

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the State, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion based upon existing laws of the State of Alaska that interest on the Bonds is exempt from taxation by the State of Alaska except for transfer, inheritance, and estate taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. See "TAX MATTERS" herein. Delivery of the 2025B Bonds, and delivery of Bond Counsel's opinion with respect to the 2025B Bonds, is subject to the satisfaction of certain terms and conditions provided in the Forward Delivery Bond Purchase Agreement as described under the heading "CERTAIN FORWARD DELIVERY CONSIDERATIONS."



**\$50,210,000
STATE OF ALASKA
INTERNATIONAL AIRPORTS SYSTEM
Revenue Refunding Bonds
Series 2025B (Governmental – Non-AMT)
(Forward Delivery)**

The State of Alaska is issuing \$50,210,000 principal amount of its International Airports System Revenue Refunding Bonds, Series 2025B (Governmental – Non-AMT) (Forward Delivery) (the "2025B Bonds" or the "Bonds").

The Bonds are being issued in the form of fully registered bonds in book-entry form 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 under a book-entry only system as described herein. Individual purchasers of beneficial ownership interests in the Bonds may be made in the principal amount of \$5,000 or any integral multiple thereof. Beneficial Owners of the Bonds will not receive physical delivery of certificates representing their interests in the Bonds purchased. Principal of and interest on the Bonds are payable directly to DTC by The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as registrar (the "Registrar"), disbursement of payments to DTC participants is the responsibility of DTC, and subsequent disbursement of payments to beneficial owners of the Bonds is the responsibility of DTC participants, all as further described herein. Interest on the 2025B Bonds will accrue from the date of delivery of the 2025B Bonds, or from the most recent interest payment date to which interest has been paid or provided for, and is payable on each April 1 and October 1, commencing October 1, 2025.

The Bonds are subject to optional redemption prior to their stated maturity dates. See "DESCRIPTION OF THE BONDS."

There 2025B Bonds are scheduled to be delivered on July 8, 2025. For a discussion regarding the forward delivery of the 2025B Bonds, see "CERTAIN FORWARD DELIVERY CONSIDERATIONS."

The Bonds are special, limited obligations of the State of Alaska and are payable as to interest on, principal of and premium, if any (except to the extent paid from bond proceeds or the income from investments), solely from, and are secured by a pledge of, the Revenues derived by the State of Alaska from the operation of the Alaska International Airports System (the "System") consisting of the Ted Stevens Anchorage International Airport and the Fairbanks International Airport. The Bonds are not general obligations of the State of Alaska, and neither the full faith and credit nor the taxing power of the State of Alaska are pledged for the payment of the Bonds.

The purchase and ownership of beneficial ownership interests in the Bonds involve investment risks. Prospective purchasers should read this Official Statement in its entirety, giving particular attention to the matters addressed under "CERTAIN INVESTMENT CONSIDERATIONS."

The Bonds are being issued to (i) refund certain Outstanding Parity Bonds (as described herein), and (ii) finance costs of issuance of the Bonds. See "SOURCES AND USES OF BOND PROCEEDS."

THIS COVER PAGE CONTAINS INFORMATION FOR QUICK REFERENCE ONLY AND IS NOT A SUMMARY OF THE TERMS OF OR SECURITY FOR THE BONDS. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING APPENDICES, TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. THERE ARE RISKS ASSOCIATED WITH PURCHASE OF THE BONDS, AS FURTHER DESCRIBED HEREIN.

The Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by Orrick, Herrington & Sutcliffe LLP, Seattle, Washington, Bond Counsel. Certain legal matters will be passed upon for the State of Alaska by the Attorney General for the State of Alaska, and for the Underwriters by Underwriters' Counsel, Nixon Peabody LLP, Los Angeles, California. Certain legal matters will be passed upon by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the State. Masterson Advisors LLC serves as municipal advisor to the State of Alaska. It is expected that the Bonds in definitive form will be available for delivery through the facilities of DTC, on or about July 8, 2025. Potential investors in the 2025B Bonds should carefully review the information under the caption "CERTAIN FORWARD DELIVERY CONSIDERATIONS" and in APPENDIX G—FORM OF DELAYED DELIVERY CONTRACT.

Goldman Sachs & Co. LLC

Jefferies

Dated: June 26, 2025

\$50,210,000
STATE OF ALASKA
INTERNATIONAL AIRPORTS SYSTEM REVENUE REFUNDING BONDS
Series 2025B (Governmental – Non-AMT) (Forward Delivery)

Dated: July 8, 2025

Due: October 1, as shown below

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICE OR YIELDS, AND CUSIP[†]

Maturity (October 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP[†] 011842
2026	1,000,000	5.000%	101.858	3.440%	VE8
2027	2,970,000	5.000	103.229	3.480	VF5
2028	4,995,000	5.000	104.601	3.480	VG3
2029	3,655,000	5.000	105.724	3.530	VH1
2030	3,220,000	5.000	106.811	3.560	VJ7
2031	5,490,000	5.000	107.804	3.590	VK4
2032	10,680,000	5.000	108.506	3.650	VL2
2034	5,965,000	5.000	108.407*	3.800	VM0
2035	12,235,000	5.000	107.967*	3.860	VN8

* Priced to the first optional redemption date of October 1, 2033.

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* The reference to the State's website is not a hyperlink and the State's website, by this reference, is not incorporated herein.

TABLE OF CONTENTS

INTRODUCTION	1
DESCRIPTION OF THE BONDS	3
General Description of the Bonds	3
Payments of Principal and Interest	3
Book-Entry Transfer System	3
Optional Redemption.....	4
SOURCES AND USES OF BOND PROCEEDS	4
Application of Bond Proceeds.....	4
2025A Bonds: Purchase of the Purchased Bonds.....	4
2025B Bonds: Refunding of the Refunded Bonds.....	4
Summary of the Prior Bonds	5
Sources and Uses of Funds.....	6
CERTAIN FORWARD DELIVERY CONSIDERATIONS	6
General	6
2025B Bond Settlement.....	6
Agreement of Purchasers.....	7
Additional Risks Related to the Forward Delivery Period	8
PARITY BOND DEBT SERVICE TABLE	10
SECURITY FOR THE BONDS.....	10
General	10
Rate Covenant	11
Reserve Account.....	11
Outstanding Parity Bonds.....	13
Future Parity Bonds.....	13
Limited Liability.....	14
THE STATE.....	14
State Government.....	14
State Bond Committee.....	14
THE ALASKA INTERNATIONAL AIRPORTS SYSTEM	14
Introduction	14
Governance and Management	15
OVERVIEW OF OPERATIONS	15
SYSTEM FACILITIES	16
Anchorage International Airport	16
ANC Airfield.....	16
Lake Hood Seaplane Base	16
ANC Passenger Terminals	17
ANC Cargo Facilities	17
ANC Other Facilities.....	18
ANC Rental Car Facility	18
Bill Sheffield Alaska Railroad Corporation Depot.....	19
Fairbanks International Airport	19
FAI Airfield and Cargo Facilities.....	19
FAI Passenger Facilities	20
Other FAI Facilities.....	20
ANC and FAI Master Plans.....	20
ECONOMIC DEMAND FOR AIR SERVICE	21
Anchorage Air Trade Area	21
Fairbanks Air Trade Area.....	21
AIR-TRADE AREA EMPLOYMENT	22
Population Trends.....	23
Economic Overview of Alaska.....	23
AVIATION ACTIVITIES AND ACTIVITY LEVELS	24
Anchorage Passenger Activity.....	24
Fairbanks Passenger Activity	26
System Passenger Service.	29
Fairbanks Cargo Activity	34
Airline Service.....	35
Other Airport Recent Developments – Routes and Service	37
SYSTEM OPERATING AGREEMENT, REVENUES AND EXPENSES	38
General	38
Airline Operating Agreement.....	38
System Operating Revenue	39
Other Revenues of the System.....	44
System Operating Expenses	44
SYSTEM FINANCIAL OPERATIONS AND RESULTS	45
System Financial Operations	45
Management Discussion of System Operating Results	47
Federal Aviation Administration COVID-19 Pandemic Relief for Airports	48
Capital Improvement Program Planning	49
Budget Process for Debt Service and Expenses.....	51
Employees and Pension Benefits.....	51
Projected Financial Results	52
INVESTMENT CONSIDERATIONS	55
General	55
2025 Bonds Special Obligations of the System	56
Uncertainties of Projections, Forecasts and Assumptions	56
Certain Factors Affecting the Airline Industry	57
Oil Prices	58
Economic Conditions of Air Trade Area.....	58
Effect of Airline Industry Concentration.....	58
Airline Bankruptcy	58
Effects of Bankruptcy of Tenant, Concessionaire, or Other Contracting Party	59
Investment Losses	60
Risks Related to the System's Capital Projects	60
Operations of the System.....	60
Passenger Facility Charges	61
Regulations and Restrictions Affecting the System	61

Federal Restrictions on Airport Revenue	
Transfers.....	62
FAA Rates and Charges Policy	62
Future Legislation and Regulations.....	63
Federal Policy Risk.....	63
Expiration and Possible Termination of	
Airport Use Agreements.....	64
Technological Innovations	64
Environmental Regulation.....	64
PFAS Contamination.....	66
Climate Change and Possible New	
Regulations.....	66
Aviation Security Concerns and Related	
Costs.....	67
Effect of COVID Pandemic and Other	
Worldwide Health Concerns	67
Seismic, Volcanic and Other Natural	
Disasters and Emergencies.....	68
Cybersecurity.....	68
Changes in Financial Markets and Financial	
Condition of Surety Bond Providers	69
Initiative and Referenda	69
Limitation of Remedies	69
Risk of Tax Audit of Municipal Issuers	70
Potential Limitations of Tax Exemption of	
Interest on the 2025 Bonds.....	70
INFORMATION ABOUT CERTAIN	
AIRLINES SERVING THE AIRPORTS.....	70
General	70
Airline Information.....	70
STATE OF ALASKA	71
Government Budgets and Appropriations	71
Investment Policies.....	71
Insurance	72
FINANCIAL STATEMENTS OF THE	
SYSTEM	73
LITIGATION	73
RATINGS.....	73
UNDERWRITING	74
MUNICIPAL ADVISOR	74
TAX MATTERS	75
VERIFICATION OF SUFFICIENCY.....	76
LEGAL MATTERS	77
CONTINUING DISCLOSURE.....	77
MISCELLANEOUS.....	77
OFFICIAL STATEMENT.....	78

APPENDIX A: AUDITED FINANCIAL STATEMENTS OF THE STATE OF ALASKA INTERNATIONAL AIRPORTS SYSTEM (AN ENTERPRISE FUND OF THE STATE OF ALASKA) FOR THE YEAR ENDED JUNE 30, 2024

APPENDIX B: SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION AND THE NINTH SUPPLEMENTAL RESOLUTION

APPENDIX C: PROPOSED FORM OF OPINION OF BOND COUNSEL REGARDING THE 2025B BONDS

APPENDIX D: DTC AND ITS BOOK-ENTRY ONLY SYSTEM

APPENDIX E: FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX F: SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE OF ALASKA

APPENDIX G: FORM OF DELAYED DELIVERY CONTRACT

PRELIMINARY NOTICES

Each entity listed below has provided the information under the caption or captions following its name. Each such entity is responsible only for the information provided under the captions following its name, unless otherwise stated herein, and no representation is made by the State as to the completeness or accuracy of such information.

Underwriters	“UNDERWRITING”
DTC	APPENDIX D—DTC AND ITS BOOK-ENTRY ONLY SYSTEM

All other information contained herein has been obtained from the State of Alaska and other sources that the State of Alaska believes to reliable, but such other information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the State of Alaska or the Underwriters. 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 the affairs of the parties listed above since the date of this Official Statement.

No dealer, broker, salesperson, or other person has been authorized by the State of Alaska or the Underwriters to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer, solicitation, or sale of the Bonds, by any person in any jurisdiction in which such offer, solicitation, or sale is not authorized or in which the person making such offer, solicitation, or sale is not qualified to do so or to any person to whom it is unlawful to make such offer, solicitation, or sale.

Certain statements contained in this Official Statement do not reflect historical facts, but rather are forecasts and “forward-looking statements.” While the State believes these assumptions are reasonable for the purpose of the forecasts and projects, they depend on future events and actual conditions will likely differ from those assumed. 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,” “forecast,” “project,” “anticipate,” “expect,” “intend,” “believe,” and other similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions, and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The State of Alaska specifically disclaim any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of this Official Statement.

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

Information on website addresses set forth in this Official Statement is not incorporated into this Official Statement and cannot be relied upon to be accurate as of the date of this Official Statement, nor can any such information be relied upon in making investment decisions regarding the Bonds.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE GENERAL BOND RESOLUTION, AS SUPPLEMENTED, BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This official statement is being provided to prospective purchasers in bound printed form (“original bound format”) or in electronic format on the following website: www.munios.com. This official statement may be relied upon only if it is in its original bound format or if printed in full directly from such website.

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OFFICIAL STATEMENT
Relating to
\$50,210,000
STATE OF ALASKA
INTERNATIONAL AIRPORTS SYSTEM
Revenue Refunding Bonds, Series 2025B
(Governmental – Non-AMT) (Forward Delivery)

INTRODUCTION

The following introduction is subject in all respects to the more complete information set forth in this Official Statement. The descriptions and summaries of various documents set forth in this Official Statement do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the General Bond Resolution. See APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION AND THE NINTH SUPPLEMENTAL RESOLUTION.

This Official Statement, including the cover page and the appendices hereto, sets forth certain information concerning the State of Alaska (the “State”), the State of Alaska International Airports System (“AIAS” or “System” or “Airports”), the Ted Stevens Anchorage International Airport (“ANC”), the Fairbanks International Airport (“FAI”) and certain other matters in connection with the issuance of \$50,210,000 principal amount of State of Alaska International Airports System Revenue Refunding Bonds, Series 2025B (Governmental – Non-AMT) (Forward Delivery) (the “2025B Bonds” or the “Bonds”).

The Bonds are issued under Alaska Statutes 37.15.410 – 37.15.550, inclusive (the “Act”). The Bonds are issued pursuant to, and are secured by the State Bond Committee’s Resolution No. 99-01 adopted January 28, 1999, as amended and supplemented (the “General Bond Resolution”), as most recently supplemented by the State Bond Committee’s Supplemental Bond Resolution No. 2024-04, adopted December 9, 2024 (together, the “Ninth Supplemental Resolution”).

The Bonds are being issued as part of a plan of finance to refund a portion of the State’s Alaska International Airports System Revenue Refunding Bonds, Series 2016A (Governmental – Non-AMT) (the “2016A Bonds”) and Alaska International Airports System Revenue Refunding Bonds, Series 2016B (Governmental – Non-AMT) (the “2016B Bonds” and together with the 2016A Bonds, the “Prior Bonds”). Certain of the Prior Bonds (the “Purchased Bonds”) were purchased pursuant to a tender offer with a portion of the net proceeds of the \$67,750,000 principal amount of State of Alaska International Airports System Revenue Refunding Bonds, Series 2025A (Governmental – Non-AMT) (the “2025A Bonds”), and were subsequently cancelled. Prior Bonds that are not Purchased Bonds (the “Refunded Bonds”) will be defeased to the first optional redemption date with a portion of the proceeds of the 2025B Bonds.

The 2025B Bonds are being issued to (a) refund the Refunded Bonds, and (b) pay costs of issuing the 2025B Bonds. See “SOURCES AND USES OF BOND PROCEEDS—Application of Bond Proceeds” and “—Summary of the Prior Bonds” herein.

The 2025B Bonds will not be delivered until on or about July 8, 2025. The delay in the issuance and delivery of the 2025B Bonds may have significant consequences to the purchasers of beneficial ownership interests therein. The market value of the 2025B Bonds on the date of issuance and delivery thereof is unlikely to be the same as, and likely will be greater or less than, the respective initial offering prices thereof, and any such difference may be substantial. Several factors may adversely affect the market prices of the 2025B Bonds, including, but not limited to, a general increase in interest rates for all obligations and other indebtedness, changes to the economic environment, any proposed or adopted change in federal tax laws affecting the relative benefits of owning tax-exempt securities instead of other types of investments, such as fully taxable obligations, or any adverse development with respect to the State. See “CERTAIN FORWARD DELIVERY CONSIDERATIONS” herein.

BY PLACING AN ORDER WITH THE UNDERWRITERS (AS DEFINED HEREIN) FOR THE PURCHASE OF THE 2025B BONDS, EACH INVESTOR ACKNOWLEDGES AND AGREES THAT THE 2025B BONDS ARE BEING SOLD ON A “DELAYED DELIVERY” BASIS AND THAT THE INVESTOR IS OBLIGATED TO ACCEPT DELIVERY AND PAY FOR THE 2025B BONDS ON THE DELAYED DELIVERY DATE SUBJECT ONLY TO THE CONDITIONS IN THE FORWARD DELIVERY BOND PURCHASE AGREEMENT. See “CERTAIN FORWARD DELIVERY CONSIDERATIONS.”

The Bonds are secured by and are payable from (on a parity basis with all other bonds which have been issued (the “Outstanding Parity Bonds”) and may be issued (the “Future Parity Bonds”) under the General Bond Resolution) the Revenues derived by the State from the ownership, lease, use and operation of the System. Other than Revenues derived by the State from the System, funds held in the State’s International Airports Construction Fund, and certain Passenger Facility Charges (“PFCs”) collected by the System which have been used, at the State’s option, to pay debt service, no money has been, or is expected to be, provided from any other source for the payment of the Bonds or of any other bonds issued under the General Bond Resolution. See, “SECURITY FOR THE BONDS – Limited Liability.”

THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE STATE, AND THE STATE DOES NOT PLEDGE ITS FULL FAITH AND CREDIT TO THE PAYMENT OF THE BONDS. THE ISSUANCE OF THE BONDS DOES NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO APPLY MONEY FROM, OR LEVY OR PLEDGE, ANY FORM OF TAXATION WHATSOEVER TO THE PAYMENT OF THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE STATE PAYABLE OUT OF AND SECURED ONLY BY THE REVENUES DESCRIBED HEREIN.

The General Bond Resolution does not limit the amount of Future Parity Bonds that may be issued; however, the Act currently limits the cumulative principal amount of bonds authorized to not more than \$812,500,000 (excluding refunding bonds). The State has issued a total of \$789,285,000 principal amount of revenue bonds pursuant to the authority granted by the Act (excluding refunding bonds). As of June 1, 2025, there are \$204,740,000 of Outstanding Parity Bonds.

This Official Statement contains financial information taken or derived from the audited financial statements and unaudited records of the System. All financial information taken or derived from the financial statements of the State and all summaries of resolutions, statutes, agreements and other documents contained in this Official Statement are made subject to, and are qualified in their entirety by reference to, such financial statements, resolutions, statutes, agreements and documents. A copy of the audited financial statements of the System as of and for the year ended June 30, 2024, with an Independent Auditors Report, appears as APPENDIX A hereto. BDO USA, LLP, the System’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 has not performed any procedures relating to this Official Statement.

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

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. Certain capitalized terms used herein and not defined herein shall have the meaning given such terms in APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION AND THE NINTH SUPPLEMENTAL RESOLUTION.

This Official Statement updates the State’s Official Statement dated January 15, 2025, related to the Bonds and the 2025A Bonds (the “Original Official Statement”) to reflect, among other developments, the release by the System of its audited financial statements for the fiscal year ended on June 30, 2024.

For a discussion of certain risks associated with an investment in the Bonds, see “INVESTMENT CONSIDERATIONS.”

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

DESCRIPTION OF THE BONDS

General Description of the Bonds

This Official Statement summarizes certain terms of the Bonds only while the Bonds are registered in the name of DTC or its nominee. Reference is made to the General Bond Resolution and Ninth Supplemental Resolution for more detailed descriptions of such provisions. A summary of certain additional provisions of the General Bond Resolution and the Ninth Supplemental Resolution is set forth in APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION AND THE NINTH SUPPLEMENTAL RESOLUTION.

The Bonds shall be issued on the dates and in the principal amounts set forth on the front cover hereof and shall mature in the amounts and on the dates set forth on the inside front cover hereof. The Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds shall commence to accrue on their date of delivery and shall be payable semiannually on the dates set forth on the front cover hereof and at the interest rates set forth on the inside cover hereof, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of Principal and Interest

Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year, commencing on October 1, 2025, with respect to the 2025B Bonds. So long as the Bonds of a series are in fully book-entry form, payments of principal and interest will be made as provided in the operational arrangements of DTC referred to in the Letter of Representations. See, APPENDIX D—DTC AND ITS BOOK-ENTRY ONLY SYSTEM. The principal of and redemption premium, if any, on any Bond will be payable to the Registered Owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the designated office of the Registrar. If any Bond is not paid upon presentation and surrender at or after maturity, it will continue to bear interest at the interest rate borne by the Bond until the principal thereof is paid in full. Except as described in APPENDIX D—DTC AND ITS BOOK-ENTRY ONLY SYSTEM, payment of interest on any Bond will be made to the Registered Owner thereof by check or draft mailed by the Registrar, by first class mail on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the Registered Owner thereof at the Registered Owner’s address as shown on the registration records kept by the Registrar on the 15th day of the calendar month, whether or not a business day, next preceding such interest payment date (the “Record Date”). If the Bonds are no longer in book-entry form, payment of principal of and interest on the Bonds may, at the option of any Registered Owner of the Bonds in an aggregate principal amount of at least \$1,000,000, be transmitted by wire transfer to such owner.

Book-Entry Transfer System

Book-Entry Bonds. DTC will serve as initial the Securities Depository for the Bonds. The ownership of one fully-registered Bond, each in the aggregate principal amount of such Bond, will be registered in the name of Cede & Co., as nominee for DTC. Neither the State nor the Registrar has any responsibility or obligation to DTC participants or Beneficial Owners in respect of the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal or Redemption Price of or interest on the Bonds, any notice which is permitted or required to be given to Registered Owners under the Ninth Supplemental Resolution for the Bonds (except such notices as are required to be given by the State to the Registrar or to DTC), the selection by DTC or any DTC participant of any person to receive payment in event of a partial redemption of the Bonds, or any consent given or other action taken by DTC as the Registered Owner. See, APPENDIX D—DTC AND ITS BOOK-ENTRY ONLY SYSTEM for additional information.

The State makes no representation as to the accuracy or completeness of information in APPENDIX D, provided by DTC. Purchasers of the Bonds should confirm its contents with DTC or its participants.

Termination of Book-Entry Transfer System. In the event that DTC or its successor (or substitute Securities Depository or its successor) resigns and no substitute Securities Depository can be obtained, or the State determines that it is in the best interests of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, new Bonds are required to be issued and registered.

Optional Redemption

The 2025B Bonds maturing on or after October 1, 2034, are subject to redemption prior to maturity, in whole or in part (and if in part with maturities selected by the State) at the option of the State, on and after October 1, 2033, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption.

Notice of Redemption. The Ninth Supplemental Resolution provides that official notice of optional redemption (which notice may be a conditional notice and shall state that redemption is conditioned by the Registrar on the receipt of sufficient funds for redemption) is required to be given by the Registrar on behalf of the State by mailing a copy of an official redemption notice by first class mail at least 20 days prior to the date fixed for redemption to the Registered Owner of the Bonds of a series to be redeemed (DTC so long as all of the Bonds are held under the DTC book-entry system).

Selection of Bonds for Redemption. The series and maturities of the Bonds to be redeemed shall be selected by the State and, within a maturity, as long as the Bonds are held in book-entry only form, the selection of the Bonds within a maturity of a series to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Bonds of a series are no longer held in book-entry form, the Ninth Supplemental Resolution provides that if less than all of the Bonds of a maturity of such series are called for redemption, the particular Bonds or portions of Bonds of maturity within a series to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000.

SOURCES AND USES OF BOND PROCEEDS

Application of Bond Proceeds

The proceeds from the sale of the Bonds will be used to (a) refund the Refunded Bonds, and (b) pay costs of issuing the Bonds. The table under “—Summary of the Prior Bonds” sets forth details of the Prior Bonds, the Purchased Bonds and the Refunded Bonds.

2025A Bonds: Purchase of the Purchased Bonds

The State invited the holders of the Prior Bonds to tender such Prior Bonds for purchase by the State. On January 15, 2025, the State issued a Final Notice of Acceptance that indicated which of the Prior Bonds it would purchase.

The Purchased Bonds were purchased with a portion of the net proceeds of the 2025A Bonds and cancelled upon delivery of the 2025A Bonds. The Purchased Bonds are no longer outstanding as of the date of this Official Statement.

2025B Bonds: Refunding of the Refunded Bonds

The Refunded Bonds will be defeased with a portion of the net proceeds of the 2025B Bonds and will be redeemed on October 1, 2025, their first optional redemption date. Upon the 2025B Settlement Date, the Refunded Bonds will no longer be outstanding.

The State will deposit a portion of the net proceeds of the 2025B Bonds on the 2025B Settlement Date, to be held in escrow to October 1, 2025, the first optional redemption date for such Refunded Bonds, at which time the

Refunded Bonds will be redeemed at a price of par, plus accrued interest to the date of redemption. Prior to the 2025B Settlement Date, the State intends to purchase certain direct noncallable Government Obligations with a portion of the net proceeds of the 2025B Bonds which will be deposited, along with a portion of the net proceeds of the 2025B Bonds to be held uninvested (if any), in the custody of The Bank of New York Mellon Trust Company, N.A. (the “Escrow Agent”). The maturing principal of the Government Obligations, interest earned thereon, and necessary cash balance, if any, will provide payment of the redemption price of the Refunded Bonds. The Government Obligations, interest earned thereon and any cash balance, if any, will irrevocably be pledged to and held in trust for the benefit of the Holders of the Refunded Bonds by the Escrow Agent, pursuant to an escrow deposit agreement to be executed by the State and the Escrow Agent. See “**VERIFICATION OF SUFFICIENCY**.”

Summary of the Prior Bonds

The table below summarizes the Prior Bonds, the Purchased Bonds and the Refunded Bonds.

PRIOR BONDS, PURCHASED BONDS AND REFUNDED BONDS

Series	Maturity (10/1)	Coupon	Prior Bonds	Purchased Bonds	Refunded Bonds	CUSIP No. (011842)†
2016A	2025	5.000%	\$ 670,000	\$ 345,000	\$ 325,000	SW2
2016A	2026	5.000%	5,690,000	4,610,000	1,080,000	SX0
2016A	2027	5.000%	6,290,000	3,110,000	3,180,000	SY8
2016A	2028	5.000%	12,815,000	7,585,000	5,230,000	SZ5
2016A	2029	5.000%	5,800,000	2,070,000	3,730,000	TA9
2016A	2030	5.000%	6,140,000	2,690,000	3,450,000	TB7
2016A	2031	5.000%	15,970,000	9,210,000	6,760,000	TC5
		<u>Subtotal</u>	<u>\$53,375,000</u>	<u>\$29,620,000</u>	<u>\$23,755,000</u>	
2016B	2031	5.000%	\$ 1,685,000	\$ 515,000	\$ 1,170,000	SP7
2016B	2032	5.000%	18,560,000	5,865,000	12,695,000	SQ5
2016B	2033	5.000%	19,580,000	19,355,000	225,000	SR3
2016B	2034	5.000%	20,725,000	11,990,000	8,735,000	SS1
2016B	2035	5.000%	21,945,000	6,675,000	15,270,000	ST9
		<u>Subtotal</u>	<u>\$82,495,000</u>	<u>\$44,400,000</u>	<u>\$38,095,000</u>	
		<u>Total</u>	<u>\$135,870,000</u>	<u>\$74,020,000</u>	<u>\$61,850,000</u>	

[†] CUSIP® numbers are provided in this Official Statement for convenience of reference only. CUSIP numbers are subject to change. None of the State, AIAS or either of the Underwriters nor any of their agents or advisors takes any responsibility for the accuracy of such CUSIP® numbers.

Sources and Uses of Funds

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

Sources of Funds:

Principal Amount	\$50,210,000.00
Original Issue Premium	3,585,948.05
Bond Fund Release	3,194,224.34
AIAS Reserve Account Release	6,642,000.00
Total	<u><u>\$63,632,172.39</u></u>

Uses of Funds:

Gross Defeasance Cost of the Refunded Bonds	\$63,396,250.00
Costs of Issuance	235,922.39
Total	<u><u>\$63,632,172.39</u></u>

Note: Costs of issuance include legal fees, printing costs, municipal advisor fees, underwriting discount, rating agency fees, escrow fees, verification fees, additional proceeds and other costs related to the issuance of the Bonds.

CERTAIN FORWARD DELIVERY CONSIDERATIONS

General

The State entered into a Forward Delivery Bond Purchase Agreement (the “Forward Delivery Bond Purchase Agreement”) for the 2025B Bonds with Goldman Sachs & Co. LLC, as representative (the “Representative”), on behalf of itself and on behalf of Jefferies LLC (collectively, the “Underwriters”). Subject to the terms of the Forward Delivery Bond Purchase Agreement, the State expects to issue and deliver the 2025B Bonds on July 8, 2025 (the “2025B Settlement Date”).

Pursuant to the Forward Delivery Bond Purchase Agreement, the Underwriters agreed to purchase the 2025B Bonds on the 2025B Settlement Date. An initial closing (the “Initial Closing”) was held with respect to the 2025B Bonds on January 23, 2025. At such time, the conditions for issuance and delayed delivery of the 2025B Bonds and payment therefor by the Underwriters were met, except for the confirmation of certain facts, and the documents, certificates and opinions specified in the Forward Delivery Bond Purchase Agreement, the receipt of which is a condition to the delivery of the 2025B Bonds, including the opinion of Bond Counsel with respect to the 2025B Bonds substantially in the form and to the effect as set forth in APPENDIX C hereto.

Subject to compliance with the conditions described below and in the Forward Delivery Bond Purchase Agreement, the Underwriters will be obligated to take delivery of and pay for the 2025B Bonds on the 2025B Settlement Date.

2025B Bond Settlement

The issuance of the 2025B Bonds and the obligation of the Underwriters under the Forward Delivery Bond Purchase Agreement to purchase, accept delivery of and pay for the 2025B Bonds on the 2025B Settlement Date are conditioned upon the performance by the State of their respective obligations thereunder, including, without limitation, the delivery of an opinion, dated the 2025B Settlement Date, of Bond Counsel, substantially in the form set forth in APPENDIX C. The purchase and delivery of the 2025B Bonds is further contingent upon (i) the delivery and/or release from escrow of certain certificates and legal opinions and (ii) the satisfaction of other conditions set forth in the Forward Delivery Bond Purchase Agreement as of the 2025B Settlement Date. Changes or proposed changes in federal or state laws, court decisions, regulations or proposed regulations or rulings of administrative agencies occurring or in effect prior to the 2025B Settlement Date or the failure by the State to provide closing documents of the type customarily required in connection with the issuance of state and local government tax-exempt bonds could prevent those conditions from being satisfied. None of the 2025B Bonds will be issued unless all of the 2025B Bonds are issued and delivered on the 2025B Settlement Date.

The Underwriters have the right to terminate its obligations under the Forward Delivery Bond Purchase Agreement to purchase, to accept delivery of and to pay for the 2025B Bonds by the Representative notifying the State of its election to do so under the circumstances described herein and set forth in the Forward Delivery Bond Purchase Agreement.

During the period of time between the date of the Original Official Statement and the 2025B Settlement Date (the “Forward Delivery Period”), certain information contained in the Original Official Statement has been updated as reflected in this Official Statement, and information could change further prior to the date of issuance of the 2025B Bonds. Except as described above, the Representative may not refuse to purchase the 2025B Bonds by reason of “general market or credit changes,” including, but not limited to, (a) changes in the ratings assigned to the 2025B Bonds, so long as all of the rating agencies that rated the 2025B Bonds as described herein as of the Initial Closing continue to maintain a rating on the 2025B Bonds, or (b) changes in the financial condition, operations, performance, properties or prospects of the State prior to the 2025B Settlement Date.

Agreement of Purchasers

The obligations of the Underwriters to accept delivery of and pay for the 2025B Bonds on the 2025B Settlement Date shall be subject to the accuracy in all material respects of the representations and warranties on the part of the State contained in the Forward Delivery Bond Purchase Agreement as of its date and as of the 2025B Settlement Date, to the accuracy in all material respects of the statements of the officers and other officials of the State, as well as of the other individuals referred to therein, made in any certificates or other documents furnished pursuant to the provisions thereof, to the performance by the State of its obligations to be performed thereunder at or prior to the 2025B Settlement Date and to the following additional conditions:

(a) On the 2025B Settlement Date, the 2025B Bonds and the Forward Delivery Bond Purchase Agreement, the Resolution and the Continuing Disclosure Agreement for the 2025B Bonds in the form attached as APPENDIX E to the Official Statement (collectively, the “Financing Documents”) shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriters, and there shall have been taken in connection with the issuance of the 2025B Bonds and with the transactions contemplated by the 2025B Bonds and the Financing Documents, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate; and

(b) At any time after the Initial Closing and prior to the 2025B Settlement Date, the following events shall not have occurred:

(1) any Change in Law shall have occurred. For purposes of the preceding sentence, “Change in Law” means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts or by federal or state agencies, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies; (ii) any legislation enacted by the Congress of the United States, (iii) any law, rule or regulation enacted by any governmental body, department or agency or (iv) any judgment, ruling or order issued by any court or administrative body, which in any such case would, (A) as to the Underwriters, prohibit the Underwriters from completing the underwriting of the 2025B Bonds or selling the 2025B Bonds or beneficial ownership interests therein to the public, or (B) as to the State, make the completion of the issuance, sale or delivery of the 2025B Bonds illegal. If the Change in Law involves the enactment of legislation which only diminishes the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes of interest payable on “state or local bonds,” the State may, nonetheless, be able to satisfy the requirements for the delivery of the 2025B Bonds. In such event, the Underwriters would be obligated to purchase the 2025B Bonds from the State and the purchaser of the 2025B Bonds would be required to accept delivery of the purchased 2025B Bonds from the Underwriters.

(2) as a result of any legislation, regulation, ruling, order, release, court decision or judgment or action by the U.S. Department of the Treasury, the Internal Revenue Service, or any agency of the State either enacted, issued, effective, or adopted, or for any other reason, Bond Counsel cannot issue an opinion on the 2025B Settlement Date (in substantially the form set forth in APPENDIX C to this Official Statement) to the effect that: (a) the interest on the 2025B Bonds is excluded from gross income for federal income tax

purposes under Section 103 of the Internal Revenue Code (or comparable provisions of any successor federal tax laws); and (b) the interest on the 2025B Bonds is exempt from the State income taxation;

(3) legislation shall be enacted, issued, effective or adopted or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the Securities Exchange Commission which has the effect of requiring the 2025B Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Resolution under the Trust Indenture Act of 1939, as amended;

(4) the Original Official Statement, as the same may be amended or supplemented in accordance with the Forward Delivery Bond Purchase Agreement prior to the 2025B Settlement, contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(5) a general banking moratorium shall have been declared by federal, New York or State authorities having jurisdiction and shall remain in force as of the 2025B Settlement, or material disruption in commercial banking or securities settlement or clearances services shall have occurred and is continuing on the date of the 2025B Settlement;

(6) a material failure of the State to comply with the provisions of the Resolution shall have occurred and be continuing as of the 2025B Settlement Date; or

(7) as of the 2025B Settlement Date, any of the rating agencies that rated the 2025B Bonds as disclosed in this Official Statement as of the Initial Closing no longer maintains a rating on the 2025B Bonds;

All purchasers of the 2025B Bonds were required to execute and deliver to the Representative a Delayed Delivery Contract (the “Delayed Delivery Contract”) substantially in the form attached hereto as APPENDIX G. The Underwriters advised the State that the 2025B Bonds would be sold only to investors who executed a Delayed Delivery Contract. The proposed form of the Delayed Delivery Contract is attached hereto as APPENDIX G at the request and for the convenience of the Underwriters. The State was not a party to the Delayed Delivery Contracts, and the State was not and is not in any way responsible for the performance thereof or for any representations or warranties contained therein. However, the State is a third-party beneficiary of the Delayed Delivery Contracts. The rights and obligations under the Forward Delivery Bond Purchase Agreement are not conditioned or dependent upon the performance of any Delayed Delivery Contract.

Additional Risks Related to the Forward Delivery Period

During the Forward Delivery Period, certain information contained in this Official Statement could change in a material respect. Except for the specific events described above, any changes in such information will not permit the Representative on behalf of the Underwriters to terminate the Forward Delivery Bond Purchase Agreement or release the purchasers from their obligation to purchase the 2025B Bonds under the Delayed Delivery Contract. Purchasers of the 2025B Bonds will be subject to the risks (including changes in the financial condition and business operations of the State prior to the 2025B Settlement Date), some of which are described below, and none of which will constitute grounds for purchasers to refuse to accept delivery of and pay for the 2025B Bonds under the terms of the Delayed Delivery Contract.

In addition to the risks set forth above, purchasers of the 2025B Bonds are subject to certain additional risks, some of which are described below:

Ratings Risk. No assurances can be given that the ratings assigned to the 2025B Bonds on the 2025B Settlement Date will not be different from those assigned to the 2025B Bonds as of the Initial Closing. Issuance of the 2025B Bonds and the obligations of the Underwriters under the Forward Delivery Bond Purchase Agreement are not conditioned upon the assignment of any particular ratings to the 2025B Bonds or the maintenance of the initial ratings assigned to the 2025B Bonds. So long as all of the rating agencies that rated the 2025B Bonds as described herein as

of the Initial Closing continue to maintain a rating on the 2025B Bonds, the condition precedent concerning the rating of the 2025B Bonds under the Forward Delivery Bond Purchase Agreement will have been satisfied.

Secondary Market Risk. The Underwriters are not obligated to make a secondary market in the 2025B Bonds, and no assurances can be given that a secondary market will exist for the 2025B Bonds during the Forward Delivery Period. The 2025B Bonds may be illiquid throughout the Forward Delivery Period. Should events occur before the 2025B Bonds are issued and delivered by the State on the 2025B Settlement Date that affect the market value of the 2025B Bonds and if a secondary market in the 2025B Bonds does not exist, a beneficial owner of 2025B Bonds may be unable to re-sell all or a portion of the 2025B Bonds held by or on behalf of that beneficial owner.

Market Value Risk. The market value of the 2025B Bonds as of the 2025B Settlement Date may be affected by a variety of factors, including, without limitation, general market conditions, the ratings then assigned to the 2025B Bonds, the financial condition of the State and federal income tax and other laws. The market value of the 2025B Bonds as of the 2025B Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the 2025B Bonds and that difference could be substantial. Neither the State nor either of the Underwriters make any representation as to the expected market prices of the 2025B Bonds as of the 2025B Settlement Date, and the State and the Underwriters may not refuse to deliver and purchase, respectively, the 2025B Bonds by reason of general market or credit changes, except as set forth in the Forward Delivery Bond Purchase Agreement. Further, no assurance can be given that the introduction or enactment of any future legislation will not affect the market prices for the 2025B Bonds as of the 2025B Settlement Date or thereafter or not have a materially adverse effect on any secondary market for the 2025B Bonds.

Tax Treatment Risk. Subject to the additional conditions of settlement described under “CERTAIN FORWARD DELIVERY CONSIDERATIONS—2025B Bond Settlement” above, a condition to the obligation of the Underwriters to purchase the 2025B Bonds under the Forward Delivery Bond Purchase Agreement is the delivery of an opinion of Bond Counsel with respect to the 2025B Bonds substantially in the form set forth as APPENDIX C to this Official Statement. During the Forward Delivery Period, new legislation, new court decisions, new regulations, or new rulings may be enacted, delivered or promulgated, or existing law, including regulations adopted pursuant thereto, may be interpreted in a manner that might prevent Bond Counsel from rendering its opinion in the form set forth as APPENDIX C to this Official Statement, in which case the Underwriters would not be obligated to pay for and take delivery of the 2025B Bonds. Notwithstanding that the enactment of new legislation, new court decisions, the promulgation of new regulations or rulings or reinterpretations or existing law might diminish the value of, or otherwise affect, the exclusion of interest on the 2025B Bonds for purposes of federal income taxation, Bond Counsel may still be able to satisfy the opinion requirements for the delivery of the 2025B Bonds. In such event, the purchasers would be required to accept delivery of the 2025B Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any changes in tax law and the consequences of such changes to such purchasers.

PARITY BOND DEBT SERVICE TABLE

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

Fiscal Year (Ending June 30)	Outstanding Parity Bonds⁽¹⁾	2025A Bonds	2025B Bonds	Total Debt Service
2026	\$ 16,488,925	\$ 3,387,500	\$ 1,834,060	\$ 21,710,485
2027	11,623,925	7,760,375	3,485,500	22,869,800
2028	11,318,050	6,190,625	5,356,250	22,864,925
2029	4,823,425	10,642,250	7,182,125	22,647,800
2030	12,108,175	4,912,625	5,625,875	22,646,675
2031	12,318,550	5,311,625	5,019,000	22,649,175
2032	4,348,700	11,227,000	7,071,250	22,646,950
2033	4,349,500	6,443,000	11,857,000	22,649,500
2034	3,766,100	17,929,500	910,000	22,605,600
2035	4,346,900	11,577,000	6,725,875	22,649,775
2036	4,335,000	5,770,750	12,540,875	22,646,625
TOTALS:	\$ 89,827,250	\$ 91,152,250	\$ 67,607,810	\$ 248,587,310

⁽¹⁾ Excludes debt service for the Prior Bonds.

Note: Totals may not add due to rounding.

SECURITY FOR THE BONDS

General

This Official Statement summarizes certain terms of the General Bond Resolution. Reference is made to the General Bond Resolution and Ninth Supplemental Resolution for more detailed descriptions of such provisions. A summary of certain provisions of the General Bond Resolution is set forth in APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION AND THE NINTH SUPPLEMENTAL RESOLUTION.

The Bonds are secured under the General Bond Resolution, which contains provisions for the equal security of the Bonds, the Outstanding Parity Bonds and any Future Parity Bonds. The Bonds are limited obligations of the State and are payable as to principal, interest and premium, if any (except to the extent paid from bond proceeds or the income from investments), solely from, and are secured by a pledge of, the Revenues derived by the State from the operation of the System. The Bonds are secured by a statutory lien on Revenues, and no further action is required or filing made to perfect or maintain the lien on Revenues for the benefit on Bondholders. The Bonds are not general obligations of the State, and neither the full faith and credit nor the taxing power of the State are pledged for the payment of the Bonds.

The Act, codified within the Alaska Statutes, establishes the International Airports Revenue Fund (AS 37.15.430) (the “Revenue Fund”) and mandates that “all revenue, fees, charges, and rentals derived by the [S]tate from the ownership, lease, use and operation of the [A]irports and all of the facilities and improvements of them and facilities and improvements used in connection with them, excepting only proceeds of any customer facility charge, and unless otherwise contractually required customer facility maintenance charge, set by the [C]ommissioner of the [Department of Transportation and Public Facilities] under AS 02.15.090” be deposited into the Revenue Fund. The Act provides that these revenues, fees and charges may be used only for the payment of debt service on revenue bonds authorized by the legislature and other enumerated purposes. Under the General Bond Resolution, the following defined “Revenues” have been pledged by the State first for the benefit of the owners of Parity Bonds:

All revenues, fees, charges and rentals derived by the State or State corporations from the ownership, lease, use and operation of the AIAS and all of the facilities and improvements thereof and facilities and improvements used in connection therewith. The term “Revenues” includes all income and profit derived from the investment of moneys

in any funds or accounts created by the Act (except the Construction Fund) or established pursuant to the General Bond Resolution; it does not include the proceeds of any State tax or license. If and to the extent permitted by the Act, the term Revenues shall exclude:

- (1) the proceeds of any borrowing by the State and the earnings thereon (other than earnings on proceeds deposited in the Reserve Account);
- (2) income and revenue which may not legally be pledged for revenue bond debt service;
- (3) passenger facility charges, head taxes, federal grants or substitutes therefor allocated to capital projects;
- (4) payments made under Credit Facilities issued to pay or secure the payment of a particular Series of Parity Bonds;
- (5) proceeds of insurance or condemnation proceeds other than business interruption insurance;
- (6) income and revenue of the State 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 State issued 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 this subparagraph (6) shall permit the withdrawal from Revenue of any income or revenue derived or to be derived by the State from any income producing facility which shall have been contributing to Revenue prior to the issuance of such Special Revenue Bonds; and
- (7) income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the State.

Notwithstanding the foregoing, the State may elect to include other receipts (e.g., passenger facility charges) at any time as additional security or additional Revenue for any one or more series of obligations. The System intends to apply certain passenger facility charge receipts toward payment of debt service, although the State has not elected to include passenger facility charges as Revenue or as additional security for payment of the Bonds. See "SYSTEM OPERATING AGREEMENT, REVENUES AND EXPENSES — System Operating Expenses."

The pledge of Revenues under the General Bond Resolution is for the equal and proportionate benefit and protection of the owners of Parity Bonds. The General Bond Resolution provides for the issuance of Future Parity Bonds on a parity with the Bonds and the Outstanding Parity Bonds. See, APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION AND THE NINTH SUPPLEMENTAL RESOLUTION.

Rate Covenant

The General Bond Resolution provides that maintenance and operating expenses shall be paid from Revenues prior to payment of debt service to the extent permitted under the Act. Pursuant to the terms of the General Bond Resolution, the Commissioner of the Alaska Department of Transportation and Public Facilities (also referred to herein as the "Commissioner") is required to fix and collect such fees, charges and rentals to be derived by the State from the ownership, lease, use and operation of the AIAS, as will provide Net Revenues (i.e., all Revenues less the maintenance and operating costs of the System) in each Fiscal Year at least equal to 1.25 times the sum of the Aggregate Annual Debt Service during such year plus any deposits required to be made during such year to the Reserve Account and the Repair and Replacement Reserve Account (the "Rate Covenant"). Unless declined by a written election by the Designated Representative, the term "Revenues" shall not include any federal subsidy legally available to pay the principal of or interest on Parity Bonds.

Reserve Account

Under the General Bond Resolution, a Reserve Account is maintained by the State, along with the Bond Fund, to provide additional security for the repayment of all Parity Bonds. The General Bond Resolution provides that

the Reserve Account will be maintained in an amount equal to the lowest of (i) Maximum Annual Debt Service with respect to all Parity Bonds; (ii) 125% of Average Annual Debt Service with respect to all Parity Bonds, and (iii) 10% of the initial principal amount of each series of Parity Bonds then Outstanding (the “Reserve Account Requirement”). Absent a written election by the Designated Representative to the contrary, Debt Service shall be calculated net of any federal subsidy legally available to pay the principal of or interest on the Bonds in the year of calculation. Thereafter, such federal subsidy shall no longer be included in the definition of Revenues.

Under the General Bond Resolution, all or any portion of the Reserve Account Requirement may be satisfied by the deposit of Qualified Insurance.

As used herein, the term Qualified Insurance means any non-cancelable 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 insurance company or companies, as of the time of issuance of such policy or surety bond, is rated in one of the two highest rating categories by any Rating Agency.

Upon the issuance of the 2025B Bonds on the 2025B Settlement Date, the Reserve Account Requirement will be \$20.4 million. There is currently no Qualified Insurance held in the Reserve Account.

The Registrar shall draw upon or otherwise collect amounts payable under any surety bonds held in the Reserve Account under the terms specified in each surety bond whenever moneys are otherwise required for purposes for which Reserve Account moneys may be applied under the General Bond Resolution. Any draw on a surety bond shall be made only after all funds in the Reserve Account have been expended.

In connection with the issuance of the Bonds, the System will satisfy the Reserve Account Requirement with available cash.

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Outstanding Parity Bonds

The State has issued a total of \$1,118,378,000 principal amount of Parity Bonds under the General Bond Resolution (including refunding bonds, and excluding the 2025B Bonds), of which \$204,740,000 are outstanding as of June 1, 2025 (including the portion of the Prior Bonds to be refunded with the proceeds of the 2025B Bonds). The table below does not reflect the issuance of the 2025B Bonds. The Outstanding Parity Bonds (including refunding bonds), as of June 1, 2025, are as follows:

Designation	Issue Date	Final Maturity Date	Original Principal Amount	Current Outstanding Principal Amount
International Airports System Revenue Bonds, Series 2016A (Governmental – Non-AMT) **	02/10/16	10/01/31	\$ 73,635,000	\$ 23,755,000
International Airports System Revenue Refunding Bonds, Series 2016B (Governmental – Non-AMT) **	07/06/16	10/01/35	82,495,000	38,095,000
International Airports System Revenue Refunding Bonds, Series 2021A (Governmental – Non-AMT)	08/26/21	10/01/35	11,710,000	11,710,000
International Airports System Revenue Refunding Bonds, Series 2021B (Private Activity – Non-AMT)	08/26/21	10/01/32	7,460,000	7,460,000
International Airports System Revenue Refunding Bonds, Series 2021C (Private Activity – AMT)	08/26/21	10/01/30	66,340,000	55,970,000
International Airports System Revenue Refunding Bonds, Series 2025A (Governmental Non-AMT)	01/23/25	10/01/35	<u>67,750,000</u>	<u>67,750,000</u>
Total			<u>\$241,640,000</u>	<u>\$204,740,000</u>

** The remaining principal amount outstanding will be defeased with a portion of the proceeds of the 2025B Bonds on the 2025B Settlement Date and optionally redeemed on October 1, 2025. See “REFUNDING PLAN.”

Future Parity Bonds

The State may issue Future Parity Bonds from time to time for any purpose of the State permitted by law, including to refund any bonds then outstanding. All Future Parity Bonds will have an equal lien and charge upon Revenues. Any such issuance for a purpose other than a refunding of Outstanding Parity Bonds will require: (i) authorizing legislation permitting the Future Parity Bonds to be issued; (ii) a finding by the Commissioner that the proceeds of the Future Parity Bonds will be expended on necessary projects, authorized by the Act; (iii) that the State is in compliance with all covenants of the General Bond Resolution; and (iv) a certification either from a consultant or the State that the Net Revenues during each of the three Fiscal Years are projected to be equal to at least 1.25 times Aggregate Annual Debt Service for all Parity Bonds then Outstanding, including Future Parity Bonds then to be issued and for project purposes, following the earlier of (a) completion of the projects being financed with the proceeds of the Future Parity Bonds or (b) the date the capitalized interest of the Future Parity Bonds is expended. The certification referred to above in (iv) shall not be required if the Future Parity Bonds are being issued to pay costs of facilities for which Parity Bonds have been issued previously and the principal amount of such Future Parity Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of Parity Bonds theretofore issued for such facilities and reasonably allocable to the facilities to be completed as shown in a written certificate of a Designated Representative, and there is delivered a Consultant's certificate stating that the nature and purpose of such facilities has not materially changed. For refunding bonds, the certificate referenced in (iv) above is required if the issuance increases Maximum Annual Debt Service (except for Future Parity Bonds issued to refund Parity Bonds within one year of maturity or for the payment of which sufficient Net Revenues or other moneys are not available). See, APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION AND THE NINTH SUPPLEMENTAL RESOLUTION.

Limited Liability

THE BONDS ARE NOT A GENERAL OBLIGATION OF THE STATE AND THE STATE DOES NOT PLEDGE ITS FULL FAITH AND CREDIT TO THE PAYMENT OF THE BONDS. THE ISSUANCE OF THE BONDS DOES NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO APPLY MONEY FROM, OR LEVY OR PLEDGE, ANY FORM OF TAXATION WHATSOEVER TO THE PAYMENT OF THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE STATE PAID OUT OF AND SECURED ONLY BY THE REVENUES DERIVED BY THE STATE FROM THE OWNERSHIP, LEASE, USE AND OPERATION OF THE SYSTEM.

THE STATE

State Government

Alaska is a sovereign state of the United States of America and is located in the far northwest corner of North America, to the west of Canada and approximately 500 miles north of the state of Washington. Alaska became the 49th state in 1959 pursuant to the Alaska Statehood Act, which was enacted by the United States Congress in 1958 (the “Statehood Act”). The Alaska Constitution was adopted by the Constitutional Convention on February 5, 1956, ratified by the people of Alaska on April 24, 1956, and became operative with the formal proclamation of statehood on January 3, 1959.

There are three branches of government: legislative, executive and judicial. The legislative power of the State is vested in a legislature consisting of a Senate with a membership of 20 and a House of Representatives with a membership of 40 (the “Legislature”). The executive power of the State is vested in the Governor. The judicial power of the State is vested in a supreme court, a superior court and the courts established by the Legislature. The jurisdiction of courts and judicial districts are prescribed by law. The courts constitute a unified judicial system for operation and administration.

The State provides a range of services including education, health and human services, transportation, law enforcement, judicial, public safety, community and economic development, public improvements and general administrative services through a variety of departments, State authorities and corporations.

State Bond Committee

The Legislature, by AS 37.15.110, created the State Bond Committee (the “Committee”). The Committee is comprised of the Commissioner of the Department of Commerce, Community & Economic Development (Chairperson), the Commissioner of the Department of Revenue (Secretary), and the Commissioner of the Department of Administration (Member), or their respective designees. The Committee adopts resolutions and generally oversees the proceedings relating to the issuance of bonds by the State.

THE ALASKA INTERNATIONAL AIRPORTS SYSTEM

Introduction

AIAS is comprised of two international airports, ANC, located approximately three miles from downtown Anchorage, and FAI, located approximately five miles from central Fairbanks. Both Airports have been owned by the State since Statehood in 1959, operated by the State since 1960 (after a brief transition period during which the Federal Aviation Administration (“FAA”) operated ANC and FAI). AIAS was formed in 1961 pursuant to AS 37.15.410-550. Both Airports provide passenger and cargo facilities and services, including seaplane bases for general and light aviation adjacent to and operated as part of the related Airport and contributing Revenues to the System. Lake Hood Seaplane Base (“LHD”) is adjacent to and operated by ANC as a part of the System, and FAI’s general aviation facilities, referred to as the “East Ramp,” serve FAI’s general aviation community.

AIAS is the State's largest enterprise fund. AIAS is self-contained and revenues generated by the System are devoted to funding operations and capital projects of AIAS, including payment of debt service on bonds issued under the General Bond Resolution.

The System is managed by the Alaska Department of Transportation and Public Facilities (the "Department"). The Director of AIAS oversees the System, while a General Manager for each of ANC and FAI directs day to day operations at each Airport. An Aviation Advisory Board (the "Board") was established by Executive Order in January 2003. The 11 member Board, appointed by the Governor, meets at least annually to provide recommendations on aviation policy issues to the Department.

Governance and Management

Following is biographical information of officials at the Department, AIAS, ANC and FAI.

Ryan Anderson, P.E., Commissioner, Department of Transportation and Public Facilities

Appointed in September 2021, Ryan Anderson, P.E., brings 24 years of experience in Alaska's transportation sector. Beginning his career with the Department in 2000 as a construction inspector on projects north of the Arctic Circle, Mr. Anderson has expertise across all transportation modes, including planning, design, construction, and maintenance operations. A licensed civil engineer since 2003, his leadership extends beyond transportation, serving on the boards of the Alaska Railroad Corporation, the Alaska Gasline Development Corporation and the Alaska Permanent Fund Corporation, ensuring a holistic approach to infrastructure and economic development for Alaska.

Angie Spear, Director, AIAS; Interim Airport Manager, FAI

Ms. Spear was appointed the AIAS Director on January 1, 2025. She also continues to serve as the Interim FAI Airport Manager, a position to which she was appointed on November 1, 2018. She previously served as FAI's Deputy Director and Business Development Specialist, starting her airport career in 2005. Ms. Spear previously served as the Marketing Director at the John A. Carlson Center in Fairbanks. Prior to moving to Fairbanks, Ms. Spear resided in her hometown of Ketchikan, Alaska and worked for one of the largest Alaska based seafood companies where she was responsible for human resource, payroll, and accounting functions. She has a diverse private sector background in multiple industries including transportation, hospitality, lumber, and seafood/fishing. Ms. Spear earned the Certified Member accreditation from the American Association of Airport Executives and has a broad array of airport specific accreditations. She is active in her local community and serves on the Board of Directors for the Fairbanks Economic Development Corporation.

Susan Ault, Controller, AIAS

Ms. Ault was appointed the AIAS Controller in February 2022. She previously served as FAI's Business Manager starting her airport career in 2013 and has lived in Alaska for almost 41 years. Since 1998, Ms. Ault has had a long and diverse career with the Alaska Department of Transportation and Public Facilities, holding positions as Statewide Equipment Fleet Administrative Officer, Northern Region Maintenance and Operations Administrative Manager and Accounting Tech 2. She earned her Bachelor of Arts in Economics from the University of Alaska Fairbanks and the Certified Member accreditation from the American Association of Airport Executives. She is a member of the Government Financial Officers Association. In her community, Ms. Ault served as Honorary Commander of the 354th Operations Group, Eielson Air Force Base and currently serves as Secretary/Treasurer of the Alaska Machine Gun Association, Fairbanks.

OVERVIEW OF OPERATIONS

AIAS plays a significant role in international, national and State aviation systems, functioning as a gateway and hub for commercial cargo and passenger aviation. As an airport system, AIAS is a reliable and profitable stop for trans-Pacific air cargo carriers to refuel and change crews before continuing to destinations in Europe, North America and Central America. The System currently serves over 40 European, Asian and North American cities with passenger and/or cargo flights, including non-stop, scheduled and charter service. The System also provides 24/7/365 access to

emergency medical facilities, diversionary access for nearby airfields for U.S. military and additional support for personnel and equipment transfers and facilities that support intra- and inter-State passenger and cargo flights. For air passengers, the System provides passenger air service to Alaska residents, Alaska business and industry, U.S. military personnel and visitors. In FY 2023 and FY 2024, the System served approximately 6.5 million and 6.8 million passengers in total, respectively. In FY 2023 and FY 2024 the System measured 3,344,542 and 3,594,413 metric tons of cargo landed weight, respectively. ANC is consistently the 2nd largest cargo airport in North America as measured in metric tons of cargo landed weight.

AIAS is the heart of Alaska's airport network, providing the foundation for aviation activity across the State. The State owns 237 airports, most of which are rural airports providing the only reasonable means of access to the many communities not connected to the Alaska road system. Given the geography and weather of Alaska, as well as the distances between rural, off-road communities, aviation and the network of State-owned airports provide a practical, and in many cases the only, transportation substitute for a road network.

See, "AVIATION ACTIVITIES AND ACTIVITY LEVELS" and "SYSTEM FINANCIAL OPERATIONS AND RESULTS – Management Discussion of System Operating Results."

SYSTEM FACILITIES

Anchorage International Airport

ANC includes both domestic and international passenger terminals, a general aviation and air taxi base, and an adjacent seaplane base. Total airport property encompasses approximately 4,837 acres of land. ANC is strategically located equidistant between Tokyo and New York and within 9.5 hours of approximately 90% of the industrialized world. This position, along with advantageous airline rate structure, supports ANC's primary business model as an air cargo refueling and transloading hub along the Great Circle Route (see, "AVIATION ACTIVITIES AND ACTIVITY LEVELS — Airline Service – Geographical Map"). ANC is ranked as the top cargo airport in the United States in Calendar Year ("CY") 2024, based on air cargo tonnage landed weight, according to FAA Preliminary CY 2024 All-Cargo Landed Weight. Globally, according to ACI World CY 2024 data, ANC is ranked number four based on air cargo landed weight. ANC also serves as the primary passenger airport in the State. The FAA classifies ANC as a medium-hub airport, and it is ranked number 59 in the nation based on passenger enplanements in CY 2024, which were 2,681,818 and 2,767,859 in CY 2023 and CY 2024, respectively, according to FAA Preliminary CY 2024 Passenger Boarding Data.

LHD is generally regarded as the largest seaplane base in the world, attracting aviation enthusiasts and pilots from around the globe. LHD, established in 1940, connects tourists and residents with remote fishing, hunting, and camping adventures throughout Alaska and is home to the Alaska Aviation Museum.

ANC Airfield

ANC airfield facilities include three runways capable of serving the world's largest aircraft. All runways are greater than 10,600 feet one of which is 12,400 feet. The runways and associated taxiways are Design Group VI compliant. Two of the three runways are oriented east-west, and one is oriented north-south providing carriers the ability to land with minimal crosswind. Runway 7R, the primary arrival runway, is equipped with a precision approach instrument landing system (ILS). Additional airside facilities include 24 taxiways, aircraft parking aprons with hydrant-fueling positions for 81 wide-body and narrow-body aircraft, a number of additional non-hydrant aircraft parking positions for Design Group III and IV aircraft, and various runway lighting and air navigational systems. Forty-seven of the 81 aircraft parking positions are State-owned and 34 are on private leaseholds from the State. Of these 81 parking positions, 47 are either dedicated to, or primarily used by, cargo aircraft, with eight more North Terminal aprons for overflow cargo aircraft parking.

Lake Hood Seaplane Base

LHD, which is adjacent to ANC and managed as part of ANC, is an historic general aviation airport LHD and known as one of the most active and largest seaplane bases in the world. LHD has a gravel runway and two

adjoining lakes with a total of three waterlanes that support private and commercial general aviation on a year-round basis. A taxiway connects LHD to ANC. LHD has parking for 400 float-equipped aircraft and 500 wheeled aircraft.

Several investments and developments totaling more than \$51 million are underway at LHD, including two hangar developments: one led by TLC Properties and one led by Airplane Hangars, Inc.; three facility upgrades: one led by Lake Hood Air Harbor, one by Reeve Air Alaska, and one by Alaska Aircraft Sales all of which operate at LHD; and the construction of an aeronautical parking area located on the southeast side of the gravel strip.

ANC Passenger Terminals

ANC's passenger terminal facilities include the approximately 834,000 square-foot domestic South Terminal and the approximately 312,000 square-foot North Terminal used primarily for international flights, which is connected to the South Terminal by an enclosed above-ground walkway.

The South Terminal consists of three concourses. Concourse A provides six ground-loading gates for regional carriers, five of which are preferentially leased and one of which is administered by ANC on a per-turn basis. Between Concourse A and Concourse B are two L gates for ground loading regional carriers. These are preferentially leased with the exception of one quarter of the space remaining as administered by ANC. Concourse B has nine jet bridge-equipped gates, four of which are leased to airlines on a preferential basis, and five of which are administered by ANC on a per-turn basis. All the jet bridges on Concourse B are owned by ANC except for two, which are expected to be transferred to ANC in second or third quarter of 2025. Concourse C has nine jet bridge-equipped gates that are preferentially leased, and all jet bridges are owned by ANC. The leasing status of all gates, as well as the number that have jet bridges, remains subject to change in accordance with the AIAS Operating Agreement and Passenger Terminal Lease. The Operating Agreement is discussed in "SYSTEM OPERATING AGREEMENT, REVENUES AND EXPENSES — Operating Agreement."

The North Terminal facility has seven gates administered by ANC and one preferentially leased gate. The seven ANC-administered gates are jet bridge-equipped and used by both passenger and cargo aircraft. The North Terminal is also the location of several international and domestic cargo airline administrative offices, federal inspection service agencies and ANC's operations, security and badging offices.

ANC Cargo Facilities

There are approximately 265 acres dedicated to air cargo facilities at ANC. These areas include 1,210,000 square feet of buildings, 1,052,000 square yards of apron and 135,000 square yards of auto parking and landside support. These facilities are located in each of the three principal development areas of ANC, the North Airpark, East Airpark and South Airpark. ANC also has several million square feet of vacant land well-located for future cargo development.

ANC's air cargo facilities support the significant international air commerce between Asia and the United States by providing an air cargo hub for aircraft refueling, crew changes, and cargo transfers. The three largest airline air cargo integrators UPS, FedEx, and DHL, routinely utilize ANC facilities, and the level of current interest by private investors in investing in cargo facilities at ANC indicates the sector's continued support of ANC as a major international air cargo hub. The private sector has invested over \$350 million in cargo facilities at ANC since 1996.

Today, more than 198 acres of land are leased and in various stages of development for construction of new cargo facilities at ANC with a total planned investment of over \$500 million by the cargo facility developers. FedEx has begun construction of a new \$57 million, 98,000 square foot domestic operations facility located in the North Airpark. Also in the North Airpark, Alaska Cargo and Cold Storage has recently completed its environmental review under the National Environmental Policy Act of 1969 ("NEPA") and has a 55-year lease to build a climate-controlled cargo warehouse and up to eight aircraft parking hardstands to be located just north of the ANC passenger terminals along the east side of the north-south runway, with an estimated cost of \$200 million. In the South Airpark, NorthLink Aviation has begun construction of an air cargo campus including several widebody aircraft hardstands and supporting facilities estimated at \$125 million. In the West Airpark, Atlas Air, Inc. has submitted a lease application to build its own hub facility including hardstands and supporting office and warehouse space. A sister company to Atlas Air, Inc.,

Polar Air Cargo Worldwide is 49% percent owned by DHL and in 2008, established DHL's trans-Pacific express business hub at ANC.

Alaska Airlines and Northern Air Cargo have invested more than \$70 million in cargo facility improvements. Alaska Airlines opened its new \$50 million Maintenance and Training Facility at ANC in 2018. The new facility is twice the size of the hangar it replaced and can simultaneously house two Boeing 737 Max 9 aircraft, which were individually too large to fit in the hangar replaced by the new facility. In addition to facility investments, Alaska Airlines has made equipment investments, replacing its fleet of Boeing 737-400 and 737-700 "Combi" aircraft (variably configurable to carry a combination of both passengers and cargo containers on main deck) with dedicated "all-cargo" Boeing 737-700 aircraft thereby upgrading its cargo aircraft capacity.

In 2006, UPS added a ground equipment maintenance and local distribution hub facility, and in 2005-2007, UPS added five wide-body parking aprons to increase its aircraft parking capacity to a total of eleven aprons. In 2021, UPS acquired Alaska Cargo Port LLC ANC land leases, including approximately \$22 million of associated cargo apron, warehouse, and local distribution hub facility improvements made between 1999 and 2005. In 2008, UPS opened a centralized wide-body pilot training facility at ANC.

FedEx has invested more than \$150 million in its ANC facilities and uses ANC as its hub for clearing incoming packages from Asia through U.S. Customs and Border Protection. In 2007, FedEx completed a multi-phased expansion of its international package sorting facility, a ground service equipment maintenance facility, and two aircraft parking aprons to bring its total to 12 wide-body parking aprons.

ANC Other Facilities

Additional facilities located at ANC include a Terminal Radar Approach Control ("TRACON") facility and Air Traffic Control Tower ("ATCT") owned by the FAA, privately-owned maintenance hangars, vehicle and aircraft fueling facilities and catering facilities. Anchorage's primary United States Post Office facility is located on ANC's premises as are two fixed based operators and other airline and ground handling businesses with land leases on the site of the former and repurposed Kulis Air National Guard base. The FAA has finalized design and in Fall 2025 will begin an expected 36-month construction of new and relocated TRACON and ATCT facilities at ANC.

There are several State-owned parking facilities, including a 1,235 space parking garage and additional 210-space lot for paid short-term parking, 290-space "Park, Ride & Fly" lot, 51-space Cell Phone Lot, 895-space long-term parking lot, and 1,160 employee parking spaces, that together accommodate a total of more than 3,840 vehicles.

ANC Rental Car Facility

A rental car facility (the "ANC Rental Car Facility") is located on an approximately six-acre site at ANC, directly across from, and attached to, ANC's South Terminal. The ANC Rental Car Facility has approximately 1,200 parking spaces for rental car operations, and consolidates all rental car customer operations at ANC into a single consolidated facility to which the State holds title, and leases the facility to the developer/operator, who in turn manages the facility and sub-leases operating space to rent-a-car companies. The rent-a-car companies also have entered into concession agreements with ANC obligating such companies to pay ANC a percentage of gross sales as rent. The facility consists of a four-level parking garage for the rental car operators and an underground passenger tunnel connecting the garage with ANC's South Terminal.

Project development, design and construction of the ANC Rental Car Facility were paid for with proceeds of approximately \$63 million dollars of conduit revenue bonds issued by the Alaska Industrial Development and Export Authority (the "AIDEA Bonds"). The AIDEA Bonds are payable from the proceeds of Customer Facility Charges collected by the rental car companies as required by the Department; collection of Customer Facility Charges began in June 2005 from rental car customers, and the proceeds are remitted by the rental car companies directly to the trustee for the AIDEA Bonds. The System is not responsible for payment of debt service on the AIDEA Bonds. The operation and maintenance costs of the ANC Rental Car Facility are paid from Facility Maintenance Charge proceeds similarly collected by the rental car companies from their customers and remitted directly to the trustee for the AIDEA Bonds. The System is not financially obligated for the maintenance and operational expenses of the ANC Rental Car

Facility, and neither the Customer Facility Charges nor the Facility Maintenance Charges constitute Revenues of the System.

Bill Sheffield Alaska Railroad Corporation Depot

The Alaska Railroad Corporation (“ARRC”) completed construction in 2002 of the Bill Sheffield Alaska Railroad Corporation Depot, which is located adjacent to the ANC parking structure and connected to the South Terminal core area via pedestrian tunnel. The depot, which is both owned and operated by ARRC, totals 17,300 square feet and provides rail modal conveyance connection for ARRC passengers utilizing ANC.

Fairbanks International Airport

FAI plays a critical role in supporting the trans-Pacific air cargo network, providing an essential operational backup for cargo and passenger carriers. If weather or other unforeseen conditions impact ANC, FAI can seamlessly accommodate air traffic, providing continued reliability. Due to its location on the north side of the Alaska Range, away from the ocean, FAI experiences different weather patterns from ANC, which can offer more flexibility in certain operational conditions.

As a small hub airport with less traffic than ANC, FAI also serves as a testing ground for aviation innovation. In 2023, FAI received a federal grant to lead a pilot project for per- and polyfluoroalkyl substances (“PFAS”) remediation in soil and water. See “INVESTMENT CONSIDERATIONS—PFAS Contamination.” Additionally, FAI has collaborated with the University of Alaska Fairbanks (“UAF”) to explore drone operations, with UAF successfully launching and landing a drone on FAI’s East Ramp in 2022. In 2024, FAI also launched Aurora, a robotic dog, for wildlife mitigation activities. Located approximately five miles southwest of downtown Fairbanks in the Fairbanks North Star Borough, Alaska (“Fairbanks Borough”), FAI is a vital hub for interior and northern Alaska, featuring extensive civil and commercial general aviation facilities. According to FAA preliminary CY 2024 statistics, in 2023, FAI recorded 548,679 enplanements making it the 129th busiest airport in the U.S. for passenger traffic and the 113th busiest for cargo. In CY 2024, enplanements at FAI increased to 574,012 making it the 132nd busiest airport in the U.S. for passenger traffic and ranked 109th for cargo.

FAI Airfield and Cargo Facilities

FAI is equipped with a primary air carrier runway (Runway 2L/20R) spanning 11,800 feet that is supported by a full instrument landing system (ILS) and precision approach facilities and is equipped to handle all types and sizes of commercial aircraft, including the Boeing 747-8 and Airbus A380F, and even hosted the Antonov 225, the world’s largest aircraft. FAI’s 11,800-foot north-south runway is fully instrumented with precision approach systems, providing year-round operational reliability. In 2013, the runway underwent a complete reconstruction, ensuring its capability to accommodate wide-body freighter fleets operating trans-Pacific and trans-Atlantic cargo flights year-round. The runway’s lighting system is in the process of being replaced during the summer of 2025, further enhancing operational safety and efficiency while minimizing payload penalties for cargo carriers. The runway is particularly well-suited for cargo operations, as crosswind conditions exceeding 15 miles per hour occur less than 2% of the time.

FAI’s six widebody hardstands further enhance FAI’s capacity to support large aircraft, providing both an alternative to ANC for diversions and the ability to offer mid-route fueling for all aircraft currently in service. Other best-in-class airfield infrastructure includes parallel and crossing taxiways, an extensive aircraft parking apron, dedicated de-icing pads, and advanced lighting and navigation systems, all designed to meet the demands of commercial aviation.

In 2023, FAI also upgraded its smaller general aviation runway on the East Ramp. The runway was expanded from 3,200 feet by 60 feet to 4,500 feet by 100 feet, enabling operations by Design Group II aircraft (wingspans between 49–79 feet), such as the Beechcraft 1900. These aircraft predominantly serve rural Alaska and previously required taxiing across the airfield to access the main air carrier runway. This expansion has significantly reduced taxi times and associated costs, minimized hazardous runway crossings, and freed capacity on the primary runway for larger aircraft.

FAI also supports a thriving general aviation community, with the East Ramp serving as a hub for over 120,000 annual aircraft operations. The East Ramp is equipped with two runways (4,500 feet paved and 2,900 feet gravel) and a floatplane base, supporting more than 500 based aircraft. In addition to serving as a base for general aviation, it provides scheduled air services from gravel, paved, and water surfaces.

FAI Passenger Facilities

FAI's 146,000-square-foot passenger terminal accommodates regional, domestic, and international flights. The terminal features six gates equipped with passenger boarding bridges, two of which are configured as "swing" gates, capable of serving both domestic and international flights. The terminal also has two ground-loading positions for regional carriers and a third ground-loading gate for international general aviation flights. By the end of July 2025, FAI will assume ownership of two passenger boarding bridges currently owned by Alaska Airlines, at no cost to the System, bringing all six bridges under the control of FAI.

Other FAI Facilities

FAI is actively expanding its leased facilities to meet growing demand. A new rental car facility and public parking expansion is under development, which will add covered parking for the rental car operators and add over 80 additional covered parking spaces for public use to FAI's existing 850 public parking spaces. FAI also benefits from services provided by two fixed-base operators, along with other dedicated ground handling and fueling companies.

One of the largest upcoming projects at FAI involves relocating the State of Alaska Department of Natural Resources/U.S. Bureau of Land Management Firefighting Service complex to FAI. The new facility will support both aircraft tankers and helicopters, with the design and environmental review phases already underway. This project represents a significant investment in infrastructure, with an estimated development cost of up to \$400 million, funded through federal sources and is currently expected to be completed in 2030. This development will be the single largest private development ever within the System in terms of size and investment.

Additionally, numerous lease lots on the East Ramp cater to general aviation, offering hangar space, maintenance facilities, and tiedown spots, as well as dining options. On the West Ramp, the newly constructed LifeMed facility and Omni Logistics' ground handling campus, including the largest on airport hangar at FAI, support commercial operations.

The FAA plans to construct a new ATCT at FAI. The design and permitting phases are currently in progress, with construction expected to begin in 2026.

ANC and FAI Master Plans

ANC's Master Plan Update ("MPU") is expected to be complete by the end of the second quarter 2025. The MPU was based on a new forecast recently approved by the FAA. The forecast predicts, as before, modest, positive growth for passenger activity at ANC: approximately 2.3% annually for total enplaned passenger activity over the 20-year forecast period. For intra-State and Asia/North Pacific and other U.S. all-cargo carrier tonnage, the MPU forecast predicts average annual growth of 1% and 2.8%, respectively, over the 20-year forecast period. Evidenced by rising activity levels and current planned airside development, ANC anticipates some needed investments to increase both passenger and cargo capacity. In the near term, four widebody hardstands are planned for construction in 2028 and 2029 using federal and AIAS funding sources, and a TSA expansion project for which funding has yet to be determined, is anticipated within the 10-year horizon.

FAI's most recent update to its Master Plan was completed in 2014 and based on System forecast aviation demand developed in the 2013 AIAS Forecast Technical Report. The comprehensive study generally indicated modest, positive average annual growth in both passenger traffic (approximately 1.1% to 1.3% baseline) and cargo tonnage (approximately 1.3% for FAI) through 2030, and FAI activity is meeting that forecast. FAI intends to initiate its Master Plan Update in 2026, however, it anticipates near and mid-term facility requirements to be generally modest and for the most part, met using current funding sources and levels.

ECONOMIC DEMAND FOR AIR SERVICE

ANC and FAI serve both the local passenger and cargo traffic generated in the Anchorage and Fairbanks air trade areas, and the broader State-wide market where AIAS provides in-State origin and destination and global connections for passengers and freight. Because Alaska is bound by Canada and the ocean, most freight travels to Alaska either by air or ship, then is transferred to smaller aircraft, trucks or rail for final delivery. Alaska's location and vastness cause the State to be aviation-dependent, with a relatively large proportion of the State's population living in regions that are not connected to the road system. As such, there is an economic demand within and outside of the air trade areas for not only passenger, but also cargo air service, and ANC and FAI serve as the air service hubs.

Anchorage Air Trade Area

The greater air trade area for ANC (the “ANC Air Trade Area”) includes the areas immediately surrounding Anchorage as well as the entire State north of the far southeast “Panhandle” (which is served primarily by jet airports at Ketchikan, Juneau and Sitka, and overlapped by the air trade area of the Seattle-Tacoma International Airport). The primary region within the ANC Air Trade Area consists of the Municipality of Anchorage, Alaska (“Anchorage”) and the Matanuska-Susitna Borough, Alaska (“Mat-Su Borough,” and together with Anchorage, the “Anchorage Region”). ANC is the only airport in the Anchorage Region with scheduled air carrier service. Data from the ANC Air Trade Area is used to represent ANC’s entire service area (both immediate and greater).

Fairbanks Air Trade Area

The air trade area for FAI (the “FAI Air Trade Area”) is the interior economic region of the State, primarily the Fairbanks Borough, the Denali Borough, Alaska (the “Denali Borough”), the Southeast Fairbanks Census Area and the Yukon-Koyukuk Census Area (collectively, the “Fairbanks Region”). FAI also serves as the major commercial airport for many of the smaller communities located in interior and northern parts of the State. The Fairbanks Borough lies in the Tanana Valley in the interior of the State at the northern terminus of the Alaska Highway and the Alaska Railroad. It is about 230 nautical miles by air (about 360 highway miles) northeast of Anchorage and 80 miles south of the Arctic Circle. Data from FAI Air Trade Area is used to represent FAI’s entire service area.

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AIR-TRADE AREA EMPLOYMENT

TABLE 1
EMPLOYMENT IN THE ANCHORAGE REGION BY SECTOR
CY 2024
(Percent)

INDUSTRY	Totals
Services & Miscellaneous	45.4%
<i>Educational & Health Services</i>	19.0
<i>Leisure & Hospitality</i>	11.6
<i>Professional & Business Services</i>	11.1
<i>Other Services</i>	<u>3.8</u>
Government	18.5
<i>Local</i>	6.7
<i>State</i>	6.8
<i>Federal</i>	<u>5.0</u>
Trade/Transportation/Utilities	22.3
<i>Wholesale Trade</i>	2.8
<i>Retail Trade</i>	11.1
<i>Transportation/Warehouse/Public Utilities</i>	<u>8.4</u>
Construction	6.8
Finance/Information	4.4
Natural Resources & Mining	1.3
Manufacturing	1.4
TOTAL EMPLOYMENT	100.0%

Totals may not add due to rounding.

Source: Alaska Department of Labor and Workforce Development.

TABLE 2
EMPLOYMENT IN THE FAIRBANKS REGION BY SECTOR
CY 2024
(Percent)

INDUSTRY	Totals
Services & Miscellaneous	36.3%
<i>Educational & Health Services</i>	14.9
<i>Leisure & Hospitality</i>	11.5
<i>Professional & Business Services</i>	6.4
<i>Other Services</i>	<u>3.6</u>
Government	27.8
<i>Local</i>	12.2
<i>State</i>	6.9
<i>Federal</i>	<u>8.7</u>
Trade/Transportation/Utilities	20.3
<i>Wholesale Trade</i>	1.7
<i>Retail Trade</i>	12.1
<i>Transportation/Warehouse/Public Utilities</i>	<u>6.5</u>
Construction	7.6
Finance/Information	3.2
Natural Resources & Mining	3.0
Manufacturing	1.8
TOTAL EMPLOYMENT	100.0%

Totals may not add due to rounding.

Source: Alaska Department of Labor and Workforce Development.

Population Trends

According to the 2020 Census, the population of the Anchorage Region was 398,328, which accounted for approximately 54.3% of the State's 733,391 residents. The Anchorage Region is the leading trade, supply, banking and communications center of the State. Oil and gas extraction and oilfield services are a significant contributor to the Anchorage Region and Statewide payroll due to the relatively high wages per employee. Federal (including U.S. Army/U.S. Air Force Joint Base Elmendorf-Richardson), State and local government are also significant employers in the Anchorage Region.

According to the 2020 Census, the total Fairbanks Region population was 109,425, which accounted for approximately 14.9 percent of the State population. In 1968, oil and gas reserves were discovered on Alaska's North Slope, and the Fairbanks Borough became the staging, service and supply center for the construction of the \$7 billion, 809-mile Alaska Pipeline completed in 1977. The discovery of oil and the construction of the transmission pipeline accelerated growth in nearly all sectors of the Fairbanks Borough's economy. No single project on a comparable scale has affected the Fairbanks Borough since the pipeline; however, since 1980, the Fairbanks Borough has experienced moderate growth in population, income and employment throughout the economy, specifically the construction, finance, services and trade industries. Military and defense establishments also constitute an important segment of the Fairbanks Borough's economy, as does UAF. Both U.S. Army Fort Wainwright and Eielson Air Force Base are located within the Fairbanks Borough.

Table 3 illustrates the historical population for the Anchorage Air Trade Area, the Fairbanks Air Trade Region, the State and the United States.

TABLE 3
SUMMARY OF HISTORICAL POPULATION
THE AIR TRADE AREA, THE STATE AND THE UNITED STATES⁽¹⁾
2019-2024

Year	Anchorage Air Trade Area ⁽²⁾	Fairbanks Air Trade Area ⁽³⁾	Total Area	State of Alaska	United States (millions)
2019	398,283	109,847	508,130	731,007	328.2
2020	398,328	109,425	507,753	733,391	331.5
2021	399,646	111,627	511,273	736,311	332.1
2022	401,692	110,775	512,467	736,600	334.0
2023	404,501	110,529	515,030	738,873	336.8
2024	407,074	111,072	518,146	741,147	340.1

⁽¹⁾ Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, "Population of Alaska by Economic Region, Borough and Census Area" report, 2020 is as of April 2020 U.S. Census, and July 2019, and July 2021 to 2024 are Estimates, and U.S. Census Bureau, Population Division "Monthly Population Estimates for the United States: April 1, 2020 to December 1, 2025 (NA-EST2024-POP)," released December 2024, 2020 is as of April 2020 U.S. Census, and July 2019, and July 2021 to 2024 are Estimates based on Population Division methodology.

⁽²⁾ Anchorage Region population includes Anchorage and the Mat-Su Borough.

⁽³⁾ Fairbanks Region includes the Fairbanks Borough, Southeast Fairbanks Census Area, Denali Borough, and Yukon-Koyukuk Census Area.

Economic Overview of Alaska

The economic and demographic information provided below has been derived from State publications and services which the State considers to be reliable. Such information is accurate as of its date. However, no assurance can be given that such information has not changed since its date.

Income. In 2024, Alaska had a per capita personal income of \$75,616, an increase from the 2015 per capita personal income of \$56,714.

Employment. Alaska Department of Labor and Workforce Development data shows the May 2025 unemployment rate for the State was 4.7 percent, as compared to a national unemployment rate for the same period of approximately 4.2 percent (seasonally adjusted, preliminary). Historically, the State's unemployment rate has exceeded the national rate. The unemployment rate for the Anchorage Region and Fairbanks Region for May 2025 was 4.0 percent and 4.3 percent, respectively (not seasonally adjusted, preliminary).

Tourism. An estimated 2,702,900 out-of-State visitors traveled to Alaska between May and September 2024, a 22.14 percent increase from pre-COVID total of 2,213,000 in summer 2019. Transportation market data for the summer of 2024 indicates the following modes of transportation by visitors: 66 percent traveled by cruise ship; 31 percent were air visitors (entered and exited the State by air); and 3 percent were highway/ferry visitors (entered or exited the State by highway or ferry). The increase is largely attributable to a 3.8 percent growth in cruise visitors. Air visitors decreased by 1.5 percent for the summer (May 2024 – September 2024) Compared to 2019, or pre-Pandemic, travel by water. In Alaska, the two primary types of cruises are: 1) round-trip through the Alaska Inside Passage route and 2) across the Gulf of Alaska. The majority of cruise visitors crossing the Gulf of Alaska travel one way on the cruise ship and one way on an airplane. In 2024 and 2023 there were 461,000 and 415,000 cross-gulf cruise visitors, respectively, compared to 432,000 cross-gulf cruise visitors in 2019. Cross-gulf cruise visitors accounted for roughly 26% of the overall Alaska cruise market. Based on this data, approximately 17% of ANC's 2024 enplanements (2,747,771) resulted from cross-gulf cruise visitors.

TABLE 4
VISITOR VOLUME TO ALASKA BY TRANSPORTATION MARKET

	2024			2023			2019	
	Volume	% to Total	% change to 2023	% Change to 2019	Volume	% to Total	Volume	% to Total
Cruise	1,785,000	66	4	34	1,719,000	65	1,331,600	60
Air	839,600	31	(2)	6	852,500	32	790,900	36
Highway/ferry	78,300	3	2	(13)	77,100	3	90,500	4
Total	2,702,900		2	22	2,648,600		2,213,000	

Source: <https://www.alaskatia.org/sites/default/files/2025-02/Alaska%20Visitor%20Volume%20Summer%202024.pdf>

See APPENDIX F—SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE” For additional information regarding the State of Alaska Economy.

AVIATION ACTIVITIES AND ACTIVITY LEVELS

Anchorage Passenger Activity

Enplaned passenger activity at ANC has increased from approximately 2.7 million in FY 2015 to approximately 2.8 million in FY 2024, an average compound annual growth rate of approximately 0.40%.

Set forth on the following page are tables showing passenger activity levels for the fiscal years ended June 30, 2015 through 2024 for ANC. Total passengers include passenger enplanements, passenger deplanements and in-transit passengers.

TABLE 5
Ted Stevens Anchorage International Airport
ANNUAL PASSENGER ACTIVITY
(Thousands)

Fiscal Year	Passenger Enplanements	Passenger Deplanements	In-Transit	Total*
2015	2,668	2,654	42	5,364
2016	2,775	2,764	19	5,558
2017	2,726	2,725	27	5,479
2018	2,742	2,732	25	5,499
2019	2,824	2,820	49	5,693
2020	2,198	2,177	37	4,412
2021	1,452	1,501	43	2,996
2022	2,564	2,554	46	5,164
2023	2,712	2,675	64	5,451
2024	2,812	2,799	52	5,663

*Totals may not add due to rounding.

Source: *Ted Stevens Anchorage International Airport Certified Activity Reports Fiscal Years - July 1 - June 30.*

TABLE 6
Ted Stevens Anchorage International Airport
ANNUAL PASSENGER ENPLANEMENTS
(Thousands)

Fiscal Year	Domestic Enplanements	International Enplanements	Total*
2015	2,633	35	2,668
2016	2,742	33	2,775
2017	2,691	35	2,726
2018	2,705	37	2,742
2019	2,785	40	2,825
2020	2,169	29	2,198
2021	1,452	0	1,452
2022	2,558	6	2,564
2023	2,682	30	2,712
2024	2,782	30	2,812

* Totals may not add due to rounding.

Source: *Ted Stevens Anchorage International Airport Certified Activity Reports Fiscal Years - July 1 - June 30.*

Passenger Enplanements and Origin and Destination Traffic. A large percentage of domestic passengers using ANC are either beginning or ending their trips at ANC, and nearly all of them are necessarily beginning and/or ending their journey within the ANC Air Trade Area. This type of passenger activity is commonly referred to as origin and destination (“O&D”) passenger traffic. As of the most recent forecast of aviation demand completed by an outside consultant (August 2023), approximately 78% of total enplanements at ANC were O&D. Virtually all AIAS deplanements are essentially O&D, as no alternative hubs exist to reach the majority of other Alaskan regions, excluding southeast Alaska.

Connecting traffic in the System has a different character from the connecting traffic at typical hub airports in the “Lower 48 States.” Connecting traffic at a typical hub airport uses the hub to connect multiple communities that are mostly, if not all, beyond the hub airport’s air trade area. Such flights could, in theory, be shifted to use some other airport as a hub by rerouting traffic. ANC, on the other hand, is the only airport in the State available to connect flights both between the many much smaller communities within the majority of the State and with flights to the Lower 48

states and international destinations. These communities are highly reliant on air travel due to the State's vast expanse and limited road system, but far too small to support direct service to anywhere but Anchorage.

ANC serves as the primary in-State air center. Domestic traffic connecting through ANC originates in, or is destined for, the ANC Air Trade Area, within which there is no other airport currently capable of serving as that connecting point. ANC's connecting passengers are for all practical purposes, O&D-equivalents. Additionally, ANC's status as the hub for the ANC Air Trade Area is based entirely on geography as ANC is the only large commercial and population center within a radius of over 1,300 miles.

Most ANC passenger enplanements are domestic and most seasonal scheduled international passenger service is provided by airlines such as Air Canada, Condor Flugdienst GmbH, EW Discover GmbH and seasonal charter service provided by carriers including Korean Airlines and Air North Partnership. As of the summer of 2025, WestJet will operate twice-weekly flights between Anchorage and Calgary, adding another international passenger carrier to ANC.

ANC Top Five Non-Stop Destinations. According to USDOT T100 Segment Data, in CY 2024, the top five direct service passenger destinations for ANC were: (1) Seattle, Washington, (2) Fairbanks, Alaska, (3) Minneapolis, Minnesota, (4) Chicago, Illinois, and (5) Portland, Oregon.

ANC Top Ten Passenger Airlines. The list below sets forth the top ten ANC passenger airlines by number of ANC passenger enplanements for CY 2023 and CY 2024.

TABLE 7
Ted Stevens Anchorage International Airport
TOP TEN PASSENGER AIRLINES
(CY 2023 with CY 2024 Comparative Enplanements)

	CY 2023	CY 2024
Alaska Airlines Inc. (Includes Horizon)	1,969,412	1,923,690
Delta Air Lines Inc.	345,023	358,247
United Air Lines Inc.	164,540	172,891
American Airlines, Inc.	79,676	88,001
Grant Aviation (Includes Non-scheduled)	34,818	55,008
Conoco Phillips Alaska, Inc. (Includes Non-Scheduled)	35,742	42,243
Northern Pacific Airways	88,815	34,306
Aleutian Airways	11,903	23,039
Sun Country Airlines Inc.	20,192	19,387
Air Canada	16,837	14,733
	2,785,121	2,747,771

Source: Ted Stevens Anchorage International Airport Certified Activity Reports Fiscal Years - July 1 - June 30.

Fairbanks Passenger Activity

According to System data, the number of enplaned passengers at FAI in FY 2024 and FY 2023 were 576,750 and 544,235, respectively. From FY 2015 to FY 2024, total enplanements grew from approximately 510,000 to 576,750, at an average annual compound growth rate of approximately 1.37%.

Set forth below are tables showing passenger activity levels for FY 2015 through FY 2024 at FAI. Total passengers include passenger enplanements, passenger deplanements and in-transit passengers.

TABLE 8
Fairbanks International Airport
ANNUAL PASSENGER ACTIVITY
(Thousands)

Fiscal Year	Enplanements	Deplanements	In-Transit	Total*
2015	510	513	49	1,072
2016	547	548	24	1,119
2017	573	576	23	1,172
2018	576	580	24	1,180
2019	580	588	24	1,192
2020	451	449	1	901
2021	288	292	1	581
2022	520	514	6	1,040
2023	544	538	0	1,082
2024	577	581	0	1,158

* Totals may not add due to rounding.

Source: Fairbanks International Airport Certified Activity Reports Fiscal Years - July 1 - June 30.

TABLE 9
Fairbanks International Airport
ANNUAL PASSENGER ENPLANEMENTS
(Thousands)

Fiscal Year	Domestic	International	Total*
2015	498	12	510
2016	540	7	547
2017	563	10	573
2018	566	10	576
2019	572	8	580
2020	446	5	451
2021	288	0	288
2022	519	1	520
2023	540	4	544
2024	570	7	577

* Totals may not add due to rounding.

Source: Fairbanks International Airport Certified Activity Reports Fiscal Years - July 1 - June 30.

FAI Top Five Non-Stop Destinations. According to USDOT T100 Segment Data, in CY 2024, the top five direct (non-stop) passenger destinations for FAI were (1) Seattle, Washington, (2) Anchorage, Alaska, (3) Chicago, Illinois, (4) Minneapolis, Minnesota, and (5) Galena, Alaska.

FAI Top Ten Passenger Airlines. Table 10 below sets forth the top ten FAI passenger airlines, respective passenger enplanements, for CY 2024, with comparative CY 2023 data.

TABLE 10
Fairbanks International Airport
TOP TEN PASSENGER AIRLINES
(CY 2023 with CY 2024 Comparative Enplanements)

	CY 2023	CY 2024
Alaska Airlines Inc. (Includes Horizon)	428,967	451,042
Delta Air Lines Inc.	70,146	66,412
Wright Air Service (Includes Non-Scheduled)	27,097	27,435
United Air Lines Inc.	15,074	20,354
Tatonduk Outfitters Limited	8,753	10,526
Warbelow's Air Ventures Inc.	8,448	7,771
Air North Partnership Ltd.	4,394	6,559
Northern Pacific Airways	549	528
National Air Cargo Group	0	182
Alascom Inc.	254	83
Total	564,534	591,022

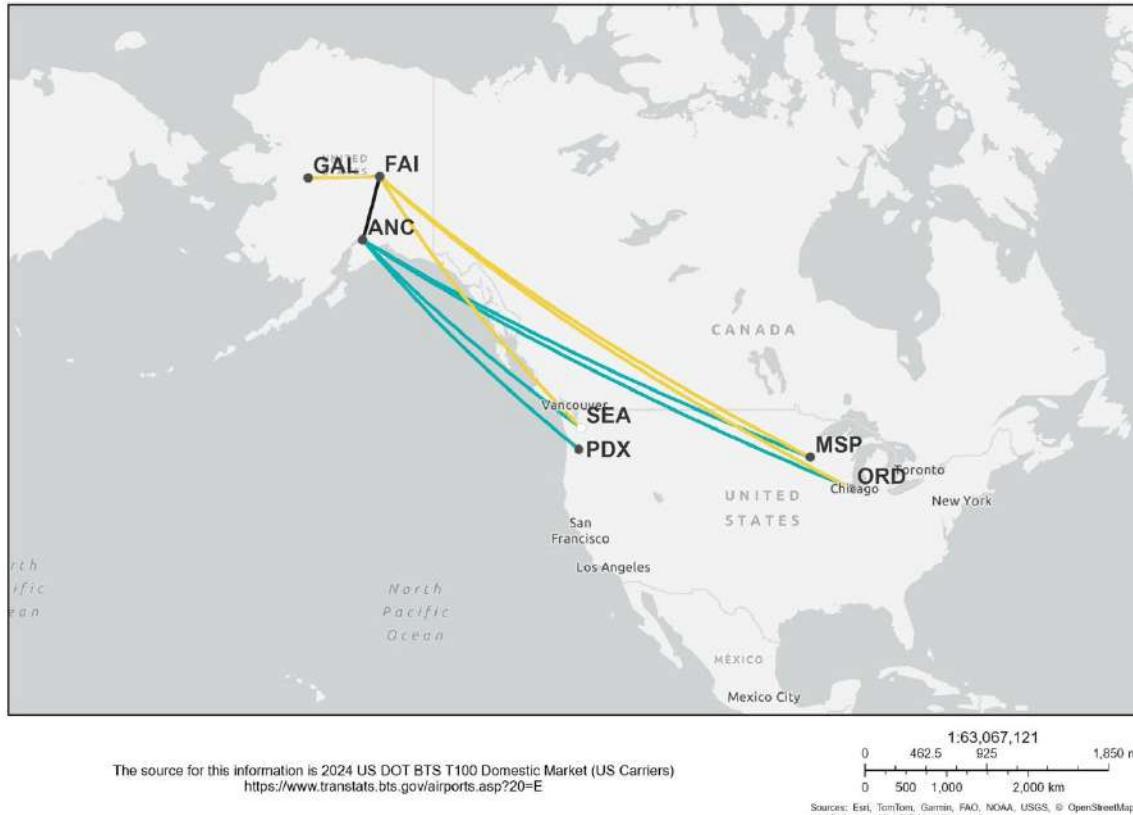
Source: Fairbanks International Airport Certified Activity Reports Fiscal Years – July 1 – June 30.

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System Passenger Service.

The map below shows CY 2024 direct (non-stop) scheduled domestic passenger service from and to ANC and FAI.

ANC TOP 5 AND FAI TOP 5 PASSENGER ROUTES FOR CY 2024



Anchorage Cargo Activity

Air cargo and express package services defined as international cargo, intrastate cargo and other domestic cargo continue to be the most significant portion of the overall activity at ANC with international cargo accounting for 69.6% of total cargo volume at ANC in 2024. ANC is the major air gateway to the State for both passengers and air cargo, and its strategic global location has also made it an important international cargo gateway used for express package sorting, refueling and as a cargo transfer and cargo technical stop center for air cargo freighters flying between Asia and North America.

The table below shows the top ten global cargo airports by landed weight. ANC was ranked number four globally in CY 2024.

CY 2024 ACI-World Global Cargo Ranking (Metric Tonnes)⁽¹⁾

Rank	Airport	2024	% Change vs 2019
1	Hong Kong, Hong Kong (HKG)	4,938,211	2.7
2	Shanghai, China (PVG)	3,778,331	4.0
3	Memphis, USA (MEM)	3,754,236	(13.2)
4	Anchorage, USA (ANC) ⁽²⁾	3,699,284	34.7
5	Louisville, USA (SDF)	3,152,969	13.0
6	Incheon, Korea (ICN)	2,946,902	6.6
7	Miami, USA (MIA)	2,753,450	31.6
8	Doha, Qatar (DOH)	2,616,849	18.1
9	Guangzhou, China (CAN)	2,373,727	23.6
10	Taipei, Taiwan (TPE)	2,270,974	4.1

⁽¹⁾ Cargo: loaded and unloaded freight and mail in metric tonnes.

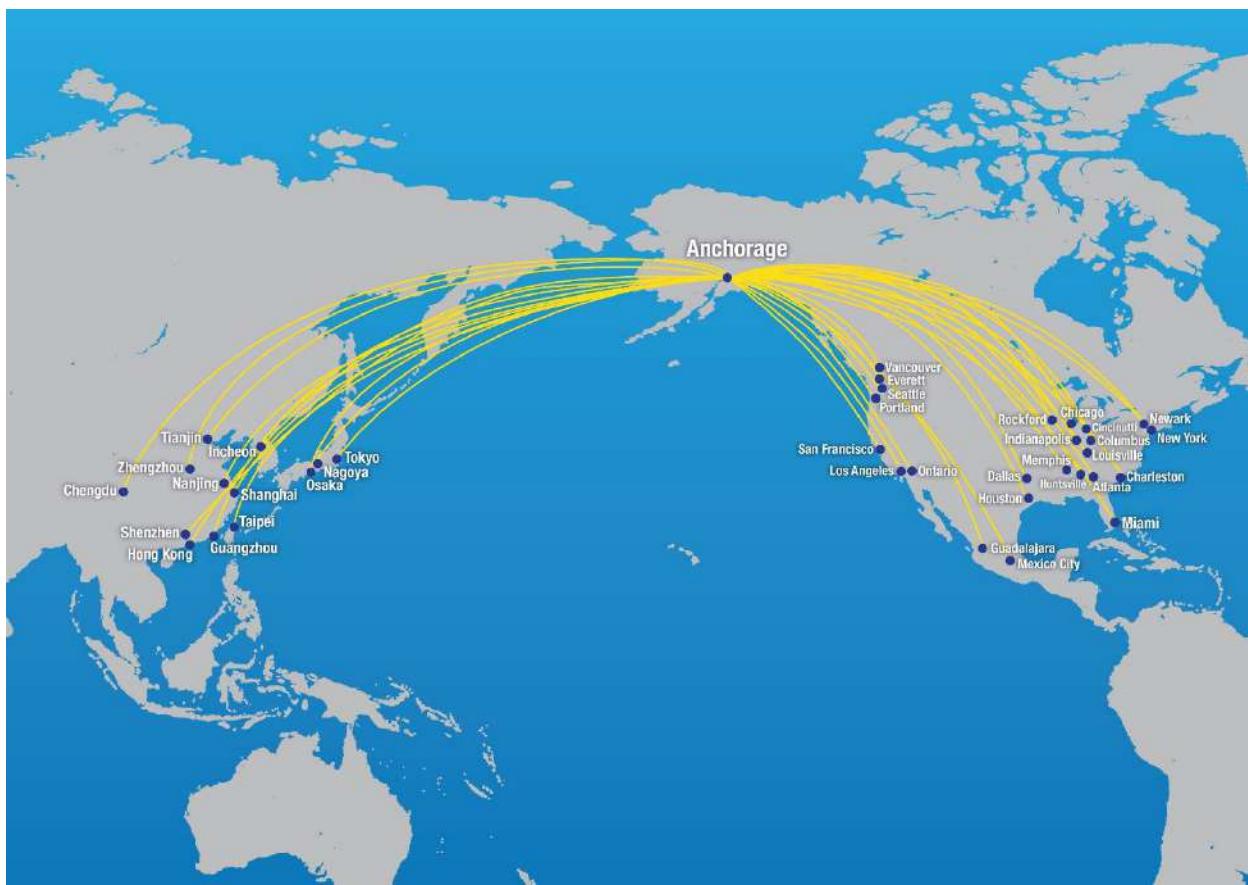
⁽²⁾ ANC data includes transit freight.

Source: Airports Council International

ANC enjoys a broad base of cargo business, as evidenced by the large number and global diversity of its cargo carriers (as detailed in Table 15). In FY 2024, the largest cargo operators by landed weight, Atlas Air at 15%, UPS at 11%, FedEx at 11% and Cathay Pacific at 8%, represented approximately 9%, 7%, 7% and 5%, respectively, of total AIAS operating revenues (including PFCs) in FY 2024. See, “SYSTEM FINANCIAL OPERATIONS AND RESULTS — Management Discussion of System Operating Results.”

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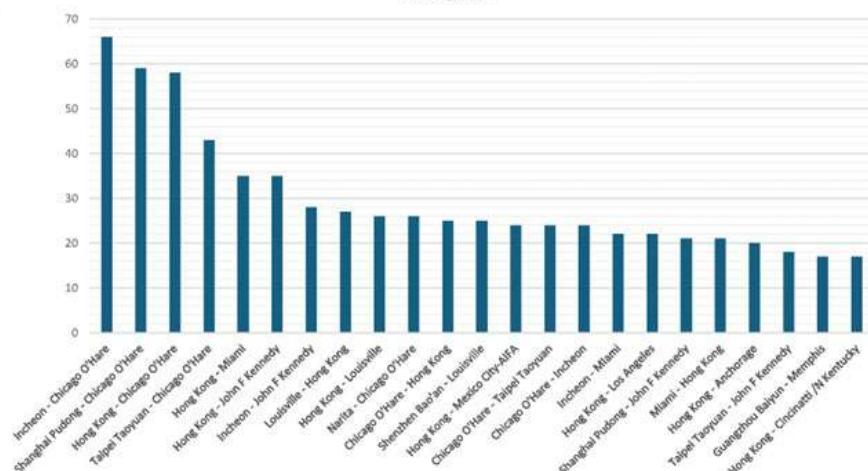
ANC TOP AIR CARGO ORIGIN & DESTINATION ROUTES



Top-15 City Pairs

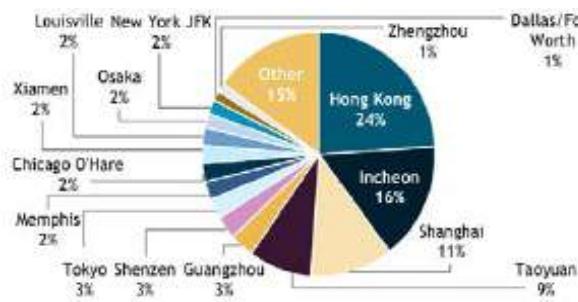
Rank	City Pair	# of Flights
1	Incheon - Chicago O'Hare	66
2	Shanghai Pudong - Chicago O'Hare	59
3	Hong Kong - Chicago O'Hare	58
4	Taipei Taoyuan - Chicago O'Hare	43
5	Hong Kong - Miami	35
5	Hong Kong - John F Kennedy	35
6	Incheon - John F Kennedy	28
7	Louisville - Hong Kong	27
7	Hong Kong - Louisville	26
8	Narita - Chicago O'Hare	26
9	Chicago O'Hare - Hong Kong	25
9	Shenzhen Bao'an - Louisville	25
10	Hong Kong - Mexico City-AIFA	24
10	Chicago O'Hare - Taipei Taoyuan	24
10	Chicago O'Hare - Incheon	24
11	Incheon - Miami	22
11	Hong Kong - Los Angeles	22
12	Shanghai Pudong - John F Kennedy	21
12	Miami - Hong Kong	21
13	Hong Kong - Anchorage	20
14	Taipei Taoyuan - John F Kennedy	18
15	Guangzhou Baiyun - Memphis	17
	Hong Kong - Cincinnati/N Kentucky	17

Top-15 City Pairs
7-20 Sep 2024

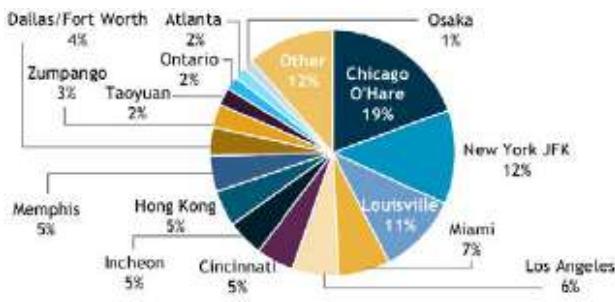


The primary advantage ANC offers international air cargo carriers remains the increased revenue yield per flight available from the added payload that trans-Pacific flights via ANC can carry. Midpoint refueling at ANC minimizes what is commonly referred to in the industry as a “payload penalty,” or the reduction of cargo capacity due to the greater weight of fuel needed to overfly a midpoint refueling stop such as ANC. A second advantage is the low cost to the carrier to use ANC as compared with many other airports, due in part to airlines’ ability to break cargo flights into shorter segments so that one crew alone can fly each segment. A third advantage is the opportunity to increase aircraft utilization and route efficiency by balancing payloads between aircraft arriving from and departing to multiple points. A fourth advantage is that carriers are able to use transfers to combine loads and reach more markets without adding aircraft. The System accounted for 11% of total U.S. air cargo traffic in calendar years 2015 through 2018. The System’s percentage of total U.S. air cargo traffic fell to 10% in calendar year 2019, before rising to 11% in calendar year 2020, 12% in calendar years 2021 and 2022 and 13% in calendar year 2023. The following charts show System-wide cargo tonnage by origin and destination.

**AIAS Cargo Tonnage by Origin
(FY2024)**



**AIAS Cargo Tonnage by Destination
(FY2024)**



Source: U.S. Department of Transportation, Bureau of Transportation Statistics T-100 Segment Date through FY 2024.

The average number of all-cargo aircraft landings at ANC increased from approximately 973 per week in FY 2023 to 1,018 in FY 2024. During that same period, annual all-cargo certificated maximum gross takeoff weight (“CMGTW”) at ANC (measured in 1,000 lb. units) increased from 30,956,097 to 32,818,259, an increase of 6.0%. The increases have been driven by both increased global e-commerce as well as cargo traffic levels that are closely correlated with global economic conditions, including political trade policy initiatives.

Set forth below are tables showing annual all-cargo aircraft landings and annual all-cargo aircraft certificated maximum gross takeoff weight for FY 2015 through FY 2024 at ANC.

TABLE 11
Ted Stevens Anchorage International Airport
ANNUAL ALL-CARGO AIRCRAFT LANDINGS

Fiscal Year	Domestic	International	Total
2015	19,894	17,373	37,267
2016	19,608	17,896	37,504
2017	24,590	14,223	38,813
2018	26,950	14,317	41,267
2019	28,154	13,745	41,899
2020	31,264	13,988	45,252
2021	37,360	15,219	52,579
2022	39,399	15,939	55,338
2023	35,036	15,326	50,362
2024	38,458	14,480	52,938

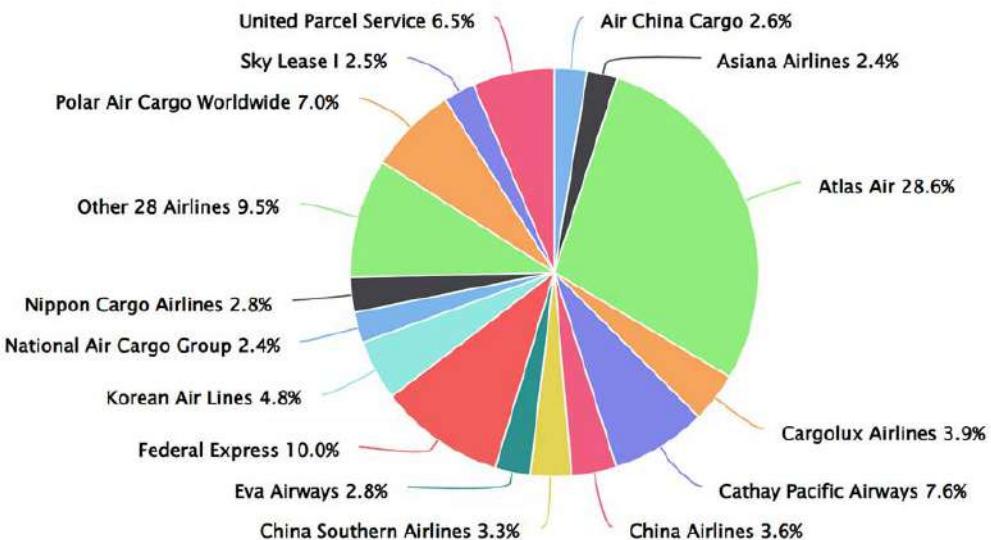
Source: Ted Stevens Anchorage International Airport Certified Activity Reports Fiscal Years - July 1 - June 30.

TABLE 12
Ted Stevens Anchorage International Airport
ANNUAL ALL-CARGO AIRCRAFT CERTIFICATED
MAXIMUM GROSS TAKEOFF WEIGHT
(Millions of pounds)

Fiscal Year	Domestic	International	Total
2015	6,235	15,736	21,971
2016	5,517	16,246	21,763
2017	9,390	12,888	22,278
2018	11,012	12,897	23,909
2019	12,599	11,603	24,202
2020	14,056	12,501	26,557
2021	17,907	13,548	31,455
2022	19,400	13,981	33,381
2023	17,410	13,437	30,847
2024	20,211	12,608	32,820

Source: Ted Stevens Anchorage International Airport Certified Activity Reports Fiscal Years - July 1 - June 30.

The table below shows the percentage market share by metric tonnes cargo movements (enplaned + deplaned + in transit) of the top 15 cargo carrier airlines at ANC in FY 2024.



International Cargo Traffic. The list of international cargo operators at ANC in Table 15 reflects ANC's proximity to Asia and other parts of North America. For 2024, ANC is listed as the fourth busiest air cargo airport in the world and the busiest in North America as measured by landed weight in metric tonnes. Over 40 Asian and North American cities are now linked by direct cargo flights to and from ANC.

Federal Legislation. Beginning in 1996, the U.S. Department of Transportation provided foreign air carriers expanded air cargo transfer authority, including change of gauge operations (e.g., change of plane size), when transiting System airports. Federal law was amended more significantly as part of the FAA Reauthorization Bill enacted on December 12, 2003, to grant foreign air cargo carriers operating via the State liberalized authority to transfer cargo to other foreign carriers to complete the international journey to or from the United States. The law allows the carriage of international origin and destination cargo on a foreign air carrier between Alaska and other points in the United States, even before or after a transfer in Alaska from a different foreign carrier, in the course of continuing international transportation involving a qualifying arrangement with a U.S. domestic air carrier. This legislation represents a large expansion of air service rights via ANC and FAI for foreign air carriers, which operate much of the trans-Pacific wide-body air freighter fleet, over rights available at any other U.S. airport.

In August of 2020, the U.S. Department of Transportation extended the existing liberalized cargo transfer rights to also apply to passenger service using AIAS airports. With the ability of foreign air carriers to transfer passengers among their own aircraft, as well as perform a change of gauge, co-terminalize foreign and domestic passengers, and transfer passengers between international destinations, the AIAS can currently provide flexible opportunities as a passenger stopover point or connection hub within a broader itinerary. As of the date hereof, no foreign air carriers are currently utilizing this service, but the System is working with foreign air carriers to develop this service.

Fairbanks Cargo Activity

Although FAI is not currently used as a refueling stop for regularly scheduled intercontinental air cargo freighters, FAI is a critical diversionary hub for ANC and provides the operational reliability carriers need when transiting the Pacific.

Set forth below are tables showing annual all-cargo aircraft landings and annual all-cargo aircraft certificated maximum gross takeoff weight for FY 2015 through FY 2024 at FAI.

TABLE 13
Fairbanks International Airport
ANNUAL ALL-CARGO AIRCRAFT LANDINGS

Fiscal Year	Domestic	International	Total
2015	2,564	4	2,568
2016	2,320	2	2,322
2017	2,473	4	2,477
2018	2,644	15	2,659
2019	2,547	2	2,549
2020	2,313	2	2,315
2021	2,410	0	2,410
2022	2,610	45	2,655
2023	2,336	7	2,343
2024	2,222	15	2,237

Source: Fairbanks International Airport Certified Activity Reports Fiscal Years - July 1 - June 30.

TABLE 14
Fairbanks International Airport
ANNUAL ALL-CARGO AIRCRAFT CERTIFICATED
MAXIMUM GROSS TAKEOFF WEIGHT
(Thousands of pounds)

Fiscal Year	Domestic	International	Total
2015	137	3	140
2016	116	2	118
2017	126	4	130
2018	120	12	132
2019	107	3	110
2020	85	2	87
2021	75	0	75
2022	163	24	187
2023	117	6	123
2024	171	13	185

Source: Fairbanks International Airport Certified Activity Reports Fiscal Years - July 1 - June 30.

Domestic Cargo Activity. Domestic cargo activity encompassing inter- and intra-state services are vital to Alaska's economy and quality of life. FAI serves as the cargo hub for interior Alaska and the North Slope, connecting communities where surface transportation infrastructure is limited or nonexistent. The lack of surface transportation alternatives and vast distances between in-State destinations continue to drive air cargo demand and activity. Amazon Air provides daily cargo service to FAI on the 737 aircraft, bringing ecommerce to the Fairbanks community.

International Cargo Traffic. Although FAI is not currently served by regular non-stop international cargo flights, it also holds exemption authority under the federal legislation allowing foreign carriers to perform expanded cargo transfer operations. This authority permits interline transfers of cargo en route between the lower 48 states and international origins or destinations under specific conditions. This exemption positions FAI as a potential hub for international cargo traffic, creating opportunities for future growth and connectivity within global logistics networks. See "ECONOMIC DEMAND FOR AIR SERVICE — Anchorage Cargo Activity – Federal Legislation" herein.

Airline Service

The following tables list the air carriers reporting passengers and/or cargo movements at the Airports in FY 2024.

TABLE 15
Ted Stevens Anchorage International Airport
COMMERCIAL AIR CARRIERS^(*)
FY 2024 (Some service is seasonal)

<u>Scheduled Domestic Passenger Service</u>	
Alaska Airlines, Inc.	New Pacific Airlines, Inc.
Alaska Central Express, Inc.	Sun Country Airlines (Seasonal)
Aleutian Airways LLC	TransNorthern LLC
American Airlines, Inc. (Seasonal)	United Airlines, Inc. (Seasonal)
Delta Air Lines, Inc.	Warbelow's Air Ventures, Inc.
Grant Aviation Inc.	Wrights Air Service, Inc.
<u>Scheduled International Passenger Service</u>	
Air Canada (Seasonal)	EW Discover GmbH (Seasonal)
Air North Partnership Ltd (Seasonal)	Korean Air Lines Co Ltd (Charter)
Condor Flugdienst, GmbH (Seasonal)	
<u>Non-Scheduled Passenger Service</u>	
40-Mile Air Ltd	National Air Cargo Group, Inc.
Alascom	Nippon Cargo Airlines Co Ltd
Atlas Air, Inc.	Omni Air International
ConocoPhillips Alaska, Inc.	Tatonduk Outfitters Limited
Dena'ina Air Tax, LLC	Warbelow's Air Ventures, Inc.
Guardian Flight, Inc.	
<u>All-Cargo Operators</u>	
Aerotransportes Mas De Carga SA de CV	Everts Air Fuel, Inc.
Air China Cargo Co., Ltd	Federal Express Corporation
Air Transport International	Kalitta Air, LLC
Aerologic GmbH	Korean Air Lines Co., Ltd.
Alaska Aerofuel, Inc.	Lynden Air Cargo, LLC
Alaska Air Fuel, Inc.	National Air Cargo Group, Inc.
Alaska Airlines, Inc.	Nippon Cargo Airlines Co Ltd
Amerijet International Inc.	Omni Air International LLC
Alaska Central Express, Inc.	Northern Air Cargo LLC
Amazon Air	Polar Air Cargo Worldwide, Inc.
Asiana Airlines, Inc.	Qantas Airways, Ltd.
ASL Air Cargo	Silk Way West Airlines Inc.
Atlas Air, Inc.	SF Airlines Co Ltd
Awesome Cargo Airlines	Singapore Airlines, Ltd.
Cargolux Airlines International S.A.	Sky Lease I, Inc.
Cathay Pacific Airways, Ltd.	Sun Country Airlines, Inc.
China Airlines, Ltd.	Suparna Airlines Co., Ltd.
China Cargo Airlines, Inc.	Tatonduk Outfitters, Ltd.
China Southern Airlines Co. Ltd.	TransNorthern Aviation, LLC
Flugfelagid Atlanta ehf	United Parcel Service
Desert Air Transport, Inc.	Western Global Airlines
Empire Airlines, Inc.	Central Airlines Co., Ltd.
Etihad Airways	
Eva Airways Corporation	
(*) Bold type indicates Airline is signatory to the current Operating Agreement, see discussion of Operating Agreement below.	
As of June 2025, New Pacific Airlines, Inc. ("New Pacific") is no longer a Signatory Airline as a result of its inability to meet the minimum number of annual landings required by the Operating Agreement. The System and New Pacific have reached a settlement regarding outstanding fees. Aleutian Airways LLC has applied for Signatory Airline status.	

Source: Alaska International Airports System Management Records and the Official Airline Guide.

TABLE 16
Fairbanks International Airport
COMMERCIAL AIR CARRIERS^(*)
As of June 30, 2024 (Some service is seasonal)

<u>Scheduled Domestic Passenger Service</u>		<u>Tatonduk Outfitters, Ltd.</u>	
Alaska Airlines, Inc.		United Airlines, Inc. (Seasonal)	
Delta Air Lines, Inc.		Warbelow's Air Ventures, Inc.	
		Wright Air Service, Inc.	
<u>Scheduled International Passenger Service</u>			
Air North Partnership Ltd			
<u>Non-Scheduled Passenger Service</u>		<u>New Pacific Airlines, Inc.</u>	
Alascom Inc.		Security Aviation Inc.	
ConocoPhillips Alaska, Inc.			
<u>All-Cargo Operators</u>			
Alaska Central Express, Inc.		<u>Lynden Air Cargo, LLC</u>	
Empire Airlines, Inc.		Amazon Air	
Everts Air Fuel, Inc.		<u>Tatonduk Outfitters, Ltd.</u>	
		TransNorthern Aviation, LLC	

(*) Bold type indicates Airline is signatory to the current Operating Agreement, see discussion of Operating Agreement below.
As of June 2025, New Pacific is no longer a Signatory Airline as a result of its inability to meet the minimum number of annual landings required by the Operating Agreement. The System and New Pacific have reached a settlement regarding outstanding fees. Aleutian Airways LLC has applied for Signatory Airline status.

Source: Alaska International Airports System Management Records and the Official Airline Guide.

Other Airport Recent Developments – Routes and Service

Below are updates to certain routes and service at the Airport, which are subject to schedule adjustments, suspensions or cancellations by the airlines.

As a result of the acquisition of Hawaiian Airlines by Alaska Airlines in September 2024, Alaska Airlines has announced its intent to deploy the larger widebody A330 aircraft acquired by Alaska Airlines for service between Seattle and Anchorage to take advantage of the A330's higher seating and cargo capacity. Alaska Airlines is also expanding service between Alaska and Portland (PDX), adding daily summer service from FAI and two additional daily flights from ANC. Beginning in June 2025, Alaska Airlines began seasonal summer weekly Saturday service from ANC to Detroit (DTW) and Sacramento (SMF).

WestJet began inaugural service between Calgary and ANC in June 2025, operating twice-weekly flights.

Previously a seasonal route, Delta Air Lines will now offer year-round, nonstop service from ANC to Atlanta (ATL) flying a Boeing 767 in the summer and smaller Boeing 757 in the fall and winter seasons. A new summer seasonal route connecting ANC with LAX was also added by Delta Air Lines, and at FAI, Delta Air Lines has added summer seasonal service connecting FAI to Salt Lake City (SLC).

Six new international cargo carriers began operating at ANC in 2024: Awesome Cargo, Central Airlines of China, ASL Air Cargo, Aerologic Air Cargo, CMA CGM Air Cargo, and MAS Airline.

SYSTEM OPERATING AGREEMENT, REVENUES AND EXPENSES

General

The Department, owner and operator of the System and its Airports, ANC and FAI, is party to the AIAS Operating Agreement and Passenger Terminal Lease (the “Operating Agreement”) with certain airlines (the “Signatory Airlines”) serving the Airports. The Operating Agreement, at many airports is referred to as a “use and lease agreement,” that covers facility rental and the setting of landing fees and other charges as well as establishing the capital improvement program process with Signatory Airlines. A separate original of the Operating Agreement is executed between the Department and each Signatory Airline. In nearly every case, the Operating Agreement executed with each of the passenger-carrying airlines, and in some cases, cargo airlines, also includes provisions for leasing space in the ANC domestic or international terminal and/or the FAI terminal. Otherwise, each Operating Agreement, covering both ANC and FAI, contains terms and conditions that are substantially identical. The term of the fully residual Operating Agreement is July 1, 2023 through June 30, 2033.

Airline Operating Agreement

The Operating Agreement contains provisions that govern the rights and obligations of the parties. The Operating Agreement spells out, for example, the methodology described in “SYSTEM FINANCIAL OPERATIONS AND RESULTS — System Operating Revenue” for annually setting terminal rents, landing fees, fuel flowage fees and adjusting fees mid-year and as needed to meet total annual revenue requirements. Expense and revenue factors in the landing fee calculation achieve the overall residual cost coverage plan established in the Operating Agreement.

Among other things, the Operating Agreement grants Signatory Airlines certain operating rights at ANC and FAI. In the case of passenger-carrying Signatory Airlines, the lease portions of the Operating Agreement convey some exclusive leasehold interests for administrative offices and airline club facilities located in the terminal areas; however, ticket counters, boarding gate holdrooms and baggage make-up premises are either preferentially leased to an airline or may be made available to airlines on a per-use basis at airport administered boarding gates and ticket counters. The Operating Agreement provides for a common leasehold interest to baggage claim areas.

Aircraft parking areas on the apron adjacent to preferentially leased holdrooms (gate area) are subject to a preferential use privilege. ANC and FAI may authorize the subordinate use of a Signatory Airline’s terminal facilities and aircraft parking positions including, under certain circumstances, both exclusive and preferential space, by another air carrier when the Signatory Airline has no activity scheduled, provided that reasonable and appropriate arrangements for compensation have either been agreed to between the airlines involved or are imposed by the Airport. The Operating Agreement sets forth specific procedures under which the Airports can require Signatory Airlines to accommodate new entrants or expanding incumbent airlines.

The Operating Agreement also provides for application of System revenues consistent with the General Bond Resolution, regular certified activity reporting by Signatory Airlines, and prohibition of relinquishment, assignment or sublease of Signatory Airline interests without the written consent of the Airport Director.

The Operating Agreement is a residual cost-based agreement and is subordinate to the General Bond Resolution. The minimum required number of annual landings for Signatory Airlines eligibility under the Operating Agreement is 156 landings per year except international passenger landings for which only 50 landings per year are required. There is established under the Operating Agreement a 25% premium for Non-signatory Landing Fee and Airport Administered month-to-month rental of terminal space by any tenant and a four cent Non-signatory Fuel Flowage Surcharge Fee premium. The structure of Airport Administered Premises charges for use of gates, ticket counters and associated bag make-up is primarily on a per-turn or per-use basis.

A Vehicle Parking Position rent has been established for tenant airside vehicle parking adjacent to the System terminals. The Common Use Premises is a shared-use basis only. The Operating Agreement contains certain provisions to better correlate certain cost center revenues with the related cost center expenses. Federal Inspection Services Fees are established for the first year of the Operating Agreement with a specified schedule of annual increases through the term on the Operating Agreement. Airport Administered Fees increases are capped such that in no case will the annual

percentage increase for those rates exceed an amount that is greater than the annual percentage change in the terminal rental rate plus 5%.

Pursuant to the Operating Agreement, each Signatory Airline has covenanted to comply with applicable environmental law, to not release hazardous substances, to notify the Department of any risk of or release of hazardous substances, promptly remediate any release of hazardous substances at such Signatory Airline's sole expense and to reimburse and to indemnify the Department for any expenses of the Department for its reasonable oversight or other costs directly attributable to a Signatory Airline's use, management or release of hazardous substances. Pursuant to the Operating Agreement, the covenants of a Signatory Airline related to environmental matters survive the termination of the Operating Agreement by such Signatory Airline.

If the System intends to undertake a capital project not identified as a part of the pre-approved capital improvement program of the Operating Agreement and not subject to the exemptions of the Operating Agreement (including capital projects required as a result of an emergency or regulatory agreement or under \$750,000), each non-defaulting Signatory Airline has the right to vote whether to disapprove of such capital project. A capital project is deemed approved under the Operating Agreement unless a majority of the Signatory Airlines have voted to disapprove of the capital project. The definition of a majority for capital project voting requires both 50% of the count of Signatory Airlines and 50% of the revenue from Signatory Airlines in order to disapprove a ballot project (an absent vote is not considered a "yes" vote). If an airline majority disapproves of a proposed capital project, the System may (a) abandon the proposed capital project, (b) carry out the capital project using financing that will not affect the rates and fees of the Signatory Airlines or (c) defer the capital project for twelve months from the date of the vote, after which the System may undertake the capital project, but without further need for a vote of the Signatory Airlines. If the System determines to move forward with the capital project as described in clause (c) of the preceding sentence, the System may include the capital costs of the project when incurred, and operating costs of such capital project when completed and placed in service in the calculation of rates and fees chargeable to the Signatory Airlines.

A "Mega Project" (total cost of over \$500,000,000 or rate based funds of over \$100,000,000) approval process is included in the Operating Agreement whereby voting is limited to only those non-defaulting Signatory Airlines whose rental rates, fees or charges would be impacted by the Mega Project. Pursuant to the Operating Agreement, such a Mega Project is deemed to be disapproved unless a majority of such affected Signatory Airlines approves such Mega Project. In the case of a Terminal Cost Center Mega Project, the airlines paying terminal rents could approve the project with either 50% of the terminal revenues or 50% of the count of terminal revenue paying airlines. The Operating Agreement provides information sharing and communication protocols to promote a better understanding of the justifications and provide an informal mechanism for input to shape approaches prior to the formal capital project approval process.

System Operating Revenue

The following paragraphs describe the sources of revenue generated within the System as reported in the System's audited financial statements for the fiscal years ended on June 30, 2023 and 2024.

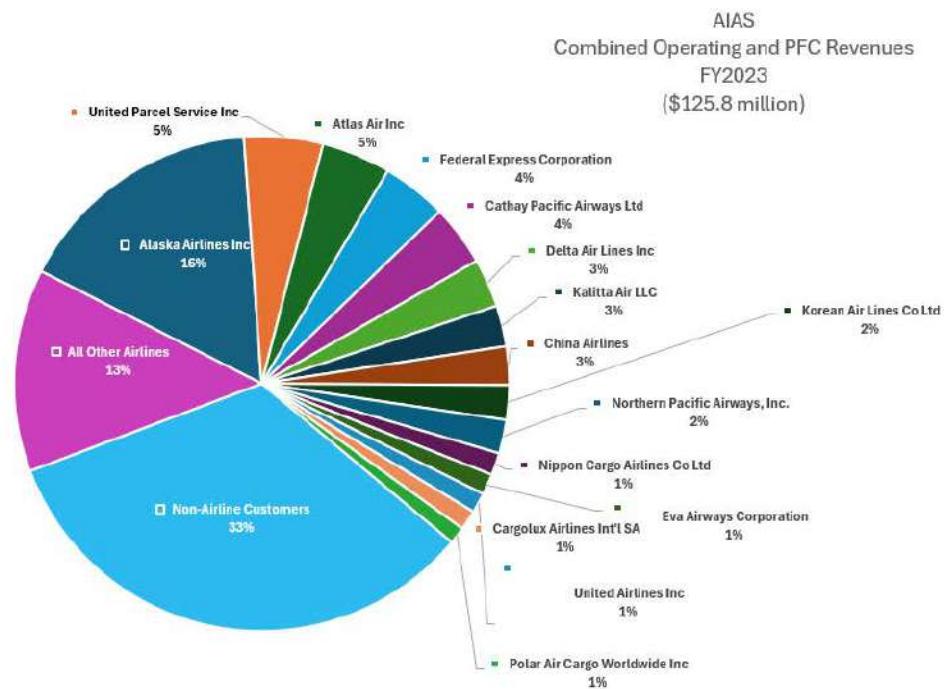
Airline Operations - Total revenue from airlines (operating revenue plus passenger facility charges) was approximately \$84.0 million in FY 2023 and \$136.3 million in FY 2024.

AIAS
Passenger Facility Charges (PFC) and Operating Revenues
(in millions)

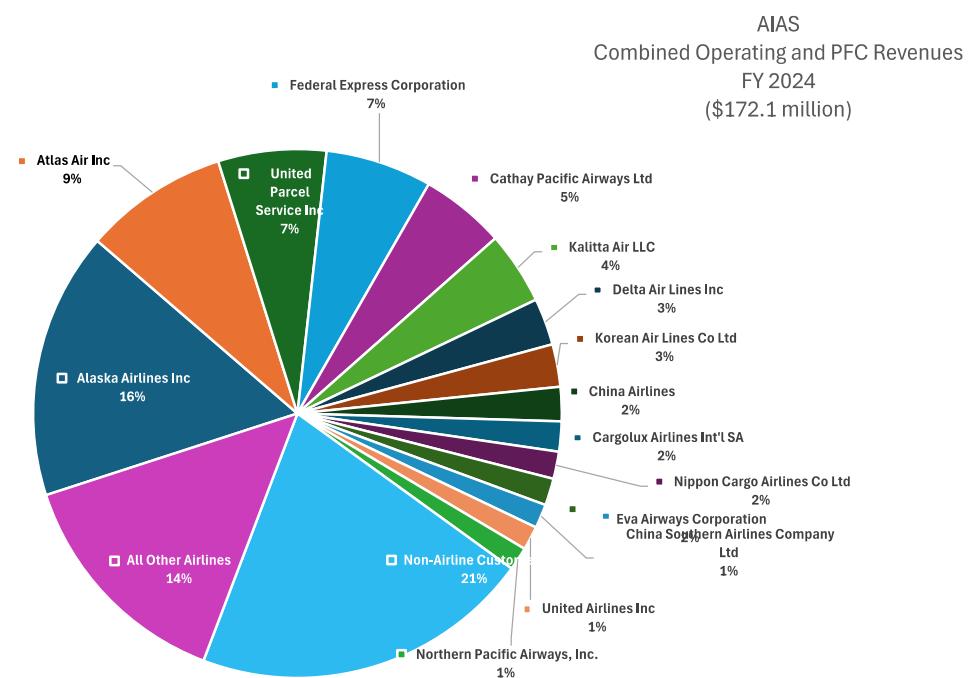
	FY2023	FY2024
Airline Operating Revenue	\$ 77.3	\$ 127.2
Non-Airline Operating Revenue	41.7	35.8
Total Operating Revenue	\$ 119.0	\$ 163.0
Airline Operating and PFC Revenue	\$ 84.0	\$ 136.3
Less: PFC Revenue	(6.8)	(9.1)
Airline Operating Revenue	\$ 77.3	\$ 127.2
Total Operating Revenue	\$ 119.0	\$ 163.0
PFC Revenue	6.8	9.1
Combined Operating and PFC Revenue	\$ 125.8	\$ 172.1

Source: Alaska International Airports System.

AIAS cargo business contributes significantly to a number of the System's key operating revenue streams, including revenues from landing fees, fuel flowage fees and aircraft parking fees. These fees are established System-wide and are applied uniformly to the Airports with minor exceptions. Operating revenues in FY 2023 and FY 2024 totaled \$119.0 million and \$163.0 million respectively, of which approximately 35% (\$41.7 million) in FY 2023, and 22% (\$35.8 million) in FY 2024, were from non-airline sources. Of the FY 2023 and FY 2024 operating revenues from airlines and PFC revenue, approximately 36% (\$30.5 million) and 31% (\$42.8 million) were from passenger airlines, while 64% (\$53.5 million) and 69% (\$93.4 million) were from international and domestic flagged cargo airlines, respectively.



Source: Alaska International Airports System.



Source: Alaska International Airports System.

Top 15 Airlines of FY 2024	Top 15 Airlines of FY 2024 Revenues (000s)*						Passenger Revenue (000s)*					Cargo Revenue (000s)*						
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Alaska Airlines Inc	\$ 25,780	\$ 22,302	\$ 17,333	\$ 17,074	\$ 20,562	\$ 28,093	\$ 23,950	\$ 20,518	\$ 15,804	\$ 15,726	\$ 19,247	\$ 26,013	\$ 1,829	\$ 1,784	\$ 1,529	\$ 1,348	\$ 1,315	\$ 2,081
Atlas Air Inc	4,594	6,164	7,617	5,256	5,685	15,200	177	175	208	39	363	238	4,416	5,990	7,409	5,217	5,321	14,962
United Parcel Service Inc	9,660	10,263	8,572	8,531	6,482	11,369							9,660	10,263	8,572	8,531	6,482	11,369
Federal Express Corporation	6,677	7,432	8,482	6,790	5,339	11,220							6,677	7,432	8,482	6,790	5,339	11,220
Cathay Pacific Airways Ltd	10,495	10,010	8,013	4,144	4,998	8,929	33		4	0			10,462	10,010	8,009	4,144	4,998	8,929
Kalitta Air LLC	2,969	4,541	7,026	5,070	3,354	7,650							2,969	4,541	7,026	5,070	3,354	7,650
Delta Air Lines Inc	4,833	4,017	4,052	3,977	3,994	4,939	4,833	4,017	4,052	3,977	3,991	4,939						3
Korean Air Lines Co Ltd	4,143	3,869	4,013	2,834	2,836	4,477	23		4	1	1	9	4,120	3,869	4,009	2,833	2,836	4,468
China Airlines	6,267	6,033	6,469	4,553	3,161	3,592							6,267	6,033	6,469	4,553	3,161	3,589
Cargolux Airlines Int'l SA	2,905	3,139	2,787	1,946	1,625	3,168							2,905	3,139	2,787	1,946	1,625	3,168
Nippon Cargo Airlines Co Ltd	1,185	2,011	2,090	1,803	1,832	2,854							1,185	2,011	2,090	1,803	1,832	2,854
Eva Airways Corporation	2,857	2,655	1,508	1,417	1,696	2,838	7				1		2,850	2,655	1,508	1,417	1,696	2,838
China Southern Airlines Company Ltd	1,652	1,732	1,864	1,146	1,082	2,523							1,652	1,732	1,864	1,146	1,082	2,523
United Airlines Inc	2,115	1,707	1,017	1,649	1,650	2,512	2,115	1,707	1,010	1,649	1,650	1,953					7	559
New Pacific Airlines, Inc.	2,988	2,664	1,396	1,467	2,760	2,438	2,874	2,593	1,396	1,467	2,760	2,438	114		71			
All Other Airlines	28,238	27,160	23,152	18,664	16,975	24,454	6,222	7,913	8,904	1,394	2,523	7,249	22,016	19,247	14,248	17,270	14,452	17,205
Combined Airline Operating & PFC Revenue	\$ 117,358	\$ 115,700	\$ 105,389	\$ 86,322	\$ 84,030	\$ 136,256	\$ 40,235	\$ 36,923	\$ 31,381	\$ 24,255	\$ 30,535	\$ 42,842	\$ 77,123	\$ 78,777	\$ 74,008	\$ 62,067	\$ 53,495	\$ 93,414

*Landing fees, terminal and land rentals, aircraft parking, allocated fuel flowage, FIS charges and PFCs (sorted by FY 2024 descending).

Landing Fees. Under the provisions of the Operating Agreement, landing fees are calculated according to the “residual cost” methodology, taking into consideration all System costs (as defined in the Operating Agreement) and all revenues other than from landing fees. The landing fee rate is determined for each fiscal year as that rate which, applied to the expected volume of landed CMGTW for that year, is calculated to generate the total landing fee revenue necessary, after considering expected revenues from all other sources, to satisfy the total revenue requirements of the System, including the Rate Covenant.

These fees may also be adjusted at mid-fiscal year, as a matter of course, and any other time during the year under certain circumstances to ensure the collection of sufficient revenue. In any year that it appears the twelve months of System revenues billed for the full year would be less than necessary to meet Rate Covenant requirements, the Operating Agreement provides for the System to invoice and Signatory Airlines to pay additional revenues for the year, prorated by airline CMGTW, in an amount sufficient to ensure the Rate Covenant is met.

Fuel Flowage Fees. Fuel flowage fees have traditionally accounted for a substantial portion of System revenue, and in FY 2024 represented approximately 15.7% of total operating revenue. As established under the Operating Agreement, the fuel flowage fee for the term of the Operating Agreement is \$0.027 per gallon for Signatory Airlines and \$0.067 per gallon for all other purchasers of aviation fuel for aircrafts over 12,500 lbs. The fee is levied on all commercial fueling without regard to type of aircraft. Consequently, the large volume of international cargo traffic refueling at the Airports contributes significantly to fuel flowage fees.

The System also collects aircraft parking charges for use of aircraft parking positions either adjacent to airport-owned passenger terminals or remote. These charges are set annually to cover approximately 10% of projected airfield expenses and, for the remote positions, are graduated based on size of aircraft and length of time parked.

Concession Fees. In FY 2024, concession revenues represented approximately 12.5% of total operating revenue. Primary concession revenues are from food and beverage, news and gifts, duty free, and rental car operations. See, “OVERVIEW OF OPERATIONS SYSTEM FACILITIES — ANC Rental Car Facility” herein. Concession revenues are earned primarily by charging a percentage of concession gross revenues.

Terminal Rents. Passenger terminal building space rentals for Signatory Airlines are charged based on rates developed in accordance with various provisions of the Operating Agreement. Rentals to entities other than the Signatory Airlines are somewhat more variable, with concession rent, for example being based primarily on percentages of gross revenues, and with lower rates for certain support space necessary for generating higher revenues in the retail space. In FY 2024, terminal building space rentals represented approximately 13.1% of total operating revenue.

Vehicle Parking Fees. In FY 2024, vehicle parking revenues represented approximately 7.6% of total operating revenues. ANC receives all parking revenues and pays all related expenses, with a contractor managing all parking operations at ANC for a management fee that is reported as an operating expense. In contrast, FAI contracts parking as a concession and reports income, net of expenses, as vehicle parking revenues. ANC also provides a Park Ride & Fly lot for long-term parking. The System completed a Terminal Ground Access Study in late 2019, which recommended, among other things, that ANC and FAI implement new fees for transportation network services (“TNC”) commercial vehicle access and TURO because neither TNCs nor TURO were subject to any fees for operating at the Airports. The recommendations of the study were temporarily deferred due to impact of COVID-19; however, while TNCs continue to operate at the Airports without any fees to the System, a TURO agreement has recently been executed and other recommendations from the Terminal Ground Access Study are anticipated to be undertaken. To date, the System does not believe that TNC or TURO’s operations have had a materially adverse impact on vehicle parking and rental car concession revenues.

Land Rental Fees. The System manages 263 land leases: 175 at ANC and 88 at FAI. Additionally, LHD has approximately 1,000 tiedown and/or float pond slip-leases it manages, and FAI has 438. In FY 24, land rental represented approximately 5.9% of total operating revenue for each year. In general, tenants lease land from the System at the Airports to construct and maintain their own facilities. The System has no investment in these facilities except for the taxiways, roadways, terminals and utilities. The System also provides land for certain governmental agencies that benefit the Airports (the FAA, the National Weather Service, the U.S. Post Office, and select federal, State, and local entities).

Other Operating Revenues. The other sources of operating revenue for the System include fees for various miscellaneous charges (such as airport charges, lease of state personal property, flight service station rental and electric energy fees) derived at both Airports and Airport identification badge and fingerprint clearance fees. Other sources represented approximately less than 1% of total operating revenue in FY 2024.

Other Revenues of the System

Passenger Facility Charges. The Aviation Safety and Capacity Expansion Act of 1990 enabled airports to impose a passenger facility charge (“PFC”) of \$1.00, \$2.00 or \$3.00 on enplaning passengers. Beginning in 2000, the “Wendell H. Ford Aviation Investment and Reform Act for the 21st Century” (“AIR-21”) allows a public agency to apply to the FAA for authority to increase the PFC to \$4.00 or \$4.50. A PFC of \$3.00 requires a reduction in federal AIP passenger entitlement funds of 50% for a medium hub airport. Increasing the authority to \$4.00 or \$4.50 changes the reduction in passenger entitlements from 50% to 75%. Small hub airports are not subject to a reduction in passenger entitlements. ANC is a medium hub airport, and FAI is a small hub airport.

In January 2006, FAI submitted its current PFC application to the FAA at the \$4.50 level. FAI is using the current application receipts to pay debt service associated with its terminal area renovation through FY 2026. Prior to expiration of its current application, FAI intends to apply for a new PFC application to fund capital improvements. In FY 2012, ANC filed and received FAA approval of an amended PFC application, increasing the amount of PFC to be paid for eligible debt service associated with its Concourse A & B remodel from \$25 million to \$85 million through FY 2026. Increased passenger activity resulted in the PFC application expiring in FY 2024; however, ANC applied for and received FAA approval for a new PFC application at the \$3.00 level to fund a Passenger Boarding Bridge Replacement Program through February of 2029.

Since 2005, the State has applied approximately \$97.1 million of annual PFC receipts towards payment of debt service on Outstanding Parity Bonds. See “ALASKA INTERNATIONAL AIRPORTS SYSTEM REVENUES APPLIED TO PAYMENT OF OUTSTANDING PARITY BONDS.”

System Operating Expenses

The following paragraphs describe the operating expenses incurred within the System as reported in the System’s audited financial statements for the fiscal years ended on June 30, 2024, and 2023.

Facility Maintenance. Facility Maintenance includes the maintenance of terminal buildings and other facilities at the Airports. The State provides custodial and maintenance services at the Airports through its own staff and contracted services. In FY 2024, Facility Maintenance expenses increased to \$32.0 million from \$27.8 million in FY 2023. The increase reflects increases in utility costs during an especially challenging winter season due to extreme weather events.

Field and Equipment Maintenance. Field and equipment maintenance includes all costs associated with the maintenance of airport equipment, runways, taxiways, aircraft parking aprons and airport grounds. Maintenance expenses increased from \$28.3 million in FY 2023 to \$33.3 million in FY 2024. Higher snowfall experienced at both airports, significant wage increases for snow removal equipment operators, and staff augmentation, including contract support, have resulted in higher expenses for materials and labor, respectively.

Safety. Safety expenses include general security, law enforcement and crash-fire-rescue services and represented approximately 10.2% of total operating expenses in FY 2024 versus 9% in FY 2023. In FY 2024, safety expenses totaled \$19.8 million versus \$15.6 million in FY 2023. Recent TSA mandates to screen airport employees, increased and more rigorous cybersecurity and airport security training, and wage increases for airport police and fire personnel resulted, as expected, in increased costs for this category.

Administration. The administration expenses category includes the direct costs for staff of each of the Airports managerial, leasing, engineering, and accounting sections together with legal, audit, and insurance expenses and the costs of the Department allocable to the System. Administrative costs increased in FY 2024 to \$19.9 million from \$14.4 million in FY 2023. Controls are used to account for and restrict costs allocated to the System for services

provided by the Department. Administrative expenses include the costs of information and accounting systems, leasing and concession management, and engineering oversight of airport planning and construction activities. Additional contractual support to backfill staffing shortfalls and potential wage increases contributed to increased costs in this category.

Operations. Operational expenses include all costs associated with the operation of the computerized security access control system, central airport communications, and oversight of daily airport terminal and airfield operations and service. Operation expenses increased slightly for FY 2024 to \$7.5 million versus \$6.5 million for FY 2023. As anticipated and warranted due to increased activity, higher expenses primarily due to wage increases and increases in staffing numbers, particularly in operations, badging, gate management, airfield maintenance and leasing contributed to the increased total operation expense.

Environmental Expenses. Environmental expenses represent System environmental assessment and clean-up costs associated with capital projects as well as certain expenses relating to noise and general environmental issues. These costs decreased significantly to \$1.8 million in FY 2024 from \$9.1 million in FY 2023. Completion of several PFAS measuring and mitigation efforts as well as some staff positions being not yet filled contributed to the decrease. The System cannot accurately predict future environmental costs due to the nature of the expense.

Vehicle Parking. Vehicle parking represents costs at the Airports associated with maintaining and managing the parking facilities as well as operating the shuttle buses that serve the various parking lots and terminals. The ANC operations are operated under a management contract while the FAI parking facilities are operated under a concessions agreement, resulting in vehicle parking revenues reported in the System's financial statements for FAI, net of expense, while ANC revenues and expense are broken out. Vehicle parking and curbside services, which is comprised primarily of the ANC vehicle parking garage operating and maintenance expense, remained static at \$2.4 million for both FY 2024 and FY 2023.

Risk Management Expenses. Risk management costs or insurance expenses decreased to \$0.9 million in FY 2024 from \$1.2 million in FY 2023. Although not reliably predictable, it is expected that risk management expenses will increase due to increased premiums related to PFAS mitigation efforts. See "INVESTMENT CONSIDERATIONS—PFAS Contamination."

SYSTEM FINANCIAL OPERATIONS AND RESULTS

System Financial Operations

The Department manages the System as a self-sufficient enterprise fund. The books and accounts of the Airports are consolidated for purposes of reporting System financial operations. Financial performance for the System is presented in the table below. For most U.S. airports, the Cost per Enplanement ("CPE") metric is one of the top indicators of an airport's health. For AIAS, CPE averaged \$10.58 from FY 2019 through FY 2024 ranging from a low of \$7.20 in 2022 to a high of \$13.74 in 2021. CPE was \$11.31 in FY 2024. Although CPE is important for the System, due to the importance of cargo traffic for the System's operating revenues, landing fees are just as important, because landing fees from both cargo and passenger traffic contribute significantly to airline operating revenue. In FY 2024, landing fees totaled \$72.4 million or 44.3% of total operating revenues, and in FY 2023, landing fees contributed \$20.9 million or 17.6% to total operating revenues. From FY 2020 through FY 2024, AIAS landing fees for Signatory Airlines ranged from a low in FY 2023 of \$0.57 per 1,000 pounds of CMGTTW to a high of \$1.95 per 1,000 pounds CMGTTW in FY 2020. The significant increase in revenues received from landing fees is due to increases in passenger and cargo activity and the return to a landing fee that was not suppressed by Pandemic Relief Grants used to lower airlines' rates and fees while airlines recovered from the COVID-19 pandemic.

ALASKA INTERNATIONAL AIRPORTS SYSTEM
AUDITED FINANCIAL INFORMATION FOR THE SYSTEM

Historical Financial Results (in Thousands)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Operating Revenues					
Airfield operations	\$ 90,022	\$ 84,339	\$ 62,907	\$ 54,140	\$ 105,022
Concession fees	13,817	9,527	17,782	23,272	20,369
Terminal rents	18,211	13,838	13,268	17,697	21,312
Vehicle parking fees	7,503	5,994	10,972	10,112	12,359
Land rental fees	7,240	7,668	8,678	9,011	9,610
Airline bad debt	(477)	(506)	(722)	2,429	(5,849)
Other revenues	388	1,118	1,932	2,343	214
Total Operating Revenues	\$ 136,704	\$ 121,978	\$ 114,817	\$ 119,004	\$ 163,037
Operating Expenses					
Facilities (building maintenance)	\$ 28,655	\$ 28,415	\$ 28,532	\$ 27,801	\$ 32,008
Field and equipment maintenance	19,782	21,826	25,745	28,282	33,332
Safety	12,357	14,971	17,628	15,620	19,775
Administration	13,552	11,515	15,669	14,390	19,868
Operations	4,774	6,073	6,564	6,371	7,500
Environmental expenses	2,316	1,328	4,343	9,109	1,760
Vehicle parking and curbside services	2,064	1,464	1,860	2,352	2,396
Risk management	1,515	1,274	1,223	1,206	844
Depreciation and amortization	74,578	77,057	74,857	75,664	76,470
Total Operating Expenses	\$ 159,593	\$ 163,923	\$ 176,421	\$ 180,795	\$ 193,953
Operating Income (Loss)	(\$ 22,889)	(\$ 41,945)	\$ (61,604)	\$ (61,791)	\$ (30,916)
Nonoperating Revenue (Expenses)					
Investment income	\$ 5,631	\$ 300	\$ (2,518)	\$ 7,938	\$ 13,232
Lease interest income	--	--	372	236	494
Interest expense	(12,923)	(11,640)	(9,400)	(7,538)	(7,640)
Federal Aviation Administration – CRRSSA Act & ACRGP	--	--	22,784	39,099	16,054
Grants - Other	57	36	333	357	443
Gain on disposal of capital assets	120	278	248	3	66
Reimbursable service income	1,017	512	124	61	--
Reimbursable service expense	(1,017)	(512)	(124)	(61)	--
Other nonoperating revenue and prior year reimbursement	--	--	--	--	137
Net Nonoperating Revenue	(\$ 7,115)	(\$ 11,026)	\$ 11,819	\$ 40,095	\$ 22,786
Income (Loss) before Capital Contributions	(\$ 30,004)	(\$ 52,972)	\$ (49,785)	\$ (21,696)	\$ (8,130)
Capital Contributions:					
Federal Aviation Administration	26,475	39,444	60,972	36,209	66,074
Transportation safety administration	\$ 47	\$ 3,791	\$ 3,242	\$ 753	\$ --
Capital contributions other ^(*)	3,445	452	--	--	--
CARES Act	9,942	13,100	--	--	--
CARES Act – RAC	--	(3,100)	--	--	--
Passenger facility charges	6,803	4,656	7,254	6,761	9,053
Total Capital Contributions	\$ 46,712	\$ 58,343	\$ 71,468	\$ 43,723	\$ 75,127
Net Position, beginning of year	971,066	987,773	993,144	\$ 1,014,827	\$ 1,036,857
Net Position, end of year	\$ 987,773	\$ 993,144	\$ 1,014,827	\$ 1,036,857	\$ 1,103,854

* AIAS recognized CARES Act funds as capital contributions in FY 2020 and FY 2021. For all future uses of Pandemic Relief grant funds, management recognized these funds as non-operating revenue as they did not meet the definition of capital contributions related to assets.

Source: Alaska International Airports System, Audited Financial Statements FY20 – FY24.

ALASKA INTERNATIONAL AIRPORTS SYSTEM
REVENUES APPLIED TO PAYMENT OF OUTSTANDING PARITY BONDS
(Thousands)

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues:					
Operating revenues	\$ 136,704	\$ 121,978	\$ 114,817	\$ 119,004	\$ 163,037
PFCs applied to debt service	8,450	5,200	--	--	--
Investment income	5,631	300	(2,518)	7,937	13,232
Lessee Investment Income	0	0	372	240	494
FAA - CARES Act	9,942	10,000	10,091	--	--
FAA – CRRSSA Act / ACRGP	--	--	12,693	39,099	16,054
Total revenues	\$ 160,727	\$ 137,478	\$ 135,455	\$ 166,280	\$ 192,817
Maintenance and operation costs	\$ 159,593	\$ 163,923	\$ 176,421	\$ 180,795	\$ 193,953
Less noncash adjustments:					
Depreciation expense	(74,578)	(77,057)	(74,857)	(75,664)	(76,470)
	\$ 85,015	\$ 86,866	\$ 101,564	\$ 105,131	\$ 117,483
Net revenues	\$ 75,712	\$ 50,612	\$ 33,891	\$ 61,149	\$ 75,334
Fiscal year debt service	\$ 29,709	\$ 28,287	\$ 17,101	\$ 17,802	\$ 21,159
Coverage requirement	1.25	1.25	1.25	1.25	1.25
Net Revenues Required	\$ 37,136	\$ 35,359	\$ 21,376	\$ 22,253	\$ 26,449
Net Revenues in Excess of Net Revenues Required	\$ 38,576	\$ 15,253	\$ 12,515	\$ 38,896	\$ 48,885

Source: Alaska International Airports System, Audited Financial Statements FY2020 – FY2024.

Management Discussion of System Operating Results

System Operations. The System operates to provide a critical air transportation component of the State's intermodal transportation system and contributes approximately \$2.3 billion to the State's economy. Simultaneously, the System plays a significant role in supporting national and international trade and tourism. Activity, measured in combined passenger and cargo CMGTW, is meeting or exceeding pre-COVID-19 pandemic levels due to continued national and intra-State consumer reliance on e-commerce and travelers' continued interest in Alaska. FY 2023 the System experienced a normalization of passenger and cargo levels after the COVID-19 pandemic, and in FY 2024 the System experienced strong activity, solidified airline partnerships, and continued outside investments demonstrating the System's significance in the international and national aviation industry. As the System approaches the end of FY 2025, activity remains strong, trending higher than 2024 in CMGTW, landings, fuel flowage and cargo tonnage. Only enplanements are trending below FY 2024 at minus 3.2%. Significant and recent operational highlights include the most wide-body landings in one 24-hour period at ANC (140 landings), Atlas filing a lease application to develop its own cargo facility on ANC's West Airpark, the initiation of a new, 10-year, fully residual Operating Agreement with 32 Signatory Airlines, and FAI's partnership with the State of Alaska Department of Natural Resources in an on-airport, 35-acre development of a consolidated joint use firefighting base. Significant strides have also been made in upgrading information and technology infrastructure, financial and activity reporting capability and communication across businesses, airlines and airport operations at both airports during winter weather events. To enhance efficiencies and better leverage resources across the Airports, a reorganization that moves engineering, leasing, air service development, planning, and IT services under System leadership was initiated in FY 2025 and will be effective at the start of FY 2026. Each airport will retain responsibility for operations, maintenance, facilities, and safety and security. The reorganization is expected to better focus the airports on operations and the System on managing the business and administration of the Airports.

System Financials. The System's net position in FY 2024 was \$66.997 million or 6.5% higher than in FY 2023, reflecting the System's ability to manage its revenue and expenses and leverage its capital contributions. The FY 2024 audited financial statements reflect a stable debt profile, secured reserves, resilient activity and a flexible capital program. The increase was primarily driven by an increase in total operating revenues of \$44.033 million over FY 2023 and an increase in capital contributions of \$29.865 million over FY 2023. These two significant contributions and the resulting positive effect on the System's net position reflect the commitment of the System's partners to the System and to the System's ability to work with its partners, including Signatory Airlines, the FAA, and other State internal agencies, including the Department, the Department of Administration and the DOR to successfully manage the System's business. FY 2024 marked the System's transition from managing the effects of the COVID-19 pandemic to improving and capitalizing on the System's business and leadership position in global aviation post-COVID 19 pandemic.

As set forth in the System's audited financial statements, System cash and investments totaled \$161.4 million and \$130.3 million at June 30, 2024 and 2023, respectively. Of these amounts, \$74.2 million and \$62.4 million were reserved and/or restricted for operations and maintenance reserve fund, repair and replacement reserve account, capital project fund, debt service reserve fund and revenue bond redemption fund.

Federal Aviation Administration COVID-19 Pandemic Relief for Airports

In response to the impact of the COVID-19 pandemic on airports in the United States, the United States government took several legislative and regulatory actions and implemented measures to mitigate the broad disruptive effects of the COVID-19 pandemic, including three grant programs for airports to apply for and receive funding assistance: the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") and the American Rescue Plan Act ("ARPA").

The CARES Act became law on March 27, 2020, and provided two types of funding for airports, consisting of direct aid for airports to reimburse amounts spent for any lawful airport purpose as well as an increase of the federal share of certain federal FY 2020 Airport Improvement Program ("AIP") grants to 100%. The amount of relief afforded by the increase in the federal share of AIP grants for AIAS was approximately \$9 million.

The CRRSAA and ARPA, which became law on December 27, 2020 and March 11, 2021, respectively, provided additional FAA COVID-19 pandemic relief to eligible airports, including federal funding for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at airports, and debt service payments, as well as relief from rent and minimum annual guarantees to on-airport car rental, on-airport parking, and in-terminal airport concessions located at "primary" airports, including the Airports.

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The System executed grants with the FAA totaling approximately \$103.8 million in available direct reimbursement for eligible expenses and has applied such grants to eligible expenditures as shown in the table below.

Estimated*
AIAS Pandemic Relief Sources/Use
As of June 2025

Available Relief Funds by Grant Program:		
\$ 33,133,289	CARES Act	
18,271,271	CRRSAA	
(3,889)	CRRSSA – LHD	
52,401,092	ARPA	
(15,556)	ARPA – LHD	
<u>\$ 103,786,207</u>	Estimated Total Available Direct Expenditure Reimbursement*	
Uses to date:		
FY 2020	\$ 9,942,200	Eligible Expenditure Reimbursement
FY 2021	3,100,000	ANC RAC CFC Rate Increase Mitigation
FY 2021	10,000,000	Eligible Expenditure Reimbursement Including Debt Service
FY 2022	22,783,944	Eligible Expenditure Reimbursement Including Debt Service
FY 2023	39,099,162	Eligible Expenditure Reimbursement Including Debt Service
FY 2024	15,352,450	Eligible Expenditure Reimbursement Including Debt Service
FY 2024	701,690	Concession Rent Relief
FY 2025	2,806,761	Concession Rent Relief
	<u>\$ 103,786,207</u>	Total uses as of 6/1/2025

Source: Alaska International Airports System

Capital Improvement Program Planning

For the term of each Operating Agreement, AIAS negotiates a pre-approved Capital Improvement Program (“CIP”) with its Signatory Airlines. These pre-approved General Categories Projects (“GCP”) are established to allow for known capital investments, such as pavement rehabilitation, snow removal equipment purchases and advanced project planning and design work. Starting July 1, 2023, AIAS had a total pre-approved GCP Program through June 30, 2033, of \$917.8 million (\$859.6 million for ANC and \$58.2 million for FAI). Total amounts are established annually, and the Operating Agreement defines what types of projects qualify as GCP.

In addition to the GCP Program, Signatory Airlines approve additional capital projects from time to time as provided pursuant to the Operating Agreement. Through FY 2028, the Signatory Airlines have been presented required future CIP projects as shown in the table below. CIP investments by the System anticipated through FY 2028 are estimated to total approximately \$550 million, all of which are planned to be funded through a mix of both federal resources and rates and fees. The System’s comprehensive CIP Program is developed, reviewed, and approved annually or as needed, in consultation with System management, the FAA, and the Signatory Airlines as a normal course of business. All System airport CIP expenditures are subject to annual State legislative appropriation authorization as part of the State’s capital budget process.

Despite the System’s best planning efforts, a number of factors can influence the actual capital expenditures in any one year or series of years. Examples include: (1) the level of emergency capital expenditures; (2) the prioritization of safety improvements; (3) management of capacity needs; (4) the level of past and future anticipated improvements; (5) the availability of private sector capital to assist in capital expenditure requirements were it be required; (6) funding levels for FAA programs and pilot initiatives; (7) the opportunity for the System to qualify for discretionary and pilot programs of the FAA; and (8) the general economic climate in the aviation community and the willingness of the airlines to support or defer new capital improvements in any given year.

2025-2026 Pre-Approved Capital Projects
(FY 2025 – FY 2026)
Estimated as of June 2025

ANC CIP

Cost Center	Description	Fiscal Year	Fiscal Year
		2025	2026
AF	ANC Airfield Pavement Reconstruction and Maintenance	\$ 55,440	\$55,953
AF	ANC Equipment	4,815	4,814
OT	ANC Environmental Projects	214	229
TA	ANC Information Technology Improvements	2,140	2,290
TA	ANC Facility Improvements, Renovations and Upgrades	2,861	3,061
OT	ANC Annual Improvements	2,641	2,826
OT	ANC Advanced Project Design and Planning	1,605	1,717
TA	PFC-Passenger Boarding Bridge Replacements B7 / B5	6,324	--
AF	BIL AIG 2023 - Kilo Tug Road Improvements	7,500	--
OT	BIL AIG 2024 - West Perimeter Road	2,500	--
	BIL AIG 2025 - Passenger Boarding Bridge Replacement		
TA	B6	3,100	--
	BIL ATP 2025 – Passenger Boarding Bridge Replacement		
TA	N3/N5	8,377	
TA	ANC NT Combined Heat and Power	4,494	
AF	ANC ALCS Resilience and Reliability	3,780	
OT	ANC PFAS Containment	1,500	
AR	ANC Kulis Ramp Temporary Repairs	5,400	
OT	LHD Aircraft and Lakeshore Drive Rehabilitation	3,543	
OT	Air Traffic Control Tower (ATCT) Replacement Parking	23,000	
OT	GIS and Utility Mapping	2,000	
TA	ANC Concourse B & C Bagwell Lighting Upgrades	717	
OT	ANC South Terminal Employee Parking Area Imprv	1,500	
AF	ANC Taxilane Victor Gate	1,615	
OT	Airport Sustainability Plan	1,500	
	ANC 2025-2026 CIP TOTALS	\$146,566	\$70,890

FAI CIP

Cost Center	Description	Fiscal Year	Fiscal Year
		2025	2026
AF	FAI Equipment	\$ 3,846	\$ 3,770
OT	FAI Environmental Projects	321	343
TA	FAI Information Technology Improvements	214	229
TA	FAI Facility Improvements, Renovations and Upgrades	321	343
OT	FAI Annual Improvements	502	538
OT	FAI Advanced Project Design and Planning	214	229
AF	FAI Airfield Pavement Reconstruction and Maintenance	321	343
TA	Terminal North Apron Improvements	4,000	
OT	Noise Exposure Map Update	400	
AF	FAI ARC Roof Replacement	866	
AF	FAI Security/Perimeter Fencing Improvements	400	
	FAI CIP TOTALS	\$ 11,405	\$ 5,795

AIAS 2025– 2026 CIP TOTALS **\$157,971** **\$76,685**

Cost Center Legend:

AF = Airfield
AR = Aircraft Ramp
TA = Terminal Area
OT = Other

Budget Process for Debt Service and Expenses

According to the Alaska Aeronautics Act of 1949, the Department is responsible for the maintenance and operation of all State-owned airports. As an agency of the State, the System is guided by the Executive Budget Act that lays out directions for planning and approval of State programs and their financial management. Budget requests for appropriations to pay debt service on the Bonds are not discretionary with the Department but are automatically included in the proposed budget by the Department of Revenue in the same manner as appropriations for the payment of State general obligation debt, except payments may be taken only from the Revenue Fund or, in limited circumstances, from the International Airports Construction Fund. Under the Operating Agreement, the Signatory Airlines approved a capital improvement program for each year spanning the term of such agreement. The Operating Agreement requires the System to submit to the Signatory Airlines annually the proposed operating budget for the following year for review and endorsement, but does not require the approval of the Signatory Airlines of the System's operating budget. This proposed budget must contain estimated System expenses for such areas as maintenance, operation and administrative expenses, and estimated System revenues.

According to the statutes that establish the State budget process, each State agency must annually submit to the Governor's Office proposed operating and capital budget requests. These requests include goals and objectives, proposed modifications to existing program services, addition of new program services and resources needed to carry out the proposed plan. By December 15, the Governor's Office submits the proposed State budgets for the next FY to the Alaska Legislature. The Alaska Legislature is required to complete its public review and approval of expenditures through the appropriation process.

Debt Service. Under a section of the Act codified as 37.15.415, “[t]he amounts required annually to pay the principal, interest, and redemption premium on all issued and outstanding international airports revenue bonds of the state are appropriated each fiscal year from the International Airports Revenue Fund and from the collection of passenger facility charges approved by the Federal Aviation Administration to the State Bond Committee to make all required payments of principal, interest, and redemption premium.” The System is responsible for making available all necessary funds required by the General Bond Resolution in a timely manner. Additionally, the State's FY 2024 and enacted FY 2025 budgets provide a provision that if federal receipts are temporarily insufficient to cover the System's project expenditures approved for funding with those receipts, the amount necessary to prevent that cash deficiency is appropriated from the State's general fund to the International Airports Revenue Fund, contingent on repayment to the State's general fund, as soon as additional federal receipts have been received by the State for that purpose. In the State's FY 2025 and enacted FY 2026 budget, a total of approximately \$27.6 million and \$23.9 million, respectively, were appropriated to the State Bond Committee for debt service.

Employees and Pension Benefits

Historically, substantially all employees of the System participated in the State Public Employees' Retirement System (“PERS”). PERS provides a defined benefit cost-sharing public employee retirement system, which includes varying retirement, health care and death and disability benefits for employees whose first qualifying employment with the State pre-dated July 1, 2006. These employees fall into either the “police/fire” category or the “other” category. Different contribution rates are assigned to each category.

With respect to the System's employees first hired before July 1, 2006, police/fire participants in PERS contribute 7.50% and other participants contribute 6.75% of their salaries to PERS on a pre-tax basis, as required by statute. In April 2008, the Alaska Legislature passed Chapter 13 SLA 2008, effectively converting the PERS defined benefit plan from an agent-multiple employer plan to a cost sharing plan. The employer contribution rate is determined by the consulting actuary and adopted by the ARM Board annually. AS 39.35.255(a) sets the employer contribution rate at 22.0 percent. The employer contribution rate is paid based on all eligible salaries of the employer without regard to the participant's tier status. The difference between the actuarially determined contribution rate and the statutory employer effective rate is paid by the State as a direct appropriation, also known as the “Additional State Contribution” set out in AS 39.35.280.

The System recorded a net pension liability as of June 30, 2023, and 2024 in the amount of \$78.5 and \$84.5 million, respectively.

Current State law requires all newly eligible employees, hired on or after July 1, 2006, to be participants in a defined contribution retirement plan. Under that plan, public employees contribute 8.00% of compensation and employers contribute 5% of compensation plus additional amounts for certain medical, disability and death benefits. Employees hired prior to July 1, 2006 continue to accrue benefits under the existing defined benefit plans and, with respect to those plans, the employer pays the uniform contribution rate of 22%. Legislation increased the System's employer contribution rate to 22.00%.

Projected Financial Results

The Department manages the System as a self-sufficient enterprise fund. The books and accounts of the Airports are consolidated for purposes of reporting System financial operations. Projected financial information for the System is presented in the table below. The projected financial information has not been updated since it was initially published on December 29, 2024 in connection with the offering of the 2025A Bonds and the 2025B Bonds.

The State does not, as a matter of course, make public projections as to future revenues or other results of the System. However, the Department of Revenue has prepared the prospective financial information set forth below to present a set of forecasted financial results of the System for FY 2025 through 2028. The accompanying prospective financial information was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the Department of Revenue, was prepared on a reasonable basis, reflects the best currently available estimates and judgments as of the fiscal year 2024 unaudited financial statements (and has not been updated to reflect the System's FY 2024 audited financial statements) and certain activity levels, inflation assumptions and other ratios, and presents, to the Department of Revenue's knowledge and belief, an expected course of action and expected future financial performance of the System. The prospective financial information included herein, and the assumptions, forecasts and projections related thereto are not necessarily indicative of future performance of the System, and neither the State nor the System are responsible if actual results differ from the preliminary unaudited results of FY 2024 or any following forecasted financial information. Certain assumptions related to the prospective financial information may be subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular set of facts or circumstances, and prospective purchasers of the Bonds are cautioned not to place undue reliance upon the prospective financial information, or any assumptions, forecasts or projections related thereto. If actual results are less favorable than the results forecast or projected or if the assumptions used in preparing such forecasts or projections prove to be incorrect, the System's ability to make timely payment of the principal of and interest on all of its obligations, including the Bonds, may be materially and adversely impaired. However, this projected financial information, as well as the preliminary unaudited information for FY 2024 is not fact and should not be relied upon as being necessarily indicative of future results, and prospective investors should not place undue reliance on the forecasted information.

The System's Operating Agreement contains certain provisions that govern the rights and obligations of the System and the Signatory Airlines. The Operating Agreement provides, for example, the methodology described in "SYSTEM FINANCIAL OPERATIONS AND RESULTS — System Operating Revenue" for annually setting terminal rents and landing fees and adjusting fees mid-year and as needed to meet total annual revenue requirements. Expense and revenue factors in the landing fee calculation achieve the overall residual cost coverage plan established in the Operating Agreement. The management of the operations of the System is an ongoing process, and the Operating Agreement is updated every ten years, with the most recent agreement commencing July 1, 2023. The System expects to have resources available and plans in place to meet its forecasted requirements through 2028, and thereafter. See "AIRLINE OPERATING AGREEMENT" for additional information on the overall residual cost coverage plan established in the Operating Agreement. In projecting the financial results for the System, the Department of Revenue has made certain assumptions regarding various factors that affect financial performance. Changes in these assumptions can have material adverse effects on the projected financial performance for the System.

In projecting the financial results for the System, the Department of Revenue has made certain assumptions regarding various factors that affect financial performance. Changes in these assumptions can have material effects on the projected financial performance.

All information for FY 2024 is preliminary, unaudited and subject to change and has not been updated to reflect the FY 2024 audited financial statements. The FY 2025 through FY 2028 projected financial results were prepared based on the following assumptions:

- A projected inflation rate of 2.5% was over the forecast period based on the 2024 Capital Market Assumptions of Callan LLC (“Callan”). The State utilized the capital market assumptions produced by Callan within the State’s Fall 2024 Revenues Sources Book and Forecast, released December 12, 2024.
- Existing debt service projections are sourced from the System’s FY 2024 preliminary unaudited financial statements. No additional debt or any modifications to annual debt service have been modeled in the forecast.
- Projected System total enplaned passengers use a baseline of total enplaned passengers from FY 2022 and an assumed annual growth rate of 1.9%.
- Projected System total aircraft operations use a baseline of total aircraft operations from FY 2022 and an assumed annual growth rate of 1.7%.
- Projected System total cargo tonnage uses a baseline of total cargo tonnage from FY 2022 and an assumed annual growth of 2.4%.
- Projected fuel flowage fee, aircraft parking fee, and federal inspection fee revenues include assumptions for aircraft operations based on the System’s FY 2024 preliminary unaudited financial statements and projected inflation.
- Projected aircraft docking fee, aircraft ramp rent, concession fee, terminal rent, and vehicle parking fee revenues include assumptions for enplaned passengers based on FY 2024 preliminary unaudited financial statements and projected inflation.
- Land rental fee revenues include assumptions based on FY 2024 preliminary unaudited financial statements and are not escalated.
- Investment and lease interest income revenues estimated based on assumed averages for FY 2022 and FY 2023 actuals and are held constant.
- Estimated federal pandemic relief proceeds assumed to be approximately \$16.1 million in FY 2024 and \$0 in following years. See “—Federal Aviation Administration COVID 19 Pandemic Relief for Airports—Estimated AIAS Pandemic Relief Source/Use as of November 2024”.
- Other adjustments to income including recovery of bad debt and other operating revenue held constant at \$2 million of additional revenue.
- Projected operations and maintenance expenses include assumptions based on FY 2024 preliminary unaudited financial statements projected inflation.
- Projected ratio of passenger to cargo certified max gross takeoff weight held constant at FY 2024 preliminary unaudited percentages.

The following table presents actual results for FY 2023, preliminary, unaudited actual results for FY 2024, as well as a set of projected System financial results for the years ending June 30, 2025 through June 30, 2028.

TOTAL AIAS REVENUE BY MAJOR COMPONENT⁽¹⁾
FISCAL YEAR ENDED JUNE 30, 2023
PRELIMINARY UNAUDITED FOR FISCAL YEAR ENDED JUNE 30, 2024 AND
FORECAST FOR FISCAL YEARS ENDING JUNE 30, 2025 – 2028
(\$ thousands)

	FY 2023	FY 2024⁽²⁾	FY 2025⁽²⁾	FY 2026⁽²⁾	FY 2027⁽²⁾	FY 2028⁽²⁾
Operating Revenue						
Landing Fees and Terminal Rents	\$ 38,599	\$ 94,253	\$ 113,225	\$ 111,764	\$ 114,114	\$ 117,447
Other Airfield Revenues	31,776	30,933	32,595	33,921	35,278	36,687
Concession Fees	23,272	20,917	21,887	23,077	24,137	25,277
Vehicle Parking Fees	10,112	12,101	13,462	14,194	14,846	15,546
Other Operating Revenues	15,245	10,764	8,866	8,866	8,866	8,866
Subtotal Operating Revenue	\$ 119,004	\$ 168,968	\$ 190,035	\$ 191,822	\$ 197,241	\$ 203,823
Non-Operating Revenue						
PRC Revenues	\$ 6,761	\$ 7,659	\$ 7,103	\$ 7,307	\$ 7,456	\$ 7,618
Certain Federal Relief Payments Applied to O&M / Debt Service / Rent Relief	39,099	16,054	2,807	-	-	-
Investment / Lease Interest Income	8,174	13,726	3,014	3,014	3,014	3,014
Subtotal Non-Operating Revenue	\$ 54,034	\$ 37,439	\$ 12,924	\$ 10,321	\$ 10,470	\$ 10,632
Total Airport System Revenue	\$ 173,038	\$ 206,407	\$ 202,959	\$ 202,143	\$ 207,711	\$ 214,455

(1) This table presents fiscal year 2023 actuals, preliminary unaudited information for fiscal year 2024 and a forecast for fiscal years 2025 through 2028. All information pertaining to fiscal years 2024 through 2028 is subject to change. A comprehensive review of all components of the System can change System revenue assumptions which can have a material adverse effect on all unaudited and projected financial performance for the System. All unaudited and forecasted information contained in the tables does not represent a commitment by the Department to generate revenue at any specific level.

(2) Fiscal Year 2024 results shown are preliminary, unaudited, and subject to change and have not been updated to reflect the System's FY 2024 audited financial statements. See fiscal year 2025-FY 2028 projected financial result assumptions listed above.

Source: Department of Revenue, with input and review from the System.

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The following table presents preliminary, unaudited actual results for FY 2024, as well as a set of projected System financial results for the years ending June 30, 2025 through June 30, 2028.

SYSTEM REVENUES APPLIED TO PAYMENT OF OUTSTANDING PARITY BONDS⁽¹⁾
PRELIMINARY UNAUDITED FOR FISCAL YEAR ENDED JUNE 30, 2024 AND
FORECAST FOR FISCAL YEARS ENDING JUNE 30, 2025 – 2028
(\$ thousands)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Total revenues	\$ 178,509	\$ 200,153	\$ 202,144	\$ 207,711	\$ 214,455
Maintenance and operation costs, less noncash adjustments:	\$ 140,468	\$ 143,980	\$ 147,579	\$ 151,269	\$ 155,050
Net revenues	\$ 38,041	\$ 56,173	\$ 54,565	\$ 56,442	\$ 59,405
Fiscal year debt service	\$ 21,159	\$ 27,598	\$ 23,936	\$ 23,932	\$ 23,926
Coverage requirement	1.25	1.25	1.25	1.25	1.25
Net Revenues Required	\$ 26,449	\$ 34,498	\$ 29,920	\$ 29,915	\$ 29,908
Net Revenues in Excess of Net Revenues Required	\$ 11,592	\$ 21,675	\$ 24,645	\$ 26,527	\$ 29,497

(1) This table presents preliminary unaudited information for fiscal year 2024 (which have not been updated to reflect the System's FY 2024 audited financial statements) and a forecast for fiscal years 2025 through 2028. All information pertaining to fiscal years 2024 through 2028 is subject to change. See fiscal year 2025-FY 2028 projected financial result assumptions listed above. A comprehensive review of all components of the System can change System revenue assumptions which can have a material adverse effect on all unaudited and projected financial performance for the System. All unaudited and forecasted information contained in the tables does not represent a commitment by the Department to generate revenue at any specific level.

Source: Department of Revenue, with input and review from the System.

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds involve investment risk. Prospective purchasers of the Bonds should give careful consideration to the information set forth in this Official Statement, including in particular, the matters referred to in the following summary. In considering the matters set forth in this Official Statement, prospective investors should carefully review all investment considerations set forth throughout this Official Statement, and should specifically consider risks associated with the Bonds. There can be no assurance that other risks or considerations not discussed herein are not or will not become material in the future. The order in which the following information is presented is not intended to reflect the relative importance of any such considerations.

General

The following is a general discussion of certain factors affecting the cargo and passenger air transportation industry and the revenues, expenses and operations of the System and does not purport to be an exhaustive listing of all such factors and other considerations. As a result of these and other factors, historical results presented in this Official Statement, including the System's operation and financial figures contained in this Official Statement, may not be indicative of future operating results of the System.

The Revenues of the System are affected substantially by the economic health of the airline industry, the airlines serving the Airport and various other factors, which include but are not limited to:

- national and international economic conditions;
- the availability and cost of aviation fuel and other necessary supplies;
- the financial health and viability of the cargo and passenger airline industry;

- cost and timing of cargo transportation alternatives;
- airline service and route networks;
- population growth and the economic health of the region surrounding the System and the nation;
- tariffs imposed on products;
- changes in demand for goods;
- changes in demand for air travel;
- service and cost competition;
- levels of air fares;
- fixed costs and capital requirements;
- the cost and availability of financing;
- the capacity of the national air traffic control system;
- the capacity of the System and the capacity of the competing airports;
- national and international disasters, health emergencies and hostilities;
- the cost and availability of employees;
- labor relations within the airline industry;
- regulation by the federal government;
- environmental risks and regulations, noise abatement concerns and regulations;
- bankruptcy and insolvency laws;
- safety concerns arising from international conflicts and the possibility of additional terrorist attacks and other risks; and
- legislative action which would affect federal funding of Airport projects.

Several of these factors reduced profits and caused significant losses for all but a few airlines. As a result of these and other factors, many airlines have operated at a loss in the past and many have filed for bankruptcy, ceased operations and/or merged with other airlines. In addition, many airlines have taken many actions to restructure and reduce costs including reducing their workforce, renegotiating labor agreements, consolidating connecting activity and replacing mainline jets with regional jets. Financial difficulties of individual airlines could, over time, materially alter the relative financial obligations of the individual airlines and lead to reductions of service at the System.

The System cannot predict regional, national and world economies, the likelihood of future terrorist attacks, the likelihood of future air transportation or supply chain disruptions, including contagious diseases, the costs of aviation fuel or the impact on the Airport or the airlines from such factors. No assurance can be given that each airline will continue operations at the Airports, that passenger activity at the Airports will not decrease or that revenues will not decrease:

2025 Bonds Special Obligations of the System

The Bonds are not general obligations of the State and the State has not pledged its full faith and credit to the payment of the Bonds. The issuance of the Bonds does not directly or indirectly or contingently obligate the State or any political subdivision thereof to apply money from, or levy or pledge, any form of taxation to the payment of the Bonds. The Bonds are special, limited obligations of the State paid out of and secured only by the Revenues derived by the State from the ownership, lease, use and operation of the System.

Uncertainties of Projections, Forecasts and Assumptions

This Official Statement contains statements relating to future results that are “forward-looking statements.” When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect,” “projected,” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Forecast information is derived from a number of sources and is based upon a variety of assumptions, many of which themselves are based upon other forecasts and assumptions and most of which are not within the State’s control.

Among the factors that may cause projected revenues and expenditures to be materially different from those anticipated include an inability to incur debt at assumed interest rates, construction delays, increases in construction costs, general economic downturns, factors affecting the airline industry in general or specific airlines, federal legislation and/or regulations, and regulatory and other restrictions, including, but not limited to, those that may affect the ability to undertake, the timing or the costs of certain projects, and any other factor identified as an investment consideration in this Official Statement. Any forecast is subject to such uncertainties. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Certain Factors Affecting the Airline Industry

Uncertainties of the Airline Industry. The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year. The ability of the System to derive revenues from its operations depends largely upon the financial health of the airlines serving the System and the airline industry as a whole. The financial results of the airline industry are subject to substantial volatility, and at times, many carriers have had overlapping, extended periods of unprofitability. Certain events, such as global health events or terrorist activity have resulted in substantial financial challenges for airlines serving the System, including substantial financial losses and reductions in airline workforces. While the System has seen passenger traffic return after or grow through airline bankruptcies and consolidations and other events affecting the airline industry, the effects of any future events cannot be predicted with certainty. Due to the importance of international cargo shipments and domestic and international tourism to passenger and cargo activity at the Airports, the System is particularly sensitive to international disturbances, the health of the global economy, tariff levels and changing weather patterns.

Market conditions may limit an airline's access to additional financing if their existing sources of funds, including any funds provided by the U.S. Department of Transportation, are exhausted. Certain factors (such as business conditions within the airline industry, the effects of an economic downturn and high aviation fuel costs) can adversely affect the ability of the airlines that serve the System, including the Signatory Airlines, to meet their financial obligations to the System. These conditions could, in the future, result in additional airline bankruptcies, elimination or reduction of service at the System by certain airlines, in increased airline concentration at the System or other restructuring of the airline industry. Although the Operating Agreements permit the System to adjust rental rates and landing fees to take into account amounts that go unpaid by a defaulting airline, no assurance can be given that the non-defaulting airlines will continue to serve the System and to pay the higher rates and fees. The Operating Agreements permit the Signatory Airlines to terminate their respective agreements in accordance with certain conditions.

Labor Shortages. Nationwide, airlines, concessionaires, the FAA, other participants in the aviation industry and employers generally have been faced with labor shortages, including a shortage of pilots, flight attendants and other staff that have resulted in some cases have resulted in reduced flight schedules and cancelled flights, ability to manage airfields and terminals. The aviation industry, like other industries is addressing labor shortages as it is able to, however, the aviation industry may additional shortages in the future. The aviation industry is also impacted by shortages of air traffic controllers.

Airline Mergers; Consolidation. The airline industry continues to evolve as a result of competition and changing demand patterns and it is possible the airlines serving the System could consolidate operations through acquisition, merger, alliances and code share sales strategies. For example, in September 2024, Alaska Airlines acquired Hawaiian Airlines. Historic mergers, as well as future mergers, could change airline service patterns at the System, including a possible reduction in service at the System. The System cannot predict what impact, if any, such consolidations will have on airline traffic at the System.

Cost of Aviation Fuel. Airline earnings are significantly affected by the price of aviation fuel, and fuel costs constitute one of the largest cost components of airline operations. Historically, aviation fuel prices have been particularly sensitive to worldwide political instability.

Fuel prices continue to be subject to, among other factors, political unrest in various parts of the world, Organization of Petroleum Exporting Countries policy, volatility in demand for fuel caused by growth of economies such as China and India, the levels of fuel inventory maintained by certain industries, reserve levels maintained by governments, currency fluctuations, disruptions to production and refining facilities and the weather. Significant increases in the cost of aviation fuel have had an adverse impact on airline industry profitability and are expected to have a continued impact on the airline industry. Such adverse impacts could, or have already caused, certain airlines to reduce capacity, fleet and personnel as well as increase airfares and implement various surcharges upon its passengers, all of which may negatively affect the demand for air travel and passenger activity at the Airport.

Oil Prices

Oil is a volatile commodity, the price of which fluctuates based on many factors. The System's airline clients rely on oil products to operate their businesses, and the System is located in a State which relies on oil extraction as a major industry and source of revenue. The effects of volatility of the price of oil on the System are difficult to predict.

Economic Conditions of Air Trade Area

Generally, at origination and destination airports such as the System, air traffic is significantly dependent upon the economy of the airport trade area. Although the System's air trade areas are large and have relatively diversified socioeconomic bases, the economy in the air trade areas depends in significant part upon the financial strength and stability of the industries within the air trade areas and upon the success of major employers in the air trade areas. Reduced demand for air travel in and out of the air trade areas could result in fewer airlines serving the System and lower levels of passenger activity at the System.

Effect of Airline Industry Concentration

Alaska Air Group, which is comprised of Alaska Airlines and Horizon Air, was responsible for approximately 70% and 71% of ANC's total passenger enplanements in FY 2023 and FY 2024, respectively and 76% of FAI's total passenger enplanements in both years. Although the Airports are largely O&D airports and much less dependent on hubbing activity than many other airports, the Airports serve as a local hubbing airport for the Alaska Air Group. If the airlines with Alaska Air Group were to reduce or cease connecting service at the Airports, such flights would not necessarily be replaced by other airlines. It is possible that if Alaska Air Group airlines, in particular Alaska Airlines, or other airlines ceased or significantly cut back operations at the Airports, other airlines may not increase their operations at the Airports to fill that gap. The top three airlines at ANC (Alaska Air Group, Delta Airlines, and United Airlines) accounted for 89% of the total enplaned passengers in both FY 2023 and FY 2024. The top three airlines at FAI (Alaska Air Group, Delta Airlines, and Wright Air Service) accounted for 93% of the total enplaned passengers in both FY 2023 FY 2024.

In response to competitive pressures in the United States over the last several decades, airlines have tended towards consolidation, and further future industry consolidation by the airlines is possible and could result in changes in airline service patterns. The System cannot predict what effect, if any, such consolidation would have on airline traffic (passenger and cargo) at the Airports.

Airline Bankruptcy

A bankruptcy of an airline operating at the System could result in a decrease in Revenues, along with delays or reductions in payments on, or other losses with respect to, the Bonds, and an increase in the costs of operation to the other airlines operating at the System.

In the event of an airline bankruptcy, the automatic stay provisions of the United States Bankruptcy Code (the "Bankruptcy Code") could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by the airline to the System, any action to remove the airline from possession of any premises or other space, any action to terminate any agreement with the airline, or any action to enforce any obligation of the airline to the System. When a domestic airline that has an Operating Agreement with the System seeks bankruptcy protection or has bankruptcy proceedings initiated against it, the airline or bankruptcy trustee must decide within a

time period determined by the Bankruptcy Code and the court whether to assume or reject the applicable operating agreement, lease or other contract. In the event of an assumption, the airline is legally required to cure any prior defaults and to provide adequate assurance of future performance under relevant agreements. With the authorization of the bankruptcy court, the airline may be able to reject some or all of its agreements with the System, including the Operating Agreement, or other lease, operating, or other agreements, and stop performing its obligations (including payment obligations) under such agreements. Rejection of a lease or executory contract by such an airline would give rise to an unsecured claim of the System for damages, the amount of which in the case of a lease is limited by the Bankruptcy Code, and which may or may not result in any payment to the System. Such a rejection could also excuse the other parties to such agreements from performing any of their obligations. The airline may be able, without the consent and over the objection of the System and the holders of the Bonds, to alter the terms, including the payment terms, of its agreements with the System, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, with the authorization of the bankruptcy court, the airline may be able to assign any of its agreements with the System to another entity, despite any contractual provisions prohibiting such an assignment. The holders of the Bonds may be required to return to the airline as preferential transfers any money that was used to make payments on the Bonds and that was received by the System from the airline during the 90 days (or in some cases one year) immediately preceding the filing of the bankruptcy petition. Claims by the System under any lease, or any agreement that is determined to be a lease, with the airline may be subject to limitations.

In December 2003, enactment of Section 124 of Vision 100-Century of Aviation Reauthorization Act (Vision 100) (49 U.S.C. § 40117 (m)(1-7)) imposed new requirements for air carrier management of PFC revenue collected by the carrier after it files for bankruptcy protection. Through this provision, Congress specifically protected post-bankruptcy filing PFC revenues from creditor claims by recognizing and protecting the trust fund status of PFC revenue and prohibiting air carriers from using PFCs as security for liabilities to third parties. Nevertheless, the System is uncertain whether it would be afforded the status of a secured creditor with regard to PFCs collected or accrued on behalf of the System by an airline before it filed for bankruptcy protection. Although the airlines serving the System have generally not gotten significantly behind on PFC payments and bankruptcy courts and the FAA have helped prevent loss of PFCs in past airline bankruptcies, the System cannot predict whether an airline in bankruptcy protection would have properly accounted for the PFCs owed to the System or whether the bankruptcy estate would have sufficient moneys to pay the System in full the PFCs owed by such airline.

There is even less certainty with respect to foreign reorganization or insolvency proceedings involving foreign air carriers as foreign bankruptcy laws may vary. The risk of foreign bankruptcy proceedings may be an appropriate investment consideration.

As explained above, the Operating Agreement is a residual cost agreement whereby any shortfalls in revenues, even those resulting from bankruptcies, would result in the remaining Signatory Airlines collectively being obligated to pay higher rates and charges, or a prorated special invoice, to make up for the deficit. There can be no assurance, however, that the remaining Signatory Airlines would be able, individually or collectively, to meet their obligations under the Operating Agreement.

There may be delays in payments on the Bonds while the court considers any of these issues. There may be other possible effects from a bankruptcy filing by an airline that could result in delays or reductions in payments on, or other losses with respect to, the Bonds. Regardless of any specific adverse determinations by a court in an airline bankruptcy proceeding, an airline bankruptcy proceeding itself could have an adverse effect on the liquidity and value of the Bonds.

Effects of Bankruptcy of Tenant, Concessionaire, or Other Contracting Party

A bankruptcy of any significant tenant, concessionaire, or other entity that has a contract with the System could also result in a decrease in Revenues, along with delays or reductions in payments on, or other losses with respect to, the Bonds, for reasons similar to those discussed above with respect to airline bankruptcies. Regardless of any specific adverse determinations by a court in a bankruptcy proceeding of a significant tenant, concessionaire, or other contract counterparty, a bankruptcy proceeding itself could have an adverse effect on the liquidity and value of the Bonds.

Investment Losses

While it is holding Revenues, the System may invest the Revenues in Permitted Investments. Should those investments suffer any losses, the System may have insufficient funds to make payments on the Bonds.

Risks Related to the System's Capital Projects

The System's current capital improvement plan includes spending on capital projects in the coming years. The System currently does not plan to incur any additional debt obligations for these other capital projects. However, current plans may change depending on passenger and cargo demand, the availability of other funding sources, the timing of capital expenditures and market conditions. It is also possible that the AIAS may undertake additional capital projects that are not presently included in its CIP, and the AIAS may in the future undertake other major capital projects following the completion of the current CIP. Other capital needs that are not presently known may arise, and the costs of now known and future capital needs could increase significantly between the times that they are identified and when they are addressed. The incurrence of a significant amount of additional Bonds for capital projects will result in higher debt service costs, which will increase landing fees and terminal rents at the System, thereby increasing the costs borne by the airlines serving the System, which in turn could make the System comparatively less competitive.

Although the System uses a variety of strategies to mitigate risk associated with the implementation of its capital projects, project development could be delayed, and the cost of completing capital projects could be higher than expected due to various factors that are outside of the control of the System, including but not limited to new environmental regulations; economic conditions; pandemics; natural or manmade disasters; events such as the September 11, 2001 terrorist attacks; new or ongoing military hostilities; unexpected issues with integration into existing facilities; the inability to obtain, or delays in obtaining, regulatory approvals; the inability to comply with the conditions of regulatory approvals; changes in laws or regulations; inability to obtain, or delays in obtaining, federal approvals or federal funding; labor, bidding and contracting requirements; delays caused by the airline review process; weather; litigation; tariffs; cost overruns; casualty; strikes; unanticipated engineering, environmental or geological problems; shortages or increased costs of materials or labor; and financial difficulties of contractors. In addition, it is possible that funding sources such as federal grants may not be available as expected. If costs are higher than projected or funds are not available to finance the projects or portions thereof, the AIAS may have to delay or cancel projects and/or incur additional debt.

Certain projects of the System are assumed to be funded from a variety of different sources. Certain projects of the System are assumed to be paid in part with federal grants, but the System cannot guarantee that such funds will be available or will be received in a timely manner. In some cases, moneys from grant awards are remitted to the System on a reimbursement basis, after the System has paid the costs of a project and the System's use of such money would generally be subject to audit. These projects are also assumed to be funded in part from PFCs, but PFCs may not be available in the amounts and at the times currently forecasted if additional FAA approvals are not obtained or if there are fewer enplaned passengers than projected. Additionally, market conditions, the status of operations at the System or other factors could adversely affect the ability of the System to issue Future Parity Bonds or other debt obligations to finance a portion of the costs of the capital projects of the System.

In the future, the System may be required to undertake additional capital projects to comply with regulatory requirements or to preserve the overall viability of the System. If, for any reason, the System is unable to undertake critical capital projects, then the condition of System's facilities may decline, which can affect customer experience, airline satisfaction, and operational efficiency and effectiveness.

Operations of the System

Airline Activity. The System derives a substantial portion of its operating revenues from landing fees, facility rent and concession fees. The financial strength and stability of the airlines using the System, together with numerous other factors, most notably demand for cargo transportation demand for airline services by passengers and demand for cargo transportation, influence the level of aviation activity of the System. Current and future developments in the fuel efficiency of aircraft may have an effect on the use of the Airports by cargo and passenger airlines as they may consider alternative routes. In addition, individual airline decisions regarding level of service, particularly flight activity and aircraft size, can be expected to affect passenger activity of the System, as well as be affected by passenger

activity of the System. The level of passenger activity of the System is reasonably expected to impact the level of other sources of revenue for the System, such as parking revenues, concession fees, Passenger Facility Charges and Customer Facility Charges.

Passenger levels at the Airports are also affected by cruise activity within the State. Due to U.S. federal law, Canada's ban of cruise sailings during the COVID-19 pandemic effectively cancelled all large cruise sailings to Alaska, including cruise sailings embarking from U.S. ports, which had an adverse effect on Revenues. Without U.S. Congressional action, future large sailings to the Alaska market may be effectively cancelled for the duration of any future cruise ship ban by Canada, which would be expected to have an adverse effect on Revenues.

The System cannot predict the duration or extent of reductions and disruptions in air travel or the extent of any adverse impact on Revenues, Passenger Facility Charge collections, Customer Facility Charge collections, passenger activity, general System operations or the financial condition of the System which may result from the financial difficulties of airlines serving the System. No assurances can be given that any of the airlines currently serving the System will continue operations at the System or maintain their current level of operations within the System. If one or more of these airlines discontinues operations with the System, its current level of activity may not be replaced by other carriers. The System, however, proactively seeks to retain and further develop air service to the System.

Parking Revenues. Parking fees are collected by the System and such revenues comprised approximately 7.6% of total operating revenues for FY 2024. The level of passenger activity of the System is expected to impact the level of parking revenues. The System cannot give any assurance that parking fees will continue to produce the same level of revenue for the System in future Fiscal Years.

Other Activities. Although the Signatory Airlines are a significant part of the System's operations and an important source, whether directly or indirectly, of Revenues, the System also relies on other System operations for Revenues, including concessionaires and rental car companies. While the Signatory Airlines, as mentioned above in "SYSTEM OPERATING AGREEMENT, REVENUES AND EXPENSES," are responsible for certain System expenses, the System relies on other operations at the System, including parking, tenant payments from tenants other than Signatory Airlines, and concession income, to provide the significant portion of Revenues. The System cannot give any assurances that these operations will continue with the System at current levels or produce the same level of revenue for the System.

Passenger Facility Charges

The FAA has the power to terminate the authority to impose PFCs if the System's PFCs are not used for approved projects, if project implementation does not commence within the time period specified in the FAA's regulations or if the System otherwise violates FAA regulations. It is not possible to predict whether future restrictions or limitations on airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC revenue collections for capital projects for the Airports or whether such restrictions or legislation or regulations would adversely affect Revenues.

Regulations and Restrictions Affecting the System

The operations of the System are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Operating Agreement, the federal acts authorizing the imposition and collection of PFC revenues and extensive federal legislation and regulations applicable to all airports in the United States. In the aftermath of the September 11, 2001 events, the Airports also have been required to implement enhanced security measures mandated by the FAA, the TSA and Airport management. See, "INVESTMENT CONSIDERATIONS – Aviation Security Concerns and Related Costs." Any of these requirements could be more burdensome or costly to the System.

Federal Restrictions on Airport Revenue Transfers

From time-to-time the State transfers funds, generally through the legislative appropriation process, from one arm of State government to another using various methods such as budget increases and decreases, declaration of dividends from public corporations back to the State, and the reallocation of revenue or expense cash flows. While the System is an arm of State government and ANC and FAI are State-owned assets, State law and FAA grant restrictions prohibit System funds from being transferred for non-System purposes or otherwise used for general governmental purposes. Alaska Statute 37.15.430 does not permit the use of Revenue Fund monies other than for support of ANC and FAI and their bonded indebtedness. Federal funds must be used in accordance with federal grant limitations. Although there are major exceptions, since 1982 airports that have accepted federal AIP grants have been required to agree to use airport-generated revenues only for the capital and operating costs of the airport, the airport system, or other facilities owned and operated by the airport and directly related to air transportation. See, 49 U.S.C. § 47107(b). Both ANC and FAI are grant recipients bound by these requirements. The 1996 FAA Reauthorization Act created a direct statutory prohibition against revenue diversion by any federally assisted airport, required audit certification of compliance with revenue use restrictions, and added new provisions on civil penalties, expedited procedures for recovery of illegally diverted revenues, repayment of past contributions to an airport and interest on diverted funds. The System annually submits financial reports to the FAA that reflect the expenditures and revenues of ANC and FAI and payments to and from other governmental agencies. The System has had no findings or reporting of instances of revenue diversions in violation of federal prohibitions.

FAA Rates and Charges Policy

The System's operations and the System's revenues are affected by a variety of federal and state legislative, legal, contractual, statutory, regulatory and practical restrictions, including restrictions in the 1994 Act, the federal acts authorizing the imposition, collection and use of Passenger Facility Charges, the federal acts relating to the FAA AIP and other federal grants, the statutes and regulations relating to Customer Facility Charges, and other extensive legislation and regulations applicable to all airports. It is not possible to predict whether future restrictions or limitations on the System's operation will be imposed, whether future legislation or regulation will affect anticipated federal funding or Passenger Facility Charge or Customer Facility Charge collections, whether additional requirements will be funded by the federal government or require funding by the Authority, or whether such restrictions, legislations or regulations would adversely affect the revenues of the System.

The United States Code 49 U.S.C. § 47129, requires that airport fees be "reasonable" and provides a mechanism by which the Secretary of Transportation can review rates and charges complaints brought on by air carriers. Section 47129 specifically states that the section does not apply to a fee imposed pursuant to a written agreement with air carriers using airport facilities and also provides that nothing in the section shall adversely affect the ability of an airport to meet its obligations under a financing agreement or covenant that is in force as of August 23, 1994.

The FAA has formally interpreted Section 47129 to exclude from the rates and charges review process of Section 47129 those rates and charges established pursuant to written agreements, pursuant to a pre-enactment bond covenant, or in existence and undisputed as of August 23, 1994. Although certain aspects of the FAA's policy pronouncements relating to Section 47129 have been the subject of extensive litigation, the exclusion from review of rates and fees established under by written agreements has not been challenged or modified.

The State believes the Operating Agreement falls within the provisions mentioned above that preclude air carriers from contesting such rates under Section 47129. So long as the Signatory Airlines operate under the Operating Agreement, as it may be extended, amended, or replaced by another written agreement, the State believes the Signatory Airlines will not be able to invoke successfully the rates and fees dispute provisions of Section 47129 to challenge rates properly set as provided under the Operating Agreement. It is conceivable, however, that the Secretary would entertain a complaint by a non-signatory aeronautical user. Although the FAA policy expressly allows non-signatory rates that are higher than signatory rates and that provision has not been disturbed by any legal ruling, it is also conceivable that the Secretary's review might result in a reduction of fees paid by non-signatory airlines.

In establishing any new rates and charges methodology for the Airports, the System intends to comply with federal law and with the Rate Covenant contained in the General Bond Resolution. The System's ability to raise rates

under the Operating Agreement or otherwise may be limited by federal law. The System, however, cannot predict any future restrictions or limitations imposed by federal or state legislation. There is currently no dispute between the System and any of the air carriers serving the Airports over any existing rates and charges. No assurances can be given that disputes will not arise in the future.

Future Legislation and Regulations

The operation of the Airports and the ability of the System to generate Revenues sufficient to pay the debt service on the Bonds may be adversely affected by future federal, State or local legislation or regulations that affect the Airports directly or affect activities at the Airports. The System derives the majority of its Revenues from cargo activity, and changes to federal legislation providing expanded air cargo transfer authority when transiting System airports may have an adverse effect on the System's revenues. See "AVIATION ACTIVITIES AND ACTIVITY LEVELS — Anchorage Cargo Activity—*Federal Legislation*." Other legislation or regulations that could adversely affect the Revenues includes legislation or regulations limiting the use of properties of the Airports, legislation or regulations imposing additional liabilities or restrictions on the operation of the Airports or the airlines and other persons using the Airports, changes in environmental laws or regulations, reductions in federal funding for the Airports and elimination or reduction of the ability of the System to impose PFCs or other fees and charges for use of products or services of the Airports. The United States Congress could enact legislation making interest on the Bonds includable in gross income.

Federal Policy Risk

Federal policies on the federal debt ceiling, taxes, foreign trade and tariffs, immigration, climate change, clean energy, and other topics can shift significantly from one administration to another. From time to time, such shifts can result in reductions to the System's level of federal funding for a variety of federally funded programs. The System receives federal funds, including and through FAA and TSA budgets. These federal funds may be adversely impacted by federal legislative and executive actions, including but not limited to actions seeking to freeze, reduce, eliminate or reallocate federal grant, loan and other financial assistance. These federal actions could impact the availability of federal funds or adversely impact the conditions for funding award and/or compliance. Federal funding is subject to federal legislative action, including through the federal budget process. Budgetary acts, including sequestration, could continue to affect FAA and TSA budgets, operations, and the availability of certain federal grant funds. In addition, budgetary acts and other factors have caused and could cause the FAA and/or the TSA to implement employee furloughs, hiring freezes or other staffing changes (including of air traffic controllers), which could result in flight delays or cancellations. Other proposed and potential federal legislative and executive actions and initiatives that could adversely impact the Systems' federal funds and investments, or that may have other financial or operating impacts on the System, include, but are not limited to, the imposition of tariffs, curtailment of tax exempt bond financing, and restrictions on immigration or travel that reduce international passenger traffic.

Recent executive actions by President Trump have introduced potential uncertainties regarding the availability and timing of funding. Notably, an executive order issued in January 2025 mandated an immediate stay on Infrastructure Investment and Jobs Act ("IIJA") funds, pending a comprehensive review by federal agencies to ensure alignment with certain federal executive administrative policy objectives. The executive order that implemented this funding suspension has been challenged in the federal courts. No assurance can be given as to the outcome of those challenges. Investors should be aware that, if upheld, the suspension of funding under the IIJA, could have a negative impact on the revenues available to pay debt service on the Bonds. The System cannot predict future changes in federal policy or the potential impact on any related federal funding the System may or may not receive in the future.

The significance of cargo traffic through the System exposes the System to material shifts in patterns in international trade. The Trump Administration has implemented tariffs, or proposed implementing tariffs, on a broad range of goods imported from countries worldwide. Tariffs are likely to raise the cost of goods, which could increase financial pressures on import-reliant businesses and result in adjustments to existing supply chains and a decrease in the volume of U.S. imports, among other economic impacts. Retaliatory tariffs on U.S. exports could similarly result in a decreased amount of such exports. As of the date of this Official Statement, U.S. and foreign tariff policies are continuing to evolve and are subject to legal challenges, and the application, scope and duration of U.S. import tariffs and tariffs on U.S. goods by foreign governments remain undefined and uncertain. The System can give no assurances

as to the impacts that U.S. or foreign tariff policies will have on the flow of cargo through the System, and, accordingly the System's Revenues.

Expiration and Possible Termination of Airport Use Agreements

Pursuant to its Operating Agreement, each Signatory Airline has agreed to pay rates and charges for its use of the Airport. The Operating Agreements expire on June 30, 2033, but may be terminated by the System or, under certain conditions, by a Signatory Airline before such expiration. The System cannot provide any assurances that the Operating Agreements will be renewed and, if renewed, what the terms of such agreements will be. If an airline elects not to execute an airport use agreement, such airline will be free to discontinue flights at AIAS airports. Any Non-Signatory Airlines that do elect to operate at the Airports will do so on a month-to-month basis pursuant to the rate schedules in the related AIAS Operating Permit or as provided in a Rate Resolution. In such circumstances, the ability of the System to continue to generate revenues required by the General Bond Resolution will depend on the System's ability to provide services at rates which continue to attract airlines to provide service at the System. "SYSTEM OPERATING AGREEMENT, REVENUES AND EXPENSES — AIRLINE OPERATING AGREEMENT."

Technological Innovations

New technologies and innovative business strategies in established markets are likely to be developed in the future. Increased adoption of videoconferencing technologies during the COVID-19 pandemic and increased acceptance of these methods of communicating could reduce the demand for business travel, though the impact of such technologies on the demand for business travel is not known. As another example, TNCs were increasingly popular in the years prior to the COVID-19 pandemic, resulting in losses or changes to System revenues from various ground transportation activities and operational issues such as increased curbside congestion. The popularity of different forms of ground transportation also has shifted during the pandemic and post-pandemic. While the System makes every effort to anticipate changes resulting from new technologies and innovative business strategies and to minimize negative impacts on revenues, if any, there may be times when the System's expectations differ from actual outcomes. In such event, revenues could be lower than expected and additional capital or operating expenses might be incurred.

Environmental Regulation

The System is required to comply with numerous federal, state and local laws and regulations designed to protect the environment, health and safety and to inform the public of environmental issues and potential impacts of the System's activities. The System is also directly or indirectly affected by certain laws, regulations and State orders, including, without limitation, air quality regulations and storm water regulations. The standards for required environmental impact review and for compliance under several state and federal laws and regulations are becoming more rigorous and complex. Permits issued to the System under such laws and regulations may be frequently amended, often resulting in more stringent and more costly requirements and uncertainty about the scope of the System's future obligations and associated costs.

These types of changes may result in increased compliance costs that, in turn, significantly delay or affect the System's efforts to maintain and repair existing infrastructure or to construct additional revenue-generating infrastructure. Additionally, the costs to mitigate environmental impacts, obtain regulatory approvals, and manage potential legal or procedural challenges for such projects may result in substantial increases to total project costs and delays in completing the projects. Air quality regulations that directly or indirectly impact the System may result in the System being required to, or desiring to, expend funds to assist the System's business partners in complying with various regulations.

Costs associated with these compliance and related activities may consume an increasingly significant portion of the System's capital and operating budgets, and the System may have unanticipated capital or operating expenditures. In addition, for projects with forecasted costs, the System cannot provide assurances that the actual cost of the required measures will not exceed the forecasted amount. The System also cannot provide assurances that the cost of compliance and related activities required of the System and/or its business partners will not negatively affect System operations and, therefore, System revenues and/or expenses.

Additional environmental laws and regulations may be enacted and adopted in the future that could apply to the System, its tenants or its concessionaires, which could result in an adverse impact on projected revenues or expenses. The System is not able to predict with certainty what those laws and regulations may be or the impacts to the System or its business partners of compliance with such laws and regulations.

Also, certain individuals, organizations and/or regulatory agencies may seek other legal remedies to compel the System to take further actions to mitigate perceived or identified environmental impacts and/or health hazards or to seek damages in connection with the potential environmental impacts of the System. The System has undertaken a number of initiatives over the years to address potential concerns. Nonetheless, there is a risk that, despite the System's adopted environmental plans, mitigation programs, and policies, legal action challenging the Authority could ensue. Such legal action could be costly to defend, could result in substantial damage awards against the System, and could curtail certain System developments or operations.

The FAA has jurisdiction over flying operations generally, including personnel, aircraft, ground facilities and other technical matters, as well as certain environmental matters. Under the FAA's airport noise regulations, most recently revised in the Airport Noise and Capacity Act of 1990 ("ANCA"), the industry is striving to reduce airport noise impacts on local communities while maintaining a safe and efficient national aviation system. ANC completed the latest voluntary Part 150 Noise Compatibility Study in 2015, and is preparing to kick off an update to the study in early 2025. Changing conditions at ANC and the surrounding community necessitates updating the program on a regular basis to ensure it is representative of and applicable to current conditions. This project identifies mitigation opportunities, some of which may be capital costs to ANC, to improve compatibility between aircraft operations and noise sensitive land uses, while allowing ANC to continue to serve its role in the local, state and national air transportation systems.

ANC has identified on its land certain areas of soils contaminated by aviation fuel. Although the airline fueling service consortium and other responsible parties are engaged in cleanup and remediation planning at their own expense, it is possible that environmental response costs could increase in the future. The State of Alaska Department of Environmental Conservation (the "DEC") has approved an alternate clean-up level for to ANC due to its status as an airport and light industrial area. ANC continues to monitor, and remediate as necessary, ANC land area.

The Environmental Protection Agency ("EPA"), under the Clean Water Act ("CWA"), has jurisdiction for water quality protection regulations. EPA with assistance from the DEC administers water pollution control regulations affecting operation of the System. Water quality is a significant federal, state, and local issue which may require significant capital investments by the industry to meet discharge standards. ANC in partnership with its tenants, federal, state, and local regulatory agencies has established an active watershed management program to comply with the objectives of the CWA. This group addresses wastewater control, water quality protection, and prevention of pollution to waters of the United States. In addition, the System has an Aviation Industry National Pollutant Discharge Elimination System ("NPDES") permit program in place. The State recently entered into a settlement with the EPA arising primarily from issues relating to highway construction run-off, but which will also affect erosion prevention and other practices in airport construction projects, potentially increasing the cost of those projects. ANC management and the Signatory Airlines have agreed to work together to identify a cost-effective solution to this issue if a less expensive alternative that will meet requirements is not identified. FAI has central deicing and collects fluid for disposal each spring.

In FY 2020, ANC entered into a Compliance Order By Consent ("COBC") agreement with the DEC regarding discharge of storm water effluent discharge related to airport operations at ANC storm water discharge Outfall D, located near Point Woronzof. The COBC resulted in suspended civil penalties of \$1.14 million dollars, with the suspension contingent upon ANC's compliance with the COBC, which ANC has indicated its intent to comply by signing the COBC and is currently working on addressing the matter through full conformance with the COBC.

Global warming concerns and calls for various industries to become carbon neutral have also attracted some attention to air transportation and may affect this sector in the future in ways that are not possible to predict.

PFAS Contamination

Over the past several years, there has been a surge in regulatory interest to address the public health and environmental risks from releases of PFAS, including use of aqueous film-forming foams (AFFF) for firefighting or training. This call to action has resulted in rapid development of regulations and guidance, at both the federal and state level, which have started to impact the airport community.

Per- and polyfluoroalkyl compounds (“PFAS”) are now known to exist in the groundwater at FAI and ANC in concentrations higher than the U.S. Environmental Protection Agency’s (“EPA”) preliminary healthy advisory levels, and the contamination is believed to have migrated to wells outside of the related Airport boundaries. Contaminated wells near FAI have had water utility service extended to the affected properties with the exception of one or two remaining properties where FAI provides bottled water for pick up.

ANC identified one well adjacent to ANC with PFAS higher than the EPA safe drinking water limit and has shut the well and provided connection to the municipal water supply. One additional abandoned well was tested above the limit and no action has been taken. Currently the data supports a view of limited ground water transmission to surrounding property from ANC. Potential liability for PFAS harm to neighboring property is significant, but practically impossible to estimate either probability of damages or magnitude of costs with any precision. The remediation or mitigation solutions are largely unknown in both nature and cost. At this time there is not an expectation of a significant new finding of additional third-party wells requiring mitigation costs.

There are multiple ongoing PFAS related court cases. The *Barbara Gaston v. State of Alaska, 3AN-19-08301 CI* class action suit alleges that the Department’s use of firefighting foams that contain PFAS at some public use airports caused soil and groundwater contamination on private property surrounding the airports. The suit seeks to certify a class that consists of the landowners whose property has been affected, and it seeks damages for the class including property damages (e.g., diminution in value, remediation, alternative water, etc.) and medical monitoring costs. In addition, *Saracco v. State of Alaska (IJU-20-00758 CI)* is a single property case arising out of the Department’s sale of a fire-fighting vehicle containing firefighting foams to the City of Gustavus, which discharged the foam when responding to a brush fire. At this time, both the Gaston and Saracco cases, along with the *State of Alaska v. 3M Company (4FA-21-01451 CI)* (State’s Plaintiff litigation) have been removed to the PFAS Multi-District Litigation proceeding in South Carolina. The first bellwether cases (Public Water Systems) were set for trial and settled. Final actions with respect to those settlements are ongoing. The next bellwether cases the judge set are personal injury claims. The states are beginning to press for a state bellwether in order to advance state issues.

In addition to the litigation and adjacent properties, there are future on-airport remediation and mitigation costs likely to occur. The remediation and/or mitigation mechanisms and costs as well as potential funding sources are unknown. ANC airport is conduction a phase 1 site characterization to delineate plumes and determine responsibility including allocation of responsibility for third party PFAS discharges.

Climate Change and Possible New Regulations

Projections of the impacts of global climate change on the System and its tenants, and on the System’s operations are complex and depend on many factors that are outside the System’s control. The various studies that forecast the amount and timing of the adverse impacts of global climate change are based on assumptions contained in such studies, but actual events are proving to be unpredictable and may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the System is unable to forecast when adverse impacts of climate change will occur. In particular, the System cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse impacts on the business operations or financial condition of the System and the local economy during the term of the Bonds. While the impacts of climate change may be mitigated by the System’s past and future investment in adaptation strategies, the System can give no assurance about the net effects of those strategies and whether the System will be required to take additional measures.

Beyond the direct adverse material impact of global climate change itself, present, pending and possible regulations aimed at curbing the effects of climate change may directly or indirectly materially impact the operations or financial condition of the System. Of particular importance are regulations pertaining to greenhouse gas emissions.

The System is unable to predict what additional laws and regulations with respect to greenhouse gas emissions or other environmental issues (including but not limited to air, water, hazardous substances and waste regulations) will be adopted, or what effects such laws and regulations will have on the System, airlines operating at the System, other System tenants, or the local economy. The effects, however, could be material.

Aviation Security Concerns and Related Costs

Acts of terrorism or other major breaches of security, concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of the international hostilities and the threat of terrorist attacks, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally.

Intensified security precautions have been instituted by government agencies, airlines and airport operators, including the strengthening of aircraft cockpit doors, the federal program to allow and train domestic commercial airline pilots to carry firearms during flights, changes to prescribed flight crew responses to attempted hijackings, increased presence of armed air marshals, federalization of airport security functions under the Transportation Security Administration (“TSA”), revised procedures and techniques for the screening of baggage for weapons and explosives and technology for the screening of passengers, such as the United States Visitor and Immigration Status Indicator Technology. No assurance can be given that these precautions will be successful, and in spite of the increased security measures, additional acts of terrorism resulting in disruptions to air traffic systems, increased passenger and flight delays, damage to the System, reductions in System passenger traffic and/or reductions in Revenues, remain possible. See “STATE OF ALASKA — Insurance.” It is possible that liability could exceed coverage or otherwise not be covered.

The airlines and the federal government were primarily responsible for the capital costs associated with implementing new security measures. The System is currently in compliance with all federally mandated security requirements. But the System has taken on some financial burden in installing and in complying with the added security requirements. The System’s financial condition could be adversely affected if the System incurs substantial increases in security costs in the future. In addition, each time the Department of Homeland Security issues a specific threat warning, the System’s operating costs increase with these raised threat levels. There can be no assurance that the System will have sufficient resources to absorb the impact of such costs. In addition, if the airlines are required to pay substantial security costs, it would place an additional financial burden on many already financially troubled airlines which, in turn, could have a negative impact on the operations of the Airports and the System’s Revenues. The System cannot predict the likelihood or impact of any future government required security measures, or can the System predict how the government will staff security screening functions or the effect on passenger activity of government decisions regarding its staffing levels in the future.

Effect of COVID Pandemic and Other Worldwide Health Concerns

The COVID-19 pandemic and resulting restrictions on human activities severely disrupted the economies of the United States and other countries. There can be no assurances that any resurgence of COVID-19 or a separate public health emergency will not have a material adverse effect on the demand for passenger air travel.

In addition, the COVID-19 pandemic resulted in operational difficulties for certain airlines, TSA and FAA as they worked to increase capacity to meet rebounding demand after reducing their respective workforces during the COVID-19 pandemic. In some cases, this has resulted in higher flight cancellation rates and reductions in previously planned additions of scheduled capacity. These difficulties have resulted from a variety of factors, including, but not limited to, delays in re-hiring or hiring sufficient personnel as a result of generally prevailing labor shortages, increased customer service demands due to ongoing changes in ticketing rules and information technology disruptions. Airlines, the TSA and the FAA may experience such challenges in connection with a future public health emergency.

Future outbreaks, pandemics or events outside the System’s control may reduce demand for air travel, which in turn could cause a decrease in passenger activity at the System and declines in the System’s revenues.

Seismic, Volcanic and Other Natural Disasters and Emergencies

The Airports in the System are located in a seismically active region. In March 1964, a magnitude 9.2 earthquake centered in Prince William Sound, some 70 miles southeast of Anchorage, caused major destruction in Anchorage, including the collapse of the air traffic control tower at ANC at the time, but did not render the airfield existing at that time physically unusable. That earthquake remains the second most powerful ever recorded. Although subsequent construction at ANC and in Anchorage has been subject to applicable seismic codes, the Anchorage region continues to be seismically active and a major earthquake could cause substantial damage at the Airports.

On November 30, 2018, a magnitude 7.1 earthquake centered near Point Mackenzie, about 10 miles north of Anchorage, also caused damage in Anchorage. Air travel was briefly halted at ANC to allow for necessary inspections. ANC experienced minimal damage.

The System's facilities could sustain damage in a future earthquake, ranging from total destruction to little or no damage at all. Damage could include pavement displacement (which could, in the worst case, necessitate the closing of one or more runways for extended periods of time), distortions of pavement grades, breaks in utilities, damage to drainage and sewage lines, displacement or collapse of buildings and rupture of gas and fuel lines. Furthermore, a major earthquake anywhere in the greater Anchorage or Fairbanks regions, or a tsunami generated by an earthquake or other geological activity in or near the Cook Inlet in the case of Anchorage, may cause significant temporary and possibly long-term harm to the economy of one or more region's cities or the entire region, which could in turn have a negative effect on passenger traffic and on Revenues, and such effect could be material.

The Airports comprising the System are also located in a region with substantial volcanic activities. Mount Redoubt, located in the Kenai Peninsula Borough, about 110 miles southwest of Anchorage, erupted multiple times in March 2009. Ash clouds as high as 65,000 feet caused flight cancellations and delays at ANC. Certain flights intended for ANC were diverted to FAI and other places. Other volcanoes in south central Alaska may be capable of similar eruptions. The System cannot assess the probability of another or other volcanic eruptions at or near ANC.

Although the Airports have not historically been at immediate risk of damage from a wildfire, the territories around the Airports have experienced large, uncontained wildfires.

Furthermore, the System could sustain damage as a result of other events, such as terrorist attacks, extreme weather events and other natural occurrences, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, blockades, and riots.

While the System has attempted to address the risk of loss through the purchase of insurance, certain of these events may not be covered. Furthermore, even for events that are covered by insurance, the System cannot guarantee that coverage will be sufficient or that insurers will pay claims in a timely manner. From time to time, the System may change the types of and limits and deductibles on the insurance coverage that it carries. See "STATE OF ALASKA — Insurance."

Cybersecurity

The System relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats, including but not limited to hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). In the past several years, a number of entities have sought to gain unauthorized access to digital systems to large organization for the purposes of misappropriating assets or information or cause operation disruptions. Successful cybersecurity breaches could damage the System's technology environment, compromise safety and security at the System, or cause material disruption to the System's finances or operations. As a recipient and provider of personal, private, or sensitive information (collectively, "Data") and as a part of the country's critical infrastructure services, the System may be the target of cybersecurity incidents that could result in adverse consequences to the Systems Technology and Data of the System, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Systems Technology and Data of the System in order to misappropriate assets or information or cause operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents, the System maintains multiple forms of cybersecurity and operational safeguards. The System maintains a cybersecurity framework supported by policies, procedures, and controls in line with industry best practices and applicable regulations (collectively, the “Cyber Security Program”) to support, maintain, and secure the Systems Technology and Data of the System. The objectives of the Cyber Security Program also include managing risk, improving cybersecurity event detection and remediation, and facilitating cyber awareness across all System departments.

While the System’s cybersecurity and operational safeguards are periodically reviewed and tested, no assurances can be given by the System that such measures will ensure against all cybersecurity incidents. Cybersecurity breaches could damage the Systems Technology and Data of the System, and cause material disruption to the System’s finances or operations. The costs of remedying any such damage or protecting against future incidents could be substantial. Further, cybersecurity incidents could expose the System to material litigation and other legal risks, which could cause the Authority to incur material costs related to such legal claims or proceedings.

The airlines serving the System and other System tenants also face cybersecurity threats that could affect their operations and finances. Notwithstanding security measures, information technology and infrastructure at the System, any of the airlines serving the System or any other tenants at the System may be vulnerable to attacks by outside or internal hackers, or breached by employee error, negligence or malfeasance. Any such breach or attack could compromise systems and the information stored therein. Any such disruption or other loss of information could disrupt the operations of the System and/or the airlines serving the System and the services provided at the System, thereby adversely affecting the ability of the System to generate revenue.

Changes in Financial Markets and Financial Condition of Surety Bond Providers

The System currently funds the Reserve Account Requirement entirely with cash and expects to continue to do so after the issuance of the Bonds, the State may satisfy a portion of the Reserve Account Requirement with Qualified Insurance in the future. See, “SECURITY FOR THE BONDS—Reserve Account.” If the credit quality of the providers of those surety bonds deteriorates the System may not be able to draw on those surety bonds in the event Revenues are insufficient to pay debt service on the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.

Initiative and Referenda

The ability of the System to comply with its covenants under the General Bond Resolution, including to generate revenues sufficient to pay the principal of and interest on the Bonds, may be adversely affected by actions taken (or not taken) by voters. Under the State Constitution, the voters of the State have the ability to initiate legislation or amendments to the State Constitution, and require a public vote on legislation passed by the State Legislature, through the powers of initiative and referendum, respectively. Interpretations of existing and future laws may change over time and such changes may impact the ability of the System to generate revenues. Furthermore, initiatives arise from time to time that could limit the ability of the System and other governmental entities to establish, amend, impose or extend fees and charges. The System is unable to predict whether any such initiatives might be submitted to or approved by the voters, the nature of such initiatives, interpretations of initiatives or existing law, or their potential impact on the System.

Limitation of Remedies

The General Bond Resolution provides limited remedies for Registered Owners if defaults occur. Enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the System, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against public

entities such as the System in the State. Bankruptcy proceedings, or the exercise of powers by the Federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation or modification of their rights. The State cannot assure Registered Owners that the remedies provided in the General Bond Resolution will be available or effective to make Registered Owners whole if a default occurs.

Risk of Tax Audit of Municipal Issuers

The Internal Revenue Service (the “IRS”) has established an ongoing program to audit tax-exempt obligations (such as the Bonds) to assess compliance with IRS provisions governing municipal bonds. The State cannot predict whether the IRS will commence an audit of the Bonds. Registered 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 State as the taxpayer, and the Registered 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.

Potential Limitations of Tax Exemption of Interest on the 2025 Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or could cause interest on the Bonds to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code, or court decisions may also cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or may cause interest on the Bonds to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Internal Revenue Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. See “TAX MATTERS.”

INFORMATION ABOUT CERTAIN AIRLINES SERVING THE AIRPORTS

General

The System derives a substantial portion of its operating revenues from fees paid by airlines using the System. The financial strength and stability of these airlines, together with the underlying strength of the System’s passenger and cargo markets and numerous other factors, influence the level of aviation activity within the System and revenues, including PFCs, realized by the System.

Airline Information

Each of the principal domestic airlines serving the Airports, or their respective parent corporations, and foreign airlines serving the Airport with American Depository Receipts (“ADRs”) registered on a national exchange are subject to the information requirements of the Securities Exchange Act of 1934, and in accordance therewith files reports and other information with the SEC. Certain information, including financial information, concerning such domestic airlines or their respective parent corporations and such foreign airlines, is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected at the Public Reference Room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549; and the offices of The New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005 (for certain airlines whose stock or whose parent’s stock is traded on the New York Stock Exchange). Copies of such reports and statements can be obtained from the Public Reference Room, at prescribed rates or from the SEC website at: <http://www.sec.gov> (the information on such web site is not incorporated by reference herein). In addition, each airline is required to file periodic reports of financial operating statistics with the U.S. DOT. Such reports can be inspected at the Bureau of Transportation Statistics, Research and Innovative Technology Administration, Department of Transportation, 1200 New Jersey Avenue, SE, Washington, D.C. 20590.

Airlines owned by foreign governments, or foreign corporations operating airlines (unless such airlines have ADRs registered on a national exchange), are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the U.S. DOT.

Neither the System nor the Underwriters undertake any responsibility for and make no representations as to the accuracy or completeness of the content of information available from the SEC or the USDOT as discussed in the preceding paragraph, including, but not limited to, updates of such information or links to other internet sites accessed through the Commission's website. Additionally, reference to the SEC website is not a hyperlink and the SEC's website, by this reference, is not incorporated herein.

STATE OF ALASKA

Government Budgets and Appropriations

Budgets. The State's fiscal year begins on July 1 and ends on the following June 30. The Constitution requires the Governor to submit to the Legislature by December 15 a budget for the next fiscal year, setting forth all proposed expenditures and anticipated income of all departments, offices and agencies of the State, and to submit bills covering recommendations in the budget for new or additional revenues. The Constitution prohibits the withdrawal from the treasury of any funds, regardless of source, without an appropriation, and so the Governor's proposed budget and the Legislature's appropriations bills include federal and other funds as well as funds generated by the State.

General Appropriations. The Governor is required to submit three budgets – an operating budget, a mental health budget and a capital budget – by December 15 and to introduce the budgets and appropriation bills formally to the Legislature in January by the fourth day of the regular Legislative session. The appropriation bills, with any changes made by the House Finance Committee, are voted upon first by the House of Representatives, which can amend the bills. The bills approved by the House of Representatives are then voted upon and may be amended by the Senate. Often a conference committee of three members from each house is required to work out differences between the House-approved bills and the Senate-approved bills. The new versions are then submitted to both houses for final votes. Once enacted by both houses, the appropriations bills are delivered to the Governor for signature. The Governor may veto one or more of the appropriations made by the Legislature in an appropriations bill (a “line-item veto”). The Legislature may override a veto by the Governor, and either the Governor or the Legislature may initiate supplemental appropriations during the fiscal year to deal with new or changed revenue receipts, to correct errors or for any other reason.

The Governor has the ability to prioritize or restrict expenditures, redirect funds within an operating appropriation to fund core services, and expend unanticipated federal funds or program receipts. Historically, Alaskan Governors have placed restrictions on authorized expenditures during years when actual revenues were less than forecasted and budgeted. Expenditure restrictions have included deferring capital expenditures, State employment hiring freezes, and restrictions on allowed non-core operating expenses.

System Appropriations. While AS 37.15.415 provides for a continuing System revenue bond debt service appropriation, the System additionally participates in the annual budget process of the State for both regular operational costs as well as annual debt service costs. Annual appropriations are made from System revenues to pay for estimated annual operational costs in the body of the State's annual operating budget as part of the Department of Transportation and Public Facilities section of the bill. The State's operating budget includes an additional appropriation for the System's debt service in the “Debt and Other Obligations” portion of bill, which also includes general obligation bonds, state guaranteed bonds, lease purchase obligations, and other obligations of the State. See, “SYSTEM FINANCIAL OPERATIONS AND RESULTS – Budget Process for Debt Service and Expenses.”

Investment Policies

Revenue Fund. All revenues, fees, charges and rentals derived by the State from State ownership, lease, use and operation of the System, other than customer facility charges and customer facility maintenance charges, must be deposited in the Revenue Fund established under the Act and the General Bond Resolution. See, “SECURITY FOR THE BONDS.” Money in the Revenue Fund may be invested in Permitted Investments. The State may invest the

Revenue Fund assets through the State's investment pools as Permitted Investments. The State's investment pools include the State's Short-Term Fixed Income Investment Pool and Intermediate-Term Fixed Income Investment Pool.

The primary objectives of the investment policy for the Revenue Fund are to minimize exposure to principal loss that could affect the ability to meet obligations and to provide for the ongoing operation costs of the System. The Revenue Fund is invested to maximize current income within moderate risk tolerance with a short to intermediate time horizon. The Department of Revenue ("DOR") has established two performance benchmarks (the three-month U.S. Treasury Bill and Bloomberg 1-3 Year Government / Credit) for the Revenue Fund.

As of June 30, 2024, all deposits of the Revenue Fund, Construction Fund, Reserve Account, and Repair and Replacement Reserve Account were collateralized by their participation in the State's investment pools, which creates an interest in a share of ownership in the pools rather than ownership of specific securities.

Construction Fund. The International Airports Construction Fund ("Construction Fund") has been established under the Act and the General Bond Resolution. Under the General Bond Resolution, proceeds from outstanding bond issues are segregated in subfunds within the Construction Fund.

The State has historically invested the Construction Fund through the State's investment pools, which include the State's Short-Term Fixed Income Investment Pool and the Intermediate-Term Fixed Income Investment Pool. Older bond issues' subfunds may be withdrawn from the State's investment pools if short-term interest rates rise to the restricted yield levels of the bond issues.

The primary objective of the investment policies for subfunds of the Construction Fund is to avoid material loss that could affect the ability to meet the construction obligations. Each subfund of the Construction Fund carries its own investment guidelines and asset allocation. All the subfunds are in the Short-Term Fixed Income Pool to minimize exposure to principal loss.

Reserve Account. Money in the Reserve Account is invested in the State's Short-Term Fixed Income Investment Pool. The primary objectives of the investment policy for the Reserve Account are to avoid material loss and provide maximum liquidity. In addition, the State seeks moderate and steady investment returns. The Department of Revenue has established one performance benchmark (the three-month U.S. Treasury Bill) for the Reserve Account.

Repair and Replacement Reserve Account. Money in the Repair and Replacement Reserve Account is invested in the State's Short-Term Fixed Income Investment Pool. The primary objectives of the investment policy for the Repair and Replacement Reserve Account are to avoid material loss and provide maximum liquidity. In addition, the State seeks moderate and steady investment returns. The Department of Revenue has established one performance benchmark (the three-month U.S. Treasury Bill) for the Repair and Replacement Reserve Account.

Bond Fund. The Registrar holds the Bond Fund and the money in the Bond Fund may be invested in Permitted Investments. The State does not expect material investment earnings from the Bond Fund because of the relatively small amount of money held in the Bond Fund and the short amount of time the Registrar holds the money.

Insurance

The Division of Risk Management's (the "Division") self-insurance program protects the financial assets and operations of all State agencies (including the Department's activities regarding the System) from accidental loss through a comprehensive program for normal and expected property and casualty claims of high frequency and low severity, combined with high limit broad form excess commercial insurance protection for catastrophic loss exposures for certain specialized risks, including the ownership and operation of AIAS.

The Division administers the self-insurance program for each State agency, covering all sudden and accidental property and casualty claims through a funded self-insurance risk pool up to a designated retention limit, and thereafter, for the Airports, through commercial coverage under policies listed below. The annual premium assessments allocated by the Division to each agency under the annual cost of risk allocation are the maximum the agency is called upon to pay. This planning for unknown and catastrophic losses forestalls supplemental appropriation

or disruption of vital state services after a major property loss, significant workers' compensation claim or adverse civil jury award for a covered claim. The Division does not cover pollution, employment or intellectual property claims.

The following provides a brief overview of the current property/casualty insurance program for AIAS:

1. Airport & Aviation Liability comprehensive coverage; including airport premises liability and hangar-keepers liability. The limit of liability is \$500,000,000, for all State airports including the System, with \$250,000 self-insured retention.

2. Self-insured all-risk property coverage is provided on a stated value cost basis with a \$50,000,000 sublimit for earthquake and flood, per occurrence.

3. Workers' compensation coverage is provided through the fully self-insured program administered by the Division. The State is an authorized self-insured employer under AS 23.30.090.

Marketing, and brokering, of the State's Excess Insurance programs, are provided by Parker, Smith and Feek, one of the largest independent brokers in the world market.

FINANCIAL STATEMENTS OF THE SYSTEM

The audited financial statements for the year ended June 30, 2024, is set forth in APPENDIX A hereto, have been audited by BDO USA, LLP, independent auditors, as stated in their report thereon appearing in APPENDIX A. Neither the System's independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information presented herein, nor have they expressed any opinion or given any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

AIAS has not requested the consent of BDO USA, LLP to include the financial statements, or their report, in this Official Statement.

LITIGATION

As of the date of this Official Statement there is no controversy or litigation of any nature, to the knowledge of the State in its capacity as issuer of the Bonds, pending or threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the authority of the State or the validity of the Bonds or any actions or proceedings of the State taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds or any other bonds issued under the General Bond Resolution, the Ninth Supplemental Resolution or the use of the Bond proceeds.

In the normal course of its activities, the System is or may become involved in the defense of various claims, administrative proceedings and litigation arising out of the ownership and operation of the System. Some of these claims may be covered by the State's self-insurance pool or by commercially purchased insurance, both as described above under the caption "STATE OF ALASKA — Insurance." Other matters, such as project-related condemnation or construction claims, may be fully funded with project funds. System management is not aware, as of the date of this statement, of any pending or threatened litigation, claims, assessments or governmental investigations, including environmental clean-up actions against the System, that, individually or in the aggregate in the opinion of System management, pose a reasonably probable risk of a material adverse effect on the financial position of the System.

RATINGS

As part of the process of obtaining ratings for the Bonds, the State and System had initial discussions with and submitted certain materials to rating agencies. As of the date hereof, Moody's Ratings ("Moody's") is the only rating agency that has delivered a rating on the Bonds. Moody's has assigned a rating of "Aa3" (with a stable Outlook

assigned) based on its research and investigation of the State, and the System. Such rating and outlook reflect only the views of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's.

The foregoing rating expresses only the views of Moody's and is not a recommendation to buy, sell or hold the Bonds. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's if, in Moody's judgment, circumstances so warrant, including prior to the 2025B Settlement Date of the Series 2025B Bonds. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

So long as Moody's continues to maintain a rating on the Series 2025B Bonds, a rating downgrade will not result in a termination of the Forward Delivery Bond Purchase Agreement.

UNDERWRITING

The 2025B Bonds are to be purchased from the State at an aggregate purchase price of \$53,657,112.38 (the principal amount of the 2025B Bonds, plus original issue premium of \$3,585,948.05, less Underwriters' discount of \$138,835.67); subject to the terms of the Forward Bond Delivery Purchase Agreement. The Forward Bond Delivery Purchase Agreement provides that the Underwriters will purchase all of the 2025B Bonds if any are purchased and that the obligation of the Underwriters to accept and pay for the 2025B Bonds is subject to certain terms and conditions set forth therein, including the approval by counsel of certain legal matters. See "CERTAIN FORWARD DELIVERY CONSIDERATIONS."

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

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MUNICIPAL ADVISOR

Masterson Advisors LLC ("Masterson") is employed as Municipal Advisor to the State 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.

The Municipal Advisor to the State 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 Municipal and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the State (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Internal Revenue Code”). In the opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion, based on existing laws of the State of Alaska, that interest on the Bonds is exempt from taxation by the State of Alaska except for transfer, estate, and inheritance taxes. A complete copy of the proposed form of opinion of Bond Counsel related to the 2025B Bonds is included as APPENDIX C. Delivery of the 2025B Bonds, and delivery of Bond Counsel’s opinion with respect to the 2025B Bonds, is subject to the satisfaction of certain additional terms and conditions provided in the Forward Delivery Purchase Agreement as described under the heading “CERTAIN FORWARD DELIVERY CONSIDERATIONS.”

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

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

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

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

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

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

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

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

VERIFICATION OF SUFFICIENCY

On the 2025B Settlement Date, the arithmetical accuracy of certain computations included in the schedules provided by the Underwriters on behalf of the State relating to the sufficiency of the proceeds from the 2025B Bonds to be applied to the redemption of the Refunded Bonds will be verified by Precision Analytics Inc, a verification agent.

LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Seattle, Washington, Bond Counsel. The proposed form of opinion of Bond Counsel for the 2025B Bonds is attached as APPENDIX C hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the State by the Attorney General for the State, and for the Underwriters by their counsel, Nixon Peabody LLP, Los Angeles, California. Certain legal matters will be passed upon by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the State. The fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel are contingent upon the issuance of the Bonds.

CONTINUING DISCLOSURE

Annual audited financial statements of the Alaska International Airports System will be available upon request from the State of Alaska Department of Transportation and Public Facilities, Alaska International Airports System.

The State has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data (the "Annual Disclosure Report") within seven months after the end of each fiscal year (the "Report Date"), commencing February 1, 2025 for the Annual Disclosure Report for the fiscal year ending June 30, 2024, and to provide notices of the occurrence of certain enumerated events, if material. A form of document specifying the nature of the information to be contained in the Annual Disclosure Report or the notices of material events is set forth in APPENDIX E hereto. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule").

AIAS Filings. The State has failed to file the System's audited financial statements before the deadline of January 31 in certain years. The audited financial statements for FY 2021, FY 2022, FY 2023 and FY 2024 were not filed until February 14, 2022, February 12, 2024, August 9, 2024 and May 5, 2025, respectively. In each instance a failure to file notice was timely filed.

General. The State has engaged Digital Assurance Certification, L.L.C. for continuing disclosure compliance monitoring and has adopted policies and procedures to assure future compliance with its continuing disclosure undertakings.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, forecast or estimates, whether or not expressly so stated, they are set forth as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the purchasers of any of the Bonds and the System or the State.

This Official Statement contains forward-looking statements, including (a) statements containing projections of System revenues, expenditures and other financial items, (b) statements of the plans and objectives of the State for future operations of the System, (c) statements of future economic performance of the System, and (d) statements of the assumptions underlying or relating to statements described in (a), (b), and (c) above (collectively, "Forward-Looking Statements"). Other than statements of historical facts, all statements included in this Official Statement regarding the System's financial position, business strategy, capital resources, and plans and objectives of the State for future operations of the System are Forward-Looking Statements. Although the expectations reflected in such Forward-Looking Statements are believed to be reasonable, there can be no assurance that such expectations will prove to have been correct. A reasonable effort has been made to disclose in this Official Statement important factors that could cause actual results to differ materially from expectations of the State (collectively, the "Cautionary Statements"). All subsequent written and oral Forward-Looking Statements attributable to the State or persons acting on behalf of the State are expressly qualified in their entirety by the Cautionary Statements.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

OFFICIAL STATEMENT

The State has authorized the execution and distribution of this Official Statement.

STATE OF ALASKA,
State Bond Committee

By /s/ Ryan S. Williams

RYAN S. WILLIAMS
Debt Manager
State of Alaska
For the State Bond Committee

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF
THE STATE OF ALASKA INTERNATIONAL AIRPORTS SYSTEM
(AN ENTERPRISE FUND OF THE STATE OF ALASKA)
FOR THE YEAR ENDED JUNE 30, 2024**

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**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Financial Statements, Required
Supplementary Information, and
Supplementary Information
Year Ended June 30, 2024
(With Independent Auditor's Report Thereon)**

The report accompanying these financial statements was issued by
BDO USA, P.C., a Virginia professional corporation, and the U.S. member
of BDO International Limited, a UK company limited by guarantee.



**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Financial Statements, Required Supplementary Information, and
Supplementary Information
Year Ended June 30, 2024**

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Contents

	<u>Page</u>
Independent Auditor's Report	1-4
Management's Discussion and Analysis	6-22
Basic Financial Statements	
Statement of Net Position	24-25
Statement of Revenues, Expenses, and Changes in Fund Net Position	26-27
Statement of Cash Flows	28-29
Notes to Financial Statements	30-70
Required Supplementary Information	
Public Employees' Retirement System:	
Schedule of the Airport System's Proportionate Share of the Net Pension Liability	72
Schedule of the Airport System's Contributions - Pension Plan	73
Schedule of the Airport System's Proportionate Share of the Net OPEB Liability (Asset) - ARHCT	74
Schedule of the Airport System's Contributions - ARHCT	75
Schedule of the Airport System's Proportionate Share of the Net OPEB Liability (Asset) - RMP	76
Schedule of the Airport System's Contributions - RMP	77
Schedule of the Airport System's Proportionate Share of the Net OPEB Liability (Asset) - ODD	78
Schedule of the Airport System's Contributions - ODD	79
Notes to Required Supplementary Information	80-81
Supplementary Information	
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	84-85
Schedule of Net Revenues in Excess of Net Revenues Required	86
Independent Auditor's Report on Compliance with Bond Covenants Based on the Audit of the Financial Statements	87



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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

State of Alaska Department of Transportation
and Public Facilities
Juneau, Alaska

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of State of Alaska International Airport System (Airport System), an enterprise fund of the State of Alaska, as of and for the year ended June 30, 2024, 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 State of Alaska International Airport System, as of June 30, 2024, and the changes in its financial position 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 Airport System 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 Matter

As discussed in Note 1, the financial statements present only State of Alaska International Airport System and do not purport to, and do not, present fairly the financial position of the State of Alaska as of June 30, 2024, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



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 Airport System'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.

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 Management's Discussion and Analysis on pages 6 through 22, the Schedules of the Airport System's Proportionate Share of the Net Pension Liability and Pension Contributions, and the Schedules of the Airport System's Proportionate Share of the Net OPEB Liability (Asset) and OPEB Contributions on pages 72 through 79 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airport System's basic financial statements. The accompanying Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position and Schedule of Net Revenues in Excess of Net Revenues Required 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 the auditing procedures applied in the audit of the basic financial statements 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 GAAS. In our opinion, the accompanying Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position and Schedule of Net Revenues in Excess of Net Revenues Required are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report May 2, 2025 on our consideration of the Airport System'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 Airport System'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 Airport System's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
May 2, 2025

Management's Discussion and Analysis

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis
(Unaudited)**

This Management's Discussion and Analysis (MD&A) is an executive summary of the financial performance and activity of the State of Alaska International Airport System (Airport System or AIAS), an enterprise fund of the State of Alaska. It provides an introduction and understanding of the Airport System's basic financial statements for the fiscal year ended June 30, 2024, with selected comparable data for the fiscal year ended June 30, 2023. Management has intended that the MD&A be read in conjunction with the basic financial statements, notes, and supplementary information found in this report. This information, taken collectively, is designed to provide the reader with an understanding of the AIAS' finances.

The Airport System is a major enterprise of the State of Alaska, created by Chapter 88 of the Session Laws of Alaska of 1961, and is comprised of the operations of Ted Stevens Anchorage International Airport (ANC) and Fairbanks International Airport (FAI). The monies received by the AIAS for rents and fees are deposited into the International Airport Revenue Fund (IARF), which is the primary fund for which this financial report is presented. Though the AIAS is a state government organization and presented within the State's government financial statements, it is a governmental enterprise fund that operates and accounts for financial inflows and outflows associated with its activities in a manner similar to that of private businesses, and its services are self-supporting through user charges and fees. The IARF is structured as a single enterprise fund that uses accrual accounting, like private sector businesses, which means revenues are recognized when earned, and expenses are recognized when incurred. This method provides a more complete picture of the financial performance and condition of the fund. Capital asset costs, apart from construction in progress and land, are capitalized and depreciated over the assets' useful lives. Certain net position balances are restricted for debt service, construction activities, net Other Post-Employment Benefits (OPEB), and major maintenance activities.

The Airport System's financial report includes four parts: MD&A, basic audited financial statements and associated notes, required supplementary information, and other supplementary information. The AIAS financial report is prepared in accordance with accounting principles generally accepted in the United States of America set by the Governmental Accounting Standards Board (GASB). One of GASB's key objectives is to develop reporting standards "to enhance the understanding and usefulness of the general purpose external financial reports of state and local governments to the citizenry, legislative and oversight bodies and investors and creditors."

Three financial statements comprise the basic financial statements and associated notes of the AIAS financial report: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows:

1. The Statement of Net Position includes all AIAS assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) as well as obligations to creditors and investors (liabilities). This statement also provides the basis for evaluating the capital structure of the AIAS and assessing liquidity and financial flexibility.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

2. The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues and expenses and nonoperating revenues and expenses of the AIAS for the fiscal year with the difference, net income, or loss being combined with any capital contributions to arrive at the change in net position for the fiscal year. This statement captures the amount of operating revenue that the AIAS earned for the fiscal year along with the amount of operating expense that was incurred during the same period thus revealing whether the AIAS was able to cover its operating obligations with its operating income.
3. The Statement of Cash Flows provides information about the AIAS' cash and cash equivalents, receipts, and payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from operating, investing, and capital and noncapital financing activities and provides insight regarding sources providing cash and cash equivalents, activities using cash and cash equivalents, and the AIAS' ability to manage its inflows and outflows of cash.

These three statements are followed by Notes to Financial Statements (Notes) that provide additional information necessary for the reader to fully understand the data provided in the financial statements. The Notes immediately follow the Statement of Cash Flows on pages 30-70.

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information required by GASB concerning the State of Alaska's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required Supplementary Information can be found immediately after the Notes on pages 72-81.

Financial Statement Highlights

The AIAS Financial Report reflects a stable debt profile, secured reserves, resilient activity, and a flexible capital program. In fiscal year 2024, the financial highlight was an increase in Net Position of \$66,997 thousand or 6.5% over fiscal year 2023. The increase was primarily driven by an increase in Total Operating Revenues of \$44,033 thousand over fiscal year 2023 and an increase in Capital Contributions of \$29,865 thousand over fiscal year 2023. These two significant contributions and the resulting positive effect on the Airport System's Net Position is a testament to AIAS' partners' commitments to the Airport System and to AIAS's ability to work with its partners: Signatory Airlines, Federal Aviation Administration (FAA), and internal agencies, including Departments of Administration, Revenue, Finance, and Transportation & Public Facilities, to successfully manage its business. Fiscal year 2024 marks the Airport System's transition from managing the Pandemic's effects to improving and capitalizing on its business and leadership position in global aviation post-Pandemic.

Activity Highlights

The AIAS is uniquely located in the northern hemisphere to be within 9.5 hours flight time of the industrialized world. This geographic location, coupled with reasonable fees to carriers, establishes the AIAS airports as advantageous technical stopping points for air cargo carriers traveling from Asia to North America along the Great Circle Route. Operating under this cargo technical stop business model, whereby cargo aircraft landings are the primary activity, is different from airports for which passenger operations and enplanements drive the primary business model, which are the

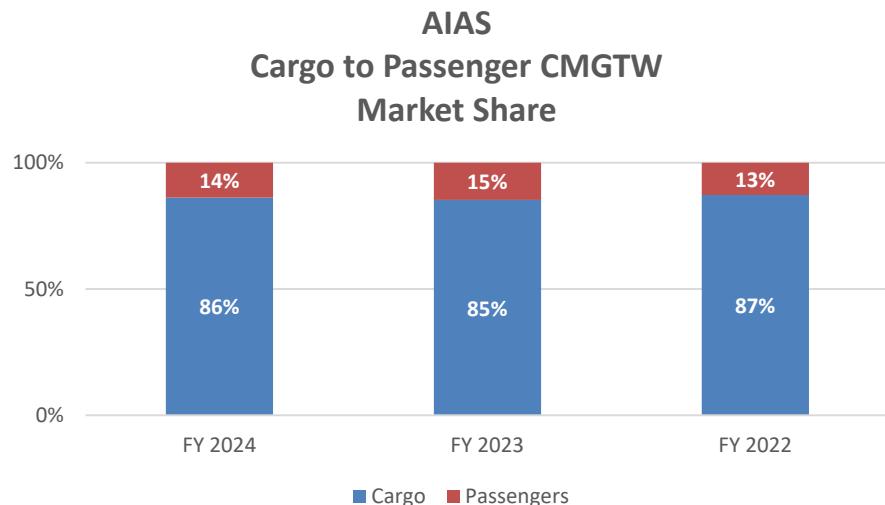
**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

determining factors for calculating the Cost Per Enplanement (CPE) metric. The AIAS Landing Fee is one of the most relevant key metrics for AIAS, in addition to the CPE metric. Landed weight at AIAS is measured using aircraft Certified Maximum Gross Takeoff Weight (CMGTW) as the unit of measure. In fiscal year 2024, AIAS cargo CMGTW represented 86% of total AIAS landed weight, and passenger CMGTW represented 14%.

Figure 1 shows the Market Share of Cargo and Passenger CMGTW for fiscal years 2024, 2023, and 2022 for the Airport System.

Figure 1 - AIAS Cargo to Passenger CMGTW Market Share



After experiencing a 6.5% decrease from fiscal year 2022 to 2023 in Combined Landed Weight of cargo and passenger carriers, fiscal year 2024 rebounded with an almost 5% increase from the previous fiscal year. The “see saw” of combined landed weight between 2022 and 2024 represents the air cargo market’s recalibration post-Pandemic, and the passenger market’s steady improvement. AIAS began fiscal year 2024 with a conservative outlook for air cargo and passenger activity; however, the fiscal year’s increase in cargo activity indicates that consumers’ reliance on e-commerce and 2-day or less delivery times are here to stay.

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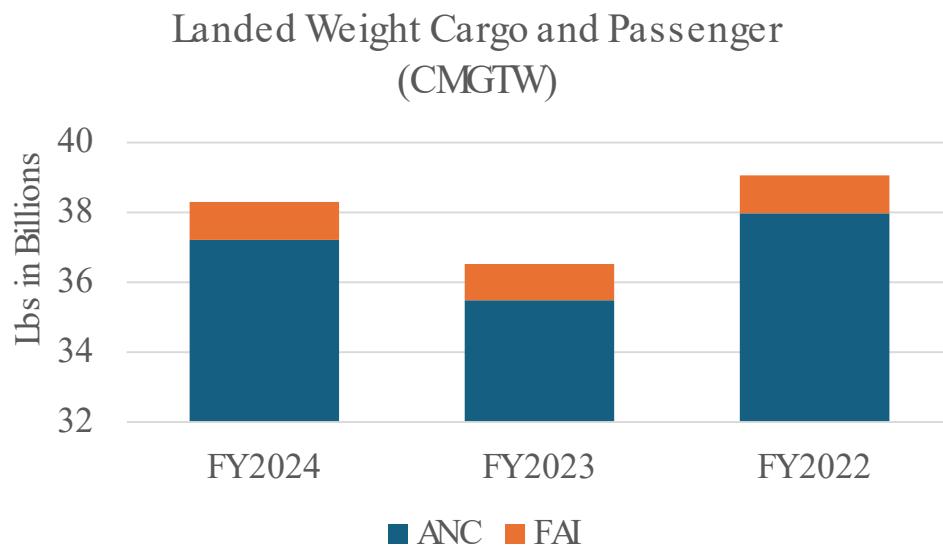
**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

In fiscal year 2024, AIAS airports experienced two significant winter weather events, one in November and one in January, which were neither predicted early or accurately. Though both airports remained open, ANC and FAI experienced extremely long ground times and significant aircraft congestion. As a result of these events, AIAS leadership and its Airline Technical Representative hosted two working group meetings with its airlines, ground handlers, and deicers to brainstorm ways to alleviate congestion during such events. These working group meetings have resulted in several improvements ranging from deicing equipment and personnel increases to improved communications between airport operations, airfield maintenance and Air Traffic Control. Ultimately, the participation in these working group meetings and the Airlines Airport Affairs Committee and the outcomes underscores the AIAS' strong partnerships with and commitments from its airlines and tenants. These changes in communication are expected to decrease congestion during future snow events and highlight the AIAS' commitment to our partners.

Figure 2 shows the Combined Landed Weight of Cargo and Passenger aircraft for fiscal years 2024, 2023, and 2022 for both AIAS airports.

Figure 2 - AIAS Combined Landed Weight of Cargo and Passenger Carriers

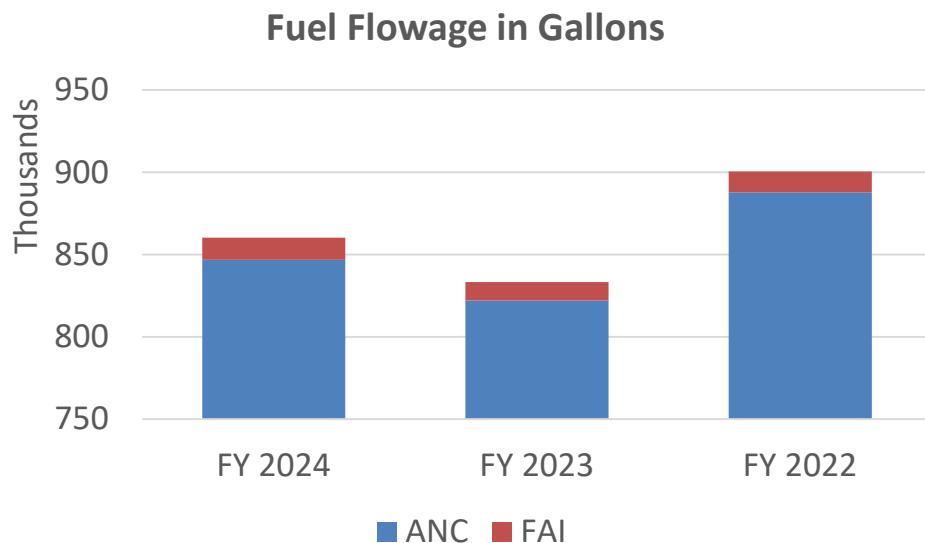


Closely related to Landed Weight activity is Fuel Flowage activity. In fiscal year 2024, Fuel Flowage activity increased 3.2% from fiscal year 2023 activity. Figure 3 shows Fuel Flowage in gallons for the AIAS airports.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

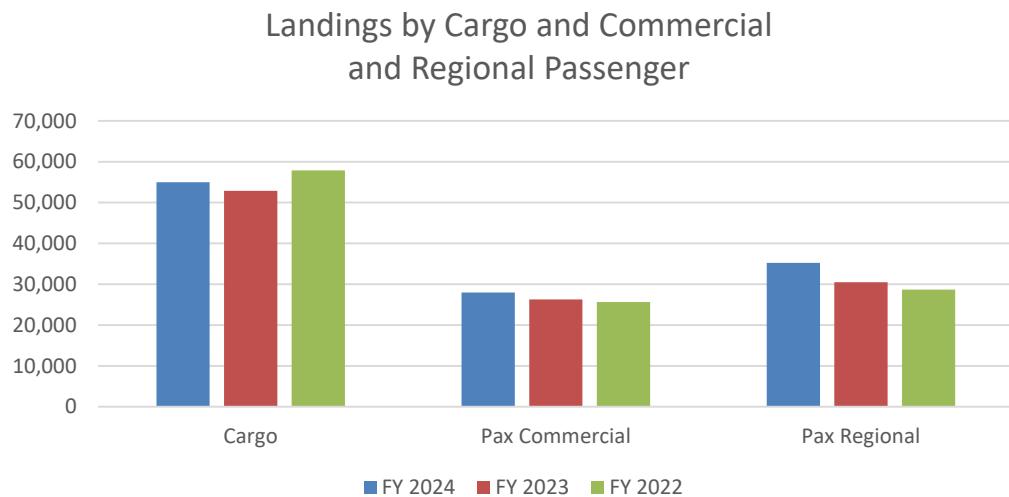
**Management's Discussion and Analysis, continued
(Unaudited)**

Figure 3 - AIAS Fuel Flowage (Gallons)



Similar to the metrics discussed above, AIAS cargo and passenger aircraft landings also increased in fiscal year 2024 by 6.7% compared to fiscal year 2023. Figure 4 shows AIAS Landings by cargo, and commercial passenger and regional passenger for fiscal years 2024, 2023, and 2022 and Figure 5 shows AIAS Landings for fiscal years 2024, 2023, and 2022 by airport.

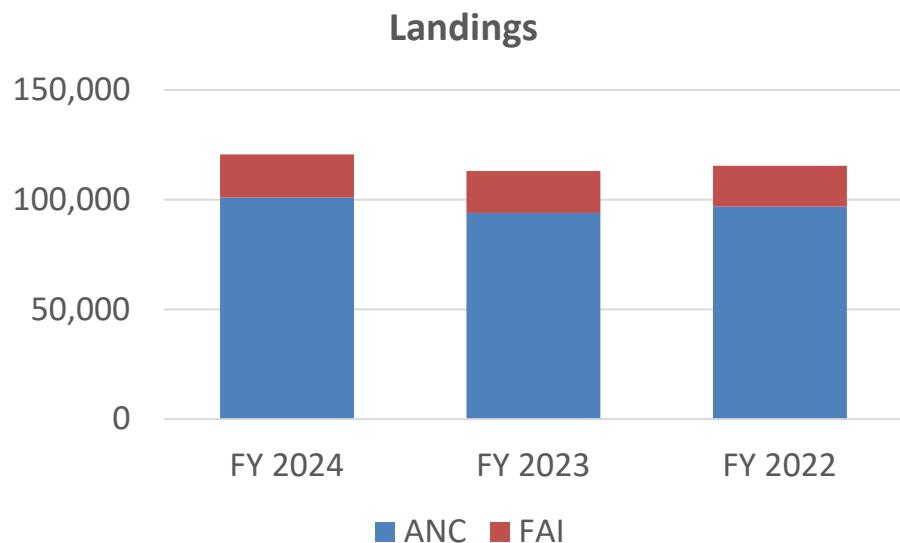
Figure 4 - AIAS Landings by Cargo and Commercial and Regional Passenger



**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

Figure 5 - AIAS Combined Cargo and Passenger Landings



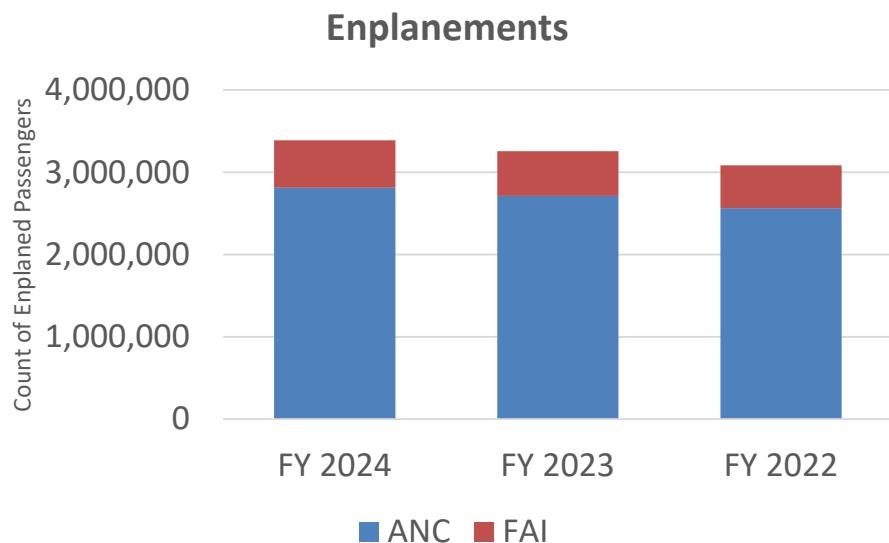
AIAS passenger carrier activity is measured by enplanements. AIAS passenger activity is integral to statewide economic health given the many businesses in Alaska that rely on tourism as their primary revenue source. As Origination and Destination (O&D) and intra-Alaska passenger and cargo hub airports, AIAS airports have a diversified passenger base driven by strong resource development and tourism economies as well as statewide reliance on air travel. Rounding out the airline activity metrics, AIAS passenger enplanements also experienced an increase from the previous fiscal year of 4.1%. Figure 6 shows AIAS Passenger Enplanements for fiscal years 2024, 2023, and 2022.

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**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

Figure 6 - AIAS Passenger Enplanements



As AIAS moves through fiscal year 2025, it is experiencing better-than-expected increases in all activities. Combined Landed Weight year-to-date through December 2024 is up 9.0%, and Fuel Flowage is up 10.0% compared to fiscal year 2024, indicating consumers' continued reliance on e-commerce and on-demand delivery as well as travelers' continued desire to visit Alaska. Landings are up 4.7% year-to-date over fiscal year 2024, indicating strong cargo and passenger operations. For the same period, Enplanements are down 2.7% to fiscal year 2024; however, AIAS is researching reporting anomalies with its passenger carriers and expects this downward trend will be reversed before the end of fiscal year 2025 given Transportation Safety Administration (TSA) throughput data shows increases in passenger activity, not decreases. Lastly, while not a metric tied directly to financial performance, AIAS enplaned, deplaned, and in-transit mail and freight as measured in metric tons is up 6.9% year-to-date through December 2024 as compared to the same period last year. While many factors out of AIAS' control, such as continued high inflation and political unrest both at home and abroad, can negatively impact AIAS activity levels, the Airport System remains cautiously optimistic given the current fiscal year 2025 trends.

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**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

Financial Analysis

Fiscal year 2024 for the AIAS was a year of adjustments for the known phase out of Pandemic Relief and leveraging the Airport System's strong partnerships with its Signatory Airlines and internal State agencies. In fiscal year 2024, AIAS adjusted its rates and fees to cover the decrease in Pandemic Relief - Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and Airport Coronavirus Response Grant Program (ACRG) - from \$39,099 thousand in fiscal year 2023 to \$16,054 thousand in fiscal year 2024. AIAS also maximized its federal capital contributions by executing a new Passenger Facility Charge (PCF) application for ANC, collaborating with FAA to leverage all available and Bipartisan Infrastructure Law (BIL)/Infrastructure Investment and Jobs Act (IIJA), Supplemental Discretionary, and Airport Improvement Program (AIP) grant monies, and working with internal partners to address interfund transfers, evaluate open accounts receivables, and continue improving its financial processes for the benefit of its carriers and itself. Working through these initiatives resulted in AIAS increasing its Net Position in fiscal year 2024 by \$66,997 thousand, leveraging its assets and managing its liabilities. Additionally, by managing expenses in relationship to anticipated revenues, AIAS earns a portion of the noncapital funding from operational revenues and invests it in capital assets. Having noncapital cash on hand allows projects to be initiated, which are later reimbursed by capital funding. The AIAS' financial management resulted in an upgrade from A1 to Aa3 with a revised outlook to stable from positive in FY 2024, with no change in FY 2025.

Activity-generated revenue increased as did expenses. Passenger and cargo activity increased and contributed to the increased revenue as did increases to the landing fee and terminal rental rate. Total Operating Revenues for fiscal year 2024 were up \$44,033 thousand or 37.0% over fiscal year 2023. Mitigating continued workforce challenges and increased costs for materials, chemicals, and utilities due to several significant winter weather events all caused expenses to increase. Though total expenses outweighed revenues, Operating Revenues outweighed Operating Expenses net of Depreciation by \$45,554 thousand. Total operating costs were substantively offset by leveraging \$76,050 thousand in Capital Contributions and PCFs in fiscal year 2024. The total capital contributions difference of \$29,865 thousand between fiscal year 2024 and fiscal year 2023 is mainly attributed to a \$29,865 thousand increase in federal AIP and BIL/IIJA reimbursements. Together, operating revenues and nonoperating revenues, including Pandemic Relief dollars and investment income and capital contributions, including AIP, BIL/IIJA grant, and PCF monies, resulted in a fiscal year 2024 AIAS' Net Position increase of \$66,997 thousand over fiscal year 2023.

A review of the Combining Schedules of Revenues, Expenses, and Changes in Fund Net Position shows the financial impacts of fiscal year 2024 compared to fiscal year 2023 for each of the AIAS airports. ANC is the busiest airport in Alaska for both passenger and cargo activity. FAI is the diversionary airport for ANC trans-Pacific cargo flights and a cargo and passenger hub for northern Alaska communities. To maintain the reliability and viability of the Airport System core business—that of a trans-Pacific cargo carrier technical stop—FAI's operations must mimic ANC's, despite the significantly lower traffic, thus FAI's expenses are higher than its revenues.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

Net Position

The Statement of Net Position represents the Airport System's financial position at the end of a fiscal period. It presents the AIAS' assets and liabilities and the differences between those categories, or net position. Net Position discloses AIAS' ability to manage assets and liabilities, invest in essential infrastructure, maintain financial flexibility, and ensure long-term sustainability. A strong Net Position is a clear indicator of sound financial management and a robust fiscal outlook. A summarized comparison of the Airport System's assets, liabilities, and net position in thousands as of June 30, 2024, and 2023 is:

<i>June 30, (in thousands)</i>	2024	2023
Assets and Deferred Outflows of Resources		
Current assets	\$ 270,235	\$ 238,339
Noncurrent assets:		
Capital assets, net of accumulated depreciation (Note 6)	1,103,067	1,087,906
Other noncurrent assets	152,190	115,240
Deferred outflows - pension/OPEB related	12,895	11,815
Total Assets and Deferred Outflows of Resources	\$ 1,538,387	\$ 1,453,300
 Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities	\$ 49,459	\$ 36,029
Noncurrent liabilities -		
long-term debt outstanding and other liabilities	337,610	351,739
Total liabilities	387,069	387,768
 Deferred inflows of resources:		
Pension and other post-employment benefit related	1,575	2,474
Deferred amount of bond refunding	903	983
Lease related	44,986	25,218
Total deferred inflows of resources	47,464	28,675
 Net position:		
Net investment in capital assets (Note 6)	890,769	853,675
Restricted (Note 4)	97,125	76,539
Unrestricted	115,960	106,643
Total Net Position	1,103,854	1,036,857
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,538,387	\$ 1,453,300

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

Total current assets increased \$31,896 thousand, or 13.4%, in fiscal year 2024 from fiscal year 2023. The net increase was primarily due to billing and receiving federal grants slightly ahead of issuing payments at the end of the fiscal year, to unexpected higher activity levels, an increase in PFC cash, and to an interfund State transfer. In addition, increases in accounts and lease receivables were due to entry-level staffing issues that continued to plague the AIAS. The sum of these increases was reduced mainly by a decrease in the Due from State of Alaska General Fund fiscal year 2023 balance as a result of an increase in the fiscal year 2024 allocation of reimbursements to AIAS capital projects, and reductions in federal grants receivables due to timely billing and a slight lag in payment issuances at the end of the fiscal year. Fiscal year 2024 noncurrent assets increased \$52,111 thousand, or 4.3% from fiscal year 2023, primarily due to increased sinking fund transfers for higher outstanding bond payments due in early fiscal year 2025, increases in lease receivables due to an increase in terminal rental rates, and an increase in Net OBEB Asset due to some wage increases and staff augmentations in fiscal year 2024. The net change from the fiscal year 2023 to the fiscal year 2024 of total assets was notable at 5.8%.

Though deferred outflows of resources increased 9.1% in fiscal year 2024 from fiscal year 2023, the increase did not contribute as significantly to the overall change in total assets and deferred outflows of resources as did the changes in current assets and restricted or reserved cash and investments, which increased 13.4% and 18.9%, respectively, between fiscal years 2024 and 2023.

The Airport System's total liabilities for fiscal year 2024 remain essentially unchanged from fiscal year 2023, decreasing by \$699 thousand or (0.2%). They are comprised substantially of long-term debt incurred to finance and acquire the AIAS' capital project assets; current liabilities represent approximately 12.8% of total liabilities. Fiscal year 2024's current liabilities increased \$13,430 thousand, or 37.3%, from fiscal year 2023 primarily attributed to the \$7,045 thousand, or 71.6%, increase in revenue bonds payable that are due in fiscal year 2025 and a Due to State of Alaska General Fund of \$4,898 thousand. Noncurrent liabilities decreased a net \$14,129 thousand, or 4.0%, primarily caused by decreases in revenue bonds payable, less current portion and unamortized bond premium totaling \$20,505 thousand (19.2%); however, the increases in environmental remediation obligation, compensated absences, and net pension liability offset marginally the overall decrease in noncurrent liabilities.

Fiscal year 2024 deferred inflows of resources increased \$18,789 thousand, or 65.5%, attributed substantially to the increase of deferred lease revenues of \$19,768 thousand primarily resulting from FAI executing 8 new leasehold agreements. See Notes 10, Pension and Other Post-Employment Benefits Plans, and 11, Leases, for additional details.

As of June 30, 2024, AIAS' net increase in Total Liabilities, Deferred Inflows of Resources, and Net Position is \$85,087 thousand, or 5.9%, more than on June 30, 2023.

AIAS's Net investment in capital assets is reported net of related debt and increased \$37,094 thousand or 4.3% in fiscal year 2024 from fiscal year 2023. The main contributing factor to this increase is the net \$15,161 thousand increase in capital investment, attributable to increases in Infrastructure and construction projects in progress as of the fiscal year 2024. However, this net impact was increased by the fiscal year 2024 bonds' principal payment and the bonds' premium amortization.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

In summary, AIAS' total net position improved from fiscal year 2023 to fiscal year 2024 by 6.5% or \$66,997 thousand reflecting AIAS' ability to manage its revenue and expenses and leverage its capital contributions. Changes in pension and OPEB are a result of multiple factors, including, but not limited to, gains and losses attributable to the investment markets, increases and decreases in member salaries, and member conversions from the defined contribution plan to the defined benefit (DB) plan.

Operating and Nonoperating Revenues

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

<i>Years Ended June 30, (in thousands)</i>	2024	2023
Operating Revenues		
Airfield operations	\$ 105,022	\$ 54,140
Concession fees	20,369	23,272
Terminal rents (Note 2)	21,312	17,697
Vehicle parking fees	12,359	10,112
Land rental fees	9,610	9,011
Bad debt recovery (expense)	(5,849)	2,429
Other	214	2,343
Total Operating Revenues	163,037	119,004
Operating Expenses		
Facilities	32,008	27,801
Field and equipment maintenance	33,332	28,282
Safety	19,775	15,620
Administration	19,868	14,390
Operations	7,500	6,371
Environmental expenses	1,760	9,109
Vehicle parking and curbside services	2,396	2,352
Risk management	844	1,206
Depreciation	76,470	75,664
Total Operating Expenses	193,953	180,795
Operating Loss	\$ (30,916)	\$ (61,791)

table continued on next page

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

<i>Years Ended June 30, (in thousands)</i>	2024	2023
Nonoperating Revenues (Expenses)		
Investment income	\$ 13,232	\$ 7,937
Lease interest income	494	240
Interest expense	(7,640)	(7,538)
Federal Aviation Administration - CRRSA Act & ACRGP	16,054	39,099
Grants - miscellaneous	443	357
Other nonoperating income	95	-
Reimbursement of prior-year expenditures	42	-
Gain on disposal of capital assets	66	3
Reimbursable services income	-	61
Passenger Facility Charges	9,053	6,761
Reimbursable services expenses	-	(61)
Net Nonoperating Revenues	31,839	46,859
Income (Loss) Before Capital Contributions and Transfers	\$ (939)	\$ (14,932)

Operating Revenues

Fiscal year 2024 Airport System operating revenues increased \$44,033 thousand, or 37.0%, from fiscal year 2023. This significant increase is the result of two factors: increases in passenger and cargo activity and the return to a terminal rental rate and landing fee that was not suppressed by Pandemic Relief Grants used to lower airlines' rates and fees while airlines recovered from the Pandemic. These two factors resulted in a fiscal year 2024 increase over fiscal year 2023 of \$50,882 thousand or 94.0% in airfield operations and \$3,616 thousand or 20.4% in terminal rents revenue. Passenger and cargo activity increases also drove increases in vehicle parking fees and terminal rents revenues. The AIAS' thorough review of long-standing unreconciled accounts led to a bad debt expense of \$5,849 thousand, while a slight decline in concession fees and other revenues partially offset the overall increase.

Operating Expenses

Fiscal year 2024 AIAS operating expenses were \$193,953 thousand, a \$13,158 thousand increase or 7.3% from fiscal year 2023. The increase is attributable primarily to increased costs in field and equipment maintenance due to two severe winter weather events at both airports requiring the use of more sand and deicing materials; to mission critical incentive pay and other wage adjustments for airfield operators, safety, facilities, and administrative personnel; to staff augmentation in operations, safety, and air service development administration; and to contracted services to provide administrative support and temporarily backfill open positions at both airports.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

These operating revenue and operating expense changes resulted in a total operating loss for fiscal year 2024 of \$30,916 thousand versus the fiscal year 2023 operating loss of \$61,791 thousand. This includes noncash depreciation expense of \$76,470 thousand, and \$75,664 thousand for fiscal years 2024 and 2023, respectively. The net operating loss was partially offset by investment income gains and Pandemic relief funds disclosed in the nonoperating revenues (expenses) section. Fiscal year 2024 is the last year significant Pandemic relief funds will be utilized, aside from approximately \$2,807 thousand of rent relief for concessionaires that will be processed in fiscal year 2025. The rates and fees model, calculated on a residual basis and as demonstrated in fiscal year 2024, will provide the appropriate fee structure to generate operating revenues, rather than being offset by Pandemic relief funds.

Nonoperating Revenues (Expenses)

In fiscal year 2024, net nonoperating revenues were 31,839 thousand, versus \$46,859 thousand in fiscal year 2023, resulting in a year-over-year decrease of \$15,020 thousand. The decrease was primarily attributable to recognizing total Pandemic Relief funds of \$16,054 thousand in fiscal year 2024 compared to \$39,099 thousand in fiscal year 2023, a decrease of \$23,045 thousand. PFCs represented 28.4% of total nonoperating in fiscal year 2024, or \$9,053 thousand, versus fiscal year 2023 at \$6,761 thousand or 14.4%. The increase in PFCs is attributable to increases in enplanements and to AIAS addressing the timing issues with PFCs remittances and recording of related transactions.

The combined operating revenue, operating expense, and nonoperating revenues (expense) resulted in total operating income before capital contributions and transfers for fiscal year 2024 of \$923 thousand versus the fiscal year 2023 operating loss of \$14,932 thousand.

Capital Contributions

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

<i>Years Ended June 30, (in thousands)</i>	2024	2023
Capital Contributions		
Federal Aviation Administration	\$ 66,074	\$ 36,209
Transportation Safety Administration	-	753
Total Capital Contributions	\$ 66,074	\$ 36,962

In fiscal year 2024, capital contributions recognized from the Federal Aviation Administration (FAA) grants were \$66,074 thousand versus \$36,209 thousand in fiscal year 2023. Fiscal year 2024 grants administered by the FAA represented 100.0% of total capital contributions, which increased 82.5% from the fiscal year 2023 FAA capital contributions of \$36,209 thousand or 100.0% of the total capital contributions.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

TSA capital contributions were zero in fiscal year 2024. The \$753 thousand payment made in fiscal year 2023 was to partially settle claims relating to ANC Post 9/11 security project expenditures that had been required, but not funded, by TSA at the time. TSA had, however, made funding commitments at the time. Long-standing negotiations involving those commitments to reimburse airports recently resulted in the commencement of annual payments that are not guaranteed, as they are subject to annual appropriation of the funds negotiated to be paid each year. The TSA did not issue any payments toward the security project costs during FY 2024.

The Airport System uses debt service and pay-go capital funding requirements rather than depreciation expense to determine its rates and fees.

Capital Fund Sources

Below is a breakdown of the capital fund sources authorized or awarded to AIAS. Federal fund sources, including AIP, Supplemental Discretionary, and BIL/IIJA are reported as awarded for federal fiscal year 2024 (October 1, 2023 through September 30, 2024). IARF sources are reported as approved by Signatory Airlines for state fiscal year 2024 (July 1, 2023 through June 30, 2024). IARF funds include pre-approved General Categories Projects Allowances and other projects approved through the process defined in Section 6 of the AIAS Airline Operating Agreement and Passenger Terminal Lease (OAPTL).

<i>Years Ended June 30, (in thousands)</i>	2024	2023
Capital Fund Sources		
International Airport Revenue Fund	\$ 40,860	\$ 29,438
Airport Improvement Program	47,389	92,155
Supplemental Discretionary	3,317	-
Bipartisan Infrastructure Law/Infrastructure Investment and Jobs Act	16,832	-
Total Capital Fund Sources	\$ 108,398	\$ 121,593

Below is a list of the projects for which FAA awarded the Airport System AIP and BIL/IIJA grants in federal fiscal year 2024, in thousands:

Projects Funded with AIP and Supplemental Discretionary Grants

Airport	Project Description	Total (USD)
ANC	North Terminal Northside Aprons & Taxilane Reconstruction	\$23,651
ANC	Taxiway R North & Taxilane U Improvements & Reconstruction of Taxiway Lighting & Security Fencing	15,272
ANC	Aircraft Remain Over Night Hardstands 2 Joint Repairs	683
ANC	Snow Removal Equipment 2024	2,428
ANC	Part 150 Noise Compatibility Study	2,194
ANC	North Terminal Cogeneration Power Facility	3,317
FAI	Acquire Snow Removal Equipment	807
FAI	Rehabilitate Runway Lighting	\$2,354

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

Projects Funded with BIL/IIJA Airport Infrastructure or Terminal Grants

Airport	Project Description	Total (USD)
ANC	Terminal Water Main Improvements & Passenger Boarding Bridge N7	\$ 8,520
ANC	Taxiway R North Drainage Improvements	2,487
ANC	Runway 7L/25R Lighting Duct Drainage	1,602
ANC	Gate B4 Passenger Boarding Bridge Replacement	1,848
FAI	Passenger Boarding Bridge Replacement	\$ 2,375

For additional details, see Note 6.

Change in Net Position

The change in net position is an indicator of whether the overall fiscal condition of the Airport System has generally improved or worsened during the fiscal year, notwithstanding variances arising from differences in the lives of capital assets and the lives of the underlying long-term debt financing them.

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

<i>Years Ended June 30, (in thousands)</i>	2024	2023
Change in Net Position	\$ 66,997	\$ 22,030
Net Position, beginning of year	1,036,857	1,014,827
Net Position, end of year	\$ 1,103,854	\$ 1,036,857

For the fiscal year 2024, AIAS' change in net position was \$66,997 thousand versus the fiscal year 2023 of \$22,030 thousand. Both fiscal years reflect AIAS' ability to leverage federal Pandemic Relief monies to offset operating expense increases related to personal services expenditures and deicing chemicals due to an increase in winter weather events. In addition, AIAS continued to successfully minimize capital project costs borne by AIAS' Signatory Airlines by leveraging available FAA capital grants. Another key factor in offsetting operating expenses increases was the increase in passenger and cargo activity coupled with the increase in the terminal rental rate and landing fees. These factors speak to the commitments and partnerships AIAS shares with its Signatory Airlines and FAA. Working together, AIAS and its partners have been able to transition from the Pandemic to better-than-expected activity while maintaining safe and reliable operations.

Net Investment in Capital Assets

The Airport System's capital assets have been primarily constructed using proceeds from General Airport Revenue Bonds (GARBs); however, rehabilitation and reconstruction of the infrastructure assets have been primarily funded through operating revenues and capital contributions from federal grants and other sources. For the past several decades, PFCs have been used to pay debt

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

service on the GARBS funding expansion and upgrade of the ANC and FAI terminals. During the fiscal year 2023, it became apparent ANC would meet its authorized limits on all outstanding PFC applications within the fiscal year 2024. Therefore, ANC submitted a new PFC application for a pay-go Passenger Boarding Bridge Replacement Program that FAA approved for starting collections immediately following the expiration of the current application. FAI will meet its authorized limits on its outstanding PFC applications within the next three to five years and is reviewing capital project candidates for a new PFC application.

AIAS' projects and project elements that are ineligible for federal funding are funded through rates and fees charged to airport users and retained within the Airport System Capital Project Fund. These capital projects and expenditures are subject to policies set forth in the OAPTL. See Note 2 for additional details.

Projects completed in fiscal year 2024 totaled \$84,081 thousand, and \$31,217 thousand in fiscal year 2023. Construction in progress as of fiscal years ended 2024 and 2023 totaled \$25,742 thousand and \$18,192 thousand, respectively.

Debt service reserves in the amounts of \$27,846 and \$26,343, in thousands, are included in noncurrent assets at fiscal year-ends for 2024 and 2023, respectively. Debt service reserves may be utilized to pay additional debt service upon satisfying all Bond Committee Resolution reserve requirements, upon meeting the debt service requirements, and any remaining reserves are eligible for capital project expenditures, if similar in scope of the original debt issue.

The Airport System, through its Bond Resolutions, has covenanted to maintain a debt service coverage ratio of not less than 1.25. The Airport System has historically maintained a coverage ratio higher than its requirement. As of June 30, 2024 and 2023, the Airport System's debt service coverage was 3.56 and 3.43, respectively. The high debt service coverage ratio in fiscal year 2024, like fiscal year 2023, was due to leveraging \$16,054 thousand in Pandemic Relief and an increase in investment income of \$5,295 thousand. In addition, in fiscal year 2024, operating revenue increased \$44,033 thousand due to increased activity and adjustments to rates and fees. A portion of the extra cash on hand was put toward funding capital projects in fiscal year 2024 as agreed by AIAS and its Signatory Airlines.

Economic Factors and Outlook

As AIAS moves through fiscal year 2025, AIAS sees steady increases in passenger and cargo operations continuing and is experiencing its first real capacity constraints during significant weather events and its redeye bank. At ANC, third-party, airside land development continues with the construction of new wide-body hardstands expected in the summer of 2025 and continuing through 2026 and 2027. The finalization of ANC's Master Plan Update, including its updated forecast, in the first quarter of 2025, is expected to show steady growth in activity across the 20-year horizon for both passenger and air cargo activity.

FAI expects to kick off its Master Plan Update in calendar year 2025, further illuminating the Airport System's opportunities in both land and air service development. Today, AIAS is seeing the first considerations by carriers and ground handlers to more frequently leverage FAI's facilities, thus strengthening and expanding the System's business and operational reach.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Management's Discussion and Analysis, continued
(Unaudited)**

In contrast, impacts of inflation and tariffs on consumer spending as well as on materials, workforce shortages, workers' higher fringe benefit and wage expectations, weather disruptions due to climate change, and worldwide political unrest are expected to affect AIAS' overall operations, especially air cargo traffic, in unpredictable ways.

To mitigate these impacts, in fiscal year 2025, the Airport System will continue to foster its transparent and trustworthy relationships with its 33 Signatory Airlines. The AIAS will focus on investing in capital infrastructure, upgrading technological systems, digitizing policies and procedures, training and retaining its employees, and improving work processes to be more efficient and reliable.

AIAS' position in the trans-Pacific air cargo business and passenger travel in the State, its low leverage of debt to operating revenue, its continued flexibility in its capital program, and its new, 10-year fully residual OAPTL have resulted in AIAS being upgraded by Moody's to Aa3, outlook stable, in FY 2024, from its A1 positive credit profile and ANC's #1 rank among U.S. airports and #4 rank globally by cargo landed weight, according to the 2022 FAA U.S. statistics and the 2023 Airport Council International (ACI) World report, respectively.

Requests for Information

The Airport System's financial report is designed to provide detailed information about the AIAS' operations and to demonstrate for all those with an interest in the AIAS' finances, its accountability for the assets it controls, and the funds it receives and expends. Questions concerning any of the information provided in this report or for any additional information should be addressed to the AIAS Controller by email: dot.aias.staff@alaska.gov or in writing to:

Alaska International Airport System Office
Attn: AIAS Controller
P.O. Box 196960
Anchorage, AK 99519

Basic Financial Statements

**State of Alaska
International Airport System
(An Enterprise of the State of Alaska)**

**Statement of Net Position
(in thousands)**

As of June 30, 2024

Assets and Deferred Outflows of Resources

Current Assets

Unrestricted cash and investments (Note 3):	
Cash with State Treasury	\$ 161,439
Investments	32,793
 Total unrestricted cash and investments	 194,232
 Other restricted assets - Passenger Facility Charges:	
Cash with State Treasury (Note 3)	27,420
Federal grants receivable (Note 1f)	7,383
Federal grants receivable - Unbilled (Note 1f)	7,482
Federal grants receivable - CRRSSA Act & ACRGP (Note 1f)	16,042
Federal grants receivable - CRRSSA Act & ACRGP - Unbilled (Note 1f)	12
Due from State of Alaska General Fund (Note 1n)	67
Accounts receivable, net of allowance for doubtful accounts of \$8,141	10,758
Lease receivable (Note 1h & Note 11)	6,839
 Total Current Assets	 270,235

Noncurrent Assets

Restricted cash and investments (Notes 3 & 4):	
Operations and maintenance reserve	30,083
Repair and replacement reserve	529
Capital project fund	91
Debt service reserve fund	27,846
Revenue bond redemption fund (Notes 3 & 4):	
Bond interest	2,825
Bond principal	12,814
 Total restricted cash and investments	 74,188
 Lease Receivable (Note 1h & Note 11)	38,909
Net other post employment benefit (OPEB) Asset (Note 10)	39,093
Capital assets, net of accumulated depreciation (Note 6)	1,103,067

Total Noncurrent Assets 1,255,257

Total Assets 1,525,492

Deferred Outflows of Resources:

Pension related (Note 10)	10,527
Other postemployment benefit related (Note 10)	2,368
 Total Deferred Outflows of Resources	 12,895
 Total Assets and Deferred Outflows of Resources	 \$ 1,538,387

**State of Alaska
International Airport System
(An Enterprise of the State of Alaska)**

Statements of Net Position, continued
(in thousands)

As of June 30,	2024
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Liabilities, Deferred Inflows of Resources and Net Position

Current Liabilities

Accounts payable	\$ 14,314
Accrued payroll	3,285
Unearned revenue	1,482
Environmental remediation (Note 5)	1,370
Compensated absences (Note 1k)	4,031
Due to State of Alaska General Fund (Note 1n)	5,373
Liabilities payable from restricted assets:	
Accrued interest	2,724
Revenue bonds (Note 8)	<u>16,880</u>

Total Current Liabilities	49,459
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Noncurrent Liabilities

Revenue bonds payable, less current portion (Note 8)	211,010
Unamortized bond premium (Note 8)	27,081
Environmental remediation obligation, less current portion (Note 5)	12,953
Compensated absences, less current portion (Note 1k)	2,062
Net pension liability (Note 1r & 10)	<u>84,504</u>

Total Noncurrent Liabilities	337,610
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Total Liabilities	387,069
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Deferred Inflows of Resources:

Other postemployment benefit related (Note 10)	1,575
Deferred amount of bond refunding	903
Lease related (Note 1h & Note 11)	<u>44,986</u>

Total Deferred Inflows of Resources	47,464
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Net Position

Net investment in capital assets (Note 6)	890,769
Restricted (Note 4)	97,125
Unrestricted	<u>115,960</u>

Total Net Position	1,103,854
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Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,538,387
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See accompanying notes to financial statements.

**State of Alaska
International Airport System
(An Enterprise of the State of Alaska)**

**Statement of Revenues, Expenses, and Changes in Fund Net Position
(in thousands)**

For the Year Ended June 30, 2024

Operating Revenues	
Airfield operations	\$ 105,022
Concession fees	20,369
Terminal rents (Note 2)	21,312
Vehicle parking fees	12,359
Land rental fees	9,610
Bad debt expense	(5,849)
Other	214
 Total Operating Revenues	 163,037
 Operating Expenses	
Facilities	32,008
Field and equipment maintenance	33,332
Safety	19,775
Administration	19,868
Operations	7,500
Environmental expenses (Note 5)	1,760
Vehicle parking and curbside services	2,396
Risk management	844
Depreciation	76,470
 Total Operating Expenses	 193,953
 Operating Loss	 (30,916)
 Nonoperating Revenues (Expenses)	
Investment income	13,232
Lease interest income	494
Interest expense	(7,640)
Federal Operating Grants - CRRSA Act & ACRGP (Note 1f)	16,054
Grants - miscellaneous	443
Other nonoperating income	95
Reimbursement of prior-year expenditures	42
Passenger Facility Charge (Note 7)	9,053
Gain on disposal of capital assets	66
 Net Nonoperating Revenues (Expenses)	 31,839
 Income Before Capital Contributions and Transfers	 \$ 923

**State of Alaska
International Airport System
(An Enterprise of the State of Alaska)**

**Statement of Revenues, Expenses, and Changes in Fund Net Position, continued
(in thousands)**

<i>For the Year Ended June 30,</i>	<i>2024</i>
Capital Contributions	
Federal Capital Grants	\$ 66,074
Change in Net Position	66,997
Net Position, beginning of year	<u>1,036,857</u>
Net Position, end of year	<u>1,103,854</u>

See accompanying notes to financial statements.

**State of Alaska
International Airport System
(An Enterprise of the State of Alaska)**

**Statement of Cash Flows
(in thousands)**

<i>For the Year Ended June 30,</i>	<i>2024</i>
Operating Activities	
Receipts from customers and users	\$ 158,606
Payments to employees	(60,795)
Payments to suppliers	(58,561)
 Net cash from operating activities	 39,250
Noncapital Financing Activities	
Grants	\$ 39,679
 Net cash from noncapital financing activities	 39,679
Capital and Related Financing Activities	
Acquisition of capital assets	\$ (91,631)
Capital grants received	65,522
Payments from State of Alaska	4,292
Payments of revenue bonds	(9,835)
Passenger facility charges	8,396
Interest paid on bonds	(11,365)
 Net cash for capital and related financing activities	 (34,621)
Investing Activities	
Investment income received	7,738
Lease interest income	494
 Net cash from investing activities	 8,232
Net Increase in Cash and Equivalents	52,540
Cash and Equivalents, beginning of year	210,507
Cash and Equivalents, end of year	\$ 263,047

**State of Alaska
International Airport System
(An Enterprise of the State of Alaska)**

**Statement of Cash Flows, continued
(in thousands)**

<i>For the Year Ended June 30,</i>	<i>2024</i>
Operating Activities	
Operating loss	\$ (30,916)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	76,470
Changes in assets, deferred outflows, liabilities, and deferred inflows that provided (used) cash:	
Accounts receivable	(4,205)
Lease receivable	(20,175)
Deferred outflows	(1,080)
Net OPEB asset	(7,596)
Accrued payroll	383
Accounts payable	1,239
Unearned revenue	(180)
Environmental remediation - restricted (Note 1h)	93
Compensated absences	437
Net pension liability	5,991
Deferred inflows	18,789
Net Cash From Operating Activities	\$ 39,250

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

1. Organization

a) Organization

The accompanying financial statements include only the accounts of the State of Alaska International Airport System (Airport System or AIAS), an enterprise fund of the State of Alaska (State) created by Chapter 88 of the Session Laws of Alaska of 1961 to equip, finance, maintain, and operate the two international airports located in Anchorage (ANC) and Fairbanks (FAI), Alaska. The airports are under the administration of the State of Alaska Department of Transportation and Public Facilities (DOT&PF). These financial statements are not intended to present complete financial activity of the State as a whole. The State's Annual Comprehensive Financial Report (ACFR) is available from the State's Division of Finance in the Department of Administration.

b) Governmental Accounting

The accounting policies used in preparing the financial statements conform to accounting principles generally accepted in the United States of America and applicable to enterprise funds of state and local governmental entities.

c) Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounts of the Airport System are reported using the flow of economic resources measurement focus. This measurement focus distinguishes operating activities from nonoperating items.

The Airport System uses the accrual basis of accounting, under which revenues are recognized when earned, and expenses are recognized when incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met.

When both restricted and unrestricted resources are available, it is the Airport System's policy to use restricted resources first, then unrestricted resources as they are needed.

d) Management's Use of Estimates

Management must make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates; however, documentation to support estimates is retained.

e) Cash and Investments

For the Statement of Cash Flows, the Airport System considers cash equivalents to be all highly liquid investments (excluding restricted assets) with a maturity of three months or less when purchased.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

The Airport System measures its marketable securities at fair value. Investments are segregated between current and noncurrent based upon maturity. Using this method, investments in debt securities and certain equity securities are recorded at fair value and unrealized gains and losses are recorded in the Statement of Revenues, Expenses, and Changes in Fund Net Position.

f) Accounts Receivable and FAA Receivable (Billed and Unbilled)

In addition to receivables owed from airline customers and other lease tenants for the use of airfield and airport facilities, the Airport System records and reports separately amounts it anticipates will be collected from the Federal Aviation Administration (FAA) for capital project expenditures that have met all eligibility requirements for reimbursement under the FAA AIP. Federal grant revenues are recognized in the period earned as capital contributions, or nonoperating revenues, when related to Pandemic Relief Funds approved to reimburse operating expenses and debt service. The Airport System has recorded accounts receivable for unreimbursed grant revenues at fiscal year-end.

Accounts receivable are reported net of an allowance for doubtful accounts. The allowance for doubtful accounts is set up as a reserve through a fiscal year-end charge to operating expenses. The allowance is based on management's assessment of the potential for losses due to uncollectible accounts, accounting for historical experience, and currently available information.

g) Capital Assets

Less an allowance for accumulated depreciation, all capital assets are carried at cost or at acquisition value when properties are acquired by donation or by the termination of leases. Property initially received from the federal government is recorded at acquisition value at the date contributed. Major additions and improvements to property and equipment are capitalized. Depreciation is provided over estimated useful lives using the straight-line method. Repair and maintenance costs are expensed as incurred.

The cost and accumulated depreciation of assets retired or sold is removed from the accounts, and any gain or loss is reflected in operations in the fiscal year of disposition.

h) Leases

Airport System as Lessor

The Airport System leases land, buildings, and terminal space to tenants and concessionaires under leasing agreements. The Airport System as the lessor recognizes a lease receivable that is measured at the present value of the lease payments expected to be received for the lease term, and a deferred inflow of resources at the commencement of the lease term. Certain exceptions apply for regulated leases and short-term leases. The deferred inflow of resources is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relates to future periods. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is recognized as revenue on a straight-line basis over the agreement term. The present value calculation includes the following key inputs: (1) discount rate, (2) lease term, and (3) lease payments. The airport uses the all-in True Interest Cost (TIC) rate from its most recent bond issuance as the best estimate of its incremental borrowing rate.

State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)

Notes to Financial Statements

Periodic amortization of the discount on the lease receivable is reported as interest revenue for that period. Any initial direct costs are reported as an outflow of resources for that period. Remeasurement of a lease receivable occurs when there are modifications, including, but not limited to, changes in the lease charges, lease term, and the adding or removing of an underlying asset to the lease agreement. In case of a partial or full lease termination, the Airport System reduces the carrying value of the lease receivable and the related deferred inflow of resources and include a gain or loss for the difference. The Airport System closely monitors changes in circumstances that may require the remeasurement of the present value of its leases.

The Airport System does not recognize a lease receivable and a deferred inflow of resources for short-term leases. A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible contract duration of twelve months or less, including any options to extend, regardless of their probability of being exercised. For short-term lease agreements, the Airport System recognizes lease payments as inflows of resources (revenues) based on the lease agreements' payment provisions. Liabilities are only recognized for short-term leases if payments are received in advance, and receivables are only recognized if payments are received after the reporting period.

Regulated Leases

The leases between the Airport System, air carriers, and other aeronautical users are subject to external laws and regulations are considered regulated leases. As permitted by GASB 87, the Airport System recognizes inflows of resources based on the payment provisions of the lease agreements, therefore the accounting policies under "Airport System as Lessor" do not apply to regulated leases. Additional disclosures regarding regulated leases are in Note 11.

i) *Operating Revenues and Expenses*

Operating revenues and expenses generally result from providing services in connection with the Airport System's principal ongoing operations. The principal operating revenues of the Airport System are charges to customers for airfield operations, concession fees, rent, and user fees. Operating expenses include facilities, field, and equipment maintenance; safety operations; environmental; vehicle parking; risk management; administrative expenses; and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

j) *Capital Contributions*

The Airport System executes numerous capital projects annually to improve its facilities and maintain its service levels. Capital project costs incurred are funded through FAA grants and airline rents and fees. AIAS may incur preliminary costs on projects, e.g., conceptual design, survey, or environmental, prior to FAA reimbursement or may incur costs in excess of grant awards due to unanticipated cost overruns. Grant revenues are recorded once the associated grants are executed and expenditures meeting the recognition requirements under GASB 33 have been incurred. The AIAS recorded \$66,074 thousand as revenue from the FAA in fiscal year 2024 for capital project costs.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

AIAS did not receive any Transportation Safety Administration (TSA) capital contributions in fiscal year 2024 as a part of the settlement of ANC claims relating to ANC post-9/11 security project expenditures. At June 30, 2024, \$753 thousand of expenditures still remain unreimbursed. These expenditures are not authorized to be recognized as grant revenues at year-end, because specific stipulations were put into place precluding airports from claiming revenues or receivables until the funds were authorized by Congress.

k) Compensated Absences

Airport System employees receive time off or pay for leave hours accumulated. Routine annual leave is paid as used and the accumulated leave liability is estimated at fiscal year-end. Estimated compensated absences and balances recorded as current and long-term portions, respectively, on June 30, 2024 are \$4,031 and \$2,062 thousand.

l) Bond Premiums, Discounts, and Refunding Transactions

Premiums, discounts, and refunding gains or losses are deferred and amortized over the life of the related debt, except in the case of refunding debt transactions, for which the amortization period is over the term of the refunding or refunded debt, whichever is shorter.

m) Capitalized Interest

For capital projects paid by bond proceeds issued prior to June 30, 2020, interest expense, net of income earned on construction bond proceeds, is capitalized from the date of the borrowing until the assets are ready for their intended use, and it is amortized over the depreciable life of the related assets on a straight-line basis. The GASB-issued Statement No. 89, which, effective July 1, 2020 for the Airport System, eliminated the requirement to capitalize interest going forward.

n) Due to/from State of Alaska General Fund

The Airport System uses the State's central treasury for payments of current obligations. The obligations are settled daily from the Airport System's cash or investment accounts with the central treasury.

o) Income Taxes

The Airport System qualifies for exemption from federal income taxes under current provisions of the Internal Revenue Code.

p) Passenger Facility Charges/Grants Revenue Recognition

Revenue from grants is recognized as earned when eligible expenditures are incurred. PFC revenues are recognized when reported and earned from the airlines.

Passenger Facility Charges (PFCs) that are restricted for use to acquire capital assets or repay capital-related debt are also collected by the Airport System from the airlines (Note 7).

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

q) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Airport System has two items for reporting in this category: (1) deferred outflows of resources related to its participation in the Alaska Public Employees' Retirement System (PERS), and (2) Other Post-Employment Benefits (OPEB).

In addition to liabilities, the Statement of Net Position reports deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Airport System has three deferred inflows of resources for reporting in this category, which relate to (1) OPEB; (2) the deferred amount of the bond refunding; and (3) deferred lease revenues.

r) Net Pension Liability

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

s) New Accounting Standards

In April 2022, the GASB issued Statement No. 99, *Omnibus*. The objectives of this Statement are to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements, and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, public-private and public-public partnerships (PPPs), Subscription-Based Information Technology Arrangements (SBITAs), financial guarantees, and the classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, are effective for fiscal years beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 100 - *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The 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. This Statement is effective in fiscal years beginning after June 15, 2023.

t) Nonoperating Revenues

Nonoperating Revenues include grant reimbursements for Pandemic-related operating expenditures and debt service payments. Congress intended the Pandemic relief funds to provide aid to the airport and airline industries. As such, AIAS applied for the relief funds to use as concessionaire rent mitigation, rates and fees mitigation, and debt restructuring. A total of \$16,054 thousand for Pandemic relief expenditures were recognized during fiscal year 2024.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

u) Recently Issued Accounting Standards

GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of AIAS.

- GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, the objective of this Statement is to better meet the informational 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. This Statement is effective in fiscal years beginning after December 15, 2023.
- GASB Statement No. 10, *Certain Risk Disclosures*, issued in December 2023. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement is effective in fiscal years beginning after June 15, 2024.
- GASB Statement No. 103, *Financial Reporting Model Improvements*, issued in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government's accountability. This Statement also addresses certain application issues and continues the requirement that the basic financial statements be preceded by the Management's Discussion and Analysis (MD&A), which is presented as required supplementary information. This Statement is effective in fiscal years beginning after June 15, 2025.

2. AIAS Airline Operating Agreement and Passenger Terminal Lease

The AIAS Airline Operating Agreement and Passenger Terminal Lease (Agreement or OAPTL) is an Agreement between the State of Alaska, DOT&PF, and each of its AIAS Signatory Airlines operating at ANC and/or FAI. AIAS Signatory Airlines substantially represent all the regularly scheduled airlines that use AIAS facilities. The Agreement was effective July 1, 2023 and will expire June 30, 2033.

As reported in the fiscal year 2023 financial statements, the AIAS and the AIAS Airlines Airport Affairs Committee (AAAC) Lease Negotiation subcommittee successfully negotiated this new ten-year Agreement. As of the end of the first quarter of fiscal year 2024, 33 air carriers, substantially the same carriers that were signatory to the prior Agreement, executed the new Agreement.

Similarly, to the prior OAPTL, the current Agreement provides for the funding of the AIAS Capital Improvements Program (CIP) for the 10 years of the agreement, through June 30, 2033. The CIP is comprised of two components: one is a pre-approved, small projects budget for each of the ten years, and one is language that subjects nonemergency substantive CIP projects to airline majority-in-interest balloting. A one-time adjustment to the pre-approved, small projects budget is provided for midway through the Agreement. Projects other than the pre-approved projects are presented for review and discussion on an as-needed basis at AIAS AAAC Quarterly Meetings. Subsequent to each Quarterly Meeting, these projects are sent to the Signatory Airlines for either notification or approval as described in Section 6 of the OAPTL.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

The OAPTL states the rights, privileges, and obligations of the parties and provides a framework for supporting the operations, development, and improvement of the AIAS airports for the benefit of its users. The OAPTL also provides the financial basis for establishing AIAS' rates and fees, including terminal rental rates, landing fees, fuel flowage fees, international terminal docking fees, aircraft parking fees, passenger loading bridge fees, federal inspection services charges, and other rates and fees. Each fiscal year and as per the Agreement, rates and fees are reviewed and adjusted to ensure that revenues are sufficient to meet operations and maintenance expenses, CIP costs, debt service requirements, and other funding requirements established by the resolution authorizing issuance of the revenue bonds. Midway through the fiscal year, if the projection of annual revenues made at that time is five percent more or less than the initially budgeted AIAS requirements for the fiscal year, the OAPTL allows for the DOT&PF to adjust the rents, fees, and charges. If, at any time during the fiscal year, the Airport System projects annual revenues will not be sufficient to cover the AIAS total revenue requirement, the Agreement also allows the DOT&PF to immediately adjust landing fees.

The Agreement further provides for the payment of a fuel flowage fee for fuel purchased at the Airports by Signatory Airlines. As a benefit, Signatory Airlines to the AIAS' full residual Agreement receive a reduced rate for fuel flowage fees and landing fees. This benefit, along with having the ability to affect the AIAS CIP and preferentially lease space, provides Signatory Airlines more control in covering the risk associated with the Agreement. AIAS rates and fees are published via the State's Online Public Notice system.

In addition, the Agreement states that revenues generated through rates and fees be retained as described:

- To satisfy annual debt service requirements due during the fiscal year on all outstanding bonds per the Bond Resolution.
- Maintain a Repair and Replacement allowance of \$500,000, which is a requirement of the Bond Resolution (see Note 4).
- Within the Maintenance and Operation Reserve Fund, an amount equal to one-quarter of the projected annual operation and maintenance expense of the Airport System.
- Within the Airport System Capital Project Fund, an amount equal to the amount authorized from rates and charges in the annual budget for each fiscal year for capital projects approved by Signatory Airlines plus the amount authorized from rates and charges in the annual budget for that fiscal year for capital projects not requiring Signatory Airline approval.
- If the Airport System does not receive enough funds during the fiscal year to meet the minimum revenue requirements stipulated in the bond covenants, and Signatory Airlines are unable to assist with the shortfall, then the Airport System will draw down from the Excess Revenue funds to meet its fiscal year-end obligations.

Additional, but not all-inclusive, material changes reflected in the new OAPTL are:

- Airport Administered Premises fees and Terminal Rental Rate calculations were simplified as the transition from shared cost recovery among all airfield users to full cost recovery by passenger air carriers and terminal users is complete. The completion of this transition also eliminated the need for a Landing Fee minimum (floor).

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

- To better support ANC's business model of being a cargo carrier technical stop and a passenger carrier origination and destination airport, the AIAS changed its aircraft Gate and Parking Management Protocols. Aircraft Parking Charge Multipliers were increased for stays longer than 24 hours. A Prior Permission Required (PPR) procedure was also established for ANC only. This procedure allows for ad hoc parking for longer than four hours, provided space is available. Should an aircraft park longer than 4 hours without a PPR, that carrier will be assessed a penalty.
- The obligation to support the Sitka Rocky Gutierrez Airport (SIT) as an alternate airport was removed, although the same obligation was kept for Cold Bay Airport.
- The annual escalation rate for the pre-approved CIP budget is seven percent for the first five years and will be re-evaluated for the second half of the Agreement.
- The Mega Project Approval Process was modified to ensure all impacted by any proposed terminal capital projects were given fair representation in the airline majority-in-interest balloting process.

3. Cash and Investments

Cash and investments as of June 30, 2024 are summarized below (in thousands):

<u>June 30,</u>	<u>2024</u>
Cash with State Treasury	\$ 161,439
Investments - unrestricted	32,793
Investments - restricted	30,083
Capital project fund (Note 6)	91
Debt service reserve fund (Note 6)	27,846
Repair and replacement account - restricted	529
Passenger facilities charges - restricted	27,420
Total pooled investments	280,201
Revenue bond redemption fund - restricted	15,639
Total Cash and Investments	\$ 295,840

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State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)

Notes to Financial Statements

The Airport System participates in the pooled investment plan created by the Department of Revenue, Treasury Division (Treasury). The Treasury's invested assets under the investment authority of the Commissioner of Revenue which relate to the Airport System (in thousands) are as follows:

<u>June 30, 2024</u>	General Fund and GeFONSI	International Airports Construction Fund	International Airports Fund	Other	Total
Short-term Fixed Income Pool	\$ 3,178,564	\$ 191,230	\$ 27,816	\$ 2,829,378	\$ 6,226,988
Non-interest Bearing Deposits	9,937	-	-	-	9,937
Intermediate-term					
Fixed Income Pool	758,152	32,793	-	-	790,945
Broad Market Fixed Income	121,931	-	-	683,939	805,870
Domestic Equity Pool	222,287	-	-	551,669	773,956
International Equity Pools	130,303	-	-	359,595	489,898
Real Assets	19,247	-	-	70,727	89,974
Total Investments	4,440,421	224,023	27,816	4,495,308	9,187,568
Income Receivables	11,612	820	121	12,300	24,853
Net Invested Assets	\$ 4,452,033	\$ 224,843	\$ 27,937	\$ 4,507,608	\$ 9,212,421

The Treasury has created a pooled environment by which it manages the investments for which the Commissioner of Revenue has fiduciary responsibility. Investment officers or contracted external investment managers complete the investment transactions. The funds are invested in the State's internally managed General Fund and Other Nonsegregated Investments Pool (GeFONSI), Short-term Fixed Income Pool, Broad Market Fixed Income Pool, SSgA Russell 3000 Pool, SSgA MSCI EAFE Index Pool, and the Lazard International Equity Pool. The GeFONSI consists of investments in the State's internally managed Short-term Fixed Income Pool, Short-term Liquidity Fixed Income Pool, and the Intermediate-term Fixed Income Pool. The complete financial activities of the funds are shown in the State's ACFR available from the Department of Administration, Division of Finance.

Assets in the pools are reported at fair value. Investment purchases and sales are recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the most current sale price or based on a valuation provided by investment managers.

The accrual basis of accounting is used for the investment income and GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term, Short-term Liquidity and Intermediate-term Fixed Income Pool and the Broad Market Fixed Income Pool is allocated to the pool participants daily on a pro-rata basis. Please reference Table 1 - Total Pooled AIAS Investments Managed by the Treasury.

State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)

Notes to Financial Statements

Table 1 - Total Pooled AIAS Investments Managed by the Department of Revenue, Treasury Division (in thousands)

SSB ACCOUNT FUND NAME FUND#	General Fund and GEFONSI PFC 3273/3275	International Airports Construction Fund		International Airports Fund						
		AY04 IARF 1027	AY05 IAR R & R 3271	AY2E 2002 RSRV 3277	AY2U 2003 RSRV 3278	AY9X 2006 B 3267	AY9Y 2006 C 3268	AY3A 2010 C 3269	AY3B 2010 D 3270	TOTAL
Cash & equivalents:										
Short Term Pool	\$ 27,420	190,704	526	16,205	11,521	47	2	9	33	\$ 246,467
Pooled Investments:										
Intermediate Term Pool		32,793	-	-	-	-	-	-	-	32,793
Total Cash & Investments	\$ 27,420	223,497	526	16,205	11,521	47	2	9	33	\$ 279,260
Accrued Interest	-	818	1	70	50	-	-	-	-	941
Total Assets Per SSB	\$ 27,420	\$ 224,315	529	\$ 16,275	\$ 11,571	47	2	9	33	\$ 280,201
 Cash Investment										
		Unrestricted	Restricted	Total						
		\$ 161,439	85,969	\$ 247,408						
		22,793	-	32,793						
		\$ 194,232	\$ 85,969	\$ 280,201						

The Airport System's revenue bond redemption fund cash in the amount of \$15,639 is held outside the Treasury by Bank of New York, Mellon.

For detailed information on the funds under the fiduciary authority of the Commissioner of Revenue, please see website at: <https://treasury.dor.alaska.gov/home/investments>.

Summary of the Treasury's Accounting Policies:

The combined schedules are prepared using the accrual basis of accounting. Investments are reported at fair value under Government Accounting Standards Board Statement 72, Fair Value Measurement and Application. Investment purchases and sales are recorded on a trade-date basis. Investment income, including interest and dividends, is recognized in the period in which it is earned. Interest income is recognized on an accrual basis, while dividend income is recognized when the dividends are declared. Investment income also includes gains and losses from changes in the fair value of investments.

Fixed-income securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the most current sale price or based on a valuation provided by investment managers.

Investments are considered cash equivalents when maturity at time of purchase is equal to three months or less. Non-interest bearing deposits are reported at cost, which approximates fair value. Domestic and international equity securities are valued each business day using prices obtained from a pricing service or prices quoted by one or more independent brokers. Securities expressed in terms of foreign currencies are translated into U.S. dollars at the prevailing exchange rates. Forward currency contracts are valued at the mid-point of representative quoted bid and ask prices.

Non-interest bearing deposits are comprised of various State agency cash held pending redemption of State warrants and compensating balances.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

Various inputs are used in valuing the investments held by the Commissioner. U.S. generally accepted accounting principles (GAAP) establishes a hierarchy of inputs used to value investments emphasizing observable inputs and minimizing unobservable inputs. These inputs are summarized as follows:

- Level 1 Quoted prices for identical assets in an active market.
- Level 2 Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly or quoted in less active markets.
- Level 3 Unobservable inputs. Unobservable inputs should only be used to the extent that observable inputs are not available for a particular asset.

The Commissioner categorizes fair value measurements within the fair value hierarchy established by GAAP. The Commissioner has the following recurring fair value measurements as of June 30, 2024 (in thousands):

Investment by fair value level	Total	Level 1	Level 2	Level 3
Cash Equivalents				
Certificate of Deposit	26,000	-	26,000	-
Deposits	27,197	27,197	-	-
Money Market	18	-	18	-
Repurchase Agreement	921,700	-	921,700	-
Total Cash Equivalents	974,915	27,197	947,718	-
Debt Securities				
Corporate Bonds	625,660	-	625,660	-
Foreign Government Agency	506	-	506	-
Mortgage Backed	218,731	-	218,731	-
Municipal Bonds	12,402	-	12,402	-
Other Asset Backed	2,529,858	-	2,529,858	-
U.S. Government Agency	1,876,009	-	1,876,009	-
U.S. Treasury Bills, Notes, and Bonds	2,135,683	-	2,135,683	-
Yankee Corporate Bonds	244,318	-	244,318	-
Yankee Government Bonds	22,690	-	22,690	-
Total Debt Securities	7,665,857	-	7,665,857	-
Equity				
Commingled Equity Funds	1,514,040	1,514,040	-	-
Real Estate Inv Trust	99,286	99,286	-	-
Total Equity	1,613,326	1,613,326	-	-
Total Investments measured at fair value	10,254,098			
Other Fiduciary Responsibility	(794,885)			
Net Receivables / (Payables)	(246,792)			
Total Invested Assets	9,212,421			

Securities classified as level 1 are valued using prices quoted in active markets for those securities. Securities classified as level 2 are valued using matrix pricing with various defined pricing sources.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

Deposit and Investment Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At June 30, 2024 all fixed-income securities were in compliance with policies.

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed-rate securities to 14 months to maturity or 14 months expected average life for amortizing securities upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life for amortizing securities upon purchase. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies. At June 30, 2024, all securities within the Short- term Fixed Income Pool met these compliance metrics.

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows. Treasury uses industry-standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software considers various possible future interest rates, historical and estimated prepayment rates, call options and other variable cash flows for purposes of the effective duration calculation. Through its investment policy, Treasury manages its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of its other fixed-income pool portfolios to the following:

Intermediate-term Fixed Income Pool: ± 20% of the Bloomberg 1-3 Year Government Total Return Bond Index.

Broad Market Fixed Income Pool: ± 20% of the Bloomberg U.S. Aggregate Total Return Bond Index.

At June 30, 2024, the effective duration by investment type was as follows:

	Effective Duration (in years)
Corporate Bonds	2.59
Mortgage Backed	4.93
Municipal Bonds	11.02
Other Asset Backed	0.25
U.S. Government Agency	1.81
U.S. Treasury Bills, Notes, and Bonds	0.91
Yankee Corporate Bonds	1.47
Yankee Government Bonds	2.94
Effective Duration	0.98

To mitigate interest rate risk, the proceeds of total return swaps referenced to components or sub-components of fixed income indices may not be invested in securities with a maturity beyond 90 days, unless invested in the internally managed Short-term Fixed Income Pool.

At June 30, 2024, the Intermediate-term Fixed Income Pool and Broad Market Fixed Income Pool did not hold any total return swaps.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations.

Short-term Fixed Income Pool investments can include instruments with long-term credit ratings of at least A3 or equivalent, short-term credit ratings of at least P-1 or equivalent, commercial paper rated at least P-1 or equivalent, institutional money market funds rated Aaa or equivalent, and asset-backed and non-agency mortgage-backed and commercial mortgage-backed securities rated at least A3 or equivalent. Asset-backed securities, non-agency mortgage securities, and commercial mortgaged-backed securities may be rated by one agency if rated at least Aaa or equivalent.

Intermediate-term Fixed Income Pool investments can include instruments with long-term credit ratings of at least Baa3 or equivalent, short-term credit ratings of at least P-1 or equivalent, commercial paper rated at least P-1 or equivalent, corporate debt securities, asset-backed securities, non-agency mortgage-backed securities, and commercial mortgage-backed securities rated at least investment grade. Asset-backed securities, non-agency mortgage securities and commercial mortgaged-backed securities may be rated by one agency if rated at least Aaa or equivalent.

Broad Market Fixed Income Pool investments can include instruments with investment grade credit ratings, some high yield credit ratings, short-term credit ratings of at least P-1 or equivalent, commercial paper rated at least P-1 or equivalent, corporate debt securities, asset-backed securities, non-agency mortgage-backed securities, and commercial mortgage-backed securities rated at least investment grade. Asset-backed securities, non-agency mortgage securities and commercial mortgaged-backed securities may be rated by one agency if rated at least Aaa or equivalent.

At June 30, 2024, the State's internally managed pools consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale, in thousands):

	Short-Term Fixed Income	Intermediate-term Fixed Income	Broad Market Fixed Income
AAA	\$ 2,599,581	25,083	9,626
AA	55,042	35,032	29,852
A	239,685	186,520	108,967
A-1	112,097	-	-
BBB	-	96,562	125,122
BB	-	-	979
U.S. Government Agency	1,482,041	212,855	181,114
U.S. Treasury Bills, Notes, and Bonds	1,733,760	284,261	117,662
Not Rated	733,464	51,082	416,389
No Credit Risk	(100,946)	(34,215)	(112,677)
Other Fiduciary	(627,736)	(66,235)	(71,164)
	<hr/> \$ 6,226,988	<hr/> 790,945	<hr/> 805,870

Custodial Credit Risk Deposits

insurance coverage provided by the Federal Deposit Insurance Corporation (The FDIC provides \$250,000 of coverage). In accordance with Treasury policy, they are required to retain collateral equal to 100% of uninsured deposits.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in an issuer. Treasury policies prohibit the purchase of more than 5% of the individual backed by any one company or affiliated group, 10% of a corporate bond issue, or 5% of the outstanding stock of a company.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Commissioner of Revenue formally adopts asset allocation policies for each fund at the beginning of each fiscal year, which places policy limitations on the amount of international equity each fund may be exposed to. The following policies were in place during fiscal year 2024 and invested assets included the following holdings at June 30, 2024, for the funds invested in the International Equity Pool:

Fund Name	Policy
Education Endowment Fund	25% +/- 5%
GeFonsi II	2% -2%/+5%
Higher Education Fund	25% +/- 5%
Illinois Creek Mine Reclamation Fund	25% +/- 5%
Public School Trust Fund	25% +/- 5%
Retiree Health Insurance Fund, Long-Term Care	22% +/- 5%

At June 30, 2024, the funds invested in the International Equity Pool had no direct exposure to foreign currency risk.

The Commissioner has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the Commissioner has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the Commissioner have a policy on contingencies.

The International Equity Pool contains no separate or actively managed accounts. The pool consists of one commingled investment, the SSGA MSCI ACWI Ex-US Common Trust Fund. The Commissioner is not directly exposed to any foreign exchange, derivative contract, or off-balance sheet risk in this pool.

For additional information on interest rate risk, credit risk, foreign exchange, derivatives, fair value, and counterparty credit risk, see the separately issued report on the Invested Assets of the Commissioner of Revenue at: <http://treasury.dor.alaska.gov/home/Investments/Annual-Investment-Reports>.

4. Restricted Net Position

The Airport System is required to maintain various restricted funds in compliance with the resolution authorizing issuance of its revenue bonds. The purpose of these funds is as follows:

- The maintenance and operating reserve fund is maintained at an amount equal to one-fourth (1/4) of the projected annual maintenance and operations expense for the fiscal year.
- The repair and replacement account may be used to eliminate deficiencies in the bond reserve accounts in the event surplus revenues are not available.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

- The Airport System is required by the FAA to keep all unliquidated PFC revenues remitted on deposit in an interest-bearing account. PFC and interest earned on those charges collected by the Airport System may only be used to pay allowable costs of FAA-approved projects, such as those to enhance security, capacity, and noise reduction.
- Capital project funds are monies only for specified capital projects, either through grant requirements or the vote of Signatory Carriers for improvements or the acquisition of land, buildings, infrastructure, and equipment and not for operational costs. These are primarily construction bond proceeds or related investment earnings herein.
- Debt service reserve funds are required to ensure sufficient funds are available to make interest and principal payments on outstanding debt and meet the obligations to bondholders.

The revenue bond redemption fund is composed of bond interest and principal retirement accounts held by the Bond Trustee (Trustee) and may be used only for debt service. These reserve accounts were initially established from proceeds of revenue bonds and are to be subsequently maintained by monthly transfers from the revenue fund in amounts sufficient to provide for annual debt service requirements. As dictated by the bond resolution, these funds are not managed by the Commissioner of Revenue, but by an external entity.

Under the terms of the revenue bonds, all funds held by the Trustee in the revenue bond redemption fund must be held in time or demand deposits in any bank or trust company authorized to accept deposits of public funds (including the Trustee), direct obligations of the United States of America, bonds, notes or other indebtedness, deposit accounts, commercial paper, money market funds, or obligations the principal of and interest on which are guaranteed by the United States of America, maturing prior to the respective interest payment dates, maturity dates, or minimum sinking fund payment dates on which such monies are required to be paid.

Per GASB 34 and GASB 63, a liability related to restricted assets should be recognized if the asset results from a resource flow that also results in the recognition of a liability, or if the liability will be liquidated with the reported restricted assets. The net OPEB asset (NOA) meets this definition of a restricted asset, as related to the payment of related OPEB benefits.

The AIAS' restricted net position at fiscal year-end is (in thousands):

<u>June 30,</u>	<u>2024</u>
Maintenance and operating reserve:	
Invested in short-term, fixed-income pool	\$ 30,083
Repair and replacement account:	
Invested in short-term, fixed-income pool	529
Passenger Facility Charge revenue fund:	
Cash in banks and State treasury	27,420
Net OPEB Asset	39,093
Total Restricted Net Position	\$ 97,125

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

5. Environmental Remediation Obligation

The Airport System has accrued certain environmental pollution remediation liabilities for seven ANC and seven FAI sites for which obligating events as described in GASB pronouncement 49 have been deemed to have occurred, and the AIAS is in whole or in part a responsible party. The liabilities were valued using the estimated mean of the future cash flows of costs and recovery associated with those sites, measured at current value. Amounts recorded as current and long-term portions of these estimated liabilities were respectively \$1,370 and \$12,953, all in thousands at the end of FY 2024.

Since FY 2017, ANC has been working to address an issue involving a repaired stormwater discharge outfall experiencing intermittent foam effluence discharges. Those discharges have been determined to have violated its relevant wastewater permits and, in FY 2020, ANC entered into a Compliance Order by Consent (COBC) with the State's Department of Environmental Conservation (ADEC). AIAS considers the subject discharge to be a stormwater effluent discharge resulting from airport operations and as such regulatory requirements related to pollution prevention and control are not covered by GASB 49 pursuant to paragraph 4(d). See further discussion of this matter in Note 13 - Contingent Liabilities.

6. Capital Assets

Airport property was owned by the federal government prior to statehood and contributed to the State after that date. Subsequent additions to property and equipment have been funded by governmental contributions, bond proceeds, and operating revenues. No land was acquired or sold, nor has any significant "greenfield construction" occurred since the early 2000's when the ANC South Terminal and FAI's terminal were both expanded.

Since that project, all other increases to capital assets are the result of pay-as-you-go capital improvement projects, including remodels, upgrades, reconstruction, replacement, and depreciation of existing assets.

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**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

The following is a summary of capital assets, in thousands:

<u>Year Ended June 30,</u>	<u>Life</u>	<u>2024 Carrying Value</u>
Property and Equipment		
Land		\$ 31,203
Infrastructure	5-40 years	1,258,010
Buildings	10-40 years	1,162,555
Equipment	5-10 years	166,559
		<hr/> 2,618,327
Accumulated depreciation and amortization:		
Infrastructure		(745,854)
Buildings		(663,376)
Equipment		(131,772)
		<hr/> (1,541,002)
Construction in progress		<hr/> 25,742
Net Capital Assets		<hr/> \$ 1,103,067

Capital asset activity for the fiscal year (in thousands) was:

<u>Year Ended June 30, 2024</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Property and Equipment				
Land	\$ 31,203	\$ -	\$ -	\$ 31,203
Infrastructure	1,190,001	68,009	-	1,258,010
Buildings	1,156,527	6,028	-	1,162,555
Equipment	157,439	10,044	(924)	166,559
	<hr/> 2,535,170	<hr/> 84,081	<hr/> (924)	<hr/> 2,618,327
Accumulated depreciation:				
Infrastructure	(707,979)	(37,875)	-	(745,854)
Buildings	(632,221)	(31,155)	-	(663,376)
Equipment	(125,256)	(7,440)	924	(131,772)
	<hr/> (1,465,456)	<hr/> (76,470)	<hr/> 924	<hr/> (1,541,002)
Construction in progress	18,192	91,631	(84,081)	25,742
Net Capital Assets	<hr/> \$ 1,087,906	<hr/> \$ 99,242	<hr/> \$ (84,081)	<hr/> \$ 1,103,067

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

The Airport System's net investment in capital assets includes the following, in thousands:

<i>Fiscal Year Ended June 30,</i>	<i>2024</i>
Capital assets, net of accumulated depreciation	\$ 1,103,067
Plus: Capital projects, revenue bond redemption fund, and debt service reserve (unspent proceeds and reserve contributions)	43,576
 Less:	
Current bonds payable	(16,880)
Noncurrent bonds payable plus unamortized premium, net	(238,091)
Deferred amount of bond refunding	(903)
 Net Investment in Capital Assets	\$ 890,769

In FY 2024, capital asset additions accounted for \$90,889 of capital assets, fully depreciated capital deletions were \$924, and depreciation expense was \$76,470, all in thousands. Capital asset deletions were similar in amounts and reason to FY 2023.

Capital asset deletions in FY 2024 resulted from reclassifying some individual project elements such as environmental remediation work and equipment purchases from capital expenditures to operating expenses.

Capital Fund Sources

Aside from bond proceeds for the terminal expansion projects at ANC and FAI, federal grants administered by the FAA are the largest fund source for AIAS' CIP, and the FAA Airport Improvement Program (AIP) is the largest, awarding \$49,638 thousand in federal fiscal year 2024 ended September 30, 2024. The projects for which this AIP funding will be used include, but are not limited to, ANC's reconstruction of the North Terminal northside apron and taxi lane and associated taxiway as well as lighting, replacement of two 3,000-gallon Airport Rescue and Firefighting trucks, as well as its Part 150 Noise Compatibility Update plan. Projects for which this AIP funding will be used at FAI are rehabilitation of runway lighting and replacement of snow removal equipment. Because the outside construction season at AIAS Airports is limited to the summer months, FAA grants are typically received in the federal fiscal year prior to the project construction year.

In 2018, Congress recognized the annual needs of airports nationwide exceeded the existing FAA AIP annual appropriation. To alleviate the exceedance, Congress appropriated Supplemental Discretionary (SDI) funding of \$5 billion to be dispersed across five years at \$1 billion each year and directed FAA to administer it. SDI funding criteria was expanded to include projects that would likely not rank high enough in the AIP to be funded. For federal fiscal year 2024, ANC received \$3,317 thousand in SDI funding to install a cogeneration power source at ANC's North Terminal.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

The federal Bipartisan Infrastructure Law (BIL), effective November 15, 2021, includes two programs the AIAS did leverage: Airport Terminals Program (ATP) and Airport Infrastructure Grants (AIG). At the end of federal fiscal year 2024, ANC had received \$12,609 thousand in AIG funding. In ATP funding, FAI had received \$2,375 thousand, and ANC had received \$1,848 thousand. The AIG and ATP funding received in federal fiscal year 2024 will fund 5 projects. Through fiscal year 2025, the AIAS plans to apply for ATP and AIG funds to augment its capital program. Projects AIAS will submit will be for various facility renewal and runway, terminal area, and cargo hardstand expansion projects at ANC, FAI, and LHD.

Part of AIAS' annual capital project authorization includes pre-approved General Category Project (GCP) Allowances as defined and scheduled in the OAPTL. These annual GCP Allowances plus individual projects by which the Signatory Airlines are notified or approve by ballot represent AIAS' annual Capital Project Fund authorization. In fiscal year 2024, AIAS' Signatory Airlines authorized \$40,860 thousand for capital project expenditures.

7. Passenger Facility Charges

Under Part 158 of the Code of Federal Regulations and through an FAA-administered application process, the FAA granted public agency sponsors of commercial service airports the authority to impose PFC ranging from \$1.00 to \$4.50 per enplaned passenger. Per FAA regulations, PFC may be used for funding PFC-eligible AIAS facility improvements or paying debt service on facility-related infrastructure. Expenditures of PFC revenues are limited to eligible costs of projects approved in advance by the FAA, which are defined as fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition.

PFC imposed are \$3.00 at ANC and \$4.50 at FAI, and of each PFC collected, airlines retain approximately \$0.11 to cover administrative costs. During the fiscal year ended June 30, 2024, the AIAS recognized \$9,053 thousand in PFC revenues. During FY 2024, ANC received approval to use collected PFC revenue, from April 1, 2024 through May 1, 2029, to fund the replacement of 14 Passenger Boarding Bridges; authorized to collect and use \$29,083 thousand. All FAI annual PFC collections, scheduled to expire in early 2026, are dedicated to paying annual debt service until approved collections are complete. A new PFC application for FAI is anticipated during FY 2026.

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**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

8. Revenue Bonds Payable

The following is a summary of the Airport System's revenue bonds payable (in thousands):

<u>June 30,</u>	<u>2024</u>
Series 2016A, maturing October 1, between 2023 and 2031 in annual installments of varying amounts, interest payable semi-annually at 5.00%, except for the 2024 maturity with interest payable semi-annually at 2.50%	\$ 70,255
Series 2016B, maturing October 1, between 2031 and 2035 in annual installments of varying amounts, interest payable semi-annually at 5.00%	82,495
Series 2021A, maturing October 1 in annual installments of varying amounts between 2033 and 2035; interest payable semi-annually at 4.00%	11,710
Series 2021B, maturing October 1 in annual installments of varying amounts between 2031 and 2032; interest payable semi-annually at 4.00%	7,460
Series 2021C, maturing October 1 in annual installments of varying amounts between 2022 and 2030; interest payable semi-annually at 5.00%	55,970
Total Bonds Payable	227,890
Unamortized bond premium (discount)	27,081
 Less amount currently payable with restricted assets	 254,971
	(16,880)
 Long-term portion	 \$ 238,091

The following is a summary of debt payment requirements for each of the next five years and thereafter (in thousands):

<u>Fiscal Year Ending June 30,</u>	Principal	Interest	Total
2025	\$ 16,880	\$ 10,718	\$ 27,598
2026	13,925	10,011	23,936
2027	14,635	9,297	23,932
2028	15,380	8,546	23,926
2029	15,710	7,769	23,479
2030-2034	100,345	25,414	125,759
2035-2036	51,015	2,501	53,516
 Total	 \$ 227,890	 \$ 74,256	 \$ 302,146

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

The following is a summary of the revenue bonds payable (in thousands):

Year Ended June 30, 2024	Beginning Balance	New Issuances	Refunding/ Redemptions	Amortization/ Principal Payments	Ending Balance
Premium	\$ 30,706	\$ -	\$ -	\$ (3,625)	\$ 27,081
Bonds Payable	\$ 237,725	\$ -	\$ -	\$ (9,835)	\$ 227,890

All AIAS revenue bonds were issued pursuant to bond resolutions. The bond resolutions define the uses described in Note 2 and list certain other requirements. Among these is a requirement for net revenues to be available for satisfying debt service and to be equal to 1.25 times the sum of annual debt service payments and required deposits to the bond redemption fund. The net revenue requirements were met for the fiscal year ended June 30, 2024.

9. Costs Allocated from the Department of Transportation and Public Facilities

The DOT&PF provides administrative and technical services benefiting all State-owned airports and seaplane bases. These costs are allocated based upon budgetary estimates of the pro rata portion that are borne by the various facilities as set forth in the annual appropriation and budget document of the State. Costs allocated to the Airport System and included in operating expenses for the fiscal year ended June 30, 2024, amounted to \$3,996 thousand.

Capital project management services are performed by the DOT&PF personnel and are capitalized to fixed assets. The capital project management services indirect costs allocated to the Airport System and capitalized in construction in progress amounted to \$3,968 thousand during the fiscal year ended June 30, 2024.

10. Pension and Other Post-Employment Benefits Plans

(a) Defined Benefit Pension Plan

General Information About the Plan

The State of Alaska participates in the State of Alaska Public Employee Retirement System (PERS). PERS is a cost-sharing, multiple-employer defined-benefit plan (the Plan) that covers eligible State and local government employees, other than teachers. The Airport System is allocated a proportionate share of the State of Alaska's pension amounts. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

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

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

The Plan provides for retirement, death and disability, and post-employment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the 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. Police/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 OPEB benefits. A complete benefit comparison chart is available at <https://drb.alaska.gov/docs/materials/PERSTierChart.pdf>.

The Plan was closed to new entrants effective June 30, 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 an agent multiple-employer plan to a 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.

Alaska Statute 39.35.255 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. 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, and disclosures on this basis. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

The Airport System records the related on-behalf contributions as revenue and expense as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (peace officer or firefighter employees 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 and healthcare 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 defined contribution plan. Contributions derived from the defined contribution employees are referred to as the DB Unfunded Liability (DBUL) or DBUL contribution.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

ARM Board-Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management (ARM) 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 that ends in 2039. This change results in lower ARM Board Rates than previously adopted.

On-behalf 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 enterprise fund 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 fiscal year ended June 30, 2024 were determined in the June 30, 2022 actuarial valuations, respectively. The Airport System's contribution rates for the 2024 fiscal year were:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	22.00%	25.10%	3.10%
Post-employment healthcare	-%	-%	-%
Total Contribution Rates	22.00%	25.10%	3.10%

In 2024, the Airport System was credited with the following contributions into the pension plan.

<i>Plan Measurement Period (in thousands)</i>	Airport System FY 24	
Airport System contributions (including DBUL)	\$	6,638
On-behalf contributions		1,232
Total Contributions	\$	7,870

In addition, employee contributions to the plan totaled \$918 thousand during the Airport System fiscal year 2024.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

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

As of June 30, 2024, the Airport System reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Airport System. The amount recognized by the Airport System for its proportional share, the related State proportion, and the total were as follows:

<i>Net Pension Liability (in thousands)</i>	<i>2024</i>	
Airport System proportionate share of NPL	\$	84,504
State's proportionate share of NPL associated with the Airport System		-
Total Net Pension Liability	\$	84,504

The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, to calculate the net pension liability as of that date. The Airport System's proportion of the net pension liability was based on a projection of the Airport System'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, 2023, measurement date, the Airport System's proportion was 1.6297%, which was an increase of 0.1004% from its proportion as of June 30, 2022 measurement date.

For the fiscal year ended June 30, 2024, the Airport System recognized pension expense increase of \$10,023 thousand.

As of June 30, 2024, the Airport System's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>(in thousands)</i>	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	2,206	-
Changes in proportion and differences between Airport System contributions and proportionate share of contributions	1,683	-
Airport System contributions subsequent to the measurement date	6,638	-
Total Deferred Outflows and Deferred Inflows	\$ 10,527	\$ -

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

The \$6,638 thousand reported as deferred outflows of resources related to pensions resulting from contributions subsequent to measurement date will be recognized as a reduction in the net pension liability in the fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

FY Ending June 30, (in thousands)

2025	\$ (836)
2026	(1,850)
2027	6,237
2028	338
 Total Amortization	 \$ 3,889

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023, 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 were effective June 30, 2022.

Inflation	2.50% per year
Salary Increases	For Peace Officer/Firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
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 return of 4.75%.
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.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

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 - 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.

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 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 adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 are summarized in the following table (note that the rates shown below exclude the inflation component of 2.39%):

<i>Asset Class</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	5.48%
Global equity (ex-U.S.)	7.14%
Global equity	5.79%
Aggregate bonds	2.10%
Real assets	4.63%
Private equity	8.84%
Cash equivalents	0.77%

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

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 in accordance with the method prescribed in GASB 67.

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

The following presents the Airport System's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Airport System'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 (in thousands):

	Proportion al Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Airport System's proportionate share of the net pension liability	1.6297%	\$ 113,447	\$ 84,504	\$ 60,056

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 Pension Plan

General Information About the Plan

Employees hired after June 30, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB 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 retirement accounts, occupational death and disability benefits, and a retiree medical insurance plan. A separate Health Reimbursement Arrangement (HRA) account helps retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the ACFR for PERS, and at the following website, as noted above, <https://doa.alaska.gov/drbo/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other non-employer contributions. In addition, actual remittances to the PERS system require that the Airport System 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.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

Benefit Terms

Employees are immediately vested in their own contributions, plus the earnings they generate, 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 the employment from the Plan and are applied to cover a portion of the employer match contributions.

Employee Contribution Rate

Employees are required to contribute 8.0% of their gross eligible compensation each pay period. This amount goes directly to the individual's account.

Employer Contribution Rate

For the fiscal year ended June 30, 2024, the Airport System was required to contribute 5.0% of covered salary into the Plan. In addition, during 2024, the State on-behalf contribution rate for OPEB was 3.1%.

The Airport System and employee contributions to PERS for pensions for the fiscal year ended June 30, 2024 were \$1,308 and \$2,092 in thousands, respectively. The Airport System contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

General Information About the Plan

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

The ARHCT is self-funded, is self-insured, and provides major medical coverage to retirees of the DB Plan. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP is self-insured and provides major medical coverage to retirees of the PERS DC Plan (Tier IV). 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 annual comprehensive financial report for PERS, at the following website, as noted above. <http://drb.alaska.gov/docs/reports/>.

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**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

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 fiscal year ended June 30, 2024 were:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.01%	1.01%
Occupational Death and Disability Benefits	0.30%	0.68%
Total Contribution Rates	1.31%	1.69%

In 2024, the Airport System was credited with the following contributions to the OPEB plans, in thousands:

Airport System Measurement Period Fiscal Year July 1, 2023 to June 30, 2024		
Employer contributions - ARHCT	\$	935
Employer contributions - RMP		264
Employer contributions - ODD		103
Non-employer contributions (on-behalf) - ARHCT		-
Total Contributions	\$	1,302

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**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

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

As of June 30, 2024, the Airport System reported an asset for its proportionate share of the Net OPEB Asset (NOA) that reflected a reduction for State OPEB support provided to the Airport System, which differs on June 30, 2023, of a liability (asset) for its proportionate share of the net OPEB liabilities (NOL) and NOA. The amount recognized by the Airport System for its proportional share, the related State proportion, and the totals were as follows (in thousands):

	FY 2024
Airport System's proportionate share of NOL - ARHCT	\$ -
Airport System's proportionate share of NOL - RMP	- -
Airport System's proportionate share of NOL - ODD	- -
State's proportionate share of the NOL associated with the Airport System	- -
Total Net OPEB Liabilities	\$ -
	FY 2024
Airport System's proportionate share of NOA - ARHCT	\$ 37,507
Airport System's proportionate share of NOA - RMP	754
Airport System's proportionate share of NOA - ODD	832
State's proportionate share of the NOA associated with the Airport System	- -
Total Net OPEB Assets	\$ 39,093

The total OPEB liabilities for the June 30, 2023 measurement date were determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, to calculate the net OPEB assets as of that date. The Airport System's proportion of the net OPEB assets was based on a projection of the Airport System's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2022	June 30, 2023	
	Measurement	Measurement	
	Date Employer	Date Employer	
	Proportion	Proportion	Change
Airport System's proportionate share of the net OPEB assets:			
ARHCT	1.54082%	1.63006%	0.08924%
RMP	1.48813%	1.58934%	0.10121%
ODD	1.51298%	1.62179%	0.10881%

As a result of its requirement to contribute to the plans, the Airport System recognized OPEB expense of \$935 thousand and on-behalf revenue of \$0 for support provided by the State associated with the ARHCT plan.

State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)

Notes to Financial Statements

As of June 30, 2024, the Airport System reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>June 30, 2024 (in thousands)</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 101	\$ (258)
Changes in assumptions	81	(1,308)
Net difference between projected and actual earnings on OPEB plan investments	884	-
Changes in proportion and differences between Airport System's contributions and proportionate share of contributions and proportionate share of contributions	-	(9)
Airport System contributions subsequent to the measurement date	1,302	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans	\$ 2,368	\$ (1,575)

The \$1,302 thousand reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB asset in the fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows, in thousands:

Fiscal Year Ending June 30,

2024	\$ (1,484)
2025	(1,707)
2026	4,070
2027	(254)
2028	(109)
Thereafter	(1,025)
Total Amortization	\$ (509)

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**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

Actuarial Assumptions

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Investment rate of return	7.25%, net of post-retirement healthcare plan investment expenses. This is based on an average of inflation rates of 2.50% and a real return of 4.75%.
Healthcare cost trend rates (ARHCT Plan and RMP)	Pre-65 medical: 6.4% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx/EGWP: 6.9% grading down to 4.5% Initial trend rates are for FY 2025 Ultimate trend rates reached in FY 2050
Mortality - Peace Officer/ Firefighter (ARHCT Plan and RMP Plan)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-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, 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 Plan)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-201 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for the healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

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-2010 generational improvement. These rates are applied only after the death of the original member.

Mortality - Others (ARHCT Plan and RMP Plan)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-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 101% of male and 110% of female rates 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 - 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. 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 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.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017, to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience. For the ARHCT and RMP plans, the per-capita claims costs were updated to reflect recent experience for the June 30, 2022 actuarial valuation.

Long-Term Expected Rate of Return

The long-term expected rate of return on postretirement healthcare 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 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 adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the postretirement healthcare plans' target asset allocation as of June 30, 2024 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.39%):

<i>Asset Class</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	5.48%
Global equity (non-U.S.)	7.14%
Global equity	5.79%
Aggregate Bonds	2.10%
Real assets	4.63%
Private equity	8.84%
Cash equivalents	0.77%

Discount Rate

The discount rate used to measure the total OPEB liability (asset) as of June 30, 2024 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 postretirement healthcare 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 postretirement healthcare plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability in accordance with the method prescribed by GASB 74.

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**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the Airport System's proportionate share of the net OPEB asset as of June 30, 2024, calculated using the discount rate of 7.25%, as well as what the System'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 (in thousands):

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Airport System's proportionate share of the net OPEB asset:				
ARHCT	1.63006%	\$ 24,930	\$ 37,507	\$ 48,071
RMP	1.58934%	\$ 26	\$ 754	\$ 1,311
ODD	1.62179%	\$ 782	\$ 832	\$ 871

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

The following presents the Airport System's proportionate share of the net OPEB asset as of June 30, 2024, calculated using the healthcare cost trend rates as summarized in the 2022 actuarial valuation report, as well as what the System's net OPEB asset would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates (in thousands):

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Airport System's proportionate share of the net OPEB asset:				
ARHCT	1.63006%	\$ 49,280	\$ 37,507	\$ 23,488
RMP	1.58934%	\$ 1,386	\$ 754	\$ (93,104)
ODD	1.62179%	\$ 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

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the ODD and the RMP. Information on these plans is included in the annual comprehensive financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment healthcare benefits.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

In addition, PERS defined contribution members also participate in the HRA. 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, 2023, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,302.56 per year for each full-time employee, and \$1.48 per hour for part-time employees.

Annual Post-employment Healthcare Cost

The Airport System contributed \$731 thousand in DC OPEB costs during the fiscal year ended June 30, 2024. This amount has been recognized as expense/expenditures.

11. Leases

(a) Leases as Lessor

AIAS leases terminal space, buildings, land, and other structures to tenants and concessionaires under various lease agreements, which will terminate by fiscal year 2062. Charges to Signatory Airlines are generated from terminal building rentals, facilities use fees, and landing fees in accordance with the AIAS OAPTL. Under the terms of certain lease agreements, concession fees are based principally on a percentage of a concessionaire’s gross sales or a stated minimum annual guarantee, whichever is greater, or on other land and building rents based on square footage rental rates. As a lessor, the AIAS recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term; however, the asset underlying the lease is not derecognized. There are certain exceptions to this accounting treatment for regulated leases, short-term leases, and leases of assets held as investments. The Airport System has no leases of assets held as investments; therefore, the lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable as well as any payments received at or before the commencement of the lease term that relate to future periods.

(b) Nonregulated Leases

For these leases, the Airport System is reporting a lease receivable of \$45,748 thousand for fiscal year 2024. The deferred inflow of resources for fiscal year 2024 is \$44,986 thousand. The AIAS also reports lease revenue of \$9,566 thousand and lease interest revenue of \$494 thousand in fiscal year 2024.

These leases did not have an implicit rate of return; therefore, to discount the lessor revenues to the net present value for new agreements entered into and/or agreements modified in fiscal year 2024, the Airport System used the all-in Net True Interest Cost (TIC) for the Series 2021A, 2021B, and 2021C revenue bonds. As of June 30, 2024, the minimum future rentals and fees to be received under non-cancellable leases or concession agreements for the next five fiscal years and subsequent five-year increments are (in thousands):

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

Concession Fees

Fiscal Year	Principal	Interest	Total
2025	\$ 5,366	\$ 333	\$ 5,699
2026	4,473	271	4,744
2027	4,067	219	4,286
2028	3,938	169	4,107
2029	3,759	120	3,879
2030-2033	7,720	117	7,837
Subtotal	\$ 29,323	\$ 1,229	\$ 30,552

Terminal Rents

Fiscal Year	Principal	Interest	Total
2025	\$ 571	\$ 52	\$ 623
2026	556	46	602
2027	551	40	591
2028	537	34	571
2029	537	28	565
2030-2033	2,195	50	2,245
Subtotal	\$ 4,947	\$ 250	\$ 5,197

Vehicle Parking Fees

Fiscal Year	Principal	Interest	Total
2025	\$ 149	\$ 12	\$ 161
2026	151	10	161
2027	153	8	161
2028	155	6	161
2029	157	4	161
2030-2031	226	2	228
Subtotal	\$ 991	\$ 42	\$ 1,033

Land Rental Fees

Fiscal Year	Principal	Interest	Total
2025	\$ 753	\$ 114	\$ 867
2026	687	106	793
2027	637	98	735
2028	565	92	657
2029	568	85	653
2030-2034	2,838	332	3,170
2035-2039	1,621	198	1,819
2040-2044	917	134	1,051
2045-2049	644	90	734
2050-2054	534	58	592
2055-2059	531	28	559
2060-2062	192	3	195
Subtotal	\$ 10,487	\$ 1,338	\$ 11,825
Grand Total	\$ 45,748	\$ 2,859	\$ 48,607

(c) Excluded - Short-Term Leases

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

The Airport System does not recognize a lease receivable and a deferred inflow of resources for short-term leases in accordance with GASB 87. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12 months or less, including any options to extend, regardless of their probability of being exercised.

(d) Regulated Leases

Following GASB 87, the AIAS does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases subject to external laws, regulations, or legal rulings, e.g., the U.S. Department of Transportation and the FAA-regulated aviation leases between airports, air carriers, and other aeronautical users. Regulated leases at AIAS include the AIAS OAPTL and other related passenger and cargo airline leases, aeronautical agreements, fueling, and ground handling leases. The leased assets under these agreements include gates, passenger hold rooms, common-use facilities, concourse operations space, baggage service areas, hangars, cargo facilities, and tie-down spaces.

The AIAS OAPTL provides for paying rentals, fees, and charges for airline use and occupancy of airfield and terminal facilities to allow the AIAS to recover all operating and maintenance expenses, bond debt service, and coverage on bond debt service allocable to the airfield and terminal cost centers. For regulated leases, AIAS recognized \$18,521 thousand in leasehold rentals revenue from terminal space (\$10,655 thousand), buildings (\$315 thousand), land (\$5,467 thousand), aircraft ramp parking (\$1,395 thousand), and tie-downs (\$689 thousand) in fiscal year 2024. All future payments for regulated leases are based on rates and fees calculated semi-annually, at the beginning of each fiscal year, and at mid-fiscal year, based on the budgeted revenues, expenses, and debt service requirements, and are allocated as per the AIAS OAPTL. As a result, expected future minimum payments for regulated leases are indeterminable. Terminal gates, totaling 44 gates, are subject to preferential or common use by the counterparties to these agreements as follows: 25 gates are leased on a preferential basis; the remaining 19 gates are leased on a common-use basis.

12. Subscription-Based Information Technology Arrangements

The GASB defines a subscription-based information technology agreement (SBITA) as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITAs occur when agreements for information technology equipment are transacted over a period exceeding 12 months, and the payor (the SBITA vendor) is granted permission to control the asset by the payee, in this case, AIAS. AIAS has entered into SBITA contracts to complete certain business activities. AIAS SBITAs-related expenditures and supporting documentation were examined to determine the impact of GASB 96 on AIAS financial statements. Upon completion of its review, AIAS has determined that, since the GASB 96 effective date, it has not entered into any SBITA agreement that may be deemed material to its financial statements. Therefore, the GASB 96 new accounting and financial reporting guidance for SBITAs is not applicable to AIAS in FY 2024.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

13. Contingencies

In the normal course of its activities, AIAS is involved in the mitigation of circumstances not easily predicted and the defense of various claims and litigation. Tenant disagreements; emergent environmental concerns; global economic factors such as supply chain disruptions, political unrest, international relations, tariffs, and inflation; unforeseen impacts to construction; and workforce challenges shaped the environment in which the AIAS conducted its business in FY 2024. Below are descriptions of the AIAS' contingencies and its various means for addressing them.

Like many primary airports in the United States, ANC and FAI have been found to have perfluoroalkyl or polyfluoroalkyl substances (PFAS) in soils and ground water at levels deemed higher than U.S. Environmental Protection Agency's preliminary healthy advisory levels. Both airports have conducted studies to best define limits and identify sources of the substance. As this is a nationwide as well as statewide issue, the AIAS is working with its tenants, neighbors, the FAA, and the ADEC to find viable solutions to remediate existing and mitigate future impacts to airport property. Current projects include both airport's cleanout of existing firefighting equipment and replacement of PFAS-containing foam to a new non-fluorinated foam and ANC's ongoing site characterization work.

In FY 2020, ANC entered into a compliance order by consent (COBC) with the Alaska Department of Environmental Conservation (ADEC) regarding stormwater effluent related to airport operations at ANC stormwater discharge Outfall D, located near Point Woronzof. The COBC resulted in suspended civil penalties of \$1.14 million dollars, with the suspension contingent upon ANC's compliance with the terms of the COBC, including successfully developing and implementing a plan to address the foaming within five years. The study period has since been extended, as the issue appears to have been addressed: testing samples are showing a significant trend toward lower effluent contamination likely resulting from ceasing use of the firefighting substance known to contain PFAS. As of this writing, ANC has submitted its stormwater plan to ADEC for approval; however, due to personnel changes at the agency, ADEC has extended ANC's current permit until it can address the update. Both airports are working with tenants, FAA, and ADEC on various environmental documentation efforts for property development projects. It is difficult to forecast with any level of certainty the expected long-term costs of PFAS remediation or the level of outside funding that will support efforts.

Current AIAS tenant leases include provisions requiring the tenant to indemnify the Airport System for any damage to property or losses to the Airport System because of the tenant's operations. Accordingly, in the opinion of management, any tenant environmental remediation plans and final disposition are not expected to have a material adverse effect on the financial position, results of operations, or liquidity of the Airport System currently. Additionally, federal guidance is expected to further address the issues related to the existence of PFAS on airports and on properties nearby airports. At this time, future Environmental Protection Agency guidance and federal funding for remediation are both uncertain.

The AIAS airports receive funding for certain qualifying capital improvements through the FAA's AIP. Currently, there are no known changes to the AIP funding mechanism or funding levels at the federal level. However, recent federal government actions raise the prospect that there may be future changes in the AIP program and FAA funding. The AIAS is carefully monitoring all federal actions that affect the Airport System and will respond appropriately to changes as they are announced.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

Nonoperating revenues include grant reimbursements for Pandemic-related operating expenditures and debt service payments. Grant revenues are recognized when all of the requirements under GASB 33 have been met. Congress intended the Pandemic relief funds to provide aid to the airport and airline industries. As such, AIAS applied to use the funds for rent mitigation, rates and fees relief, and debt restructuring. The Pandemic relief funds were classified in nonoperating revenues since the expenditures do not result in the acquisition of capital assets. A total of \$16,054 thousand for Pandemic relief reimbursements was recognized and received during fiscal year 2024. AIAS plans to expend the remaining Pandemic rent relief reimbursements, approximately \$2,807 thousand, during FY 2025.

Political unrest and ever-increasing cyber-security concerns are being addressed through more frequent training and practical exercises to prevent physical and cyber breaches. A new Identity Management System (IDMS) was installed at FAI in 2019. ANC is researching an alternative IDMS provider to better secure non-public areas. Both ANC and FAI are participating in the TSA-mandated employee screening program as of September 2024.

Given the relatively large amount of capital project activity occurring annually, the Airport System periodically receives assertions of claims from its contractors regarding capital project activity related to matters such as cost over-runs, delays, and changed conditions. The Airport System believes it has strong defenses to all such currently asserted claims. Unfavorable outcomes in all other currently filed claims is considered unlikely. The combined potential exposure is not material with respect to AIAS ability to meet its financial obligations. All such claims are estimated to total less than \$1.0 million in the aggregate at the end of fiscal year 2024.

The Airport System participates in the State's risk management and self-insurance program for property, casualty and workers' compensation, and specialty coverages. The Division of Risk Management (Risk Management) acts as the insurance carrier for each State agency, funding all sudden and accidental property and casualty claims. Risk Management allocates annual premiums to each State agency through a cost of the risk premium allocation system. Risk Management has purchased excess insurance coverage to maintain the self-insurance risk at an acceptable level for the State.

14. Subsequent Events

On January 15, 2024, a structural fire occurred at a building owned and leased by FAI. Following an investigation by the State Fire Marshal and the Airport Police and Fire Department, the building was deemed a complete loss. The estimated replacement value of the building for insurance purposes was \$1,280 thousand. Due to the high costs associated with construction, FAI decided not to replace the building. Environmental remediation of the site was completed in December 2024 at a cost of \$498 thousand, which FAI expects to be fully reimbursed by the State's Division of Risk Management. The ADEC concluded that, after completion of remediation of the site, no further containment or cleanup is required for this site at this time.

The result of the loss of the building is a reduction in the property rental revenue from a developed property lease to an undeveloped property lease rate. FAI continues to receive rental income from the land where the building was located, as the land lease agreement remains in effect. The land is still being used by a rental car company for storage of cars pending rental and the company recently signed an agreement to invest in constructing a new building on the land. The annual rental revenue for the premises is approximately \$17 thousand through November 2030.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Financial Statements

In January 2025, the Alaska Department of Revenue pursued the refunding of the Airport System's Revenue Bonds, Series 2016A and 2016B revenue bond series, a total of \$53,375 and \$82,495 thousand, respectively. This resulted in issuing a tender 2025A Governmental - Non-AMT bond of \$67,750 thousand and a forward delivery (July 2025) 2025B Governmental - Non-AMT bond of \$50,210 thousand. The maturity dates of both are out to October 2035. Through this refinancing, the Airport System realized an aggregate savings of \$8,900 thousand, which will result in flattening out the annual debt service of below \$23,000 thousand.

Required Supplementary Information

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Public Employees' Retirement System Pension Plan
Schedule of the Airport System's Share of the Net Pension Liability
(in thousands)**

Years Ended June 30,	Airports System's Share of the Pension Liability	Airports System's Proportionate Share of the Net Pension Liability	Airports System's Share of the Net Pension Liability	Total Net Pension Liability	Airports System's Covered Payroll	Airports System's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	1.629712%	\$ 84,504	\$ -	\$ 84,504	\$ 39,752	212.58%	68.23%
2023	1.529272%	78,513	-	78,513	35,524	221.02%	67.97%
2022	1.469886%	53,922	-	53,922	33,132	162.75%	76.46%
2021	0.961309%	59,728	24,716	84,444	32,268	185.10%	61.61%
2020	1.043340%	57,115	22,679	79,794	31,932	178.87%	63.42%
2019	1.074225%	53,378	15,460	68,838	30,259	176.40%	65.19%
2018	1.047884%	54,170	20,182	74,352	29,452	183.93%	63.37%
2017	1.293048%	72,276	9,107	81,383	28,644	252.32%	59.55%
2016	1.090483%	52,542	13,865	66,407	28,560	183.97%	63.96%
2015	1.411333%	35,286	30,541	65,827	13,190	267.53%	62.37%

See accompanying notes to Required Supplementary Information.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Public Employees' Retirement System Pension Plan
Schedule of Airport System's Contributions - Pension Plan
(in thousands)**

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Airports System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 6,638	\$ 6,638	\$ -	\$ 39,752	16.70%
2023	5,913	5,913	-	35,524	16.64%
2022	4,121	4,121	-	33,132	12.44%
2021	3,474	3,474	-	32,268	10.77%
2020	3,738	3,738	-	31,932	11.71%
2019	3,789	3,789	-	30,637	12.37%
2018	4,769	4,769	-	30,259	15.76%
2017	4,165	4,165	-	29,452	14.14%
2016	3,670	3,670	-	28,644	12.81%
2015	3,673	3,673	-	28,560	12.86%

See accompanying notes to Required Supplementary Information.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Public Employees' Retirement System OPEB Plan

**Schedule of the Airport System's Share of the Net OPEB Liability (Asset) - ARHCT
(in thousands)**

Years Ended June 30,	Airports System's Proportion of the Net OPEB Liability (Asset)	Airports System's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	Airports System's Covered Payroll	Airports System's Proportionate Share of the Net OPEB Liability as a Percentage of the State's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the State's Total OPEB Liability
2024	1.630064%	\$ (37,507)	\$ -	\$ (37,507)	\$ 39,752	-94.35%	133.96%
2023	1.540821%	(30,317)	-	(30,317)	33,132	-91.50%	128.51%
2022	1.469464%	(37,697)	-	(37,697)	31,932	-118.05%	135.54%
2021	1.011723%	(4,582)	(1,903)	(6,485)	30,070	-15.24%	106.15%
2020	1.043290%	1,548	616	2,164	30,637	5.05%	98.13%
2019	1.074021%	11,022	3,200	14,222	30,259	36.43%	88.12%
2018	1.048044%	3,299	1,230	4,529	29,452	11.20%	89.68%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Public Employees' Retirement System OPEB Plan
Schedule of Airport System's Contributions - ARHCT
(in thousands)**

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Airports System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 935	\$ 935	\$ -	\$ 39,752	2.35%
2023	750	750	-	35,524	2.11%
2022	3,863	3,863	-	33,132	11.66%
2021	1,772	1,772	-	31,932	5.55%
2020	1,493	1,493	-	30,070	4.97%
2019	1,366	1,366	-	30,637	4.46%
2018	1,485	1,485	-	30,259	4.91%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Public Employees' Retirement System OPEB Plan

**Schedule of the Airport System's Proportionate Share of the Net OPEB Liability (Asset) - RMP
(in thousands)**

Years Ended June 30,	Airports System's Proportionate Share of the Net OPEB Liability (Asset)	Airports System's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the State's Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	Airports System's Proportionate Share of the Net OPEB Liability (Asset)		Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
					Net OPEB Liability (Asset)	Airports System's Covered Payroll as a Percentage of Covered Payroll	
2024	1.589342%	\$ (754)	\$ -	\$ (754)	\$ 39,752	1.90%	124.29%
2023	1.488131%	517	-	517	33,132	1.56%	120.08%
2022	1.443343%	387	-	387	31,932	1.21%	115.10%
2021	1.399154%	(99)	-	(99)	30,070	-0.33%	95.23%
2020	1.416118%	339	-	339	30,637	1.11%	83.17%
2019	1.353092%	172	-	172	30,259	0.57%	88.71%
2018	1.010124%	26	-	26	29,452	0.09%	93.98%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Public Employees' Retirement System OPEB Plan
Schedule of Airport System's Contributions - RMP
(in thousands)**

Years Ended June 30,	Contributions Relative to the			Airports System's Covered Payroll	Contributions as a Percentage of Covered Payroll	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)			
2024	\$ 264	\$ 264	\$ -	\$ 39,752	0.66%	
2023	248	248	-	35,524	0.70%	
2022	220	220	-	33,132	0.66%	
2021	233	233	-	31,932	0.73%	
2020	236	236	-	30,070	0.79%	
2019	154	154	-	30,637	0.50%	
2018	35	35	-	30,259	0.12%	
2017	*	*	*	*	*	*
2016	*	*	*	*	*	*
2015	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Public Employees' Retirement System OPEB Plan

**Schedule of the Airport System's Proportionate Share of the Net OPEB Asset - ODD
(in thousands)**

Years Ended June 30,	Airports System's Proportion of the Net OPEB Asset	Airports System's Proportionate Share of the Net OPEB Asset	State of Alaska Proportionate Share of the State's Net OPEB Asset	Total Net OPEB Asset	Airports System's Covered Payroll	Airports System's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset
2024	1.621786%	\$ (832)	\$ -	\$ (832)	\$ 39,752	-2.09%	349.24%
2023	1.512975%	(663)	-	(663)	33,132	-2.00%	348.80%
2022	1.459937%	(643)	-	(643)	31,932	-2.02%	374.23%
2021	1.421717%	(388)	-	(388)	30,070	-1.29%	283.80%
2020	1.441138%	(349)	-	(349)	30,637	-1.14%	297.43%
2019	1.353094%	(263)	-	(263)	30,259	-0.87%	270.62%
2018	1.396341%	(98)	-	(98)	29,452	-0.33%	212.97%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

**Public Employees' Retirement System OPEB Plan
Schedule of Airport System's Contributions - ODD**

Years Ended June 30,	Contributions Relative to the Contractually Required Contribution				Contribution Deficiency (Excess)	Airports System's Covered Payroll	Contributions as a Percentage of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Airports System's Covered Payroll			
2024	\$ 103	\$ 103	\$ -	\$ 39,752			0.26%
2023	92	92	-	35,524			0.26%
2022	88	88	-	33,132			0.27%
2021	37	37	-	31,932			0.12%
2020	68	68	-	30,070			0.23%
2019	66	66	-	30,637			0.22%
2018	153	153	-	30,259			0.51%
2017	*	*	*	*			*
2016	*	*	*	*			*
2015	*	*	*	*			*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Required Supplementary Information

1. Public Employees' Retirement System - Schedule of the Airport System's Proportionate Share of the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2024, the Plan measurement date is June 30, 2023.

Changes in Assumptions:

The updated demographic and economic assumptions were adopted by the Board in June 2023 based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2022. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2023.

The discount rate as of June 30, 2024 was 7.25%.

Amounts reported reflect a change in assumptions between 2018 and 2022 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

2. Public Employees' Retirement System - Schedule of Airport System's Contributions - Pension Plan

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

**State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)**

Notes to Required Supplementary Information, continued

3. Public Employees' Retirement System - Schedule of the Airport System's Proportionate Share of the Net OPEB Liability (Asset) - ARHCT, RMP, and ODD Plans

These tables are presented based on the Plan measurement date. For June 30, 2024, the Plan measurement date is June 30, 2023.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2023 actuarial valuation, which were adopted by the Board to better reflect expected future experience. For the ARHCT and RMP plans, the per-capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

The discount rate as of June 30, 2024 was 7.25%.

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

4. Public Employees' Retirement System - Schedule of Airport System's Contributions - ARHCT, RMP, and ODD Plans

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

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

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Supplementary Information

State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)
(in thousands)

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position

<i>For the Year Ended June 30,</i>	2024		
	Anchorage	Fairbanks	Total
Operating Revenues			
Airfield operations:			
Landing fees	\$ 70,432	\$ 1,926	\$ 72,358
Fuel flowage fees	25,174	357	25,531
Aircraft docking fees	602	403	1,005
Aircraft parking fees	2,800	210	3,010
Federal inspection fees	1,651	78	1,729
Aircraft ramp rental	1,200	189	1,389
Concession fees	15,812	4,557	20,369
Terminal rents	17,880	3,432	21,312
Vehicle parking fees	9,637	2,722	12,359
Land rental fees	8,705	905	9,610
Bad debt expense	(5,849)	-	(5,849)
Other	798	(584)	214
Total Operating Revenues	148,842	14,195	163,037
Operating Expenses			
Facilities	26,700	5,308	32,008
Field and equipment maintenance	26,960	6,372	33,332
Safety	13,770	6,005	19,775
Administration	14,732	5,136	19,868
Operations	6,094	1,406	7,500
Environmental expenses	798	962	1,760
Vehicle parking and curbside services	2,069	327	2,396
Risk management	844	-	844
Depreciation and amortization	62,688	13,782	76,470
Total Operating Expenses	154,655	39,298	193,953
Operating Loss	(5,813)	(25,103)	(30,916)

State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)
(in thousands)

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position, continued

<i>For the Year Ended June 30,</i>	<i>2024</i>		
	<i>Anchorage</i>	<i>Fairbanks</i>	<i>Total</i>
Nonoperating Revenues (Expenses)			
Investment income	\$ 13,232	\$ -	\$ 13,232
Lease interest income	324	170	494
Interest expense	(7,640)	-	(7,640)
Federal Aviation Administration			
- CRRSA Act & ACRGP	14,007	2,047	16,054
Grants - other	195	248	443
Other nonoperating revenues	95	-	95
Reimbursement of prior-year expenditures	42	-	42
Passenger Facility Charges	6,831	2,222	9,053
Gain on disposal of capital assets	46	20	66
Net Nonoperating Revenues (Expenses)	\$ 27,132	\$ 4,707	\$ 31,839
Income (Loss) Before Capital Contributions			
	\$ 21,319	\$ (20,396)	\$ 923
Capital Contributions			
Federal Aviation Administration	\$ 50,961	\$ 15,113	\$ 66,074
Change in Net Position	\$ 72,280	\$ (5,283)	\$ 66,997

See accompanying notes to financial statements.

State of Alaska
International Airport System
(An Enterprise Fund of the State of Alaska)
(in thousands)

Schedule of Net Revenues in Excess of Net Revenues Required

For the Year Ended June 30,

2024

Net Revenues, as defined in Section 1.01 of Resolution 99-01
of the State Bond Committee of the State of Alaska:

Revenues:	
Operating revenues	\$ 163,037
Federal Aviation Administration - CRRSA Act and ACRGP	16,054
Investment income	13,232
Lessee investment income	494
 Total revenues	 192,817
 Maintenance and operation costs	 193,953
Noncash adjustments:	
Depreciation	(76,470)
 Total adjusted maintenance and operation costs	 117,483
 Net Revenues	 75,334
 Net Revenues Required , as defined in Section 4.10 of Resolution 99-01 and Resolution 99-07 of the State Bond Committee of the State of Alaska:	
Scheduled debt service payments	21,159
 Minimum revenue requirement factor	 1.25
 Net Revenues Required	 26,449
 Net Revenues in Excess of Net Revenues Required	 \$ 48,885
 Debt Service Coverage	 3.56

See accompanying notes to financial statements.



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Independent Auditor's Report on Compliance with Bond Covenants Based on the Audit of the Financial Statements

State of Alaska Department of Transportation
and Public Facilities
Juneau, Alaska

Report on Compliance with Bond Covenants Based on the Audit of the Financial Statements

We have audited the accompanying financial statements of the State of Alaska International Airport System (Airport System) (an Enterprise Fund of the State of Alaska) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Airport System's basic financial statements as listed in the table of contents and have issued our report thereon dated May 2, 2025.

Other Reporting Matters

In connection with our audit, nothing came to our attention that caused us to believe that the State of Alaska International Airport System failed to comply with the terms, covenants, provisions, or conditions of the following sections of Resolution 99.01 of the State Bond Committee of the State of Alaska, relating to the State of Alaska International Airport System Revenue Bond Series 1999A, 2006A, 2009A, 2010A, 2010B, 2010C, 2010D, 2016A, 2016B, 2016C, and 2016D:

<u>Section</u>	<u>Subject Matter</u>
4.01	Punctual Payment
4.02	Against Sale or Other Disposition of Airports
4.03	Maintenance and Operation of Airports
4.04	Payment of Claims
4.05	Insurance
4.06	Books and Accounts; Financial Statements
4.07	Protection of Security and Rights of Parity Bond Owners
4.08	Maintenance of Registrar
4.09	Eminent Domain Proceeds
4.10	Rate Covenant
4.11	Further Assistance

However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

BDO USA, P.C.

Anchorage, Alaska
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APPENDIX B

**SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION
AND OF THE NINTH SUPPLEMENTAL RESOLUTION**

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION AND THE NINTH SUPPLEMENTAL RESOLUTION

The following summary is an outline of certain provisions of the State Bond Committee of the State of Alaska Resolution No. 99-01, adopted January 28, 1999, as amended and supplemented by Resolution No. 2010-05, adopted August 30, 2010, and by Resolution No. 2016-01, adopted January 5, 2016 (collectively, the “**General Bond Resolution**”), authorizing the issuance and sale of revenue bonds of the Alaska International Airports System, and the State Bond Committee of the State of Alaska Resolution No. 2024-04, adopted December 9, 2024 (the “**Ninth Supplemental Resolution**”), and is not to be considered a full statement thereof and is qualified by reference to the complete General Bond Resolution and Ninth Supplemental Resolution. All capitalized words or phrases (other than those conventionally capitalized) used in this summary are defined in the General Bond Resolution or in the Ninth Supplemental Resolution. Certain of those definitions are summarized herein.

SUMMARY OF GENERAL BOND RESOLUTION

Certain Definitions

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

“Act” means Chapter 88, SLA 1961, as amended, most recently Chapter 41, SLA 1998 and codified as AS 37.15.410 to 37.15.550, inclusive, as the same may be amended or supplemented by any other statute of the State.

“Aggregate Annual Debt Service” means Annual Debt Service for all Parity Bonds Outstanding.

“AIAS” means the Alaska International Airports System, which includes the international airports owned and operated by the State and located within or near the Municipality of Anchorage and the City of Fairbanks, as the same may be amended by the Act.

“Anchorage Airport” means the Anchorage International Airport.

“Annual Debt Service” means the total amount of Debt Service for any Parity Bond or Series of Parity Bonds in any Fiscal Year (for purposes of the Rate Covenant) or Base Period (for purposes of the Coverage Requirement).

“Authorized AIAS Representative” means the person or persons designated in writing by the Commissioner of Transportation and Public Facilities.

“Average Annual Debt Service” means the aggregate dollar amount of Debt Service with respect to Parity Bonds through the scheduled maturities thereof (stated maturity dates or mandatory redemption dates with respect to term debt), divided by the number of years remaining during which Parity Bonds are

scheduled to mature or be subject to mandatory redemption (commencing with the year following the year of calculation).

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

“Base Period” means any consecutive 12-month period selected by the State out of the 24-month period next preceding the date of issuance of Future Parity Bonds.

“Bond Fund” means the “International Airports Revenue Bond Redemption Fund” established and maintained pursuant to the Act.

“Bond Register” means the registration books maintained by the Registrar setting forth the names and addresses of owners of the Bonds in compliance with Section 149 of the Code.

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

“Capitalized Interest Account” means the Account of that name maintained within the Construction Fund pursuant to the General Bond Resolution.

“Certificate of the Committee” and **“written request of the Committee”** mean, respectively, a certificate or request in writing signed by the chairman and the Secretary of the Committee, or by any two members of the Committee or officers or representatives of the State duly authorized by the Committee for that purpose. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Any certificate of the Committee may be based, in so far as it relates to legal, accounting or engineering matters, upon the opinion or representation of counsel, accountants or engineers, unless the officer signing such certificate knows, or in the exercise of reasonable care should have known, that the opinion or representation with respect to the matters upon which such certificate may be base, as aforesaid, is erroneous. The same officer, counsel, accountant or other persons, as the case may be, need not certify to all of the matters required to be certified under any provision of the General Bond Resolution, but different officers, counsel, accountants or other persons may certify to different facts, respectively.

Every certificate of the Committee and every opinion of counsel, accountants, engineer or other persons provided for in the General Bond Resolution shall include—

(1) a statement that the person making or giving such certificate or opinion has read the pertinent provisions of the General Bond Resolution to which such certificate or opinion relates;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based;

(3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and

(4) with respect to any statement relating to the compliance with any provision hereof, a statement as to whether, in the opinion of such person, such provision has been complied with.

“Code” means the federal Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

“Commissioner of Revenue” means the Commissioner of the Department of Revenue of the State.

“Commissioner of Transportation and Public Facilities” means the Commissioner of the Department of Transportation and Public Facilities of the State.

“Committee” means the State Bond Committee of the State of Alaska, an agency of the State created by AS § 37.15.110, or any other committee, body, department or officer of the State which or who shall succeed to the rights, powers, duties and obligations of the State Bond Committee by act of the Legislature.

“Computation Date” means each date selected by the State to make arbitrage rebate computations.

“Computation Period” means the period between Computation Dates.

“Construction Fund” means the International Airports Construction Fund, established by AS 37.15.420, for the purpose of receiving proceeds of bonds and notes, including Parity Bonds.

“Consultant” means at any time an independent firm, person or corporation having a widely known and favorable reputation for special skill, knowledge and experience in methods of development, operation and financing of airport facilities of approximately the same size as the properties constituting the AIAS appointed by the Committee to perform the duties of the Consultant as required by the General Bond Resolution. For the purposes of delivering any certificate required by the General Bond Resolution, as described under the subheading “SUMMARY OF GENERAL BOND RESOLUTION—Parity Bonds,” and making the calculation described under such subheading, the term Consultant shall also include any independent national public accounting firm appointed by the State to make such calculation or to provide such certificate.

“Coverage Requirement” means Net Revenues equal to or greater than 125% of Aggregate Annual Debt Service for all outstanding Parity Bonds, including Future Parity Bonds then being issued (a) for project purposes, for each of the three Fiscal Years following the earlier of (i) completion of the projects being financed with the proceeds of the Future Parity Bonds then being issued and (ii) the date on which all capitalized interest with respect to such Future Parity Bonds is expended and (b) with respect to refunding bonds, each of the most recent three Fiscal Years preceding the date of calculation. Absent a written election by the Designated Representative to the contrary, the Coverage Requirement shall be calculated net of any federal subsidy legally available to pay the principal of or interest on Parity Bonds in the year of calculation. Thereafter, such federal subsidy shall no longer be included in the definition of Revenues.

“Credit Facility” means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement or other financial instrument which obligates a third party to make payment or provide funds for the payment of financial obligations of the State, including but not

limited to payment of the principal of, interest on or purchase price of a Series of Parity Bonds or meeting reserve requirements therefor.

“Credit Facility Issuer” means the issuer of any Credit Facility then in effect with respect to one or more Series of Parity Bonds.

“Debt Manager” means the person designated and acting as the Debt Manager of the Alaska Department of Revenue or his or its successor acting in that capacity.

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

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

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

(c) with respect to all other Series of Parity Bonds Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds 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 resolution 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 25 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 (A) the yield to maturity set forth in the 25-Revenue Bond Index published in the edition of *The Bond Buyer* (or comparable publication or such other similar index selected by the State with the approval of the Consultant, if applicable) selected by the State and published within ten days prior to the date of calculation or, if such calculation is being made in connection with the certificate required by the General Bond Resolution, as described under the subheading “SUMMARY OF GENERAL BOND RESOLUTION—Parity Bonds,” then within ten days of the date of such certificate or (B), if such Parity Bonds have been Outstanding for more than one year, the average of the most recent year’s actual interest rates plus 50 basis points; and

(d) with respect to Derivative Products, the State Payments required by contract to be paid to a Reciprocal Payor under any existing Derivative Product, offset by the Reciprocal Payments during the same period during the relevant period, on the assumption that if any such payment is not fixed at the time of execution of the Derivative Product, the amount of such payment will be calculated at the Estimated Average Derivative Rate prevailing during the remaining term of the Derivative Product.

With respect to any Parity Bonds payable in other than U.S. Dollars, Debt Service shall be calculated as provided in the resolution authorizing the issuance of such Parity Bonds.

Debt Service shall be net of any interest and/or principal funded out of Parity Bond proceeds or the proceeds of other funds or indebtedness. Absent a written election by the Designated Representative to the contrary, Debt Service shall be calculated net of any federal subsidy legally available to pay the principal of or interest on the Bonds in the year of calculation. Thereafter, such federal subsidy shall no longer be included in the definition of Revenues.

Debt Service shall include reimbursement obligations to providers of Credit Facilities to the extent such reimbursement obligations are outstanding or as otherwise authorized in a resolution.

“Default” has the meaning given such term under the subheading “SUMMARY OF GENERAL BOND RESOLUTION—Default and Remedies of Bondowners—*Default*.”

“Derivative Facility” means a letter of credit, an insurance policy, a surety bond or other credit enhancement device, given, issued or posted as security for obligations under one or more Derivative Products.

“Derivative Payment Date” means any date specified in the Derivative Product on which a State Payment is due and payable under the Derivative Product.

“Derivative Product” means a written contract or agreement between the State and a Reciprocal Payor, which provides that the State’s obligations thereunder will be conditioned on the absence of: (i) a failure by the Reciprocal Payor to make any payment required thereunder when due and payable, and (ii) a default thereunder with respect to the financial status of the Reciprocal Payor; and

(a) under which the State is obligated to pay, on one or more scheduled and specified Derivative Payment Dates, the State Payments in exchange for the Reciprocal Payor’s obligation to pay or to cause to be paid to the State, on the same scheduled and specified Derivative Payment Dates, the Reciprocal Payments; *i.e.*, the contract must provide for net payments;

(b) for which the State’s obligations to make all or any portion of State Payments may be secured by a pledge of and lien on Revenues on a lien subordinate to the lien thereon of Parity Bonds;

(c) under which Reciprocal Payments are to be made directly into a bond fund for Parity Bonds;

(d) for which the State Payments are either specified to be one or more fixed amounts or are determined according to a methodology set forth in the Derivative Product; and

(e) for which the Reciprocal Payments are either specified to be one or more fixed amounts or are determined according to a methodology set forth in the Derivative Product.

“Derivative Product Account” means the Derivative Product Account, if any, created and established under the General Bond Resolution.

“Designated Representative” means, with respect to the State, the Chairman or the Secretary of the Committee, or Debt Manager of the State, or their respective designees.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Parity Bonds pursuant to the General Bond Resolution, or any corporate successor thereto.

“Estimated Average Derivative Rate” means:

(a) as to the variable rate payments to be made by a party under any Derivative Product,

(i) to the extent such variable rate payments have been made for a period of 12 months or more, the higher (in the case of variable rate State Payments), or the lower (in the case of variable rate Reciprocal Payments) of:

(A) the weighted average rate of interest applicable to such payments during the immediately preceding 12-month period; or

(B) the rate applicable under the related Derivative Product as of the date of determination; or

(ii) to the extent such variable rate payments have not been made for a period of 12 months or more, the most current actual rate used in calculating such variable rate payments; and

(b) as to any Derivative Products which have been authorized to be entered into by the State but have not yet been executed or become effective, the variable rate will be estimated by applying the variable rate formula specified in the contract to the most recently published rate for the floating rate index or other equivalent specified in the Derivative Product as the basis upon which the variable rate will be determined,

provided that, when the variable rate to be used in a Derivative Product is specified as the rate or rates applicable to one or more specified maturities of Parity Bonds, the variable rate or rates under the Derivative Product will be deemed to be the same rate or rates estimated for the specified maturity or maturities of the specified Parity Bonds, and *provided further that*, if two or more Derivative Products each specify the same index and formula for determining and setting their respective variable rates, on the same dates, and for the same periods of time, and with respect to identical derivative principal amounts, all such Derivative Products shall be deemed to have the same Estimated Average Derivative Rate, calculated in accordance with paragraphs (a)(i) and (a)(ii) of this definition and, where applicable, with respect to the first of such Derivative Products to become effective.

“Fairbanks Airport” means the Fairbanks International Airport.

“Fiscal Year” means any 12-month period ending on June 30 or such other date as is authorized by statute and/or selected by AIAS.

“Fitch” means Fitch IBCA, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer, perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P, Moody’s or Kroll) designated by the Designated Representative.

“Fixed Rate Bonds” means those Parity Bonds other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under a resolution 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 resolution authorizing their issuance, Parity Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.

“Future Parity Bonds” means any Series of Parity Bonds issued following the date of adoption of the General Bond Resolution having a lien on Net Revenue equal in priority to the lien thereon of the Parity Bonds Outstanding.

“Government Obligations” means Permitted Investments described in (2) and (7) of the definition thereof.

“Governor” means the Governor of the State.

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants appointed and paid by the State, and who, or each of whom—

- (1) is in fact independent, and not under domination of the State;
- (2) does not have any substantial interest, direct or indirect, with the State; and
- (3) is not connected with the State as an officer or employee of the State, but who may be regularly retained to make annual or similar audits of any of the books of the State.

“Interest Account” means the account of that name maintained in the Bond Fund pursuant to the General Bond Resolution.

“Kroll” means Kroll Bond Rating Agency, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term Kroll shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch, Moody’s or S&P) selected by the Designated Representative.

“Letter of Representations” means the blanket issuer letter of representations from the State to DTC, or any similar written arrangement between the State and a successor depository.

“Lieutenant Governor” means the Lieutenant Governor of the State.

“Maintenance and Operation Costs of the AIAS” means the actual and necessary costs of maintaining and operating the AIAS, calculated on sound accounting principles, including (among other things) the reasonable expenses of management, repair and other expenses necessary to maintain the AIAS in good repair and working order, and reasonable amounts for administration, overhead, insurance and other similar costs, but excluding in all cases depreciation and obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, capital additions, replacements, betterments, extensions or improvements to the AIAS and Debt Service.

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

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch, Kroll or S&P) selected by the Designated Representative.

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

“Net Revenues” means all of the Revenues less the Maintenance and Operation Costs of the AIAS.

“Original Issue Discount Bonds” means 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 resolution authorizing their issuance.

“Outstanding,” when used as of any particular time with reference to Parity Bonds, means (subject to redemption as described in the General Bond Resolution) all Parity Bonds theretofore executed by the State and authenticated and delivered by the Registrar under the General Bond Resolution except:

(1) Parity Bonds theretofore cancelled by the Registrar or surrendered to the Registrar for cancellation;

(2) Parity Bonds for the payment or redemption of which funds in the necessary amount shall have theretofore been deposited with the Registrar (whether upon or prior to the maturity or redemption date of such Parity Bonds), provided that, if such Parity Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in the General Bond Resolution provided or provision satisfactory to the Registrar shall have been made for the giving of such notice;

(3) Parity Bonds in lieu of or in substitution for which other Parity Bonds shall have been authenticated and delivered by the Registrar pursuant to the terms of the General Bond Resolution; and

(4) Parity Bonds that have been refunded, provided that the conditions described under the subheading “SUMMARY OF GENERAL BOND RESOLUTION—Refunding Parity Bonds” shall have been satisfied with respect to such Parity Bonds.

“Owner” or **“Parity Bondowner”** means any person who shall be the bearer of any outstanding Parity Bond registered to bearer or not registered, or the registered owner of any outstanding Parity Bond which shall at the time be registered other than to bearer. **“Owner,”** when all Parity Bonds of a Series are held by a securities depository, means the beneficial owner of the Series in question determined under the rules of that securities depository; otherwise “Owner” means “owner of record on the Bond Register maintained by the Registrar.” To the extent that the full payment of the interest on and principal of Parity Bonds of a Series is secured by a policy of Qualified Insurance, the issuer of the policy of Qualified Insurance shall be considered to be the Owner of all the Parity Bonds of that Series for purposes of exercising any rights with respect to supplements and, amendments to the General Bond Resolution.

“Parity Bonds” means the State of Alaska International Airports System Revenue Bonds issued and at any time outstanding pursuant to the General Bond Resolution and shall include the Parity Bonds Outstanding and any Future Parity Bonds.

“Permitted Investment” means and includes any of the following obligations, including those offered by the Registrar where applicable, to the extent the same are at the time legal for investment of funds of the State under applicable law:

(1) Cash;

(2) Direct obligations of (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(3) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped-by the agency itself)

(a) U.S. Export-Import Bank (Eximbank). Direct obligations or fully guaranteed certificates of beneficial ownership.

(b) Farmers Home Administration (FmHA) (now known as the United States Department of Agriculture, Rural Development). Certificates of beneficial ownership.

(c) Federal Financing Bank.

(d) Federal Housing Administration Debentures (FHA)'

(e) General Services Administration. Participation certificates.

(f) Government National Mortgage Association (GNMA or "Ginnie Mae").

(g) United States Maritime Administration. Guaranteed Title XI financing.

(h) United States Department of Housing and Urban Development (HUD). Project Notes, Local Authority Bonds, New Communities Debentures - United States Government guaranteed debentures, United States Public Housing Notes and Bonds - United States government guaranteed public housing notes and bonds:

(4) U.S. dollar denominated deposit accounts, time deposits and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 30 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.) Certificates of deposit must be secured at all times by collateral described in (2) and/or (3) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral;

(5) Commercial paper which is rated at the time of purchase in the single highest classification: "A-1+" by S&P and "P-1" by Moody's, and which have original maturities of not more than 270 days;

(6) (a) Investments in a money market funds having a rating of "AAAm", "AAAm-G" or "AA-m" or better by S&P or "Aaa", "Aa1" or "Aa2" if rated by Moody's or (b) securities or interests in any mutual fund or any open-ended or closed-ended investment company or investment trust registered under the Federal Investment Company Act of 1940, including those mutual funds or investment companies or trusts for which the Registrar or an affiliate of the Registrar serves as investment advisor, custodian, shareholder, servicing agent, transfer agent, administrator or distributor, if such mutual funds or investment companies or trusts are rated by Standard and Poor's and Moody's in its highest rating category;

(7) (a) Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or

(c) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against 'the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively, "United States Obligations");

(8) Federal Housing Administration debentures;

(9) The following obligations of government-sponsored agencies which are not backed by the full faith and credit of the U.S. government (stripped securities are only permitted if they have been stripped by the agency itself):

- Federal Home Loan Banks (FHL Banks) Senior debt obligations
- Federal Home Loan (FM LMC) Participation Certificates; Senior debt obligations
- Federal National Mortgage Association (FNMA) Senior debt obligations Mortgage-backed securities
- Student Loan Marketing Association (SLMA) Senior debt obligations
- Resolution Funding Corporation (REFCORP) debt obligations;
- Farm Credit System Consolidated system-wide bonds and notes

(10) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million;

(11) State obligations, which include:

(a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt for which is rated in one of the two highest rating categories by Moody's and by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated;

(b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated in one of the two highest rating categories by S&P and by Moody's; and

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (a) above and rated "AA" or better by S&P and "Aa" or better by Moody's;

(12) Pre-funded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(a) The municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) The municipal obligations are secured by cash or United States Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) The principal of and interest on the United States Obligations (plus any cash in the escrow) have been verified by the report of Independent Certified Public Accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due ‘on the municipal obligations (“Verification”);

(d) The cash or United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) No substitution of a United States Obligation shall be permitted except with another United States Obligation and upon delivery of a new Verification; and

(f) The cash or United States Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent;

(13) Repurchase agreements with any domestic bank with debt rated “AA” or better by S&P, or any foreign bank rated at least “AA” by S&P and “Aa” by Moody’s, or with any broker-dealer with “retail customers” which has, or the parent company of which has, long-term debt rated at least “AA” by S&P and “Aa” by Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corp. (SIPC); provided that such repurchase agreements meet the following requirements:

(a) The market value of the collateral is maintained for United States Treasury Securities (and other United States Obligations acceptable to Credit Facility Issuer) at levels acceptable to the Credit Facility Issuer;

(b) Failure to maintain the requisite collateral percentage will require the Registrar to liquidate the collateral;

(c) The Registrar or a third party acting solely as agent for the Registrar has possession of the collateral or the collateral has been transferred to the Registrar in accordance with applicable state and federal laws (other than by means of entries on the repurchase agreement entity’s books) at or before the time of payment;

(d) The repurchase agreement shall state and an opinion of counsel shall be rendered that the Registrar has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof and to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds (in the case of bearer securities, this means the trustee is in possession);

(e) The collateral is free and clear of any third-party liens or claims;

(f) An opinion is rendered that the repurchase agreement is a “repurchase agreement” as defined in the United States Bankruptcy Code;

(g) There is or will be a written agreement governing every repurchase agreement transaction;

(h) The Registrar represents that it has no knowledge of any fraud involved in the repurchase agreement transaction;

(i) The Registrar receives the opinion of counsel (which opinion shall be addressed to the State and the Registrar) that such repurchase agreement as legal, valid and binding and enforceable upon the provider in accordance with its terms, and that the repurchase agreement is a lawful investment for funds of the State;

(14) Collateralized guaranteed investment contracts meeting the criteria then required by the issuer of any Credit Facility then in effect with respect to Parity Bonds Outstanding; and

(15) State investment pools described in the General Bond Resolution.

“Qualified Insurance” shall mean any non-cancelable 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 insurance company or companies, as of the time of issuance of such policy or surety bond, is rated in one of the two highest rating categories by any Rating Agency.

“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 long term Rating Categories by one or more of the Rating Agencies.

“Rate Covenant” means Net Revenues in each Fiscal Year during which Parity Bonds remain outstanding at least equal to 1.25 times the sum of the Aggregate Annual Debt Service plus any deposits required to be made during such Fiscal Year to establish or maintain the Reserve Requirement and the minimum balance required to be maintained the Repair and Replacement Reserve Account.

“Rating Agencies” means Fitch, Kroll, Moody’s or S&P or their respective successors and assigns and/or such other securities rating agency selected by the State to provide a rating with respect to a Series of Parity Bonds, or, any portion thereof, which Rating Agency as of the applicable date, shall have assigned a rating to any Series of Parity Bonds or any portion thereof.

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

“Reciprocal Payment” means any payment to be made to, or for the benefit of, the State under a Derivative Product by the Reciprocal Payor.

“Reciprocal Payor” means any bank or corporation, partnership or other entity which is a party to a Derivative Product and which is obligated to make one or more Reciprocal Payments thereunder.

“Registered Owner” means the person named as the registered owner of a Parity Bond in the Bond Register.

“Registered Owners’ Trustee” means the bank or trust company acting in such capacity pursuant to the terms of the General Bond Resolution.

“Registrar” means the registrar appointed by the Committee under the General Bond Resolution and acting as an independent Registrar with the duties and powers provided in the General Bond Resolution,

its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the General Bond Resolution.

“Repair and Replacement Reserve Account” means the account of that name maintained in the Revenue Fund pursuant to the General Bond Resolution.

“Reserve Account” means the account of that name maintained in the Bond Fund pursuant to the General Bond Resolution.

“Reserve Account Requirement” means the lowest of (i) Maximum Annual Debt Service with respect to all Parity Bonds; (ii) 125% of Average Annual Debt Service with respect to all Parity Bonds; and (iii) 10% of the initial principal amount of each Series of Parity Bonds then Outstanding.

“Retirement Account” means the account of that name maintained in the Bond Fund pursuant to the General Bond Resolution.

“Revenue Fund” means the special fund created by the Act and known as the “International Airports Revenue Fund” into which all Revenues are required to be deposited.

“Revenues” means all revenues, fees, charges and rentals derived by the State or State corporations from the ownership, lease, use and operation of the AIAS and all of the facilities and improvements thereof and facilities and improvements used in connection therewith. The term “Revenues” includes all income and profit derived from the investment of moneys in any funds or accounts created by the Act (except the Construction Fund) or established pursuant to the General Bond Resolution; it does not include the proceeds of any State tax or license. If and to the extent permitted by the Act, the term Revenues shall exclude

(1) the proceeds of any borrowing by the State and the earnings thereon (other than earnings on proceeds deposited in the Reserve Account);

(2) income and revenue which may not legally be pledged for revenue bond debt service;

(3) passenger facility charges, head taxes, federal grants or substitutes therefor allocated to capital projects;

(4) payments made under Credit Facilities issued to pay or secure the payment of a particular Series of Parity Bonds;

(5) proceeds of insurance or condemnation proceeds other than business interruption insurance;

(6) income and revenue of the State 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 State issued 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 described in this subparagraph (6) shall permit the withdrawal from Revenue of any income or revenue derived or to be derived by the State from any income producing facility which shall have been contributing to Revenue prior to the issuance of such Special Revenue Bonds; and

(7) income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the State.

Notwithstanding the foregoing, the State may elect to include other receipts (e.g., passenger facility charges) at any time as additional security or additional Revenue for any one or more series of obligations.

Unless declined by a written election by the Designated Representative, the term Revenues shall not include any federal subsidy legally available to pay the principal of or interest on Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“S&P” means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., and its successors and assigns, except that if such corporation or division shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch, Moody’s or Kroll) selected by the Designated Representative.

“SEC” means the Securities and Exchange Commission.

“Series” means an issue of Parity Bonds, identified by a separate Series designation.

“Special Facilities” means particular facilities situated on the properties owned by the AIAS and financed with the proceeds of Special Revenue Bonds.

“Special Revenue Bonds” means any issue or series of revenue bonds, revenue warrants or other revenue obligations of the State issued to directly or indirectly acquire (by purchase, lease or otherwise), construct, equip, install or improve part or all of Special Facilities and which are payable from and secured by the income and revenue derived from the use, lease or operations of such Special Facilities.

“State” means the State of Alaska.

“State Payments” means any payment, other than a termination payment or payment occurring as a result of default or expense payment, required to be made by or on behalf of the State under a Derivative Product and which is determined according to a formula set forth in a Derivative Product.

“Supplemental Resolution” means any resolution then in full force and effect which has been duly adopted by the Committee under the Act, or any act supplementary thereto or amendatory thereof, at a meeting of the Committee duly convened and held, at which a quorum was present and acted thereon, amendatory of or supplemental to the General Bond Resolution; but only if and to the extent that such supplemental resolution is specifically authorized under the General Bond Resolution.

“Surplus Revenues” means any moneys remaining in the Revenue Fund, on the fifth business day of any month, after the requirements of subsections (b) and (c) described under the subheading “SUMMARY OF GENERAL BOND RESOLUTION—Allocation of Moneys in Revenue Fund” have been satisfied.

Equal Security

In consideration of the acceptance of the Parity Bonds by those who shall hold the same from time to time, the General Bond Resolution shall constitute a contract between the State and the owners from time to time of the Parity Bonds and interest coupons appertaining thereto, and the covenants and agreements set forth therein to be performed on behalf of the State shall be for the equal and proportionate benefit, security and protection of all owners of the Parity Bonds and interest coupons without preference, priority

or distinction as to security or otherwise of any of the Parity Bonds or interest coupons over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided in the Parity Bonds or in the General Bond Resolution.

Authorization of Parity Bonds

Parity Bonds may be issued under the General Bond Resolution from time to time in order to obtain funds for purposes authorized by the Act. The maximum principal amount of Parity Bonds which may be issued under the General Bond Resolution is not limited; subject, however, to the right of the State, which is thereby reserved, to limit or restrict the aggregate principal amount of Parity Bonds which may at any time be issued and outstanding under the General Bond Resolution. The Parity Bonds are designated generally as the “State of Alaska International Airports System Revenue Bonds.” The Parity Bonds may be issued in such Series as from time to time shall be authorized by or pursuant to the Act and established by the Committee, and the General Bond Resolution constitutes a continuing agreement with the owners of all of the Parity Bonds issued or to be issued and at any time outstanding to secure the full and final payment of the principal of and premium, if any, and the interest on all Parity Bonds which may from time to time be executed and delivered under the General Bond Resolution; subject to the covenants, agreements, provisions and conditions contained therein.

Parity Bonds and the lien thereof created and established under the General Bond Resolution shall be obligations only of the special fund(s) established in the supplemental resolution authorizing their issuance. Parity Bonds shall be payable solely from and secured solely by Revenues as provided in the General Bond Resolution; *provided, however,* that any Series of Parity Bonds also may be payable from and secured by a Credit Facility pledged specifically to or provided for that Series of Parity Bonds or may be issued or maintained in conjunction with a Derivative Product.

From and after the time of issuance and delivery of the Parity Bonds of each Series and so long thereafter as any of the same remain Outstanding, the State has irrevocably obligated and bound itself to set aside and pay into the Bond Fund out of Revenues, on or prior to the date on which the interest on or principal of and interest on the Parity Bonds shall become due, the amount necessary to pay such interest or principal and interest coming due on the Parity Bonds of such Series.

Said amounts so pledged to be paid into such special funds are declared to be a prior lien and charge upon Revenues superior to all other charges of any kind or nature whatsoever except for charges equal in rank that may be made thereon to pay and secure the payment of the principal of and interest on other Series of Parity Bonds issued under authority of a supplemental resolution in accordance with the provisions of the General Bond Resolution, as described below under the subheadings “SUMMARY OF GENERAL BOND RESOLUTION—Issuance of Additional Series of Future Parity Bonds” and “SUMMARY OF GENERAL BOND RESOLUTION—Parity Bonds.”

Parity Bonds shall not in any manner or to any extent constitute general obligations of the State or of any political subdivision of the State of Alaska.

Issuance of Additional Series of Future Parity Bonds.

The State may issue under the General Bond Resolution from time to time one or more Series of Parity Bonds by means of a supplemental resolution for any purpose of the State now or hereafter permitted by law, provided that the State shall comply with the terms and conditions for the issuance of Parity Bonds described under this subheading and in “SUMMARY OF GENERAL BOND RESOLUTION—Parity Bonds.”

Each Series of Parity Bonds shall be authorized by a supplemental resolution which shall, among other provisions, specify or provide for:

- (a) the maximum authorized principal amount, designation and Series of such Parity Bonds;
- (b) the general purpose or purposes for which such Series of Parity Bonds is being issued, and the deposit, disbursement and application of the proceeds of the sale of the Parity Bonds of such Series;
- (c) the date or dates, and the maturity date or dates, of the Parity Bonds of such Series, and the principal amount maturing on each maturity date;
- (d) the maximum interest rate or rates on the Parity Bonds of such Series (which may be a rate of zero) and the interest payment date or dates therefor, and whether such interest rate or rates shall be fixed, variable or a combination of both and, if necessary, the manner of determining such rate or rates;
- (e) the circumstances, if any, under which the Parity Bonds of such Series will be deemed to be no longer Outstanding;
- (f) the currency or currencies in which the Parity Bonds of such Series are payable;
- (g) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Parity Bonds of such Series;
- (h) the place or places of payment of the principal, redemption price, if any, or purchase price, if any, of and interest on, the Parity Bonds of such Series;
- (i) the tender agent or tender agents, if any, for the Parity Bonds of such Series and the duties and obligations thereof;
- (j) the remarketing agent or remarketing agents, if any, for the Parity Bonds of such Series and the duties and obligations thereof;
- (k) the registrar or trustee, if any, for the Parity Bonds of such Series and the duties and obligations thereof;
- (l) the form or forms of the Parity Bonds of such Series and any coupons attached thereto, which may include but shall not be limited to, registered form, bearer form with or without coupons, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Parity Bonds of such Series;
- (m) the terms and conditions, if any, for the redemption of the Parity Bonds of such Series prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms;
- (n) the terms and conditions, if any, for the purchase of the Parity Bonds of such Series upon any optional or mandatory tender for purchase prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms;

(o) the manner of sale of the Parity Bonds of such Series, with or without a premium or a discount;

(p) if so determined by the State, the authorization of and any terms and conditions with respect to credit or liquidity support for the Parity Bonds of such Series and the pledge or provision of moneys, assets or security other than Revenues to or for the payment of the Parity Bonds of such Series or any portion thereof;

(q) a subaccount within the Reserve Account for the Parity Bonds of such Series and the application of moneys or securities therein; and

(r) any other provisions which the State deems necessary or desirable in connection with the Parity Bonds of such Series.

Each such supplemental resolution also may provide for delegation to the Designated Representative of the authority to approve the final terms and conditions of a series of Parity Bonds, including but not limited to the matters described in this section.

Parity Bonds

(a) *Limitations on Issuance of Parity Bonds.* All Parity Bonds authorized to be issued under the General Bond Resolution shall have an equal lien and charge upon the Revenues upon fulfillment of the conditions of the General Bond Resolution, whether at the time of authorization or issuance of such Parity Bonds. Except as described in subsection (b) below, the State shall not issue any Series of Future Parity Bonds or incur any additional indebtedness with a parity lien or charge on Revenues (*i.e.*, on a parity of lien with Parity Bonds at the time Outstanding) unless:

(1) The issuance of the additional Series of Future Parity Bonds shall have been authorized by legislation amending or supplementing the Act.

(2) Such additional Series of Future Parity Bonds shall have been authorized to pay the costs of acquiring, equipping, constructing or installing additions and improvements to and extensions of the AIAS, facilities for the landing, parking, loading, storing, repairing, safety or utility of aircraft at the AIAS or passenger, freight or terminal facilities, including safety equipment and devices, at the AIAS, found to be necessary by the Commissioner of Transportation and Public Facilities and constituting a project authorized by the Act.

(3) The State shall be in compliance with all covenants set forth in the General Bond Resolution or will be in compliance when the Future Parity Bonds are issued.

(4) There shall have been filed a certificate (prepared as described in subsection (c) or (d) below) demonstrating fulfillment of the Coverage Requirement.

(b) *No Certificate Required.* The certificate described in the foregoing subsection (a)(4) shall not be required as a condition to the issuance of Future Parity Bonds:

(1) if the Future Parity Bonds are for the purpose of refunding Parity Bonds Outstanding upon compliance with the provisions described below under the subheading "SUMMARY OF GENERAL BOND RESOLUTION—Refunding Parity Bonds;" or

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

(c) *Certificate of the State Without A Consultant.* If required pursuant to the foregoing subsection (a)(4), a certificate may be delivered by the State without a Consultant if Net Revenues for the Base Period (confirmed by an independent auditor) conclusively demonstrate compliance with the Coverage Requirement.

(d) *Certificate of a Consultant.* Unless compliance with the requirements of subsection (a)(4) have been otherwise satisfied (as provided in subsections (b) or (c) above), compliance with the Coverage Requirement described under this subheading shall be demonstrated conclusively by a certificate of a Consultant.

In making the computations of Net Revenues for the purpose of certifying compliance with the Coverage Requirement described under this subheading, the Consultant shall use as a basis the Net Revenues for the Base Period. In making such computations the Consultant shall make such adjustments to Net Revenues as he deems reasonable.

Refunding Parity Bonds

The State, by means of a supplemental resolution adopted in compliance with the provisions described under the subheading "SUMMARY OF GENERAL BOND RESOLUTION—Issuance of Additional Series of Future Parity Bonds," may issue refunding Future Parity Bonds under the General Bond Resolution as follows:

(a) *Refunding of Parity Bonds.* 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 such Future Parity Bonds to purchase or refund the same and of effecting such refunding upon delivery of a certificate as described under the subheading "SUMMARY OF GENERAL BOND RESOLUTION—Parity Bonds." Such refunding Future Parity Bonds also may be issued without a certificate if the Maximum Annual Debt Service on all Parity Bonds to be Outstanding after the issuance of the refunding Future Parity Bonds shall not be greater than the Maximum Annual Debt Service were such refunding not to occur.

(b) *Refunding of Other Bonds.* Future Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) any other bonds of the State (issued for the AIAS), 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 State must provide a certificate if required, as described under the subheading "SUMMARY OF GENERAL BOND RESOLUTION—Parity Bonds."

(c) *Refunding of Parity Bonds within One Year of the Maturity Thereof.* Future Parity Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity, any Parity Bonds for the payment of which sufficient Net Revenues or other moneys are not

available, without the requirement of a certificate described under the subheading “SUMMARY OF GENERAL BOND RESOLUTION—Parity Bonds.”

Validity of Parity Bonds

The validity of the authorization and issuance of the Parity Bonds shall not be affected in any way by any proceedings taken by the State for the acquisition or construction of the additions, improvements, extensions or facilities for which the Parity Bonds are issued or by any contracts made by the State in connection therewith. The recital contained in the Parity Bonds that the same are issued pursuant to the Act shall be conclusive evidence of their validity and of the regularity of their issuance in conformity with the Act.

Special Facilities Bonds

The State reserves the right to issue, from time to time, in one or more series, Special Facilities Bonds as provided in the General Bond Resolution to finance and refinance Special Facilities, including all reserves required therefor, all related costs of issuance and other amounts reasonably relating thereto, provided that such Special Facilities Bonds shall be payable solely from payments arising from the use, operation, lease of Special Facilities or any source other than money provided by the State. In no event shall any Revenues or any other amounts held in any other fund or account maintained by the State as security for Parity Bonds or for the construction, operation, maintenance or repair of the AIAS be pledged to the payment of Special Facilities Bonds or to the payment of any lessee expense for maintenance and operation of Special Facilities.

Pledge of Revenues; Revenue Fund

All of the Revenues are irrevocably pledged to the punctual payment of the principal of and interest on the Parity Bonds, and Revenues shall not be used for any other purpose while any of the Parity Bonds remain outstanding; except that out of Revenues there may be apportioned such sums, for such purposes, as are expressly described under the subheading “SUMMARY OF GENERAL BOND RESOLUTION—Allocation of Moneys in Revenue Fund.” Said pledge shall constitute a first lien on the Revenues for the payment of the Parity Bonds in accordance with the terms thereof.

All Revenues shall be deposited in the special fund created by the Act and known as the “International Airports Revenue Fund” (the “**Revenue Fund**”), which shall be completely segregated and set apart from all other funds of the State and shall be maintained by the State so long as any of the Parity Bonds are Outstanding. All moneys at any time deposited in the Revenue Fund shall be held in trust for the benefit of the owners from time to time of the Parity Bonds and the coupons appertaining thereto, and shall be disbursed, allocated and applied solely for the uses and purposes described under the subheading “SUMMARY OF GENERAL BOND RESOLUTION—Allocation of Moneys in Revenue Fund.”

Allocation of Moneys in Revenue Fund

All moneys in the Revenue Fund shall be set aside in the State Treasury, or deposited by the State with the Registrar, as specified in the General Bond Resolution, in the following order of priority in the following respective special funds and accounts, each of which the State has covenanted to establish and maintain, and shall be held in trust by the State or by the Registrar in such funds and accounts and disbursed and applied only for the purposes authorized in the General Bond Resolution:

(a) *Flow of Funds.* All Revenues shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the State Treasury,

and the Revenues deposited therein shall be used only for the following purposes and in the following order of priority:

First, to be deposited in the Interest Account for the payment of interest on Parity Bonds;

Second, to be deposited in the Retirement Account for the payment of principal of and redemption premium for Parity Bonds;

Third, to be deposited in the Reserve Account to establish and maintain the Reserve Requirement;

Fourth, to be deposited in the Repair and Replacement Reserve Account in order to maintain the balance required therein by subsection (c) described under this subheading;

Fifth, to pay Maintenance and Operating Costs of the AIAS and all improvements and facilities thereof;

Sixth, to pay the costs of renewals, replacements and extraordinary repairs to the AIAS and all of the improvements and facilities thereof;

Seventh, to be deposited in any debt service fund for subordinate lien debt (to the extent permitted by the Act);

Eighth, to be deposited into any reserve account for subordinate lien debt (to the extent permitted by the Act);

Ninth, to redeem before their fixed maturities any and all revenue bonds issued for the purposes of the AIAS, to acquire, construct and install necessary additions and improvements to and extensions of and facilities for the AIAS and all of their facilities, and to pay any and all other costs relating to the ownership, use and operation of the AIAS; and

Tenth, for any other purpose permitted by the Act as it is then in effect including any amendments thereto which may hereafter be adopted. Specifically, to the extent permitted by the Act, Maintenance and Operating Costs shall be paid prior to principal and interest on Parity Bonds, and the payment of such Maintenance and Operating Costs shall be made as a first priority under subsection (a) described under this subheading.

(b) *International Airports Revenue Bond Redemption Fund.* The special fund of the State created by the Act and known as the "International Airports Revenue Bond Redemption Fund" (the "**Bond Fund**") shall be held by the Registrar, which shall establish accounts within said Fund designated as the Interest Account, the Retirement Account and the Reserve Account.

(1) Interest Account. The State shall deposit from the Revenue Fund with the Registrar in the Interest Account commencing with the month of issuance of the Series of Parity Bonds, in approximately equal monthly installments on or before the fifth business day of each month (provided that the initial monthly deposit may be made on such later date prior to the close of the month following the date of issuance of a Series of Parity Bonds), an amount equal to at least one-sixth of the aggregate amount of interest becoming due and payable on all outstanding Parity Bonds during the next ensuing six months, until the requisite amount of interest on all of the outstanding Parity Bonds is on deposit in such fund. Amounts previously deposited in the Interest Account from accrued interest received upon the sale of Parity Bonds or from transfers from the Construction Fund for interest during construction shall be credited against

such installments, and the amount of any such installment to be deposited from the Revenue Fund shall be correspondingly reduced. No deposit need be made in the Interest Account if the amount contained therein is at least equal to the interest to become due in the next ensuing six months upon all of the Parity Bonds then Outstanding. Moneys in the Interest Account shall be used and withdrawn by the Registrar solely for the purpose of paying the interest on the Parity Bonds as it shall become due and payable (including accrued interest on any Parity Bonds purchased or redeemed prior to maturity pursuant to the General Bond Resolution).

(2) Retirement Account. The State shall deposit from the Revenue Fund with the Registrar in the Retirement Account, in approximately equal monthly installments on or before the fifth business day of each month, following the date of delivery of any Parity Bonds, an amount at least equal to the sum of (A) one-twelfth of the aggregate yearly amount of principal becoming due and payable on the outstanding serial Parity Bonds during the next ensuing twelve months and (B) at least one twelfth of any minimum sinking fund payment required on any minimum sinking fund payment date occurring within the next ensuing twelve months. (In the event that the first maturity date or the first minimum sinking fund payment date with respect to any Series of Parity Bonds shall be less than twelve months after the date of delivery of said Series of Parity Bonds, such deposits in the Retirement Account during the period between said date of delivery and said first maturity date or first minimum sinking fund payment date shall be in such monthly amounts, larger than those provided by the foregoing sentence, as may be necessary to assure that there will be on hand in the Retirement Account on said maturity date or minimum sinking fund payment date an amount sufficient to pay the principal or minimum sinking fund payment then due.) No deposit need be made in the Retirement Account if the amount contained therein is sufficient (i) to pay the principal of all serial Parity Bonds then outstanding maturing by their terms in the next ensuing twelve months and (ii) to provide any such minimum sinking fund payment required or any minimum sinking fund payment date occurring within the next ensuing twelve months. Moneys in the Retirement Account shall be used and withdrawn by the Registrar solely for the purpose of paying the principal of the Parity Bonds as they become due and payable or for the purchase or redemption of term Parity Bonds prior to their fixed maturity date.

(3) Reserve Account. A Reserve Account (the “**Reserve Account**”) is hereby authorized to be created for the purpose of securing the payment of the principal of, premium, if any, and interest on all Parity Bonds.

The State has covenanted and agreed that on the date of issuance of each Series of Parity Bonds, the State will assure that the amount on hand in the Reserve Account shall be sufficient to meet the Reserve Account Requirement.

The Reserve Account Requirement 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 State obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Reserve Account, all or a portion of the money on hand in the Reserve Account may be transferred to the Retirement Account at the direction of the Designated Representative. In computing the amount on hand in the Reserve Account, 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. The market value of securities then credited to the Reserve Account shall be determined and any deficiency in the Reserve Account shall be made up in equal installments within six months after the date of such valuation. As used in the General Bond Resolution, the term “cash” shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier’s check; and the deposit to the Reserve Account may be satisfied by the transfer of qualified investments to such account.

If the balance on hand in the Reserve Account is sufficient to satisfy the Reserve Requirement, interest earnings shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the Bond Fund, including all accounts therein, to pay the principal of, premium, if any, and interest on all Parity Bonds Outstanding, the money in the Reserve Account may be used to pay such principal, premium, if any, and interest. So long as the money left remaining on deposit in the Reserve Account is equal to the Reserve Requirement, money, in the Reserve Account may be transferred to the Retirement Account at the Direction of the Designated Representative. The State also may transfer out of the Reserve Account any money required in order to prevent any Parity Bonds from becoming “arbitrage bonds” under the Code.

If a deficiency in the Interest Account or the Retirement Account shall occur immediately prior to a debt service payment date with respect to Parity Bonds, such deficiency shall be made up from the Reserve Account by the withdrawal of cash therefrom for that purpose and by the sale or redemption of obligations held in the Reserve Account, in such amounts as will provide cash in the Reserve Account sufficient to make up any such deficiency with respect to the Parity Bonds, and if a deficiency still exists immediately prior to a debt service payment date and after the withdrawal of cash, the State shall then draw from any Qualified Letter of Credit or Qualified Insurance for the Parity Bonds in sufficient amount to make up the deficiency. Drawings under Qualified Insurance and Qualified Letters of Credit shall be made on a pro-rata basis (in proportion to the respective maximum coverage(s) available under Qualified Insurance and Qualified Letters of Credit). Such draw shall be made at such times and under such conditions as such Qualified Letter of Credit or such Qualified Insurance shall provide. Reimbursement shall be made over a twelve-month period to the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto, and after making necessary provision for the payments required to be made in paragraphs First and Second described under subsection (a) of this subheading. If the State shall have failed to make any payment required to be made under such reimbursement agreement for the Parity Bonds, the issuer shall be entitled to exercise all remedies available at law or under the General Bond Resolution; provided, however, that no acceleration of the Parity Bonds shall be permitted, and no remedies which adversely affect Registered Owners of the Parity Bonds shall be permitted. Any deficiency created in the Reserve Account by reason of any such withdrawal shall be made up from the next available Revenue but in no event later than within one year from Qualified Insurance or a Qualified Letter of Credit or out of Net Revenues (or out of other money on hand and legally available for such purpose) after making necessary provisions for the payments required to be made into the Interest Account and Retirement Account within such year.

In making the payments and credits to the Reserve Account described under this subsection (b)(3), to the extent that the State has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the Reserve Account such amounts so covered by Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Reserve Account as described under this subsection (b)(3) to the extent that such payments and credits to be made are to be made or insured by Qualified Insurance, or are to be made or guaranteed by a Qualified Letter of Credit. In the event of termination of a Qualified Letter of Credit or if the issuer of the Qualified Insurance or the Qualified Letter of Credit shall be insolvent or no longer in existence, the Reserve Requirement shall be satisfied (A) in equal monthly payments, within six months after the insolvency or incapacity, but no later than the date of cancellation or termination, with cash or with other Qualified Insurance or another Qualified Letter of Credit, or (B) in equal monthly payments, within six months after the insolvency of the issuer of a Qualified Letter of Credit or Qualified Insurance or termination of a Qualified Letter of Credit, out of Net Revenues (or out of other money on hand and legally available for such purpose) after making necessary provisions for the payments required to be made into the Interest Account and Retirement Account.

(c) *Repair and Replacement Reserve Account.* The State shall establish a separate account, within the Revenue Fund, designated the “Repair and Replacement Reserve Account,” which shall be maintained so long as any of the Parity Bonds are outstanding. On or before the fifth business day of each month, the State shall transfer from the Revenue Fund to the Repair and Replacement Reserve Account an amount equal to one percent (1%) of the Revenues received during the month preceding the month last ended, until such time as the balance in the Repair and Replacement Reserve Account shall equal five hundred thousand dollars (\$500,000). Thereafter, the State shall transfer from the Revenue Fund to the Repair and Replacement Reserve Account, on or before the fifth business day of each month, such sums, up to one percent (1%) of the Revenues received during the month preceding the month last ended, as may be necessary to restore and maintain a balance of five hundred thousand dollars (\$500,000) in the Repair and Replacement Reserve Account. In the event that the amount in the Reserve Account shall at any time be reduced below the balance required to be maintained therein, the State shall transfer moneys from the Repair and Replacement Reserve Account to the Registrar for deposit in the Reserve Account to the extent necessary to eliminate such deficiency. Subject to the foregoing, moneys in the Repair and Replacement Reserve Account shall be used only to pay the costs of extraordinary repairs, renewals and replacements of facilities of the AIAS to the extent that (i) such costs are not provided for by the proceeds of insurance and (ii) Surplus Revenues are not available for the payment thereof.

(d) *Derivative Products.* The following shall be conditions precedent to the use of any Derivative Product:

(1) *Opinion of Bond Counsel.* The State shall obtain an opinion of its bond counsel on the due authorization and execution of such Derivative Product opining that the action proposed to be taken by the State is authorized or permitted by the General Bond Resolution or the applicable provisions of any supplemental resolution authorizing Parity Bonds, as such resolutions may be amended or supplemented from time to time and will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any Parity Bonds then Outstanding.

(2) *Payments.* Each Derivative Product shall set forth the manner in which the State Payments and Reciprocal Payments are to be calculated and a schedule of Derivative Payment Dates.

(3) *Supplemental Agreements to Govern Derivative Products.* Prior to entering into a Derivative Product, the Committee shall adopt a resolution, which shall:

(i) create and establish a Derivative Product Account or provide for some other way to account for the use of a Derivative Product; establish general provisions for the retention of Revenues in amounts sufficient to make, when due, State Payments;

(ii) establish general provisions for the rights of providers of Derivative Products or Derivative Facilities; and

(iii) set forth such other matters as the Committee deems necessary or desirable in connection with the management of Derivative Products as are not clearly inconsistent with the provisions of the General Bond Resolution.

Except as may be otherwise provided in the resolution establishing a Derivative Product Account, additional Parity Bonds may be delivered in connection with any Derivative Product. The General Bond Resolution may be amended in the future to reflect the lien position and priority of any payments made in connection with a Derivative Product; *provided however*, that the lien on Net Revenues of payments under Derivative Products must be subordinate to the lien thereon of Parity Bonds.

Deposit and Investment of Moneys in Funds

All moneys held in the Construction Fund, the Revenue Fund and the Bond Fund and all accounts and subaccounts therein shall be held in time or demand deposits in any bank or trust company authorized to accept deposits of public funds (including the Registrar), and shall be secured at all times by such obligations as are required by law and to the fullest extent required by law, except such moneys which are at the time invested as described under this subheading. All such moneys shall be invested in Permitted Investments. In addition, such money may be invested in any of the investment pools operated by the Department of Revenue. Each investment (other than investments in the State investment pools) shall mature or in the case of investment pool funds shall be available at such times and in such amounts as shall be required to provide money to make the payments required to be made from said accounts and funds. If money is held by the Registrar, the Registrar shall not invest money in the absence of written direction to the Registrar by a Designated Representative from the Department of Revenue. Moneys in the Repair and Replacement Reserve Account shall be invested only in Permitted Investments maturing within five years from the date of investment. All interest or other income received on any moneys so invested shall be deposited in and become a part of the respective fund or account from which such investment was made, except as shall be necessary to comply with the tax covenants described under the subheading "SUMMARY OF GENERAL BOND RESOLUTION—Tax Covenants" or otherwise to comply with the requirements of the Code. The Registrar shall not be accountable for any depreciation in the value of the investments made in accordance with the provisions described under this subheading, or for any losses incurred upon any authorized disposition thereof.

Certification by Committee of Amounts Required

The Committee shall, on or before December 31 of each year, commencing with the year in which the Parity Bonds of Series are issued, certify to the Commissioner of the Department of Revenue and the Commissioner of the Department of Transportation and Public Facilities the amounts required in the next ensuing calendar year by the General Bond Resolution to be paid out of the Revenue Fund into the Bond Fund (including the Interest Account, the Retirement Account and the Reserve Account) and to be paid into the Repair and Replacement Reserve Account. At the same time the Committee shall also certify to said Commissioners the last date or dates upon which such payments may be made.

Covenants of the State

Punctual Payment. The State shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Parity Bonds, in strict conformity with the terms of the Parity Bonds and of the General Bond Resolution, and it shall faithfully observe and perform all of the conditions, covenants and requirements of the General Bond Resolution and of the Parity Bonds.

Against Sale or Other Disposition of AIAS. The State shall not sell, mortgage or otherwise dispose of the AIAS or any part thereof essential to the proper operation of the airports or to the maintenance of the Revenues. The State shall not enter into any lease or agreement which impairs the operation of the AIAS or any part thereof necessary to secure adequate Revenues for the payment of the principal of and interest on the Parity Bonds, or which would otherwise impair the rights of the Parity Bondholders with respect to the Revenues or the operation of the AIAS.

Maintenance and Operation of AIAS. The State shall maintain and preserve the airports in good repair at all times from the Revenues and any other funds available for such purposes, and shall operate the AIAS in an efficient and economical manner.

Payment of Claims. The State shall pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Revenues or any part thereof, or upon any funds in the hands of the Registrar, prior or superior to the lien of the Parity Bonds, or which might impair the security of the Parity Bonds.

Insurance. The State shall procure, and maintain at all times while any of the Parity Bonds shall be outstanding, fire and extended coverage insurance on all buildings constituting any part of the AIAS, and public liability insurance, as further described in the General Bond Resolution. Any or all such insurance may be provided as a part of the State's comprehensive self-insurance and excess insurance and need not be separately provided for the AIAS, as further described in the General Bond Resolution.

Books and Accounts; Financial Statements.

(a) The State shall keep proper books of record and accounts of the AIAS, separate from all other records and accounts of the State, in which complete and correct entries shall be made of all transactions relating to the AIAS. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Registrar or of the owners of not less than ten percent (10%) of the principal amount of the Parity Bonds then outstanding, or their representatives authorized in writing.

(b) The State shall cause to be prepared and placed on file with the Registrar annually within 180 days after the close of each Fiscal Year so long as any of the Parity Bonds are outstanding, a detailed statement for the preceding Fiscal Year showing the Revenues, disbursements from the Revenues and expenditures applicable to the AIAS, together with a detailed balance sheet reflecting the balances in all funds relating to the AIAS held by the State or the Registrar as of the end of such Fiscal Year, which statement and balance sheet shall be accompanied by an opinion in writing of an Independent Certified Public Accountant.

Protection of Security and Rights of Parity Bondholders. The State shall preserve and protect the security of the Parity Bonds and the rights of the Parity Bondholders, and shall warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Parity Bonds by the State, the Parity Bonds and coupons appertaining thereto shall be incontestable by the State.

Maintenance of Registrar. The State shall appoint and at all times have a paying agent, authenticating agent, transfer agent and registrar for the purpose of paying the principal of, and the interest on, the Parity Bonds, authenticating Parity Bonds, transferring ownership therein and maintaining a Bond Register for Parity Bonds held in registered form. The Registrar is initially appointed as the Registrar for all Parity Bonds under the General Bond Resolution.

Eminent Domain Proceeds. If all or any part of the AIAS shall be taken from State ownership and airport use by eminent domain proceedings, the net proceeds realized by the State from such taking shall be held in a special fund in trust and shall be applied and disbursed as further described in the General Bond Resolution.

Rate Covenant. The Commissioner of Transportation and Public Facilities shall fix and collect such fees, charges and rentals to be derived by the State from the ownership, lease, use and operation of the AIAS as will provide Net Revenues in each Fiscal Year at least equal to the Rate Covenant. If the Net Revenues in any Fiscal Year are less than required to fulfill the Rate Covenant, then the Commissioner of Transportation and Public Facilities may 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

Commissioner of Transportation and Public Facilities, 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. If the Commissioner of Transportation and Public Facilities has taken the steps described in this paragraph, there shall be no default with respect to the Rate Covenant or Default under the provisions described under the subheading "SUMMARY OF GENERAL BOND RESOLUTION— Default and Remedies of Bondowners—*Default*" during such Fiscal Year, as long as the AIAS meets the Rate Covenant in the next upcoming Fiscal Year.

Further Assurances. The State and the Committee shall adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the General Bond Resolution, and for the better assuring and confirming unto the owners of the Parity Bonds of the rights and benefits provided in the General Bond Resolution.

Appointment of Registrar

The Committee has found it reasonably necessary to select a Registrar for the owners of the Parity Bonds, for the safeguarding and disbursement of the moneys in the Bond Fund, and for such duties with respect to the authentication, delivery and registration of the Parity Bonds as the Committee has determined and set forth in the General Bond Resolution.

The Committee may remove the Registrar initially appointed, and any successor thereto, and may appoint a successor or successors thereto; but any such successor shall be a bank or trust company, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any such supervising or examining authority, then for the purposes described under this subheading, the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Registrar may at any time resign by giving written notice to the State and by giving notice to the Parity Bondholders. Upon receiving such notice of resignation, the Committees shall promptly appoint a successor Registrar by an instrument in writing. Any resignation or removal of the Registrar and appointment of a successor Registrar shall become effective upon acceptance of appointment by the successor Registrar. The fees of the Registrar shall be as set forth in a written agreement between the Debt Manager and the Registrar.

Modification or Amendment of the General Bond Resolution

Amendments Permitted.

(a) The General Bond Resolution and the right and obligations of the State and of the owners of the Parity Bonds and the coupons may be modified or amended at any time by a supplemental resolution, with the written consent of the owners of at least two-thirds of the aggregate principal amount of Parity Bonds then Outstanding, exclusive of Parity Bonds disqualified as described under the subsection "—Disqualified Parity Bonds" in this subheading. No such modification or amendment shall (1) extend the maturity of any Parity Bond or of any interest installment thereon, or reduce the interest rate thereon, or reduce the principal thereof or any premium payable on the redemption thereof, without the express consent of the owner of such Parity Bond, or (2) reduce the percentage of Parity Bonds required for written

consent to an amendment or modification, or (3) modify any of the rights or obligations of the Registrar without its written assent thereto.

(b) The General Bond Resolution and the rights and obligations of the State and of the owners of the Parity Bonds and the coupons may also be modified or amended at any time by a supplemental resolution; without the consent of any Parity Bondholders, but only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the State in the General Bond Resolution contained, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved in the General Bond Resolution to or conferred upon the State;

(2) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the General Bond Resolution, or in regard to questions arising under the General Bond Resolution or in any other respect as the Committee may deem necessary or desirable and not inconsistent with the General Bond Resolution, and which shall not materially adversely affect the interests of the owners of the Parity Bonds; and

(3) to provide for the issuance of an additional Series of Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the certain provisions of the General Bond Resolution related to the issuance of Parity Bonds.

The provisions of the General Bond Resolution described under the subsections “—Procedures for Amendment with Written Consent of Parity Bondholders” and “—Disqualified Parity Bonds” in this subheading shall not apply to any supplemental resolution adopted as described in this subsection (b), and such a supplemental resolution shall become effective upon its adoption.

Notwithstanding anything in the General Bond Resolution to the contrary, the adoption by the Committee of a supplemental resolution authorizing the issuance of Future Parity Bonds shall not be considered an additional resolution for purposes described under this subheading, and the Committee may approve such supplemental resolution in accordance with the provisions of the General Bond Resolution described under the subheadings “SUMMARY OF GENERAL BOND RESOLUTION—Issuance of Additional Series of Future Parity Bonds” and “SUMMARY OF GENERAL BOND RESOLUTION—Parity Bonds” without the requirement of notice to or consent of any party (unless otherwise required by the provisions under such subheadings or by the terms of any other contractual arrangement of the State).

Procedure for Amendment with Written Consent of Parity Bondholders. The Committee may at any time adopt a supplemental resolution amending the provisions of the Parity Bonds or of the General Bond Resolution, to the extent that such amendment is permitted by the provisions described above under the subsection “—Amendments Permitted,” to take effect when and as provided in the General Bond Resolution. A copy of such supplemental resolution, together with a request to Parity Bondholders for their consent thereto, shall be mailed by the State to each registered owner of Parity Bonds Outstanding and to each owner of any such Parity Bonds payable to bearer who shall have filed with the Registrar an address for notices, but failure to mail copies of such supplemental resolution and request shall not affect the validity of the supplemental resolution when assented to as provided in the General Bond Resolution. Notice of the fact of the adoption of such supplemental resolution (stating that a copy thereof is available for inspection at the principal office of the Registrar) shall be provided to all owners of Parity Bonds then held in book-entry only form in accordance with the operational procedures then in effect at DTC and with respect to Parity Bonds then held in registered form, but not then held in book-entry only form, such notice shall be given by U.S. Mail, postage prepaid to the owner of each Parity Bond then affected at the address shown for such owner on the Bond Register and with respect to Parity Bonds held in coupon or bearer form, notice

of such amendment shall be published at least once a week for two successive weeks in a financial newspaper or journal, printed in the English language and customarily published on each business day, of general circulation in San Francisco, California, and in a similar newspaper or journal of general circulation in New York, New York, the first publication in each case to be made not more than fifteen days after the date of adoption of such resolution.

Such supplemental resolution shall not become effective unless there shall be filed with the Registrar the written consents of the owners of at least a majority of the aggregate principal amount of Parity Bonds then Outstanding (exclusive of Parity Bonds disqualified as provided below under the subsection “—*Disqualified Parity Bonds*”) and a notice shall have been published as provided in the General Bond Resolution. Each such consent shall be effective only if accompanied by proof of ownership of the Parity Bonds for which such consent is given, which proof shall be such as is permitted by the General Bond Resolution. Any such consent shall be binding upon the owner of the Parity Bonds giving such consent and on any subsequent owner (whether or not such subsequent owner has notice thereof) unless such consent is revoked in writing by the owner giving such consent or a subsequent owner by filing such revocation with the Registrar prior to the date when the notice provided for in the General Bond Resolution has been published.

Disqualified Parity Bonds. Parity Bonds owned or held by or for the account of the State or any agency or instrumentality thereof shall not be deemed outstanding for the purpose of any consent or any calculation of outstanding Parity Bonds described under this subheading, and shall not be entitled to consent to or take any action described under this subheading. The Registrar may adopt appropriate regulations to require each Parity Bondowner, before his consent described under this subheading shall be deemed effective, to reveal if the Parity Bonds as to which consent is given are disqualified as described under this subheading.

Consent of Credit Facility Issuer. If and to the extent that any Series of Parity Bonds is secured by a Credit Facility that assures the full payment of principal and interest on such Series, then, for so long as the Credit Facility Issuer is not then in default of its obligations under such Credit Facility, the adoption of any supplemental resolution amending the General Bond Resolution shall be subject to the prior written consent of the Credit Facility Issuer. In addition, the Credit Facility Issuer shall be considered as the owner of such Series of Parity Bonds for all purposes requiring the consent of registered and beneficial owners, and neither the registered nor the beneficial owners of Parity Bonds shall have any right to receive notice of any amendment nor shall such owner have any right to consent or object to the adoption of a supplemental resolution.

Effect of Supplemental Resolution. From and after the time any supplemental resolution becomes effective pursuant to subsection (b) under the subsection “—*Amendments Permitted*” or the subsection “—*Procedure for Amendment with Written Consent of Parity Bondowners*,” the General Bond Resolution shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under the General Bond Resolution of the State, the Registrar and all owners of outstanding Parity Bonds (and of interest coupons appertaining thereto, whether attached thereto or detached therefrom) shall thereafter be determined, exercised and enforced under the General Bond Resolution subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental resolution shall be deemed to be part of the terms and conditions of the General Bond Resolution for any and all purposes.

Default and Remedies of Bondowners

Default. The Committee has found and determined that the failure or refusal of the State or any of its officers to perform the covenants and obligations of the General Bond Resolution will endanger the

operation of the AIAS and the application of Revenue and such other money, funds and securities to the purposes set forth therein. Any one or more of the following shall constitute a “Default” under the General Bond Resolution:

- (a) The State shall fail to make payment of the principal of any Parity Bond when the same shall become due and payable;
- (b) The State shall fail to make payments of any installment of interest on any Parity Bond when the same shall become due and payable;
- (c) The State shall default in the observance or performance of any other covenants, conditions, or agreements on the part of the State contained in the General Bond Resolution, and such default shall have continued for a period of (1) 30 days after notice thereof has been delivered to the Committee or (2) the next upcoming Fiscal Year if the Commissioner of Transportation of Public Facilities has taken the steps described under the subheading “SUMMARY OF GENERAL BOND RESOLUTION—Covenants of the State—*Rate Covenant*” but the conditions described under that paragraph have not been met.

Subject to provisions of the preceding paragraph, upon the occurrence of a Default and so long as such Default shall not have been remedied, a Registered Owners’ Trustee may be appointed for the Parity Bonds of the Series then in Default by the owners of 51% in principal amount of the Parity Bonds Outstanding of the Series by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners or by their attorneys-in-fact duly authorized and delivered to such Registered Owners’ Trustee, notification thereof being given to the State. Any Registered Owners’ Trustee appointed under the provisions described under this subsection shall be a bank or trust company organized under the laws of a state or a national banking association. The fees and expenses of a Registered Owners’ Trustee shall be borne by the Registered Owners and not by the State. The bank or trust company acting as a Registered Owners’ Trustee may be removed at any time, and a successor Registered Owners’ Trustee may be appointed by the owners of a majority in principal amount of the Parity Bonds then Outstanding of the Series in Default, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners or by their attorneys-in-fact duly authorized.

The Registered Owners’ Trustee appointed in the manner provided in the General Bond Resolution, and each successor thereto, is declared to be a trustee for the owners of all the Parity Bonds for which such appointment is made and is empowered to exercise all the rights and powers conferred on the Registered Owners’ Trustee in the General Bond Resolution.

A Registered Owners’ Trustee may upon the happening of a Default and during the continuation thereof, take such steps and institute such suits, actions or other proceedings in its own name, or as trustee, all as it may deem appropriate for the protection and enforcement of the rights of Registered Owners to collect any amounts due and owing the State with respect to the AIAS, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in the General Bond Resolution.

Any action, suit or other proceedings instituted by a Registered Owners’ Trustee under the General Bond Resolution shall be brought in its name as trustee for the Registered Owners and all such rights of action upon or under any of the Parity Bonds of the Series then in Default or the provisions of the General Bond Resolution may be enforced by a Registered Owners’ Trustee without the possession of any of said Series of Parity Bonds, and without the production of the same at any trial or proceedings relating thereto except where otherwise required by law, and the respective owners of said Parity Bonds by taking and holding the same, shall be conclusively deemed irrevocably to appoint a Registered Owners’ Trustee the

true and lawful trustee to the respective owners of said Series of Parity Bonds then in Default, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums that become distributable on account of said Series of Parity Bonds; to execute any paper or documents for the receipt of such moneys, and to do all acts with respect thereto that the Registered Owner himself might have done in person. Nothing contained in the General Bond Resolution shall be deemed to authorize or empower any Registered Owners' Trustee to consent to accept or adopt, on behalf of any owner of said Parity Bonds then in Default, any plan of reorganization or adjustment affecting the said Series of Parity Bonds or any right of any owner thereof, or to authorize or empower the Registered Owners' Trustee to vote the claims of the owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the State shall be entitled to participate or enter an appearance.

No owner of any one or more of the Series of Parity Bonds in Default shall have any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same, unless Default shall have happened and be continuing, and unless no Registered Owners' Trustee has been appointed as provided in the General Bond Resolution, but any remedy authorized in the General Bond Resolution to be exercised by a Registered Owners' Trustee may be exercised individually by any Registered Owner, in his own name and on his own behalf or for the benefit of all Registered Owners, in the event no Registered Owners' Trustee has been appointed, or with the consent of the Registered Owners' Trustee if such Registered Owners' Trustee has been appointed; provided however, that nothing in the General Bond Resolution or in the Parity Bonds shall affect or impair the obligation of the State which is absolute and unconditional, to pay from Revenue the principal of and interest on said Parity Bonds to the respective owners thereof at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such owners to enforce such payments.

The remedies conferred upon or reserved to the owners of the Parity Bonds and to a Registered Owners' Trustee in the General Bond Resolution are not intended to be exclusive of any other remedy or remedies, excepting only acceleration of debt and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the General Bond Resolution or now or hereafter existing at law or in equity or by statute. The privileges granted in the General Bond Resolution shall be exercised from time to time and continued so long as and as often as the occasion therefor may arise and no waiver of any default under the General Bond Resolution, whether by a Registered Owners' Trustee or by the owners of Parity Bonds, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon. No delay or omission of the Registered Owners or of a Registered Owners' Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein.

Upon any such waiver, such Default shall cease to exist, and any Default arising therefrom shall be deemed to have been cured, for every purpose of the General Bond Resolution; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Liability of State Limited to Revenues

Notwithstanding anything in the General Bond Resolution contained, the State shall not be required to advance any moneys derived from the proceeds of any taxes, or from any source of income other than the Revenues, for the payment of the principal of or interest on the Parity Bonds, for the maintenance and operation of the airports or for the performance of any covenants contained in the General Bond Resolution. Nevertheless, the State may, but shall not be required to, advance for any of the purposes hereof any moneys which the Legislature may hereafter authorize.

The Parity Bonds shall be revenue bonds, secured exclusively by the Revenues as in the General Bond Resolution provided. The Parity Bonds are not a general obligation of the State, and the general fund

of the State is not liable, and the credit or taxing power of the State is not pledged, for the payment of the Parity Bonds or their interest. The owners of the Parity Bonds, or the coupons thereto appertaining, shall never have the right to compel the exercise of the taxing power by the State or the forfeiture of any property of the State.

Benefits of Resolution Limited to Parties

Nothing in the General Bond Resolution, expressed or implied, is intended to give to any person other than the State, the Registrar, the Paying Agents and the owners of the Parity Bonds and coupons, any right, remedy or claim under or by reason of the General Bond Resolution. Any covenants, stipulations, promises or agreements in the General Bond Resolution contained by and on behalf of the State shall be for the sole and exclusive benefit of the owners of the Parity Bonds and coupons, the Registrar.

Execution of Documents by Parity Bondholders

Any request, consent or other instrument which the General Bond Resolution may require or permit to be executed by Parity Bondholders may be in one or more instruments of substantially similar tenor, and shall be executed by Parity Bondholders in person or by their attorneys appointed in writing.

Except as otherwise expressly provided in the General Bond Resolution, the fact and date of the execution by any Parity Bondholder or his attorney of any such request, consent or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise expressly provided in the General Bond Resolution, the amount of Parity Bonds transferable by delivery held by any person executing any such request, consent or other instrument or writing as a Parity Bondholder, the numbers of the Parity Bonds held by such person, and the date of his holding such Parity Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Registrar, executed by a trust company, bank, banker or other depositary wherever situated, showing that at the date therein mentioned such person had on deposit with such depositary, or exhibited to it, the Parity Bonds described in such certificate. The Registrar and the State may conclusively assume that such ownership continues until written notice to the contrary is served upon the Registrar. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Parity Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Registrar may deem sufficient. The Registrar may nevertheless, in its discretion, require further or other proof in cases where it deems the same desirable. The ownership of registered Parity Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, consent or other instrument or writing of the owner of any Parity Bond shall bind all future owners of such Parity Bond in respect of anything done or suffered to be done by the Registrar or the State in good faith and in accordance therewith.

Waiver of Personal Liability

No member of the Committee and no officer, agent or employee of the State, or of any department or agency thereof; shall be individually or personally liable for the payment of the principal of or interest

on the Parity Bonds; but nothing contained in the General Bond Resolution shall relieve any such member, officer, agent or employee from the performance any official duty provided by law.

SUMMARY OF NINTH SUPPLEMENTAL RESOLUTION

Certain Definitions

For purposes of the Ninth Supplemental Resolution, and of any certificate, opinion or other document mentioned therein, certain capitalized terms shall have the meanings specified in the Ninth Supplemental Resolution. Unless otherwise defined in the Ninth Supplemental Resolution, all capitalized terms used therein shall have the meanings assigned to such terms in the General Bond Resolution.

“Beneficial Owner” means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2025 Bonds (including persons holding 2025 Bonds through nominees, depositories or other intermediary).

“Bond Counsel” means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the State for any purpose under the Ninth Supplemental Resolution applicable to the use of that term.

“Bond Purchase Contract” means one or more bond purchase agreements or forward bond purchase agreements between the State and the Underwriters with respect to the purchase of one or more series of 2025 Bonds, as approved by the Designated Representative pursuant to the Ninth Supplemental Resolution.

“Construction Fund” means the account or accounts designated by the Debt Manager to hold and disburse a portion of the 2025A Bond proceeds to pay costs of issuance related to the 2025A Bonds.

“DTC” means The Depository Trust Company, New York, New York as depository for the 2025 Bonds, or any successor or substitute depository for the 2025 Bonds.

“Ninth Supplemental Resolution” means the State Bond Committee of the State of Alaska Supplemental Resolution No. 2024-04, adopted December 9, 2024 by the Committee, as the same may be amended in accordance with its terms.

“Fitch” means Fitch Ratings, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be deemed to refer to any other nationally recognized securities rating agency (other than Kroll, S&P or Moody’s) designated by the Designated Representative.

“Kroll” means Kroll Bond Rating Agency, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term Kroll shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch, Moody’s or S&P) selected by the Designated Representative.

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating

agency, then the term Moody's shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch, Kroll or S&P) selected by the Designated Representative.

"Outstanding", when used as of a particular time with reference to 2025 Bonds, means all 2025 Bonds delivered hereunder except:

(a) 2025 Bonds cancelled by the Registrar or surrendered to the Registrar for cancellation; and

(b) 2025 Bonds paid or deemed to have been paid within the meaning of the Ninth Supplemental Resolution.

"Person" means an individual, a corporation, a partnership, limited liability company, an association, a joint stock company, a trust, an unincorporated organization, a governmental body or a political subdivision, a municipal corporation, a public corporation or any other group or organization of individuals.

"Rating Agency" means Fitch, Kroll, Moody's or S&P.

"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.

"Record Date" means the 15th day of the month next preceding each interest payment date.

"Registered Owner" means the person named as the registered owner of a 2025 Bond on the Bond Register. For so long as the 2025 Bonds are held by a Securities Depository or its nominee, such Securities Depository shall be deemed to be the Registered Owner.

"Securities Depository" means any clearing agency registered under Section 17A of the Securities Exchange Act of 1934, as amended.

"S&P" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, a limited liability company organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency (other than Kroll, Moody's or Fitch) selected by the Designated Representative.

"2025 Bonds" means the State of Alaska, Alaska International Airports System Revenue Refunding Bonds, Series 2025, issued in one or more series, pursuant to the Ninth Supplemental Resolution.

"Surety Bond" means the surety bond(s), if any, issued by the Surety Bond Issuer on the date(s) of issuance of the 2025 Bonds for the purpose of satisfying all or a portion of the Reserve Account Requirement.

"Surety Bond Agreement" means any Agreement(s) between the State and the Surety Bond Issuer with respect to the Surety Bond(s).

"Surety Bond Issuer" means any issuer(s) of the Surety Bond(s).

"Underwriters" means Goldman Sachs & Co. LLC and Jefferies LLC.

Description of the 2025 Bonds

The 2025 Bonds shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated as of the date of their original delivery, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 (provided that no 2025 Bond of a series shall represent more than one maturity), and shall bear interest from their date, with the first interest payment occurring on the date set forth in the related Bond Purchase Contract, and semiannually thereafter on the first days of each April and October and shall mature on October 1 in the years and principal amounts and shall bear interest at the rates set forth in the related Bond Purchase Contract and as approved by the Designated Representative pursuant to the Ninth Supplemental Resolution.

The 2025 Bonds are not general obligations of the State, and no tax revenues of the State may be used to pay the principal of, premium, if any, and interest on the 2025 Bonds.

The 2025 Bonds shall be obligations only of the Bond Fund and shall be payable and secured as provided in the Ninth Supplemental Resolution. The 2025 Bonds do not constitute an indebtedness of the State within the meaning of the constitutional provisions and limitations of the State of Alaska.

Redemption and Purchase

Selection of the 2025 Bonds for Redemption. The series and maturities to be redeemed shall be selected by the State and, within a maturity, as long as the 2025 Bonds are held in book-entry only form, the selection of the 2025 Bonds of a series to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the 2025 Bonds of a series are no longer held in uncertificated form, the selection of such 2025 Bonds to be redeemed shall be made as described in this paragraph. If the State redeems at any one time fewer than all of the 2025 Bonds of a series having the same maturity date, the particular 2025 Bonds or portions of 2025 Bonds of maturity within a series to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a 2025 Bond of a denomination greater than \$5,000, the State and Registrar shall treat each 2025 Bond as representing such number of separate 2025 Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such 2025 Bond by \$5,000. In the event that only a portion of the principal sum of a 2025 Bond is redeemed, upon surrender of such 2025 Bond at the designated corporate trust office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof or, at the option of the Registered Owner, a 2025 Bond of like series, maturity and interest rate in any of the denominations authorized in the Ninth Supplemental Resolution.

Notice of Redemption.

(i) *Official Notice.* Unless waived by any owner of the 2025 Bonds of a series to be redeemed, official notice of any such redemption (which notice, in the case of an optional redemption, may be a conditional notice and shall state that redemption is conditioned by the Registrar on the receipt of sufficient funds for redemption) shall be given by the Registrar on behalf of the State by mailing a copy of an official redemption notice by first class mail at least 20 days prior to the date fixed for redemption to the Registered Owner of the 2025 Bonds of a series to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Funds received by the Registrar pursuant to a conditional notice of redemption described above shall be held uninvested until the date fixed for redemption.

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

(1) the redemption date,

(2) the redemption price,

(3) if fewer than all Outstanding 2025 Bonds of a series are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of the 2025 Bonds of a series to be redeemed,

(4) that on the date fixed for redemption, provided that in the case of optional redemption the full amount of the redemption price is on deposit therefor, the redemption price will become due and payable upon each such 2025 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(5) the place where such 2025 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

Unless the State has revoked the notice of redemption in the case of an optional redemption, on or prior to any redemption date, the State shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the 2025 Bonds of a series or portions of the 2025 Bonds of a series which are to be redeemed on that date.

Failure to give notice as to redemption of any 2025 Bond or any defect in such notice shall not invalidate redemption of any other 2025 Bond.

Notwithstanding the foregoing, if the 2025 Bonds of a series are then held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then in effect at DTC. In any event, notice of redemption shall be given by the State to the Registrar who shall give notice to DTC at least 20 days prior to the proposed date of redemption of the 2025 Bonds of a series.

(ii) *Effect of Notice; 2025 Bonds Due.* If notice of redemption has been duly given and, in the case of an optional redemption, money for the payment of the redemption price or portions thereof to be redeemed is held by the Registrar, then on the redemption date the 2025 Bonds of a series or portions thereof so called for redemption shall become payable at the redemption price specified in such notice; and from and after the redemption date, interest thereon or on portions thereof so called for redemption shall cease to accrue, such 2025 Bonds or portions thereof shall cease to be Outstanding and to be entitled to any benefit, protection or security hereunder and the Owners of such 2025 Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price upon delivery of such 2025 Bonds to the Registrar. Upon surrender for any partial redemption of any 2025 Bond, there shall be prepared for the Registered Owner a new 2025 Bond of the same maturity and Series in the aggregate amount of the unpaid principal. All 2025 Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

(iii) *Additional Notice.* In addition to the foregoing notice, further notice shall be given by the State as described below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above described. Each further notice of redemption given under the Ninth Supplemental Resolution shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all 2025 Bonds being redeemed; (B) the date of issue of the 2025 Bonds as originally issued; (C) the rate of interest borne by each 2025 Bond being redeemed; (D) the maturity date of each

2025 Bond being redeemed; and (E) any other descriptive information needed to identify accurately the 2025 Bonds of a series being redeemed. Each further notice of redemption may be sent at least 25 days before the redemption date to each party entitled to receive a notice of redemption pursuant to the provisions described under the subheading “SUMMARY OF NINTH SUPPLEMENTAL RESOLUTION—Undertaking to Provide Ongoing Disclosure,” and to the Underwriters or to their business successors, if any, and to such persons (including the MSRB) and with such additional information as the Registrar deems appropriate, but such mailings shall not be a condition precedent to the redemption of such 2025 Bonds.

(iv) *Use of CUSIP Numbers.* Upon the payment of the redemption price of the 2025 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by maturity, the 2025 Bonds being redeemed with the proceeds of such check or other transfer.

(v) *Amendment of Notice Provisions.* The foregoing notice provisions described under this subheading, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended without the consent of any owners of the 2025 Bonds of a series by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Purchase of the 2025 Bonds for Retirement. The State reserves the right to use at any time any Revenue on deposit in the Revenue Fund available after providing for the payments authorized by subsections (b)(1) through (3) of the General Bond Resolution described under the subheading “SUMMARY OF GENERAL BOND RESOLUTION—Allocation of Moneys in Revenue Fund” to purchase for retirement any of the 2025 Bonds of a series offered to the State at any price deemed reasonable to the State’s Designated Representative.

Effect of Optional Redemption/Purchase. To the extent that the State shall have optionally redeemed or purchased any Term Bonds since the last scheduled mandatory redemption of such Term Bonds, the State may reduce the principal amount of the Term Bonds of the same Series and maturity to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by the Designated Representative.

Place and Medium of Payment

Payment. The payments of principal, interest, redemption price and purchase price of the 2025 Bonds shall be payable in lawful money of the United States of America. For so long as all 2025 Bonds are in fully immobilized form, such payments of principal and interest thereon shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations to the Registered Owners appearing on the Bond Register on the 15th day of the month preceding such interest payment date. In the event that the 2025 Bonds are no longer in fully immobilized form, interest on such 2025 Bonds shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to a Registered Owner of such 2025 Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Registered Owners of the 2025 Bonds at the addresses for such Registered Owners appearing on the 2025 Bond Register on the 15th day of the month preceding the interest payment date. Principal and premium, if any, of the 2025 Bonds shall be payable upon presentation and surrender of such 2025 Bonds by the Registered Owners at the designated office of the Registrar.

Accrual of Interest. Interest on the 2025 Bonds shall be calculated on the basis of a 360-day year (twelve 30-day months).

Construction Fund and Reserve Account

Construction Fund. A portion of the 2025A Bonds allocated to pay costs of issuance of the 2025A Bonds shall be deposited in the Construction Fund maintained in the State Treasury. However, such amount shall be segregated for purposes of accounting for expenditures. Separate accounts are authorized to be maintained in the State Treasury's Construction Fund, for each series of the 2025 Bond proceeds. Disbursements shall be made from the proceeds of the respective series of 2025 Bonds to pay allocable costs of issuance of the 2025 Bonds.

Reserve Account. There is authorized to be created in the Reserve Account a subaccount for the 2025 Bonds. The State covenants and agrees that on the date of issuance of each Series of the 2025 Bonds, it will deposit funds into the Reserve Account in the amount necessary to satisfy the Reserve Account Requirement attributable to the 2025 Bonds (then being issued), or purchase one or more Surety Bonds therefor, which with the remaining balance on hand in the Reserve Account (currently in the form of a surety bond and cash reserve) to be equal to the Reserve Account Requirement.

The Designated Representative may decide to utilize one or more Surety Bonds to satisfy the Reserve Account Requirement. Upon such election, the Designated Representative is hereby authorized to execute and deliver one or more Surety Bond Agreements with one or more Surety Bond Issuers to effect the delivery of the Surety Bond(s).

Defeasance

If money and/or noncallable Government Obligations maturing at such time(s) and bearing such interest to be earned thereon (without any reinvestment thereof) as will provide a series of payments which shall be sufficient together with any money initially deposited, to provide for the payment of the principal of, premium, if any, and interest on all or a designated portion of the 2025 Bonds of a series when due (whether at maturity or upon earlier redemption in accordance with their respective terms) to effect such payment and are pledged irrevocably in accordance with a refunding or defeasance plan adopted by the State for the purpose of effecting such payment, then no further payments need be made in the Bond Fund for the payment of the principal of, interest or redemption premium on such 2025 Bonds, the Registered Owners thereof shall cease to be entitled to any lien, benefit or security of the Ninth Supplemental Resolution, except the right to receive payment of the principal of, premium, if any, and interest on such 2025 Bonds when due in accordance with their respective terms from the money and the principal and interest proceeds on the Government Obligations set aside in the trust account, and such 2025 Bonds shall no longer be deemed to be Outstanding under the Ninth Supplemental Resolution, or under any resolution authorizing the issuance of bonds or other indebtedness of the State.

Within 30 days of any defeasance of the 2025 Bonds of a series, the State shall provide notice of defeasance of the 2025 Bonds of such series to Registered Owners of the 2025 Bonds being defeased, and to each party entitled to receive notice in accordance with the provisions described under the subheading "SUMMARY OF NINTH SUPPLEMENTAL RESOLUTION—Undertaking to Provide Ongoing Disclosure." If any defeasance is effected with, in whole or in part, Government Obligations, a verification report by a verification agent or independent accounting firm to the effect that such deposit is sufficient to pay the principal, interest and premium (if any) on the 2025 Bonds of such series as they become due, must be delivered to the Registrar prior to such defeasance.

Undertaking to Provide Ongoing Disclosure

The Committee authorized the Debt Manager to enter into agreements for ongoing disclosure, substantially in the form attached to the Official Statement for each Series of the 2025 Bonds for the benefit

of the Beneficial Owners of the 2025 Bonds in order to assist the Underwriters in complying with Section (b)(5) of the Rule.

Liability of State Limited to Revenues

Notwithstanding anything contained in the Ninth Supplemental Resolution, the State shall not be required to advance any moneys derived from the proceeds of any taxes, or from any source of income other than the Revenues, for the payment of the principal of or interest on the Parity Bonds, for the maintenance and operation of the airports or for the performance of any covenants contained in the Ninth Supplemental Resolution. Nevertheless, the State may, but shall not be required to, advance for any of the purposes hereof any moneys which the Legislature may hereafter authorize.

The Parity Bonds shall be revenue bonds, secured exclusively by the Revenues as in the General Bond Resolution provided. The Parity Bonds are not a general obligation of the State, and the general fund of the State is not liable, and the credit or taxing power of the State is not pledged, for the payment of the Parity Bonds or their interest. The owners of the Parity Bonds, or the coupons thereto appertaining, shall never have the right to compel the exercise of the taxing power by the State or the forfeiture of any property of the State.

Discharge of Resolution; Supplement to Resolution No. 99-01

If:

(i) all of the outstanding Parity Bonds shall have matured, or if notice of redemption of all of the outstanding Parity Bonds prior to maturity shall have been given, or provision satisfactory to the Registrar shall have been irrevocably made for the giving of such notice, and if the State shall have deposited with the Registrar, in trust, funds pursuant to the General Bond Resolution sufficient to pay and available for the payment of all amounts then due and thereafter to become due on all Parity Bonds, including all principal, interest and redemption premiums, or

(ii) all of the outstanding Parity Bonds are to be refunded, and the conditions described under the subheading "SUMMARY OF GENERAL BOND RESOLUTION—Refunding Parity Bonds" have been satisfied with respect to such Parity Bonds, then, at the election of the State, and notwithstanding that any Parity Bonds or interest coupons shall not have been surrendered for payment, the pledge of the Revenues provided for in the General Bond Resolution and all other obligations of the State under the General Bond Resolution shall cease and terminate, except only the obligation of the State to pay or cause to be paid to the owners of the Parity Bonds and interest coupons not so surrendered and paid all sums due thereon. Notice of such election shall be filed with the Registrar.

Any funds held by any Registrar, at the time of receipt by the Registrar of such notice from the State, which are not required for the purpose above mentioned, shall be paid over to the Registrar. Any funds thereafter held by the Registrar, which are not required for said purpose, shall be paid over to the State.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL REGARDING THE 2025B BONDS

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July 8, 2025

State of Alaska
State Bond Committee
Juneau, Alaska

State of Alaska
Alaska International Airports System
Revenue Refunding Bonds, Series 2025B (Governmental – Non-AMT) (Forward Delivery)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the State Bond Committee (the “Committee”) of the State of Alaska (the “State”) in connection with the State’s issuance of its \$50,210,000 aggregate principal amount of Alaska International Airports System Revenue Refunding Bonds, Series 2025B (Governmental – Non-AMT) (Forward Delivery) (the “Bonds”), issued pursuant to Resolution No. 99-01, adopted by the Committee on January 28, 1999 (the “1999 Bond Resolution”), as amended and supplemented from time to time, including as supplemented by Resolution No. 2024-04, adopted by the Committee on December 9, 2024 (the “2024 Bond Resolution” and together with the 1999 Bond Resolution, the “Bond Resolution”). The State has appointed The Bank of New York Mellon Trust Company, N.A. as registrar (the “Registrar”) under the Bond Resolution. The Bonds are issued for the stated purposes of (a) providing funds to pay the costs of refunding (including through a purchase pursuant to a tender offer) a portion of certain of State’s Outstanding Parity Bonds and (ii) paying costs of issuance of the Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Resolution.

In such connection, we have reviewed the Bond Resolution; the Tax Certificate, dated the date hereof (the “Tax Certificate”), of the State; an opinion of the Attorney General of the State of Alaska, as counsel to the State; certificates of the State, the Registrar and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the State. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions

contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Bond Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Bond Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against the State. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Bond Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the State.
2. The Bond Resolution has been duly adopted by, and constitutes the valid and binding obligation of, the State. The Bond Resolution creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts held pursuant to the Bond Resolution, subject to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Bonds is exempt from taxation by the State of Alaska except for transfer, inheritance and estate taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX D
DTC AND ITS BOOK-ENTRY ONLY SYSTEM

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SCHEDULE A
(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC – bracketed material may apply only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or 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 Issuer or Agent, 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. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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

APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE CERTIFICATE

DATED January 23, 2025

(a) This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed by the State of Alaska (the “State”) in connection with the issuance of \$67,750,000 Alaska International Airports System Revenue Refunding Bonds, Series 2025A (Governmental – Non-AMT) (the “2025A Bonds”) and \$50,210,000 Alaska International Airports System Revenue Refunding Bonds, Series 2025B (Governmental – Non-AMT) (Forward Delivery Bonds) (the “2025B Bonds” and together with the 2025A Bonds, the “Bonds”). The Bonds are being issued pursuant to Resolution No. 99-01, adopted by the State Bond Committee of the State of Alaska on January 28, 1999 (as supplemented and amended, the “General Bond Resolution”), including as supplemented by Resolution No. 2024-04 adopted on December 9, 2024 (“Ninth Supplemental Resolution”).

In Section 2.14 of the Ninth Supplemental Resolution, the State undertook to enter into an undertaking in accordance with Section (b)(5) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the “Rule”), for the benefit of the beneficial owners or holders of the Bonds.

(b) *Definitions.* Capitalized terms used herein which are not otherwise defined shall have the meanings given such terms in the General Bond Resolution. In addition, the following terms shall have the following meanings.

“Annual Disclosure Report” shall mean any Annual Disclosure Report provided by the State pursuant to, and as described in, subsection (c) of this Disclosure Certificate.

“Audited Financial Statements” means the State of Alaska International Airports System’s annual financial statements, prepared in accordance with Governmental Accounting Standards Board, which financial statements shall have been audited by a firm of independent certified public accountants.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Disclosure Representative” means the Debt Manager of the State or his or her designee or such other officer or employee as the State shall designate in writing from time to time.

“Fiscal Year” means any 12-month period ending on June 30 or such other date as is authorized by statute and/or selected by AIAS.

“Financial Obligation” means, for purposes of the Listed Events set out in Section (d)(1)(x) and Section (d)(2)(viii) hereof, 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 defined in the Securities Exchange Act of 1934, as amended) as

to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

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

“**Obligated Person**” means the State and each airline or other entity at any time using the System (i) that is obligated under an airport use agreement, lease or other agreement having a term of more than one year with rates calculated to pay a portion of the debt service on the Bonds, and (ii) has paid amounts equal to at least 20 percent of the Revenues of the System for each of the prior two fiscal years of the System or such other meaning as may be defined or clarified under the Rule.

“**Official Statement**” the Official Statement dated January 15, 2025 relating to the Bonds.

“**Rule**” shall mean Rule 15c2-12(b)(5)(i) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**State**” shall mean the State of Alaska.

“**System**” shall mean the Alaska International Airports System.

(c) *Financial Statements/Operating Data.*

(1) *Annual Disclosure Report.* The State covenants and agrees that not later than seven months after the end of each Fiscal Year (the “Submission Date”), commencing February 1, 2025 for the fiscal year ending June 30, 2024, the State shall provide or cause to be provided to the MSRB, an annual report (the “Annual Disclosure Report”) that is consistent with the requirements of part (2) of subsection (c). 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 in part (2) of subsection (c); provided that any audited annual financial statements may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such audited financial statements are not available by the Submission Date. If the State’s Fiscal Year changes, the State shall give notice of such change in a timely manner to the MSRB, and if for any Fiscal Year the State does not furnish an Annual Disclosure Report to the MSRB by the Submission Date, the State shall send to the MSRB notice of its failure to furnish such report pursuant to subsection (e).

(2) *Content of Annual Disclosure Reports.* The State’s Annual Disclosure Report shall contain or include by reference (without duplication) the following:

(A) Audited Financial Statements;

(B) Updated versions of the type of information contained in the final Official Statement, as follows:

- (i) AVIATION ACTIVITIES AND ACTIVITY LEVELS – Ted Stevens Anchorage International Airport: Annual Passenger Activity (Table 4);
- (ii) AVIATION ACTIVITIES AND ACTIVITY LEVELS – Ted Stevens Anchorage International Airport: Annual Passenger Enplanements (Table 5);
- (iii) AVIATION ACTIVITIES AND ACTIVITY LEVELS – Fairbanks International Airport: Annual Passenger Activity (Table 7);
- (iv) AVIATION ACTIVITIES AND ACTIVITY LEVELS – Fairbanks International Airport: Annual Passenger Enplanements (Table 8);
- (v) AVIATION ACTIVITIES AND ACTIVITY LEVELS – Ted Stevens Anchorage International Airport: Annual All-Cargo Aircraft Landings (Table 10);
- (vi) AVIATION ACTIVITIES AND ACTIVITY LEVELS – Ted Stevens Anchorage International Airport: Annual All-Cargo Aircraft Certificated Maximum Gross Takeoff Weight (Table 11);
- (vii) AVIATION ACTIVITIES AND ACTIVITY LEVELS – Fairbanks International Airport: Annual All-Cargo Aircraft Landings (Table 12);
- (viii) AVIATION ACTIVITIES AND ACTIVITY LEVELS - Fairbanks International Airport: Annual All-Cargo Aircraft Certificated Maximum Gross Takeoff Weight (Table 13);
- (ix) Aggregate principal amount of airport revenue bonds outstanding and any change in the aggregate principal amount of authorized airport revenue bonds;
- (x) Any material change in the methodology described in “SYSTEM OPERATING AGREEMENT, REVENUES AND EXPENSES—System Operating Revenue—*Airline Operations*.”

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the State or related public entities, which are available to the public on the MSRB’s internet website. The State shall clearly identify each such other document so included by reference.

In addition, the State agrees to annually determine whether any users of the System are “Obligated Persons” as such term is defined in this Certificate. If the State determines that any such user is an Obligated Person, the State will request that such Obligated Person provide to the

same parties who receive the State's net Annual Disclosure Report either (a) a copy of the most recently prepared financial statements (audited, if available) of such user or (b) if such user files a Form 10K or Form 10Q with the SEC, a cross-reference to such filing. The State agrees to include in the terms of any written operating agreement or similar contract, if any is entered into in the future with the users of the System provisions requiring such users to provide the information described in the preceding sentence to the State if the State makes the determination that such user is an Obligated Person.

(d) *Reporting of Significant Events.*

(1) The State agrees to provide or cause to be provided, to the MSRB, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB);
- (vi) Tender offers;
- (vii) Defeasances;
- (viii) Rating changes;
- (ix) Bankruptcy, insolvency, receivership or similar event of the Obligated Person; and
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the System, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in

possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

(2) The State agrees to provide or cause to be provided, to the MSRB, notice of the occurrence of any of the following events with respect to the Bonds, *if material*, not later than ten (10) business days after the occurrence of the event:

- (i) Unless described in paragraph (d)(1)(v) above, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (ii) Modifications to rights of the Owners of the Bonds;
- (iii) Optional, unscheduled or contingent Bond calls;
- (iv) Release, substitution or sale of property securing repayment of the Bonds;
- (v) Non-payment related defaults;
- (vi) The consummation of a merger, consolidation, or acquisition involving the Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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 relating to any such actions, other than pursuant to its terms;
- (vii) Appointment of a successor or additional trustee or the change of name of a trustee; or;
- (viii) Incurrence of a Financial Obligation of the System, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the System, any of which affect security holders.

(e) *Notice Upon Failure to Provide Financial Data.* The State agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to provide the annual financial information described in subsection (c) above on or prior to the Submission Date.

(f) *Termination/Modification.* The State's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Bonds. The undertaking shall be null and void if the State (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, 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 State's undertaking. Notwithstanding any other provision of the General Bond Resolution, the State may amend its undertaking (including the items in the closing certificate referenced above) and any provision of its undertaking may be

waived, in accordance with the Rule; provided that (A) if the amendment or waiver relates to the provisions of subsections (c)(1), (c)(2) or (d) above, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; (B) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (C) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the beneficial owners of the Bonds.

In the event of any amendment of or waiver of a provision of its undertaking, the State shall describe such amendment in the next Annual Disclosure Report, and shall 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, on the presentation) of financial information or operating data being presented by the State. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a timely manner to the MSRB, and (ii) the Annual Disclosure 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.

(g) *Registered Owner's and Beneficial Owners' Remedies Under the State's Undertaking.* A Registered Owner's and the Beneficial Owners' right to enforce the provisions of the State's undertaking shall be limited to a right to obtain specific enforcement of the State's obligations under the undertaking, and any failure by the State to comply with the provisions of the State's undertaking shall not be an event of default under the General Bond Resolution.

(h) *Additional Information.* Nothing in the State's undertaking shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in the State's undertaking or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a material event, in addition to that which is required by the State's undertaking. If the State chooses to include any information in any Annual Disclosure Report or notice of the occurrence of a material event in addition to that specifically required by the State's undertaking, the State shall have no obligation under the Resolution to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of a material event.

(i) *EMMA; Format for Filing with the MSRB.* Until otherwise designated by the MSRB or the Securities and Exchange Commission, any filing required to be made with the MSRB under the undertaking are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org. All notices, financial information and operating data required by the undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to the undertaking must be accompanied by identifying information as prescribed by the MSRB.

[SIGNATURE PAGE FOLLOWS]

DATED as of the date first written above.

STATE OF ALASKA

By: _____

Ryan S. Williams
Debt Manager, Department of Revenue

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APPENDIX F

SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE OF ALASKA

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

The information concerning the State of Alaska (“Alaska” or the “State”) set forth here is dated as of the date of the Official Statement. The information contained herein is subject in all respects to the complete text of the financial reports referenced. The information contained herein has been obtained from sources that the State believes to be reliable but is not guaranteed as to accuracy.

State of Alaska

The key drivers of the Alaska economy include natural resource development, federal (including national defense) and State government, seafood, and tourism. Approximately 23.9 percent of the State’s total nonfarm employment is derived from government (federal, state and local). Other major industries in Alaska include the educational (private) and health services industry, making up 15.8 percent, trade, transportation, and utilities, making up 19.9 percent, and the leisure and hospitality industry, making up 10.8 percent of total nonfarm employment (Alaska Department of Labor and Workforce Development, Research & Analysis, Preliminary and adjusted estimates; 2024 Annual Average). The State’s unemployment rate in May 2025 was 4.7 percent (seasonally adjusted, preliminary), according to the U.S. Department of Labor, Bureau of Labor Statistics. The State’s major exports are oil, seafood (primarily salmon, halibut, cod, pollock, and crab), coal, gold, silver, zinc, and other minerals.

Historically, petroleum-related revenue was the largest source of unrestricted revenue for the State’s General Fund. In FY 2018, approximately 80 percent of total unrestricted General Fund revenue was generated from oil production. In 2018, the Legislature enacted Senate Bill 26 (“SB 26”), which directs the State to appropriate amounts from the earnings reserve of the Alaska Permanent Fund to the General Fund as unrestricted General Fund revenue, diminishing the percentage of unrestricted revenue that petroleum-related revenue represents to a projected 30 percent for FY 2025, according to the Department of Revenue’s Spring 2025 Revenue Forecast issued on March 12, 2025.

In FY 2019, pursuant to SB 26, the State began appropriating amounts from the Permanent Fund Earnings Reserve to the General Fund as unrestricted General Fund revenue. SB 26 adjusted the transfer from the Permanent Fund Earnings Reserve to an amount determined by taking 5.25 percent of the average market value of the Permanent Fund for the first five of the preceding six fiscal years, including the fiscal year just ended. Effective July 1, 2021, the amount determined for transfer from the Permanent Fund Earnings Reserve is reduced to 5.00 percent of the average market value of the fund for the first five of the preceding six fiscal years, including the fiscal year just ended. As described below in “Government Funds – The Alaska Permanent Fund,” this calculation does not include the principal attributable to the settlement of *State v. Amerada Hess*. The Alaska Permanent Fund Corporation (“APFC”), which manages the Permanent Fund, projects this annual transfer of unrestricted General Fund revenue to the General Fund in their monthly history and projections report. The Permanent Fund Earnings Reserve transferred approximately \$3.5 billion to General Fund revenue in fiscal year 2024 and is expected to transfer approximately \$3.7 billion and \$3.8 billion to General Fund revenue in fiscal years 2025 and 2026, respectively. The Permanent Fund Dividend may be paid out of these transfers, and any residual revenue is available for other appropriation. The Permanent Fund Dividend amount, paid in calendar year 2023, was \$1,312 per qualified resident, the Permanent Fund Dividend amount, paid in calendar year 2024, was \$1,702 per qualified resident, and the amount of the Permanent Fund Dividend paid in calendar year 2025, is estimated to be \$1,000 per qualified resident.

Population

Alaska’s Statewide population of 741,147 (2024 preliminary and adjusted estimates, Alaska Department of Labor and Workforce Development, Research & Analysis Section) has contracted by approximately 0.2 percent compared to 2016.

The following table summarizes the State's population since 2015, as well as the estimated population in each of the State's regions.

Population of Alaska by Region, 2015-2024

Area Name	Estimate	Estimate	Estimate	Estimate	Estimate	Census	Estimate	Estimate	Estimate	Estimate
	April 2015	July 2016	July 2017	July 2018	July 2019	Estimate April 2020	July 2021	July 2022	July 2023	July 2024
Alaska	736,989	739,649	737,783	734,055	731,007	733,391	736,311	736,600	738,873	741,147
Anchorage / Mat-Su Region	398,597	401,582	402,110	399,902	398,283	398,328	399,646	401,692	404,501	407,074
Gulf Coast Region	80,937	81,062	80,763	80,806	80,866	81,619	81,656	82,490	83,330	83,349
Interior Region	112,888	113,235	112,020	110,904	109,847	109,425	111,627	110,775	110,529	111,072
Northern Region	27,783	27,780	27,716	27,627	27,432	28,870	28,346	27,791	27,773	27,602
Southeast Region	74,278	73,742	72,941	72,657	72,373	72,286	72,709	71,913	71,189	70,613
Southwest Region	42,506	42,248	42,233	42,159	42,206	42,863	42,327	41,939	41,551	41,437

Source: U.S. Census Bureau for April 2020 Census Estimate, and Alaska Department of Labor and Workforce Development, Research and Analysis Section for July 2015 through 2019 and 2021 through 2024 Estimate.

Income

In 2024, Alaska had a per capita personal income of \$75,616, an increase from the 2015 per capita personal income of 56,714.¹

After two years of rapid price increases in 2021 and 2022, inflation in Alaska's consumer price index slowed to more historical levels. In 2023, urban Alaska prices rose about 1.5 percent from the previous year. National inflation, after two similarly high years, also slowed but not as dramatically, to 4.1 percent. Between 2019 and 2023, prices increased the most for transportation and other goods and services (27 percent), followed by 19 percent for food, 17 percent for medical care, 10 percent for housing, 8 percent for recreation, and 2 percent for clothes. Prices for education and communication fell approximately 1 percent over the 2019-2023 time period. The Consumer Price Index ("CPI") for urban Alaska is the state's only official measure of inflation.²

Alaska's CPI tracks changes in the price level of a "market basket" of goods and services for the average consumer through surveys of consumer expenditure patterns and prices collected in Anchorage and the Matanuska-Susitna Borough. The inflation rate, or price change between two periods, is calculated as the percent change in the index. While the U.S. Bureau of Labor Statistics publishes CPIs for many cities, they cannot be used to compare costs between areas because each is indexed to prices at a specific time in a given place. The index values only show how much prices have risen there since a base period, which is set at 100. The following chart depicts urban Alaska inflation from 2009 to 2023.³

¹ St. Louis Fed Economic Data ("FRED"), <https://fred.stlouisfed.org/series/AKPCPI>

² Alaska Department of Labor and Workforce Development, Alaska Economic Trends, July 2024.

³ Alaska Department of Labor and Workforce Development, Alaska Economic Trends, July 2024.



Source: U.S. Department of Labor, Bureau of Labor Statistics, CPI-U for Urban Alaska

The cost of living in Alaska remains significantly higher than the national average. According to the survey average of 265 cities from the Council for Community and Economic Research, Cost of Living Index 2023, which compares cities' costs to the U.S. average, the cost of living in Anchorage, Fairbanks, and Juneau, in comparison to the total index is approximately 123.7, 124.2, and 127.8 percent, respectively, more expensive than the average index of the U.S.⁴

Employment

The unemployment rate for Alaska for May 2025 was 4.7 percent, as compared to a national unemployment rate for the same period of approximately 4.2 percent (seasonally adjusted, preliminary). Historically, Alaska's unemployment rate has exceeded the national rate. The unemployment rate for the Anchorage/Mat-Su Economic Region and the Interior Economic Region (which includes the Fairbanks North Star Borough, the Denali Borough, the Southeast Fairbanks Census Area and the Yukon-Koyukuk Census Area) for May 2025 was 4.0 percent and 4.3 percent, respectively (not seasonally adjusted, preliminary).⁵

The largest employment sector in Alaska is governmental comprised of federal (except military), State (including the University of Alaska) and local and tribal government employees (including public schools). Government employment on average for calendar year 2024 was 79,900. The largest non-government sector of employment was trade, transportation and utilities with 65,900. The table below provides a summary of the employment of the Alaska labor force by industry, comparing changes in the averages from 2023 to 2024, and a forecast (as of January 2025) for 2025 averages.⁶

⁴ Alaska Department of Labor and Workforce Development, Alaska Economic Trends, July 2024.

⁵ Alaska Department of Labor and Workforce Development, and the U.S. Bureau of Labor Statistics, not seasonally adjusted, preliminary.

⁶ Alaska Department of Labor and Workforce Development, Alaska Economic Trends, January 2025.

Statewide Jobs, by industry - Annual Average, 2023 and 2024, and Forecast 2025:

	Monthly avg, 2023 ¹	Monthly avg, 2024 ¹	Change, 2023-24	Percent change	JOBS FORECAST		
					Monthly avg, 2025	Change, 2024-25	Percent change
Total Nonfarm Employment²	327,800	334,400	6,600	2.0%	339,700	5,300	1.6%
Total Private	249,300	254,500	5,200	2.1%	259,400	4,900	1.9%
Mining and Logging	11,700	12,500	800	6.8%	13,500	1,000	8.0%
Oil and Gas	7,600	8,100	500	6.6%	8,700	600	7.4%
Construction	17,100	19,100	2,000	11.7%	20,600	1,500	7.9%
Manufacturing	12,800	12,000	-800	-6.3%	11,400	-600	-5.0%
Trade, Transportation, and Utilities	65,300	65,900	600	0.9%	66,900	1,000	1.5%
Wholesale Trade	6,400	6,400	0	0.0%	6,500	100	1.6%
Retail Trade	35,300	34,800	-500	-1.4%	34,700	-100	-0.3%
Transportation, Warehousing, and Utilities	23,600	24,700	1,100	4.7%	25,700	1,000	4.0%
Information	4,600	4,400	-200	-4.3%	4,300	-100	-2.3%
Financial Activities	10,900	10,700	-200	-1.8%	10,600	-100	-0.9%
Professional and Business Services	28,100	29,000	900	3.2%	29,500	500	1.7%
Educational (private) and Health Services	51,400	52,900	1,500	2.9%	54,000	1,100	2.1%
Health care	40,300	41,800	1,500	3.7%	43,000	1,200	2.9%
Leisure and Hospitality	35,700	35,900	200	0.6%	36,200	300	0.8%
Other Services	11,700	12,100	400	3.4%	12,400	300	2.5%
Total Government	78,500	79,900	1,400	1.8%	80,300	400	0.5%
Federal, except military	15,200	15,600	400	2.6%	15,600	0	0.0%
State, incl. University of Alaska	23,100	23,800	700	3.0%	24,000	200	0.8%
Local and tribal, incl. public schools	40,200	40,500	300	0.7%	40,700	200	0.5%

¹Preliminary and adjusted estimates.

²Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

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

Federal Spending

Federal spending has a significant impact on Alaska's economy. Federal funds contribute to military and federal government employment, as well as provide support for specific in-state programs and projects. Excluding military, nearly 5 percent of the State's workforce is employed by the federal government. In many cases, State funds are also used to leverage federal funds in matching programs helping to improve Alaskan communities.

According to the U.S. Census Bureau's 2021 Annual Survey of State Government Finances, in Alaska's fiscal year ended 2021, federal spending comprised 57.2 percent of total State general revenue, with 11.5 percent from taxes, 6.4 percent from service charges, approximately 0.1 percent from local sources, and 24.9 percent from miscellaneous sources.

According to the United States Department of Defense Readiness and Environmental Protection Integration Program's ("REPI") Fiscal Year 2022 report, the State received \$4.0 billion in Defense spending, which provided direct funding for the Department of Defense ("DOD") personnel salaries, defense contracts, and construction of military facilities. As of September 30, 2022, total DOD personnel in Alaska consisted of 18,485 active-duty members, 5,403 civilians, and 4,564 Reserve / National Guard. The largest REPI installations in Alaska include Joint Base Elmendorf-Richardson, Eielson Air Force Base, and Fort Wainwright. In 2019, the Eielson Air Force Base received military investment for reconstruction to accommodate two full squadrons of F-35A Lightning II aircraft. Joint Base Elmendorf-Richardson is the largest installation in Alaska and home of the Air Force's Headquarters.

Federal Stimulus Funding

The Infrastructure Investment and Jobs Act ("IIJA"), passed by Congress in November 2021, included \$550 billion in new investments for transportation, water, power and energy, environmental remediation, broadband and cybersecurity, carbon reduction, and resilience. The IIJA originally estimated that State, local governments, tribes, and other organizations in the State could receive a total of nearly \$5 billion in funding over fiscal years 2023-2027 as a result of the legislation, some of which would represent overall increases to State revenue from federal funding.

However, as of November 30, 2023, the total State revenue, including overall increases and discretionary grants, is estimated at \$5.4 billion.

The Inflation Reduction Act (“IRA”), passed by Congress in August 2022, included \$369 billion to address climate-related issues. The vast majority of IRA funding was delivered through tax incentives and has no direct impact on the State’s spending or federal revenue. The federal tax incentives included in the IRA could provide material support for some new projects in Alaska. For example, expanded tax credits for carbon sequestration projects could provide incentive for projects in Alaska that would otherwise not be viable.

Carbon

In 2023, State legislation was enacted allowing the State to use its lands and natural resources for carbon management projects. The legislation authorized two programs within the Department of Natural Resources (“DNR”): the Carbon Offset Program and Carbon Management Leasing. In 2024, State legislation was enacted developing a framework for carbon capture, utilization and storage, including commercial and regulatory processes as well as long-term monitoring of carbon storage facilities.

The Carbon Offset Program enables the State to implement carbon offset projects on State land. Authorized under AS 38.95.400 - AS 38.95.499 and managed by the DNR Office of Project Management & Permitting, these State-led projects would be expected to generate revenue through carbon offset credits while providing other environmental, social, and economic co-benefits and helping meet free-market demand for decarbonization.

The Carbon Management Leasing program allows DNR to lease State land to private parties for a carbon management purpose (i.e. a carbon offset project or other project that mitigates greenhouse gases). Carbon management leases are authorized under AS 38.05.081 and administered by the DNR Division of Mining, Land & Water.

Oil and Gas

According to a study completed by McKinley Research Group, LLC, for the Alaska Oil and Gas Association (November 2023), the primary oil and gas companies employed 4,105 workers (including non-resident workers) earning \$1.1 billion in total wages in 2022. Alaska residents represented approximately 83 percent of primary company total hire in Alaska, earning approximately \$904 million in wages. Primary company spending with Alaska vendors was estimated at \$4.6 billion. Additionally, in 2022, local governments generated \$449 million from taxation of oil and gas properties, 21 percent of all local government tax revenue in Alaska.⁷

From 2015 to 2021, the oil and gas industry lost 8,431 jobs, or 56 percent of its total. The industry added back just 354 jobs in 2022 and 518 more in 2023. In Alaska, as the Pikka and Willow projects are developed, the Alaska Department of Labor expects employment to increase in the short term. The shape of growth after that is difficult to forecast, but projections for the industry is for 9,718 total jobs by 2032, which would be 5 percent below its 2019 peak but 38 percent higher than in 2022.⁸

In addition to anticipated increases to economic activity, recent oil and gas development projects are expected to increase energy security, oil and gas production, and increased revenues for the State. The Willow project, operated by ConocoPhillips Alaska, a major legacy producer, explorer, and investor on Alaska’s North Slope, is estimated to make capital expenditures of \$1.0-1.5 billion each year from 2024-2028. Estimated peak production is 180,000 barrels of oil per day, and a total of more than 600 million barrels of oil over the life of the field. First oil production is anticipated in 2029. Initial civil construction work began in April 2023 and continued throughout 2024.

Additionally, the Pikka Unit is one of the largest conventional oil discoveries made in the United States in the last 30 years, and the Pikka Phase 1 Project is the most significant development on Alaska’s North Slope in more

⁷ McKinley Research Group, LLC (November 2023). The Role of the Oil and Gas Industry in Alaska’s Economy. Alaska Oil and Gas Association. Retrieved from <https://www.aoga.org/wp-content/uploads/2024/04/MRG-Economic-Impacts-of-Oil-and-Gas-Report-Final-3.7.24.pdf>.

⁸ Alaska Department of Labor and Workforce Development, Alaska Economic Trends, October 2024.

than 20 years. The Pikka project, operated by Santos Ltd., is expected to have capital expenditures of \$2.6-3.0 billion for phase 1 (currently underway) and up to \$5.5-6.0 billion total (including Phases 2 and 3). Phase 1 targets 397 million barrels of recoverable oil at a peak rate of 80,000 barrels of oil per day. First production is expected in 2026. The project's phase 2 final investment decision is expected in 2027, with the phase 3 final investment decision estimated to be three years later. Cumulative investment could approach \$6 billion and add another 500 million barrels or more of reserves.

Another development project anticipated for Alaska's North Slope includes a distributed chemical manufacturing facility by Alyeschem, LLC. The facility is planned to supply critical chemicals to oil producers on the North Slope, including methanol, low sulfur diesel, nitrogen, and other chemical blending services. Through providing locally manufactured chemicals in the remote region of the State, the facility is expected to assist in gas development, create jobs, and lower the carbon footprint in the Alaskan Arctic.

Natural Gas Pipeline Developments

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

In 2013, the Alaska Gasline Development Corporation ("AGDC") was established as an independent, public corporation of the State. Its mission was expanded in 2014 to include developing a liquified natural gas ("LNG") project for the State. In addition to developing initial scoping and engineering for the project, work has been done to market to potential buyers of LNG in Asian markets. Since 2016, AGDC has been leading the proposed multibillion-dollar project to build a natural gas pipeline from the North Slope to South-central Alaska, where LNG was successfully exported to Asian markets from 1969 to 2015. The full project would also include infrastructure such as a gas conditioning plant on the North Slope and a new liquefaction plant and marine terminal in south-central Alaska. In April and May of 2020, AGDC received crucial authorizations from the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration and the Federal Energy Regulatory Commission to construct and operate the Alaska LNG project. AGDC continues to assess commercial viability of the project, different scales of the project for in-State and export use and seeks private sector partners for the project.

In October 2019, Qilak LNG Inc. announced that a Heads of Agreement ("HOA") was entered with ExxonMobil Alaska Production Inc. regarding the potential supply of natural gas from the Point Thomson field to Qilak LNG's proposed LNG export project. The Qilak LNG project seeks to capitalize on recent developments in arctic LNG technology allowing natural gas to be directly exported from the North Slope. The project targets delivery of natural gas to Asia, utilizing icebreaking LNG carriers at a rate of 4 million tons per year. In April 2021, the DNR, Division of Oil & Gas, State Pipeline Coordinator issued two pipeline right-of-way leases for an Alaska LNG Point Thomson mainline and transmission line. These pipelines would link the gas field at Point Thomson with the proposed gas treatment plant in the central Prudhoe Bay infrastructure area and be built mostly along existing oil pipeline corridors.

Electric Utilities

The Alaska Energy Authority ("AEA"), has been selected to receive a grant of \$206.5 million from the U.S. Department of Energy ("DOE") for a Grid Resilience and Innovation Project ("GRIP"). A match of \$206.5 million is required over the eight-year term of the grant. DOE funds under the GRIP grant provide a federal funding opportunity to defray a portion of the total estimated cost of required grid upgrades, and the installation of a high voltage direct current submersible cable (the "HVDC Line") connecting the Kenai Peninsula to the Central Region (Anchorage and

Mat-Su Valley) across the Cook Inlet to Beluga, Alaska is specifically eligible under the GRIP grant. Additionally, the project contemplates the installation of new Battery Energy Storage Systems (“BESS”) in the Central and Northern (Fairbanks) regions of the State.

The HVDC Line and BESS would enable energy to travel from one region of the grid to another more reliably and allow additional clean energy sources to connect to the transmission grid system. The anticipated HVDC and BESS projects are expected to lower energy costs through more efficient use of decreasing available volumes of Cook Inlet natural gas and by improving the resiliency, reliability and efficiency of the electrical grid while providing a more secure energy supply to critical military defense infrastructure located in populous regions of the State.

Government⁹

Government was responsible for approximately 79,900 jobs on average in calendar year 2024, nearly a quarter of all nonfarm employment in the State. This sector encompasses occupations in all industries, including teachers, builders, deckhands, and scientists.

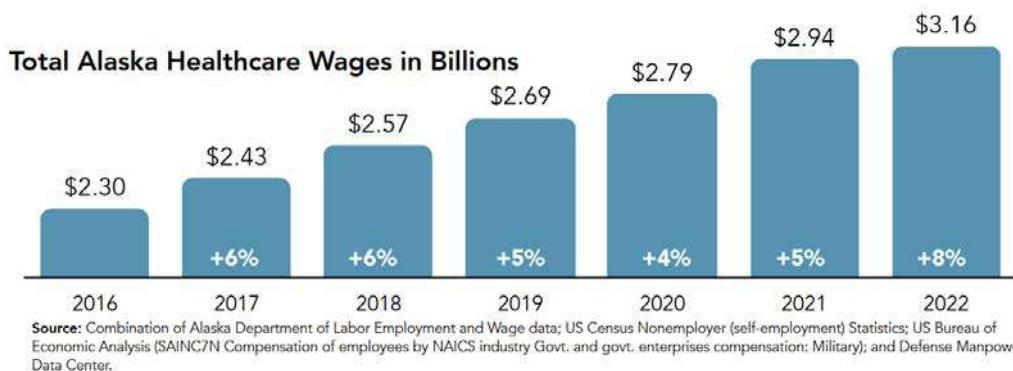
Within the local government sector, administrations and school districts represented the largest employers and accounted for approximately 12.1 percent of total nonfarm employment, which includes tribal government. State government employment accounted for approximately 7.1 percent of total nonfarm employment and includes the University of Alaska system.

Health Care¹⁰

The health care sector employed approximately 41,800 people on average in 2024 and accounted for approximately 12.3 percent of total nonfarm employment. Alaska providers have repeatedly adjusted wages up to remain competitive in attracting and retaining workers, resulting in significant overall wage increases. Healthcare wages in Alaska increased by \$867 million, or 38%, from 2016 to 2022. Comparatively, wages in Alaska overall have grown by 17% during the same period. The overall average healthcare wage in Alaska was \$73,729 in 2022.

Healthcare workers in Alaska earned nearly \$3.2 billion in 2022. The healthcare sector pays out more wages than any other industry in Alaska. Healthcare wages comprised 13% of all wages paid in the State, including healthcare wages from government facilities, and self-employed providers. The table below provides a summary of the total healthcare wages paid in Alaska by year from 2016 to 2022.

Total Alaska Healthcare Wages by year - 2016 through 2022:



Fisheries

⁹ Alaska Department of Labor and Workforce Development, Alaska Economic Trends, January 2025.

¹⁰ Alaska Hospital and Healthcare Association, 2023 Alaska Healthcare Workforce Analysis, Prepared by Rain Coast Data, retrieved from https://www.alaskahha.org/_files/ugd/ab2522_bde54b435a474ca48101c58d9239da21.pdf.

Approximately 4.8 billion pounds of seafood worth \$2.0 billion was harvested on average in 2022. Processors turned this harvest into 2.3 billion pounds of product worth \$5.2 billion. Alaska produces approximately 60 percent of the total United States seafood harvest and 1.3 percent of the global seafood harvest (including both wild capture and aquaculture).¹¹

On average in 2021/2022, the top commercial species in Alaska included salmon, making up 41 percent of first wholesale value, followed by pollock at 30 percent. Additional species harvested include crab, pacific cod, flatfish, rockfish, halibut and sablefish.³

Alaska's seafood was harvested, and processed, by 147 shore-based processing plants, 44 catcher-processors, approximately 33 floating processors, and various other participants on average in 2021/2022. This subsector employed approximately 17,900 workers at peak monthly employment, and approximately 8,000 workers on average annually. Seafood processing is Alaska's largest manufacturing subsector, accounting for roughly 66 percent of all manufacturing employment in Alaska.³

In 2022, the top seven ports ranked by landings value in Alaska were Naknek/King Salmon ranked first (\$299 million), Dutch Harbor ranked second (\$160 million), Aleutian Islands ranked third (\$144 million), Kodiak ranked fourth (\$139 million), Alaska Peninsula ranked fifth (\$91 million). Sitka ranked sixth (\$78 million), and Cordova ranked seventh (\$76 million).

Since 2019, seafood harvesting employment has dropped significantly. In 2019, employment peaked in July at more than 23,000 fish harvesters. By July 2023, the annual high only reached 20,241. Salmon harvesters, the largest category by far, have seen decreases in both the yearly average and the monthly peaks every year since 2020. Decreases in the Yukon Delta salmon fishery has caused a majority of the downward trend, although other regions have also lost salmon fishing jobs. Only Bristol Bay and the Northern Region added salmon harvesters in 2023. The Yukon Delta's harvesting job count has fallen over 40 percent each year since 2019, and the drop in 2022 was the largest yet at 60.5 percent. Salmon once provided over 94 percent of the Yukon Delta's fishing employment, but that number is now zero after jobs peaked at 1,044 in August 2018. A small number of groundfish harvesting jobs are all that remain.

Additionally, crab harvesting employment declined slightly in 2021 and then dropped precipitously after closures occurred in 2022, shrinking the crab harvesting workforce by nearly 21 percent. The annual average job count in 2022 was just 346. Snow crab closures will likely prompt ongoing job losses in the fishing industry, and while prices and job levels do not typically move together, prices for salmon and sablefish have dropped significantly. Some of the 2022 stock has carried over into 2023, driving prices down and compounding the oversupply caused by Russia flooding the market at low prices. Sablefish prices have also dropped this year because of a glut compounded by the Russian oversupply. At the same time, economic trouble and wars around the world have depressed the demand for seafood products, and inflation has increased processors' costs. While the United States has now banned the import of Russian seafood, the ban covers only unaltered seafood originating in Russia. Russian harvests sent to another country for processing can still enter the U.S. market, and this is especially prevalent in pollock and salmon fisheries, enabling Russia's low prices to continue depressing Alaska's fisheries.¹²

Several seafood processing facilities across Alaska were either put up for sale or scheduled to close during 2024, beginning with a press release from Trident Seafoods in early December 2023 and ending with an announcement from OBI Seafoods at the end of January 2024. Trident Seafoods announced it was seeking buyers for its processing and related assets in Kodiak, Ketchikan, Petersburg, False Pass, South Naknek, and Chignik. The company also significantly scaled back its winter operations in Kodiak in 2024.

Seafood processing has employed nearly 20,000 people at the yearly salmon processing peak in recent years, paying more than \$600 million in annual wages. Its importance to the State's economy is amplified by the market it provides to the tens of thousands of Alaska fishermen working mainly from coastal communities where the local economy depends on the seafood industry. The processing facilities that will be sold or closed, temporarily or permanently, represent about 15 percent of the State's seafood processing jobs in the State at the yearly peak, typically

¹¹ Economic Value of the Alaska Seafood Industry, McKinley Research Group, LLC. April 2024, retrieved from https://www.alaskaseafood.org/wp-content/uploads/MRG_ASMI-Economic-Impacts-Report_2023_WEB-PAGES.pdf

¹² Alaska Department of Labor and Workforce Development, Alaska Economic Trends, November 2023.

July. Sales are already in progress for many of the plants. Trident announced in March 2024, for example, that sales are nearly final for its False Pass, Petersburg, and Ketchikan plants, which may mitigate the loss of processing capacity and buyers for the fishing fleet, but market forces have created a difficult environment for processors and harvesters.¹³

Mining

Alaska's mining industry includes exploration, mine development, and production. The industry produces zinc, lead, copper, gold, silver, coal, germanium, as well as construction minerals such as sand, gravel, and rock. Alaska's eight largest operating mines are Fort Knox, Greens Creek, Red Dog, Usibelli, Manh Choh, Gil, Pogo, and Kensington, and provided nearly 5,400 full-time jobs of the nearly 10,900 direct and indirect jobs attributed to the mining industry in Alaska in calendar year 2022. The export value of Alaska's primary produced metals was \$2.1 billion, or 35% of Alaska's total exports in 2021.¹⁴

Tourism¹⁵

An estimated 2,702,900 out-of-state visitors traveled to Alaska in summer 2024, representing a 2.1 percent increase from the summer of 2023 (cruise passengers traveling in the winter off-season months of April and the prior October are included in the succeeding year numbers). By transportation market for Summer 2024, approximately 66 percent traveled by cruise ship, 31 percent were air visitors, and 3 percent were highway / ferry visitors. Air visitors decreased modestly by 1.5 percent, while cruise visitors and highway/ferry visitors increased by 3.8 percent and 1.6 percent, respectively.

Alaska's summer visitor volume has completely recovered from the COVID-related downturn in 2020-2021. The 2024 total increased by 22 percent compared to 2019, and has increased 63 percent from a decade earlier (2014). The cruise market grew by approximately 84 percent between 2014 and 2024. The air market grew by 33 percent over that same time period. The highway/ferry market saw more fluctuations, growing by 42 percent between 2014 and 2018, then decreased by 19 percent between 2018 and 2024.

Retail¹⁶

A number of chain and homegrown retailers opened in Alaska during the past two decades. Since 2000, the following retailers opened stores in the State: Kohl's, Walmart, Best Buy, Target, Sportsman's Warehouse, Petco, Bed Bath and Beyond, and Walgreens. The retail sector provided 34,900 jobs on average in Alaska in 2024.

Transportation

Given the geography of the State, Alaskans rely on aviation and marine transportation to move people and goods. Although the State is the largest state in terms of area, it has the fifth-lowest road mileage in the U.S. The primary reasons for the low road miles in the State are (i) the majority of people live in the urbanized areas and (ii) extreme weather, rugged terrain, vast distances, low population density and scattered islands make road construction difficult and costly compared to the number of users. Many remote communities are connected to the rest of the State and the rest of the world, through waterways or airports, rather than roads.

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

¹³ Alaska Department of Labor and Workforce Development, Alaska Economic Trends, April 2024.

¹⁴ The Economic Benefits of Alaska's Mining Industry, McKinley Research Group report for the Alaska Miners Association. 2021.

¹⁵ McKinley Research Group, LLC report for ATIA on Alaska's Summer Visitor Volume, May through September 2024.

¹⁶ Alaska Economic Trends, September 2011 and January 2014, Decade in Review, 2000-2010.

Given the size, geography and population distribution in the State, air transportation is critical for the State's economy and the health, safety and welfare of all Alaskans. The State owns 237 airports, most of which are rural airports, in addition to Ted Stevens Anchorage International Airport ("ANC") and Fairbanks International Airport ("FAI"). ANC serves as the primary passenger airport in the State and is an important cargo airport globally. In terms of cargo tonnage, 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 2023. In fiscal year 2024, all-cargo certificated maximum gross takeoff weight (measured in 1,000 lb. units) was approximately 32,473,000, an increase from 30,847,000 in fiscal year 2023. In fiscal year 2024, passenger activity at ANC (including passenger enplanements, passenger deplanements and in-transit passengers) was approximately 5.66 million, as compared to 5.45 million in fiscal year 2023, 5.16 million in fiscal year 2022, 3.00 million in fiscal year 2021 and 4.4 million in fiscal year 2020.¹⁷

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

The Alaska Marine Highway System ("AMHS") is a critical part of the State's transportation system and the service it provides is part of the National Highway System. AMHS serves the State ports by transporting passengers and vehicles, and other goods between coastal communities. This service helps meet the social, educational, health and economic needs of Alaskans.

The Alaska Railroad operates a total of 656 miles of railway miles in the State, consisting of 467 miles of main line, 54 miles of branch line and 135 miles of yards and sidings. The Alaska Railroad assets include 682 freight revenue railcars, 45 passenger railcars, 51 locomotives and 2 power cars, and yards in Seward, Anchorage, Whittier and Fairbanks. The Alaska Railroad plays an important economic role. In 2022, the Alaska Railroad 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 are hired for additional summer activity.¹⁸

¹⁷ Alaska International Airport Systems.

¹⁸ Alaska Railroad Corporation, https://www.alaskarailroad.com/sites/default/files/Communications/FACT-SHEET_2023_ARRC_Quick-Facts_or.pdf.

APPENDIX G

FORM OF DELAYED DELIVERY CONTRACT

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\$ _____
**STATE OF ALASKA INTERNATIONAL AIRPORTS SYSTEM
REVENUE REFUNDING BONDS, SERIES 2025B
(GOVERNMENTAL – NON-AMT) (FORWARD DELIVERY)**

DELAYED DELIVERY CONTRACT

_____, 2025

1. The purchaser designated below and executing this instrument (the “Purchaser”) hereby agrees to purchase from Goldman Sachs & Co. LLC, as a representative of itself and the other Underwriters set forth in the Purchase Agreement (defined below) (in such capacity, “Goldman Sachs”), when, as and if issued and delivered by the State of Alaska (the “State”) to the Underwriters, and Goldman Sachs agrees to sell to the Purchaser, the following bonds (collectively, the “Purchased Bonds”):

**International Airports System Revenue Refunding Bonds
Series 2025B (Governmental – Non-AMT) (Forward Delivery)**

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.
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on the terms and conditions set forth in this Delayed Delivery Contract (this “Delayed Delivery Contract”), at the purchase price and with the maturity dates, principal amounts, interest rates and yields shown above. The Purchased Bonds have been offered pursuant to State’s Preliminary Official Statement, dated December 30, 2025 (the “Preliminary Official Statement”), related to the Bonds and final Official Statement (the “Official Statement”) related to the Bonds.

The Bonds are being purchased by the Underwriters pursuant to a Forward Delivery Bond Purchase Agreement, dated January [__], 2025 (the “Purchase Agreement”), between Goldman Sachs, as representative acting on behalf of itself and Jefferies LLC (collectively, the “Underwriters”), and the State. All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Preliminary Official Statement.

2. The Purchaser hereby confirms that it has reviewed the Preliminary Official Statement and will review the Official Statement (in each case, including, but not limited to, the section therein entitled “CERTAIN FORWARD DELIVERY CONSIDERATIONS”), has considered the risks associated with purchasing the Purchased Bonds, and is duly authorized to purchase the Purchased Bonds. The Purchaser further acknowledges and agrees that the Purchased Bonds are being sold on a “forward” or “delayed delivery” basis, and the Purchaser hereby purchases and agrees to accept delivery of such Purchased Bonds from the Underwriters on or about July [__], 2025 (the “Settlement Date”).

3. Payment for the Purchased Bonds shall be made to Goldman Sachs or upon its order on the Settlement Date upon delivery to the Purchaser of the Purchased Bonds through the book-entry system of The Depository Trust Company. The Purchaser agrees that in no event shall the Underwriters be responsible or liable for any claim or loss, whether direct or consequential, which the Purchaser may suffer in the event the State does not, for any reason, issue and deliver the Purchased Bonds.

4. Upon issuance by the State of its International Airports System Revenue Refunding Bonds, Series 2025B (Governmental – Non-AMT) (Forward Delivery) (the “Bonds”) and purchase thereof by the Underwriters on the Settlement Date, the obligation of the Purchaser to take delivery of the Purchased Bonds hereunder shall be unconditional. The Purchaser may only terminate its obligation to purchase the Purchased Bonds in the event that between the date of this Delayed Delivery

Contract and the Settlement Date, one of the following events shall have occurred and the Purchaser has notified Goldman Sachs in writing as provided herein:

(a) any Change in Law shall have occurred (defined below);

(b) as a result of any legislation, regulation, ruling, order, release, court decision or judgment or action by the U.S. Department of the Treasury, the Internal Revenue Service, or any agency of the State either enacted, issued, effective, or adopted, Bond Counsel cannot issue an opinion on the Settlement Date (in substantially the form attached to the Official Statement as of the Closing Date, as defined below) to the effect that: (a) the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code (or comparable provisions of any successor federal tax laws); and (b) the interest on the Bonds is exempt from the State income taxation;

(c) legislation shall be enacted, or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the Securities Exchange Commission which has the effect of requiring the Bonds to be registered under the Securities Act, or requires the qualification of any State Documents or the Resolution under the Trust Indenture Act;

(d) the Official Statement, as the same may be amended or supplemented in accordance with the Purchase Agreement prior to the Settlement Date, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(e) a general banking moratorium shall have been declared by federal, New York or State authorities having jurisdiction and shall remain in force as of the Settlement Date, or material disruption in commercial banking or securities settlement or clearances services shall have occurred and is continuing on the Settlement Date;

(f) a material failure of the State to comply with the provisions of the Resolution shall have occurred and be continuing as of the Settlement Date; and

(g) as of the Settlement Date, any of the rating agencies that rated the Purchased Bonds as disclosed in the Official Statement as of the Closing Date no longer maintains a rating on the Purchased Bonds.

A “Change in Law” means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts or by federal or state agencies, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies; (ii) any legislation enacted by the Congress of the United States (if such enacted legislation has an effective date which is on or before the Settlement Date), (iii) any law, rule or regulation enacted by any governmental body, department or agency (if such enacted law, rule or regulation has an effective date which is on or before the Settlement Date) or (iv) any judgment, ruling or order issued by any court or administrative body, which in any such case would, (A) as to the Underwriters, prohibit the Underwriters from completing the underwriting of the Bonds or selling the Bonds or beneficial ownership interests therein to the public, or (B) as to the State, make the completion of the issuance, sale or delivery of the Bonds illegal.

If the Change in Law involves the enactment of legislation which only diminishes the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes of interest payable on “state or local bonds,” the State may, nonetheless, be able to satisfy the requirements for the delivery of the Bonds. In such event, the Underwriters would be obligated to purchase the Bonds from the State and the Purchaser would be required to accept delivery of the purchased Bonds from the Underwriters.

The Purchaser acknowledges and agrees that the Bonds are being sold on a “forward” or “delayed delivery” basis for delivery on the Settlement Date and that the Purchaser is obligated to take up and pay for the Purchased Bonds on the Settlement Date unless the Underwriters terminate the Purchase Agreement, which termination shall be in the Underwriters’ sole and absolute discretion, or the Purchaser terminates its obligation to purchase the Purchased Bonds as described in Section 4 herein. To effect a termination by the Purchaser, the Purchaser acknowledges and agrees that (i) it must give written notice of termination of this Delayed Delivery Contract to Goldman Sachs before the Settlement Date, (ii) no termination of the obligation of the Purchaser may occur on or after the Settlement Date and (iii) the Purchaser is not a third party beneficiary under the Purchase Agreement and has no rights to enforce, or cause the Underwriters to enforce, any of the terms thereof. No assurances can be given that the ratings assigned to the Bonds on the Settlement Date will not be different from those initially assigned to the Bonds. Issuance of the Bonds and the Purchaser’s obligations under this Delayed Delivery Contract are not conditioned upon the assignment of any particular ratings for the Bonds or the maintenance of the initial ratings of the Bonds.

5. The Purchaser acknowledges and agrees that it will not be able to withdraw its order except as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Bonds on the Settlement Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings assigned to the Purchased Bonds between the date of this Delayed Delivery Contract and the Settlement Date (except as explicitly set forth in Section 4 above) or changes in the credit associated with the Purchased Bonds generally, or (b) changes in the financial condition, operations, performance, properties or prospects of the State from the date of this Delayed Delivery Contract to the Settlement Date. The Purchaser further acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof, even if the Purchaser decides to sell any of the Purchased Bonds following the date hereof, unless the Purchaser sells such Purchased Bonds to another institution with the prior written consent of Goldman Sachs and such institution provides a written acknowledgement of confirmation of purchase order and a delayed delivery contract in the same respective forms as that executed by the Purchaser.

6. The Purchaser represents and warrants that, as of the date of this Delayed Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the Purchaser is subject.

7. The Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the prior written consent of the other party.

8. This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument under the laws of the State of New York.

9. It is understood that the acceptance by Goldman Sachs of any delayed delivery contract (including this Delayed Delivery Contract) with respect to the Bonds is in the sole discretion of Goldman Sachs and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery Contract is acceptable to Goldman Sachs, it is requested that Goldman Sachs sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This Delayed Delivery Contract will become a binding contract between Goldman Sachs and the Purchaser when such counterpart is so mailed or delivered by Goldman Sachs. This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

10. This Delayed Delivery Contract shall be construed and administered under the laws of the State of New York.

[Purchaser] _____
Purchaser

Address

Telephone

By: _____
Name: _____
Title: _____

Accepted: Goldman Sachs & Co. LLC, on behalf of the Underwriters

Name: _____
Title: _____

Name: _____
Title: _____



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