

University of Alaska Fairbanks

Utility System P3 Overview



Capital
Markets

Overview of Opportunity and Investor Day Announcement July 29, 2022



Overview of Opportunity

Concession Summary

- The University of Alaska Fairbanks (UAF) is exploring a **public-private partnership (P3)** for on-campus utilities and combined heat and power plant (CHP) with a private operator (concessionaire).
 - Will allow the concessionaire to operate, maintain and invest in the utility systems for a 50-year period.
 - UAF will receive an upfront payment from the concessionaire.
 - Annual revenue paid to concessionaire based on a “utility fee” consisting of a i) fixed fee, ii) operating fee and iii) variable fee.
- University leadership has determined that a P3 structure may offer benefits compared to status quo operations.

Power Plant Overview

- In February 2020, UAF completed the construction of a new \$255 million combined heat and power plant.
- The CHP comprises one 240,000 pounds-per-hour coal-fired boiler and one 17-megawatt steam turbine generator, with the potential to be converted to natural gas in the future.
- The CHP powers and heats the entire campus, with approximately 5–8 MW of excess power capacity.
- UAF has a short-term power purchase agreement with Golden Valley Electric Association and sells excess power above what is required by campus utility needs, allowing UAF to run the plant more efficiently.

Key University Transaction Objectives

Upfront Capital	<ul style="list-style-type: none">▪ Generate unrestricted upfront capital for the University to support strategic initiatives
Focus on the Core	<ul style="list-style-type: none">▪ Remain competitive among national institutions, continuing its mission as the flagship research university in Alaska, recruiting and retaining students with leadership in Arctic research, and solidifying its premier position in Alaska Native and Indigenous studies.
Stable and Consistent Utility Infrastructure Investment	<ul style="list-style-type: none">▪ Establish a vehicle for investment into the UAF utility system to achieve safe and reliable operations and allow UAF to focus on campus modernization.▪ Achieve certainty over long-term utility operational and capital costs.
Concessionaire Expertise	<ul style="list-style-type: none">▪ UAF will benefit from the expertise of a market-leading operator able to leverage industry best practices and innovations specific to the Arctic climate.▪ Expertise will be useful as UAF considers potential energy source conversion alternatives and strives to meet efficiency and sustainability objectives.▪ New opportunities for achieving energy efficiency and cost saving measures will be a key consideration in the evaluation process.

Process Timeline (Upon Board of Regents Approval)



Investment Highlights

Partnership with a Premier University with a Strong Commitment to P3

- UAF is a public Land, Sea and Space Grant institution and is the state's flagship research University. 7,500+ students pursue 179 different degrees and certifications in 114 disciplines.
- The University of Alaska system (UA) plays a key in-state role as Alaska's sole public higher education provider.
- Significant research expertise with activity aligned to state priorities and economic interests add to the university's regional importance and competitive profile.
- Investment grade rating with a stable outlook.
- UA and UAF leaders have a strong commitment to exploring a P3.

Stable, Predictable and Long-Term Cash Flow Profile

- Long-term, predictable cash flow, including a fixed fee escalating reasonably over time, a defined return on invested capital and recovery of operating costs.

Opportunity to Invest and Modernize the Utility System

- Opportunity for the concessionaire to identify, finance and implement a capital program to improve the reliability and resiliency of the utility system.
- **Significant additional capital projects** are currently identified for consideration, driven by possible campus growth, **energy efficiency and sustainability measures**.

Exclusive Utility Services Provider

- Concessionaire will be the exclusive provider of UAF's utility system operations. UAF's Troth Yedda' Campus is one of the largest utility service customers in the Fairbanks area.
- Opportunities may exist to sell excess capacity to third parties.

University Overview

University of Alaska

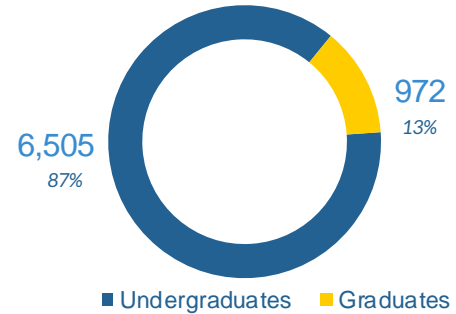
- The University of Alaska system is the **only public institution of higher learning** in the state of Alaska, with **more than 26,600 full- and part-time students** studying among 500 unique degree programs.
- UA is a statewide system with three multi-mission, independently accredited universities in Anchorage, Fairbanks and Juneau (Southeast), plus 13 satellite campuses and research sites throughout the state.



University of Alaska Fairbanks

- The University of Alaska Fairbanks was established on 2,000+ acres as the Alaska Agricultural College and School of Mines in 1917 and is currently home to over 7,500 students.
- UAF is a **significant engine for economic development and research** in Fairbanks and in Alaska.
 - UAF recruits and retains top research faculty and students, and maintains modern, world-class research facilities and infrastructure.
- The university is **critical to the state economy**, seeking to keep Alaskans in state and attract out-of-state residents; **for every dollar of state investment, UAF generates six dollars in return on investment.**
 - UAF objectives include enrollment growth at or above 3% year-over-year through 2025.
- UAF is the **most academically selective of the UA system campuses**, with material investment in research initiatives and academic programs that support job growth in Alaska and beyond.
- UAF's research specialties are renowned worldwide, most notably in Arctic biology, Arctic engineering, geophysics, supercomputing, drone research, ethnobotany and Alaska Native studies.

UAF Undergraduate and Graduate Enrollment



UAF Academic snapshot	
Average high school GPA/ACT 2020 first-year class	3.4/22
Alaskan/non-Alaskan 2020 first-year class	88%/12%
Minority status, all students	44%
First-year students living on Fairbanks campus	84%
Bachelor's degrees awarded, May 2021	568
Post-bachelor's degrees awarded, May 2021	234
Fields of study offered	114
Academic schools and colleges	9
Student-to-faculty ratio	10:1

Contact Information and Investor Day



Capital
Markets

All inquiries and requests related to these materials shall be directed to RBC Capital Markets LLC ("RBC") as investment banker to the University of Alaska Fairbanks ("UAF" or the "University"). Under no circumstances should UAF be contacted directly, with the exception of Kara Axx, Procurement Officer (kaaxx@alaska.edu) with procurement specific questions. Any contact by any Prospective Purchaser or its affiliates or representatives with any such person or entity will be cause for removal from the procurement process.

RBC Capital Markets Contact Information

Christopher Adams

Power, Utilities & Infrastructure
Investment Banking
(212) 428-6559
chris.adams@rbccm.com

Mike Kuratczyk

Power, Utilities & Infrastructure
Investment Banking
(212) 428-6512
mike.kuratczyk@rbccm.com

Alex Sekhniashvili

Mergers & Acquisitions
Investment Banking
(212) 618-2743
alex.sekhniashvili@rbccm.com

Christopher Good

Higher Education
Investment Banking
(212) 905-5886
christopher.good@rbccm.com

Investor Day Information

The University of Alaska Fairbanks will host a virtual investor day on July 29, 2022, and will release a Request for Qualifications to interested parties. Prospective concessionaires may visit the University of Alaska Fairbanks UAF P3 website at uaf.edu/fs/utility-systems-p3.php.

Disclaimer

This document and any other materials accompanying this document (collectively, the "Materials") are provided for general informational purposes. By accepting any Materials, the recipient of the Materials (the "Recipients") acknowledges and agrees to the matters set forth below in this notice. The University of Alaska Fairbanks (the "University") makes no representation or warranty (express or implied) regarding the adequacy, accuracy or completeness of any information in the Materials. Information in the Materials is preliminary and is not intended to be complete, and such information is qualified in its entirety. Any opinions or estimates contained in the Materials represent the judgment of the University and its advisors at this time, and are subject to change without notice. The Materials are not an offer to enter into any transaction, or as an indication of an offer to the transaction described herein.

The Materials are not intended to provide, and must not be relied on for, accounting, legal, regulatory, tax, business, financial or related advice or investment recommendations. No person providing any Materials is acting as a fiduciary or advisor with respect to the Materials. You must consult with your own advisors as to the legal, regulatory, tax, business, financial, investment and other aspects of the Materials.

These Materials have been prepared by the University solely for use of the prospective Concessionaires (as defined herein) in connection with their consideration of a potential Public-Private Partnership (the "Possible Transaction"). Under no circumstances should the regents, board, management, employees, or officers of the University be contacted directly.

By accepting delivery of these Materials, each Recipient agrees to maintain the confidentiality of the information contained in the Materials and not to copy, reproduce, or distribute such information to any other person, at any time, without the prior written consent of the University, or use such information for any purpose other than as described below, except as expressly permitted in a confidentiality agreement between the Recipient and the University.

The Materials have been prepared for the purpose of providing prospective Concessionaires with general financial and other information concerning the University. The Materials are being furnished to gauge the Recipient's interest in the Possible Transaction and do not constitute an offer to sell or a solicitation of offers to buy, lease, license or sell the assets of the University. The information contained in the Materials is selective and is subject to updating, expansion, revision and amendment. It does not purport to contain all the information that Recipients may require to properly evaluate the Possible Transaction. No obligation is accepted to provide Recipients with access to any additional information, or to update, expand, revise or amend the information, or to correct any inaccuracies that may become apparent. Statements made in the Materials are made as of the date hereof, unless stated otherwise, and neither the delivery of the Materials at any time, nor any subsequent participation in the Possible Transaction, shall under any circumstances create an implication that the information contained herein is correct as of any subsequent time. The Materials include certain statements, estimates and projections with respect to the anticipated future performance of the University. Such statements, estimates and projections reflect various assumptions made by the University concerning anticipated results, which assumptions may or may not prove to be correct. These projections have not been independently verified and cannot be regarded as forecasts. The pro forma and estimated financial information contained herein was prepared expressly for use herein and is based on certain assumptions and management's analysis of information available at the time the Materials were prepared. There can be no assurance that management's views or assumptions are accurate or that management's projections and forward-looking statements will be realized. Industry experts may disagree with these assumptions and with management's view of the market and the prospects for the University. The actual results may vary from the anticipated results and such variations may be material.

By accepting the Materials, each Recipient acknowledges that it will be solely responsible for making its own investigations and forming its own view as to the state and prospects of the University. If and when authorized by the University, prospective Concessionaires will be allowed to conduct a comprehensive due diligence review of the University's operations and financial condition regarding the subject of the Possible Transaction. Prospective Concessionaires will be required to rely only upon such review and the terms and conditions contained in a definitive agreement relating to a Possible Transaction. If any Recipients are advised to seek their own professional advice on the legal, financial, taxation and other consequences of the Possible Transaction as they may deem necessary in order to determine whether to proceed with any Possible Transaction.

All product and service names herein are trademarks of the University. The University reserves the right to require the return of this Memorandum at any time.

The University reserves the right to terminate, at any time, solicitations of interest for the transaction involving the Possible Transaction or future participation in the investigation and proposal process by any party. Any dealings, negotiations and/or discussions that may be initiated or established with any prospective Concessionaires may be interrupted at any time without any explanation. The University reserves the right to negotiate with one or more prospective Concessionaires at any time and to enter into a definitive agreement for the transaction involving the Possible Transaction without prior notice to any other prospective Concessionaire. The University also reserves the right to enter into exclusive discussions with any third party at any time without incurring any liability whatsoever. Finally, the University reserves the right to modify, at any time, any procedures relating to such process, or terminate or extend the process, without assigning any reason therefore and reject or decline any proposals at its sole discretion. The University reserves the right to take any action, whether in or out of the ordinary course of business, including but not limited to the sale of any securities or property, which the University deems necessary or prudent in the conduct of such business.

By accepting the Materials, the Recipients also confirm, irrevocably and irrevocably, that they are investors that are qualified, experienced and sophisticated and thereby waive any protection that an investor not qualified may have.

The preparation and distribution of the Materials does not constitute a form of commitment or recommendation relating to the Possible Transaction. Neither the information contained in the Materials nor any further information made available by the University in connection with the Possible Transaction will form the basis of or be construed as a contract.

Neither the University, nor any of their respective affiliates, directors, regents, officers, management, employees, agents or representatives accepts any liability to any person in relation to the distribution or possession of the Materials in any jurisdiction.

By receiving these Materials, each Recipient declares that it agrees to be bound by all the terms stated above.

US IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in the Materials is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax penalties or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.