate	Yield	CUSIP† No.	Due December 1	Principal Amount	Interest Rate	Yield	CUSIP† No.
2023	$ 715,000	1.071%	1.071%	AB3	2035	$ 2,210,000	2.949%	2.949%	AP2
2024	525,000	1.333	1.333	AC1	2036	2,280,000	3.049	3.049	AQ0
2025	370,000	1.433	1.433	AD9	2037	2,345,000	3.149	3.149	AR8
2026	1,385,000	1.720	1.720	AE7	2038	2,420,000	3.249	3.249	AS6
2027	1,845,000	1.870	1.870	AF4	2039	2,500,000	3.349	3.349	AT4
2028	1,865,000	2.099	2.099	AG2	2040	2,585,000	3.390	3.390	AU1
2029	1,905,000	2.199	2.199	AH0	2041	2,670,000	3.430	3.430	AV9
2030	1,945,000	2.299	2.299	AJ6	2042	2,765,000	3.460	3.460	AW7
2031	1,990,000	2.449	2.449	AK3	2043	2,860,000	3.480	3.480	AX5
2032	2,040,000	2.599	2.599	AL1	2044	2,960,000	3.500	3.500	AY3
2033	2,095,000	2.749	2.749	AM9	2045	1,785,000	3.520	3.520	AZ0
2034	2,150,000	2.849	2.849	AN7					

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 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, the Port of Alaska, 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 Bonds.

UPON ISSUANCE, THE 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 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 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, the Port of Alaska 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. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with one or more repositories.

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 a 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.

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

Certain statements contained in this Official Statement do not reflect historical facts but are forecasts, 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 forecasts, 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.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this official statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission ("Rule 15c2-12").

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM, supplied by AGM and presented under the heading "BOND INSURANCE" and "Appendix E - Specimen Municipal Bond Insurance Policy".

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MUNICIPALITY OF ANCHORAGE

ACTING MAYOR

Austin Quinn-Davidson

MUNICIPAL ASSEMBLY

Felix Rivera, Acting Chair

Jamie Allard	Kameron Perez-Verdia
Christopher Constant	Pete Petersen
Forrest Dunbar	John Weddleton - Acting Vice Chair
Crystal Kennedy	Meg Zaletel
Suzanne LaFrance	

Barbara A. Jones, Municipal Clerk

ADMINISTRATION

William D. Falsey, Municipal Manager(1)
Alexander Slivka, Chief Fiscal Officer
Kathryn Vogel, Municipal Attorney

PORT OF ALASKA
ADMINISTRATION

Stephen Ribuffo, Port Director
Sharen Walsh, Port Modernization Program Director
Cheryl Beckham, Finance and Administration Manager

PORT COMMISSION

Brad Kroon, Chair

Simon Lisiecki	Robert Pawlowski - Vice Chair
Kevin Mackey	Aves Thompson
Andy MacLeod	Ron Ward
Paul Mehler	Garret Wong

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BOND COUNSEL

K&L Gates LLP
Seattle, Washington

FINANCIAL ADVISOR

Hilltop Securities Inc.
New York, New York

PAYING AGENT/REGISTRAR

U.S. Bank National Association
Seattle, Washington

(1) William Falsey has submitted his resignation and his last day will be December 1, 2020.

*The inactive textual references to the Municipality and Port of Alaska websites are 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

$18,885,000 **2020 Port Revenue Bonds, Series A (AMT)**	**$46,210,000** **2020 Port Revenue Bonds, Series B (Taxable)**

INTRODUCTION

General

This Official Statement, including the cover hereof and the appendices hereto, was prepared to provide information relating to the Municipality of Anchorage, Alaska (the "Municipality"), the Port of Alaska (the "Port"), which is a public enterprise of the Municipality, and the issuance of the Municipality's $18,885,000 principal amount of 2020 Port Revenue Bonds, Series A (AMT) (the "2020 Series A Bonds") and $46,210,000 principal amount of 2020 Port Revenue Bonds, Series B (Taxable) (the "2020 Series B Bonds," and together with the 2020 Series A Bonds, the "Bonds").

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 and the Port has been taken or derived from the audited financial statements and other financial reports of the Municipality and the Port. 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 the Port Fund as of and for the year ended December 31, 2019, with an Independent Auditors' Report, appears 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 same meanings as set forth in the hereinafter defined Bond Ordinance and Trust Agreement (see "Authority for Issuance of the Bonds" below). Bondholders may request a copy of the Trust Agreement from the Municipality or the Registrar after closing and delivery of the Bonds.

The Bonds will be revenue obligations of the Municipality and will be secured solely by a pledge of and will be payable by the Municipality solely from Gross Revenues of the Port and moneys in the special fund named Port Fund maintained by the Municipality (the "Port Fund"), subject only to the payment of necessary Operating Expenses of the Port. (See "SECURITY FOR THE BONDS).

"Fiscal Year" means the Port's fiscal year ending December 31.

"Maximum Annual Debt Service" means, (a) with respect to the Parity Requirement, the Maximum Annual Debt Service for all Parity Bonds, including the Parity Bonds then proposed to be issued, (b) with respect to the Common Reserve Requirement-A, the highest remaining Annual Debt Service in any fiscal year for all Parity Bonds that have been designated Covered Bonds-A, and (c) with respect to the Common Reserve Requirement-B, the highest remaining Annual Debt Service in any fiscal year for all Parity Bonds that have been designated Covered Bonds-B.

"Municipal Enterprise Service Assessments" (or "MESA") mean assessments levied pursuant to Anchorage Municipal Code section 11.50.280 as the same may be further amended, repealed and superseded from time to time and any successor assessments levied by the Municipality against the Port, to be paid in lieu of property taxes for governmental services.

"Net Revenues" means Gross Revenues less any part thereof that must be used to pay Operating Expenses.

"Operating Expenses" mean the current expenses incurred for operation or maintenance of the Port Facilities (other than Special Facilities), as defined under generally accepted accounting principles, in effect from time to time, excluding any allowances for depreciation or amortization or interest on any obligations of the Municipality incurred in connection with and payable from Gross Revenues. Operating Expenses shall not include any allowances for depreciation or amortization or any principal, redemption price or purchase price of, or interest on, any obligations of the Municipality incurred in connection with and payable from Gross Revenues or Municipal Enterprise Service Assessments or any assessment levied in lieu of municipal taxes or distributions of Net Revenues by transfer to the Municipality; **provided, however**; that for purposes of demonstrating compliance with the Rate Covenant and the Parity Requirement under the Trust Agreement, Operating Expenses shall include Municipality Enterprise Service Assessments (herein defined as "MESA").

"Parity Requirement" means Net Revenues equal to or greater than 135% of Maximum Annual Debt Service for all Parity Bonds, including the Parity Bonds then proposed to be issued.

"Port Facilities" mean the existing properties and facilities operated by the Port, as the same may be added to, improved and extended by the Municipality for as long as any Bonds are outstanding and which contribute in some measure to Gross Revenues.

"Special Facilities" means particular facilities financed with the proceeds of Special Revenue Bonds. "Special Revenue Bonds" mean any issue or series of revenue bonds, revenue warrants or other revenue obligations of the Municipality issued to directly or indirectly acquire (by purchase, lease or otherwise), construct, equip, install or improve Special Facilities and which are solely payable from and secured by the income and revenue from such Special Facilities.

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

The 2019 novel coronavirus ("COVID-19") pandemic currently is affecting many parts of the world, including the State of Alaska and the region. For information related to the regional impact of the COVID-19 pandemic and the Municipality's response, see "MUNICIPALITY OF ANCHORAGE—Response to COVID-19" and "PORT OF ALASKA—COVID-19 Pandemic Impact on the Port."

Authority for Issuance of the Bonds

The Bonds are issued pursuant to Article XV of the Municipal Charter of the Municipality. The sale of the Bonds is further authorized by Ordinance No. AO 2020-16 passed by the Assembly on February 11, 2020 (the "Bond Ordinance"). The Bond Ordinance sets forth certain details of the Bonds and authorized the Chief Fiscal Officer of the Municipality to cause the Bonds to be sold by competitive public sale or negotiated sale.

Further details of the Bonds are found in the Trust Agreement, dated December 3, 2020 (the "Trust Agreement"), by and between the Municipality and U.S. Bank National Association, as authenticating agent, paying agent and registrar (the "Registrar").

Purpose of the Bonds

The proceeds of the 2020 Series A Bonds will be used to pay or reimburse the costs of a portion of Phase 1 of the Port of Alaska Modernization Program ("PAMP"), including the replacement of the Port's existing, deteriorating Petroleum, Oil and Lubricants/Cement Terminal 1 ("POL1") with the Port Petroleum and Cement Terminal, to fund the Common Reserve Account-A for the 2020 Series A Bonds, to capitalize interest on the 2020 Series A Bonds and to pay costs of issuance of the 2020 Series A Bonds. The proceeds of the 2020 Series B Bonds will be used to refund the balance outstanding on a short term borrowing program loan of the Port, as further described herein, to fund the Common Reserve Account-B for the 2020 Series B Bonds, to capitalize interest on the 2020 Series B Bonds and to pay costs of issuance of the 2020 Series B Bonds. (See "Subordinate Revolving Credit Agreement," "SOURCES AND USES OF FUNDS FOR THE BONDS," and "PORT OF ALASKA MODERNIZATION PROGRAM").

Subordinate Revolving Credit Agreement

The Municipality has a revolving credit facility with U.S. Bank National Association (the "Current Credit Facility") that provides for the issuance of port revenue notes ("Subordinate Lien Port Revenue Notes") to fund capital improvements to Port Facilities on a short term basis. The lien of the Subordinate Lien Port Revenue Notes is subordinate to the lien of the Bonds on Gross Revenues and is included within the term defined as "Subordinate Lien Parity Bonds" in the Trust Agreement. The commitment amount for the Subordinate Lien Port Revenue Notes is currently $40,000,000 and currently is fully drawn. The $40,000,000 currently outstanding was used to provide funds for a portion of the costs of, what was referred to at the time as, the Port of Anchorage Intermodal Expansion Project ("PIEP"). See "PORT OF ALASKA—Port Facilities." The PIEP was an active project from 2003 – 2012. In 2012 the expansion project was converted to the PAMP. All outstanding Subordinate Lien Port Revenue Notes will be refunded with the proceeds of the 2020 Series B Bonds. The Current Credit Facility currently expires July 1, 2021. The Municipality anticipates that U.S. Bank National Association will extend the term, and potentially increase the commitment amount (if necessary), of the Current Credit Facility, conditioned upon the existing balances being paid off by the 2020 Series B Bond proceeds, and that it will further draw on the Current Credit Facility for future PAMP financing needs, although terms of such extension remain subject to negotiation. See "PORT OF ALASKA—Port Facilities;" "PORT OF ALASKA MODERNIZATION PROGRAM—PAMP Phase 1;" and "PORT OF ALASKA FINANCIAL INFORMATION—Outstanding Port Debt"). Subordinate Lien Port Revenue Notes may not be accelerated under the Current Credit Facility. The Port has the option to convert the outstanding principal balance of Notes upon the termination or expiration of the program into a term loan, maturing and amortizing generally over a three-year period if the Port does not pay or refund the outstanding balance on the expiration or termination of the Program. In the event the Municipality does not or is unable to extend, renegotiate or draw on the Current Credit Facility, the Municipality anticipates that it would seek to negotiate and enter into a replacement revolving credit or liquidity facility to fund future PAMP and other Port capital improvement financing needs. The Current Credit Facility, as the same may be extended or renegotiated, or any substitute or replacement revolving credit or liquidity facility, is hereinafter referred to as the "Credit Facility."

DESCRIPTION OF THE BONDS

The 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 Bonds. Individual purchases of the Bonds will be made in the principal amount of $5,000, or integral multiples thereof within a single maturity and will be in book-entry form only.

Interest on the Bonds is payable semiannually on June 1 and December 1 each year, commencing June 1, 2021. Principal of the Bonds of each series is due December 1 in the years and amounts shown on the inside front cover page 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 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 D—BOOK-ENTRY ONLY SYSTEM."

The 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 Bonds.

Redemption

Optional Redemption of the 2020 Series A Bonds

The 2020 Series A Bonds maturing on and after December 1, 2031 (the "Tax-Exempt Callable Bonds") are subject to redemption at the option of the Municipality on or after December 1, 2030 in whole or in part on any date, in increments of $5,000, with maturities to be selected by the Municipality, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption.

Optional Redemption of the 2020 Series B Bonds. The 2020 Series B Bonds will be subject to redemption prior to maturity as follows:

(a) Optional Redemption at Par. The 2020 Series B Bonds maturing on and after December 1, 2031 (the "Taxable Callable Bonds," and together with the Tax-Exempt Callable Bonds, the "Callable Bonds") are subject to redemption at the option of the Municipality on or after December 1, 2030 in whole or in part on any date, in increments of $5,000, with maturities to be selected by the Municipality, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption.

(b) Optional Redemption with Make-Whole Payment. Before December 1, 2030, the 2020 Series B Bonds may be redeemed, in whole or in part, at the option of the Municipality, at any time at a redemption price equal to the greater of (i) 100% of the principal amount of the 2020 Series B Bonds of such maturity to be redeemed and (ii) the sum of the present values of the applicable remaining scheduled payments of principal and interest on the 2020 Series B Bonds of such maturity to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2020 Series B Bonds are to be redeemed, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points, plus in each case, accrued and unpaid interest on the 2020 Series B Bonds being redeemed to the date fixed for redemption.

"Treasury Rate" means, with respect to any redemption date, with respect to the 2020 Series B Bonds of a particular maturity, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue with respect thereto, computed as of the second business day immediately preceding that redemption date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price with respect thereto for that redemption date.

"Comparable Treasury Issue" means, with respect to the 2020 Series B Bonds of a particular maturity, the United States Treasury security selected by the Independent Investment Banker which has an actual maturity comparable to the remaining average life of the 2020 Series B Bonds of such maturity to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Bonds of such maturity to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date, with respect to the 2020 Series B Bonds of a particular maturity, (A) the average of the applicable Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker for the 2020 Series B Bonds obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers as designated by the Municipality.

"Reference Treasury Dealer" means each of five firms, as designated by the Municipality, and their respective successors; provided, however, that if any of them ceases to be a primary U.S. Government securities dealer in the City of New York (a "Primary Treasury Dealer"), the Municipality will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date for the 2020 Series B Bonds of a particular maturity, the average, as determined by the Independent Investment Banker and communicated to the Municipality, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker and communicated to the Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that redemption date.

"Business Day" means any day, other than a Saturday or Sunday, and other than a day on which the Registrar or a Paying Agent (other than the Registrar), as applicable, is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed.

Mandatory Redemption

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the 2020 Series A Bonds maturing December 1, 2050 are subject to mandatory sinking fund redemption on December 1 of the years and in the principal amounts set forth in the following table. Any such redemption shall be at a price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption, but without premium.

2050 Term Bond	
Year (December 1)	**Principal Amount**
2045	$ 1,275,000
2046	3,185,000
2047	3,345,000
2048	3,515,000
2049	3,690,000
2050(1)	3,875,000

(1) Final Maturity.

Selection of Bonds to be Redeemed

For as long as the Callable Bonds are held in book-entry only form, the selection of Callable Bonds within a maturity to be redeemed will be made in accordance with the operational arrangements then in effect at DTC. If the Callable Bonds are no longer held in uncertificated form, the selection of such Callable 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 Tax-Exempt Callable Bonds having the same maturity date, the particular Tax-Exempt Callable 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 Tax-Exempt Callable Bond of a denomination greater than $5,000, the Municipality and the Registrar will treat each such Tax-Exempt Callable Bonds as representing such number of separate Tax-Exempt Callable Bonds each of the denomination of $5,000 as is obtained by dividing the actual principal amount of such Tax-Exempt Callable Bond by $5,000. If less than all of the Taxable Callable Bonds of a maturity are called for prior redemption, the particular Taxable Callable Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Taxable Callable Bonds are held in book-entry form, the selection for redemption of such Taxable Callable Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Taxable Callable Bonds will be selected for redemption, in accordance with DTC procedures, by lot. In the event that only a portion of the principal sum of a Callable Bond is redeemed, upon surrender of such Callable 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 Bond of like maturity and interest rate in any of the denominations herein authorized.

The Municipality intends that redemption allocations for the Taxable Callable Bonds made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, neither the Municipality nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of the Taxable Callable Bonds on such basis.

In connection with any repayment of principal, including payments of scheduled mandatory sinking fund payments, the Registrar will direct DTC to make a pass-through distribution of principal to the holders of the Taxable Callable Bonds.

For purposes of calculation of the "pro rata pass-through distribution of principal," "pro rata" means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Taxable Callable Bonds where (a) the numerator of which is equal to the amount due to the respective bondholders on a payment date, and (b) the denominator of which is equal to the total original par amount of the respective Taxable Callable Bonds.

Notice of Redemption

For so long as the Bonds are held in uncertificated form, notice of redemption, which notice may be conditional, 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 Bonds are no longer held in uncertificated form), notice of redemption will be given as follows: Unless waived by any owner of the 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 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the 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 Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of such Bonds to be redeemed; (d) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment will be the principal office of the Registrar.

If the 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 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 Bonds, in whole or in part. The Bonds may be defeased only if money and/or Government Obligations that are direct obligations or obligations of or unconditionally guaranteed by the United States of America are irrevocably set aside in a special account in amounts sufficient to pay and redeem the defeased Bonds at maturity or earlier redemption. If the Municipality defeases any Bonds, the defeased Bonds will no longer be considered to be the legal obligations of the Municipality (even though these Bonds may continue to be outstanding and unpaid). The owners and holders of defeased Bonds will be entitled to be paid only from the money and/or Government Obligations that have been set aside in the special account.

If the Municipality defeases any 2020 Series B Bonds, such 2020 Series B Bonds may be deemed to be retired and "reissued" for federal income tax purposes as a result of the defeasance. In such event, the owner of a 2020 Series B Bond could recognize a gain or loss on the 2020 Series B Bond at the time of defeasance. See "TAX MATTERS – 2020 Series B Bonds - Certain Income Tax Consequences."

SOURCES AND USES OF FUNDS FOR THE BONDS

Set forth in the following table is a summary of the estimated application of Bond proceeds associated with the execution and delivery of the Bonds.

2020 SERIES A BONDS		2020 SERIES B BONDS	
Sources of Funds:		Sources of Funds:	
Principal Amount of 2020 Series A Bonds	$ 18,885,000	Principal Amount of 2020 Series B Bonds	$ 46,210,000
Premium	4,096,345	Premium	0
Total Sources of Funds:	$ 22,981,345	Total Sources of Funds:	$ 46,210,000
Uses of Funds:		Uses of Funds:	
Deposit to Project Account-A	$ 20,000,000	Amount to pay Subordinate Lien Port Revenue Notes	$ 40,000,000
Deposit to Capitalized Interest Account-A	939,004	Deposit to Capitalized Interest Account-B	1,997,117
Deposit to Common Reserve Account-A	1,884,255	Deposit to Common Reserve Account-B	3,137,581
Deposit to Costs of Issuance Account-A(1)	158,086	Deposit to Costs of Issuance Account-B(1)	1,075,302
Total Uses of Funds:	$ 22,981,345	Total Uses of Funds:	$ 46,210,000

(1) Includes underwriters' discount, bond insurance premium, contingency and other fees and expenses.

SECURITY FOR THE BONDS

General

The Bonds are secured solely by a pledge of the Gross Revenues of the Port and moneys in the Port Fund, subject only to payment of Operating Expenses. As defined in the Bond Ordinance, "Gross Revenues" means all income and revenue derived by or for the account of the Municipality from the ownership, leasing or operating of the Port Facilities from time to time from any source whatsoever except: (a) the proceeds of any borrowing by the Municipality for the benefit of the Port and the earnings thereon (other than earnings on proceeds deposited in reserve funds); (b) federal grants or substitutes therefor allocated to capital projects; (c) payments made under credit facilities issued to pay or secure the payment of a particular series of debt obligations; (d) proceeds of insurance or condemnation proceeds other than business interruption insurance; (e) income and revenue of the Municipality separately pledged and used by it to pay and secure the payment of the principal of and interest on any issue or series of Special Revenue Bonds of the Municipality to acquire, construct, equip, install or improve part or all of the particular facilities from which such income and revenue are derived, provided that nothing in (e) shall permit the withdrawal from Gross Revenues of any income or revenue derived or to be derived by the Municipality from any income producing Port Facility which shall have been contributing to Gross Revenues prior to the issuance of such Special Revenue Bonds; and (f) income from investments irrevocably pledged to the payment of debt obligations issued or to be refunded under any refunding debt plan of the Municipality.

The Municipality has reserved the right to issue Future Parity Bonds having a lien on the Gross Revenues equal to the lien thereon of the Bonds.

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

Bond Insurance

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") will issue its Municipal Bond Insurance Policy (the "Policy") for the 2020 Series B Bonds. The Policy guarantees the scheduled payment of principal of and interest on the 2020 Series B Bonds when due. See "BOND INSURANCE" and "RATINGS."

The Insurer will be deemed to be the sole holder of the 2020 Series B Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the 2020 Series B Bonds are entitled to take pursuant to the Trust Agreement pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Registrar.

Flow of Funds and Rate Covenant

Flow of Funds

The Municipality has covenanted in the Trust Agreement to use Gross Revenues and money in the Port Fund to pay, in the following order of priority:

First, to pay Operating Expenses;

Second, to make all payments required to be made into the Bond Fund and accounts therein, as and when due, to pay the principal of, premium, if any, and interest on any Parity Bonds or reimburse any insurer providing an insurance policy for Parity Bonds for any payments made thereunder;

Third, to make all payments required to be made into the Common Reserve Account-A, Common Reserve Account-B or other reserve account securing Parity Bonds (or reimburse any issuer of a surety policy therein for any payments thereon) as and when due;

Fourth, to make payments necessary to be paid into any bond account created to pay the principal, interest and redemption premium, if any, coming due on Subordinate Lien Parity Bonds, as and when due;

Fifth, to make all payments required to be made into any reserve account(s) securing Subordinate Lien Parity Bonds, as and when due;

Sixth, to make all required payments of MESA, as and when due; and

Seventh, after applying the required amounts to the respective purposes hereinabove provided for, and after making up any deficiency in the amounts described in paragraphs First through Sixth, inclusive, to retire by redemption or purchase any outstanding revenue bonds or other revenue obligations of the Municipality as authorized in the various ordinances of the Assembly authorizing their issuance or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the Port Facilities, or any other lawful Port purposes.

Rate Covenant

The Municipality has covenanted in the Trust Agreement to establish, maintain and collect rentals, rates and charges for Port Facilities and all services or facilities furnished or supplied by the Port in each fiscal year that will provide Net Revenues each fiscal year equal to at least the Rate Covenant.

If the Net Revenues in any fiscal year are less than required to fulfill the Rate Covenant, then the Municipality will retain a Consultant to make recommendations as to operations and the revision of schedules of rentals, tariffs, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Assembly, on the basis of such recommendations and other available information, will establish rentals, tariffs, rates, fees and charges for services and operations which will be necessary to meet the Rate Covenant in the fiscal year during which such adjustments are made. In the event that the Municipality, to the extent practicable, implements the recommendations of the Consultant, then the Municipality shall not be in default of the Rate Covenant unless the Port fails to meet the Rate Covenant for three consecutive fiscal years.

As defined in the Trust Agreement, "Rate Covenant" means Net Revenues in each fiscal year at least equal to 135% times the Annual Debt Service Requirement for each such year on all Outstanding Parity Bonds. "Consultant" means at any time a municipal advisor or an independent consultant experienced in marine matters or an engineer or engineering firm or other expert appointed by the Municipality to perform the duties of the Consultant as required by the Trust Agreement. For the purposes of delivering any certificate required by "-Future Parity Bonds" below and making the calculation required, the term Consultant shall also include any independent public accounting firm appointed by the Municipality to make such calculation or to provide such certificate or nationally recognized financial advisor appointed by the Municipality for purposes of making such calculation.

Bond Fund

Pursuant to the Bond Ordinance, the Registrar is authorized to create a Port of Alaska Revenue Bond Fund (the "Bond Fund") for the payment of debt service on Parity Bonds. The Bond Fund shall include accounts therein for each series of Parity Bond.

(a) *Covenant of the Municipality*. The Municipality has obligated and bound itself irrevocably to set aside and to pay (to the extent not otherwise hereinafter provided) into the Bond Fund, including each account therein, 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. The deposits into the Bond Fund are to be made from Gross Revenues (subject to the priorities described in "SECURITY FOR THE BONDS—Flow of Funds and Rate Covenant"). The deposits into the Bond Fund including each account therein, are required to 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 and each account therein for the payment of the Parity Bonds are 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 and each account therein for the payment of the principal of, premium, if any, and interest on any Future Parity Bonds.

(b) *Bond Account -2020A.* Under the Trust Agreement, an account designated as the "Port of Alaska Revenue Bond Account - 2020A" ("Bond Account-A"). Bond Account-A is a trust fund and will be drawn upon for the sole purpose of paying the principal of and interest and premium, if any, on the 2020 Series A Bonds. Amounts pledged to be paid into Bond Account-A are a lien and charge upon Gross Revenues and the moneys in the Port Fund superior to all other charges of any kind or nature, except Operating Expenses and equal in rank to the charge thereon to pay and secure the payment of the principal of and interest on 2020 Series A Bonds and any Future Parity Bonds hereafter issued. Bond Account-A shall be in the custody of the Registrar but in the name of the Municipality, and the Municipality has authorized and directed the Registrar to withdraw money from the Bond Account-A sufficient to pay the principal of and interest on the 2020 Series A Bonds as the same shall become due and payable.

(c) *Bond Account -2020B.* Under the Trust Agreement, another account designated as the "Port of Alaska Revenue Bond Account - 2020B" ("Bond Account-B"). Bond Account-B is a trust fund and will be drawn upon for the sole purpose of paying the principal of and interest and premium, if any, on the 2020 Series B Bonds. Amounts pledged to be paid into Bond Account-B are a lien and charge upon Gross Revenues and the moneys in the Port Fund superior to all other charges of any kind or nature, except Operating Expenses and equal in rank to the charge thereon to pay and secure the payment of the principal of and interest on 2020 Series B Bonds and any Future Parity Bonds hereafter issued. Bond Account-B shall be in the custody of the Registrar but in the name of the Municipality, and the Municipality has authorized and directed the Registrar to withdraw money from the Bond Account-B sufficient to pay the principal of and interest on the 2020 Series B Bonds as the same shall become due and payable.

Common Reserve Accounts

Under the Trust Agreement, two common reserve accounts are created for the purpose of providing additional security for the payment of each series of the Bonds and also for any Future Parity Bonds that are designated as bonds to be covered by the respective common reserve account. Each common reserve account shall be funded with the proceeds of Parity Bonds, Gross Revenues or Credit Facilities (as described in subsection (c) below (subject to the priorities described in "SECURITY FOR THE BONDS—Flow of Funds and Rate Covenant"), as the Municipality shall determine.

(a) *Common Reserve Account-A.* The first common reserve account is designated as "Common Reserve Account-A" ("Common Reserve Account-A") and will be held in the custody of the Registrar. The Common Reserve Account-A shall be maintained by the Registrar for the purpose of securing the payment of the principal of, premium, if any, and interest on all Future Parity Bonds that are designated as bonds to be covered by Common Reserve Account-A ("Covered Bonds-A"). The Municipality will deposit an amount in the Common Reserve Account-A on the date of issuance of the 2020 Series A Bonds equal to $1,884,255.36 which will be equal to Common Reserve Requirement-A.

The term "Common Reserve Requirement-A" means the lesser of (i) 10% of the par amount of each series of Covered Bonds-A, (ii) Maximum Annual Debt Service on all Outstanding Covered Bonds-A, (iii) 1.25 times average Annual Debt Service of all Outstanding Covered Bonds-A or (iv) calculated as such lesser amount as shall be required to maintain the exemption of interest of any Covered Bonds-A from taxation under the Internal Revenue Code of 1986, as amended (the "Code").

(b) *Common Reserve Account-B.* The second common reserve account is designated as "Common Reserve Account-B" ("Common Reserve Account-A") and will be held in the custody of the Registrar. The Common Reserve Account-B shall be maintained by the Registrar for the purpose of securing the payment of the principal of, premium, if any, and interest on all Future Parity Bonds that are designated as bonds to be covered by Common Reserve Account-B ("Covered Bonds-B"). The Municipality will deposit an amount in the Common Reserve Account-B on the date of issuance of the 2020 Series B Bonds equal to $3,137,580.56 which will be equal to Common Reserve Requirement-B.

The term "Common Reserve Requirement-B" means the lesser of (i) 10% of the par amount of each series of Covered Bonds-B, (ii) Maximum Annual Debt Service on all Outstanding Covered Bonds-B, (iii) 1.25 times average Annual Debt Service of all Outstanding Covered Bonds-B. The Common Reserve Requirement-B shall be determined and calculated as of the date of issuance of each series of Covered Bonds-B (and recalculated upon the issuance of a subsequent series of Covered Bonds-B and also, at the Municipality's option, upon the payment of principal of Covered Bonds-B).

The term "Annual Debt Service" means the total amount of Debt Service for any Parity Bonds or series of Parity Bonds or other evidences of indebtedness payable from Gross Revenues in any fiscal year.

The term "Debt Service" means, for any period of time,

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

(2) with respect to any outstanding Fixed Rate Bonds, an amount equal to (A) the principal amount of such outstanding Fixed Rate Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (B) the amount of any payments required to be made during such period into any sinking fund established for the payment of the principal of any such outstanding Fixed Rate Bonds, plus (C) all interest payable during such period on any such Fixed Rate Bonds outstanding and with respect to outstanding Fixed Rate 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 outstanding Fixed Rate Bonds on the date specified in the Series Ordinance authorizing such Fixed Rate Bonds;

(3) 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 and Parity Bonds bearing variable rates of interest, 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 (i) in accordance with the mandatory redemption provisions, if any, set forth in the Series Ordinance authorizing the issuance of such Parity Bonds, 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 to provide for essentially level annual debt service of principal and interest over such period and (ii) at an interest rate equal to the yield to maturity 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 10 days prior to the date of calculation or, if such calculation is being made in connection with the issuance of Future Parity Bonds.

The term "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 a Series Ordinance 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 Series Ordinance authorizing the issuance of such Capital Appreciation Bonds and Original Issue Discount Bonds.

The term "Balloon Maturity Bonds" means any evidences of indebtedness payable from Gross Revenues which are so designated in the Series Ordinance pursuant to which such indebtedness is incurred.

The term "Fixed Rate Bonds" mean 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 Series Ordinance authorizing their issuance, Parity Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.

The term "Original Issue Discount Bonds" mean any Future 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.

The term Series Ordinance(s) shall include the Bond Ordinance and this Trust Agreement, together with any Supplement thereto, and any ordinance of the Assembly and Trust Agreement approved in the future authorizing the issuance of a series of Future Parity Bonds, as such ordinance(s) may thereafter be amended or supplemented.

(c) The Common Reserve Requirement-A and the Common Reserve Requirement-B shall be maintained by deposits of cash, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. To the extent that the Municipality obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Common Reserve Account-A, all or a portion of the money on hand in the Common Reserve Account-A shall be transferred to the Bond Account-A or otherwise as directed in writing by an Authorized Municipality Representative. In computing the amount on hand in the Common Reserve Account-A and the Common Reserve Account-B, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the face amount thereof, and all other obligations purchased as an investment of moneys therein shall be valued at market at least annually and any deficiency is required to be restored as required in the Trust Agreement.

The term "Qualified Insurance" means any non-cancellable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) which at the time of issuance, is rated in one of the two highest Rating Categories by one or more of the Rating Agencies.

The term "Qualified Letter of Credit" means any irrevocable letter of credit issued by a financial institution, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is rated in one of the two highest Rating Categories by one or more of the Rating Agencies.

The term "Rating Agency" means Fitch or S&P.

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

(d) The Municipality is not required to designate any series of Future Parity Bonds as Covered Bonds-A or Covered Bonds-B and the Municipality may, but shall not be required to, establish a separate reserve account for one or more series of Future Parity Bonds subject to such terms and provisions as the Municipality shall establish in a Supplemental Trust Agreement providing for the issuance of a series of Future Parity Bonds.

Additional Accounts

The Registrar will establish two Costs of Issuance Accounts for the purpose of paying costs of issuance of each series the Bonds. The Costs of Issuance Accounts will be funded with the proceeds of the respective series of the Bonds. The Registrar will also establish two Capitalized Interest Accounts for the purpose funding capitalized interest accounts on the respective series of Bonds as provided in the Trust Agreement.

Future Parity Bonds

The Trust Agreement authorizes the issuance of Future Parity Bonds under the following conditions. Future Parity Bonds would have a lien on Gross Revenues equal to the lien of the Bonds.

Except as provided below, the Municipality shall not issue any series of Future Parity Bonds or incur any additional indebtedness with a parity lien or charge on Net Revenues (on a parity of lien with Parity Bonds at the time Outstanding) unless: (i) the Registrar shall be Registrar for all Parity Bonds; (ii) the Registrar will have the custody of the Common Reserve Account-A and the Common Reserve Account-B and any additional reserve account established for Parity Bonds; (iii) the proceedings for each series of Future Parity Bonds will include all of the covenants for the benefit of each series of Future Parity Bonds set forth in Section 4.01 (See "—Other Operating Covenants in the Trust Agreement") and the flow of funds in Section 5.01(a) of the Trust Agreement (See "—Flow of Funds and Rate Covenant"); (iv) except as provided in (a) below, the Municipality shall not have been in default of its Rate Covenant for the immediately preceding fiscal year; and (v) except as provided in (a) below, there shall have been filed a certificate (prepared as described in (b) or (c) below) demonstrating fulfillment of the Parity Requirement, commencing with the first full fiscal year following the earlier of (A) the Date of Commercial Operation of the Port Facilities to be financed with the proceeds of the Future Parity Bonds and for the following two fiscal years, or (B) the date on which any portion of interest on the series of Future Parity Bonds then being issued no longer will be paid from the proceeds of such series of Future Parity Bonds and for the following two fiscal years or (C) for the purposes of subsection (d)(2) below, the issue date of Future Parity Bonds issued for refunding purposes.

(a) *No Certificate Required*. A certificate shall not be required as a condition to the issuance of Future Bonds:

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

(2) if the Future Parity Bonds are being issued to pay Costs of Construction of Port Facilities for which Future Parity Bonds have been issued previously and the principal amount of such Future Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of Future Parity Bonds theretofore issued for such Port Facilities and reasonably allocable to the Port Facilities to be completed as shown in a written certificate of the Chief Fiscal Officer, and there is delivered a Consultant's certificate stating that the nature and purpose of such Port Facilities has not materially changed.

(b) *Certificate of the Municipality Without A Consultant*. A certificate may be delivered by the Municipality without a Consultant if the Net Revenues, based upon the most recent audited financial statements of the Port for the Base Period, demonstrate that the Parity Requirement will be fulfilled commencing with the first full fiscal year following the earlier of

(1) the Date of Commercial Operation of the Port Facilities to be financed with the proceeds of the Future Parity Bonds as reasonably estimated by the Municipality, or

(2) the date on which any portion of interest on the series of Future Parity Bonds then being issued will not be paid from the proceeds of such series of Future Parity Bonds and for the following two fiscal years.

(c) *Certificate of a Consultant*. Except as provided in (a) and (b) above, compliance with the Parity 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 Parity 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 he/she/it deems reasonable.

(d) *Refunding*. The Municipality may issue refunding Future Parity Bonds hereunder as follows:

(1) Future 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 the Future Parity Bonds to purchase or refund the same and of effecting such refunding upon delivery of a certificate as provided in (c) above. Such refunding Future Parity Bonds also may be issued without a certificate if the Maximum Annual Debt Service to be Outstanding after the issuance of the refunding Future Parity Bonds shall not be greater than the Maximum Annual Debt Service were such refunding not to occur.

(2) Future 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 Future Parity Bonds to purchase or refund the same and of effecting such refunding; provided, however, that prior to the issuance of such Future Parity Bonds the Municipality must provide a certificate if required by (c) above.

(3) Future Parity Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity, any Bonds for the payment of which sufficient Net Revenues or other moneys are not available, without the requirement of a certificate pursuant to (c) above.

As defined in the Trust Agreement, "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 Future Parity Bonds. "Costs of Construction" means all costs paid or incurred by the Municipality in connection with the acquisition and construction of capital additions, improvements and betterments to and extensions of the Port Facilities, and the placing of the same in operation, including, but without limiting the generality of the foregoing, paying all or a portion of the interest on the series of Parity Bonds or any portion thereof issued to finance the costs of such improvements during the period of construction of such improvements, and for a period of time thereafter; paying amounts required to meet any reserve requirement for the fund or account established or maintained for such series of Parity Bonds from the proceeds thereof; paying or reimbursing the Municipality or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of said improvements and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of said additions and improvements, the financing of the same and the placing of the same in operation. "Date of Commercial Operation" means the date upon which Port Facilities are first ready for normal continuous operation or, if portions of the Port 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 Port Facilities, as estimated by the Municipality or, if used with reference to Port Facilities to be acquired, shall mean the date on which such acquisition is final.

The Trust Agreement also permits the Municipality to issue revenue bonds or notes which are a charge on Gross Revenues and moneys in the Port Fund junior to that of the Bonds.

Other Operating Covenants in the Trust Agreement

The Municipality has covenanted in the Trust Agreement, among other things:

(1) *Maintenance of Port Facilities*. The Municipality will at all times maintain, preserve and keep the Port Facilities in good repair, working order and condition and will at all times operate the Port Facilities in an efficient manner and at a reasonable cost.

(2) *Insurance*. The Municipality will at all times carry fire insurance on such properties and facilities of the Port as are ordinarily insured to the full insurable value thereof; and will carry adequate public liability insurance and such other forms of insurance as under good business practice are ordinarily carried on similar port buildings, equipment, property and facilities.

(3) *Use of Money in Port Fund*. The Municipality will not expend any of the money in the Port Fund for any extensions or betterments that are not economically sound and that will not contribute to the operation of the Port Facilities 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 Port Facilities and 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.

(5) *Bonded Employees and Agents*. All employees and agents of the Municipality collecting or handling money of the Municipality in connection with the management and operation of the Port Facilities shall be bonded in an amount commensurate with the funds they handle and in an amount sufficient to protect the Municipality from loss.

(6) *Disposal of Properties*. In the event of voluntary or involuntary sale, lease, or other conveyance, transfer or disposal of all or substantially all of the Port Facilities, the Port shall require that contemporaneously with such disposition, there shall be paid into a special fund a sum which shall be sufficient to defease all Parity Bonds then Outstanding; provided, however, that such defeasance will not be required so long as the Municipality maintains primary responsibility for the management and operation of the Port Facilities and provided further that all Gross Revenue from such facilities continues to be pledged to all Parity Bonds then Outstanding. The Municipality will not sell or otherwise dispose of any part of the Port Facilities which is material to the production of Gross Revenues unless, in the opinion of an independent consulting engineering firm, the remaining Port Facilities will generate Gross Revenues sufficient to enable the Municipality to comply with the requirement of the Trust Agreement and each ordinance or trust agreement authorizing the issuance of Future Parity Bonds.

Amendatory and Supplemental Ordinances

The Assembly may supplement or amend the Bond Ordinance and the Chief Fiscal Officer may approve amendments to the Trust Agreement. Supplements or amendments may be made without the consent of Registered Owners of the Bonds or Beneficial Owners of the Bonds for any one or more of the following purposes:

(a) adds to the covenants and agreements of the Municipality or gives up rights or powers preserved by the Municipality; or

(b) cures ambiguities or corrects or supplements defective provisions of the Bond Ordinance and/or the Trust Agreement which amendments do not materially and adversely affect the interest of the Registered Owners or Beneficial Owners of any Parity Bonds; or

(c) approves a different form of book-entry or certificated methodology for Parity Bonds.

With the consent of the Registered Owners of not less than 60% in aggregate principal amount of all outstanding Parity Bonds, the Assembly may approve any other supplement or amendment to the Bond Ordinance and/or the Trust Agreement. No supplement or amendment 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.

For purposes of providing consents with respect to the 2020 Series B Bonds, AGM shall be deemed to be the Beneficial Owners of the 2020 Series B Bonds.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, AGM will issue the Policy for the 2020 Series B Bonds. The Policy guarantees the scheduled payment of principal of and interest on the 2020 Series B Bonds when due as set forth in the form of the Policy included as Appendix E to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 29, 2020, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM

At September 30, 2020:

• The policyholders' surplus of AGM was approximately $2,671 million.

• The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,042 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

• The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,111 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty (Europe) plc ("AGE UK") and Assured Guaranty (Europe) SA ("AGE SA"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE UK and AGE SA were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 (filed by AGL with the SEC on August 7, 2020); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 (filed by AGL with the SEC on November 6, 2020).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100).

Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

MUNICIPALITY OF ANCHORAGE

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, 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 Greater Anchorage Area Borough and totals approximately 2,006 square miles (of which approximately 1,717 square miles is land area).

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 11 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.

Administrative Officers

Austin Quinn-Davidson, Acting Mayor

Ms. Austin Quinn-Davidson became Acting Mayor on October 23, 2020. She has served on the Municipal Assembly for two years. Prior to her position on the Assembly, Ms. Quinn-Davidson served on the Municipality's Budget Advisory and Women's Commissions and on YMCA's finance committee. As an attorney, she worked for a large law firm on housing and renewable energy projects, as in-house counsel to a government agency, and as the Legal Affairs & Land Transactions Director for the Great Land Trust. Ms. Quinn-Davidson earned a J.D. from the

University of California, King Hall School of Law, Davis, California and a B.A. in Environmental Studies from the University of California, Santa Barbara.

William D. Falsey, Municipal Manager

Mr. Falsey was appointed to Municipal Manager on November 1, 2017. Prior to his appointment, Mr. Falsey served as Municipal Attorney since July 6, 2015. He was previously a partner in the law firm of Sedor Wendlandt, Evans and Filippi. In private practice, Mr. Falsey represented clients before the Alaska Superior Court, the Alaska Supreme Court, the Federal District Court of Alaska, and in several administrative forums. Previously, Mr. Falsey served as the Bureau of Land Management's Deputy Chief of Staff and clerked for Chief Justice Alexander O. Bryner of the Alaska Supreme Court. Mr. Falsey is a graduate of Yale Law School, Stanford University (B.S., Physics, with Minors in History and Political Science) and A.J. Dimond High School in Anchorage. Mr. Falsey has submitted his resignation and his last day will be December 1, 2020.

Kathryn Vogel, Municipal Attorney

Ms. Vogel joined the Municipality as Municipal Attorney on February 24, 2020. Prior to her appointment, Ms. Vogel was a Senior Assistant Attorney General for the State of Alaska, where she has worked since 2013. During her time in the Opinions, Appeals, and Ethics section of the Department of Law, Ms. Vogel advocated in state and federal courts, including the Alaska Supreme Court and the Supreme Court of the United States. She counseled state commissioners and other senior executives on legal matters, made appellate strategy recommendations to the Attorney General, and worked on special litigation teams. Prior to joining the Department of Law, Ms. Vogel served as Law Clerk to Judge Morgan Christen of the Ninth Circuit Court of Appeals, as an Associate at Hughes Hubbard & Reed LLP in New York, and as Law Clerk to Alaska Supreme Court Justice Walter L. Carpeneti. She earned her J.D. from Yale Law School and her B.A. from Brandeis University.

Alexander Slivka, Chief Fiscal Officer

Mr. Slivka began as the Chief Fiscal Officer of the Municipality on September 4, 2018. He joined the Municipality from McKinley Capital Management, LLC headquartered in Anchorage Alaska. He joined McKinley Capital's Portfolio Management Team in 1997 as a Portfolio Manager. Mr. Slivka recently served McKinley Capital as Director of Institutional Marketing since 2005. Prior to joining McKinley Capital, Mr. Slivka served as Executive Vice President of National Securities Corporation. He founded and was President of National Asset Management, the Registered Investment Advisor subsidiary of National, from 1994 to 1997. His community service includes serving on the Investment Advisory Commission for the Municipality since 2011 as well as on the boards of the Alaska Community Foundation and the University of Alaska Foundation. Mr. Slivka has over three decades of securities industry experience. He is a graduate of Brown University with a B.A. in Economics.

Ross Risvold, Director of Public Finance

Mr. Risvold joined the Municipality in October 2004. He has more than thirty-seven 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 Officer 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 B.S. from the University of Wyoming.

Jessie Wei, Municipal Debt Officer

Ms. Wei joined the Municipality in April 2011 as the Payroll Specialist for the Public Transportation Department where she then advanced to serve as the Fiscal Manager. She managed a professional team of four overseeing the financial, grants and administrative functions for the department. In September 2017, she joined the Public Finance and Investments Division as the Financial Analyst, and gained extensive exposure to the management of Municipal investment and debt portfolios. On May 1, 2019, she began a new role serving as the Municipal Debt Officer. Prior to working for the Municipality, Ms. Wei worked for the Australia and New Zealand Banking Group ("ANZ") in Melbourne, Australia for two and a half years. At ANZ she served in several roles in the Institutional and Commercial Banking sectors where she gained broad exposure to a wide-range of banking and custodial services. Ms. Wei earned a B.Com (Finance Specialization) and B.A. (Psychology) from the University of Melbourne, Australia.

Chris Richardson, Cash Management & Investments Officer

Mr. Richardson has served as the Cash Management and Investment Officer for the Municipality of Anchorage since May 2014. He is responsible for the Municipality's general cash pool investments, including management of the internally invested portfolio and oversight of the three externally managed portfolios that comprise the Municipal Cash Pool. He has worked for the Municipality since 2001, previously serving as Plant Accounting Supervisor at the Anchorage Water and Wastewater Utility, where he was responsible for managing the capital accounting section of the Utility, including direct supervision of two professional level staff members and preparation of standalone financial statements. Prior to this, Mr. Richardson served as Investment Accountant within the Public Finance & Investments Division of the Municipality, where his duties included daily accounting for investment transactions, monthly allocation of investment income across Municipal funds, and preparation of the GASB 40 cash and investment footnote disclosures for the Municipality's comprehensive annual financial report. He has also served as Infrastructure Accountant, Reconciliation Accountant, and Cash Receipt Technician for the Municipality. He earned a BA in Accounting from Alaska Pacific University in 2007 and an MBA in Finance, also from Alaska Pacific University, in 2010.

Insurance

Property Insurance

The Municipality maintains replacement cost "all-risk" insurance on all of its properties through a policy with FM Global. The deductible per occurrence is $100,000 and the maximum payment per occurrence is $1 billion. 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 policy, including earthquake. 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 $1,000,000 per occurrence; the second layer of excess insurance of $9,000,000 per occurrence is also provided by Allied World Insurance Co.; 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 finally, 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 $50,000 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 2020 (using 2019 data compiled in 2020), 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 $19,931,724 and a High of $34,207,045. The Expected loss amount has been estimated to be $26,454,813.

Response to COVID-19

The COVID-19 pandemic currently is affecting many parts of the world, 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 April 9, 2020, President Trump declared that a major disaster exists in the State of Alaska and ordered federal assistance to supplement State, tribal, and local recovery efforts in the areas affected by COVID-19. 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, including: (1) suspending and limiting visitation to various State facilities; (2) closing State libraries and museums; (3) sending students home from residential school programs; (4) postponing or canceling elective procedures at surgical centers and hospitals and by oral health care providers; (5) closing all public and private schools through the end of the school year, subject to each school district's individual plan to provide distance-delivered educational services to students; (6) requiring all people arriving in the State (residents, workers, and visitors) to self-quarantine for 14 days; (7) effective March 28, 2020, mandating all persons in Alaska except for those engaged in essential health services, public government services, and essential business activities, to remain at their place of residence and to practice social distancing, and closing all non-essential businesses; and (8) prohibiting in-State travel between communities except to support critical infrastructure or for critical personal needs. Effective April 24, 2020, the State Governor issued a health mandate entitled the "Reopen Alaska Responsibly Plan," modifying a number of previous health mandates and permitting the resumption of certain activities under specified conditions and guidance.

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. Exercising its emergency powers, the Municipality has temporarily suspended the application of certain tax due dates. Further, the Municipality has experienced an increase in public health emergency response and other costs associated with mitigating the impacts of the COVID-19 pandemic on the residents of the Municipality, including emergency response, support to homeless and vulnerable populations, small businesses, food assistance, and expanded childcare services, among others. The Municipality has taken a number of actions in response to the outbreak, including instituting a moratorium on commercial evictions, instituting a moratorium on residential late payment fees and other measures to protect residential tenants, cancelling recreational programming and facility rentals, providing funding flexibility and additional grants so that human services agencies could meet the community's needs during the pandemic, and instituting a teleworking policy for all employees who can do so, among other measures. The Municipality has implemented and will continue to explore several avenues in response to projected revenue impacts. The Municipality has received and expects to continue to receive Federal and State support, including Federal CARES Act assistance. The Municipality has been allocated $156,713,566 in CARES Act funds and has received the first payment of $116,777,380. The Municipality has allocated and is currently spending these funds.

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 will continue to monitor the evolving situation and respond as needed. See "CERTAIN INVESTMENT CONSIDERATIONS—COVID-19 Pandemic."

PORT OF ALASKA

General

The Port of Alaska, formerly known as the Port of Anchorage, was created as a public enterprise of the City of Anchorage (the "City"), a predecessor government to the Municipality, in 1961 when it opened with a 600-foot berth and terminal on the City's waterfront. Development of the Port, the primary general cargo port of the State, has followed the growth of the Municipality and the State. The Port not only serves the Municipality which is the major hub for commercial and transportation activity in the State and where approximately 40% of the population of the

State resides, but also accounts for more than 80% of the vans and containers shipped to Southcentral Alaska ports, 75% of all non-petroleum marine cargo shipped into Alaska, exclusive of Southeast Alaska, and 50% of total freight shipped into Alaska, by road, air and water. The Port has three jobs: commerce, national defense and earthquake resiliency/disaster response and disaster recovery.

The Port is a landlord port and is Alaska's main cargo terminal. The fuel and freight tonnage handled in 2019 was distributed to 90% of all Alaska residents and businesses located in communities, military bases and other destinations across the state. It is Alaska's main intermodal transport hub and connects the State's marine, roadway, rail, pipeline and air cargo systems. On average, around four million tons passes over the dock every year, equating to about 250,000 commercial truck trips through Port property. Due to its strategic global position and close proximity to neighboring military bases, Joint Base Elmendorf-Richardson and Fort Wainwright, the Port is a key transportation node for the United States Department of Defense concerning mobilization planning, shipping/transporting of jet fuel and other related petroleum products and bulk cargo for military use.

The Port is one of 17 Department of Defense-designated commercial strategic seaports nationwide. It is Alaska's only Foreign Trade Zone (FTZ no. 160) that currently incorporates some 1,000 acres located at the Port, Ted Stevens Anchorage International Airport and other Anchorage-area sites. Half of the state's inbound freight crosses Port docks annually, and half of this cargo is transported to destinations outside of Anchorage. The Port 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.

Source: Port of Alaska

Matson Navigation Company of Alaska LLC ("Matson") and TOTE Maritime of Alaska ("TOTE") deliver more than 80% of all containerized cargo shipped into Southcentral Alaska in two ships each per week that generally arrive in Anchorage on Sundays and Tuesdays. See "PORT OF ALASKA FINANCIAL INFORMATION—Preferential Use Agreements." These vessels normally depart Port of Tacoma, Washington on Wednesdays and Fridays and take a little less than three days to reach Anchorage, depending upon weather, tides, etc. TOTE services Alaska with two ships that sail directly between Tacoma and Anchorage. Matson uses three ships that also provide twice-weekly service to Kodiak and once-weekly service to Dutch Harbor. Matson operates Terminal 1 as a lift-on/lift-off (LOLO) carrier and also leases approximately 38 acres of storage space at the Port. TOTE operates Terminal 2 primarily as a roll-on/roll-off carrier and also leases approximately 36 acres as additional storage space.

The Port features 3,500 feet dock frontage, three general cargo terminals with two 30-ton gantry cranes, one 40-ton gantry crane and roll-on-off capability, two petroleum terminals with nine, eight-inch, tide-compensating lines, a Bulk Petroleum Valve Yard capable of accommodating multiple simultaneous marine/shore and/or inter-user shore side transfers, dry and break-bulk handling, two floating, small-vessel docks and a dry-barge landing. All berths are dredged to 35-foot depth at mean lower low water. The Port also has two miles of rail-spur connected to the Alaska Railroad, 125 acres of cargo handling and storage yard, 59,200 tons of bulk cement storage and 3.4 million barrels of liquid fuel storage, an on-dock Transit Shed with 27,000 square foot heated storage/office space, and portable cranes to 150 tons available. The Port is adjacent to Alaska Railroad's main cargo yard, two private barge terminals, Joint Base Elmendorf-Richardson (JBER) and Ted Stevens International Airport (ANC) and has regional pipeline connections to Nikiski, JBER and ANC.

Port Organization

The Port is an enterprise activity of the Municipality. As with all activities of the Municipality, the Assembly (an elected body) makes all legislative decisions with respect to the Port, and the administrative management of the Port is managed under the leadership of the Mayor (an elected official). All Port-related leases, contracts, tariffs, and agreements must be approved by the Assembly. The Port is managed by a Director who reports through the Municipal Manager to the Mayor. The Assembly has appointed a Port Commission that promulgates and recommends tariffs for Assembly approval. See "—Port Commission." The Assembly has appointed a Utility and Enterprise Oversight Committee (the "U and E Committee") from among their members. The U and E Committee's role is to oversee the activities of, and stay apprised of, the Municipality's five enterprise/utility departments, one of which is the Port of Alaska, and report back periodically to the remainder of the Assembly. More recently, pursuant to AMC 11.50.035 (Ordinance No. AO 2020-81), the Assembly has created another committee, the Port of Alaska Modernization Program (PAMP) and Design Advisory Board (the "PAMP Design Advisory Board"). The PAMP Design Advisory Board is comprised of the Port Director, as Chair, a representative of TOTE, a representative of Matson, a representative of the fuels community selected by users of the Port and a representative appointed by the Mayor. The PAMP Design Advisory Board's role is to review any PAMP design conflicts that may arise during PAMP design phase processes, and recommend a design choice to the Mayor. The Port Security Committee was established after September 11, 2001 to comply with Federal regulation 33CFR 105, and with the approval of the U.S. Coast Guard Captain of the Port, the Port joined forces with stakeholders and developed a single Facility Security Plan. The purpose of the committee is to review and recommend Port security enhancements and to collectively identify and minimize security risk to the facilities on Port and maintain a contract with a security company to provide the necessary security services. See "PORT OF ALASKA FINANCIAL INFORMATION—Description of Major Port Revenues— *Security Fees.*"

Port Commission

The Port of Alaska Commission (the "Commission") was created in 1946 (prior to unification) with a mission of establishing a local deep-water port. The Commission is composed of nine members appointed to staggered three-year terms by the Mayor with the approval by the Assembly. Commission vacancies are filled by appointment in the same manner. The Commission is charged with advising the Mayor and Assembly on policy matters concerning the Port and its impact on the community. The Commission recommends policies for the Port operations. Subject to approval by the Assembly and filing with the Federal Maritime Commission, the Commission promulgates tariffs and recommends approval by the Assembly. See Anchorage Municipal Code 4.40.020 and 11.50.030.

The present Commissioners of the Port are as follows:

TABLE 1
PORT OF ALASKA
COMMISSIONERS

Member	Place of Employment	Original Appointment Date	Expiration of Term
Brad Kroon, Chair	Olympic Tug & Barge	10/2018	10/2021
Simon Lisiecki	Retired	10/2016	10/2022
Kevin Mackey	Piledrivers Union	09/2020	09/2023
Andy MacLeod	Self-Employed Communications Consultant	10/2017	10/2020(1)
Paul Mehler	Marathon Petroleum	09/2020	09/2023
Robert Pawlowski - Vice Chair	Retired	10/2018	10/2021
Aves Thompson	Retired	10/2017	10/2020(1)
Ron Ward	Southwest Alaska Pilots Association	08/2018	08/2021
Garret Wong	Self-Employed Financial Planner/Advisor	08/2018	08/2021

Source: Port of Alaska
(1) The Mayor and Assembly have not reappointed or made new appointments for these Commissioners. Port Commissioners are allowed to continue to serve for an additional 120 days without any action by the Mayor or the Assembly.

Port Administration

Stephen Ribuffo, AMPE, Port Director

Mr. Ribuffo was appointed as Director of the Port in June 2014. In this capacity, he is responsible for overseeing the day-to-day business operations of the Port and interacting as needed with tenants, the U.S. Coast Guard, the military and any new business prospects interested in operating out of the Port. He has been with the Port since August 2007, when he came aboard as Deputy Port Director. Mr. Ribuffo retired from the United States Air Force as a Colonel, having served 30 years on active duty. A native New Yorker, he graduated from Manhattan College with a Bachelor of Science degree in Marketing. He also has an MBA from Golden Gate University, and a Master of Science degree in Logistics Management from the Air Force Institute of Technology. He is an Accredited Marine Port Executive. Mr. Ribuffo is a member of the Board of Directors of the Anchorage Downtown Partnership and the Anchorage Economic Development Corporation Investors' Council. He is Vice-Chair of the International Association of Maritime and Port Executives' ("IAMPE") Advisory Board, as well as an IAMPE credentialed academic instructor. He also serves on the University of Alaska – Anchorage's Global Supply Chain Management Curriculum Advisory Committee, and as Chairman of Cook Inlet Harbor Safety Committee.

Sharen Walsh, P.E., Port Modernization Program Director

Ms. Walsh joined the Municipality on June 4, 2007, in the Private Development Section of the Project Management & Engineering Department. In 2010, she was appointed as the Municipal Building Official and Director of the Development Services Department. In April 2014, she became Deputy Director at the Port of Alaska, managing the engineering and construction projects associated with upkeep of the existing Port Facilities. In 2020 she was appointed as the Director of the PAMP. Prior to working at the Municipality she spent 30 years in the design engineering, construction management, and construction industries as a design engineer and construction manager. She is a lifelong Alaskan, a registered civil engineer and a graduate of the University of Notre Dame and West Anchorage High School.

Cheryl Beckham, Finance and Administration Manager

Ms. Beckham joined the Municipality on December 8, 2014 at the Port of Alaska in the role of Finance and Administration Manager. Prior to her Municipal service, Ms. Beckham spent 15 years in private industry working as a senior executive in the refined petroleum industry in Alaska. Her job duties included managing the day to day business operations, evaluating business opportunities and company investments for a favorable outcome on behalf of a Board of Directors. She also spent six years in public service at the City of Cordova as the Finance Director and Interim City Manager.

Personnel

The Port employs nine administrative and eleven operations/maintenance personnel with an estimated gross labor cost of approximately $2.7 million. Labor relations are characterized as excellent by the management of the Port. The Port is a landlord port, providing administration and facility maintenance to lessees and users.

Eleven Port employees are covered by the International Union of Operating Engineers Local 302 labor agreement which expires June 30, 2022. These employees maintain Port facilities and staging areas, operate and maintain Port vehicles and heavy equipment, provide snow removal services and provide other services such as water hookup, refuse removal and portable crane service as requested by ships entering the Port. Three office staff employees are covered by a labor agreement with the Anchorage Municipal Employees Association, which expires December 31, 2021. Two of these employees perform various clerical duties such as Port vessel traffic coordination and record keeping, billing, accounts receivable, accounts payable, purchasing and receptionist, and one employee performs the job duties associated with port engineering management. The remaining Port employees are not represented by labor organizations but are covered by the Municipal Personnel Regulations established by ordinance of the Municipality.

Local longshoremen and other workers at the Port are employed by carriers, stevedores, and other Port users which are authorized to use the facilities of the Port.

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

Retirement Plans

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

Alaska Public Employees Retirement System ("PERS") Tiers I, II, III, and IV

All pension obligations of the Port are included on the government-wide and proprietary financial statements. See APPENDIX A – AUDITED FINANCIAL STATEMENTS, Note 10, beginning on page 42.

Other Post-Employment Benefits ("OPEB")

Permanent employees of the Port participate in the following OPEB plans, all of which are subject to regular actuarial review:

PERS which includes: PERS Alaska Retiree Healthcare Trust Plan, PERS Retiree Medical Plan ("RMP"), and PERS Occupational Death and Disability Plan

All OPEB obligations of the Port are included on the government-wide and proprietary financial statements. See APPENDIX A – AUDITED FINANCIAL STATEMENTS, Note 10, beginning on page 51.

For a description of the annual pension and OPEB contributions for Port employees for the last five years, see "TABLE 7—STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PORT FUND—Operating Expenses—Operations—Pension Expense; Other Postemployment Benefits."

Port Facilities

The Port maintains a five-berth terminal in Anchorage providing facilities for the movement of containerized freight, bulk petroleum, and cement. Approximately four to five million tons of materials move across its docks each year. The Port also manages approximately 125 acres of cargo handling and storage yard.

Various types of cargo transit through the Port, including petroleum, oils and lubricants, dry-bulk, break-bulk and container freight. The handling of container cargo is a primary activity. Containers are off-loaded by cranes and roll-on, roll-off transfer bridges. After off-loading, trucks transport containers to various transit areas for staging and subsequent road-haul. Petroleum products are the Port's second primary activity. The majority of fuel deliveries arrive by tanker or barge, passing through the Port of Alaska Valve Yard enroute to leased and privately-operated terminal facilities. These refined products are then delivered to customers via road in tanker trucks, rail in tank cars, and by pipeline.

The Port's facilities currently include three cargo terminals with 2,100 feet of dock face dredged annually to a water depth of -35 feet mean lower low water ("MLLW") and a cargo staging area of 72 acres. A 27,000 square foot warehouse is located directly adjacent to the dock. The facility also includes three rail-mounted container cranes, two with a 30-ton and one with a 40-ton capacity, and two bulk petroleum product berths (each with 600 feet of berthing space) with a central manifold. The Port's facilities are capable of handling all types of bulk container, bulk petroleum, cruise passenger and other commercial and military vessels.

Source: Port of Alaska

The Port also operates a 220-acre Industrial Park, and is home to 3.4 million barrels of refined petroleum storage capacity. Approximately 81 acres of the park's space are currently under long-term leases with various Port tenants.

The main track yard and maintenance shops of the Alaska Railroad Corporation (the "ARRC") are located in the Ship Creek basin adjacent to the Port. Currently, a single rail line enters the Port from the ARRC main access track from the south. Within the Port, the main spur splits into additional spurs and additional lines for holding tracks to serve users. The existing rail line primarily serves the liquid bulk operators such as Flint Hills Resources, Inc. In addition, the ARRC operates a Trailer-On-Flat-Car (the "TOFC") facility at its main yard. The TOFC is used to load and unload container vans for shipment to Fairbanks and other destinations.

The Municipality had previously initiated a multi-year expansion project at the Port in 2003 that was unsuccessful and terminated in 2012. See "LITIGATION AND CLAIMS—MARAD Litigation." The expansion project was referred to at the time as the Port of Anchorage Intermodal Expansion Project ("PIEP"), which consisted of the following projects: (i) barge terminal development; (ii) road and rail access development; and (iii) additional acres of new real estate at the Port. The PIEP was funded in part by proceeds of the $40,000,000 Subordinate Lien Port Revenue Notes which are being refunded by the 2020 Series B Bonds. The Port has more recently begun implementation of PAMP in order to avoid failure of operability (particularly in the case of a seismic event) and to handle modern cargo container ships that are commonly used for West Coast and trans-Pacific shipping. A portion of the proceeds of the 2020 Series A Bonds will pay or reimburse the costs of a portion of Phase 1 of PAMP. See "PORT OF ALASKA MODERNIZATION PROGRAM."

Port Capital Improvement Program. In addition to PAMP, the Port has a capital maintenance and improvement program for the Port's existing facilities ("Port CIP"), including Wharf Pile and Fender Pile enhancements. The Port CIP expects that between $4 and $6 million will be expended for Port CIP in 2020 and 2021, with similar expenditures expected in future years. The Port CIP is expected to be financed with grants, borrowing or other available funds.

Tonnage Summary

The following table sets forth the tonnages of cargo handled at the Port each of the past ten years and for the first nine months of 2020.

TABLE 2
PORT OF ALASKA TEN-YEAR ANNUAL DOCK TONNAGE REPORT

Commodities Across Facility	2015	2016	2017	2018	2019	First Nine Months 2020
Freight NOS	-	4,451	5,876	2,199	1,167	689
Dry Bulk Goods	126,737	122,006	97,223	105,326	109,956	75,233
Petroleum, NOS (vessel fueling)	5,013	893	1,467	129,828	222,536	42,280
Vans/Flats/Containers	1,681,222	1,582,951	1,592,473	1,631,303	1,655,612	1,249,234
Vehicles	-	-	-	-	-	-
Petroleum, Shoreside	368,294	368,708	471,717	505,980	802,093	652,217
Petroleum, Rail Rack	-	-	-	-	-	-
Petroleum, Bulk - Dockside	1,592,317	1,419,162	1,329,089	1,574,029	1,474,399	1,417,344
TOTAL TONS	3,773,584	3,498,171	3,497,845	3,948,665	4,265,763	3,436,997

Commodities Across Facility	2010	2011	2012	2013	2014
Freight NOS	-	2	15,333	6,385	5,463
Dry Bulk Goods	109,228	118,280	119,939	119,271	140,684
Petroleum, NOS (vessel fueling)	1,660	2,052	1,454	2,615	2,031
Vans/Flats/Containers	1,736,943	1,705,176	1,740,969	1,738,601	1,811,136
Vehicles	-	864	-	2,615	-
Petroleum, Shoreside	1,192,705	1,376,909	1,046,636	952,631	916,050
Petroleum, Rail Rack	-	-	-	-	-
Petroleum, Bulk - Dockside	922,426	931,931	829,900	586,041	580,343
TOTAL TONS	3,962,962	4,135,214	3,754,231	3,408,158	3,455,707

Source: Port of Alaska

Vessel Arrivals

The following table sets forth the number of ships and barges calling at the Port for the past five years and for the first nine months of 2020.

TABLE 3
VESSEL ARRIVALS

Category	2015	2016	2017	2018	2019	First Nine Months 2020
Barge	0	0	0	0	11	0
Cement Ship	5	4	4	4	4	3
Cargo	2	6	2	1	2	1
Cruise Ships	9	9	10	10	10	0
Dredge	4	2	1	1	3	3
Military Oil Tanker	0	0	0	0	0	0
Government Ship	0	0	0	2	7	4
Gravel Barge	0	0	0	1	0	0
Military Ship	3	0	2	1	2	1
Petroleum Barges	64	45	50	54	60	37
Petroleum Tankers	31	28	30	33	27	28
Pipe Ship	0	1	1	1	0	0
Ships - TOTE/Matson	199	199	202	196	201	149
Tugs	102	89	77	79	79	60
Yacht/Other small craft	0	0	0	1	0	3
TOTAL	419	383	379	384	406	289

Source: Port of Alaska

COVID-19 Pandemic Impact on the Port

Worldwide container shipping volumes are down due to COVID-19-related market changes, but Port container volumes and ship traffic remain about normal for this time of year. COVID-19 decreases in Alaska market demand for some products have been off-set by COVID-19-driven demand spikes for other goods.

All 14 Port cruise ship visits that were scheduled this season have been cancelled because of COVID-19. Since cruise ship revenues are a modest component of Port Revenues, this disruption has not significantly impacted Port Revenues. The Port, Matson, TOTE and other shippers all have significant additional capacity to accommodate any freight or fuel shipping needs that might arise to respond to COVID-19.

Environmental Compliance

The Port is required to comply with numerous federal, state and local laws, regulations, permits, orders and other requirements, which are referred to collectively as “environmental requirements” designed to protect the human and natural environment, human health and safety and to inform the public of important environmental issues and potential impacts of Port activities. The basic environmental assessment laws are the federal National Environmental Policy Act, which requires consideration and disclosure of the environmental impacts of projects or actions that are approved, funded or carried out by federal agencies. Federal environmental requirements applicable to the Port include, without limitation, those that govern hazardous waste and materials, toxic substances, water quality (including storm water), dredged material, air quality, and endangered species. The federal agencies that enforce these laws include, without limitation, the U.S. Environmental Protection Agency and the United States Army Corps of Engineers. State environmental requirements applicable to the Port include those outlined from the Alaska Department of Environmental Conservation (ADEC).

A significant portion of the Port’s property has been used in the past for a variety of industrial and commercial purposes. The Port will likely discover additional environmental liabilities in the future, and the costs may be significant, decreasing the internally generated funds available to the Port for operating and capital expenses. Payment of these costs may, in turn, increase the amount the Port must borrow to fund capital projects or cause the Port to reduce the number and scope of PAMP. For a description of environmental issues affecting certain land acquired by the Municipality as part of the Port, see APPENDIX A – AUDITED FINANCIAL STATEMENTS, Note 9.

PORT OF ALASKA MODERNIZATION PROGRAM

General

Marine vessels deliver an estimated 90% of all fuel and freight shipped into Alaska. Half of this cargo crosses Port docks and half of that cargo moves out of Anchorage by road, rail, air or barge to destinations across the State. The Port is a critical piece of State and national defense infrastructure.

The Port's aging docks are corroding away and need to be replaced in order to avoid failure of operability, particularly in the case of a seismic event. See "CERTAIN INVESTMENT CONSIDERATIONS—Seismic, Volcanic, Wildfires and Climate Change." In addition, the Port's infrastructure has exceeded its economic and design life, and the terminals are not capable of efficiently handling modern cargo container ships that are commonly used for West Coast and trans-Pacific shipping. The Municipality had previously initiated a multi-year expansion project at the Port in 2003 that was unsuccessful and terminated in 2012. See "LITIGATION AND CLAIMS—MARAD Litigation."

The PAMP is the Port's capital improvement project plan to replace all of the aging dock structures at the Port. The PAMP is not a port expansion project. It is a necessary reconstruction program that will: enable safe, reliable, and cost-effective Port operations; improve resiliency to enable facilities to survive extreme seismic events and Cook Inlet's harsh marine environment with minimal operation disruption; update facilities to comply with current code and standards; improve operational efficiency and sustainability; accommodate modern shipping operations; optimize facilities to accommodate changing statewide economic and market needs; and optimize project scope, schedule and budget to deliver a practical, timely, and cost effective port modernization program. Construction of PAMP will be phased and managed to enable continuous Port and tenant operations.

The PAMP is currently divided into five distinct phases which will complete the modernization program for the Port. The Bonds are a component of the financing plan for only Phase 1; Phases 2 through 5 are subject to revision as future funding opportunities develop. The five phases are as follows:

- Phase 1 – Construct Petroleum and Cement Terminal ("PCT")
- Phase 2 – New Port Administration Building, build new Terminal 1 (Replacement Lift-On/ Lift-Off Terminal), construct new Terminal 2 (Replacement Roll-On/ Roll-Off Terminal), Northern Extension Stabilization ("NES") Step 1
- Phase 3 – Replace the Petroleum, Oil, and Lubricants/Cement Terminal 2 ("POL2") with Petroleum Terminal
- Phase 4 – Complete the Northern Extension Stabilization Step 2
- Phase 5 – Decommission and demolish Terminal 3

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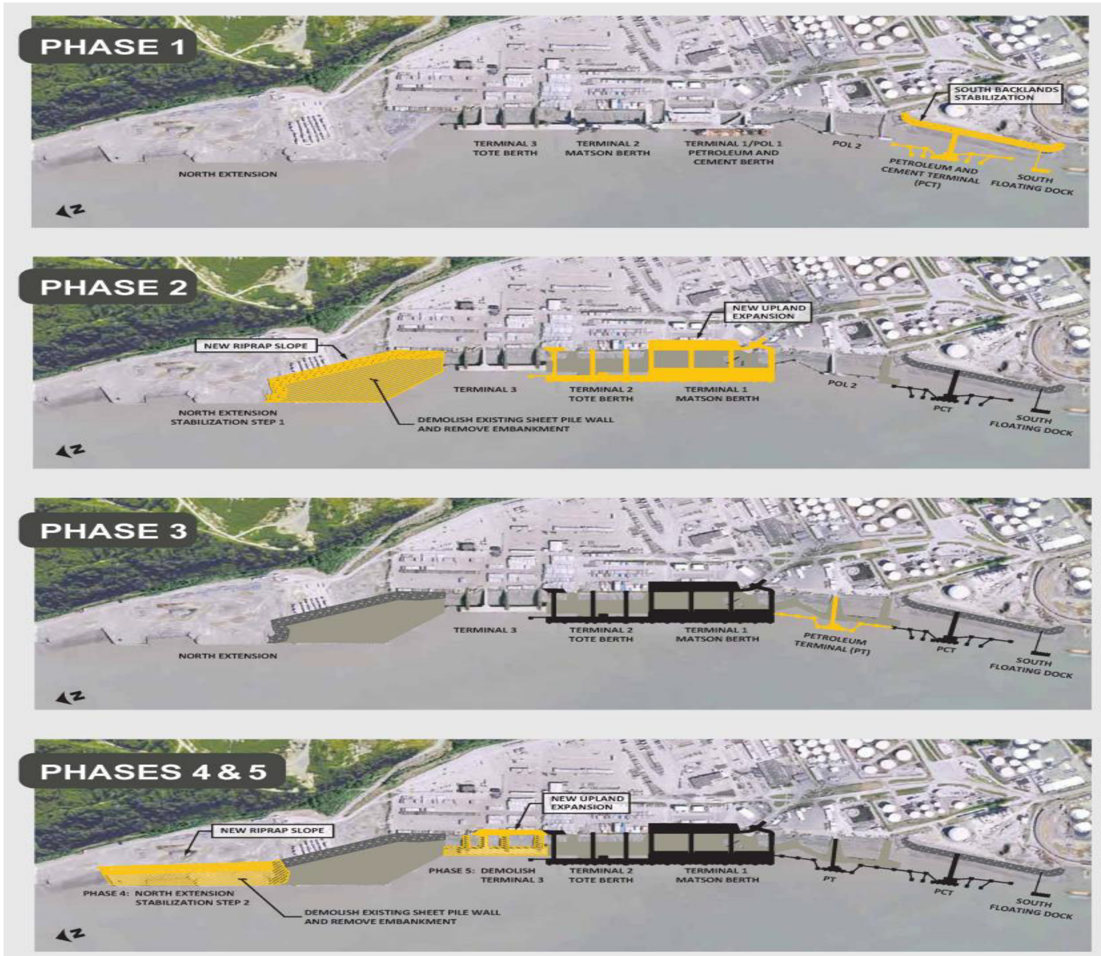


Source: Port of Alaska - Port Infrastructure Development Program FY 2019

PAMP Phase 1

In addition to refunding the Subordinate Lien Port Revenue Notes ($40 million), certain proceeds of the Bonds ($20 million - new money) will be used to finance, or to reimburse the Municipality for, costs of the PCT, or Phase 1 of the PAMP. The PCT will replace an existing petroleum and cement dock (known as POL1) that has long exceeded its design life and is in a deteriorating state of disrepair. The PCT design is 100% complete. A contract has been awarded to construct the base structure, construction began in April 2020, and Phase 1 is expected to be completed by the end of 2021. In support of the Phase 1 plan of finance, the Assembly passed the Bond Ordinance on February 11, 2020 which approved the "Phase 1 Plan of Finance" and authorized the issuance of up to $60 million of new money debt for completion of the PCT. On October 31, 2019 and December 17, 2019, increased tariff rates for petroleum and cement were approved by the Commission and the Assembly, respectively. These rates came into effect on January 1, 2020. These rates have been established upon recommendation of the Municipality's rate consultant to generate sufficient revenue to cover the expected debt service on the Bonds, maintain ninety days of cash on hand, and support a debt service coverage ratio of 1.35. Once the $20 million of new money proceeds of the 2020 Series A Bonds has been expended, the Port expects to draw on its short term borrowing program with U.S. Bank and issue additional Subordinate Lien Port Revenue Notes which will be refunded with Future Parity Bonds at a later date. The Phase 1 Plan of Finance anticipates an aggregate $45.6 million of Parity Bond proceeds (including $20 million of proceeds generated from the 2020 Series A Bonds) to be issued to complete the PCT project.

Set forth below are the estimated funding sources for Phase 1. Upon closing of the Bonds, the Municipality will have $87.7 million of financial commitments for Phase 1, out of the total expected Phase 1 required funding of $113.3 million. See "CERTAIN INVESTMENT CONSIDERATIONS—Funding Sources for Phase 1."

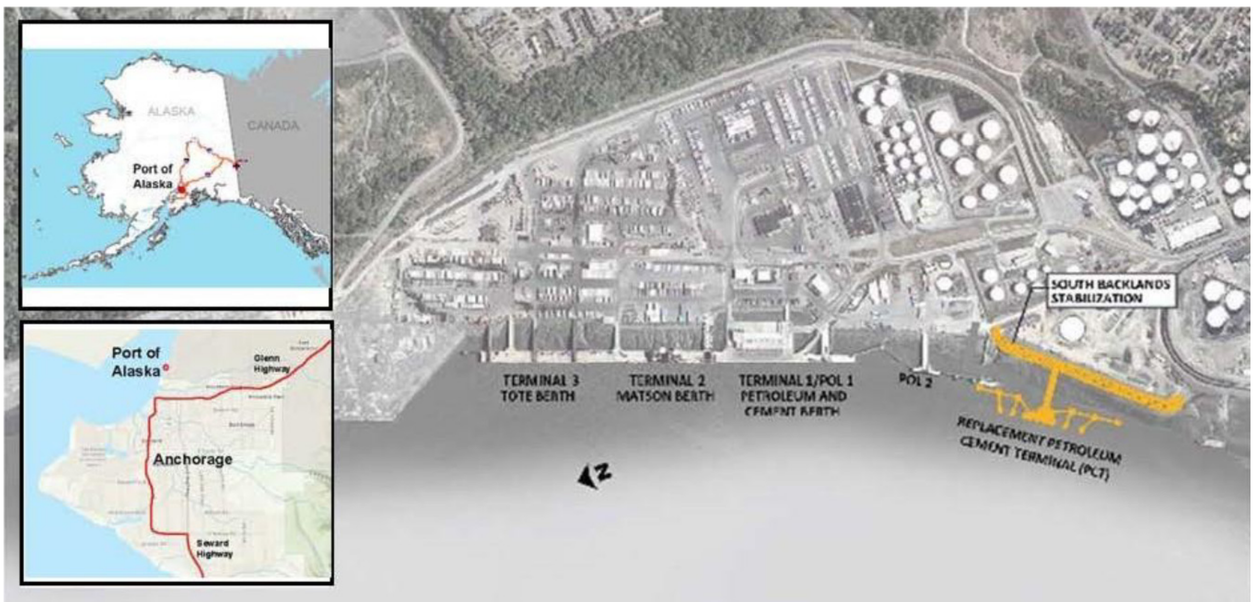
TABLE 4
PHASE 1 FUNDING SOURCES

Phase 1 Funding Source	Amount
2020 Series A Bond Proceeds(1)	$ 20,000,000
Federal BUILD Grant	$ 20,495,714
Federal PIDP Grant	$ 16,475,401
State of Alaska Grant	$ 30,740,163
Subtotal	$ 87,711,278
Future Parity Bond Proceeds(2)	$ 25,628,882
Total PCT Project Remaining Cost	$113,340,160

Source: Port of Alaska

(1) Reflects the $20 million of proceeds of the Bonds to be deposited at closing into the Project Account.

(2) It is estimated at this time that only $45.6 million of the $60 million new money authorized by the Bond Ordinance will be required for completion of Phase 1.



Source: Port of Alaska - Port Infrastructure Development Program FY 2019

PAMP Phase 2

Phase 2 of the PAMP consists of four main elements. They are the new Port Administration Building, Terminal 1 and Terminal 2 (the "Cargo Terminals"), and Step 1 of the North End Stabilization ("NES"). The Port is assuming that the cost of construction for Phase 2 is $1.083 billion in today's dollars. Elements of Phase 2 and their expected costs are listed below.

- New Port Administration Building forecasted to cost approximately $15 million.
- Terminal 1 – Terminal 1 will consist of a modern 'Lift On Lift Off' (LOLO) crane-operated facility forecasted to cost approximately $672 million. It will be predominately used by Matson.
- Terminal 2 – Terminal 2 will consist of a modern 'Roll On Roll Off' (RORO) truck-operated facility that is forecasted to cost approximately $275 million. It will be predominately used by TOTE.

- North End Stabilization Step 1 forecasted to cost approximately $121 million.

Terminal 1 – Replacement Lift-On/ Lift-Off Terminal

The primary role of this terminal is to transfer containerized cargo from ship to shore. This terminal will be designed to comply with the most current seismic design standards. The terminal wharf features a 1,000-foot long structure connected to the shore by 4 each 30-foot wide trestles. The terminal will be a concrete structure founded on steel piles, will accommodate container vessels up to 700-feet long, with drafts of up to 36-feet, will include multiple rail-mounted ship-to-shore gantry cranes to support lift-on/lift-off operations and will include a stevedore operations facility approximately 1,200 square feet in size. The terminal is scaled for the Alaska container cargo trade, customized to include those tenant improvements necessary to support forecasted tenant specific short and long-term operational requirements. This general-purpose cargo terminal will also support large non-containerized cargo and military surface deployment operations as required.

Terminal 2 – Replacement Roll-On/ Roll-Off Terminal

The primary role of this terminal is to transfer rolling cargo from ship to shore. This terminal will be designed to comply with the most current seismic design standards. The terminal wharf features a 300-foot long structure with stevedore operations facility (similar in size to that on Terminal 1) connected to the shore by a 30-foot wide trestle. There are two additional 30-foot wide trestles with breasting dolphins connecting the vessel to the shore to accommodate three offloading ramps aligned with a "roll-on/roll-off" vessel. The terminal will be a concrete structure founded on steel piles, will accommodate vessels up to 1,000-feet long, with drafts of up to 36-feet. The terminal design is scaled to accommodate the Alaska rolling cargo trade. The terminal will be customized to include those tenant improvements necessary to support forecasted short and long-term operational requirements.

North End Stabilization Step 1

The North End Stabilization Step 1 will stabilize the southern-most 1,500 linear feet of land at the Port so it is safe to use. The Port leases out some of that land for tenant storage and for Port maintenance and snow storage. The North Extension area will be partially removed to address geotechnical, seismic stability, and navigational concerns. NES Steps 1 and 2 includes removal of a sheet pile wall varying in height from 30-feet to 90-feet, excavation or dredging and disposal of approximately 2 million cubic yards of soil, and installation of armor stone along the shoreline. This project will stabilize the project area while maximizing retention of the existing surface area used for storage. The Port is required to stabilize this land that was created at the north end of the Port as it was compromised during the Port's former PIEP. This newly created land is compromised, unstable and unsafe as a result of improper design and faulty construction.

PAMP Phase 3

Phase 3 of the PAMP consists of the design and construction of a second Fuel Line to offload petroleum, oil and lubricants (POL) from ocean vessels to integrate additional fuels infrastructure into a future cargo terminal, thereby eliminating the need for a second, standalone fuels facility. The estimated cost of Phase 3 is $75 million.

PAMP Phase 4

Phase 4 of the PAMP consists of the continued design, construction and stabilization of the northern-most 1,500 linear feet of the North End of the Port. The estimated cost of Phase 4 is $132 million.

PAMP Phase 5

Phase 5 of the PAMP consists of the decommissioning and demolition of Terminal 3 which was constructed during the 1970's. Terminal 3 demolition includes 24,000 square feet of concrete trestle deck from four trestles, 63,000 square feet of concrete wharf deck, and removal of 550 steel piles in the water. The piles will be cutoff at the mudline and the upper portion removed with the concrete deck. All pilings and decks are in or over sea water. The estimated cost of Phase 5 is $48 million.

Funding Sources for PAMP Phases 2 through 5

The Municipality is currently evaluating and actively pursuing a variety of funding sources for Phases 2 through 5. The Municipality has developed a draft plan of finance regarding funding sources for PAMP. The draft plan of finance is preliminary and subject to further amendment as the PAMP projects proceed. Potential funding sources could include voter approved state general obligation bonds, Transportation Infrastructure Finance and Innovation Act (TIFIA) loans from the Federal Government, Federal Grants, State of Alaska Grants, Public Private Partnerships, Alaska Industrial Development and Export Authority (AIDEA) and Alaska Housing Finance Commission (AHFC) participation, MARAD litigation settlement proceeds (See "LITIGATION AND CLAIMS—MARAD Litigation") and the establishment of a Port Authority. The Municipality anticipates that costs of Phase 2, 3 and 4 not paid from alternative funding sources will be financed with Future Parity Bonds or with the Subordinate Lien Port Revenue Notes or other interim financing to be refunded with Future Parity Bonds. See "CERTAIN INVESTMENT CONSIDERATIONS— Funding Sources for Phases 2 through 5."

Other PAMP Considerations

COVID-19 Pandemic Impact on the PAMP

The COVID-19 Pandemic has not had a significant negative affect on the PAMP due to the Phase 1 PCT project being designated as "Essential" and the Contractor's prompt actions to comply with jobsite and travel-related protocols. Designation as Essential allowed movement of labor and materials to continue largely unimpeded by the COVID-19 Pandemic mandates that restricted work on some lower 48 project sites or shipment of materials. The contractor, Pacific Pile and Marine, was proactive about addressing all mandate restrictions in the workplace and engaging internal and third-party hygienists to advise and monitor compliance. There have been some cost and schedule impacts which are being adjudicated at the project level but program work continues on schedule without significant impact.

Marine Mammal Requirements Impact on the PAMP

Marine mammal requirements are one of the biggest risk factors to delivery of the PAMP. Marine mammal permitting is a big risk factor because the marine mammal permitting process, compliance costs, construction delay time and cost are issues which are beyond the Port's control but are the responsibility of the Port. Marine mammal permit requirements have also become more stringent due to reduced Beluga population counts in 2019. The Port and Project Management Consultant (PMC) team have become adept at managing risks and keeping construction on track. The Port has an established relationship with the U.S. Army Corps of Engineers and National Marine Fisheries permitting staff. The 2020 work on the PCT project demonstrates the Port's ability to obtain the required permits and verify compliance during construction. Labor cost to comply with the permit requirements for qualified marine mammal observers is a significant expense during construction. The most significant expense is construction contractor standby time when the permit requirements force a shutdown during an occurrence of marine mammals within the stipulated regulatory permits.

PORT OF ALASKA FINANCIAL INFORMATION

Description of Major Port Revenues

The Municipality operates the Port as a landlord through various property agreements entered into with tenants of the Port. The property agreements entered into by the Municipality, which convey the right to use, rent or lease Port assets, include leases, preferential use agreements, revocable permits, and terminal operator permits. The tenants of the Port pay tariff charges (including, but not limited to, dockage (the charge assessed for docking a vessel at a berth), wharfage (the charge assessed when cargo crosses the wharf)), and other fees to the Municipality for the right to use, rent or lease Port facilities.

Dockage

This is a tariff charge assessed to a vessel for docking at the Port wharf. The tariff outlines the basis for charges and provides guidelines for rates based on the length-over-all of the vessel and the length of time the vessel is tied up to the wharf. See “—Tariffs” below.

Wharfage - Liquid Bulk

Wharfage is the charge assessed by barrel against Petroleum products passing over or under the Port wharf, transferred between vessels, and loaded into land petroleum storage tanks.

Wharfage - General Cargo

Wharfage is the charge assessed by ton for cargo passing over the cargo terminals. The main source of the Port’s general cargo revenue is generated by cargo users subject to a negotiated Preferential User Agreement which sets rates outside of the tariff and is based on a scheduled number of Port visits annually. TOTE and Matson are the current Port cargo carriers. See “—Preferential Use Agreements.”

Security Fees

The security fees generated by the Port are from a collaborative agreement of eight stakeholders plus the Port (the Port Security Committee), executed in 2004 to collectively secure the facility security necessary to comply with U.S. Coast Guard requirements for ports. The formula has been agreed upon by all stakeholders where each share a portion of the security cost based on property square footage, tonnage across the dock.

Industrial Park Lease

Port industrial park revenue is derived from long-term leases of properties in the 220-acre Port Industrial Park. The leases provide for five-year rate adjustments that are performed in accordance with Anchorage Municipal Code provisions. Leases and lease options are subject to Assembly approval. This revenue represents short term permit rentals for Port users to meet their storage need when a temporary increase in business occurs. This revenue is unpredictable due to the fact that it is earned when an increase in regular business happens, so the Port is not able to plan on this revenue.

Commercial Passenger Vessel Tax (Cruise Ship Tax)

The State imposes an excise tax on travel on commercial passenger vessels (CPVs), typically cruise ships that have 250 or more berths and provide overnight accommodations in the State’s marine waters. Passengers traveling on qualified commercial passengers are liable for the tax. The commercial passenger vessel excise tax rate is $34.50 per passenger, per voyage. Cruise ship companies and commercial passenger vessel owners file returns and pay taxes monthly. The due date is the last day of the month following the month in which the voyages ended. The State’s Department of Revenue’s Tax Division deposits all proceeds from the CPV excise tax into the commercial Vessel Passenger (CVP) tax account in the General Fund. Subject to appropriation by the State Legislature from the account, the Division distributes $5 per passenger to each of the first seven ports of call in Alaska. The tax is further reduced by any municipal taxes imposed on each passenger that were in effect prior to December 17, 2007.

Preferential Use Agreements

The Municipality has reserved the right under Tariff 9.0 to negotiate preferential user rates and terms providing for a reduced charge for dockage, wharfage, and real estate with requesting users who agree to provide profitable long-term business arrangements with the Port. The Municipality has preferential use agreements (each a "PUA") with Matson and TOTE. The PUAs expire December 31, 2020. Both the Matson and TOTE PUAs provide for monthly dockage and wharfage payments subject to escalation. Neither the Matson nor the TOTE PUA contains guaranteed annual minimum payments. The Matson PUA provides for two five year extensions on mutually agreeable terms. The TOTE PUA does not provide for additional extensions. The Municipality has initiated renewal discussions with both Matson and TOTE. The Municipality cannot determine at this time if new preferential use agreements will be entered into with Matson or TOTE or what the terms of those agreements will be. The Municipality does not currently anticipate entering into preferential use agreements with any other Port users. See "CERTAIN INVESTMENT CONSIDERATIONS—PUA Renegotiation."

Description of Major Port Expenses

Non-Labor

This category is representative of operating expenses necessary to operate and maintain the Port. It includes supplies such as tires and fuel for equipment used to maintain roads and docks in good condition for Port users. Non-labor also includes professional engineering services as needed to assist in projects of maintenance and repairs to Port infrastructure where engineering services cannot be provided by the Port. Non-labor is also the accounting group where the cost for the Port's Facility Security contract is paid. (Security fees noted above offset this cost to the Port. The Port's security expense is 11.9% of the contract).

Legal Services

This category is representative of legal expenses and expert witness fees incurred in connection with two broad categories. The majority of these expenses relate to ongoing litigation against the United States Maritime Administration, a division of the United States Department of Transportation. The lawsuit, commenced in 2013, seeks to recover damages incurred by the Port due to the Maritime Administration's mismanagement of a port expansion project that was terminated in 2012. Trial is scheduled in February 2021, after which the fees will be substantially reduced and possibly eliminated if the case is settled. This is a relatively short-term expense. No claims have been asserted against the Port and therefore there is no risk of an adverse decision requiring payment to the Maritime Administration. (See "LITIGATION AND CLAIMS—MARAD Litigation"). The second category of legal expense relates to intermittent occasions when specialized legal assistance is required, such as marine mammal regulatory compliance and coordination with Port users on other environmental issues.

MESA & Dividend Payments

Municipal Enterprise Service Assessment ("MESA") is a service assessment required by code AMC11.50.280. MESA is paid to general government in lieu of property tax and the calculation is outlined in the code. This calculation is based on the net book value of Port assets. The Dividend calculation is outlined in AMC 26.10.065 as a mechanism to return a portion of surplus revenues, if available, after the legislated calculation is performed.

Tariffs

Pursuant to Anchorage Municipal Code 11.50.030(B), the Commission regulates the operation of terminal and transportation facilities at the Port by promulgating a terminal tariff containing rates, charges, rules and regulations applicable at the Port and subject to the approval of the Assembly and the Federal Maritime Commission. Dock revenue rates for the Port are established in the Port's Terminal Tariff No. 9.0 and through contractual Preferential Usage Agreements. Changes to the tariff require approval by the Commission and are subject to final approval by the Assembly.

In 2019, the Port undertook an extensive review of the tariff rates in light of the expiration of Tariff 8.2 on December 31, 2019 and the potential requirement to create capacity in the Port's income stream for debt service coverage to repay future borrowings necessary in order to complete the PCT. Following the review of the tariff and the completion of a Revenue Requirements report, which included various rate scenarios and recommendations provided by an independent contractor, the Commission promulgated a ten year tariff with a rate structure that would support ongoing operations of the Port as well as provide income for future debt service payments to complete the PCT. The Assembly approved the rates, terms and conditions of the Port's Terminal Tariff 9.0 and it was implemented on January 1, 2020. Tariff 9.0 increased all tariff fees as described in Table 5 below. Additionally, commodity-specific rate increases for operating and debt service coverage on petroleum and cement were implemented as described in Table 5 below. The Commission will review the established tariff rates each year and revise as needed to meet operating and debt service coverage requirements.

The Port's Tariff 9.0 was designed and approved to put in place a 10-year rate plan in support of not only continued Port operations, but also to pay debt service coverage requirements to complete construction of the PCT. Tariff 9.0 was created in a joint effort of the Port and Municipality administration, an independent professional port tariff consulting firm and provided an opportunity for public comment for the Port customers and users and the public concerning the recommended rates set for the Port to accomplish the goal of completed construction of the PCT.

Tariff Setting Methodology

Tariff rates are established based on a revenue requirement methodology of having users pay for their facility improvements and operations. Costs related to common use facilities and Port CIP are charged ratably through the base tariff rates. Nothing prevents the Municipality from changing this methodology. See "Preferential Use Agreements" herein.

TABLE 5
APPROVED TARIFF 9.0 RATE INCREASES

Rate Increases	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petroleum	23.81%	24.24%	12.95%	12.95%	12.95%	12.95%	12.95%	8.65%	5.64%	5.64%
Cement	23.81%	24.24%	12.95%	12.95%	12.95%	12.95%	12.95%	8.65%	5.64%	5.64%
Other	3.50%	3.93%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	-	-

Source: Port of Alaska

Port's Top Customers and Revenue History

The Port has more inbound cargo-handling capacity than all other Southcentral Alaska ports combined. It is located at the State's population center and routinely handles containers, dry bulk, break bulk, petroleum products and cruise ships. The following table lists the Port's top ten customers and their revenue history for the past five years.

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TABLE 6
PORT HISTORICAL REVENUES FROM TOP TEN CUSTOMERS[1]

Customer Name	Revenues 2015	2016	2017	2018	2019	First Nine Months 2020
Matson Navigation Co. of AK LLC	$4,037,258	$4,032,565	$3,963,201	$3,992,345	$4,145,159	$3,515,844
TOTE Maritime Alaska	4,234,408	4,349,154	4,348,202	4,187,419	4,163,209	3,461,020
Tesoro/Andeavor/Marathon	2,139,013	2,317,518	2,178,859	1,973,515	2,338,936	1,598,221
Petro Star	468,289	439,529	581,691	812,375	980,349	815,654
Alaska Maritime Agencies	519,602	501,286	617,920	812,984	618,917	863,829
ABI	610,577	488,344	507,364	535,896	698,411	420,349
ASIG/AFS/Menzies	582,882	580,994	608,901	572,221	581,628	460,983
Delta Western	178,565	206,733	301,702	262,576	302,503	189,124
Crowley Petroleum	273,452	279,141	302,955	257,136	238,307	178,461
Holland America	143,848	150,711	230,643	220,124	182,713	0

Source: Port of Alaska

(1) Amounts in this table include operating and non-operating revenues received from customers.

Financial Operations

The following table sets forth the results of Port operations for the most recent five years derived from the audited financial statements of the Port Fund.

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TABLE 7
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PORT FUND

	2015	2016	2017	2018	2019
Operating Revenues					
Charges for sales and services:					
Dockage	$ 1,142,837	$ 1,089,224	$ 1,174,735	$ 1,242,374	$ 1,370,086
Wharfage, dry bulk	181,234	148,896	150,695	169,575	141,102
Wharfage, liquid bulk	1,682,558	1,463,035	1,521,105	1,805,784	1,764,856
Wharfage, general cargo	3,608,772	3,670,375	3,529,245	3,544,751	3,780,750
Storage revenue	327,061	265,309	237,335	219,392	234,381
Office rental	114,462	121,887	108,670	96,994	108,659
Utilities	45,232	30,040	29,687	46,767	41,688
Miscellaneous	507,769	1,022,677	280,983	303,519	438,726
Other operating revenues:					
Crane rentals	105,858	72,488	74,250	120,960	113,060
Industrial park lease rentals	4,363,254	4,326,069	4,344,217	4,472,735	4,440,847
POL value yard fees	191,560	176,713	246,957	302,861	281,832
Total Operating Revenues	$ 12,270,597	$ 12,386,713	$ 11,697,879	$ 12,325,712	$ 12,715,987
Operating Expenses					
Operations:					
Personnel services	$ 2,507,200	$ 2,828,390	$ 2,740,357	$ 2,703,250	$ 2,565,643
Pension expense	21,941	317,852	107,374	599,805	(99,505)
Other postemployment benefits	-	-	-	55,498	(648,499)
Supplies	126,534	151,245	176,734	196,237	142,924
Other services and charges	13,444,548	7,718,973	4,646,464	5,940,591	5,326,655
Charges from other departments	591,109	951,146	1,018,756	1,493,978	985,148
Depreciation	7,733,968	7,715,345	7,253,997	7,087,791	7,126,617
Total Operating Expenses	$ 24,425,300	$ 19,682,951	$ 15,943,682	$ 18,077,150	$ 15,398,983
Operating loss	$ (12,154,703)	$ (7,296,238)	$ (4,245,803)	$ (5,751,438)	$ (2,682,996)
Non-Operating Revenues (Expenses)					
Intergovernmental revenues - PERS on-behalf	$ 18,075	$ 43,575	$ 63,059	$ 51,096	$ (32,445)
Legal Settlements	-	12,600,000	6,750,000	-	-
Investment income-short term investments	344,603	344,945	627,633	312,700	1,394,025
Security fees	1,426,724	1,421,294	1,469,614	1,478,313	1,496,703
Right-of-way fees	164,678	167,849	173,391	202,056	192,445
Interest on long-term obligations	(407,004)	(541,719)	(677,192)	(1,152,083)	(1,290,712)
Security contract	(1,425,306)	(1,504,007)	(1,540,375)	(1,583,326)	(1,787,942)
Gain on sale of assets held for resale	(243,779)	-	1,069,995	781,831	249,459
Total Non-Operating Revenues (Expenses)	$ (122,009)	$ 12,531,937	$ 7,936,125	$ 90,587	$ 221,533
Income/(Loss) before capital contributions & transfers	$ (12,276,712)	$ 5,235,699	$ 3,690,322	$ (5,660,851)	$ (2,461,463)
Contributions and Transfers					
Capital contributions(1)	$ 7,834,571	$ 13,323,471	$ 11,619,685	$ 18,650,418	$ 45,651,079
Transfers to other funds:					
Municipal enterprise service assessment	(2,056,004)	(2,114,268)	(1,401,104)	(1,434,021)	(1,471,199)
Dividend	-	-	(619,336)	(584,894)	(616,286)
Contributions to other funds	-	-	-	(1,015,000)	(100,000)
Transfers from other funds	-	-	81,500	-	-
Change in Net Position	$ (6,498,145)	$ 16,444,902	$ 13,371,067	$ 9,955,652	$ 41,002,131
Net Position, beginning, as restated(2)	$144,327,949	$137,829,804	$154,274,706	$167,173,176	$177,128,828
Net Position, ending	$137,829,804	$154,274,706	$167,645,773	$177,128,828	$218,130,959

Source: Port of Alaska Audited Financial Statements

(1) Capital contributions are reimbursable state grants from the State of Alaska.

(2) In 2018, the Port adopted the provisions of GASB Statement 75 which requires the Port to recognize its proportional share of the Net OPEB liability, as of the beginning of the Port's fiscal year. For 2018, the Port recorded an opening balance adjustment to reflect opening balance OPEB liabilities and related accounts.

Budget

The following table is the comparative 2020 budget to year to date actual amounts.

TABLE 8
PORT OF ALASKA
BUDGET TO YTD ACTUAL COMPARISON - UNAUDITED
(AS OF 9/30/2020)

Revenues	**2020 Budget**	**2020 YTD Actuals (9/30/2020)**	**Target % 75%**	**2019 YTD Actuals (9/30/2019)**
Cruise Ship Head Tax (2020 Season)	-	-	0%	-
Reimbursed Cost	-	$ 37,317	0	$ 28,909
Dockage	$ 1,110,413	910,738	82	943,244
Wharfage, Bulk Dry	172,029	155,732	91	90,846
Wharfage, Bulk Liquid	2,185,067	2,047,953	94	1,184,144
Wharfage, General Cargo	3,962,981	3,288,576	83	2,861,077
Miscellaneous	300,721	70,441	23	165,264
Office Rental	40,000	28,350	71	28,265
Utilities, Water	44,704	24,037	54	32,617
Crane Rental	56,500	94,337	167	84,525
Pipe ROW Fee	173,000	139,787	81	153,306
POL Value Yard Fee	224,000	205,605	92	190,016
Security Fees	1,477,975	1,111,667	75	1,131,864
Industrial Park Lease	4,273,135	3,314,639	78	3,334,828
Ind Park Rental/Storage	697,781	294,925	42	267,456
Cash & Const Investm Pool Int	537,000	315,869	59	1,344,541
Cash Pools Short-Term Int	-	-	0	-
Total Operating/Non-Operating Revenue:	$ 15,255,306	$ 12,039,972	79%	$ 11,840,900
Expenses				
Personnel Services	$ 2,952,855	$ 1,886,285	64%	$ 1,920,631
Non-Labor	4,632,690	2,867,780	62	2,820,494
Total Operating Expenses:	$ 7,585,545	$ 4,754,065	63%	$ 4,741,125
Legal Services - General (PIEP Litigation)	$ 3,045,000	$ 712,264	23%	$ 1,836,157
MESA & Dividend payments	2,061,849	1,599,873	78	1,779,342
Debt Service	1,325,000	489,137	37	929,430
Depreciation and Amortization	7,187,791	4,987,144	69	5,240,795
Total Non-Operating Expenses:	$ 13,619,640	$ 7,788,417	57%	$ 9,785,724
Charges from Depts (IGC)	$ 1,028,846	685,408	67%	656,779
Total Expenses:	$ 22,234,031	$ 13,227,890	59%	$ 15,183,627
Net Income:		$(1,187,918)		$(3,342,727)
Depreciation - Non Cash Item Add back:		4,987,144		5,240,795
Available Cash Flow @ 9/30/2020		$ 3,799,226		$ 1,898,068

Forecast of Port Revenues and Expenses

The following table sets forth forecasts of capital funding, revenue, expenses and debt service coverage of the Port prepared by the staff of the Port as of October 26, 2020. Neither the independent auditors of the Municipality nor the consulting engineers of the Port have compiled, evaluated, reviewed or examined these forecasts or rendered an opinion or other form of assurance regarding the forecasts.

The Port has engaged the firm Parrish, Blessing & Associates, Inc. (the "Economic Consultant") to prepare a 10 year revenue requirement study ("Revenue Requirement Study") to determine the annual rate revenue needs to fund capital financing, operating and maintenance costs, fiscal policy achievement and other financial obligations of the Port over the study period. The Revenue Requirement Study is approved by the Assembly and updated annually each September.

In the course of preparing the Revenue Requirement Study, the Economic Consultant employs a variety of assumptions, including, but not limited to, the current tariff schedule approved by the Assembly, debt service coverage on senior lien debt of 1.35 or greater, cash operating reserves of 90 days, and by 2029, the user rates on the PCT fully cover the debt associated with the PCT. The projections also reflect further assumptions with respect to the Port's future operating revenues and operating expenses, and numerous assumptions related to future activity. Operating revenues, excluding price changes, are assumed to grow at the rate of estimated population growth in Alaska which averages a compound rate of 0.57%. Operating expenses are assumed to grow at a compound annual growth rate of 2.18%. The projections in the following table include the tariff increases approved by the Commission and the Assembly. Tonnage levels projected are based solely on estimates and assumptions made by the Port. The Port assumes tonnage levels will grow or decline as a direct result of the population of Alaska. The information used for population projections is found in the following link, which reference is not a hyperlink and, by this reference, the website is not incorporated into this Official Statement, https://live.laborstats.alaska.gov/pop/projections/pub/popproj.pdf. Maintenance and operations expenses shown have a baseline of Fiscal Year 2020 adopted Port budget. Expenses are based on maintenance of current condition assessment of all Port infrastructure and continuing to provide services at today's level of operation. No allowance for future found conditions have been made.

No assurance can be given that the projections and future results discussed in this section will be achieved, or that the issuance of the Bonds will result in debt service ratios greater than those reflected in the following table. Future results, for example, could be adversely impacted by such factors as, but not limited to (i) unanticipated increases in expenditures or decreases in revenues, (ii) the unavailability of assumed funding sources when needed (particularly grants and other funding that may be subject to future governmental authorization or appropriation), (iii) construction delays or cost overruns, or (iv) other adverse and unforeseen events or conditions affecting the Port. Actual results may differ materially from the forecasts described herein.

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TABLE 9
FORECAST OF REVENUES, EXPENSES AND DEBT SERVICE COVERAGE; CAPITAL FUNDING; AND FUND BALANCES
PORT OF ALASKA

Table 9-A	**2019[1]**	**2020**	**2021**	**2022**	**2023**	**2024**
Net Revenues and Debt Service Coverage						
Revenues:						
Rate Revenues[2]	$ 12,908,433	$ 13,557,488	$ 14,645,891	$ 15,465,532	$ 16,351,231	$ 17,310,092
Non-Rate Revenues[3]	746,474	379,740	467,439	512,964	586,210	643,183
Total Revenues	$ 13,654,907	$ 13,937,228	$ 15,113,330	$ 15,978,495	$ 16,937,441	$ 17,953,275
Expenses:						
Cash Operating Expenses[4]	$ 10,091,804	$ 10,279,012	$ 12,784,057	$ 10,403,324	$ 10,565,471	$ 10,869,597
Total Expenses	$ 10,091,804	$ 10,279,012	$ 12,784,057	$ 10,403,324	$ 10,565,471	$ 10,869,597
Debt Service Coverage						
Net Revenues	$ 3,563,103	$ 3,658,216	$ 2,329,273	$ 5,575,171	$ 6,371,970	$ 7,083,679
First Lien Debt Service	-	-	-	1,612,430	2,995,611	2,797,953
First Lien Debt Service Coverage	N/A	N/A	N/A	3.46	2.13	2.53

Table 9-B	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Capital Funding						
Total Capital Projects	$ 1,600,000	$ 76,702,718	$ 73,059,116	$ 583,333	-	$ 1,250,000
Grants & Developer Donations	-	61,395,170	29,141,544	7,829,571	-	-
Use of Capital Fund Balance	-	-	-	-	-	-
Use of Line of Credit	1,600,000	(44,692,452)	43,917,572	(7,246,238)	-	(24,378,882)
Revenue Bonds	-	60,000,000	-	-	-	25,628,882
Total Funding Sources	$ 1,600,000	$ 76,702,718	$ 73,059,116	$ 583,333	-	$ 1,250,000

Source: Port of Alaska

(1) The terminology in this Table 9 may differ from financial terms and defined terms in the other portions of this Official Statement, e.g., adjustments for reimbursable expenditures.

(2) Changes in Rate Revenues are a function of approved price changes and underlying growth in customer demand. Growth in customer demand is based on total Alaska population estimates from the Alaska Department of Labor.

(3) Non-Rate Revenues consist of inter-government revenues and interest on cash funds. Growth in non-rate revenues is based on general inflation from the U.S. Bureau of Labor Statistics and balances in the cash funds.

(4) Changes in Cash Operating Expenses are based on general inflation from the U.S. Bureau of Labor Statistics. The decrease in expenses from 2021 to 2022 is based on the expected end of the MARAD litigation and related expenses.

Outstanding Port Debt

The Municipality currently has outstanding $40,000,000 in Subordinate Lien Port Revenue Notes issued under the Current Credit Facility. The lien of the Subordinate Lien Port Revenue Notes is subordinate to the lien on Gross Revenues of the Bonds. All outstanding Subordinate Lien Port Revenue Notes will be refunded with the Bonds, although the Municipality anticipates further draws on the Credit Facility for future PAMP financing needs. See “INTRODUCTION—Subordinate Revolving Credit Agreement”; “PORT OF ALASKA—Port Facilities”; and “PORT OF ALASKA MODERNIZATION PROGRAM—PAMP Phase 1.”

DEBT SERVICE SCHEDULE

Annual Debt Service Schedule

The following table sets forth the debt service requirements for the Parity Bonds.

TABLE 10
PORT REVENUE BOND DEBT SERVICE
PORT OF ALASKA
(As of December 3, 2020)

	2020 Series A Bonds		2020 Series B Bonds		
Fiscal Year (12/31)	**Principal**	**Interest**	**Principal**	**Interest**	**Total Debt Service(1)**
2021	-	$ 939,004	-	$ 1,328,936	$ 2,267,940
2022	-	944,250	-	1,336,361	2,280,611
2023	-	944,250	$ 715,000	1,336,361	2,995,611
2024	-	944,250	525,000	1,328,703	2,797,953
2025	-	944,250	370,000	1,321,705	2,635,955
2026	-	944,250	1,385,000	1,316,403	3,645,653
2027	-	944,250	1,845,000	1,292,581	4,081,831
2028	-	944,250	1,865,000	1,258,079	4,067,329
2029	-	944,250	1,905,000	1,218,933	4,068,183
2030	-	944,250	1,945,000	1,177,042	4,066,292
2031	-	944,250	1,990,000	1,132,326	4,066,576
2032	-	944,250	2,040,000	1,083,591	4,067,841
2033	-	944,250	2,095,000	1,030,571	4,069,821
2034	-	944,250	2,150,000	972,980	4,067,230
2035	-	944,250	2,210,000	911,726	4,065,976
2036	-	944,250	2,280,000	846,554	4,070,804
2037	-	944,250	2,345,000	777,036	4,066,286
2038	-	944,250	2,420,000	703,192	4,067,442
2039	-	944,250	2,500,000	624,566	4,068,816
2040	-	944,250	2,585,000	540,841	4,070,091
2041	-	944,250	2,670,000	453,210	4,067,460
2042	-	944,250	2,765,000	361,629	4,070,879
2043	-	944,250	2,860,000	265,960	4,070,210
2044	-	944,250	2,960,000	166,432	4,070,682
2045	$ 1,275,000	944,250	1,785,000	62,832	4,067,082
2046	3,185,000	880,500	-	-	4,065,500
2047	3,345,000	721,250	-	-	4,066,250
2048	3,515,000	554,000	-	-	4,069,000
2049	3,690,000	378,250	-	-	4,068,250
2050	3,875,000	193,750	-	-	4,068,750
Total: (1)	$ 18,885,000	$ 26,328,754	$ 46,210,000	$ 22,848,550	$114,272,304

(1) Totals may not foot due to rounding.

LITIGATION AND CLAIMS

MARAD Litigation

A multi-year expansion project at the Port began in 2003 and continued until May 31, 2012. The project was managed and controlled by the United States Maritime Administration ("MARAD") which, in turn, contracted with a number of private entities to perform the design and construction. The project encountered problems and work was suspended while the Port investigated the scope and cause of the problems and determined how to proceed.

Investigative reports concluded the project design was flawed and significant aspects of the work were constructed incorrectly. In March 2013, the Port filed suit to recover damages. In 2016, the Municipality reached an agreement to fully and finally settle, release and resolve any and all claims, liabilities and damages of the Municipality relative to work performed by MKB Constructors, Quality Asphalt Paving and Terracon Consultants for $5.5 million, $5.15 million and $1.95 million, respectively. In total, these settlements amount to $12.6 million recorded in 2016 as legal settlements shown on the Port's statements of revenues, expenses, and changes in net position as non-operating revenue. As required under two of the settlement agreements, the Port restricted $1.95 million of the $12.6 million contribution to a Port litigation escrow account recorded in 2018 and 2017 as restricted assets "legal settlement set-aside", under the restricted assets section of the Port's statements of net position. The remaining defendants executed settlement agreements as follows: Integrated Concepts and Research Corporation ("ICRC") for $3.75 million, PND Engineers Inc. for $750,000, GeoEngineers for $750,000 and CH2M Hill for $1.5 million each recorded in 2017. An order for dismissal in the United States District Court for the District of Alaska was signed on February 22, 2017 closing the case filed in the State of Alaska. A separate action in the United States Court of Federal Claims against MARAD is ongoing (the "MARAD Litigation"). This case in federal court remains active, with trial scheduled for February 2021. No claims were asserted against the Municipality in either action.

General

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 Bonds or affecting the validity of the 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 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 Municipality in the opinion of the Municipality's management and, with respect to litigation, the Municipal Attorney.

Upon delivery of the 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 Bonds or in any way contesting the validity or enforceability of the Bonds.

CERTAIN INVESTMENT CONSIDERATIONS

Prospective purchasers of the Bonds should consider the matters set forth below as well as other information contained in this Official Statement in evaluating an investment in the Bonds. This section is provided for convenience and 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 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. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Bonds or adversely affect the ability of the Municipality to make timely payments of principal of or interest on the Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Current Port Condition

The Port's aging docks are corroding away and need to be replaced in order to avoid failure of operability, particularly in the case of a seismic event. See "—Seismic, Volcanic, Wildfires and Climate Change." In addition, the Port's infrastructure has exceeded its economic and design life, and the terminals are not capable of efficiently handling modern cargo container ships that are commonly used for West Coast and trans-Pacific shipping. The Municipality has an ongoing Port capital maintenance program and is also undertaking a multi-phase modernization program to remedy these deficiencies. See "PORT OF ALASKA—Port Facilities—*Port Capital Improvement Program*" and "PORT OF ALASKA MODERNIZATION PROGRAM." Failure to continue the Port capital maintenance program or complete the PAMP could materially adversely affect the financial condition or operations of the Port.

PAMP - Construction Risk

The Municipality is managing the construction of PAMP. The Municipality does not have extensive experience in managing a major port renovation. The recent PIEP was managed by MARAD and was unsuccessful, resulting in litigation. See "LITIGATION AND CLAIMS—MARAD Litigation." While the Port believes it has put in place sufficient managerial and supervisory controls, including establishing a project management office ("PMO") and using the design-bid-build delivery method for Phase 1, no assurance can be given that managerial events will not occur that affect the cost or scope of PAMP.

Construction and completion of PAMP is subject to ordinary construction risks and delays applicable to projects of their kind, such as (i) inclement weather affecting contractor performance and timeliness of completion, which could affect the costs and availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors; (ii) contractor claims or nonperformance; (iii) failure of contractors to execute within contract price; (iv) work stoppages or slowdowns; (v) failure of contractors to meet schedule terms; (vi) the discovery of hazardous materials on the site or other issues regarding compliance with applicable environmental standards; (vii) estimating errors; (viii) design and engineering errors; (ix) changes to the scope of the projects, including changes to federal security regulations; (x) delays in contract awards; (xi) material and/or labor shortages and increased costs; (xii) unforeseen site conditions; (xiii) adverse weather conditions and other force majeure events, such as earthquakes; (xiv) contractor defaults; (xv) labor disputes; (xvi) unanticipated levels of inflation; (xvii) environmental issues; (xviii) unavailability of, or delays in, anticipated funding sources, and (xix) responsibility disputes arising from implementing the design-bid-build project delivery method. The Municipality can provide no assurance that the existing projects in PAMP will not cost more than the current budget for these projects. Any schedule delays or cost increases could result in the need to incur additional indebtedness, including Future Parity Bonds.

Factors Affecting Gross Revenues Generally

The ability of the Municipality to maintain or increase revenue growth in the future may be affected by a variety of economic, legislative and regulatory factors that are outside of its direct control.

The Port differs substantially from West Coast and Hawaiian ports. Substantially all of the Port's cargo is in-coming with little export traffic. As such the Port may not be adversely impacted by certain trends in the maritime industry such as the industry shift to significantly larger container vessels or competition for discretionary intermodal rail cargo. Port economics are, however, particularly sensitive to Municipality, regional and statewide economic conditions. The demand for Port facilities and the Gross Revenues of the Port are significantly influenced by a variety of factors, including, among others, global, domestic and local economic and political conditions, governmental regulation (including tariffs and trade restrictions), fuel prices, construction activity, currency values, availability and cost of labor, vessels, containers and insurance, the efficiency and adequacy of transportation and terminal infrastructure at the Port, the adequacy and location of major distribution hubs, the financial condition of maritime related industries, the proliferation of operational alliances and other structural conditions affecting maritime carriers. The global, domestic and local economies play a very important role in the Port's container volumes and resulting revenues. Future adverse economic conditions or actions that could negatively affect the economy (i.e., tariffs) could have an adverse effect the Gross Revenues.

Marine terminal services and facilities at the Port are priced through leases, and preferential, management and user agreements with water carriers and other Port users. These arrangements may provide for economic discounts from established tariffs in exchange for term commitments and/or minimum payment guarantees. A substantial majority of the Port's Gross Revenues are generated by such agreements. The Commission can generally increase its Gross Revenues under those agreements either by increasing its tariff rates or through increases in shipping line volume. However, there are contractual, regulatory, practical, procedural and competitive limitations on the extent to which the Commission can increase tariffs. See "PORT OF ALASKA FINANCIAL INFORMATION—Description of Major Port Revenues; Preferential Use Agreements" and "— Funding Sources for PAMP Phases 2 through 5." Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of the Port could have a detrimental impact on the operation of the Port by making the cost of operating at the Port unattractive to shipping lines and others in comparison to other locations, or by reducing the operating efficiency of the Port. No assurance can be given that shippers, particularly fuel shippers, will not seek alternate arrangements to transport their products if tariffs are increased.

The Port's tenants and users are subject to competitive conditions and other business and economic factors that may affect their ability to pay rent to the Municipality, including local and regional economic conditions and levels of tourism. The ability of Port tenants and users to continue in operation, and to pay tariffs or rent to the Municipality, may be compromised in the event of an economic downturn, failure of such businesses or their tenants to perform, mismanagement, lawsuits, increased operating expenses, and similar business risks, or in the event of a natural or other disaster and similar occurrences, and may be adversely affected by their ability to collect under their insurance policies in the event of any occurrence of a casualty. In the event of a business downturn, a Port tenant may fail to make PUA, tariff or lease payments when due, may decline to renew an expiring PUA, lease or other user agreement, may become insolvent or may declare bankruptcy or may fail to maintain the premises. Any such non-performance or default by a tenant under the tariff or a lease will have an adverse impact on Gross Revenue. Nonperformance by a significant user or tenant could have a serious long-term impact on the Port's financial condition. See "—Tenant/User Bankruptcy."

Concentration Risk

The loss of a major Port user could adversely affect the Port's financial condition, particularly if not replaced promptly by a new user. The top two Port sources of revenue (Matson and TOTE) accounted for approximately 64% of the Port's operating revenue in Fiscal Year 2019. See TABLE 6—PORT HISTORICAL REVENUES FROM TOP TEN CUSTOMERS. It is likely that the Port would experience a significant reduction in revenues, possibly for a significant period, if one of its major users were to leave the Port and not be replaced.

PUA Renegotiation

The PUAs for Matson and TOTE expire December 31, 2020. The Municipality has initiated renewal discussions with both Matson and TOTE. The Municipality cannot determine at this time if new preferential use agreements will be entered into with Matson or TOTE or what the terms of those agreements will be. No assurance can be given that any PUA with either Matson or TOTE will not have limitations on the ability of the Municipality to unilaterally increase tariffs thereunder, including the ability to unilaterally increase tariffs to meet the rate covenant. No assurance can be given that that such PUAs will not be subject to termination or renegotiation to accommodate PAMP.

Funding Sources for PAMP Phase 1

As described herein, the Municipality anticipates that funding for Phase 1 will be provided from various sources including proceeds of the Bonds and Future Parity Bonds, and previously-awarded State of Alaska and Federal grants. The completion of Phase 1 will require additional funding that will be provided by draws under the Credit Facility to be refunded with Future Parity Bonds, directly with the proceeds of Future Parity Bonds or from other funding source not currently identified or a combination thereof. See "PORT OF ALASKA MODERNIZATION PROGRAM—PAMP Phase 1" for a current description of the funding sources for Phase 1. In the event that any of such sources are unavailable for any reason, including reduction in the amount or delays in the receipt of federal and State grants available to the Municipality for the Port, the inability to extend, obtain or to draw on the Credit Facility, or for any other reason, the completion of Phase 1 could be substantially delayed and financing costs could be higher than projected. There can be no assurances that such circumstances will not materially adversely affect the financial condition or operations of the Port.

Funding Sources for PAMP Phases 2 through 5

The Port's tariffs directly affect the prices of a number of critical commodities coming into Alaska. On June 19, 2019, the Commission adopted Resolution #19-02 resolving that the Commission will not impose upon the Port's users any PAMP-related terminal tariff adjustments that are proven to cause significant harm to those businesses that rely upon the Port of Alaska for their livelihood. See "SECURITY FOR THE BONDS—Flow of Funds and Rate Covenant—*Rate Covenant*." The Municipality is currently evaluating and actively pursuing a variety of funding sources for Phases 2 through 5 to supplement Parity Bonds as a funding source. See "PORT OF ALASKA MODERNIZATION PROGRAM—Funding Sources for PAMP Phases 2 through 5." The inability to obtain additional significant financing resources for PAMP Phases 2 through 5 could impact Phases 2 through 5 of PAMP, including downsizing, redesign or other measures. The Municipality cannot determine at this time whether and to what extent any alternative funding sources will be available for Phases 2 through 5 or the potential impact on PAMP if substantial alternative funding sources do not become available. There can be no assurances that such circumstances will not materially adversely affect the financial condition or operations of the Port.

Stakeholder Input on PAMP

The current financing plan for Phase 2 envisions setting tariff changes for particular Port users based on the cost of improvements used by such users. This could disproportionally impact individual Port user costs. The Municipality has actively solicited stakeholder input on PAMP. The Municipality cannot determine at this time if stakeholder input will have any impact on PAMP, the financing plan, the tariff or the PUAs, including redesign, downsizing or reallocation of PAMP costs.

Competition; Port Authority

Although the Port has an effective monopoly, the Port does receive competition from the ports in Nikiski, Whittier, Seward, and Homer. There have been discussions by various stakeholders of the concept of a Port Authority that brings all of the ports together and ties all their rates together. The Municipality and the Commission cannot determine at this time whether a port authority is a realistic possibility.

Other PAMP Considerations

For a discussion of other factors impacting PAMP, see "PORT OF ALASKA MODERNIZATION PROGRAM—Other PAMP Considerations."

Port Management and Operation

The Municipality operates the Port as an enterprise. All Port contracts and matters are subject to Assembly review and approval with input and recommendations from a number of entities created pursuant to Municipal ordinances, including the Commission as to tariffs, the U and E Committee as to operations and budgets of the Port and the PAMP Design Advisory Board as to review of and making recommendations for PAMP. No assurance can be given that such ordinances will not be amended or repealed or that the operation and administration of the Port or PAMP will not be subject to further change or reorganization, including the establishment of a separate port authority or other entity to operate the Port.

Potential Labor Activity

The Port is a landlord port. Most Port operations, including loading and unloading, are conducted by local longshoremen and other workers employed by carriers, stevedores, and other Port users and not by employees of the Municipality. Strikes and works stoppages regarding such activities are therefore largely outside the Municipality's control. A labor disruption could have a significant adverse impact on Port operations and Gross Revenues.

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. The magnitude 7.1 earthquake in November 2018 caused considerable damage to the Port's two petroleum terminals. The Port's terminals and in particular its corroding half-century old docks continue to be vulnerable to seismic events, and the PAMP is intended to provide the upgrades to enhance protection from interruptions in service as a result of future seismic events. 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 Municipality does not carry earthquake insurance on the Port and does not anticipate obtaining earthquake insurance for the Port. In addition, in the event facilities located within the Port are damaged or destroyed in an earthquake, the business operations and finances of the Port could be materially adversely affected.

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 the State and 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 the State and Municipality.

COVID-19 Pandemic

As discussed herein, the COVID-19 pandemic is affecting many parts of the 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 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; (iv) actions that may be taken by governmental authorities to contain or mitigate the outbreak; (v) the development 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.

Security at the Port

In 2004, Congress passed the Maritime Transportation Security Act ("MTSA") which set very specific security standards which the Port fully complies with. Regulated facilities at the Port include cargo, cruise and ferry facilities. As part of MTSA, the Port created a security plan that was approved by the U.S. Coast Guard Captain of the Port for Alaska and implemented in August, 2006. While there can be no assurance that MTSA requirements will not become more strict or that additional requirements may require the Municipality to incur additional security-related expenses, nothing substantive of that nature has materialized or is anticipated. National and local law enforcement officials have warned that additional terrorist attacks upon key infrastructure and other targets in the United States are possible. The Port and the surrounding waterways are particularly visible infrastructure assets that could be the subject of future attempted terrorist attacks. A terrorist attack on the Port or the surrounding waterways could have a material adverse impact on Port operations and Gross Revenues.

Cybersecurity

The Municipality 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.

Tenant/User Bankruptcy

A bankruptcy of a tenant or user of the Port could result in delays, additional expense and/or reductions in payments, or even nonpayment, to the Municipality and thus a reduction in Gross Revenues.

The effect of the bankruptcy of a tenant or user on the Port's receipt of funds from the tenant or user depends on the nature of the contractual relations between the parties, and between the Port and other tenants/users, which may help offset losses from a bankruptcy. Briefly, the tenants and users of the Port may acquire the ownership or use of assets either through an executory contract or lease, or through unsecured or secured debt to the Municipality (any such debt, a "financing device"). Bankruptcy law in the United States requires substantially different treatment for a relationship that is a financing device from the treatment given an executory contract or lease.

If a bankruptcy court determines that an agreement with the Port is an executory contract (such as a license) or an unexpired lease of non-residential real property pursuant to Section 365 of the United States Bankruptcy Code (the "Bankruptcy Code"), the tenant/user or its bankruptcy trustee may elect (within a limited period if it is an unexpired lease of non-residential real property) to either assume or reject the agreement. If such agreement were assumed, the affected tenant or user would be required to cure or provide for cure of any prior defaults and, if there is a default, to provide "adequate assurance" of future performance. Even if all amounts due under such an agreement were ultimately paid, the Port could experience long delays in collecting such amounts. What constitutes "adequate assurance" is up to the bankruptcy court to decide and may not meet the Port's expectations.

If such an agreement were rejected by the tenant/user, the required action by the tenant or user and its rights will vary depending on the type of agreement. In the case of an unexpired lease of non-residential real property, the tenant or user would be required to vacate the property and the Port would have an unsecured claim for damages, the amount of which would be limited to the amounts unpaid prior to the bankruptcy plus the greater of (a) one year of rent or (b) 15% of the total remaining lease payments, not to exceed three years. In any case, the amount ultimately received on a claim in the event of rejection of an unexpired lease or executory contract could be considerably less than the notional or face value of the claim.

No assurance can be given that a bankruptcy court would find that the Port's arrangements with its tenants and users are executory contracts or leases. If, instead, a bankruptcy court determines that an agreement with a tenant or user is treated as a financing device, the tenant or user may keep and use the asset, but debt service may be suspended in whole or in part during the course of the bankruptcy; the amount of debt and payment level also may be ultimately subject to reduction or extension through a reorganization plan. The determination of the nature of a transaction is, in many cases, a fact-intensive matter not guided by form alone. Further, as a result of the disparate treatment of these common business structures, a tenant or user in bankruptcy may vigorously contend that a "lease" or other agreement is not a true lease but a disguised financing device, so that it can decline to make periodic rental payments pending the bankruptcy court's determination of that issue.

On the filing of a bankruptcy proceeding, Section 362 of the Bankruptcy Code stays virtually all creditor actions to litigate to judgment or collect on a debt, or to remove a non-paying tenant from possession. This can result in lengthy delays in the ability of a creditor to exercise its rights. Further, any payments made to the creditor within the 90 days (one year for "insiders") before bankruptcy are subject to recovery as preferential payments.

In general, therefore, risks associated with bankruptcy include risks of substantial delay in payment or of non-payment, the risk that the Port may not be able to enforce any of its remedies with respect to a bankrupt tenant or user, the risk that the Port may have to disgorge amounts paid during the bankruptcy preference period and the risk of substantial costs of pursuing amounts in bankruptcy court.

With respect to a tenant in bankruptcy proceedings in a foreign country, the Port is unable to predict what types of orders and/or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States.

Municipality Bankruptcy

The Municipality is not eligible to file for relief under Chapter 9 of Title 11 of the federal Bankruptcy Code.

Factors Affecting Bondholder Rights and Remedies

The Trust Agreement does not contain event of default or remedy provisions.

Any remedies available to the owners of the Bonds upon the occurrence of an event of default under the 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 Trust Agreement or to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the Bonds.

The rights and obligations under the Bonds and the 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.

The Bonds are not subject to acceleration upon a default under the Trust Agreement.

The Current Credit Facility contains event of default and remedy provisions. Remedies granted to the bank under the Current Credit Facility include the right to seek the appointment of a receiver and the right to seek specific performance as well as any and all remedies as the bank may have at law or in equity. The Current Credit Facility does not contain intercreditor provisions or other limitations on the bank's exercise of remedies. While the Subordinate Lien Port Revenue Notes may not be accelerated under the Current Credit Facility, the outstanding principal balance on the expiration date may be converted into a term loan, maturing and amortizing generally over a three-year period. There are no limitations on the remedies or term loan provisions that the Municipality can agree to include in any Credit Facility. A Credit Facility may have additional or different remedies more favorable to a bank or other financial institution than the Current Credit Facility. No assurance can be given that one or more of the foregoing factors will not have an adverse impact on the rights or interests of the Owners of the Bonds.

Registrar

Under the Trust Agreement, the Municipality may remove the Registrar at any time upon 30 days' written notice, including after a default by the Municipality under the Trust Agreement. No assurance can be given that any such removal would not have an adverse effect on the Owners or their remedies under the Trust Agreement.

No Insurance for Certain Losses

The Municipality does not currently maintain insurance insuring against loss resulting from earthquake, tsunami, losses to its fleet of vehicles from terrorist activity and certain other types of loss. The Municipality would be required to pay for the costs resulting from any catastrophic loss from the Port's budgetary reserves. It is expected that grant moneys from FEMA would be available to the Municipality to pay a portion of such costs. However, such FEMA grant funds, if available at all, might not be available in amounts sufficient to pay a significant portion of such costs, and there can be no assurance that the Port's budgetary reserves will be adequate to address any casualty or loss which its facilities might experience. See "MUNICIPALITY OF ANCHORAGE—Insurance."

Operating Expenses

The payment of principal of and interest on the Bonds will be made from the Gross Revenues subject to the payment of Operating Expenses. There can be no assurance that the Operating Expenses of the Port will continue at the levels that currently prevail. Such expenses could increase substantially and could cause the Commission to be unable to meet the debt service coverage requirement of the Trust Agreement. The Commission has a limited ability to increase its rates, tariffs and charges and in all cases, such increases are subject to prevailing market conditions, which could cause such increases to raise the number of defaults under the Port's agreements with its tenants or to reduce the market demand for the Port's properties. See "PORT OF ALASKA FINANCIAL INFORMATION—Description of Major Port Expenses" herein.

Risks Related to Environmental Liability; Hazardous Substances and Increased Environmental Regulation

The Port is subject to a wide variety of local, State, and federal transportation and environmental laws. Such laws include mandates with respect to the Port properties and operations conducted thereon, including regulations governing uses of Port property, air emissions, storm water compliance and discharges, and handling of hazardous materials. The regulations governing the use of Port property and activities conducted on it are likely to evolve and become more restrictive over time.

The Port is currently subject to environmental compliance orders issued by regulatory agencies with purview over Port property or voluntary oversight by such agencies associated with known or suspected contamination of Port property or groundwater. These agencies include the Alaska Department of Environmental Conservation ("ADEC") Contaminated Sites Program and the Environmental Protection Agency. These orders and voluntary oversight typically arise from the activities of former Port tenants who are the primary responsible parties for such contamination. It is likely that future environmental investigations of Port property will result in identifying contamination that will result in additional orders and/or voluntary oversight. In some of these cases, the Port may have difficulty identifying parties responsible for the subject contamination. The costs to the Municipality to implement Port compliance measures required by such orders and mandates are included as Operating Expenses of the Port, and are substantial. Such regulations are subject to amendment from time to time, and any such amendments could require the Port to undertake additional, costly compliance measures. The costs of such compliance measures and amendments could materially increase the Port's operating costs and thereby adversely affect Gross Revenue.

The Port includes properties on which hazardous substances have been located. It is likely, due to the nature of past operations on Port properties, that additional Port properties will be found to have hazardous substances located on them. The Port as the owner of contaminated property may be liable in the event of a determination of the presence or discharge of hazardous substances on its property, irrespective of its knowledge of the presence or discharge of such substances, or its lack of responsibility for the existence of such substances on its property. Costs of remediation of these substances, if required, could be extremely high and could exceed the value or revenue generation potential of such properties. The costs of remediation could materially increase the Port's Operating Expenses and could thereby adversely affect the Gross Revenue available to pay the Bonds and Future Parity Bonds. Insurance coverage for the costs of environmental liability of the Port may be limited and many such costs are not covered by commercial insurance policies.

Uncertainties of Projections and Assumptions; Forward Looking Statements

Compliance with certain of the covenants contained in the Trust Agreement is based upon assumptions and projections including, but not limited to, those described under "PORT OF ALASKA FINANCIAL INFORMATION—Forecast of Port Revenues and Expenses." Projections and assumptions are inherently subject to significant uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur and actual results are likely to differ, perhaps materially, from those projected. Accordingly, such projections are not necessarily indicative of future performance, and the Municipality assumes no responsibility for the accuracy of such projections.

Certain statements contained in this Official Statement reflect not historical facts but forecasts and "forward-looking statements." All forward-looking statements are predictions and are subject to known and unknown risks and uncertainties. No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this official statement. Given their uncertainty, investors are cautioned not to place undue reliance on such statements.

Loss of Tax Exemption/Risk of Tax Audit on Municipal Issuers

As discussed under "TAX MATTERS," interest on the 2020 Series A Bonds could fail to be excluded from the gross income of the owners thereof for purposes of federal income taxation retroactive to the date of the issuance of the 2020 Series A Bonds as a result of future acts or omissions of the Municipality or the Port in violation of its covenants to comply with requirements of the Internal Revenue Code of 1986, as amended. Should such an event of taxability occur, the 2020 Series A Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity or until redeemed under one of the redemption provisions contained in the Trust Agreement.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Additional Port User Information

Matson and certain other Port users (or their respective parent corporation) file reports and other information (collectively, the "SEC Reports") with the SEC. Certain information, including financial information, as of particular dates concerning Matson and certain other Port users (or their respective parent corporations) is included in the SEC Reports. The SEC Reports can be read and copied at the SEC's Public Reference Rooms, which can be located by calling the SEC at 1-800-SEC-0330. In addition, electronically filed SEC Reports can be obtained from the SEC's website. TOTE is privately held and accordingly does not file SEC Reports. The information under this caption is for informational purposes only, is not intended to incorporate any such information by reference into this Official Statement and will not be subject to update by the Municipality. See "CONTINUING DISCLOSURE UNDERTAKING" herein.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with Section (b)(5) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule"), the Municipality has agreed in the Trust Agreement to provide or cause to be provided each year to the Municipal Securities Rulemaking Board ("MSRB"), the following annual financial information and operating data for the prior fiscal year (commencing with the fiscal year ended December 31, 2020):

- Audited annual financial statements for the Port 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 this Official Statement as Appendix A, "2019 Financial Statements of the Port," including the notes thereto and the statistical data (the "Annual Disclosure Report"); and

- Updated information for the prior fiscal year of the type of information contained in the final Official Statement in the tables entitled Table 2 - "Port of Alaska Ten-Year Annual Dock Tonnage Report"; Table 3 - "Vessel Arrivals"; Table 5 - "Approved Tariff and PUA Rate Increases"; Table 6 - "Port Historical Revenues from Top Ten Customers"; and Table 7 - "Statement of Revenues, Expenses and Changes in Net Position - Port Fund;"

- Current budget; and

- Historical debt service coverage for the fiscal year.

The annual information and operating data described above will be available not later than nine months after the end of the fiscal year. The Municipality may adjust such date if the Municipality changes its fiscal year by providing written notice of the change of fiscal year and the new reporting date 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.

The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided above; provided that any audited financial statements may be submitted separately from the balance of the Annual Disclosure Report and later than the nine months after the end of the fiscal year if such audited financial statements are not available by such date.

The Municipality further 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 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 Bonds, or other material or events affecting the tax status of the 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 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 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.

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 above on or prior to the date set forth above.

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 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.

The Municipality's obligations to provide annual financial information and notices of material events (the "Undertaking") will terminate upon the defeasance, prior redemption, or payment in full of all of the Bonds. The Undertaking, or any provision thereof, will be null and void if the Municipality (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require the Undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies the MSRB of such opinion and the cancellation of the Undertaking. Notwithstanding any other provision of the Bond Ordinance or the Trust Agreement, the Municipality may amend the Undertaking and any provision of the Undertaking may be waived with an approving opinion of nationally recognized bond counsel.

In the event of any amendment or waiver of a provision of the Undertaking the Municipality will describe such amendment in the next Annual Report, and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, or 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 will be given in the same manner as for a material event, and (ii) the annual report for the year in which the change is made should 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.

The right of a beneficial owner of a Bond to enforce the provisions of the Undertaking will be limited to a right to obtain specific enforcement of the Municipality's obligations thereunder, and any failure by the Municipality to comply with the provisions of the Undertaking shall not be a default with respect to the Bonds under the Bond Ordinance or the Trust Agreement.

In November of 2016, the Municipality became aware of an issue in displaying its 2015 Comprehensive Annual Financial Report (the "CAFR") for all of the required bonds of the Municipality. The Municipality did not file a notice of failure to file its 2015 CAFR on July 28, 2016 for those bonds. On November 7, 2016, the Municipality re-linked its 2015 CAFR to all of the required bonds of the Municipality. The Municipality has filed a notice of failure on EMMA for those bonds. In August of 2017, the Municipality became aware that the Municipality's 2015 CAFR was not linked by CUSIP numbers to the CIVICVentures' Series 2015 Bonds, the Municipality filed the 2015 CAFR under the CIVICVentures' CUSIP numbers on September 8, 2017; the Municipality did not include certain supplemental operating data for CIVICVentures in fiscal years 2015 and 2016 in their filings, the Municipality has filed this information on July 31, 2017 and August 3, 2017. The Municipality has established procedures to ensure continued compliance with its undertakings.

On July 27, 2018, the Municipality filed a Notice of Failure to File Information as Required on EMMA stating that the Municipality's 2017 CAFR and the 2017 Financial Statements for Anchorage Water Utility, Anchorage Wastewater Utility ("AWWU"), Port of Alaska and Anchorage Municipal Light and Power would be available after July 28, 2018, which is the date of the contractual requirement for such filings. As reported in the notice, the delay in filing the audited 2017 CAFR and associated 2017 Financial Statements was due to a major municipal wide implementation of a new financial software system. On July 27, 2018, the Municipality also filed its unaudited financial statements, including footnotes that were currently available as of that date. The Municipality filed supplemental notices on October 30, 2018 and December 18, 2018 regarding the timing of the audited 2017 CAFR and associated Financial Statements for fiscal year ended December 31, 2017. The Municipality has filed the 2017 CAFR and associated Financial Statements and operating data on December 20, 2018, January 24, 2019 and February 1, 2019. In July 2019, the Municipality became aware that the 2017 CAFR was not linked to the CUSIP numbers for the Municipality's Certificates of Participation, 2017 Series A (Taxable) (the "COPs"). On July 2, 2019, the Municipality uploaded its 2017 CAFR to the CUSIP numbers for the COPs and filed a notice of failure to file information timely. In August 2019, the Municipality became aware that the CAFR for the School District for the fiscal year ended June 30, 2018 was not filed to the CUSIP numbers for the Municipality's 2018 General Obligations Bonds. On August 27, 2019, the Municipality uploaded the School District CAFR for the fiscal year ended June 30, 2018 to the 2018 General Obligation Bonds CUSIP numbers and filed a notice of failure to file information timely.

With respect to filing of listed events, the Municipality did not file certain notices of listed events relating to changes in ratings of one or more outstanding series of bonds, due to rating changes of bond insurers insuring such bonds; and the Municipality did not file certain notices of rating changes attributable to general recalibrations of ratings by certain rating agencies for certain of its outstanding bonds. 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 provide event filing information as required.

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the 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 opinions is attached as Appendix C hereto. Certain legal matters will be passed upon for the Underwriters by their special counsel, Hawkins Delafield and Wood LLP, Sacramento, California. Any opinion of such counsel will be limited in scope and delivered only to the Underwriters, and may not be relied upon by investors.

TAX MATTERS

2020 Series A Bonds

In the opinion of Bond Counsel, interest on the 2020 Series A Bonds is excludable from gross income for federal income tax purposes, except for interest on any 2020 Series A Bond for any period during which such 2020 Series A Bond is held by a "substantial user" of the facilities financed or refinanced by the 2020 Series A Bonds, or by a "related person" to such substantial user within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"). Furthermore, interest on the 2020 Series A Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

Interest on the 2020 Series A 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 2020 Series A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the 2020 Series A Bonds and the facilities financed or refinanced with proceeds of the 2020 Series A 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 2020 Series A Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2020 Series A 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 2020 Series A Bonds. Owners of the 2020 Series A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2020 Series A Bonds, which may include tax issued 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 2020 Series A Bonds should be aware that ownership of the 2020 Series A 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 2020 Series A Bonds.

Bond Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the 2020 Series A Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations, such as the 2020 Series A 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 to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code, if enacted into law, will not cause the interest on the 2020 Series A 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 2020 Series A Bonds from realizing the full current benefit of the tax status of the interest on the 2020 Series A Bonds. Prospective purchasers of the 2020 Series A 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 2020 Series A Bonds. Owners of the 2020 Series A Bonds are advised that, if the IRS does audit the 2020 Series A 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 2020 Series A 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 2020 Series A Bonds until the audit is concluded, regardless of the ultimate outcome.

Premium

An amount equal to the excess of the purchase price of a 2020 Series A Bond over its stated redemption price at maturity constitutes premium on that bond. A purchaser of a 2020 Series A Bond must amortize any premium over that 2020 Series A Bond's term using constant yield principles, based on the 2020 Series A Bond's yield to maturity. As premium is amortized, the purchaser's basis in the 2020 Series A 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 2020 Series A Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of 2020 Series A 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 bond.

2020 Series B Bonds - Certain Income Tax Consequences

The following discussion describes aspects of the principal U.S. federal tax treatment of U.S. persons that are beneficial owners ("Owners") of 2020 Series B Bonds. This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), published revenue rulings, administrative and judicial decisions, and existing and proposed Treasury regulations, including regulations concerning the tax treatment of debt instruments issued with original issue discount (the "OID Regulations") (all as of the date hereof and all of which are subject to change, possibly with retroactive effect).

This summary discusses only 2020 Series B Bonds held as capital assets within the meaning of Section 1221 of the Code. It does not discuss all of the tax consequences that may be relevant to an Owner in light of its particular circumstances or to Owners subject to special rules, such as certain financial institutions, insurance companies, tax-exempt organizations, foreign taxpayers, taxpayers who may be subject to the alternative minimum tax or personal holding company provisions of the Code, dealers in securities or foreign currencies, Owners holding the 2020 Series B Bonds as part of a hedging transaction, "straddle," conversion transaction, or other integrated transaction, or Owners whose functional currency (as defined in Section 985 of the Code) is not the U.S. dollar. Except as stated herein, this summary describes no federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the 2020 Series B Bonds. ACCORDINGLY, INVESTORS WHO ARE OR MAY BE DESCRIBED WITHIN THIS PARAGRAPH SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO SUCH INVESTORS, AS WELL AS TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL, OR FOREIGN TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY, OF PURCHASING, HOLDING, OWNING AND DISPOSING OF THE 2020 SERIES B BONDS, INCLUDING THE ADVISABILITY OF MAKING ANY OF THE ELECTIONS DESCRIBED BELOW, BEFORE DETERMINING WHETHER TO PURCHASE THE 2020 SERIES B BONDS.

For purposes of this discussion, a "U.S. person" means an Owner who, for U.S. federal income tax purposes, is (i) an individual citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source of income, or (iv) a trust, if either: (A) a United States court is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust or (B) the trust has a valid election in effect to be treated as a United States person under the applicable treasury regulations. The term also includes nonresident alien individuals, foreign corporations, foreign partnerships, and foreign estates and trusts ("Foreign Owners") to the extent that their ownership of the 2020 Series B Bonds is effectively connected with the conduct of a trade or business within the United States, as well as certain former citizens and residents of the United States who, under certain circumstances, are taxed on income from U.S. sources as if they were citizens or residents. It should also be noted that certain "single member entities" are disregarded for U.S. federal income tax purposes. Such Foreign Owners and Owners who are single member non-corporate entities, should consult with their own tax advisors to determine the U.S. federal, state, local, and other tax consequences that may be relevant to them.

In General. As discussed in more detail below, interest derived from a 2020 Series B Bond by an Owner is subject to U.S. federal income taxation. In addition, a 2020 Series B Bond held by an individual who, at the time of death, is a U.S. person is subject to U.S. federal estate tax.

Payments of Interest. Interest, including additional amounts of cash and interest, if any, paid on the 2020 Series B Bond will generally be taxable to Owners as ordinary interest income at the time it accrues or is received, in accordance with the Owner's method of accounting for U.S. federal income tax purposes. Owners who are cash-method taxpayers will be required to include interest in income upon receipt of such interest income; whereas Owners who are accrual-method taxpayers will be required to include interest as it accrues, without regard to when interest payments are actually received.

Disposition or Retirement. Upon the sale, exchange or other disposition of a 2020 Series B Bond, or upon the retirement of a 2020 Series B Bond (including by redemption), an Owner will recognize capital gain or loss equal to the difference, if any, between the amount realized upon the disposition or retirement (reduced by any amounts attributable to accrued but unpaid interest, which will be taxable as such) and the Owner's adjusted tax basis in the 2020 Series B Bond. Any such gain or loss will be United States source gain or loss for foreign tax credit purposes. Under the Trust Agreement, certain of the 2020 Series B Bonds are subject to optional redemption. See "DESCRIPTION OF THE BONDS—Redemption." The 2020 Series B Bonds are subject to defeasance at any time prior to their stated maturities. If the Municipality defeases any 2020 Series B Bonds, such 2020 Series B Bonds may be deemed to be retired and "reissued" for federal income tax purposes as a result of the defeasance. In such event, the Owner of a 2020 Series B Bond could recognize a gain or loss on the 2020 Series B Bond at the time of defeasance.

An Owner's tax basis for determining gain or loss on the disposition or retirement of a 2020 Series B Bond will be the cost of such 2020 Series B Bond to such Owner, increased by the amount of original issue discount and any market discount includable in such Owner's gross income with respect to such 2020 Series B Bond, and decreased by the amount of any payments under the 2020 Series B Bond that are part of its stated redemption price at maturity (i.e., all stated interest payments with respect to the 2020 Series B Bond previously paid) and by the portion of any premium applied to reduce interest payments as described above. Such gain or loss will be capital gain or loss (except to the extent the gain represents accrued original issue discount or market discount on the 2020 Series B Bond not previously included in gross income, to which extent such gain would be treated as ordinary income). Any capital gain or loss will be long-term capital gain or loss if at the time of disposition or retirement the 2020 Series B Bond has been held for more than one year. The deductibility of capital losses is subject to limitations.

Unearned Income Medicare Contribution. A 3.8 percent Medicare tax on certain net investment income earned by individuals, estates, and trusts applies for taxable years beginning after December 31, 2012. For these purposes, net investment income generally includes an Owner's interest income from a 2020 Series B Bond (including accrued original issue discount, if any, on a 2020 Series B Bond and market discount) and gain realized on the sale, retirement or other disposition of a 2020 Series B Bond. In the case of an individual, the tax will be imposed on the lesser of (i) the Owner's net investment income for the year, or (ii) the amount by which the Owner's modified adjusted gross income (i.e., adjusted gross income reduced by certain exclusions applicable to U.S. citizens or residents living abroad) exceeds $250,000 (if the Owner is married and filing jointly or a surviving spouse), $125,000 (if married filing separately) or $200,000 (if the Owner is unmarried or in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (i) undistributed net investment income, or (ii) the excess of adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

Information Reporting and Backup Withholding. Payments of interest and accruals of original issue discount (if any) on 2020 Series B Bonds held of record by U.S. persons other than corporations and other exempt Owners must be reported to the IRS. Such information will be filed each year with the IRS on Form 1099, which will reflect the name, address, and taxpayer identification number of the Owner. A copy of Form 1099 will be sent to each Owner of a 2020 Series B Bond for federal income tax reporting purposes. The amount of original issue discount required to be reported by the Registrar may not be equal to the amount required to be reported as taxable income by an Owner of a Discount Certificate that acquired such 2020 Series B Bond subsequent to its original issuance.

Interest paid to an Owner of a 2020 Series B Bond ordinarily will not be subject to withholding of federal income tax if such Owner is a U.S. person. Backup withholding of federal income tax, currently (2020) at a rate of 24 percent may apply, however, to payments made in respect of the 2020 Series B Bonds, as well as payments of proceeds from the sale of 2020 Series B Bonds, to Owners who are not "exempt recipients" and who fail to provide certain identifying information. This withholding generally applies if the Owner of a 2020 Series B Bond (who is not an exempt recipient) (i) fails to furnish such Owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails to properly report interest, dividends or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such Owner is not subject to backup withholding. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. To prevent backup withholding, each prospective Owner will be requested to complete an appropriate form.

Any amounts withheld under the backup withholding rules from a payment to a person would be allowed as a refund or a credit against such person's U.S. federal income tax, provided that the required information is furnished to the IRS. Furthermore, certain penalties may be imposed by the IRS on an Owner who is required to supply information but who does not do so in the proper manner.

The federal tax discussion set forth above is included for general information only and may not be applicable depending upon an owner's particular situation. Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the 2020 Series B Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not U.S. persons.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on employee benefit plans subject to Title I of ERISA ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements under Title I, Part 4 of ERISA, including, but not limited to, the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to Title I of ERISA but are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons" (each a "Party in Interest")) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The fiduciary of a Plan that proposes to purchase and hold any 2020 Series B Bonds should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a Party in Interest, (ii) the sale or exchange of any property between a Plan and a Party in Interest and (iii) the transfer to, or use by or for the benefit of, a Party in Interest, of any Plan assets within the meaning of 29 CFR Sec. 2510.3-102 as modified by ERISA Section 3(42). Depending on the identity of the Plan fiduciary making the decision to acquire or hold 2020 Series B Bonds on behalf of a Plan and other factors, U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 75-1 (relating to certain broker-dealer transactions), PTCE 84-14 (relating to transactions effected by "qualified professional asset managers"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by an insurance company general account), or PTCE 96-23 (relating to transactions directed by certain "in-house asset managers") (collectively, the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally provide for a statutory exemption from the prohibitions of Section 406(a) of ERISA and Section 4975 of the Code for certain transactions between Plans and persons who are Parties in Interest solely by reason of providing services to such Plans or that are affiliated with such service providers, provided generally that such persons are not fiduciaries (or affiliates of such fiduciaries) with respect to the "plan assets" of any Plan involved in the transaction and that certain other conditions are satisfied.

By its acceptance of a 2020 Series B Bond, each purchaser will be deemed to have represented and warranted that either (i) no "plan assets" of any Plan have been used to purchase such 2020 Series B Bond, or (ii) the purchase and holding of such 2020 Series B Bond either do not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code, or are exempt from the prohibited transaction restrictions of ERISA and Section 4975 of the Code pursuant to a statutory exemption or an administrative class exemption.

Each Plan fiduciary (and each fiduciary for a governmental or church plan subject to the rules similar to those imposed on Plans under ERISA) should consult with its legal advisor concerning an investment in any of the 2020 Series B Bonds.

RATINGS

S&P Global Ratings has assigned an underlying rating of "A" to the Bonds. S&P Global Ratings has assigned a rating of "AA" to the 2020 Series B Bonds, based on the issuance by AGM of the Policy at the time of delivery of the 2020 Series B Bonds. See "BOND INSURANCE." Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following address: S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

All of the Bonds are being purchased by the Underwriters, for whom BofA Securities, Inc. is the Representative, pursuant to a bond purchase contract, at a price of $69,016,471.65 (representing the aggregate principal amount of the Bonds plus original issue premium of $4,096,345.35 and less an Underwriters' discount of $174,873.70). The Underwriters intend to offer the 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.

BofA Securities, Inc., an underwriter of the 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 Bonds.

"US Bancorp" is the marketing name of U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc. ("USBII"), which is serving as an underwriter of the Bonds, and U.S. Bank National Association ("USBNA"), which is serving as the Paying Agent, Registrar and Escrow Agent for the Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 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 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the 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 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 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 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.

FINANCIAL ADVISOR

Hilltop Securities Inc. ("HilltopSecurities") is employed as Financial Advisor to the Municipality in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. HilltopSecurities, 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 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

HilltopSecurities, 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.

EXECUTION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been authorized by the Municipality.

THE MUNICIPALITY OF ANCHORAGE

By /s/ Alexander Slivka
Chief Fiscal Officer

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APPENDIX A

FINANCIAL STATEMENTS

PORT OF ALASKA

2019

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

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Municipality of Anchorage, Alaska
Port of Alaska Fund
(A Major Enterprise Fund of the Municipality of Anchorage, Alaska)

Financial Statements, Required Supplementary Information, and Other Information
December 31, 2019 and 2018

(With Independent Auditor's Report Thereon)

Municipality of Anchorage, Alaska
Port of Alaska Fund
(A Major Enterprise Fund of the Municipality of Anchorage, Alaska)

Financial Statements, Required Supplementary Information, and Other Information

December 31, 2019 and 2018

(With Independent Auditor's Report Thereon)

Municipality of Anchorage, Alaska
Port of Alaska Fund

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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Port of Alaska, an enterprise fund of the Municipality of Anchorage, Alaska, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Port of Alaska's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port of Alaska as of December 31, 2019 and 2018, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Port of Alaska Enterprise Fund, and do not purport to, and do not present fairly the financial position of the Municipality of Anchorage, Alaska as of December 31, 2019 and 2018, the changes in its financial position, or where applicable, its cash flows for the years 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 6 through 14 and other required supplementary information on pages 70 through 73 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port of Alaska's basic financial statements. The statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2020 on our consideration of Port 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 the Port 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 Port of Alaska's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
June 22, 2020

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Management's Discussion and Analysis

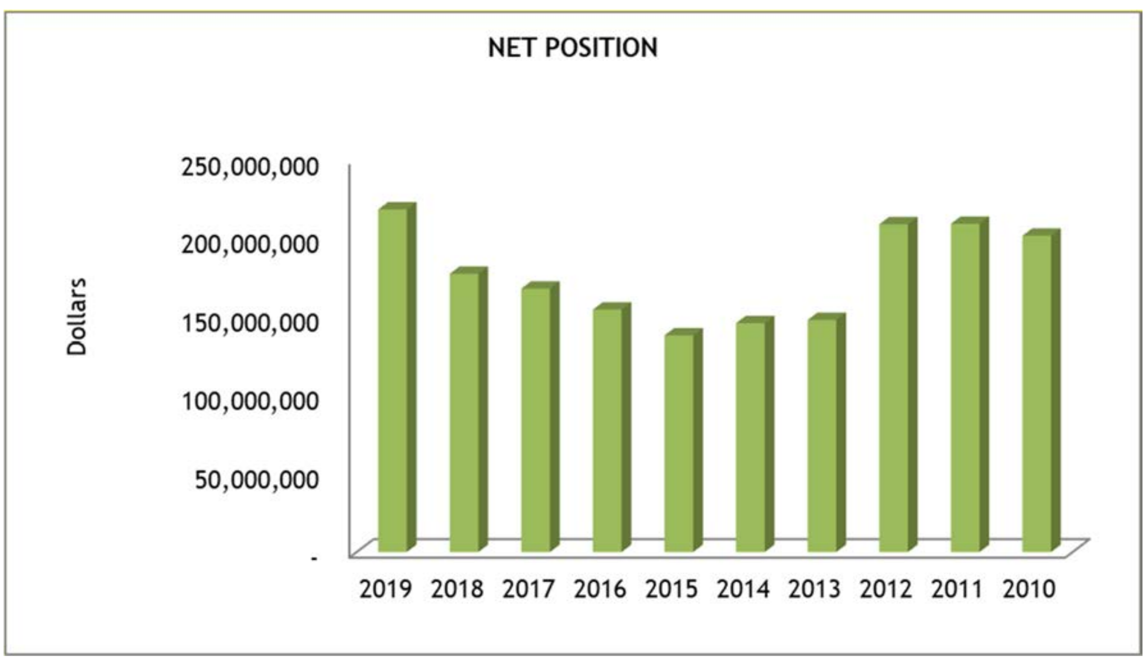
Municipality of Anchorage, Alaska
Port of Alaska Fund

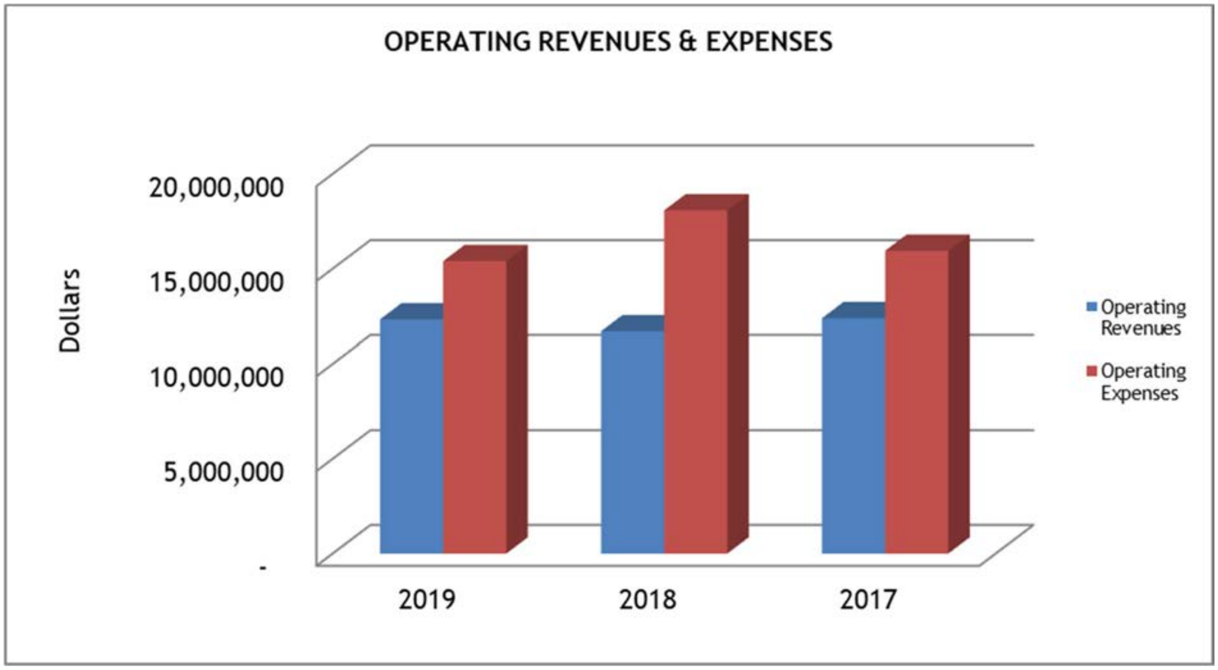
Management's Discussion and Analysis
December 31, 2019 and 2018

The Port of Alaska Fund (Port) is a department of the Municipality of Anchorage, Alaska (Municipality of Anchorage). A commission consisting of nine members oversees the Port's tariff issues. The commission recommends tariff rates, fees, and charges imposed by the Port for its services to the Anchorage Assembly for approval. The following is a discussion and analysis of the Port's financial performance, providing an overview of the financial activities for the years ended December 31, 2019 and 2018. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues, provide an overview of the Port's financial activities and identify changes in the Port's financial position. We encourage readers to consider the information presented here in conjunction with the Port's financial statements and accompanying notes, taken as a whole.

Financial Highlights

- Net position increased $41,002,131 or 23.15% in 2019. The increase in net position was primarily due to capital contributions of $45,651,079 exceeding the operating loss of $2,682,996 and transfers to other funds of $2,187,485. In 2018, net position increased $9,955,652 or 5.96%. This increase in net position was primarily due to capital contributions of $18,650,418 exceeding operating loss of $5,751,438 and transfers to other funds of $3,033,915. Beginning net position in 2018 was reduced by $472,597 due to the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*
- Operating revenues increased $390,275 or 3.17% in 2019 due to increases in rates scheduled within Tariff 8.0. Operating revenues increased $627,833 or 5.37% in 2018 due to a scheduled and implemented increase to Tariff 8.0.
- Operating expenses decreased by $2,716,993 or 24.72% in 2019. The decrease is primarily due to a reduction in legal services expense of $875,745, other postemployment benefits expense of $703,997 and a decrease in interdepartmental costs of $508,830. In 2018 operating expenses increased by $2,133,468 or 13.38% primarily due to additional legal services expense of $1,246,733 and an increase in interdepartmental costs of $475,222.





Overview of the Financial Statements

The Port is a business type activity of the Municipality that operates the Port of Alaska. The Port reports as an enterprise fund of the Municipality.

The Port's financial statements offer short and long-term information about activities of the Port and collectively provide an indication of the Port's financial health. The basic financial statements present on a comparative basis for the years ended December 31, 2019 and 2018, and include the following: Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; and notes to the basic financial statements. 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 of the Port's 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 the Port's operating revenues and expenses and nonoperating revenues and expenses, and the change in net position of the Port for the years presented.

Statements of Cash Flows – These statements report cash and cash equivalent activities for the year resulting from operating activities, noncapital and related 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. The Port presents its Statements of Cash Flows using the direct method of reporting operating cash flows.

Notes to Financial Statements – 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 – presents certain information concerning the progress of funding the Port's obligation to provide pension and other postemployment benefits.

Financial Analysis of the Port

One of the most important questions asked about the Port's finances is whether the Port, as a whole, 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 the Port's activities in a way that helps answer this question.

These two statements report the Port's net position and changes in net position. One can think of the Port's net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as one way to measure financial health or 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 the Port's net position can be determined by reviewing the following condensed Summary of Net Position as of December 31, 2019, 2018, and 2017. The analysis below focuses on the Port's 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

	2019	2018	2017
Assets and Deferred Outflows of Resources:			
Current assets	$ 7,153,230	$ 22,844,169	$ 28,853,775
Noncurrent assets	262,996,500	201,368,894	185,257,922
Deferred Outflows of Resources	312,208	398,763	30,601
Total Assets and Deferred Outflows of Resources	$ 270,461,938	$ 224,611,826	$ 214,142,298
Liabilities and Deferred Inflows of Resources:			
Current Liabilities	8,093,880	2,420,669	2,850,748
Noncurrent Liabilities	44,046,371	44,825,490	43,467,027
Deferred Inflows of Resources	190,728	236,839	178,750
Total Liabilities and Deferred Inflows of Resources	52,330,979	47,482,998	46,496,525
Net Position:			
Net Investment in Capital Assets	195,959,516	151,303,669	138,079,071
Restricted for Capital Construction	19,675,588	9,801,505	6,797,227
Unrestricted	2,495,855	16,023,654	22,769,475
Total Net Position	218,130,959	177,128,828	167,645,773
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 270,461,938	$ 224,611,826	$ 214,142,298

During 2019 the Port's total assets increased by $45,936,667. Noncurrent assets increased by $61,627,606 primarily due to a $44,655,847 increase in capital assets and a $16,977,225 increase in intergovernmental receivables. Current assets decreased by $15,690,939 primarily due to a decrease in cash held in the capital acquisition and construction accounts. During 2018 the Port's total assets increased by $10,101,366. Noncurrent assets increased by $16,110,972 primarily due to a $13,224,598 increase in capital assets.

Current assets decreased by $6,009,606 primarily due to a decrease in equity in the general cash pool, which was only partially offset by an increase in cash held in the capital acquisition and construction accounts.

During 2019 the Port's current liabilities increased by $5,673,211 primarily due to a $5,991,794 increase in capital acquisition and construction accounts and retainage payable exceeding a decrease in accounts payable of $241,540. Total liabilities increased by $4,894,092 due to the increase in current liabilities discussed above exceeding the decrease in noncurrent liabilities caused by a reduction in the net pension liability and net other postemployment benefits liability of $319,088 and $431,594, respectively. During 2018 the Port's current liabilities decreased by $430,079 primarily due to a $831,533 decrease in capital acquisition and construction accounts and retainage payable exceeding an increase in accounts payable of $354,710. Total liabilities increased by $928,384 due to an increase in the net pension liability of $898,268 and the initial recognition in 2018 of the net other postemployment benefits liability of $499,449.

Changes in the Port's 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, 2019, 2018, and 2017 (Table 2).

During 2019 the Port's operating revenues increased by $390,275 or 3.17%, due chiefly to the rate increase implemented in Tariff 8 and Preferential User Agreement increases executed in current agreements. In 2018 operating revenues increased by $627,833 or 5.37%, due chiefly to the 4% increase implemented in Tariff 8 and Preferential User Agreement increases executed in current agreements. The decrease in 2018 was due primarily to a decrease in miscellaneous revenue.

In 2019 the Port's operating expenses decreased by $2,716,993 due in part to a $875,745 decrease in the Port's legal expenses from the Port Intermodal Expansion Project lawsuit (see Note 12), a $703,997 decrease in other postemployment benefits expenses, and a decrease in interdepartmental costs of $508,830. In 2018 the Port's operating expenses increased by $2,133,468 due in part to a $1,246,733 increase in the Port's legal expenses from the Port Intermodal Expansion Project lawsuit and a $492,431 increase in pension expenses.

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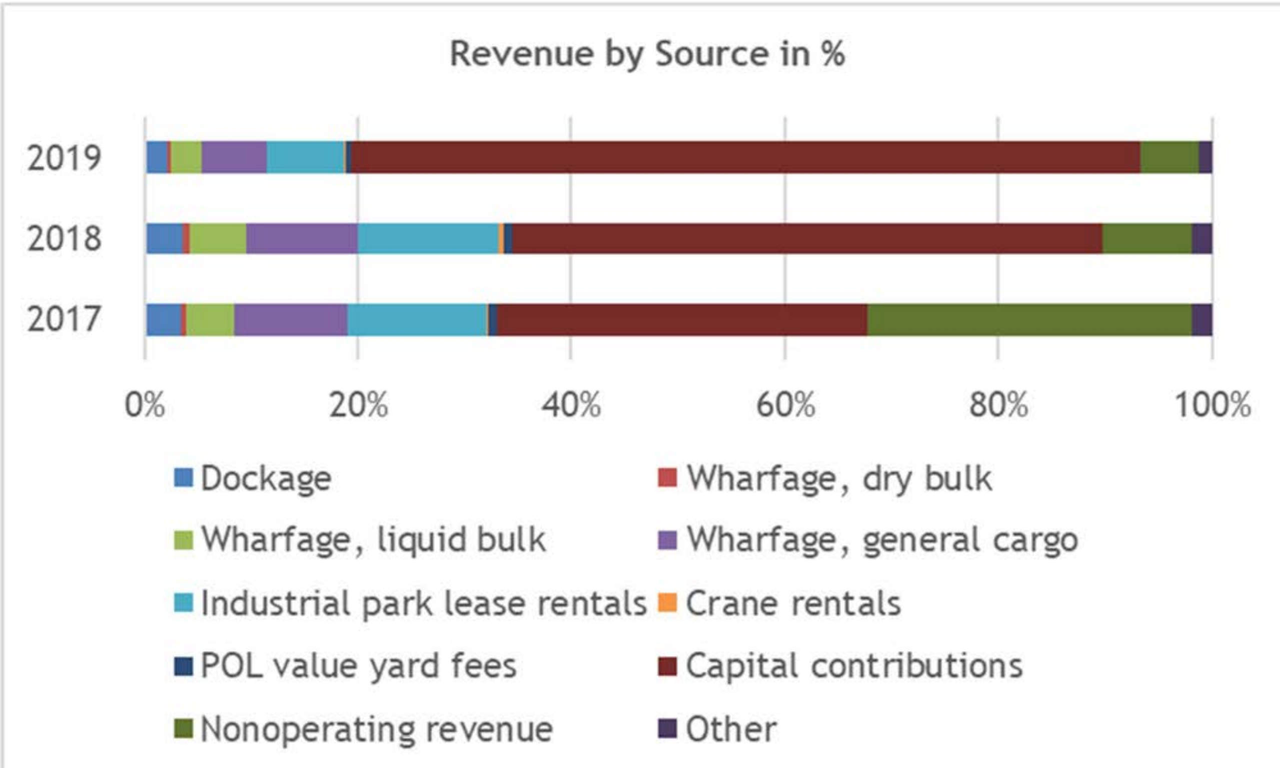
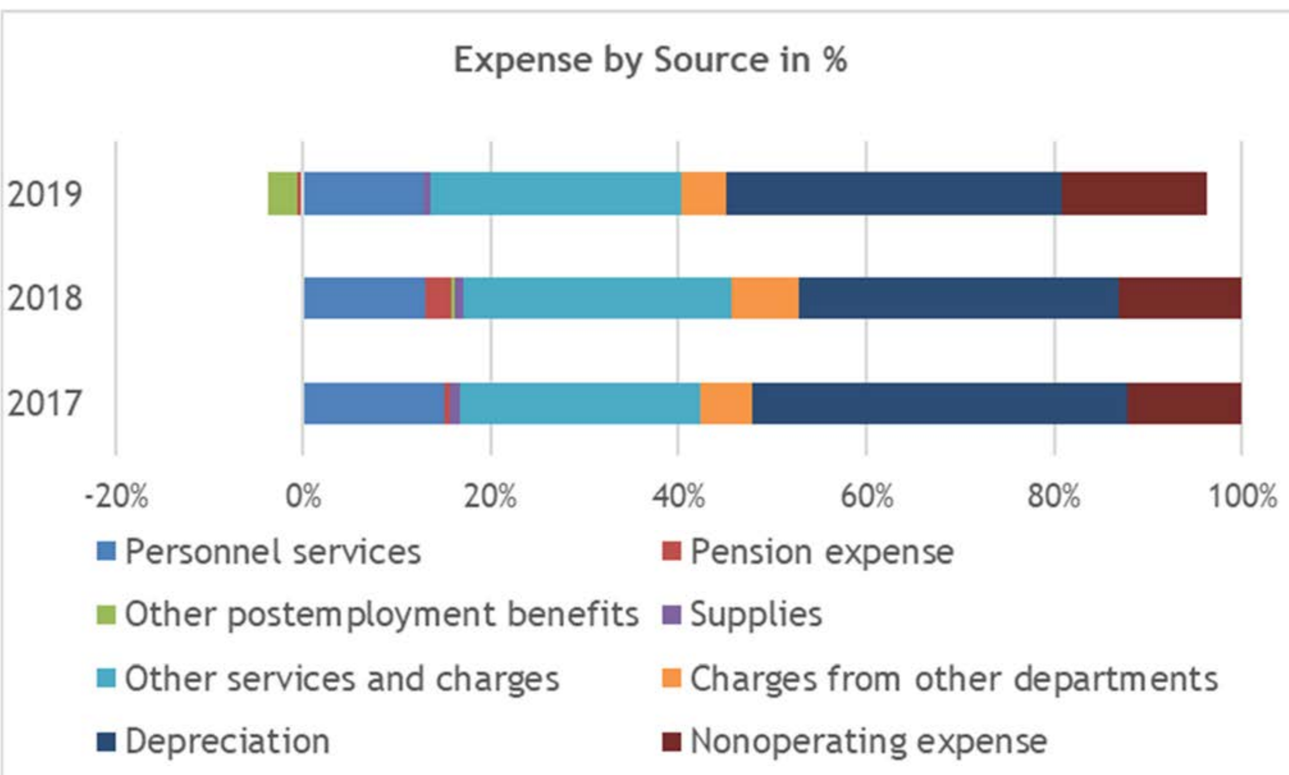
TABLE 2

Summary of Revenues, Expenses, and Changes in Net Position

	2019	2018	2017
Operating Revenues:			
Dockage	$ 1,370,086	$ 1,242,374	$ 1,174,737
Wharfage, dry bulk	141,102	169,575	150,695
Wharfage, liquid bulk	1,764,856	1,805,784	1,521,105
Wharfage, general cargo	3,780,750	3,544,751	3,529,242
Industrial park lease rentals	4,440,847	4,472,735	4,344,217
Crane rentals	113,060	120,960	74,250
POL valve yard fees	281,832	302,861	246,957
Other	823,454	666,672	656,676
Total Operating Revenues	12,715,987	12,325,712	11,697,879
Operating Expenses:			
Personnel services	1,817,639	3,358,553	2,847,732
Supplies	142,924	196,237	176,734
Other services and charges	5,326,655	5,940,591	4,646,464
Charges from other departments	985,148	1,493,978	1,018,756
Depreciation	7,126,617	7,087,791	7,253,997
Total Operating Expenses	15,398,983	18,077,150	15,943,682
Operating Loss	(2,682,996)	(5,751,438)	(4,245,803)
Nonoperating Revenues (Expenses)			
Nonoperating revenues	3,300,187	2,825,996	10,153,692
Nonoperating expenses	(3,078,654)	(2,735,409)	(2,217,564)
Net Nonoperating Revenues	221,533	90,587	7,936,125
Income Before capital contributions and transfers	(2,461,463)	(5,660,851)	3,690,322
Capital contributions and transfers	43,463,594	15,616,503	9,680,745
Change in Net Position	41,002,131	9,955,652	13,371,068
Net Position, beginning, as restated (2018)	177,128,828	167,173,176	154,274,706
Net Position, ending	$ 218,130,959	$ 177,128,828	$ 167,645,773


Revenue by Source in %
2019
2018
2017
0%
20%
40%
60%
80%
100%
Dockage
Wharfage, dry bulk
Wharfage, liquid bulk
Wharfage, general cargo
Industrial park lease rentals
Crane rentals
POL value yard fees
Capital contributions
Nonoperating revenue
Other


Expense by Source in %
2019
2018
2017
-20%
0%
20%
40%
60%
80%
100%
Personnel services
Pension expense
Other postemployment benefits
Supplies
Other services and charges
Charges from other departments
Depreciation
Nonoperating expense

Capital Assets and Debt Administration

Capital Assets
The following table summarizes the Port's capital assets, at cost, as of December 31, 2019, 2018 and 2017.

TABLE 3
Net Capital Assets

	2019	2018	2017
Land	$ 38,439,459	$ 20,101,537	$ 20,101,537
Infrastructure	38,574,083	40,882,934	42,968,796
Buildings	2,620,191	2,754,611	2,889,031
Building improvements	16,519	17,247	17,976
Land improvements	104,295,558	84,371,646	86,312,104
Vehicles	454,357	491,633	274,293
Machinery and equipment	1,126,148	1,715,932	2,280,842
Computer hardware	32,700	27,187	5,588
Computer software	67,291	-	-
Art	21,344	21,344	21,344
Construction work in progress	50,311,866	40,919,598	23,207,560
Total Net Capital Assets	235,959,516	191,303,669	178,079,071
Increase in net capital assets	$ 44,655,847	$ 13,224,598	$ 6,761,563

2019 major additions include:

- Land – Tract A Tidelands - $18,337,921
- Land Improvements – Tract A Tidelands - $19,404,861

Construction work in progress increased by $9,392,268 in 2019 due to the continued progress and work done on Phase 1 of the Port Modernization Program.

Debt
In June 2013, the Port entered into a $40,000,000 Revolving Credit Agreement (Agreement) with a commercial bank. A draw in the amount of $40,000,000 under the Agreement on June 24, 2013 was used to refinance the Port's outstanding commercial paper notes. The outstanding balance under the Agreement as of December 31, 2015 was $40,000,000. On June 20, 2019 the Municipality and its commercial bank amended the Revolving Credit Agreement under the same terms and conditions but with a revised expiration date of June 20, 2021. It is anticipated that the amount outstanding under the Agreement will be refunded by some form of a long-term borrowing instrument on or before the Commitment Expiration Date of July 1, 2021.

Economic Factors and Next Year's Budgets and Rates

The Port of Alaska supports more than $14 billion in commercial activity in Alaska as the state's main inbound containerized freight and fuel distribution center. It is the conduit for goods consumed by 90% of Alaska's population. $7.1 billion in consumer goods cross the dock at the Port annually, supporting an estimated $9.2 billion in total retail sales activity across Alaska. Other nonretail freight valued at $2.9 billion supports state-wide economic activity to include supplies, materials and equipment used in food service, manufacturing and construction activities. Petroleum valued at $1.5 billion passes over the docks and through the Port of Alaska Valve Yard to support the Ted Stevens Anchorage International Airport and military operations at Joint Base Elmendorf Richardson.

The Port of Alaska's strategic location provides economic value to the communities and businesses it serves with proximity to population centers, Intermodal transportation connections, and a freight handling infrastructure suited to the needs of the users. The Port's on-property intermodal connectivity includes truck, train, and fuel pipeline and Alaska's principal air cargo hub is less than eight miles away. Efficient and continued operations at the Port are a critical part of the foundation of a successful and sustainable state and local economy and are necessary for businesses and the people they serve to continue.

The 2019 budget projected Port operating revenues of $11.9 million and $1.8 million in nonoperating revenues. Actual 2019 operating revenues earned $12.7 million and were $800,000 over budget projections. Actual 2019 nonoperating revenue including capital contributions earned approximately $49 million and were $47.2 million over budget projections. The increase in operating revenue was attributable to an 8% increase in tonnage across the dock for all commodities delivered to the Port. In addition to the increased traffic for 2019, the operating revenue benefited from the Tariff 8.2 scheduled tariff increase of 3% that took effect January 1, 2019. Additionally, users of the Port not subject to the tariff rates and operating under a "Preferential User Agreement", saw an increase of 2.5% to their fees. The variance in the nonoperating revenue was due to the direct funding from the State of Alaska in the amount of $45.6 million for grant related expenditures related to the Port Modernization Program and increased earnings on investment income of $1.2 million over the budget.

The 2018 budget anticipated Port operating revenues of $11.4 million and $2.0 million in nonoperating revenues. Actual 2018 operating revenues earned amounted to $12 million, or $600 thousand over budget projections. Actual 2018 nonoperating revenue including capital contributions earned approximately $20.6 million, or $18.6 million over budget projections. The increase in operating revenue was attributable to strong petroleum traffic at the Port in addition to a 4% increase in planned tariff increases. The variance between the 2017 budget and actual nonoperating revenues was due to the direct funding from the State of Alaska in the amount of $18.6 million for grant related expenditures related to the Port Modernization Program (See Note 4). The 2018 budget anticipated Port operating expenses of $22 million. Actual 2018 operating expenses incurred amount to $18 million or $4 million under budget projection. The contributing factor to the variance between the 2018 budget and actual expenses and transfers was due to lower than anticipated professional services and contract repair services.

In 2014, the Port undertook a review of its tariff rates terms and conditions. Following the review of its tariff the completion of a Revenue Requirements Study by an independent contractor, the Port Commission proposed, and the Anchorage Assembly approved, the rates, terms and conditions of the Port's Terminal Tariff No. 8 effective January 1, 2015. Tariff No. 8 includes annual rate increases effective January 1, 2015 through December 31, 2019.

In 2019, the Port undertook an extensive review of the tariff rates in light of the expiration of Tariff 8.2 on 12/31/2019 and the potential requirement to create capacity in the Port's income stream for debt service coverage to repay future borrowings necessary in order to complete the Petroleum & Cement Terminal, Phase 1, Anchorage Port Modernization Program. Following the review of the tariff and the completion of a Revenue Requirements report, which included various Rate scenarios recommendations provided by an independent contractor, the Port Commission promulgated a ten year tariff with a rate structure that would support ongoing operations at the Port as well as provide income for future debt service payments. The Anchorage Assembly approved the rates, terms, and conditions of the Port's Terminal Tariff 9.0 and it was implemented on January 1, 2020. Tariff 9.0 increased all tariff fees (except for petroleum and cement) as follows: 3.5% in 2020, 3.93% in 2021, 3.01% in 2022 – 2027, and no increases in 2028 – 2029. Additionally, commodity specific rate increases for operating and debt service coverage on Petroleum and Cement were implemented as follows: 23.81% in 2020, 24.24% in 2021, 12.95% in 2022 - 2026, 8.65% in 2027, and 5,64% in 2028-2029. The Port Commission will review the established tariff rates each year and revise as needed to meet operating and debt service coverage requirements.

Currently Known Facts, Decisions and Conditions

COVID-19 Pandemic

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the coronavirus as a pandemic, based on the rapid increase in exposure globally.

There may be disruptions resulting from extensive travel restrictions, quarantines of employees, facility access restrictions, and other related factors. While any disruptions related to COVID-19 are expected to be temporary, the Port is unable to estimate the impact at this time. The Port expects the COVID-19 pandemic may adversely impact financial position and liquidity, however the ultimate impact, if any, is not known at this time.

CARES Act

On March 27, 2020 President Trump signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act." Currently, the Port is unable to determine the impact that the CARES Act will have on the Port's financial condition, results of operations or liquidity.

Contacting the Port's Financial Management

This financial report is designed to provide the Port's customers, taxpayers, investors, and creditors with a general overview of the Port's finances and to demonstrate the Port's accountability for the money it receives. For questions about this report, or for additional financial information contact the Municipality of Anchorage, Port of Alaska Department, 2000 Anchorage Port Road, Anchorage, AK 99501.
General information can be found at: **http://www.portofanc.com/business/finances/**

Financial Statements

Municipality of Anchorage, Alaska
Port of Alaska Fund
Statements of Net Position

December 31,		2019		2018
Assets and Deferred Outflows of Resources				
Current Assets				
Cash	$	650	$	650
Equity in general cash pool		5,556,768		6,520,046
Capital acquisition and construction accounts		-		14,444,788
Accrued interest on investments		26,976		104,449
Accounts receivable, net		1,184,694		1,369,009
Prepaid items and deposits		55,117		76,202
Parts inventory		329,025		329,025
Total Current Assets		7,153,230		22,844,169
Noncurrent Assets				
Unrestricted Assets:				
Assets held for resale		242,093		252,880
Capital assets, net		235,959,516		191,303,669
Net other postemployment benefits asset		16,161		10,840
Total Unrestricted Noncurrent Assets		236,217,770		191,567,389
Restricted Assets:				
Restricted cash - settlement set aside		1,950,000		1,950,000
Intergovernmental receivables		24,828,730		7,851,505
Total Restricted Noncurrent Assets		26,778,730		9,801,505
Total Noncurrent Assets		262,996,500		201,368,894
Total Assets		270,149,730		224,213,063
Deferred Outflows of Resources				
Related to pensions		180,380		242,488
Related to other postemployment benefits		131,828		156,275
Total Deferred Outflows of Resources		312,208		398,763
Total Assets and Deferred Outflows of Resources	$	270,461,938	$	224,611,826

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statements of Net Position, continued

December 31,	2019	2018
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$ 661,831	$ 903,371
Capital acquisition and construction accounts and retainages payable	7,103,142	1,111,348
Compensated absences payable	159,050	163,718
Accrued payroll liabilities	84,194	132,871
Accrued interest payable	85,663	109,361
Total Current Liabilities	8,093,880	2,420,669
Noncurrent Liabilities		
Other noncurrent liabilities	1,774,678	1,788,202
Compensated absences payable	138,624	153,537
Net pension liability	2,065,214	2,384,302
Net other postemployment benefits liability	67,855	499,449
Notes payable	40,000,000	40,000,000
Total Noncurrent Liabilities	44,046,371	44,825,490
Total Liabilities	52,140,251	47,246,159
Deferred Inflows of Resources		
Related to pensions	105,916	59,841
Related to other postemployment benefits	84,812	176,998
Total Deferred Inflows of Resources	190,728	236,839
Net Position		
Net investment in capital assets	195,959,516	151,303,669
Restricted for capital construction	19,675,588	9,801,505
Unrestricted	2,495,855	16,023,654
Total Net Position	218,130,959	177,128,828
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 270,461,938	$ 224,611,826

See accompanying notes to basic financial statements.

Municipality of Anchorage, Alaska
Port of Alaska Fund
Statements of Revenues, Expenses, and Changes in Net Position

Years Ended December 31,	2019	2018
Operating Revenues		
Charges for sales and services:		
Dockage	$ 1,370,086	$ 1,242,374
Wharfage, dry bulk	141,102	169,575
Wharfage, liquid bulk	1,764,856	1,805,784
Wharfage, general cargo	3,780,750	3,544,751
Storage revenue	234,381	219,392
Office rental	108,659	96,994
Utilities	41,688	46,767
Miscellaneous	438,726	303,519
Total Charges for Sales and Services	7,880,248	7,429,156
Other operating revenues:		
Crane rentals	113,060	120,960
Industrial park lease rentals	4,440,847	4,472,735
POL value yard fees	281,832	302,861
Total Other Operating Revenues	4,835,739	4,896,556
Total Operating Revenues	12,715,987	12,325,712
Operating Expenses		
Operations:		
Personnel services	2,565,643	2,703,250
Pension expense	(99,505)	599,805
Other postemployment benefits	(648,499)	55,498
Supplies	142,924	196,237
Other services and charges	5,326,655	5,940,591
Charges from other departments	985,148	1,493,978
Total Operations	8,272,366	10,989,359
Depreciation	7,126,617	7,087,791
Total Operating Expenses	15,398,983	18,077,150
Operating loss	(2,682,996)	(5,751,438)

Municipality of Anchorage, Alaska
Port of Alaska Fund

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

Years Ended December 31,	2019	2018
Nonoperating Revenues (Expenses)		
Intergovernmental revenues - PERS on-behalf	$ (32,445)	$ 51,096
Investment income-short term investments	1,394,025	312,700
Security fees	1,496,703	1,478,313
Right-of-way fees	192,445	202,056
Interest on long-term obligations	(1,290,712)	(1,152,083)
Security contract	(1,787,942)	(1,583,326)
Gain on sale of assets held for resale	249,459	781,831
Total Nonoperating Revenues (Expenses)	221,533	90,587
Loss before capital contributions and transfers	(2,461,463)	(5,660,851)
Contributions and Transfers		
Capital contributions	45,651,079	18,650,418
Transfers to other funds:		
Municipal service assessment	(1,471,199)	(1,434,021)
Dividend	(616,286)	(584,894)
Contributions to other funds	(100,000)	(1,015,000)
Change in Net Position	41,002,131	9,955,652
Net Position, beginning, as restated (Note 14)	177,128,828	167,173,176
Net Position, ending	$ 218,130,959	$ 177,128,828

See accompanying notes to basic financial statements.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Statements of Cash Flows

Years Ended December 31,	2019	2018
Cash Flows from Operating Activities		
Receipts from customers	$ 12,900,302	$ 12,277,372
Payments to employees	(2,633,901)	(2,727,151)
Payments to vendors	(5,703,558)	(5,769,682)
Internal activity - payments made to other funds	(985,148)	(1,493,978)
Net cash flows from operating activities	3,577,695	2,286,561
Cash Flows for Noncapital Financing Activities		
Transfer to other funds	(2,187,485)	(3,033,915)
Security contract	(1,787,942)	(1,583,326)
Right of way and security fees	1,689,148	1,680,369
Net cash flows for noncapital financing activities	(2,286,279)	(2,936,872)
Cash Flows for Capital and Related Financing Activities		
Interest payments on long-term obligations	(1,314,410)	(1,107,168)
Acquisition and construction of capital assets	(45,793,649)	(21,143,922)
Proceeds from sale of capital assets	10,776	-
Proceeds from sale of assets held for resale	252,449	910,575
Capital contributions received	28,673,854	15,646,140
Net cash flows for capital and related financing activities	(18,170,980)	(5,694,375)
Cash Flows from Investing Activities		
Investment income	1,471,498	318,660
Net Decrease in Cash	(15,408,066)	(6,026,026)
Cash, beginning	22,915,484	28,941,510
Cash, ending	7,507,418	22,915,484
Components of Cash		
Cash	650	650
Equity in general cash pool	5,556,768	6,520,046
Restricted cash - settlement set aside	1,950,000	1,950,000
Capital acquisition and construction accounts	-	14,444,788
Cash, ending	7,507,418	22,915,484

Municipality of Anchorage, Alaska
Port of Alaska Fund
Statements of Cash Flows, continued

Years Ended December 31,	2019	2018
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities:		
Operating loss	(2,682,996)	(5,751,438)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	7,126,617	7,087,791
PERS relief - noncash expenses	(32,445)	51,096
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:		
Accounts receivable	184,315	(48,340)
Prepaid items and deposits	21,085	25,960
Net other postemployment benefits asset	(5,321)	-
Deferred outflows of resources related to pensions	62,108	(211,887)
Deferred outflows of resources related to other postemployment benefits	24,447	(123,373)
Accounts payable	(241,540)	354,710
Compensated absences payable	(19,581)	(23,148)
Net pension liability	(319,088)	898,268
Net other postemployment benefits liability	(431,594)	144,445
Other noncurrent liabilities	(13,524)	(13,524)
Accrued payroll liabilities	(48,677)	(753)
Deferred inflows of resources related to pensions	46,075	(118,909)
Deferred inflows of resources related to other postemployment benefits	(92,186)	15,663
Net Cash Flows from Operating Activities	3,577,695	2,286,561
Noncash Investing, Capital, and Financing Activities		
Capital purchases on account	7,103,142	1,111,348
Assets held for resale	242,093	252,880
Capital contributions	24,828,730	7,851,505
Total Noncash Investing, Capital, and Financing Activities	$ 32,173,965	$ 9,215,733

See accompanying notes to basic financial statements.

1. Description of Business and Summary of Significant Accounting Policies

The Port of Alaska (Port) first began operations in September 1961. It had capacity to berth one marine cargo ship at a time, and more than 38,000 tons of marine cargo moved across its single berth that year. Since 1964, the Port has expanded to a five-berth terminal providing facilities for the movement of containerized freight, bulk petroleum, break bulk freight and cement. Today, approximately 4 million tons of material moves across its docks each year. The Port serves 87 percent of the State of Alaska's population, handles 90 percent of the consumer goods of Alaska and is one of 23 Strategic Seaports designated by the Department of Defense. The Port is the major gateway for Alaska's water-borne commerce and a vital element of the regional economy.

The Port's steady growth in the past decade is expected to continue into the future. To keep pace with the future trends in the shipping industry and to better serve its existing clients, the Port is currently undergoing a modernization project that began in 2014. This project targets four marine terminals that are in need of replacement. The marine terminal redevelopment will upgrade crane reach and provide a deeper draft to accommodate larger ships and improve commercial dock space.

The accompanying financial statements reflect the activities of the Port. The Port is an enterprise fund of the Municipality of Anchorage (Municipality). Enterprise funds are established to finance and account for the operation and maintenance of facilities and services such as those of the Port that are predominately self-supported by user charges. User charges for the Port are established in the Port of Anchorage Terminal Tariff No. 8 and through contractual Terminal Preferential Usage Agreements as recommended by the Anchorage Port Commission, and approved by the Anchorage Municipal Assembly and reported to the Federal Maritime Commission.

The accounting records and accompanying financial statements conform to U.S. Generally Accepted Accounting Principles (GAAP). The accrual basis of accounting is used for enterprise funds. Revenues are recognized in the accounting period in which they are earned and become measurable and expenses are recognized in the period incurred.

Accounting and reporting treatment applied to the Port is accounted for on a flow of economic resources measurement focus. As such, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the Port are included on the Statements of Net Position. Net position as shown on the statements is segregated into the following categories: Net investment in capital assets; Restricted for capital construction; and Unrestricted.

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 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 the Port each month based on its monthly closing cash pool equity balances.

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

Restricted Assets

It is the Port's 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. The Port has restricted assets of $26,778,730 and $9,801,505 at December 31, 2019 and 2018, respectively.

Parts Inventory

Parts inventory is valued at cost using the specific identification method and is expensed when used (consumption method). The value of the Port's inventory totaled $329,025 at December 31, 2019 and 2018.

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. The Port 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
Infrastructure	3-40 years

Deferred Outflows of Resources

In addition to assets, the statement of net position reports 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, 2019 and 2018, the Port had deferred outflows of resources from pension and other postemployment benefits (OPEB) related items. These items are amortized to expense over time.

Operating Revenues and Expenses

Operating revenues and expenses result from providing services in connection with the Port's principal ongoing operations. Nonoperating revenues and expenses include those revenues and expenses not directly related to the Port's principal ongoing operations.

Compensated Absences Payable

The Port 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 financial statements 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, 2019 and 2018, the Port 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 the Port. Charges from other departments to the Port totaled $985,148 and $1,493,978 for the years ended December 31, 2019 and 2018, respectively. These amounts do not include the Port's payments to the Municipality's risk management programs.

Net Position

The Port's 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. The Port's restricted net position represents assets restricted for capital construction in accordance with intergovernmental grant agreements or terms of legal settlements. 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 the Port's 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 2019, 2018 or 2017.

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. The Port 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 the Port 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 the Port. When the Port sells commercial paper, the cash pool will be reimbursed from the debt proceeds. In the event that other funds borrow from the Port, the Port will receive the investment earnings.

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2. Cash and Investments

At December 31, 2019 and 2018, the Municipality had the following investments held in the Municipal Central Treasury:

December 31, 2019

		Fixed Income Investment Maturities (in years)			
Investment Type	Fair Value*	Less Than 1	1-5	6-10	More Than 10
Central treasury-unrestricted:					
Money market funds	$ 14,721,342	$	$	$	$
Repurchase agreements	61,467,262	61,467,262	-	-	-
Commercial paper	2,824,608	2,824,608	-	-	
U.S. treasuries	90,725,434	5,367,758	68,506,311	16,690,855	160,510
U.S. TIPS	4,133,704	-	1,728,030	2,405,674	-
U.S. agencies	54,795,702	29,450,138	5,532,580	6,180,849	13,632,135
Municipal bonds	58,119	-	15,399	-	42,720
Asset-backed securities**	24,545,951	136,466	14,855,882	2,183,330	7,370,273
Corporate fixed income securities***	119,838,965	33,296,018	44,015,469	40,509,156	2,018,322
	$ 373,111,087	$ 132,542,250	$ 134,653,671	$ 67,969,864	$ 23,223,960
Central treasury-restricted:					
Money market funds	$ 22,921,889	$ -	$ -	$ -	$ -
Repurchase agreements	10,190,948	10,190,948	-	-	-
Commercial paper	468,305	468,305	-	-	-
U.S. treasuries	34,608,937	889,946	30,925,123	2,767,256	26,612
U.S. TIPS	685,346	-	286,498	398,848	-
U.S. agencies	25,072,613	4,882,677	16,905,048	1,024,752	2,260,136
Municipal bonds	9,636	-	2,553	-	7,083
Asset-backed securities**	4,069,589	22,625	2,463,027	361,985	1,221,952
Corporate fixed income Securities***	19,868,668	5,520,304	7,297,532	6,716,204	334,627
	$ 117,895,931	$ 21,974,805	$ 57,879,781	$ 11,269,045	$ 3,850,410

December 31, 2018

		Fixed Income Investment Maturities (in years)			
Investment Type	Fair Value*	Less Than 1	1-5	6-10	More Than 10
Central treasury-unrestricted:					
Money market funds	$ 21,308,292	$ -	$ -	$ -	$ -
Repurchase agreements	22,398,105	22,398,105	-	-	-
U.S. treasuries	148,917,831	80,567,294	55,484,846	12,414,634	451,057
U.S. agencies	20,351,315	10,114	10,552,227	5,456,530	4,332,444
Asset-backed securities**	25,781,328	394,826	17,416,412	2,667,894	5,302,196
Corporate fixed income securities	136,435,070	40,724,193	55,624,808	38,378,958	1,707,111
	$ 375,191,941	$ 144,094,532	$ 139,078,293	$ 58,918,016	$ 11,792,808
Central treasury-restricted:					
Money market funds	$ 22,075,465	$ -	$ -	$ -	$ -
Repurchase agreements	3,164,717	3,164,717	-	-	-
U.S. treasuries	34,914,468	11,383,671	21,712,952	1,754,113	63,732
U.S. agencies	21,222,562	1,429	19,838,011	770,974	612,148
Asset-backed securities**	3,642,746	55,787	2,460,834	376,957	749,168
Corporate fixed income securities	19,277,450	5,754,082	7,859,449	5,422,715	241,204
	$ 104,294,408	$ 20,359,686	$ 51,871,246	$ 8,324,759	$ 1,666,252

* Fair value plus accrued income.

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

*** Blackrock, the outside manager of the Strategic Reserve Portfolio of the Municipal Cash Pool, held a small position in Weatherford Corporate debt during 2019 as part of its high yield allocation. Weatherford had a bankruptcy-related restructuring that resulted in MOA taking an equity position in the Blackrock MCP portfolio. The Municipality gave Blackrock explicit permission to hold the Weatherford equity in order to prevent a ‘forced sale.” Blackrock continues to hold the Weatherford equity ($52,881) until it is advantageous to sell.

The Port had the following investment balances held in the Municipal central treasury at December 31, 2019 and 2018:

	2019	2018
Equity in general cash pool	$ 5,556,768	$ 6,520,046
Capital acquisition and construction accounts	-	14,444,788
Restricted cash – settlement set aside	1,950,000	1,950,000
Total investments held in central treasury	$ 7,506,768	$ 22,914,834

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.

- 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).
- 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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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, 2019	Working Capital Portfolio Holding % at December 31, 2018
U.S. government securities*	50% to 100% of portfolio	27%	53%
Repurchase agreements	0% to 50% of portfolio	42%	13%
Certificates of deposit	0% to 25% of portfolio; maximum 5% per issuer	-%	-%
Commercial paper	0% to 25% of portfolio; maximum 5% per issuer	1%	-%
Bankers acceptances	0% to 25% of portfolio; maximum 5% per issuer	-%	-%
Corporate fixed income securities**	0% to 25% of portfolio; maximum 5% per issuer	17%	18%
Taxable & tax-exempt municipal debt securities	0% to 15% of portfolio; maximum 5% per issuer	-%	-%
Dollar denominated debt of foreign governments and the International Bank for Reconstruction and Development (IBRD)	0% to 10% of portfolio; maximum 5% per issuer	-%	-%
Money market mutual funds**	0% to 25% of portfolio	13%	16%
		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 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, 2019	Internally Managed Holding % at December 31, 2018
U.S. government securities*	50% to 100% of portfolio	10%	71%
Repurchase agreements	0% to 50% of portfolio	-%	-%
Certificates of deposit	0% to 50% of portfolio;	-%	-%
Commercial paper	0% to 25% of portfolio; maximum 5% per issuer	-%	-%
Bankers acceptances	0% to 25% of portfolio; maximum 5% per issuer	-%	-%
Corporate fixed income	0% to 25% of portfolio; maximum 5% per issuer	-%	18%
Alaska Municipal League Investment Pool (AMLIP)	0% to 25% of portfolio	-%	-%
Dollar denominated fixed income securities, other than those listed herein, rated by at least one nationally recognized rating agency	0% to 10% of portfolio; maximum 5% per issuer	-%	-%
Money market mutual funds**	0% to 25% of portfolio	90%	29%
		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, 2019 and 2018, respectively, in anticipation of planned spending within a week. The portfolios were back in compliance in the first week of 2019 and 2020, respectively.

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, 2019, the Working Capital Portfolio had a duration of 0.09 years, or approximately 33 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, 2019, the Contingency Reserve Portfolio had a duration of 1.83 years as compared to its benchmark, Barclays 1-3 Year Government Index, which had a duration of 1.87 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, 2019, the Strategic Reserve Portfolio had a duration of 3.21 years as compared to its benchmark, Barclays Intermediate Government/Corporate Index, which had a duration of 3.62 years.

The effective duration of the externally managed portfolio of the Municipal Central Treasury working capital portfolio at December 31, 2019, was 0.09 years, which is within the targeted duration of +/-0.25 years of the Merrill Lynch 90-day Treasury Bill Index, as required per Alaska Permanent Capital Management Investment Manager Agreement. The effective duration of the contingency reserve and strategic reserve portfolios at December 31, 2019, were 1.83 years, and 3.21 years, respectively, which are within the required durations per the policy.

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, 2019, the Municipal Central Treasury's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled $168,390,928. The distribution of ratings on these securities was as follows:

Moody's		S&P	
Aaa	41%	AAA	6%
Aa	3%	AA	20%
A	14%	A	14%
Baa	14%	BBB	17%
Ba or lower	18%	BB or lower	17%
Not rated	10%	Not rated	26%
	100%		100%

At December 31, 2018, the Municipal Central Treasury's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled $185,136,594. The distribution of ratings on these securities was as follows:

Moody's		S&P	
Aaa	13%	AAA	11%
Aa	11%	AA	6%
A	22%	A	25%
Baa	26%	BBB	30%
Ba or lower	24%	BB or lower	22%
Not rated	4%	Not rated	6%
	100%		100%

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, 2019 and 2018, the Municipal Central Treasury had no investments in any single issuer exceeding 5% of total investments.

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.

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, 2019, there were $62,048 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, 2019 and 2018, all debt obligations held in the Municipal Central Treasury were payable in U.S. Dollars.

Fair Value Measurements

At December 31, 2019 and 2018, 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.
- Money market funds are valued at amortized cost.
- 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.
- Corporate fixed income 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.

The Municipality utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Port 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.

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The Municipality has the following recurring fair value measurements as of December 31, 2019:

Investment type:	Total	Level 1	Level 2
Central treasury- unrestricted investments measured at fair value:			
Commercial paper	$ 2,824,608	$ -	$ 2,824,608
U.S. treasuries	90,725,434	85,365,925	5,359,509
U.S. TIPS	4,133,704	4,133,704	-
U.S. agencies	54,795,702	54,795,702	-
Municipal bonds	58,119	-	58,119
Asset-backed securities	24,545,951	-	24,545,951
Corporate fixed income securities	119,838,965	40,568	119,798,397
	$ 296,922,483	$ 144,335,899	$ 152,586,584
Investments measured at amortized cost:			
Money market funds	$ 14,721,342		
Repurchase agreements	61,467,262		
Total central treasury – unrestricted	$ 373,111,087		
Central treasury- restricted investments measured at fair value:			
Commercial paper	$ 468,305	$ -	$ 468,305
U.S. treasuries	34,608,937	33,720,359	888,578
U.S. TIPS	685,346	685,346	-
U.S. agencies	25,072,613	-	25,072,613
Municipal bonds	9,636	-	9,636
Asset-backed securities	4,069,589	-	4,069,589
Corporate fixed income securities	19,868,668	6,726	19,861,942
	$ 84,783,094	34,412,431	50,370,663
Investments measured at amortized cost:			
Money market funds	$ 22,921,889		
Repurchase agreements	10,190,948		
Total central treasury – restricted	$ 117,895,931		

The Municipality has the following recurring fair value measurements as of December 31, 2018:

Investment type:	Total	Level 1	Level 2
Central treasury-unrestricted investments measured at fair value:			
U.S. treasuries	$ 148,917,831	$ 103,429,738	$ 45,488,093
U.S. agencies	20,351,315	-	20,351,315
Asset-backed securities	25,781,328	-	25,781,328
Corporate fixed income securities	136,435,070	-	136,435,070
	$ 331,485,544	$ 103,429,738	$ 228,055,806
Investments measured at amortized cost:			
Money market funds	$ 21,308,292		
Repurchase agreements	22,398,105		
Total central treasury – unrestricted	$ 375,191,941		
Central treasury-restricted investments measured at fair value:			
U.S. treasuries	$ 34,914,468	$ 28,487,275	$ 6,427,193
U.S. agencies	21,222,562	-	21,222,562
Asset-backed securities	3,642,746	-	3,642,746
Corporate fixed income securities	19,277,450	-	19,277,450
	$ 79,057,226	$ 28,487,275	$ 50,569,951
Investments measured at amortized cost:			
Money market funds	$ 22,072,465		
Repurchase agreements	3,164,717		
Total central treasury – restricted	$ 104,294,408		

3. Accounts Receivable

The Port reports accounts receivable on its Statement of Net Position net of allowances for uncollectable accounts. At December 31, 2019 and 2018, the Port reported gross receivables of $1,184,694 and $1,369,009, respectively. At December 31, 2019 and 2018, the Port determined that allowance for uncollectable accounts was not necessary because a majority of the receivable balances were in current status.

4. Port Modernization Project

Port of Alaska is a Municipality of Anchorage owned and operated facility that handles half of all Alaska inbound marine freight – some 3.9 million tons of fuel and cargo in 2018 – half of which is delivered to final destinations outside of Anchorage. It is critical transportation infrastructure that serves regional, statewide and national commerce, economic development, homeland security and disaster recovery needs. Port of Alaska is:

- Intermodal transport hub that efficiently connects Alaska's primary marine, road, rail, pipeline and air cargo systems
- Department of Defense commercial strategic seaport that projects U.S. power across Alaska, the Pacific Rim and the Arctic
- Anchorage's only foreign trade zone (FTZ no. 160) that extends U.S. Customs benefits to Ted Stevens International Airport and other businesses and sites throughout the region
- Critical infrastructure that is key to successful implementation of virtually every state and federal earthquake/disaster response plan

Port of Alaska has more inbound cargo-handling capacity than all other Southcentral Alaska ports combined. It is located at the state's population center and routinely handles containers, dry bulk, break bulk, petroleum products and cruise ships. It is adjacent to hundreds of millions of dollars of public and private cargo-handling infrastructure, Alaska Railroad's main cargo yard, two private barge terminals, Joint Base Elmendorf-Richardson (JBER) and Ted Stevens International Airport. It is the only tsunami-proof, inbound-cargo port on Alaska's Railbelt-connected road system.

The facility's docks first opened in 1961 and have long-exceeded their 35-year design life. Its aging wharf piles have lost up to three-quarters of their original thickness to corrosion. Port officials started installing pile jackets in 2004 and have reinforced more than half of the dock's piles. However, jackets are a one-time fix that last 10-to-15 years and all terminals continue to lose load ratings and will start closing in about nine years, regardless of repairs, seismic activity or anything else.

Port of Alaska Modernization Program (PAMP) is a series of construction projects that will 1) replace aging docks and related infrastructure; 2) improve operational safety and efficiency; 3) accommodate modern shipping operations; and 4) improve resiliency – to survive extreme earthquakes and Cook Inlet's harsh marine environment.

PAMP officials staged a design charrette and drafted conceptual designs to replace all Port of Alaska docks. They completed a test-pile program in 2016 to demonstrate constructability and support design and permitting. They also completed final design and are moving forward to construct a new petroleum cement terminal (PCT). The PCT must be built first and south of existing docks to enable safe and continuous port operations during construction of all remaining docks. Initial PCT-related shore improvements were constructed in 2018 and additional shore improvements and transitional dredging are contracted for completion in 2019. In-water PCT construction is expected in 2020 and 2021, subject to funding. Reimbursable State of Alaska grants have funded most PAMP-related work that has been completed or contracted to date. Municipality of Anchorage and PAMP officials are pursuing a combination of tariff and fee increases, private-funding opportunities and additional State and Federal grants to complete remaining tasks.

5. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2019:

	Balance January 1, 2019	Increase	Decrease	Balance December 31, 2019
Capital assets not being depreciated:				
Land	$ 20,101,537	$ 18,337,922	$ -	$ 38,439,459
Works of art	21,344	-	-	21,344
Construction in progress	40,919,598	51,926,558	(42,534,289)	50,311,867
Total capital assets not being depreciated	61,042,479	70,264,480	(42,534,289)	88,772,670
Capital assets being depreciated:				
Buildings	7,069,156	-	-	7,069,156
Building improvements	377,334	-	-	377,334
Land improvements	110,835,693	23,804,216	-	134,639,909
Vehicles	1,243,522	56,400	(24,952)	1,274,970
Machinery and equipment	11,900,797	77,591	(161,577	11,816,810
Computer hardware	176,171	13,498	(30,773)	158,895
Computer software	18,130	68,431	(494)	86,067
Office furniture and fixtures	148,077	-	(83,290	64,788
Infrastructure	130,007,028	35,117	-	130,042,145
Total capital assets being depreciated	261,775,908	24,055,253	(301,087)	285,530,074
Less accumulated depreciation for:				
Buildings	4,314,545	134,420	-	4,448,965
Building improvements	360,087	728	-	360,815
Land improvements	26,464,047	3,880,304	-	30,344,351
Vehicles	751,889	93,676	(24,952)	820,613
Machinery and equipment	10,184,865	664,395	(158,598)	10,690,662
Computer hardware	148,984	7,986	(30,773)	126,197
Computer software	18,130	1,140	(494)	18,776
Office furniture and fixtures	148,077	-	(83,290)	64,787
Infrastructure	89,124,094	2,343,968	-	91,468,062
Total accumulated depreciation	131,514,718	7,126,617	(298,107)	138,343,228
Capital assets being depreciated, net	130,261,190	16,928,636	(2,980)	147,186,846
Total Capital Assets, net	$191,303,669	$ 87,193,116	$ (42,537,269)	$ 235,959,516

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2018:

	Balance January 1, 2018	Increase	Decrease	Balance December 31, 2018
Capital assets not being depreciated:				
Land	$ 20,101,537	$ -	$ -	$ 20,101,537
Works of art	21,344	-	-	21,344
Construction in progress	23,207,560	20,220,851	(2,508,813)	40,919,598
Total capital assets not being depreciated	43,330,441	20,220,851	(2,508,813)	61,042,479
Capital assets being depreciated:				
Buildings	7,069,156	-	-	7,069,156
Building improvements	377,334	-	-	377,334
Land improvements	109,125,612	1,710,081	-	110,835,693
Vehicles	931,517	338,541	(26,536)	1,243,522
Machinery and equipment	11,765,511	140,436	(5,150)	11,900,797
Computer hardware	147,901	28,270	-	176,171
Computer software	18,130	-	-	18,130
Office furniture and fixtures	148,077	-	-	148,077
Infrastructure	129,622,461	384,567	-	130,007,028
Total capital assets being depreciated	259,205,699	2,601,895	(31,686)	261,775,908
Less accumulated depreciation for:				
Buildings	4,180,125	134,420	-	4,314,545
Building improvements	359,358	729	-	360,087
Land improvements	22,813,508	3,650,539	-	26,464,047
Vehicles	657,224	119,657	(24,992)	751,889
Machinery and equipment	9,484,669	705,346	(5,150)	10,184,865
Computer hardware	142,313	6,671	-	148,984
Computer software	18,130	-	-	18,130
Office furniture and fixtures	148,077	-	-	148,077
Infrastructure	86,653,665	2,470,429	-	89,124,094
Total accumulated depreciation	124,457,069	7,087,791	(30,142)	131,514,718
Capital assets being depreciated, net	134,748,630	(4,485,896)	(1,544)	130,261,190
Total Capital Assets, net	$178,079,071	$ 15,734,955	$ (2,510,357)	$ 191,303,669

6. Operating Leases

The Port has leased to unrelated third parties 200 acres of space in the Port Industrial Park. The 2019 carrying value of the leased assets is $10,219,069 with a cost of $15,880,584 and accumulated depreciation of $5,661,515. The 2018 carrying value of the leased assets is $10,277,427 with a cost of $15,878,995 and accumulated depreciation of $5,601,568. The leases provide for five-year rental adjustment intervals. Future minimum payments to be received are as follows:

Years Ending December 31,	
2020	$ 4,451,689
2021	724,282
2022	376,604
2023	300,702
2024	291,787
2025-2029	1,459,846
2030-2034	1,322,302
2035-2039	800,000
2040-2044	800,000
2045-2049	362,750
Total	$ 10,889,962

Total lease revenue was $4,440,847 and $4,472,735 for the years ended December 31, 2019 and 2018, respectively.

7. Long-Term Liabilities

Notes from Direct Borrowings

In June 2013, the Anchorage Assembly authorized the establishment of a long-term borrowing program in an amount not to exceed $40,000,000 as an interim financing program for the Port expansion project. On June 20, 2019 the Municipality and its commercial bank amended the Revolving Credit Agreement under the same terms and conditions but with a revised expiration date of July 21, 2021. Any amount still outstanding is required to be repaid on the Commitment Expiration Date. Any amount may be repaid prior to that date at the option of the Port. Interest rate charged to the Port is variable; as of December 31, 2019 and 2018, the interest rate was 1.887% and 3.175%, respectively. The amount of interest expense recognized on the note in 2019 and 2018 was $1,290,712 and $1,152,083, respectively. The Port's financial statements show the Agreement's note as a noncurrent liability since the Port refinanced the note prior to its expiration date and established a new expiration date of July 1, 2021.

Long-term liability activity for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Notes from direct borrowings	$ 40,000,000	$ -	$ -	$ 40,000,000	$ -
Compensated absences payable	317,255	132,844	(152,425)	297,674	159,050
Total long-term liabilities	$ 40,317,255	$ 132,844	$ (152,425)	$ 40,297,674	$ 159,050

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Notes from direct borrowings	$ 40,000,000	$ -	$ -	$ 40,000,000	$ -
Compensated absences payable	340,403	134,140	(157,288)	317,255	163,718
Total long-term liabilities	$ 40,340,403	$ 134,140	$ (157,288)	$ 40,317,255	$ 163,718

8. Other Noncurrent Liability

In February 2012, the Port entered into an agreement with the Department of Defense to acquire 48 acres of undeveloped land (Tract J) for fair market value of $10,305,000. In exchange, the Port has committed to provide a permanent access road connecting Joint Base Elmendorf-Richardson to the Port and to accept responsibility for the environmental condition of the transferred land. This obligation is reflected on the Port's Statements of Net Position as a noncurrent liability totaling $1,774,678 and $1,788,202 at December 31, 2019 and 2018, respectively. See Note 9 for a description of environmental issues affecting this land.

9. Environmental Issues

In February 2012, the Port entered into an agreement with the Department of Defense to acquire 48 acres of undeveloped land (Tract J) for fair market value of $10,305,000. In exchange, the Port has committed to provide a permanent access road connecting Joint Base Elmendorf-Richardson to the Port and to accept responsibility for the environmental condition of the transferred land. This obligation is reflected on the Port's Statement of Net Position as a noncurrent liability totaling $1,774,678 at December 31, 2019. In 2011, the Port recognized a capital contribution in the amount of $8,425,612. Both Tract H and Tract J at the Port are ADEC designated contaminated sites. In 2019 and 2018, the monitoring and reporting costs for Tract J were $13,269 and $11,361, respectively. No required monitoring expenses were incurred for Tract H in 2019.

10. Retirement Plans

General Information About the Plan

The Port 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 a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at http://doa.alaska.gov/drb/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. 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.

(a) Defined Benefit (DB) Pension Plan

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.

The Port recorded the related on-behalf contributions as revenue and expense as prescribed by GAAP.

Employee Contribution Rates

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.

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. 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 years ended June 30, 2017, June 30, 2018 and June 30, 2019 were determined in the June 30 2014, June 30, 2015 and June 30, 2016 actuarial valuations, respectively.

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The Port's contribution rates for the 2019 and 2018 calendar years were as follows:

January 1, 2019 to June 30, 2019	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	16.17%	23.21%	5.58%
Postemployment healthcare (ARHCT)	5.83%	4.37%	0.00%
Total Contribution Rates	22.00%	27.58%	5.58%

July 1, 2019 to December 31, 2019	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.72%	23.73%	6.62%
Postemployment healthcare (ARHCT)	6.28%	4.89%	0.00%
Total Contribution Rates	22.00%	28.62%	6.62%

January 1, 2018 to June 30, 2018	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	17.12%	21.90%	3.01%
Postemployment healthcare (ARHCT)	4.88%	3.11%	0.00%
Total Contribution Rates	22.00%	25.01%	3.01%

July 1, 2018 to December 31, 2018	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	16.17%	23.21%	5.58%
Postemployment healthcare (ARHCT)	5.83%	4.37%	0.00%
Total Contribution Rates	22.00%	27.58%	5.58%

In 2019, the Port was credited with the following contributions into the pension plan.

	Measurement Period July 1, 2018 to June 30, 2019	Port's Fiscal Year January 1, 2019 to December 31, 2019
Employer contributions (including DBUL)	$ 168,354	$ 164,672
Nonemployer contributions (on-behalf)	76,848	81,564
Total Contributions	$ 245,202	$ 246,236

In 2018, the Port was credited with the following contributions into the pension plan.

	Measurement Period July 1, 2017 to June 30, 2018	Port's Fiscal Year January 1, 2018 to December 31, 2018
Employer contributions (including DBUL)	$ 203,344	$ 196,494
Nonemployer contributions (on-behalf)	47,344	67,918
Total Contributions	$ 250,688	$ 264,412

In addition, employee contributions to the Plan totaled $46,262 and $55,538 during the Port's 2019 and 2018 fiscal years, respectively.

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

At December 31, 2019 and 2018, the Port reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Port. The amount recognized by the Port for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Port were as follows:

	2019
Port's proportionate share of NPL	$ 2,065,214
State's proportionate share of NPL associated with the Port	820,051
Total Net Pension Liability	$ 2,885,265

	2018
Port's proportionate share of NPL	$ 2,384,302
State's proportionate share of NPL associated with the Port	690,549
Total Net Pension Liability	$ 3,074,851

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net pension liability as of that date. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net pension liability as of that date.

The Port's proportion of the net pension liability was based on a projection of the Port's 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, 2019 measurement date, the Port's proportion was 0.03774 percent, which was a decrease of 0.01024 percent from its proportion measured as of June 30, 2018. At the June 30, 2018 measurement date, the Port's proportion was 0.04798 percent, an increase of 0.00673 percent from the prior year.

For the year ended December 31, 2019, the Port recognized pension expense of $323,651 and on-behalf revenue of $111,400 for support provided by the State. At December 31, 2019, the Port 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	$ -	$ (30,574)
Changes in assumptions	63,228	-
Net difference between projected and actual earnings on pension plan investments	29,611	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	-	(75,342)
Port contributions subsequent to the measurement date	87,541	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	$ 180,380	$ (105,916)

For the year ended December 31, 2018, the Port recognized pension expense of $599,805 and on-behalf revenue of $32,333 for support provided by the State. At December 31, 2018, the Port 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	$ -	$ (59,841)
Net difference between projected and actual earnings on pension plan investments	52,658	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	86,668	-
Port contributions subsequent to the measurement date	103,162	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	$ 242,488	$ (59,841)

The $87,541 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date at December 31, 2019 will be recognized as a reduction in the net pension liability in the year ended December 31, 2020. 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,	Net Amortization of Deferred Outflows and Deferred Inflows of Resources
2020	$ (9,833)
2021	(21,862)
2022	8,401
2023	10,217
Total Amortization	$ (13,077)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of pay, closed
Inflation	2.50%
Salary increases	Increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2019 measurement date were allocated to employers based on the present value of contributions for fiscal years 2021 to 2039 to the Plan, as determined by projections based on the June 30, 2018 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-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 40% of the time.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) 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, 2018 actuarial valuation to better reflect expected future experience.

The total pension liability for the measurement period ended June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Increases range from 8.55% to 4.34% based on age and service.
Allocation methodology	Amounts for 2018 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 fiscal years 2019 to 2039 to the Plan. The liability is expected to go to zero at 2039.
Investment return / Discount rate	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. Post-termination – 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2017 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2010 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

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 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 and 2018 are summarized in the following table:

June 30, 2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

June 30, 2018

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24%	8.90 %
Global ex-U.S. equity	22%	7.85 %
Fixed income	10%	1.25 %
Opportunistic	10%	4.76 %
Real assets	17%	6.20 %
Absolute return	7%	4.76 %
Private equity	9%	12.08 %
Cash equivalents	1%	0.66 %

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which was 8.00%. 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.

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

The following presents the Port’s proportionate share of the net pension liability calculated using the discount rate of 7.38% and 8.00% at December 31, 2019 and 2018, respectively, as well as what the Port’s 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*:*

December 31, 2019

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Port’s proportionate share of the net pension liability	0.03774%	$ 2,725,721	$ 2,065,214	$ 1,512,062

December 31, 2018

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Port's proportionate share of the net pension liability	0.04798%	$ 3,157,417	$ 2,384,302	$ 1,730,340

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 the Port 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.

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 when received are applied to cover a portion of the Port's employer match contributions.

Employee Contribution Rate

Employees are 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, 2019 and 2018, the Port was required to contribute 5% of covered salary into the Plan.

The Port and employee contributions to PERS for pensions for the year ended December 31, 2019 were $32,615 and $52,098, respectively. The Port and employee contributions to PERS for pensions for the year ended December 31, 2018 were $33,574 and $53,724, respectively. The contribution amounts were recognized as pension expense/expenditures in the respective years.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the Port 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/drb/pers.

Employer Contribution Rate

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

Employer contribution rates for the years ended December 31, 2019 and 2018 were as follows:

January 1, 2019 to June 30, 2019	
Alaska Retiree Healthcare Trust	5.83%
Retiree Medical Plan	0.94%
Occupational Death and Disability Benefits	0.26%
Total Contribution Rates	7.03%

July 1, 2019 to December 31, 2019	
Alaska Retiree Healthcare Trust	6.28%
Retiree Medical Plan	1.32%
Occupational Death and Disability Benefits	0.26%
Total Contribution Rates	7.86%

January 1, 2018 to June 30, 2018

Alaska Retiree Healthcare Trust	4.88%
Retiree Medical Plan	1.03%
Occupational Death and Disability Benefits	0.16%
Total Contribution Rates	6.07%

July 1, 2018 to December 31, 2018

Alaska Retiree Healthcare Trust	5.83%
Retiree Medical Plan	0.94%
Occupational Death and Disability Benefits	0.26%
Total Contribution Rates	7.03%

In 2019 and 2018, the Port was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2018 to June 30, 2019	Port's Fiscal Year January 1, 2019 to December 31, 2019	Measurement Period July 1, 2017 to June 30, 2018	Port's Fiscal Year January 1, 2018 to December 31, 2018
Employer contributions - ARHCT	$ 60,685	$ 62,525	$ 57,962	$ 63,786
Employer contributions – RMP	5,823	7,402	6,507	6,582
Employer contributions - ODD	2,721	2,820	1,602	2,397
Total Contributions	$ 69,229	$ 72,747	$ 66,071	$ 72,765

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

At December 31, 2019, the Port reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the Port. The amount recognized by the Port for its proportional share, the related State proportion, and the total were as follows:

	2019	2018
Port's proportionate share of NOL – ARHCT	$ 55,975	$ 492,347
Port's proportionate share of NOL – RMP	11,880	7,102
Subtotal Net OPEB Liabilities	67,855	499,449
State's proportionate share of the ARHCT NOL associated with the Port	22,257	142,923
Total Net OPEB Liabilities	90,112	642,372
Port's proportionate share of NOA – ODD	16,161	10,840
Total Net OPEB Assets	$ 16,161	$ 10,840

The total OPEB liabilities (asset) for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net OPEB liabilities (asset) as of that date. The Port's proportion of the net OPEB liabilities (asset) were based on a projection of the Port's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2018 Measurement Date Employer Proportion	June 30, 2019 Measurement Date Employer Proportion	Change
Port's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.04797%	0.03772%	-0.01025%
RMP	0.05581%	0.04966%	-0.00615%
ODD	0.05581%	0.06660%	0.01079%

	June 30, 2017 Measurement Date Employer Proportion	June 30, 2018 Measurement Date Employer Proportion	Change
Port's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.04126%	0.04797%	0.00671%
RMP	0.04860%	0.05581%	0.00721%
ODD	0.04860%	0.05581%	0.00721%

Collective Totals (All Plans)

For the year ended December 31, 2019, the Port recognized collective OPEB expense of $(520,324) and revenue of $(143,845) for support provided to the ARHCT Plan.

At December 31, 2019, the Port reported collective deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		
Changes in assumptions	$ -	$ (43,533)
Changes in benefits	80,028	(309)
Net difference between projected and actual earnings on OPEB plan investments	-	(24,749)
Changes in proportion and differences between Port contributions and proportionate share of contributions	10,865	(16,221)
Port contributions subsequent to the measurement date	40,935	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans	$ 131,828	$ (84,812)

For the year ended December 31, 2018, the Port recognized collective OPEB expense of $55,498 and revenue of $18,673 for support provided to the ARHCT Plan.

At December 31, 2018, the Port reported collective deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (56,063)
Changes in assumptions	77,985	-
Net difference between projected and actual earnings on OPEB plan investments	-	(105,750)
Changes in proportion and differences between Port contributions and proportionate share of contributions	35,977	(15,185)
Port contributions subsequent to the measurement date	42,313	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans	$ 156,275	$ (176,998)

The $40,935 reported as collective deferred outflows of resources at December 31, 2019 related to OPEB plans resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2020. 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,		
2020	$	13,389
2021		(19,652)
2022		5,759
2023		7,557
2024		(311)
Thereafter		(661)
Total Amortization	$	6,081

ARHCT Plan

At December 31, 2019, the Port reported deferred outflows of resources and deferred inflows of resources related to the ARHCT plan from the following sources:

ARHCT Plan		Deferred Outflows of Resources		Deferred Inflows of Resources
Difference between expected and actual experience	$	-	$	(37,614)
Changes in assumptions		74,278		-
Changes in benefits		-		-
Net difference between projected and actual earnings on OPEB plan investments		-		(24,511)
Changes in proportion and differences between Port contributions and proportionate share of contributions		10,457		(14,079)
Port contributions subsequent to the measurement date		34,720		-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ARHCT Plan	$	119,455	$	(76,204)

At December 31, 2018, the Port reported deferred outflows of resources and deferred inflows of resources related to the ARHCT plan from the following sources:

ARHCT Plan		Deferred Outflows of Resources		Deferred Inflows of Resources
Difference between expected and actual experience	$	-	$	(52,684)
Changes in assumptions		74,695		-
Changes in benefits		-		-
Net difference between projected and actual earnings on OPEB plan investments		-		(104,333)
Changes in proportion and differences between Port contributions and proportionate share of contributions		35,478		(15,041)
Port contributions subsequent to the measurement date		37,183		-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ARHCT Plan	$	147,356	$	(172,058)

The $34,270 reported as collective deferred outflows of resources at December 31, 2019 related to the ARHCT plan resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2020. 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,		
2020	$	13,989
2021		(19,052)
2022		5,897
2023		7,697
Total Amortization	$	8,531

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RMP Plan

At December 31, 2019, the Port reported deferred outflows of resources and deferred inflows of resources related to the RMP plan from the following sources:

RMP Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (880)
Changes in assumptions	5,750	-
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(131)
Changes in proportion and differences between Port contributions and proportionate share of contributions	408	-
Port contributions subsequent to the measurement date	4,669	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to RMP Plan	$ 10,827	$ (1,011)

At December 31, 2018, the Port reported deferred outflows of resources and deferred inflows of resources related to the RMP plan from the following sources:

RMP Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (380)
Changes in assumptions	3,290	-
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(1,036)
Changes in proportion and differences between Port contributions and proportionate share of contributions	499	-
Port contributions subsequent to the measurement date	3,494	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to RMP Plan	$ 7,283	$ (1,416)

The $4,669 reported as collective deferred outflows of resources at December 31, 2019 related to the RMP plan resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2020. 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,		
2020	$	554
2021		554
2022		868
2023		863
2024		742
Thereafter		1,566
Total Amortization	$	5,147

ODD Plan

At December 31, 2019, the Port reported deferred outflows of resources and deferred inflows of resources related to the ODD plan from the following sources:

ODD Plan		Deferred Outflows of Resources		Deferred Inflows of Resources
Difference between expected and actual experience	$	-	$	(5,039)
Changes in assumptions		-		(309)
Changes in benefits		-		-
Net difference between projected and actual earnings on OPEB plan investments		-		(107)
Changes in proportion and differences between Port contributions and proportionate share of contributions		-		(2,142)
Port contributions subsequent to the measurement date		1,546		-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ODD Plan	$	1,546	$	(7,597)

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At December 31, 2018, the Port reported deferred outflows of resources and deferred inflows of resources related to the ODD plan from the following sources:

ODD Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (2,999)
Changes in assumptions	-	(-)
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(381)
Changes in proportion and differences between Port contributions and proportionate share of contributions	-	(144)
Port contributions subsequent to the measurement date	1,636	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ODD Plan	**$ 1,636**	**$ (3,524)**

The $1,546 reported as collective deferred outflows of resources at December 31, 2019 related to the ODD plan resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB asset in the year ended December 31, 2020. 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,	
2020	$ (1,154)
2021	(1,154)
2022	(1,006)
2023	(1,003)
2024	(1,053)
Thereafter	(2,227)
Total Amortization	$ (7,597)

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Actuarial Assumptions

The total OPEB liability or asset for each plan for the measurement period ended June 30, 2019 was determined by actuarial valuations as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of payroll, closed
Inflation	2.50%
Salary increases	Graded by service from 6.75% to 2.75% for all others
Allocation methodology	Amounts for the June 30, 2019 measurement date were allocated to employers based on the present value of contributions for FY 2021-2039, as determined by projections based on the June 30, 2018 valuation.
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%.
Healthcare cost trend rates (ARHCT Plan and RMP)	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 8.5% grading down to 4.5% EGWP: 8.5% grading down to 4.5%
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table project with MP-2017 generational improvement. The rates for pre-termination mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The actuarial assumptions used in the June 30, 2018 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, 2018 actuarial valuation to better reflect expected future experience.

In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior valuation:

1. 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 larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated
3. Per capita claims costs were updated to reflect recent experience.
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.

The total OPEB liability or asset for each plan for the measurement period ended June 30, 2018 was determined by actuarial valuations as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service from 8.55% to 4.34% for all others
Allocation methodology	Amounts for 2018 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039.
Investment return / Discount rate	8.00%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drug: 9.0% grading down to 4.0%
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. Post-termination – 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.
Participation (ARHCT)	100% system paid for members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013.The assumptions used in the June 30, 2017 actuarial valuation are the same as those used in the June 30, 2016 valuation with the following exceptions:

1. The medical trend rate assumption was updated to reflect anticipated increases in costs based on recent survey data.
2. An obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years.

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, 2019 and 2018 are summarized in the following table:

June 30, 2019

Asset Class	*Target Allocation*	*Long-Term Expected Real Rate of Return*
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

June 30, 2018

Asset Class	*Target Allocation*	*Long-Term Expected Real Rate of Return*
Broad domestic equity	24%	8.90%
Global ex-U.S. equity	22%	7.85%
Fixed income	10%	1.25%
Opportunistic	10%	4.76%
Real assets	17%	6.20%
Absolute return	7%	4.76%
Private equity	9%	12.08%
Cash equivalents	1%	0.66%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2019 was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which was 8.00%. 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 or 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 the Port's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.38%, as well as what the Port's 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:

2019	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Port's proportionate share of the net OPEB liability (asset):				
ARHCT	0.03772%	$ 450,247	$ 55,975	$ (268,357)
RMP	0.04966%	$ 29,840	$ 11,880	$ (1,640)
ODD	0.06660%	$ (15,330)	$ (16,161)	$ (16,883)

2018	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Port's proportionate share of the net OPEB liability (asset):				
ARHCT	0.04797%	$ 996,755	$ 492,347	$ 69,549
RMP	0.05581%	$ 21,209	$ 7,102	$ (3,901)
ODD	0.05581%	$ (10,179)	$ (10,840)	$ (11,384)

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

The following presents the Port's proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2018 actuarial valuation reports as well as what the Port's 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:

2019	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Port's proportionate share of the net OPEB liability (asset):				
ARHCT	0.03772%	$ (306,290)	$ 55,975	$ 498,074
RMP	0.04966%	$ (3,654)	$ 11,881	$ 33,146
ODD	0.06660%	n/a	$ (16,161)	$ n/a

2018	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Port's proportionate share of the net OPEB liabilities (asset):				
ARHCT	0.04797%	$ 9,557	$ 492,347	$ 1,073,914
RMP	0.05581%	$ (6,038)	$ 7,102	$ 24,688
ODD	0.05581%	n/a	$ n/a	n/a

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.

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, 2019, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates $2,121 per year for each full-time employee, and $1.36 per hour for part-time employees. As of July 1, 2018, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates $2,103 per year for each full-time employee, and $1.35 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2019, the Port contributed $26,221 in DC OPEB costs. In 2018, the Port contributed $16,771 in Defined Contribution OPEB costs. These amounts have been recognized as expense/expenditures.

11. Subsequent Events

COVID-19 Pandemic

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the coronavirus as a pandemic, based on the rapid increase in exposure globally.

The Port's operations are heavily dependent on the ability to receive operating revenues from users of the Port's facilities. Additionally, access to grants and contracts from the State of Alaska may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation may also adversely impact the Port's ability to deploy its workforce as effectively. While expected to be temporary, prolonged workforce disruptions may negatively impact performance of service. As such, this may hinder the Port's ability to meet the needs of its stakeholders. As such, the Port's financial condition and liquidity may be negatively impacted for the fiscal year 2020.

CARES Act

On March 27, 2020 President Trump signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act." The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. There is no assurance the Port is eligible for these funds or will be able to obtain them. The Port continues to examine the impact that the CARES Act may have. Currently, the Port is unable to determine the impact that the CARES Act will have on the Port's financial condition, results of operations or liquidity.

Ordinance No. 2020-16

On February 11, 2020, the Municipal Assembly passed Ordinance No. 2020-16 which authorized and approved the issuance of revenue bonds and/or notes of an amount not to exceed $100,000,000 for the purpose of providing funds to refinance outstanding debt and for future capital improvements related to the Port, such as construction of the Petroleum and Cement Terminal. As of June 22, 2020, the Port has not issued additional debt beyond the note payable outstanding as of December 31, 2019.

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12. Port of Alaska Expansion Litigation

A multi-year expansion project at the Port began in 2003 and continued until May 31, 2012. The project encountered problems and work was suspended while the Port investigated the scope and cause of the problems and determined how to proceed.

Investigative reports concluded the project design was flawed and significant aspects of the work were constructed incorrectly. In March 2013, the Port filed suit to recover damages. In 2016, the Municipality reached an agreement to fully and finally settle, release and resolve any and all claims, liabilities and damages of the Municipality relative to work performed by MKB Constructors, Quality Asphalt Paving and Terracon Consultants for $5,500,000, $5,150,000 and $1,950,000 respectively. In total, these settlements amount to $12,600,000 recorded in 2016 as legal settlements shown on the Statements of Revenues, Expenses and Changes in Net position as nonoperating revenue. As required under two of the settlement agreements the Port restricted $1,950,000 of the $12,600,000 contribution to a Port litigation escrow account recorded in 2018 and 2017 as Restricted Cash – "Settlement Set Aside" - under the restricted assets section of the Statement of Net Position. The remaining defendants executed settlement agreements as follows: ICRC for $3,750,000, PND for $750,000, GeoEngineers for $750,000 and CH2M Hill for $1,500,000 each recorded in 2017. An order for dismissal in the US District Court for the District of Alaska was signed on February 22, 2017 closing the case filed in the State of Alaska. The separate action filed in the United States Court of Federal Claims against the U.S. Maritime Administration (MARAD) is ongoing. That case remains active and no claims have been asserted against the Municipality.

13. New Accounting Pronouncements

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 84 – Fiduciary Activities – Effective for year-end June 30, 2020. This Statement addresses criteria for identifying and reporting fiduciary activities.

GASB Statement No. 87 – Leases – Effective for year-end June 30, 2021, This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period – Effective for year-end June 30, 2021. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB Statement No. 90 – Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61 – Effective for year-end June 30, 2020. This Statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria.

GASB Statement No. 91 – Conduit Debt Obligations – Effective for year-end June 30, 2022.This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

GASB Statement No. 92 - Omnibus 2020 – Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2021. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

GASB Statement No. 93 – Replacement of Interbank Offered Rates – The provisions of this Statement, except for paragraph 11b, are required to be implemented for year-end June 30, 2022 The requirements in paragraph 11b are required to be implemented for year-end June 30, 2023. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements – Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

In light of the COVID-19 Pandemic, on May 8, 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* to provide relief to governments. This Statement, which was effective upon issuance, postpones the effective dates of certain provisions in the above noted pronouncements for one year, except for Statement No. 87 and provisions related to leases in Statement No. 92 which are postponed for eighteen months, Certain other provisions of Statement No. 92 are excluded from Statement No. 95. Additionally, Statement No. 95 excludes provisions in Statement No. 93 related to lease modifications and excludes Statement No. 94 since the GASB considered the pandemic in determining effective dates. Earlier application of the standards is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements – Effective for year-end December 31, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

14. Change in Accounting Principle

As discussed in Note 10 to the financial statements, the Port participates in the Alaska Public Employees Retirement System (PERS) plan. In 2018, the Port adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which, among other accounting and reporting criteria, requires the Port to recognize its proportional share of the Net OPEB Liability (and related deferred inflows of resources and deferred outflows of resources), as of the beginning of the Port's fiscal year. As a result of the implementation of this statement, the Port has recorded an opening balance adjustment to reflect opening balance OPEB liabilities and related accounts and to decrease opening net position as follows:

	Opening Net Position, as Originally Presented	Change in Accounting Principle Adjustment	Opening Net Position, as Restated
Net Position	$ 167,645,773	$ (472,597)	$ 167,173,176

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Required Supplementary Information

Municipality of Anchorage, Alaska
Port of Alaska Fund
Public Employees' Retirement System - Pension Plan

Schedule of the Port's Proportionate Share of the Net Pension Liability

Years Ended December 31,	2019	2018	2017	2016	2015
Port's Proportion of the Net Pension Liability	0.03774%	0.04798%	0.04125%	0.03604%	0.03570%
Port's Proportionate Share of the Net Pension Liability	$ 2,065,214	$ 2,384,302	$ 1,486,034	$ 2,014,253	$ 1,482,666
State of Alaska Proportionate Share of the Net Pension Liability	820,051	690,549	553,637	253,804	397,126
Total Net Pension Liability	$ 2,885,265	$ 3,074,851	$ 2,039,671	$ 2,268,057	$ 1,879,792
Port's Covered Payroll	1,299,520	1,449,474	1,286,487	943,387	965,281
Port's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	158.92%	164.49%	115.51%	213.51%	153.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.42%	65.19%	63.37%	59.55%	63.96%

Schedule of Port Contributions

Years Ended December 31,	2019	2018	2017	2016	2015
Contractually Required Contributions	$ 164,672	$ 196,494	$ 175,980	$ 113,997	$ 108,499
Contributions Relative to the Contractually Required Contribution	164,672	196,494	175,980	113,997	108,499
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Port's Covered Payroll	1,310,046	1,462,579	1,319,601	961,507	987,830
Contributions as a Percentage of Covered Payroll	12.57%	13.43%	13.34%	11.86%	10.98%

See accompanying notes to Required Supplementary Information.

Municipality of Anchorage, Alaska
Port of Alaska Fund
Public Employees' Retirement System - OPEB Plans
Schedule of the Port's Proportionate Share of the Net OPEB Liability (Asset)

	ARHCT		RMP		ODD	
Years Ended December 31,	2019	2018	2019	2018	2019	2018
Port's Proportion of the Net OPEB Liability (Asset)	0.03772%	0.04797%	0.04966%	0.05581%	0.06660%	0.05581%
Port's Proportionate Share of the Net OPEB Liability (Asset)	$ 55,975	$ 492,347	$ 11,880	$ 7,102	$ (16,161)	$ (10,840)
State of Alaska Proportionate Share of the Net OPEB Liability	22,257	142,923	-	-	-	-
Total Net OPEB Liability (Asset)	$ 78,232	$ 635,270	$ 11,880	$ 7,102	$ (16,161)	$ (10,840)
Port's Covered Payroll	1,299,520	1,449,474	1,299,520	1,449,474	1,299,520	1,449,474
Port's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	4.31%	33.97%	0.91%	0.49%	-1.24%	-0.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	98.13%	88.12%	83.17%	88.71%	297.43%	270.62%

Schedule of Port Contributions

	ARHCT		RMP		ODD	
Years Ended December 31,	2019	2018	2019	2018	2019	2018
Contractually Required Contributions	$ 62,525	$ 63,786	$ 7,402	$ 6,582	$ 2,820	$ 2,397
Contributions Relative to the Contractually Required Contribution	62,525	63,786	7,402	6,582	2,820	2,397
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Port's Covered Payroll	1,310,046	1,462,579	1,310,046	1,462,579	1,310,046	1,462,579
Contributions as a Percentage of Covered Payroll	4.77%	4.36%	0.57%	0.45%	0.22%	0.16%

See accompanying notes to Required Supplementary Information.

1. Public Employees' Retirement System Pension Plan

Schedule of the Port's Proportionate Share of the Net Pension Liability

This table is presented based on the Plan measurement date. For December 31, 2019, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

In 2019, the discount rate was lowered from 8% to 7.38%.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) 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, 2018 actuarial valuation to better reflect expected future experience.

Amounts reported reflect a change in assumptions between 2016 and 2017 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, the Port will present only those years for which information is available.

Schedule of Port Contributions

This table is based on the Port's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

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

2. Public Employees' Retirement System OPEB Plans

Schedule of the Port's Proportionate Share of the Net OPEB Asset and Liability

This table is presented based on the Plan measurement date. For December 31, 2019, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

1. 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 larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated
3. Per capita claims costs were updated to reflect recent experience
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.
5. The discount rate was lowered from 8% to 7.38%.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) 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, 2018 actuarial valuation to better reflect expected future experience.

Changes in Methods:

As part of the experience study, the actuarial cost method for the retiree healthcare plan was changed from the Entry Age Level Dollar method to the Entry Age Level Percent of Pay method.

GASB requires ten years of information be presented. However, until a full 10 years of information is available, the Port will present only those years for which information is available.

Schedule of Port Contributions

This table is based on the Port's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

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

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Statistical Section

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Municipality of Anchorage, Alaska
Port of Alaska Fund

Comparative Detail Schedule of Actual Revenues by Source

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Dockage	$ 1,370,086	$ 1,242,374	$ 1,174,735	$ 1,089,224	$ 1,142,837	$ 1,061,272	$ 956,080	$ 1,055,158	$ 991,289	$ 845,214
Wharfage, dry bulk	141,102	169,575	150,695	148,896	181,234	179,256	153,813	156,981	167,018	73,172
Wharfage, liquid bulk	1,764,856	1,805,784	1,521,105	1,463,035	1,682,558	900,922	570,819	821,064	908,131	866,712
Wharfage, general cargo	3,780,750	3,544,751	3,529,245	3,670,375	3,608,772	3,414,255	3,440,514	3,349,776	3,428,694	3,296,428
Storage revenue	234,381	219,392	237,335	265,309	327,061	230,883	49,168	139,190	1,210	7,245
Office rental	108,659	96,994	108,670	121,887	114,462	135,041	73,884	60,014	40,864	37,394
Utilities	41,688	46,767	29,687	30,040	45,232	28,675	15,462	15,810	17,704	19,485
Crane rentals	113,060	120,960	74,250	72,488	105,858	43,375	59,025	56,300	52,500	61,908
Industrial park lease rentals	4,440,847	4,472,735	4,344,217	4,326,069	4,363,254	4,182,255	4,172,846	3,939,395	4,110,620	4,333,539
Investment income - short term	1,394,025	312,700	627,633	344,945	344,603	211,006	78,006	361,027	433,059	974,656
Right-of-way fees	192,445	202,056	173,391	167,849	164,678	174,968	160,682	146,599	141,378	161,522
POL value yard fees	281,832	302,861	246,957	176,713	191,560	231,774	330,359	367,674	473,869	300,212
Security fees	1,496,703	1,478,313	1,469,614	1,421,294	1,426,724	1,361,865	1,325,901	1,340,280	1,306,697	1,305,539
Gain on sale of assets held for resale	249,459	781,831	1,069,995	-	-	-	-	-	-	-
Intergovernmental revenue	(32,445)	51,096	63,059	43,575	18,075	2,882,353	-	-	-	-
Legal settlements	-	-	6,750,000	12,600,000	-	-	-	-	-	-
Miscellaneous revenues	438,726	303,519	280,983	1,022,677	507,769	154,542	247,059	253,505	179,101	144,596
Subtotal	16,016,174	15,151,708	21,851,571	26,964,376	14,224,677	15,192,442	11,633,618	12,062,773	12,252,134	12,427,622
Capital contributions	45,651,079	18,650,418	11,619,685	13,323,471	7,834,571	2,882,353	1,811,983	2,216,290	9,337,718	40,170,090
Transfers from other funds	-	-	81,500	-	-	-	-	-	-	-
Total	$ 61,667,253	$ 33,802,126	$ 33,552,756	$ 40,287,847	$ 22,059,248	$ 18,074,795	$ 13,445,601	$ 14,279,063	$ 21,589,852	$ 52,597,712

Municipality of Anchorage, Alaska
Port of Alaska Fund

Current Port Tariff Rates

Type of Service		Wharfage Rate
Aggregates, per ton	$	1.22
Freight NOS		7.30
Bulk commodities, dry, NOS		3.05
Cement		5.48
Cement, bulk through pipeline		1.67
Coal, bulk		1.22
Iron or steel articles		5.48
Logs		3.05
Lumber		5.48
Chips NOS		3.65
Petroleum or petroleum products:		
Inbound/outbound		0.16
Transfers		0.05
Fuel		0.02
Powder (explosive)		18.25
Vans or containers		3.65
Vehicles		12.17

Port of Anchorage Terminal Tariff No. 8.2
Tariff issued 6/12/18 and effective 6/12/18.

Notes to tariff rates:
NOS - Not otherwise specified

Municipality of Anchorage, Alaska
Port of Alaska Fund

Ten-Year Annual Dock Tonnage Report

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Freight NOS	1,167	2,199	5,876	4,451	-	5,463	6,385	15,333	2	-
Dry bulk goods	109,956	105,326	97,223	122,006	126,737	140,684	119,271	119,939	118,280	109,228
Petroleum, NOS (vessel fueling)	222,536	129,828	1,467	893	5,013	2,031	2,615	1,454	2,052	1,660
Vans/flats/containers	1,655,612	1,631,303	1,592,473	1,582,951	1,681,223	1,811,136	1,738,601	1,740,969	1,705,176	1,736,943
Vehicles	-	-	-	-	-	-	2,615	-	864	-
Petroelum, shoreside	802,093	505,980	471,717	368,708	368,294	916,050	952,631	1,046,636	1,376,909	1,192,705
Petroleum bulk - dockside	1,474,399	1,574,029	1,329,089	1,419,162	1,592,317	580,343	586,041	829,900	931,931	922,426
Total Tons	4,265,763	3,948,665	3,497,845	3,498,171	3,773,584	3,455,707	3,408,159	3,754,231	4,135,214	3,962,962

NOS - Not otherwise specified

Municipality of Anchorage, Alaska
Port of Alaska Fund

Financial Ratios

Description	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Current ratio (current assets / current liabilities)	0.88	13.49	12.51	12.31	16.63	15.24	35.41	0.49	0.43	0.96
Quick ratio (quick assets / current liabilities)	0.84	9.30	10.01	13.23	14.46	13.77	13.25	0.28	0.31	0.54
Return on investment (change in net position / total assets)	15%	4%	6%	8%	-4%	-1%	-31%	1%	4%	17%
Return on equity (change in net position / net position)	23%	6%	8%	11%	-5%	-1%	-40%	1%	5%	20%
Debt to equity as a percent of capital structure (outstanding debt / capital structure over net position)	18%	23%	24%	26%	29%	27%	20%	16%	16%	16%
Capital structure	82%	77%	76%	74%	71%	73%	80%	84%	84%	84%
Operating margin	-21%	-47%	-36%	-59%	-99%	-41%	-3%	4%	10%	2%

Notes to financial ratios:

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

Municipality of Anchorage, Alaska
Port of Alaska Fund

Capital Improvement Program Summary
(in thousands)

Project Category	2019	2020	2021	2022	2023	2024	Total
Phase 1 Completion - Petroleum & Cement Terminal	145,000	-	-	-	-	-	145,000
Phase 2 Design (T1, T2, Port Admin Bldg, and NES 1)	30,000	-	-	-	-	-	30,000
Wharf Pile Enhancements	1,500	1,500	-	-	-	-	3,000
Port Fleet Vehicles	100	-	-	-	-	-	100
Total	176,600	1,500	-	-	-	-	178,100

Funding Source	2019	2020	2021	2022	2023	2024	Total
Port Equity	16,600	1,500	-	-	-	-	18,100
State of Alaska Funding request - appropriated SOAFY19/20	140,000	-	-	-	-	-	140,000
State of Alaska Funds - appropriated SOAFY18/19	20,000	-	-	-	-	-	20,000
Total	176,600	1,500	-	-	-	-	178,100

Municipality of Anchorage, Alaska
Port of Alaska Fund

Top Ten Customer Rankings on 2019 Billings

Customer Name	Rank
Tote Maritime Alaska, Inc.	1
Matson Navigation Co of AK LLC.	2
Tesoro Alaska Companies Inc.	3
Petro Star Inc.	4
Alaska Maritime Agencies	5
Anchorage Fueling & Service Co./ASIG	6
Anchorage Sand and Gravel/ABI	7
Crowley Petroluem Distribution (CPD Alaska)	8
Delta Western	9
Holland America Line	10

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 Port of Alaska, an enterprise fund of the Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Port of Alaska's basic financial statements, and have issued our report thereon dated June 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port of Alaska's internal control over financial reporting (internal control) to determine the 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 Port of Alaska's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port 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 the entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Port 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 determination of financial statement amounts. 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*.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
June 22, 2020

Municipality of Anchorage, Alaska
Port of Alaska Fund

Schedule of Findings and Responses
Year Ended December 31, 2019

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?	___ yes	X no
Significant deficiency(ies) identified?	___ yes	X (none reported)
Noncompliance material to financial statements noted?	___ yes	X no

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

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

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 an estimated July 2019 population (per the Alaska Department of Labor) of 291,845.

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:

TABLE 11
POPULATION(1)

	Municipality	State
2019 Estimate	291,845	731,007
2018 Estimate	294,488	734,055
2017 Estimate	297,739	737,783
2016 Estimate	298,962	739,649
2015 Estimate	298,637	736,989
2014 Estimate	300,008	736,416
2013 Estimate	301,037	736,077
2012 Estimate	298,164	730,649
2011 Estimate	295,635	722,262
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

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Source: Alaska Department of Labor and Workforce Development
(1) Estimates are as of July 2019 from the Alaska Department of Labor and Workforce Development, Research and Analysis Section.

Construction Activity

New building activity in the Municipality from 2000 to 2019 is reflected in the following table, which sets forth the construction value of building permits issued by the Municipality.

TABLE 12
MUNICIPALITY CONSTRUCTION ACTIVITY
(Dollars in Thousands)

Year	Commercial Permits	Residential Permits	Total Permits
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
2010	267,240	128,131	395,371
2009	334,399	117,016	451,414
2008	360,000	121,000	481,000
2007	449,000	161,000	610,000
2006	584,000	217,000	801,000
2005	357,286	304,119	661,405
2004	350,809	298,606	649,415
2003	385,132	338,710	723,842
2002	282,182	305,671	587,853
2001	286,918	312,464	599,382
2000	290,864	207,444	498,308

Source: Municipality of Anchorage, Permitting & Planning Division.

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.

TABLE 13
AVERAGE ANNUAL WAGE AND SALARY EMPLOYMENT BY INDUSTRY

	2014	2015	2016	2017	2018	2019
Goods Producing						
Mining (Oil/Gas) & Logging	3,900	3,900	3,000	2,700	2,600	2,700
Construction	8,300	8,300	7,500	7,200	7,500	7,800
Manufacturing	2,200	2,100	2,000	2,000	2,000	2,100
Total Goods Producing	14,400	14,300	12,500	11,900	12,200	12,600
Service Producing						
Transportation	10,800	11,000	11,000	11,100	11,200	11,200
Trade						
Wholesale	4,800	4,900	4,800	4,800	4,800	4,900
Retail	17,800	18,100	18,000	17,600	17,200	16,700
Total Trade	33,400	33,900	33,800	33,400	33,100	32,900
Finance, Insurance and Real Estate	7,500	7,400	7,500	7,400	7,300	7,300
Services & Miscellaneous	72,400	72,800	72,000	71,400	70,800	70,900
Federal	8,500	8,500	8,600	8,500	8,400	8,400
State	10,800	10,600	10,200	9,900	9,900	9,800
Local	10,000	10,200	10,400	10,400	10,100	10,000
Total Government	29,300	29,200	29,200	28,800	28,400	28,100
Total Service Producing	142,600	143,400	142,400	141,000	139,600	139,200
Total Goods and Service Producing	156,900	157,700	155,000	152,900	151,800	151,700

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

The following table shows a comparison of the annual unemployment rates for the United States, Alaska and the Municipality for the period of 2014 through December 2019.

TABLE 14
ANNUAL UNEMPLOYMENT RATE

	2014	2015	2016	2017	2018	2019(1)
United States	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%
Alaska	6.9	6.5	6.9	7.0	6.6	6.3
Anchorage	5.2	5.0	5.5	5.8	5.5	5.1

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section (as of July 2019).
(1) Preliminary.

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 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.

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.

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.

PeopleSoft to SAP Conversion

The Municipality converted its Enterprise Resource Planning system from PeopleSoft to SAP on September 11, 2017, after a number of years of preparation. Challenges after conversion contributed to a six-month delay in completing the CAFR for 2017. These same challenges were resolved and the 2018 CAFR was issued on time. Funding for the project utilized the Municipality’s Master Lease program as well as other revenue sources. The project was capitalized in 2017 for a cost net of contributed capital of $67,851,957, which included an impairment charge of $652,017. There were also settlements under collective bargaining agreements of non-cashable leave for the payroll errors experienced at conversion. Most of the costs have already been realized, and the remaining costs will be amortized over several years. The current remaining balance of this non-cashable leave settlement is roughly estimated to have indirect costs of under approximately $1 million.

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APPENDIX C

FORM OF BOND COUNSEL OPINIONS

December 3, 2020

Municipality of Anchorage
Anchorage, Alaska

J.P. Morgan Securities LLC
Seattle, Washington

BofA Securities, Inc.
Seattle, Washington

KeyBanc Capital Markets Inc.
Seattle, Washington

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

Wells Fargo Bank, National Association
New York, New York

Re: Municipality of Anchorage, Alaska
2020 Port Revenue Bonds, Series A (AMT) - $18,885,000

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 2020 Port Revenue Bonds, Series A (AMT), in the aggregate principal amount of $18,885,000 (the "2020 Series A Bonds"), issued for the purpose of financing or reimbursing the Municipality for a portion of the costs of phase 1 of the Port of Alaska Modernization Program, funding the Common Reserve Account-A, capitalizing interest on the 2020 Series A Bonds and paying costs of issuance of the 2020 Series A Bonds. The 2020 Series A Bonds are issued pursuant to Ordinance No. AO 2020-16 passed on February 11, 2020 (the "Bond Ordinance") and the Trust Agreement by and between the Municipality and U.S. Bank National Association dated December 3, 2020 (the "Trust Agreement"). Capitalized terms used in this opinion and not otherwise defined herein shall have the meanings given such terms in the Bond Ordinance and Trust Agreement.

The 2020 Series A Bonds are subject to redemption prior to their stated maturities as stated in the Trust Agreement.

Regarding questions of fact material to our opinion, we have relied on representations of the Municipality in the Bond Ordinance, 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 2020 Series A Bonds have been legally issued and constitute valid and binding special obligations of the Municipality enforceable in accordance with their terms, both principal thereof and interest thereon are payable solely out of the special fund of the Municipality known as the "Port of Alaska Revenue Bond Account - 2020A" (the "Bond Account-A"), except to the extent that the enforcement of the rights and remedies of the holders and owners of the 2020 Series A Bonds may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization 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 Bond Ordinance has been duly passed, and the Trust Agreement has been duly authorized, executed and delivered and each constitutes the valid and binding obligation of the Municipality enforceable in accordance with its terms, except to the extent that the enforcement of the rights and remedies under the Bond Ordinance or Trust Agreement may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization

or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

3. The Municipality has obligated and bound itself to set aside and pay into the Bond Account-A out of the Gross Revenues of the Port and the money in the Port Fund amounts sufficient to pay the principal of and interest on the 2020 Series A Bonds as the same become due.

4. The 2020 Series A Bonds are secured by a valid pledge of and lien on the Gross Revenues and moneys in the Port Fund of the Municipality, subject only to the payment of Operating Expenses. The Municipality has further pledged by the Bond Ordinance and the Trust Agreement that payments to be made out of Gross Revenues and moneys in the Port Fund into the Bond Account-A and into the Common Reserve Account-A shall be a prior lien and charge upon Gross Revenues and moneys in the Port Fund superior to all other charges of any kind or nature, except Operating Expenses, and equal in rank to the lien and charge thereon for amounts pledged to pay and secure the payment of the Municipality's 2020 Port Revenue Bonds, Series B (Taxable) (issued simultaneously herewith) and any other Parity Bonds hereafter issued as provided in the Bond Ordinance and the Trust Agreement. The Municipality has reserved the right to issue Future Parity Bonds.

5. Interest on the 2020 Series A Bonds is excludable from gross income for federal income tax purposes, except for interest on the 2020 Series A Bonds for any period during which such 2020 Series A Bonds are held by a "substantial user" of the facilities financed or refinanced by the 2020 Series A Bonds, or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"); however, interest on the 2020 Series A Bonds is an item of tax preference for purposes of the federal alternative minimum income tax imposed on individuals. The opinion set forth in this paragraph 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 2020 Series A 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 2020 Series A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2020 Series A Bonds.

6. Interest on the 2020 Series A Bonds is not included in taxable income for purposes of the Alaska income tax imposed on corporations.

The Municipality has not designated the 2020 Series A Bonds as "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 2020 Series A Bonds. Owners of the 2020 Series A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2020 Series A 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.

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

December 3, 2020

Municipality of Anchorage Anchorage, Alaska	J.P. Morgan Securities LLC Seattle, Washington
BofA Securities, Inc. Seattle, Washington	KeyBanc Capital Markets Inc. Seattle, Washington
U.S. Bancorp Investments, Inc. San Francisco, California	Wells Fargo Bank, National Association New York, New York

Re: Municipality of Anchorage, Alaska
2020 Port Revenue Bonds, Series B (Taxable) - $46,210,000

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 2020 Port Revenue Bonds, Series B (Taxable) in the aggregate principal amount of $46,210,000 (the "2020 Series B Bonds"), issued for the purpose of refunding the balance outstanding on a short term borrowing program loan of the Port of Alaska (the "Port"), funding the Common Reserve Account-B, capitalizing interest on the 2020 Series B Bonds, and paying costs of issuance of the 2020 Series B Bonds. The 2020 Series B Bonds are issued pursuant to Ordinance No. AO 2020-16 passed on February 11, 2020 (the "Bond Ordinance") and the Trust Agreement by and between the Municipality and U.S. Bank National Association dated December 3, 2020 (the "Trust Agreement"). Capitalized terms used in this opinion and not otherwise defined herein shall have the meanings given such terms in the Bond Ordinance and Trust Agreement.

The 2020 Series B Bonds are subject to redemption prior to their stated maturities as stated in the Trust Agreement.

Regarding questions of fact material to our opinion, we have relied on representations of the Municipality in the Bond Ordinance, 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 2020 Series B Bonds have been legally issued and constitute valid and binding special obligations of the Municipality enforceable in accordance with their terms, both principal thereof and interest thereon are payable solely out of the special fund of the Municipality known as the "Port of Alaska Revenue Bond Account - 2020B" (the "Bond Account-B"), except to the extent that the enforcement of the rights and remedies of the holders and owners of the 2020 Series B Bonds may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization 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 Bond Ordinance has been duly passed, and the Trust Agreement has been duly authorized, executed and delivered and each constitutes the valid and binding obligation of the Municipality enforceable in accordance with its terms, except to the extent that the enforcement of the rights and remedies under the Bond Ordinance or Trust Agreement may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

3. The Municipality has obligated and bound itself to set aside and pay into the Bond Account-B out of the Gross Revenues of the Port and the money in the Port Fund amounts sufficient to pay the principal of and interest on the 2020 Series B Bonds as the same become due.

4. The 2020 Series B Bonds are secured by a valid pledge of and lien on the Gross Revenues and moneys in the Port Fund of the Municipality, subject only to the payment of Operating Expenses. The Municipality has further pledged by the Bond Ordinance and the Trust Agreement that payments to be made out of Gross Revenues and moneys in the Port Fund into the Bond Account-B and into the Common Reserve Account-B shall be a prior lien and charge upon Gross Revenues and moneys in the Port Fund superior to all other charges of any kind or nature, except Operating Expenses, and equal in rank to the lien and charge thereon for amounts pledged to pay and secure the payment of the Municipality's 2020 Port Revenue Bonds, Series A (AMT) (issued simultaneously herewith)band any other Parity Bonds hereafter issued as provided in the Bond Ordinance and the Trust Agreement. The Municipality has reserved the right to issue Future Parity Bonds.

5. Interest on the 2020 Series B Bonds is not excludable from gross income for federal income tax purposes.

The Municipality has not designated the 2020 Series B Bonds as "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 2020 Series B Bonds. Owners of the 2020 Series B Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2020 Series B 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.

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

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

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

8. All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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 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 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 E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ____________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

MUNICIPALITY OF ANCHORAGE, ALASKA • 2020 Port Revenue Bonds, Series A (AMT) and Series B (Taxable)

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