

University of Alaska
General Revenue Bonds, 2009 Series P

Sources and Uses of Funds

	Refunding of		Series P
	<u>Series H</u>	<u>Series J</u>	<u>Total</u>
Sources of Funds			
Bond Principal	\$ 8,865,000	\$ 6,000,000	\$ 14,865,000
Release from Reserve Fund	28,869	29,625	58,494
Total	<u>\$ 8,893,869</u>	<u>\$ 6,029,625</u>	<u>\$ 14,923,494</u>

Uses of Funds

Redemption of Series J Bonds	\$ 8,781,919.83	\$ 5,951,226.17	\$ 14,733,146.00
Costs of Issuance	49,473.44	33,526.56	83,000.00
Underwriting Discount	62,055	42,000.00	104,055.00
Rounding	420.73	2,872.27	3,293.00
Total	<u>\$ 8,893,869.00</u>	<u>\$ 6,029,625.00</u>	<u>\$ 14,923,494.00</u>

Savings Summary

Total	\$ 925,027	\$ 569,532	\$ 1,494,559
Average annual	61,668	63,281	124,950
Fiscal 2010	129,552	104,291	233,843
Present value	737,323	479,556	1,216,879
Present value as a % of bonds	8.3%	8.0%	8.2%

Dated Date	12/16/2009
Delivery Date	12/16/2009
Bond Yield	3.04825%
Redemption date	1/15/2010
Underwriting Discount	0.7%
Bond Ins. (% of total debt serv)	0.0%

Estimated Costs of Issuance

Bond Counsel	\$ 20,000
Financial Advisor	20,000
Trustee	5,000
Moody's	20,750
S&P	13,000
MuniAuction	2,750
Official Statement	1,500
	<u>\$ 83,000</u>

University of Alaska
General Revenue Bonds, 2009 Series P
Reoffering Yields and Pricing

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Reoffering Yield</u>	<u>Reoffering Price</u>	<u>Proceeds</u>
10/1/10	\$ 1,255,000	0.80%	0.80%	\$ 100.000	\$ 1,255,000.00
10/1/11	1,255,000	1.15%	1.15%	100.000	1,255,000.00
10/1/12	1,280,000	1.45%	1.45%	100.000	1,280,000.00
10/1/13	1,300,000	1.84%	1.84%	100.000	1,300,000.00
10/1/14	1,325,000	2.30%	2.30%	100.000	1,325,000.00
10/1/15	1,360,000	2.68%	2.68%	100.000	1,360,000.00
10/1/16	1,400,000	2.93%	2.93%	100.000	1,400,000.00
10/1/17	1,440,000	3.14%	3.14%	100.000	1,440,000.00
10/1/18	645,000	3.30%	3.30%	100.000	645,000.00
10/1/19	670,000	3.40%	3.40%	100.000	670,000.00
10/1/20	695,000	3.50%	3.50%	100.000	695,000.00
10/1/21	720,000	3.70%	3.70%	100.000	720,000.00
10/1/22	745,000	3.80%	3.80%	100.000	745,000.00
10/1/23	775,000	3.95%	3.95%	100.000	775,000.00
<u>\$ 14,865,000</u>					<u>\$ 14,865,000.00</u>

less: underwriting discount (104,055.00)
less: bond insurance premium -

Purchase Price \$ 14,760,945.00

Market Comps

<u>Competitive</u>		<u>Competitive</u>
10/19/2009	10/19/2009	11/2/2009
Des Plaines, IL	N. Aurora	Olympia, WA
<u>G.O. Aa3/AA, BQ</u>	<u>G.O. AA-, BQ</u>	<u>G.O. AA, BQ</u>
2010	1.00%	1.15%
2011		1.55%
2012	1.50%	1.95%
2013	1.90%	2.35%
2014	2.34%	2.75%
2015	2.70%	3.00%
2016	2.95%	3.25%
2017	3.20%	3.40%
2018	3.35%	3.50%
2019		
2020		3.50%
2021		3.70%
2022		3.80%
2023		
2024		3.95%
2025		

University of Alaska
General Revenue Bonds, 2009 Series P
Fiscal Year Debt Service Requirements

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal Yr. Total</u>	<u>Fiscal Year</u>
12/16/09						
4/1/10			\$ 109,102.00	\$ 109,102.00	\$ 109,102	2010
10/1/10	1,255,000	0.80%	187,032.00	1,442,032.00		
4/1/11			182,012.00	182,012.00	1,624,044	2011
10/1/11	1,255,000	1.15%	182,012.00	1,437,012.00		
4/1/12			174,795.75	174,795.75	1,611,808	2012
10/1/12	1,280,000	1.45%	174,795.75	1,454,795.75		
4/1/13			165,515.75	165,515.75	1,620,312	2013
10/1/13	1,300,000	1.84%	165,515.75	1,465,515.75		
4/1/14			153,555.75	153,555.75	1,619,072	2014
10/1/14	1,325,000	2.30%	153,555.75	1,478,555.75		
4/1/15			138,318.25	138,318.25	1,616,874	2015
10/1/15	1,360,000	2.68%	138,318.25	1,498,318.25		
4/1/16			120,094.25	120,094.25	1,618,413	2016
10/1/16	1,400,000	2.93%	120,094.25	1,520,094.25		
4/1/17			99,584.25	99,584.25	1,619,679	2017
10/1/17	1,440,000	3.14%	99,584.25	1,539,584.25		
4/1/18			76,976.25	76,976.25	1,616,561	2018
10/1/18	645,000	3.30%	76,976.25	721,976.25		
4/1/19			66,333.75	66,333.75	788,310	2019
10/1/19	670,000	3.40%	66,333.75	736,333.75		
4/1/20			54,943.75	54,943.75	791,278	2020
10/1/20	695,000	3.50%	54,943.75	749,943.75		
4/1/21			42,781.25	42,781.25	792,725	2021
10/1/21	720,000	3.70%	42,781.25	762,781.25		
4/1/22			29,461.25	29,461.25	792,243	2022
10/1/22	745,000	3.80%	29,461.25	774,461.25		
4/1/23			15,306.25	15,306.25	789,768	2023
10/1/23	775,000	3.95%	15,306.25	790,306.25	790,306	2024
	<u>\$ 14,865,000</u>		<u>\$ 2,935,491.00</u>	<u>\$ 17,800,491.00</u>	<u>\$ 17,800,491</u>	

University of Alaska
General Revenue Bonds, 2009 Series P

Total University Debt Service and Reserve Fund Requirement

Fiscal Year	Outstanding Revenue Bonds	2009 Series P			Total General Revenue Bond Debt Service	Other Indebtedness (1)	Total
		Principal	Interest	Total			
2010	\$ 8,993,873	\$ -	\$ 109,102	\$ 109,102	\$ 9,102,975		\$ 9,102,975
2011	7,603,304	1,255,000	369,044	1,624,044	9,227,348		9,227,348
2012	7,611,304	1,255,000	356,808	1,611,808	9,223,112		9,223,112
2013	7,606,007	1,280,000	340,312	1,620,312	9,226,318		9,226,318
2014	7,230,286	1,300,000	319,072	1,619,072	8,849,358		8,849,358
2015	7,092,382	1,325,000	291,874	1,616,874	8,709,256		8,709,256
2016	7,205,135	1,360,000	258,413	1,618,413	8,823,548		8,823,548
2017	7,155,009	1,400,000	219,679	1,619,679	8,774,687		8,774,687
2018	7,154,535	1,440,000	176,561	1,616,561	8,771,096		8,771,096
2019	6,671,168	645,000	143,310	788,310	7,459,478		7,459,478
2020	6,669,624	670,000	121,278	791,278	7,460,901		7,460,901
2021	6,685,891	695,000	97,725	792,725	7,478,616		7,478,616
2022	6,509,114	720,000	72,243	792,243	7,301,357		7,301,357
2023	6,299,829	745,000	44,768	789,768	7,089,596		7,089,596
2024	5,145,846	775,000	15,306	790,306	5,936,153		5,936,153
2025	5,029,054				5,029,054		5,029,054
2026	4,788,279				4,788,279		4,788,279
2027	4,787,971				4,787,971		4,787,971
2028	4,788,620				4,788,620		4,788,620
2029	2,989,129				2,989,129		2,989,129
2030	1,780,474				1,780,474		1,780,474
2031	1,781,450				1,781,450		1,781,450
2032	1,139,633				1,139,633		1,139,633
2033	1,140,613				1,140,613		1,140,613
2034	1,144,481				1,144,481		1,144,481
2035	299,575				299,575		299,575
2036	301,638				301,638		301,638
	<u>\$ 135,604,222</u>	<u>\$ 14,865,000</u>	<u>\$ 2,935,491</u>	<u>\$ 17,800,491</u>	<u>\$ 153,404,713</u>	<u>\$ -</u>	<u>\$ 153,404,713</u>

Maximum Annual Debt Service	\$ 9,227,348
	50%
Requirement	<u>\$ 4,613,674.00</u>
Cash and investments	\$ 4,672,168
	-
Release from Reserve Account	(58,493.50)
Total Reserve Fund Assets	<u>\$ 4,613,674.00</u>

University of Alaska
General Revenue Bonds, 2009 Series P

Refunding of 1998 Series H Bonds

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal</u> <u>Yr. Total</u>	<u>Debt Service</u> <u>on Refunded</u> <u>1998 Series H</u>	<u>Savings</u>	<u>Fiscal</u> <u>Year</u>
12/16/09	-							
4/1/10			\$ 72,809.04	\$ 72,809.04	\$ 72,809	\$ 202,361	\$ 129,552	2010
10/1/10	545,000	0.80%	124,815.50	669,815.50				
4/1/11			122,635.50	122,635.50	792,451	849,826	57,375	2011
10/1/11	545,000	1.15%	122,635.50	667,635.50				
4/1/12			119,501.75	119,501.75	787,137	849,599	62,462	2012
10/1/12	560,000	1.45%	119,501.75	679,501.75				
4/1/13			115,441.75	115,441.75	794,944	848,501	53,558	2013
10/1/13	565,000	1.84%	115,441.75	680,441.75				
4/1/14			110,243.75	110,243.75	790,686	846,276	55,591	2014
10/1/14	575,000	2.30%	110,243.75	685,243.75				
4/1/15			103,631.25	103,631.25	788,875	847,668	58,793	2015
10/1/15	590,000	2.68%	103,631.25	693,631.25				
4/1/16			95,725.25	95,725.25	789,357	847,664	58,307	2016
10/1/16	610,000	2.93%	95,725.25	705,725.25				
4/1/17			86,788.75	86,788.75	792,514	846,093	53,579	2017
10/1/17	625,000	3.14%	86,788.75	711,788.75				
4/1/18			76,976.25	76,976.25	788,765	847,805	59,040	2018
10/1/18	645,000	3.30%	76,976.25	721,976.25				
4/1/19			66,333.75	66,333.75	788,310	847,798	59,488	2019
10/1/19	670,000	3.40%	66,333.75	736,333.75				
4/1/20			54,943.75	54,943.75	791,278	845,870	54,593	2020
10/1/20	695,000	3.50%	54,943.75	749,943.75				
4/1/21			42,781.25	42,781.25	792,725	847,041	54,316	2021
10/1/21	720,000	3.70%	42,781.25	762,781.25				
4/1/22			29,461.25	29,461.25	792,243	846,515	54,273	2022
10/1/22	745,000	3.80%	29,461.25	774,461.25				
4/1/23			15,306.25	15,306.25	789,768	849,170	59,403	2023
10/1/23	775,000	3.95%	15,306.25	790,306.25	790,306	845,006	54,700	2024
	<u>\$ 8,865,000</u>		<u>\$ 2,277,165.54</u>	<u>\$ 11,142,165.54</u>	<u>\$ 11,142,166</u>	<u>\$ 12,067,193</u>	<u>\$ 925,027</u>	

Present value of savings at bond yield \$ 737,323
As a percent of refunding bonds 8.3%

University of Alaska
General Revenue Bonds, 1998 Series H -- Refunded Maturities
and Redemption Requirements

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal Yr. Total</u>	<u>Fiscal Year</u>
10/1/09				-		
4/1/10			\$ 202,361	\$ 202,361	\$ 202,361	2010
10/1/10	455,000	4.35%	202,361	657,361		
4/1/11			192,465	192,465	849,826	2011
10/1/11	475,000	4.35%	192,465	667,465		
4/1/12			182,134	182,134	849,599	2012
10/1/12	495,000	4.35%	182,134	677,134		
4/1/13			171,368	171,368	848,501	2013
10/1/13	515,000	4.45%	171,368	686,368		
4/1/14			159,909	159,909	846,276	2014
10/1/14	540,000	4.50%	159,909	699,909		
4/1/15			147,759	147,759	847,668	2015
10/1/15	565,000	4.55%	147,759	712,759		
4/1/16			134,905	134,905	847,664	2016
10/1/16	590,000	4.65%	134,905	724,905		
4/1/17			121,188	121,188	846,093	2017
10/1/17	620,000	4.70%	121,188	741,188		
4/1/18			106,618	106,618	847,805	2018
10/1/18	650,000	4.75%	106,618	756,618		
4/1/19			91,180	91,180	847,798	2019
10/1/19	680,000	4.85%	91,180	771,180		
4/1/20			74,690	74,690	845,870	2020
10/1/20	715,000	4.85%	74,690	789,690		
4/1/21			57,351	57,351	847,041	2021
10/1/21	750,000	4.85%	57,351	807,351		
4/1/22			39,164	39,164	846,515	2022
10/1/22	790,000	4.85%	39,164	829,164		
4/1/23			20,006	20,006	849,170	2023
10/1/23	825,000	4.85%	20,006	845,006	845,006	2024
<u>\$ 8,665,000</u>			<u>\$ 3,402,193</u>	<u>\$ 12,067,193</u>	<u>\$ 12,067,193</u>	

Redemption Requirements

Par	\$ 8,665,000
Accrued interest to redemption date 1/15/2010	116,919.83
Total	<u>\$ 8,781,919.83</u>

University of Alaska
General Revenue Bonds, 2009 Series P

Refunding of 1999 Series J Bonds

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal</u> <u>Yr. Total</u>	<u>Refunded</u> <u>1999</u> <u>Series J</u>	<u>Savings</u>	<u>Fiscal</u> <u>Year</u>
4/1/10			\$ 36,292.96	\$ 36,292.96	36,293	140,584	104,291	2010
10/1/10	710,000	0.80%	62,216.50	772,216.50				
4/1/11			59,376.50	59,376.50	831,593	887,218	55,625	2011
10/1/11	710,000	1.15%	59,376.50	769,376.50				
4/1/12			55,294.00	55,294.00	824,671	883,433	58,762	2012
10/1/12	720,000	1.45%	55,294.00	775,294.00				
4/1/13			50,074.00	50,074.00	825,368	887,618	62,250	2013
10/1/13	735,000	1.84%	50,074.00	785,074.00				
4/1/14			43,312.00	43,312.00	828,386	884,775	56,389	2014
10/1/14	750,000	2.30%	43,312.00	793,312.00				
4/1/15			34,687.00	34,687.00	827,999	885,219	57,220	2015
10/1/15	770,000	2.68%	34,687.00	804,687.00				
4/1/16			24,369.00	24,369.00	829,056	883,513	54,457	2016
10/1/16	790,000	2.93%	24,369.00	814,369.00				
4/1/17			12,795.50	12,795.50	827,165	888,875	61,711	2017
10/1/17	815,000	3.14%	12,795.50	827,795.50	827,796	886,625	58,830	2018
<u>\$ 6,000,000</u>			<u>\$ 658,325.46</u>	<u>\$ 6,658,325.46</u>	<u>\$ 6,658,325</u>	<u>\$ 7,227,858</u>	<u>\$ 569,532</u>	

Present value of savings
As a percent of refunding bonds **\$ 479,556**
8.0%

General Revenue Bonds, 1999 Series J -- Refunded Maturities and Redemption Requirements

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal</u> <u>Yr. Total</u>	<u>Fiscal</u> <u>Year</u>
10/1/09						
4/1/10			\$ 140,584	\$ 140,584	\$ 140,584	2010
10/1/10	620,000	4.50%	140,584	760,584		
4/1/11			126,634	126,634	887,218	2011
10/1/11	645,000	4.60%	126,634	771,634		
4/1/12			111,799	111,799	883,433	2012
10/1/12	680,000	4.70%	111,799	791,799		
4/1/13			95,819	95,819	887,618	2013
10/1/13	710,000	4.75%	95,819	805,819		
4/1/14	-		78,956	78,956	884,775	2014
10/1/14	745,000	4.75%	78,956	823,956		
4/1/15	-		61,263	61,263	885,219	2015
10/1/15	780,000	4.875%	61,263	841,263		
4/1/16			42,250	42,250	883,513	2016
10/1/16	825,000	5.00%	42,250	867,250		
4/1/17			21,625	21,625	888,875	2017
10/1/17	865,000	5.00%	21,625	886,625	886,625	2018
<u>\$ 5,870,000</u>			<u>\$ 1,357,858</u>	<u>\$ 7,227,858</u>	<u>\$ 7,227,858</u>	

Redemption Requirements

Par	\$ 5,870,000
Accrued interest to redemption date	81,226.17
1/15/2010	
Total	\$ 5,951,226.17

University of Alaska
General Revenue Bonds, 2009 Series P

Allocation of Series P by Projects; Savings by Project

Fairbanks Student Center							Anchorage Campus -- Tudor Center						Fiscal Year
Date	Principal	Interest	Total	Fiscal Yr. Total	Refunded Series J	Savings(1)	Principal	Interest	Total	Fiscal Yr. Total	Refunded Series J	Savings	
4/1/10		\$ 21,103	\$ 21,103	\$ 21,103	\$ 81,883	\$ 60,780		\$ 15,190	\$ 15,190	\$ 15,190	\$ 58,701	\$ 43,511	2010
10/1/10	413,000	36,176	449,176				297,000	26,040	323,040				
4/1/11		34,524	34,524	483,701	516,643	32,942		24,852	24,852	347,893	370,575	22,683	2011
10/1/11	413,000	34,524	447,524				297,000	24,852	321,852				
4/1/12		32,150	32,150	479,674	514,872	35,198		23,145	23,145	344,997	368,561	23,564	2012
10/1/12	419,000	32,150	451,150				301,000	23,145	324,145				
4/1/13		29,112	29,112	480,261	517,895	37,633		20,962	20,962	345,107	369,723	24,616	2013
10/1/13	427,000	29,112	456,112				308,000	20,962	328,962				
4/1/14		25,183	25,183	481,295	514,756	33,461		18,129	18,129	347,091	370,019	22,928	2014
10/1/14	436,000	25,183	461,183				314,000	18,129	332,129				
4/1/15		20,169	20,169	481,353	515,640	34,287		14,518	14,518	346,646	369,579	22,932	2015
10/1/15	448,000	20,169	468,169				322,000	14,518	336,518				
4/1/16		14,166	14,166	482,336	514,266	31,931		10,203	10,203	346,721	369,246	22,526	2016
10/1/16	459,000	14,166	473,166				331,000	10,203	341,203				
4/1/17		7,442	7,442	480,608	518,175	37,567		5,354	5,354	346,557	370,700	24,143	2017
10/1/17	474,000	7,442	481,442	481,442	515,575	34,133	341,000	5,354	346,354	346,354	371,050	24,696	2018
	<u>\$ 3,489,000</u>	<u>\$ 382,771</u>	<u>\$ 3,871,771</u>	<u>\$ 3,871,771</u>	<u>\$ 4,209,704</u>	<u>\$ 337,933</u>	<u>\$ 2,511,000</u>	<u>\$ 275,554</u>	<u>\$ 2,786,554</u>	<u>\$ 2,786,554</u>	<u>\$ 3,018,154</u>	<u>\$ 231,599</u>	

Series J Bonds

For Fairbanks Student Center
For Anchorage Campus Tudor Center

\$ 3,419,000
2,451,000
58.20%

Total Outstanding Series J

\$ 5,870,000

THIRTEENTH SUPPLEMENTAL INDENTURE

by and between

UNIVERSITY OF ALASKA

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee**

Dated as of December 1, 2009

\$ _____
UNIVERSITY OF ALASKA
GENERAL REVENUE REFUNDING BONDS, 2009 SERIES P

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SUPPLEMENTAL INDENTURE

THIS THIRTEENTH SUPPLEMENTAL INDENTURE (the "Supplemental Indenture"), dated as of December 1, 2009, between the UNIVERSITY OF ALASKA (the "University"), a public corporation and governmental instrumentality of the State of Alaska, created and existing under Section 2 of Article VII of the Alaska Constitution and Chapter 40 of Title 14 of the Alaska Statutes, and The Bank of New York Mellon Trust Company, N.A., a national banking association (the "Trustee").

WITNESSETH:

WHEREAS, the University and the predecessor to the Trustee entered into a Trust Indenture dated as of June 1, 1992, as amended (the "Indenture") to secure the University's General Revenue Bonds (the "Bonds"); and

WHEREAS, under the terms of the Indenture, the University and the Trustee may enter into a supplemental indenture from time to time to authorize the issuance of one or more Series of Bonds; and

WHEREAS, it is the purpose of this Thirteenth Supplemental Indenture to authorize the issuance of the University's General Revenue Refunding Bonds, 2009 Series P, in the principal amount of \$_____ (the "2009 Bonds"); and

WHEREAS, the University has issued \$13,390,000 General Revenue Bonds, 1992 Series A and B under its First Supplemental Indenture dated June 1, 1992; \$15,855,000 General Revenue Bonds, 1992 Series C and E under its Second Supplemental Indenture dated October 1, 1992; \$7,090,000 General Revenue Bonds, 1993 Series F under its Third Supplemental Indenture dated December 1, 1993; \$10,000,000 General Revenue Bonds, 1997 Series G under its Fourth Supplemental Indenture dated June 1, 1997; \$9,820,000 General Revenue Bonds, 1998 Series H under its Fifth Supplemental Indenture dated December 1, 1998; \$2,515,000 General Revenue Bonds, 1999 Series I under its Sixth Supplemental Indenture dated January 1, 1999; \$14,295,000 General Revenue Bonds, 1999 Series J under its Seventh Supplemental Indenture dated April 1, 1999 (the "Series J Bonds"); \$33,515,000 General Revenue Bonds, 2002 Series K under its Eighth Supplemental Indenture dated July 1, 2002; \$9,970,000 General Revenue Bonds, 2003 Series L under its Ninth Supplemental Indenture dated December 1, 2003; \$11,070,000 General Revenue Bonds, 2004 Series M under its Tenth Supplemental Indenture dated January 1, 2004; \$24,355,000 General Revenue Bonds, 2005 Series N under its Eleventh Supplemental Indenture dated August 1, 2005; and the \$23,795,000 General Revenue Bonds, 2009 Series O under its Twelfth Supplemental Indenture dated January 1, 2008 (collectively, the "Prior Bonds"); and

WHEREAS, the University will use proceeds of the 2009 Bonds to refund and redeem a portion of the Prior Bonds and to pay costs associated with the issuance of the 2009 Bonds, all as more fully described herein; and

WHEREAS, Refunding Bonds may be issued under Section 207 of the Indenture upon satisfaction of the conditions contained in that section, which include, among other conditions, a requirement that the University deliver to the Trustee a certificate of an Authorized Officer to the effect either (i) that the issuance of the Refunding Bonds will not increase the aggregate debt service payable with respect to the University's outstanding bonds, or (ii) that the University's revenues for the fiscal year preceding the issuance of the Refunding Bonds is at least equal to 2.0 times the maximum aggregate debt service that will be due at any time after the issuance of the Refunding Bonds; and

WHEREAS, in order to provide for the authentication and delivery of the 2009 Bonds, to establish and declare the terms and conditions upon which the 2009 Bonds are to be issued and secured, and to secure the payment of the principal thereof and of the interest thereon, the University has authorized the execution and delivery of this Thirteenth Supplemental Indenture;

WHEREAS, all acts and proceedings required by law necessary to make the 2009 Bonds, when executed and duly issued by the University and authenticated and delivered by the Trustee, the valid, binding, and legal obligations of the University, and to constitute the Indenture and this Thirteenth Supplemental Indenture valid and binding agreements for the uses and purposes therein and herein set forth, in accordance with their terms, have been done and taken; and the execution and delivery of the Indenture and this Thirteenth Supplemental Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS THIRTEENTH SUPPLEMENTAL INDENTURE WITNESSETH, that in order to secure the payment of the principal or redemption price of, and the interest on, all 2009 Bonds at any time issued and outstanding under this Thirteenth Supplemental Indenture, according to their tenor, and to secure the performance and observance of all the covenants therein and herein set forth, and to declare the terms and conditions upon and subject to which the 2009 Bonds are to be issued and delivered, and for and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 2009 Bonds by the owners thereof, and for other valuable consideration, to provide additional covenants and agreements not contrary to or inconsistent with the Indenture, the receipt whereof is hereby acknowledged, the University covenants and agrees with the Trustee, for the benefit of the respective owners from time to time of the 2009 Bonds, and the Bonds, as follows:

ARTICLE I
Definitions

Section 101 - Definitions. (a) All defined terms contained in the Indenture shall have the same meanings, respectively, in this Thirteenth Supplemental Indenture as such defined terms are given in Section 101 of the Indenture.

(b) In addition, as used in this Thirteenth Supplemental Indenture, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"Investment Securities" means any of the following:

(a) direct general obligations of the United States of America and obligations (including obligations of any federal agency or corporation) the timely 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 fully and 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 (a);

(b) 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 Thirteenth Supplemental Indenture are rated in one of the two highest rating categories of each Rating Agency;

(c) 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;

(d) 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;

(e) 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 Thirteenth Supplemental Indenture a rating in one of the two highest rating categories from each Rating Agency;

(f) interest-bearing time deposits, certificates of deposit, including those placed by a third party pursuant to any agreement between the Trustee and the University, interest bearing money market accounts, overnight bank deposits, trust funds, trust accounts, bankers' acceptances, or other similar banking arrangements with banks (which may include any fiduciary or the Trustee or any of its affiliates), 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 or are fully FDIC insured;

(g) 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;

(h) shares of a diversified open-end management investment company as defined in the Investment Company Act of 1940, 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 including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Supplemental Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(i) repurchase or reverse repurchase agreements (including those of the Trustee or its affiliates) 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;

(j) 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

(k) 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.

"Refunded Bonds" means those maturities and principal amounts of the Prior Bonds set forth in Exhibit B hereof.

"2009 Bonds" means the Bonds of the University authorized by this Supplemental Indenture and herein designated "General Revenue Refunding Bonds, 2009 Series P," in the principal amount of \$_____.

ARTICLE II Authorization, Terms, and Issuance

Section 201 - Authorization, Principal Amount, Description, and Series. In order to provide funds necessary for the purposes specified in Section 207 of the Indenture, in accordance with and subject to the terms, conditions, and limitations established herein and in the Indenture, a Series of General Revenue Refunding Bonds is hereby authorized to be issued in the aggregate principal amount of not to exceed \$15,500,000. The Bonds of such Series shall be designated and entitled "General Revenue Refunding Bonds, 2009 Series P."

Section 202 - Purpose. The purpose for which the 2009 Bonds are being issued is to provide funds (i) to refund and redeem the Refunded Bonds in accordance with Section 207 of the Indenture and as described in Exhibit B attached hereto, and (ii) to pay the costs

of issuing the Bonds, including the purchasers' discount and bond insurance premium, if any.

Section 203 - Issue Date and Form. The 2009 Bonds shall be dated as of the date the 2009 Bonds are delivered to the purchaser thereof. The 2009 Bonds and the Trustee's certificate of authentication are to be in substantially the forms thereof set out in Exhibit A with such necessary or appropriate variations, omissions, and insertions as are permitted by the Indenture.

The 2009 Bonds shall be issued in the denomination of \$5,000 or any integral multiple thereof. The 2009 Bonds shall be issued initially in the form of a separate, single, authenticated, fully registered Bond for each maturity. Upon issuance, the ownership of such 2009 Bonds shall be registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee for The Depository Trust Company, the Bond Depository as provided in Section 306 of the Indenture.

Section 204 - Denominations, Maturities, and Interest Rates. The 2009 Bonds shall mature on October 1 in the following years, and bear interest from their date, payable on April 1, 2010 , and semiannually thereafter on October 1 and April 1 in each year, at the rates per annum set opposite such years in the following table:

2009 Series P Bonds

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2010			2017		
2011			2018		
2012			2019		
2013			2020		
2014			2021		
2015			2022		
2016			2023		

The 2009 Bonds shall be issued in registered form in the denomination of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal of the Bonds authorized herein. The 2009 Bonds shall be numbered serially with any additional designation that the Trustee deems appropriate.

Section 205 - Redemption. The 2009 Bonds maturing on or after October 1, 2020, are subject to redemption, either as a whole or in part in any order of maturity selected by the University, on any date, which shall be selected by the University, subject to the provisions of, and in accordance with, the Indenture on or after October 1, 2019, and prior to their

respective maturities, upon notice as provided in the Indenture, at a Redemption Price equal to the principal amount thereof plus accrued interest to the date of redemption.

Section 206 - Mandatory Redemption. Unless previously redeemed pursuant to the optional redemption provision in Section 205 above, the 2009 Bonds are subject to mandatory redemption as provided below.

(a) The 2009 Bond maturing on October 1, 20__ are subject to redemption on _____ 1 of the following years and in the following principal amounts at 100% of the principal amount of the 2009 Bonds to be redeemed plus accrued interest, if any, to the redemption date.

Term Bond Due October 1, 20__

<u>Year</u>	<u>Sinking fund Requirement</u>
20__	\$
20__*	

*Maturity

(b) The 2009 Bond maturing on October 1, 20__ are subject to redemption on _____ 1 of the following years and in the following principal amounts at 100% of the principal amount of the 2009 Bonds to be redeemed plus accrued interest, if any, to the redemption date.

Term Bond Due October 1, 20__

<u>Year</u>	<u>Sinking fund Requirement</u>
20__	\$
20__*	

*Maturity

(c) The 2009 Bond maturing on October 1, 20__ are subject to redemption on _____ 1 of the following years and in the following principal amounts at 100% of the principal amount of the 2009 Bonds to be redeemed plus accrued interest, if any, to the redemption date.

Term Bond Due October 1, 20__

<u>Year</u>	<u>Sinking fund Requirement</u>
20__	\$
20__*	

*Final Maturity

Section 207 - Purchase of 2009 Bonds. The Trustee shall purchase 2009 Bonds at such times, for such prices, and in such amounts as the University shall from time to time direct in writing. Provided, however, no purchase of 2009 Bonds shall be made by the Trustee within the period of forty-five days next preceding any date on which such 2009 Bonds are subject to redemption. And, if the 2009 Bond to be purchased is a term bond, and less than all of the principal amount of such term bond is being purchased, the Trustee shall credit such purchase, on a pro rata basis, to each outstanding sinking fund installment due under such term bond.

ARTICLE III Execution and Delivery

Section 301 - Execution and Delivery of 2009 Bonds. After their execution by the University and authentication by the Trustee in accordance with Section 303 of the Indenture, and upon satisfaction of the conditions contained in the Indenture, the 2009 Bonds shall be delivered to the Purchaser in accordance with the terms of the Official Notice of Sale.

ARTICLE IV Disposition of Proceeds

Section 401 - Interest Account. There is hereby created in the Interest Account a subaccount to pay costs of issuance (the "Series P Costs of Issuance Subaccount"). The Trustee shall transfer on the date of issuance of the 2009 Bonds to the Series P Costs of Issuance Subaccount \$_____ from the proceeds of the 2009 Bonds to be applied at the direction of the University to the payment of costs of issuance of the 2009 Bonds. At the same time or as soon thereafter as possible, the Trustee shall deposit into the Series P Costs of Issuance Subaccount such additional amounts as may be delivered to the Trustee by the University for such purpose. Any amount remaining in the Series P Costs of Issuance Subaccount on March__, 2010 shall be applied to the payment of interest on the 2009 Bonds on the next interest payment date for the 2009 Bonds.

Section 402 - Debt Service Fund. There is hereby created in the Debt Service Fund, a "2009 Redemption Account." Proceeds of the 2009 Bonds totaling \$_____ shall be irrevocably deposited into the 2009 Redemption Account to be held in trust for the security and benefit of the owners of the Refunded Bonds, separate and apart from all other cash and investment securities held by the Trustee and the Trustee shall hold such cash, investment securities and earnings on any investment security to redeem and retire on the redemption date (as set forth on Schedule B hereto) the Refunded Bonds and to pay the interest to become due on the Refunded Bonds on their redemption date (as set forth in Exhibit B hereto). The establishment of the 2009 Redemption Account shall be for the benefit of the Bondholders, and the University may enforce payment herefrom upon compliance with the procedures set forth herein in the Indenture.

Section 403 - Reserve Fund. The University hereby covenants and agrees that upon the date of issuance of the 2009 Bonds, the amount held in the Reserve Fund will be an amount equal to the Reserve Fund Requirement.

ARTICLE V
Book-Entry

Section 501 - Book-Entry. The 2009 Bonds shall be issued in book entry form pursuant to Section 306 of the Indenture. The Bond Depository shall be The Depository Trust Company.

ARTICLE VI
Miscellaneous

Section 601 - Effective Date. This Thirteenth Supplemental Indenture shall be effective as of the date first above written.

Section 602 - Counterparts. This Thirteenth Supplemental Indenture may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the University has caused this Thirteenth Supplemental Indenture to be executed by its Vice President for Finance and Administration and Chief

Financial Officer and its official seal to be impressed hereon, and the Trustee has caused this Supplemental Indenture to be executed by one of its Authorized Signatories, all as of the day and year first above written.

UNIVERSITY OF ALASKA

[SEAL]

By: _____
JOSEPH TRUBACZ
Vice President for Finance and
Administration and Chief Financial Officer

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
as Trustee

By: _____
KATHLEEN GYLLAND
Vice President

EXHIBIT A

[FORM OF SERIES P BOND]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**UNIVERSITY OF ALASKA
General Revenue Refunding Bond, 2009 Series P**

Interest Rate: _____

Maturity Date: _____

Principal Amount: \$ _____

CUSIP No. _____

UNIVERSITY OF ALASKA (the "University"), a public corporation of the State of Alaska organized and existing under and by virtue of the laws of the State of Alaska, acknowledges itself indebted to, and for value received hereby promises to pay to Cede & Co. or registered assigns, but only from the sources hereinafter provided for, the Principal Amount specified above on the Maturity Date specified above, upon presentation and surrender of this bond at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A., a national banking association, (the "Trustee") or such other place designated by the Trustee, and to pay to the registered owner hereof interest on such principal sum from the date hereof at the rate per annum specified above, payable April 1, 2010, and thereafter on the first days of October and April in each year. Payment of interest will be made by check or draft mailed on such interest payment date to the registered owner at the address appearing on the bond register of the University kept at the corporate trust office of the Trustee; provided that if this bond is held in fully immobilized form, payment of interest shall be made by wire transfer. Both principal of and interest on this bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This bond is one of a duly authorized issue of bonds of the University designated "General Revenue Refunding Bonds," issued pursuant to Chapter 40 of Title 14 of the Alaska Statutes, as amended (the "Act"), and equally and ratably secured under a Trust Indenture, dated as of June 1, 1992, as amended, from the University to the Trustee, and

a Thirteenth Supplemental Indenture authorizing the General Revenue Refunding Bonds, 2009 Series P (the "2009 Bonds") (said Trust Indenture and Thirteenth Supplemental Indenture being herein called the "Indenture"). Copies of the Indenture are on file at the office of the University and at the corporate trust office of the Trustee, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the 2009 Bonds; the nature, extent and manner of enforcement of such pledges; the rights and remedies of the registered owners of the 2009 Bonds with respect thereto, and the terms and conditions upon which the 2009 Bonds are issued and may be issued thereunder, to all of the provisions of which the registered owner of the 2009 Bonds, by its acceptance of this 2009 Bond, consents and agrees. To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture or any Indenture amendatory thereof or supplemental thereto may be modified or amended by the University, with the written consent of the owners of at least a majority in principal amount of the bonds then outstanding and, in case less than all of the several series of bonds would be affected thereby, with such consent of the owners of at least a majority in principal amount of the bonds of each series so affected then outstanding.

As provided in the Indenture, the 2009 Bonds are special obligations, which are revenue obligations of the University, and are secured as to payment of the principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the Indenture. The University is obligated to pay the principal of and interest on the 2009 Bonds only from revenues or funds of the University pledged therefor under the Indenture, and the State of Alaska is not obligated to pay such principal or interest on the 2009 Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged to the payment of the principal of or interest on the 2009 Bonds.

The 2009 Bonds are transferable as provided in the Indenture, only upon the books of the University kept for the purpose at the above-mentioned office of the Trustee, by the registered owner hereof in person, or by its duly authorized attorney, upon surrender of this 2009 Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or its duly authorized attorney, and thereupon a new registered 2009 Bond or 2009 Bonds, and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The University, the Trustee and any Paying Agent may deem and treat the person in whose name the 2009 Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 2009 Bonds maturing on or after October 1, 20__, shall be subject to redemption, either as a whole or in part in any order of maturity selected by the University,

on any date, which shall be selected by the University or the Trustee, subject to the provisions of, and in accordance with, the Indenture on or after October 1, 20__, and prior to their respective maturities, upon notice as provided in the Indenture, at a Redemption Price equal to the principal amount thereof plus accrued interest to the date of redemption.

Unless previously redeemed pursuant to the optional redemption provision above, the 2009 Bonds are subject to mandatory redemption as provided below.

The 2009 Bond maturing on October 1, 20__ is subject to mandatory sinking fund redemption on October 1 of the years and in the principal amounts set forth in the following table. Any such redemption shall be at a price equal to 100 percent of the principal amount to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption, but without premium.

Year (October 1)	Principal Amount
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The 2009 Bond maturing on October 1, 20__ is subject to mandatory sinking fund redemption on October 1 of the years and in the principal amounts set forth in the following table. Any such redemption shall be at a price equal to 100 percent of the principal amount to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption, but without premium.

Year (October 1)	Principal Amount
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The 2009 Bond maturing on October 1, 20__ is subject to mandatory sinking fund redemption on October 1 of the years and in the principal amounts set forth in the following table. Any such redemption shall be at a price equal to 100 percent of the principal amount to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption, but without premium.

Year (October 1)	Principal Amount
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If less than all the 2009 Bonds of like maturity are to be redeemed, the particular 2009 Bonds to be redeemed shall be selected by lot by the Trustee. Notice of redemption will be mailed to each registered owner of 2009 Bonds called for redemption. Interest on

such 2009 Bonds or portions thereof so called for redemption will cease to accrue as of the redemption date.

The 2009 Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until the 2009 Bonds shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

It is hereby certified and recited that all conditions, acts, and things required by law and the Indenture to exist, to have happened, and to have been performed precedent to and in the issuance of the 2009 Bonds, exist, have happened and have been performed and that the issue of the 2009 Bonds of which this is one, together with all other indebtedness of the University, complies in all respects with the applicable laws of the State of Alaska, including, particularly, the Act and is within every debt and other limit prescribed by said laws of the State of Alaska.

IN WITNESS WHEREOF, the University of Alaska has caused this 2009 Bond to be signed in its name and on its behalf by the signature of its Vice President for Finance and Administration and Chief Financial Officer, and its corporate seal to be impressed hereon and attested by the signature of its Controller.

DATED: December __, 2009.

UNIVERSITY OF ALASKA

ATTEST:

JOSEPH TRUBACZ
Vice President for Finance and
Administration and Chief Financial Officer

MYRON J. DOSCH
Controller

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the University of Alaska's General Revenue Refunding Bonds, 2009 Series P, delivered pursuant to the within mentioned Indenture and Supplemental Indenture.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
as Trustee

Authorized Officer

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers [Please print or typewrite Name and Address of Transferee] the within Bond and all rights thereunder and hereto irrevocably constitutes and appoints _____ attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

NOTICE: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

EXHIBIT B**SCHEDULE OF REFUNDED BONDS****General Revenue Bonds, 1998 Series H**

<u>Maturities</u> <u>October</u>	<u>Principal</u> <u>Amount</u>	<u>Call</u> <u>Date</u>	<u>Price</u>	<u>Amount to be</u> <u>Redeemed</u>
2010	\$455,000		100%	100%
2011	475,000		100	100
2012	495,000		100	100
2013	515,000		100	100
2014	540,000		100	100
2015	565,000		100	100
2016	590,000		100	100
2017	620,000		100	100
2018	650,000		100	100
2023	3,760,000		100	100

**SCHEDULE OF REFUNDED BONDS
CONTINUED**

General Revenue Bonds, 1999 Series J

<u>Maturities</u> <u>October</u>	<u>Principal</u> <u>Amount</u>	<u>Call</u> <u>Date</u>	<u>Price</u>	<u>Amount to be</u> <u>Redeemed</u>
2010	\$620,000		100%	100%
2011	645,000		100	100
2012	680,000		100	100
2013	710,000		100	100
2014	745,000		100	100
2015	780,000		100	100
2016	825,000		100	100
2017	865,000		100	100

PRELIMINARY OFFICIAL STATEMENT DATED December 1, 2009

**NEW ISSUE
BOOK ENTRY ONLY
BANK QUALIFIED**

SALE DATE: December 8, 2009, until 11:00 a.m. Central Time
via MuniAuction

RATINGS: Moody's Investors Service: Applied For
Standard & Poor's: Applied For
(See "RATINGS" herein)

In the opinion of Bond Counsel, based on an analysis of existing statutes, regulations, 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 excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Bonds is not treated as a preference item to be included in calculating the federal alternative minimum tax imposed under the Code on individuals and corporations; such interest, however, is taken into account in the computation of adjusted current earnings for purposes of the federal corporate alternative minimum tax. 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 federal corporate alternative minimum tax may affect the corresponding provisions of the State of Alaska corporate income tax. See "TAX MATTERS" herein.

\$14,865,000*

UNIVERSITY OF ALASKA

General Revenue Refunding Bonds, 2009 Series P

Dated: As of Delivery Date

Due: October 1, as shown below

The University of Alaska General Revenue Refunding Bonds, 2009 Series P Bonds (the "Bonds"), initially 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. The Bonds will bear interest payable on April 1, 2010 and semiannually thereafter on October 1 and April 1 of each year and are subject to redemption prior to maturity as 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 The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), and a Thirteenth Supplemental Trust Indenture dated as of December 1, 2009 between the University and the Trustee. The Bonds are being issued to refund certain Prior Debt of the University. See "REFUNDING PROGRAM" herein. The Bonds, together with \$86,445,000* 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 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OR OTHER LIABILITY OF THE STATE OF ALASKA OR ANY POLITICAL SUBDIVISION THEREOF, EXCEPT THE UNIVERSITY, AND THE BONDS DO NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF ALASKA TO LEVY ANY FORM OF TAXATION OR MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE BONDS. THE UNIVERSITY HAS NO TAXING POWER. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF ALASKA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE BONDS.

MATURITY SCHEDULE*

<u>Due</u> <u>October 1</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u> <u>914046</u>	<u>Due</u> <u>October 1</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u> <u>914046</u>
2010					2017				
2011					2018				
2012					2019				
2013					2020				
2014					2021				
2015					2022				
2016					2023				

The Bonds are being offered by competitive sale. Bids may only be submitted via **MuniAuction** pursuant to the Official Notice of Sale. Prospective bidders should refer to the Notice of Sale for specific information related to the sale of the Bonds. The Bonds are offered when, as and if issued subject to the approving legal opinion of Wohlforth, Johnson, Brecht, Cartledge & Brooking, Anchorage, Alaska, Bond Counsel. It is expected that the Bonds, in book-entry form will be issued and available by Fast Automated Securities Transfer for delivery through the facilities of DTC in New York, New York on or about December 16, 2009.

Kaplan Financial Consulting, Inc. (Independent Financial Advisor)
1215 Washington Avenue, Suite 205, Wilmette, Illinois 60091
(847) 920-1670

* Preliminary, subject to change. Prospective bidders should review the "Notice of Sale - Adjustment of Maturities" in Appendix E herein regarding the actual amounts and maturity schedule of the Bonds that are subject to bid.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the laws of such jurisdiction.

This Official Statement is furnished by the University to provide information regarding the sale of the Bonds referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The delivery of this Official Statement does not imply that information herein is correct as of any time subsequent to the date hereof.

No dealer, broker, salesman or other person has been authorized by the University 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 the University. 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.

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 herein and may not be reproduced or used, in whole or in part, for any other purpose.

UNIVERSITY OF ALASKA

Statewide Finance Office
209D Butrovich Building
P.O. Box 756540
Fairbanks, Alaska 99775-6540
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Board of Regents

Cynthia Henry, Chair
Fuller Cowell, Secretary
Ashton Compton, Student Regent
Kenneth J. Fisher
Patricia Jacobson
Kirk Wickersham

Timothy C. Brady, Vice Chair
Carl Marrs, Treasurer
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Roger Brunner, General Counsel

Myron J. Dosch, Controller

Judy F. Brainerd, Senior Accountant and Debt Manager

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

Pat Pitney, Vice Chancellor for Administrative Services, University of Alaska Fairbanks

William H. Spindle, Vice Chancellor for Administrative Services, University of Alaska Anchorage

Bond Counsel

Wohlforth, Johnson, Brecht, Cartledge & Brooking, P.C.
Anchorage, Alaska

Trustee

The Bank of New York Mellon Trust Company, N.A.
Seattle, Washington

Financial Advisor

Kaplan Financial Consulting, Inc.
Wilmette, Illinois

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\$14,865,000*
UNIVERSITY OF ALASKA
General Revenue Refunding Bonds, 2009 Series P

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* Preliminary, subject to change

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OFFICIAL STATEMENT
\$14,865,000*
UNIVERSITY OF ALASKA
General Revenue Refunding Bonds, 2009 Series P

INTRODUCTION

The purpose of this Official Statement, including the cover page and the Appendices hereto, is to furnish information regarding the issuance of the University of Alaska General Revenue Refunding Bonds, 2009 Series P in the principal amount of \$14,865,000* (the "Bonds"), the University of Alaska (the "University"), 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 a resolution 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 The Bank of New York Mellon Trust Company, N.A., as successor trustee, (the "Trustee") and as supplemented by the Thirteenth Supplemental Trust Indenture (the "Thirteenth Supplemental Trust Indenture") dated as of December 1, 2009 between the University and the Trustee. The Trust Indenture and the Thirteenth Supplemental Trust Indenture are together referred to herein as the "Indenture."

The University is the only public institution of higher learning in the State of Alaska (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.

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 \$14,865,000*. The Bonds will be dated as of their date of issuance and will bear interest from the dated date of the Bonds payable on April 1, 2010, and semiannually thereafter on October 1 and April 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.

* Preliminary, subject to change

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 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.

OPTIONAL REDEMPTION

The Bonds maturing on or after October 1, 2020 are subject to redemption at the option of the University, either as a whole or in part, in any order of maturity, on any date which shall be selected by the University, subject to the provisions of, and in accordance with the Indenture, on or after October 1, 2019, at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus accrued interest, if any, to the redemption date.

MANDATORY REDEMPTION

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Bonds maturing on October 1, 20__ (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.

<u>Term Bonds Due October 1, 20__</u>	<u>Sinking Fund Requirement</u>
<u>Year</u>	

The Bonds owned by or for the account of the University will not be considered outstanding for purposes of either an optional or mandatory redemption of such 2009 Bonds.

PURCHASE OF 2009 BONDS

The Trustee shall purchase 2009 Bonds at such times, for such prices, and in such amounts as the University shall from time to time direct in writing. Provided, however, no purchase of 2009 Bonds shall be made by the Trustee within the period of forty-five days next preceding any date on which such 2009 Bonds are subject to redemption. And, if the 2009 Bond to be purchased is a term bond, and less than all of the principal amount of such term bond is being purchased, the Trustee shall credit such purchase, on a pro rata basis, to each outstanding sinking fund installment due under such term bond.

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 in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over two million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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.

Neither DTC nor Cede & Co. will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's procedures. 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).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants 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.

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 Ratings Services, a Division of The McGraw-Hill Companies. So long as a book-entry system is used for determining beneficial ownership of the Bonds, notice of redemption will be sent to DTC, and any notice to the beneficial owners of the Bonds will be the responsibility of DTC. The University will not provide redemption notices to the beneficial owners.

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 purposes of (i) refunding and redeeming certain maturities of the 1998 Series H and 1999 Series J General Revenue Bonds, as referred to below in “Refunding Program,” and (ii) paying the costs of issuance of the Bonds, including the underwriter’s discount.

REFUNDING PROGRAM

Approximately \$14.733 million of Bond proceeds will be used to refund and redeem the outstanding general revenue bonds described below (the “Prior Debt”) on or about January 15, 2010* at a redemption price of 100% of the principal amount of the Prior Debt plus accrued interest to the date of redemption.

Series 1998 H

<u>Maturities</u>	<u>CUSIP</u>
-------------------	--------------

	<u>914046</u>
--	---------------

Series 1999 J

<u>Maturities</u>	<u>CUSIP</u>
-------------------	--------------

	<u>914046</u>
--	---------------

Pursuant to the Thirteenth Supplemental Indenture, upon issuance of the Bonds, the University will irrevocably deposit with the Trustee into the 2009 Redemption Account within the Debt Service Fund, Bond proceeds in an amount sufficient to make full and timely payment of the redemption price of the Prior Debt, along with the interest on the Prior Debt to the redemption date. The Trustee will hold amounts in the 2009 Redemption Account separate from all other cash and investment securities held by the Trustee.

* Preliminary, subject to change

Table 1
UNIVERSITY OF ALASKA
Sources and Uses of Funds

Sources:	
Bond Principal	\$
Net Original Issue Premium (Discount)	
Total Sources	<u>\$</u>
Uses:	
Deposit to Redemption Account	\$
Costs of Issuance, including underwriting discount and bond insurance premium	
Total Uses	<u>\$</u>

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 bonds (including refunding 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 December 1, 2009 and a Thirteenth Supplemental Indenture dated December 1, 2009 by and between the University and the Trustee. Since 1992, the University has issued fourteen series of general revenue bonds totaling \$175.67 million of which \$100.98 million are outstanding as of November 1, 2009. Upon issuance of the Bonds, \$101.31* million will be 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 State is not obligated, morally or legally, 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, facilities and administrative 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,

* Preliminary, subject to change

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 Alaska Statute 14.40.400.

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 Years Ending June 30
(\$'s in 000's)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Student Tuition and Fees, net	\$ 69,488	\$ 79,042	\$ 84,469	\$ 92,083	\$ 98,211
Facilities and Administrative Cost Recovery	31,217	31,985	30,937	30,731	30,086
Sales and Services of Educational Depts.	3,446	3,361	3,688	3,345	3,850
Other Sources, Net of Gifts ⁽²⁾	11,651	12,078	14,837	14,457	15,687
Auxiliary Enterprises, net	<u>36,033</u>	<u>37,617</u>	<u>38,849</u>	<u>39,192</u>	<u>39,990</u>
Total Pledged Revenue	<u>\$151,835</u>	<u>\$164,083</u>	<u>\$172,780</u>	<u>\$179,808</u>	<u>\$187,824</u>
Fiscal year debt service	\$ 7,036	\$ 7,381	\$ 7,899	\$ 8,057	\$ 9,036
Coverage	21.6X	22.2X	21.9X	22.3X	20.8X

⁽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 Fund Accounting.

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 September 30, 2009, the Reserve Fund held Investment Securities with a market value of \$4.71 million.

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; (iii); the amount of draws, interest and expenses then due and owing on any Reserve Equivalent and (iv) all other amounts which the University may now, or hereafter, become obligated to pay, by law or contract, from Revenues during such Fiscal Year; or, (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 and 1.0 times any amount of the draws, interest and expenses then due and owing under any Reserve Equivalent.
- (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 is based on pledged Revenues for the fiscal years as indicated (see Table 2, “Revenues Pledged to General Revenue Bonds”), and the annual debt service requirements on all General Revenue Bonds, including the Bonds and excluding the Prior Debt to be refunded. See “THE USE OF THE BOND PROCEEDS – Refunding Program” and Table 3, “Combined Debt Service on General Revenue Bonds and Other Indebtedness.”

	<u>2009</u>
Pledged Revenues	\$187,824,000
Maximum Aggregate General Revenue Bond Debt Service including the Bonds (Fiscal Year 2011)	\$ 9,227,348*
Coverage	20.4X

* Preliminary, subject to change

Table 3
UNIVERSITY OF ALASKA
Combined Debt Service on General Revenue Bonds and Other Indebtedness
July 1, 2009

Fiscal Year	Debt Service Outstanding Revenue Bonds (1)	2009 Series P			Total General Revenue Bond Debt Service	Other Indebtedness (2)	Total
		Principal	Interest	Total			
2010	\$ 8,993,873			\$ -	\$ 8,993,873	\$ 2,129,046	\$ 11,122,919
2011	7,603,304				7,603,304	2,092,666	9,695,970
2012	7,611,304				7,611,304	2,072,937	9,684,241
2013	7,606,007				7,606,007	2,063,662	9,669,669
2014	7,230,286				7,230,286	1,854,029	9,084,315
2015	7,092,382				7,092,382	1,606,365	8,698,747
2016	7,205,135				7,205,135	1,606,365	8,811,500
2017	7,155,009				7,155,009	1,526,335	8,681,344
2018	7,154,535				7,154,535	1,500,000	8,654,535
2019	6,671,168				6,671,168	1,500,000	8,171,168
2020	6,669,624				6,669,624	1,500,000	8,169,624
2021	6,685,891				6,685,891	1,500,000	8,185,891
2022	6,509,114				6,509,114	1,500,000	8,009,114
2023	6,299,829				6,299,829	1,500,000	7,799,829
2024	5,145,846				5,145,846	1,501,358	6,647,204
2025	5,029,054				5,029,054		5,029,054
2026	4,788,279				4,788,279		4,788,279
2027	4,787,971				4,787,971		4,787,971
2028	4,788,620				4,788,620		4,788,620
2029	2,989,129				2,989,129		2,989,129
2030	1,780,474				1,780,474		1,780,474
2031	1,781,450				1,781,450		1,781,450
2032	1,139,633				1,139,633		1,139,633
2033	1,140,613				1,140,613		1,140,613
2034	1,144,481				1,144,481		1,144,481
2035	299,575				299,575		299,575
2036	301,638				301,638		301,638
	<u>\$ 135,604,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,604,224</u>	<u>\$ 25,452,763</u>	<u>\$ 161,056,987</u>

Source: University of Alaska Fund Accounting.

(1) Excludes the Prior Debt to be refunded.

(2) Other indebtedness consists primarily of \$19.6 million outstanding, as of July 1, 2009, note payable to the Alaska Housing Finance Corporation (AHFC). The remaining amount is debt service on \$2.6 million of outstanding installment contracts, due annually through Fiscal Year 2017. See Table 4, "Schedule of Long-Term Debt" for a description of the security provisions of the AHFC obligation.

Table 4
UNIVERSITY OF ALASKA
Schedule of Long-Term Debt
November 1, 2009

	<u>Interest Rates</u>	<u>Interest Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount Issued</u>	<u>Outstanding November 1, 2009</u>
Installment Contracts Outstanding	2.78 - 4.77%	Quarterly	Various	04-15-17	\$ 3,539,844	\$ 2,359,970
Notes Payable						
Alaska Housing Finance Corp. (AHFC) ⁽¹⁾	1.826%	8-1/2-1	05-14-97	02-01-24	\$ 33,000,000	\$ 19,034,033
Revenue Bonds						
General Revenue Bonds, 1998 Series H *	4.35 - 4.85%	10-1/4-1	12-17-98	10-01-23	\$ 9,820,000	\$ 8,665,000
General Revenue Bonds, 1999 Series J *	4.00 - 5.00%	10-1/4-1	04-27-99	10-01-17	14,295,000	5,870,000
General Revenue Bonds, 2002 Series K	1.40 - 5.00%	10-1/4-1	07-31-02	10-01-28	33,515,000	26,240,000
General Revenue Bonds, 2003 Series L	3.00 - 4.70%	10-1/4-1	12-09-03	10-01-30	9,970,000	6,875,000
General Revenue Bonds, 2004 Series M	3.25 - 4.75%	10-1/4-1	01-08-04	10-01-28	11,070,000	9,305,000
General Revenue Bonds, 2005 Series N	3.00 - 5.00%	10-1/4-1	08-31-05	10-01-35	24,355,000	21,875,000
General Revenue Bonds, 2008 Series O	3.375 - 4.25%	10-1/4-1	01-31-08	10-01-33	<u>23,795,000</u>	<u>22,150,000</u>
					\$ 126,820,000	\$ 100,980,000
Total Long-Term Debt					<u>\$ 168,006,372</u>	<u>\$ 122,374,003</u>

Source: University of Alaska Fund Accounting.

- (1) Under the loan agreement under which the note to AHFC 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 AHFC. The University used these funds to construct a 558-bed suite-style housing and food service addition in Anchorage that opened in August 1998.

* To be refunded upon the issuance of the Bonds. See "THE USE OF BONDS PROCEEDS – Refunding Program."

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 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. 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.

In June 2009, University of Alaska President Mark Hamilton announced his intention to retire from his position at the University. A specific departure date has not been set. The Board of Regents has selected a national search firm, to assist in the recruiting process for the 13th president of the University. The position is currently being advertised nationally.

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, business and public policy, education and health and social welfare, as well as the schools of engineering, nursing and social work. In addition, master's degrees are offered in more than twenty-six programs along with a number of graduate certificate programs. It also provides adult and continuing education programs. Research programs are emphasized, primarily in biological and health sciences, public policy, and social and economic studies. The Community and Technical College provides both credit and non-credit instruction to the greater Anchorage area and to two military bases in the Anchorage area.

The University of Alaska Fairbanks is a comprehensive, four year, doctoral degree-granting institution with four colleges and four professional schools that offer bachelor's degrees in more than sixty-five major areas and recognized master's degrees in professional disciplines and doctorates in the sciences and mathematics. The four colleges are the College of Liberal Arts, the College of Engineering and Mines, the College of Natural Science and Mathematics, and the College of Rural and Community Development, with the latter having branch campuses and extended sites throughout the State. The four professional schools consist of the School of Natural Resources and Agricultural Sciences, the School of Management, the School of Fisheries and Ocean Sciences and the School of Education. 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 fifty fields and doctoral programs are offered in the areas of anthropology, atmospheric sciences, biology, engineering, geology, geophysics, mathematics, oceanography, physics, space physics, and wildlife management. The Tanana Valley Campus, one of the College of Rural and Community Development branch campuses, which is located in Fairbanks, focuses on the two-year educational mission and also offers courses at four military bases in the Fairbanks area. The University of Alaska Fairbanks is the university system's organized research hub. The wide range of science conducted is supported by a number of research centers and institutes.

The multi-mission university located in Juneau is referred to herein as the “University of Alaska Southeast” and 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 Commission on Colleges and Universities. 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 eleven member Board of Regents is governed by Title 14, Chapter 40.120-170 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 State 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:

Cynthia Henry, Chair
Fuller Cowell, Secretary
Ashton Compton, Student Regent
Kenneth J. Fisher
Patricia Jacobson
Kirk Wickersham

Timothy C. Brady, Vice Chair
Carl Marrs, Treasurer
Erik Drygas
Mary K. Hughes
Bob Martin

Board of Regents members receive no compensation for their services, but are reimbursed for expenses incurred in performing their duties.

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 Trubacz, Vice President for Finance and Administration and Chief Financial Officer, UA
Roger Brunner, General Counsel, UA
Myron J. Dosch, Controller, UA
Judy F. Brainerd, Senior Accountant and Debt Manager, UA
Carol L. Griffin, Vice Chancellor for Administrative Services, UAS
Pat Pitney, Vice Chancellor for Administrative Services, UAF
William H. Spindle, Vice Chancellor for Administrative Services, UAA

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.

In June 2009, Mr. Hamilton announced his intention to retire from his position of president of the University of Alaska. A specific departure date has not been set. The recruitment process for a new president is underway.

Joseph Trubacz was appointed Vice President for Finance and Administration and Chief Financial Officer in September 2008. Prior to that appointment, he served as Associate Vice President for Finance and Chief Financial Officer, a position he had been appointed to in December 2006. Prior to those appointments he served as the Interim Vice Chancellor of Administrative Services at the University of Alaska Fairbanks (UAF) for the period October 2005 through August 2006, and had directed the fiscal operations at UAF since 2001, first as director of financial services and then as associate vice chancellor of finance and business operations. Mr. Trubacz started with the University system in 1990, and his experience includes fiscal and administrative management of the Institute of Northern Engineering/Arctic Region Supercomputing Center and oversight of the Planning, Analysis and Institutional Research department at UAF. Mr. Trubacz earned a B.B.A. from the University of New Hampshire in 1981 and an M.B.A. in accounting from the Southern New Hampshire University in 1983.

Roger Brunner was appointed General Counsel in March 2005. Prior to his appointment he worked in general practice specializing in contract law and real estate. He was admitted to the Alaska Bar Association in 1976. Mr. Brunner has been admitted to the U.S. District Court for the District of Alaska, the Ninth Circuit Court of Appeals and the United States Supreme Court. Mr. Brunner holds a B.S. from Michigan State University and a J.D. from the University of Notre Dame.

Myron J. Dosch, CPA, was appointed Controller for the University Statewide System in March 2006. Prior to that appointment, he served as Assistant Controller, Finance for one year with primary responsibility for debt management. Mr. Dosch started his experience with the University system in 1995. Mr. Dosch's experience includes his current position of Controller for the University, six years as the financial accounting director for the University, and four years as the accounting manager for the University of Alaska Foundation. Mr. Dosch earned a B.B.A. in Accounting from Gonzaga University in 1990 and an M.B.A. with an emphasis in capital markets from the University of Alaska Fairbanks in 2002.

Judy F. Brainerd, started as Senior Accountant and Debt Manager for the University Statewide System in August 2007. Prior to this position, she served as Interim Director of Finance at the University of Alaska Fairbanks (UAF) for the period December 2006 through July 2007, and seven years with Financial Services at UAF, first as an accountant and then Assistant Director of Financial Services. Ms. Brainerd started with the University system in 1980 – during this time she has also held fiscal and accounting positions in the College of Liberal Arts and Institute of Marine Sciences, both at UAF. Ms. Brainerd graduated from the University of Alaska Fairbanks with a B.B.A. in Accounting in 1979.

Carol L. Griffin was appointed Vice Chancellor for Administrative Services at the University of Alaska Southeast (UAS) in August 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.

Pat Pitney was appointed Vice Chancellor for Administrative Services at the University of Alaska Fairbanks in October 2008. Prior to this appointment, she served as Vice President for Planning and Budget Development for the University Statewide System. Ms. Pitney began her University of Alaska experience in 1991 as a research analyst and held management and leadership positions at the Statewide System for institutional research, information systems implementation, budgeting, planning, and accountability. Ms. Pitney earned a Bachelor's of Science degree in Engineering Physics from Murray State University in 1987 and an M.B.A. from the University of Alaska Fairbanks in 1991.

William H. Spindle, Ed.D., is Vice Chancellor for Administrative Services at the University of Alaska Anchorage (UAA), a position he has been in since June 2007. Prior to this appointment, Dr. Spindle was the Director of Business Services beginning in 1999. Dr. Spindle began his University of Alaska experience in 1997, serving as the Deputy Chief Procurement Officer and the Interim Chief Procurement Officer until 1999. Prior to coming to the University, he served for twenty-five years in the Air Force managing business organizations. His final position was as the Director of Contracting for Pacific Air Force Command. He retired in 1997 as a colonel. Dr. Spindle earned his bachelor's degree in Engineering Management from the United States Air Force Academy in 1972, an M.B.A. from Boston University in 1978 and his Ed.D. from the University of La Verne in 2007.

FACULTY AND EMPLOYEES

The University's faculty and staff total 4,577 regular employees and 3,725 temporary employees as of fall 2009. Members of the University's full-time regular instructional and research faculty total 1,348, 69% of which hold tenure or tenure-track faculty appointments as of fall 2009. Including part-time faculty, there were 340 professors, 394 associate professors, 604 assistant professors and 1,193 instructors as of fall 2009. As of fall 2009, there were approximately 354 employees affiliated with the University of Alaska Federation of Teachers (UAFT), 960 employees affiliated with the United Academics – American Association of University Professors / American Federation of Teachers (AAUP/AFT), 1,032 employees affiliated with the United Academic-Adjuncts, and approximately 295 employees affiliated with the Alaska Higher Education Crafts and Trades Employees. The University considers itself to have good relationships with its various employee groups. For fiscal year 2009, total University compensation and benefits was \$453.7 million, including union affiliated employees.

THE STUDENT BODY

STUDENT ENROLLMENT

Approximately ninety percent of the University students are residents of the State. The remaining students come from the other 49 states and many foreign countries.

The University believes enrollment will remain relatively stable for the near future 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 various academic years ending June 30, the University awarded the following degrees and certificates:

<u>June</u>	<u>Doctorate</u>	<u>Masters</u>	<u>Baccalaureate</u>	<u>Associate</u>	<u>Certificates</u>
2004	20	501	1,288	925	224
2005	25	571	1,304	810	222
2006	21	510	1,443	939	254
2007	33	643	1,419	969	286
2008	29	604	1,408	982	402
2009	37	537	1,527	928	277

Source: University of Alaska Institutional Research Office.

The following table indicates the total fall enrollment of undergraduate and graduate students, and the full-time equivalent and total credit hours for fall semester, for all students attending the University. Full-time equivalent for undergraduate is calculated as 15 student credit hours for courses below the 500 level and 12 student credit hours for courses at the 500 level and above for graduate, excluding audited credit hours. This represents the average number of credits needed to receive an undergraduate degree in four years, or a graduate degree in two years. The enrollment figures listed for the years 2002 – 2008 are the fall semester closing figures that are available in January following the end of the semester. The fall 2009 closing enrollment figures will not be available until January 2010, but are monitored periodically during the semester.

Table 5
UNIVERSITY OF ALASKA
On Campus Fall Enrollment

<u>Fall</u>	<u>Head Count</u>			<u>Full-Time Equivalent</u>			<u>Total</u>
	<u>Under-graduate</u>	<u>Graduate</u>	<u>Total</u>	<u>Under-graduate</u>	<u>Graduate</u>	<u>Total</u>	<u>Credit Hours Taken</u>
2002	31,549	1,967	33,516	15,507	1,118	16,625	243,770
2003	31,828	2,072	33,900	16,165	1,154	17,319	254,487
2004	30,520	2,191	32,711	16,303	1,151	17,454	256,567
2005	30,248	2,243	32,491	16,236	1,161	17,397	255,798
2006	30,538	2,298	32,836	16,279	1,262	17,541	257,652
2007	29,955	2,211	32,166	16,126	1,225	17,351	254,875
2008	29,944	2,384	32,328	16,296	1,311	17,607	258,321
2009*	26,979	2,468	29,447	16,498	1,366	17,864	263,205

* Fall enrollment figures as of September 29, 2009, subject to change, see additional explanation below.

Source: University of Alaska Institutional Research Office.

Based on historical enrollment trends, the University is estimating a closing headcount of 33,744, full-time equivalent of 18,705 and total credit hours of 274,681 for fall 2009. This would represent increases over fall 2008 closing figures of 4.4% for headcount, 6.2% for full-time equivalent and 6.3% for total credit hours.

Table 6 shows the number of applications accepted and the number of students enrolled for the fall semesters. Fall semester includes the prior summer term students.

Table 6
UNIVERSITY OF ALASKA
Student Applications and Enrollment

<u>Fall Semester</u>	<u>Applications Received</u>	<u>Accepted</u>	<u>Percent Accepted</u>	<u>Students Enrolled</u>	<u>Percent Enrolled</u>
Freshman					
2004	4,955	3,757	75.8%	2,637	70.2%
2005	5,226	3,796	72.6%	2,766	72.9%
2006	5,409	4,019	74.3%	2,873	71.5%
2007	5,252	3,940	75.0%	2,847	72.3%
2008	5,962	4,158	69.7%	2,932	70.5%
2009*	6,650	4,873	73.3%	3,406	69.9%
Transfer Undergraduates					
2004	2,739	1,960	71.6%	1,307	66.7%
2005	2,895	1,984	68.5%	1,298	65.4%
2006	2,708	1,875	69.2%	1,266	67.5%
2007	2,782	1,938	69.7%	1,292	66.7%
2008	3,012	2,068	68.7%	1,386	67.0%
2009*	3,395	2,402	70.8%	1,682	70.0%
Total Undergraduates					
2004	7,694	5,717	74.3%	3,944	69.0%
2005	8,121	5,780	71.2%	4,064	70.3%
2006	8,117	5,894	72.6%	4,139	70.2%
2007	8,034	5,878	73.2%	4,139	70.4%
2008	8,974	6,226	69.4%	4,318	69.4%
2009*	10,045	7,275	72.4%	5,088	70.0%
Graduate Students					
2004	1,583	708	44.7%	511	72.2%
2005	1,514	711	47.0%	537	75.5%
2006	1,360	638	46.9%	465	72.9%
2007	1,403	722	51.5%	523	72.4%
2008	1,484	785	52.9%	602	76.7%
2009*	1,518	725	47.8%	574	79.2%

* Preliminary as of September 29, 2009, subject to change.

Source: University of Alaska Institutional Research Office.

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

Student Classification	<u>2004</u> <u>-05</u>	<u>2005</u> <u>-06</u>	<u>2006-</u> <u>07</u>	<u>2007</u> <u>-08</u>	<u>2008</u> <u>-09</u>	<u>2009</u> <u>-10</u>	<u>2010</u> <u>-11</u>	<u>2011</u> <u>-12</u>
Undergraduate lower div, resident	\$99	\$109	\$120	\$128	\$134	\$141	\$147	\$154
Undergraduate upper div, resident	112	123	135	144	151	159	170	187
Undergraduate lower div, nonresident	330	363	399	427	448	471	500	542
Undergraduate upper div, nonresident	343	377	414	443	465	489	523	575
Graduate, resident	222	244	268	287	301	316	338	372
Graduate, nonresident	453	498	547	586	615	646	691	760

Source: University of Alaska Institutional Research Office.

In September 2009, the Regents approved a 5% increase in tuition for undergraduate lower division (100 and 200 level) courses for resident students and a 10% increase for all other levels for resident and non-resident students for the 2011-2012 academic year.

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 academic year 2009-2010, average annual fees at Fairbanks are \$908, compared to \$680 at Anchorage and \$728 at Southeast.

Table 8
UNIVERSITY OF ALASKA
Average Annual Full-Time Student Tuition and Registration Fees*

Student Classification	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Undergraduate, resident	\$ 3,545	\$ 4,166	\$ 4,538	\$ 4,818	\$ 5,173	\$ 5,408
Undergraduate, nonresident	10,475	12,807	12,908	13,788	14,593	15,308
Graduate, resident	5,708	6,589	7,197	7,682	8,104	8,492
Graduate, nonresident	11,252	12,807	13,893	14,858	15,640	16,412

*Assumes registration fees at Fairbanks. Undergraduate tuition is based on 15 credit hours per semester, with one half taken at the lower division rate and the other half taken at the upper division rate. Graduate tuition is based on 12 credit hours per semester.

Source: University of Alaska Institutional Research Office.

TOTAL COSTS – UNDERGRADUATE RESIDENTS

The annual cost of room and board and the total educational costs for two semesters for a resident undergraduate student taking 15 credits of lower division (100 and 200 level) and 15 credits of upper division (300 and above) courses 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.

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

Academic Year	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Room and Board	\$ 5,210	\$ 5,580	\$ 6,030	\$ 6,030	\$ 6,630	\$ 6,802
Tuition, Fees, Books & Supplies	<u>4,866</u>	<u>4,955</u>	<u>5,238</u>	<u>5,518</u>	<u>5,908</u>	<u>6,708</u>
Combined Total	<u>\$10,076</u>	<u>\$10,535</u>	<u>\$11,268</u>	<u>\$11,548</u>	<u>\$12,538</u>	<u>\$13,510</u>

Source: University of Alaska Institutional Research Office.

FINANCIAL AID STATISTICS AND COLLEGE SAVINGS PLAN

Financial aid for the last several aid years (fall, spring and summer semesters) is shown below. A major 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 funded through the proceeds of revenue bonds issued by the Alaska Student Loan Corporation which provides low interest rate loans to State residents for post-secondary education in and outside of the State.

Table 10
UNIVERSITY OF ALASKA
Summary of Financial Aid
By Aid Year: Fall - Spring - Summer Semesters
(\$'s in 000's)

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Scholarships, Grants and Awards					
Federal - Pell Grants	\$ 9,257.8	\$ 8,939.1	\$ 8,918.6	\$ 9,835.2	\$ 11,208.2
Federal - Other	1,466.3	1,479.7	1,857.6	1,948.4	1,953.4
UA Foundation	1,134.9	1,399.0	1,530.2	1,608.6	1,670.6
Institutional	6,880.9	7,397.6	7,944.5	8,664.3	10,596.2
Other	<u>6,776.0</u>	<u>7,392.3</u>	<u>8,238.3</u>	<u>8,982.5</u>	<u>10,605.6</u>
Total	<u>\$ 25,515.9</u>	<u>\$ 26,607.7</u>	<u>\$ 28,489.2</u>	<u>\$ 31,039.0</u>	<u>\$ 36,034.0</u>
Loans					
Alaska Student Loans	\$ 15,161.4	\$ 20,977.2	\$ 21,639.0	\$ 19,601.1	\$ 17,994.1
Federal	36,968.2	39,335.3	41,829.1	45,470.5	53,561.9
Other	<u>886.5</u>	<u>1,071.2</u>	<u>1,086.3</u>	<u>1,025.0</u>	<u>982.8</u>
Total	<u>\$ 53,016.1</u>	<u>\$ 61,383.7</u>	<u>\$ 64,554.4</u>	<u>\$ 66,096.6</u>	<u>\$ 72,538.8</u>
Student Employment					
excluding overtime	<u>\$ 17,143.0</u>	<u>\$ 16,949.4</u>	<u>\$ 17,267.5</u>	<u>\$ 18,036.8</u>	<u>\$ 18,361.7</u>
Total Financial Aid	<u><u>\$ 95,675.0</u></u>	<u><u>\$ 104,940.8</u></u>	<u><u>\$ 110,311.1</u></u>	<u><u>\$ 115,172.4</u></u>	<u><u>\$ 126,934.5</u></u>

Source: University of Alaska Institutional Research Office.

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 established the Education Trust of Alaska (“Trust”) and converted the program from a prepaid tuition program to a full-range college savings and investment program. T. Rowe Price was selected as program manager. The Trust offers three separately marketed 529 college savings plans: The UA College Savings Plan, marketed directly to investors within the State of Alaska; the T. Rowe Price College Savings Plan nationally marketed directly to investors; and John Hancock Freedom 529 nationally marketed through authorized financial advisors. Each of these plans is open to eligible individuals regardless of state of residence. Each of these plans has different investment options. Since the Trust was established in May 2001, assets under management in the program have grown from \$25 million to approximately \$3.2 billion at September 30, 2009, with over 18,000 Alaskans having established accounts in the plan. 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.

UNIVERSITY OF ALASKA SCHOLARS PROGRAM

The University of Alaska Scholars Program (“Program”) is a four-year scholarship given to the top ten percent of graduates from qualified Alaska high schools each year. The Program offers an \$11,000 scholarship for use at any University campus. Scholars receive \$1,375 per semester for a total of eight semesters. Starting in 1999 the Program is considered a reason for the increase to approximately sixty percent of college bound seniors attending the University compared to approximately forty percent ten years ago.

FACILITIES AND CAPITAL PROGRAM

LIBRARIES

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

MUSEUM

The expanded University of Alaska Museum of the North located on the Fairbanks campus opened in Fall 2005, and has brought national and international media attention to Alaska. The \$42 million museum expansion project doubled the size of the existing museum to approximately 90,000 gross square feet. Features of the museum include a 28,000 square foot Research Center to house natural and cultural history collections and research laboratories for curators, collection managers and graduate students; a 10,000 square foot Rose Berry Alaska Art Gallery; a 3,000 square foot Learning Center featuring a pre-college education center, “smart classroom” for university students and an art study room and an enhanced visitor experience with a multimedia auditorium, lectures and performances by Alaska Native athletes and dancers.

RESIDENTIAL AND OTHER

The University maintains and operates 71 student residential buildings having a combined designed capacity of approximately 2,970 beds as well as an additional 31 faculty and staff housing units. Average occupancy ratio was 93% in Fall 2009. 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 of the University. 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. (For more information about capital assets, see Note 6 in Appendix A – University of Alaska Audited Financial Statements Fiscal Year Ending June 30, 2009).

November	<u>Original</u>	<u>Adjusted</u>	<u>Square Feet</u>	<u>Buildings</u>	<u>Average Age</u>
2008	<u>Project Cost</u>	<u>Gross Value</u>			<u>weighted by GSF</u>
	\$1,038,563,000	\$1,768,243,000	6,438,346	399	31.7 years

Infrastructure, leasehold and other improvements have a historical cost of \$106.7 million as of June 30, 2009.

CAPITAL PROGRAM

Major construction projects of the University are funded primarily by State of Alaska capital appropriations and University revenue bonds. For fiscal year 2010 the State of Alaska capital appropriations of \$3.2 million are designated for renewal and renovation projects at various campuses in the University system. State of Alaska capital appropriations for fiscal year 2009 totaled \$107.2 million, which included \$46 million to construct a 65,000 gross square foot health sciences facility in Anchorage, \$15 million for the planning, design and site preparation for a new sports arena in Anchorage and \$46.2 million for renewal/renovation and other smaller projects.

While a significant part of the University's current capital budget is devoted to building renewal, code corrections and major repair, State legislative appropriations have provided \$85 million to construct a 120,000 gross square foot core science instructional and laboratory facility on the Anchorage campus which opened in August 2009, \$34 million to construct a 100,000 gross square foot addition to the library in Anchorage completed in August 2004, \$5.5 million for a joint use facility in Juneau for the University student recreation and the Army National Guard Readiness Center which was occupied in 2006, and \$17.0 million for a \$42 million renewal and expansion of the University's museum in Fairbanks completed in the fall 2006. The latter project also received \$5 million in federal funds and \$12.0 million in private contributions through the University's largest capital campaign.

The Board of Regents has an ongoing capital program which includes renovation of existing facilities, new construction, planning and design for new construction, and reducing deferred maintenance and renewal backlog. The capital plan for fiscal year 2011 through 2016 supports the University of Alaska strategic plan and the campus academic and research plans.

The University continues to monitor its deferred and imminent renewal needs and makes it a top priority budget request to the legislature. For fiscal year 2010, in excess of \$900 million has been identified as deferred or imminent renewal needs for the University's approximately 6.4 million square feet of physical plant that has an adjusted gross value of approximately \$1.8 billion.

RETIREMENT PLANS

Substantially all regular employees participate in either the Public Employees' Retirement System ("PERS") or the Teachers' Retirement System ("TRS"), each of which is a multiple-employer public pension and retirement plan, or the University of Alaska Optional Retirement Plan ("ORP"), a single-employer defined contribution plan. In addition, substantially all regular employees participate in the University of Alaska Pension Plan, a supplemental single-employer defined contribution plan. None of the retirement systems or plans own 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 an amount based on the rates which have been set by the Alaska Retirement Management Board after considering projections based upon actuarial computations. The employer contribution amounts for fiscal years 2009 and 2008 for PERS and TRS do not include the pension payments that the State of Alaska made directly to PERS (\$16.72 million in 2009 and \$7.67 million in 2008) and TRS (\$13.78 million in 2009 and \$20.79 million in 2008) on-behalf of the University. These payments are being made as part of state legislation aimed at reducing the unfunded liabilities of these pension plans. Similar on-behalf payments have been approved by the legislature for fiscal year 2010. (For more information about the retirement plans, see Note 12 in Appendix A – University of Alaska Audited Financial Statements Fiscal Year Ending June 30, 2009). A summary of rates and contributions to the retirement plans follows:

Table 11
UNIVERSITY OF ALASKA
Summary of Retirement Contribution Information

	PERS	TRS	ORP	Pension⁽³⁾	Total
Employee Contribution Rate					
FY06	6.75%	8.65%	8.65%	NA	
FY07 ⁽¹⁾	6.75%	8.65%	8.65%	NA	
FY08 ⁽¹⁾	6.75%	8.65%	8.65%	NA	
FY09 ⁽¹⁾	6.75%	8.65%	8.65%	NA	
FY10 ⁽¹⁾	6.75%	8.65%	8.65%	NA	
Employer Contribution Rate					
FY06 ⁽²⁾	15.58%	21.00%	16.33%	7.65%	
FY07 ⁽²⁾	20.58%	26.00%	21.00%	7.65%	
FY08 ⁽²⁾	22.00%	12.56%	19.85%	7.65%	
FY09 ⁽²⁾	22.00%	12.56%	17.04%	7.65%	
FY10 ⁽²⁾	22.00%	12.56%	12.56%	7.65%	
Employer Contributions (\$ in thousands)					
FY05	\$13,075	\$6,769	\$7,133	\$12,896	\$39,873
FY06	\$20,226	\$9,168	\$9,392	\$13,310	\$52,096
FY07	\$26,668	\$11,282	\$13,085	\$13,430	\$64,465
FY08	\$27,576	\$5,657	\$14,261	\$13,447	\$60,941
FY09	\$28,235	\$5,752	\$14,600	\$13,476	\$62,063

⁽¹⁾ ORP employee contribution in FY10, FY09, FY08 and FY07 is 8.0% for employees hired on or after July 1, 2006.

⁽²⁾ ORP employer contribution in FY10, FY09, FY08, FY07 and FY06 is 12.0% for employees hired on or after July 1, 2005.

⁽³⁾ Pension rates are for calendar years 2006, 2007, 2008, 2009 and 2010.

Two significant lawsuits involve the retirement plans. In one, the State has sued the former actuary for the PERS and TRS plans for actuarial malpractice in past years and some recovery payable to the plans is anticipated. In the second, a group of beneficiaries of the ORP has sued the University and the State alleging that ORP contributions on behalf of “tier one” beneficiaries were unconstitutionally diminished through legislated alterations to the calculation of TRS contribution rates. That case is at an early stage and any likelihood of success is unknown at this time.

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 a reimbursement basis.

Transfers between appropriations without State 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 and funds from the Mental Health Trust Authority. 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 five years into the future unless extended.

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 the last decade, 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. 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.

In fiscal year 2009 and 2010, the University has seven operating appropriations, essentially one for each major administrative unit. In the 1990's and 2000's the University had a single appropriation. Transactions between appropriations are not allowed unless a reimbursable services agreement is approved or an exemption has been granted by the State's Office of Management and Budget.

Table 12
UNIVERSITY OF ALASKA
Summary of State Appropriations ⁽¹⁾
For Fiscal Years Ending June 30
(\$'s in 000's)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 ⁽³⁾</u>
Operating:						
General Operating Bill ⁽¹⁾	\$228,065	\$245,165	\$279,449	\$289,236	\$307,303	\$322,252
Separate/Special Legislation ⁽²⁾	<u>4,803</u>	<u>7,347</u>	<u>7,965</u>	<u>10,791</u>	<u>13,467</u>	<u>9,004</u>
Total	<u>\$232,868</u>	<u>\$252,512</u>	<u>\$287,414</u>	<u>\$300,027</u>	<u>\$320,770</u>	<u>\$331,256</u>
Capital:						
Capital Expenditures - New	\$ -	\$ 37,650	\$ 58,500	\$ 3,750	\$ 61,300	\$ -
Revitalization, Facility Renewal, Deferred Maintenance		9,850	48,725	8,475	45,823	3,200
Separate/Special Legislation	<u>450</u>	<u>550</u>	<u>715</u>	<u>640</u>	<u>125</u>	<u>0</u>
Total	<u>\$ 450</u>	<u>\$ 48,050</u>	<u>\$107,940</u>	<u>\$ 12,865</u>	<u>\$107,248</u>	<u>\$ 3,200</u>

The fiscal years 2009 and 2008 operating state appropriations do not include pension payments of \$30.502 million and \$28.464 million, respectively, which the State of Alaska made directly to PERS and TRS on-behalf of the University. These payments are being made as part of state legislation aimed at reducing the unfunded liabilities of these pension plans. Similar on-behalf payments have been approved by the legislature for fiscal year 2010.

- 1) Appropriations exclude receipt authority for other sources such as the bonds, federal grants and contracts that may be used for operating activity, purchase of equipment or capital construction.
- 2) Fiscal years 2005 through 2010 each include \$1.413 million in appropriations for reimbursement of a portion of the debt service on the Series K Bonds in accordance with Section 14.40.257 of the Alaska Statutes.
- 3) Fiscal year 2010 operating and capital state appropriations are the authorized budgets approved by the legislature.

Source: University of Alaska.

INVESTMENTS AND PERFORMANCE

The Alaska Statutes and Board of Regents' policy provide the University with broad authority to invest funds. Generally, operating funds are invested according to the University's liquidity needs. During fiscal year 2009 the University significantly changed the allocation of its operating investment portfolio in response to the global financial crisis. In general, management liquidated its long term investments and converted them to cash or safer, shorter term, investments. These actions were part of a strategy to reduce risk, enhance liquidity and safeguard University investments from additional market exposure.

At June 30, 2009 the University had operating investments totaling \$111.0 million, primarily consisting of cash on hand, time deposits, an overnight repurchase agreement and investments in Commonfund pooled investment funds. The Commonfund is a not-for-profit provider of pooled multi-manager investment vehicles for colleges and universities. The University was invested in the Commonfund's

Government Securities Fund, Short Term Fund, Intermediate Term Fund, Multi-Strategy Bond Fund and Absolute Return Fund during fiscal year 2009.

The Government Securities Fund totaled \$69.8 million at June 30, 2009 and represents 63 percent of operating investments. This is a highly liquid, short duration fixed income fund. During fiscal year 2009, the Commonfund Short Term and Absolute Return Funds in which the University was invested were closed, preventing contributions to and limiting withdrawals from the funds. Balances in the funds total \$16.1 million at June 30, 2009 (\$9.6 million at September 30, 2009) or 14.5 percent of operating investments and are scheduled to be paid to participants over the course of fiscal year 2010, as the underlying securities mature or fund managers sell their positions. Management does not anticipate any significant market losses or impact on liquidity as a result of the closures.

Net investment losses primarily from operating funds with the Commonfund totaled \$9.5 million or 6.9 percent, in fiscal year 2009. The endowment investments experienced a \$34.4 million, or 24 percent, loss in fiscal year 2009.

GIFTS, ENDOWMENTS AND FUND RAISING

By Board of Regents policy, all gifts to the University are received and invested by the University of Alaska Foundation ("Foundation"). The University and the Foundation also directly solicit privately funded grants in support of the University's mission. Private gift and fund raising efforts are directed toward program support and toward building endowments.

THE UNIVERSITY OF ALASKA FOUNDATION

The Foundation is a public nonprofit corporation established as a public charity 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 and is governed by its own board of trustees. This twenty to thirty member board establishes the Foundation's investment policy for the endowments and non-endowed funds, and oversees the distribution of the Foundation's assets to its sole beneficiary, the University system. A separately appointed Investment Committee manages the Foundation's investments. Most scholarship, endowment and other privately established funds to benefit the University are under the care of the Foundation.

In fiscal 1998, the Foundation established the Consolidated Fund to combine for investment purposes the University's Land Grant Endowment Trust Fund and the Foundation's Pooled Endowment Fund. The Consolidated Fund is managed by the Foundation (by the above mentioned Investment Committee) under an agreement with the University, and each year a separate financial statement and audit is made of the Consolidated Fund.

Beginning July 1, 2006, the Foundation implemented an administrative fee on gifts and endowments to support the Foundation's operations and provide funds to the University for fundraising expenses as follows:

Gifts – All cash gifts are assessed 1% of the gift value at the time of the gift. Noncash gifts are assessed 1% at the time of conversion to cash by the Foundation, based on the proceeds received.

Endowments – 1% is assessed by the Foundation annually based on the asset valuation at the end of the previous calendar year.

Land Grant Trust Fund Assets – .50% is assessed by the Foundation annually based on the asset valuation of the University’s land grant trust fund assets invested by the Foundation as of the end of the previous calendar year.

A portion of the administrative fees assessed by the Foundation are allocated to the campuses to support development efforts to increase private support.

Table 13
UNIVERSITY OF ALASKA FOUNDATION
Summary Financial Information
For Fiscal Years Ending June 30
(\$'s in 000's)

	2005	2006	2007	2008	2009
Revenues, gains and other support					
Donations and Bequests	\$ 12,218	\$ 18,219	\$ 20,034	\$ 29,131	\$ 29,810
Investment income	3,160	3,234	3,747	3,383	2,118
Net realized and unrealized gains and losses	6,031	9,058	17,183	(6,202)	(31,614)
Other (includes transfers from the University)	495	132	1,065	1,056	1,686
Actuarial adjustment of remainder trust obligations	(4)	(23)	(9)	(13)	(36)
Total	<u>\$ 21,900</u>	<u>\$ 30,620</u>	<u>\$ 42,020</u>	<u>\$ 27,355</u>	<u>\$ 1,964</u>
Distributions to the University	<u>\$ 18,912</u>	<u>\$ 15,312</u>	<u>\$ 15,511</u>	<u>\$ 15,429</u>	<u>\$ 17,700</u>
Net Assets:					
Unrestricted	\$ 31,521	\$ 37,229	\$ 43,757	\$ 41,379	\$ 31,233
Temporarily restricted	49,638	56,212	71,759	81,280	67,349
Permanently restricted	45,378	47,631	50,445	53,245	59,695
Total Net Assets	<u>\$ 126,537</u>	<u>\$ 141,072</u>	<u>\$ 165,961</u>	<u>\$ 175,904</u>	<u>\$ 158,277</u>

Source: University of Alaska Foundation Audited Financial Statements.

Overall, total donations and bequests received by the Foundation was \$29.8 million in fiscal year 2009, compared to \$29.1 million in fiscal year 2008. There was no significant change in the number of donors from the previous year. The number of donors supporting the University has increased by 31 percent since fiscal year 2005. Fiscal year 2009 donations include a \$7.0 million anonymous gift made to the University of Alaska Anchorage, primarily for scholarships.

Nationally, eighty-two percent of private donations are made by individuals. In the times of economic crises, organizational donors reduce their budgets, in part due to the fact that their respective endowment payouts are based on lower endowment values. The University is challenged to turn the tide to increase private individual giving while maintaining the current donor base. Top organization donors have signaled that contributions in fiscal year 2010 and beyond will be significantly lower than in past years. Looking ahead, it is highly unlikely that private fundraising results will return to the levels seen between fiscal years

2006 and 2008 any time in the near future, due to the large proportion of gifts that were made by institutional donors.

The estimated fair value of the Foundation's alternative investments as of June 30, 2009, totaled \$89.5 million. The Consolidated Fund held \$78.7 million of the total. The limitations and restrictions on the Foundation's or the Consolidated Fund's ability to redeem or sell these investments vary by investment and range from required notice periods (generally thirty to ninety days after initial lock-up periods) for certain absolute return or hedge funds, to specified terms at inception (generally twelve years) associated with private capital interests.

During fiscal year 2009, the Commonfund Short Term Fund was closed, preventing contributions to and limiting withdrawals from the funds. As of June 30, 2009 and September 30, 2009, the Foundation had a balance of \$1.6 million and \$1.3 million, respectively, in the Commonfund Short Term Fund. The Foundation expects to receive the remaining balance in fiscal year 2010.

ENDOWMENT FUNDS

As of June 30, 2009, the University held financial and real estate endowment net assets of \$153.7 million separate from the Foundation. Of this amount \$152.7 million represented Land Grant Trust Fund net assets 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.

Land Grant Trust property and other assets consist of real property and timber and other rights. By Acts of Congress in 1915 and 1929, approximately 110,000 acres of land was granted to the territory of Alaska to be held in trust for the benefit of the university. The lands were managed by the territory, and later the state of Alaska. In accordance with a 1982 agreement, the lands were subsequently transferred to the Board of Regents, as trustee. In 1982 and 1988 certain State lands including timber and other rights with a market value of \$21.0 million and \$24.5 million, respectively, were transferred to the trust. The \$45.5 million settlement was a replacement for lands disposed of or adversely affected during the period of administration by the territory and the State. The net proceeds from timber, land and other rights are deposited in the land grant endowment trust fund. At June 30, 2009 approximately 134,300 acres were held in trust at no basis because fair value at the date of transfer was not determinable.

Legislation passed in 2005 granted the University of Alaska approximately 250,000 acres of State land. The intent of the Legislature was to provide the University with an equitable land grant as originally envisioned in the federal land grant of 1915 and to provide the University ownership of a significant portfolio of income producing land to help fund public higher education in the state of Alaska. Two conservation groups filed a lawsuit against the State and University claiming the legislation was unconstitutional because it dedicated funds. The plaintiffs prevailed with the Alaska Supreme Court and the result was that the 2005 legislation was nearly all invalidated except for that portion which relates to a research forest to be conveyed to the University in 2055. The University will have to return approximately 33,700 acres of land that it has received through June 30, 2009 unless new legislation is passed reauthorizing the land conveyances. However, such properties have been recorded at zero basis, so there is no anticipated impact on the results of operations.

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 Alaska Statute 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 Alaska Statute 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. The annual spending allowance of the Land Grant Trust Fund is based on four and one-half percent of a five year moving average of the invested balance. Withdrawals of net earnings to meet the spending allowance are limited to the unexpended accumulated net earnings of the endowments.

Table 14
UNIVERSITY OF ALASKA
Endowment Fund - Summary Financial Information
For Fiscal Years Ending June 30
(\$'s in 000's)

	2005	2006	2007	2008	2009
Unrestricted Endowment Income	<u>\$ 4,959</u>	<u>\$ 5,827</u>	<u>\$ 6,295</u>	<u>\$ 5,476</u>	<u>\$ 6,118</u>
Land Grant Trust Assets					
Cash and Investments	\$ 113,618	\$ 125,908	\$ 147,525	\$ 143,004	\$ 105,840
Land Sale Receivables	6,126	5,709	6,430	4,583	4,433
Real Property	<u>35,088</u>	<u>37,402</u>	<u>39,088</u>	<u>38,844</u>	<u>42,476</u>
Total Land Grant Trust Net Assets	<u>\$ 154,832</u>	<u>\$ 169,019</u>	<u>\$ 193,043</u>	<u>\$ 186,431</u>	<u>\$ 152,749</u>
Other Endowment Fund Net Assets	957	957	1,115	990	989
Other Endowment Fund Net Assets	<u>\$ 155,789</u>	<u>\$ 169,976</u>	<u>\$ 194,158</u>	<u>\$ 187,421</u>	<u>\$ 153,738</u>

Source: University of Alaska.

GRANTS AND CONTRACTS

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

Approximately 90 percent of the research activities at the University take place on the Fairbanks campus and its outlying research sites. Major recipients were the Geophysical Institute, the School of Fisheries and Ocean Sciences, the Institute of Northern Engineering, the Agricultural and Forestry Experiment Station, and the Institute of Arctic Biology. 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 initiatives continue in the areas of health and the biological and biomedical sciences with support from the National Science Foundation for the Experimental Program to Stimulate Competitive Research (EPSCoR) and the National Institutes of Health, National Center for

Research Resources support for the Center for Alaska Native Health Research (CANHR) and IDeA Network of Biomedical Research Excellence (INBRE).

In August 2008, after 30 years of planning and development, the National Science Foundation (NSF) awarded the University of Alaska Fairbanks (UAF) \$2.5 million for the first phase of funding for the construction of the Alaska Region Research Vessel (ARRV). In May 2009 UAF received a \$148.1 million award from the NSF to construct the ARRV. As designed, the ARRV will be a 242 foot, multipurpose oceanographic research vessel capable of operating in seasonal ice and open regions around Alaska. The ARRV will be owned by NSF and operated by UAF on behalf of the entire ocean sciences community. The estimated completion date for the ARRV is 2014.

As of October 1, 2009, the university received \$169.0 million in American Recovery and Reinvestment Act (ARRA) awards (also known as “stimulus” fund). The largest award is for the Alaska Region Research Vessel described above. The remaining awards are mainly for research activities the university conducts in the normal course of its mission and are for periods of one to five years. In addition to the 53 awards that have been funded, there are approximately 40 ARRA proposals pending, totaling \$67.5 million.

Table 15 provides information on grants and contracts for operating activities over the past several fiscal years identified by source. Capital grants and contracts are also identified on Table 15. The Facilities and Administrative Cost Recovery, a component of Pledged Revenues shown on Table 2, is included as part of the revenues associated with grants and contracts shown on Table 15.

Table 15
UNIVERSITY OF ALASKA
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2009, 2008, 2007 and 2006
(in thousands)

	2009	2008	2007	2006
Operating revenues				
Student tuition and fees	\$ 107,424	\$ 99,921	\$ 91,473	\$ 85,296
less scholarship allowances	(9,213)	(7,838)	(7,004)	(6,254)
	98,211	92,083	84,469	79,042
Federal grants and contracts	135,574	136,497	139,361	141,787
State grants and contracts	19,848	17,885	15,605	15,188
Local grants and contracts	3,533	3,472	3,214	2,992
Private grants and contracts	46,902	45,985	47,859	45,273
Federal appropriations	3,525	2,991	3,811	3,150
Local appropriations	717	717	717	717
Sales and services, educational departments	3,850	3,345	3,688	3,361
Sales and services, auxiliary enterprises, net of scholarship allowances of \$1,483, \$1,264, \$1,246 and \$1,140	39,990	39,192	38,849	37,617
Other	15,687	14,457	14,837	12,078
Total operating revenues	367,837	356,624	352,410	341,205
Operating expenses				
Instruction	196,304	183,190	181,175	163,540
Academic support	54,642	52,174	50,659	44,624
Research	126,949	121,843	131,283	126,282
Public service	37,820	36,063	32,926	32,075
Student services	48,170	45,437	41,890	38,512
Operations and maintenance	61,186	54,983	50,216	44,166
Institutional support	90,184	82,611	69,562	61,778
Student aid	17,937	14,879	13,566	13,383
Auxiliary enterprises	39,724	39,410	38,681	37,206
Depreciation	55,649	56,883	57,455	59,807
Pension expense - NPO, OPEB and state on-behalf payments	30,502	29,003	5,389	9,999
Total operating expenses	759,067	716,476	672,802	631,372
Operating loss	(391,230)	(359,852)	(320,392)	(290,167)
Nonoperating revenues (expenses)				
State appropriations	320,770	300,027	287,414	252,512
State on-behalf contributions - pension	30,502	28,464	-	-
Investment earnings (losses)	(8,142)	4,408	11,656	6,562
Endowment investment income (loss)	(34,408)	(4,595)	22,254	13,966
Endowment gifts, sales and other proceeds	10,360	5,559	7,710	5,725
Interest on debt	(4,986)	(4,895)	(4,295)	(4,148)
Other nonoperating expenses	(4,428)	(3,423)	(4,534)	(2,195)
Net nonoperating revenues	309,668	325,545	320,205	272,422
Loss before other revenues, expenses, gains or losses	(81,562)	(34,307)	(187)	(17,745)
Capital appropriations, grants and contracts	63,617	85,660	40,782	30,541
Income (loss) before extraordinary item	(17,945)	51,353	40,595	12,796
Extraordinary item - Pension expense - net pension obligations	31,325	-	-	-
Net increase in net assets	13,380	51,353	40,595	12,796
Net assets				
Net assets - beginning of year	938,803	887,450	846,855	834,059
Net assets - end of year	\$ 952,183	\$ 938,803	\$ 887,450	\$ 846,855

Source: Audited Financial Statements.

Table 16
UNIVERSITY OF ALASKA
Statements of Net Assets
Fiscal Years Ending June 30, 2009, 2008, 2007 and 2006
(in thousands)

Assets	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Current assets:				
Cash and cash equivalents	\$ 81,728	\$ 8,642	\$ (524)	\$ 32,885
Short-term investments	26,184	26,463	39,317	15,480
Accounts receivable, less allowance of \$6,573, \$5,239, \$4,678 and \$4,096	64,523	69,084	61,679	57,127
Other assets	659	774	684	1,079
Inventories	7,220	8,110	8,544	9,043
Total current assets	<u>180,314</u>	<u>113,073</u>	<u>109,700</u>	<u>115,614</u>
Noncurrent assets:				
Restricted cash and cash equivalents	5,091	19,692	4,092	9,408
Notes receivable	4,433	4,583	5,329	5,709
Endowment investments	111,011	145,212	148,713	126,910
Land Grant Trust property and other assets	44,674	45,001	46,272	39,915
Long-term investments	7,875	83,922	83,503	62,618
Education Trust of Alaska	7,986	8,569	8,324	6,845
Capital assets, net of accumulated depreciation of \$715,776, \$681,520, \$634,883 and \$595,629	833,989	792,161	736,894	731,010
Total noncurrent assets	<u>1,015,059</u>	<u>1,099,140</u>	<u>1,033,127</u>	<u>982,415</u>
Total assets	<u>1,195,373</u>	<u>1,212,213</u>	<u>1,142,827</u>	<u>1,098,029</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	19,221	18,797	20,276	15,006
Accrued payroll	24,966	21,292	20,852	22,311
Deferred revenue and deposits	17,086	15,032	15,625	16,648
Accrued annual leave	11,320	10,459	9,926	9,177
Deferred lease revenue - current portion	1,281	1,281	1,281	1,281
Long-term debt - current portion	6,473	9,659	6,278	5,200
Insurance and risk management	20,134	19,283	18,168	19,769
Total current liabilities	<u>100,481</u>	<u>95,803</u>	<u>92,406</u>	<u>89,392</u>
Noncurrent liabilities:				
Deferred revenue - capital	10,519	5,781	6,361	8,168
Deferred lease revenue	4,804	6,085	7,366	8,647
Long-term debt	121,540	127,019	112,732	113,183
Net pension and OPEB obligations	-	31,325	30,786	25,397
Security deposits and other liabilities	5,846	7,397	5,726	6,387
Total noncurrent liabilities	<u>142,709</u>	<u>177,607</u>	<u>162,971</u>	<u>161,782</u>
Total liabilities	<u>243,190</u>	<u>273,410</u>	<u>255,377</u>	<u>251,174</u>
Net Assets				
Invested in capital assets, net of related debt	705,398	671,700	619,665	608,596
Restricted:				
Expendable:				
Restricted funds	848	790	1,151	1,432
Education Trust of Alaska	2,879	5,173	6,413	4,931
Capital projects and debt service	8,496	7,303	5,206	5,638
Endowment	10	33,441	42,817	26,117
Nonexpendable				
Endowment	95,682	94,571	89,949	69,614
Land Grant Trust	31,734	32,181	34,165	53,661
Unrestricted	107,136	93,644	88,084	76,866
Total net assets	<u>\$ 952,183</u>	<u>\$ 938,803</u>	<u>\$ 887,450</u>	<u>\$ 846,855</u>

Source: Audited Financial Statements.

Note: Prior years' figures have been restated to conform to current year presentation.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Wohlforth, Johnson, Brecht, Cartledge & Brooking, P.C. Anchorage, Alaska, Bond Counsel to the University. The proposed form of the opinion is included herein as Appendix C.

TAX MATTERS

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 excludable from gross income for federal income tax purposes. The Bonds are not private activity bonds, and interest on the Bonds is not an item of tax preferences for purposes of determining alternative minimum taxable income for individuals or corporations under the Code. However, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of the federal alternative minimum tax imposed on certain corporations.

Bond Counsel is also of the opinion based on existing laws of the State as enacted and construed that interest on the Bonds is excludable from taxation by the State except for transfer, estate and inheritance taxes and except to the extent that inclusion of said interest in computing the federal corporate alternative minimum tax may affect the corresponding provisions of the State corporate income tax.

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 is excludable from 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 excludable 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. Owners of the Bond should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue discount, original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Backup Withholding. Interest on tax-exempt obligations such as the Bonds are in many cases subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such

proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Bond Counsel's opinion is not a guarantee of a result and is not binding on the Internal Revenue Service ("IRS"), rather, the opinion represents its legal judgement based upon its review of existing statutes, regulations, published rulings, and court decisions and the representations and covenants on the University. The IRS has an ongoing program of auditing the tax-exempt status of the interest on governmental obligations. If an audit of the Bonds is commenced, under current procedures, the IRS is likely to treat the University as the "taxpayer," and the owners of the Bonds (the "Owners") would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the University may have different or conflicting interests from the Owners. Public awareness of any future audit of the Bonds could adversely affect the value and the liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

BANK QUALIFIED

The University has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

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.

FINANCIAL ADVISOR

The University has retained Kaplan Financial Consulting, Inc. as financial advisor in connection with 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

Prior to the sale of the Bonds, Moody's Investors Service Inc. and Standard and Poor's Rating Services, a Division of The McGraw-Hill Companies, Inc. have assigned ratings of “____” and “____,” respectively, to the Bonds, based on their research and investigation of the University. Each rating agency has also assigned a “____” to the University. Such ratings and outlook reflect only the respective views of the rating organizations and any desired explanation of the significance of the ratings may be obtained from each rating agency.

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 the judgement of such rating agencies, circumstances so 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.

FINANCIAL STATEMENTS

The financial statements of the University for the fiscal year ended June 30, 2009, were examined by KPMG LLP, independent certified public accountants, whose report thereon appears in Appendix A. KPMG LLP, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

UNDERWRITING

The University offered the Bonds at public sale on December 8, 2009. _____ (the “Underwriter”) submitted the best bid at the sale of the Bonds. The University awarded the contract for sale of the Bonds to the Underwriter at a price of \$_____ (reflecting an underwriting discount of \$_____ and net original issue premium of \$_____). 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 208, 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.

PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL

The University hereby deems this Preliminary Official Statement pursuant to Section (b) of the Rule as final as to its date except for the omission of the information dependent upon the pricing of the issue, such as offering prices, interest rates, selling compensation, delivery date and other items of the Bonds dependent upon the foregoing matters.

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 Trubacz

Chief Financial Officer

APPENDIX A

**UNIVERSITY OF ALASKA
AUDITED FINANCIAL STATEMENTS
FISCAL YEAR ENDED
JUNE 30, 2009**

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UNIVERSITY OF ALASKA
(A Component Unit of the State of Alaska)
Financial Statements
June 30, 2009 and 2008
(With Independent Auditors' Report Thereon)

University of Alaska
(A Component Unit of the State of Alaska)
Financial Statements
June 30, 2009 and 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited – see accompanying accountants' report)

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the University of Alaska (university) for the years ended June 30, 2009 (2009) and June 30, 2008 (2008), with selected comparative information for the year ended June 30, 2007 (2007). This discussion has been prepared by management and should be read in conjunction with the financial statements including the notes thereto, which follow this section.

Using the Financial Statements

The university's financial report includes the basic financial statements of the university and the financial statements of the University of Alaska Foundation (foundation), a legally separate, non profit component unit. The three basic financial statements of the university are: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These statements are prepared in accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) pronouncements. The university is presented as a business-type activity. GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, establishes standards for external financial reporting for public colleges and universities and classifies resources into three net asset categories – unrestricted, restricted, and invested in capital assets, net of related debt.

The University of Alaska Foundation is presented as a component unit of the university in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The foundation's financial statements include the Statement of Financial Position and the Statement of Activities and these statements are presented as originally audited according to generally accepted accounting principles and Financial Accounting Standards Board (FASB) pronouncements.

The foundation was established to solicit donations and to hold and manage such assets for the exclusive benefit of the university. Resources managed by the foundation and distributions made to the university are governed by the foundation's Board of Trustees (operating independently and separately from the university's Board of Regents). The component unit status of the foundation indicates that significant resources are held by the foundation for the sole benefit of the university. However, the university is not accountable for, nor has ownership of, the foundation's resources.

Statement of Net Assets

The Statement of Net Assets presents the financial position of the university at the end of the fiscal year and includes all assets and liabilities of the university. The difference between total assets and total liabilities (net assets) is one indicator of the financial condition of the university, while the change in net assets is an indicator of whether the financial condition has improved or declined during the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited – see accompanying accountants' report)

A summarized comparison of the university's assets, liabilities and net assets at June 30, 2009, 2008 and 2007 follows (\$ in thousands):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets:			
Current assets	\$ 180,314	\$ 113,073	\$ 109,700
Other assets	181,070	306,979	296,233
Capital assets, net of depreciation	<u>833,989</u>	<u>792,161</u>	<u>736,894</u>
Total assets	<u>1,195,373</u>	<u>1,212,213</u>	<u>1,142,827</u>
Liabilities:			
Current liabilities	100,481	95,803	92,406
Noncurrent liabilities	<u>142,709</u>	<u>177,607</u>	<u>162,971</u>
Total liabilities	<u>243,190</u>	<u>273,410</u>	<u>255,377</u>
Net assets:			
Invested in capital assets, net of debt	705,398	671,700	619,665
Restricted – expendable	12,233	46,707	55,587
Restricted – nonexpendable	127,416	126,752	124,114
Unrestricted	<u>107,136</u>	<u>93,644</u>	<u>88,084</u>
Total net assets	<u>\$ 952,183</u>	<u>\$ 938,803</u>	<u>\$ 887,450</u>

Overall, total assets of the university decreased \$16.8 million, or 1.4 percent from the prior year. The major change was in the endowment and non-endowment investments that suffered significant losses in 2009 and decreased \$52.6 million, or 18 percent from 2008. These declines were offset by an increase in net capital assets of \$41.8 million. Total liabilities decreased \$30.2 million largely due to the write off of the net pension and other post-employment benefit obligations of \$31.3 million. Each of these changes is discussed in more detail in the following sections.

The university significantly changed the allocation of its operating investment portfolio in 2009 in response to the global financial crisis. In general, management liquidated its long term investments and converted them to cash or safer, shorter term, investments. These actions were part of a strategy to reduce risk, enhance liquidity and safeguard university investments from additional market exposure. As a result, cash and cash equivalents increased \$73.1 million to \$81.7 million at June 30, 2009. The majority of these funds, \$69.8 million, are invested in a highly liquid government securities fund. Long-term investments were reduced from \$83.9 million at June 30, 2008 to \$7.9 million at June 30, 2009. There is more information in Note 2, *Deposits and Investments*, regarding the specific investments held at year end.

Restricted cash and cash equivalents decreased from \$19.7 million at June 30, 2008 to \$5.1 million at June 30, 2009. The decrease is mostly attributed to the expenditure of Series O general revenue bond proceeds for the University of Alaska Anchorage Parking Garage construction.

Endowment investments at June 30, 2009 were \$111.0 million as compared to \$145.2 million at June 30, 2008. This decrease was primarily caused by a 24 percent investment loss as a result of the global financial crisis.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited – see accompanying accountants' report)

Net accounts receivable decreased from \$69.1 million at June 30, 2008 to \$64.5 million at June 30, 2009. Amounts due from the state as reimbursement for construction project expenditures were less at year end and comprised the majority of the decrease. Other components of accounts receivable consist of amounts due from students, government agencies, and auxiliary customers. These balances remained relatively stable as compared to prior year. Management continues to work on improving the billing and collection process. See Note 3 of the financial statements for accounts receivable detail.

Total liabilities are categorized as either current liabilities or noncurrent liabilities on the Statement of Net Assets. Current liabilities are those that are due or will likely be paid in the next fiscal year. They are primarily comprised of accounts payable, accrued payroll and other expenses, insurance and risk management payables, debt and student deposits. Noncurrent assets are comprised mostly of long-term debt. Total liabilities decreased \$30.2 million during 2009 to a total of \$243.2 million. The major changes are described below.

Net pension and OPEB obligations totaling \$31.3 million were written off effective July 1, 2008, when the Public Employees' Retirement System (PERS) plan changed from an agent to a multiple-employer plan. GASB does not require these obligations to be recorded for multiple-employer plans. The effect of this change is recorded on the Statement of Revenues, Expenses and Changes in Net Assets as an extraordinary item and is further discussed in Note 12, *Pension Plans*.

Total debt outstanding decreased from \$136.7 million at June 30, 2008 to \$128.0 million at June 30, 2009. The change consists of principal payments totaling \$6.0 million plus payoff of the Bunnell Park property note payable totaling \$3.8 million, less new equipment financings of \$1.1 million.

Deferred revenue related to capital projects totaled \$10.5 million at June 30, 2009, compared to \$5.8 million the year before. These amounts represent advance collections from the state based on estimated capital expenditures. The Anchorage Health Sciences building and the Tanana Valley Campus renovation comprised approximately \$4.4 million of the 2009 balance.

Unrestricted net assets increased \$13.5 million from June 30, 2008 to June 30, 2009. At year end, \$91.9 million of the \$107.1 million total is designated for specific purposes. See Note 7 of the financial statements for a detailed list of these designations.

Fiscal Year 2008 Comparisons (Statement of Net Assets)

Significant comments about changes between 2007 and 2008 that were noted in fiscal year 2008 *Management's Discussion and Analysis* are summarized below:

Overall, the financial position of the university improved in 2008 as indicated by the growth in net assets of \$51.4 million or 5.8 percent. There were several major changes in asset and liability balances:

Endowment investments at June 30, 2008 were \$145.2 million as compared to \$148.7 million at June 30, 2007. This decrease was primarily caused by a 2.4 percent investment loss in 2008 as compared to a 17.9 percent gain in 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited – see accompanying accountants' report)

Net accounts receivable increased \$7.4 million from \$61.7 million at June 30, 2007 to \$69.1 million at June 30, 2008. This growth was primarily due to increased capital construction activity at year end. Capital receivables increased from \$5.3 million at June 30, 2007 to \$11.7 million at June 30, 2008.

Total liabilities increased by \$18.0 million during 2008 to a total of \$273.4 million. The increase was attributed to accounts payable rising from \$10.8 million at June 30, 2007 to \$13.6 million at June 30, 2008 and is reflective of increased capital construction activity in process at year end. Construction activity constituted 70 percent or \$9.4 million of the accounts payable balance at year end as compared to 55 percent or \$5.9 million, the year before. Long-term debt financing increased with the issuance of Series O general revenue bonds totaling \$23.8 million in 2008.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the results of operations for the university as a whole. Revenues, expenses and other changes in net assets are reported as either operating or nonoperating. Significant recurring sources of university revenue, such as state appropriations and investment earnings, are defined by GASB Statement No. 35 as nonoperating.

A summarized comparison of the university's revenues, expenses and changes in net assets for the years ended June 30, 2009, 2008 and 2007 follows (\$ in thousands):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues	\$ 367,837	\$ 356,624	\$ 352,410
Operating expenses	<u>(759,067)</u>	<u>(716,476)</u>	<u>(672,802)</u>
Operating loss	(391,230)	(359,852)	(320,392)
Net nonoperating revenues	<u>309,668</u>	<u>325,545</u>	<u>320,205</u>
Loss before other revenues, expenses, gains, or losses	(81,562)	(34,307)	(187)
Other revenues, expenses, gains or losses	<u>94,942</u>	<u>85,660</u>	<u>40,782</u>
Increase in net assets	<u>13,380</u>	<u>51,353</u>	<u>40,595</u>
Net assets at beginning of year	<u>938,803</u>	<u>887,450</u>	<u>846,855</u>
Net assets at end of year	<u>\$ 952,183</u>	<u>\$ 938,803</u>	<u>\$ 887,450</u>

The Statement of Revenues, Expenses and Changes in Net Assets reflects an overall increase in net assets of 1.4 percent, or \$13.4 million. Major changes in revenues and expenses in 2009 are described below:

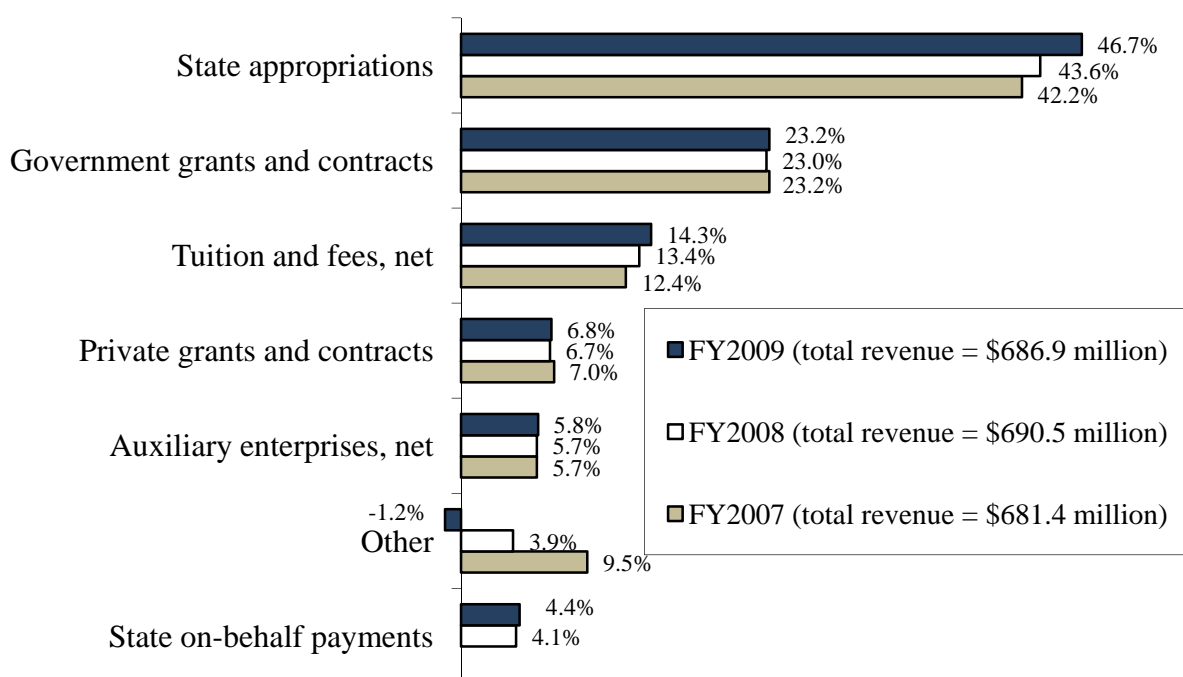
Capital appropriations and capital grant and contract revenue decreased from \$85.7 million in 2008 to \$63.6 million in 2009. Revenue from capital sources is generally recognized as expenditures occur. The decrease is attributed to fewer dollars being expended on the University of Alaska Anchorage's Integrated Science Building (ISB) in 2009 as compared to 2008. The ISB total project cost is \$91 million and was opened in fall 2009. For further discussion on capital activity, see the *Capital and Debt Activities* section which follows.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited – see accompanying accountants' report)

State of Alaska general fund appropriations continue to be the single major source of revenue for the university, providing \$320.8 million in 2009, as compared to \$300 million in 2008. Historically, the state has funded the university at an amount equal to or above the prior period's appropriation. In addition, the state made on-behalf pension payments of \$30.5 million directly to the Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) plans on behalf of the university. The state is paying the cost above the required employer contribution rate to fully fund the plans at the actuarial computed rate. Employer contribution rates have been capped at 22 percent and 12.56 percent for PERS and TRS, respectively. The on-behalf payments increase over 2008 was primarily caused by the actuarial rate for PERS increasing from 28.23 percent to 35.22 percent and the underlying covered payroll increasing. The pension payments were made on-behalf of the university and are presented as revenue and expenses in the university's financial statements in accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*.

A comparison of operating and nonoperating revenues by source for 2009, 2008 and 2007 follows:

Operating and Nonoperating Revenues (excluding capital) by Year

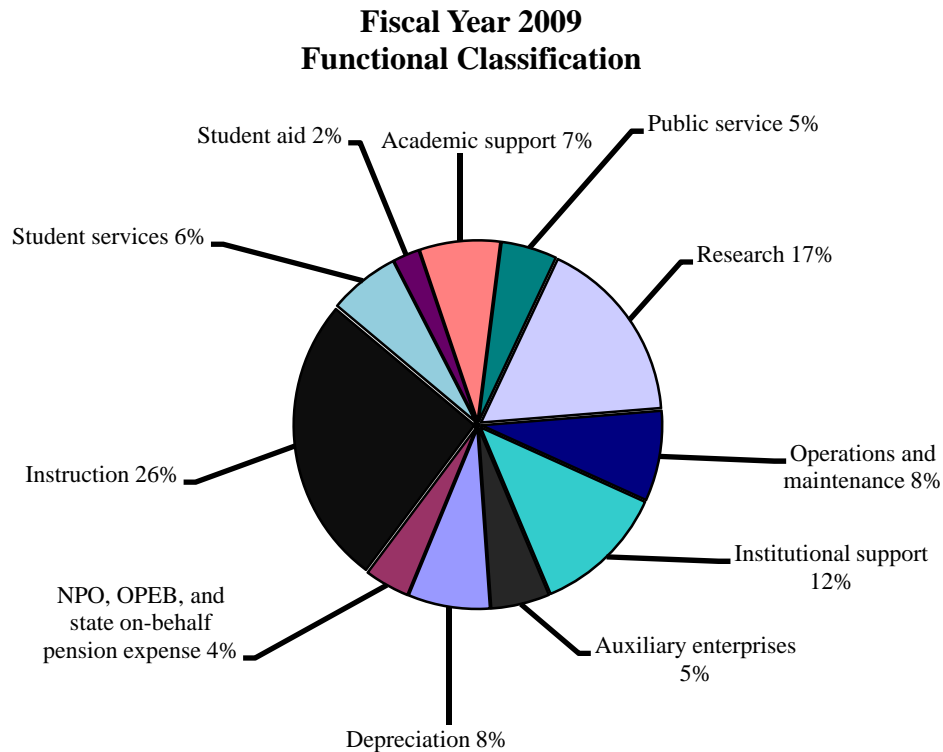


Grant and contract revenue from federal, state, local and private sponsors totaled \$205.9 million for 2009, a 1 percent increase over the prior year. The flat growth reflects the reduction in congressionally directed funding, plus stagnant competitive research budgets and lack of new state base support for research, particularly new facilities necessary to expand the research enterprise. However, in the latter part of 2009 and in 2010, the university received federal funding through the American Recovery and Reinvestment Act ("stimulus" funds). This is further discussed in the *Other Economic and Financial Conditions* section which follows. Gross student tuition and fee revenue totaled \$107.4 million in 2009 as compared to \$99.9 million in 2008. This was due in large part to a five percent increase in tuition rates for students for academic year 2008 - 2009, and a \$.8 million increase in total fee revenue from \$18.8 million at June 30, 2008 to \$19.6 million at June 30, 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited – see accompanying accountants' report)

A comparison of operating expenses by functional and natural classification for selected fiscal years follows (see Note 16 of the financial statements for more information):

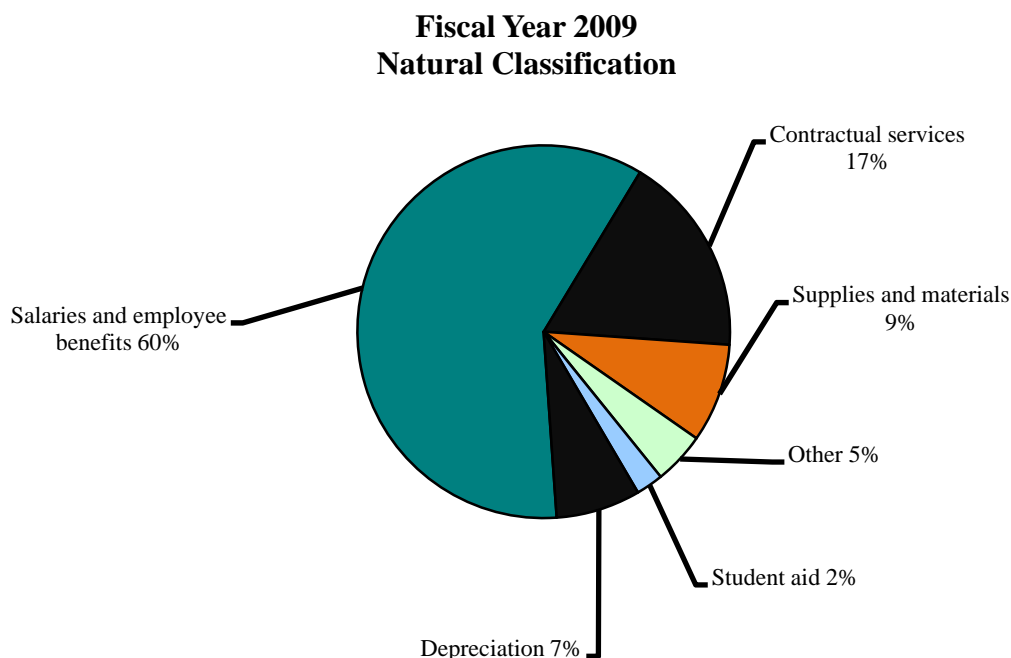
Operating Expenses						
Functional Classification (in millions)						
	FY2009		FY2008		FY2007	
Instruction	\$196.3	25.9%	\$183.2	25.6%	\$181.2	26.9%
Student Services	48.2	6.4%	45.4	6.3%	41.9	6.2%
Student Aid	17.9	2.3%	14.9	2.1%	13.5	2.0%
Academic Support	54.7	7.2%	52.2	7.3%	50.7	7.6%
Student and Academic	\$317.1	41.8%	\$295.7	41.3%	\$287.3	42.7%
Public Service	37.8	5.0%	36.1	5.0%	32.9	4.9%
Research	127.0	16.7%	121.8	17.0%	131.3	19.5%
Operations and Maintenance	61.2	8.1%	55.0	7.7%	50.2	7.5%
Institutional Support	90.2	11.9%	82.6	11.5%	69.6	10.3%
Auxiliary Enterprises	39.7	5.2%	39.4	5.5%	38.7	5.8%
NPO,OPEB, State On-Behalf	30.5	4.0%	29.0	4.1%	5.4	0.8%
Depreciation	55.6	7.3%	56.9	7.9%	57.4	8.5%
Total Operating Expenses	\$759.1	100.0%	\$716.5	100.0%	\$672.8	100.0%



MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited – see accompanying accountants' report)

Salaries and employee benefits increased 6.3 percent, or \$27.0 million, in 2009. Employee benefits, such as pension plan contributions and health care costs, increased 7.14 percent and comprised \$8.9 million of the change. Salaries and wages increased 6.0 percent, or \$18.0 million. Other expenses are substantially higher in 2009 and 2008 as compared to 2007 as a result of recognizing state on-behalf pension payments totaling \$30.5 million, \$28.5 million, and zero, respectively.

Operating Expenses						
Natural Classification (in millions)						
	FY2009		FY2008		FY2007	
Salaries and Employee Benefits	\$453.7	59.7%	\$426.7	59.6%	\$407.0	60.5%
Contractual Services	132.5	17.5%	126.2	17.6%	124.8	18.5%
Supplies and Materials	65.1	8.6%	59.8	8.3%	61.7	9.2%
Other	34.3	4.5%	32.0	4.5%	8.4	1.2%
Student Aid	17.9	2.4%	14.9	2.1%	13.5	2.0%
Depreciation	55.6	7.3%	56.9	7.9%	57.4	8.6%
	<u>\$759.1</u>	<u>100.0%</u>	<u>\$716.5</u>	<u>100.0%</u>	<u>\$672.8</u>	<u>100.0%</u>



Certain amounts applied to student accounts for tuition, fees, or room and board are not reported as student aid expense, but are reported in the financial statements as a scholarship allowance, directly offsetting student tuition and fee revenue or auxiliary revenue. Allowances totaled \$10.7 million in 2009 and \$9.1 million in 2008. In addition to the allowances, students participate in governmental financial aid loan programs. The loans are neither recorded as revenue or expense in the financial statements, but are recorded in the Statements of Cash Flows as direct lending receipts totaling \$75.0 million and \$67.4 million in 2009 and 2008, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited – see accompanying accountants' report)

Institutional support expenses fluctuate due to the accounting method used to record employee benefits. The university employs a central benefits pool concept, and uses a staff benefit rate, to charge estimated employee benefits, such as pension and healthcare costs, to labor recorded in the various functional expense categories. Institutional support expenses are impacted when the amounts charged exceed, or are less than, actual benefits paid to third parties. Over recovery or under recovery of charges in one year are built into the rate building process the following year. When considered in total, operating expenses across all functional categories include the correct amount of employee benefit expense each fiscal year.

Net investment losses from all non-endowment sources totaled \$8.1 million in 2009 as a result of the global financial crisis. Operating investments experienced a 6.9 percent loss. As discussed earlier in the assets and liabilities section, management sold many of its investments and placed substantially all funds in government securities, in an effort to reduce risk and stem further losses.

Endowment investments experienced a \$34.4 million loss in 2009 as compared to a \$4.6 million loss in the prior year. Total return was a negative 24 percent in 2009 as compared to a negative 2.4 percent in 2008. The significant losses in 2009 were the result of the global financial crisis.

Endowment gifts, sales and other proceeds totaled \$10.4 million in fiscal year 2009 as compared to \$5.6 million in 2008. The increase can be attributed to the \$6.1 million sale of the Trunk Road property located near the Mat-Su campus. This category also includes yield from, or sales of, trust land, timber and mineral interests, the net proceeds of which are generally deposited to the land grant endowment trust fund.

Fiscal Year 2008 Comparisons (Statement of Revenues, Expenses and Changes in Net Assets)

Significant comments about changes between 2007 and 2008 that were noted in fiscal year 2008 *Management's Discussion and Analysis* are summarized below:

The Statement of Revenues, Expenses and Changes in Net Assets reflected an overall increase in net assets of 5.8 percent, or \$51.4 million. The major changes in revenue and expenses are described below:

Gross student tuition and fee revenue increased to \$99.9 million in 2008 as compared to \$91.5 million in 2007. This was primarily due to a seven percent increase in tuition rates and a \$2.4 million increase in total fee revenue.

Endowment investments experienced a \$4.6 million loss in 2008 as compared to a \$22.3 million gain in 2007. Poor market conditions caused a 2.4 percent loss in 2008.

Endowment gifts, sales and other proceeds totaled \$5.6 million in 2008 as compared to \$7.7 million in 2007. The decline is mostly attributed to a \$2.6 million pledge included in the 2007 balance.

Net pension, OPEB and state on-behalf pension payments increased to \$29 million in 2008 as compared to \$5.4 million in 2007. This was primarily due to first-time state on-behalf pension payments, totaling \$28.5 million, paid directly to the PERS and TRS defined benefit plans to reduce the PERS and TRS employers' contributions for 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited – see accompanying accountants' report)

Capital and Debt Activities

The University of Alaska has continued to modernize various facilities and to build new facilities to address emerging state needs. Net capital asset additions totaled \$76.1 million in 2009, as compared with \$101.9 million in 2008 and \$45.1 million in 2007. These capital additions primarily comprise replacement, renovation, code corrections and new construction of academic and research facilities, as well as investments in equipment and information technology. State capital appropriations for 2009 and 2008 were \$107.2 million and \$12.9 million, respectively. At June 30, 2009, \$125.7 million remains unexpended from current and prior year capital appropriations and general revenue bond proceeds, of which \$31.0 million is committed to existing construction contracts. The balance is for projects still in design or preconstruction, or is held for contingencies for work in progress.

State of Alaska capital appropriations for 2010 total \$3.2 million and are designated for renewal and replacement projects at various campuses in the university system.

Construction in progress at June 30, 2009 totaled \$120.8 million and includes the following major projects:

- University of Alaska Anchorage Integrated Science Building (ISB): This \$91 million facility completed in fall 2009 includes instructional, student, and administrative space. Features include state of the art science academic labs and technology associated with distance delivery. The facility is designed to incorporate program growth in integrated sciences, including integrated science instruction for majors and non-majors, environmental studies and systems research, biomedical research, and complex system studies to prepare students to meet the employment needs of the state of Alaska.
- University of Alaska Anchorage Parking Garage associated with the ISB, Loop Road and Amenities Building: This \$17.2 million structure completed in fall 2009 consists of a three level parking garage for 445 vehicles, a loop road connecting ISB service entrance to the Fine Arts building parking lot and a detached amenities/auxiliary building that houses the elevator, stairs, mechanical and electrical support for the garage.

At June 30, 2009, total debt outstanding was \$128.0 million, comprised of \$105.8 million in general revenue bonds, \$19.6 million in notes payable, and \$2.6 million in bank financing contracts. In December 2007, Moody's Investors Service raised its previous university credit rating of A1 to Aa3 with stable outlook, and in January 2008, Standard & Poor's affirmed its rating of AA- with stable outlook. Moody's Investors Service's upgrade of the university's credit rating is the university's first rating change since its general revenue issues were first rated in 1992.

The university issued Series O general revenue bonds totaling \$23.8 million in 2008. The bonds mature annually each October 1, through 2033, and bear coupon interest rates ranging from 3.375 percent to 4.25 percent. UAA's Parking Garage is the largest project on the bond, totaling \$13.0 million, while the remaining proceeds are being used for renovations or supplemental funding for new facilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited – see accompanying accountants' report)

In previous years, other bonds were issued to finance construction of student residences at three campuses, the West Ridge Research Building, student recreation centers, a research facility to house the International Arctic Research Center, the acquisition and renovation of several properties adjacent to or near the university's campuses, additions to the university's self-operated power, heat, water and telephone utility systems in Fairbanks, purchase of the University Center Building in Anchorage, and to refund previously issued general revenue bonds and other contractual obligations in order to realize debt service savings.

The university has traditionally utilized tax exempt financings to provide for its capital needs or to facilitate systematic renewals. Short-term lines of credit or working capital is available to provide interim cash flow financing for facilities intended to be funded with general revenue bond proceeds.

Other Economic and Financial Conditions

The following is a description of currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position (net assets) or results of operations (revenues, expenses, and other changes in net assets) of the university.

The Board of Regents approved the following tuition increases: 1) five percent for the 2009 – 2010 academic year, 2) four percent for 100 to 200 level courses and seven percent for all other courses in the 2010 – 2011 academic year, and 3) five percent for 100 to 200 level courses and ten percent for all other courses in the 2011 – 2012 academic year.

The University of Alaska Fairbanks received a \$148.1 million award from the National Science Foundation to construct the Alaska Region Research Vessel (ARRV). As designed, the vessel will be a 236 foot multipurpose oceanographic research ship capable of operating in seasonal ice and open regions around Alaska. Once constructed, the university will manage the vessel operations to support the National Science Foundation and other federally funded science activities. The ARRV is expected to be completed in 2014.

As of October 1, 2009, the university received \$169.0 million in American Recovery and Reinvestment Act (ARRA) awards (also known as "stimulus" funds). The largest award is for the ARRV described above. The other awards are predominantly for research activities that the university conducts in the normal course of its mission. Periods of performance range from one to five years. There are numerous ARRA proposals pending, totaling \$67.5 million.



KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

Independent Auditors' Report

The Board of Regents
University of Alaska:

We have audited the accompanying basic financial statements of the University of Alaska and its discretely presented component unit (University), a component unit of the State of Alaska, as of and for the years ended June 30, 2009 and 2008 as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Alaska and its discretely presented component unit at June 30, 2009 and 2008, and the respective changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis, on pages 1 through 10 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

November 4, 2009

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UNIVERSITY OF ALASKA
(A Component Unit of the State of Alaska)
Statements of Net Assets
June 30, 2009 and 2008
(in thousands)

Assets	2009	2008
Current assets:		
Cash and cash equivalents	\$ 81,728	\$ 8,642
Short-term investments	26,184	26,463
Accounts receivable, less allowance of \$6,573 in 2009 and \$5,239 in 2008	64,523	69,084
Other assets	659	774
Inventories	7,220	8,110
Total current assets	<u>180,314</u>	<u>113,073</u>
Noncurrent assets:		
Restricted cash and cash equivalents	5,091	19,692
Notes receivable	4,433	4,583
Endowment investments	111,011	145,212
Land Grant Trust property and other assets	44,674	45,001
Long-term investments	7,875	83,922
Education Trust of Alaska	7,986	8,569
Capital assets, net of accumulated depreciation of \$715,776 in 2009 and \$681,520 in 2008	833,989	792,161
Total noncurrent assets	<u>1,015,059</u>	<u>1,099,140</u>
Total assets	<u>1,195,373</u>	<u>1,212,213</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	19,221	18,797
Accrued payroll	24,966	21,292
Deferred revenue and deposits	17,086	15,032
Accrued annual leave	11,320	10,459
Deferred lease revenue - current portion	1,281	1,281
Long-term debt - current portion	6,473	9,659
Insurance and risk management	20,134	19,283
Total current liabilities	<u>100,481</u>	<u>95,803</u>
Noncurrent liabilities:		
Deferred revenue - capital	10,519	5,781
Deferred lease revenue	4,804	6,085
Long-term debt	121,540	127,019
Net pension and OPEB obligations	-	31,325
Security deposits and other liabilities	5,846	7,397
Total noncurrent liabilities	<u>142,709</u>	<u>177,607</u>
Total liabilities	<u>243,190</u>	<u>273,410</u>
Net Assets		
Invested in capital assets, net of related debt	705,398	671,700
Restricted:		
Expendable:		
Restricted funds	848	790
Education Trust of Alaska	2,879	5,173
Capital projects and debt service	8,496	7,303
Endowment	10	33,441
Nonexpendable		
Endowment	95,682	94,571
Land Grant Trust	31,734	32,181
Unrestricted (see Note 7)	107,136	93,644
Total net assets	<u>\$ 952,183</u>	<u>\$ 938,803</u>

The accompanying notes are an integral part of the financial statements.

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UNIVERSITY OF ALASKA FOUNDATION
(A Component Unit of the University of Alaska)
Statements of Financial Position
June 30, 2009 and 2008
(in thousands)

Assets	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 30,609	\$ 904
Interest receivable	77	110
Short-term investments	-	6,668
Contributions receivable	17,746	16,548
Escrows receivable	145	155
Inventory	50	77
Other assets	516	425
Pooled endowment funds	89,486	116,221
Other long-term investments	<u>23,092</u>	<u>38,172</u>
Total assets	<u><u>\$ 161,721</u></u>	<u><u>\$ 179,280</u></u>
 Liabilities		
Due to the University of Alaska	\$ 2,118	\$ 2,033
Other liabilities	10	15
Remainder trust obligations	316	328
Term endowment liability	<u>1,000</u>	<u>1,000</u>
Total liabilities	<u>3,444</u>	<u>3,376</u>
 Net Assets		
Unrestricted	31,233	41,379
Temporarily restricted	67,349	81,280
Permanently restricted	<u>59,695</u>	<u>53,245</u>
Total net assets	<u>158,277</u>	<u>175,904</u>
Total liabilities and net assets	<u><u>\$ 161,721</u></u>	<u><u>\$ 179,280</u></u>

The accompanying notes are an integral part of the financial statements.

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UNIVERSITY OF ALASKA
(A Component Unit of the State of Alaska)
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2009 and 2008
(in thousands)

	2009	2008
Operating revenues		
Student tuition and fees	\$ 107,424	\$ 99,921
less scholarship allowances	(9,213)	(7,838)
	98,211	92,083
Federal grants and contracts	135,574	136,497
State grants and contracts	19,848	17,885
Local grants and contracts	3,533	3,472
Private grants and contracts	46,902	45,985
Federal appropriations	3,525	2,991
Local appropriations	717	717
Sales and services, educational departments	3,850	3,345
Sales and services, auxiliary enterprises, net of scholarship allowances of \$1,483 in 2009 and \$1,264 in 2008	39,990	39,192
Other	15,687	14,457
Total operating revenues	367,837	356,624
Operating expenses		
Instruction	196,304	183,190
Academic support	54,642	52,174
Research	126,949	121,843
Public service	37,820	36,063
Student services	48,170	45,437
Operations and maintenance	61,186	54,983
Institutional support	90,184	82,611
Student aid	17,937	14,879
Auxiliary enterprises	39,724	39,410
Depreciation	55,649	56,883
State on-behalf payments	30,502	29,003
Total operating expenses	759,067	716,476
Operating loss	(391,230)	(359,852)
Nonoperating revenues (expenses)		
State appropriations	320,770	300,027
State on-behalf contributions - pension	30,502	28,464
Investment earnings (losses)	(8,142)	4,408
Endowment investment loss	(34,408)	(4,595)
Endowment gifts, sales and other proceeds	10,360	5,559
Interest on debt	(4,986)	(4,895)
Other nonoperating expenses	(4,428)	(3,423)
Net nonoperating revenues	309,668	325,545
Loss before other revenues, expenses, gains or losses	(81,562)	(34,307)
Capital appropriations, grants and contracts	63,617	85,660
Loss (income) before extraordinary item	(17,945)	51,353
Extraordinary item - elimination of net pension and OPEB obligations	31,325	-
Net increase in net assets	13,380	51,353
Net assets		
Net assets - beginning of year	938,803	887,450
Net assets - end of year	\$ 952,183	\$ 938,803

The accompanying notes are an integral part of the financial statements.

UNIVERSITY OF ALASKA FOUNDATION
(A Component Unit of the University of Alaska)
Statements of Activities
For the years ended June 30, 2009 and 2008
(in thousands)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009</u>
Revenues, gains (losses) and other support				
Contributions	\$ 5,808	\$ 17,727	\$ 6,275	\$ 29,810
Investment income	1,062	1,056	-	2,118
Net realized and unrealized investment losses	(12,168)	(19,446)	-	(31,614)
Other revenues	2	73	-	75
Actuarial adjustment of remainder trust obligations	-	(6)	(30)	(36)
Losses on disposition of other assets	-	(526)	-	(526)
Administrative assessments	1,941	(1,171)	(23)	747
Support from University of Alaska	1,390	-		1,390
Net assets released from restriction	<u>11,362</u>	<u>(11,362)</u>		<u>-</u>
Total revenues, gains (losses) and other support	<u>9,397</u>	<u>(13,655)</u>	<u>6,222</u>	<u>1,964</u>
Expenses and distributions				
Operating expenses	1,891	-	-	1,891
Distributions for the benefit of the University of Alaska	<u>17,700</u>	<u>-</u>	<u>-</u>	<u>17,700</u>
Total expenses and distributions	<u>19,591</u>	<u>-</u>	<u>-</u>	<u>19,591</u>
Excess (deficit) of revenues over expenses	<u>(10,194)</u>	<u>(13,655)</u>	<u>6,222</u>	<u>(17,627)</u>
Transfers between net asset classes	<u>48</u>	<u>(276)</u>	<u>228</u>	<u>-</u>
Increase (decrease) in net assets	(10,146)	(13,931)	6,450	(17,627)
Net assets, beginning of year	<u>41,379</u>	<u>81,280</u>	<u>53,245</u>	<u>175,904</u>
Net assets, end of year	<u><u>\$ 31,233</u></u>	<u><u>\$ 67,349</u></u>	<u><u>\$ 59,695</u></u>	<u><u>\$ 158,277</u></u>

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2008</u>
\$ 857	\$ 25,652	\$ 2,622	\$ 29,131
1,889	1,494	-	3,383
(1,797)	(4,405)	-	(6,202)
1	97	-	98
-	(6)	(7)	(13)
-	(115)	-	(115)
1,214	(981)	(18)	215
858	-	-	858
12,023	(12,023)	-	-
<u>15,045</u>	<u>9,713</u>	<u>2,597</u>	<u>27,355</u>
1,983	-	-	1,983
15,429	-	-	15,429
<u>17,412</u>	<u>-</u>	<u>-</u>	<u>17,412</u>
<u>(2,367)</u>	<u>9,713</u>	<u>2,597</u>	<u>9,943</u>
<u>(11)</u>	<u>(192)</u>	<u>203</u>	<u>-</u>
(2,378)	9,521	2,800	9,943
43,757	71,759	50,445	165,961
<u>\$ 41,379</u>	<u>\$ 81,280</u>	<u>\$ 53,245</u>	<u>\$ 175,904</u>

UNIVERSITY OF ALASKA
(A Component Unit of the State of Alaska)
Statements of Cash Flows
For the Years Ended June 30, 2009 and 2008
(in thousands)

	2009	2008
Cash flows from operating activities		
Student tuition and fees, net	\$ 99,077	\$ 90,481
Grants and contracts	203,465	202,720
Sales and services, educational departments	3,850	3,345
Sales and services, auxiliary enterprises	40,199	39,101
Federal appropriations	3,525	2,991
Local appropriations	717	717
Other operating receipts	14,406	13,176
Payments to employees for salaries and benefits	(448,630)	(424,880)
Payments to suppliers	(196,853)	(193,640)
Payments to students for financial aid	(17,933)	(14,889)
Net cash used by operating activities	(298,177)	(280,878)
Cash flows from noncapital financing activities		
State appropriations	320,985	300,027
Other payments	(905)	(1,085)
Direct lending receipts	74,994	67,427
Direct lending payments	(74,927)	(67,334)
Net cash provided by noncapital financing activities	320,147	299,035
Cash flows from capital and related financing activities		
Capital appropriations, grants and contracts	76,163	78,903
Proceeds from issuance of capital debt	-	23,795
Purchases of capital assets	(100,614)	(109,026)
Principal paid on capital debt	(9,714)	(6,280)
Interest paid on capital debt	(5,473)	(4,843)
Net cash used by capital and related financing activities	(39,638)	(17,451)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	264,280	472,790
Purchases of investments	(199,648)	(465,825)
Interest received on investments	3,134	5,802
Interest and other sales receipts from endowment assets	8,387	11,293
Net cash provided by investing activities	76,153	24,060
Net increase in cash and cash equivalents	58,485	24,766
Cash and cash equivalents, beginning of the year	28,334	3,568
Cash and cash equivalents, end of the year	\$ 86,819	\$ 28,334
 Cash and cash equivalents (current)	 \$ 81,728	 \$ 8,642
Restricted cash and cash equivalents (noncurrent)	5,091	19,692
Total cash and cash equivalents	\$ 86,819	\$ 28,334

UNIVERSITY OF ALASKA
(A Component Unit of the State of Alaska)
Statements of Cash Flows
For the Years Ended June 30, 2009 and 2008
(in thousands)

Reconciliation of operating loss to net cash used by

operating activities:	<u>2009</u>	<u>2008</u>
Operating loss	\$ (391,230)	\$ (359,852)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	55,649	56,883
State on-behalf payments	30,502	28,464
Changes in assets and liabilities:		
Accounts receivable, net	(3,262)	(3,300)
Other assets	115	(90)
Inventories	890	434
Accounts payable and accrued expenses	3,106	(5,240)
Accrued payroll	3,674	440
Deferred revenue, deposits from students and others	1,948	477
Accrued annual leave	861	533
Deferred lease revenue - current portion	(1,281)	(1,281)
Insurance and risk management	851	1,115
Net pension and OPEB obligations	-	539
Net cash used by operating activities	<u>\$ (298,177)</u>	<u>\$ (280,878)</u>

Noncash Investing, Capital and Financing Activities:

For the Year Ended June 30, 2009

Additions to capital assets include \$.6 million expended and capitalized but not paid for at year end.

The university financed the purchase of equipment totaling \$1.0 million.

Book value of capital asset disposals totaled \$1.8 million.

The university received on-behalf pension payments from the state of Alaska totaling \$30.5 million.

For the Year Ended June 30, 2008

Additions to capital assets include \$0.9 million expended and capitalized but not paid for at year end.

The university financed the purchase of equipment totaling \$0.2 million.

Book value of capital asset disposals totaled \$0.7 million.

The university received on-behalf pension payments from the state of Alaska totaling \$28.5 million.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

1. Organization and Summary of Significant Accounting Policies:

Organization and Basis of Presentation:

The University of Alaska (university) is a constitutionally created corporation of the State of Alaska which is authorized to hold title to real and personal property and to issue debt in its own name. The university is a component unit of the State of Alaska for purposes of financial reporting. As an instrumentality of the State of Alaska, the university is exempt from federal income tax under Internal Revenue Code Section 115, except for unrelated business activities as covered under Internal Revenue Code Sections 511 to 514.

The University of Alaska Foundation (foundation) is a legally separate, non profit component unit of the university. The foundation was established to solicit donations and to hold and manage such assets for the exclusive benefit of the university. Resources managed by the foundation and distributions made to the university are governed by the foundation's Board of Trustees. Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, required the university to include the foundation as part of its financial statements to better report resources benefiting the university. The university is not accountable for, nor has ownership of, the foundation's resources. The foundation's financial statements include the Statement of Financial Position and the Statement of Activities and these statements are presented in their original audited format according to Financial Accounting Standards Board (FASB) pronouncements.

In preparing the financial statements, management is required to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the statement of net assets. Actual results could differ from those estimates. The more significant accounting and reporting policies and estimates applied in the preparation of the accompanying financial statements are discussed below.

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net asset categories:

- **Unrestricted Net Assets:** Assets, net of related liabilities, which are not subject to externally-imposed restrictions. Unrestricted net assets may be designated for specific purposes by the Board of Regents or may otherwise be limited by contractual agreements with outside parties.
- **Restricted Net Assets:**
 - Expendable** – Assets, net of related liabilities, which are subject to externally-imposed restrictions that may or will be met by actions of the university and/or that expire with the passage of time.
 - Non-expendable** – Assets, net of related liabilities, which are subject to externally-imposed restrictions requiring that they be maintained permanently by the university.
- **Invested in capital assets, net of related debt** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared on the economic resources measurement focus and the accrual basis of accounting. All significant intra-university transactions have been eliminated. The university reports as a business type activity, as defined by GASB Statement No. 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The university has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The university has elected not to apply FASB pronouncements issued after the applicable date.

Cash and Cash Equivalents

All highly liquid investments, not held for long-term investment, with original maturities of three months or less are reported as cash and cash equivalents.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market.

Investments

Investments are stated at fair value. Investments in fixed income and equity marketable securities are stated at fair value based on quoted market prices. Investments in private partnership interests are valued using the most current information provided by the general partner. General partners typically value privately held companies at cost as adjusted based on recent arms' length transactions. Public companies are valued using quoted market prices and exchange rates, if applicable. Real estate partnerships and funds are valued based on appraisals of properties held and conducted by third-party appraisers retained by the general partner or investment manager. General partners of marketable alternatives provide values based on quoted market prices and exchange rates for publicly held securities and valuation estimates of derivative instruments. General partners of oil and gas partnerships use third-party appraisers to value properties. Valuations provided by the general partners and investment managers are evaluated by management and management believes such values are reasonable at June 30, 2009. When, in the opinion of management, there has been a permanent impairment in the asset value, the asset is written down to its fair value. Income from other investments is recognized when received.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of net assets. Investments also include securities with contractual cash flows such as asset-backed securities, collateralized mortgage obligations and commercial mortgage-backed securities. The value, liquidity and related income of these securities are sensitive to economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates. Long-term investments include those restricted by outside parties as to withdrawal or use for other than current operations, or are designated for expenditure in the acquisition or construction of noncurrent assets or held with an intent not to be used for operations.

NOTES TO FINANCIAL STATEMENTS

Capital Assets

Capital assets are stated at cost when purchased and at fair value when donated. Equipment with a unit value of \$5,000 or greater is capitalized. Buildings and infrastructure with a unit value of \$100,000 or greater are capitalized. Other capitalizable assets with a unit value of \$50,000 or greater are capitalized. Certain land and other resources acquired through land grants and donated museum collections for which fair value at date of acquisition was not determinable are reported at zero basis in the financial statements.

Depreciation is computed on a straight-line basis with useful lives of building and building components ranging from 12 to 50 years, 10 to 35 years for infrastructure and other improvements, and 5 to 11 years for equipment. Library and museum collections are not depreciated because they are preserved and cared for and have an extraordinarily long useful life.

Endowments

Endowments consist primarily of the land grant endowment trust fund established pursuant to the 1929 federal land grant legislation and its related inflation proofing fund. Alaska Statute 14.40.400 provides that the net income from the sale or use of grant lands must be held in trust in perpetuity. At June 30, 2009, the land grant endowment trust fund was underwater \$1.4 million, meaning its fair value is below the endowment principal. This amount is classified as a claim on unrestricted net assets as shown in Note 7, *Unrestricted Net Assets*. The prior year accumulated earnings balance was a positive \$33.4 million and is shown in the restricted expendable net asset category on the statement of net assets. The inflation proofing fund, a quasi-endowment fund included in unrestricted net assets, totaled \$19.5 million and \$22.2 million at June 30, 2009 and 2008, respectively.

Alaska Statute 14.40.400 provides the Board of Regents with authority to manage the funds under the total return principles which are intended to preserve and maintain the purchasing power of the endowment principal. The investable resources of the funds are invested in the consolidated endowment fund, a unitized investment fund. The annual spending allowance is currently based on four and one-half percent of a five-year moving average of the invested balance. Withdrawals of net earnings appreciation to meet the spending allowance are limited to the unexpended accumulated net earnings balance of the preceding December 31.

Operating Activities

The university's policy for defining operating activities as reported on the statement of revenues, expenses and changes in net assets are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations and investment earnings.

Scholarship Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the statement of revenues, expenses and changes in net assets. Scholarship allowances are the difference between the stated charge for tuition and room and board provided by the university and the amount paid by the student and/or third parties making payments on the students' behalf.

NOTES TO FINANCIAL STATEMENTS

Lapse of State Appropriations

Alaska Statutes provide that unexpended balances of one-year appropriations will lapse on June 30 of the fiscal year of the appropriation; however, university receipts in excess of expenditures may be expended by the university in the next fiscal year. University receipts include student tuition and fees, donations, sales, rentals, facilities and administrative cost recovery, interest income, auxiliary and restricted revenues. The unexpended balances of capital appropriations lapse upon completion of the project or upon determination that the funds are no longer necessary for the project.

Reclassifications

Certain amounts in the June 30, 2008 financial statements have been reclassified for comparative purposes to conform to the presentation in the June 30, 2009 financial statements.

2. Deposits and Investments:

Deposits and investments at June 30, 2009 were as follows (\$ in thousands):

<u>Investment Type</u>	<u>Operating</u>	<u>Capital Funds</u>	<u>Endowment</u>	<u>College Savings Program</u>	<u>Total</u>
Cash and Deposits	\$ (780)	\$ -	\$ 174	\$ -	\$ (606)
Repurchase Agreement	15,789	-	-	-	15,789
Short Term Fund	8,011	90	759	-	8,860
Intermediate Term Fund	10,120	-	43	-	10,163
Multi-Strategy Bond Fund	-	-	5,140	-	5,140
Government Securities Fund	69,822	435	14,797	-	85,054
Hedge Funds	8,054	-	15,962	-	24,016
Money Market Mutual Funds	-	8,876	-	245	9,121
Equities:					
Domestic	-	-	33,272	3,349	36,621
International	-	-	10,524	-	10,524
Global	-	-	4,033	-	4,033
Emerging Markets	-	-	3,735	-	3,735
Debt-related:					
Federal Agency	-	461	-	-	461
Fixed Income Funds	-	-	10,781	4,392	15,173
Alternative Investments:					
Commodities	-	-	1,475	-	1,475
Natural Resources	-	-	2,846	-	2,846
Venture Capital	-	-	1,376	-	1,376
Mezzanine	-	-	1,322	-	1,322
Real Estate	-	-	3,320	-	3,320
Other	-	-	1,452	-	1,452
	<u>\$ 111,016</u>	<u>\$ 9,862</u>	<u>\$ 111,011</u>	<u>\$ 7,986</u>	<u>\$ 239,875</u>

NOTES TO FINANCIAL STATEMENTS

Deposits and investments at June 30, 2008 were as follows (\$ in thousands):

<u>Investment Type</u>	<u>Operating</u>	<u>Capital Funds</u>	<u>Endowment</u>	<u>College Savings Program</u>	<u>Total</u>
Cash and Deposits	\$ (4,010)	\$ -	\$ -	\$ -	\$ (4,010)
Repurchase Agreement	15,743	-	-	-	15,743
Short Term Fund	21,696	898	6,815	-	29,409
Intermediate Term Fund	5,429	-	98	-	5,527
Multi-Strategy Bond Fund	27,380	-	8,834	-	36,214
Hedge Funds	47,647	-	27,325	-	74,972
Money Market Mutual Funds	-	23,060	6	405	23,471
Equities:					
Domestic	-	-	46,586	3,323	49,909
International	-	-	14,861	-	14,861
Global	-	-	7,809	-	7,809
Emerging Markets	-	-	3,886	-	3,886
Debt-related:					
Federal Agency	-	876	-	-	876
Fixed Income Funds	-	-	9,198	4,841	14,039
Alternative Investments:					
Commodities	-	-	2,820	-	2,820
Natural Resources	-	-	3,835	-	3,835
Venture Capital	-	-	1,314	-	1,314
Mezzanine	-	-	1,672	-	1,672
Real Estate	-	-	7,069	-	7,069
Other	-	-	3,084	-	3,084
	<u>\$ 113,885</u>	<u>\$ 24,834</u>	<u>\$ 145,212</u>	<u>\$ 8,569</u>	<u>\$ 292,500</u>

Operating funds consist of cash on hand, time deposits, an overnight repurchase agreement and investments in Commonfund pooled investment funds. Alaska Statutes and Board of Regents' policy provide the university with broad authority to invest funds. Generally, operating funds are invested according to the university's liquidity needs. The Commonfund is a not-for-profit provider of pooled multi-manager investment vehicles for colleges and universities. The university invests in a variety of these funds according to its investment objectives.

The Government Securities Fund comprises the largest portion of operating investments. This is a highly liquid, short duration fixed income fund. The Short Term and Hedge funds were closed in fiscal year 2009, preventing contributions to and limiting withdrawals from the funds. Balances in the funds are scheduled to be paid to participants over the course of fiscal year 2010, as the underlying securities mature or fund managers sell their positions. Management does not anticipate any significant effect on operations or impact on liquidity as a result of the closures.

NOTES TO FINANCIAL STATEMENTS

Capital funds include unexpended general revenue bond proceeds and related reserves, advances from state capital appropriations and other reserves designated for capital purposes. General revenue bond proceeds of \$4.6 million and related reserves totaling \$4.8 million are invested with a third party trustee in accordance with terms of a trust indenture, requiring purchase of investment securities that are investment grade.

Endowment funds primarily consist of \$108.9 million in investable resources of the university's land grant endowment trust fund and are invested in a consolidated endowment fund managed by the University of Alaska Foundation (foundation). These resources are combined with the foundation's pooled endowment funds for investment purposes, and managed by the foundation's investment committee and treasurer on a total return basis in accordance with an investment policy approved by the Board of Regents.

College savings program investments include the operating funds of the Education Trust of Alaska, established pursuant to state statute by the Board of Regents to facilitate administration of the state's Internal Revenue Code Section 529 College Savings Program. Program investments are in mutual funds of T. Rowe Price Associates, Inc., the program manager. See Note 4 for further information.

Certain funds held in trust for the benefit of the university are not included in the financial statements as the university has only limited control over their administration. These funds are in the custody of independent fiduciaries and at June 30, 2009 had an estimated fair value of approximately \$3.3 million.

At June 30, 2009, the university has approximately \$37.5 million in investments which are not readily marketable. Approximately \$29.4 million is invested in the consolidated endowment fund managed by the foundation and \$8.1 million is invested in hedge funds within the university's operating funds. These investment instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, and nondisclosure of portfolio composition. Because these investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material.

Disclosures for deposits and investments are presented according to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (GASB 40). Accordingly, the following information addresses various risk categories for university deposits and investments and the investment policies for managing that risk.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in exchange rates could have an adverse affect on an investment's value for investments denominated in foreign currencies. GASB 40 requires disclosure of value in U.S. dollars by foreign currency denomination and investment type. The university does not have a policy regarding foreign currency risk. At June 30, 2009, the university did not have any foreign currency risk.

Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The university does not have a policy regarding credit risk since it does not normally invest its operating and capital funds in individual debt securities.

NOTES TO FINANCIAL STATEMENTS

The consolidated endowment fund investment policy requires all purchases of debt securities to be of investment grade and marketable at the time of purchase unless otherwise approved by the foundation's investment committee. At June 30, 2009, investments consisted of securities with credit quality ratings issued by nationally recognized statistical rating organizations as follows (\$ in thousands):

<u>Investment Type</u>	<u>Rating</u>	<u>Operating</u>	<u>Capital Funds</u>	<u>Endowment</u>	<u>College Savings Program</u>
Money Market Mutual Fund	Aaa	-	\$ 8,876	-	-
Money Market Mutual Funds	Not Rated	-	-	-	\$ 245
Short Term Fund	Not Rated	\$ 8,011	\$ 90	\$ 759	-
Intermediate Term Fund	AAA	\$ 10,035	-	-	-
Intermediate Term Fund					
Tranche 2	AA	\$ 85	-	\$ 43	-
Multi-Strategy Bond Fund	AA	-	-	\$ 5,140	-
Hedge Funds	Not Rated	\$ 8,054	-	\$ 15,962	-
Debt Related		-	-	-	-
Federal Agency	Aaa	-	\$ 461	-	-
Fixed Income Funds	Not Rated	-	-	\$ 10,781	\$ 4,392

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of the university's investment in a single issuer. GASB 40 requires disclosure when the amount invested with a single issuer, by investment type, exceeds five percent or more of that investment type. At June 30, 2009, the university did not have any material concentrations of credit risk.

The consolidated endowment fund investment policy limits debt investments to five percent by issuer (except for mutual and pooled funds and U.S. government and agencies) for each specific managed portfolio within the consolidated endowment fund unless approved by the treasurer. The university does not have a policy regarding concentration of credit risk since it does not normally invest its operating and capital funds in individual debt investments.

Custodial Credit Risk:

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

At June 30, 2009, the university does not have custodial credit risk. Deposits of the university are covered by Federal Depository Insurance or securities pledged by the university's counterparty to its repurchase agreement held at the Bank of New York. The collateral is held in the name of the university and at June 30, 2009, provided \$5.1 million coverage in excess of deposits.

NOTES TO FINANCIAL STATEMENTS

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The university uses the modified duration measurement to evaluate interest rate risk. Modified duration measures a debt investment's exposure to fair value changes arising from changing interest rates. For example, a modified duration of 2 means that for a rise in interest rates of one percent, the value of the security would decrease two percent. The university does not have a policy regarding interest rate risk. At June 30, 2009, the university had the following debt investments and corresponding modified duration (\$ in thousands):

<u>Investment Type</u>	<u>Fair Value</u>				<u>Modified Duration</u>
	<u>Operating</u>	<u>Capital Funds</u>	<u>Endowment</u>	<u>College Savings Program</u>	
Intermediate Term Fund	\$ 10,035	-	\$ 43	-	1.60
Intermediate Term Fund Tranche 2	\$ 85	-	-	-	1.30
Multi-Strategy Bond Fund	-	-	\$ 5,140	-	3.90
Federal Agency	-	\$ 461	-	-	2.60
Fixed Income Fund	-	-	-	\$ 4,392	4.26
Fixed Income Fund	-	-	\$ 10,775	-	4.28

Hedge funds totaling \$24.0 million are exposed to interest rate risk, however, underlying fund data is not available to measure the interest rate risk.

3. Accounts Receivable:

Accounts receivable consisted of the following at June 30, 2009 and 2008 (\$ in thousands):

<u>June 30, 2009</u>	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
Student tuition and fees	\$ 13,472	\$ (5,386)	\$ 8,086
Sponsored programs	52,056	(1,155)	50,901
Auxiliary services and other operating activities	504	(32)	472
Capital appropriations, grants and contracts	<u>5,064</u>	<u>-</u>	<u>5,064</u>
	<u>\$ 71,096</u>	<u>\$ (6,573)</u>	<u>\$ 64,523</u>
 <u>June 30, 2008</u>	 <u>Gross</u>	 <u>Allowance</u>	 <u>Net</u>
Student tuition and fees	\$ 11,857	\$ (3,748)	\$ 8,109
Sponsored programs	49,085	(1,414)	47,671
Auxiliary services and other operating activities	510	(77)	433
Capital appropriations, grants and contracts	<u>12,871</u>	<u>-</u>	<u>12,871</u>
	<u>\$ 74,323</u>	<u>\$ (5,239)</u>	<u>\$ 69,084</u>

NOTES TO FINANCIAL STATEMENTS

4. Education Trust of Alaska:

Assets held in trust include operating funds of the Education Trust of Alaska (Trust). The Trust was established pursuant to state statute on April 20, 2001 by the Board of Regents to facilitate administration of the state's Internal Revenue Code (IRC) Section 529 College Savings Program. The program is a nationally marketed college savings program developed in accordance with IRC Section 529 and includes the resources of the university's former Advance College Tuition (ACT) Program. Participant account balances of approximately \$2.8 billion and \$3.2 billion at June 30, 2009 and 2008, respectively, are not included in the financial statements. Separately audited Trust financial statements are available upon request from the University of Alaska Controller's office.

Assets of the Trust are invested in various mutual funds at the direction of T. Rowe Price Associates, Inc., the program manager. The net assets of the Trust, which include a reserve for University of Alaska (UA) Tuition Value Guarantees, are available for payment of program administrative costs, benefits and other purposes of the Trust. Based on actuarial studies, management estimates reserve requirements for the UA Tuition Value Guarantees to be approximately \$5.2 million and \$3.5 million at June 30, 2009 and 2008, respectively.

5. Land Grant Trust Property and Other Assets:

Land Grant Trust property and other assets consist of real property and timber and other rights. By Acts of Congress in 1915 and 1929, approximately 110,000 acres of land was granted to the territory of Alaska to be held in trust for the benefit of the university. The lands were managed by the territory, and later the state of Alaska. In accordance with a 1982 agreement, the lands were subsequently transferred to the Board of Regents, as trustee. In 1982 and 1988 certain state lands including timber and other rights were transferred to the trust as replacement for lands disposed of or adversely affected during the period of administration by the territory and the state. These lands and property interests were recorded at their fair value as of the date of transfer.

The net proceeds from timber, land and other rights are deposited in the land grant endowment trust fund as described in the *Endowment* section in Note 1 above. At June 30, 2009 and 2008, approximately 134,329 and 108,614 acres, respectively, were held in trust at no basis because fair value at the date of transfer was not determinable. Legislation passed in 2005 granted the University of Alaska approximately 250,000 acres of state land. The intent of the Legislature was to provide the university with an equitable land grant as originally envisioned in the federal land grant of 1915 and to provide the university ownership of a significant portfolio of income producing land to help fund public higher education in Alaska.

Two conservation groups filed a lawsuit against the state and university claiming the legislation was unconstitutional because it dedicated funds. The plaintiffs prevailed with the Alaska Supreme Court and the result was that the 2005 legislation was nearly all invalidated except for that portion which relates to a research forest to be conveyed to the university in 2055. The university will have to return approximately 33,700 acres of land that it has received through June 30, 2009 unless new legislation is passed reauthorizing the land conveyances. However, such properties have been recorded at zero basis, so there is no anticipated impact on the results of operations.

NOTES TO FINANCIAL STATEMENTS

6. Capital Assets:

A summary of capital assets follows (\$ in thousands):

	Balance July 1, 2008	Additions/ Transfers	Reductions	Balance June 30, 2009
Capital assets not depreciated:				
Land	\$ 28,083	\$ 407	\$	\$ 28,490
Construction in progress	92,918	84,822	56,918	120,822
Library and museum collections	56,104	990	-	57,094
Other capital assets:				
Buildings	1,012,719	52,886	-	1,065,605
Infrastructure	54,867	2,707	-	57,574
Equipment	180,575	13,681	23,181	171,075
Leasehold improvements	26,632	-	-	26,632
Other improvements	21,783	690	-	22,473
Total	1,473,681	156,183	80,099	1,549,765
Less accumulated depreciation:				
Buildings	493,593	39,425	-	533,018
Infrastructure	28,610	1,604	-	30,214
Equipment	135,801	12,442	21,393	126,850
Leasehold improvements	7,171	1,328	-	8,499
Other improvements	16,345	850	-	17,195
Total accumulated depreciation	681,520	55,649	21,393	715,776
Capital assets, net	<u>\$ 792,161</u>	<u>\$ 100,534</u>	<u>\$ 58,706</u>	<u>\$ 833,989</u>

	Balance July 1, 2007	Additions/ Transfers	Reductions	Balance June 30, 2008
Capital assets not depreciated:				
Land	\$ 27,969	\$ 145	\$ 31	\$ 28,083
Construction in progress	28,188	97,733	33,003	92,918
Library and museum collections	54,976	1,128	-	56,104
Other capital assets:				
Buildings	981,143	31,608	32	1,012,719
Infrastructure	54,726	141	-	54,867
Equipment	177,383	14,234	11,042	180,575
Leasehold improvements	25,851	781	-	26,632
Other improvements	21,541	242	-	21,783
Total	1,371,777	146,012	44,108	1,473,681
Less accumulated depreciation:				
Buildings	455,474	38,151	32	493,593
Infrastructure	27,032	1,578	-	28,610
Equipment	131,018	14,997	10,214	135,801
Leasehold improvements	5,835	1,336	-	7,171
Other improvements	15,524	821	-	16,345
Total accumulated depreciation	634,883	56,883	10,246	681,520
Capital assets, net	<u>\$ 736,894</u>	<u>\$ 89,129</u>	<u>\$ 33,862</u>	<u>\$ 792,161</u>

NOTES TO FINANCIAL STATEMENTS

7. Unrestricted Net Assets:

At June 30, unrestricted net assets included the following (\$ in thousands):

	<u>2009</u>	<u>2008</u>
Designated:		
Auxiliaries	\$ 7,278	\$ 6,394
Working capital fund	4,715	4,715
Working capital advances	(2,318)	(955)
Service centers	11,369	9,705
Debt service funds	1,598	1,494
Renewal and replacement funds	7,708	7,498
Quasi-endowment funds	27,711	27,228
Net pension and OPEB obligations	-	(31,325)
Employee benefit funds	8,437	9,537
Endowment earnings	11,916	12,346
Endowment - underwater	(1,398)	-
Encumbrances	<u>14,900</u>	<u>10,307</u>
Total designated	91,916	56,944
Undesignated	<u>15,220</u>	<u>36,700</u>
Total unrestricted net assets	<u>\$ 107,136</u>	<u>\$ 93,644</u>

Unrestricted net assets include non-lapsing university receipts of \$41.5 million at June 30, 2009. Non-lapsing university receipts of \$56.7 million from 2008 were fully expended in 2009. At June 30, 2009 and 2008, \$48.8 million and \$31.8 million, respectively, of auxiliary funds, encumbrances and other unrestricted net assets were pledged as collateral for the university's general revenue bonds, as calculated under the terms of the 1992 General Revenue Bonds Trust Indenture.

8. Long-term Debt:

Debt service requirements at June 30, 2009 were as follows (\$ in thousands):

Year ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 6,473	\$ 4,993	\$ 11,466
2011	6,671	4,762	11,433
2012	6,895	4,522	11,417
2013	7,135	4,271	11,406
2014	6,799	4,016	10,815
2015-2019	34,652	16,147	50,799
2020-2024	33,758	9,286	43,044
2025-2029	18,815	3,568	22,383
2030-2034	6,240	747	6,987
2035-2036	<u>575</u>	<u>26</u>	<u>601</u>
	<u>\$ 128,013</u>	<u>\$ 52,338</u>	<u>\$ 180,351</u>

NOTES TO FINANCIAL STATEMENTS

Long-term debt consisted of the following at June 30, 2009 and 2008 (\$ in thousands):

	<u>2009</u>	<u>2008</u>
<u>Revenue bonds payable</u> 1.40% to 5.45% general revenue bonds due serially to 2036, secured by a pledge of unrestricted current fund revenue generated from tuition, fees, recovery of facilities and administrative costs, sales and services of educational departments, miscellaneous receipts and auxiliaries.	\$ 105,785	\$ 110,120
<u>Note payable – capital construction</u> 1.826% assisted note to the Alaska Housing Finance Corporation (AHFC) to finance construction of Anchorage campus housing, due semiannually through February 2024.	19,605	20,732
<u>Note payable – real property purchase</u> 8.00% note for purchase of Bunnell Park property adjacent to the University of Alaska Fairbanks campus. The note was fully paid off in September 2008.	-	3,852
<u>Equipment financings</u> 3.52% to 4.77% notes for the purchase of equipment and vehicles due in quarterly installments through June 2017.	<u>2,623</u>	<u>1,974</u>
	<u>\$ 128,013</u>	<u>\$ 136,678</u>

In fiscal year 2009, the state reimbursed the university \$1,413,330 for debt service on Series K general revenue bonds. Subject to annual appropriation, the state will reimburse the university for principal and interest on \$17,615,000 of the remaining bond principal. Annual debt service on this portion of the bonds is approximately \$1.4 million.

Under the terms of the 1992 General Revenue Bonds Trust Indenture, the university is required to maintain a reserve account with a trustee at an amount equal to one-half of the maximum annual general revenue bond debt service. The balance in the reserve account at June 30, 2009 and 2008 was \$4.8 million and \$4.9 million, respectively.

9. Deferred Lease Revenue:

In fiscal year 1997, the university entered into an agreement to construct a facility and establish the International Arctic Research Center (IARC). The university received \$19,215,000 through a Japanese non-profit corporation to support the construction of the IARC in exchange for a commitment to provide research facilities to various Japanese research organizations and agencies for a period of 25 years, including lease extensions. The Japanese research organizations began occupying the IARC in fiscal year 1999. The deferred lease revenue at June 30, 2009 is \$6,084,750 and is reduced at the rate of \$1,281,000 per year with a corresponding increase to other operating revenue.

NOTES TO FINANCIAL STATEMENTS

10. Long-term Liabilities:

Long-term liability activity was as follows (\$ in thousands):

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Amounts due within one year
Deferred revenue - capital	\$ 5,781	\$ 9,147	\$ 4,409	\$ 10,519	\$ -
Deferred lease revenue	7,366	-	1,281	6,085	1,281
Long-term debt	136,678	1,049	9,714	128,013	6,473
Net pension and OPEB obligations	31,325	-	31,325	-	-
Security deposits and other liabilities	<u>7,397</u>	<u>1,690</u>	<u>3,241</u>	<u>5,846</u>	<u>-</u>
	<u>\$ 188,547</u>	<u>\$ 11,886</u>	<u>\$ 49,970</u>	<u>\$ 150,463</u>	<u>\$ 7,754</u>

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Amounts due within one year
Deferred revenue - capital	\$ 6,313	\$ 2,220	\$ 2,752	\$ 5,781	\$ -
Deferred lease revenue	8,647	-	1,281	7,366	1,281
Long-term debt	119,010	23,948	6,280	136,678	9,659
Net pension and OPEB obligations	30,786	539	-	31,325	-
Security deposits and other liabilities	<u>5,726</u>	<u>1,671</u>	<u>-</u>	<u>7,397</u>	<u>-</u>
	<u>\$ 170,482</u>	<u>\$ 28,378</u>	<u>\$ 10,313</u>	<u>\$ 188,547</u>	<u>\$ 10,940</u>

11. Capital Appropriations and Construction Commitments:

Major construction projects of the university are funded primarily by State of Alaska appropriations and university revenue bonds. The appropriations are financed through state-issued general obligation bonds or capital project bonds issued by the Alaska Housing Finance Corporation, a component unit of the State of Alaska, while other appropriations are received directly from the state or state agencies.

Unexpended and unbilled capital funds appropriated by the State of Alaska in prior years, which are not reflected as appropriation revenue or receivables on the university's books at June 30, 2009, totaled \$121.6 million. In addition, unexpended proceeds of university-issued general revenue bonds designated for construction projects totaled \$4.1 million at June 30, 2009.

Construction commitments at June 30, 2009 aggregated \$31.0 million. At June 30, 2009, the university had received \$10.5 million from State of Alaska capital appropriations and other sources in advance of expenditures.

12. Pension Plans:

Participation in one of the various pension plans generally depends on when an employee was originally hired.

NOTES TO FINANCIAL STATEMENTS

Substantially all regular employees hired before July 1, 2006 participate in one of the following pension plans:

- The State of Alaska Public Employees' Retirement System – Defined Benefit (PERS-DB), a cost-sharing, multiple-employer public employee retirement plan,
- The State of Alaska Teachers' Retirement System – Defined Benefit (TRS-DB), a cost-sharing, multiple-employer public employee retirement plan,
- The University of Alaska Optional Retirement Plan (ORP) Tier 1 or Tier 2, a single-employer defined contribution plan.

In addition, substantially all eligible employees participate in the University of Alaska Pension Plan, a supplemental single-employer defined contribution plan. Employees hired on or after July 1, 2006 have a choice to participate in the University of Alaska Retirement Program or the applicable state defined contribution plan. The University of Alaska Retirement Program consists of ORP (Tier 3) and the University of Alaska Pension Plan. The state's defined contribution plans are the Public Employees' Retirement System – Defined Contribution (PERS-DC) or the Teachers' Retirement System-Defined Contribution (TRS-DC).

Each of the plans noted above are described in more detail in the sections that follow. None of the retirement systems or plans own any notes, bonds or other instruments of the university.

State of Alaska Public Employees' Retirement System - Defined Benefit (PERS-DB)

Plan Description

PERS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State of Alaska. The plan was originally established as an agent multiple-employer plan, but was converted by legislation to a cost-sharing plan, effective July 1, 2008.

PERS-DB provides pension, postemployment health care, death and disability benefits to eligible participants. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. Effective July 1, 2006, the state legislature closed PERS-DB to new members and created a Public Employees' Retirement System Defined Contribution Retirement Plan (PERS-DC), disclosed later in this note.

Each fiscal year, PERS-DB issues a publicly available financial report which includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

Funding Policy and Annual Pension Cost

Employee contribution rates are 6.75 percent (7.5 percent for peace officers and firefighters). The funding policy for PERS-DB provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate the assets to pay benefits when due. The 2009 actuarially determined rate was 35.22 percent of applicable gross pay. However, the employer contribution rate for the university was capped by the state at 22 percent for fiscal year 2009.

NOTES TO FINANCIAL STATEMENTS

The state appropriated funding directly to the PERS-DB plan as a relief payment to employers' contributions for fiscal year 2009. The university recognized \$16,724,174 in state on-behalf pension payments for the PERS-DB plan. The amounts contributed to PERS-DB by the university during the years ended June 30, 2009, 2008 and 2007 were \$27,269,589, \$27,230,213, and \$26,667,693, respectively, equal to the required employer contributions for each year.

PERS Defined Benefit Pension Plan Changes

The Alaska legislature converted PERS-DB from an agent multiple-employer plan to a cost-sharing plan effective July 1, 2008. This change provided for an integrated system of accounting for all employers. Under the integrated system, the PERS-DB plans' unfunded liability will be shared among all employers with each contributing 22 percent of their covered payroll.

As a result of the conversion, the Net Pension (NPO) and Other Postemployment Benefit (OPEB) obligations are no longer required to be recorded as liabilities for cost-sharing plans according to government accounting standards. Accordingly, net pension and OPEB obligations totaling \$31,325,361 were "written off" as extraordinary items as of July 1, 2008.

State of Alaska Teachers' Retirement System - Defined Benefit (TRS-DB)

Plan Description

TRS-DB is a defined benefit, cost-sharing, multiple employer public employee retirement plan established and administered by the State of Alaska. TRS-DB provides pension, postemployment health care, death and disability benefits to participants. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. Effective July 1, 2006, the state legislature closed TRS-DB to new members and created a Teachers' Retirement System Defined Contribution Retirement Plan (TRS-DC), disclosed later in this note.

Each fiscal year, TRS-DB issues a publicly available financial report which includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

Funding Policy and Annual Pension Cost

Employees contribute 8.65 percent of their base salary as required by state statute. The funding policy for TRS-DB provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the assets to pay benefits when due. During fiscal year 2009, contractually required employee and employer contribution rates were 8.65 percent and 12.56 percent, respectively. The amounts contributed to TRS-DB by the university during the years ended June 30, 2009, 2008 and 2007 were \$5,485,631, \$5,444,878, and \$11,177,596, respectively, equal to the required employer contributions for each year.

The actuarially determined employer contribution rate for 2009 was 44.17 percent. The state appropriated funding directly to the TRS-DB plan to augment employer contributions for FY09. For fiscal year 2009, the university recognized \$13,778,074 in state on-behalf pension payments for the TRS-DB plan.

NOTES TO FINANCIAL STATEMENTS

Defined Contribution Plans:

State of Alaska Public Employees' Retirement System - Defined Contribution (PERS-DC)

Plan Description

PERS-DC is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established and administered by the State of Alaska to provide pension and postemployment healthcare benefits for eligible employees. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. PERS-DC was created by the state effective July 1, 2006. Plan savings are accumulated in an individual retirement account for the exclusive benefit of members or beneficiaries.

Funding Policy and Annual Pension Cost

The employee contribution rate is 8 percent and the employer effective contribution rate is 22 percent of covered payroll for fiscal years 2009 and 2008. For the years ended June 30, 2009 and 2008, the university's total covered payroll for the PERS-DC plan was approximately \$4.4 million and \$1.6 million, and contributions made by the university totaled \$965,143 and \$346,147, respectively.

On July 1, 2006, three pension trust sub-funds were created within PERS, the Retiree Major Medical Insurance (RMP), Health Reimbursement Arrangement (HRA), and Occupation Death and Disability (OD&D). RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides employees with benefits as a result of death or disability on the job. PERS-DC participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP contribution rates for fiscal year 2009 and 2008 are 0.99 percent for medical coverage and 0.58 percent (1.33 percent for peace officers and firefighters) for occupational death and disability benefit contributions. For fiscal years 2009 and 2008, the HRA employer contributions are \$134.73 and \$127.61 per month for full time employees and \$1.04 and \$.98 per hour for part time employees, respectively.

Each fiscal year, PERS-DC issues a publicly available financial report which includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

State of Alaska Teachers' Retirement System - Defined Contribution (TRS-DC)

Plan Description

TRS-DC is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established and administered by the State of Alaska to provide pension and postemployment healthcare benefits for teachers and other eligible employees. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. TRS-DC was created by the state effective July 1, 2006. Plan savings are accumulated in an individual retirement account for the exclusive benefit of members or beneficiaries.

NOTES TO FINANCIAL STATEMENTS

Funding Policy and Annual Pension Cost

The employee contribution rate is 8 percent and the effective employer contribution rate is 12.56 percent of covered payroll for fiscal years 2009 and 2008. For the years ended June 30, 2009 and 2008, the university's total covered payroll for the TRS-DC plan was approximately \$2.1 million and \$1.7 million, and contributions made by the university totaled \$266,443 and \$212,383, respectively.

On July 1, 2006, two pension trust sub-funds were created in TRS, the Retiree Major Medical Insurance (RMP) and Health Reimbursement Arrangement (HRA). The TRS Occupational Death and Disability (OD&D) trust sub-fund was created on July 1, 2007. RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides employees with benefits as a result of death or disability on the job. TRS-DC participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP contribution rate for fiscal year 2009 and 2008 for each member's compensation was 0.99 percent for medical coverage, 0.62 percent for occupational death and disability benefit contributions. For fiscal years 2009 and 2008, the HRA employer contributions are \$134.73 and \$127.61 per month for full time employees and \$1.04 and \$.98 per hour for part time employees, respectively.

Each fiscal year, TRS-DC issues a publicly available financial report which includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

University of Alaska Optional Retirement Plan (ORP)

Plan Description

The ORP is an employer funded defined contribution plan which operates in conjunction with a companion mandatory tax-deferred annuity plan. The ORP is comprised of three layers of participants, the original ORP or ORP Tier 1, ORP Tier 2 which was created for participants hired on or after July 1, 2005, and ORP Tier 3 which was created for participants hired on or after July 1, 2006. For ORP Tier 1 and ORP Tier 2, faculty classified as regular and certain administrators made a one-time election to participate in the ORP as an alternative to participation in the defined benefit plans, PERS-DB or TRS-DB. For ORP Tier 3, each new eligible employee may make a one-time election to participate in the University of Alaska Retirement Program (includes ORP Tier 3 and the University of Alaska Pension Plan) as an alternative to participation in the State of Alaska defined contribution plans, PERS-DC or TRS-DC.

Funding Policy and Annual Pension Cost

ORP Tier 1

The ORP Tier 1 participants make employee contributions to one of the plan's annuity programs at a rate of 8.65 percent of covered payroll. The university contributes to one of the plan's authorized employee-selected annuity providers or investment managers at a rate equal to the three-year moving average of the TRS-DB employer contribution rates (17.04 percent for FY09 and 19.85 percent for FY08).

NOTES TO FINANCIAL STATEMENTS

In fiscal year 2009 and 2008, the university's total covered payroll for the ORP Tier 1 plan was approximately \$49.7 million and \$50.1 million, respectively. The amounts contributed to the ORP Tier 1 by the university during the years ended June 30, 2009, 2008, and 2007 were \$8,462,414, \$9,945,730 and \$10,927,908, respectively.

ORP Tier 2

The ORP Tier 2 participants make employee contributions to one of the plan's annuity programs at a rate of 8.65 percent of covered payroll. The university contributed to one of the plan's authorized employee-selected annuity providers or investment managers at a rate of 12 percent of covered payroll for fiscal years 2009 and 2008.

In fiscal year 2009 and 2008, the university's total covered payroll for the ORP Tier 2 plan was approximately \$4.5 million and \$5.1 million, respectively. The amounts contributed to the ORP Tier 2 by the university during the years ended June 30, 2009, 2008 and 2007 were \$541,237, \$614,390 and \$683,786, respectively. The ORP Tier 2 plan was available for new ORP benefit-eligible employees hired in fiscal year 2006. As of July 1, 2006, the ORP Tier 2 plan was no longer available to newly-hired ORP benefit-eligible employees.

ORP Tier 3

The ORP Tier 3 is eligible for employees hired on or after July 1, 2006. The ORP Tier 3 participants make employee contributions to one of the plan's annuity programs at a rate of 8 percent of covered payroll. The university contributes to one of the plan's authorized employee-selected annuity providers or investment managers at a rate of 12 percent of covered payroll.

In fiscal years 2009 and 2008, the university's total covered payroll for the ORP Tier 3 plan was approximately \$46.6 million and \$30.8 million, respectively. The amounts contributed to the ORP Tier 3 by the university during the years ended June 30, 2009, 2008 and 2007 were \$5,596,529, \$3,700,880 and \$1,473,090 respectively.

Plan Assets

At June 30, 2009 and 2008, plan assets (participants' accounts attributable to employer contributions) for ORP Tier 1, Tier 2 and Tier 3 had a net value of approximately \$93.2 million and \$98.9 million, respectively. ORP Tier 1 and ORP Tier 2 participants are 100 percent vested at all times. University contributions for ORP Tier 3 participants are 100 percent vested after three years of service.

University of Alaska Pension Plan (Pension)

Plan Description

In addition to the other retirement plans, substantially all regular employees (hired before July 1, 2006) and certain faculty classified as temporary, participate in the Pension plan which was established January 1, 1982, when the university withdrew from the federal social security program. Eligible employees, hired on or after July 1, 2006, electing to participate in the University of Alaska Retirement Program also participate in the Pension plan.

NOTES TO FINANCIAL STATEMENTS

Funding Policy and Annual Pension Cost

Effective January 1, 2008, employer contributions for regular employees were 7.65 percent of covered wages up to \$42,000 and \$106,800 in 2009 for certain faculty classified as temporary. The plan provides for employer contributions to be invested in accordance with participant-directed investment elections to the plan's fixed income and/or equity funds. Participants hired before July 1, 2006 are 100 percent vested at all times. University contributions for participants hired on or after July 1, 2006 are 100 percent vested after three years of service.

Plan Assets

In 2009 and 2008, the university's total covered payroll for the Pension plan was approximately \$175.8 million and \$175.7 million, respectively. The university's costs to fund and administer the plan totaled \$13.5 million, or 7.66 percent of covered payroll. At June 30, 2009 and 2008, plan assets (participants' accounts) had a net value of approximately \$254.7 million and \$298.9 million, respectively.

13. Insurance and Risk Management:

The university is exposed to a wide variety of risks including property loss, bodily and personal injury, intellectual property, errors and omissions, aviation and marine. Exposures are handled with a combination of self-insurance, commercial insurance, and membership in a reciprocal risk retention group.

The university is self-insured up to the maximum of \$2.0 million per occurrence for casualty claims and \$250,000 for property claims. Commercial carriers provide coverage in excess of these amounts. Health care, workers' compensation and unemployment claims are fully self-insured. Liabilities have been established to cover estimates for specific reported losses, estimates for unreported losses based upon past experience modified for current trends, and estimates of expenses for investigating and settling claims.

Changes in applicable liability amounts follow (\$ in thousands):

	Balance July 1, 2008	Provision for Claims	Claims Payment	Balance June 30, 2009
Health	\$ 7,798	\$ 55,770	\$ (55,176)	\$ 8,392
General liability	5,362	667	(416)	5,613
Workers' compensation	6,051	1,555	(1,615)	5,991
Unemployment	72	493	(427)	138
	<u>\$ 19,283</u>	<u>\$ 58,485</u>	<u>\$ (57,634)</u>	<u>\$ 20,134</u>

	Balance July 1, 2007	Provision for Claims	Claims Payment	Balance June 30, 2008
Health	\$ 6,862	\$ 49,052	\$ (48,116)	\$ 7,798
General liability	5,075	857	(570)	5,362
Workers' compensation	6,161	1,688	(1,798)	6,051
Unemployment	70	303	(301)	72
	<u>\$ 18,168</u>	<u>\$ 51,900</u>	<u>\$ (50,785)</u>	<u>\$ 19,283</u>

NOTES TO FINANCIAL STATEMENTS

14. Commitments and Contingencies:

Amounts received and expended by the university under various federal and state grants, contracts and other programs are subject to audit and potential disallowance. From time to time the university is named as a defendant in legal proceedings or cited in regulatory actions related to the conduct of its operations.

In the normal course of business, the university also has various other commitments and contingent liabilities which are not reflected in the accompanying financial statements. In the opinion of management, the university will not be affected materially by the final outcome of any of these legal proceedings, environmental investigations, audit adjustments, or other commitments and contingent liabilities.

In addition, an ongoing environmental assessment for the Northwest Campus Front Street property is discussed below:

- The university received a Potentially Responsible Party (PRP) letter from the Alaska Department of Environmental Conservation (ADEC) in August 2006. The letter identified the university as one of the potential parties that may be responsible for cleanup costs of soil contamination found during a water line improvement project next to Northwest Campus property. The extent of the contamination source, the number of potentially responsible parties, and remediation costs are being assessed but the outcome is unknown.

15. University of Alaska Foundation:

The University of Alaska Foundation (foundation) is a legally separate, non profit organization formed in 1974 to solicit donations for the exclusive benefit of the University of Alaska. During 2009 and 2008, the university transferred \$1.4 million and \$1.1 million, to the foundation, of which institutional support comprised \$1.4 million and \$0.9 million, respectively. For the same periods, the foundation reimbursed the university for operating expenses totaling \$1.9 million and \$1.8 million respectively. At June 30, 2009 and 2008, distributions and expenditures by the foundation for the benefit of the university totaled \$17.7 million and \$15.4 million, of which \$17.3 million and \$14.9 million were direct reimbursements to the university. Additionally, the foundation owed the university \$2.1 million at June 30, 2009 and \$2.0 million at June 30, 2008, primarily for reimbursement of expenditures on grants provided by the foundation.

The investable resources of the university's land grant endowment trust fund and the foundation's pooled endowment funds are combined into a consolidated endowment fund for investment purposes. At June 30, 2009 and 2008, the fair value of the fund was \$198.3 million and \$259.3 million, respectively. The university's share of this fund was \$108.9 million and \$143.1 million, respectively, which is reflected in endowment investments. The fund is managed by the foundation's investment committee and treasurer on a total return basis in accordance with an investment policy approved by the Board of Regents. The net assets and related activity for the university's land grant endowment trust's investment in the fund is reflected in the university's financial statements.

NOTES TO FINANCIAL STATEMENTS

16. Functional Classifications with Natural Classifications:

The university's operating expenses by natural classification for 2009 and 2008 were as follows (\$ in thousands):

	<u>Compensation & Benefits</u>	<u>Contractual Services</u>	<u>Supplies & Materials</u>	<u>Other</u>	<u>Student Aid</u>	<u>Depre- ciation</u>	<u>Total</u>
Instruction	\$ 158,984	\$ 26,610	\$ 10,361	\$ 349	\$ -	\$ -	\$ 196,304
Academic support	42,050	5,431	7,109	52	-	-	54,642
Research	84,985	30,233	11,503	228	-	-	126,949
Public service	24,983	10,454	2,220	163	-	-	37,820
Student services	34,776	10,386	2,950	58	-	-	48,170
Operations and maintenance	27,238	18,686	14,451	811	-	-	61,186
Institutional support	71,012	13,297	3,974	1,901	-	-	90,184
Student aid	-	-	-	-	17,937	-	17,937
Auxiliary enterprises	9,672	17,376	12,538	138	-	-	39,724
Depreciation	-	-	-	-	-	55,649	55,649
State on-behalf payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,502</u>	<u>-</u>	<u>-</u>	<u>30,502</u>
	<u>\$453,700</u>	<u>\$ 132,473</u>	<u>\$ 65,106</u>	<u>\$ 34,202</u>	<u>\$ 17,937</u>	<u>\$ 55,649</u>	<u>\$ 759,067</u>

	<u>Compensation & Benefits</u>	<u>Contractual Services</u>	<u>Supplies & Materials</u>	<u>Other</u>	<u>Student Aid</u>	<u>Depre- ciation</u>	<u>Total</u>
Instruction	\$ 149,943	\$ 23,768	\$ 9,199	\$ 280	\$ -	\$ -	\$ 183,190
Academic support	39,300	5,926	6,888	60	-	-	52,174
Research	83,739	29,198	8,751	155	-	-	121,843
Public service	23,905	9,919	2,042	197	-	-	36,063
Student services	33,020	9,817	2,536	64	-	-	45,437
Operations and maintenance	25,065	15,692	12,998	1,228	-	-	54,983
Institutional support	62,328	15,153	4,243	887	-	-	82,611
Student aid	-	-	-	-	14,879	-	14,879
Auxiliary enterprises	9,378	16,712	13,194	126	-	-	39,410
Depreciation	-	-	-	-	-	56,883	56,883
NPO, OPEB and state on-behalf payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,003</u>	<u>-</u>	<u>-</u>	<u>29,003</u>
	<u>\$ 426,678</u>	<u>\$ 126,185</u>	<u>\$ 59,851</u>	<u>\$ 32,000</u>	<u>\$ 14,879</u>	<u>\$ 56,883</u>	<u>\$ 716,476</u>

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Trust Indenture

Certain covenants and security provisions of the Trust Indenture are summarized below. Reference should be made to the Trust Indenture for a full and complete statement of the provisions. All capitalized terms used under this caption have the meaning ascribed thereto in the Trust Indenture and the Eleventh Supplemental Indenture.

Selected Definitions (Section 101). The following selected terms shall, for all purposes of the Trust Indenture, have the following meanings:

"Credit Enhancement" means a letter of credit, a line of credit, a credit facility, a surety bond, bond insurance, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds to further secure the payment of the Bonds of such Series.

"Credit Enhancer" means any bank or other institution that provides Credit Enhancement, including Ambac Indemnity.

"Credit Enhancement Fund" means a fund or Account authorized to be created by the University under Section 507 of the Trust Indenture for the purposes of holding and disbursing the proceeds of, or holding only, Credit Enhancement.

"Maximum Aggregate Debt Service" means, as of any date of calculation, the greatest amount of Aggregate Debt Service payable in any unexpired Bond Year.

"Reserve Equivalent" means (a) any municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States of America, or letter of credit issued by a financial institution for the account of the University on behalf of

the Owners of one or more Series of Bonds, which institution maintains an office, agency, or branch in the United States of America; and (b) which insurance company or financial institution, as of the time of issuance of such policy, surety bond, or letter of credit, is rated in one of the two highest rating categories by Moody's Investors Service, Inc. or Standard & Poor's Corporation Ratings Agency or both Moody's Investors Service, Inc. and Standard & Poor's Corporation Ratings Agency if such institution is rated by both or their comparably recognized business successors.

"Reserve Requirement" means (a) an amount equal to one-half of Maximum Aggregate Debt Service; or (b) such other lesser amount as is required in order to maintain the tax-exempt status of the Bonds.

"Revenues" mean 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) Fairbanks campus housing rentals and Fairbanks campus food service revenues, until such time as the Housing Revenue Bonds issued under Ch. 56, SLA 1961, as amended, are no longer outstanding; (2) governmental appropriations, other than for the items specified above; (3) gifts, donations, and endowment earnings; (4) investment earnings, other than earnings on funds held under the Trust Indenture; and (5) revenues from trust land required to be deposited with the Department of Revenue under AS 14.40.400.

Pledge Effected by Indenture (Section 201). The Revenues and all amounts held in any Fund under the Trust Indenture, except to the extent provided in the Trust Indenture as to amounts held or payable free and clear of, or expressly not subject to, any trust, lien or pledge created by the Trust Indenture, are

hereby pledged to first to secure the payment of the principal (including Sinking Fund Payments) of and the interest on the Bonds while any of the said Bonds are Outstanding, and, second, and subordinate to the aforesaid pledge to the Bonds, to the provider under each Reserve Equivalent requiring said pledge under the terms thereof, subject only to the provisions of the Trust Indenture permitting the application thereof for other purposes. As provided in the Act, the pledge is considered a perfected security interest and is valid and binding from the time it is made. The pledge creates an immediate lien against property pledged, without physical delivery thereof or further act.

Additional Bonds (Section 206). (a) The University will not issue any Bonds (other than that 1992 Bonds referred to in Section 205 of the Trust Indenture or Refunding Bonds issued pursuant to Section 207 of the Trust Indenture) or other obligations or create any additional indebtedness which will rank on a parity with or have priority over the lien and charge on the Revenues created by the Trust Indenture except that, if the conditions in Section 204 and Section 206 of the Trust Indenture are complied with, one or more Series of Additional Bonds may be issued pursuant to a Supplemental Indenture on a parity with the Outstanding Bonds and secured by an equal lien on the Revenues for the purposes of paying the Cost of Acquisition or Construction of any Project, including the Cost of Acquisition or Construction necessary to complete a Project.

(b) Additional Bonds of a Series may be issued for the purpose of providing funds to pay for the Cost of Acquisition of Construction of a Project, including the Cost of Acquisition or Construction necessary to complete a Project, upon delivery to the Trustee of a certificate of an Authorized Officer 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 (i) 2.0 times Maximum Aggregate Debt Service with respect to all Bonds to be Outstanding after the issuance and delivery of such Additional Bonds and (ii) 1.0 times any amount of the draws, interest and expenses then due and owing under any Reserve Equivalent.

Creation of Funds and Accounts (Section 501). (a) The Trust Indenture creates the following Funds and Accounts to be held by the Trustee:

(1) Debt Service Fund, which consists of an Interest Account and a Principal Account; and

(2) Reserve Fund.

(b) The Trust Indenture creates the Construction Fund and the Revenue Fund, each to be held by the University.

(c) All Revenues upon receipt by the University shall, as soon as practicable, be paid into the Revenue Fund. Amounts may be paid out of the Revenue Fund without restriction for operation of the University. Amounts shall be paid out of the Revenue Fund by the University to the Trustee to the extent necessary for the payment of Debt Service five Business Days before each April 1 and October 1 and shall be deposited by the Trustee into the Debt Service Fund. Amounts shall also be paid out of the Revenue Fund by the University to the Trustee for deposit into the Reserve Fund to the extent necessary so that the amount therein equals the Reserve Requirement.

Construction Fund (Section 502). (a) There shall be paid into the Account established in the Construction Fund for such Series the amounts, if any, required to be so paid by the provisions of the Supplemental Indenture authorizing the Bonds for such Series, and there shall be paid into the said account of

the Construction Fund any moneys received for or in connection with the Project being financed from any other source, unless required by such Supplemental Indenture to be otherwise applied.

(b) Unless otherwise provided in the Trust Indenture, amounts in the account established in the Construction Fund with respect to any Project shall be applied to the purpose or purposes and in the manner specified in the Supplemental Indenture authorizing the Bonds for such Project

(c) The proceeds of insurance, including the proceeds of any self-insurance, maintained pursuant to the Trust Indenture against physical loss of or damage to a Project, or of contractor's performance bonds or other assurances of completion with respect thereto, pertaining to the period of construction thereof, shall be paid into the Account in the Construction Fund established for the Project.

(d) Notwithstanding any of the other provisions of Section 502 of the Trust Indenture, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal of and interest on the Bonds when due.

(e) Any moneys remaining in the Construction Fund with respect to any Project after the completion of such Project and the payment of the Cost of Acquisition or Construction thereof shall be transferred to the Reserve Fund, if and to the extent necessary to make the amount in such Fund equal to the Reserve Requirement, and any balance shall be transferred to the University free and clear of the lien of the Trust Indenture.

Debt Service Fund (Section 504). (a) The Trustee shall pay out of the Debt Service Fund (1) out of the Interest Account, on each interest payment date for any of the Bonds

the amount required for the interest payable on such date; (2) out of the Principal Account, on each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (3) out of the Interest Account, on any redemption date for the Bonds, the amount required for the payment of interest on the Bonds then to be redeemed. The Trustee shall also pay out of the Interest Account the accrued interest included in the purchase price of Bonds purchased for retirement.

(b) Amounts accumulated in the Principal Account with respect to any Sinking Fund Installment (together with amounts accumulated in the Interest Account with respect to interest on the Bonds for which such Sinking Fund Installment was established) may, and if so directed by the University, shall, be applied by the Trustee, on or prior to the 45th day preceding the due date of such Sinking Fund Installment to the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. All purchases of any Bonds pursuant to this subsection (b) of this paragraph shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made by the Trustee as directed by the University. The applicable sinking fund Redemption Price of any Bonds so purchased shall be deemed to constitute part of the Principal Account, until such Sinking Fund Installment date, for the purpose of calculating the amount of such Account As soon as practicable after the 45th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, by giving notice as provided in Section 405 of the Trust Indenture, on such due date Bonds of the Series and maturity for which such Sinking Fund Installment was established in such

amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Principal Account, on such redemption date, the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by the Trustee to such redemption.

(c) The amount, if any, deposited in the Interest Account from the proceeds of each Series of Bonds shall be set aside in such Account and applied to the payment of interest on Bonds as provided in the Supplemental Indenture relating to the issuance of such Series of Bonds.

(d) In the event of the refunding of one or more Series of Bonds or one or more maturities within a Series of Bonds, the Trustee shall, upon the direction of the University, withdraw from the Debt Service Fund amounts accumulated therein with respect to Debt Service on the Bonds being refunded and deposit such amounts with itself as Trustee to be held for payment of the principal or Redemption Price, if applicable, and interest on the Series or maturities within a Series of Bonds being refunded; provided that such withdrawal shall not be made unless immediately thereafter the Series or maturities within a Series of Bonds being refunded shall be deemed to have been paid pursuant to subsection (b) of Section 1201 of the Trust Indenture.

Reserve Fund (Section 505). (a) If five Business Days prior to any date on which a Principal Installment or interest is due the amount in the Debt Service Fund shall be less than the amount required to be in such Fund to pay said Principal Installment or interest, the Trustee shall apply amounts from the Reserve Fund to the extent necessary to make good the deficiency.

(b) Whenever the moneys on deposit in the Reserve Fund shall exceed the Reserve Requirement, such excess shall, on

the request of the University, be transferred to the University free and clear of any lien or pledge of the Trust Indenture.

(c) Whenever the amount in the Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Reserve Fund shall be transferred to the Debt Service Fund. Prior to said transfer, all investments held in the Debt Service Fund shall be liquidated to the extent necessary in order to provide for the timely payment of principal and interest (or Redemption Price) on Bonds.

(d) In the event of the refunding of one or more Series of Bonds or one or more maturities within a Series of Bonds, the Trustee shall, upon the direction of the University, withdraw from the Reserve Fund amounts accumulated therein with respect to the Bonds being refunded and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Series or maturities within a Series of Bonds being refunded; provided that such withdrawal shall not be made unless (1) immediately thereafter the Series or maturities within a Series of Bonds being refunded shall be deemed to have been paid pursuant to subsection (b) of Section 1201 of the Trust Indenture and (2) the amount remaining in the Reserve Fund after such withdrawal shall not be less than the Reserve Requirement.

(e) Any Supplemental Indenture providing for the issuance of Bonds may provide for the University to obtain a Reserve Equivalent for specific amounts required to be paid out of the Reserve Fund. The amount available to be paid under any such Reserve Equivalent shall be credited against the amounts required to be maintained in the Reserve Fund by Section 505 of the Trust Indenture. If any such Reserve Equivalent is

obtained for a Series of Bonds, a Supplemental Indenture may be entered into establishing the terms of its Reserve Equivalent. The terms of a Reserve Equivalent may include a provision that subsequent Reserve Equivalents must be acceptable to the provider of the Reserve Equivalent. A Supplemental Indenture providing for a Reserve Equivalent shall when delivered to the Trustee be accompanied by an opinion of Counsel that the Reserve Equivalent is valid, binding and effective according to its terms. Amounts in the Reserve Fund shall be used or committed completely before demand is made on the Reserve Equivalent. In the event the Reserve Equivalent is a surety bond, insurance policy or letter of credit, it shall conform to the requirements set forth under Reserve Fund Surety Guidelines in the Commitment for Municipal Bond Insurance issued by Financial Guaranty Insurance Company on November 10, 2003 and attached as an Exhibit to the Ninth Supplemental Indenture.

(f) (1) Expenses and interest repayable to Financial Guaranty Insurance Company under the Reserve Equivalent issued in connection with the Bonds, or to it or any other provider under any future Reserve Equivalent, shall be repayable from the excess in the Reserve Fund when, and as soon as, the moneys in the Reserve Fund exceed the Reserve Requirement before the transfer referred to in subsection (b) of this section at the times and in the amounts provided in the Reserve Equivalent.

(2) Draws repayable to Financial Guaranty Insurance Company under the Reserve Equivalent issued in connection with the Bonds, or to it or any other provider under any future Reserve Equivalent, shall be repayable from any amounts in the Reserve Fund at the times and in the amounts provided in the Reserve Equivalent subject to the terms of the Indenture including Section 704(f)(i) above.

Creation of Additional Funds, Accounts, and Subaccounts; Separate Credit Enhancement Funds and Pledges (Section 507). (a) The Trustee shall establish within any Fund such Accounts in addition to the Accounts herein established as the University shall by Supplemental Indenture determine and shall in like manner establish within any Account such additional subaccounts for the purposes of such Account as the University shall so determine.

(b) The University may at any time, by adoption of a Supplemental Indenture, establish a Fund or Account in which to hold any Credit Enhancement and the proceeds thereof or drawings thereunder (a "Credit Enhancement Fund") for the benefit of any Series of Bonds to which such Credit Enhancement has been pledged, which pledge may be (but is not required to be) exclusively for the benefit of such Series of Bonds or certain designated Series of Bonds and not equally and ratably among all the Series of Bonds Outstanding. Amounts held in a Credit Enhancement Fund shall not be considered a part of the Trust Estate but, rather, shall be subject to such lien and pledge as may be created in the Supplemental Indenture creating or recognizing such Credit Enhancement.

(c) If the University creates a Credit Enhancement Fund, the University may, in the Supplemental Indenture authorizing the Series of Bonds to be secured by Credit Enhancement, treat any, or any part of any, obligation owed or which may in the future be owed to the Credit Enhancer pursuant to the Credit Enhancement as Additional Bonds if the University, at the time of issuance of said Series of Bonds and at the time of the creation of any such obligation, satisfies the requirements of this Indenture, which are conditions precedent to the issuance of Additional Bonds in which case the Trustee shall pay the principal of and interest on any such obligations in

accordance with the terms of this Indenture treating such obligations as Additional Bonds.

Fees, Charges and Rentals (Section 708).

The University shall from time to time and at all times fix, maintain and collect fees, charges and rentals, and the University shall adjust such fees, charges and rentals from time to time so that the Revenues shall be at least equal in each Fiscal Year to the greater of (a) the sum of: (1) an amount equal to the Aggregate Debt Service for such Fiscal Year; (2) the amount, if any, to be paid during such Fiscal Year into the Reserve Fund; (3) the amount of the draws, interest and expenses then due and owing under any Reserve Equivalent; and (4) all other amounts which the University may now or hereafter become obligated to pay from Revenues during such Fiscal Year by law or contract; and (b) an amount equal to at least 2.0 times the Aggregate Debt Service for such Fiscal Year.

Payment of Bonds (Section 701). The University shall duly and punctually pay or cause to be paid, the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner mentioned in the Bonds according to the true intent and meaning thereof.

Power to Issue Bonds and Pledge Revenues and Other Funds (Section 705).

The University is duly authorized under Title 14, Chapter 40 of the Alaska Statutes, as amended (AS 14.40) and all other applicable laws to create and issue the Bonds and to adopt the Trust Indenture and to pledge and assign the Revenues and other moneys, securities and funds purported to be subject to the lien of the Trust Indenture in the manner and to the extent provided in the Trust Indenture. Except to the extent otherwise provided in the Trust Indenture, the Revenues, and other moneys, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with,

the pledge and assignment created by the Trust Indenture, and all corporate or other action on the part of the University to that end has been and will be duly and validly taken. The Bonds and the provisions of the Trust Indenture are and will be valid and legally enforceable obligations of the University in accordance with their terms and the terms of AS 14.40 and the Trust Indenture. The University shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and assignment of the Revenues and other moneys, securities and funds pledged under the Trust Indenture and all the rights of the Bondowners under the Trust Indenture against all claims and demands of all persons whomever. The University further agrees to pay its general expenses from legislative appropriations from the State's general fund to the University before paying these expenses from the Revenue Fund.

Accounts and Reports (Section 710).

(a) The University shall keep or cause to be kept proper books of records made of its transactions relating to the Revenues and each Fund and Account established under the Trust Indenture, which books shall at all times be subject to the inspection of the Trustee and the Owners of an aggregate of not less than five (5) percent in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

(b) The Trustee shall advise the University promptly after the end of each month in its regular statements of the respective transactions during such month relating to each Fund and Account held by it under the Trust Indenture. The University shall have the right upon reasonable notice and during reasonable business hours to audit the books and records of the Trustee with respect to the Funds and Accounts held by the Trustee under the Trust Indenture.

(c) The University shall annually, within 180 days after the close of each Fiscal Year (the first such report to be filed with respect to the Fiscal Year ending June 30, 1992), file with the Trustee, and otherwise as provided by law, a copy of an annual report for such Fiscal Year, accompanied by an Accountant's Certificate, including the following statements in reasonable detail: a statement of assets and liabilities as of the end of such Fiscal Year; a statement of Revenues and expenses for such Fiscal Year; and a summary with respect to each Fund and Account established under the Trust Indenture of the receipts therein and disbursements therefrom during such Fiscal Year and the amount held therein at the end of such Fiscal Year. Such Accountant's Certificate shall state whether or not, to the knowledge of the signer, the University is in default with respect to any of the covenants, agreements or conditions on its part contained in the Trust Indenture, and if so, the nature of such default.

(d) The University shall file with the Trustee (1) forthwith upon becoming aware of any Event of Default or default in the performance by the University of any covenant, agreement or condition contained in the Trust Indenture, a certificate signed by an Authorized Officer of the University and specifying such Event of Default or default and (2) within 180 days after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 1992, a certificate signed by an Authorized Officer of the University stating that, to the best of his knowledge and belief, the University has kept, observed, performed and fulfilled each and every one of its covenants and obligations contained in the Trust Indenture and there does not exist at the date of such certificate any default by the University under the Trust Indenture or any Event of Default or other event which, with the lapse of time specified in Section 801 of the Trust Indenture, would become an Event of Default, or, if any such default or Event of Default or other event shall so exist,

specifying the same and the nature and status thereof.

(e) The reports, requested statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Trust Indenture shall be available for the inspection of Bondowners at the office of the Trustee and shall be mailed to each Bondowner who shall file a written request therefor with the University. The University may charge each Bondowner requesting such reports, statements and other documents a reasonable fee to cover reproduction, handling and postage.

Tax Covenants (Section 711). (a) The University shall at all times do and perform all acts and things necessary or desirable including, but not limited to, compliance with provisions of a letter of instructions from Bond Counsel, as the same may be revised from time to time, in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

(b) The University shall not permit at any time or times any of the proceeds of the Bonds, Revenues or any other funds of the University to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148(a) and (e) of the Internal Revenue Code of 1986, as amended, and United States Treasury regulations promulgated thereunder or applicable thereto (the "Code").

(c) Section 711 of the Trust Indenture shall not apply to any Series of Bonds the interest on which is determined by the University not to be exempt from taxation under Section 103 of the Code, provided that no such Series of Bonds shall be issued unless a Counsel's Opinion is filed with the Trustee stating that the issuance of such

Series will not cause the interest on a tax-exempt Bond previously issued to be subject to taxation under Sections 103 and 141-150 of the Code.

(d) Notwithstanding any other provision of the Trust Indenture to the contrary, upon the University's failure to observe, or refusal to comply with, the covenants in Section 711 of the Trust Indenture, no person other than the Trustee or the Owners of Bonds of the specific Series affected shall be entitled to exercise any right or remedy provided to the above Owners under the Trust Indenture on the basis of the University's failure to observe, or refusal to comply with, the covenant

Events of Default (Section 801). Under the Trust Indenture each of the following is an Event of Default:

(a) If default shall be made in the due and punctual payment of the principal of or Redemption Price, if any, when and as the same shall become due on or with respect to any Bond, whether at maturity or upon call for redemption or otherwise;

(b) If default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor, when and as such interest installment or Sinking Fund Installment shall become due and payable.

(c) If default shall be made by the University in the performance or observance of any other of the covenants, agreements or conditions on its part in the Trust Indenture, in any Supplemental Indenture or in the Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to the University by the Trustee or to the University and to the Trustee by the Owners of not less than twenty-five (25) percent in principal amount of the Bonds Outstanding.

(d) If there shall occur the dissolution or liquidation of the University or the filing by the University of a voluntary petition in bankruptcy, or the commission by the University of any act of bankruptcy, or adjudication of the University as a bankrupt, or assignment by the University for the benefit of its creditors, or the entry by the University into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the University in any proceeding for its reorganization instituted under the provisions of the federal bankruptcy act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

Remedies (Section 802). (a) Upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) of Section 801 of the Trust Indenture, the Trustee shall proceed, and upon the happening and continuance of any Event of Default specified in paragraph (c) or (d) of Section 801 of the Trust Indenture, the Trustee may proceed and, upon the written request of the Owners of not less than twenty-five (25) percent in principal amount of the Outstanding Bonds, shall proceed, in its own name, subject to the provisions of Sections 902 and 903 of the Trust Indenture, to protect and enforce the rights of the Bondowners by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondowners or the Trustee, including the right to require the University to receive and collect Revenues and to require the University to carry out any other covenants or agreements with Bondowners;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, to require the University to account as if it were the trustee of an express trust for the Owners of the Bonds for the Revenues and assets pledged under the Trust Indenture;

(4) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds;

(5) by declaring all Bonds due and payable, and if all defaults shall be cured, then, with the written consent of the Owners of not less than twenty-five (25) percent in principal amount of the Outstanding Bonds, by annulling such declaration and its consequences; or

(6) in the event that all Outstanding Bonds are declared due and payable, by selling, assigning or otherwise disposing of all of the Revenues and assets pledged under the Trust Indenture free and clear of the lien of the Trust Indenture.

(b) In the enforcement of any rights and remedies under the Trust Indenture, but subject to Sections 902 and 903 of the Trust Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming due, and at any time remaining due and unpaid for principal, Redemption Price, interest or otherwise, under any provisions of the Trust Indenture or

a Supplemental Indenture or of the Bonds, with interest on overdue payments at the rate of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondowners, and to recover and enforce a judgment or decree for any portion of such amounts remaining unpaid, with interest, costs and expenses (including without limitation pre-trial, trial and appellate attorney fees), and to collect from any assets pledged under the Trust Indenture or a Supplemental Indenture, in any manner provided by law, the moneys adjudged or decreed to be payable.

(c) Upon the occurrence of any Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bondowners under the Trust Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and of the assets pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

Bondowners' Direction of Proceedings (Section 805). The Owners of the majority in principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Trust Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Trust Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondowners not parties to such direction.

Responsibilities of Trustee (Section 902). (a) The recitals of fact in the Trust Indenture and

in the Bonds contained shall be taken as the statements of the University and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the Trust Indenture or of any Bonds issued thereunder or as to the security afforded by the Trust Indenture, and the Trustee shall not incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate of authentication on the Bonds. The Trustee shall not be under any responsibility or duty with respect to the application of any moneys paid by the Trustee in accordance with the provisions of the Trust Indenture to the University. The Trustee shall not be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of subsection (b) of Section 902 of the Trust Indenture, the Trustee shall not be liable in connection with the performance of its duties thereunder except for its own negligence, misconduct or default

(b) The Trustee, prior to the occurrence of any Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Trust Indenture. In case an Event of Default has occurred (which has not been cured), the Trustee shall exercise such of the rights and powers vested in it by the Trust Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of the Trust Indenture relating to action taken or to be taken by the Trustee or to evidence of matters upon which the Trustee may rely shall be subject to the provisions of Section 902 of the Trust Indenture.

Resignation of Trustee (Section 906). The Trustee may at any time resign and be discharged of the duties and obligations created by the Trust Indenture by giving not less than sixty (60) days' written notice to the University and each Credit Enhancer, and mailing notice thereof to each Bondowner, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice, provided a successor shall have been appointed by the University or the Bondowners as provided in Section 908 of the Trust Indenture, and has accepted the appointment. Notwithstanding the foregoing, no resignation of the Trustee under Section 907 of the Trust Indenture or removal of the Trustee under Section 907 of the Trust Indenture shall take effect until a successor, acceptable to Ambac Indemnity, shall be appointed.

Removal of Trustee (Section 907). The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the University. The University may remove the Trustee at any time except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the University, by filing with the Trustee an instrument in writing signed by an Authorized Officer. Ambac Indemnity may remove the Trustee at any time the first or second Series of Bonds are Outstanding upon filing a request with the University if the Trustee has breached the duties under the Trust Indenture.

Appointment of Successor Trustee: Financial Qualifications of Trustee and Successor Trustee (Section 908). (a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent,

or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Owners of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the University, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the University and the predecessor Trustee; provided, nevertheless, that unless a successor Trustee shall have been appointed by the Bondowners as aforesaid, the University by a duly executed written instrument signed by an Authorized Officer shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondowners as authorized in Section 908 of the Trust Indenture. The University shall mail notice to each Bondowner of any such appointment made by it within twenty (20) days after such appointment. Any successor Trustee appointed by the University shall, immediately and without further act, be superseded by a Trustee appointed by the Bondowners.

(b) If in a proper case no appointment of a successor Trustee shall be made pursuant to the provisions of Section 908 of the Trust Indenture within forty-five (45) days after the Trustee shall have given to the University written notice as provided in Section 906 of the Trust Indenture or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, removal, or for any reason whatsoever, the Trustee (in the case of its resignation under Section 906 of the Trust Indenture) or the Owner of any Bond (in any case) may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such

may deem proper, appoint a successor Trustee.

(c) The Trustee appointed under the provisions of Article IX of the Trust Indenture or any successor to the Trustee shall be a trust company or bank organized and in good standing under the laws of the United States or of any state duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$75,000,000, and acceptable to the Credit Enhancer. Any successor Paying Agent, if applicable, shall not be appointed unless the Credit Enhancer approves such successor in writing.

Merger or Consolidation (Section 910). Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association and shall be authorized by law to perform all the duties imposed upon it by the Trust Indenture, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act.

Supplemental Indentures Effective Upon Execution by the Trustee (Section 1001). For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be authorized by a resolution adopted by the University which, upon (a) the filing with the Trustee of a copy of such resolution certified by an Authorized Officer, and (b) the execution and delivery of such Supplemental Indenture by the University and the Trustee, shall be fully effective in accordance with its terms:

(1) To close the Trust Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Trust Indenture on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness.

(2) To add to the covenants and agreements of the University in the Trust Indenture, other covenants and agreements to be observed by the University which are not contrary to or inconsistent with the Trust Indenture as theretofore in effect.

(3) To add to the limitations and restrictions in the Trust Indenture, other limitations and restrictions to be observed by the University which are not contrary to or inconsistent with the Trust Indenture as theretofore in effect.

(4) To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Sections 204, 306, and 505 of the Trust Indenture, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Trust Indenture as theretofore in effect or which give rights to or contain other provisions respecting a Credit Enhancer on a Series of Bonds similar to the rights given to Ambac Indemnity or the provisions respecting

Ambac Indemnity contained in the Trust Indenture or to amend, modify or rescind any such authorization, specification, or determination at any time prior to the first authentication and delivery of such Bonds.

(5) To confirm, as further assurance, any pledge or assignment under, and the subjection to any lien, pledge or assignment created or to be created by, the Trust Indenture, of the Revenues or of any other moneys, securities or funds.

(6) To modify any of the provisions of the Trust Indenture in any other respect whatever, provided that (A) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of such Supplemental Indenture shall cease to be Outstanding, and (B) such Supplemental Indenture shall be specifically referred to in the next text of all Bonds of any Series authenticated and delivered after the date of such Supplemental Indenture.

Supplemental Indentures Effective Upon Consent of Trustee (Section 1002). For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be authorized by a resolution adopted by the University which, upon (a) the filing with the Trustee of a copy of such resolution certified by an Authorized Officer, (b) the filing with the University of an instrument in writing made by the Trustee consenting thereto, and (c) the execution and delivery of such Supplemental Indenture by

the University and the Trustee, shall be fully effective in accordance with its terms:

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Trust Indenture.

(2) To insert such provisions clarifying matters or questions arising under the Trust Indenture as are necessary or desirable and are not contrary to or inconsistent with the Trust Indenture as theretofore in effect

Supplemental Indentures Effective With Consent of Bondowners (Section 1003). At any time or from time to time, a Supplemental Indenture may be authorized by a resolution adopted by the University, subject to consent by Bondowners in accordance with and subject to the provisions of Article XI of the Trust Indenture, which Supplemental Indenture, upon (a) the filing with the Trustee of a copy of such resolution certified by an Authorized Officer, (b) compliance with the provisions of said Article XI, and (c) execution and delivery of such Supplemental Indenture by the University and the Trustee, shall become fully effective in accordance with its terms as provided in said Article XI.

Defeasance (Section 1201). (a) If the University shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the time and in the manner stipulated therein and in the Trust Indenture, and any amounts due and owing under any Reserve Equivalent, then the pledge and assignment of any Revenues and other moneys and securities pledged under the Trust Indenture and all covenants, agreements and other obligations of the

University to the Bondowners, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the University to be prepared and filed with the University and, upon the request of the University shall execute and deliver to the University all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the University all moneys or securities held by it pursuant to the Trust Indenture which are not required for the payment of principal or Redemption Price, if applicable, and interest on Bonds. If the University shall pay or cause to be paid or there shall otherwise be paid, to the Owners of all Outstanding Bonds of a particular Series, or of a particular maturity within a Series, the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Trust Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Trust Indenture, and all covenants, agreements and obligations of the University to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. A Supplemental Indenture may modify this provision to provide that Bonds which are the subject of Credit Enhancement are not deemed paid if the Bonds are paid by a Credit Enhancer.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit by the University of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of Section 1201 of the Trust Indenture. Prior to the maturity or redemption date thereof, Bonds shall be deemed to have been paid within the meaning and with the

effect expressed in subsection (a) of Section 1201 of the Trust Indenture if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the University shall have given to the Trustee irrevocable instructions accepted in writing by the Trustee to mail as provided in Article IV of the Trust Indenture notice of redemption of such Bonds on said date, (2) there shall have been deposited with the Trustee either moneys (including moneys withdrawn and deposited pursuant to Section 505(d) or Section 504(d)) of the Trust Indenture in an amount which shall be sufficient, or Federal Obligations (including any Federal Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (3) the University shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (2) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with Section 1201 of the Trust Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, and interest on said Bonds. Neither Federal Obligations nor moneys deposited with the Trustee pursuant to Section 1201 of the Trust Indenture nor principal or interest payments on any such Federal Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Federal Obligations

deposited with the Trustee, (A) to the extent such cash will not be required at any time for such purpose, after verification by a certified public accountant, shall be paid over to the University as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Trust Indenture, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Federal Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds, on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the University as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Trust Indenture. For the purposes of Section 1201 of the Trust Indenture, Federal Obligations shall mean and include only such Federal Obligations which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof.

(c) Anything in the Trust Indenture to the contrary notwithstanding and except to the extent otherwise required by law, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for six (6) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for six (6) years after the date of deposit of such moneys if deposited with the Trustee after the said date when such Bonds became due and payable, shall, at the written request of the University, be repaid by the Trustee to the University, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondowners shall look only to the University for the payment of such Bonds.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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**Wohlforth | Johnson | Brecht
Cartledge | Brooking**

A PROFESSIONAL CORPORATION

Julius J. Brecht
Cheryl Rawls Brooking
Cynthia L. Cartledge
Michael Gatti
Clyde W. Hutchins Jr.
Robert M. Johnson
Leila R. Kimbrell
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ATTORNEYS AT LAW
900 WEST 5TH AVENUE, SUITE 600
ANCHORAGE, ALASKA 99501-2048

Telephone
907.276.6401

Facsimile
907.276.5093

Website
www.akatty.com

December __, 2009

Board of Regents
University of Alaska
910 Yukon Drive
Butrovich Building, Suite 207
Fairbanks, Alaska 99775

Ladies and Gentlemen:

We have examined the Constitution and laws of the State of Alaska and a record of the proceedings relating to the issuance of the University of Alaska (the "University") General Revenue Refunding Bonds, 2009 Series P (the "Bonds") in the aggregate principal amount of \$_____. The University constitutes a body corporate under Article VII, Section 2, of the Alaska Constitution.

The Bonds are authorized by and issued pursuant to Chapter 40, Title 14, of the Alaska Statutes, as amended (the "Act") and a Resolution of the Board of Regents of the University duly adopted on December __, 2009 (the "Resolution") and are issued pursuant to an indenture between the University, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as successor trustee, dated as of June 1, 1992 (the "Master Indenture"), as supplemented by prior supplemental indentures and, specifically for the Bonds, by a Thirteenth Supplemental Indenture between the University and the Trustee, dated as of December __, 2009 (the "Supplemental Indenture" and together with the Master Indenture, the "Indenture").

The Bonds bear interest at the rates per annum and mature on October 1 in each of the years and in the respective principal amounts set out as follows:

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2010			2017		
2011			2018		
2012			2019		
2013			2020		
2014			2021		
2015			2022		
2016			2023		

The Bonds are being issued in fully registered form only. Interest on the Bonds is payable on April 1, 2010, and semiannually thereafter on October 1 and April 1 in each year. The Bonds are dated as of the date of delivery. The Bonds are subject to optional and mandatory redemption and are otherwise of the description as provided or set forth in the Indenture and Bonds.

In connection with the issuance of the Bonds, we have reviewed the Indenture and the federal tax certificate of the University dated the date hereof (the "Tax Certificate"), an opinion of counsel to the University, certificates of the University, the Trustee and others, and other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) by any parties other than the University and the due and legal execution and delivery thereof by any parties other than the University. We have not undertaken to verify independently, and have assumed, accuracy of the factual matters represented, warranted or certified in the documents referred to in the preceding paragraph. Furthermore, we have assumed compliance with the covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights generally and to the application of equitable principles. Finally, we express no opinion as to the Official Statement or other offering material relating to the Bonds. All capitalized

terms used herein and not defined herein are used with the meaning assigned to such terms by the Indenture.

Subject to the foregoing, we are of the opinion that, under existing law:

1. Under the Constitution and laws of the State of Alaska, the University has the power to adopt the Resolution, enter into the Indenture and perform the agreements therein on its part contained and to issue the Bonds.

2. The Indenture has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the University enforceable in accordance with its terms.

3. The Bonds are valid and legally binding in accordance with their terms, have been executed by duly authorized persons, and constitute valid and legally binding special revenue obligations of the University, payable and enforceable in accordance with their terms and the terms of the Indenture. The Bonds do not constitute an indebtedness or liability of the State of Alaska or of any other subdivision thereof, except as a special obligation of the University as herein described.

4. Pursuant to the Act, the Indenture creates a valid lien on the Revenues pledged by the Indenture for the security of the Bonds on a parity with outstanding bonds previously issued under the Master Indenture and with Additional Bonds, if any, issued or to be issued under the Master Indenture subject to no prior lien granted under the Act.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds is taken into account in determining "adjusted current earnings" for purposes of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the University comply with all requirements of the Internal Revenue Code of 1986, as amended, and the regulations applicable thereto, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The University has covenanted to comply with all applicable requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no other opinion regarding other federal tax consequences relating to the ownership or disposition of, or the accrual or receipt of, interest on the Bonds.

6. Under existing law, interest on the Bonds is free 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 federal alternative minimum tax imposed on corporations, as described above, may affect the corresponding provisions of the State of Alaska corporate income tax.

7. The University has designated the Bonds as "qualified tax-exempt" obligations within the meaning of Section 265(b)(3) of the Code.

Sincerely,

WOHLFORTH, JOHNSON, BRECHT,
CARTLEDGE & BROOKING

Cynthia L. Cartledge

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the University of Alaska (the "Issuer") in connection with the issuance of \$_____ University of Alaska General Revenue Refunding Bonds, 2009 Series P (the "Bonds"). The Bonds are being issued pursuant to an Indenture dated as of June 1, 1992, as amended, between the Issuer and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee") and a Thirteenth Supplemental Indenture dated as of December 1, 2009, between the Issuer and the Trustee (together, the "Indenture"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Beneficial Owners as required by Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Accounting Principles" shall mean the accounting principles applied from time to time in the preparation of the Issuer's annual financial statements, which initially are generally accepted accounting principles as promulgated from time to time by the Governmental Accounting Standards Board of the Financial Accounting Foundation (or its successor).

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean the person in whose name a Bond is recorded as the beneficial owner of such Bond by the respective systems of The Depository Trust Company and each of the DTC's Participants or the registered owner of the Bond if the Bond is not then registered in the name of Cede & Co., as nominee of DTC.

"CEDE & Co." shall mean CEDE & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

"Commission" shall mean the Securities and Exchange Commission.

"DTC" shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"DTC Participant" shall mean trust companies, banks, brokers, dealers, clearing corporations, and certain other organizations that are participants of DTC.

"Disclosure Representative" shall mean the Controller of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee from time to time.

"Fiscal Year" shall mean any twelve-month period ending on June 30 or on such other date as the Issuer may designate from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than December 15th of each year (the "Filing Date") (commencing in 2010 for the fiscal year ended June 30, 2010), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by December 15 of any year, the Issuer will send a written notice of failure to file an Annual Report to MSRB.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the annual audited financial statement of the Issuer prepared in accordance with Generally Accepted Accounting Principles and financial information and operating data generally of the type included in the final official statement for the Bonds under the following headings:

- (a) SECURITY FOR THE BONDS - Table 2: Revenues Pledged to General Revenue Bonds (for previous fiscal year);
- (b) SECURITY FOR THE BONDS - Table 3: Combined Debt Service on General Revenue Bonds and Other Indebtedness (for current fiscal year);
- (c) GENERAL INFORMATION CONCERNING THE UNIVERSITY OF ALASKA - Table 5: On Campus Fall Enrollment (for previous fiscal year);
- (d) GENERAL INFORMATION CONCERNING THE UNIVERSITY OF ALASKA - Table 6: Student Enrollment (for previous fiscal year);
- (e) GENERAL INFORMATION CONCERNING THE UNIVERSITY OF ALASKA - Table 7: Student Tuition per Credit Hour (for current fiscal year);
- (f) GENERAL INFORMATION CONCERNING THE UNIVERSITY OF ALASKA - Table 8: Average Annual Full-Time Student Tuition and Fees (for current fiscal year);
- (g) GENERAL INFORMATION CONCERNING THE UNIVERSITY OF ALASKA - Table 9: Annual Student Room and Board and Total Undergraduate Educational Costs (for current fiscal year); and
- (h) GENERAL INFORMATION CONCERNING THE UNIVERSITY OF ALASKA - Table 12: Summary of State Appropriations (for current fiscal year).

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer will give notice of the following events in the manner and to the extent required by (d) and (e) of this Section:

- 1. Delinquency in payment when due of any principal of or interest on the Bonds.
- 2. Occurrence of any non-payment Event of Default under and as defined in the Indenture.

3. Amendment to the Indenture modifying the rights of the owners of the Bonds.
4. Providing notice of redemption of any Bonds.
5. Defeasance of the Bonds or any portion thereof.
6. Any change in any rating on the Bonds.
7. Adverse tax opinions or events affecting the Tax-exempt status of the Bonds.
8. Any unscheduled draw on the debt service reserves reflecting financial difficulties of the University.
9. Any unscheduled draw on the credit enhancement reflecting financial difficulties of the University.
10. Any substitution in the provider of the credit enhancement or any liquidity provider*, or any failure by the insurer or liquidity provider to perform pursuant to the terms of the credit enhancements or relevant documents.
11. The release, substitution or sale of property securing repayment of the Bonds (including property leased, mortgaged or pledged as such security).

(b) The Issuer will give notice to the MSRB of any failure on its part to provide or cause to be provided an Annual Report on or prior to the Filing Date.

(c) The Issuer will give notice of any change in the Fiscal Year of the Issuer in the Annual Report.

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would constitute material information for owners of Bonds.

(e) If the Issuer determines that knowledge of the occurrence of a Listed Event is material, the Issuer shall promptly file a notice of such occurrence with the MSRB.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance (if notice is given as provided above), prior redemption or payment in full of all of the Bonds. Further, the Issuer's obligations hereunder shall be null and void if the Issuer (1) obtains an opinion of

* The Issuer has not obtained or provided, and does not expect to obtain or provide, a liquidity provider for the Bonds.

nationally recognized bond counsel to the effect that portions of this undertaking are invalid, have been repealed retroactively or otherwise do not apply to the Bonds, and (2) notifies the MSRB of such opinion and the cancellation of this undertaking, or any portion hereof, and the MSRB is provided with a copy of such opinion.

SECTION 7. Filing Alternatives. Any filing required under the terms of this Disclosure Certificate may be made solely by transmitting such filing to the Electronic Municipal Market Access as provided at <http://www.emma.msrb.org>, or in such other manner as may be permitted from time to time by the SEC.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate without the consent of the Beneficial Owners of the Bonds, and any provision of this Disclosure Certificate may be waived without the consent of the Beneficial Owners of the Bonds, provided (i) such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment, or waiver does not materially impair the interests of the Beneficial Owners of the Bonds; (ii) the undertakings governed by this Disclosure Certificate would have complied with the requirements of the Rule as of the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; (iii) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identify, nature or status of the Issuer; and (iv) notice is provided to the MSRB of such opinion and the MSRB is provided with a copy of such opinion.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in an Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of a Bond may compel compliance by specific performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel specific performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: December __, 2009

UNIVERSITY OF ALASKA

JOSEPH TRUBACZ
Vice President for Finance and Administration
and Chief Financial Officer

APPENDIX E

NOTICE OF SALE

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NOTICE OF SALE AND BIDDING INSTRUCTIONS

\$14,865,000*
UNIVERSITY OF ALASKA
GENERAL REVENUE REFUNDING BONDS, 2009 SERIES P

THE SALE

Bonds Offered for Sale at Competitive Bidding. The University of Alaska (the "University") is offering for sale its \$14,865,000* General Revenue Refunding Bonds, 2009 Series P (the "2009 Series P Bonds").

Manner of Submission of Bids. All bids must be submitted in their entirety on Grant Street Group's MuniAuction Web site ("**MuniAuction**") located at "www.GrantStreet.com" pursuant to this Notice on Tuesday, December 8, 2009, beginning 10:30 a.m. until 11:00 a.m. Central Time, unless otherwise extended by the two-minute rule described herein.

No other provider of electronic bidding services and no other means of delivery (i.e. telephone, telefax, personal delivery bids, etc.) will be accepted. Bidders may change and submit bids as many times as they like during the auction; provided, however, each submitted bid, other than a bidder's initial bid, must result in a lower true interest cost ("TIC") when compared to the immediately preceding bid of such bidder. If any bid in the auction becomes a leading bid two minutes prior to the end of the auction, then the auction will be automatically extended by two minutes from the time such bid was received by MuniAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes. The last bid submitted by a bidder before the end of the auction will be compared to all other final bids submitted by others to determine the winning bidder. During the bidding, no bidder will see any other bidder's bid, but each bidder will be able to see its ranking (i.e., "Leader," "Cover," "3rd," etc.). For further information about **MuniAuction**, potential bidders may contact **MuniAuction** at (412) 391-5555 x370. If any provision of this Notice of Sale conflicts with information provided by any other source, including MuniAuction, this Notice of Sale shall control.

To bid via the **MuniAuction** website, bidders must have both (1) completed the registration form on the **MuniAuction** website; and (2) requested and received admission to the University's auction, both as more fully described herein under "Registration and Admission to Bid." The use of **MuniAuction** shall be at the bidder's risk, and the University shall have no liability with respect thereto.

Bidders will bear all risks associated with the submission of electronic bids, including but not limited to any lack of confidentiality prior to bid opening, the risk of a failed transmission or failure of the entire bid to be received by the designated time, or any inaccuracies that may result from lack of clarity from the electronic bid. Each prospective bidder who intends to place a bid shall be solely responsible to make necessary arrangements to access **MuniAuction** for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. The University

* Preliminary, subject to change, as described in "Adjustment of Maturities" herein.

shall have no duty or obligation to provide or assure access to **MuniAuction** to any prospective bidder. The University shall not be responsible for a bidder's failure to bid electronically or have any liability for any delays or interruptions caused by placing the bid electronically.

Award of the 2009 Series P Bonds. The University will award the 2009 Series P Bonds (or all bids will be rejected) before 4:00 p.m. Central Time on Tuesday, December 8, 2009, to the responsible bidder complying with the terms of this Notice of Sale and offering to purchase the 2009 Series P Bonds at the lowest true interest cost to the University.

The true interest cost of each bid will be computed by MuniAuction and reported on the Observation Page of the MuniAuction webpage immediately following the time for receipt of bids. These true interest costs are subject to verification by the University's Financial Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The University or its Financial Advisor will notify the bidder to whom the Bonds will be awarded, if and when such award is made. If an award is made, the University will provide a written confirmation of the final par amount, maturities and purchase price after the adjustments described in "Adjustment of Maturities" herein. The winning bidder will be asked to sign the confirmation, in the form shown in Exhibit A – Official Bid Form (internet sale) and return it to the Financial Advisor via telefax (847 920-1679) by 5:00 p.m. Central Time on the day of the sale. Such written confirmation shall serve as the official bid form for the sale.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per bond.

Basis of Award. The 2009 Series P Bonds will be awarded to the bidder whose bid produces the lowest true interest cost. The true interest cost will be that annual interest rate, which, when compounded semiannually and used to discount all payments of principal and interest payable on the 2009 Series P Bonds under such proposal to December 16, 2009 (the expected delivery date for the 2009 Series P Bonds), results in an amount equal to the purchase price for the 2009 Series P Bonds. If two or more bids provide the same lowest true interest cost, the University shall determine, based on the highest premium stated in said bids, which bid shall be accepted, and such determination shall be final.

The University reserves the right to reject any and all bids, to waive any irregularity or informality in any bid, to take any action adjourning or postponing the sale of the 2009 Series P Bonds or to take any other action that the University may deem to be in its best interests. In the event that the University rejects all bids, notice of a new sale date, if any, will be carried on the Amendments page of the MuniAuction website.

The 2009 SERIES P BONDS

Bond Details. Subject to modification by the University as described herein, the 2009 Series P Bonds will mature on October 1 in the years and in the principal amounts, as follows:

<u>Due</u>	<u>Amount*</u>	<u>Due</u>	<u>Amount*</u>
2010		2017	
2011		2018	
2012		2019	
2013		2020	
2014		2021	
2015		2022	
2016		2023	

The 2009 Series P Bonds will be dated as of their delivery date (which is expected to be on December 16, 2009) and will bear interest from their dated date, payable on April 1, 2010, and semiannually thereafter on April 1 and October 1 of each year. Interest will be computed upon the basis of a 360 day year of twelve 30 day months. Any consecutive maturities may be aggregated into term bonds at the option of the bidder, as further described in "Optional Designations of Term Bonds and Mandatory Sinking Fund Redemption" herein.

Adjustment of Maturities. The University reserves the right to change the aggregate principal amount of the 2009 Series P Bonds by 10% and to change the principal amount of each maturity in increments of \$5,000 and in an amount that does not exceed ten percent (10%) of the principal amount of such maturity as shown in the schedule of maturities above (rounded up to the next higher integral of \$5,000), provided that any such changes shall not, in the aggregate cause the total principal amount of 2009 Series P Bonds to exceed \$15,500,000. Notice of any adjustment shall be given to the successful bidder by 2:00 p.m. Central Time on the day of the sale.

In the event of such adjustment, no rebidding or recalculation of the Bids will be permitted or required.

In the event of an adjustment in the amount of the maturities, the purchase price of the 2009 Series P Bonds will be computed by taking the par amount of the 2009 Series P Bonds and (1) either subtracting the aggregate original issue discount or adding the aggregate original issue premium, as applicable, computed on the adjusted par amounts of each maturity of the 2009 Series P Bonds and the re-offering prices provided by the winning bidder, and (2) subtracting the amount of the bond insurance premium, if any, and (3) subtracting the amount obtained by multiplying the per bond dollar amount of the underwriter's discount by the adjusted par amount of the 2009 Series P Bonds. For purposes of computing the purchase price, the insurance premium is not considered part of the underwriter's discount.

The 2009 Series P Bonds of each maturity, as adjusted, will bear interest at the same rate and must have the same initial reoffering price as specified for that maturity immediately after award of the

* Preliminary, subject to change, as described in "Adjustment of Maturities" herein.

2009 Series P Bonds to the successful bidder for 2009 Series P Bonds. However, the award will be made to the bidder whose bid produces the lowest true interest cost, calculated as specified above, solely on the basis of the 2009 Series P Bonds offered, without taking into account any adjustment in the amounts pursuant to this section.

Optional Designations of Term Bonds and Mandatory Sinking Fund Redemption. Any bidder may, at its option, designate term bonds which are subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof (a "Term Bond") as designated in the bid of such bidder. In the event that the bid of the successful bidder specifies that any maturity of the Series 2009 P Bonds will be a Term Bond, such Term Bond will be subject to mandatory sinking fund redemption on October 1 in each applicable year, in the principal amount for such year as set forth herein under the heading "Bond Details," or as adjusted as provided herein, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest to the redemption date, without premium.

Immobilization of the 2009 Series P Bonds. The 2009 Series P Bonds will be issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") as registered owner of the 2009 Series P Bonds. A book-entry system will be employed by DTC evidencing ownership of the 2009 Series P Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC.

Payment of interest and principal (either at maturity or on a sinking fund payment date) on the 2009 Series P Bonds will be made to DTC or its nominee as registered owner of the 2009 Series P Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and persons acting through such participants (the "Participants"), and other nominees of beneficial owners. The University will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, the payment by DTC or a Participant of principal of or interest on the 2009 Series P Bonds, any notice to bondholders or any consent given or other action taken by DTC as the registered owner of the 2009 Series P Bonds.

Optional Redemption. The 2009 Series P Bonds maturing on or after October 1, 2020 are subject to redemption at the option of the University, either as a whole or in part, in any order of maturity, on any date which shall be selected by the University, subject to the provisions of, and in accordance with the Indenture, on or after October 1, 2019, at a redemption price equal to the principal amount thereof with interest accrued to the redemption date.

Security for the 2009 Series P Bonds. The Bonds are special and limited obligations of the University payable from and secured by a pledge of and security interest in the Revenues of the University as described in the Preliminary Official Statement and fully set forth in the Indenture and supplements referred to therein. The Indenture, as supplemented, provides that the University may issue additional bonds in the future for its corporate purposes which may be secured by the pledge set forth therein. The Bonds are not general obligations of the University.

Interest Rates and Bid Price. The 2009 Series P Bonds will be sold in one block on an "all or none" basis. No bid will be considered to purchase the 2009 Series P Bonds if the price is either less

than 98.0% or more than 105% of the principal amount of the 2009 Series P Bonds. In addition, the reoffering price of any individual maturity of the 2009 Series P Bonds may not be less than 98.0%. Bidders are invited to name the rate(s) of interest to be borne by the 2009 Series P Bonds, provided that each rate bid must be a multiple of one-eighth (1/8) of one percent (1%) or one-hundredth (1/100) of one percent (1%). No bid offering an interest rate for any maturity in excess of five percent (5.00%) will be considered. All 2009 Series P Bonds of one maturity must bear one and the same interest rate. The use of split or supplemental interest coupons will not be considered and a zero rate or blank rate will not be permitted. All 2009 Series P Bonds maturing on the same date shall bear the same rate of interest.

Option to Insure the Bonds. The University has submitted information to Assured Guaranty regarding the 2009 Series P Bonds. The bidding is permitted either with or without bond insurance at the discretion of the bidder. In either event, the winning bid will be selected on the basis of the lowest true interest cost to the University, and in all cases the insurance premium will be paid by the bidder. If the successful bid includes bond insurance, the Official Statement will include the necessary information in the Official Statement. Regardless, no additional security beyond that described in the Preliminary Official Statement and the Indenture, as supplemented will be allowed, nor will any additional annual financial information be provided, other than what is detailed in Appendix D of the Preliminary Official Statement. Failure of a bond insurer to provide insurance for the 2009 Series P Bonds will not release the successful bidder from its obligation to purchase the 2009 Series P Bonds.

Reoffering Price. The successful bidder will be required to provide the University by noon Central Time on the sale date with information as to the initial offering price (the “first offer price”) of the 2009 Series P Bonds to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). At the time of delivery of the 2009 Series P Bonds, the successful bidder will be required to provide a certificate that as of the sale date (i) an amount at least equal to 10 percent of each maturity of the Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices no higher than, or yields no lower than, those shown on the cover of the Official Statement, and (ii) based on its assessment of the then prevailing market conditions, it had no reason to believe that any of the Bonds would be intentionally sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices higher than the respective prices, or at yields less than the respective yields, shown on the cover of the Official Statement.

Registration and Admission to Bid. To bid by **MuniAuction**, bidders must first visit the **MuniAuction** website where, if they have never registered with **MuniAuction** or one of its private label websites, they can register and then request admission to bid on the 2009 Series P Bonds. Only entities having DTC clearing arrangements and that are NASD registered broker-dealers and dealer banks will be eligible to bid.

Rules of **MuniAuction**. The Rules of **MuniAuction** can be viewed on the **MuniAuction** website. Bidders must comply with the rules of **MuniAuction** in addition to the requirements of this Notice of Sale. In the event the rules of **MuniAuction** conflict with this Notice of Sale, this Notice of Sale shall prevail.

Good Faith Deposit. A Good Faith Deposit in the amount of \$150,000 is required for the 2009 Series P Bonds. The Good Faith Deposit shall be in the form of either certified, treasurer or cashier's check made payable to the "University of Alaska," a wire transfer or a Financial Surety Bond submitted prior to the opening of bids to the University in care of Kaplan Financial Consulting, Inc., 1215 Washington Avenue, Suite 205, Wilmette, Illinois 60091. Wire instructions can be obtained by contacting the Financial Advisor, at (847) 920-1670 and such wire must be received and confirmed by the Bank of New York Mellon Trust Company, N.A., Trustee, no later than 10:00 a.m. Central Time on the day of the sale. If a certified, treasurer or cashier's check, it must be provided to the Financial Advisor no later than 10:00 a.m. Central Time on the day of the sale.

If a Financial Surety Bond is used, it must be from either Financial Security Assurance Inc. or an insurance company licensed to issue such a bond in the State of Alaska and preapproved by the University. The Financial Surety Bond must identify each bidder whose deposit is guaranteed by such Financial Surety Bond. If the 2009 Series P Bonds are awarded to a bidder using a Financial Surety Bond, then that purchaser is required to submit its deposit to the University in the form of a cashier's check or wire transfer to such account as instructed by the University in immediately available funds in an amount equal to the Good Faith Deposit not later than 3:30 p.m. Central Time on the next business day following the award. If such deposit is not received by that time, the University may draw upon the Financial Surety Bond to satisfy the deposit requirement.

Each Good Faith Deposit in a form other than a Financial Surety Bond shall be returned promptly if the bid is not accepted. The Good Faith Deposit of the successful bidder will be cashed by the University to ensure the successful bidder's compliance with the terms of its bid and the Notice of Sale and Bidding Instructions, and will be applied to the purchase price on the date of delivery of the 2009 Series P Bonds. No interest on the Good Faith Deposit will accrue to the purchaser. In the event the successful bidder should fail or refuse to take up and pay for the 2009 Series P Bonds in accordance with its bid, then said amount shall be accepted by the University as full and complete liquidated damages.

Postponement. The University reserves the right to postpone the sale and to set a new time for the sale either separately or at one time. Postponement may be effected up to 9:00 a.m. Central Time on the day of the sale by a Statement of Postponement carried on the Amendments page of the **MuniAuction** website (the "Statement of Postponement"). At the same time or within 48 hours following the Statement of Postponement the University may reset a new time for the sale. The reset sale notice may state different terms and conditions of sale and may refer to this notice for any or all terms of sale. All bidders will be deemed to have assented to the above conditions by submitting a bid, and lack of actual notice of the postponement or of the reset terms of sale will not be considered.

Delivery. Constructive delivery of the 2009 Series P Bonds is expected to be made to the Trustee by Fast Automated Securities Transfer on behalf of DTC on or about December 16, 2009, and the closing of the 2009 Series P Bonds will take place on the same date in Anchorage, Alaska or at another location mutually agreed upon between the successful bidder and the University.

There will be furnished to the successful bidder without cost, the executed 2009 Series P Bonds to be delivered (either actually or constructively) to DTC and the usual closing documents dated as of the date of delivery of and payment for the 2009 Series P Bonds, including a certificate

that there is no litigation pending or threatened affecting the validity of the 2009 Series P Bonds. The University will also pay for the cost of bond ratings from Moody's Investor's Service and Standard & Poor's Corporation.

The University will confirm to the successful bidder, by a certificate signed on its behalf by the Chief Financial Officer and delivered at the closing, that at the time of the acceptance of the bid, and at the time of the closing, insofar as the University and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Payment. The successful bidder shall make full payment of the balance of the purchase price of the 2009 Series P Bonds to the University at the time of delivery in Federal Funds or other immediately available funds without cost to the University.

Tax-Exempt Status. The opinion of Wohlforth, Johnson, Brecht, Cartledge & Brooking, P.C., of Anchorage, Alaska, will state that, 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 2009 Series P Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the 2009 Series P Bonds is taken into account in the computation of adjusted current earnings for purposes of the federal corporate alternative minimum tax. For further information as to tax exemption, please refer to the Preliminary Official Statement. **The University has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Code.**

Legal Opinion. The approving opinion of Wohlforth, Johnson, Brecht, Cartledge and Brooking, P.C., of Anchorage, Alaska, approving the validity of the 2009 Series P Bonds, will be furnished in a reasonable quantity to the successful bidder without cost upon delivery of the 2009 Series P Bonds.

CUSIP Numbers. The winning underwriter will be required to apply and pay for the CUSIP identification numbers and such numbers will be printed on the 2009 Series P Bonds. Neither the failure to print such number on any 2009 Series P Bonds nor any error with respect thereto shall constitute cause for the successful bidder to fail or refuse to accept delivery of and pay for the 2009 Series P Bonds. No liability shall attach to the University or any officer or agent thereof, including any paying agent or registrar for the 2009 Series P Bonds, by reason of such number or by reason of any inaccuracy, error, or omission with respect thereto.

Continuing Disclosure Undertaking. In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the University will undertake to provide certain annual financial information, and the University will undertake to provide notices of certain events with respect to the 2009 Series P Bonds, if material. A description of this undertaking is set forth in Appendix D of the Preliminary Official Statement and will be set forth in the final Official Statement. No additional annual financial information, other than what is set forth in Appendix D of the Preliminary Official Statement, will be provided.

Modification. The University reserves the right to modify any terms of this Notice of Sale, or the Preliminary Official Statement by notice on the Amendments Page of the **MuniAuction** website no later than 9:00 a.m., Central Time, on Tuesday, December 8, 2009.

Additional Information. A Preliminary Official Statement relating to the 2009 Series P Bonds may be obtained on the website of **MuniAuction**, from Kaplan Financial Consulting, Inc., 1215 Washington Avenue, Suite 205, Wilmette, Illinois 60091, (847) 920-1670 or from Myron Dosch, Controller, University of Alaska, 910 Yukon Drive, Suite 207, Fairbanks, Alaska 99775, telephone: (907) 450-8079 or Judy Brainerd, Debt Manager, at (907) 450-8089.

The Preliminary Official Statement, referred to above, as of its dated date is "deemed final" by the University for purposes of SEC Rule 15c2-12(b)(1) but is subject to revision, amendment and completion in the form of a final Official Statement.

By awarding the 2009 Series P Bonds to any underwriter or underwriting syndicate submitting an Official Bid Form, the University agrees that within seven (7) business days after the date of such award it shall provide the senior managing underwriter of the successful syndicate with copies of a final Official Statement. The senior managing underwriter of the successful syndicate will be supplied with final Official Statements in a quantity sufficient to meet its request. Up to 200 copies of the final Official Statement will be furnished without cost.

The University designates the senior managing underwriter of the syndicate to which the 2009 Series P Bonds are awarded as its agent for purposes of distributing copies of the final Official Statement to each participating underwriter. Any underwriter executing and delivering a Bid Form with respect to the 2009 Series P Bonds agrees thereby that if its bid is accepted by the University, (i) it shall accept such designation, (ii) it will enter into a contractual relationship with all participating underwriters of the 2009 Series P Bonds for purposes of assuring the receipt by each such participating underwriter of the final Official Statement, and (iii) it agrees to file, or cause to be filed, within one business day following the receipt from the University, the final Official Statement with a nationally recognized municipal securities information repository designated by the Securities and Exchange Commission.

DATED: December 1, 2009

UNIVERSITY OF ALASKA

By _____

Joseph Trubacz
Chief Financial Officer

OFFICIAL BID FORM (Internet Sale)

**Board of Regents
University of Alaska
Fairbanks, Alaska 99775**

December 8, 2009

Re: \$14,865,000* General Revenue Refunding Bonds, 2009 Series P

Dear Members of the Board:

For the \$14,865,000* General Revenue Refunding Bonds, 2009 Series P (the "2009 Series P Bonds") of the University of Alaska (the "University"), as described in the annexed Notice of Sale, which is expressly made a part of this bid, we will pay you \$_____ bearing interest as follows (the rate being a multiple of 1/8th or 1/100th of 1%). The purchase price is subject to adjustment allowing the same underwriting discount of \$_____ per \$1,000 bond as herein, which excludes the \$_____ per bond cost for the bond insurance premium. We have purchased bond insurance from _____ for the following maturities _____ at a total dollar cost of \$_____.

MATURITY SCHEDULE – OCTOBER 1

<u>Due</u>	<u>Amount*</u>	<u>Due</u>	<u>Amount*</u>	<u>Due</u>	<u>Amount*</u>
2010	\$	2015	\$	2020	\$
2011		2016		2021	
2012		2017		2022	
2013		2018		2023	
2014		2019			

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above. The following maturities are sinking fund installments:

Maturities_____ Term Maturity_____ Maturities_____ Term Maturity_____

As evidence of our good faith, we have provided for a wire transfer or enclose herewith a check or Financial Surety Bond payable to the order of the University in the amount of **\$150,000** (the "Deposit") under the terms provided in your Notice of Sale. Attached hereto is a list of members of our account on whose behalf this bid is made.

FORM OF DEPOSIT

Check One:
Certified/Cashier's Check []
Financial Surety Bond []
Wire transfer []
Amount: \$150,000

ACCOUNT MANAGER INFORMATION

Name: _____
Address: _____
By: _____
City _____ State/Zip _____
Direct Phone: _____
FAX Number: _____

The foregoing bid was accepted on the 2009 Series P Bonds as authorized by resolution of the University on December 1, 2009, and receipt is hereby acknowledged of the Good Faith Deposit which is being held in accordance with the terms of the annexed Notice of Sale.

UNIVERSITY OF ALASKA

Myron Dosch, Controller

-----NOT PART OF THE BID-----

Our calculation of the true interest cost ("TIC") to December 16, 2009 produces a net effective interest rate of _____.%

* *After determining the winning bid, the University has reserved the right to adjust the aggregate principal amount of the 2009 Series P Bonds and the amounts due in any year, both as described in the Notice of Sale.*

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