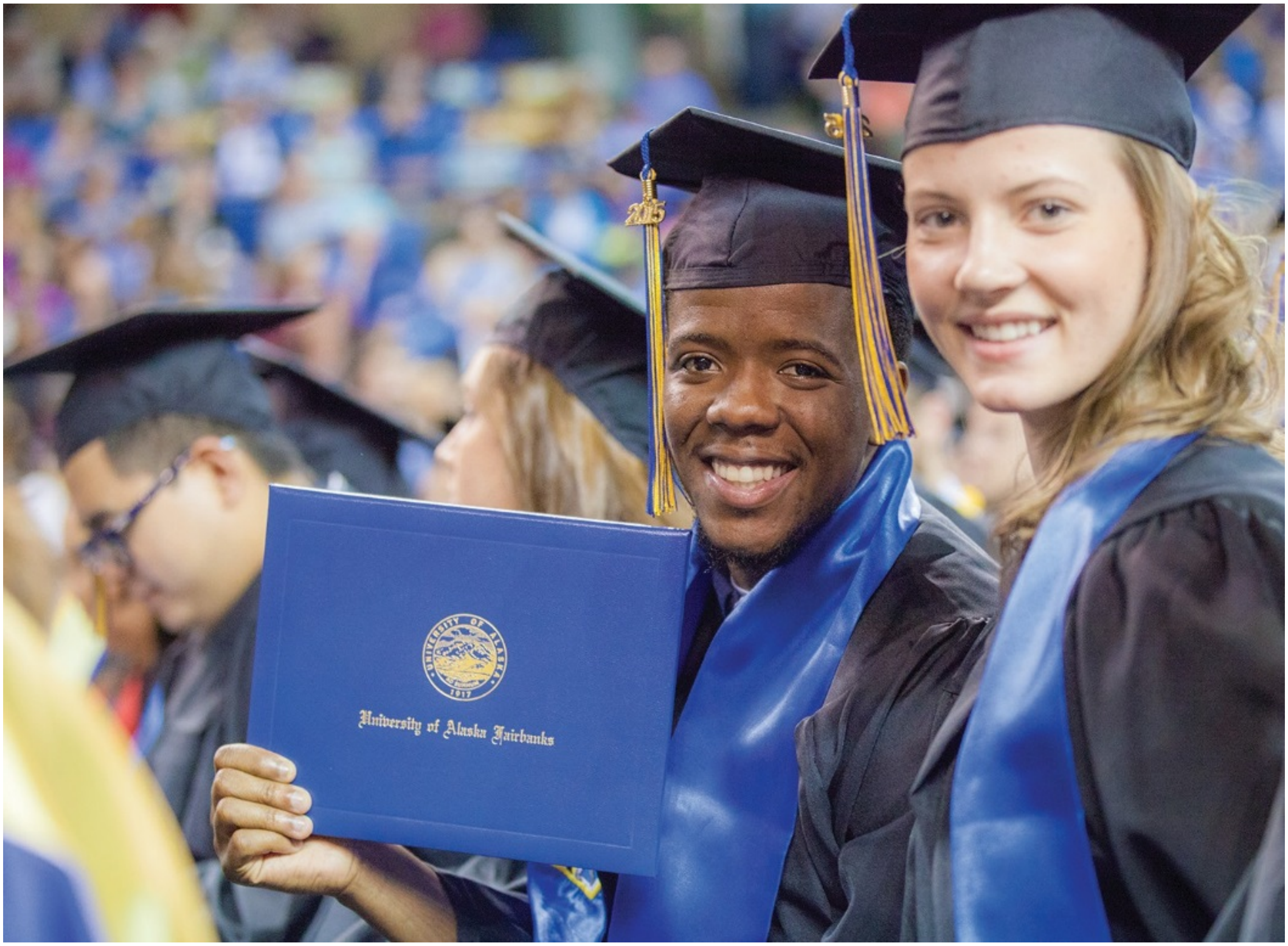
Spring Management Report

April 4, 2018 (FY18)



UAF
UNIVERSITY OF ALASKA FAIRBANKS

1. FY18 UNRESERVED FUND BALANCE (UFB) ANALYSIS

For FY18 (utilizing January 2018 information to date), UAF expects an unrestricted (F1) unreserved fund balance (UFB) at $6.8M (within the target range of $6-8M). The projected F1 UFB represents 1.8 percent of UAF's total projected unrestricted and restricted revenues ($370.4M), not including recharge, leasing, and enterprise funds, UA Intra-Agency Transfers, and prior-year UFB. This is lower than in prior years as UAF's margins, especially in units, are thinner after years of multiple reductions. UAF estimates $18.3M for service center and leasing funds (F7, FE, FL). The overall balances on event funds (FM) and match funds (FC) are positive and in line with expectations.

General fund (GF) reductions, combined with large year-over-year decreases in student credit-hour enrollments (which lower student tuition and fee revenue), constrain F1 resources. Coverage of fixed cost increases also reduces flexible spending. UFB is the largest part of UAF's reserve balances. UAF also budgets base reserve funding annually. The Central Reserve component of UFB is taking up a greater proportion of the F1 total as unit balances are slimmer. UAF is not planning to pull funding from unit balances, although there may be a need to reserve Central or VCAS funds to address possible CHP costs in FY19 (see #5).

UAF is working to keep UFB at an acceptable and prudent level, although State-driven budgetary reductions or heavy UA-specified reallocation targets are more difficult to manage over the long-term. Fixed costs, including facilities maintenance (DM/RR) obligations, shifted from the operating budget (via reallocation) are squeezing UAF's flexible funding streams and its ability to consider new initiatives. Investment in targeted areas will likely bring brighter results; however, this climate will require incremental investment to move toward faster achievement of UA goals.

UAF's UFB guidelines take into account the need for flexibility and prudent fiscal management. UFB investments align with accreditation themes as well as the overarching UAF and UA System strategic initiatives. Vice Chancellors (VC) retain the ability to redistribute UFB within their divisions in order to address critical shortfalls or one-time strategic investments in their areas. Declining enrollment contributed to a sharp loss in revenues in FY18, making for more variability in unit projections.

CABINET	FY16 Actual	FY17 Actual	**FY18 Jan Projection (1)**
Chancellor	32.8	42.8	**37.1**
Office of Information Technology	58.3	60.6	**76.8**
Provost (2)	1,404.0	1,850.6	**330.8**
VC for Rural, Community, and Native Education	354.2	1,258.9	**855.0**
VC for Research (3)	1,568.9	1,281.9	**2,428.8**
VC for Student Affairs (4)	545.1	999.8	**441.9**
VC for Administrative Services	1,085.2	954.5	**1,101.0**
Central Support (Scholarships, Debt Service, Utilities, etc.)	1,590.5	1,636.1	**1,500.0**
Total	**6,638.9**	**8,085.1**	**6,771.4**

Figure 1 - Unrestricted (F1) unreserved fund balance for UAF.

Notes: 1) This reflects January projections, which are early in the year, and will be refined in the April report.
2) The Provost area may reflect low figures as UAF works with Deans/Directors to address projected shortfalls.
3) UAF anticipates a reduction in the VC Research figures as summer fieldwork and other high volume research activities take place between May-June. Additionally, UAF is actively working to expend the $1.4M research investment made in FY18 (as part of a 3-year commitment from UA); hiring of post-docs/faculty is underway, therefore full use of funding is expected.
4) UAF reorganized the VC for University and Student Advancement into "VC for Student Affairs," and moved "Advancement" activities to the Chancellor's division. Athletics remains with VCSA.

2. CURRENT FISCAL YEAR PRACTICES FOR REVENUE DISTRIBUTION WITHIN THE CAMPUS

At each university, the percentage of tuition distributed to schools and colleges is an internal decision that considers the other types of revenue going to those units. The cost of university infrastructure is also a factor. As tuition revenue can vary due to fluctuations in enrollment, UAF provides a higher percentage of state GF to units to help provide some level of consistency when budgeting. It also encourages units to participate actively in strategies to increase enrollment and research activity to boost student revenue and indirect cost recovery (ICR). The decreases in GF and enrollment over the last few years do challenge the model by adding a new level of variability to these previously more predictable sources.

Tuition

UAF distributes Fairbanks Campus tuition on a 60/40 basis, wherein the generating school or college receives 60 percent and Central areas retain 40 percent to fund administrative and student services, student aid (e.g. scholarships and waivers), BOR mandated discounts/waivers, and tuition support for graduate teaching assistantships. Community campuses, including CTC, retain tuition revenue at 100 percent, as they historically bear costs related to instruction and facilities/utilities (O&M, R&R/DM); UAF may consider this further as Fairbanks Campus provides a significant amount of administration and student services in support of community and rural education.

In FY16, UAF instituted a modified 60/40 model for eLearning: 60 percent goes to the academic unit responsible for the course, and 40 percent is distributed such that 35 percent is retained by Central, and 5 percent is allocated to eLearning. For community campus offerings, 75 percent of the tuition is retained at the campus, 22 percent is allocated to Central with the remaining 3 percent retained at eLearning.

UAF is evaluating tuition sharing options/models that would serve to encourage units to develop/innovate academic programs that have a high participation potential. This includes consideration of student enrollment preferences (e.g. eLearning and classroom instruction), and a balanced approach in terms of financial benefit (and risk) to the academic units and the institution. UAF is also going to monitor the changes as a result of the 25 percent Occupational Endorsement & Certificate tuition discount, implemented in Fall 2018 (FY19). As the goal of this change is to promote new enrollment, there may be a near-term revenue impact in the form of a shortfall, if enrollment increases are not immediate. UAF expects a UA subsidy in these cases.

Indirect Cost Recovery (ICR)

UAF distributes ICR revenue on a 60/40 basis with 60 percent dedicated to reinvestment in research including areas that directly manage or contribute to increased sponsored program activity. This includes the generating units (50 percent), the Vice Chancellor for Research (VCR) (1.5 percent), Debt Service (7.5 percent), and the Undergraduate Research and Scholarly Activity (URSA) program (1 percent). The remaining 40 percent is broken into two categories: 28 percent is applied to UAF facilities and administration (F&A) costs including facilities and maintenance, administrative services, and the library. Statewide receives 12 percent. In FY18, the President returned a portion of the Statewide revenue to UAF via a reallocation for research (committed for three years); UAF would like to see this continue.

The model (applied in FY14) recognizes the need for reinvesting a portion of ICR into new research opportunities and facilities, particularly for supporting debt service obligations for research facilities. ICR revenue is down in FY18 and FY19-FY21 will use new F&A rates once calculations/ONR negotiations are complete. UAF may consider adjustments to the revenue distribution model if rates increase, although there is no plan to change at this time. UAF Financial Services is developing a UAF policy to strategically consider and minimize voluntary F&A rate reductions (i.e. waivers) that may reduce future revenue streams.

3. CURRENT VERSUS INITIAL REVENUE PROJECTIONS

Figure 2 shows the dollar variance and percent variance between UAF's original revenue projections in July 2017 (based on allocated budget authority), and the January 2018 Management Report. The UA Receipts projection is net of prior year total F1 UFB ($8.1M for FY17), and both Auxiliary and Student revenue include the projected GASB tuition/fee allowance offset (-$1.5M and -$6.4M, respectively).

SBS BUDGET TITLE	FY17 Year-End	FY18 Original	FY18 Jan Projectio	$ VAR	% VAR
Federal Receipts	91,536.0	94,149.5	86,965.3	(7,184.2)	-7.63%
General Fund – Match Appropriation	4,739.3	4,739.3	4,739.3	-	0.00%
General Fund – State Appropriation	158,177.			732.0	0.48%
Inter-Agency Receipts	3,032.9	4,207.2	2,336.2	(1,871.0)	-44.47%
Interest Income	10.7	5.0	104.0	99.0	1980.00
Dorm, Food, & Auxiliary Services	15,683.8	17,400.4	14,341.9	(3,058.5)	-17.58%
Student Tuition, Fees, & Services	44,526.6	47,993.6	45,016.6	(2,977.0)	-6.20%
Indirect Cost Recovery	25,799.1	24,446.9	23,833.7	(613.2)	-2.51%
UA Receipts (net of UFB)	40,420.8	33,217.7	41,015.1	7,797.4	23.47%
CIP Receipts	3,263.2	6,916.6	2,692.4	(4,224.2)	-61.07%
General Fund - Mental Health Trust	50.0	50.0	50.0	-	0.00%
Technical-Vocational Education	1,446.4	1,421.1	1,421.1	-	0.00%
UA Intra-Agency Transfer	51,735.1	47,849.8	45,162.2	(2,687.6)	-5.62%
Total	**440,421.**	435,812.		(13,987.3	-3.21%

Figure 2 - FY18 UAF revenue comparison of original projection (based on allocated receipt authority) to current projection.

FY18 January revenue projections are 3.2 percent less than original estimates. State Inter-Agency Receipts continue to decline, which reflects the reduced budget across state agencies. Federal receipts are down due to lower activity in many UAF units, as well as fewer billable Sikuliaq ship days due to a dry dock event during the winter months (this is also the primary driver for fewer intra-agency transfers). Reduced ICR reflects fewer federal receipts.

While UAF expected the GF reduction of 2.5 percent in FY18 (from FY17), the reduction in enrollments for FY18 is placing budget pressure on academic units, especially those with a high number of GERs (e.g. CNSM, CLA). Units were projecting a 1.1 percent increase in tuition and fees, though a net decrease of up to 4.0 percent is likely following spring registration.

UA Receipt activity varies from budget due, primarily, to unit budgeting practices that include recharge centers posting original budget as intra-agency rather than budgeting revenue from external customers as UA Receipts. Actual expected receipt activity for FY18 is substantially similar to FY17. Auxiliary receipts fell this year due to decreased student demand for housing and dining services (combined with an increase in the GASB offset by $0.4M).

4. PROJECTED REVENUE RELATIVE TO RECEIPT AUTHORITY

Figure 3 shows projected revenue compared to budget authority for each revenue source. As above, the UA Receipts projection is net of prior year total F1 UFB ($8.1M), and both Auxiliary and Student revenue include the GASB offset (-$1.5M and -$6.4M, respectively).

SBS BUDGET TITLE	FY18 Budget	FY18 Jan Projection	Projected Revenue (Over) Under Budget
Federal Receipts	101,540.0	86,965.3	14,574.7
General Fund – Match Appropriation	4,739.3	4,739.3	-
General Fund – State Appropriation	153,415.0	154,147.0	(732.0)
Inter-Agency Receipts	6,232.1	2,336.2	3,895.9
Interest Income	5.0	104.0	(99.0)
Dorm, Food, & Auxiliary Services	17,400.4	14,341.9	3,058.5
Student Tuition, Fees, & Services	52,479.1	45,016.6	7,462.5
Indirect Cost Recovery	27,893.0	23,833.7	4,059.3
UA Receipts (net of UFB)	47,221.9	41,015.1	6,206.8
CIP Receipts	7,349.4	2,692.4	4,657.0
General Fund - Mental Health Trust	50.0	50.0	-
Technical-Vocational Education Program	1,421.1	1,421.1	-
UA Intra-Agency Transfers	33,768.5	45,162.2	(11,393.7)
Total	**453,514.8**	**421,824.8**	**31,690.0**

Figure 3 - FY18 UAF budget (total receipt authority) to projected revenue comparison.

UAF currently expects all revenue sources except Intra-Agency Transfers (IAT) to fall within authorized receipt levels. Intra-Agency Transfer authority, currently projected to come in at $11.4M over UAF's total budget authority, will require additional authority. This is due to Sikuliaq and Match activity, and it is a known issue. UAF expects that legislative approval of the FY19 budget request will include the needed future authority.

UAF's unused budget authority of $31.7M is the combined result of additional capacity in federal receipts, low CIP receipt levels, and substantial capacity in UA Receipt generation. UAF expects the need for most receipt authority to remain similar in FY19 and hopes to see gains in student and auxiliary revenue sources.

5. SIGNIFICANT UNPLANNED OR CONTINGENT EXPENDITURES

A potential issue that UAF may need to address in FY19 is a cost overrun on the Combined Heat and Power Plant (CHPP) construction project. Bids for two of the six work packages came in over budget, and the project management team is also working to resolve claims related to significant delays in the steel delivery this last year. At this stage, there is potential for a cost overrun of $4 to $8 million. UAF Design and Construction, along with the Construction Manager @ Risk, Haskell-Davis, are working to identify ways to trim costs out of the project in order to complete the project within budget. Additionally, UAF may need to engage GVEA upon start-up of the plant to ensure adequate backup power and/or offload excess power during testing. These costs were initially estimated by GVEA at $3.2M; Facilities Services is exploring alternate approaches for these testing/startup needs that may be less costly.

To date, the reductions in operating and capital funding leave UAF with limited reserves in the event large-scale issues emerge. UAF is hopeful there will be a DM/RR facilities maintenance increment from the state in FY19 that will restore critical operational funding to programs and services.

6. DEBT STRATEGIES AND PLANS

UAF approaches long-term debt service (DS) as a tool that can support strategic capital investments in new or aging infrastructure in order to create and maintain a safe, efficient, and appealing campus. In pursuit of this goal, DS obligations at UAF approximately doubled between FY15 and FY17, and it will reach peak current commitment in FY19 (from $9.8M to $22.3M). At the same time, UAF successfully closed out the Series N bond in FY17 and will close out Series O and SRC in FY18 (UAF refinanced some portions of Series N and O into Series S and V). Refinancing or early pay-offs for remaining DS obligations are more difficult as remaining issuances are larger dollar amounts best managed over time.

UAF has fully repaid all internal UA working capital arrangements ahead of schedule.

This investment in UAF infrastructure creates some risk due to the long-term repayment commitments. Flat and falling revenue sources over the past several years add stress to all units as UAF realigns institutional resources to absorb state funding reductions.

Please refer to the debt service schedule attached to this document for a complete list of all current and anticipated UAF debt obligations.

7. FY19 INITIAL BUDGET ANALYSIS

Governor Walker's initial budget (December 2017) includes a flat operating budget for the university from FY18 levels. Using this as a guide, UAF's initial projection for a budget gap is roughly $7.0M in FY19. This includes fixed costs, strategic reallocations, continuing investments from FY18, and possible reallocation for additional UA System initiatives. To date, the UA internal reallocation is the most significant unknown; final determination of this figure will affect UAF's budget gap. UAF will adjust planning scenarios accordingly as discussions progress. It is UAF's intent to minimize the number of budget scenarios created.

The planning process for FY19 is as follows:

- Provost/VCs developed FY19 initial budget targets in consultation with unit leaders.
- The Chancellor issued an internal RFP for initiatives that increase enrollment and research. The Planning & Budget Committee (PBC) reviews the proposals.
- The PBC will make funding recommendations on proposals; these are candidates for internal reallocation in FY19 and/or may be in the FY20 budget request.
- The Chancellor will make decisions for implementation in FY19 and FY20.

UAF is developing plans to allow sufficient time to act prior to the beginning of the new fiscal year in July. Given the budget challenges in recent years, UFB remains a critical resource to help bridge the institution until actions taken to base reductions create tangible savings. Additionally, UFB is a key source for funding research start-up activities and academic program redesign. The enrollment decline experienced in Fall 2017 remained stable for Spring 2018; UAF is optimistic to see an increase in Fall 2018.

8. GRANTS AND CONTRACTS ACCOUNTS RECEIVABLE ANALYSIS

The Office of Grants and Contract Administration (OGCA) is responsible for management of extramural funding including restricted accounts receivables (A/R). The balance of the restricted A/R is the combination of billed/unbilled expenditures and sponsor prepayments.

OGCA is using data starting from FY15 Q3 and ending FY18 Q2 (Figure 5). OGCA continues to reduce A/R by revamping the A/R report used to evaluate UAF's receivables trend. The industry standard for collecting R&D A/R is 70.8 days. OGCA continues to streamline the A/R reporting process and address issues that may cause inaccuracies. For the purpose of this analysis, OGCA is using current (0-30 day) receivables, focusing on FY16 and FY17 data. For FY17, the average receivable balance was about $10.8M; this is a stable compared to FY16, as the receivables at that time were also around $10.8M.

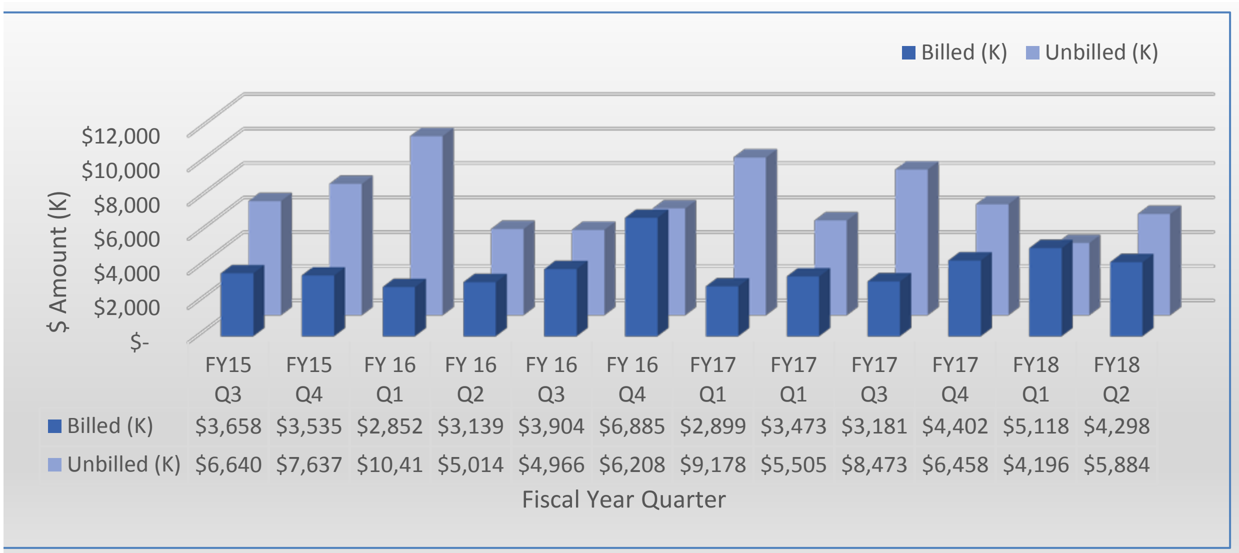


Figure 5 - OGCA 0-30 billed & unbilled receivables average by quarter.

Externally, the terms and conditions of some funding agencies require quarterly billing instead of monthly billing. Other funding agencies provide initial or quarterly prepayments (this is when a sponsor pays for deliverables before the expenditures occur). The effect of this, in our current system, is to lower the A/R balance. Although UAF has made strides to reduce the outstanding A/R over the past several fiscal years, there are still areas of improvement needed. Proper recording of prepayments is an example.

The recommendation for the proper treatment of prepayments is to account for the prepayments as a liability against the extramural funding. The current system of yearly reclassifying receivable balances to liabilities for financial statement purposes, does not resolve the OGCA issue regarding prepayments. OGCA recommends a new differed revenue liability account to record prepayments so the billing will demonstrate the process of generating receivables and reconciling the liability and the asset. This issue does not influence the daily operation of OGCA, but it does reduce the accuracy of the A/R reports. Classifying prepayments correctly when they occur will provide a more precise understanding of the A/R balance throughout the year.

OGCA has additionally dedicated effort to cleaning up pre-Banner (GAC) issues since June 2009. As this necessary clean-up was an identified UA audit issue, OGCA continues to make progress in this area.

9. STUDENT ACCOUNTS RECEIVABLE ANALYSIS

The UAF Bursar's Office focuses on recovering funds from past due accounts, implementing changes to increase success of collections and encourage payment. Outstanding receivables in prior years were increasing, while FY17 showed a slight decrease (possibly due to a decrease in enrollment). As of June 30, 2017, there are $1.6M in past due receivables at Fairbanks Campus, of which $1.4M is over 91 days. There are $647K in past due receivables for the community campuses, of which $506K is over 91 days. $110K is in third-party receivables, such as Veteran Affairs (VA) accounts ($50K). Annually, roughly 1,300 students qualify for VA funding; it can take 90 days+ before UAF receives payment.

Fiscal Year	Gross Tuition & Fees	Accounts Rec	Allowance (0291) Balance	Net Accounts Receivable	% to Gross Tuition & Fees	Write off Amounts
2017	51,617,656	3,502,299	207,177	3,295,122	6.38%	262,406
2016	51,072,974	3,450,008	241,954	3,208,054	6.28%	363,368
2015	48,239,121	3,552,362	460,408	3,091,954	6.41%	89,623
2014	45,786,034	3,830,208	481,466	3,348,742	7.31%	36,660
2013	46,523,806	3,727,069	313,371	3,413,698	7.34%	113,738

Figure 6 – AR Fiscal Year-End Comparison.
Note: *All figures as reported at the end of each fiscal year. 0291 is the general ledger account for doubtful account allowance.*

Collection Process

The first business day after the fee payment deadline passes, UAF applies a late fee and places an A/R hold to all delinquent accounts (balance of $300+ and not enrolled in a payment plan). Students can enroll in payment plans for an additional 4-6 weeks (TouchNet plans, in-person or through UAOnline). More than 2,480 students enrolled in payment plans for FY17; the default rate is averaging around 7% (187 students) for the year.

Students receive emails 14 days prior to an upcoming payment due date, and two days after a missed payment. If the account is delinquent, UAF places a hold on the account. Five days after the payment deadline, delinquent students that live on-campus and/or have meal plans receive a notification letter. About 99% of these students pay their bill in full or make arrangements immediately. UAF implemented a new process in spring 2017 for students who have delinquent accounts and a UAF Post Office box. After notification, approximately 50% of these students pay in full, make payment arrangements, or close their box.

UAF generates an electronic bill on the 15th of each month for student accounts with an outstanding balance. The Bursar's Office works closely with Rural Student Services, Housing, Dining, International Programs, and Financial Aid, to identify students who have not paid. These departments also assist in the collection process.

Transfer to Collection Agency

UAF sends periodic statements to students with outstanding balances. If the balance remaining is at least 180 days delinquent, UAF moves the account to the collection process. To initiate the process, UAF mails a 30-day collection letter using a colored envelope to the student (this was formerly only done via email). UAF is seeing an improvement in the student response rate. With no student response within 30 days, UAF sends the account to collections.

The Bursar's Office divides delinquent accounts equally upon first placement and sends half to the Williams and Fudge (WF) Collection Agency and half to the ConServe (CS) Collection Agency. In prior years, first placements only went to WF and second placements only went to CS. UAF also began moving accounts to the collections process as soon as they are 180 days delinquent. Previously, the debt could be 12-24 months of age before initiating the collection process. With the faster turnover, UAF anticipates an increase in the historical rate of recovery from both collection agencies for future years.

WF no longer reports accounts to the credit bureaus when a student pays or they return the account to UAF. WF accepts receivables up to five and a half years old (no minimum). There are currently 603 UAF accounts, totaling $686.5K. This is an increase from FY16 with only 311 accounts, totaling $461.5K. WF's historical rate of recovery for UAF accounts is 14%.

CS specializes in higher education debt and reports to the credit bureaus for seven years against an account. With a minimum balance of $25, CS accepts receivables up to five and a half years old. There are currently 697 UAF accounts, totaling $871K. This is an increase from FY16 with only 112 accounts, totaling $194K. CS's historical rate of recovery for UAF accounts is approximately at 5%, although UAF has changed its practice from prior years.

After a twelve-month collection period, the first placement agency returns outstanding accounts to UAF for a second placement with the alternate collection agency, WF or CS, for an additional year. UAF previously wrote off these accounts with no additional collection effort yet is now seeing some movement.

PFD Garnishment

The garnishment process begins in April of each year for those students with delinquent balances greater than $50 in the previous year and who are eligible to receive the PFD. UAF mails a "Notice of Default," in early May, and sends an "Intent to Claim," in mid-June. In 2017, UAF received 40 percent of the amount requested compared to 33 percent for 2016, 52 percent for 2015, 51 percent for 2014, and 33 percent for 2013. UAF may garnish a student's PFD payment while the account is at a collection agency.

Write Offs & Allowance for Doubtful Accounts (ADA)

After collection efforts and accounts are beyond the statute of limitations (six years) for collections and PFD garnishment, UAF writes them off as bad debt. The AVC for Financial Services approves all balances in excess of $200. The total amount written off for FY17 was $262.4K compared to $363.4K for FY16 and $89.6K for FY15. UAF expects write-offs to stabilize in the near future, a result of efforts to turn accounts over to collections more quickly after exhausting UAF internal attempts; the rate of return may also improve.

The total outstanding A/R balances over the past several years is relatively stable despite a concerted collection effort by the Bursar's Office. Some of this is attributable to the annual increase in tuition and fees, though the bulk is attributable to aid reversals. Drop for non-payment has helped some with past due accounts, partly because UAF reinstates students without having payment arrangements in place. While dropping students for non-payment does not eliminate the unpaid receivable, it does prevent that account balance from growing.

In FY18, UAF refined its method for funding its allowance for doubtful accounts (ADA). The intention is to manage the university's potential liability as well as to create a direct campus connection to the decision process related to retention of students with delinquent accounts.

10. FACILITIES MAINTENANCE, REPAIR, AND REPLACEMENT

The attached table demonstrates FY18 projected M&R and R&R commitments. The total FY18 M&R expenditure target is $26.4M, and UAF expects to exceed this target by $2.7M. This is a result of internal reallocation to intentionally protect facilities maintenance priorities and achieve targets. Additionally, Title III grants in community campus locations (specifically the Northwest Campus) help UAF achieve BOR specified targets while other resources are thinning. Funding for a capital budget for facilities maintenance and DM/RR is critical in order to continue investing in facilities without placing stress on program and service areas through reallocation of operational funding.

Due to limited funds available for capital projects, UAF adjusted the priority of spending to focus on life safety, code corrections, integrity of infrastructure, and gaining energy efficiency within existing facilities. Projects listed in this report in 2017: the Wood Center roof replacement and Great Hall code update were both completed successfully. UAF has three large projects and a series of smaller projects slated for construction over summer 2018 that will use the majority of UAF's remaining capital appropriations. UAF anticipates expending 90 percent of any remaining balance by December 2018.

Major Project Overview

Irving 1 Canopy replacement: The existing canopy at Irving 1 is settling and causing damage to the entries into Irving 1 as well as affecting the covered walkway between O'Neill and Irving 1. The hardscaping in the area between Irving 1 and O'Neill, including stairs, entries and the walkway to O'Neill, have major cracks and spalled concrete, lack proper handrails, are a tripping hazard, and have substantial potential for failure in a seismic event. This project will demolish and replace the canopy, stairs, and connecting corridor between the two buildings. Covering the entries and replacing the stairs will reduce maintenance and snow removal cost and improves safety for pedestrians accessing both buildings. UAF has split funding for this $900,000 project between UA operating and state capital sources.

Campus Wide Hardware Upgrade: UAF will begin to upgrade all interior doors on campus systematically to comply with emerging national safety standards and improve maintainability. This includes installation of electronic locksets at all spaces requiring controlled access, while the remainder of spaces will have keyed locksets. This project will use a minimum of $350,000 annually until complete.

24/7 Critical Server Installation: UAF will relocate critical research functions from the Elvey tower prior to its planned major deferred renewal. The project will provide appropriate space with adequate power backup for critical mission monitoring equipment used by the Alaska Volcano Observatory, the Alaska Satellite Facility, and the Alaska Earthquake Center. The project budget is $1.9M.

UAF Debt Service Schedule

Category / Description	Debt Principal Amount[1]	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Current Debt											
SERIES O - Lena Point, Museum, Arctic Health, Virology	$ 835	850	-	-	-	-	-	-	-	-	-
SERIES P - Refinancing Series H & J	$ 5,222	1,245	779	775	775	777	779	775	-	-	-
SERIES Q - Life Sciences and Deferred Maintenance I	$ 33,350	3,484	3,485	3,482	3,485	3,485	3,478	3,483	3,481	3,477	3,477
SERIES R - Refinance Series K, L, and M	$ 11,815	993	1,462	1,460	1,460	1,458	1,463	875	877	878	877
SERIES S - Deferred Maint 2 & Multiple Refinancings	$ 16,445	1,977	1,687	1,687	1,694	1,577	1,571	1,706	1,708	1,579	1,577
SERIES T - Central Heating and Power Plant (CHPP)	$ 65,350	3,268	4,896	4,900	4,900	4,900	4,895	4,896	4,896	4,900	4,898
SERIES U - Central Heating and Power Plant (CHPP)	$ 86,085	4,058	5,587	5,590	5,586	5,588	5,590	5,588	5,590	5,588	5,590
SERIES V - Engineering Building and Series N/O Refinanc	$ 37,895	2,745	2,901	2,899	2,895	2,939	2,935	2,417	2,413	2,412	2,413
Sub-Total: Debt Service on Current Debt Issues	**$ 256,997**	**$ 18,619**	**$ 20,795**	**$ 20,791**	**$ 20,795**	**$ 20,724**	**$ 20,712**	**$ 19,740**	**$ 18,966**	**$ 18,834**	**$ 18,832**
Capital Lease											
UAF Student Dining Facility Base Rent Payments [2]	$ 24,125	1,389	1,385	1,384	1,383	1,385	1,382	1,384	1,382	1,382	1,379
Sub-Total: Current Debt and Capital Lease Payment	**$ 281,122**	**$ 20,008**	**$ 22,181**	**$ 22,176**	**$ 22,177**	**$ 22,109**	**$ 22,094**	**$ 21,124**	**$ 20,348**	**$ 20,216**	**$ 20,212**
Projects with Anticipated Debt Funding											
Sub-Total: Debt Service on Anticipated Debt Issues	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL Debt Service and Long-Term Leases	**$ 281,122**	**$ 20,008**	**$ 22,181**	**$ 22,176**	**$ 22,177**	**$ 22,109**	**$ 22,094**	**$ 21,124**	**$ 20,348**	**$ 20,216**	**$ 20,212**

[1] Debt Principal Amount reflects principal balance of all series as of July 1, 2017 (FY18). All amounts in thousands.

[2] Per the terms of the lease agreement, the Student Dining Facility includes "Base Rent" to cover debt service and "Additional Rent" to cover leaseholder costs. The additional rents portion is considered a contractual service and is not included in this table.

UAF Facility Maintenance
FY18 Projection

Projected Facility Maintenance	Routine Maintenance	Preventative Maintenance	Reinvestment	Deferred Maintenance	FY18 Total Projected Expenditures	FY18 Targets	Over/(Under) Target
Fairbanks Campus Research/Academic/Admin	17,232,750	1,585,772	603,073		19,421,595		
Fairbanks Campus Residence Life	2,677,114	193,838	29,891		2,900,842		
One-time Funding (President's DM)				2,311,890	2,311,890		
Total Fairbanks Campus (Note 1)					24,634,326		
FY18 Facility Maintenance Target Fairbanks Campus						24,627,700	
Over (under) Target							6,626
UAF Community Campuses	1,764,440	387,608	51,631		2,203,679		
Title III Rehabilitation			2,261,046		2,261,046		
One-time Funding (President's DM)	-	-		72,530	72,530		
					4,537,256		
FY18 Facility Maintenance Target Community Campuses						1,812,900	
Over(under) Target							2,724,356
Total UAF FY18 Projected Facility Maintenance					29,171,582		
Total UAF FY18 Target						26,440,600	
Total UAF FY18 Over/(Under) Target							2,730,982

Note-1. Maintenance expenditures that are recorded in the Facilities Services (FS) work order system are coded by to the above categories. Those maintenance expenditures that are managed by other departements or that are performed by contractors may not be recorded in the FS work order system and therefore will not be coded by category. Much of those costs have been categorized in this report to the greatest extent possible.

March 13, 2018