NEW ISSUE
BOOK-ENTRY ONLY

In the opinion of Bond Counsel, based on an analysis of existing statutes, regulations, published rulings and judicial decisions, and assuming, among other things, compliance by the University with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes. Interest is included in the computation of certain federal taxes on corporations. Interest on the Bonds is exempt from taxation by the State of Alaska except for transfer, estate and inheritance taxes and except to the extent that inclusion of said interest in computing the corporate alternative minimum tax under Section 55 of the Code may affect the corresponding provisions of the State of Alaska corporate income tax. See “TAX EXEMPTION” herein.

$33,515,000
UNIVERSITY OF ALASKA
General Revenue Bonds, 2002 Series K

Dated: July 1, 2002

The 2002 Series K Bonds (the "Bonds") will be issued as fully registered bonds under a book-entry system, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, (“DTC”) the securities depository for the Bonds. (See "BOOK-ENTRY SYSTEM" herein.) Individual purchases of the Bonds will initially be made in full book-entry only form in the principal amounts of $5,000 or integral multiples thereof. Purchasers of beneficial interests in the Bonds will not receive physical delivery of certificates representing their interest in the Bonds. The Bonds will bear interest payable on October 1, 2002 and semiannually thereafter on April 1 and October 1 of each year and are subject to optional redemption and mandatory sinking fund redemption described herein.

The Bonds are revenue obligations of the University secured under a Trust Indenture dated as of June 1, 1992, between the University and BNY Western Trust Company, as successor trustee (the “Trustee”), and an Eighth Supplemental Trust Indenture dated as of July 1, 2002 between the University and the Trustee. The Bonds are being issued to fund certain new projects and to refund certain Prior Debt of the University. (See “THE USE OF BOND PROCEEDS” herein.) The Bonds together with $37,315,735 principal amount of general revenue bonds that will be outstanding after the refunding of the Prior Debt and any additional parity bonds are equally and ratably secured under the Indenture by a pledge of revenues derived from certain fees, charges and rentals received by the University and the moneys and securities held under the Indenture, including the Reserve Fund.


The principal and interest on the Bonds will be insured by a Municipal Bond New Issue Insurance Policy issued by Financial Guaranty Insurance Company simultaneously with the delivery of the Bonds. See Appendix E – Bond Insurance.

FGIC Logo here with text

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Amount</th>
<th>Interest Rate</th>
<th>Yield or Price</th>
<th>Maturity</th>
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<th>Interest Rate</th>
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<td>2011</td>
<td>1,315,000</td>
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<td>1,550,000</td>
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<td>2012</td>
<td>1,365,000</td>
<td>4.00%</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$9,660,000 5.00% Term Bonds due October 1, 2028, Price: 97.991%

The Bonds were purchased at a public sale on July, 16, 2002 by Morgan Stanley DW Inc. The Bonds are offered when, as and if issued, subject to the approving legal opinion of Wohlforth, Vassar, Johnson & Brecht, Anchorage, Alaska, Bond Counsel, as to validity and exemption of interest thereon from federal income taxation, and subject to certain other conditions. It is expected that the Bonds, in book-entry form will be available for delivery to the Trustee by Fast Automated Securities Transfer on behalf of DTC on or about July 31, 2002.

Dated: July 16, 2002
UNIVERSITY OF ALASKA

Statewide Finance Office
207E Butrovich Building
P.O. Box 755120
Fairbanks, Alaska 99775-5120
(907) 474-5012

Board of Regents

Chancy Croft, Chair
Frances Rose, Secretary

Elsabeth Froehlich Demeksa, Vice Chair
Brian D. Rogers, Treasurer

Michael Burns
Mary Hughes
Byron Mallott

Kevin Meyers
Joe J. Thomas
Joseph E. Usibelli, Jr.

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President

Joseph M. Beedle,
Vice President for Finance

James (Jamo) Parrish
University Counsel

John L. Dickinson,
Assistant Vice President for Finance

J. Mark Neumayr,
Interim Vice Chancellor for Administrative Services, University of Alaska Fairbanks

Cynthia Matson,
Vice Chancellor for Administrative Services, University of Alaska Anchorage

Carol L. Griffin,
Vice Chancellor for Administrative Services, University of Alaska Southeast

Bond Counsel

Wohlforth, Vassar, Johnson & Brecht
Anchorage, Alaska

Trustee/Escrow Agent

BNY Western Trust Company
Seattle, Washington

Financial Advisor

Kaplan Financial Consulting, Inc.
Chicago, Illinois
No dealer, broker, salesman or other person has been authorized by the University or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either the University or the Underwriter. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor is there authorized to be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with purchasers or owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as matters of fact. The information set forth in this Official Statement has been provided by the University and other official sources which are believed to be reliable. This information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made through it will, under any circumstances, create any implication that there has been no change in the affairs of the University or that the other information or opinions are correct as of any time subsequent to the date of this Official Statement.

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

This Official Statement is submitted by the University in connection with the sale of the Bonds referred to here-in and may not be reproduced or used, in whole or in part, for any other purpose.
$33,515,000
UNIVERSITY OF ALASKA
General Revenue Bonds, 2002 Series K

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OFFICIAL STATEMENT
$33,515,000
UNIVERSITY OF ALASKA
General Revenue Bonds, 2002 Series K

INTRODUCTION

The purpose of this Official Statement, including the cover page and the Appendices hereto, is to furnish information regarding the issuance of the General Revenue Bonds, 2002 Series K in the principal amount of $33,515,000 (the "Bonds"), the University of Alaska (the "University"), the State of Alaska (the "State"), the Board of Regents of the University of Alaska (the "Board" or "Board of Regents"), and certain matters relating to the University's finances, enrollment and administration.

The Bonds will be issued pursuant to resolutions adopted by and actions authorized by the Board of Regents and in accordance with the provisions of a Trust Indenture, as amended (the “Trust Indenture”) dated as of June 1, 1992 between the University and BNY Western Trust Company, as successor trustee, (the "Trustee") and as supplemented by the Eighth Supplemental Trust Indenture (the “Eighth Supplemental Trust Indenture”) dated as of July 1, 2002 between the University and the Trustee. The Trust Indenture and the Eighth Supplemental Trust Indenture are together referred to herein as the "Indenture."

The University is the only public institution of higher learning in the State. It is a statewide system that consists of three multi-mission universities located in Anchorage, Fairbanks, and Juneau with extended satellite colleges and sites throughout the State, including over 100 extension and research sites. 30,625 students attended the university in Fall 2001. Undergraduate and graduate student enrollment at the University (annual full-time equivalent) was 15,374 during the 2001 fall semester.

This Official Statement contains information on the terms of the Bonds, descriptions of the University, and certain fiscal matters of the University. The descriptions included in this Official Statement do not purport to be comprehensive or definitive, and such summaries and descriptions are qualified in their entirety by reference to such laws, and the definitive forms of documents, exhibits or appendices where applicable. Any statements, herein involving estimates, projections or forecasts are to be construed as such rather than as statements of facts or representations that such estimates, projections or forecasts will be realized.

Summaries of or references to, provisions of the Internal Revenue Code of 1986, as amended (the “Code”), contained herein are made subject to the complete provisions thereof and do not purport to be complete statements thereof.

DESCRIPTION OF THE BONDS

GENERAL

The aggregate principal amount of the Bonds to be issued is $33,515,000. The Bonds will be dated July 1, 2002 and will bear interest from the dated date of the Bonds payable on October 1, 2002, and semiannually thereafter on April 1 and October 1 of each year. The Bonds will mature on October 1 of each year and in the principal amounts, and will bear interest at the rates, as set forth on the cover of the Official Statement.

The Bonds will initially be issued in book-entry only form in denominations of $5,000 or any integral multiple thereof. The Bonds, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as depository for the Bonds. Purchasers of beneficial interests in the Bonds will not receive physical delivery of certificates representing their interests in the Bonds. So long as DTC, or its nominee, Cede & Co. is the registered owner of all the Bonds, all payments on the

* Preliminary, subject to change.
Bonds will be made directly to DTC, and disbursements of such payments to the hereafter described Beneficial Owners of the Bonds will be the responsibility of the DTC Participants as more fully described hereafter.

**BOOK-ENTRY SYSTEM**

The following information has been provided by The Depository Trust Company, New York, New York ("DTC"). The University makes no representation regarding the accuracy or completeness thereof. Each actual purchaser of a Bond (a "Beneficial Owner") should therefore confirm the following with DTC or the Participants (as hereinafter defined).

DTC 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). 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.

DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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, but Beneficial Owners are 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 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.

To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no 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 Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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 the 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. 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, or 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.
Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest 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 on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. 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, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to the Beneficial Owners shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the University or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The University may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In such event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the University believes to be reliable, but the University takes no responsibility for the accuracy thereof.

**OPTIONAL REDEMPTION**

The Bonds maturing on or after October 1, 2013 are subject to redemption, either in whole or in part, in any order of maturity selected by the University, on any date, in increments of $5,000 subject to the provisions of, and in accordance with, the Indenture, on or after October 1, 2012, upon notice as provided in the Indenture, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

**MANDATORY REDEMPTION**

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Bonds maturing on October 1, 2028 (the “Term Bonds”) are subject to redemption on October 1 of the following years and in the following principal amounts at 100% of the principal amount of the Bonds to be redeemed plus accrued interest, if any, to the redemption date.

<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$1,630,000</td>
</tr>
<tr>
<td>2024</td>
<td>1,710,000</td>
</tr>
<tr>
<td>2025</td>
<td>1,800,000</td>
</tr>
<tr>
<td>2026</td>
<td>1,890,000</td>
</tr>
<tr>
<td>2027</td>
<td>1,990,000</td>
</tr>
<tr>
<td>2028 (final maturity)</td>
<td>640,000</td>
</tr>
</tbody>
</table>

To the extent that the University shall have optionally redeemed or purchased any Term Bonds since the last scheduled mandatory redemption of the Term Bonds, the University may reduce the principal amount of the Term Bonds to be redeemed in like principal amount. Such reduction may be applied in the year specified by a person designated by the University.
NOTICE OF REDEMPTION

At least 30 days, but not more than 60 days, prior to the date upon which any Bonds are to be redeemed, the Trustee will deliver by first class mail a notice of redemption to the registered owner of any Bond identifying all or a portion of the Bonds which are to be redeemed, at the owner's last address appearing on the registration books of the University kept by the Trustee.

On the date on which the redemption notice is mailed to the registered owners pursuant to the preceding paragraph, the Trustee shall give notice of redemption identifying the Bonds or portions thereof to be redeemed to Standard & Poor’s, a Division of The McGraw-Hill Companies and by publication in the Kenny Information Service's Called Bond Service. So long as a book-entry system is used for determining beneficial ownership of the Bonds, notice of redemption will be sent to DTC or any other depository that is a registered owner of the Bonds.

Neither failure to receive any redemption notice nor any defect in such redemption notice so given will affect the sufficiency of the proceedings for the redemption of the Bonds. Failure by the Trustee to deliver notice of redemption of the Bonds at times required shall not impair the ability of the Trustee and the University to affect such redemption. The University can make no assurances that the Trustee, DTC, DTC Participants or other nominees of the bondholders will distribute such redemption notices to the bondholders, or that they will do so on a timely basis, or that DTC will act as described in this Official Statement.

TRANSFER OF SECURITIES

The Bonds shall only be transferable upon the books of the University, which shall be kept for such purposes at the principal office of the Trustee, by the registered Owner in person or by a duly authorized attorney, upon surrender thereof with a written instrument of transfer satisfactory to the Trustee. Upon transfer of any such Bond, the Trustee shall authenticate and deliver in the name of the transferee a new fully registered Bond or Bonds of the same aggregate principal amount and maturity as the surrendered Bond.

THE USE OF BOND PROCEEDS

GENERAL

The Bonds will be issued for the purposes of (i) paying a portion of the costs of acquisition, construction, refurbishment and improvement of projects for University purposes, (ii) redeeming a portion of the 1992 Series C Bonds on October 1, 2002, and all of the 1999 Series I Bonds on August 30, 2002; (iii) making a deposit into the Reserve Fund and paying a portion of interest on the Bonds through October 1, 2004 and (iv) paying the costs of issuing the Bonds, including the underwriters’ discount.

THE PROJECTS

The University of Alaska Anchorage Community and Technical College Center Project. This project consists of the purchase of approximately 90,000 gross square feet of existing space in a retail shopping mall, the land underlying that space and an adjacent parking area. The project is located approximately 1.5 miles from the Anchorage campus. The facility will be completely refurbished by the owner to meet the University’s program specifications and purchased by the University in turnkey condition. The facility will cluster student cashiering, enrollment advising, classrooms and labs for community outreach and technical programs, and house enrollment services for a more efficient, cohesive and convenient delivery to students. This project will house much of the Community and Technical College under one roof, better supporting entry-level students and returning nontraditional students. The Bonds will provide $14.0 million towards this $15.5 million project and the remaining $1.5 million will be provided from other University funds.

The Juneau Readiness Center/UAS Joint Facility (Juneau) Project. This project consists of a $15.388 million facility to be used by the University and the Alaska Army National Guard ("AKARNG"), a state entity; AKARNG’s share of costs has been funded by the Alaska Department of Military and Veteran Affairs. The University's $5.47 million contribution will finance the expansion of the existing facility from 40,000 to 55,000 square feet.
The UAF West Ridge Research Building and Related Science Facilities Project. This project consists of a new facility with approximately 37,000 square feet of laboratories and office space for UAF’s long-standing research icon Geophysical Institute, and UAF’s relatively new and rapidly growing National Institute for Health (NIH) grant funded research areas - Experimental Program to Stimulate Competitive Research, Special Neuroscience Research Program, Biomedical Research Infrastructure Network, and Center of Biomedical Research Excellence. The University’s Office of Sponsored Programs will also occupy space within the building, putting them in closer proximity to the research units. Construction of this facility will begin in Spring 2003 and be completed by February 2004 at a cost of $10.0 million of which $8.0 million will be provided from proceeds of the Bonds and $2.0 million is expected to be provided through the NIH’s match-grant program. The Alaska Legislature has authorized $2.0 million for this project in a state general obligation bond scheduled for popular vote in the November 2002 general election. In the event that the voters do not approve the State Bond package and the project does not qualify for the NIH match-grant program, the University will reduce the scope of the project. The University expects to be notified by NIH on the status of the grant by November, 2002.

The 2002 State Legislature passed House Bill 528, which the Governor signed on July 2, 2002 (“HB 528”). HB 528 authorizes the University to incur debt for the University of Alaska Anchorage Community and Technical College Center and Juneau Readiness Center/UAS Joint Facility projects. HB 528 also provides that, subject to annual appropriation, the State Legislature may reimburse the University for principal and interest on $19.47 million of the principal amount of Bonds used to finance these projects beginning in fiscal year 2004 and continuing through fiscal year 2028. Annual debt service on this portion of the Bonds is approximately $1.34 million. The exact amount of each appropriation, if any, is subject to annual legislative enactment.

REFUNDING PROGRAM

Approximately $3.8 million of the proceeds of the Bonds will be used to redeem the outstanding bonds described below (the “Prior Debt”)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Maturities</th>
<th>Redemption Date</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 1992 C</td>
<td>2003 through 2007</td>
<td>10/1/02</td>
<td>102%</td>
</tr>
<tr>
<td>Series 1999 I</td>
<td>2007</td>
<td>8/30/02</td>
<td>100</td>
</tr>
</tbody>
</table>

Pursuant to an Escrow Agreement dated July 1, 2002, between the University and BNY Western Trust Company (the “Escrow Agent”) for the Prior Debt, the University, upon issuance of the Bonds, will irrevocably deposit with the Escrow Agent direct, non-callable obligations of the United States of America (the “Escrow Obligations”) which will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, sufficient moneys will be available, together with an initial cash deposit, to make full and timely payment of the redemption price of the Prior Debt along with the interest on the Prior Debt to the respective redemption dates of the Series 1992 C and Series 1999 I Bonds.

Grant Thornton, LLP, independent certified public accountants, will verify the mathematical calculations of the adequacy of the deposit to provide for the payment of the Prior Debt at the time of the delivery of the Bonds. All moneys and Escrow Obligations deposited with the Escrow Agents for the payment of the Prior Debt, including interest thereon, are pledged solely and irrevocably for the benefit of the owners of the Prior Debt. In reliance upon the report of Grant Thornton, LLP, referred to previously with respect to the sufficiency of amounts deposited with the Escrow Agents to pay the redemption price of and interest on the Prior Debt, Bond Counsel will deliver to the University and the Trustee, at the time of the delivery of the Bonds, their opinion stating that by reason of such deposit and the University’s irrevocable election to redeem the Prior Debt, the pledge that a portion of Prior Debt consisting of general revenue bonds has upon Revenues of the University has been defeased.

Table 1
UNIVERSITY OF ALASKA
Sources and Uses of Funds

Sources:
Bond Principal $33,515,000
Interest Earnings on Trustee Held Funds 378,418
Accrued Interest 117,512
Original Issue Discount (354,317)
University Funds 135,000

Total Sources $33,791,613

Uses:
Project Costs $27,470,000
Escrow Deposit for the Prior Debt 4,013,249
Deposit to Reserve Fund 697,443
Payment of a Portion of Interest through October 1, 2003 1,181,469
Costs of Issuance, including underwriting discount and bond insurance premium 429,452

Total Uses $33,791,613

SECURITY FOR THE BONDS

AUTHORIZATION

The Bonds are being issued pursuant to Chapter 40 of Title 14 of the Alaska Statutes, as amended (the "Act") which authorizes the University to issue revenue refunding bonds and revenue bonds to pay the cost of acquiring, constructing or equipping facilities that the Board of Regents determines necessary. Provisions enacted into law during the 1991 legislative session authorized the University to issue revenue bonds with the approval of the Board of Regents. The State Legislature must approve, by law, a project (other than a refunding obligation) financed by obligations with annual debt service payments in excess of one million dollars.

The Bonds are issued by virtue of a Bond Resolution adopted by the Board of Regents of the University on June 13, 2002 and an Eighth Supplemental Indenture dated July 1, 2002 by and between the University and the Trustee. Since 1992, the University has issued nine series of general revenue bonds of which $41.2 million are currently outstanding.

PLEDGED REVENUES

The Bonds constitute revenue obligations of the University. The Bonds do not constitute an indebtedness or liability of the State, and the Bonds do not directly, indirectly or contingently obligate the State or any political subdivision thereof to apply moneys from or levy or pledge any form of taxation whatever for the payment of the Bonds. The University has no taxing power. The Alaska State Legislature has no current obligation to appropriate monies to pay debt service on the Bonds.

Pursuant to the Indenture, the Revenues, and all of the moneys, securities and funds held and set aside under the Indenture are pledged and assigned, equally and ratably, to secure the payment of the principal and redemption price of, and interest on all Bonds and parity bonds outstanding under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions specified in the Indenture. "Revenues" consist of all student fees, charges and rentals, including receipts from sales of goods and services, indirect cost recovery, income of auxiliary enterprises, miscellaneous fees and fines and similar items which are unrestricted but not including: (1) governmental appropriations, other than for the items specified above; (2) gifts, donations and endowment earnings; (3) investment earnings, other than earnings on funds held under the Indenture, and (4) revenues from trust land required to be deposited in the Land-Grant Endowment Trust Fund pursuant to Section 400 Chapter 40 of Title 14 of the Alaska Statutes, as amended.

The Act provides that any pledge under the Indenture of the Revenues received by the University is considered a perfected security interest and is valid and binding from the time when the pledge is made, and that the property so pledged is immediately subject to the lien of such pledge without any physical delivery or other act. The State has pledged not to limit or alter rights vested in the University to fulfill the terms of a contract with revenue bond owners.
All Revenues are deposited upon receipt in the Revenue Fund held by the University. Amounts may be paid out of the Revenue Fund without restriction for operating costs of the University. The University covenants to pay its general expenses from legislative appropriations made from the State's general fund before paying operating expenses from the Revenue Fund. Amounts will be paid out of the Revenue Fund into the Debt Service Fund to the extent necessary for the payment of debt service on the Bonds and all parity bonds and will be paid out of the Revenue Fund and into the Reserve Fund to the extent necessary so that the amount therein equals the Reserve Requirement.

Table 2  
UNIVERSITY OF ALASKA  
Revenues Pledged to General Revenue Bonds(1) 
For Fiscal Year Ending June 30, 1997 to 2001  
and the 11 Months Ending May 31, 2002  
(000's)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Fees</td>
<td>$48,264</td>
<td>$ 49,358</td>
<td>$ 48,677</td>
<td>$ 48,625</td>
<td>$ 50,434</td>
<td>$55,316</td>
</tr>
<tr>
<td>Recovery of Indirect Costs</td>
<td>12,486</td>
<td>13,378</td>
<td>14,644</td>
<td>16,091</td>
<td>18,606</td>
<td>18,883</td>
</tr>
<tr>
<td>Sales and Services of Educational Depts.</td>
<td>4,336</td>
<td>3,920</td>
<td>3,656</td>
<td>3,381</td>
<td>3,206</td>
<td>3,125</td>
</tr>
<tr>
<td>Other Sources, Net of Gifts(2)</td>
<td>10,623</td>
<td>10,157</td>
<td>10,622</td>
<td>12,673</td>
<td>12,531</td>
<td>10,051</td>
</tr>
<tr>
<td>Total Auxiliary Enterprises</td>
<td>22,080</td>
<td>23,876</td>
<td>28,356</td>
<td>29,561</td>
<td>31,078</td>
<td>31,512</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$97,789</td>
<td>$100,689</td>
<td>$105,955</td>
<td>$110,421</td>
<td>$115,855</td>
<td>$118,887</td>
</tr>
</tbody>
</table>

(1) Consistent with the terms of the Trust Indenture, all revenues generated from the sources identified in the table are Revenues that secure the University's General Revenue Bonds, including the Bonds.

(2) Gifts are excluded as Revenues pledged for payment of General Revenue Bonds.

Source: University of Alaska.

Beginning in fiscal 2002, the financial statements of the University will be modified to conform to the accounting and reporting requirements of Statement Number 35 of the Governmental Accounting Standards Board (“GASB 35”). Among other standards, GASB 35 requires public universities to report tuition and auxiliary revenues net of scholarship allowances and to classify certain internal resources used to assist students as a contra-revenue allowance that offsets tuition or auxiliary fund revenues. GASB 35 also requires universities to establish an estimate for the amount of federal Pell Grant revenues that are used by students to pay tuition and fees, and to record this estimate as an offset to tuition and fee revenue. Under current standards, the receipt of Pell Grants has been recorded as restricted revenues and their expenditure as restricted student aid.

On a preliminary basis, the University has identified offsets to its tuition and auxiliary enterprise, including the estimate for the amount of Pell Grant allowances, of $8.5 million for fiscal 2001 and $9.2 million for the first 11 months of fiscal 2002. The University does apply portions of a student’s Pell Grant for payment of tuition and fees and such payments would constitute Pledged Revenues under the Indenture. The University has not yet determined how the revenue offsets required by GASB 35 will impact the reporting of Pledged Revenues as presented in Table 2. Final determination of these amounts awaits completion of the fiscal 2002 financial statements of the University.

RESERVE FUND

The Indenture establishes the Reserve Fund to be held by the Trustee and provides for a Reserve Requirement equal to (i) one-half of Maximum Aggregate Debt Service in any Bond Year on all outstanding Bonds and Additional Bonds, or (ii) such lesser amount as is required in order to maintain the tax-exempt status of the Bonds. The Indenture provides that if five Business Days prior to any principal or interest payment date for the Bonds the amount in the Debt Service Fund is less than the amount required to pay such principal or interest, the Trustee will apply amounts from the Reserve Fund to the extent necessary to make good the deficiency. Under certain conditions, the Indenture permits Reserve Equivalents to be used to satisfy the Reserve Requirement. As of July 1 2002, the Reserve Fund held Treasury securities with a market value of approximately $2.1 million, along with deposits in a money market fund of approximately $0.2 million. See Appendix B, "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."
RATE COVENANT
The Indenture establishes that the University will fix, maintain and collect fees, charges and rentals, and the University will adjust such fees, charges and rentals such that Revenues of the University will be at least equal in each Fiscal Year to the greater of (a) the sum of (i) an amount equal to Aggregate Debt Service for such Fiscal Year; (ii) the amount, if any, to be paid during such Fiscal Year into the Reserve Fund; and (iii) all other amounts which the University may now, or hereafter, become obligated to pay, by law or contract, from Revenues during such Fiscal Year; and, (b) an amount equal to at least 2.0 times the Aggregate Debt Service for such Fiscal Year.

ADDITIONAL BONDS
The University may issue one or more series of Additional Bonds on a parity with the Bonds and secured by an equal lien on the Revenues for the following purposes:

(a) Additional Bonds may be issued to provide funds to pay for the cost of Acquisition or Construction of a project for the University, upon delivery to the Trustee of a certificate from an Authorized Officer of the University that the amount of Revenues received by the University during the last Fiscal Year prior to the issuance of the Additional Bonds was at least equal to 2.0 times Maximum Aggregate Debt Service with respect to all Bonds and Additional Bonds to be outstanding after the issuance of such Additional Bonds.

(b) Additional Bonds may be issued to refund any outstanding obligations of the University including the Bonds. The University must certify either (i) that Aggregate Debt Service in any Fiscal Year will not be increased as a result of such refunding, or (ii) that the amount of Revenues received by the University during the last Fiscal Year prior to the issuance of the Additional Bonds was at least equal to 2.0 times Maximum Aggregate Debt Service with respect to all Bonds and Additional Bonds to be outstanding after the issuance of such Additional Bonds.

Subordinated indebtedness secured by a lien on the Revenues may be issued provided that such lien is junior and inferior to the lien of the Bonds on the Revenues.

DEBT SERVICE COVERAGE
The following debt service coverage summary is based on pledged Revenues collected for the fiscal years as indicated, and the annual debt service requirements on all General Revenue Bonds, including the Bonds and excluding the Prior Debt. See “THE USE OF BOND PROCEEDS - Refunding Program.”

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pledged Revenues</td>
<td>$ 97,789,000</td>
<td>$ 100,689,000</td>
<td>$105,955,000</td>
<td>$110,421,000</td>
<td>$ 115,855,000</td>
</tr>
<tr>
<td>Maximum Aggregate</td>
<td>$ 5,931,604</td>
<td>$ 5,931,604</td>
<td>$ 5,931,604</td>
<td>$ 5,931,604</td>
<td>$ 5,931,604</td>
</tr>
<tr>
<td>Debt Service including the Bonds (FY2008)</td>
<td>16.4X</td>
<td>17.0X</td>
<td>17.9X</td>
<td>18.6X</td>
<td>19.5X</td>
</tr>
</tbody>
</table>
### Table 3
UNIVERSITY OF ALASKA
Combined Debt Service on General Revenue Bonds and Other Indebtedness

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Outstanding Total General Revenue Bond Service</th>
<th>Other (3)</th>
<th>Total</th>
<th>2002 Series K (1)</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>4,019,181</td>
<td>70,000</td>
<td>75,393</td>
<td>145,393</td>
<td>4,164,575</td>
<td>2,080,422</td>
<td>6,244,997</td>
</tr>
<tr>
<td>2004</td>
<td>3,555,110</td>
<td>1,020,000</td>
<td>1,201,768</td>
<td>2,221,768</td>
<td>5,776,878</td>
<td>2,080,422</td>
<td>7,857,300</td>
</tr>
<tr>
<td>2005</td>
<td>3,553,763</td>
<td>940,000</td>
<td>1,384,933</td>
<td>2,324,933</td>
<td>5,878,696</td>
<td>2,041,843</td>
<td>7,920,539</td>
</tr>
<tr>
<td>2006</td>
<td>3,549,466</td>
<td>950,000</td>
<td>1,364,603</td>
<td>2,314,603</td>
<td>5,864,069</td>
<td>1,926,107</td>
<td>7,790,176</td>
</tr>
<tr>
<td>2007</td>
<td>3,451,940</td>
<td>975,000</td>
<td>1,397,796</td>
<td>2,372,796</td>
<td>5,755,766</td>
<td>1,926,107</td>
<td>7,681,873</td>
</tr>
<tr>
<td>2008</td>
<td>3,694,552</td>
<td>925,000</td>
<td>1,312,053</td>
<td>2,237,053</td>
<td>5,942,552</td>
<td>1,926,107</td>
<td>7,868,659</td>
</tr>
<tr>
<td>2009</td>
<td>2,489,126</td>
<td>1,175,000</td>
<td>1,278,328</td>
<td>2,453,328</td>
<td>5,766,736</td>
<td>1,926,107</td>
<td>7,692,843</td>
</tr>
<tr>
<td>2010</td>
<td>2,497,451</td>
<td>1,220,000</td>
<td>1,236,980</td>
<td>2,456,980</td>
<td>5,945,431</td>
<td>1,926,107</td>
<td>7,871,538</td>
</tr>
<tr>
<td>2011</td>
<td>2,501,686</td>
<td>1,260,000</td>
<td>1,191,395</td>
<td>2,451,395</td>
<td>4,953,081</td>
<td>1,926,107</td>
<td>6,879,188</td>
</tr>
<tr>
<td>2012</td>
<td>2,496,971</td>
<td>1,315,000</td>
<td>1,142,785</td>
<td>2,457,785</td>
<td>4,954,756</td>
<td>1,926,107</td>
<td>6,880,863</td>
</tr>
<tr>
<td>2013</td>
<td>2,498,111</td>
<td>1,365,000</td>
<td>1,090,500</td>
<td>2,455,500</td>
<td>4,953,611</td>
<td>1,926,107</td>
<td>6,879,718</td>
</tr>
<tr>
<td>2014</td>
<td>2,499,681</td>
<td>1,220,000</td>
<td>1,236,980</td>
<td>2,456,980</td>
<td>5,766,736</td>
<td>1,926,107</td>
<td>7,692,843</td>
</tr>
<tr>
<td>2015</td>
<td>2,507,721</td>
<td>1,115,000</td>
<td>952,268</td>
<td>2,067,268</td>
<td>4,574,989</td>
<td>1,926,107</td>
<td>6,501,096</td>
</tr>
<tr>
<td>2016</td>
<td>2,512,623</td>
<td>1,165,000</td>
<td>902,665</td>
<td>2,067,665</td>
<td>4,580,288</td>
<td>1,926,107</td>
<td>6,506,395</td>
</tr>
<tr>
<td>2017</td>
<td>2,511,575</td>
<td>1,220,000</td>
<td>848,975</td>
<td>2,068,975</td>
<td>4,580,550</td>
<td>1,926,107</td>
<td>6,506,657</td>
</tr>
<tr>
<td>2018</td>
<td>1,632,388</td>
<td>1,275,000</td>
<td>791,431</td>
<td>2,066,431</td>
<td>3,698,818</td>
<td>1,926,107</td>
<td>5,624,925</td>
</tr>
<tr>
<td>2019</td>
<td>1,630,716</td>
<td>1,240,000</td>
<td>730,121</td>
<td>2,070,121</td>
<td>3,700,838</td>
<td>1,926,106</td>
<td>5,626,944</td>
</tr>
<tr>
<td>2020</td>
<td>1,635,100</td>
<td>1,240,000</td>
<td>730,121</td>
<td>2,070,121</td>
<td>3,704,676</td>
<td>1,926,106</td>
<td>5,630,782</td>
</tr>
<tr>
<td>2021</td>
<td>1,640,470</td>
<td>1,475,000</td>
<td>594,903</td>
<td>2,069,903</td>
<td>3,710,373</td>
<td>1,910,326</td>
<td>5,620,699</td>
</tr>
<tr>
<td>2022</td>
<td>1,486,065</td>
<td>1,550,000</td>
<td>520,975</td>
<td>2,070,975</td>
<td>3,557,040</td>
<td>1,733,192</td>
<td>5,290,232</td>
</tr>
<tr>
<td>2023</td>
<td>845,006</td>
<td>1,630,000</td>
<td>442,250</td>
<td>2,072,250</td>
<td>2,917,256</td>
<td>1,734,612</td>
<td>4,651,868</td>
</tr>
<tr>
<td>2024</td>
<td>1,710,000</td>
<td>358,750</td>
<td>2,068,750</td>
<td>2,068,750</td>
<td>2,068,750</td>
<td>2,068,750</td>
<td>4,137,500</td>
</tr>
<tr>
<td>2025</td>
<td>1,800,000</td>
<td>271,000</td>
<td>2,071,000</td>
<td>2,071,000</td>
<td>2,071,000</td>
<td>2,071,000</td>
<td>4,142,000</td>
</tr>
<tr>
<td>2026</td>
<td>1,890,000</td>
<td>178,750</td>
<td>2,068,750</td>
<td>2,068,750</td>
<td>2,068,750</td>
<td>2,068,750</td>
<td>4,137,500</td>
</tr>
<tr>
<td>2027</td>
<td>1,990,000</td>
<td>81,750</td>
<td>2,071,750</td>
<td>2,071,750</td>
<td>2,071,750</td>
<td>2,071,750</td>
<td>4,143,500</td>
</tr>
<tr>
<td>2028</td>
<td>640,000</td>
<td>16,000</td>
<td>656,000</td>
<td>656,000</td>
<td>656,000</td>
<td>656,000</td>
<td>1,312,000</td>
</tr>
<tr>
<td>2029</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>656,000</td>
</tr>
</tbody>
</table>

$55,715,160 $33,515,000 $22,013,636 $55,528,636 $111,243,795 $42,398,527 $153,642,322


(2) Excluding that portion of the 1992 Series C Bonds and all of the 1999 Series I Bonds that are to be refunded. See “THE USE OF BOND PROCEEDS - Refunding Program.”

(3) Other indebtedness consists primarily of $1.733 million of annual debt service on $29.9 million of an outstanding note payable to the Alaska Housing Finance Corporation and $193 thousand in annual debt service on $2.4 million of an outstanding note payable to Alaska Pacific University. Under the loan agreement under which the note to the Alaska Housing Finance Corporation was issued, the obligation to repay the loan is an absolute, unconditional and unlimited general obligation of the University. The University has not pledged its Revenues, as defined in the Indenture, to make any of the payments required under the loan agreement with the Alaska Housing Finance Corporation. The University used these funds to construct a 558-bed suite-style housing and food service addition in Anchorage that opened in August 1998.

Source: University of Alaska
### Table 4
UNIVERSITY OF ALASKA
Schedule of Long-Term Debt
June 30, 2002

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>Interest Payment Dates</th>
<th>Issue Date</th>
<th>Final Maturity Date</th>
<th>Amount Issued</th>
<th>Outstanding June 30, 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installment Contracts</td>
<td>5.46%</td>
<td>Quarterly</td>
<td>1-24-2002</td>
<td>1-15-2005</td>
<td>$425,000</td>
</tr>
</tbody>
</table>

#### Notes Payable

- **Alaska Housing Finance Corporation (AHFC)**
  - 1.826% & 6.0%*
  - 8-1/2-1
  - 5-14-97
  - 02-1-2024
  - Amount Issued: $33,000,000
  - Outstanding June 30, 2002: $29,905,365

- **Alaska Pacific University**
  - 5.00%
  - Monthly
  - 5-1997
  - 5-2022
  - Amount Issued: 2,750,000
  - Outstanding June 30, 2002: 2,430,326

**Total Notes Payable**
- Amount Issued: $35,750,000
- Outstanding June 30, 2002: $32,335,691

#### Revenue Bonds

- **General Revenue Bonds, 1992 Series A**
  - 3.50-6.40%
  - 10-1/4-1
  - 6-25-1992
  - 10-1-2007
  - Amount Issued: $6,555,000
  - Outstanding June 30, 2002: $470,000

- **General Revenue Bonds, 1992 Series B**
  - 4.40-6.64%
  - 10-1/4-1
  - 6-25-1992
  - 10-1-2017
  - Amount Issued: 6,835,000
  - Outstanding June 30, 2002: 210,000

- **General Revenue Bonds, 1992 Series C**
  - 3.00-6.25%
  - 10-1/4-1
  - 12-1-1992
  - 10-1-2007
  - Amount Issued: 10,990,000
  - Outstanding June 30, 2002: 2,490,735

- **General Revenue Bonds, 1992 Series E**
  - 3.75-6.20%
  - 10-1/4-1
  - 12-1-1992
  - 10-1-2017
  - Amount Issued: 4,865,000
  - Outstanding June 30, 2002: 305,000

- **General Revenue Bonds, 1993 Series F**
  - 2.70-5.05%
  - 8-15/2-15
  - 12-29-1993
  - 8-15-2007
  - Amount Issued: 7,090,000
  - Outstanding June 30, 2002: 3,040,000

- **General Revenue Bonds, 1997 Series G**
  - 5.00-5.45%
  - 10-1/4-1
  - 7-8-1997
  - 10-1-2022
  - Amount Issued: 10,000,000
  - Outstanding June 30, 2002: 9,620,000

- **General Revenue Bonds, 1998 Series H**
  - 4.35-4.80%
  - 10-1/4-1
  - 12-17-1998
  - 10-1-2023
  - Amount Issued: 9,820,000
  - Outstanding June 30, 2002: 9,820,000

- **General Revenue Bonds, 1999 Series I**
  - 4.15%
  - 10-1/4-1
  - 1-9-99
  - 10-1-2007
  - Amount Issued: 2,515,000
  - Outstanding June 30, 2002: 1,845,000

- **General Revenue Bonds, 1999 Series J**
  - 4.00-5.00%
  - 10-1/4-1
  - 4-27-99
  - 10-1-2017
  - Amount Issued: 14,295,000
  - Outstanding June 30, 2002: 13,400,000

**Total Revenue Bonds**
- Amount Issued: $72,965,000
- Outstanding June 30, 2002: $41,200,735

**Total Long-Term Debt**
- Amount Issued: $109,140,000
- Outstanding June 30, 2002: $73,928,113

Source: University of Alaska.

* The effective interest rate on the AHFC note is 2.55%, based upon a 1.826% rate on $30 million of original principal and a 6% rate on $3.0 million of original principal.

** See “THE USE OF BOND PROCEEDS - Refunding Program” for maturities that will be refunded and defeased upon issuance of the Bonds.
GENERAL INFORMATION CONCERNING
THE UNIVERSITY OF ALASKA

GENERAL
The University of Alaska is the only public institution of higher learning in the State. It is a Statewide system which consists of three multi-mission universities located in Anchorage, Fairbanks, and Juneau (“Southeast”) with extended satellite colleges and sites throughout the State, including over 100 extension and research sites. The University was established at Fairbanks, Alaska, by Congress in 1915 as the Alaska Agricultural College and School of Mines; in 1935 it was renamed the University of Alaska; and in 1959 was established as the State university in the Alaska State Constitution. The University has expanded to include full-service universities in Fairbanks, Anchorage, and Juneau; lower division college centers in Bethel, Dillingham, Ketchikan, Kodiak, Kotzebue, Nome, Palmer, Sitka, and Soldotna; a community college at Valdez; and vocational, rural education, and extension sites throughout the State.

The University is governed by an eleven-member Board of Regents, which is appointed by the governor. In August 1998, the Board of Regents appointed U.S. Army Major General Mark R. Hamilton as the 12th president of the University of Alaska. Chancellors head the major regional instructional units: the University of Alaska Fairbanks, the University of Alaska Anchorage and the University of Alaska Southeast. The system's administrative offices are located on the Fairbanks campus.

DESCRIPTION OF THE PROGRAMS
The University of Alaska Anchorage offers baccalaureate and associate degrees, as well as certificate programs, through its colleges of arts and sciences, career and vocational education, and nursing and health sciences, as well as the schools of business, education, engineering and public affairs. In addition, master's degrees are offered in nine programs from the campus' colleges and schools. It also provides adult and continuing education programs. Medical science is provided through a joint agreement with the University of Washington. Research programs are emphasized, primarily in biological and health sciences, public policy, and social and economic studies. The college of community and continuing education provides both credit and non-credit instruction to the greater Anchorage area and to all military bases in the State.

The University of Alaska Fairbanks is a comprehensive, four year, doctoral degree-granting institution with four professional schools and three colleges that offer bachelor's degrees in more than 65 major areas and recognized master's degrees in professional disciplines and doctorates in the sciences and mathematics. The three colleges are the College of Liberal Arts, the College of Sciences, Engineering and Mathematics, and the College of Rural Alaska, with the latter having branch campuses and extended sites throughout the State. The four professional schools consist of the School of Agriculture and Land Resources Management, the School of Mineral Engineering, the School of Management, and the School of Fisheries and Ocean Sciences. These colleges and schools offer certificates, associate and baccalaureate degrees as well as a wide range of technical/vocational programs. Master's degrees are offered in over 50 fields and doctoral programs are offered in the areas of anthropology, atmospheric sciences, biology, geology, geophysics, mathematics, oceanography, physics, space physics, and wildlife management.

The University of Alaska Southeast is a comprehensive regional university with the primary purpose of providing post-secondary education in Southeast Alaska. The University of Alaska Southeast has campuses in Juneau, Ketchikan, and Sitka, and outreach locations throughout its region. It offers certificate programs and associate of applied science degrees in vocational-technical and business-related areas; associate of arts degrees and baccalaureate degrees in the liberal arts, sciences, education, business, and social sciences; and master's degrees in selected professional fields. In the Statewide system, this institution shares responsibility for programs in public administration, early childhood education and educational technology and has responsibility for statewide distance delivery of degrees in liberal arts and business and the master's degree in public administration.

ACCREDITATIONS
The four accredited institutions of the University, University of Alaska Anchorage, University of Alaska Fairbanks, University of Alaska Southeast, and Prince William Sound Community College, are accredited by the Northwest Association of Schools and Colleges. Various schools and colleges at each institution are also accredited by their appropriate accrediting bodies.

ADMINISTRATION OF THE UNIVERSITY
BOARD OF REGENTS

Established in 1917 as the Board of Trustees and made the Board of Regents by an act of the Territorial Legislature on July 1, 1935, the Board of Regents is an autonomous organization and the highest authority in the administration of the University. The 11 member Board of Regents is governed by Title 14, Chapter 40, Article 2 of the Alaska Statutes, which provides for the appointment of the regents by the Governor of the State for overlapping terms of eight years, subject to confirmation by the Legislature. Provision for a student representative to the Board of Regents, with a term of two years, was made in 1975. Members of the Board of Regents are as follows:

Chancy Croft, Chair
Frances Rose, Secretary

Elsabeth Froehlich Demeksa, Vice Chair
Brian D. Rogers, Treasurer

Michael Burns
Mary Hughes
Byron Mallott

Kevin O. Meyers
Joe J. Thomas
Joseph E. Usibelli, Jr.

Board of Regents members receive no compensation for their services, but are reimbursed for expenses incurred in performing their duties. There is currently one vacancy on the Board, that of the student representative. According to State statute, the Governor must appoint someone from among three nominees selected by the student bodies of each of the University’s main campuses. The University expects that the student representative to the Board will be appointed in September, 2002.

BUSINESS AND FINANCE OFFICERS

The University’s present business and financial officers are listed below, with biographical sketches following.

Mark R. Hamilton, President, UA
Joseph M. Beedle, Vice President for Finance, UA
Randy Weaver, Controller, UA
John L. Dickinson, Assistant Vice President for Finance, UA
J. Mark Neumayr, Interim Vice Chancellor for Administrative Services, UAF
Cynthia Matson, Vice Chancellor for Administrative Services, UAA
Carol L. Griffin, Vice Chancellor for Administrative Services, UAS

Mark R. Hamilton, became the 12th president of the University of Alaska in August 1998, having previously served as the commanding U.S. Army Major General of the U.S. Army Recruiting Center in Fort Knox, Kentucky. Mr. Hamilton served as deputy director for two years at Force Structure, Resources and Analysis at the Joint Staff in Washington, DC. In 1992-93, he was chief of staff of the Alaskan Command at Elmendorf Air Force Base near Anchorage and, in 1988-90, he was commander of division artillery at Fort Richardson, an Army base near Anchorage.

Mr. Hamilton received his B.S. degree from the U.S. Military Academy at West Point in 1967, and his M.A. in English literature from Florida State University in Tallahassee in 1973. He is also a graduate of the Armed Forces Staff College in Norfolk, Virginia, and of the U.S. Army War College in Carlisle, Pennsylvania.

Joseph M. Beedle was appointed Vice President for Finance in August 2000. Prior to joining the University, he served for six years as CEO for Goldbelt Incorporated, an Alaska corporation with $110 million in assets, $50 million in revenues, 600 employee, 3,100 shareholder and 18 subsidiaries with multi-state/international operations and investments in tourism, transportation, real estate, hospitality, resource development, export, finance and government contracting. Mr. Beedle also served for eight years as Executive Vice President/Senior Vice President for KeyBank Holding Company in Alaska, with full statewide responsibility for all credit/loan administration, as well as assignments to Keybank’s Holding Company’s nation-wide loan committee for large credits and its re-engineering/automation committee.

Randy L. Weaver, CPA, was appointed Controller for the University Statewide System on January 1, 1997. Prior to that appointment, he served as Interim Controller for two years after joining the University in 1989 as Director of Internal Audit. Prior to coming to the University, he served as an audit manager for a local CPA firm. Mr. Weaver graduated cum laude from the University of Alaska Fairbanks with a B.B.A in Accounting in 1982.
John L. Dickinson joined the University in 1982, serving ten years as Director of Educational Real Estate and eight years as Assistant Vice President for Finance. He was appointed to his current position as Assistant Vice President for Finance in 2000. He has been instrumental in improving the financial position of the University’s auxiliary services. Mr. Dickinson earned a B.S. in accounting at the University of Montana in 1979, a M.B.A. from University of Alaska Fairbanks in 1983, and has taken additional studies at the Stanford University WACUBO Business Management Institute. He is active in the financial affairs of local health-related non-profit groups.

J. Mark Neumayr was appointed Interim Vice Chancellor for Administrative Services at the University of Alaska Fairbanks (UAF) in March 2002. He earned a B.S. in Business Administration in 1975 and a J.D. in 1979 from the University of South Dakota. Mr. Neumayr worked as principal legal officer for a financial and real estate development firm in South Dakota before joining the University in 1982 as an Assistant General Counsel in the statewide General Counsel’s office. Prior to his appointment at UAF he held the position of Senior Associate General Counsel for the UA system. He previously held the position of Associate General Counsel and has served as interim General Counsel for UA.

Cynthia Matson was appointed Vice Chancellor for Administrative Services at the University of Alaska Anchorage in May 2000. From 1991 to 2000, Mrs. Matson held several administrative positions at the University of Alaska Anchorage including Director of Procurement, Director of Business Services, Associate Vice Chancellor for Budget and Finance. Matson earned a BBA in Management from the University of Alaska in Fairbanks in 1989 and a M.B.A. from the University of Alaska Anchorage in 1998.

Carol L. Griffin was appointed Vice Chancellor for Administrative Services at University of Alaska Southeast in August of 1999. She joined the University in 1980 as Assistant Professor of Public Administration. Ms. Griffin has held several positions at the University of Alaska Southeast including Director of Outreach Education, Director of Personnel and Affirmative Action and the Director of Administrative Services. Prior to coming to the University, Ms. Griffin was a researcher with the Bureau of Public Affairs Research at the University of Idaho. Ms. Griffin earned a M.P.A. from the University of Idaho in 1978.

FACULTY AND EMPLOYEES

The University's faculty and staff total approximately 3,822 permanent employees as of fall, 2001. Members of the University's full-time regular instructional and research faculty total 1,060, of which approximately 781 hold tenure or tenure-track faculty appointments as of fall, 2001. Including part-time faculty, there were 307 professors, 272 associate professors, 438 assistant professors and 1,180 instructors as of Fall 2001. For FY01, total University payroll was approximately $196.2 million, including union affiliated employees. As of October 1, 2001, there were approximately 303 employees affiliated with the Alaska Community College Federation of Teachers, 761 employees affiliated with the American Association of University Professors/United Academics, 957 employees affiliated with the United Academic-Adjuncts, and 381 employees affiliated with the Classified Employees Association. The University considers itself to have good employee relations.

THE STUDENT BODY

STUDENT ENROLLMENT

Ninety percent of the University students are residents of the State. The remaining students come from the other 49 states and several foreign countries.

The University believes enrollment will remain relatively stable because more Alaskan students are attending college in-state, greater numbers of non-traditional students are attending higher education institutions, and students are taking longer to acquire a baccalaureate degree.

For the academic year ending June, the University awarded the following degrees and certificates.
The following table indicates the total fall enrollment of undergraduate and graduate students, and the full-time equivalent and total annual credit hours for all students attending the University. Full-time equivalent is calculated on student standing regardless of the course level for which the credit is received.

Table 5
UNIVERSITY OF ALASKA
On Campus Fall Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Undergraduate</th>
<th>Graduate</th>
<th>Total</th>
<th>Undergraduate</th>
<th>Graduate</th>
<th>Total</th>
<th>Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>30,451</td>
<td>1,466</td>
<td>31,917</td>
<td>14,879</td>
<td>848</td>
<td>15,727</td>
<td>232,007</td>
</tr>
<tr>
<td>1997</td>
<td>29,645</td>
<td>1,539</td>
<td>31,184</td>
<td>14,379</td>
<td>957</td>
<td>15,336</td>
<td>225,736</td>
</tr>
<tr>
<td>1998</td>
<td>29,515</td>
<td>1,591</td>
<td>31,106</td>
<td>14,068</td>
<td>865</td>
<td>14,933</td>
<td>219,468</td>
</tr>
<tr>
<td>1999</td>
<td>28,683</td>
<td>1,566</td>
<td>30,249</td>
<td>13,978</td>
<td>806</td>
<td>14,784</td>
<td>216,983</td>
</tr>
<tr>
<td>2000</td>
<td>28,848</td>
<td>1,632</td>
<td>30,480</td>
<td>14,099</td>
<td>840</td>
<td>14,939</td>
<td>219,265</td>
</tr>
<tr>
<td>2001</td>
<td>28,978</td>
<td>1,647</td>
<td>30,625</td>
<td>14,505</td>
<td>869</td>
<td>15,374</td>
<td>226,165</td>
</tr>
</tbody>
</table>

Source: University of Alaska.

The University has an open enrollment policy and will admit into its baccalaureate program all students with a high school diploma and an overall grade point average of 2.0. Table 6 shows the number of applications accepted and the number of students enrolled for the fall semesters. Numbers have been restated to clarify freshman versus first year enrollment data.

Table 6
UNIVERSITY OF ALASKA
Student Enrollment

<table>
<thead>
<tr>
<th>Fall Semester</th>
<th>Applications Received</th>
<th>Accepted</th>
<th>Percent Accepted</th>
<th>Students Enrolled</th>
<th>Percent Enrolled</th>
</tr>
</thead>
</table>

14
Freshman Student Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Freshmen</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>4,125</td>
<td>3,296</td>
<td>79.9%</td>
</tr>
<tr>
<td>1998</td>
<td>3,557</td>
<td>2,872</td>
<td>80.7%</td>
</tr>
<tr>
<td>1999</td>
<td>3,450</td>
<td>2,690</td>
<td>78.7%</td>
</tr>
<tr>
<td>2000</td>
<td>3,737</td>
<td>2,873</td>
<td>75.9%</td>
</tr>
<tr>
<td>2001</td>
<td>4,146</td>
<td>3,075</td>
<td>74.2%</td>
</tr>
</tbody>
</table>

Transfer Student Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Freshmen</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>1,867</td>
<td>1,561</td>
<td>83.6%</td>
</tr>
<tr>
<td>1998</td>
<td>1,501</td>
<td>1,230</td>
<td>81.9%</td>
</tr>
<tr>
<td>1999</td>
<td>1,873</td>
<td>1,410</td>
<td>75.3%</td>
</tr>
<tr>
<td>2000</td>
<td>2,087</td>
<td>1,536</td>
<td>73.6%</td>
</tr>
<tr>
<td>2001</td>
<td>2,267</td>
<td>1,625</td>
<td>71.7%</td>
</tr>
</tbody>
</table>

Total Undergraduate Student Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Freshmen</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>5,992</td>
<td>4,857</td>
<td>81.1%</td>
</tr>
<tr>
<td>1998</td>
<td>5,058</td>
<td>4,102</td>
<td>81.1%</td>
</tr>
<tr>
<td>1999</td>
<td>5,293</td>
<td>4,100</td>
<td>77.5%</td>
</tr>
<tr>
<td>2000</td>
<td>5,824</td>
<td>4,409</td>
<td>75.7%</td>
</tr>
<tr>
<td>2001</td>
<td>6,413</td>
<td>4,700</td>
<td>73.3%</td>
</tr>
</tbody>
</table>

Total Graduate Student Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Freshmen</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>980</td>
<td>504</td>
<td>51.4%</td>
</tr>
<tr>
<td>1998</td>
<td>980</td>
<td>458</td>
<td>46.7%</td>
</tr>
<tr>
<td>1999</td>
<td>1,010</td>
<td>467</td>
<td>46.2%</td>
</tr>
<tr>
<td>2000</td>
<td>1,000</td>
<td>453</td>
<td>45.3%</td>
</tr>
<tr>
<td>2001</td>
<td>1,160</td>
<td>543</td>
<td>46.8%</td>
</tr>
</tbody>
</table>

Source: University of Alaska.

TUITION AND FEES

Tuition is assessed on a per credit hour basis. There is no fee cap or consolidated fee.

Table 7
UNIVERSITY OF ALASKA
Student Tuition per Credit Hour

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergrad upper div, resident</td>
<td>$ 79</td>
<td>$ 81</td>
<td>$ 84</td>
<td>$ 87</td>
<td>$ 90</td>
<td>$ 93</td>
</tr>
<tr>
<td>Undergrad lower div, resident</td>
<td>71</td>
<td>73</td>
<td>75</td>
<td>77</td>
<td>79</td>
<td>82</td>
</tr>
<tr>
<td>Undergrad upper div, nonresident</td>
<td>229</td>
<td>235</td>
<td>243</td>
<td>251</td>
<td>259</td>
<td>267</td>
</tr>
<tr>
<td>Undergrad lower div, nonresident</td>
<td>221</td>
<td>227</td>
<td>234</td>
<td>241</td>
<td>248</td>
<td>256</td>
</tr>
<tr>
<td>Graduate, resident</td>
<td>158</td>
<td>162</td>
<td>167</td>
<td>172</td>
<td>178</td>
<td>184</td>
</tr>
<tr>
<td>Graduate, nonresident</td>
<td>308</td>
<td>316</td>
<td>326</td>
<td>336</td>
<td>347</td>
<td>358</td>
</tr>
</tbody>
</table>

Source: University of Alaska.

The following table sets forth the average annual student tuition and registration fees for full-time students for the academic years indicated. Unless otherwise stated, figures reflect fees at the University of Alaska Fairbanks campus, which provide the substantially higher fees associated with resident population, health insurance, health services, recreation facilities, and a more active student government. In FY 01-02, average annual fees at Fairbanks were $942, compared to $350 at Anchorage.
Table 8
UNIVERSITY OF ALASKA
Average Annual Full-Time Student Tuition and Fees*

<table>
<thead>
<tr>
<th>Student Classification</th>
<th>1997-98</th>
<th>1998-99</th>
<th>1999-00</th>
<th>2000-01</th>
<th>2000-02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate, resident</td>
<td>$3,058</td>
<td>$3,378</td>
<td>$3,498</td>
<td>$3,420</td>
<td>$3,465</td>
</tr>
<tr>
<td>Undergraduate, nonresident</td>
<td>7,558</td>
<td>7,998</td>
<td>8,223</td>
<td>8,340</td>
<td>8,535</td>
</tr>
<tr>
<td>Graduate, resident</td>
<td>4,480</td>
<td>4,740</td>
<td>4,890</td>
<td>5,088</td>
<td>5,502</td>
</tr>
<tr>
<td>Graduate, nonresident</td>
<td>8,152</td>
<td>8,412</td>
<td>8,712</td>
<td>9,024</td>
<td>9,258</td>
</tr>
</tbody>
</table>

*Assumes fees at Fairbanks and one half of 15 credits per semester are taken at lower division tuition rate.

Source: University of Alaska.

ROOM AND BOARD
The annual cost of room and board and other educational costs for two semesters for a full and first time resident undergraduate student taking 30 credits are shown in Table 9. The figure is based on double-room, double-occupancy in a campus residence hall at the University of Alaska Fairbanks. Figures exclude travel and any miscellaneous expenses that a student may incur.

Table 9
UNIVERSITY OF ALASKA
Annual Student Room and Board and Other Educational Costs

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Room and Board</th>
<th>Tuition, Fees, Books and Supplies</th>
<th>Combined Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall to Summer</td>
<td>$ 4,040</td>
<td>$ 3,770</td>
<td>$ 7,810</td>
</tr>
<tr>
<td>1997 - 1998</td>
<td>4,250</td>
<td>3,828</td>
<td>8,078</td>
</tr>
<tr>
<td>1998 - 1999</td>
<td>4,550</td>
<td>3,963</td>
<td>8,513</td>
</tr>
<tr>
<td>1999 - 2000</td>
<td>4,610</td>
<td>4,070</td>
<td>8,680</td>
</tr>
<tr>
<td>2000 - 2001</td>
<td>4,770</td>
<td>4,127</td>
<td>8,897</td>
</tr>
<tr>
<td>2001 - 2002</td>
<td>4,770</td>
<td>4,217</td>
<td>8,987</td>
</tr>
</tbody>
</table>

Source: University of Alaska.

FINANCIAL AID STATISTICS AND COLLEGE SAVINGS PLAN
Financial aid for the last several fiscal years is shown below. The largest component is assistance from the Alaska Student Loan Program, which is administered by the Alaska Commission on Post Secondary Education, an independent agency of the State. The program is now funded through the proceeds of revenue bonds issued by the Alaska Student Loan Corporation which provides low interest rate loans to Alaska residents for post-secondary education in and outside of Alaska.
Table 10
UNIVERSITY OF ALASKA
Summary of Financial Aid
(Year Ended June 30)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Scholarships, Grants and Awards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal – Pell Grants</td>
<td>$5,915,735</td>
<td>$6,444,032</td>
<td>$6,772,099</td>
<td>$6,244,130</td>
<td>$6,357,221</td>
</tr>
<tr>
<td>Federal – Other</td>
<td>804,463</td>
<td>850,453</td>
<td>881,635</td>
<td>593,258</td>
<td>735,928</td>
</tr>
<tr>
<td>UA Foundation</td>
<td>139,375</td>
<td>62,304</td>
<td>55,874</td>
<td>434,560</td>
<td>811,144</td>
</tr>
<tr>
<td>Institutional</td>
<td>--</td>
<td>3,633,807</td>
<td>3,645,064</td>
<td>4,196,975</td>
<td>5,581,592</td>
</tr>
<tr>
<td>Other</td>
<td>5,828,320</td>
<td>3,278,556</td>
<td>3,257,078</td>
<td>3,585,408</td>
<td>3,987,532</td>
</tr>
<tr>
<td>Total</td>
<td>$12,687,893</td>
<td>$14,269,154</td>
<td>$14,611,751</td>
<td>$15,054,331</td>
<td>$17,473,420</td>
</tr>
<tr>
<td>Loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alaska Student Loans</td>
<td>$37,053,000</td>
<td>$34,741,570</td>
<td>$24,201,878</td>
<td>$19,242,685</td>
<td>$17,200,133</td>
</tr>
<tr>
<td>Federal</td>
<td>(1)</td>
<td>15,071,520</td>
<td>18,416,451</td>
<td>16,633,658</td>
<td>16,986,361</td>
</tr>
<tr>
<td>Other</td>
<td>11,815,693</td>
<td>51,895</td>
<td>87,398</td>
<td>148,160</td>
<td>226,950</td>
</tr>
<tr>
<td>Total</td>
<td>$48,868,693</td>
<td>$49,864,985</td>
<td>$42,705,727</td>
<td>$36,024,503</td>
<td>$34,413,444</td>
</tr>
<tr>
<td>Student Employment</td>
<td>$10,567,803</td>
<td>$10,495,511</td>
<td>$11,323,605</td>
<td>$12,868,074</td>
<td>$13,294,508</td>
</tr>
<tr>
<td>Total</td>
<td>$73,528,398</td>
<td>$79,678,530</td>
<td>$68,641,083</td>
<td>$63,946,908</td>
<td>$65,181,372</td>
</tr>
</tbody>
</table>

Source: University of Alaska.
(1) Amounts included in “Scholarships, Grants and Awards – Other.”

Section 529 College Savings Plan. In 1991, the Alaska legislature established the Advance College Tuition program within the University of Alaska. The program was one of the first of what would eventually become known as Section 529 College Savings Plans. In 1997, the University modified the program to comply with Section 529 of the Internal Revenue Code. In 2001, the University converted the program from a prepaid tuition program to a full-range college savings and investment program and selected T. Rowe Price as program manager. The program is currently marketed in Alaska as the UA College Savings Plan and nationally as the T. Rowe Price College Savings Plan and the Manulife College Savings Plan. Since the new program was launched in May 2001, participants’ investments in the program have grown from $25 million to approximately $400 million. Led by James F. Lynch, Associate Vice President for Finance, the University played a significant role in the consortium of states and universities that was instrumental in securing federal legislation recognizing this new investment vehicle for college savings.
FACILITIES AND CAPITAL PROGRAM

LIBRARIES

The University's library collection contains more than 1.9 million book volumes with extensive collections housed at the Fairbanks, Anchorage and other sites. The University's system wide general library collection of books, periodicals and documents is approximately 1.2 million titles.

MUSEUMS

The University's Otto Geist Museum is the only teaching museum in the State. It offers tours, educational demonstrations, loaning collections, and classes in museum science, and is a popular tourist attraction, with more than 85,000 visitors annually. With the largest display of northern artifacts in the world, the museum maintains extensive paleontologic, aquatic, archaeological and ethnographic collections, including a preserved 36,000-year-old American bison, unearthed from permafrost in 1979, and other extremely rare exhibits.

RESIDENTIAL AND OTHER

The University maintains and operates 78 student residential buildings having a combined designed capacity of approximately 2,900 beds as well as an additional 30 faculty and staff housing units. Due to student demand, 286 double units have been temporarily converted into single units, leaving only 2,625 beds available. Average occupancy ratio as utilized is 98% in the fall, and 88% in spring. Average occupancy ratio as designed is 88% in the fall, and 76% in spring. Approximately 45% of the student beds are new or newly renovated since July 1997. Other ancillary facilities of the University include a $60 million central co-generation power plant in Fairbanks, printing services and copy centers, motor pools, bookstores, health services and telecommunication centers.

PHYSICAL PLANT FOR ACADEMIC AND ADMINISTRATIVE ACTIVITIES

The table below sets forth the balance of non-depreciated book value of investments in physical properties. Adjusted value was calculated utilizing R.S. Means "Historical Cost Index" (209 Cities Index, Anchorage), adjusting project cost, including design, forward from original construction and/or revitalization date. Insured value of plant is higher than replacement value shown below.

<table>
<thead>
<tr>
<th>Dec 31</th>
<th>Original Project Cost</th>
<th>Adjusted Gross Value</th>
<th>Square Feet</th>
<th>Buildings</th>
<th>Average Age weight by GSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$693,125,500</td>
<td>$1,177,437,000</td>
<td>5,439,309</td>
<td>407</td>
<td>24.0 years</td>
</tr>
</tbody>
</table>

Improvements other than buildings have a historical cost of $66.7 million and adjusted gross value of $118.1 million.

Source: University of Alaska.

CAPITAL PROGRAM

Major construction projects of the University are funded primarily by State of Alaska direct appropriations and University revenue bonds. Construction commitments at June 30, 2001, aggregated $31.7 million. At June 30, 2001, the University's unexpended plant funds include capital appropriation advances of $6.7 million from State of Alaska direct appropriations. Because the majority of some $200 million in capital funds appropriated by the State of Alaska in recent years has been provided on a reimbursement rather than periodic draw basis, the University had approximately $102.7 million of such authorized but uncompleted work that was not reflected as appropriation revenues or receivables on the University’s books as of June 30, 2001. As of May 30, 2002, the unbooked amounts for work not yet completed amounted to approximately $87.8 million. This work will be completed over the next several years.

The Board of Regents has an ongoing capital program consisting of new construction and renovation of existing facilities. New executive leadership has provided the catalyst to revisit strategic plans, campus master plans, and the 6-year capital planning horizon essential to properly serve the needs of Alaska. This process should be fully implemented by November 2002 when the capital request is submitted to the governor. The University expects that these projects will be funded from a variety of sources, including federal, State and University funds.
While a significant part of the University's current capital budget is devoted to building renewal, code corrections and major repair, recent legislative appropriations have provided $43.8 million to construct a 100,000 gross square foot addition to the library in Anchorage to be completed in August 2004, and $15.5 million for a $31 million expansion of the UA Museum in Fairbanks to be completed in September 2005. The latter project also received $5 million in federal funds and $10.5 million in private contributions through the University’s largest capital campaign. The University’s 100,000 gross square foot, $32 million UAF International Arctic Research Center was completed in January 1999.

The Legislature has authorized a $230 million State general obligation bond package for the replacement and improvement of education and museum facilities to be voted upon in the 2002 General election in November 2002, the first such bond package in twenty years. That package provides $61.7 million in capital construction for the University, including $4.8 million to construct a bio-medical facility in Anchorage, $38.9 million for initial construction phases for science complexes in Anchorage, Fairbanks and Juneau, and numerous campus renewal projects throughout the state.

The University expects to secure a line of credit in the amount of approximately $5.0 million to cover the construction draw requirements for certain science facilities between now and when the proceeds from the State General Obligation Bonds become available. The due date for amounts drawn on the line of credit will be July 15, 2003. In the event that the popular vote in November 2002 is not favorable, the University will seek a direct appropriation or sell additional general revenue bonds to repay the amount of any draws on the line of credit.

The University continues to monitor its deferred and imminent renewal needs. Approximately $156 million has been identified as deferred or imminent renewal needs for the University's 5.5 million square feet of physical plant that has an adjusted gross value of $1.2 billion, and $22.4 million has been identified as needed for improvements other than buildings that have an adjusted gross value $118.1 million.

RETIREMENT PLANS

Substantially all permanent employees participate in either the Public Employees' Retirement System (PERS), an agent multiple-employer public employees' retirement system, the Teachers’ Retirement System (TRS), a cost-sharing multiple-employer plan, or the University of Alaska Optional Retirement Plan (ORP), a single-employer defined contribution plan. In addition, substantially all permanent employees participate in the University of Alaska Pension Plan, a supplemental single-employer defined contribution plan. None of the retirement systems or plans owns any notes, bonds or other instruments of the University.

Participating employees are required to contribute a fixed percentage of their eligible compensation to the PERS or TRS plan. The University is required to contribute the remaining amounts necessary to fully fund the PERS and TRS systems as calculated using actuarial computations. The University's contributions in fiscal year 2001 were approximately $4.1 million for PERS and $4.35 million for TRS. The ORP contribution for fiscal year 2001 was approximately $4.2 million.

STATE APPROPRIATIONS TO THE UNIVERSITY

The University receives financial assistance for both operations and designated capital improvements through appropriations by the State Legislature.

The University is treated like a State agency for the purposes of budget and fiscal control. However, unlike State agencies, the University maintains its own treasury functions, collects its own revenues, invests its funds, and makes its own disbursements. Annually, the State Legislature appropriates authority to the University to receive and expend specified revenues up to specific levels or amounts. All revenues, except State general fund authorizations and other forms of State support, are received directly into the University's treasury. State funded authorizations are received from the State on a monthly basis at approximately one-twelfth of the annual operating authorization. State funded capital appropriations are generally received based on forecast expenditure needs.

Transfers between appropriations without legislative authorization are strictly prohibited. However, legislative authorization for the expenditure of revenues received in excess of originally authorized levels may be obtained during the interim between legislative sessions under procedures specified by State statute.
Appropriations to the University are for two types: operating and capital. Operating appropriations authorize expenditure of all current revenues and lapse at the end of the fiscal year. State funded current revenues at this time include State general funds as well as funds from the Mental Health Trust Authority and the Alaska Science and Technology Foundation. Supplemental appropriations amend current year appropriations of the prior legislative session. Capital appropriations are generally for facilities, equipment or specified projects, and have an expiration date beyond the end of the fiscal year.

The State Legislature may authorize operating and capital expenditures separately, together, or individually, but may not combine appropriations and substantive legislation in the same bill. Typically, however, operating and capital authorizations to the University are appropriated separately in general operating and capital budget bills. Additional authorizations to the current year operating budget are appropriated in a supplemental bill. Any of these bills may include “reappropriations” of balances remaining in prior operating or capital authorizations.

Although the Legislature can restrict any appropriation to a specified use, in recent years, the annual operating appropriations for the University have been very broad in scope and contain few, if any, restrictions. Essentially the appropriated revenues must be expended prudently for the benefit of the specified campus. The titles for supplemental, capital, and reappropriations are generally very specific as to the purpose for which they are appropriated and must be expended accordingly. The Governor has the authority to veto or reduce the amount of an appropriation, but does not have the authority to increase or to change the legislative intent or purpose of it.

### Table 11

**UNIVERSITY OF ALASKA**

**Summary of State Appropriations (1)**

**Fiscal Year Ending June 30**

(1) (in $000’s)

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Operating Bill (1)</td>
<td>$168,762.1</td>
<td>$174,773.3</td>
<td>$181,338.9</td>
<td>$197,929.2</td>
<td>$207,929.3</td>
</tr>
<tr>
<td>Supplementals (4)</td>
<td>642.4 (1)</td>
<td>3,393.2 (1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Separate/Special Legislation</td>
<td>200.8</td>
<td>200.8</td>
<td>7,311.2</td>
<td>3,169.7 (2)</td>
<td>3,206.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$169,605.3</td>
<td>$178,367.3</td>
<td>$190,649.9</td>
<td>$203,098.9</td>
<td>$211,135.7</td>
</tr>
<tr>
<td><strong>Capital:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Expenditures - New</td>
<td>$12,575.4</td>
<td>$3,450.0</td>
<td>$44,500.0</td>
<td>$13,000.0</td>
<td>$1,650.0</td>
</tr>
<tr>
<td>Revitalization, Facility Renewal, Deferred Maintenance</td>
<td>42,500.0</td>
<td>22,288.0</td>
<td>16,215.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Separate/Special Legislation</td>
<td></td>
<td></td>
<td>2,636.1</td>
<td>450.0</td>
<td>750.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$55,075.4</td>
<td>$3,450.0</td>
<td>$69,424.1</td>
<td>$29,665.5</td>
<td>$2,400.5</td>
</tr>
</tbody>
</table>

1) Except as noted, amounts represent original authorized amounts. Sources of State appropriations include the State General Fund, Mental Health Trust funds, Alaska Science and Technology Foundation (ASTF) funds, and Alaska Housing Finance Corporation funds. Appropriations exclude receipt authority for other sources such as the Bonds, federal grants and contracts that may be used for operating activity, purchase of capitalized equipment or capital construction. The General Operating Bill has been restated to exclude Mental Health Trust funds that are now shown in the Separate/Special Legislation category.

2) The University is currently evaluating whether to fully reserve or write-off $1.753 million of ASTF appropriations for fiscal 2002 which, due to reduced earnings in ASTF’s endowment fund, ASTF can no longer provide the University. The State has not provided any appropriations from ASTF for fiscal 2003.

3) Fiscal 2003 capital appropriations exclude $67.1 million that will be provided to the University if $230 million of State general obligation bonds are authorized by the voters in November, 2002.

4) Supplementals have been restated to correctly reflect the year for which funding was made available and amounts were actually expended to complete the supplemental efforts.

Source: University of Alaska.
GIFTS, FUND RAISING AND ENDOWMENTS

By Board of Regents policy, all unrestricted gifts to the University are received and invested by the Foundation (as defined hereafter). The University also directly solicits grants and contracts directly related to its mission without Foundation involvement. The University's private gift fund raising efforts are directed toward ongoing annual programs and toward the building of endowments.

THE UNIVERSITY OF ALASKA FOUNDATION

The University of Alaska Foundation (the “Foundation”) is a public nonprofit corporation established in 1974 to solicit, manage, and invest donations for the exclusive benefit of the University. The Foundation is a tax-exempt organization as described in Subsection 501(c)(3) of the Internal Revenue Code, and donations made to the Foundation are deductible according to schedules established under income and estate tax regulations.

The Foundation is legally separate and distinct from the University of Alaska and is governed by its own board of trustees. This thirty-one member board establishes the Foundation's investment policy for the endowments, manages donated property and oversees the distribution of the Foundation's assets to its sole beneficiary, the University system. No administrative fees are charged by the Foundation for funds under its care so every dollar of a gift to the Foundation is used as intended by the donor. Most scholarship, endowment and other privately established funds to benefit the University are under the care of the Foundation.

For the fiscal year ending June 30, 2001, the Foundation received $17.8 million in private support from individuals, corporations, and foundations for current purposes; an additional $16.6 million was received for endowment purposes. The Foundation, in turn, provided $4.86 million to the University in support of its various programs. As of June 30, 2001, the Foundation had endowments and other assets totaling approximately $104.2 million, an increase of $32.2 million from June 30, 2000. The substantial growth in donations/bequests and unrestricted Foundation assets is the result of four significant items:

A long time friend of the University passed on, leaving $19.0 million, $5.0 million of which was temporarily restricted and will be used towards the addition to the UA Museum.

The 1998 charter agreement between the State of Alaska and certain oil companies that provides that these oil companies will annually designate an amount based upon the value of the annual output extracted from their reserves for funding charitable organizations and causes within Alaska; 30% of that amount is to be given the Foundation without restrictions, and the balance to general community needs. In fiscal 2001, the Foundation recorded $6.4 million in unrestricted revenues from its share of donations made through this agreement, which included $2.4 million that was initially pledged, but not recorded, in fiscal 2000. The charter agreement will be in effect through January 15, 2008.

Several estates provided donations, a relatively new occurrence in this relatively new state.

Continuing success of the two-year $10.5 million capital campaign for the UA Museum.

All of these events have created a heightened awareness of giving in the Alaska community and, with the base level of donations that it expects to receive from the 1998 charter agreement, the University believes that annual donations and bequests may be sustainable in the $8 million to $10 million range.

The Foundation's financial statements are not consolidated with those of the University. In FY98, the Foundation established the Consolidated Fund to combine for investment purposes the University held endowment funds and the Foundation’s Pooled Endowment Fund. The Consolidated Fund is managed by the Foundation under agreement with the University, and each year a separate financial statement and audit is made of the Consolidated Fund.
<table>
<thead>
<tr>
<th>Revenues, gains and other support</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations and Bequests</td>
<td>$5,692,936</td>
<td>$6,673,176</td>
<td>$5,273,918</td>
<td>$12,878,129</td>
<td>$34,429,233</td>
</tr>
<tr>
<td>Investment income</td>
<td>1,499,096</td>
<td>1,738,442</td>
<td>1,858,905</td>
<td>2,202,246</td>
<td>3,195,183</td>
</tr>
<tr>
<td>Net realized and unrealized gains and losses</td>
<td>3,850,377</td>
<td>3,841,485</td>
<td>3,089,838</td>
<td>3,293,361</td>
<td>(1,331,851)</td>
</tr>
<tr>
<td>Other (includes transfers from the University)</td>
<td>502,244</td>
<td>342,237</td>
<td>199,610</td>
<td>460,222</td>
<td>128,410</td>
</tr>
<tr>
<td>Total</td>
<td>$11,544,653</td>
<td>$12,595,340</td>
<td>$10,422,271</td>
<td>$18,833,958</td>
<td>$36,420,975</td>
</tr>
<tr>
<td>Distributions to the University</td>
<td>$4,086,032</td>
<td>$4,570,816</td>
<td>$4,905,483</td>
<td>$4,547,696</td>
<td>$4,861,733</td>
</tr>
</tbody>
</table>

**Net Foundation Assets:**

- **Unrestricted**
  - 1997: $5,616,356
  - 1998: $10,038,262
  - 1999: $11,072,409
  - 2000: $13,559,390
  - 2001: $21,368,111
- **Temporarily restricted**
  - 1997: $22,853,418
  - 1998: $24,584,318
  - 1999: $28,340,609
  - 2000: $35,004,983
  - 2001: $42,200,804
- **Permanently restricted**
  - 1997: $14,377,766
  - 1998: $16,224,991
  - 1999: $16,336,020
  - 2000: $21,681,812
  - 2001: $38,545,838

**Total Net Assets**

- 1997: $42,847,540
- 1998: $50,847,571
- 1999: $55,749,038
- 2000: $70,246,185
- 2001: $102,114,753

Source: University of Alaska. Net Foundation Assets are based upon the current fair value of investments at fiscal year end.

As of April 30, 2002, total net assets of the Foundation were $100.6 million, and included $3.8 million of net realized and unrealized losses on its investments. Approximately $10.5 million of Foundation assets will be distributed to the University in fiscal 2006 for expansion of its museum in Fairbanks.

**ENDOWMENT FUNDS**

As of June 30, 2001, the University held financial and real estate endowment assets of $126.5 million separate from the Foundation. Of this amount $125.8 million represented Land Grant Trust funds held by the University. Prior to April 1997, the State Department of Revenue held the Land Grant Trust funds and distributed earnings quarterly. Effective July 1, 1997, those funds were transferred to the University, and the Board of Regents adopted a total return endowment management and investment policy, and by agreement with the University of Alaska Foundation, authorized the Foundation to manage the trust funds in accordance with that policy.

Among the assets of the Land Grant Trust funds are, as of June 30, 2002, 88,000 acres of approximately 110,000 acres originally gifted by Congress in 1915 and 1929 to the University which the territory and later the State managed on behalf of the University. No value or basis was assigned to these properties for financial statement purposes because the fair market value at the date of acquisition was not determinable.

In 1982 and 1988 the University entered into settlement agreements with the State that allowed the University to select other State lands including limited timber, agricultural, surface and subsurface rights with a market value of $21.0 million and $24.5 million, respectively. The $45.5 million settlement was in exchange for University lands which were disposed of or adversely affected during the period of administration by the territory and the State. As these real estate assets have been sold, real property has been reduced to a current balance (included in Table 13 with “Real Property and “Land Sale Contracts and Receivables”) of approximately $43.4 million including approximately $5.6 million in installment sales contracts receivable, as of June 30, 2001.

Funds derived from the net sales, leases, exchanges and transfers of the University's trust lands must be deposited for investment in the University’s land-grant endowment trust fund as provided by AS 14.40.400. Assets of the fund are invested...
and earnings of the fund are made available to the University for expenditure in accordance with principles established under AS 14.25.180, Board of Regents' policy and University regulations which provide: (1) that a portion of the annual earnings will be utilized to manage the University's lands, (2) that a portion of the annual earnings will be set aside in order to maintain the purchasing power of the endowment funds, and (3) a portion will be designated as a spending allowance to be transferred to the Natural Resources Fund for the purpose of funding programs in support of agriculture, fisheries, natural resource management, development and marketing, and natural resource management education, and other University programs. In fiscal year 2001, the Board of Regents approved changing the calculation of the Land-Grant Endowment spending allowance from a three-year to a five-year moving average of the “December 31 balance of investable resources.” The annual spending allowance is further limited to the unexpended accumulated earnings of the endowments as of the preceding December 31. To transition into the revised methodology, the spending allowance transfer effective June 30, 2001 was based on a four-year moving average.

Table 13

<table>
<thead>
<tr>
<th>UNIVERSITY OF ALASKA</th>
<th>Endowment Fund - Summary Financial Information</th>
<th>Fiscal Years Ending June 30</th>
<th>(in $000's)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Endowment Income</td>
<td>$ 5,030</td>
<td>$ 4,319</td>
<td>$ 4,325</td>
</tr>
<tr>
<td>Land Grant Trust Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketable Securities</td>
<td>$39,030</td>
<td>$ 53,543</td>
<td>$ 67,505</td>
</tr>
<tr>
<td>Land Sale Contracts &amp; Receivables</td>
<td>5,812</td>
<td>4,586</td>
<td>5,132</td>
</tr>
<tr>
<td>Real Property</td>
<td>41,142</td>
<td>40,532</td>
<td>40,041</td>
</tr>
<tr>
<td>Other</td>
<td>5,932</td>
<td>5,852</td>
<td>3,113</td>
</tr>
<tr>
<td>Total Land Grant Trust Net Assets</td>
<td>$91,916</td>
<td>$104,513</td>
<td>$115,791</td>
</tr>
<tr>
<td>Other Endowment Fund Net Assets</td>
<td>497</td>
<td>460</td>
<td>859</td>
</tr>
<tr>
<td>Total Endowment Net Assets</td>
<td>$92,413</td>
<td>$104,973</td>
<td>$116,650</td>
</tr>
</tbody>
</table>

Source: University of Alaska  For the nine months ending March 31, 2002, the total return on the portion of the Endowment Fund managed by the Foundation was a negative 1.9%

GRANTS AND CONTRACTS

Research programs at the University take advantage of the University's unique locations in the sub-Arctic of interior Alaska, with access to the Pacific Ocean, the Arctic Ocean, glaciers and permafrost areas.

Over 90% of the research activities at the University take place on the Fairbanks campus. Major recipients were the Geophysical Institute, the Institute of Marine Science, the Institute of Northern Engineering, the Agricultural and Forestry Experiment Station, the Institute of Arctic Biology, and the Development Program and Projects. Major contributors were the National Science Foundation, National Oceanic and Atmospheric Administration, the Department of Agriculture, the Department of Commerce, the Department of Energy and the Department of Defense.

In addition to research carried out in its academic departments, the University has a number of research centers that focus upon problems of the Arctic. These include the International Arctic Research Center that was established in 1999 with bi-lateral collaboration from a Japanese non-profit organization to conduct research on the Arctic and global climate change; the environmental impact of human activities; the development of renewable and non-renewable resources; energy sources and the cultural understanding and preservation of peoples of the North. Major new initiatives in the areas of health and the biological and biomedical sciences are underway with the support of the National Institute for Health’s programs such the Experimental Program for Stimulating Competitive Research (EPSCoR) and Center for Biomedical Research Excellence (COBRE).

The table below provides restricted grants and contracts for the past several fiscal years, identified by source.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Sources</td>
<td>$47,233</td>
<td>$53,476</td>
<td>$56,127</td>
<td>$66,464</td>
<td>$78,104</td>
</tr>
<tr>
<td>State of Alaska</td>
<td>9,636</td>
<td>8,963</td>
<td>10,993</td>
<td>10,233</td>
<td>10,713</td>
</tr>
<tr>
<td>Local Government</td>
<td>938</td>
<td>973</td>
<td>1,146</td>
<td>1,743</td>
<td>1,770</td>
</tr>
<tr>
<td>Private</td>
<td>20,595</td>
<td>26,393</td>
<td>28,958</td>
<td>26,798</td>
<td>35,844</td>
</tr>
<tr>
<td>Endowments</td>
<td>46</td>
<td>2</td>
<td>4</td>
<td>13</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Grants and Contracts</strong></td>
<td><strong>$78,448</strong></td>
<td><strong>$89,807</strong></td>
<td><strong>$97,228</strong></td>
<td><strong>$105,251</strong></td>
<td><strong>$126,433</strong></td>
</tr>
<tr>
<td>Less: Student Aid portion of Grants &amp; Contracts</td>
<td>(6,926)</td>
<td>(7,571)</td>
<td>(8,100)</td>
<td>(7,572)</td>
<td>(7,923)</td>
</tr>
<tr>
<td><strong>Total Non Student Aid Grants &amp; Contracts</strong></td>
<td><strong>$71,522</strong></td>
<td><strong>$82,236</strong></td>
<td><strong>$89,128</strong></td>
<td><strong>$97,679</strong></td>
<td><strong>$118,510</strong></td>
</tr>
</tbody>
</table>

Source: University of Alaska.
Table 15
UNIVERSITY OF ALASKA
Summary of Current Funds
Revenues, Expenditures and Transfers
(Restricted and Unrestricted)
(in $000)

FISCAL YEAR ENDING JUNE 30

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues and other additions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student fees</td>
<td>$48,276</td>
<td>$49,403</td>
<td>$48,676</td>
<td>$48,363</td>
<td>$50,440</td>
</tr>
<tr>
<td>Government appropriations</td>
<td>172,480</td>
<td>169,546</td>
<td>171,642</td>
<td>180,114</td>
<td>192,326</td>
</tr>
<tr>
<td>Donations and endowment income</td>
<td>5,028</td>
<td>4,328</td>
<td>4,336</td>
<td>4,576</td>
<td>5,933</td>
</tr>
<tr>
<td>Sponsored programs</td>
<td>77,453</td>
<td>91,719</td>
<td>98,803</td>
<td>107,950</td>
<td>128,465</td>
</tr>
<tr>
<td>Recovery of indirect costs</td>
<td>12,486</td>
<td>13,378</td>
<td>14,645</td>
<td>16,091</td>
<td>18,606</td>
</tr>
<tr>
<td>Sales and services of educational departments</td>
<td>4,884</td>
<td>4,985</td>
<td>4,445</td>
<td>4,393</td>
<td>3,798</td>
</tr>
<tr>
<td>Interest income</td>
<td>3,076</td>
<td>2,889</td>
<td>2,208</td>
<td>3,305</td>
<td>4,414</td>
</tr>
<tr>
<td>Other sources</td>
<td>12,678</td>
<td>10,277</td>
<td>10,771</td>
<td>13,129</td>
<td>12,976</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>22,080</td>
<td>23,876</td>
<td>28,356</td>
<td>29,561</td>
<td>31,078</td>
</tr>
<tr>
<td><strong>Total Revenues and Other Additions</strong></td>
<td>$358,441</td>
<td>$370,401</td>
<td>$383,882</td>
<td>$407,482</td>
<td>$448,036</td>
</tr>
<tr>
<td><strong>Expenditures and Transfers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>$99,923</td>
<td>$98,836</td>
<td>$101,539</td>
<td>$101,646</td>
<td>$115,418</td>
</tr>
<tr>
<td>Academic support</td>
<td>26,052</td>
<td>24,353</td>
<td>27,261</td>
<td>27,452</td>
<td>29,777</td>
</tr>
<tr>
<td>Research</td>
<td>62,654</td>
<td>68,680</td>
<td>74,367</td>
<td>80,698</td>
<td>93,777</td>
</tr>
<tr>
<td>Public service</td>
<td>18,466</td>
<td>18,853</td>
<td>18,494</td>
<td>18,683</td>
<td>19,697</td>
</tr>
<tr>
<td>Student service</td>
<td>23,258</td>
<td>24,374</td>
<td>23,363</td>
<td>24,116</td>
<td>26,432</td>
</tr>
<tr>
<td>Operation and maintenance</td>
<td>36,425</td>
<td>35,840</td>
<td>33,624</td>
<td>34,631</td>
<td>37,286</td>
</tr>
<tr>
<td>General administration and institutional support</td>
<td>46,373</td>
<td>45,347</td>
<td>43,853</td>
<td>45,978</td>
<td>54,553</td>
</tr>
<tr>
<td>Student aid</td>
<td>11,465</td>
<td>10,786</td>
<td>11,252</td>
<td>11,552</td>
<td>13,358</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>20,537</td>
<td>23,834</td>
<td>28,242</td>
<td>28,747</td>
<td>30,939</td>
</tr>
<tr>
<td>Recovery of indirect costs</td>
<td>12,441</td>
<td>13,338</td>
<td>14,580</td>
<td>15,859</td>
<td>18,546</td>
</tr>
<tr>
<td>State appropriations lapsed</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>14</td>
<td>--</td>
</tr>
<tr>
<td>Mandatory transfers</td>
<td>4,996</td>
<td>4,763</td>
<td>5,177</td>
<td>6,110</td>
<td>6,400</td>
</tr>
<tr>
<td><strong>Total Expenditures and Mandatory Transfers</strong></td>
<td>$362,590</td>
<td>$369,004</td>
<td>$381,752</td>
<td>$395,486</td>
<td>$446,183</td>
</tr>
<tr>
<td><strong>Revenues Over Expenditures and Mandatory Transfers</strong></td>
<td>$3,151</td>
<td>$1,397</td>
<td>$2,130</td>
<td>$11,996</td>
<td>$1,853</td>
</tr>
<tr>
<td><strong>Non-Mandatory Transfers</strong></td>
<td>(2,238)</td>
<td>(781)</td>
<td>(876)</td>
<td>(1,184)</td>
<td>(1,515)</td>
</tr>
<tr>
<td><strong>Net Increase (Decrease) for the Year</strong></td>
<td>(6,387)</td>
<td>616</td>
<td>1,254</td>
<td>10,812</td>
<td>338</td>
</tr>
<tr>
<td><strong>Fund Balance at Year End</strong></td>
<td>$32,295</td>
<td>$32,911</td>
<td>$34,165</td>
<td>$44,977</td>
<td>$45,315</td>
</tr>
</tbody>
</table>

Source: Audited Financial Statements. Some amounts in previous statements have been restated in later statements to reflect current practices.
### Table 16
UNIVERSITY OF ALASKA
Summary of Balance Sheet
All Funds
(in $000's)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$128,333</td>
<td>$144,305</td>
<td>$164,876</td>
<td>$148,048</td>
<td>$149,479</td>
</tr>
<tr>
<td>Assets in Trust</td>
<td>182,775</td>
<td>222,748</td>
<td>256,512</td>
<td>313,848</td>
<td>282,663</td>
</tr>
<tr>
<td>Accounts and notes receivable</td>
<td>45,604</td>
<td>43,302</td>
<td>39,344</td>
<td>45,173</td>
<td>54,198</td>
</tr>
<tr>
<td>State appropriations receivable</td>
<td>17,163</td>
<td>13,869</td>
<td>12,174</td>
<td>2,064</td>
<td>260</td>
</tr>
<tr>
<td>Inventories</td>
<td>7,450</td>
<td>8,028</td>
<td>7,478</td>
<td>7,412</td>
<td>7,014</td>
</tr>
<tr>
<td>Other assets</td>
<td>45,600</td>
<td>45,008</td>
<td>44,490</td>
<td>42,911</td>
<td>40,885</td>
</tr>
<tr>
<td>Investment in plant</td>
<td>829,583</td>
<td>879,488</td>
<td>915,264</td>
<td>925,983</td>
<td>965,967</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$1,256,508</td>
<td>$1,356,748</td>
<td>$1,440,138</td>
<td>$1,485,439</td>
<td>$1,500,466</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$45,130</td>
<td>$51,881</td>
<td>$47,111</td>
<td>$39,463</td>
<td>$45,446</td>
</tr>
<tr>
<td>Deposits held in custody for others</td>
<td>187,448</td>
<td>228,941</td>
<td>262,839</td>
<td>293,076</td>
<td>260,317</td>
</tr>
<tr>
<td>Advanced College Tuition Program</td>
<td>15,844</td>
<td>17,570</td>
<td>19,213</td>
<td>21,283</td>
<td>24,247</td>
</tr>
<tr>
<td>Accrued annual leave</td>
<td>7,213</td>
<td>5,911</td>
<td>5,925</td>
<td>6,486</td>
<td>7,075</td>
</tr>
<tr>
<td>Capital appropriation advances</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>3,290</td>
<td>6,678</td>
</tr>
<tr>
<td>State appropriations lapsed</td>
<td>4,950</td>
<td>--</td>
<td>--</td>
<td>14</td>
<td>--</td>
</tr>
<tr>
<td>Future Lease Obligations</td>
<td>6,422</td>
<td>15,218</td>
<td>18,536</td>
<td>17,581</td>
<td>16,333</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>33,755</td>
<td>66,968</td>
<td>72,056</td>
<td>71,333</td>
<td>71,380</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$300,762</td>
<td>$386,489</td>
<td>$425,680</td>
<td>$452,526</td>
<td>$431,476</td>
</tr>
<tr>
<td><strong>Fund Balances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>$26,315</td>
<td>$39,231</td>
<td>$34,990</td>
<td>$42,132</td>
<td>$49,394</td>
</tr>
<tr>
<td>Retirement of indebtedness</td>
<td>--</td>
<td>--</td>
<td>511</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Renewals and replacements</td>
<td>431</td>
<td>785</td>
<td>1,275</td>
<td>1,328</td>
<td>1,530</td>
</tr>
<tr>
<td>Undesignated</td>
<td>6,095</td>
<td>9,066</td>
<td>10,572</td>
<td>14,446</td>
<td>7,907</td>
</tr>
<tr>
<td><strong>Restricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants refundable</td>
<td>1,731</td>
<td>2,062</td>
<td>2,028</td>
<td>2,292</td>
<td>2,467</td>
</tr>
<tr>
<td>Federal loan programs</td>
<td>714</td>
<td>721</td>
<td>721</td>
<td>728</td>
<td>727</td>
</tr>
<tr>
<td>Established by donors</td>
<td>92,526</td>
<td>91,848</td>
<td>103,416</td>
<td>113,663</td>
<td>113,251</td>
</tr>
<tr>
<td>Alaska College Savings Program</td>
<td>5,796</td>
<td>6,742</td>
<td>5,263</td>
<td>5,188</td>
<td>5,263</td>
</tr>
<tr>
<td>Unexpended plant</td>
<td>32,740</td>
<td>24,134</td>
<td>24,397</td>
<td>8,966</td>
<td>5,188</td>
</tr>
<tr>
<td>Retirement of indebtedness</td>
<td>3,044</td>
<td>2,423</td>
<td>3,454</td>
<td>2,981</td>
<td>2,509</td>
</tr>
<tr>
<td>Net investment in plant</td>
<td>792,150</td>
<td>799,989</td>
<td>827,298</td>
<td>839,635</td>
<td>880,754</td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td>$955,746</td>
<td>$970,259</td>
<td>$1,014,458</td>
<td>$1,032,913</td>
<td>$1,068,990</td>
</tr>
<tr>
<td><strong>Total Liabilities and Fund Balances</strong></td>
<td>$1,256,508</td>
<td>$1,356,748</td>
<td>$1,440,138</td>
<td>$1,485,439</td>
<td>$1,500,466</td>
</tr>
</tbody>
</table>

Source: Audited Financial Statements. Some amounts in previous statements have been restated in later statements to reflect current practices.
CERTAIN LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and the exclusion from gross income for federal income tax purposes of interest on the Bonds are subject to the approving legal opinion of Wohlfirth, Vassar, Johnson & Brecht, Anchorage, Alaska, Bond Counsel to the University, which is expected to be delivered at the delivery of the Bonds. (See "TAX EXEMPTION" below and the form of opinion of Bond Counsel attached hereto as Appendix C.)

TAX EXEMPTION

In the opinion of Bond Counsel, based on an analysis of existing laws, regulations, rulings and court decisions and assuming, among other things, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes.

Bond Counsel is also of the opinion based on existing laws of the State as enacted and construed that interest on the Bonds is excluded from taxation by the State except for transfer, estate and inheritance taxes.

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 University has covenanted to comply with certain restrictions designed to assure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in federal gross income, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes 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) after the date of issuance of the Bonds may adversely affect the tax status of interest on the Bonds.

Although Bond Counsel will render an 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 interest on, such Bonds may otherwise affect an owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner’s particular tax status and the owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

TAX TREATMENT OF ORIGINAL ISSUE DISCOUNT

The Bonds maturing on October 1, 2010, 2011, 2014 through and including 2022, and 2028 are offered at a discount (“original issue discount”) equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of the Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder’s tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders should consult their tax advisers for an explanation of the accrual rules.

ABSENCE OF LITIGATION

At the time of the original delivery of the Bonds, the University will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceeding is pending, or, to the knowledge of the appropriate University Officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the legislation authorizing the issuance of the Bonds, or the collection of revenues and fees for the payment of the debt service on the Bonds or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.
The University has retained Kaplan Financial Consulting, Inc. as financial advisor in connection with the preparation of this Official Statement and with respect to the issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Kaplan Financial Consulting, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

**RATINGS**

Moody's Investors Service and Standard and Poor's, a Division of The McGraw Hill Companies, Inc. will assign their municipal bond ratings of “Aaa” and “AAA” respectively. These ratings are conditioned upon the delivery by Financial Guaranty Insurance Company of its standard form of Municipal Bond New Issue Insurance Policy. Prior to the public sale of the Bonds, Moody’s Investors Service and Standard and Poor’s had assigned their municipal bond ratings of "A1" and "AA-" respectively to the Bonds. Such ratings reflect only the respective views of the rating organizations and an explanation of the significance of the ratings may be obtained from the rating agencies as follows: Moody’s Investors Service, Inc., 99 Church Street, New York, New York 10007, (212) 553-0030; Standard & Poor’s, a Division of The McGraw-Hill Companies, 25 Broadway, New York, New York 10004, (212) 208-8000.

There is no assurance that such ratings will be maintained for any given period of time or that one or both ratings may not be changed, suspended or withdrawn entirely by the Rating Agencies, if in their or its judgment, circumstances warrant. Ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of information. Any such change in or suspension of or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

**VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Grant Thornton, LLP, independent certified public accountants, will verify the mathematical accuracy of certain computations regarding (a) the adequacy of the maturing principal amounts of and interest on the Escrow Obligations, together with an initial cash deposit, to pay the redemption price of and interest on the Prior Debt and (b) the actuarial yields on the Bonds and the Escrow Obligations. Such verifications will be relied upon by Bond Counsel to support their conclusion that the Bonds are not “arbitrage bonds” under Section 148 of the Code. Grant Thornton LLP will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Bonds.

**FINANCIAL STATEMENTS**

The financial statements of the University for the fiscal year ended June 30, 2001, were examined by KPMG LLP, independent certified public accountants, whose report thereon appears therein in Appendix A. The auditors were not requested to review this Official Statement.

**UNDERWRITING**

The University offered the Bonds at public sale on July 16, 2002. Morgan Stanley DW Inc. (the “Underwriter”) submitted the best qualifying bid at the sale of the Bonds. The University awarded the contract for sale of the Bonds to the Underwriter at a price of $32,855,445.98 (which consists of the principal amount of the Bonds, less original issue discount of $354,317.10, less an underwriting discount of $305,236.92), plus accrued interest. The Underwriter has represented to the University that the Bonds have been subsequently re-offered to the public initially at the yield or price set forth on the cover of this Official Statement.

**CONTINUING DISCLOSURE**
Pursuant to Securities and Exchange Commission Rule 15c2-12, under the Securities and Exchange Act of 1934, as the same may be amended from time to time (the “Rule”), the University will execute and deliver a Continuing Disclosure Certificate substantially in the form attached hereto as Appendix D for the benefit of the beneficial owners of the Bonds. The University is in compliance with its prior written undertakings under the Rule.

MISCELLANEOUS

The foregoing summaries, descriptions and references do not purport to be comprehensive or definitive, and such summaries, descriptions and references are qualified in their entirety by reference to each statute, document, exhibit or other materials summarized or described. The instruments and other materials referred to in this Official Statement may be examined, or copies thereof will be furnished in reasonable amounts, upon written request to the Statewide Finance Office of the University of Alaska, 910 Yukon Drive, Suite 207, P.O. Box 755120 Fairbanks, Alaska 99775-5120.

Statements made in this Official Statement involving matters of opinion, forecasts or estimates, whether or not expressly so stated, are intended as such and not as representations of fact.

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

EXECUTION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been authorized by the University. This Official Statement is not to be construed as a contract or agreement between the University and the purchasers or holders of the Bonds.

UNIVERSITY OF ALASKA

By /s/ Joseph M. Beedle

Vice President for Finance
APPENDIX B

SUMMARY OF CERTAIN PROVISIONS
OF THE INDENTURE
The Eighth Supplemental Indenture contains the following definitions:

"Investment Securities" means any of the following:

(1) direct general obligations of the United States of America and obligations (including obligations of any federal agency or corporation) the payment of the principal and interest on which, by act of the Congress of the United States or in the opinion of the Attorney General of the United States in office at the time such obligations were issued, are unconditionally guaranteed by the full faith and credit of the United States of America, or so long as at the time of their purchase such investments will not adversely affect the then-current ratings, if any, assigned to the Bonds by each Rating Agency, any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this subparagraph (1);

(2) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which at the time of their purchase under this Eighth Supplemental Indenture are rated in one of the two highest rating categories of each Rating Agency;

(3) bonds, debentures, participation certificates (representing a timely guaranty of principal and interest), notes or similar evidences of indebtedness of any of the following: Financing Corporation, Federal Home Loan Bank System, Federal Farm Credit Bank, Fannie Mae (excluding "stripped" securities), Federal Home Loan Mortgage Corporation, Resolution Funding Corporation, Government National Mortgage Association or Student Loan Marketing Association;

(4) public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America; provided, however, that any investment purchased pursuant to this subparagraph (d) shall be rated in one of the two highest rating categories of each Rating Agency;

(5) prime commercial paper of a corporation incorporated under the laws of any state of the United States of America, having at the time of their purchase under this Eighth Supplemental Indenture a rating in one of the two highest rating categories from each Rating Agency;

(6) interest-bearing time deposits, certificates of deposit or other similar banking arrangements with banks (which may include any Fiduciary), provided that such deposits are made with banks rated in one of the two highest rating categories by each Rating Agency at the time the deposit is made;

(7) shares of a diversified open-end management investment company as defined in the Investment Company Act of 1940, which is a money market fund, which are rated (which rating shall, in the case of S&P, have a subscript of "m" or "m-G") at the time of their purchase by each Rating Agency no lower than the two highest rating categories assigned to the Bonds by the Rating Agency;

(8) shares of a diversified open-end management investment company as defined in the Investment Company Act of 1940, which is a mutual fund that invests in the Investment Securities described in subparagraphs (a), (b) and (c) above, provided that such fund shall have at the time of investment in such fund at least one of the highest ratings available from each Rating Agency.

(9) repurchase agreements for obligations of the type specified in subparagraphs (a) and (c) above, provided that either (a) the repurchase agreement is an unconditional obligation of the counterparty and such counterparty (or an affiliated guarantor) is rated at the time of its purchase by each Rating Agency no lower than the rating assigned to the Bonds by such Rating Agency, or (b) the repurchase agreement is an obligation of a counterparty that is rated at the time of its purchase by each Rating Agency in an investment grade category and is collateralized by obligations which (i) are marked to market at intervals, (ii) have a value equal to not less than the percentage of the amount thereby secured, and (iii) have such additional legal requirements specified by each Rating Agency, taking into account the maturity of such obligations;
(10) any investment agreement with a bank, bank holding company, insurance company or other financial institution rated at the time such investment is made by each Rating Agency no lower than one of the two highest rating categories from each Rating Agency or guaranteed by an entity rated by each Rating Agency no lower than the two highest categories of rating assigned from each Rating Agency rating such Bonds; and

(11) any other investment securities of Rating Quality.

“Rating Quality” means, with respect to the Bonds and in the determination of the University, having terms, conditions and/or a credit quality such that the item stated to be of "Rating Quality" will not impair the ability of the University to obtain the ratings received with respect to the Bonds and will not cause any such rating agency to lower or withdraw the rating it has assigned to the Bonds.
APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE
APPENDIX E

BOND INSURANCE
Bond Insurance

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company (“Financial Guaranty”) will issue its Municipal Bond New Issue Insurance Policy (the “Policy”) for the Bonds described in the Policy (as used under the heading, the “Bonds”). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the Bonds (the “Issuer”). Financial Guaranty will make such payments to State Street Bank and Trust Company, N.A., or its successor as its agent (the “Fiscal Agent”), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Bonds or the Trustee of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal, or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in Financial Guaranty. The term “nonpayment” in respect of a Bond includes any payment of principal or interest (as applicable) made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Policy covers failure to pay principal of the Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its insurance of an issue of municipal securities, Financial Guaranty requires, among other things, (i) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without Financial Guaranty's consent, in each case so long as Financial Guaranty has not failed to comply with its payment obligations under its insurance policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the Bonds are set forth in the description of the principal legal documents appearing elsewhere in this Official Statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the Issuer is required to provide additional or substitute credit enhancement, and related matters.

This Official Statement contains a section “Ratings” and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the “Corporation”), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation (“GE Capital”). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of March 31, 2002, the total capital and surplus of Financial Guaranty was approximately $1.03 billion. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 125 Park Avenue, New York, New York 10017, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).