NEW ISSUE
FULL BOOK-ENTRY

S&P Global Rating: AAA
Fitch Ratings Rating: AA+
(See the caption "RATINGS" herein)

In the opinion of K&L Gates LLP, Bond Counsel, assuming compliance with certain covenants of the Municipality, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds is not included in taxable income for purposes of the Alaska income tax imposed on corporations. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel.

MUNICIPALITY OF ANCHORAGE, ALASKA

$58,235,000
2018 General Obligation Bonds
Series A
(General Purpose)

$20,265,000
2018 General Obligation Refunding Bonds
Series B
(General Purpose)

$35,660,000
2018 General Obligation Bonds
Series C
(Schools)

$57,020,000
2018 General Obligation Refunding Bonds
Series D
(Schools)

Dated: Date of Delivery **Due: September 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 series and 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, Seattle, Washington, 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 is payable on March 1, 2019, and semiannually thereafter on each March 1 and September 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 are subject to redemption prior to their respective scheduled maturities as more fully described herein under the caption "DESCRIPTION OF THE BONDS—Redemption."

The Bonds are general obligations of the Municipality of Anchorage, Alaska (the "Municipality"), and the full faith, credit and taxing power of the Municipality are pledged for the payment of the principal of and interest on the Bonds when due. The Municipality has irrevocably pledged and covenanted to levy and collect taxes upon all taxable property within the Municipality, without limitation as to rate or amount, in amounts sufficient, together with other funds legally available therefor, to pay the principal of and interest on the Bonds when due.

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 June 14, 2018.

Wells Fargo Securities

BofA Merrill Lynch
Jefferies

J.P. Morgan

Citigroup
KeyBanc Capital Markets Inc.

Dated: May 31, 2018

MATURITY SCHEDULES

MUNICIPALITY OF ANCHORAGE, ALASKA

$58,235,000
2018 General Obligation Bonds
Series A
(General Purpose)

Maturities, Amounts, Interest Rates and Yields
(Base CUSIP† No. 033161)

Due September 1	Principal Amount	Interest Rate	Yield	CUSIP† No.	Due September 1	Principal Amount	Interest Rate	Yield	CUSIP† No.
2020	$ 1,955,000	4.000%	1.840%	6J4	2031	$ 3,235,000	5.000%	2.790%*	6V7
2021	2,035,000	5.000	1.970	6K1	2032	3,400,000	5.000	2.820*	6W5
2022	2,135,000	5.000	2.050	6L9	2033	545,000	3.250	3.300	6X3
2023	2,240,000	5.000	2.160	6M7	2033	3,025,000	5.000	2.860*	6Y1
2024	2,355,000	5.000	2.290	6N5	2034	3,735,000	5.000	2.870*	6Z8
2025	2,470,000	5.000	2.390	6P0	2035	3,925,000	5.000	2.910*	7A2
2026	2,595,000	5.000	2.500	6Q8	2036	4,120,000	5.000	2.940*	7B0
2027	2,725,000	5.000	2.580	6R6	2037	4,325,000	5.000	2.960*	7C8
2028	2,855,000	2.625	2.670	6S4	2038	560,000	3.500	3.500	7D6
2029	2,935,000	5.000	2.710*	6T2	2038	3,980,000	5.000	2.980*	7E4
2030	3,085,000	5.000	2.750*	6U9					

$20,265,000
2018 General Obligation Refunding Bonds
Series B
(General Purpose)

Maturities, Amounts, Interest Rates and Yields
(Base CUSIP† No. 033161)

Due September 1	Principal Amount	Interest Rate	Yield	CUSIP† No.
2021	$ 6,375,000	5.000%	1.970%	7F1
2022	6,750,000	5.000	2.050	7G9
2023	7,140,000	5.000	2.160	7H7

* Priced to call date of September 1, 2028.

$35,660,000
2018 General Obligation Bonds
Series C
(Schools)

Maturities, Amounts, Interest Rates and Yields
(Base CUSIP[†] No. 033161)

Due September 1	Principal Amount	Interest Rate	Yield	CUSIP[†] No.	Due September 1	Principal Amount	Interest Rate	Yield	CUSIP[†] No.
2019	$ 1,105,000	4.000%	1.690%	7J3	2029	$ 1,760,000	5.000%	2.710%*	7U8
2020	1,155,000	5.000	1.840	7K0	2030	1,855,000	5.000	2.750*	7V6
2021	1,215,000	5.000	1.970	7L8	2031	1,950,000	5.000	2.790*	7W4
2022	1,275,000	5.000	2.050	7M6	2032	2,050,000	5.000	2.820*	7X2
2023	1,325,000	2.250	2.160	7N4	2033	2,150,000	5.000	2.860*	7Y0
2024	1,375,000	5.000	2.290	7P9	2034	2,250,000	4.000	3.180*	7Z7
2025	1,445,000	5.000	2.390	7Q7	2035	2,345,000	4.000	3.230*	8A1
2026	1,515,000	5.000	2.500	7R5	2036	2,440,000	4.000	3.260*	8B9
2027	1,595,000	5.000	2.580	7S3	2037	2,540,000	4.000	3.280*	8C7
2028	1,675,000	5.000	2.670	7T1	2038	2,640,000	4.000	3.300*	8D5

$57,020,000
2018 General Obligation Refunding Bonds
Series D
(Schools)

Maturities, Amounts, Interest Rates and Yields
(Base CUSIP[†] No. 033161)

Due September 1	Principal Amount	Interest Rate	Yield	CUSIP[†] No.
2022	$28,455,000	4.000%	2.050%	8E3
2023	18,740,000	4.000	2.160	8F0
2024	9,825,000	4.000	2.290	8G8

[*] Priced to call date of September 1, 2028.

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, 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. THE BOND ORDINANCES WILL NOT 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 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, formally known as Mikunda Cottrell & Co., Inc., the Municipality's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. BDO USA, LLP also has not performed any procedures relating to this Official Statement

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

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 final official statement for purposes of, and as that term is defined in, SEC rule 15c2-12.

MUNICIPALITY OF ANCHORAGE

MAYOR

Ethan A. Berkowitz

MUNICIPAL ASSEMBLY

Forrest Dunbar, Chair

Christopher Constant	Pete Petersen
Eric Croft - Vice Chair	Felix Rivera
Amy Demboski	Tim Steele
Fred Dyson	Dick Traini
Suzanne LaFrance	John Weddleton

Barbara A. Jones, Municipal Clerk

ADMINISTRATION

William D. Falsey, Municipal Manager
Robert E. Harris, Chief Fiscal Officer
Rebecca Windt Pearson, Municipal Attorney

OFFICE OF THE MUNICIPALITY

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Seattle, Washington

FINANCIAL ADVISOR

Hilltop Securities Inc.
Anchorage, Alaska

PAYING AGENT/REGISTRAR/ESCROW AGENT

U.S. Bank National Association
Seattle, Washington

*This inactive textual reference to the Municipality website is contact information provided only for convenience. This reference is not a hyperlink and, by this reference, the website is not incorporated into this Official Statement.

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OFFICIAL STATEMENT

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MUNICIPALITY OF ANCHORAGE, ALASKA

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2018 General Obligation Bonds
Series C
(Schools)

$20,265,000
2018 General Obligation Refunding Bonds
Series B
(General Purpose)

$57,020,000
2018 General Obligation Refunding Bonds
Series D
(Schools)

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"), and the Municipality's $58,235,000 principal amount of 2018 General Obligation Bonds, Series A (General Purpose) (the "2018 Series A Bonds") and $20,265,000 principal amount of 2018 General Obligation Refunding Bonds, Series B (General Purpose) (the "2018 Series B Bonds" or the "General Purpose Refunding Bonds," and, together with the 2018 Series A Bonds, the "General Purpose Bonds"), and $35,660,000 principal amount of 2018 General Obligation Bonds, Series C (Schools) (the "2018 Series C Bonds") and $57,020,000 principal amount of 2018 General Obligation Refunding Bonds, Series D (Schools) (the "2018 Series D Bonds" or the "Schools Refunding Bonds," and, together with the 2018 Series C Bonds, the "School Bonds") (the General Purpose Bonds and School Bonds are referred to herein as 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 has been taken or derived from the audited financial statements and other financial reports of the Municipality. Reference should be made to the audited financial statements and other financial reports, and their accompanying notes, for additional information. Copies thereof are available for inspection at the office of the Municipality upon request. A copy of the audited financial statements of the Municipality as of and for the year ended December 31, 2016, 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 Ordinances (see "Authority for Issuance of the Bonds" below).

Authority for Issuance of the Bonds

The Bonds are issued pursuant to Article XV of the Municipal Charter and pursuant to elections of the voters of the Municipality. The sale of the Bonds is further authorized by Ordinance No. AO 2018-37 (General Purpose) and Ordinance No. AO 2018-36 (Schools), each passed by the Assembly on May 22, 2018; and Ordinance No. AO 2016-47 passed by the Assembly on May 10, 2016, as amended by Ordinance No. AO 2016-143 passed by the Assembly on December 6, 2016 (together, the "Bond Ordinances"). The Bond Ordinances set 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.

Purpose of the Bonds

General Purpose Bonds

The net proceeds from the sale of the General Purpose Bonds will be used to pay the costs of general purpose capital improvements (the "General Purpose Projects") within the Municipality, which include certain capital improvement projects included in Proposition 4 approved by the qualified voters of the Municipality at the general election held on April 3, 2012; Proposition 2 approved by the qualified voters of the Municipality at the general election held on April 2, 2013; Proposition 2 approved by the qualified voters of the Municipality at the general election held on April 1, 2014; Propositions 2 and 5 approved by the qualified voters of the Municipality at the general election held on April 7, 2015; Propositions 3, 4, 5, 6 and 7 approved by the qualified voters of the Municipality at the general election held on April 5, 2016; Propositions 3, 4, 5 and 6 approved by the qualified voters of the Municipality at the general election held on April 4, 2017; and Propositions 3, 4, 6, and 7 approved by the qualified voters of the Municipality at the general election held on April 3, 2018 (collectively, the "General Purpose Propositions"). The table on the following page outlines the General Purpose Propositions, including the current authorization, the principal amount of General Purpose Bonds to be issued from each proposition, and the amount of authorized, yet unissued General Purpose Bonds remaining after the issuance of the General Purpose Bonds.

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Proposition No.	Project Description	Current Authorization	General Purpose Bonds to be issued (this issuance)	Remaining Authorization
2012-4	Public Safety & Transportation Projects	$ 258,000	$ 258,000	$ 0
2013-2	Public Safety & Transportation Projects	1,685,000	700,000	985,000
2014-2	Public Safety & Transportation Projects	1,143,000	290,000	853,000
2015-2	Public Safety & Transportation Projects	5,130,000	4,315,000	815,000
2015-5	Road and Drainage Projects	12,280,000	4,260,000	8,020,000
2016-3	Public Safety Projects	3,065,000	1,060,000	2,005,000
2016-4	Parks and Recreation Projects	3,360,000	910,000	2,450,000
2016-5	Road and Drainage Projects	36,585,000	20,730,000	15,855,000
2016-6	Anchorage Fire	1,050,000	925,000	125,000
2016-7	Anchorage Police	3,800,000	2,160,000	1,640,000
2017-3	Parks and Recreation Projects	3,665,000	2,450,000	1,215,000
2017-4	Road and Drainage Projects	36,940,000	19,000,000	17,940,000
2017-5	Anchorage Fire	2,620,000	1,945,000	675,000
2017-6	Anchorage Police	1,400,000	565,000	835,000
2018-3	Road and Drainage Projects	33,865,000	2,475,000	31,390,000
2018-4	Parks and Recreation Projects	3,650,000	1,350,000	2,300,000
2018-5	Anchorage Police	1,050,000	0	1,050,000
2018-6	Anchorage Fire	2,588,000	2,558,000	30,000
2018-7	Areawide Facilities Projects	1,407,000	1,407,000	0
2018-8	Public Safety & Transportation Projects	4,908,000	0	4,908,000
	Total	$160,449,000	$67,358,000	$93,091,000

The net proceeds from the sale of the General Purpose Bonds will be deposited with U.S. Bank National Association, Seattle, Washington, as paying agent, registrar and authenticating agent (the "Registrar") to be placed in the 2018 General Obligation General Purpose Construction Fund (the "GP Construction Fund") and used by the Municipality to pay the costs of the General Purpose Projects and costs of issuance. See "SOURCES AND USES OF FUNDS" herein.

General Purpose Refunding Bonds

The General Purpose Refunding Bonds will be used for refunding certain outstanding bonds of the Municipality and the payment of allocable costs of issuance. The Municipality will refund with the proceeds of the General Purpose Refunding Bonds at par, all of the maturities identified below on their redemption date denoted in the table as the "Redemption Date" (the "General Purpose Refunded Bonds").

Dated Date	Designation	Maturities to be Refunded	Redemption or Maturity Date	Redemption or Maturity Price
04/26/2007	2007 General Obligation Refunding Bonds, Series A (General Purpose)	09/01/2018 through 2023	07/01/2018	100%

The net proceeds from the sale of the General Purpose Refunding Bonds will be deposited with U.S. Bank National Association (the "Escrow Agent") under an Escrow Agreement in an amount sufficient to redeem and retire the General Obligation Refunded Bonds on the redemption date set forth above. Since all payments of principal of and interest on the General Purpose Refunded Bonds will thereafter be provided for from moneys and securities on deposit with the Escrow Agent under the Escrow Agreement, the pledges and covenants of the General Purpose Refunded Bonds will terminate and be discharged and released.

School Bonds

The net proceeds from the sale of the School Bonds will be used to finance educational capital improvement projects for the Anchorage School District (the "School Projects") included in Proposition 1 approved by the qualified voters of the Municipality at the general election held on April 3, 2012; Proposition 1 approved by the qualified voters of the Municipality at the general election held on April 7, 2015; Proposition 1 approved by the qualified voters of the Municipality at the general election held on April 4, 2017; and Proposition 2 approved by the qualified voters of the Municipality at the general election held on April 3, 2018 (collectively, the "School Propositions").

The School Projects, as set forth in the School Propositions, include planning, designing, site preparation, constructing, acquiring, renovating, installing, and equipping of certain educational capital improvement projects. The table below outlines the School Propositions approved by the qualified voters of the Municipality including the current authorization, the principal amount of School Bonds to be issued from each proposition, and the amount of authorized, yet unissued School Bonds remaining after the issuance of the School Bonds.

Proposition No.	School Project Description	Current Authorization	School Bonds to be issued (this issuance)	Remaining Authorization
2012-1	Educational Capital Improvements	$ 5,712,000	$ 2,300,000	$ 3,412,000
2013-1	Educational Capital Improvements	7,790,000	0	7,790,000
2014-1	Educational Capital Improvements	5,500,000	0	5,500,000
2015-1	Educational Capital Improvements	7,150,000	5,300,000	1,850,000
2017-1	Educational Capital Improvements	58,450,000	28,000,000	30,450,000
2018-2	Educational Capital Improvements	50,656,500	4,400,000	46,256,500
		$135,258,500	$ 40,000,000	$95,258,500

The net proceeds from the sale of the School Bonds will be deposited with the Registrar to be placed in the 2018 General Obligation School Bond Construction Fund (the "School Construction Fund") and used by the Anchorage School District (the "School District") to pay the costs of the School Projects and costs of issuance. See "SOURCES AND USES OF FUNDS" herein.

Schools Refunding Bonds

The Schools Refunding Bonds will be used for refunding certain outstanding bonds of the Municipality and the payment of allocable costs of issuance. The Municipality will refund with the proceeds of the School Refunding Bonds at par, all of the maturities identified below on their redemption date denoted in the table as the "Redemption Date" (the "Schools Refunded Bonds").

Dated Date	Designation	Maturities to be Refunded	Redemption or Maturity Date	Redemption or Maturity Price
04/26/2007	2007 General Obligation Refunding Bonds, Series B (Schools)	9/01/2022 through 2024	07/01/2018	100%

The net proceeds from the sale of the Schools Refunding Bonds will be deposited with the Escrow Agent under an Escrow Agreement in an amount sufficient to redeem and retire the Schools Refunded Bonds on the redemption date set forth above. Since all payments of principal of and interest on the Schools Refunded Bonds will thereafter be provided for from moneys and securities on deposit with the Escrow Agent under the Escrow Agreement, the pledges and covenants of the Schools Refunded Bonds will terminate and be discharged and released.

Security for the Bonds

The Bonds are valid and legally binding general obligations of the Municipality, and the full faith, credit and taxing power of the Municipality are pledged for the payment of the principal of and interest on the Bonds as the same shall become due. The Municipality has irrevocably pledged and covenanted with the owners of the Bonds that it will levy and collect taxes upon all taxable property within the Municipality, without limitation as to rate or amount, in amounts sufficient, together with other funds legally available therefor, to pay the principal of and interest on the Bonds when due. See "FINANCIAL INFORMATION."

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 March 1 and September 1 each year, commencing March 1, 2019. Principal of the Bonds is due September 1 in the years and amounts shown on the inside front cover hereof. The Registrar will make principal and interest payments to Cede & Co. which, in turn, will disburse such principal and interest payments to its participants (the "DTC Participants") in accordance with DTC policies. Payments by such DTC Participants to the beneficial owners of the 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."

Redemption

Optional Redemption

The Bonds maturing on and after September 1, 2029 (the "Callable Bonds") are subject to redemption at the option of the Municipality on or after September 1, 2028 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.

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 of a series 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 Callable Bonds having the same maturity date, the particular 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 Callable Bond of a denomination greater than $5,000, the Municipality and the Registrar will treat each such Callable Bonds as representing such number of separate Callable Bonds each of the denomination of $5,000 as is obtained by dividing the actual principal amount of such Callable Bond by $5,000. 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.

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 series and 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 Bond Ordinances, 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

If money and/or certain types of securities (identified in the Bond Ordinances as “Acquired Obligations”) maturing at such times and bearing interest to be earned thereon in amounts sufficient to retire any or all of the Bonds in accordance with their terms are irrevocably set aside in a special trust account to effect such retirement and are pledged for such purpose, then no further payments need to be made to pay or secure the payment of the principal of and interest on such Bonds, and such Bonds will thereafter be deemed not to be outstanding.

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.

SERIES A
GENERAL PURPOSE BONDS

Sources of Funds:	
Principal Amount of General Purpose Bonds	$ 58,235,000
Net Premium	9,346,191
Total Sources of Funds:	$ 67,581,191
Uses of Funds:	
Deposit to General Purpose Project Fund	$ 67,358,000
Issuance Expenses(1)	223,191
Total Uses of Funds:	$ 67,581,191

SERIES B
GENERAL PURPOSE REFUNDING BONDS

Sources of Funds:	
Principal Amount of General Purpose Refunding Bonds	$ 20,265,000
Premium	2,392,756
Total Sources of Funds:	$ 22,657,756
Uses of Funds:	
Deposit to General Purpose Refunded Bond Escrow	$ 22,580,258
Issuance Expenses(1)	77,498
Total Uses of Funds:	$ 22,657,756

SERIES C
SCHOOL BONDS

Sources of Funds:	
Principal Amount of School Bonds	$ 35,660,000
Premium	4,478,784
Total Sources of Funds:	$ 40,138,784
Uses of Funds:	
Deposit to Schools Project Fund	$ 40,000,000
Issuance Expenses(1)	138,784
Total Uses of Funds:	$ 40,138,784

SERIES D
SCHOOLS REFUNDING BONDS

Sources of Funds:	
Principal Amount of Schools Refunding Bonds	$ 57,020,000
Premium	4,887,073
Total Sources of Funds:	$ 61,907,073
Uses of Funds:	
Deposit to Schools Refunded Bond Escrow	$ 61,686,625
Issuance Expenses(1)	220,448
Total Uses of Funds:	$ 61,907,073

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

STATE CONTRIBUTIONS TOWARD SCHOOL BOND DEBT SERVICE

State Reimbursement Program

The State reimbursement program was created by State statute in 1970 (AS 14.11.100) (the "State Reimbursement Program") and provides a system under which the State, subject to annual appropriation by legislation, will reimburse municipalities that operate school districts for the costs of qualified and approved school construction. State reimbursement applies to debt service on locally-issued general obligation school bonds for qualified projects approved by the State Commissioner of Education and Early Development. Levels of reimbursement vary from 60% to 70%, depending on authorization, issue and expenditure date. The School District expects that State reimbursement will be made with respect to debt service on the Bonds.

In 2010, the State Legislature adopted SB 237, which extended the current State financial support for education by extending the State Reimbursement Program under AS 14.11 indefinitely. In 2014 the State

Legislature adopted HB 278 which amended the State Reimbursement Program under AS 14.11. The current State Reimbursement Program amended the 60% reimbursement rate to include a sunset date. Under the State Reimbursement Program, school districts can apply for reimbursement for 60% or 70% of debt service on general obligation bonds issued by the taxing district for educational capital improvements approved by qualified voters of the Municipality on or after October 1, 2006, but before May 1, 2015. School districts can apply for reimbursement for 50% or 70% of debt service on general obligation bonds issued by the taxing district for educational capital improvements approved by qualified voters of the Municipality on or after May 1, 2015. In 2015, the State Legislature adopted SB 64, which puts a freeze on approval of any new reimbursement requests for bonds authorized by voters between January 1, 2015 and July 1, 2020. After the end of the freeze period, school districts can again apply for reimbursement of debt service, but at reduced reimbursement rates of 40% or 50%. The amount of reimbursement is dependent on the school district meeting certain statutory eligibility requirements, as explained above.

Each school construction project must be approved by the State Department of Education and Early Development prior to bond authorization or construction in order to qualify under the State Reimbursement Program. The local district must submit the school design, schematics and contract documents to the State for approval. State and local school officials must agree on design, enrollment and distribution of space in the school to the various required uses. When State approval is received, school construction can begin. Pursuant to the State Reimbursement Program, a the Municipality may finance State-approved school construction projects with local general obligation school bonds the debt service of which is subject to reimbursement in the percentages and on the time schedules subject to statutory and regulatory requirements.

To obtain reimbursement, the local district must file an annual claim with the State Commissioner of Education and Early Development. Claims must be supported by a certified audit report of the Municipality, including applicable school district school construction accounts, prepared in accordance with State regulations, or by a statement from paying agents of amounts paid by the local school district in the current fiscal year.

Funds to provide State aid to school construction must be appropriated annually by State legislation. There is no guarantee that the State will make appropriations to fund the payments authorized under the State Reimbursement Program.

In the event funds are not available to fully fund the State Reimbursement Program, the funds that are available will be distributed pro rata among the eligible local governments. The following table shows total Statewide entitlements, and School District entitlements reported by the Alaska Department of Education and Early Development for the State fiscal years ending June 30, 2008-2017. On June 29, 2016, the Governor signed the fiscal year 2017 budgets transmitted by the State Legislature and exercised his line-item veto authority to reduce the fiscal year 2017 appropriations by approximately $1.29 billion, including a 25% reduction in the School Debt Reimbursement Program.

Fiscal Year Ended June 30	Statewide Entitlement	Anchorage School District Entitlement	Anchorage School District Entitlement %
2017	$ 90,676,900	$ 34,081,747	38%
2016	116,739,477	46,518,625	40
2015	118,025,593	47,337,158	40
2014	109,800,821	44,173,619	40
2013	113,097,206	45,061,570	40
2012	101,678,133	44,616,255	44
2011	100,335,656	45,738,892	46
2010	96,507,492	44,873,824	46
2009	94,017,490	43,487,039	46
2008	91,764,563	40,206,933	44

Source: Alaska Department of Education and Early Development

Outstanding School District Bonds

The following table lists the outstanding School District bonds issued by the Municipality as of April 3, 2018. Certain portions of such bonds qualify for reimbursement through the State Reimbursement Program and are subject to annual appropriation by the State Legislature.

Outstanding Bonds	Date of Issue	Date of Final Maturity	Outstanding Principal	Reimbursable Principal	Reimbursable Principal %
2007 G.O. Refunding Bonds (School), Series B	04/26/07	09/01/24	$139,490,000	$ 82,929,441	59%
2008 G.O. Bonds (School), Series B	12/11/08	08/01/18	1,385,000	879,270	63
2010 G.O. Bonds (School), Series B	03/18/10	04/01/30	13,415,000	8,115,992	60
2011 G.O. Bonds (School), Series B	06/09/11	08/01/21	2,110,000	1,477,000	70
2011 G.O. Refunding Bonds (School), Series C	06/09/11	08/01/20	3,295,000	1,479,653	45
2012 G.O. Refunding Bonds (School), Series C	09/25/12	08/01/32	11,510,000	6,719,566	58
2013 G.O. Bonds (School), Series A	11/20/13	08/01/33	34,485,000	20,736,244	60
2014 G.O. Bonds (School), Series C	11/06/14	09/01/34	53,485,000	33,103,070	62
2014 G.O. Refunding Bonds (School), Series D	11/06/14	09/01/26	27,830,000	16,372,656	59
2015 G.O. Bonds (School), Series C	11/19/15	09/01/35	64,905,000	23,637,622	36
2015 G.O. Refunding Bonds (School), Series D	11/19/15	09/01/28	71,620,000	38,532,906	54
2016 G.O. Bonds (School), Series B	12/07/16	09/01/36	19,605,000	2,089,274	11
2016 G.O. Refunding Bonds (School), Series C	12/07/16	09/01/21	41,960,000	25,957,283	62
Total			$ 485,095,000	$ 262,029,977	54%(1)

Source: Municipality of Anchorage, Anchorage School District
(1) Average.

GENERAL STATE ASSISTANCE

Through the 1980s and 1990s, the State of Alaska shared a portion of its resource revenues with local communities. This was accomplished through established municipal assistance/revenue sharing programs. Anchorage's annual share was used to support vital general government services and to help hold down local property taxes. In 2003, the State eliminated its municipal assistance/revenue sharing programs. Locally, this resulted in expenditure reductions as well as increases in taxes, to the extent permitted under the Municipality's tax limitations, and non-tax revenues. The State Legislature in 2005 approved one-time funding to assist communities with mandatory, increased employer contributions to the public employee retirement system. The Legislature in 2006 approved one-time funding to assist communities with higher energy, pension and other costs. In keeping with adopted local policy, these one-time State revenues are being used for property tax relief. The Municipality of Anchorage continues to advocate for reinstatement of a sustainable State revenue sharing program.

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.

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

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

Administrative Officers

Ethan A. Berkowitz, Mayor

Mr. Berkowitz commenced his term as Mayor on July 1, 2015. He has been an Anchorage resident since 1990. Mr. Berkowitz worked as a lawyer in the state criminal appeals court when he first arrived in Anchorage. He then became an Anchorage-based prosecutor in the District Attorney's office. After his time as a prosecutor, he represented West Anchorage in the Alaska House of Representatives for ten years. During his tenure he led efforts to expand Alaska's energy development, diversify the economy while also championing fiscal responsibility.

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 BLM'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.

Rebecca Windt Pearson, Municipal Attorney

Ms. Pearson joined the Municipality as Municipal Attorney on November 6, 2017. Prior to her appointment, Ms. Pearson was Senior Director of Real Estate and Land Use Counsel at GCI, where her practice included extensive work in the municipal law arena both in Anchorage and across the state. She was previously a partner in the law firm of Ashburn & Mason, where her practice focused on real estate, land use, and municipal law issues. She originally moved to Alaska to clerk for Judge Morgan Christen of the Ninth Circuit Court of Appeals, then a Justice on the Alaska Supreme Court. Ms. Pearson has a J.D. from Yale Law School and a B.A. in Sociology from Harvard University. She has served on the board of Arctic Entries and as a member of the Municipality of Anchorage Board of Ethics.

Robert E. Harris, Chief Fiscal Officer

Mr. Harris began as the Chief Fiscal Officer of the Municipality on August 17, 2015. Mr. Harris's experience includes economic development, financial analysis, project and engineering management, and operations management. He most recently served as an engineering manager at CH2M Hill. He has an MBA and an MS from the University of Washington and a B.S., Electrical Engineering and B.S., Economics from Massachusetts Institute of Technology. He has served on the boards of Camp Fire Alaska, the Anchorage Youth Symphony, and presently serves on the Investment Committee and Board of Cook Inlet Region Inc. (CIRI), one of Alaska's thirteen Native Regional Corporations.

Ross Risvold, Director of Public Finance

Mr. Risvold joined the Municipality in October 2004. He has more than thirty-four 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.

Richard Whitehead, Municipal Debt Officer

Mr. Whitehead has served as the Municipal Debt Officer since August of 2001. Prior to working for the Municipality, Mr. Whitehead worked 12 years for AHFC as a Finance Officer with responsibilities involving the debt, investment and cash management of the Corporation. Before working for AHFC, Mr. Whitehead worked in the private sector as a financial consultant. Mr. Whitehead earned a B.S. in Financial Planning from Brigham Young University.

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 2 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.

Labor Relations

Labor Organizations

The Municipality had 2,828 employees, excluding School District personnel, as of February 1, 2018.

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

Labor Organization	Expiration	Membership(1)
Anchorage Municipal Employees Association	12/31/18	498
Anchorage Police Department Employees Association	06/30/18	555
International Association of Fire Fighters	06/30/20	370
International Brotherhood of Electrical Workers/NECA	12/31/19	233
IBEW / Mechanics	12/31/20	67
International Union of Operating Engineers	06/30/19	148
Public Employees Local 71	06/30/18	41
Plumbers and Pipefitters	06/30/19	145
Teamsters	12/31/19	110
Non-Represented / Executive & Assembly Employees	N/A	661

Source: Municipality of Anchorage
Membership as of February 1, 2018.

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

Retirement Plans

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

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

All pension and post-employment healthcare benefit obligations of the Municipality are included on the government-wide, proprietary, or fiduciary financial statements. See the Municipality's Financial Statements, dated December 31, 2016, Note 13, beginning on page 78.

Other Post-Employment Benefits

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

Related Unfunded Liabilities

Information on plans and unfunded liabilities related to post-employment benefits can be found in the Municipality's Financial Statements, dated December 31, 2016, Note 14, beginning on page 88.

Insurance

Property Insurance

The Municipality maintains replacement cost of "all-risk" insurance on all of its properties through contracts with FM Global. The deductible per occurrence is $100,000 and the maximum payment per occurrence is $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 policies, 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 worker's compensation claims. The first layer of the excess 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. Allied World Insurance Co. provides the next layer of excess insurance of $9,000,000 per occurrence, Berkley National provides the next layer of $5,000,000, the last layer of $25,000,000 is provided by Navigators Specialty Insurance Co., for a total of $40,000,000 excess liability coverage over self-insured retention. The Municipality's worker's 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 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 2016 (used 2015 statistics compiled in 2016), by Willis Casualty Actuarial Practice, 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 reasonable Low of $21,526,354 and a High of $34,793,590. The Expected loss amount has been estimated to be $28,144,819.

FINANCIAL INFORMATION

Local Taxation

The principal source of local tax revenue to the Municipality is *ad valorem* real and personal property taxation.

Assessed Valuation

Under State law, the Municipal Assessor is required to assess all taxable property, except certain types of oil and gas properties which are assessed by the State (see "FINANCIAL INFORMATION—Debt and Tax Limitations"), at full and true market value, with certain minor exceptions. Owners of real property are notified of their individual assessments in March, and owners of personal property are notified of their timely and involuntary individual assessments in September, respectively, of each year.

The assessed valuation of the Municipality grew from $25,844,114,676 in 2006 to $35,716,140,504 for 2017 (see the table in the following subsection "Property Tax Collection Record," for the assessed valuations of the Municipality for each year from 2006 to 2018). For a discussion of specific economic factors affecting the Municipality, see "APPENDIX B - GENERAL AND ECONOMIC INFORMATION RELATING TO THE MUNICIPALITY OF ANCHORAGE."

Property Tax Collection Record

The following table sets forth the General Fund property tax levy and collection record of the Municipality for 2006 through 2018. Included are the amount and percentage of each year's levy collected by December 31 of the year of the levy, and the amount of collections on levies of prior years during such year, as reported by the Municipality. The first half of the tax levy on real property is due June 15 and the second half is due August 15 each year. Personal property assessed valuations and taxes are handled on supplemental rolls subsequent to the establishment of the real property roll. Delinquent taxes are subject to a penalty charge of 10% on the amount of the tax plus interest at 8.5% per annum (State law allows a maximum penalty of 20% and a maximum interest rate of 15%). Property is also subject to foreclosure and sale for delinquent taxes. Under State law, delinquent property owners may, within ten years and before the sale by the Municipality, repurchase their property.

Tax Collection Record - Municipality of Anchorage

		Highest Tax		Year of Levy		Delinquent
Year	Assessed Valuation	Millage Rate(1)	General Fund Tax Levy(2)	Amount Collected	Percent Collected	Amount Collected
2018[4]	$34,153,459,649	16.49	$548,728,375	N/A	N/A	N/A
2017[3]	35,716,140,504	16.19	551,213,820	$550,461,961	99.9%	N/A
2016	35,973,972,895	15.21	523,466,132	523,466,132	100.0	$4,247,929
2015	35,038,444,975	15.14	506,632,643	503,919,262	99.5	3,735,743
2014	33,661,047,233	15.37	503,962,630	500,381,108	99.3	4,170,546
2013	32,328,660,949	15.71	489,910,228	488,240,741	99.6	4,421,471
2012	31,714,337,376	15.67	478,157,587	480,393,854	100.0	4,415,769
2011	31,596,540,551	15.77	477,009,471	474,554,426	99.5	3,674,009
2010	31,463,676,892	15.80	475,771,921	475,370,658	99.9	4,088,938
2009	31,453,348,714	15.50	463,732,284	454,799,895	98.1	3,566,290
2008	30,580,821,146	15.04	438,158,786	430,346,262	98.2	3,384,648
2007	29,269,105,519	14.70	386,615,505	378,829,566	98.0	3,024,525
2006	25,844,114,676	15.30	389,955,490	389,483,559	99.9	2,553,723

Source: Municipality of Anchorage, Treasury Division

(1) The total tax rate applicable to any given parcel is the sum of the Municipality-wide levy rates plus the rates for special-purpose service areas within which that location is included (see "THE MUNICIPALITY OF ANCHORAGE—Organization"). The millage rates shown are for the area that had the highest total millage in each year.

(2) The General Fund Tax Levy is the amount of taxes due from real and personal property taxes which pay for City and Anchorage School District services. This includes all property subject to taxation. The allocation of this levy is dependent on the tax district and the assessed value of the real and personal property.

(3) Preliminary, as of December 31, 2017, unaudited.

(4) Projected.

Major Taxpayers

The 10 largest taxpayers within the Municipality, shown in the following table, account for approximately 3.96% ($1,417,576,386) of the Municipality's 2017 assessed valuation.

Ten Largest Taxpayers – Municipality of Anchorage 2017

Taxpayer	Type of Business	2017 Assessed Valuation*	Percentage of Total Assessed Valuation
GCI Communication Corp.	Communications	$ 221,446,032	0.62%
Calais Co. Inc.	Real Estate	196,061,800	0.55
ACS of Anchorage Inc.	Communications	169,625,827	0.47
Galen Hospital Alaska Inc.	Health Care	145,819,468	0.41
Fred Meyer Stores Inc.	Retail	142,690,027	0.40
WEC 2000A-Alaska LLC	Petroleum	136,275,228	0.38
Enstar Natural Gas Company	Natural Gas	119,985,049	0.33
Hickel Investment Co.	Real Estate	109,275,954	0.30
North Anchorage Real Estate	Real Estate	98,355,000	0.27
Anchorage Fueling & Srv. Co.	Jet Fueling/Storage	78,042,001	0.23
Total		$1,417,576,386	3.96%

Source: Municipality of Anchorage, Property Appraisal Division
* Estimate, includes real and personal property.

Outstanding General Obligation General Purpose Bonds

The following table lists the outstanding General Obligation General Purpose Bonds issued by the Municipality as of December 31, 2017.

Outstanding Bonds	Date of Issue	Date of Final Maturity	Outstanding Principal
2007 G.O. General Purpose, Series A	04/26/07	09/01/23	$ 22,265,000
2008 G.O. General Purpose, Series A	12/11/08	08/01/28	2,835,000
2010 G.O. General Purpose, Series A-2	03/18/10	04/01/30	40,795,000
2010 G.O. General Purpose, Series C	03/18/10	04/01/28	3,600,000
2011 G.O. General Purpose, Series A	06/09/11	02/01/31	22,060,000
2012 G.O. General Purpose, Series A	09/25/12	08/01/32	20,035,000
2012 G.O. General Purpose, Series B	09/25/12	08/01/18	4,535,000
2014 G.O. General Purpose, Series A	11/06/14	09/01/34	36,005,000
2014 G.O. General Purpose, Series B	11/06/14	09/01/25	65,285,000
2015 G.O. General Purpose, Series A	11/19/15	09/01/35	46,075,000
2015 G.O. General Purpose, Series B	11/19/15	09/01/28	103,965,000
2016 G.O. General Purpose, Series A	12/07/16	09/01/36	24,870,000
Total			$392,325,000

Source: Municipality of Anchorage, Public Finance

Other Debt of the Municipality

The following are revenue and special obligations of the Municipality and are not general obligations of the Municipality.

Long-Term Revenue Bonds

The following table lists the revenue debt of the Municipality outstanding as of December 31, 2017.

Type of Issue	Outstanding Principal
AMBBA Revenue Bonds, 2014 Refunding Bonds	$ 3,370,000
Electric Revenue Bonds	323,370,000
Water Revenue Bonds	102,575,000
Wastewater Revenue Bonds	64,895,000
Total	$ 494,210,000

Source: Municipality of Anchorage, Public Finance

The following table lists special limited obligations issued by the Municipality and outstanding as of December 31, 2017, but payable solely from funds from certain sources with no obligation of any funds of the Municipality.

Type of Issue	Outstanding Principal
Nonrecourse Revenue Bonds(1)	$ 255,743
Total	$ 255,743

Source: Municipality of Anchorage, Public Finance
(1) Payable solely from payments to be made by United Way of Anchorage as of December 31, 2017 (unaudited).

Other Long-Term Obligations

The following table lists other long-term obligations of the Municipality and the principal amounts outstanding as of December 31, 2017, unless noted otherwise.

Purpose	Final Installment	Outstanding Principal
ACWF Loans – Water Utility(1)(2)	2030	$ 87,333,984
ACWF Loans – Wastewater Utility(1)(2)	2033	74,119,639
ACWF Loans – Solid Waste(2)	2031	14,255,882
Total		$ 175,709,505

Source: Municipality of Anchorage, Public Finance
(1) As of September 30, 2017.
(2) Preliminary, unaudited.

Short-Term Borrowing Program (STBP) and Intermediate Term Borrowing Program (ITBP)

The following table lists the STBP and ITBP debt of the Municipality outstanding as of December 31, 2017.

Type of Issue	Outstanding Principal
Master Lease Debt(1)	$ 49,541,384
Municipal Light & Power Revolving Loan Program(1)	191,900,000
Port of Anchorage Revolving Loan Program(1)	40,000,000
Wastewater Revenue Refunding Bond, 2017 Series A/ITBP(1)	20,000,000
Water Revenue Refunding Bond, 2017 Series A/ITBP(1)	10,000,000
Wastewater Subordinate Revolving Loan Program/STBP(1)	4,500,000
Water Subordinate Revolving Loan Program/STBP(1)	11,500,000
Total	$ 327,441,384

Source: Municipality of Anchorage, Public Finance

(1) Preliminary, unaudited.

Authorized But Unissued General Obligation Bonds

As of May 1, 2018, the Municipality had authorized but not issued $93,091,000 of general obligation general purpose bonds and $95,258,500 of general obligation school bonds.

Future Sales of General Obligations

The Municipality reasonably expects to issue all currently authorized but unissued General Obligation Bonds by December 31, 2019.

Basis of Accounting

The Municipality uses the modified accrual basis of accounting for its various governmental funds. The modified accrual basis of accounting is a method of accounting in which revenues are recorded in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available. The major sources not considered susceptible to accrual include State shared revenues, federal impact aid and revenues from licenses and permits. All other revenue sources are considered susceptible to accrual. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for un-matured interest on long-term debt and certain other expenditures. Agency fund transactions are also recorded on the modified accrual basis of accounting.

The Municipality uses the accrual basis of accounting for its proprietary funds and pension trust funds. Proprietary funds include the various enterprise and the internal service funds. Under the accrual basis, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period in which they are incurred.

Municipality of Anchorage Funds

The governmental services of the Municipality are either provided throughout the Municipality "area-wide" or within lesser geographic service areas created to receive one or more governmental services. The following "SUMMARY STATEMENT OF REVENUES AND EXPENDITURES" includes an Area Wide Fund and the Funds for the geographic service areas combined to reflect in the General Fund, on the modified accrual basis, the total general governmental financial activity of the Municipality.

The Municipality receives revenues from the State and the federal government through the state municipal assistance program, state and federal revenue sharing programs, the State Public School Foundation program and other programs for payment of School District operating expenses and state payments for school bond debt service. Since a substantial portion of the state's revenue comes from oil and gas production in the form of royalties and taxes, significant reductions in the price of crude oil or decreases in production materially reduce State revenues and, together with federal budgetary constraints, may impact the level at which these State programs are funded.

Depending upon the purposes for which the bonds were issued, debt service on general obligation bonds is paid from taxes received by the General Fund, from road and sewer assessments, for school bonds, certain State funds. For example, in 2017, debt service on general obligation general purpose bonds (other than school district bonds) totaled $56,012,255. Additionally, $876,556 in Tax Anticipation Note interest was paid in 2017.

Summary Statement of Revenues and Expenditures

General Fund
Municipality of Anchorage

	2012	2013	2014	2015	2016
Revenues:					
Taxes	$ 538,666,869	$ 542,565,522	$ 547,851,288	$ 562,712,915	$ 577,356,754
Intergovernmental	48,818,331	44,927,422	76,038,507	56,863,661	21,460,560
Licenses and Permits	10,372,797	12,553,278	12,941,960	10,999,964	9,322,822
Fines and Forfeitures	5,772,214	5,741,522	6,577,509	6,230,076	4,703,932
Charges for Services	28,883,132	28,267,592	24,608,997	25,667,015	23,076,407
Other Revenues	11,653,241	10,345,564	8,252,014	7,282,867	7,426,837
Total Revenues	$ 644,166,584	$ 644,400,900	$ 676,270,275	$ 669,756,498	$ 643,347,312
Expenditures:					
General Government	$ 20,618,431	$ 19,640,328	$ 25,311,902	$ 23,678,845	$ 21,395,276
Public Safety	214,530,884	236,708,211	245,607,802	244,877,418	231,007,781
Public Services	126,521,429	121,808,852	137,954,806	125,288,083	126,876,060
Non-departmental Transfers and Contributions (Net)	34,428,946	31,712,600	34,647,561	28,505,933	39,929,937
School Appropriations	231,070,383	237,039,175	236,362,657	239,493,695	242,707,116
Total Expenditures	$ 627,170,073	$ 646,909,166	$ 679,884,728	$ 661,843,974	$ 661,916,170
Excess (Deficiency) of Revenues Over Expenditures and Transfers	$ 16,996,511	$ (2,508,266)	$ (3,614,453)	$ 7,912,524	$ (18,568,858)
Beginning Fund Balance	64,841,369	81,837,880	79,329,614	75,715,161	83,627,685
Ending Fund Balance	$ 81,837,880	$ 79,329,614	$ 75,715,161	$ 83,627,685	$ 65,058,827

Source: Municipality of Anchorage, Controllers Division

Fund Balance Policy

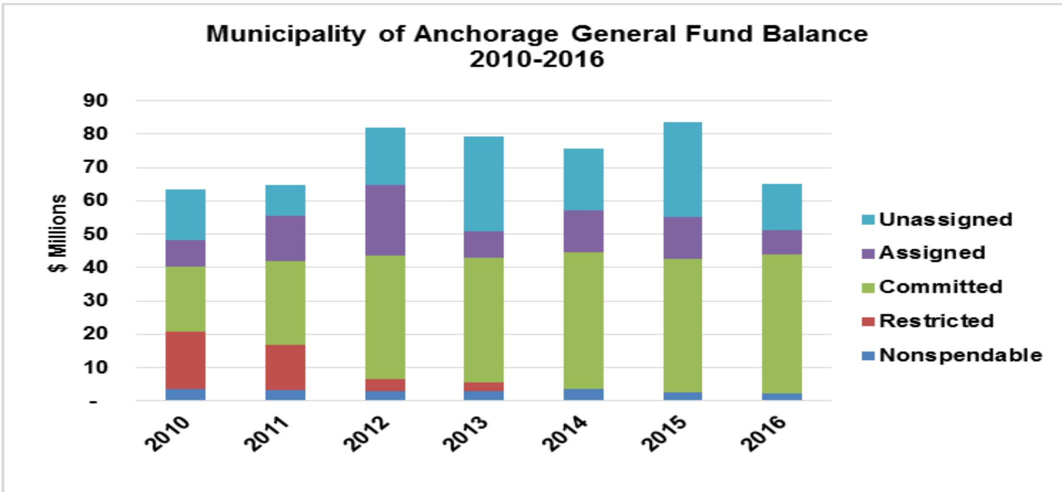
The Municipality's current Fund Balance Policy is delineated in Assembly Resolution No. 2015-84 and is as follows.

1. It is the policy of the Municipality to prepare and manage five major general government fund budgets so as to maintain unrestricted general fund balance in an amount equal to 10% of current year expenditures as a bond rating designation that will become committed fund balance.

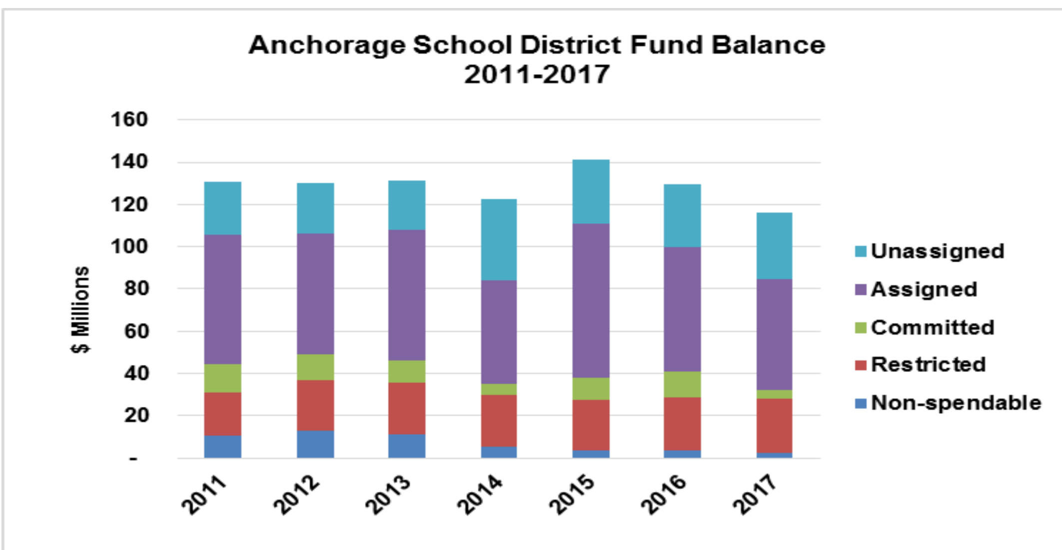
2. It is the policy of the Municipality to prepare and manage its non-major governmental operating funds (limited service areas and rural service areas) budgets so as to maintain an unrestricted fund balance of 8.25% of current year expenditures as a bond rating designation that will become committed fund balance.

3. It is the policy of the Municipality to prepare and manage budgets so as to maintain unrestricted fund balances in its five major funds in an amount between 2.0% and 3.0% of current year expenditures as a working capital reserve that will become part of unassigned fund balance.

4. Expenditures are defined as total expenditures reported in the CAFR's Statement of Revenues, Expenditures, and Changes in Fund Balance General Fund and shall be reduced by contributions to education, 'on-behalf' payments made on-behalf of the Municipality by the State of Alaska directly to the Public Employees Retirement System (PERS), expenditures in the Police and Fire Retirement Administration Fund 213 and expenditures in the Municipality's Trust Fund 731.



Source: Comprehensive Annual Financial Reports of the Municipality of Anchorage



Source: Comprehensive Annual Financial Reports of the Anchorage School District

Other Funds

In addition to the General Fund, the Municipality maintains Special Revenue Funds to account for revenues derived from specific sources to finance special functions or activities (principally funds received from the State for School District operating expenses), Capital Project Funds to account for general governmental capital improvements, Self-Insurance Funds to account for funding and expenditures relating to the self-insurance program (automobile liability and general liability fully self-insured; worker's compensation is fully self-insured to $1,000,000 per claim with excess covered by private carriers), the Equipment Maintenance Fund to account for vehicle maintenance and repair, Trust and Agency Funds to account primarily for Pension Trust and Employee Benefit Funds to account for debt service payments on certain general long-term obligations and Enterprise Funds to account for the enterprise operations of the Municipality: Electric, Water, Wastewater, Refuse Collection, Port, Airport, Solid Waste Disposal, Anchorage Community Development Authority (a component unit), and CIVICVentures (a component unit). The Municipality is currently negotiating a potential sale of its Electric Utility to an electric cooperative. See "MUNICIPAL UTILITY SERVICE ASSESSMENTS."

Debt and Tax Limitations

Neither State law nor the Municipal Code imposes any debt limit on the Municipality, although State law and the Municipal Charter require general obligation bond issues, except refunding bonds, to be authorized by a majority vote of the electorate voting on the question. There is no limitation on the rate or amount of taxes that may be levied for debt service on general obligation bonds of the Municipality.

Taxes levied by a local government in the State for purposes other than debt service on general obligation bonds are limited by State statute (AS 29.45.090) to an amount equal to 3.0% of the assessed valuation of taxable property. In addition, the Municipality may not levy taxes for purposes other than debt service on general obligation bonds in excess of the lesser of (a) an amount equal to $1,500 for each person residing within the Municipality or (b) an amount that is the result of the mill rate of the Municipality applied to a value equal to 375% of the average per capita assessed valuation of all taxable property in the State multiplied by the number of residents within the Municipality. Due to the Charter tax limitations discussed in the following paragraph and the size and diversification of its tax base, the impact of (AS 29.45.090) is not anticipated to affect the Municipality of Anchorage anytime in the foreseeable future.

The Municipal Charter provides that the total amount of municipal tax that can be levied during a fiscal year by the Municipality may not exceed the total amount approved by the Assembly for the preceding year by more than a percentage determined by adding the average percentage increase in the Federal Consumer Price Index for Anchorage for the five preceding fiscal years plus the average percentage growth or loss in the population of Anchorage over the preceding five fiscal years as determined by the Alaska Department of Community and Regional Affairs.

The tax limitation contained in the Municipal Charter does not apply to:

1. Taxes on new construction or property improvements which occur during the current fiscal year.
2. Taxes required to fund additional services mandated by voter-approved ballot issues.
3. Special taxes authorized by voter-approved ballot issues.
4. Taxes required to fund the costs of judgments entered against the Municipality.
5. Taxes required to pay principal or interest on bonds, including revenue bonds.
6. Taxes required to fund the cost of an emergency ordinance enacted pursuant to the Municipal Charter.

Any tax increases that result from exceptions (1) through (3) set forth above are added to the base amount used to calculate the tax limit for the following year.

The Assembly approved an ordinance in November authorizing the imposition of an excise tax on motor fuel, effective March 1, 2018. Since this tax is subject to the Municipal Charter limitations, this tax will constitute a shift of some property tax revenues to motor fuel tax revenues. A citizen filed a referendum to challenge the tax. The Municipal Clerk determined the referendum to be insufficient, and the citizen appealed the Clerk's decision to the Superior Court. The Superior Court dismissed the citizen's appeal, and the referendum was not be on the ballot in the Spring 2018 election

2018-2023 General Government Capital Improvement Budget and Program

The Municipality's six-year capital program for general government (not including the Anchorage School District) addresses capital infrastructure needs such as roadways, public safety vehicles and equipment, fire stations, parks, trails, recreational facilities and public transportation. The 2018 Capital Improvement Budget (CIB) focuses on the Municipality's immediate capital needs, while the 2019-2023 Capital Improvement Program (CIP) addresses longer-term capital needs. Funding of the CIP is generated from a number of sources, including general obligation bonds, State capital grants, federal grants and other sources.

Since 1994, State capital grant funding in support of municipally-owned assets has fluctuated from $1 million to $64 million per year. Fluctuations in State grant funding generally reflect the variability of oil royalty revenue available to the State in any year. The Municipality considers the level of State funding likely to be available each year and adjusts its State funding requests accordingly.

In addition to the Municipality's capital program, the State of Alaska performs significant roadway infrastructure improvements in Anchorage on major roads and highways owned by the State.

Cash Management

The Municipality historically has used a pooled cash system allowing flexibility in cash management. Certain accounts, such as debt service reserves, have been maintained separately from the pooled system and third party trustees hold funds and investments. Beginning in 2002, the Municipality has placed the proceeds from the sale of bonds in separate accounts held by a registrar. These funds are then requisitioned as needed to facilitate the tracking of such proceeds and the earnings there on. The Municipality's investment policies are applied except where an agreement, contract or other formal document supersedes them.

On June 1, 2007 the Public Finance & Investments Division of the Municipality began operation of the Municipal Cash Pool (MCP). The MCP is an aggregate of three Duration Portfolios, each separately managed by an external money manager on behalf of the Municipality. Each Duration Portfolio has a separate set of Investment Guidelines, a targeted duration and a performance benchmark with respect to a specific investment industry index. Certain funds of the Municipality, including bond proceeds, debt service funds and debt service reserve funds, remain invested by internal staff under specific Investment Guidelines and credit criteria. As of December 31, 2017 these funds aggregated approximately $505.4 million. The Municipal Cash Pool is comprised of three portfolios, the Strategic Reserve Portfolio, the Contingency Portfolio and the Working Capital Portfolio. Annually, the Public Finance & Investments Division in collaboration with the Municipality's independent investment advisor, Callan Associates, Inc., reviews and considers rebalancing the three portfolios of the MCP.

On July 21, 2009 the Municipal Assembly approved an ordinance updating the Anchorage Municipal Code regarding Investment Guidelines for Municipal Funds. Those guidelines can be found on the web at www.municode.com/library (the inclusion of this hyperlink is not intended to incorporate the information found at that website into this Official Statement), and search for "Anchorage Municipal Code Section 6.50.030 (D)."

Public Finance & Investment Division routinely and proactively monitors the performance of all municipal investments, including MCP and excluding pension and the Municipality trust related funds. The aggregate market value of these funds as of December 31, 2017 was approximately $561.1 million.

MOA Trust Fund

The MOA Trust Fund was created in May 1999 after Anchorage voters approved the sale of Anchorage Telephone Utility. The investment objective of the Trust is to maintain the purchasing power of the Corpus and to maximize rates of return over time by utilizing a balanced investment approach, investing in both equity, fixed income instruments and other permitted investment alternatives, within prudent levels of risk. Since inception, the fund has paid cumulative dividends to the Municipality of Anchorage totaling $126.1 million through December 31, 2017. On April 5, 2018, the Fund had a market value of approximately $162.2 million.

Component Units

Component units (as described in NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES to 2016 Financial Statements of the Municipality contained in Appendix A hereto) other than the School District and the Anchorage Community Development Authority have no formally adopted investment policies. The Anchorage Community Development Authority's investment policies and revenue bond indenture agreements require that bond moneys be limited to certain types of investments. The School District may invest through either direct investments or the Municipality. School Board policy requires that direct investments in demand and time deposits in excess of insured amounts be collateralized with United States of America government-guaranteed securities and other types of investments be obligations of, or guaranteed by, the United States of America.

ANCHORAGE SCHOOL DISTRICT

The School District is a component unit of, and encompasses the same area as, the Municipality. The School District's operations are governed by a board (the "School Board"), comprised of seven members elected at large to three-year terms. The School Board is responsible for the formulation of policy for the operation of the schools and the general supervision of School District fiscal affairs, including the preparation of the annual budget and the six-year program for capital improvements. The budget is subject to approval by the Assembly. The Assembly has the authority to alter only the total amount of the budget. The Assembly approves the budget as amended and appropriates the necessary funds for the local share of school support at least 60 days prior to the end of the fiscal year of the School District, which is June 30. Since the School District does not have the authority to levy taxes, the taxes to provide local support of education are levied and collected by the Municipality, which then transmits funds to the School District during the fiscal year of the School District to fund the appropriation. The School District does not have the authority to issue bonds and relies upon the Municipality to issue bonds for its purposes.

The School District operates sixty-one elementary schools (including five on Joint Base Elmendorf & Richardson (JBER), twenty-six secondary schools, one K-12 school, two special education schools, one secondary education career facility and ten charter schools. As of June 30, 2017, the School District had capital assets totaling $1,963,008,872 (at historical cost) compared to $1,908,904,278 a year earlier. Enrollment in grades kindergarten through 12 as of the end of September of each of the years 2008 through 2017 was as follows:

Year	Enrollment
2017	47,703
2016	48,340
2015	48,447
2014	47,929
2013	48,028
2012	48,734
2011	48,828
2010	49,091
2009	49,243
2008	48,440

Administrative Officers

Dr. Deena Bishop, Superintendent

Dr. Deena Bishop was named the School District's superintendent in July 2016. Dr. Bishop began her Alaska educational career in 1991 and has served as a teacher, assistant principal, principal, assistant superintendent and superintendent of the Mat-Su Borough School District. Dr. Bishop holds a bachelor's degree in education with a specialization in bilingual education from Texas State University, a master's degree in educational administration from the University of Alaska and a doctorate in learning assessment and system performance from the University of Oregon. She was part of the first graduating class for the American Association of School Administrators National Superintendents Certification two-year program. Dr. Bishop is active in several local and civic organizations including the Education Commission of the States, Alaska Superintendents' Association, 90% by 2020 Partnership, Anchorage and Chugiak-Eagle River Chambers of Commerce, East Anchorage Rotary, Foraker Group and United Way. She serves on several non-profit boards and was named a YWCA/BP Woman of Achievement in 2016.

James Anderson, Chief Financial Officer

Jim Anderson was named the School District's chief financial officer in October 2016. Prior to the CFO position, Mr. Anderson oversaw the School District's Student Nutrition division and previously served as the Chief of Logistics for US Army Alaska.

Thomas Roth, Chief Operating Officer

Tom Roth is the Anchorage School District's Chief Operating Officer. Prior to his assumption of the COO duties in July 2015, Mr. Roth served 28 years in the United States Army Corps of Engineers. He retired from the Army, having most recently served as the Chief of Staff for the United States Army Alaska. During his military career, Mr. Roth served in a number of command and staff assignments in the United States, Europe and the Middle East.

Labor Relations

The Anchorage School District has 6,512 employees as of March 2018.

Employees of the School District are represented by the labor organizations shown below. Management of the School District believes its relations with the employees in the past have been positive. The School District has not experienced any work stoppages in the last 5 years.

Labor Organization	Contract Expiration	Membership(1)
Anchorage Council of Education/American Federation of Teachers	June 30, 2021	456
Anchorage Education Association	June 30, 2018	3,562
Anchorage Principals' Association	June 30, 2020	131
Anchorage Public Employees Local 71	June 30, 2020	349
Teamsters (Anchorage Food Service)	June 30, 2018	222
Teamsters (Bus Drivers and Attendants)	June 30, 2018	102
Teamsters (Maintenance and Warehouse Personnel)	June 30, 2017(2)	168
Totem Association of Education Support Personnel	June 30, 2021	1,422
Non-Represented / Exempt Employees	N/A	100

(1) As of March 2018.
(2) Currently in negotiations and working under the terms of their former contract.

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

Retirement Plans

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

Alaska Public Employees' Retirement System
Alaska Teachers' Retirement System
Alaska Teamster-Employer Pension Trust Fund

As of June 30, 2017, substantially all employees of the School District are either members of the Alaska Public Employees' Retirement System (PERS) or the Alaska Teachers' Retirement System (TRS). Both plans are either defined benefit or defined contribution pension plans, dependent on the date of membership. The TRS is a cost-sharing multiple employer plan which covers teachers and other eligible participants. The PERS was originally established as an agent multiple employer plan, but was converted by legislation to a cost-sharing plan, effective July 1, 2008. PERS covers eligible state and local government employees, other than teachers. Both plans were established and are administered by the State of Alaska to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. In addition to PERS, the Alaska Teamster-Employer Pension Trust Fund also covers bus drivers and attendants. The Alaska Teamster-Employer Pension Trust Fund Plan is a multi-employer cost-sharing defined benefit plan created and administered by Teamster Local 959. All pension and postemployment healthcare benefit obligations of the School District are included in the School District CAFR.

A complete description of Public Employees' Retirement System (PERS) and any related unfunded liability can be found in Appendix A.

Other Post-Employment Benefits

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

The Retirement Plans and Related Unfunded Liabilities

<u>Alaska Teachers Retirement System</u>

Plan Description and Provisions

The Alaska Teachers' Retirement System is created and administered by the State of Alaska to provide benefits for teachers of the State of Alaska. Benefit and contribution provisions are established by Alaska law and may be amended only by the Alaska State Legislature. All the School District's certificated employees are participants in TRS. Similar to PERS, TRS is also a tiered retirement system. Employees hired before July 1, 2006 participate in Tiers I-II, a multi-employer cost-sharing defined benefit public retirement plan. Employees hired on or after July 1, 2006 participate in Tier III, a defined contribution retirement plan. The payroll for employees covered by TRS for the year ended June 30, 2017 was $263,540,009 which compares to the School District's total payroll of $387,959,539.

Membership in TRS is compulsory for each certificated elementary or secondary teacher or other certificated personnel who are employed on a full-time basis or part-time basis in positions that require teaching or administrative certificates as a condition of employment.

Pension Benefits

For TRS Tiers I-II, employees with eight years or more of credited service are vested in the retirement system. Pension benefits are accrued annually at 2 percent for all years of service prior to July 1, 1990 or the first 20 years of service, and 2.5 percent for all the years after. Annual pension benefit is based on the accrued service credits and the average of three highest contract salaries. Employees hired before July 1, 1990 may retire normally at age 55 with early retirement at age 50. Employees hired between July 1, 1990 and July 1, 2006 may retire normally at age 60 with early retirement at age 55. Employees with 20 or more years of credited service may retire at any age and receive a normal benefit.

Pension benefits for TRS Tiers I-II are adjusted each year based upon increases in the Consumer Price Index (CPI) for the prior year. Post retirement pension adjustments are applied automatically to retirees who are at least of age 60, who are on disability, or who have been receiving benefits for at least eight years. Starting at age 65, or at any age for those employed before July 1, 1990, a retired employee who remains in Alaska is eligible for an additional allowance equal to 10 percent of the base benefit or $50 a month, whichever is greater.

For TRS Tier III, employees are fully vested after five years of credited service. Employees can invest in a variety of mutual funds selected by the Alaska Retirement Management Board or rollover the plan balance to other qualified plans. Distribution of vested plan balance is allowed after an employee has been terminated for at least 60 days.

Postemployment Health Care Benefits

For TRS Tiers I-II, when pension benefits begin, major medical benefits are provided without cost to all employees first hired before July 1, 1990, who are disabled or age 60 or older regardless of their initial hiring dates, or who have at least 25 years of credited service. Other retirees must pay the full premium to have the medical coverage.

TRS Tier III employees, who have at least ten years of credited services, are eligible for medical benefits after retirement. If they are not eligible for Medicare, they must pay full premium. After they are eligible for Medicare, the retiree will be responsible for premium at a reduced percentage depending on the years of services. Retirees may use a health reimbursement arrangement (HRA) account to pay premium. After the HRA is exhausted, retirees need to pay the premium by themselves.

Funding Policy

Regular employees are required to contribute 6.75% of their annual covered salary (2.97% for pension and 3.78% for healthcare) for PERS and 8.65% (4.45% for pension and 4.20% for healthcare) for TRS. The funding policy provides for periodic employer contributions based on actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay both pension and postemployment healthcare benefits when due.

For both plans the employer contribution rate is statutorily capped at 22% and 12.56% for PERS and TRS respectively, although state legislation currently provides that the State of Alaska will contribute any amount over the statutory limit such that the total contribution equals the Alaska Retirement Management Board adopted rates. The board adopted rate will generally be consistent with the actuarially determined rate, but not the same as the Governmental Accounting Standards Board (GASB) Statement 43 accounting rate.

The School District's contribution rates for the year ended June 30, 2017 were determine as part of the June 30, 2015 actuarial valuation and are as follows:

PERS	Contractual Rate		ARM Board Adopted Rate		State Contribution Rate		GASB Rate	
Pension	14.96	%	20.34	%	4.14	%	24.49	%
Postemployment healthcare	7.04		5.80		-		56.64	
Total contribution rate	22.00	%	26.14	%	4.14	%	81.13	%

TRS	Contractual Rate		ARM Board Adopted Rate		State Contribution Rate		GASB Rate	
Pension	7.58	%	22.40	%	15.46	%	37.86	%
Postemployment healthcare	4.98		5.62		-		64.72	
Total contribution rate	12.56	%	28.02	%	15.46	%	102.58	%

* This rate uses an 8.00% pension discount rate and a 4.3% healthcare discount rate for PERS and a 4.3% healthcare discount rate for TRS. Additionally, the GASB 43 rate disregards all future Medicare Part D payments. The GASB rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the School District and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial values of assets.

Projected benefits for financial reporting purposes do not incorporate any potential effects of legal or contractual funding limitations.

Annual Pension and Postemployment Healthcare Cost – PERS

The School District is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 4.14% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the School District has recorded the State-on-behalf payment in the amount of $4,460,798 as revenue and expenditure in these financial statements. However, because the School District is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here. The School District's annual pension and other postemployment benefit (OPEB) costs for the years ending June 30, 2017, 2016, and 2015, respectively, were equal to the contractually agreed upon rate for each year.

Year ended June 30	Annual Pension Cost	Annual OPEB Cost	Total Benefit Cost (TBC)	District Contributions	Percent of TBC Contributed
2017	$ 15,029,796	$ 6,752,517	$ 21,782,313	$ 21,782,313	100
2016	12,779,616	8,519,744	21,299,360	21,299,360	100
2015	11,797,452	8,899,832	20,697,284	20,697,284	100

Annual Pension and Postemployment Healthcare Cost - TRS

The School District is required to contribute 12.56% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 15.46% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the School District has recorded the State-on-behalf payment in the amount of $39,726,835 as revenue and expenditure in these financial statements. However, because the School District is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here. The School District's annual pension and other postemployment benefit (OPEB) costs for the years ending June 30, 2017, 2016, and 2015, respectively, were equal to the contractually agreed upon rate for each year.

Year ended June 30	Annual Pension Cost	Annual OPEB Cost	Total Benefit Cost (TBC)	District Contributions	Percent of TBC Contributed
2017	$ 20,829,853	$ 12,233,406	$ 33,063,259	$ 33,063,259	100
2016	18,525,291	14,555,585	33,080,876	33,080,876	100
2015	18,797,804	13,905,404	32,703,208	32,703,208	100

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

At June 30, 2017, the School District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State support provided to the School District. The amount recognized by the School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the School District, were as follows:

Net Pension Liability	PERS	TRS
School District's proportionate share of NPL	$ 218,993,759	$ 360,329,506
State's proportionate share of NPL associated with the School District	27,597,059	428,284,379
Total net pension liability	$ 246,590,818	$ 788,613,885

The net pension liabilities were measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability for each Plan was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liabilities were based on a projection of the School District's long-term share of contributions to the pension plans relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the School District's proportion of PERS was 3.91788 percent, which was a decrease of 0.028241 from its proportion measured as of June 30, 2015. For TRS the School District's proportion was 15.78078 percent, representing an increase of 2.28955 from the prior year.

For the year ended June 30, 2017, the School District recognized pension expense of $54,825,799 for PERS and $133,840,441 for TRS. In addition, the School District recognized on-behalf revenue from the State of Alaska in the amounts of $3,720,113 and $50,994,223 for PERS and TRS, respectively. At June 30, 2017, the School District 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	$ 20,135	$ (7,086,584)
Changes in assumptions	2,188,752	--
Net difference between projected and actual earnings on pension plan investments	76,585,810	--
Changes in proportion and differences between School District contributions and proportionate share of contributions	23,125,945	(8,579,529)
School District contributions subsequent to the measurement date	23,791,067	--
Total	$ 125,711,709	$ (15,666,113)

The $23,791,067 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Pension Expense
2018	$ 23,201,454
2019	13,899,828
2020	29,557,280
2021	19,595,967
2022	--
Thereafter	--

Actuarial Assumptions

The total pension liabilities were determined by actuarial valuations as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2016. The actuarial valuations for the year ended June 30, 2015 were prepared by Buck Consultants. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience. Generally, both PERS and TRS follow the same assumptions, except as noted:

Actuarial Cost Method	Entry Age Normal – Level Percentage of Payroll
Asset Valuation Method	Invested assets are reported at fair value
Allocation Methodology	Amounts for FY14 and FY13 were allocated to employers based on actual contributions made in FY14 and FY13, respectively Amounts for FY15 were allocated to employers based on the projected present value of contributions for FY17-FY39. The liability is expected to go to zero at 2039 Amounts for FY16 were allocated to employers based on the present value of contributions for FY18-FY39, as determined by projections based on the June 30, 2015 valuation. The liability is expected to go to zero at 2039.
Inflation	Measured by the consumer price index for urban and clerical workers for Anchorage and is assumed to increase 3.12% annually.
Salary Increases	Inflation – 3.12% per year Productivity – 0.50% per year Teachers in TRS – graded by years of services from 8.11% to 3.87% All others – graded by age and years of service from 8.55% to 4.34%
Investment Return / Discount Rate	8.00% per year (geometric), compounded annually, net of expenses for pension; and 4.3% for healthcare
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience Post-termination – 95% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB

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. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.35%
Global equity (non-U.S.)	5.55%
Private equity	6.25%
Fixed income composite	0.80%
Real estate	3.65%
Alternative equity	4.70%

Discount Rate Sensitivity

The discount rate used to measure the total pension liability was 8.00%. The Actuarial Value of Assets after June 30, 2015 reflects the deferred gains and losses generated by the smoothing method. The current deferred amount is recognized in the first four years of the projections.

PERS	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	3.91788%	$ 282,052,865	$ 218,993,759	$ 165,806,300

TRS	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	15.78078%	$ 490,993,580	$ 360,329,506	$ 250,779,012

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued PERS and TRS financial reports.

Defined Contribution Pension Plan

The State of Alaska Legislature approved Senate Bill 141 to create the Public Employees' Retirement System (PERS) Tier IV and Teachers' Retirement System (TRS) Tier III Defined Contribution Retirement Plan for employees hired after July 1, 2006 or for employees converting from the PERS Tier I, II or III or TRS Tier I and II defined benefit plans. The plan is administered by the State of Alaska, Department of Administration, and 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, retiree medical insurance plan and a separate HRA account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. Employees are required to contribute 8.0% of their annual covered salary and the School District is required to make the following contributions:

	PERS Tier IV		TRS Tier III	
Indvidual account	5.00	%	7.00	%
Retiree medical	1.18		1.05	
Occupational death and disability benefits	0.17		--	
	6.35	%	8.05	%

**Health Reimbursement Arrangement – AS 39.30.370 requires that the employer contribute "an amount equal to three percent of the employer's average annual employee compensation." For actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period.*

The School District and employee contributions to PERS including the HRA contribution for the year ended June 30, 2017 were $5,882,462 and $4,074,655, respectively. The School District and employee contributions to TRS for the year ended June 30, 2017 were $11,571,285 and $8,269,395, respectively.

Alaska Teamster-Employer Pension Trust Fund

The Alaska Teamster-Employer Pension Trust Fund is a cost sharing multi-employer defined benefit plan for bus drivers and attendants. Under the Teamster Local 959 collective bargaining agreement, which has an expiration date of June 30, 2018, the School District contributes three dollars and 8 cents ($3.08) for each hour of compensation earned by each permanent bus driver and attendant with more than six years of continuous regular experience with the School District, and one dollar and 34 cents ($1.34) for each hour of compensation earned by each permanent bus driver and attendant with six or fewer years of continuous regular experience with the School District. The School District contributed $307,268 in 2015, $324,973 in 2016, and $317,391 in 2017 to this union administered plan. The actual contributions amount to 100 percent of the required contributions. The payroll for employees covered by Alaska Teamster-Employer Pension Trust Fund for the year ended June 30, 2017 was $3,290,538, which compares to the School District's total of $387,959,539. Employees are not required to make contributions towards the trust fund. The Alaska Teamster-Employer Pension Trust Fund prepares an annual financial report and can be obtained by writing to the plan administrator at 520 East 34th Avenue, Anchorage, Alaska 99503.

Unfunded Liability – Alaska Teamster-Employer Pension Trust Fund

The Municipality has no exposure to an unfunded liability related to the Alaska Teamster-Employer Pension Trust Fund, if such a liability exists.

Other Post Employment Benefit Obligation

In addition to the pension benefits described above, the School District also provides supplemental post-employment health care benefits, in accordance with the employment contract settlement agreement, to all employee groups who retired and elected to participate in the plan as of September 1974 through June 30, 1977. The number of retirees covered under this plan is 37 as of June 30, 2017. The cost of the retiree supplemental health benefits is recognized as expenditure when incurred. The total amount expended for the year ended June 30, 2017 is $133,638.

Unfunded Liability – Other Post Employment Benefit Obligation

There is no formal 'unfunded liability' for this Other Post Employment Benefit Obligation to which the School District or the Municipality is exposed.

ANCHORAGE SCHOOL DISTRICT FINANCIAL INFORMATION

The School District maintains a general fund to account for general operations, special revenue funds to account for revenues derived from specific sources to finance special functions or activities, a capital projects fund to account for the acquisition of school facilities and equipment and a debt service fund to account for the payment of debt service and related fees on school bonds.

The following tables, "GENERAL REVENUES BY SOURCE" and "GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION," summarize the combined operations of all funds of the School District, reported on the modified accrual basis, for the fiscal years ending June 30, 2013, through June 30, 2017, and are derived from the Comprehensive Annual Financial Reports of the School District.

Anchorage School District
General Revenues by Source*

Year Ended June 30	Local Sources	State Sources	Federal Sources	Total
2017	$262,159,779	$ 432,069,396	$ 84,772,940	$ 779,002,115
2016	257,164,849	452,093,994	79,077,289	788,336,132
2015	255,888,014	1,135,684,301	83,507,289	1,475,079,604
2014	250,591,677	516,226,642	76,062,447	842,880,766
2013	247,956,503	520,748,415	77,065,389	845,770,307

Source: Comprehensive Annual Financial Reports of the Anchorage School District
*For comparative analysis, interfund transfers and lapsing prior encumbrances have not been included.

Anchorage School District
General Governmental Expenditures by Function*

Year Ended June 30	General Administration	Instruction	Pupil Trans. & Food Service	Operation & Maintenance of Plant	Community Education	Debt Service	Total
2017	$27,101,599	$ 557,021,305	$47,383,305	$77,544,041	$ 481,496	$82,953,701	$ 792,485,447
2016	29,325,141	550,759,560	53,826,232	73,450,427	487,637	84,743,466	792,592,463
2015	35,074,968	1,196,021,148	50,004,722	85,422,847	576,814	86,762,858	1,453,863,357
2014	26,964,679	606,791,232	44,229,671	74,658,873	3,628,420	84,703,416	840,976,291
2013	30,119,251	606,408,747	42,312,272	76,873,647	3,507,066	85,007,752	844,228,735

Source: Comprehensive Annual Financial Reports of the Anchorage School District
*For comparative analysis, interfund transfers have not been included.

MUNICIPALITY OF ANCHORAGE GENERAL OBLIGATION DEBT SERVICE SCHEDULES

Combined Annual Debt Service Requirements

The table on the following page shows the combined annual debt service requirements, including scheduled mandatory redemption of term bonds, for all outstanding general obligation bonds of the Municipality at December 31, 2017.

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MUNICIPALITY OF ANCHORAGE
COMBINED ANNUAL DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION BONDS
As of December 31, 2017

	GENERAL PURPOSE BONDS						SCHOOL BONDS						TOTAL ALL
Fiscal Year	Principal Outstanding *	Principal Payment	Interest Payment	Gross Debt Service	US Treasury Reimbursed Interest **	Total Net Debt Service	Principal Outstanding *	Principal Payment	Interest Payment	Gross Debt Service	US Treasury Reimbursed Interest	Total Net Debt Service	Combined Total Net Requirements
2018	$392,325,000	$38,655,000	$18,481,440	$57,136,440	($725,251)	$56,411,189	$486,000,000	$55,055,000	$24,898,138	$79,953,138	($258,582)	$79,694,556	$136,105,745
2019	353,670,000	38,360,000	16,693,637	55,053,637	(685,569)	54,368,068	430,945,000	53,505,000	20,664,823	74,169,823	(244,632)	73,925,191	128,293,259
2020	315,310,000	39,715,000	14,928,357	54,643,357	(643,574)	53,999,784	377,440,000	56,130,000	18,018,343	74,148,343	(229,851)	73,918,492	127,918,275
2021	275,595,000	31,885,000	13,027,940	44,912,940	(598,582)	44,314,359	321,310,000	44,430,000	15,272,467	59,702,467	(213,917)	59,488,550	103,802,908
2022	243,710,000	28,815,000	11,634,208	40,449,208	(550,176)	39,899,031	276,880,000	47,000,000	13,083,268	60,083,268	(196,837)	59,886,430	99,785,462
2023	214,895,000	30,105,000	10,282,284	40,387,284	(498,917)	39,888,366	229,880,000	38,335,000	10,908,964	49,243,964	(178,881)	49,065,083	88,953,450
2024	184,790,000	28,810,000	8,850,214	37,660,214	(444,625)	37,215,589	191,545,000	30,465,000	9,104,359	39,569,359	(159,848)	39,409,511	76,625,099
2025	155,980,000	26,060,000	7,484,364	33,544,364	(387,133)	33,157,231	161,080,000	20,175,000	7,657,221	27,832,221	(139,710)	27,692,511	60,849,742
2026	129,920,000	20,055,000	6,220,589	26,275,589	(326,491)	25,949,097	140,905,000	21,180,000	6,648,093	27,828,093	(117,387)	27,710,705	53,659,803
2027	109,865,000	20,990,000	5,219,238	26,209,238	(262,529)	25,946,709	119,725,000	18,730,000	5,594,557	24,324,557	(92,927)	24,231,629	50,178,339
2028	88,875,000	17,470,000	4,164,051	21,634,051	(192,888)	21,441,164	100,995,000	14,500,000	4,676,712	19,176,712	(67,537)	19,109,175	40,550,339
2029	71,405,000	13,625,000	3,298,506	16,923,506	(117,801)	16,805,705	86,495,000	13,245,000	3,989,632	17,234,632	(41,215)	17,193,417	33,999,122
2030	57,780,000	14,230,000	2,615,995	16,845,995	(39,767)	16,806,228	73,250,000	13,850,000	3,363,970	17,213,970	(13,911)	17,200,059	34,006,287
2031	43,550,000	10,870,000	2,019,859	12,889,859		12,889,859	59,400,000	13,100,000	2,750,750	15,850,750		15,850,750	28,740,609
2032	32,680,000	9,300,000	1,535,550	10,835,550		10,835,550	46,300,000	13,735,000	2,132,050	15,867,050		15,867,050	26,702,600
2033	23,380,000	7,835,000	1,070,550	8,905,550		8,905,550	32,565,000	13,390,000	1,473,350	14,863,350		14,863,350	23,768,900
2034	15,545,000	8,225,000	678,800	8,903,800		8,903,800	19,175,000	10,975,000	833,050	11,808,050		11,808,050	20,711,850
2035	7,320,000	5,445,000	302,500	5,747,500		5,747,500	8,200,000	6,700,000	334,850	7,034,850		7,034,850	12,782,350
2036	1,875,000	1,875,000	93,750	1,968,750			1,500,000	1,500,000	52,500	1,552,500		1,552,500	1,552,500
2037													
Totals		**$392,325,000**	**$128,601,832**	**$520,926,832**	**($5,473,304)**	**$513,484,779**		**$486,000,000**	**$151,457,095**	**$637,457,095**	**($1,955,235)**	**$635,501,860**	**$1,148,986,639**

Notes:

* At the beginning of the calendar year. (Debt service does not change during the year unless new debt is issued or debt is refinanced.

As of January 2018 The State of Alaska pays approximatley 54% of the debt service on Anchorage General Obligation School bonds. In ASD's Fiscal Year 2016 - 2017 this subsidy was cut 25% by a Governor's budget revision. These payments are subject to annual appropriation by the the State Legislature and approval by the Governor of Alaska.

** Federal reimbursement for Build America Bonds is scheduled to be cut by 6.6% starting in October 2017 and may be extended into future years subject to Congressional appropriation.

LITIGATION AND CLAIMS

There is no controversy or litigation of any nature now pending or, to the knowledge of the Municipality, threatened to restrain or enjoin the sale, issuance, execution or delivery of the 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.

MUNICIPAL UTILITY SERVICE ASSESSMENTS

Under the Anchorage Municipal Code, the Municipality has established a system of municipal utility service assessments (MUSA) in order to require municipal enterprise activities (the municipal water and wastewater utility, municipal light and power, solid waste disposal utility and refuse collection utility) to make payments in lieu of taxes to the Municipality in support of general government. MUSA is calculated by applying the millage rate established annually for each service area by the Assembly to the net classified plant in service as of January 1 of the current year of each utility, located in that service area. The established millage rate is that rate assessed other owners of real, personal and business property in each service area. The Municipality is currently negotiating a potential sale of its electric utility, known as Municipal Light and Power ("ML&P"). In the event such as sale is consummated, the Municipality would no longer charge MUSA with respect to the electric utility. It is expected that a portion of the proceeds received would be used to replace ML&P's MUSA.

POTENTIAL SALE OF MUNICIPAL LIGHT AND POWER

On April 3, 2018, the voters of the Municipality authorized the potential sale of the assets of ML&P to Chugach Electric Association, Inc., a nonprofit electric cooperative ("Chugach"). The Municipality and Chugach are currently negotiating the terms of the proposed sale. Ultimately, in order for the sale to proceed, the asset purchase agreement for the transaction must be presented to the Assembly for review and approval by ordinance before the end of 2018. Approval of the agreement by the Chugach Board of Directors and the Regulatory Commission of Alaska also will be required. The proceeds to be received by the Municipality from the sale are expected to be approximately $1 billion and are expected to be used to provide for ML&P obligations, replace ML&P's MUSA and fund the MOA Trust Fund. No assurance can be given whether the sale of ML&P will be consummated or whether the sale, if consummated, will be consummated before the end of 2018.

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 Bond Ordinances and a Certificate of the Municipality's Chief Fiscal Officer 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, 2017 for the Municipality and for the fiscal year of the School District ending on June 30, 2018):

- Audited annual financial statements for the Municipality 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, "2016 Financial Statements of the Municipality," including the notes thereto and the statistical data included in the Comprehensive Annual Financial Report of the Municipality for the year (the "Annual Disclosure Report"); and

- Audited annual financial statements of the School District, including the notes thereto and the statistical data included in the Comprehensive Annual Financial Report of the School District.

Such annual information and operating data described above will be available not later than 210 days after the end of the fiscal year for the Municipality. 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 210 days 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:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- 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;
- Modifications to the rights of Bond owners if material;
- 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;
- Defeasances;
- Release, substitution or sale of property securing the repayment of the Bonds if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the Municipality;
- 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 such an action, other than pursuant to its terms, if material; and
- Appointment of a successor or additional trustee or the change of name of the trustee, if material.

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 Ordinances, 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 Ordinances.

In November of 2016, the Municipality became aware of an issue in displaying its 2015 Comprehensive Annual Financial Report (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. Except as set forth above, the Municipality has complied in all material respects with its previous undertakings with regard to the Rule to provide annual reports and notices of enumerated events.

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.

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 opinion is attached as Appendix C hereto.

TAX MATTERS

General

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

Interest on the 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 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the Bonds and the facilities financed or refinanced with proceeds of the 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 Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds, regardless of the date on which the event causing taxability occurs.

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

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

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

Bond Counsel's opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Bond Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Bond Counsel and the 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 Bonds. Owners of the Bonds are advised that, if the IRS does audit the Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the Municipality as the taxpayer, and the owners of the Bonds may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Premium

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

Original Issue Discount

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

RATINGS

S&P Global Ratings and Fitch Ratings have assigned underlying ratings of "AAA", and "AA+" respectively to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041; and Fitch Ratings, 650 California Street, 8th Floor, San Francisco, California 94108. 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 agencies, if in the judgment of such rating agencies, 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 Wells Fargo Bank, National Association is the Representative, pursuant to a bond purchase contract, at a price of $192,070,990.08 (representing the aggregate principal amount of the Bonds plus net original issue premium of $21,104,803.90 and less an Underwriters' discount of $213,813.82). 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.

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 Products 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 Products Group ("WFBNA"), the senior underwriter 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.

Jefferies LLC ("Jefferies"), an Underwriter of the Bonds, has entered into an agreement with E*TRADE Securities LLC ("E*TRADE") for the retail distribution of municipal securities. Pursuant to the agreement, Jefferies will sell Bonds to E*TRADE and will share a portion of its selling concession compensation with E*TRADE.

J.P. Morgan Securities LLC ("JPMS"), an Underwriter 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 (if applicable to this transaction), each of CS&Co. and LPL will 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.

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/ Robert E. Harris
Chief Fiscal Officer

APPENDIX A

FINANCIAL STATEMENTS

THE MUNICIPALITY OF ANCHORAGE, ALASKA

2016

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

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 2017 population (Alaska Department of Labor) of 297,483.

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

Population

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

Population[(1)]

	Municipality	State
2017 Estimate	297,483	737,080
2016 Estimate	298,937	739,709
2015 Estimate	298,799	737,467
2014 Estimate	300,197	736,906
2013 Estimate	300,880	735,776
2012 Estimate	298,334	731,042
2011 Estimate	295,719	722,388
2010 U.S. Census	291,826	710,231
2000 U.S. Census	260,283	626,931
1990 U.S. Census	226,338	550,043
1980 U.S. Census	174,431	401,851
1970 U.S. Census	126,385	302,361
1960 U.S. Census	82,833	226,167
1950 U.S. Census	19,432	128,643

Source: Alaska Department of Labor and Workforce Development

(1) Estimates are as of July 2017 from the Alaska Department of Labor and Workforce Development, Research and Analysis Section.

Construction Activity

New building activity in the Municipality from 2000 to 2017 is reflected in the following table, which sets forth the construction value of building permits issued by the Municipality.

Municipality Construction Activity
(Dollars in Thousands)

Year	Commercial Permits	Residential Permits	Total Permits
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. Preliminary 2017.

Employment

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

Average Annual Wage and Salary Employment by Industry

	2012	2013	2014	2015	2016	2017*
Goods Producing						
Mining (Oil/Gas) & Logging	3,400	3,500	3,900	3,900	3,000	2,700
Construction	8,500	8,300	8,300	8,300	7,500	7,200
Manufacturing	2,300	2,300	2,200	2,100	2,000	2,000
Total Goods Producing	14,100	14,100	14,400	14,300	12,500	11,900
Service Producing						
Transportation	11,400	11,100	10,800	11,000	11,000	11,200
Trade						
Wholesale	4,700	4,900	4,800	4,900	4,800	4,700
Retail	17,000	17,100	17,800	18,100	18,000	17,500
Total Trade	33,000	33,100	33,400	33,900	33,800	33,400
Finance, Insurance and Real Estate	8,000	7,600	7,500	7,400	7,500	7,400
Services & Miscellaneous	71,400	72,700	72,400	72,800	72,000	71,300
Federal	9,100	8,700	8,500	8,500	8,600	8,500
State	10,700	10,700	10,800	10,600	10,200	9,900
Local	10,800	10,300	10,000	10,200	9,600	9,500
Total Government	30,600	29,800	29,300	29,200	28,400	28,000
Total Service Producing	143,100	143,200	142,600	143,400	141,600	140,000
Total Goods and Service Producing	157,200	157,300	156,900	157,700	154,200	151,900

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

The following table shows a comparison of the annual unemployment rates for the United States, Alaska and the Municipality for the period of 2012 through 2017.

Annual Unemployment Rate

	2012	2013	2014	2015	2016	2017
United States	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%
Alaska	7.1	7.0	6.9	6.5	6.9	7.2
Anchorage	5.4	5.2	5.2	5.0	5.6	6.0

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section (as of March 2018).

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 Alaska North Slope continues to see new oil being produced from reworking existing fields, as well as new developments intended to bring future production. This new production on the North Slope has offset some of the volume decline since the 1988 peak. The Department of Revenue (DOR) Spring 2016 forecast for North Slope crude oil production in fiscal year 2016 is 520,200 barrels per day, and in fiscal year 2017 is 507,100 barrels per day.

In the DOR Spring 2016 Revenue Sources Book, the State forecasted that crude oil production on the North Slope would decline after fiscal year 2016 and continue to decline over the 10-year forecast period to 302,100 barrels per day by fiscal year 2025.

Since 2012, the DOR has reported future production as a risk-weighted value in order to account for the risk involved in bringing new projects online as an appropriate measure to preparing the State's budget. The State does not include any potential production from the Arctic National Wildlife Refuge (ANWR) or new discoveries in the National Petroleum Reserve Alaska in its forecasts. In January 2015, the Obama Administration proposed designating 12 million acres of the ANWR as a protected wilderness area, thereby permanently precluding oil extraction. Only Congress can authorize such designation. No statement is made as to the outcome of this proposal.

Capital expenditure on the North Slope is forecast to decrease approximately five percent in both fiscal year 2016 and fiscal year 2017 from prior forecasts. Over the next decade, the Fall 2015 Revenue Sources Book forecasts decreased aggregate value of investment expected on the North Slope, compared to the forecasts of Fall 2014. Spending is focused on both existing legacy fields as well as the development of new fields. Development of Point Thomson, CD-5 (Alpine West), Mustang, and Moose's Tooth, as well as the Oooguruk and Nikaitchuq units is progressing. Additionally, there are recently added rigs and new drilling areas being implemented in legacy fields designed to increase production.

Oil production from the smaller fields within the Cook Inlet Basin, in south-central Alaska, has increased for the last four years as new participants enter the Alaska market. Some of these fields have now been in production for more than 60 years, but new discoveries in the basin continue to be made. Cook Inlet production has grown from 8,900 barrels per day in 2010 to 18,000 barrels in 2015. A risk adjusted decline may begin in 2016, trending back to 9,000 barrels per day in 2025.

Alaska also features potential for future production from known (discovered but undeveloped) and unknown (undiscovered) oil and gas resources on the North Slope. To highlight the potential of Alaska's North Slope it is often compared to the State of Wyoming. The North Slope is approximately the same size as the State of Wyoming, but although Wyoming has had approximately 19,000 exploratory wells drilled, the North Slope has had fewer than 600. In August 2007, the U.S. Department of Energy (DOE) released "Alaska North Slope Oil and Gas: A Promising Future or an Area in Decline?" – a report that assessed the potential for Alaska to remain a major producer of oil and gas under various development scenarios. The report examined near-term potential (2007-2015) and long-term potential (2015-2050). According to the report, the North Slope is a relatively underexplored petroleum province that may provide oil and, increasingly, natural gas, for years to come.

The 2007 U.S. DOE report evaluated geologic and commercial viability of future oil and gas production from five areas or provinces: (1) the State-owned area between the Colville and Canning Rivers (and adjacent State waters), (2) the "1002" area of the Arctic National Wildlife Refuge, (3) the National Petroleum Reserve in Alaska (NPR-A), (4) the Beaufort Sea Outer Continental Shelf (OCS), and (5) the Chukchi Sea OCS.

Under the most optimistic scenario, DOE reported mean technically recoverable oil resources of 38.2 billion barrels and mean technically recoverable gas resources of 186.5 trillion cubic feet (TCF) from these five areas. The State benefits from the production of federal oil within the State (especially in the NPR-A, where the State is entitled to 50 percent of all royalties, bonuses and rents) and benefits to some extent from the production of federal oil from non-State lands shipped through TAPS. These estimates are not included in the DOR's projections of oil production from the North Slope.

In the next ten years, the State anticipates new developments on State and federal lands, both of which benefit the State. Many of the opportunities to add production from State lands are from expanded heavy and viscous oil development, shale oil, continued satellite development at Alpine, and continued developments at Oooguruk and Nikaitchuq.

The Point Thomson field, 20 miles east of the existing Badami development, together with three known satellite fields, is estimated to hold more than eight TCF of gas reserves and more than 500 million barrels of liquid hydrocarbons. Production at Point Thomson is currently forecast based on a gas cycling production profile consistent with recent publicly available statements on the project. Another new field that may begin production is Umiat, first discovered in 1946 by the U.S. Navy. It is estimated to have one billion barrels of oil in place with approximately 200 million recoverable barrels. It has not been developed due to its remoteness, but production at the Umiat field could provide significant production volumes going forward.

The State continues to see strong interest in bidding on leases of State land for oil and gas exploration and production on the North Slope and Cook Inlet. On November 18, 2015, the State received 134 valid bids for North Slope leases from 3 different bidding groups, resulting in 131 tracts sold encompassing 186,400 acres. Bidders included major international producers and established independent companies. Winning bids totaled more than $9.5 million. In 2015, no bids were placed in the Alaska Peninsular, Beaufort Sea, and North Slope Foothills areas. In May 2015, the State received 8 bids and sold 7 tracts comprising 20,839 acres in Cook Inlet for $671 thousand.

Natural Gas Pipeline Developments

Natural gas development on the Alaska North Slope has been limited because no pipeline has been built to transport recovered natural gas to market outside Alaska. As a result, most of the natural gas produced in conjunction with oil production on the North Slope is re-injected into the North Slope oil fields for use in enhanced oil recovery projects. Some recovered natural gas is used on site or is sold to the TAPS and used to heat field camps, run electrical generators or power the TAPS pump stations. Although there are currently an estimated 35 TCF of known contingent gas resources on the North Slope, mostly in the Prudhoe Bay and Point Thomson fields, geologic estimates for the greater Alaska region by the U.S. Geological Survey (onshore and state waters) and the Bureau of Ocean Energy Management (Outer Continental Shelf waters) place the amount of undiscovered technically recoverable natural gas at more than 200 TCF.

The State's tax and royalty provisions apply to natural gas products as well as to oil, and the State's long-term plans include efforts to develop natural gas resources as oil production declines. In January of 2014, the Heads of Agreement (HOA) was signed by the Commissioners of the DNR and DOR with ExxonMobil, BP, ConocoPhillips, and TransCanada, to advance a proposed Alaska LNG project (AKLNG) that would provide gas to Alaskans and be one of the largest export projects of its kind in the world.

On September 24, 2015, Governor Walker issued an executive proclamation calling the State Legislature into special session. The subjects of the special session were to consider an act to monetize certain natural gas reserves through the levy of a gas reserves tax and an act making supplemental appropriations to fund the State's activities related to the development of the State's natural gas, including appropriation to exercise the State's option to acquire TransCanada's interest in the Alaska Liquefied Natural Gas Project. On October 23, 2015, the Governor withdrew the act to monetize certain natural gas reserves through the levy of a gas reserves tax from the call to special session. On November 4, 2015, the State Legislature approved Senate Bill 3001, an act making supplemental appropriations to fund the State's activities related to the development of the State's natural gas including appropriation to exercise the State's option to acquire TransCanada's interest in the Alaska Liquefied Natural Gas Project, and on November 20, 2015, Governor Walker signed the bill into law. On November 24, 2015, the State paid approximately $68.5 million to terminate the Precedent Agreement removing the direct participation of TransCanada Alaska Midstream LP from the AKLNG project.

The State is currently responsible for 25% of the Pre-Front End Engineering Design (Pre-FEED) costs of the AKLNG project. If a decision to move into the FEED phase is made by the parties, the State will be responsible for 25% of the FEED costs. If a decision to move to the construction phase is made by the parties, the State will be responsible for its royalty and gas share of the construction costs, currently anticipated at approximately 25%. The State may elect to finance all or a portion of its share of the costs of the AKLNG project through existing State reserve funds or the issuance of debt. The current estimate of the total FEED and construction costs for the AKLNG project is $55-60 billion, and the State's share of that estimated cost would be $13.75-15 billion.

As of January 2016, the AKLNG project team updated the legislature on the progress of the Pre-FEED stage activities. The legislature was informed that the initial design scope was 85% complete and that the team was finalizing project design execution bases for cost and schedule estimating. The 2016 priorities included targeting a final pipeline size decision by April 2016, continuing additional field work to support Federal Energy Regulatory Commission (FERC) resource reports finalization, preparing contract strategy development and market engagement to ensure the project is globally competitive and maximizes opportunities for Alaskans. Finally, the team anticipated completing the Pre-FEED work and providing the project participants information necessary to make a FEED decision anticipated during fiscal year 2017. During the Pre-FEED stage, the project participants are also continuing to negotiate the commercial agreements necessary to move forward with a project.

On February 17, 2016, Governor Walker and AKLNG partners ExxonMobil, BP and ConocoPhillips announced a commitment to continue to work together to explore options to advance the AKLNG project. The technical work associated with the work plan is on track to have the pre-FEED work completed in the Fall of 2016. The partners acknowledged the difficult business environment that is currently being experienced.

In September 2016, the Governor stressed the importance of the State continuing to pursue AKLNG, including the State seeking additional partners in the undertaking. The Governor continues to proactively look for ways to move AKLNG forward, including seeking out additional partners or restructuring partnerships, and meeting with global industry groups.

Given the uncertain economic climate for natural gas worldwide, the State and its project partners are exploring multiple options as to how to proceed with the project. The State cannot predict at this time whether the project as currently envisioned will move to FEED, or whether the project will take a different form. Accordingly, the State cannot predict the financial impact of proceeding with the project, which could be significant.

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 January 2016, the total base population was 32,920, including 5,515 Air Force personnel and 4,689 Army personnel. The location of Anchorage on the globe is recognized by the military as an extremely favorable logistical location for the fast and efficient deployment of troops and equipment.

Port of Anchorage

Port of Anchorage (PoA) is Alaska's main cargo terminal. It handles approximately 3.5 million tons of fuel and freight annually that is distributed to 85 percent of all Alaska residents and businesses located in communities, military bases and other destinations across the state (see table below). It is Alaska's main intermodal transport hub and connects the state's marine, roadway, rail, pipeline and air cargo systems.

PoA is one of 19 Department of Defense-designated strategic seaport nationwide. It is Alaska's only Foreign Trade Zone (FTZ no. 160) that currently incorporates some 1,000 acres located at the Port of Anchorage, Ted Stevens Anchorage International Airport and other Anchorage-area sites. Half of the state's inbound freight crosses PoA docks, and half of this cargo is transported to destinations outside of Anchorage. PoA serves deep-water vessels operating year round, including four scheduled, weekly container ships from the Port of Tacoma. Both domestic and foreign carriers provide routine bulk deliveries of petroleum products, cement, building materials and other commodities.

PoA facilities include: three general cargo terminals, two petroleum terminals, a dry barge landing, bulk cement-handling, gantry cranes and roll on/roll-off capability. Its docks are maintained at a full seaway depth of 35 ft. PoA has or is adjacent to more than 100 acres of cargo handling and storage yard, 59,200 tons of bulk cement storage and 3.4 million barrels of liquid fuel storage. Facilities handle 95 percent of all refined petroleum products distributed into Southcentral/Railbelt Alaska, including virtually all AV gas consumed statewide, jet fuel used at Ted Stevens International Airport and Joint Base Elmendorf-Richardson, as well as liquid fuels for motor vehicles, power utilities, home-heating, etc.

Port of Anchorage Ten-Year Annual Dock Tonnage Report

Commodities Across Facility	2016	2015	2014	2013	2012
Freight NOS	4,451	--	5,463	4,897	15,333
Dry Bulk Goods	122,006	126,737	140,684	119,271	119,939
Petroleum, NOS (vessel fueling)	893	5,013	2,031	2,615	1,454
Vans/Flats/Containers	1,582,951	1,681,222	1,811,136	1,742,704	1,735,615
Vehicles	-	-	-	-	-
Petroleum, Shoreside	368,708	368,294	916,050	952,631	1,046,636
Petroleum, Rail Rack	-	-	-	-	-
Petroleum, Bulk - Dockside	1,419,162	1,592,317	580,343	586,041	829,900
TOTAL TONS	3,498,171	3,773,584	3,455,705	3,408,148	3,748,876

Commodities Across Facility	2011	2010	2009	2008	2007
Freight NOS	2	-	124	215	478
Dry Bulk Goods	118,280	109,228	81,494	116,789	124,089
Petroleum, NOS (vessel fueling)	2,052	1,660	2,032	2,648	2,618
Vans/Flats/Containers	1,705,176	1,736,943	1,713,086	1,831,816	1,785,518
Vehicles	864	-	1,473	10,725	5,381
Petroleum, Shoreside	1,376,909	1,192,705	1,426,711	1,830,848	1,698,581
Petroleum, Rail Rack	-	-	-	-	-
Petroleum, Bulk - Dockside	931,931	922,426	573,352	577,236	699,727
TOTAL TONS	4,135,213	3,962,962	3,798,272	4,370,276	4,316,391

Source: Municipality of Anchorage, Port of Anchorage

Transportation

Anchorage International Airport

The State operates the Ted Stevens Anchorage International Airport (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 2014. In fiscal year 2016, all-cargo certificated maximum gross takeoff weight (measured in 1,000 lb. units) was 21,763,000, as compared to 21,971,000 in fiscal year 2015 and 20,660,000 in 2014. In fiscal year 2016, passenger activity at ANC (including passenger enplanements, passenger deplanements and in-transit passengers) was approximately 5.56 million, as compared to 5.12 million in fiscal year 2005.

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 125,588 take-offs and landings during 2014.

The Alaska Railroad

The Alaska Railroad Corporation (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 656 miles of track in Alaska, consisting of 467 miles of main line, 54 miles of branch line and 135 miles of yards and sidings. In 2015, the ARRC carried 4.29 million tons of freight and 475,034 passengers. As of May 2016, the railroad employed 597 year-round employees.

Bankruptcy

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

PeopleSoft to SAP Conversion

The Municipality is engaged in converting its legacy financial system, PeopleSoft, to SAP. Funding for the project is done through the Municipality's Master Lease program as well as other revenue sources. The Municipality began acceptance trials for SAP in September 2017, and continues to work on implementation of the software system.

APPENDIX C

FORM OF BOND COUNSEL OPINION

June 14, 2018

Municipality of Anchorage
Anchorage, Alaska

Wells Fargo Bank, National Association
New York, New York

Citigroup Global Markets Inc.
Seattle, Washington

Jefferies LLC
New York, New York

J.P. Morgan Securities LLC
Seattle, Washington

KeyBanc Capital Markets Inc.
Seattle, Washington

Merrill Lynch, Pierce, Fenner & Smith Incorporated
Seattle, Washington

Re: Municipality of Anchorage, Alaska
2018 General Obligation Bonds, Series A (General Purpose) - $58,235,000
2018 General Obligation Refunding Bonds, Series B (General Purpose) - $20,265,000
2018 General Obligation Bonds, Series C (Schools) - $35,660,000
2018 General Obligation Refunding Bonds, Series D (Schools) - $57,020,000

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 2018 General Obligation Bonds, Series A (General Purpose), in the aggregate principal amount of $58,235,000, its 2018 General Obligation Refunding Bonds, Series B (General Purpose), in the aggregate principal amount of $20,265,000, its 2018 General Obligation Bonds, Series C (Schools), in the aggregate principal amount of $35,660,000, and its 2018 General Obligation Refunding Bonds, Series D (Schools), in the aggregate principal amount of $57,020,000 (collectively, the "Bonds"), issued for the purposes of making various capital improvements, refunding certain outstanding general obligation bonds of the Municipality and paying the costs of issuance of the Bonds. The Bonds are issued pursuant to Ordinance No. AO 2016-47 passed on May 10, 2016, as amended and Ordinance Nos. AO 2018-36 and AO 2018-37 passed on May 22, 2018 (collectively, the "Bond Ordinances"). Capitalized terms used in this opinion and not otherwise defined herein shall have the meanings given such terms in the Bond Ordinances.

The Bonds are subject to redemption prior to their stated maturities as stated in the Bond Purchase Contract dated May 31, 2018.

Regarding questions of fact material to our opinion, we have relied on representations of the Municipality in the Bond Ordinances 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 Bonds have been legally issued and constitute valid and binding general obligations of the Municipality, except to the extent that the enforcement of the rights and remedies of the holders and owners of the 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. Both principal of and interest on the Bonds are payable out of annual levies of *ad valorem* taxes to be made upon all of the taxable property within the Municipality without limitation as to rate or amount and in amounts which, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due.

3. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Municipality comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 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 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

4. Interest on the Bonds is not included in taxable income for purposes of the Alaska income tax imposed on corporations.

The Municipality has not designated the 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 Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

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

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

Very truly yours,

K&L GATES LLP

APPENDIX D

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.