

**NEW ISSUE
FULL BOOK-ENTRY**

**S&P Global Rating: “A”
S&P Insured Rating on the Insured Bonds (as defined below): “AA”
(See the captions “BOND INSURANCE” and “RATINGS” herein)**

In the opinion of K&L Gates LLP, Seattle, Washington (“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, except for interest on any Bonds for any period during which such bond is held by a “substantial user” of the facilities financed or refinanced by the Bonds, or a “related person” to such “substantial user,” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Bonds is taken into account in determining “adjusted financial statement income” of certain corporations for purposes of computing the alternative minimum tax imposed on “applicable corporations.” Interest on the Bonds is 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

**\$191,385,000
2024 Port Revenue Bonds,
Series A (AMT)**



Dated: Date of Delivery

Due: February 1, as shown on the inside cover

The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases of interests in the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof within a single maturity. Purchasers of such interests will not receive certificates representing their interests in the Bonds. Principal of and interest on the Bonds are payable directly to DTC by U.S. Bank Trust Company, National Association, as authenticating paying agent and registrar (the “Registrar”) for the Bonds. Principal of the Bonds is payable on the dates set forth on the inside cover. Interest on the Bonds is payable on August 1, 2025, and semiannually thereafter on each February 1 and August 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 scheduled payment of principal of and interest on the Bonds maturing on February 1 of the years 2050, 2055 and 2065 (the “Insured Bonds”), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by ASSURED GUARANTY INC.



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

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

MATURITY SCHEDULE — Inside of Cover Page

The Bonds are offered when, as and if issued 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. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, by Fast Automated Securities Transfer (“FAST”) on or about December 17, 2024.

Dated: December 3, 2024

MATURITY SCHEDULES

MUNICIPALITY OF ANCHORAGE, ALASKA

\$191,385,000

2024 Port Revenue Bonds Series A (AMT)

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

Due February 1	Principal Amount	Interest Rate	Yield	CUSIP [†] No.	Due February 1	Principal Amount	Interest Rate	Yield	CUSIP [†] No.
2026	\$ 1,445,000	5.500%	3.290%	BA4	2036	\$ 2,500,000	5.500%	3.880%*	BL0
2027	1,525,000	5.500	3.210	BB2	2037	2,645,000	5.500	3.920*	BM8
2028	1,610,000	5.500	3.290	BC0	2038	2,795,000	5.500	3.970*	BN6
2029	1,700,000	5.500	3.350	BD8	2039	2,950,000	5.500	4.000*	BP1
2030	1,800,000	5.500	3.430	BE6	2040	3,120,000	5.500	4.050*	BQ9
2031	1,900,000	5.500	3.500	BF3	2041	3,295,000	5.500	4.100*	BR7
2032	2,010,000	5.500	3.570	BG1	2042	3,480,000	5.500	4.150*	BS5
2033	2,120,000	5.500	3.680	BH9	2043	3,680,000	5.500	4.180*	BT3
2034	2,240,000	5.500	3.760	BJ5	2044	3,885,000	5.500	4.210*	BU0
2035	2,370,000	5.500	3.830*	BK2	2045	4,105,000	5.500	4.250*	BV8

\$24,120,000 5.250% Term Bond Due February 1, 2050; Yield: 4.380%; Price: 106.479%*; CUSIP[†]: CA3

\$30,555,000 4.250% Term Bond Due February 1, 2055; Yield: 4.370%; Price: 98.000; CUSIP[†]: CF2

\$38,045,000 4.500% Term Bond Due February 1, 2060; Yield: 4.557%; Price: 99.000; CUSIP[†]: CL9

\$47,490,000 4.375% Term Bond Due February 1, 2065; Yield: 4.483%; Price: 98.000; CUSIP[†]: CR6

* Priced to the call date of February 1, 2034.

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No dealer, broker, salesperson or other person has been authorized to give any information or make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the securities offered hereby shall under any circumstances create an implication that there has been no change in the affairs of the Municipality, the Don Young Port of Alaska, or any party described herein, since the date hereof.

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

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

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

The information set forth herein has been furnished by the Municipality, the Don Young Port of Alaska and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs of the Municipality since the date hereof. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with one or more repositories.

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

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

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

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

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*The inactive textual references to the Municipality and Don Young Port of Alaska websites are contact information provided only for convenience. These references are not hyperlinks and, by these references, the websites are not incorporated into this Official Statement.

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OFFICIAL STATEMENT

Relating to

MUNICIPALITY OF ANCHORAGE, ALASKA

\$191,385,000

2024 Port Revenue Bonds, Series A (AMT)

INTRODUCTION

General

This Official Statement, including the cover hereof and the appendices hereto, was prepared to provide information relating to the Municipality of Anchorage, Alaska (the “Municipality”), the Don Young Port of Alaska (the “Port”), which is a public enterprise of the Municipality, and the issuance of the Municipality’s \$191,385,000 principal amount of 2024 Port Revenue Bonds, Series A (AMT) (the “Bonds”).

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

All of the summaries of, or references to, provisions of statutes of the State of Alaska (the “State”), ordinances, resolutions and the Home Rule Charter (the “Municipal Charter”) of the Municipality and other documents contained herein are made subject to the complete provisions thereof and do not purport to be complete statements of such provisions, copies of which are available for inspection at the office of the Municipality upon request. Certain financial information regarding the Municipality and the Port has been taken or derived from the audited financial statements and other financial reports of the Municipality and the Port. Reference should be made to the audited financial statements and other financial reports, and their accompanying notes, for additional information. Copies thereof are available for inspection at the office of the Municipality upon request. A copy of the audited financial statements of the Port Fund as of and for the year ended December 31, 2022, 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 and Trust Agreement (see “Authority for Issuance of the Bonds” below). Bondholders may request a copy of the Trust Agreement from the Municipality or the Registrar after closing and delivery of the Bonds.

The Bonds will be revenue obligations of the Municipality and will be secured solely by a pledge of and will be payable by the Municipality solely from Gross Revenues of the Port and moneys in the special fund named Port Fund maintained by the Municipality (the “Port Fund”), subject only to the payment of necessary Operating Expenses of the Port. (See “SECURITY FOR THE BONDS”). The Municipality has reserved the right to issue Future Parity Bonds having a lien on Gross Revenues equal to the lien of the Outstanding Parity Bonds (as defined below) and the Bonds. As of the date of closing, the Municipality has outstanding \$18,885,000 aggregate principal amount of its 2020 Port Revenue Bonds, Series A (AMT) (the “2020 Series A Bonds”) and \$44,970,000 aggregate principal amount of its 2020 Port Revenue Bonds, Series B (Taxable) (the “2020 Series B Bonds” and together with the 2020 Series A Bonds, the “Outstanding Parity Bonds”).

“Fiscal Year” means the Port’s fiscal year ending December 31.

“Maximum Annual Debt Service” means, (a) with respect to the Parity Requirement, the Maximum Annual Debt Service for all Parity Bonds, including the Parity Bonds then proposed to be issued, (b) with respect to the

Common Reserve Requirement-A, the highest remaining Annual Debt Service in any fiscal year for all Parity Bonds that have been designated Covered Bonds-A, and (c) with respect to the Common Reserve Requirement-B, the highest remaining Annual Debt Service in any fiscal year for all Parity Bonds that have been designated Covered Bonds-B.

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

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

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

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

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

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

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

Authority for Issuance of the Bonds

The Bonds are issued pursuant to Article XV of the Municipal Charter of the Municipality. The sale of the Bonds is further authorized by Ordinance No. 2020-16 passed by the Assembly on February 11, 2020, Ordinance No. 2021-100, As Amended passed by the Assembly on November 1, 2021, Ordinance No. 2024-11(S), As Amended passed by the Assembly on February 27, 2024 and Resolution No. 2024-316(S) passed by the Assembly on November 6, 2024 (collectively, 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.

Further details of the Bonds are found in the Trust Agreement, dated December 17, 2024 the “Trust Agreement”), by and between the Municipality and U.S. Bank Trust Company, National Association, as authenticating agent, paying agent and registrar (the “Registrar”).

Purpose of the Bonds

The proceeds of the Bonds will be used to refund the balance outstanding on a short term borrowing program loan of the Port, as further described herein, pay or reimburse the costs of a portion of the Port of Alaska Modernization Program (“PAMP”), to fund the Common Reserve Account-A for Bonds, and to pay costs of issuance of the Bonds. (See “Subordinate Revolving Credit Agreement,” “SOURCES AND USES OF FUNDS FOR THE BONDS,” and “PORT OF ALASKA MODERNIZATION PROGRAM”).

Subordinate Revolving Credit Agreement

The Municipality has a revolving credit facility with U.S. Bank National Association (the “Current Credit Facility”) that provides for the issuance of port revenue notes (“Subordinate Lien Port Revenue Notes”) to fund capital improvements to Port Facilities on a short term basis. The lien of the Subordinate Lien Port Revenue Notes is subordinate to the lien of the Bonds on Gross Revenues and is included within the term defined as “Subordinate Lien Parity Bonds” in the Trust Agreement. The commitment amount for the Subordinate Lien Port Revenue Notes is currently \$40,000,000 and currently is fully drawn. The \$40,000,000 currently outstanding was used to provide funds for a portion of the costs of the PAMP. All outstanding Subordinate Lien Port Revenue Notes will be refunded with the proceeds of the Bonds. The Current Credit Facility currently expires December 1, 2025. The Municipality anticipates that U.S. Bank National Association will extend the term, and potentially increase the commitment amount (if necessary), of the Current Credit Facility, conditioned upon the existing balances being paid off by the Bond proceeds, and that it will further draw on the Current Credit Facility for future PAMP financing needs, although terms of such extension remain subject to negotiation. See “DON YOUNG PORT OF ALASKA—Port Facilities;” “PORT OF ALASKA MODERNIZATION PROGRAM;” and “DON YOUNG PORT OF ALASKA FINANCIAL INFORMATION—Outstanding Port Debt”). Subordinate Lien Port Revenue Notes may not be accelerated under the Current Credit Facility. The Port has the option to convert the outstanding principal balance of Notes upon the termination or expiration of the program into a term loan, maturing and amortizing generally over a three-year period if the Port does not pay or refund the outstanding balance on the expiration or termination of the Program. In the event the Municipality does not or is unable to extend, renegotiate or draw on the Current Credit Facility, the Municipality anticipates that it would seek to negotiate and enter into a replacement revolving credit or liquidity facility to fund future PAMP and other Port capital improvement financing needs. The Current Credit Facility, as the same may be extended or renegotiated, or any substitute or replacement revolving credit or liquidity facility, is hereinafter referred to as the “Credit Facility.”

DESCRIPTION OF THE BONDS

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

Interest on the Bonds is payable semiannually on February 1 and August 1 each year, commencing August 1, 2025. Principal of the Bonds is due February 1 in the years and amounts shown on the inside front cover page hereof. The Registrar will make principal and interest payments to Cede & Co. which, in turn, will disburse such principal and interest payments to its participants (the “DTC Participants”) in accordance with DTC policies. Payments by such DTC Participants to the beneficial owners of the Bonds (the “Beneficial Owners”) will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such DTC Participants and not of DTC, the Registrar or the Municipality. See “APPENDIX D—BOOK-ENTRY ONLY SYSTEM.”

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

Redemption

Optional Redemption of the Bonds

The Bonds maturing on and after February 1, 2035 (the “Callable Bonds”) are subject to redemption at the option of the Municipality on or after February 1, 2034 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.

Mandatory Redemption

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

2050 Term Bond	
Year (February 1)	Principal Amount
2046	\$ 4,330,000
2047	4,565,000
2048	4,810,000
2049	5,070,000
2050 ⁽¹⁾	5,345,000

⁽¹⁾ Maturity.

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Bonds maturing February 1, 2055 are subject to mandatory sinking fund redemption on February 1 of the years and in the principal amounts set forth in the following table. Any such redemption shall be at a price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption, but without premium.

2055 Term Bond	
Year (February 1)	Principal Amount
2051	\$ 5,605,000
2052	5,845,000
2053	6,100,000
2054	6,365,000
2055 ⁽¹⁾	6,640,000

⁽¹⁾ Maturity.

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Bonds maturing February 1, 2060 are subject to mandatory sinking fund redemption on February 1 of the years and in the principal amounts set forth in the following table. Any such redemption shall be at a price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption, but without premium.

2060 Term Bond	
Year (February 1)	Principal Amount
2056	\$ 6,940,000
2057	7,260,000
2058	7,595,000
2059	7,940,000
2060 ⁽¹⁾	8,310,000

⁽¹⁾ Maturity.

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Bonds maturing February 1, 2065 are subject to mandatory sinking fund redemption on February 1 of the years and in the principal amounts set forth in the following table. Any such redemption shall be at a price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption, but without premium.

2065 Term Bond	
Year (February 1)	Principal Amount
2061	\$ 8,685,000
2062	9,075,000
2063	9,480,000
2064	9,905,000
2065 ⁽¹⁾	10,345,000

⁽¹⁾ Final Maturity.

Selection of Bonds to be Redeemed

For as long as the Callable Bonds are held in book-entry only form, the selection of Callable Bonds within a maturity to be redeemed will be made in accordance with the operational arrangements then in effect at DTC. If the Callable Bonds are no longer held in uncertificated form, the selection of such Callable Bonds to be redeemed and the surrender and reissuance thereof, as applicable, will be made as follows: If the Municipality redeems at any one time fewer than all of the 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 maturity (and, in the case of partial redemption, the respective principal amounts) of such Bonds to be redeemed; (d) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment will be the principal office of the Registrar.

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

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

Defeasance

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

SOURCES AND USES OF FUNDS FOR THE BONDS

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

Sources of Funds:

Principal Amount of Bonds	\$191,385,000
Net Premium/Discount	4,919,329
Total Sources of Funds:	<u>\$196,304,329</u>

Uses of Funds:

Amount to pay Subordinate Lien Port Revenue Notes	\$ 40,000,000
Deposit to Project Account	140,000,000
Deposit to Common Reserve Account-A	10,575,250
Deposit to Costs of Issuance Account ⁽¹⁾	5,729,079
Total Uses of Funds:	<u>\$196,304,329</u>

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

SECURITY FOR THE BONDS

General

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

Special Revenue Bonds; and (f) income from investments irrevocably pledged to the payment of debt obligations issued or to be refunded under any refunding debt plan of the Municipality.

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

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

Flow of Funds and Rate Covenant

Flow of Funds

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

First, to pay Operating Expenses;

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

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

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

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

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

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

Rate Covenant

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

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

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

Bond Fund

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

(a) *Covenant of the Municipality.* The Municipality has obligated and bound itself irrevocably to set aside and to pay (to the extent not otherwise hereinafter provided) into the Bond Fund, including each account therein, certain fixed amounts from Net Revenues, without regard to any fixed proportion of said revenues, sufficient to pay the principal of and premium, if any, and interest on all Parity Bonds from time to time outstanding as the same respectively become due and payable either at the maturity thereof or in accordance with the terms of any sinking fund provided for the retirement of term Parity Bonds. The deposits into the Bond Fund are to be made from Gross Revenues (subject to the priorities described in “SECURITY FOR THE BONDS—Flow of Funds and Rate Covenant”). The deposits into the Bond Fund including each account therein, are required to be made on or before the date on which any payment of principal, interest and/or premium is due. The payments into the Bond Fund and each account therein for the payment of the Parity Bonds are a charge and lien upon Net Revenues of equal rank with the charge and lien on said Net Revenues for the payments required to be made into the Bond Fund and each account therein for the payment of the principal of, premium, if any, and interest on any Future Parity Bonds.

(b) *Bond Account -2024.* Under the Trust Agreement, an account designated as the “Port of Alaska Revenue Bond Account - 2024” (“Bond Account”). The Bond Account is a trust fund and will be drawn upon for the sole purpose of paying the principal of and interest and premium, if any, on the Bonds. Amounts pledged to be paid into Bond Account are a lien and charge upon Gross Revenues and the moneys in the Port Fund superior to all other charges of any kind or nature, except Operating Expenses and equal in rank to the charge thereon to pay and secure the payment of the principal of and interest on the outstanding 2020 Series A Bonds, the outstanding 2020 Series B Bonds, the Bonds and any Future Parity Bonds hereafter issued. The Bond Account shall be in the custody of the Registrar but in the name of the Municipality, and the Municipality has authorized and directed the Registrar to withdraw money from the Bond Account sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable.

Common Reserve Account-A

Under the Trust Agreement, Common Reserve Account-A was created for the purpose of providing additional security for the payment of the 2020 Series A Bonds and also for any Future Parity Bonds that are designated as bonds to be covered by the Common Reserve Account-A. Common Reserve Account-A is funded with the proceeds of Parity Bonds, Gross Revenues or Credit Facilities (as described in subsection (b) below (subject to the priorities described in “SECURITY FOR THE BONDS—Flow of Funds and Rate Covenant”)), as the Municipality shall determine. The Registrar for the 2020 Bonds, as required under the trust agreement for the 2020 Bonds, will be the custodian for all money held in the Common Reserve Account-A.

(a) *Common Reserve Account-A.* Common Reserve Account-A is held in the custody of the Registrar. The Common Reserve Account-A shall be maintained by the Registrar for the purpose of securing the payment of the principal of, premium, if any, and interest on the 2020 Series A Bonds, the Bonds and all Future Parity Bonds that are designated as bonds to be covered by Common Reserve Account-A (“Covered Bonds-A”). The Municipality deposited \$1,884,255.36 at the time of the issuance of the 2020 Series A Bonds. As the Bonds will be Covered Bonds-A the Municipality will deposit (from Bond proceeds) an amount in the Common Reserve Account-A on the date of

issuance of the Bonds equal to \$10,575,250 which will be the amount required to fund the Common Reserve Requirement-A for the 2020 Series A Bonds and the Bonds.

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

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

The term “Debt Service” means, for any period of time,

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

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

(3) with respect to all other series of Parity Bonds outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Parity Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such Parity Bonds during such period computed on the assumption that the amount of Parity Bonds outstanding as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the Series Ordinance authorizing the issuance of such Parity Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance to provide for essentially level annual debt service of principal and interest over such period and (ii) at an interest rate equal to the yield to maturity set forth in the 40-Bond Index published in the edition of *The Bond Buyer* (or comparable publication or such other similar index selected by the Municipality with the approval of the Consultant, if applicable) selected by the Municipality and published within 10 days prior to the date of calculation or, if such calculation is being made in connection with the issuance of Future Parity Bonds.

The term “Accreted Value” means with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Original Issue Discount Bonds plus the amount of discounted principal which has accreted since the date of issue. In each case the Accreted Value shall be determined in accordance with the provisions of the Series Ordinance authorizing the issuance of such Capital Appreciation Bonds and Original Issue Discount Bonds.

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

The term “Fixed Rate Bonds” mean those Parity Bonds other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under a Series Ordinance in which the rate of interest on such Parity Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in the Series Ordinance authorizing their issuance, Parity Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.

The term “Original Issue Discount Bonds” mean any Future Parity Bonds which are sold at an initial public offering price of less than 95% of their face value and which are specifically designated as Original Issue Discount Bonds in the Series Ordinance authorizing their issuance.

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

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

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

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

The term “Rating Agency” means Fitch or S&P.

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

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

Additional Accounts

The Registrar will establish a Costs of Issuance Accounts for the purpose of paying costs of issuance of the Bonds. The Costs of Issuance Account will be funded with the proceeds of the Bonds.

Future Parity Bonds

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

Except as provided below, the Port shall not issue any series of Future Parity Bonds or incur any additional indebtedness with a parity lien or charge on Net Revenues (on a parity of lien with Parity Bonds at the time Outstanding) unless: (i) the Registrar shall be Registrar for all Parity Bonds; (ii) the Registrar will have the custody of the Common Reserve Account-A and any additional reserve account established for Parity Bonds; (iii) the proceedings for each series of Future Parity Bonds will include all of the covenants for the benefit of each series of Future Parity Bonds set forth in Section 4.01 (See “—Other Operating Covenants in the Trust Agreement”) and the flow of funds in Section 5.01(a) of the Trust Agreement (See “—Flow of Funds and Rate Covenant”); (iv) except as provided in (a) below, the Municipality shall not have been in default of its Rate Covenant for the immediately preceding fiscal year; and (v) except as provided in (a) below, there shall have been filed a certificate (prepared as

described in (b) or (c) below) demonstrating fulfillment of the Parity Requirement, commencing with the first full fiscal year following the earlier of (A) the Date of Commercial Operation of the Port Facilities to be financed with the proceeds of the Future Parity Bonds and for the following two fiscal years, or (B) the date on which any portion of interest on the series of Future Parity Bonds then being issued no longer will be paid from the proceeds of such series of Future Parity Bonds and for the following two fiscal years or (C) for the purposes of subsection (d)(2) below, the issue date of Future Parity Bonds issued for refunding purposes.

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

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

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

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

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

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

(c) *Certificate of a Consultant.* Except as provided in (a) and (b) above, compliance with the Parity Requirement shall be demonstrated conclusively by a certificate of a Consultant.

In making the computations of Net Revenues for the purpose of certifying compliance with the Parity Requirement, the Consultant shall use as a basis the Net Revenues for the Base Period. In making such computations the Consultant shall make such adjustments as he/she/it deems reasonable.

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

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

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

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

As defined in the Trust Agreement, “Base Period” means any consecutive 12-month period selected by the Municipality out of the 30-month period next preceding the date of issuance of Future Parity Bonds. “Costs of Construction” means all costs paid or incurred by the Municipality in connection with the acquisition and construction of capital additions, improvements and betterments to and extensions of the Port Facilities, and the placing of the same in operation, including, but without limiting the generality of the foregoing, paying all or a portion of the interest on the series of Parity Bonds or any portion thereof issued to finance the costs of such improvements during the period of construction of such improvements, and for a period of time thereafter; paying amounts required to meet any reserve requirement for the fund or account established or maintained for such series of Parity Bonds from the proceeds thereof; paying or reimbursing the Municipality or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of said improvements and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of said additions and improvements, the financing of the same and the placing of the same in operation. “Date of Commercial Operation” means the date upon which Port Facilities are first ready for normal continuous operation or, if portions of the Port Facilities are placed in normal continuous operation at different times, shall mean the midpoint of the dates of continuous operation of all portions of such Port Facilities, as estimated by the Municipality or, if used with reference to Port Facilities to be acquired, shall mean the date on which such acquisition is final.

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

Other Operating Covenants in the Trust Agreement

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

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

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

(3) *Use of Money in Port Fund.* The Municipality will not expend any of the money in the Port Fund for any extensions or betterments that are not economically sound and that will not contribute to the operation of the Port Facilities in an efficient and economical manner unless such extensions or betterments are required by law or by any regulatory body having valid jurisdiction.

(4) *Books and Accounts.* The Municipality will keep and maintain proper books and accounts with respect to the operation of the Port Facilities and will cause its books and accounts to be audited annually by a certified public accountant, copies of which audits shall, upon request, be furnished to the purchaser or purchasers or owners of the Parity Bonds.

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

(6) *Disposal of Properties.* In the event of voluntary or involuntary sale, lease, or other conveyance, transfer or disposal of all or substantially all of the Port Facilities, the Port shall require that contemporaneously with such disposition, there shall be paid into a special fund a sum which shall be sufficient to defease all Parity Bonds then Outstanding; provided, however, that such defeasance will not be required so long as the Municipality maintains

primary responsibility for the management and operation of the Port Facilities and provided further that all Gross Revenue from such facilities continues to be pledged to all Parity Bonds then Outstanding. The Municipality will not sell or otherwise dispose of any part of the Port Facilities which is material to the production of Gross Revenues unless, in the opinion of an independent consulting engineering firm, the remaining Port Facilities will generate Gross Revenues sufficient to enable the Municipality to comply with the requirement of the Trust Agreement and each ordinance or trust agreement authorizing the issuance of Future Parity Bonds.

Amendatory and Supplemental Ordinances

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

- (a) adds to the covenants and agreements of the Municipality or gives up rights or powers preserved by the Municipality; or
- (b) cures ambiguities or corrects or supplements defective provisions of the Bond Ordinances and/or the Trust Agreement which amendments do not materially and adversely affect the interest of the Registered Owners or Beneficial Owners of any Parity Bonds; or
- (c) approves a different form of book-entry or certificated methodology for Parity Bonds.

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

(1) extend the fixed maturity of any Parity Bond, or reduce the rate of interest, or reduce the amount or change the date of any sinking fund payment requirement, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owner of each Parity Bond affected; or

(2) reduce the 60% approval requirement without the consent of the Registered Owners of all of the Parity Bonds then outstanding; or

(3) remove the pledge and lien of the Bond Ordinances or the Trust Agreement.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. (“AG”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds maturing on February 1 of the years 2050, 2055 and 2065 (the Insured Bonds”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is

obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG

At September 30, 2024:

- The policyholders' surplus of AG was approximately \$3,644 million.
- The contingency reserve of AG was approximately \$1,374 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,438 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG, and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (filed by AGL with the SEC on November 12, 2024).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Insured Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

Miscellaneous Matters

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

MUNICIPALITY OF ANCHORAGE

In 1975, the citizens of the Anchorage area ratified a Home Rule Charter for a unified municipal government. Under the Municipal Charter, the City of Anchorage, incorporated in 1920, the Greater Anchorage Area Borough, incorporated in 1964, and two small, incorporated communities, Girdwood and Glen Alps, were dissolved as of September 15, 1975, and the Municipality became their legal successor. The area of the Municipality is coterminous with the area of the former Greater Anchorage Area Borough and totals approximately 1,944 square miles. The Municipality is Alaska's most populous city and the state's chief commercial center. The Municipality encompasses

the urban core and Joint Base Elmendorf Richardson (“JBER”). The Municipality is at the terminus of the Cook Inlet, on a peninsula formed by the Knik Arm to the north and the Turnagain Arm to the south. The Municipality is situated on a broad plain at the head of Cook Inlet in Southcentral Alaska.

Organization

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

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

Administrative Officers

Suzanne M. LaFrance, Mayor

Suzanne LaFrance assumed the office of Mayor of the Municipality on July 1, 2024. Ms. LaFrance previously served two terms on the Anchorage Assembly, including two years as Chair, representing District 6 from 2017-2020. She also served as Chair of several committees during her tenure, including the Budget and Finance Committee and the Health Policy Committee. Her previous professional experience includes almost 20 years at AT&T Alascom as an area manager, financial analyst, and project manager. She brings over 25 years of budget, project, and people management experience to the role. Ms. LaFrance grew up in Palmer, Alaska. She earned a bachelor's degree from the University of Portland and a master's degree from Purdue University.

Rebecca A. Windt Pearson, Municipal Manager

Ms. Windt Pearson is the Municipal Manager for the Municipality. Prior to the role, she was senior vice president, general counsel, and chief administrative officer at GCI, Alaska’s largest telecommunications provider. In her role, Ms. Windt Pearson provided strategic direction to the company’s legal, compliance, regulatory, communications, government affairs, and human resources functions. She served as the municipal attorney and head of the Municipal Department of Law for the Municipality from 2017 to 2020. She previously served as GCI’s senior director of real estate and land use counsel from 2015 to 2017, as an attorney and shareholder at Ashburn & Mason, P.C., and as a law clerk for Judge Morgan Christen, then an Alaska Supreme Court justice. Ms. Windt Pearson has also volunteered on the Municipality of Anchorage Board of Ethics, serving as chair for her last two years on the Board. She earned her A.B. in sociology from Harvard University and her J.D. from Yale Law School.

William D. Falsey, Acting Chief Administrative Officer

Mr. Falsey was appointed as Acting Chief Administrative Officer on July 1, 2024. Prior to his appointment, Mr. Falsey served as Municipal Manager from 2017 through December 2020 and Municipal Attorney from July 2015 until November 2017. He was previously a partner in the law firm of Sedor Wendlandt, Evans and Filippi. In private practice, Mr. Falsey represented clients before the Alaska Superior Court, the Alaska Supreme Court, the Federal District Court of Alaska, and in several administrative forums. Previously, Mr. Falsey served as the Bureau of Land Management’s Deputy Chief of Staff and clerked for Chief Justice Alexander O. Bryner of the Alaska Supreme Court. Mr. Falsey is a graduate of Yale Law School, Stanford University (B.S., Physics, with Minors in History and Political Science) and A.J. Dimond High School in Anchorage.

Eva R. Gardner, Municipal Attorney

Eva R. Gardner is the Municipal Attorney for the Municipality of Anchorage. Prior to the role, she was an attorney at a law firm for over ten years, including several as managing shareholder, where her practice focused on state and federal civil litigation and appeals, with a particular emphasis on real estate matters, employment law, constitutional issues, and commercial disputes. Ms. Gardner received her undergraduate and master's degrees from Columbia University and her law degree from New York University. After law school, she completed judicial clerkships in Alaska Superior Court and the U.S. District Court for the District of Alaska. Ms. Gardner currently serves as a co-chair of the Alaska Bar Association's Employment Law Section, on the Alaska Court System's Civil Rules Committee, and on the UAA Legal Studies Program Advisory Committee.

Philippe D. Brice, Chief Fiscal Officer

Philippe D. Brice was appointed Chief Fiscal Officer on November 6, 2024. Prior to the role, Mr. Brice served the Municipality as the acting Information Technology Director since May 2023, after being named Deputy Director in 2021. Mr. Brice has worked for the Municipality in accounting roles since December 2016. He has worked as the Chief Financial Officer for several private-sector businesses and has a degree, and a professional background, in accounting. Mr. Brice has a Diplome de comptabilite et de gestion (DCG) from Academie de Nancy-Metz, France, equivalent to a bachelor's degree in accounting and management (U.S.).

Ross Risvold, Director of Public Finance

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

Jessie Wei, Municipal Debt Officer

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

Chris Richardson, Cash Management & Investments Officer

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

as Infrastructure Accountant, Reconciliation Accountant, and Cash Receipt Technician for the Municipality. He earned a BA in Accounting from Alaska Pacific University in 2007 and an MBA in Finance, also from Alaska Pacific University, in 2010.

Environmental, Social and Governance Standards

Environmental

The Municipality has been working to implement the Anchorage Climate Action Plan since its adoption in May 2019. This community driven Plan focuses heavily on climate adaptation and mitigation for internal local government operations.

Recent Municipality of Anchorage highlights include:

- The Municipality continues to upgrade lights to LEDs citywide, reducing energy use by an average of 40%. The Municipality has upgraded over 12,000 streetlights, saving an estimated \$780,000 annually. In 2020, the Maintenance and Operations Department completed lighting retrofits in numerous buildings across the city.

- Solid Waste Services (“SWS”) continues to upgrade lights to LEDs reducing energy use and improving work conditions at the Anchorage Regional Landfill Household Hazardous Waste Facility.

- The Municipality is the first local government to establish a Commercial Property Assessed Clean Energy & Resilience (C-PACER) Program in Alaska. C-PACER is an innovative financing program which allows owners of commercial buildings to take out a long-term loan through a private lender for a clean energy or weather resilience project and pay it back through a voluntary special assessment alongside their property tax bill. Since launching in 2021, the program has closed \$17.4M in C-PACER loans.

- In the fall of 2020, the Municipality updated Title 23, the Municipality’s building code, including the adoption of the International Energy Conservation Code 2018 Edition.

- The Municipality has installed over 400 solar panels totaling 144 kW across eight of its facilities and has improved the solar permitting process.

- SWS continues to work to improve landfill gas infrastructure to capture landfill gas, generating enough to power over 60,000 Anchorage homes in a year. SWS is upgrading the landfill Gas Collection and Control System to enable a higher capture of landfill gas reducing greenhouse gas emissions.

- The SWS commitment to innovation includes an emerging electric vehicle fleet, one 220ev box truck, and two 520ev heavy duty collection trucks. Ongoing performance evaluations will analyze the efficiencies to determine future expansion of the fleet. A level 3 charger will be installed, and two level 2 chargers complete the infrastructure for SWS.

- The Anchorage Police Department purchased 20 new hybrid electric vehicles which are expected to use 45% less fuel per year.

- SWS opened the new Central Transfer Station that includes recycling at the public wall to encourage “twinning the bin” making recycling easy and accessible at the place of disposal, and May-October opened a community composting lane making composting easy during the summer months.

- SWS is opening a new facility in the vacated old facility called the Materials Recovery Facility (“MRF”). The MRF includes the organics transfer station where SWS and other commercial organics haulers can divert organics from the landfill. Three days a week, Friday, Saturday, and Monday, the public will be able to participate at the MRF diverting more organics, and the Central Wood Lot will open at the same time operating June-October. The new facility will encourage more diversion of organics from the landfill reducing the contribution of greenhouse gas

emissions and leachate production. Additionally, at the MRF, reMade, a non-profit entity, will reopen its collections facility and workshop to the public.

- SWS sponsored five backyard composting and five vermicomposting workshops last year resulting in over 40 participants learning how to compost at home. Decentralizing composting means lower carbon emissions, and composting in place contributes to the local soil food web. SWS again will promote these classes in partnership with Anchor Gardens, a local gardening network.

- SWS is developing a new commercial compost collections program to encourage clean, contaminate-free organics material that could be fed to animals. SWS is working with farmers to provide quality organic material that may be used to feed livestock. This pilot program begins Summer 2024.

- SWS received a USDA grant to research the viability of a commercial food dehydrator for commercial kitchens. The dehydrate will be tested for its quality and application as a soil amendment, feed amendment for livestock or compost feedstock. Dehydrate is shelf-stable and is highly reduced in volume and weight. Dehydrating commercial food waste may be one avenue for year-round organics diversion..

- The Anchorage Office of Emergency Management is updating its All Hazards Mitigation Plan to incorporate climate projections and better recognize resiliency opportunities.

- The Port of Alaska Modernization project is being built with 4' of extra height to account for sea level rise.

Social and Governance

The Municipality is working on increasing equity, encouraging social diversity and working on becoming even more socially responsible by having a Chief Equity Officer. It is the responsibility of the Chief Equity Officer to develop, support, and implement equity policies and practices in municipal government that builds diversity, equity, and inclusion. The Chief Equity Officer is also responsible for proactively working in the community to advance racial equity, focusing on eliminating inequities and increasing wellbeing and success for all residents.

Insurance

Property Insurance

The Municipality maintains replacement cost “all-risk” insurance coverage on their properties through a policy with FM Global. The deductible per occurrence is \$100,000 and the maximum payment per occurrence is \$500,000,000. The total property covered, including property of the Municipality, is currently in excess of \$4.0 billion. Certain perils are not covered by the policy, including earthquake. Earthquake coverage is deemed to be not cost-effective given the expense, high deductibles and low policy limits of such coverage; the large dollar value and disbursement of these assets throughout the Municipality make this type of coverage not cost effective.

Liability Insurance

The Municipality also maintains commercial coverage for both torts and workers compensation claims. The first layer of the following-form excess liability coverage, over the Municipality’s \$3,000,000 self-insured retention, is provided by Great American E&S Insurance Co. in the amount of \$5,000,000 per occurrence; the second layer of excess insurance of \$5,000,000 per occurrence is provided by Upland Specialty Insurance Co.; the third layer of excess insurance of \$5,000,000 is provided by Gemini Insurance Co.; the fourth layer of \$10,000,000 per occurrence is provided by Navigators Specialty Insurance Co.; the fifth layer of \$5,000,000 per occurrence is provided by Star Stone Specialty Insurance Co.; the sixth layer of \$5,000,000 per occurrence is provided by Lexington Insurance Co.; and the seventh and final layer of \$5,000,000 per occurrence is provided by Landmark American Insurance Co., for a total of \$40,000,000 excess liability coverage over the self-insured retention. The Municipality’s workers compensation policy is provided by Midwest Employer’s Casualty Co. and provides Alaska statutory limits over the \$3,000,000 per occurrence self-insured retention.

The Municipality also maintains a stand-alone liability policy for cyber security incidents with Homeland Insurance Company of New York. The policy has a \$5,000,000 aggregate limit of coverage with a \$500,000 deductible.

The Municipality maintains a self insurance fund 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 was completed in 2024 by Oliver Wyman Actuarial Consulting, Inc. compiled of data for the year ending December 31, 2023. The self insurance fund is maintained at a level adequate to meet workers compensation, general liability, and auto liability claims. The amount is based on the actuarially expected value, which is estimated to be \$35,991,869.

Response to COVID-19

A 7.0 magnitude earthquake that struck Anchorage in November 2018 was followed by the COVID-19 pandemic that started in March 2020. These two events had a significant impact on the Municipality and its operations. The Municipality took various steps to mitigate this impact, including adopting a series of Emergency Ordinances using interfund loans to provide financial resources for labor, supplies, and other expenditures required to address the Municipality's response to COVID-19. These actions necessitated the Municipality to make temporary exceptions to its unrestricted fund balance policy to mobilize resources quickly to respond to COVID-19. The Municipality's response was guided by the Center for Disease Control guidelines and recommendations, and it also incurred additional qualified expenditures to address COVID-19 issues for which it expected reimbursement from FEMA.

As a result of the earthquake and COVID-19, which were two consecutive major disasters, the Municipality's unrestricted general fund balance fell significantly from 2019 to 2021. The Municipality didn't waver from incurring life essential expenditures in its emergency response to COVID-19, but also diligently pursued FEMA reimbursements to recover as many of the disaster and pandemic-related expenditures as possible. The Municipality encountered many delays and challenges in the earlier years of seeking FEMA funds for COVID-19; however, as of January 2024, the Municipality recovered \$125.7 million out of \$126.8 million COVID-19 expenditures, a recovery rate of 99%. The Municipality expects the remaining \$1.1 million of unrecovered COVID-19 expenditures to be reimbursed by future property taxes.

DON YOUNG PORT OF ALASKA

General

The Don Young Port of Alaska, formerly known as the Port of Anchorage, was created as a public enterprise of the City of Anchorage (the "City"), a predecessor government to the Municipality, in 1961 when it opened with a 600-foot berth and terminal on the City's waterfront. Development of the Port, the primary general cargo port of the State, has followed the growth of the Municipality and the State. The Port not only serves the Municipality which is the major hub for commercial and transportation activity in the State and where approximately 40% of the population of the State resides, but also accounts for more than 80% of the vans and containers shipped to Southcentral Alaska ports, 75% of all non-petroleum marine cargo shipped into Alaska, exclusive of Southeast Alaska, and 50% of total freight shipped into Alaska, by road, air and water. The Port has three jobs: commerce, national defense and earthquake resiliency/disaster response and disaster recovery.

The Port is a landlord port and is Alaska's main cargo terminal. The fuel and freight tonnage handled in 2019 was distributed to 90% of all Alaska residents and businesses located in communities, military bases and other destinations across the state. It is Alaska's main intermodal transport hub and connects the State's marine, roadway, rail, pipeline and air cargo systems. On average, around four million tons passes over the dock every year, equating to about 250,000 commercial truck trips through Port property. Due to its strategic global position and close proximity to neighboring military bases, Joint Base Elmendorf-Richardson and Fort Wainwright, the Port is a key transportation node for the United States Department of Defense concerning mobilization planning, shipping/transporting of jet fuel and other related petroleum products and bulk cargo for military use and, as such, has been designated by the Department of Defense as one of the United State's 18 Commercial Strategic Seaports.

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



Source: Don Young Port of Alaska

Matson Navigation Company of Alaska LLC (“Matson”) and TOTE Maritime of Alaska (“TOTE”) deliver more than 80% of all containerized cargo shipped into Southcentral Alaska in two ships each per week that generally arrive in Anchorage on Sundays and Tuesdays. See “DON YOUNG PORT OF ALASKA FINANCIAL INFORMATION—Preferential Use Agreements.” These vessels normally depart Port of Tacoma, Washington on Wednesdays and Fridays and take a little less than three days to reach Anchorage, depending upon weather, tides, etc. TOTE services Alaska with two ships that sail directly between Tacoma and Anchorage. Matson uses three ships that also provide twice-weekly service to Kodiak and once-weekly service to Dutch Harbor. Matson operates Terminal 2 as a lift-on/lift-off (LOLO) carrier and also leases approximately 38 acres of storage space at the Port. TOTE operates Terminal 3 primarily as a roll-on/roll-off carrier and also leases approximately 36 acres as additional storage space.

The Port features 3,500 feet of dock frontage that comprises three general cargo terminals with two 30-ton gantry cranes, one 40-ton gantry crane and roll-on-off capability, three petroleum terminals with fifteen, eight-inch, tide-compensating lines, a Bulk Petroleum Valve Yard capable of accommodating multiple simultaneous marine/shore and/or inter-user shore side transfers, dry and break-bulk handling, two floating, small-vessel docks and a dry-barge landing. All berths are dredged to 35-foot depth at mean lower low water. The Port also has two miles of rail-spur connected to the Alaska Railroad, 125 acres of cargo handling and storage yard, 59,200 tons of bulk cement storage and 3.1 million barrels of liquid fuel storage, an on-dock Transit Shed with 27,000 square foot heated storage/office space, and portable cranes to 150 tons available. The Port is adjacent to Alaska Railroad's main cargo yard, two private barge terminals, Joint Base Elmendorf-Richardson (JBER) and Ted Stevens International Airport (ANC) and has regional pipeline connections to Nikiski, JBER and ANC.

Port Organization

The Port is an enterprise activity of the Municipality. As with all activities of the Municipality, the Assembly (an elected body) makes all legislative decisions with respect to the Port, and the administrative management of the Port is managed under the leadership of the Mayor (an elected official). All Port-related leases, contracts, tariffs, and

agreements must be approved by the Assembly. The Port is managed by a Director who reports through the Municipal Manager to the Mayor. The Assembly has appointed a Port Commission that promulgates and recommends tariffs for Assembly approval. See “—Port Commission.” The Assembly has appointed an Infrastructure Utility and Enterprise Oversight Committee (the “IEUOC”) from among their members. The Committee’s role is to oversee the activities of, and stay apprised of, the Municipality’s four enterprise/utility departments, one of which is the Don Young Port of Alaska, and report back periodically to the remainder of the Assembly. More recently, pursuant to AMC 11.50.035 (Ordinance No. AO 2024-67(S-1)), the Assembly has created another committee, the Port of Alaska Modernization Program (PAMP) and Construction and Design Advisory Board (the “PAMP Design Advisory Board”). The PAMP Design Advisory Board is comprised of a representative of TOTE, a representative of Matson, a representative of the petroleum community selected by users of the Port, a representative appointed by the Mayor, a representative from the Port’s cement user, and a representative from the local building trades community. The Port Director functions as the Board’s secretary and has no vote. The PAMP Design Advisory Board’s role is to review any PAMP design conflicts that may arise during PAMP design phase processes and recommend a design choice to the Mayor. The Port Security Committee was established after September 11, 2001 to comply with Federal regulation 33CFR 105, and with the approval of the U.S. Coast Guard Captain of the Port, the Port joined forces with stakeholders and developed a single Facility Security Plan. The purpose of the committee is to review and recommend Port security enhancements and to collectively identify and minimize security risk to the facilities on Port and maintain a contract with a security company to provide the necessary security services. See “DON YOUNG PORT OF ALASKA FINANCIAL INFORMATION—Description of Major Port Revenues— *Security Fees*.”

Port Commission

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

The present Commissioners of the Port are as follows:

TABLE 1
DON YOUNG PORT OF ALASKA
COMMISSIONERS

Member	Place of Employment	Original Appointment Date	Expiration of Term
Ron Ward II, Chair	Southwest Alaska Pilots Association	08/2018	10/2026
Stephanie Kesler	Retired Telecom Executive	08/2023	10/2025
Simon Lisiecki	Retired & Maritime Industry Consultant	10/2016	10/2026
Christopher Manculich II	Longshoreman	11/2021	10/2025
Mike W. Robbins	Anchorage Community Dev. Director	11/2021	10/2025
Peggy Jean Rotan	Retired	11/2023	10/2026
Scott Selzer	Udelhoven Oilfield Services President	11/2021	10/2024 ⁽¹⁾
Aves Thompson, Vice Chair	Retired & Transportation Consultant	10/2018	10/2024 ⁽¹⁾
Dick Traini	Retired & Former Anchorage Assembly	01/2024	10/2024 ⁽¹⁾

Source: Don Young Port of Alaska

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

Port Administration

Stephen Ribuffo, AMPE, Port Director

Mr. Ribuffo was appointed as Director of the Port in June 2014. In this capacity, he is responsible for overseeing the day-to-day business operations of the Port and interacting as needed with tenants, the U.S. Coast Guard, the military and any new business prospects interested in operating out of the Port. He has been with the Port since August 2007, when he came aboard as Deputy Port Director. Mr. Ribuffo retired from the United States Air Force as a Colonel, having served 30 years on active duty. A native New Yorker, he graduated from Manhattan College with a Bachelor of Science degree in Marketing. He also has an MBA from Golden Gate University, and a Master of Science degree in Logistics Management from the Air Force Institute of Technology. He is an Accredited Marine Port Executive. Mr. Ribuffo is a member of the Board of Directors of the Anchorage Downtown Partnership and the Anchorage Economic Development Corporation Investors' Council. He is Vice-Chair of the International Association of Maritime and Port Executives' ("IAMPE") Advisory Board, as well as an IAMPE credentialed academic instructor. He also serves on the University of Alaska – Anchorage's Global Supply Chain Management Curriculum Advisory Committee, and as Chairman of Cook Inlet Harbor Safety Committee. Mr. Ribuffo was elected to the American Association of Port Authorities Board of Directors in November 2024.

Cheryl Beckham, AMPE, Deputy Director - Finance and Administration

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

Personnel

The Port employs ten administrative and eleven operations/maintenance personnel with an estimated gross labor cost of approximately \$3.1 million. Labor relations are characterized as excellent by the management of the Port. The Port is a landlord port, providing administration and facility maintenance to lessees and users.

Eleven Port employees are covered by the International Union of Operating Engineers Local 302 labor agreement which expires June 30, 2026. These employees maintain Port facilities and staging areas, operate and maintain Port vehicles and heavy equipment, provide snow removal services and provide other services such as water hookup, refuse removal and portable crane service as requested by ships entering the Port. Two office staff employees are covered by a labor agreement with the Anchorage Municipal Employees Association, which expires December 31, 2025. One of these employees perform various clerical duties such as Port vessel traffic coordination and record keeping, billing, accounts receivable, accounts payable, purchasing and receptionist, and one employee performs the job duties associated with port engineering management in a supporting role. The remaining Port employees are not represented by labor organizations but are covered by the Municipal Personnel Regulations established by ordinance of the Municipality.

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

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

Retirement Plans

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

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

All pension obligations of the Port are included on the government-wide and proprietary financial statements. See APPENDIX A – AUDITED FINANCIAL STATEMENTS, Note 10, beginning on page 43.

Other Post-Employment Benefits (“OPEB”)

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

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

All OPEB obligations of the Port are included on the government-wide and proprietary financial statements. See APPENDIX A – AUDITED FINANCIAL STATEMENTS, Note 10, beginning on page 52.

For a description of the annual pension and OPEB contributions for Port employees for the last five years, see “TABLE 6—STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PORT FUND—Operating Expenses—Operations—Pension Expense; Other Postemployment Benefits.”

Port Facilities

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

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

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



Source: Don Young Port of Alaska

The Port also operates a 220-acre Industrial Park, and is home to 3.1 million barrels of refined petroleum storage capacity. Approximately 81 acres of the park's space are currently under long-term leases with various Port tenants.

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

In 2003, the Municipality initiated a multi-year expansion project at the Port that was unsuccessful and terminated in 2012. See "LITIGATION AND CLAIMS—MARAD Litigation." The expansion project was referred to at the time as the Port of Anchorage Intermodal Expansion Project ("PIEP"), which consisted of the following projects: (i) barge terminal development; (ii) road and rail access development; and (iii) additional acres of new real estate at the Port. In 2014, the Port began implementation of PAMP in order to avoid failure of operability (particularly in the case of a seismic event) and to handle modern cargo container ships that are commonly used for West Coast and trans-Pacific shipping. A portion of the proceeds of the Bonds will pay or reimburse the costs of a portion of Phase 2 of PAMP. Construction was completed on Phase 1 of the PAMP, which included the construction of a new Petroleum and Cement Terminal, replacement of the Port Administration Building and a three year project to stabilize the North Extension land at the Port. Phase 1 of the PAMP was funded in part by proceeds of the \$40,000,000 Subordinate Lien Port Notes which are being refunded by the Bonds. See "PORT OF ALASKA MODERNIZATION PROGRAM."

Port Capital Improvement Program. In addition to PAMP, the Port has a capital maintenance and improvement program for the Port's existing facilities ("Port CIP"), which includes storm drain rehabilitation and enhancements, replacement of Port maintenance aging equipment and land improvements to provide fencing to ensure facility security. The Port CIP expects that between \$4 and \$5 million will be expended for Port CIP in 2024 and 2025, with similar expenditures expected in future years. The Port CIP is expected to be financed with grants, borrowing or other funds, as available.

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Tonnage Summary

The following table sets forth the tonnages of cargo handled at the Port each of the past ten years and for the first nine months of 2024.

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

<u>Commodities Across Facility</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>First Nine Months 2024</u>
Freight NOS	1,167	689	36	181	5	1
Dry Bulk Goods	109,956	101,853	87,692	117,837	154,517	81,020
Petroleum, NOS (vessel fueling)	222,536	58,728	47,888	42,262	17,267	1,104
Vans/Flats/Containers	1,655,612	1,642,547	1,638,486	1,642,100	1,659,763	1,314,541
Petroleum, Shoreside	802,093	902,439	1,061,820	1,193,446	1,030,177	769,539
Petroleum, Bulk - Dockside	1,474,399	1,997,845	2,151,884	2,194,109	2,272,807	2,010,551
TOTAL TONS	4,265,763	4,704,101	4,987,806	5,189,935	5,134,536	4,176,756

<u>Commodities Across Facility</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
Freight NOS	5,463	-	4,451	5,876	2,199	
Dry Bulk Goods	140,684	126,737	122,006	97,223	105,326	
Petroleum, NOS (vessel fueling)	2,031	5,013	893	1,467	129,828	
Vans/Flats/Containers	1,811,136	1,681,222	1,582,951	1,592,473	1,631,303	
Petroleum, Shoreside	916,050	368,294	368,708	471,717	505,980	
Petroleum, Bulk - Dockside	580,343	1,592,317	1,419,162	1,329,089	1,574,029	
TOTAL TONS	3,455,707	3,773,584	3,498,171	3,497,845	3,948,665	

Source: Don Young Port of Alaska

Vessel Arrivals

The following table sets forth the number of ships and barges calling at the Port for the past five years and for the first nine months of 2024.

TABLE 3
VESSEL ARRIVALS

<u>Category</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>First Nine Months 2024</u>
Barge	11	0	1	1	0	1
Cement Ship	4	4	3	4	5	4
Cargo	2	1	0	2	0	1
Cruise Ships	10	0	0	1	3	3
Dredge	3	5	6	5	1	2
G-Military Oil Tanker	0	0	0	0	0	0
Government Ship	7	4	1	2	7	4
Gravel Barge	0	0	0	0	0	0
Military Ship	2	1	3	0	1	0
Petroleum Barges	60	50	56	63	66	48
Petroleum Tankers	27	39	43	43	43	35
Ships - TOTE/Matson	201	195	201	197	201	153
Tugs	79	80	93	95	85	111
Yacht/Other small craft	0	4	1	0	8	4
TOTAL	406	383	408	413	420	366

Source: Don Young Port of Alaska

Environmental Compliance

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

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

PORT OF ALASKA MODERNIZATION PROGRAM

General

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

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

The PAMP

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

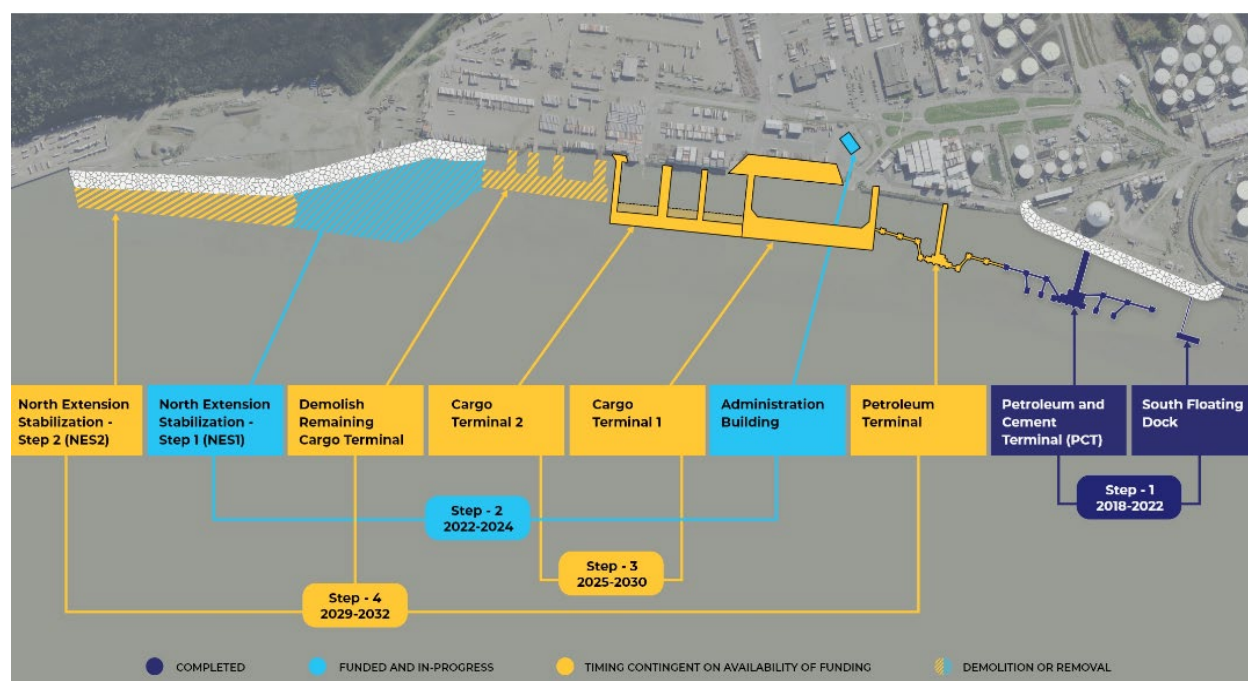
PAMP Project Manager

The project manager for the PAMP is Jacobs. Jacobs is a publicly traded corporation, headquartered in Dallas, Texas and maintains offices around the world. Jacobs is a large provider of professional engineering and architecture services. Jacobs offers port and maritime consulting services to many clients world-wide.

The PAMP Phases

The PAMP is currently divided into five distinct phases which will complete the modernization program for the Port. Phase 1 of the PAMP was completed in 2023. The Bonds are a component of the financing plan for Phase 2. Phases 3 through 5 are subject to revision and timing as future funding opportunities develop. The five phases are as follows:

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



Source: Don Young Port of Alaska.

PAMP Phase 1

A portion of the proceeds of the 2020 Series A Bonds and a portion of the proceeds from the short term borrowing program were used to finance, or to reimburse the Municipality for, costs of the PCT, or Phase 1 of the PAMP. The PCT replaced an existing petroleum and cement dock (known as POL1) that had long exceeded its design life and was in a deteriorating state of disrepair. The PCT construction was completed in 2023.

PAMP Phase 2

The proceeds of the Bonds will be used to finance, or to reimburse the Municipality for, costs of Phase 2 of the PAMP, and to refinance the \$40 million of Subordinate Lien Port Revenue Notes outstanding under the Port's

short term borrowing program. Phase 2 of the PAMP consists of four main elements: (i) the construction of the new Port Administration Building; (ii) Step 1 of the North End Stabilization (NES1); (iii) old administration building demolition; and (iv) replacing Cargo Terminal 1 and Cargo Terminal 2 (the “Cargo Terminals”). The Port is assuming that the cost of construction for Phase 2 is \$1.918 billion in today’s dollars. Elements of Phase 2 and their expected costs are listed below.

- New Port Administration Building is complete and cost \$13.8 million.
- North End Stabilization Step 1 is in process and is expected to cost approximately \$147.1 million.
- The demolition of the old administrative building is expected to cost \$5.7 million.
- Terminal 1 will consist of a general cargo terminal capable of supporting a ‘Lift On Lift Off’ (LOLO) crane-operated facility forecasted to cost approximately \$764.1 million.
- Terminal 2 will consist of a general cargo terminal capable of supporting ‘Roll On Roll Off’ (RORO) truck-operated facility and a LOLO facility that is forecasted to cost approximately \$987.6 million.

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

The terminal structure will be designed to support LOLO related cargo handling operations and other multi-purpose cargo operations, as well as cruise ship and military operations. The new Terminal 1 design consists of an 870-ft by 120-ft wharf accessed from the shore by two 36-ft-wide trestles. The southern trestle will be 270 ft long, and the northern trestle will be 318 ft long. A 144-inch-diameter mooring dolphin and catwalk will be constructed on the southern end of the terminal to help secure and control vessel movements while berthed. The Cargo Terminal will be a concrete structure founded on steel piles. The terminal will accommodate container vessels up to 700-feet long, with drafts of up to 36-feet. The terminal is scaled for the Alaska container cargo trade, customized to include those tenant improvements necessary to support forecasted tenant specific short and long-term operational requirements.

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

The terminal will include structural, in-deck, and surface features to support RORO and LOLO operations (rail-mounted gantry cranes and associated appurtenances for future users). Power, lighting, communications, signal infrastructure, and water utilities will be installed to support terminal operations. The current design concept for Terminal 2 consists of a 932-ft-long by 120-ft-wide wharf with three access trestles, each approximately 300 ft long. The southern and northern access trestles will be 54 ft wide. The middle trestle will be 76 ft wide to provide an additional vehicle access lane. The terminal will be a concrete structure founded on steel piles. The terminal will accommodate vessels up to 839-feet long, with drafts of up to 36-feet.

North End Stabilization Step 1

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

PAMP Phase 3

Phase 3 of the PAMP consists of the design and construction of a second Fuel Line to offload petroleum, oil and lubricants (POL) from ocean vessels to integrate additional fuels infrastructure into a future cargo terminal, thereby eliminating the need for a second, standalone fuels facility. The estimated cost of Phase 3 is \$181 million.

PAMP Phase 4

Phase 4 of the PAMP consists of the continued design, construction and stabilization of the northern-most 1,500 linear feet of the North End of the Port. The estimated cost of Phase 4 is \$128 million.

PAMP Phase 5

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

Funding Sources for PAMP Phase 2

The Municipality is currently evaluating and actively pursuing a variety of funding sources for Phase 2. The Municipality has developed a Comprehensive Plan of Finance (the "Plan") regarding funding sources for PAMP. The Plan is subject to further amendment as the PAMP projects proceed. Potential funding sources could include voter approved state general obligation bonds, Transportation Infrastructure Finance and Innovation Act (TIFIA) loans from the Federal Government, Federal Grants, State of Alaska Grants, Public Private Partnerships, Alaska Industrial Development and Export Authority (AIDEA) and Alaska Housing Finance Commission (AHFC) participation, MARAD litigation settlement proceeds (See "LITIGATION AND CLAIMS—MARAD Litigation") and the establishment of a Port Authority. The Municipality anticipates that costs of Phase 2, 3 and 4 not paid from alternative funding sources will be financed with Future Parity Bonds or with the Subordinate Lien Port Revenue Notes or other interim financing to be refunded with Future Parity Bonds. In the event that any of such sources are unavailable for any reason, including reduction in the amount or delays in the receipt of federal and State grants available to the Municipality for the Port, the inability to extend, obtain or to draw on the Credit Facility, or for any other reason, the completion of Phase 2 could be substantially delayed and/or financing costs could be higher than projected. There can be no assurances that such circumstances will not materially adversely affect the financial condition or operations of the Port.

Funding Sources for PAMP Phases 3 Through 5

The Port's tariffs directly affect the prices of a number of critical commodities coming into Alaska. On June 19, 2019, the Commission adopted Resolution #19-02 resolving that the Commission will not impose upon the Port's users any PAMP-related terminal tariff adjustments that are proven to cause significant harm to those businesses that rely upon the Don Young Port of Alaska for their livelihood. See "SECURITY FOR THE BONDS—Flow of Funds and Rate Covenant—*Rate Covenant*." The Municipality is currently evaluating and actively pursuing a variety of funding sources for Phases 3 through 5 to supplement Parity Bonds as a funding source. The inability to obtain additional significant financing resources for PAMP Phases 3 through 5 could impact Phases 3 through 5 of PAMP, including downsizing, redesign or other measures. The Municipality cannot determine at this time whether and to what extent any alternative funding sources will be available for Phases 3 through 5 or the potential impact on PAMP if substantial alternative funding sources do not become available. There can be no assurances that such circumstances will not materially adversely affect the financial condition or operations of the Port.

Other PAMP Considerations

Marine Mammal Requirements Impact on the PAMP

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

verify compliance during construction. Labor cost to comply with the permit requirements for qualified marine mammal observers is a significant expense during construction. The most significant expense is construction contractor standby time when the permit requirements force a shutdown during an occurrence of marine mammals within the stipulated regulatory permits.

DON YOUNG PORT OF ALASKA FINANCIAL INFORMATION

Description of Major Port Revenues

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

Dockage

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

Wharfage - Liquid Bulk

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

Wharfage - General Cargo

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

Security Fees

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

Industrial Park Lease

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

Commercial Passenger Vessel Tax (Cruise Ship Tax)

The State imposes an excise tax on travel on commercial passenger vessels (CPVs), typically cruise ships that have 250 or more berths and provide overnight accommodations in the State’s marine waters. Passengers traveling on qualified commercial passengers are liable for the tax. The commercial passenger vessel excise tax rate is \$34.50 per passenger, per voyage. Cruise ship companies and commercial passenger vessel owners file returns and

pay taxes monthly. The due date is the last day of the month following the month in which the voyages ended. The State's Department of Revenue's Tax Division deposits all proceeds from the CPV excise tax into the commercial Vessel Passenger (CVP) tax account in the General Fund. Subject to appropriation by the State Legislature from the account, the Division distributes \$5 per passenger to each of the first seven ports of call in Alaska. The tax is further reduced by any municipal taxes imposed on each passenger that were in effect prior to December 17, 2007. This program suffered the effects of the COVID-19 pandemic when all cruise ships traffic to Alaska was cancelled in 2020 and 2021. During that time, the State of Alaska provided funds to the Port through the COVID relief funds to provide a supplemental funding instrument to cover the effects of the reduced tax funds. As of 2023, cruise ships have returned to the Don Young Port of Alaska, and continuing to increase each year toward pre-pandemic levels of ten ships annually.

Preferential Use Agreements

The Municipality has reserved the right under Tariff 10.0 to negotiate preferential user rates and terms providing for a reduced charge for dockage, wharfage, and real estate with requesting users who agree to provide profitable long-term business arrangements with the Port. The Municipality has preferential use agreements (each a "PUA") with Matson and TOTE. Both the Matson and TOTE PUAs provide for monthly dockage and wharfage payments subject to escalation. Neither the Matson nor the TOTE PUA contains guaranteed annual minimum payments. The Matson PUA was signed on January 1, 2021 for a five year term and provides for two five year extensions on mutually agreeable terms. The TOTE PUA was signed on January 1, 2022 and provides for two five year extensions on mutually agreeable terms.

Description of Major Port Expenses

Non-Labor

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

Legal Services

This category is representative of legal expenses and expert witness fees incurred in connection with two broad categories. The majority of these expenses relate to ongoing litigation against the United States Maritime Administration, a division of the United States Department of Transportation. The lawsuit, commenced in 2013, seeks to recover damages incurred by the Port due to the Maritime Administration's mismanagement of a port expansion project that was terminated in 2012. Trial was held in February 2021, and after which legal service fees have been substantially reduced. A final judgement was entered on February 24, 2021, awarding the Municipality the sum of \$367,466,809. The judgement was timely appealed to the United State Court of Appeals for the Federal Circuit on April 24, 2022, and is pending. (See "LITIGATION AND CLAIMS—MARAD Litigation"). The second category of legal expense relates to legal services relating to the Port's Foreign Trade Zone 160 annual report filing and general expertise and advice relating to operating agreements.

MESA & Dividend Payments

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

Tariffs

Pursuant to Anchorage Municipal Code 11.50.030(B), the Commission regulates the operation of terminal and transportation facilities at the Port by promulgating a terminal tariff containing rates, charges, rules and regulations applicable at the Port and subject to the approval of the Assembly and the Federal Maritime Commission. Dock revenue rates for the Port are established in the Port's Terminal Tariff No. 10.0 and through contractual Preferential Usage Agreements. Changes to the tariff require approval by the Commission and are subject to final approval by the Assembly.

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

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

Tariff Setting Methodology

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

TABLE 4A
APPROVED TARIFF 9.0 RATE INCREASES

User	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petroleum ⁽¹⁾	23.81%	24.24%	12.95%	12.95%	3.01%	3.01%	3.01%	3.01%	-	-
Cement ⁽²⁾	23.81%	24.24%	12.95%	12.95%	3.01%	3.01%	3.01%	3.01%	-	-
Other ⁽²⁾	3.50%	3.93%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	-	-

Source: Don Young Port of Alaska

(1) Petroleum user rates are per barrel.

(2) Cargo and cement user rates are per ton.

Surcharge Setting Methodology

In 2023, the current Tariff 10.0 was developed and approved by the Port Commission and the Anchorage Assembly. The notable change to Tariff 10.0 was the addition of "Section 2/Item 272, Port of Alaska Modernization Program" assessing a surcharge fee in order to provide for required revenue to meet debt service and debt service coverage ratios for Port revenue bonds issued to finance the PAMP. This was approved by the Anchorage Assembly in AO 2023-34 on July 25, 2023, and implemented January 1, 2024. The entire Tariff 10.0 document (including individual rates) can be found at this link, which reference is not a hyperlink and, by this reference, the website is not incorporated into this Official Statement: https://www.portofalaska.com/wp-content/uploads/POA_Terminal_Tariff_10.0_AO_2023-34-S.pdf.

TABLE 4B
APPROVED SURCHARGE IN TARIFF 10.0, ITEM 272

User	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petroleum ⁽¹⁾	NA	NA	NA	NA	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02
Cement ⁽²⁾	NA	NA	NA	NA	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12
Cargo ⁽²⁾	NA	NA	NA	NA	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59

Source: Don Young Port of Alaska

(1) Petroleum user rates are per barrel.

(2) Cargo and cement user rates are per ton.

On November 6, 2024, the Anchorage Assembly passed Assembly Ordinance No. 2024-98(S) adopting Tariff 10.1 to be effective January 1, 2025. The only change in Tariff 10.1 was the modification of “Section 2/Item 272, Port of Alaska Modernization Program” changing the surcharge fee in order to provide for the additional required revenue to meet debt service and debt service coverage ratios for Bonds.

TABLE 4 C
APPROVED SURCHARGE IN TARIFF 10.1, ITEM 272

User	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petroleum ⁽¹⁾	NA	NA	NA	NA	\$0.02	\$0.11	\$0.19	\$0.19	\$0.19	\$0.19
Cement ⁽²⁾	NA	NA	NA	NA	\$0.12	\$0.46	\$0.79	\$0.79	\$0.79	\$0.79
Cargo ⁽²⁾	NA	NA	NA	NA	\$0.59	\$4.80	\$8.29	\$8.29	\$8.29	\$8.29

Source: Don Young Port of Alaska

(1) Petroleum user rates are per barrel.

(2) Cargo and cement user rates are per ton.

Port's Top Customers and Revenue History

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

TABLE 5
PORT HISTORICAL REVENUES FROM TOP TEN CUSTOMERS⁽¹⁾

Customer Name	Revenues					
	2019	2020	2021	2022	2023	First Nine Months 2024
Matson Navigation Co. of AK LLC	\$4,145,159	\$4,341,741	\$4,310,462	\$4,911,933	\$4,794,155	\$4,772,636
TOTE Maritime Alaska, Inc.	4,163,209	4,241,090	4,222,618	4,302,049	4,489,700	4,420,666
Tesoro Alaska Companies Inc.	2,338,936	2,376,820	2,433,227	2,430,884	2,657,284	1,509,654
Alaska Maritime Agencies	618,917	1,343,109	1,948,779	2,272,479	2,264,972	1,355,503
Petro Star, Inc.	980,349	1,215,060	1,546,637	1,954,751	2,193,384	1,360,496
Anchorage Fueling & Service Co./ASIG	581,628	581,100	593,795	736,648	773,412	682,205
Anchorage Sand & Gravel/ABI	698,411	560,139	504,888	636,146	1,020,789	580,355
North American Fuel Corporation	-	-	-	-	405,919	516,452
Crowley Government Services	238,307	243,441	278,493	289,090	219,401	169,273
Holland America Line ⁽²⁾	182,713	-	-	17,283	34,817	87,725

Source: Don Young Port of Alaska

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

(2) No revenue earned from Holland America due to COVID-19 in 2020 and 2021.

Financial Operations

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

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TABLE 6
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PORT FUND

	2018	2019	2020	2021	2022
Operating Revenues					
Charges for sales and services:					
Dockage	\$ 1,242,374	\$ 1,370,085	\$ 1,270,139	\$ 1,273,487	\$ 1,257,729
Wharfage, dry bulk	169,575	141,102	210,837	225,369	341,728
Wharfage, liquid bulk	1,805,785	1,764,856	2,961,881	3,956,808	4,505,188
Wharfage, general cargo	3,544,751	3,780,750	3,932,954	3,703,672	3,945,833
Storage revenue	219,392	234,381	272,130	259,675	273,419
Office rental	96,994	108,660	104,886	51,307	28,923
Utilities	46,767	41,688	27,705	21,247	36,838
Miscellaneous	303,519	438,726	118,894	181,297	240,459
Other operating revenues:					
Crane rentals	120,960	113,061	124,502	141,913	130,822
Industrial park lease rentals	4,472,735	4,440,847	4,442,927	4,509,536	3,392,339
POL value yard fees	302,861	281,832	328,210	403,063	464,803
Total Operating Revenues	<u>\$ 12,325,712</u>	<u>\$ 12,715,987</u>	<u>\$ 13,795,065</u>	<u>\$ 14,727,374</u>	<u>\$ 14,618,081</u>
Operating Expenses					
Operations:					
Personnel services	\$ 2,703,250	\$ 2,565,643	\$ 2,673,287	\$ 2,774,789	\$ 2,721,640
PERS On-behalf and Pension Expenses	655,303	(748,004)	(241,788)	(340,386)	(679,126)
Supplies	196,237	142,924	133,150	152,501	202,353
Other services and charges	5,940,591	5,326,655	5,098,797	6,507,748	4,791,463
Charges from other departments	1,493,978	985,148	1,113,852	1,198,886	1,215,444
Depreciation	7,087,791	7,126,617	7,445,147	7,231,394	7,083,726
Total Operating Expenses	<u>\$ 18,077,150</u>	<u>\$ 15,398,983</u>	<u>\$ 16,222,445</u>	<u>\$ 17,524,932</u>	<u>\$ 15,335,500</u>
Operating loss	\$ (5,751,437)	\$ (2,682,996)	\$ (2,427,380)	\$ (2,797,558)	\$ (717,419)
Non-Operating Revenues (Expenses)					
Intergovernmental revenues - PERS on-behalf	\$ 51,096	\$ (35,424)	\$ 66,618	\$ (46,562)	\$ (27,621)
Legal Settlements	-	-	-	-	-
Investment income-short term investments	312,700	1,394,024	458,510	7,652	(279,805)
Security fees	1,478,313	1,496,703	1,494,782	1,502,007	1,544,552
Right-of-way fees	202,056	192,445	186,668	208,749	212,290
Interest income on leases	-	-	-	-	2,606,814
Interest expense on leases	-	-	-	-	(9,601)
Interest on long-term obligations	(1,152,083)	(1,290,712)	(791,410)	(2,123,958)	(2,958,989)
Long-term debt issuance expense	-	-	(1,248,466)	(209,333)	(7,500)
Security contract	(1,583,326)	(1,787,942)	(1,773,674)	(1,686,747)	(1,710,822)
Loss on disposal/Sale of capital assets	781,831	252,439	5,775	-	19,431
Total Non-Operating Revenues (Expenses)	<u>\$ 90,586</u>	<u>\$ 221,533</u>	<u>\$ (1,601,197)</u>	<u>\$ (2,348,192)</u>	<u>\$ (611,251)</u>
Income/(Loss) before capital contributions & transfers	\$ (5,660,851)	\$ (2,461,463)	\$ (4,028,577)	\$ (5,145,750)	\$ (1,328,670)
Contributions and Transfers					
Capital contributions ⁽¹⁾	\$ 18,650,417	\$ 45,651,079	\$ 48,889,068	\$ 25,616,270	\$ 6,520,399
Transfers to other funds:					
Municipal enterprise service assessment	(1,434,021)	(1,471,199)	(1,281,973)	(1,355,911)	(1,390,551)
Dividend	(584,894)	(616,286)	(635,799)	(689,753)	(736,369)
Other transfers to other funds	(1,015,000)	(100,000)	-	-	-
Total contributions and transfers	<u>\$ 15,616,502</u>	<u>\$ 43,463,594</u>	<u>\$ 46,971,296</u>	<u>\$ 23,570,606</u>	<u>\$ 4,393,479</u>
Change in Net Position	\$ 9,955,651	\$ 41,002,131	\$ 42,942,719	\$ 18,424,856	\$ 3,064,809
Net Position, beginning	<u>\$167,173,176</u>	<u>\$177,128,827</u>	<u>\$218,130,959</u>	<u>\$261,073,678</u>	<u>\$279,498,534</u>
Net Position, ending	<u>\$177,128,827</u>	<u>\$218,130,959</u>	<u>\$261,073,678</u>	<u>\$279,498,534</u>	<u>\$282,563,343</u>

Source: Don Young Port of Alaska Audited Financial Statements

(1) Capital contributions are reimbursable state grants from the State of Alaska and the Federal Maritime Administration.

Budget

The following table is the comparative 2024 budget to year to date actual amounts.

TABLE 7
DON YOUNG PORT OF ALASKA
BUDGET TO YTD ACTUAL COMPARISON - UNAUDITED
(AS OF 9/30/2024)

Revenues	2024 Budget	2024 YTD Actuals (9/30/2024)	Target % 75%	2023 YTD Actuals (9/30/2023)
Cruise Ship Head Tax (2023 Season)	-	\$ 18,870	0%	-
Reimbursed Cost	\$ 20,000	55,226	276	\$ 14,839
Dockage	1,610,413	1,319,581	82	1,154,636
Wharfage, Bulk Dry	128,252	223,893	175	437,021
Wharfage, Bulk Liquid	3,219,102	2,827,874	88	3,900,736
Wharfage, General Cargo	6,041,021	4,264,389	71	3,432,651
Miscellaneous	233,025	120,239	52	107,022
Office Rental	40,000	17,817	45	24,628
Utilities, Water	44,704	17,220	39	19,081
Crane Rental	56,500	107,043	189	92,706
Pipe ROW Fee	173,000	153,575	89	146,861
POL Value Yard Fee	291,696	318,143	109	276,149
Security Fees	1,477,975	1,169,328	79	1,026,465
Industrial Park Lease	4,273,135	3,697,619	87	3,689,759
Ind Park Rental/Storage	697,781	191,480	27	197,470
Gains & Losses on Investments	100,000	(10,213)	(10)	80,761
Cash Pools Short-Term Int	627,000	-	0	33,210
MOA Property Sales	-	335,400	0	21,775
Total Operating/Non-Operating Revenue:	\$ 19,033,604	\$ 14,827,484	128%	\$ 14,655,770
Expenses				
Personnel Services	\$ 3,029,557	\$ 2,025,043	67%	\$ 1,968,867
Non-Labor	4,540,877	2,871,990	63	3,027,468
Total Operating Expenses:	\$ 7,570,434	\$ 4,897,034	65%	\$ 4,996,335
Legal Services - General (PIEP Litigation)	\$ 375,000	\$ 186,782	50%	\$ 521,303
MESA & Dividend payments	2,155,355	1,853,268	86	1,607,825
Debt Service	4,681,012	2,265,443	48	2,240,016
Depreciation and Amortization	13,837,791	10,378,343	75	10,378,343
Total Non-Operating Expenses:	\$ 21,049,158	\$ 14,683,837	70%	\$ 14,747,487
Charges from Depts (IGC)	\$ 1,423,321	\$ 1,067,491	75%	\$ 1,056,377
Total Expenses:	\$ 30,042,913	\$ 20,648,361	69%	\$ 20,800,199
Net Income:		\$(5,820,877)		\$(6,144,429)
Depreciation - Non Cash Item Add back:		10,378,343		10,378,343
Available Cash Flow @ 9/30/2024		<u>\$ 4,557,466</u>		<u>\$ 4,233,914</u>

Forecast of Port Revenues and Expenses

The following table sets forth forecasts of capital funding, revenue, expenses and debt service coverage of the Port prepared by the staff of the Port as of November 12, 2024. Neither the independent auditors of the

Municipality nor the consulting engineers of the Port have compiled, evaluated, reviewed or examined these forecasts or rendered an opinion or other form of assurance regarding the forecasts.

In 2019, the Port engaged the firm Parrish, Blessing & Associates, Inc. (the “Economic Consultant”) to prepare a 10 year revenue requirement study (“Revenue Requirement Study”) to determine the annual rate revenue needs to fund capital financing, operating and maintenance costs, fiscal policy achievement and other financial obligations of the Port over the study period. The methodology used was based on projected tonnage levels.

The Port assumed tonnage levels would grow or decline as a direct result of the population of Alaska. The information used for population projections is found in the following link, which reference is not a hyperlink and, by this reference, the website is not incorporated into this Official Statement, <https://live.laborstats.alaska.gov/pop/projections/pub/popproj.pdf>. Maintenance and operations expenses shown have a baseline of Fiscal Year 2020 adopted Port budget. Expenses are based on maintenance of current condition assessment of all Port infrastructure and continuing to provide services at today’s level of operation. No allowance for future found conditions have been made.

In 2023, the Port and the Municipality staff worked directly with Masterson Advisors to recommend an update to Tariff 9.0, identified as Tariff 10.0. This update was done solely to incorporate a new section to the tariff document, Tariff 10.0, Section 2/Item 272 – Port of Alaska Modernization Program (PAMP). This section provided the mechanism to levy a surcharge fee based on tonnage for Cement and Cargo, and a surcharge fee per barrel for Petroleum commodities crossing the Port docks directly. This surcharge is calculated to support revenue required for debt service payments and debt covenants related to the PAMP borrowings.

In 2024, the Port and the Municipality staff worked directly with Masterson Advisors to update Tariff 10.0 to Tariff 10.1 with the only change being in Section 2/Item 272 to accommodate new rates required to ensure debt service payments and debt covenants will be maintained for the current borrowings being requested.

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

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TABLE 8
FORECAST OF REVENUES, EXPENSES AND DEBT SERVICE COVERAGE; CAPITAL FUNDING;
AND FUND BALANCES
DON YOUNG PORT OF ALASKA

Table 8-A⁽¹⁾	2023	2024	2025	2026	2027	2028	2029
Net Revenues and Debt Service Coverage							
Revenues:							
Non-Rate Revenue ⁽²⁾	\$ 3,656,604	\$ 3,693,170	\$ 3,730,102	\$ 3,767,403	\$ 3,805,077	\$ 3,843,128	\$ 3,881,559
Rate Revenue—Lease Rentals ⁽³⁾	3,680,482	3,717,287	3,754,460	3,792,004	3,829,924	3,868,224	3,906,906
Rate Revenue—Non surcharge ⁽³⁾	10,757,380	11,080,102	11,412,505	11,754,880	12,107,526	12,470,752	12,844,874
Rate Revenue—Tariff Surcharge ⁽³⁾	-	1,274,738	9,842,000	16,997,000	38,731,335	38,737,305	61,187,958
Total Revenues	\$18,094,466	\$ 19,765,296	\$ 28,739,066	\$ 36,311,287	\$ 58,473,862	\$ 58,919,408	\$ 81,821,297
Expenses:							
Cash Operating Expenses ⁽⁴⁾	\$10,854,747	\$ 10,990,431	\$ 11,127,812	\$ 11,266,909	\$ 11,407,746	\$ 11,550,343	\$ 11,694,722
Total Expenses	\$10,854,747	\$ 10,990,431	\$ 11,127,812	\$ 11,266,909	\$ 11,407,746	\$ 11,550,343	\$ 11,694,722
Net Revenues	\$ 7,239,719	\$ 8,744,865	\$ 17,611,254	\$ 25,044,377	\$ 47,066,117	\$ 47,369,065	\$ 70,126,575
Series 2020A Debt Service	\$ 944,250	\$ 944,250	\$ 944,250	\$ 944,250	\$ 944,250	\$ 944,250	\$ 944,250
Series 2020B Debt Service ⁽⁵⁾	2,051,361	1,853,703	1,691,705	2,701,403	3,137,581	3,123,079	3,123,079
Series 2024A Debt Service	-	-	5,705,296	10,574,488	10,572,813	10,571,600	10,570,575
Series 2026A Debt Service ⁽⁶⁾	-	-	-	-	16,811,391	16,817,688	16,814,438
Series 2028A Debt Service ⁽⁶⁾	-	-	-	-	-	-	13,876,946
Total Debt Service	\$ 2,995,611	\$ 2,797,953	\$ 8,341,250	\$ 14,220,140	\$ 31,466,034	\$ 31,456,617	\$ 45,329,288
Debt Service Coverage	2.42	3.14	2.11	1.76	1.50	1.51	1.55

Table 8-B⁽¹⁾	2023	2024	2025	2026	2027	2028	2029
Capital Funding							
Sources ⁽⁷⁾ :							
Beginning Capital Fund Balance	-	-	\$116,855,306	\$ 81,673,709	\$143,848,913	\$ 28,107,703	\$219,427,016
Reimbursement Amounts from 2022 PIDP Grants	-	-	40,000,000	-	-	-	-
Future PIDP Grants ⁽⁸⁾	-	-	50,000,000	-	25,000,000	-	25,000,000
Reimbursement Amounts from 2022 State Grant	\$83,600,000	\$ 16,400,000	-	-	-	-	-
Reimbursement Amounts from 2022 State Matching Grant	-	-	100,000,000	-	-	-	-
Future State Grants ⁽⁹⁾	-	-	-	20,000,000	-	20,000,000	-
Revenue Bonds ⁽⁶⁾	-	140,000,000	-	275,000,000	-	226,888,000	-
Total Sources	\$83,600,000	\$156,400,000	\$306,855,306	\$376,673,709	\$168,848,913	\$274,995,703	\$244,427,016
Uses:							
Total Capital Expenditures	\$83,600,000	\$ 39,544,694	\$225,181,597	\$232,824,796	\$140,741,209	\$ 55,568,687	\$168,682,746
Total Ending Capital Fund Balance	-	\$116,855,306	\$ 81,673,709	\$143,848,913	\$ 28,107,703	\$219,427,016	\$ 75,744,270

Source: Don Young Port of Alaska

- (1) The terminology in this Table 8 may differ from financial terms and defined terms in the other portions of this Official Statement, e.g., adjustments for reimbursable expenditures.
- (2) Non-Rate Revenues consist of inter-government revenues and interest on cash funds. Growth in non-rate revenues is based on 1% increases per year.
- (3) Changes in Rate Revenues are a function of approved price changes and underlying growth in customer demand. Growth in rate revenues is based on 1% increase per year for lease rentals and 3% increase per year for non-surcharge rate revenues. Rate Revenues – Tariff Surcharge account for future surcharge increases with future debt issuances.
- (4) Changes in Cash Operating Expenses are based on 1.25% increase per year.
- (5) Debt Service supported by general port revenues. Not included in tariff surcharge coverage calculation.
- (6) Preliminary, subject to change.
- (7) In addition to the source of funds outlined in Table 8-B, the Port also has a line of credit at \$40 million available.
- (8) Reasonable expectation that PIDP will provide an additional \$25 million in Grant Reimbursement starting in 2025 and then every other year.
- (9) Reasonable expectation that the State will provide \$20 million in funding starting in 2026 and then every other year.

Outstanding Port Debt

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

As of the date of closing, the Municipality has \$18,885,000 aggregate principal amount of its 2020 Port Revenue Bonds, Series A (AMT) and \$44,970,000 aggregate principal amount of its 2020 Port Revenue Bonds, Series B (Taxable) outstanding (the “Outstanding Parity Bonds”).

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DEBT SERVICE SCHEDULE

Annual Debt Service Schedule

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

TABLE 9
PORT REVENUE BOND DEBT SERVICE
DON YOUNG PORT OF ALASKA

Fiscal Year (12/31)	<u>Outstanding 2020 Parity Bonds⁽¹⁾</u>		<u>2024 Bonds</u>		Total Debt Service ⁽²⁾
	Principal	Interest ⁽²⁾	Principal	Interest ⁽²⁾	
2025	\$ 370,000	\$ 2,265,955	-	\$ 5,705,296	\$ 8,341,251
2026	1,385,000	2,260,653	\$ 1,445,000	9,129,488	14,220,141
2027	1,845,000	2,236,831	1,525,000	9,047,812	14,654,643
2028	1,865,000	2,202,329	1,610,000	8,961,600	14,638,929
2029	1,905,000	2,163,183	1,700,000	8,870,575	14,638,758
2030	1,945,000	2,121,292	1,800,000	8,774,325	14,640,617
2031	1,990,000	2,076,576	1,900,000	8,672,575	14,639,151
2032	2,040,000	2,027,841	2,010,000	8,565,050	14,642,891
2033	2,095,000	1,974,822	2,120,000	8,451,475	14,641,297
2034	2,150,000	1,917,230	2,240,000	8,331,575	14,638,805
2035	2,210,000	1,855,976	2,370,000	8,204,800	14,640,776
2036	2,280,000	1,790,804	2,500,000	8,070,875	14,641,679
2037	2,345,000	1,721,286	2,645,000	7,929,388	14,640,674
2038	2,420,000	1,647,442	2,795,000	7,779,787	14,642,229
2039	2,500,000	1,568,817	2,950,000	7,621,800	14,640,617
2040	2,585,000	1,485,092	3,120,000	7,454,875	14,644,967
2041	2,670,000	1,397,460	3,295,000	7,278,463	14,640,923
2042	2,765,000	1,305,879	3,480,000	7,092,150	14,643,029
2043	2,860,000	1,210,210	3,680,000	6,895,250	14,645,460
2044	2,960,000	1,110,682	3,885,000	6,687,212	14,642,894
2045	3,060,000	1,007,082	4,105,000	6,467,488	14,639,570
2046	3,185,000	880,500	4,330,000	6,240,937	14,636,437
2047	3,345,000	721,250	4,565,000	6,007,444	14,638,694
2048	3,515,000	554,000	4,810,000	5,761,350	14,640,350
2049	3,690,000	378,250	5,070,000	5,502,000	14,640,250
2050	3,875,000	193,750	5,345,000	5,228,606	14,642,356
2051	-	-	5,605,000	4,969,194	10,574,194
2052	-	-	5,845,000	4,725,881	10,570,881
2053	-	-	6,100,000	4,472,050	10,572,050
2054	-	-	6,365,000	4,207,169	10,572,169
2055	-	-	6,640,000	3,930,812	10,570,812
2056	-	-	6,940,000	3,633,563	10,573,563
2057	-	-	7,260,000	3,314,062	10,574,062
2058	-	-	7,595,000	2,979,825	10,574,825
2059	-	-	7,940,000	2,630,288	10,570,288
2060	-	-	8,310,000	2,264,662	10,574,662
2061	-	-	8,685,000	1,887,703	10,572,703
2062	-	-	9,075,000	1,499,203	10,574,203
2063	-	-	9,480,000	1,093,312	10,573,312
2064	-	-	9,905,000	669,266	10,574,266
2065	-	-	10,345,000	226,297	10,571,297
Total:	\$ 63,855,000	\$ 40,075,190	\$ 191,385,000	\$ 237,235,483	\$ 532,550,675

(1) Debt as of date of closing.

(2) Total may not add due to rounding.

LITIGATION AND CLAIMS

MARAD Litigation

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

Investigative reports concluded the project design was flawed and significant aspects of the work were constructed incorrectly. In March 2013, the Port filed suit to recover damages. In 2016, the Municipality reached an agreement to fully and finally settle, release and resolve any and all claims, liabilities and damages of the Municipality relative to work performed by MKB Constructors, Quality Asphalt Paving and Terracon Consultants for \$5.5 million, \$5.15 million and \$1.95 million, respectively. In total, these settlements amount to \$12.6 million recorded in 2016 as legal settlements shown on the Port’s statements of revenues, expenses, and changes in net position as non-operating revenue. As required under two of the settlement agreements, the Port restricted \$1.95 million of the \$12.6 million contribution to a Port litigation escrow account recorded in 2018 and 2017 as restricted assets “legal settlement set-aside”, under the restricted assets section of the Port’s statements of net position. The remaining defendants executed settlement agreements as follows: Integrated Concepts and Research Corporation (“ICRC”) for \$3.75 million, PND Engineers Inc. for \$750,000, GeoEngineers for \$750,000 and CH2M Hill for \$1.5 million each recorded in 2017. An order for dismissal in the United States District Court for the District of Alaska was signed on February 22, 2017 closing the case filed in the State of Alaska. A separate action in the United States Court of Federal Claims against MARAD is ongoing (the “MARAD Litigation”). This case in federal court remains active. A final judgement was entered on February 24, 2021, awarding the Municipality of Anchorage the sum of \$367,466,809. The judgement was timely appealed to the United State Court of Appeals for the Federal Circuit on April 24, 2022, and is pending. No claims were asserted against the Municipality in either action.

General

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

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

CERTAIN INVESTMENT CONSIDERATIONS

Prospective purchasers of the Bonds should consider the matters set forth below as well as other information contained in this Official Statement in evaluating an investment in the Bonds. This section is provided for convenience and does not purport to be a comprehensive list or description of all potential risks which, if realized, could adversely affect the payment or the value of the Bonds. The order of presentation of these factors below is not intended to create any implication as to the relative importance of any one risk factor over another. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Bonds or adversely affect the ability of the Municipality to make timely payments of principal of or interest on the Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Current Port Condition

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

PAMP - Construction Risk

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

Factors Affecting Gross Revenues Generally

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

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

Marine terminal services and facilities at the Port are priced through leases, and preferential, management and user agreements with water carriers and other Port users. These arrangements may provide for economic discounts from established tariffs in exchange for term commitments and/or minimum payment guarantees. A substantial majority of the Port's Gross Revenues are generated by such agreements. The Commission can generally increase its Gross Revenues under those agreements either by increasing its tariff rates or through increases in shipping line volume. However, there are contractual, regulatory, practical, procedural and competitive limitations on the extent to which the Commission can increase tariffs. See "PORT OF ALASKA FINANCIAL INFORMATION—Description of Major Port Revenues; Preferential Use Agreements" and "—Funding Sources for PAMP Phases 2 through 5."

Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of the Port could have a detrimental impact on the operation of the Port by making the cost of operating at the Port unattractive to shipping lines and others in comparison to other locations, or by reducing the operating efficiency of the Port. No assurance can be given that shippers, particularly fuel shippers, will not seek alternate arrangements to transport their products if tariffs are increased.

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

Concentration Risk

The loss of a major Port user could adversely affect the Port's financial condition, particularly if not replaced promptly by a new user. The top two Port sources of revenue (Matson and TOTE) accounted for approximately 52% of the Port's operating revenue in Fiscal Year 2023. See TABLE 5—PORT HISTORICAL REVENUES FROM TOP TEN CUSTOMERS. It is likely that the Port would experience a significant reduction in revenues, possibly for a significant period, if one of its major users were to leave the Port and not be replaced.

Stakeholder Input on PAMP

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

Competition; Port Authority

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

Other PAMP Considerations

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

Port Management and Operation

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

Potential Labor Activity

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

Seismic, Volcanic, Wildfires and Climate Change

The State contains many regions of seismic activity, with frequent small earthquakes and occasionally moderate and larger earthquakes. A 1964 earthquake with its epicenter in southcentral Alaska measuring 9.2 on the Richter scale was the most powerful earthquake recorded in North American history, and the second most powerful in world history, causing over 130 deaths. The magnitude 7.1 earthquake in November 2018 caused considerable damage to the Port's two petroleum terminals. The Port's terminals and in particular its corroding half-century old docks continue to be vulnerable to seismic events, and the PAMP is intended to provide the upgrades to enhance protection from interruptions in service as a result of future seismic events. Certain soil types and property located in certain areas of the State could become subject to liquefaction and could result in landslides following a major earthquake and any aftershocks. Areas of the State also could experience the effects of a tsunami following a major earthquake. The Municipality does not carry earthquake insurance on the Port and does not anticipate obtaining earthquake insurance for the Port. In addition, in the event facilities located within the Port are damaged or destroyed in an earthquake, the business operations and finances of the Port could be materially adversely affected.

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

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

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

COVID-19 and other Public Health Pandemics or Outbreaks

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

Security at the Port

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

Cybersecurity

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

Tenant/User Bankruptcy

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

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

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

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

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

is not a true lease but a disguised financing device, so that it can decline to make periodic rental payments pending the bankruptcy court's determination of that issue.

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

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

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

Municipality Bankruptcy

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

Factors Affecting Bondholder Rights and Remedies

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

Any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Trust Agreement are in many respects dependent upon judicial actions, which are in turn often subject to discretion and delay and could be both expensive and time-consuming to obtain. If the Municipality fails to comply with its covenants under the Trust Agreement or to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the Bonds.

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

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

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

Registrar

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

No Insurance for Certain Losses

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

Operating Expenses

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

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

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

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

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

Uncertainties of Projections and Assumptions; Forward Looking Statements

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

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

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

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

Secondary Market

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

Additional Port User Information

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

CONTINUING DISCLOSURE UNDERTAKING

In accordance with Section (b)(5) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”), the Municipality has agreed in the Trust Agreement to provide or cause to be provided each year to the Municipal Securities Rulemaking Board (“MSRB”), the following annual financial information and operating data for the prior fiscal year (commencing with the fiscal year ended December 31, 2023):

- Audited annual financial statements for the Port prepared in accordance with generally accepted accounting principles as prescribed by the Government Accounting Standards Board (or its successor) from time to time, generally of the type included in this Official Statement as Appendix A, “2022 Financial Statements of the Port,” including the notes thereto and the statistical data (the “Annual Disclosure Report”); and
- Updated information for the prior fiscal year of the type of information contained in the final Official Statement in the tables entitled Table 2 - “Don Young Port of Alaska Ten-Year Annual Dock Tonnage Report”; Table 3 - “Vessel Arrivals”; Tables 4A, 4B and 4C - “Approved Tariffs and Surcharges”; Table 5 - “Port Historical Revenues from Top Ten Customers”; and Table 6 - “Statement of Revenues, Expenses and Changes in Net Position - Port Fund;”
- Current budget; and
- Historical debt service coverage for the fiscal year.

The annual information and operating data described above will be available not later than nine months after the end of the fiscal year. The Municipality may adjust such date if the Municipality changes its fiscal year by providing written notice of the change of fiscal year and the new reporting date to the MSRB. In lieu of providing such annual financial information and operating data, the Municipality may cross-reference to other documents available to the public on the MSRB’s internet website.

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

The Municipality further agrees to provide or cause to be provided, in a timely manner to the MSRB notice of the occurrence of any of the following events with respect to the Bonds not in excess of ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material or events affecting the tax status of the Bonds;
7. Modifications to the rights of Bond owners, if material;
8. Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34 23856, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing the repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Municipality;
13. The consummation of a merger, consolidation, or acquisition of the Municipality or the sale of all or substantially all of the assets of the Municipality, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement to undertake any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of the trustee, if material;
15. Incurrence of a financial obligation of the Municipality, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Municipality, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Municipality, any of which reflect financial difficulties.

The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule. The Municipality has established post issuance compliance procedures that include, *inter alia*, reporting obligations with respect to its undertakings under the Rule.

Solely for purposes of information, but without intending to modify this undertaking, the Municipality advises that there is no property securing the repayment of the Bonds. The Municipality shall promptly determine whether the events in which a materiality determination is permitted per SEC Rule 15c2-12 described above are material.

The Municipality agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described above on or prior to the date set forth above.

Until otherwise designated by the MSRB or the Securities and Exchange Commission, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB’s Electronic Municipal Market Access system (“EMMA”), currently located at www.emma.msrb.org (which is not incorporated into this Official Statement by reference). All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

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

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 or Trust Agreement.

In July 2019, the Municipality became aware that the 2017 ACFR was not linked to the CUSIP numbers for the Municipality’s Certificates of Participation, 2017 Series A (Taxable) (the “COPs”). On July 2, 2019, the Municipality uploaded its 2017 ACFR to the CUSIP numbers for the COPs and filed a notice of failure to file information timely. In August 2019, the Municipality became aware that the ACFR for the School District for the fiscal year ended June 30, 2018 was not filed to the CUSIP numbers for the Municipality’s 2018 General Obligations Bonds. On August 27, 2019, the Municipality uploaded the School District ACFR for the fiscal year ended June 30,

2018 to the 2018 General Obligation Bonds CUSIP numbers and filed a notice of failure to file information timely. In December 2024, the Municipality became aware that the draft unaudited financial statements filed to EMMA for the fiscal year ended December 31, 2022, for the general obligation bonds, Anchorage Solid Waste Services bonds, and Port of Alaska bonds did not include all the required statistical and operating data. The statistical and operating data was included in the final, audited financial statements filed within 10 days of becoming available, with the exception of two tables for the Anchorage Solid Waste Services bonds. On December 6, 2024, the additional tables for the Anchorage Solid Waste Services bonds were filed to EMMA and the Municipality filed a Notice of Failure to File Information as Required.

On July 1, 2024, August 1, 2024, and September 30, 2024, the Municipality filed Notices of Failure to File Information as Required on EMMA stating that the Municipality's 2023 ACFR and the 2023 Financial Statements for CIVICVentures, Anchorage Water Utility, Anchorage Wastewater Utility, Port of Alaska and Anchorage Solid Waste Services would be available after the respective contractual requirements for such filings.

With respect to filing of listed events, the Municipality did not file certain notices of listed events relating to changes in ratings of one or more outstanding series of bonds, due to rating changes of bond insurers insuring such bonds; and the Municipality did not file certain notices of rating changes attributable to general recalibrations of ratings by certain rating agencies for certain of its outstanding bonds. The Municipality did not file information regarding amendments to four loan agreements for AWWU in a timely manner. On August 30, 2019, the Municipality filed the amendments and a notice of failure to provide event filing information as required. The Municipality did not file information regarding a property schedule under its Amended and Restated Master Lease Agreement in a timely manner. On April 30, 2021, the Municipality filed the property schedule and a notice of failure to provide event filing information as required.

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Bonds are subject to the approval of K&L Gates LLP, of Seattle, Washington, Bond Counsel to the Municipality. A copy of the form of Bond Counsel's opinions is attached as Appendix C hereto.

TAX MATTERS

General

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

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

Interest on the 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 Bonds.

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.

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

Qualified Tax-Exempt Obligations

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

RATINGS

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

COMPETITIVE SALE

The Bonds were awarded pursuant to electronic competitive bidding held via **PARITY®** on December 3, 2024 to Wells Fargo Bank, National Association (the “Underwriter”). The Bonds are being purchased for an aggregate price of \$192,802,711.05 (equal to the par amount of the Bonds, plus a net premium of \$4,919,329.40, minus Underwriter’s Discount of \$3,501,618.35).

MUNICIPAL ADVISOR

Masterson Advisors LLC (“Masterson”) is employed as Municipal Advisor to the Municipality in connection with the issuance of the Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Masterson, in its capacity as Municipal 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.

Masterson, Municipal Advisor to the Municipality, has provided the following sentence for inclusion in this Official Statement. The Municipal 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 Municipal 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/ Philippe D. Brice
Chief Fiscal Officer

APPENDIX A

FINANCIAL STATEMENTS

DON YOUNG PORT OF ALASKA

2022

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

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

Financial Statements, Required
Supplementary Information, Supplementary
Information, and Other Information
December 31, 2022

(With Independent Auditor's Report Thereon)

Municipality of Anchorage, Alaska
Port of Alaska Fund

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

Financial Statements, Required Supplementary Information,
Supplementary Information, and Other Information
December 31, 2022

(With Independent Auditor's Report Thereon)

**Municipality of Anchorage, Alaska
Port of Alaska Fund**

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**Municipality of Anchorage, Alaska
Port of Alaska Fund**

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Port of Alaska, an enterprise fund of the Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2022, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Port of Alaska, as of December 31, 2022, and changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Port of Alaska and do not purport to, and do not, present fairly the financial statements of the Municipality of Anchorage, Alaska as of December 31, 2022, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 12, the Port of Alaska adopted the provisions of Government Accounting Standards Board Statement Number 87, *Leases*. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Required Supplementary Information

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

Supplementary Information

Our audit for the year ended December 31, 2022 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port of Alaska's basic financial statements. The accompanying individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2022 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2022.



We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Port of Alaska as of and for the year ended December 31, 2021 (not presented herein) and have issued our report thereon dated August 19, 2022 which contained unmodified opinions on the respective basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements are fairly stated on all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2021.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2024 on our consideration of the Port of Alaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port of Alaska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port of Alaska's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
April 8, 2024

Management's Discussion and Analysis

Municipality of Anchorage, Alaska

Port of Alaska Fund

Management's Discussion and Analysis, December 31, 2022 and 2021

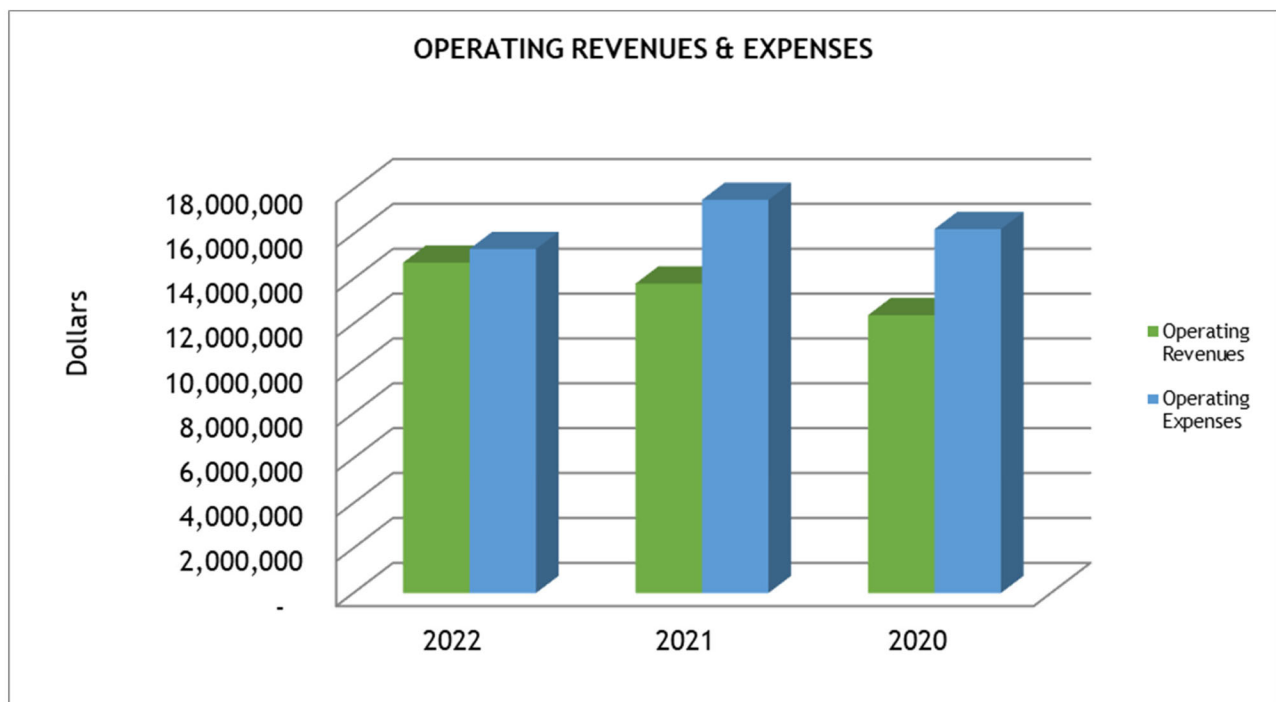
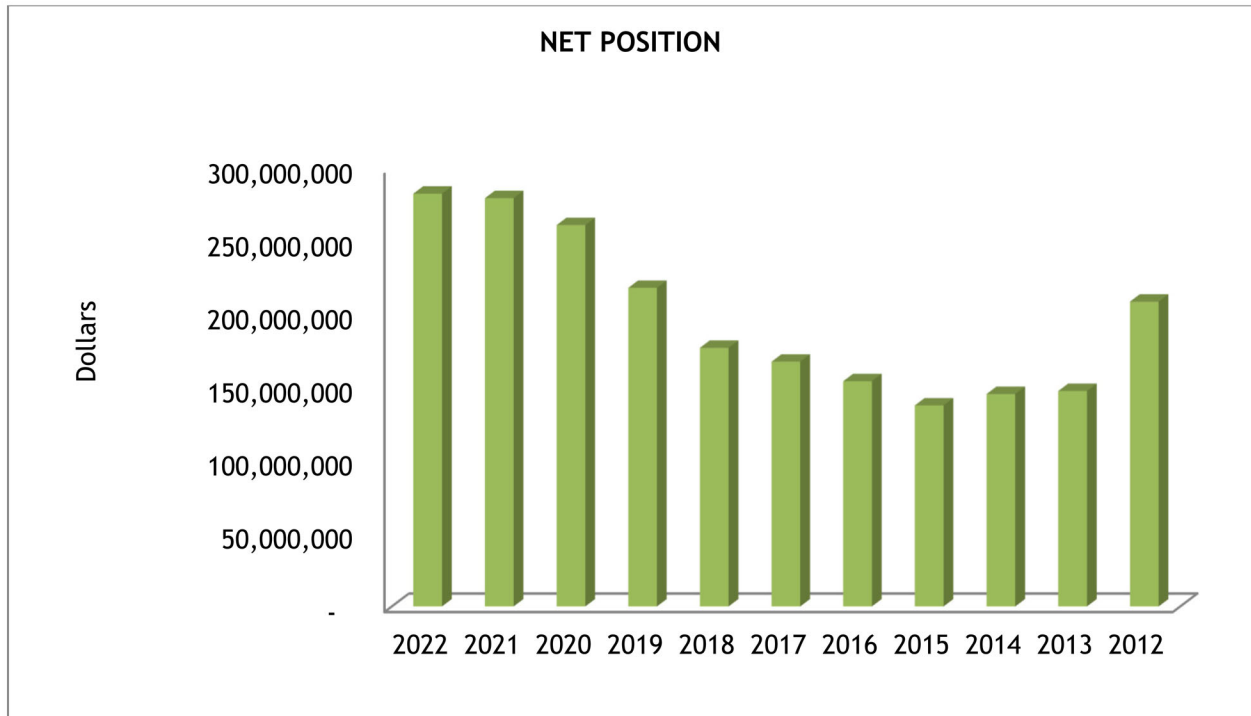
The Port of Alaska Fund (Port) is a department of the Municipality of Anchorage, Alaska (Municipality of Anchorage). A commission consisting of nine members oversees the Port's tariff issues. The Commission recommends tariff rates, fees, and charges imposed by the Port for its services to the Anchorage Assembly for approval. The following is a discussion and analysis of the Port's financial performance, providing an overview of the financial activities for the years ended December 31, 2022 and 2021. This discussion and analysis are designed to assist the reader in focusing on the significant financial issues, provide an overview of the Port's financial activities and identify changes in the Port's financial position. We encourage readers to consider the information presented here in conjunction with the Port's financial statements and accompanying notes, taken as a whole.

Financial Highlights

- Net position increased \$3,064,809 or 1.09% in 2022. The increase in net position was primarily due to capital contributions of \$6,520,399 exceeding the operating loss of \$717,419 and transfers to other funds of \$2,126,920. In 2021, net position increased \$18,424,856 or 7.06%. The increase in net position was primarily due to capital contributions of \$25,616,270 exceeding the operating loss of \$2,797,558 and transfers to other funds of \$2,045,664.
- Operating revenues decreased \$109,293 or (.74%) in 2022. This small decrease reflects an offsetting effect of an increase to dock revenue categories of \$1,007,904 and decreases in Industrial Park and Other lease Rentals of \$1,117,197 due to the implementation of GASB 87. In 2021, operating revenues increased \$932,309 or 6.76% to increases in rates approved and scheduled with Tariff 9.0 which went into effect 1/1/2020.
- Operating expenses decreased by \$2,189,432 or (12.5%) in 2022. This decrease was due to lower legal expenses of \$2,374,165 directly related to the ongoing litigation from the Port Intermodal Expansion Project lawsuit (see Note 11) and \$184,733 increase in repair and maintenance expenses. Operating expenses increased by \$1,302,487 or 8.03% in 2021. The increase is primarily due to an increase in legal services of \$655,630 which are directly related to ongoing litigation from the Port Intermodal Expansion Project lawsuit (see Note 11) and a \$315,758 increase in professional services contracts.

**Municipality of Anchorage, Alaska
Port of Alaska Fund**

**Management's Discussion and Analysis,
December 31, 2022 and 2021**



Municipality of Anchorage, Alaska Port of Alaska Fund

Management's Discussion and Analysis, December 31, 2022 and 2021

Overview of the Financial Statements

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

The Port's financial statements offer short and long-term information about activities of the Port and collectively provide an indication of the Port's financial health. The basic annual financial statements are presented on an annual basis for the year ended December 31, 2022, and include the following: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and notes to the basic financial statements. The basic financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

Statement of Net Position - This statement includes all of the Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.

Statement of Revenues, Expenses, and Changes in Net Position - This statement presents the Port's operating revenues and expenses and nonoperating revenues and expenses, and the change in net position of the Port for the year presented.

Statement of Cash Flows - This statement reports cash and cash equivalent activities for the year resulting from operating activities, noncapital financing activities, capital, and related financing activities, and investing activities. The net result of these activities added to beginning of year cash and cash equivalents reconciles to cash and cash equivalents at the end of the year. The Port presents its Statement of Cash Flows using the direct method of reporting operating cash flows.

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

Required Supplementary Information - presents certain information concerning the progress of funding the Port's obligation to provide pension and other postemployment benefits.

Financial Analysis of the Port

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

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

Municipality of Anchorage, Alaska

Port of Alaska Fund

Management's Discussion and Analysis, December 31, 2022 and 2021

Changes in the Port's net position can be determined by reviewing the following condensed Summary of Net Position as of December 31, 2022, 2021, and 2020. The analysis below focuses on the Port's net position at the end of the year (Table 1) and changes in net position (Table 2) during the year.

TABLE 1
Summary of Net Position

	2022	2021	2020
Assets and Deferred Outflows of Resources:			
Current assets	\$ 13,231,968	\$ 16,838,190	\$ 13,360,582
Noncurrent assets	438,704,690	378,730,774	327,918,586
Deferred Outflows of Resources	168,939	159,425	300,492
Total Assets and Deferred Outflows of Resources	\$ 452,105,597	\$ 395,728,389	\$ 341,579,660
Liabilities and Deferred Inflows of Resources:			
Current Liabilities	5,069,687	2,697,815	7,250,180
Noncurrent Liabilities	111,930,129	112,383,273	73,120,334
Deferred Inflows of Resources	52,542,438	1,148,767	135,468
Total Liabilities and Deferred Inflows of Resources	169,542,254	116,229,855	80,505,982
Net Position:			
Net Investment in Capital Assets	259,094,999	260,135,560	232,663,599
Restricted for Capital Construction	8,269,647	758,136	11,748,152
Restricted for Debt Service	4,986,136	5,693,135	7,967,418
Unrestricted	10,212,561	12,911,703	8,694,509
Total Net Position	282,563,343	279,498,534	261,073,678
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 452,105,597	\$ 395,728,389	\$ 341,579,660

During 2022 the Port's total assets and deferred outflows of resources increased by \$56,377,208. Noncurrent assets increased by \$59,973,916 primarily due to increases in capital assets of \$24,584,408 and lease receivables of \$53,522,567 due to implementing GASB Statement 87. There was a \$16,225,132 decrease of intergovernmental receivables. Current assets decreased by \$3,606,222 primarily due to decrease in equity in the bond and capital acquisition and construction pool. During 2021, the Port's total assets and deferred outflows of resources increased by \$54,148,729. Noncurrent assets increased by \$50,812,188 primarily due to a \$65,374,677 increase in capital assets and a \$6,810,582 increase of intergovernmental receivables, which were offset by a \$22,267,882 decrease in equity in the general cash pool. Current assets increased by \$3,477,608 primarily due to an increase in equity in the general cash pool. During 2020 the Port's total assets and deferred outflows of resources increased by \$71,117,722. Noncurrent assets increased by \$64,922,086 primarily due to a \$45,902,332 increase in capital assets and a \$27,960,514 increase in equity in the general cash pool, which offset a decrease of \$9,094,533 in intergovernmental receivables. Current assets increased by \$6,207,352 primarily due to an increase in equity in the general cash pool.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Management's Discussion and Analysis, December 31, 2022 and 2021

During 2022, the Port's current liabilities increased by \$2,371,872 primarily due to an increase of \$1,556,733 in accounts payable and capital acquisition and construction accounts payable and bonds payable due within one year by \$715,000. Total liabilities and deferred inflows of resources increased by \$53,312,399 primarily due to the implementation of GASB 87 (See page 61) in the amount of \$52,492,410 and a decrease of \$1,098,739 in inflows of resources related to pension and other post-employment benefits. During 2021 the Port's current liabilities decreased by \$4,552,365 primarily due to a \$4,143,688 decrease in capital acquisition and construction accounts and retainage payable and a decrease of \$456,323 in accounts payable. Total liabilities and deferred inflows of resources increased by \$35,723,873 primarily due to increases of \$40,000,000 in notes payable and \$1,013,299 in related pensions and other postemployment benefits, offset by decreases in net pension liability of \$550,934. During 2020 the Port's current liabilities decreased by \$843,700 primarily due to a \$1,167,097 decrease in capital acquisition and construction accounts and retainage payable exceeding an increase in accounts payable of \$182,013. Total liabilities and deferred inflows of resources increased by \$28,175,003 due to the issuance of revenue bonds and related premiums received of \$69,191,345 exceeding the decrease caused through repayment of notes payable of \$40,000,000.

Changes in the Port's net position can be determined by reviewing the following condensed Summary of Revenues, Expenses, and Changes in Net Position for the years ending December 31, 2022 and 2021 (Table 2).

During 2022, the Port's operating revenues decreased by \$109,293 or (.74%). This small decrease reflects an offsetting effect of an increase to dock revenue categories of \$1,007,904 and decreases in Industrial Park and Other Lease Rentals of \$1,117,197 due to the implementation of GASB 87.

During 2022, the Port's operating expenses decreased by \$2,189,432 or (12.5%). This decrease was due to reduced legal expenses of \$2,374,165 directly related to the ongoing litigation from the Port Intermodal Expansion Project lawsuit (see Note 11) and \$184,733 increase in repair and maintenance expenses.

Municipality of Anchorage, Alaska
Port of Alaska Fund

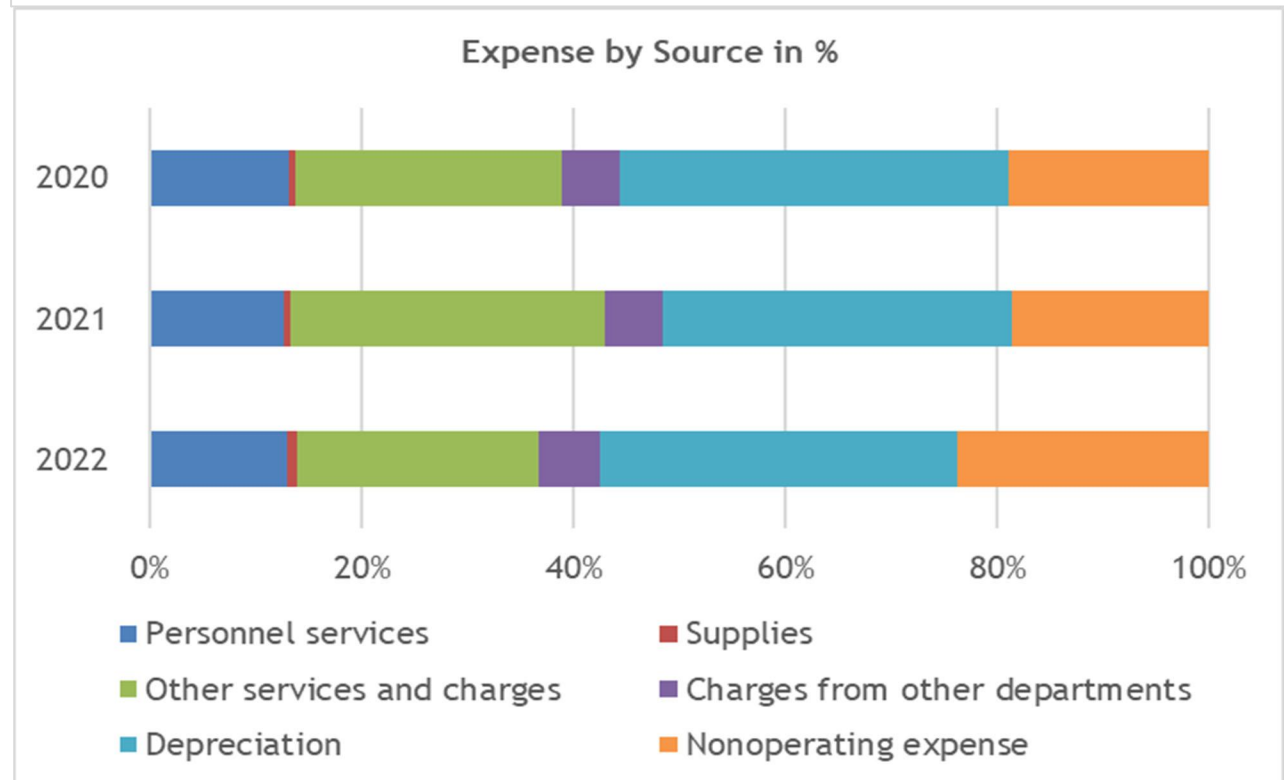
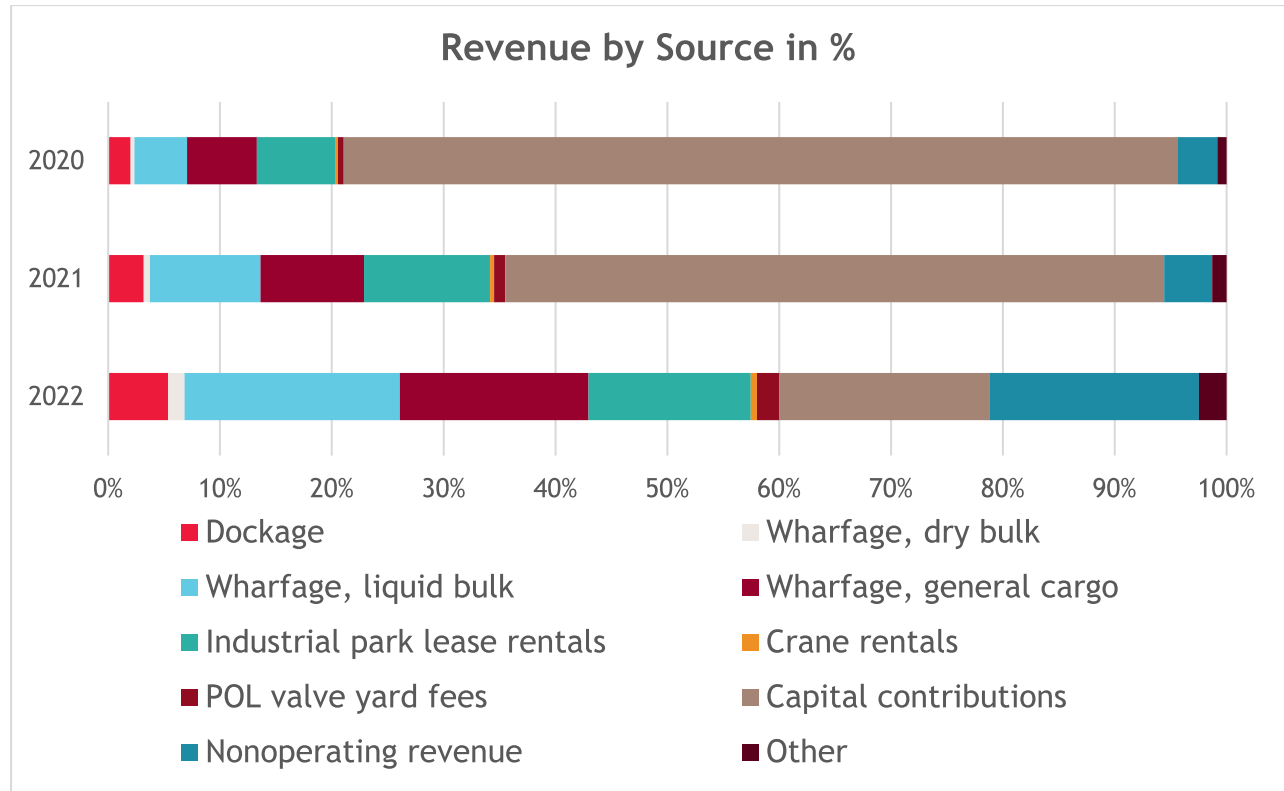
Management's Discussion and Analysis,
December 31, 2022 and 2021

TABLE 2
Statements of Revenues, Expenses, and Changes in Net Position

	2022	2021
Operating Revenues:		
Dockage	\$ 1,257,729	\$ 1,273,487
Wharfage, Dry Bulk	341,728	225,369
Wharfage, Liquid Bulk	4,505,188	3,956,808
Wharfage, General Cargo	3,945,833	3,703,672
Industrial Park and Other Lease Rentals	3,392,339	4,509,536
Crane Rentals	130,822	141,913
POL Valve Yard Fees	464,803	403,063
Other	579,639	513,526
Total Operating Revenues	<u>14,618,081</u>	<u>14,727,374</u>
Operating Expenses:		
Personnel Services	2,042,514	2,434,403
Supplies	202,353	152,501
Other Services and Charges	4,791,463	6,507,748
Charges from Other Departments	1,215,444	1,198,886
Depreciation	7,083,726	7,231,394
Total Operating Expenses	<u>15,335,500</u>	<u>17,524,932</u>
Operating Loss	(717,419)	(2,797,558)
Nonoperating Revenues (Expenses):		
Nonoperating Revenues	4,383,087	1,718,408
Nonoperating Expenses	(4,994,338)	(4,066,600)
Net Nonoperating Revenues(Expenses)	<u>(611,251)</u>	<u>(2,348,192)</u>
Loss Before Capital Contributions and Transfers	<u>(1,328,670)</u>	<u>(5,145,750)</u>
Capital Contributions and Transfers	<u>4,393,479</u>	<u>23,570,606</u>
Change in Net Position	3,064,809	18,424,856
Net Position, beginning	<u>279,498,534</u>	<u>261,073,678</u>
Net Position, ending	<u>\$ 282,563,343</u>	<u>\$ 279,498,534</u>

Municipality of Anchorage, Alaska Port of Alaska Fund

Management's Discussion and Analysis,
December 31, 2022 and 2021



Municipality of Anchorage, Alaska Port of Alaska Fund

Management's Discussion and Analysis, December 31, 2022 and 2021

Capital Assets and Debt Administration

Capital Assets

The following table summarizes the Port's capital assets, at cost, as of December 31, 2022, 2021, and 2020.

TABLE 3
Net Capital Assets

	2022	2021	2020
Land	\$ 38,439,459	\$ 38,439,459	\$ 38,439,459
Infrastructure	213,403,972	34,339,992	36,347,357
Buildings	2,217,662	2,351,351	2,485,771
Building improvements	421,730	436,629	15,791
Land improvements	92,898,660	97,434,025	101,260,529
Vehicles	181,872	283,119	384,366
Machinery and equipment	1,266,537	697,603	1,012,215
Computer hardware	47,490	35,754	45,040
Computer software	374,693	487,064	181,522
Art	21,344	21,344	21,344
Construction work in progress	22,547,514	172,710,185	101,668,454
Total Net Capital Assets	371,820,933	347,236,525	281,861,848
Increase in net capital assets	\$ 24,584,408	\$ 65,374,677	\$ 45,902,332

2022 Major additions include:

- Purchase Port Equipment - \$896,704
- Fencing - \$29,120
- Petroleum & Cement Terminal - \$177,256,069
- South Floating Dock - \$959,959
- Replace Anode Sled Number 2 and Number 4 - \$1,851,390
- Wharf Heat Trace - \$258,646

Construction work in progress decreased by \$150,162,671 in 2022 due primarily to the completion of the newly construction Petroleum and Cement Terminal. Continued progress and work done on the Port of Alaska Modernization Program (PAMP) Phase IIA- NES1 - North Extension Stabilization project is underway with a projected completion date of 2025.

Additional information on the Port's capital assets can be found in Note 5.

Municipality of Anchorage, Alaska Port of Alaska Fund

Management's Discussion and Analysis, December 31, 2022 and 2021

Revenue Bonds and Notes Payable

The following table summarizes the Port's debt as of December 31, 2022, 2021, and 2020.

TABLE 4
Net Debt

	2022	2021	2020
Revenue bonds, net	\$ 68,898,340	\$ 69,045,251	\$ 69,191,345
Notes payable	40,000,000	40,000,000	-
Total Net Debt	<u>108,898,340</u>	<u>109,045,251</u>	<u>69,191,345</u>
Increase (Decrease) in net debt	\$ (146,911)	\$ 39,853,906	\$ 29,191,345

Additional information on the Port's long-term obligations can be found in Note 7.

During 2021 the Port executed the \$40,000,000 revolving credit agreement with a commercial bank. This funding was used solely for construction work on the Petroleum and Cement Terminal and will be repaid as the reimbursement from grant funds are received.

The Port issued 2 separate series of revenues bonds in 2020, 2020 Series A and 2020 Series B. The proceeds of the 2020 Series A bonds were used to pay or reimburse the costs of a portion of Phase 1 of the Port of Alaska Modernization Program, including the replacement of the Port's existing, Petroleum, Oil and Lubricants/Cement Terminal 1 with the Port Petroleum and Cement Terminal. The proceeds of the 2020 Series B Bonds were used to refund the balance of the notes payable from direct borrowings. The 2020 Series A bonds have a total authorized amount of \$18,885,000, are due in annual installments of \$1,275,000 to \$3,875,000 (principal payments beginning in 2045 through 2050), plus interest at 2.53%. The 2020 Series B bonds have a total authorized amount of \$46,210,000, are due in annual installments of \$370,000 to \$2,960,000 (principal payments beginning in 2023 through 2045), plus interest at 1.051% to 3.52%.

Economic Factors and Next Year's Budgets and Rates

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

Municipality of Anchorage, Alaska

Port of Alaska Fund

Management's Discussion and Analysis, December 31, 2022 and 2021

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

The 2022 budget projected Port operating revenues of \$13.2 million and \$2.2 million in nonoperating revenues. Actual 2022 operating revenues were \$14.6 million and were \$1.4 million over budget projections. Actual 2022 nonoperating revenues including capital contributions earned approximately \$10.6 million and were \$8.4 million over budget projections. Operating revenues remain steady at 2021 levels due to continued activity in Petroleum dockside deliveries to the Port of Alaska. Tonnage increased approximately 4% with increases seen across all commodities. The overall increase in tonnage combined with scheduled tariff increases set forth in Tariff 9.0 as well as increases to the Preferential User Agreements contributed to the overall increased performance over the budget. The variance in the nonoperating revenue was due to the direct funding from the State of Alaska in the amount of \$6.5 million for grant related expenditures related to the Port Modernization Program.

The 2021 budget projected Port operating revenues of \$13.1 million and \$1.9 million in nonoperating revenues. Actual 2021 operating revenues earned \$14.7 million and were \$1.6 million over budget projections. Actual 2021 nonoperating revenues including capital contributions earned approximately \$27.3 million and were \$25.4 million over budget projections. The increase in operating revenue was attributable to an approximately 7.7% increase in tonnage across the dock for Petroleum dockside deliveries to the Port of Alaska. The overall tonnage increased 6.03% seeing a small decrease in dry bulk goods - cement and cargo tonnage. The overall tonnage increase combined with the approved, scheduled tariff increases set forth in Tariff 9.0 as well as increases to the Preferential User Agreements contributed to the overall increased performance over the budget. The variance in the nonoperating revenue was due to the direct funding from the State of Alaska in the amount of \$25.6 million for grant related expenditures related to the Port Modernization Program - Petroleum and Cement Terminal construction and decreased earnings on investment income earned of \$7,652 compared to the \$203,791 budgeted amount.

The 2020 budget projected Port operating revenues of \$13 million and \$2.3 million in nonoperating revenues. Actual 2020 operating revenues earned \$13.8 million and were \$800,000 over budget projections. Actual 2020 nonoperating revenues including capital contributions earned approximately \$51.1 million and were \$46.9 over budget projections. The increase in operating revenue was attributable to an approximately 25% increase in tonnage across the dock for Petroleum dockside deliveries to the Port of Alaska. This uptick in petroleum tonnage across the dock is due to shift in transportation of fuel modes from over the road deliveries to waterborne deliveries. The overall tonnage of the Port increased approximately 10%. This tonnage increased combined with approved, scheduled tariff increases set forth in Tariff 9.0 contributed to the overall increased performance over budget.

Municipality of Anchorage, Alaska Port of Alaska Fund

Management's Discussion and Analysis, December 31, 2022 and 2021

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

In 2019, the Port undertook an extensive review of the tariff rates considering the expiration of Tariff 8.2 on 12/31/2019 and the potential requirement to create capacity in the Port's income stream for debt service coverage to repay future borrowings necessary in order to complete the Petroleum & Cement Terminal, Phase 1, Anchorage Port Modernization Program. Following the review of the tariff and the completion of a Revenue Requirements report, which included various Rate scenarios recommendations provided by an independent contractor, the Port Commission promulgated a ten-year tariff with a rate structure that would support ongoing operations at the Port as well as provide income for future debt service payments. The Anchorage Assembly approved the rates, terms, and conditions of the Port's Terminal Tariff 9.0 and it was implemented on January 1, 2020. Tariff 9.0 increased all tariff fees (except for petroleum and cement) as follows: 3.5% in 2020, 3.93% in 2021, 3.01% in 2022 - 2027, and no increases in 2028 - 2029. Additionally, commodity specific rate increases for operating and debt service coverage on Petroleum and Cement were implemented as follows: 23.81% in 2020, 24.24% in 2021, 12.95% in 2022 - 2026, 8.65% in 2027, and 5.64% in 2028-2029.

No updates to Tariff 9.0 rates were implemented in 2022, however, future rate studies and review are in process to address the potential for upcoming revenue bond sales and necessary debt service payments to continue funding of the Port of Alaska Modernization Program. Tariff 10.0 is scheduled to go into effect on January 1, 2024.

The Port Commission reviews the established tariff rates each year and will revise as needed to meet operating and debt service coverage requirements.

Contacting the Port's Financial Management

This financial report is designed to provide the Port's customers, investors, and creditors with a general overview of the Port's finances and to demonstrate the Port's accountability for the money it receives. For questions about this report, or for additional financial information, contact the Municipality of Anchorage, Port of Alaska Department, 2000 Anchorage Port Road, Anchorage, AK 99501.

General information can be found at: <http://www.portofalaska.com>

Financial Statements

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statement of Net Position

<i>December 31,</i>	<i>2022</i>
Assets and Deferred Outflows of Resources	
Current Assets	
Cash	\$ 500
Equity in general cash pool	10,730,244
Accrued interest on investments	82,239
Accrued interest on leases	216,472
Accounts receivable, net	1,045,610
Leases receivable, current portion	718,645
Prepaid items and deposits	109,233
Parts inventory	329,025
Total Current Assets	13,231,968
Noncurrent Assets	
Unrestricted assets:	
Leases receivable, net of current portion	52,803,922
Assets held for resale	242,093
Capital assets, net	371,820,933
Net other postemployment benefits asset	581,959
Total unrestricted noncurrent assets	425,448,907
Restricted assets:	
Restricted cash - settlement set aside	1,950,000
Equity in general cash pool - held for debt service	4,986,136
Intergovernmental receivables	6,319,647
Total restricted noncurrent assets	13,255,783
Total Noncurrent Assets	438,704,690
Total Assets	451,936,658
Deferred Outflows of Resources	
Related to pensions	114,033
Related to other postemployment benefits	54,906
Total Deferred Outflows of Resources	168,939
Total Assets and Deferred Outflows of Resources	\$ 452,105,597

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statement of Net Position, continued

<i>December 31,</i>	<i>2022</i>
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Accounts payable	\$ 417,174
Capital acquisition and construction accounts and retainages payable	3,319,437
Leases payable, current portion	41,953
Compensated absences payable	172,420
Accrued payroll liabilities	84,697
Accrued interest payable	318,229
Accrued interest on leases	777
Bonds payable, due within one year	715,000
Total Current Liabilities	5,069,687
Noncurrent Liabilities	
Other noncurrent liabilities	1,734,106
Leases payable, net of current portion	466,204
Compensated absences payable	103,916
Net pension liability	1,442,563
Notes payable	40,000,000
Bonds payable, including unamortized premium, net of current portion	68,183,340
Total Noncurrent Liabilities	111,930,129
Total Liabilities	116,999,816
Deferred Inflows of Resources	
Related to other postemployment benefits	50,028
Related to leases	52,492,410
Total Deferred Inflows of Resources	52,542,438
Net Position	
Net investment in capital assets	259,094,999
Restricted for capital construction	8,269,647
Restricted for debt service	4,986,136
Unrestricted	10,212,561
Total Net Position	282,563,343
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 452,105,597

See accompanying notes to financial statements.

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statements of Revenues, Expenses, and Changes in Net Position

<i>Year Ended December 31,</i>	<i>2022</i>
Operating Revenues	
Charges for sales and services:	
Dockage	\$ 1,257,729
Wharfage, dry bulk	341,728
Wharfage, liquid bulk	4,505,188
Wharfage, general cargo	3,945,833
Storage revenue	273,419
Office rental	28,923
Utilities	36,838
Miscellaneous	240,459
Total charges for sales and services	10,630,117
Other operating revenues:	
Crane rentals	130,822
Other lease revenue	1,709,174
Industrial park lease rentals	1,683,165
POL Valve yard fees	464,803
Total other operating revenues	3,987,964
Total Operating Revenues	14,618,081
Operating Expenses	
Operations:	
Personnel services	2,721,640
Pension	(563,265)
Other postemployment benefits	(115,861)
Supplies	202,353
Other services and charges	4,791,463
Charges from other departments	1,215,444
Total operations	8,251,774
Depreciation and amortization	7,083,726
Total Operating Expenses	15,335,500
Operating loss	(717,419)

Municipality of Anchorage, Alaska
Port of Alaska Fund

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

<i>Year Ended December 31,</i>	<i>2022</i>
Nonoperating Revenues (Expenses)	
Intergovernmental - PERS On Behalf	\$ (27,621)
Investment loss - short-term investments	(279,805)
Security fees	1,544,552
Right-of-way fees	212,290
Interest income on leases	2,606,814
Interest expense on leases	(9,601)
Interest on long-term obligations	(2,958,989)
Debt issuance costs	(7,500)
Security contract	(1,710,822)
Gain on sale of capital assets	19,431
Total Nonoperating Revenues (Expenses)	(611,251)
Loss before capital contributions and transfers	(1,328,670)
Contributions and Transfers	
Capital contributions	6,520,399
Transfers to other funds:	
Municipal service assessment	(1,390,551)
Dividend	(736,369)
Change in Net Position	3,064,809
Net Position, beginning	279,498,534
Net Position, ending	\$ 282,563,343

See accompanying notes to financial statements.

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statement of Cash Flows

<i>Year Ended December 31,</i>	<i>2022</i>
Cash Flows from Operating Activities	
Receipts from customers	\$ 13,428,724
Payments to employees	(2,773,287)
Payments to vendors	(4,946,947)
Internal activity - payments made to other funds	(1,215,444)
Net cash flows from operating activities	4,493,046
Cash Flows for Noncapital Financing Activities	
Transfer to other funds	(2,126,920)
Security contract	(1,710,822)
Right of way and security fees	1,756,842
Net cash flows for noncapital financing activities	(2,080,900)
Cash Flows for Capital and Related Financing Activities	
Interest payments on long-term obligations	(2,977,722)
Interest payments on leases	(8,824)
Principal payments on leases	(44,074)
Acquisition and construction of capital assets	(29,588,823)
Proceeds from sale of capital assets	19,431
Debt issuance costs	(7,500)
Interest received from leases	2,390,342
Capital contributions received	22,745,531
Net cash flows for capital and related financing activities	(7,471,639)
Cash Flows for Investing Activities	
Investment loss	(306,848)
Net Decrease in Cash and Cash Equivalents	(5,366,341)
Cash and Cash Equivalents, beginning	23,033,221
Cash and Cash Equivalents, ending	\$ 17,666,880
Components of Cash and Cash Equivalents	
Cash	\$ 500
Equity in general cash pool	10,730,244
Restricted cash - settlement set aside	1,950,000
Restricted equity in general cash pool - debt service	4,986,136
Cash and Cash Equivalents, ending	\$ 17,666,880

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statement of Cash Flows, continued

Year Ended December 31,

2022

Reconciliation of Operating Loss to Net Cash Flows

from Operating Activities:

Operating loss	\$ (717,419)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation and amortization	7,083,726
PERS relief - noncash expenses	(27,621)
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:	
Accounts receivable	(121,700)
Leases receivable	662,803
Prepaid items and deposits	30,740
Net other postemployment benefits asset	482,283
Deferred outflows of resources related to pensions	21,634
Deferred outflows of resources related to other postemployment benefits	(31,148)
Unearned revenue	(37,500)
Accounts payable	29,653
Compensated absences payable	(13,430)
Net pension liability	(25,535)
Other noncurrent liabilities	(13,524)
Accrued payroll liabilities	(38,217)
Deferred inflows of resources related to pensions	(585,445)
Deferred inflows of resources related to other postemployment benefits	(513,294)
Deferred inflows of resources related to leases	(1,692,960)

Net Cash Flows from Operating Activities	\$ 4,493,046
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Noncash Capital and Related Financing Activities

Capital purchases on account	\$ 3,319,437
Capital contributions	6,319,647

Total Noncash Capital and Related Financing Activities	\$ 9,639,084
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See accompanying notes to financial statements.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements **December 31, 2022 and 2021**

1. Description of Business and Summary of Significant Accounting Policies

Reporting Entity

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

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

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

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

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

Cash Pool and Investments

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

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

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

Parts Inventory

Parts inventory is valued at cost using the specific identification method and is expensed when used (consumption method). The value of the Port's inventory totaled \$329,025 at December 31, 2022.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the Statement of Net Position. The cost of prepaid items are recorded as expenses in the period the expenses are recognized.

Interfund Receivables and Payables

In the event that the Port borrows from the Municipal Central Treasury to fund capital projects, the Municipality assesses a monthly fee. The fee is based on the investment earnings rate plus a margin negotiated between the Municipality and the Port. When the Port sells commercial paper, the cash pool will be reimbursed from the debt proceeds. In the event that other funds borrow from the Port, the Port will receive the investment earnings.

Restricted Assets

It is the Port's policy to first use restricted assets to make certain payments when both restricted and unrestricted assets are available for the same purpose. "Intergovernmental receivables" represent grant receivables due from state and federal governments. The Port has restricted assets of \$13,255,783 at December 31, 2022.

Capital Assets

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

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

Estimated lives of major capital asset categories follow:

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

Leases

Lessee: The Port is party to multiple leases of nonfinancial assets as a lessee. The Port recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the Statement of Net Position.

At the commencement of a lease, the Port initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Port determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Port uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Port generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Port is reasonably certain to exercise.

The Port monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor: The Port has leased to third-parties multiple nonfinancial assets. The Port recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position.

At the commencement of the lease, the Port initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

Key estimates and judgments include how the Port determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Port uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Port monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section of deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. At December 31, 2022, the Port had deferred outflows of resources from pension and other postemployment benefits (OPEB) related items of \$168,939. These items are amortized to expense over time.

Compensated Absences Payable

The Port records compensated absences payable, which includes cashable sick leave, when earned.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable unamortized bond premiums and discounts. Debt issuance costs are expenses in the period in which they are incurred.

Pensions and Other Postemployment Benefits (OPEB)

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

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position presents deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2022, the Port had deferred inflows of resources for OPEB and lease related items of \$52,542,438. These items are deferred and recognized as an inflow of resources in the period the amounts become available.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

Net Position

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

Operating Revenues and Expenses

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

Municipal Enterprise Service Assessment (MESA)

Per the Anchorage Municipal Code § 11.50.280, the Municipality requires the Port to pay a municipal enterprise service assessment for governmental services provided by the Municipality other than those services received on a contract or interfund basis. MESA is reflected in the transfers on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

Intergovernmental Charges

Certain functions of the Municipality of a general and administrative nature are centralized and the related cost is allocated to the various funds of the Municipality, including the Port. Charges from other departments to the Port totaled \$1,215,444 for the year ended December 31, 2022. These amounts do not include the Port's payments to the Municipality's risk management programs.

Risk Management and Self-Insurance

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

The Municipality provides coverage up to the maximum of \$3,000,000 per occurrence for automobile and general liability claims and for each workers' compensation claim. No settled claim exceeded this commercial coverage in 2022.

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

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

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

2. Cash and Investments

At December 31, 2022, the Municipality had the following investments held in the Municipal Central Treasury:

December 31, 2022

December 31, 2022

	Fixed Income Investment Maturities (in years)				
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Central treasury					
Money market funds	\$ 29,453,454	\$ -	\$ -	\$ -	\$ -
Repurchase					
Agreements	64,023,338	64,023,338	-	-	-
Commercial Paper	18,854,955	18,854,955	-	-	-
Certificates of					
Deposit	650,075	650,075	-	-	-
U.S. treasuries	138,538,863	14,547,369	108,661,513	15,301,531	28,450
U.S. agencies	100,017,438	-	96,049,203	2,658,139	1,310,096
Municipal bonds	1,700,731	1,529,133	14,814	139,910	16,874
Asset-backed					
securities**	20,242,516	-	11,019,196	1,565,512	7,657,808
Corporate fixed					
income securities	156,818,950	79,264,875	40,433,615	33,626,133	3,494,327
	\$ 530,300,320	\$ 178,869,745	\$ 256,178,341	\$ 53,291,225	\$ 12,507,555

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

The Municipality has total accrued interest in cash and investments for Central Treasury of \$2,954,678 as of December 31, 2022.

The Port had the following investment balances held in the Municipal Central Treasury at December 31, 2022:

	2022
Equity in general cash pool	\$ 10,730,244
Restricted cash - settlement set aside	1,950,000
Equity in general cash pool - held for debt service	4,986,136
Total investments held in central treasury	\$ 17,666,380

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

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

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

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

- Obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies.
- Corporate Debt Securities that are guaranteed by the U.S. government or the Federal Deposit Insurance Corporation (FDIC) as to principal and interest.
- Taxable and tax-exempt municipal securities having a long-term rating of at least A- by a nationally recognized rating agency or taxable or tax-exempt municipal securities having a short-term rating of at least A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch.
- Debt securities issued and guaranteed by the International Bank for Reconstruction and Development (IBRD) and rated AAA by a nationally recognized rating agency.
- Commercial paper, excluding asset-backed commercial paper, rated at least A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch.
- Bank debt obligations, including unsecured certificates of deposit, notes, time deposits, and bankers' acceptances (with maturities of not more than 365 days), and deposits with any bank, the short-term obligations of which are rated at least A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch and which is either:
 - a) Incorporated under the laws of the United States of America, or any state thereof, and subject to supervision and examination by federal or state banking authorities; or
 - b) Issued through a foreign bank with a branch or agency licensed under the laws of the United States of America, or any state thereof, or under the laws of a country with a Standard & Poor's sovereign rating of AAA, or a Moody's sovereign rating for bank deposits of Aaa, or a Fitch national rating of AAA, and subject to supervision and examination by federal or state banking authorities.
- Repurchase agreements secured by obligations of the U.S. government, U.S. agencies, or U.S. government-sponsored corporations and agencies.
- Dollar denominated corporate debt instruments rated BBB- or better (investment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Dollar denominated corporate debt instruments rated lower than BBB- (noninvestment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency, including emerging markets.
- Dollar denominated debt instruments of foreign governments rated BBB- or better (investment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Asset Backed Securities (ABS), excluding commercial paper, collateralized by: credit cards, automobile loans, leases and other receivables which must have a credit rating of AA- or above by Standard & Poor's or the equivalent by another nationally recognized rating agency.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

- Mortgage Backed Securities, including generic mortgage-backed pass-through securities issued by Ginnie Mae, Freddie Mac, and Fannie Mae, as well as nonagency mortgage-backed securities, Collateralized Mortgage Obligations (CMOs), or Commercial Mortgage-Backed Securities (CMBS), which must have a credit rating of AA- or better by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Debt issued by the Tennessee Valley Authority.
- Money Market Mutual Funds rated Am or better by Standard & Poor's, or the equivalent by another nationally recognized rating agency, as long as they consist of allowable securities as outlined above.
- The Alaska Municipal League Investment Pool (AMLIP), except that the Working Capital portfolio may not be invested in AMLIP.
- Mutual Funds consisting of allowable securities as outlined above.
- Interfund Loans from a Municipal Cash Pool to a Municipal Fund.

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

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

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Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

The Investment Management Agreement (IMA) for each external manager and the policy and procedures (P&P) applicable to the internally managed investments provide additional guidelines for each portfolio's investment mandate. The IMA and P&P limit the concentration of investments for the working capital portfolio at the time new investments are purchased as follows, with year-end concentrations listed for 2022:

Investment Type	Concentration Limit	Working Capital Portfolio Holding % at December 31, 2022
U.S. government securities*	Maximum of 100% of investment portfolio	26%
Repurchase agreements	Maximum of 50% of investment portfolio	25%
Certificates of Deposit	Maximum of 25% of investment portfolio; Maximum 5% per issuer	0%
Commercial paper	Maximum of 25% of investment portfolio; Maximum 5% per issuer	7%
Bankers Acceptances	Maximum of 25% of investment portfolio; Maximum 5% per issuer	0%
Corporate Fixed Income, Corporate Floating Rate and Variable Rate Debt Securities**	Maximum of 35% of investment portfolio; Maximum 5% per issuer	27%
Corporate Floating Rate and Variable Rate Debt Securities***	Maximum of 25% of Corporate Securities; Maximum 5% per issuer	3%
Taxable and Tax-Exempt Municipality Debt Securities	Maximum of 15% of investment portfolio; Maximum 5% per issuer	1%
Dollar denominated debt of foreign governments and the International Bank for Reconstruction and Development (IBRD)	Maximum of 10% of investment portfolio; Maximum 5% per issuer	0%
Money market mutual funds****	Maximum of 25% of investment portfolio	11%
		100%

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

**The maximum exposure to Corporate fixed, floating and variable rate debt securities in the Working Capital Portfolio is 35 percent.

***Corporate floating rate and variable rate debt securities must be 25% or less of the total of Corporate debt securities. Corporate Fixed Income Debt Securities must have a final maturity within one (1) year of purchase, and Corporate Floating Rate or Variable Rate Debt Securities must have a final maturity within two (2) years of purchase.

Taxable and Tax-Exempt Municipal Debt Securities must have a final maturity within two (2) years of purchase.

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

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

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

Investment Type	Concentration Limit	Internally Managed Holding % at December 31, 2022
U.S. government securities*	50% to 100% of portfolio	85%
Money market mutual funds	0% to 25% of portfolio	15%

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

Interest Rate Risk

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

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

AMC 6.50.030 requires the Working Capital Portfolio have a duration of zero to 270 days. At December 31, 2022, the Working Capital Portfolio had a duration of 0.05 years, or approximately 18 days, and was within the targeted duration. AMC 6.50.030 also requires that the Contingency Reserve Portfolio have an average duration within half a year of its benchmark. At December 31, 2022, the Contingency Reserve Portfolio had a duration of 1.80 years as compared to its benchmark, Barclays 1-3 Year Government Index, which had a duration of 1.86 years. AMC 6.50.030 requires the Strategic Reserve Portfolio have a maximum duration no greater than one year in excess of its benchmark. At December 31, 2022, the Strategic Reserve Portfolio had a duration of 3.32 years as compared to its benchmark, Barclays Intermediate Government/Corporate Index, which had a duration of 3.79 years.

Credit Risk

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

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

At December 31, 2022, the Municipal Central Treasury's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled \$292,950,920. The distribution of ratings on these securities was as follows:

Moody's		S&P	
Aaa	8%	AAA	4%
Aa	2%	AA	6%
A	20%	A	19%
Baa	20%	BBB	22%
Ba or lower	11%	BB or lower	10%
Not rated	39%	Not rated	39%
100%		100%	

Concentration of Credit Risk

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

At December 31, 2022, the Municipal Central Treasury had no investments in any single issuer exceeding 5% of total investments.

Custodial Credit Risk

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

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

AMC 6.50.030 requires that repurchase agreements be secured by obligations of the U.S. government, U.S. agencies, or U.S. government-sponsored corporations and agencies.

As of December 31, 2022, the Municipality holds deposits in the amount of \$1,353,883 that are not covered by depository insurance and are collateralized with securities held by Key Bank's agent but not in the name of the Municipality.

Foreign Currency Risk

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

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

The Municipal Central Treasury is not exposed to foreign currency risk because AMC 6.50.030 explicitly prohibits the purchase of securities not denominated in U.S. Dollars. At December 31, 2022, all debt obligations held in the Municipal Central Treasury were payable in U.S. Dollars.

Fair Value Measurements

At December 31, 2022, the Municipality had the following cash and investments, valued as follows:

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

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

- U.S. agencies are valued using pricing models maximizing the use of observable inputs for similar securities.

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

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

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

The Municipality had the following recurring fair value measurements as of December 31, 2022:

Investment type:	Total	Level 1	Level 2
Central treasury - investments measured at fair value:			
Commercial Paper	\$ 18,854,955	\$ -	\$ 18,854,955
U.S. treasuries	138,538,863	138,538,863	-
U.S. agencies	100,017,438	-	100,017,438
Municipal bonds	1,700,731	-	1,700,731
Asset-backed securities	20,242,516	-	20,242,516
Corporate fixed income securities	156,818,950	-	156,818,950
	436,173,453	\$ 138,538,863	\$ 297,634,590
Investments measured at amortized cost:			
Money market funds	29,453,454		
Repurchase Agreements	64,023,338		
Certificates of Deposit	650,075		
Total central treasury	\$ 530,300,320		

3. Accounts Receivable

The Port reports accounts receivable on its Statement of Net Position net of allowances for uncollectable accounts. At December 31, 2022, the Port reported net receivables of \$1,045,610. At December 31, 2022, the Port determined that allowance for uncollectable accounts was not necessary because a majority of the receivable balances were in current status.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

4. Port Modernization Project

The Port of Alaska (Port) is a Municipality of Anchorage owned and operated facility that handles half of all Alaska inbound marine freight, some 5.2 million tons of fuel and cargo in 2022, half of which is delivered to final destinations outside of Anchorage. It is critical transportation infrastructure that serves regional, statewide, and national commerce, economic development, homeland security and disaster recovery needs. The Port is:

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

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

The Port's docks first opened in 1961 and have long-exceeded their 35-year design life. Its aging wharf piles have lost up to three-quarters of their original thickness to corrosion. Port officials started installing pile jackets in 2004 and have to date reinforced all of the dock's piles. However, these jackets are a one-time fix that last 10 to 15 years; and all terminals continue to lose load-bearing capacity and will likely start closing in the next 5 to 6 years, regardless of repairs, seismic activity, or anything else.

The Port of Alaska Modernization Program (PAMP) is a series of construction projects that will:

- Replace aging docks and related infrastructure
- Improve operational safety and efficiency
- Accommodate modern shipping operations
- Improve resiliency - to survive extreme earthquakes and Cook Inlet's harsh marine environment

PAMP and Municipal officials have been working with engineers to replace all the Port docks. Phase 1, the construction of the new Petroleum & Cement Terminal (PCT) at the Port of Alaska is near completion and will fully open for fuel and cement offloading operations by mid-year 2022. Construction crews are returning to complete the remaining work and upon acceptance of the completed asset, ownership of the PCT will be transferred to the Port of Alaska. A brief history of the project includes:

- 2016: Conduct a comprehensive test-pile program to demonstrate constructability and support design and permitting work for the PCT.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

- 2017 - 2019: Complete the South Backlands Stabilization project providing shore improvements and transitional dredging to support the trestle and dock structures.
- 2020 - 2022: Completed PCT Construction. Construction of Port Administration office contract awarded. Groundbreaking and foundation work began in September 2022.
- 2023: PCT fuel lines completing certification, and cement offloading equipment added and certified. Facility first use planned for Spring 2023. NES 1 contract awarded, work to begin in April 2023. Cargo dock designer-of-record chosen; work to also begin in April 2023. Admin office construction scheduled to be completed by end of year with beneficial occupancy to follow thereafter.

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**Municipality of Anchorage, Alaska
Port of Alaska Fund**

Notes to Financial Statements

5. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2022:

	Balance January 1, 2022, As Adjusted	Increase	Decrease	Balance December 31, 2022
Capital assets not being depreciated:				
Land	\$ 38,439,459	\$ -	\$ -	\$ 38,439,459
Works of art	21,344	-	-	21,344
Construction in progress	172,710,185	31,093,435	(181,256,106)	22,547,514
Total capital assets not being depreciated	211,170,988	31,093,435	(181,256,106)	61,008,317
Capital assets being depreciated or amortized:				
Buildings	7,069,156	-	-	7,069,156
Building improvements	802,443	-	-	802,443
Land improvements	136,721,977	29,120	-	136,751,097
Vehicles	1,304,470	-	-	1,304,470
Machinery and equipment	12,211,498	896,704	(152,523)	12,955,679
Computer hardware	187,158	26,686	-	213,844
Computer software	579,490	-	-	579,490
Office furniture and fixtures	64,788	-	-	64,788
Infrastructure	130,042,145	180,326,064	-	310,368,209
Right of use asset - Infrastructure	552,231	-	-	552,231
Total capital assets being depreciated and amortized	289,535,356	181,278,574	(152,523)	470,661,407
Less accumulated depreciation and amortization for:				
Buildings	4,717,805	133,689	-	4,851,494
Building improvements	365,814	14,899	-	380,713
Land improvements	39,287,952	4,564,485	-	43,852,437
Vehicles	1,021,351	101,247	-	1,122,598
Machinery and equipment	11,513,895	327,771	(152,523)	11,689,143
Computer hardware	151,404	14,950	-	166,354
Computer software	92,426	112,371	-	204,797
Office furniture and fixtures	64,787	-	-	64,787
Infrastructure	95,702,154	1,767,580	-	97,469,734
Right of Use Asset - Infrastructure	-	46,734	-	46,734
Total accumulated depreciation and amortization	152,917,588	7,083,726	(152,523)	159,848,791
Capital assets being depreciated and amortized, net	136,065,537	174,747,079	-	310,812,616
Total Capital Assets, net	\$ 347,236,525	\$ 205,840,514	\$ (181,256,106)	\$ 371,820,933

Municipality of Anchorage, Alaska
Port of Alaska Fund

Notes to Financial Statements

6. Leases

The Port has retroactively implemented Governmental Accounting Standards Board (GASB) Statement Number 87, *Leases*, (GASB 87) effective for the Port's fiscal year beginning January 1, 2022. GASB establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. There was no significant impact from GASB 87 implementation on the Port's opening net position.

Lease receivable

The Port, as lessor, entered into multiple-year lease agreements to third parties for various nonfinancial assets at discount rates ranging from 3.21% to 4.60% depending on terms for each contract. The lengths of the lease terms vary, and the Port has used the Municipality of Anchorage's incremental borrowing rate as the discount rate when the stated interest rate was not included in the contract. The Port recognized \$1,709,174 in lease revenue and \$2,606,814 in interest revenue for the year ended December 31, 2022. As of December 31, 2022, the Port's receivable for future lease payments was \$53,522,567. The Port recognized a deferred inflow of resources associated with the leases of \$52,492,410 on December 31, 2022, that will be recognized as revenue over the remainder of the lease terms.

Lease payable

The Port has entered into multiple lease agreements as a lessee for various nonfinancial assets. As of December 31, 2022, the outstanding balance of lease payables was for \$508,157. The Port is required to make monthly and annual principal payments plus interest. The lease agreements did not contain a stated interest rate, therefore, the Port has used the Municipality of Anchorage's incremental borrowing rate of 2.21% and 2.63% as the discount rate for leases. The nonfinancial assets have various useful lives. No material direct costs payments were made. The book value of the right-to-use asset as of December 31, 2022, was \$552,231 and had accumulated amortization of \$46,734.

The future principal and interest lease payments as of December 31, 2022, were as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 41,953	\$ 10,945	\$ 52,898
2024	42,887	10,011	52,898
2025	43,841	9,057	52,898
2026	44,817	8,081	52,898
2027	45,814	7,084	52,898
2028-2032	180,531	21,759	202,290
2033-2037	108,314	3,730	112,044
Total	\$ 508,157	\$ 70,667	\$ 578,824

Municipality of Anchorage, Alaska

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Notes to Financial Statements

7. Noncurrent Liabilities

Revenue Bonds

The Port issued 2 separate series of revenues bonds in 2020: 2020 Series A and 2020 Series B. The proceeds of the 2020 Series A bonds will be used to pay or reimburse the costs of a portion of Phase 1 of the Port of Alaska Modernization Program, including the replacement of the Port's existing, Petroleum, Oil and Lubricants/Cement Terminal 1 with the Port Petroleum and Cement Terminal. The proceeds of the 2020 Series B Bonds were used to refund the balance of the notes payable from direct borrowings. The 2020 Series A bonds have a total authorized amount of \$18,885,000, are due in annual installments of \$1,275,000 to \$3,875,000 (principal payments beginning in 2045 through 2050), plus interest at 2.53%. The 2020 Series B bonds have a total authorized amount of \$46,210,000, are due in annual installments of \$370,000 to \$2,960,000 (principal payments beginning in 2023 through 2045), plus interest at 1.071% to 3.52%.

Notes Payable from Direct Borrowings

The Port's notes payable from direct borrowings consists of a Subordinate Lien Port Revenue Notes with U.S. Bank National Association. The proceeds from the notes are used to fund capital improvements to Port facilities on a short-term basis. The notes have a total authorized amount of \$40,000,000 and an expiration date of December 29, 2023. The interest rate charged to the Port is variable; as of December 31, 2022, the interest rate was 4.41%. In 2020, amounts drawn were repaid with proceeds from the issuance of 2020 Series B Revenue Bonds. On December 27, 2021, \$40,000,000 was drawn and was outstanding at December 31, 2022. The amount of interest expense recognized on the notes for the year ended December 31, 2022 was \$825,289.

Changes in noncurrent liabilities for the year ended December 31, 2022 were as follows:

	Balance January 1, 2022, As Adjusted	Additions	Reductions	Balance December 31, 2022	Due Within One Year
Revenue bonds payable	\$ 65,095,000	\$ -	\$ -	\$ 65,095,000	\$ 715,000
Unamortized premium	3,950,251	-	(146,911)	3,803,340	-
Total revenue bonds payable	69,045,251	-	(146,911)	68,898,340	715,000
Notes payable from direct borrowings	40,000,000	-	-	40,000,000	-
Environmental obligation	1,747,630	-	(13,524)	1,734,106	-
Compensated absences payable	289,766	-	(13,430)	276,336	172,420
Leases payable	552,231	-	(44,074)	508,157	41,953
Net pension liability	1,468,098	-	(25,535)	1,442,563	-
Total Noncurrent Liabilities	\$ 113,102,976	\$ -	\$ (243,474)	\$ 112,859,502	\$ 929,373

**Municipality of Anchorage, Alaska
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Notes to Financial Statements

Debt service requirements to maturity for the revenue bonds follow:

<i>Year Ending December 31,</i>	Revenue Bonds		
	Principal	Interest	Total
2023	\$ 715,000	\$ 2,280,611	\$ 2,995,611
2024	525,000	2,272,953	2,797,953
2025	370,000	2,265,955	2,635,955
2026	1,385,000	2,260,653	3,645,653
2027	1,845,000	2,236,831	4,081,831
2028-2032	9,745,000	10,591,221	20,336,221
2033-2037	11,080,000	9,260,118	20,340,118
2038-2042	12,940,000	7,404,689	20,344,689
2043-2047	15,410,000	4,929,722	20,339,722
2048-2050	11,080,000	1,126,000	12,206,000
	\$ 65,095,000	\$ 44,628,753	\$ 109,723,753

Port Revenues Pledged

The Port has pledged future gross revenues, net of operating expenses, to repay the Port revenue bonds. The bonds are payable solely from gross revenues of the Port and are payable through 2050. The total principal remaining to be paid on the bonds at December 31, 2022 was \$65,095,000. Interest paid for the year ended December 31, 2022 was \$2,280,611. Total pledged revenues for the year ended December 31, 2022 were \$17,766,549.

Revenue Bond Coverage Requirements

The Port's Schedule of Revenue Bond Coverage follows:

Fiscal Year	Revenue (1)	Operating Expenses (2)	Amount Available for Debt Service	Principal	Interest	Total	Coverage (3)
2022	\$ 18,701,932	\$ 12,727,753	\$ 5,974,179	\$ -	\$ 1,595,897	\$ 1,595,897	3.74

(1) Excludes payments received for PERS relief from the State of Alaska.

(2) Excludes pension expense, PERS on behalf expense, OPEB on behalf expense, OPEB expense, depreciation and amortization, and transfers to other funds; but includes regular/recurring nonoperating expenses.

(3) Required minimum coverage is 1.35.

Municipality of Anchorage, Alaska

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Notes to Financial Statements

Port Revolving Credit Agreement

In June 2013, the Assembly authorized the establishment of a long-term borrowing program in the amount of \$40 million as an interim financing program for the Port expansion project. On June 20, 2019, the Port and its commercial bank amended the Revolving Credit Agreement under the same terms and conditions but with a revised expiration date of July 21, 2021. Any amount may be repaid prior to that date at the option of the Port. In December 2020, the outstanding principal balance of \$40 million was paid off with proceeds from the issuance of the Port Revenue Bond Series B, with the option to draw up to \$40 million for financing for capital projects related to the Port Modernization Project.

This long-term borrowing program was amended and restated as of July 1, 2021, with a new expiration date of December 29, 2023. The interest rate per annum is the applicable spread of 0.75 percent plus the Securities Industry and Financial Markets Association (SIFMA) rate. The Port exercised the option to draw \$40 million for the needed financing for capital projects related to the Port Modernization Project and as of December 31, 2022, the Port incurred \$825,289 in interest expense on unpaid principal.

8. Other Noncurrent Liability

In February 2012, the Port entered into an agreement with the Department of Defense to acquire 48 acres of undeveloped land (Tract J) for fair market value of \$10,305,000. In exchange, the Port has committed to provide a permanent access road connecting Joint Base Elmendorf-Richardson to the Port and to accept responsibility for the environmental condition of the transferred land. This obligation is reflected on the Port's Statements of Net Position as a noncurrent liability totaling \$1,734,106 at December 31, 2022. See note 9 for a description of environmental issues affecting this land.

9. Environmental Issues

In 2011, the Port recognized a capital contribution in the amount of \$8,425,612 related to the land described in Note 8. Both Tract H and Tract J at the Port are ADEC designated contaminated sites. In 2022, no required monitoring expenses were incurred for either Tract H or Tract J.

10. Pension and Other Postemployment Benefits Plans

(a) Defined Benefit (BD) Pension Plan

General Information About the Plan

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

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

Municipality of Anchorage, Alaska

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

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

Historical Context and Special Funding Situation

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

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

The Port recorded the related on-behalf contributions as revenue and expense as prescribed by GAAP, pursuant to the relevant basis of accounting.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Police officers and firefighters are required to contribute 7.50% of their annual covered salary.

Employer and Other Contribution Rates

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

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

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

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

Contribution rates for the plan year ended June 30, 2021 and June 30, 2022 were determined in the June 30, 2020 and June 30, 2021 actuarial valuations, respectively. The Port's contribution rates for the 2022 and 2021 calendar year were as follows:

<i>January 1, 2022 to June 30, 2022</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.54%	26.99%	8.11%
Postemployment healthcare (ARHCT)	6.46%	3.12%	-%
Total Contribution Rates	22.00%	30.11%	8.11%

<i>July 1, 2022 to December 31, 2022</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	22.00%	24.79%	2.79%
Postemployment healthcare (ARHCT)	-%	-%	-%
Total Contribution Rates	22.00%	24.79%	2.79%

In 2022, the Port was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2021 to June 30, 2022	Port's Fiscal Year January 1, 2022 to December 31, 2022
Employer contributions (including DBUL)	\$ 124,736	\$ 134,303
Nonemployer contributions (on-behalf)	66,820	43,857
Total Contributions	\$ 191,556	\$ 178,160

Municipality of Anchorage, Alaska

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Notes to Financial Statements

In addition, Port employee contributions to the Plan totaled \$23,281 as of December 31, 2022.

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

At December 31, 2022, the Port reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Port. The amount recognized by the Port for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Port were as follows:

	2022
Port proportionate share of NPL	\$ 1,442,563
State's proportionate share of NPL associated with the Port	399,251
Total Net Pension Liability	\$ 1,841,814

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 to calculate the net pension liability as of that date. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net pension liability as of that date.

The Port's proportion of the net pension liability was based on a projection of the Port's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2022 measurement date, the Port's proportion was 0.02830 percent, which was a decrease of 0.01172 from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Port recognized pension expense (benefit) of \$(75,531) and on-behalf revenue (credits) of \$26,081 for support provided by the State. At December 31, 2022, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	41,243	-
Port contributions subsequent to the measurement date	72,790	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 114,033	\$ -

Municipality of Anchorage, Alaska

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Notes to Financial Statements

The \$72,790 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,

2023	\$ (4,903)
2024	(12,568)
2025	(30,171)
2026	88,885
2027	-
Thereafter	-

Total Amortization	\$ 41,243
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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Actuarial cost method	Entry age normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.5% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.

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Mortality Peace officer/firefighter	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
All Others	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

See the experience study report dated July 15, 2022.

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Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.88%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

June 30, 2022

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	27%	6.51%
Global equity (non-U.S.)	18%	5.70%
Aggregate bonds	21%	0.31%
Opportunistic	6%	-%
Real assets	14%	3.71%
Private equity	14%	9.61%
Cash equivalents	-%	(0.5)%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Port's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
<i>June 30, 2022</i>				
Port's proportionate share of the net pension liability	0.02830%	\$ 1,942,000	\$ 1,442,563	\$ 1,021,435

Municipality of Anchorage, Alaska Port of Alaska Fund

Notes to Financial Statements

Pension Plan Fiduciary Net Position

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

(b) Defined Contribution (DC) Pension Plan

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

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

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended December 31, 2022 to cover a portion of the Port's employer match contributions. For the year ended December 31, 2022, forfeitures reduced pension expense by \$1,402.

Employee Contribution Rate

For the year ended December 31, 2022, employees were required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended December 31, 2022, the Port was required to contribute 5% of covered salary into the Plan.

The Port and employee contributions to PERS for pensions for the year ended December 31, 2022 were \$26,091 and \$41,745. The contribution amounts were recognized as pension expense.

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

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

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

Employer Contribution Rate

Employer contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute. Employer contribution rates for the year ended December 31, 2022 were as follows:

<i>January 1, 2022 to June 30, 2022</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	6.46%	6.46%
Retiree Medical Plan	1.07%	1.07%
Occupational Death and Disability	0.31%	0.68%
Total Contribution Rates	7.84%	8.21%
<i>July 1, 2022 to December 31, 2022</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.10%	1.10%
Occupational Death and Disability	0.30%	0.68%
Total Contribution Rates	1.40%	1.78%

In 2022, the Port was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2021 to June 30, 2022	Port's Fiscal Year January 1, 2022 to December 31, 2022
Employer contributions - ARHCT	\$ 21,861	\$ 10,562
Employer contributions - RMP	2,314	5,663
Employer contributions - ODD	5,478	2,354
Total Contributions	\$ 29,653	\$ 18,579

**Municipality of Anchorage, Alaska
Port of Alaska Fund**

Notes to Financial Statements

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

At December 31, 2022, the Port reported an asset for its proportionate share of the net OPEB assets (NOA) that reflected a reduction for State OPEB support provided to the Port. The amount recognized by the Port for its proportional share, the related State proportion, and the total were as follows:

	2022
Port's proportionate share of NOA - ARHCT	\$ 553,064
Port's proportionate share of NOA - RMP	11,315
Port's proportionate share of NOA - ODD	17,580
Subtotal Net OPEB Assets	581,959
State's proportionate share of the ARHCT NOA associated with the Port	158,091
Total Net OPEB Assets	\$ 740,050

The total OPEB liabilities (asset) for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 to calculate the net OPEB liabilities (asset) as of that date. The Port's proportion of the net OPEB liabilities (asset) were based on a projection of the Port's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	Employer Proportion		Change
	June 30, 2021 Measurement Date	June 30, 2022 Measurement Date	
Port's proportionate share of the net OPEB liabilities (assets):			
ARHCT	0.0329%	0.0281%	(0.0048)%
RMP	0.0400%	0.0326%	(0.0074)%
ODD	0.0531%	0.0401%	(0.0130)%

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

Collective Totals (All OPEB Plans)

For the year ended December 31, 2022, the Port recognized collective OPEB expense (benefit) of \$(185,154) and revenue of \$(50,028) for support provided by the Plans.

At December 31, 2022, the Port reported collective deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>All Plans</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 561	\$ (10,127)
Changes in assumptions	2,191	(39,060)
Net difference between projected and actual earnings on OPEB plan investments	33,586	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	14,455	(841)
Port contributions subsequent to the measurement date	4,113	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans	\$ 54,906	\$ (50,028)

The \$4,113 reported as deferred outflows of resources related to all OPEB plans resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB assets in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,

2023	\$ (23,641)
2024	(13,882)
2025	(28,011)
2026	72,201
2027	(2,699)
Thereafter	(3,203)
Total Amortization	\$ 765

Municipality of Anchorage, Alaska
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Notes to Financial Statements

ARHCT Plan

At December 31, 2022, the Port reported deferred outflows of resources and deferred inflows of resources related to the ARHCT Plan from the following sources:

<i>ARHCT Plan</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (3,915)
Changes in assumptions	-	(25,381)
Net difference between projected and actual earnings on OPEB plan investments	31,377	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	13,695	-
Port contributions subsequent to the measurement date	3	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ARHCT Plan	\$ 45,075	\$ (29,296)

The \$3 reported as deferred outflows of resources at December 31, 2022 related to the ARHCT Plan resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB asset in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending December 31,</i>	
2023	\$ (20,871)
2024	(11,004)
2025	(24,789)
2026	72,440
2027	-
Thereafter	-
Total Amortization	\$ 15,776

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Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

Retiree Medical Plan

At December 31, 2022, the Port reported deferred outflows of resources and deferred inflows of resources related to the RMP Plan from the following sources:

<i>RMP Plan</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 561	\$ (445)
Changes in assumptions	2,191	(13,567)
Net difference between projected and actual earnings on OPEB plan investments	1,614	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	261	(21)
Port contributions subsequent to the measurement date	2,919	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to RMP Plan	\$ 7,546	\$ (14,033)

The \$2,919 reported as deferred outflows of resources at December 31, 2022 related to the RMP Plan resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB asset in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,

2023	\$ (1,573)
2024	(1,652)
2025	(1,901)
2026	265
2027	(2,030)
Thereafter	(2,515)
Total Amortization	\$ (9,406)

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**Municipality of Anchorage, Alaska
Port of Alaska Fund**

Notes to Financial Statements

ODD Plan

At December 31, 2022, the Port reported deferred outflows of resources and deferred inflows of resources related to the ODD Plan from the following sources:

<i>ODD Plan</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (5,767)
Changes in assumptions	-	(112)
Net difference between projected and actual earnings on OPEB plan investments	595	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	499	(820)
Port contributions subsequent to the measurement date	1,191	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ODD Plan	\$ 2,285	\$ (6,699)

The \$1,191 reported as deferred outflows of resources at December 31, 2022 related to the ODD Plan resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB asset in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,

2023	\$ (1,197)
2024	(1,226)
2025	(1,321)
2026	(504)
2027	(669)
Thereafter	(688)
Total Amortization	\$ (5,605)

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Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

Actuarial Assumptions

The total OPEB asset and liability for each plan for the measurement period ended June 30, 2021 was determined by actuarial valuations as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022:

Actuarial cost method	Entry age normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Graded by service, from 8.50% to 3.85% for Peace Officer/Firefighter. Graded by service from 6.75% to 2.85% for all others.
Allocation methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039.
Investment return of return	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% Initial trend rates are from FY 2023 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Mortality Peace officer / firefighter (ODD Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Mortality
All Others (ARHCT and RMP Plans)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Mortality
All Others (ODD Plan)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Deaths are assumed to result from occupational causes 35% of the time.

Participation (ARHCT)

100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

Other

See the experience study report dated July 15, 2022.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.88% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	27%	6.51%
Global equity (non-U.S.)	18%	5.7%
Aggregate bonds	21%	0.31%
Opportunistic	6%	-%
Real assets	14%	3.71%
Private equity	14%	9.61%
Cash equivalents	-%	(0.5)%

Discount Rate

The discount rate used to measure the total OPEB asset for each plan as of June 30, 2022 was 7.25%. The discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset for each plan.

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

The following presents the Port's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.25%, as well as what the Port's proportionate share of the respective plan's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
2022				
Port's proportionate share of the net OPEB asset:				
ARHCT	0.02811%	\$ 328,600	\$ 553,064	\$ 741,299
RMP	0.03258%	(2,081)	11,315	21,530
ODD	0.04010%	16,560	17,580	18,377

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

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

The following presents the Port's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2021 actuarial valuation reports as well as what the Port's proportionate share of the respective plan's net OPEB asset would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

2022	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Port's proportionate share of the net OPEB asset:				
ARHCT	0.02811%	\$ 763,442	\$ 553,064	\$ 301,834
RMP	0.03258%	22,933	11,315	(4,334)
ODD	0.04010%	N/A	N/A	N/A

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

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

Contribution Rate

AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2022, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,237 per year for each full-time employee, and \$1.43 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2022, the Port contributed \$12,534 in DC OPEB costs. These amounts have been recognized as expense.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

11. Port of Alaska Expansion Litigation

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

Investigative reports concluded the project design was flawed and significant aspects of the work were constructed incorrectly. In March 2013, the Port filed suit to recover damages. In 2016 and 2017 the Municipality reached agreements with all the private party defendants to fully and finally settle, release and resolve any and all claims, liabilities and damages of the Municipality for a total of \$19,350,000. These settlements were recorded as legal settlements shown on the Port's statements of revenues, expenses and changes in net position as nonoperating revenue. As required under two of the settlement agreements the Port restricted \$1.95 million of the settlements to a Port litigation escrow account recorded in 2016 as restricted assets "legal settlement set-aside", in the Port's statements of net position. An order for dismissal in the US District Court for the District of Alaska was signed on February 22, 2017 closing the case filed in the State of Alaska. A separate action in the United States Court of Federal Claims against the U.S. Maritime Administration (MARAD) was filed in March 2014. Trial occurred in February 2021 and final judgement was entered on February 24, 2021 awarding the Municipality the sum of \$367,446,809. The judgment was timely appealed to the United States Court of Appeals for the Federal Circuit on April 25, 2022 with oral arguments scheduled on March 7, 2024. The judgment is pending.

In the meantime, a new project, the Port of Alaska Modernization Program (PAMP) is moving forward with updates provided in Note 4.

12. Adoption of New Accounting Principle

In 2022, the Port of Alaska adopted the provisions of GASB Statement No. 87, Leases, which among other accounting and reporting criteria, requires the Port to recognize the lease liability/asset and related deferred inflow/outflow accounts, as of the beginning of the Port's fiscal year. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The effect on beginning net position of adopting GASB Statement No. 87 in the Port's financial statements for the year ended December 31, 2022, is zero, since the balances for leases liabilities and intangible right-to-use assets, and receivable and deferred inflow of resources related to leases are the same. As a result of the implementation of this Statement, the Port of Alaska did not record opening balance adjustments.

13. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*). The following new accounting standards were considered and/or implemented by the Port for 2022 reporting:

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

GASB Statement No. 87 - *Leases* - Effective for year-end December 31, 2022, This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Port analyzed all active leases to determine which leases applied to GASB 87, then accounted for those leases accordingly.

GASB Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period* - Effective for year-end December 31, 2022. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The Port evaluated the impacts of GASB 89 and determined there to be no impact to the Port's financial statements for the current fiscal year.

GASB Statement No. 91 - *Conduit Debt Obligations* - Effective for year-end December 31, 2022. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting. The Port evaluated the impacts of GASB 91 and determined there to be no impact to the Port's financial statements for the current fiscal year.

GASB Statement No. 92 - *Omnibus 2020* - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end December 31, 2022. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments. The Port evaluated the impacts of GASB 92 and determined there to be no impact to the Port's financial statements for the current fiscal year.

GASB Statement No. 93 - *Replacement of Interbank Offered Rates* - The provisions of this Statement, except for paragraph 11b, 13 and 14, are required to be implemented for year-end December 31, 2021. The requirements in paragraph 11b, 13 and 14 are required to be implemented for year-end December 31, 2022. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The Port evaluated the impacts of GASB 93 and determined there to be no impact to the Port's financial statements for the current fiscal year.

GASB Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* - Effective for year-end December 31, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end December 31, 2020. This Statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Port evaluated the impacts of GASB 97 and determined there to be no impact to the Port's financial statements for the current fiscal year.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Notes to Financial Statements

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB 95). Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* - Effective for year-end December 31, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

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

GASB Statement No. 99 - *Omnibus 2022* - Provisions of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end December 31, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end December 31, 2024.

GASB Statement No. 100 - *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62* - Effective for year-end December 31, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101 - *Compensated Absences* - Effective for year-end December 31, 2024. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102 - *Certain Risk Disclosures* - Effective for year-end December 31, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

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Required Supplementary Information

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

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

<i>Years Ended December 31,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Port's Proportion of the Net Pension Liability	0.02830%	0.04002%	0.03421%	0.03774%	0.04798%	0.04125%	0.03604%	0.03570%
Port's Proportionate Share of the Net Pension Liability	\$ 1,442,563	\$ 1,468,098	\$ 2,019,032	\$ 2,065,214	\$ 2,384,302	\$ 1,486,034	\$ 2,014,253	\$ 1,482,666
State of Alaska Proportionate Share of the Net Pension Liability	399,251	198,882	835,767	820,051	690,549	553,637	253,804	397,126
Total Net Pension Liability	\$ 1,841,814	\$ 1,666,980	\$ 2,854,799	\$ 2,885,265	\$ 3,074,851	\$ 2,039,671	\$ 2,268,057	\$ 1,879,792
Port's Covered Payroll	\$ 881,071	\$ 1,085,780	\$ 1,138,176	\$ 1,299,520	\$ 1,449,474	\$ 1,286,487	\$ 943,387	\$ 965,281
Port's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	163.73%	135.21%	177.39%	158.92%	164.49%	115.51%	213.51%	153.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%

Schedule of the Port Contributions

<i>Years Ended December 31,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 134,303	\$ 151,957	\$ 148,316	\$ 164,672	\$ 196,494	\$ 175,980	\$ 113,997	\$ 108,499
Contributions Relative to the Contractually Required Contribution	134,303	151,957	148,316	164,672	196,494	175,980	113,997	108,499
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Port's Covered Payroll	\$ 877,098	\$ 1,091,553	\$ 1,116,420	\$ 1,310,046	\$ 1,462,579	\$ 1,319,601	\$ 961,507	\$ 987,830
Contributions as a Percentage of Covered Payroll	15.31%	13.92%	13.28%	12.57%	13.43%	13.34%	11.86%	10.98%

See accompanying notes to Required Supplementary Information.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Public Employees' Retirement System - OPEB ARHCT Plan

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

Years Ended December 31,	ARHCT			
	2022	2021	2020	2019
Port's Proportion of the Net OPEB Liability (Asset)	0.02811%	0.03291%	0.03420%	0.03772%
Port's Proportionate Share of the Net OPEB Liability (Asset)	\$ (553,064)	\$ (1,030,901)	\$ (154,877)	\$ 55,975
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(158,091)	(135,021)	(64,255)	22,257
Total Net OPEB Liability (Asset)	\$ (711,155)	\$ (1,165,922)	\$ (219,132)	\$ 78,232
Port's Covered Payroll	\$ 881,071	\$ 1,085,780	\$ 1,138,176	\$ 1,299,520
Port's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-62.77%	-94.95%	-13.61%	4.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	128.51%	135.54%	106.15%	98.13%

Schedule of the Port's Contributions

Years Ended December 31,	ARHCT			
	2022	2021	2020	2019
Contractually Required Contributions	\$ 10,562	\$ 30,403	\$ 44,896	\$ 62,525
Contributions Relative to the Contractually Required Contribution	10,562	30,403	44,896	62,525
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Port's Covered Payroll	\$ 877,098	\$ 1,091,553	\$ 1,116,420	\$ 1,310,046
Contributions as a Percentage of Covered Payroll	1.20%	2.79%	4.02%	4.77%

See accompanying notes to Required Supplementary Information.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Public Employees' Retirement System - OPEB RMP Plan

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

Years Ended December 31,	RMP				
	2022	2021	2020	2019	2018
Port's Proportion of the Net OPEB Liability (Asset)	0.03258%	0.04001%	0.04157%	0.04966%	0.05581%
Port's Proportionate Share of the					
Net OPEB Liability (Asset)	\$ (11,315)	\$ (10,983)	\$ 2,948	\$ 11,880	\$ 7,102
State of Alaska Proportionate Share of the					
Net OPEB Liability (Asset)	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (11,315)	\$ (10,983)	\$ 2,948	\$ 11,880	\$ 7,102
Port's Covered Payroll	\$ 881,071	\$ 1,085,780	\$ 1,138,176	\$ 1,299,520	\$ 1,449,474
Port's Proportionate Share of the					
Net OPEB Liability (Asset) as a Percentage of Payroll	-1.28%	-1.01%	0.26%	0.91%	0.49%
Plan Fiduciary Net Position as a Percentage					
of the Total OPEB Liability (Asset)	120.08%	115.10%	95.23%	83.17%	88.71%

Schedule of the Port's Contributions

Years Ended December 31,	RMP				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 5,663	\$ 7,204	\$ 7,788	\$ 7,402	\$ 6,582
Contributions Relative to the Contractually					
Required Contribution	5,663	7,204	7,788	7,402	6,582
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Port's Covered Payroll	\$ 877,098	\$ 1,091,553	\$ 1,116,420	\$ 1,310,046	\$ 1,462,579
Contributions as a Percentage of Covered Payroll	0.65%	0.66%	0.70%	0.57%	0.45%

See accompanying notes to Required Supplementary Information.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Public Employees' Retirement System - OPEB ODD Plan

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

Years Ended December 31,	ODD			
	2022	2021	2020	2019
Port's Proportion of the Net OPEB Liability (Asset)	0.04010%	0.05315%	0.05523%	0.06660%
Port's Proportionate Share of the Net OPEB Liability (Asset)	\$ (17,580)	\$ (22,358)	\$ (15,057)	\$ (16,161)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (17,580)	\$ (22,358)	\$ (15,057)	\$ (16,161)
Port's Covered Payroll	\$ 881,071	\$ 1,085,780	\$ 1,138,176	\$ 1,138,176
Port's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.00%	-2.06%	-1.32%	-1.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	348.80%	374.22%	283.80%	297.43%
				270.62%

Schedule of the Port's Contributions

Years Ended December 31,	ODD			
	2022	2021	2020	2019
Contractually Required Contributions	\$ 2,354	\$ 2,797	\$ 2,641	\$ 2,820
Contributions Relative to the Contractually Required Contribution	2,354	2,797	2,641	2,820
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Port's Covered Payroll	\$ 877,098	\$ 1,091,553	\$ 1,116,420	\$ 1,310,046
Contributions as a Percentage of Covered Payroll	0.27%	0.26%	0.24%	0.22%
				0.16%

See accompanying notes to Required Supplementary Information.

**Municipality of Anchorage, Alaska
Port of Alaska Fund**

**Notes to Required Supplementary Information
December 31, 2022**

1. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For December 31, 2022, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

Amounts reported reflect a change in assumptions between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

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

Schedule of the Port's Contributions

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

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

**Municipality of Anchorage, Alaska
Port of Alaska Fund**

**Notes to Required Supplementary Information, continued
December 31, 2022**

2. Public Employees' Retirement System OPEB Plans

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

The tables are presented based on the Plan measurement date. For December 31, 2022, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total OPEB liability (asset) for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

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

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

Schedule of the Port's Contributions

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

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

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Supplementary Information

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statements of Net Position

<i>December 31,</i>	2022	2021
Assets and Deferred Outflows of Resources		
Current Assets		
Cash	\$ 500	\$ 650
Equity in general cash pool	10,730,244	12,066,195
Equity in bond and capital acquisition and construction pool	-	3,323,241
Accrued interest on investments	82,239	55,196
Accrued interest on leases	216,472	-
Accounts receivable, net	1,045,610	923,910
Leases receivable, current portion	718,645	-
Prepaid items and deposits	109,233	139,973
Parts inventory	329,025	329,025
Total Current Assets	13,231,968	16,838,190
Noncurrent Assets		
Unrestricted assets:		
Leases receivable, net of current portion	52,803,922	-
Assets held for resale	242,093	242,093
Capital assets, net	371,820,933	347,236,525
Net other postemployment benefits asset	581,959	1,064,242
Total unrestricted noncurrent assets	425,448,907	348,542,860
Restricted assets:		
Restricted cash - settlement set aside	1,950,000	1,950,000
Equity in general cash pool - held for debt service	4,986,136	5,693,135
Intergovernmental receivables	6,319,647	22,544,779
Total restricted noncurrent assets	13,255,783	30,187,914
Total Noncurrent Assets	438,704,690	378,730,774
Total Assets	451,936,658	395,568,964
Deferred Outflows of Resources		
Related to pensions	114,033	135,667
Related to other postemployment benefits	54,906	23,758
Total Deferred Outflows of Resources	168,939	159,425
Total Assets and Deferred Outflows of Resources	\$ 452,105,597	\$ 395,728,389

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statements of Net Position, continued

<i>December 31,</i>	2022	2021
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 417,174	\$ 387,521
Capital acquisition and construction accounts and retainages payable	3,319,437	1,792,357
Leases payable, current portion	41,953	-
Compensated absences payable	172,420	167,472
Unearned revenue	-	37,500
Accrued payroll liabilities	84,697	122,914
Accrued interest payable	318,229	190,051
Accrued interest on leases	777	-
Bonds payable, due within one year	715,000	-
Total Current Liabilities	5,069,687	2,697,815
Noncurrent Liabilities		
Other noncurrent liabilities	1,734,106	1,747,630
Leases payable, net of current portion	466,204	-
Compensated absences payable	103,916	122,294
Net pension liability	1,442,563	1,468,098
Notes payable	40,000,000	40,000,000
Bonds payable, including unamortized premium, net of current portion	68,183,340	69,045,251
Total Noncurrent Liabilities	111,930,129	112,383,273
Total Liabilities	116,999,816	115,081,088
Deferred Inflows of Resources		
Related to pensions	-	585,445
Related to other postemployment benefits	50,028	563,322
Related to leases	52,492,410	-
Total Deferred Inflows of Resources	52,542,438	1,148,767
Net Position		
Net investment in capital assets	259,094,999	260,135,560
Restricted for capital construction	8,269,647	758,136
Restricted for debt service	4,986,136	5,693,135
Unrestricted	10,212,561	12,911,703
Total Net Position	282,563,343	279,498,534
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 452,105,597	\$ 395,728,389

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statements of Revenues, Expenses, and Changes in Net Position

<i>Years Ended December 31,</i>	2022	2021
Operating Revenues		
Charges for sales and services:		
Dockage	\$ 1,257,729	\$ 1,273,487
Wharfage, dry bulk	341,728	225,369
Wharfage, liquid bulk	4,505,188	3,956,808
Wharfage, general cargo	3,945,833	3,703,672
Storage revenue	273,419	259,675
Office rental	28,923	51,307
Utilities	36,838	21,247
Miscellaneous	240,459	181,297
Total charges for sales and services	10,630,117	9,672,862
Other operating revenues:		
Crane rentals	130,822	141,913
Other lease revenue	1,709,174	-
Industrial park lease rentals	1,683,165	4,509,536
POL Valve yard fees	464,803	403,063
Total other operating revenues	3,987,964	5,054,512
Total Operating Revenues	14,618,081	14,727,374
Operating Expenses		
Operations:		
Personnel services	2,721,640	2,774,789
Pension	(563,265)	99,163
Other postemployment benefits	(115,861)	(439,549)
Supplies	202,353	152,501
Other services and charges	4,791,463	6,507,748
Charges from other departments	1,215,444	1,198,886
Total operations	8,251,774	10,293,538
Depreciation and amortization	7,083,726	7,231,394
Total Operating Expenses	15,335,500	17,524,932
Operating loss	(717,419)	(2,797,558)

Municipality of Anchorage, Alaska
Port of Alaska Fund

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

<i>Years Ended December 31,</i>	2022	2021
Nonoperating Revenues (Expenses)		
Intergovernmental - PERS On Behalf	\$ (27,621)	\$ (46,562)
Investment income (loss) - short-term investments	(279,805)	7,652
Security fees	1,544,552	1,502,007
Right-of-way fees	212,290	208,749
Interest income on leases	2,606,814	-
Interest expense on leases	(9,601)	-
Interest on long-term obligations	(2,958,989)	(2,123,958)
Debt issuance costs	(7,500)	(209,333)
Security contract	(1,710,822)	(1,686,747)
Gain on sale of capital assets	19,431	-
Total Nonoperating Revenues (Expenses)	(611,251)	(2,348,192)
Loss before capital contributions and transfers	(1,328,670)	(5,145,750)
Contributions and Transfers		
Capital contributions	6,520,399	25,616,270
Transfers to other funds:		
Municipal service assessment	(1,390,551)	(1,355,911)
Dividend	(736,369)	(689,753)
Change in Net Position	3,064,809	18,424,856
Net Position, beginning	279,498,534	261,073,678
Net Position, ending	\$ 282,563,343	\$ 279,498,534

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statements of Cash Flows

<i>Years Ended December 31,</i>	2022	2021
Cash Flows from Operating Activities		
Receipts from customers	\$ 13,428,724	\$ 14,937,423
Payments to employees	(2,773,287)	(2,790,316)
Payments to vendors	(4,946,947)	(7,088,831)
Internal activity - payments made to other funds	(1,215,444)	(1,198,886)
Net cash flows from operating activities	4,493,046	3,859,390
Cash Flows for Noncapital Financing Activities		
Transfer to other funds	(2,126,920)	(2,045,664)
Security contract	(1,710,822)	(1,686,747)
Right of way and security fees	1,756,842	1,710,756
Net cash flows for noncapital financing activities	(2,080,900)	(2,021,655)
Cash Flows for Capital and Related Financing Activities		
Interest payments on long-term obligations	(2,977,722)	(2,267,940)
Interest payments on leases	(8,824)	-
Principal payments on leases	(44,074)	-
Acquisition and construction of capital assets	(29,588,823)	(76,749,759)
Proceeds from sale of capital assets	19,431	-
Proceeds from issuance of long-term debt	-	40,000,000
Debt issuance costs	(7,500)	(209,333)
Interest received from leases	2,390,342	-
Capital contributions received	22,745,531	18,805,688
Net cash flows for capital and related financing activities	(7,471,639)	(20,421,344)
Cash Flows from (for) Investing Activities		
Investment income (loss)	(306,848)	9,693
Net Decrease in Cash and Cash Equivalents	(5,366,341)	(18,573,916)
Cash and Cash Equivalents, beginning	23,033,221	41,607,137
Cash and Cash Equivalents, ending	\$ 17,666,880	\$ 23,033,221
Components of Cash and Cash Equivalents		
Cash	\$ 500	\$ 650
Equity in general cash pool	10,730,244	12,066,195
Equity in bond and capital acquisition and construction pool	-	3,323,241
Restricted cash - settlement set aside	1,950,000	1,950,000
Restricted equity in general cash pool - debt service	4,986,136	5,693,135
Cash and Cash Equivalents, ending	\$ 17,666,880	\$ 23,033,221

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statements of Cash Flows, continued

<i>Years Ended December 31,</i>	<i>2022</i>	<i>2021</i>
Reconciliation of Operating Loss to Net Cash Flows		
from Operating Activities:		
Operating loss	\$ (717,419)	\$ (2,797,558)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	7,083,726	7,231,394
PERS relief - noncash expenses	(27,621)	(46,562)
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:		
Accounts receivable	(121,700)	172,549
Leases receivable	662,803	-
Prepaid items and deposits	30,740	41,265
Net other postemployment benefits asset	482,283	(894,308)
Deferred outflows of resources related to pensions	21,634	64,367
Deferred outflows of resources related to other postemployment benefits	(31,148)	76,700
Unearned revenue	(37,500)	37,500
Accounts payable	29,653	(456,323)
Compensated absences payable	(13,430)	(16,244)
Net pension liability	(25,535)	(550,934)
Net other postemployment benefits liability	-	(2,948)
Other noncurrent liabilities	(13,524)	(13,524)
Accrued payroll liabilities	(38,217)	717
Deferred inflows of resources related to pensions	(585,445)	585,445
Deferred inflows of resources related to other postemployment benefits	(513,294)	427,854
Deferred inflows of resources related to leases	(1,692,960)	-
Net Cash Flows from Operating Activities	\$ 4,493,046	\$ 3,859,390
Noncash Capital and Financing Activities		
Capital purchases on account	\$ 3,319,437	\$ 1,792,357
Capital contributions	6,319,647	22,544,779
Total Noncash Capital and Financing Activities	\$ 9,639,084	\$ 24,337,136

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Statistical Section (Unaudited)

Municipality of Anchorage, Alaska
Port of Alaska Fund

Comparative Detail Schedule of Actual Revenues by Source (Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Dockage	\$ 1,257,729	\$ 1,273,487	\$ 1,270,139	\$ 1,370,086	\$ 1,242,374	\$ 1,174,735	\$ 1,089,224	\$ 1,142,837	\$ 1,061,272	\$ 956,080
Wharfage, dry bulk	341,728	225,369	210,837	141,102	169,575	150,695	148,896	181,234	179,256	153,813
Wharfage, liquid bulk	4,505,188	3,956,808	2,961,881	1,764,856	1,805,784	1,521,105	1,463,035	1,682,558	900,922	570,819
Wharfage, general cargo	3,945,833	3,703,672	3,932,954	3,780,750	3,544,751	3,529,245	3,670,375	3,608,772	3,414,255	3,440,514
Storage revenue	273,419	259,675	272,130	234,381	219,392	237,335	265,309	327,061	230,883	49,168
Office rental	28,923	51,307	104,886	108,659	96,994	108,670	121,887	114,462	135,041	73,884
Utilities	36,838	21,247	27,705	41,688	46,767	29,687	30,040	45,232	28,675	15,462
Crane rentals	130,822	141,913	124,502	113,060	120,960	74,250	72,488	105,858	43,375	59,025
Industrial park lease rentals	1,683,165	4,509,536	4,442,927	4,440,847	4,472,735	4,344,217	4,326,069	4,363,254	4,182,255	4,172,846
Other lease revenue	1,709,174	-	-	-	-	-	-	-	-	-
Investment income (loss)- short-term	(279,805)	7,652	458,510	1,394,025	312,700	627,633	344,945	344,603	211,006	78,006
Right-of-way fees	212,290	208,749	186,668	192,445	202,056	173,391	167,849	164,678	174,968	160,682
POL valve yard fees	464,803	403,063	328,210	281,832	302,861	246,957	176,713	191,560	231,774	330,359
Security fees	1,544,552	1,502,007	1,494,782	1,496,703	1,478,313	1,469,614	1,421,294	1,426,724	1,361,865	1,325,901
Gain on sale of assets held for resale	-	-	-	249,459	781,831	1,069,995	-	-	-	-
Gain on sale of capital assets	19,431	-	5,775	-	-	-	-	-	-	-
Interest income on leases	2,606,814	-	-	-	-	-	-	-	-	-
Intergovernmental - PERS On Behalf	(27,621)	(46,562)	66,618	(32,445)	51,096	63,059	43,575	18,075	2,882,353	-
Legal settlements	-	-	-	-	-	6,750,000	12,600,000	-	-	-
Miscellaneous revenues	240,459	181,297	118,894	438,726	303,519	280,983	1,022,677	507,769	154,542	247,059
Subtotal	18,693,742	16,399,220	16,007,418	16,016,174	15,151,708	21,851,571	26,964,376	14,224,677	15,192,442	11,633,618
Capital contributions	6,520,399	25,616,270	48,889,068	45,651,079	18,650,418	11,619,685	13,323,471	7,834,571	2,882,353	1,811,983
Transfers from other funds	-	-	-	-	-	81,500	-	-	-	-
Total	\$25,214,141	\$42,015,490	\$64,896,486	\$61,667,253	\$33,802,126	\$33,552,756	\$40,287,847	\$22,059,248	\$18,074,795	\$13,445,601

Municipality of Anchorage, Alaska
Port of Alaska Fund
Current Port Tariff Rates (Unaudited)

Type of Service	Wharfage Rate
Aggregates, per ton	\$ 1.35
Freight NOS	8.09
Bulk commodities, dry, NOS	3.38
Cement	6.07
Cement, bulk through pipeline	2.90
Coal, bulk	1.35
Iron or steel articles	6.07
Logs	3.38
Lumber	6.07
Chips NOS	4.04
Petroleum or petroleum products:	
Inbound/outbound (per bbl.)	2.85
Transfers (per bbl.)	0.05
Fuel (per bbl.)	1.68
Powder (explosive)	20.22
Vans or containers	4.04
Vehicles	13.49

Port of Anchorage Terminal Tariff No. 9

Tariff issued 1/1/2022 and effective 1/1/2022.

Notes to tariff rates: Tariff 10.0 will be used starting 1/1/2024

NOS - Not otherwise specified

Municipality of Anchorage, Alaska
Port of Alaska Fund

Approved Tariff 9.0 Rate Increases (Unaudited)									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petroleum	24.24%	12.95%	12.95%	12.95%	12.95%	12.95%	8.65%	5.64%	5.64%
Cement	24.24%	12.95%	12.95%	12.95%	12.95%	12.95%	8.65%	5.64%	5.64%
Other	3.93%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%

Municipality of Anchorage, Alaska
Port of Alaska Fund

Ten-Year Annual Dock Tonnage Report (Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Freight NOS	181	36	689	1,167	2,199	5,876	4,451	-	5,463	6,385
Dry bulk goods	117,837	87,692	101,853	109,956	105,326	97,223	122,006	126,737	140,684	119,271
Petroleum, NOS (vessel fueling)	42,262	47,888	58,728	222,536	129,828	1,467	893	5,013	2,031	2,615
Vans/flats/containers	1,642,100	1,638,486	1,642,547	1,655,612	1,631,303	1,592,473	1,582,951	1,681,223	1,811,136	1,738,601
Vehicles	-	-	-	-	-	-	-	-	-	2,615
Petroleum, shoreside	1,193,446	1,061,820	902,439	802,093	505,980	471,717	368,708	368,294	916,050	952,631
Petroleum bulk - dockside	2,194,109	2,151,884	1,997,845	1,474,399	1,574,029	1,329,089	1,419,162	1,592,317	580,343	586,041
Total Tons	5,189,935	4,987,806	4,704,101	4,265,763	3,948,665	3,497,845	3,498,171	3,773,584	3,455,707	3,408,159

NOS - Not otherwise specified

Municipality of Anchorage, Alaska
Port of Alaska Fund

Financial Ratios (Unaudited)

<i>Description</i>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Current ratio (current assets / current liabilities)	13.68	6.33	1.84	0.88	13.49	12.51	12.31	16.63	15.24	35.41
Quick ratio (quick assets / current liabilities)	11.06	6.21	1.80	0.84	9.30	10.01	13.23	14.46	13.77	13.25
Return on investment (change in net position / total assets)	1%	5%	13%	15%	4%	6%	8%	-4%	-1%	-31%
Return on equity (change in net position / net position)	1%	7%	20%	23%	6%	8%	11%	-5%	-1%	-40%
Debt to equity as a percent of capital structure (outstanding debt / capital structure over net position)	38%	25%	27%	18%	23%	24%	26%	29%	27%	20%
Capital structure	62%	75%	73%	82%	77%	76%	74%	71%	73%	80%
Operating margin	-5%	-17%	-18%	-21%	-47%	-36%	-59%	-99%	-41%	-3%

Notes to financial ratios:

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

Municipality of Anchorage, Alaska
Port of Alaska Fund
Capital Improvement Program Summary (Unaudited)

<i>Project Category</i>	2022	2023	2024	2025	2026	2027	Total
(in thousands)							
PAMP - Cargo Terminals	\$ 3,000	\$400,000	\$ -	\$ -	\$ -	\$ -	\$403,000
PAMP - Administration Building	9,874	-	-	-	-	-	9,874
PAMP - North Extension Stabilization	120,000	-	-	-	-	-	120,000
Port Equipment	-	350	550	-	-	-	900
Port of Alaska Master Plan	-	300	-	-	-	-	300
Port of Alaska Sand Tent Replacement	-	1,000	-	-	-	-	1,000
Storm Drain Enhancements	1,500	2,500	2,500	2,500	2,500	2,500	14,000
Wharf Pile Enhancements - Fenders	-	-	550	-	-	-	550
US Army Corps of Engineers Permit Requirements	-	-	280	280	280	280	1,120
Tract J Road Access - Port Security Grant	-	5,100	-	-	-	-	5,100
Ship Creek Boat Launch Dredging & Repairs	50	150	-	-	-	-	200
Total	\$134,424	\$409,400	\$ 3,880	\$ 2,780	\$ 2,780	\$ 2,780	\$556,044
<i>Funding Source</i>	2022	2023	2024	2025	2026	2027	Total
Port Equity	\$ 1,550	\$ 5,575	\$ 3,600	\$ 2,500	\$ 2,500	\$ 2,500	\$ 18,225
State/Federal Funds	132,874	403,825	280	280	280	280	537,819
Total	\$134,424	\$409,400	\$ 3,880	\$ 2,780	\$ 2,780	\$ 2,780	\$556,044

Municipality of Anchorage, Alaska
Port of Alaska Fund

Historical Revenues for Top 10 Customers (Unaudited)

<i>Customer Name</i>	2017	2018	2019	2020	2021	2022
Matson Navigation Co of AK LLC.	\$ 3,963,201	\$ 3,992,345	\$ 4,145,159	\$ 4,341,741	\$ 4,310,462	\$ 4,911,933
TOTE Maritime Alaska, Inc.	4,348,202	4,187,419	4,163,209	4,241,090	4,222,618	4,302,049
Tesoro Alaska Companies Inc.	2,178,859	1,973,515	2,338,936	2,376,820	2,433,227	2,430,884
Alaska Maritime Agencies	617,920	812,984	618,917	1,343,109	1,948,779	2,272,479
Petro Star, Inc.	581,691	812,375	980,349	1,215,060	1,546,637	1,954,751
Anchorage Fueling & Service Co./ASIG	608,901	572,221	581,628	591,100	593,795	736,648
Anchorage Sand and Gravel/ABI	507,364	535,896	698,411	560,139	504,888	636,146
Crowley Petroleum Distribution (CPD Alaska)	302,955	257,136	238,307	243,441	278,493	289,090
Delta Western	301,702	262,576	302,503	248,173	241,899	242,291
Holland America Line	230,643	220,124	182,713	No Revenue earned due to COVID 19	No Revenue earned due to COVID 19	17,283

Municipality of Anchorage, Alaska
Port of Alaska Fund

Vessel Arrivals (Unaudited)

<i>Category</i>	2017	2018	2019	2020	2021	2022
Barge	-	-	11	-	1	1
Cement Ship	4	4	4	4	3	4
Cargo	2	1	2	1	-	2
Cruise Ships	10	10	10	-	-	1
Dredge	1	1	3	5	6	5
G-Military Oil Tanker		-	-	-	-	-
Government Ship	-	2	7	4	1	2
Gravel Barge	-	1	-	-	-	-
Military Ship	2	1	2	1	3	-
Petroleum Barges	50	54	60	50	56	63
Petroleum Tankers	30	33	27	39	43	43
Pipe Ship	1	1	-	-	-	-
Ships - TOTE/MATSON	202	196	201	195	201	197
Tugs	77	79	79	80	93	95
Yacht/Other small craft	-	1	-	4	1	-
Total	379	384	406	383	408	413

Municipality of Anchorage, Alaska
Port of Alaska Fund

Schedule of Revenues, Expenses, and Changes in Net Position -
Budget to Actual (Unaudited)

<i>Year Ended December 31, 2022</i>	Budget	Actual	Variance
Operating Revenues			
Charges for sales and services:			
Dockage	\$ 1,610,413	\$ 1,257,729	\$ (352,684)
Wharfage, dry bulk	172,029	341,728	169,699
Wharfage, liquid bulk	2,185,067	4,505,188	2,320,121
Wharfage, general cargo	4,031,278	3,945,833	(85,445)
Storage revenue	229,722	273,419	43,697
Office rental	24,050	28,923	4,873
Utilities	44,704	36,838	(7,866)
Miscellaneous	253,025	240,459	(12,566)
Total charges for sales and services	8,550,288	10,630,117	2,079,829
Other operating revenues:			
Crane rentals	56,500	130,822	74,322
Other lease rentals	2,585,058	1,709,174	(875,884)
Industrial park lease rentals	1,687,784	1,683,165	(4,619)
POL Valve yard fees	291,696	464,803	173,107
Total other operating revenues	4,621,038	3,987,964	(633,074)
Total Operating Revenues	13,171,326	14,618,081	1,446,755
Operating Expenses			
Operations:			
Personnel services	(3,416,711)	2,721,640	(6,138,351)
Pension	-	(563,265)	563,265
Other postemployment benefits	-	(115,861)	115,861
Supplies	235,300	202,353	32,947
Other services and charges	14,305,329	4,791,463	9,513,866
Charges from other departments	1,426,255	1,215,444	210,811
Total operations	12,550,173	8,251,774	4,298,399
Depreciation	7,937,791	7,083,726	854,065
Total Operating Expenses	20,487,964	15,335,500	5,152,464
Operating loss	(7,316,638)	(717,419)	6,599,219

Municipality of Anchorage, Alaska
Port of Alaska Fund

Schedule of Revenues, Expenses, and Changes in Net Position -
Budget to Actual, continued (Unaudited)

<i>Year Ended December 31, 2022</i>	Budget	Actual	Variance
Nonoperating Revenues (Expenses)			
Intergovernmental revenues - PERS on-behalf	\$ -	\$ (27,621)	\$ (27,621)
Investment income (loss) - short term investments	94,000	(279,805)	(373,805)
Security fees	1,477,975	1,544,552	66,577
Right-of-way fees	173,000	212,290	39,290
Interest income on leases	484,303	2,606,814	2,122,511
Interest expense on leases	(9,601)	(9,601)	-
Interest on long-term obligations	(3,100,000)	(2,958,989)	141,011
Debt issuance costs	(25,000)	(7,500)	17,500
Security contract	-	(1,710,822)	(1,710,822)
Gain on sale of capital assets	-	19,431	19,431
Total Nonoperating Revenues (Expenses)	(905,323)	(611,251)	294,072
Loss before capital contributions and transfers	(8,221,961)	(1,328,670)	6,893,291
Contributions and Transfers			
Capital contributions	-	6,520,399	6,520,399
Transfers to other funds:			
Municipal service assessment	(1,390,551)	(1,390,551)	-
Dividend	(736,369)	(736,369)	-
Change in Net Position	\$ (10,348,881)	3,064,809	\$ 13,413,690
Net Position, beginning		279,498,534	
Net Position, ending		\$ 282,563,343	

Municipality of Anchorage, Alaska
Port of Alaska Fund

Historical Debt Service Coverage for the Fiscal Year (Unaudited)

Fiscal Year	Revenue (1)	Operating Expenses (2)	Amount Available for Debt Service	Principal	Interest	Total	Coverage (3)
2022	\$ 18,701,932	\$ 12,727,753	\$ 5,974,179	\$ -	\$ 1,595,897	\$ 1,595,897	3.74

- (1) Excludes allowance for funds used during construction, includes nonoperating revenue. Excludes payments received for PERS relief from State of Alaska.
- (2) Excludes pension expense, PERS on behalf expense, OPEB on behalf expense, OPEB expense, depreciation and transfers to other funds; but includes regular/recurring non-operating expenses.
- (3) Required minimum coverage is 1.35.

Other Reporting Required by *Government Auditing Standards*



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Port of Alaska, an enterprise fund of the Municipality of Anchorage, Alaska, and the related notes to the financial statements, which collectively comprise the Port of Alaska's basic financial statements, and have issued our report thereon dated April 8, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2022-003 to be a significant deficiency.



Report on Compliance and Other Matters

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

Port of Alaska's Response to Findings

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

Purpose of This Report

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

BDO USA, P.C.

Anchorage, Alaska
April 8, 2024

**Municipality of Anchorage, Alaska
Port of Alaska Fund**

**Schedule of Findings and Responses
For the Year Ended December 31, 2022**

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no (none reported)
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> reported)

Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no
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**Section II - Financial Statement Findings Required to be Reported in Accordance with
Government Auditing Standards**

Finding 2022-001

Timeliness in Closure of Books and Records - Material Weakness in Internal Control over Financial Reporting

Criteria

Governmental Accounting Standards Board Concepts Statement No. 1, *Objectives of Financial Reporting*, identifies the objectives of external financial reporting by state and local government entities. These objectives encompass concepts of financial reporting that will promote useful financial information for state and local governments to its users. Users of these financial reports include the citizenry, legislative and oversight bodies, and investors and creditors. In order for financial information to be useful and of value, the information needs to be sufficiently detailed and encompass the seven basic tenets of accountability, understandability, reliability, relevance, timeliness, consistency, and comparability.

GASB Concepts Statement No. 1 specifically states "If financial reports are to be useful, they must be issued soon enough after the reported events to affect decisions. Timeliness alone does not make information useful, but the passage of time usually diminishes the usefulness that the information otherwise would have had."

Condition

The Municipality failed to perform closure of books and records in a timely manner after its fiscal year end. This resulted in a delay to produce required reconciliations and final period-ending trial balances utilized in the production of financial reporting.

Cause

There were limited personnel resources at the Municipality to assist in the timely completion of the Municipality's close of books and records for its fiscal year end.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Schedule of Findings and Responses, continued For the Year Ended December 31, 2022

<i>Effect or potential effect</i>	The delay in timing resulted in delays for disseminating financial reporting information to the Municipality's citizenry, legislative and oversight bodies, and investors and creditors.
<i>Recommendation</i>	Management should prepare a close schedule and perform timely reconciliations of the Municipality's books and records to its supporting schedules.
<i>Views of responsible officials</i>	The Port will work with MOA to improve the timelines of these closures by keeping all Port work up to date and submitting it for review to the Controller Division timely.
<u>Finding 2022-002</u>	Implementation of Government Accounting Standards Board Statement No. 87 (GASBS No. 87), <i>Leases</i> - Material Weakness in Internal Control over Financial Reporting
<i>Criteria</i>	GASBS No. 87 defines the lease term as periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option. GASBS No. 87 further states that a lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term and should be measured at the present value of the lease payments expected to be received during the lease term.
<i>Condition</i>	The Municipality failed to include extension factors within multiple leases within the Port of Alaska. This resulted in approximately \$43 million in material adjustments to lease receivable and deferred inflows related to leases.
<i>Cause</i>	Internal controls were not established to ensure that lease amortization schedules were accurate and reflected appropriate inputs to initially measure the lease receivable and deferred inflows related to leases that were applicable to the Port of Alaska.
<i>Effect or potential effect</i>	BDO identified material adjustments to the initial measurement of the lease receivable and deferred inflows related to leases in the Port of Alaska as a result of management's determination not to include extension terms to measure the lease receivable and deferred inflows related to leases.
<i>Recommendation</i>	Management should ensure supervisory review of the implementation of new accounting pronouncements are performed at a sufficient level of precision to support the financial reporting elements. The CFO should consider having a single person in a position of authority who evaluates and implements new accounting pronouncements.
<i>Views of responsible officials and planned corrective actions</i>	The Port will work with the Controller Division to assist in the review and preparation of the Port lease entries to reflect and comply with the standards set forth in GASBS 87.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Schedule of Findings and Reponses, continued For the Year Ended December 31, 2022

Finding 2022-003

Reconciliation and Review Controls - Significant Deficiency in Internal Control over Financial Reporting

Criteria

Government Auditing Standards states that management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent or detect and correct misstatements on a timely basis.

COSO Internal Control Integrated Framework defines internal control at the organizational level and identifies objectives, components, and principles of internal control to establish and maintain an effective internal control environment. Control Activities Principle Number 10 states that an organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. The COSO Integrated Framework identifies types of transactional control activities that include among others, authorizations and approvals, verifications, reconciliations, and supervisory controls.

Condition

Reconciliations and related details for Construction Work in Progress contained significant inaccuracies and required multiple revisions. Reconciliations and oversight of restricted assets is a key area impacting financial reporting for which the personnel responsible for this financial reporting area did not have ready access to information necessary to perform their duties.

Cause

There was insufficient supervisory review of the general ledger and related financial reporting elements against reconciliation details and activity throughout the fiscal year.

Effect or potential effect

Those responsible for financial reporting did not have complete information to ensure timely reporting. Financial reports were delayed.

Recommendation

Management should ensure supervisory review of the reconciliation details and activity throughout the fiscal year are performed at a sufficient level of precision to support the financial reporting elements. The CFO should consider having a single person in a position of authority who oversees accurate and comprehensive financial reporting and coordinates between various control owners.

Views of responsible officials

The Port will work with designated Finance Division staff to ensure and assist with general ledger and related financial reporting elements for review to ensure accurate and timely information.



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MUNICIPALITY OF ANCHORAGE, ALASKA PORT OF ALASKA FUND

Corrective Action Plan Year Ended December 31, 2022

*Finding 2022-001:	Timeliness in Closure of Books and Records - Material Weakness in Internal Control over Financial Reporting
Planned Corrective Action Plan:	The Port uses a general ledger program that is a Municipality of Anchorage (MOA)-wide system. The Port can only close periods when all of MOA is ready to close periods. The Port will work with MOA to improve the timeliness of these closures by keeping all Port work up to date and submitting it for review to the Controller Division timely.
Completion Date:	June 30, 2024
*Finding 2022-002:	Implementation of Government Accounting Standards Board Statement No. 87 (GASBS No. 87), <i>Leases</i> - Material Weakness in Internal Control over Financial Reporting
Planned Corrective Action Plan:	The Port will work with the Controller Division to assist in the review and preparation of the Port lease entries to reflect and comply with the standards set forth in GASB87. The Port will provide updates for all lease activity throughout the year to alleviate a backlog of information transmitted for review and processing at yearend.
Completion Date:	December 31, 2024
*Finding 2022-003:	Reconciliation and Review Controls - Significant Deficiency in Internal Control over Financial Reporting
Planned Corrective Action Plan:	The Port will work with designated Finance Division staff to ensure and assist with general ledger and related financial reporting elements for review to ensure accurate and timely information.
Completion Date:	December 31, 2024
Contact:	Cheryl J Beckham Port of Alaska Finance Manager 907-343-6204

APPENDIX B

GENERAL AND ECONOMIC INFORMATION MUNICIPALITY OF ANCHORAGE

Situated on a broad plain at the head of Cook Inlet in southcentral Alaska, the Anchorage area (known as the Anchorage Bowl) was settled in 1915 as a construction base for the Alaska Railroad, which was built by the federal government. The railroad runs from the Gulf of Alaska at Seward Alaska to Fairbanks in interior Alaska. The largest of Alaska's cities, the Municipality is a modern, progressive and dynamic metropolitan center with a 2023 estimated population of 289,653.

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

Population

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

TABLE 10
POPULATION⁽¹⁾

	Municipality	State
2023 Estimate	289,653	736,812
2022 Estimate	289,972	736,508
2021 Estimate	290,440	736,110
2020 U.S. Census	291,247	733,391
2019 Estimate	292,487	732,734
2018 Estimate	294,973	735,367
2017 Estimate	298,176	738,920
2016 Estimate	299,330	740,637
2015 Estimate	298,933	737,786
2014 Estimate	300,252	737,053
2013 Estimate	301,223	736,552
2012 Estimate	298,306	731,005
2011 Estimate	295,713	722,473
2010 U.S. Census	291,826	710,231
2000 U.S. Census	260,283	626,931
1990 U.S. Census	226,338	550,043
1980 U.S. Census	174,431	401,851
1970 U.S. Census	126,385	302,361
1960 U.S. Census	82,833	226,167
1950 U.S. Census	19,432	128,643

Source: Alaska Department of Labor and Workforce Development

(1) Estimates are as of July 2023 from the Alaska Department of Labor and Workforce Development, Research and Analysis Section.

Construction Activity

New building activity in the Municipality from 2014 to 2023 is reflected in the following table, which sets forth the construction value of building permits issued by the Municipality within the Anchorage Building Safety Service Area (ABSSA).

TABLE 11
MUNICIPALITY CONSTRUCTION ACTIVITY
(Dollars in Thousands)

<u>Year</u>	<u>Commercial Permits</u>	<u>Residential Permits</u>	<u>Total Permits</u>
2023	\$ 117,861	\$ 255,444	\$ 373,305
2022	163,443	283,516	446,959
2021	205,759	153,519	359,278
2020	199,832	165,333	365,165
2019	260,572	147,383	407,955
2018	269,655	132,187	401,843
2017	274,322	152,680	427,002
2016	334,900	132,031	466,931
2015	374,017	175,355	549,372
2014	486,830	194,096	680,927

Source: Municipality of Anchorage, Permitting & Planning Division.

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Employment

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

TABLE 12
AVERAGE ANNUAL WAGE AND SALARY EMPLOYMENT BY INDUSTRY

	2018	2019	2020	2021	2022	2023
Goods Producing						
Mining (Oil/Gas) & Logging	2,600	2,600	2,200	1,800	1,800	1,800
Construction	7,500	7,700	7,100	7,200	7,200	7,600
Manufacturing	2,000	2,100	1,900	1,900	1,900	1,900
Total Goods Producing	<u>12,200</u>	<u>12,400</u>	<u>11,200</u>	<u>11,000</u>	<u>10,900</u>	<u>11,300</u>
Service Producing						
Transportation	11,200	11,100	10,400	11,500	12,700	13,300
Trade						
Wholesale	4,800	4,900	4,700	4,600	4,700	4,800
Retail	17,000	16,500	15,100	15,400	15,600	15,600
Total Trade	<u>33,100</u>	<u>32,600</u>	<u>30,100</u>	<u>31,600</u>	<u>33,100</u>	<u>33,700</u>
Finance, Insurance and Real Estate	7,300	7,300	6,900	6,700	6,800	6,700
Services & Miscellaneous	70,800	67,700	63,700	65,800	67,700	70,000
Federal	8,400	8,300	8,600	8,500	8,500	8,600
State	9,800	9,700	9,500	9,500	9,400	9,700
Local	10,100	10,000	9,200	9,000	9,000	8,900
Total Government	<u>28,300</u>	<u>28,000</u>	<u>27,200</u>	<u>27,100</u>	<u>26,900</u>	<u>27,200</u>
Total Service Producing	<u>139,600</u>	<u>138,800</u>	<u>128,000</u>	<u>131,000</u>	<u>134,400</u>	<u>137,500</u>
Total Goods and Service Producing	151,800	151,200	139,200	141,900	145,300	148,900

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

The following table shows a comparison of the annual unemployment rates for the United States, Alaska and the Municipality for the period of 2018 through December 2023.

TABLE 13
ANNUAL UNEMPLOYMENT RATE

	2018	2019	2020	2021	2022	2023
United States	3.9%	3.7%	8.1%	5.3%	3.6%	3.6%
Alaska	6.0	5.6	8.3	6.4	4.2	4.2
Anchorage	5.0	4.6	7.9	5.9	3.5	3.4

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section (as of April 2024).

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 more than 18.7 billion barrels of crude oil from the North Slope of Alaska to market between 1978 and 2023, with peak production of more than 2 million barrels per day in 1988.

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

Oil and Gas Property Tax. The State levies an oil and gas property tax on the value of taxable oil and gas exploration, production and pipeline transportation property in the State at a rate of 20 mills (two percent) of the assessed value of the property. This is the only centrally assessed statewide property tax program in Alaska. Oil and gas reserves, oil or gas leases, the rights to explore or produce oil or gas, and intangible drilling expenses are not considered taxable property under the statute. The most notable properties that are subject to this tax are TAPS, including the terminal at Valdez and the field production systems at Prudhoe Bay. The assessed value of all existing properties subject to this tax was approximately \$30.4 billion as of January 1, 2023, \$28.6 billion as of January 1, 2022, \$28.2 billion as of January 1, 2021, and \$29.0 billion as of January 1, 2020.

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

When the oil and gas property is located within the jurisdiction of a municipality, the municipality may also levy a tax on the property at the same rate the municipality taxes all other non-oil and gas property. The tax paid to a municipality on oil and gas property acts as a credit toward the payment to the State. Of the \$608.9 million of gross tax levied in fiscal year 2023 on oil and gas property in the State, the State's share was \$128.8 million. In the State of Alaska Spring 2024 Revenue Forecast, the State forecasts income from the oil and gas property tax to be approximately \$133.3 million in fiscal year 2024 and \$133.2 million in fiscal year 2025.

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

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

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

Several tax credits and other mechanisms are available for North Slope oil production to provide incentives for additional investment. A per-taxable-barrel credit is available, which is reduced progressively from \$8 per barrel

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

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

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

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

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

Taxpayers are required to make monthly estimated payments, based upon activities of the preceding month. These payments are due on the last day of the following month, and taxpayers are required to file an annual tax return to “true up” any tax liabilities or overpayments made during the year. From fiscal year 2007 through fiscal year 2017, as an incentive for new exploration, companies without tax liability against which to apply credits could apply for a refund of the value of most of the credits, subject to appropriation. Appropriations funded State purchase of the full balance of tax credits for fiscal year 2007 through fiscal year 2015, then partial funding beginning in fiscal year 2016 onward, with an outstanding balance remaining every year from fiscal year 2016 through fiscal year 2023. All outstanding tax credits available for State purchase have been fully retired with a final appropriation in the enacted fiscal year 2024 budget, and no future purchases or appropriations are anticipated under current law. A total of \$4.1 billion of tax credits were purchased by the State over the life of the program.

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

In 2018, House Bill 331 (“HB 331”) was enacted, creating a tax credit bonding program that would allow the State to purchase outstanding oil and gas tax credits at a discount to face value, and spread the funding out over several years through the issuance of subject to appropriation bonds. The fiscal year 2020 operating budget appropriated \$700 million of bond proceeds to the Oil and Gas Tax Credit Fund for expenditure in fiscal year 2020 or 2021. A legal challenge delayed the tax credit bonding program, and in September 2020, the Alaska Supreme Court (the “Supreme Court”) held that the tax credit bonding program under HB 331 was unconstitutional, prohibiting the Alaska Tax Credit Certificate Bond Corporation (“ATCCBC”) from issuing bonds to finance the purchase of approximately

\$700 million in outstanding tax credit certificates. All outstanding tax credits available for State purchase have been fully retired with the final appropriation in the enacted fiscal year 2024 budget.

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

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

Military Bases

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

Transportation

Anchorage International Airport

The State operates the Ted Stevens Anchorage International Airport (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 four cargo airport in the world by Airports Council International in calendar year 2021. In fiscal year 2023, all-cargo certificated maximum gross takeoff weight (measured in 1,000 lb. units) was 30,860,000, a decrease from the historic high of approximately 33,827,000 in fiscal year 2022. In fiscal year 2023, passenger activity at ANC (including passenger enplanements, passenger deplanements and in-transit passengers) was approximately 5.45 million, as compared to 5.16 million in fiscal year 2022, 3.0 million in 2021, 4.4 million in 2020 and 5.7 million in 2019.

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 62,297 takeoffs and landings in 2021, the Seaplane Base is one of the most active seaplane facilities in the world. The facility operates on a year-round basis, but weather conditions in the winter months dictate that the Seaplane Base operate as a ski-plane facility for part of the year.

Private Aircraft

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

The Alaska Railroad

The Alaska Railroad Corporation (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. The ARRC assets include 682 freight revenue railcars, 45 passenger railcars, 51 locomotives and 2 power cars, and yards in the Municipality, Seward, Whittier and Fairbanks. In 2022, the ARRC carried 3.7 million tons of freight and 461,949 passengers. As of 2022, the railroad employed 594 year-round employees, and approximately 123 additional employees hired for additional summer activity.

APPENDIX C
FORM OF BOND COUNSEL OPINIONS

December 17, 2024

Municipality of Anchorage
Anchorage, Alaska

Wells Fargo Bank, National Association
Charlotte, North Carolina

Re: Municipality of Anchorage, Alaska
2024 Port Revenue Bonds, Series A (AMT) - \$191,385,000

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 2024 Port Revenue Bonds, Series A (AMT), in the aggregate principal amount of \$191,385,000 (the “Bonds”), issued for the purpose of refunding the balance outstanding on a short term borrowing program loan of the Don Young Port of Alaska (the “Port”), financing or reimbursing the Municipality for a portion of the costs of the Port of Alaska Modernization Program, funding the Common Reserve Account-A, and paying costs of issuance of the Bonds. The Bonds are issued pursuant to Ordinance No. 2020-16 passed on February 11, 2020, Ordinance No. 2021-100, As Amended passed on November 1, 2021, Ordinance No. 2024-11(S), As Amended passed on February 27, 2024 and Resolution No. 2024-316(S) passed on November 6, 2024 (collectively, the “Bond Ordinances”) and the Trust Agreement by and between the Municipality and U.S. Bank Trust Company, National Association dated December 17, 2024 (the “Trust Agreement”). Capitalized terms used in this opinion and not otherwise defined herein shall have the meanings given such terms in the Bond Ordinances and Trust Agreement.

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

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

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

1. The Bonds have been legally issued and constitute valid and binding special obligations of the Municipality enforceable in accordance with their terms, both principal thereof and interest thereon are payable solely out of the special fund of the Municipality known as the “Port of Alaska Revenue Bond Account - 2024” (the “Bond Account”), 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. The Bond Ordinances have been duly passed, and the Trust Agreement has been duly authorized, executed and delivered and each constitutes the valid and binding obligation of the Municipality enforceable in accordance with its terms, except to the extent that the enforcement of the rights and remedies under the Bond Ordinances or Trust Agreement may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

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

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

5. Interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bonds for any period during which such Bonds is held by a "substantial user" of the facilities financed or refinanced by the Bonds, or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"); however, interest on the Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in this paragraph is subject to the condition that the Municipality comply with all requirements of the 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 such 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.

6. Interest on the Bonds is taken into account in determining "adjusted financial statement income" of certain corporations for purposes of computing the alternative minimum tax imposed on "applicable corporations."

7. 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.

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

Very truly yours,

K&L GATES LLP

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The following information has been provided by the Depository Trust Company, New York, New York (DTC). The Municipality makes no representation regarding the accuracy or completeness thereof. Beneficial Owners (as hereinafter defined) should therefore confirm the following with DTC or the Participants (as hereinafter defined).

1. The Depository Trust Company (DTC), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.
4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.
5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Municipality as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Municipality or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Municipality or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but neither the Municipality nor the Underwriters take any responsibility for the accuracy thereof.

APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

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

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

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)