

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES MEETING

JUNE 5, 2020
10:30 A.M.

MEETING WILL BE LIVE-STREAMED ON YOUTUBE

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* *Revision*

Roll Call

* Approve: [Revised Agenda](#)

1 Approve: [Board of Trustees Minutes](#)

[Audit Committee Minutes](#)

[Development, Endowment and Investments Committee Minutes](#)

[Health Affairs Committee Minutes](#)

[Academic and Student Affairs Committee Minutes](#)

[Budget and Finance Committee Minutes](#)

[Committee of the Whole Minutes](#)

[Executive Committee Minutes](#)

2 Approve: [2020-2021 Board Meeting Schedule](#)

3 Report: University President

4 Report: Faculty Senate President

5 Report: Student Government Association President

6 Report: Development and Alumni Relations

7 Approve: [USA Hospitals Medical Staff Bylaws Revisions](#)

8 Approve: [USA Hospitals Medical Staff Appointments and Reappointments for March and April 2020](#)

9 Report: USA Health and College of Medicine

10 Approve: [Tenure and Promotion](#)

11 Approve: [2020-2021 Tuition, Fees, and Housing and Dining Rates](#)

12 Approve: [Policy on Freshmen On-Campus Housing Requirement](#)

13 Report: [Quarterly Financial Statements for the Six Months ended March 31, 2020](#)

14 Approve: [Line of Credit](#)

15 Report: [Endowment and Investment Performance](#)

16 Approve: [Revision of Endowment Investment Policy](#)

* ~~**17** Approve: [Executive Session](#)~~

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



ANNUAL MEETING

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* Approve: Revised Agenda

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UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Board of Trustees

DATE: May 26, 2020

TO: USA Board of Trustees

FROM: Alexis Atkins 
Secretary, Board of Trustees

SUBJECT: Meeting Minutes

Included herein are the unapproved minutes for meetings of the Board of Trustees and standing committees held on March 6, 2020, as well as for a meeting of the Executive Committee held on March 26, 2020. Please review these documents for amendment or approval at the Annual Meeting on June 5, 2020.

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

**March 6, 2020
12:30 p.m.**

A meeting of the University of South Alabama Board of Trustees was duly convened by Mr. Jimmy Shumock, Chair *pro tempore*, on Friday, March 6, 2020, at 12:32 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Alexis Atkins, Scott Charlton, Steve Furr, Ron Graham, Ron Jenkins, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Ken Simon, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance.

Members Absent: Chandra Brown Stewart, Tom Corcoran and Kay Ivey.

Administration & Guests: Jere Austill, Owen Bailey, Gary Carley, Kristin Dukes, Joel Erdmann, Monica Ezell, Jeff Forshee, Paul Frazier, Kyle Goldsmith, Bill Guess, Mike Haskins, David Johnson, Don Langham, Nick Lawkis, Bob Lowry, John Marymont, Susan McCready (Faculty Senate), Abe Mitchell, Mike Mitchell, Jabari Robinson (BSU), Terry Silva, John Smith, Margaret Sullivan, Jean Tucker, Sahilee Waitman (SGA), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Chairman Shumock advised of Ms. Atkins' recognition in a feature article on women business leaders in the Mobile Area Chamber of Commerce's March 2020 *Business View* magazine. He called on Mr. Jenkins, who recounted that, while flying from Tucson to Dallas, a flight attendant introduced herself as the daughter of a Mitchell College of Business (MCOB) Management professor, suggesting that South Alabama's influence is widespread.

Chairman Shumock called for adoption of the minutes of the meeting held on December 5, 2019, **ITEM 1**. On motion by Ms. Atkins, seconded by Judge Simon, the minutes were adopted unanimously.

Chairman Shumock called for presentation of **ITEM 2**, the President's Report. President Waldrop recognized Emeritus Trustee Mr. Don Langham, Honorary Trustee Mr. Abe Mitchell and Black Student Union President Mr. Jabari Robinson.

President Waldrop discussed changes to the Spring Commencement schedule, advising that Commencement would be held on Friday, May 8, at 9:00 a.m. and college convocations would follow through Saturday, May 9.

President Waldrop called on Provost Johnson, who gave an overview of the strategic planning process underway that would culminate in the adoption of a new strategic plan for 2021-2025 in December 2020. He stated the membership of the Strategic Planning Committee was representative of the various University constituencies. President Waldrop thanked Provost Johnson and Dr. Smith for their leadership to advance this initiative. President Waldrop

called for an update on the search for an Executive Director of Internal Audit. Ms. Sullivan, Search Committee Chair, stated airport interviews were recently conducted in Atlanta, two candidates visited campus for interviews earlier in the week and feedback was being evaluated. She recognized Chairman Shumock and Mr. Graham for their participation in this process.

President Waldrop asked for an update on searches underway for positions with USA Health and the College of Medicine (COM). Dr. Marymont discussed the progress of searches for an Executive Director for the USA Mitchell Cancer Institute, Chair of Orthopedics, Associate Dean for Research and Associate Dean of Faculty Development for the COM. Mr. Bailey talked about searches taking place to fill the positions of Chief Financial Officer, Chief Information Officer and General Counsel for USA Health hospitals and clinics.

President Waldrop called on Mr. Haskins, who advised that Director of Media Relations and Communications Mr. Bob Lowry would retire at the end of March 2020 after 30 years of service to the University. He invited the group to attend a reception in his honor scheduled for March 17. He and President Waldrop conveyed their gratitude to Mr. Lowry. Mr. Lowry talked briefly about the rewards of his South Alabama career.

President Waldrop recognized Dr. Erdmann for his role in negotiating an agreement with the Reese's Senior Bowl for games to be played at Hancock Whitney Stadium. Dr. Erdmann expressed enthusiasm for the opportunity to host the Senior Bowl on campus and stated this partnership would be beneficial to both organizations. Among the advantages, he mentioned the national exposure that South would receive.

President Waldrop asked Director of Safety and Environmental Compliance Mr. Bill Guess and Director of Grounds Mr. Gary Carley to join him and Mr. Shumock for an announcement. Mr. Guess introduced Maintenance Repair Technician in the Grounds Department Mr. Terry Silva and read from his nomination of Mr. Silva as Employee of the Quarter. President Waldrop presented Mr. Silva with a plaque commemorating the honor. Mr. Silva extended his thanks for the opportunity to serve.

Chairman Shumock asked Dr. Erdmann for an update on basketball. Dr. Erdmann shared that the men's regular season ended in an eight-game winning streak and the final match secured South's spot as a number-two seed in the Sun Belt Conference championship the following week. He said the women would also compete in the Sun Belt tournament, giving both teams a chance to advance to the NCAA (National Collegiate Athletic Association) tournament. He urged Trustees and guests to make plans to attend the Sun Belt games in New Orleans.

Chairman Shumock called for a report from Faculty Senate President Dr. Susan McCready, **ITEM 3**. Dr. McCready discussed the Faculty Senate's continued work on policies that would provide a meaningful path for career advancement for instructors, as well as for certain assistant professors with certain engagement requirements. Chairman Shumock and President Waldrop joined Dr. McCready and presented her with a certificate of appreciation for her service as Faculty Senate President for the 2019-2020 academic year.

Chairman Shumock called for a report from Student Government Association (SGA) President Ms. Sahilee Waitman, **ITEM 4**. Ms. Waitman gave a brief overview on some of the SGA projects

that would launch during the 2020 summer or fall terms, including the Lyft safe ride program that will give students a 20 percent discount from Thursday to Saturday, a textbook lending initiative that will provide general education books to students at no cost, and a partnership with the Student Health Center that will waive copays for need-based students. She gave a demonstration of the DoubleMap JagTran tracking application that was a collaborative effort with the Computer Services Center, Transportation, and Marketing and Communications. Following Ms. Waitman's heartfelt words about her South Alabama journey, Chairman Shumock and President Waldrop presented her with a certificate of appreciation for her service as SGA President for 2019-2020.

Chairman Shumock and President Waldrop recognized Black Student Union President Mr. Jabari Robinson with a certificate of appreciation for his service over the 2019-2020 academic year. Judge Simon asked Mr. Robinson about his plans after graduation. Mr. Robinson said he would attend the University of Alabama at Birmingham to earn a master's degree in health administration.

Chairman Shumock asked Ms. Tucker to join him and President Waldrop. He read **ITEM 15** as follows, and on motion by Ms. Atkins, seconded by Mr. Graham, the Board voted unanimously to approve the resolution. Ms. Tucker shared warm remarks about her South Alabama career and the people with whom she worked. She stated she was delighted that Ms. Dukes was chosen to succeed her in the role of general counsel:

**RESOLUTION
COMMENDATION OF MS. JEAN WALKER TUCKER**

WHEREAS, the University of South Alabama seeks to honor exceptional administrators who have devoted a substantial part of their careers to serving others and who have distinguished themselves through their professional contributions, and

WHEREAS, Ms. Jean Walker Tucker faithfully and honorably served the University of South Alabama during a career that spanned 22 years, and

WHEREAS, Ms. Tucker began working at South in 1997 in risk management after a career first as a labor and delivery nurse and later as a medical malpractice defense attorney, and

WHEREAS, Ms. Tucker stepped into her role as University Attorney during a critical time for the University of South Alabama upon her appointment by President V. Gordon Moulton, and

WHEREAS, Ms. Tucker was named Senior University Attorney in 2000, and as in-house counsel she brought a breadth of knowledge to a diverse set of issues, and

WHEREAS, Ms. Tucker's background in healthcare added immense value in cases, counsel and questions that involved USA Health, and

WHEREAS, Ms. Tucker developed close relationships both at South and with the local legal community, and has a disarming personality that could be particularly advantageous in her role as an attorney and leader, and

WHEREAS, Ms. Tucker's skills and talents extend beyond law and into baking, and she was well known for her cakes, toffee and shortbread during the holidays and for birthday celebrations, and

WHEREAS, as a Bronze Jaguar Society member, Ms. Tucker and her late husband, Dr. J. Allan Tucker, have given generously to USA and USA Health, and Ms. Tucker also was a longtime co-chair of USA Women United, helping the group raise more than \$700,000 to improve our community through the United Way of Southwest Alabama, and

WHEREAS, having retired to Florida, where she lives with her husband, Mr. Jeff Forshee, Ms. Tucker now can blame her late arrival on living on beach time,

THEREFORE, BE IT RESOLVED, that the Board of Trustees expresses its heartfelt appreciation to Ms. Jean Walker Tucker for her voluminous contributions to the University of South Alabama and offers its best wishes to her and Jeff in their future endeavors.

Chairman Shumock called for a report from the Audit Committee. Mr. Graham, Committee Chair, advised that Mr. Weldon presented the KPMG report on intercollegiate athletics at an earlier meeting, which fulfilled a requirement of the NCAA bylaws. He noted the report did not contain exceptions or findings.

Chairman Shumock called for a report from the Development, Endowment and Investments Committee. Mr. Yance, Committee Chair, gave a summation of the reports delivered at an earlier meeting. He advised of an endowment return of 5.4 percent for the quarter ended December 31, 2019, which outperformed the 5.38 percent benchmark index by two basis points and resulted in earnings of approximately \$8.5 million. He stated investment earnings since the inception of the endowment totaled approximately \$94.4 million. He thanked the Stokeses for their leadership of the Upward & Onward Campaign, and recognized the efforts of Ms. Sullivan and the Development team as well. He said campaign pledges and gifts as of March 5, 2020, totaled approximately \$151 million, surpassing the \$150 million campaign goal. He added that the USA Give Day and South Fund campaigns raised approximately \$534,700 and \$1.1 million, respectively, and shared details on Development and Alumni Relations programming scheduled for the coming months.

Chairman Shumock called for a report from the Health Affairs Committee. Dr. Charlton, Committee Chair, said Mr. Bailey announced at an earlier meeting that University Hospital had achieved the designation of Comprehensive Stroke Center. He stated the three-year certification was based on standards of the Brain Attack Coalition and the American Stroke Association.

Dr. Charlton stated the Committee voted unanimously to recommend approval of **ITEM 9** as follows. On motion by Mr. Yance, seconded by Ms. Mitchell, the Board voted unanimously to approve the resolution:

**RESOLUTION
USA HOSPITALS MEDICAL STAFF BYLAWS AND ASSOCIATED DOCUMENTS**

WHEREAS, revisions to the USA Hospitals Medical Staff Bylaws and associated documents, approved January 21, 2020, by the active voting General Medical Staff members via email and attached hereto, are recommended for approval by the Medical Executive Committees, and the Executive Committee of the University of South Alabama Hospitals,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees authorizes the revisions as submitted.

Dr. Charlton stated the Committee voted unanimously to recommend approval of **ITEM 10** as follows. On motion by Mr. Shumock, seconded by Judge Simon, the Board voted unanimously to approve the resolution:

RESOLUTION
DIRECTORS OF THE UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY, INC.

WHEREAS, Article VII(b) of the Articles of Incorporation for the University of South Alabama Health Care Authority, Inc., (USAHCA) provides for six directors, whose positions are not in an ex-officio capacity, to be appointed by the University of South Alabama Board of Trustees, and

WHEREAS, the terms of three directors initially appointed to serve three-year terms will expire on April 30, 2020,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees authorizes the following individuals to serve as directors for six-year terms beginning May 1, 2020, and ending April 30, 2026:

Jinni L. Frisbey (reappointment)
Bill Starling (reappointment)
Charles Smith (appointment)

Mr. Bailey introduced USA Health Chief Medical Officer Dr. Michael Chang, who shared perspective on the University's response to the coronavirus pandemic. He talked briefly about treatment protocols; adherence to the guidelines of the Centers for Disease Control, the Alabama Department of Public Health and the Mobile County Department of Health; and the work of South's Pandemic Preparedness task force, and answered questions.

Chairman Shumock called for a report from the Academic and Student Affairs Committee. Mr. Windom, Committee Chair, gave an overview of the reports delivered at an earlier meeting. He said Provost Johnson introduced Interim Special Advisor to the Provost for Enrollment Management Mr. Salvatore Liberto; MCOB Dean Dr. Bob Wood introduced students for a report on the student-led Jaguar Investment Fund; and Dr. Mitchell introduced Director of Student Disability Services Mr. Laventrice Ridgeway and shared details about South's TRIO programs, Talent Search and Upward Bound.

Provost Johnson introduced MCOB graduates Mr. Kyle Goldsmith and Mr. Jere Austill, who, under the leadership of Dr. Reid Cummings, director of South's Center for Real Estate and Economic Development, participated with classmates in the national real estate investment competition REALizing Returns University Race and placed first with a 39.1 percent return. Mr. Goldsmith and Mr. Austill talked about the experience, their current employment and their aspirations. Mr. Windom shared that South beat more than 30 other teams representing such schools as Stanford University, the University of Chicago, Columbia University and the University of Alabama.

Mr. Shumock called for a report from the Budget and Finance Committee. Mr. Perkins, Committee Vice Chair, provided an overview of the proceedings of an earlier meeting, stating that Mr. Weldon discussed the quarterly financial statements for the first quarter of fiscal year 2020 and advised of an increase in net position of approximately \$22.1 million, and that Mr. Albano delivered information on the sale of Series 2020 bonds, the terms of which Mr. Perkins noted were set forth in the **ITEM 14** resolution as follows, on which the Committee voted unanimously to recommend ratification by the Board. On motion by Ms. Mitchell, seconded by Ms. Atkins, the Board voted unanimously to approve the resolution:

**A RESOLUTION AUTHORIZING THE ISSUANCE
OF THE \$37,005,000 UNIVERSITY FACILITIES REVENUE BONDS, SERIES 2020**

BE IT RESOLVED by the Board of Trustees (herein called the "Board") of the **UNIVERSITY OF SOUTH ALABAMA** (herein called the "University") as follows:

Section 1. (a) Findings. The Board has determined and hereby finds and declares that the following facts are true and correct:

(1) it is necessary, advisable, in the interest of the University and the public that the University (i) design, acquire, construct, install, furnish and equip various capital improvements, equipment and assets on the campus of the University including, without limitation, at the USA Health University Hospital, USA Health Children's and Women's Hospital, and University Commons, including completion of a trauma center at University Hospital, University Commons Phase II and III, additional patient rooms, a new gastroenterology suite, a main campus warehouse and improvements to the main campus transportation building, and renovations and development of the Pediatric Emergency Department within UAS Health Children's and Women's Hospital, (ii) demolish an existing building near the USA Health buildings to provide space for possible expansion, (iii) develop infrastructure on a tract of real property and construct thereon a freestanding emergency room, (iv) acquire certain real property in the City of Fairhope, Alabama, and (v) construct, acquire and install various other public capital improvements, equipment and assets for the University (herein called the "2020 Improvements"); and

(2) it is necessary, advisable and in the interest of the University and the public that the University issue its \$37,005,000 University Facilities Revenue Bonds, Series 2020, in order to (i) pay the costs of the 2020 Improvements, (ii) pay the costs and expenses of issuing the said Series 2020 Bonds, and (iii) pay the premium for the municipal bond insurance policy respecting the Series 2020 Bonds.

(b) Series 2020 Bonds to be Issued as Additional Bonds Under the Indenture; Special Findings Under Section 8.2(b) of the Indenture. The Series 2020 Bonds shall be issued as additional parity bonds under Article VIII of the Indenture hereinafter referred to. In accordance with the provisions of Section 8.2(b) of the Indenture, the Board hereby finds and declares as follows:

(1) the University is not now in default under the Indenture, and no such default is imminent;

(2) the Series 2020 Bonds shall be designated "Series 2020";

(3) the persons to whom the Series 2020 Bonds are to be delivered are set forth in Section 6 hereof;

(4) the Series 2020 Bonds are to be issued by sale in accordance with, and at the sale price set forth in, Section 6 hereof;

(5) the only bonds that have previously been issued by the University under the Indenture are its (i) \$31,680,000 original principal amount University Tuition Revenue Refunding and Capital Improvement Bonds, Series 1996, dated February 15, 1996 (herein called the "Series 1996 Bonds"), which were issued under and pursuant to the Trust Indenture dated as of February 15, 1996 further described in Section 2 hereof; (ii) \$7,055,000 original principal amount University Tuition Revenue Refunding Bonds, Series 1996B, dated October 15, 1996 (herein called the "Series 1996B Bonds"), which were issued under and pursuant to the First Supplemental Trust Indenture dated as of October 15, 1996; (iii) \$40,130,000.70 original principal amount University Tuition Revenue Bonds, Series 1999, dated March 1, 1999 (herein called the "Series 1999 Bonds"), which were issued under and pursuant to the Second Supplemental Trust Indenture dated as of October 15, 1999; (iv) \$51,080,000 original principal amount Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, dated March 15, 2004 (herein called the "Series 2004 Bonds"), which were issued under and pursuant to the Fourth Supplemental Trust Indenture dated March 15, 2004; (v) \$100,000,000 original principal amount University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, dated December 1, 2006 (herein called the "Series 2006 Bonds"), which were issued under and pursuant to the Fifth Supplemental Trust Indenture dated as of December 1, 2006; (vi) \$112,885,000 original principal amount University Facilities Revenue Capital Improvement Bonds, Series 2008, dated September 1, 2008 (herein called the "Series 2008 Bonds"), which were issued under and pursuant to the Sixth Supplemental University Facilities Revenue Trust Indenture dated as of September 1, 2008; (vii) \$29,750,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010 (herein called the "Series 2010 Bond"), which was issued under and pursuant to the Seventh Supplemental University Facilities Revenue Trust Indenture dated as of June 16, 2010 and will be paid with proceeds of the Series 2019-C Bond hereinafter authorized; (viii) \$25,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-A, dated January 4, 2012 (herein called the "Series 2012-A Bond"), which was issued under and pursuant to an Eighth Supplemental University Facilities Revenue Trust Indenture dated as of January 4, 2012 (herein called the "Eighth Supplemental Indenture"); (ix) \$7,740,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-B, dated January 4, 2012 (herein called the "Series 2012-B Bond"), which was issued under and pursuant to the Eighth Supplemental Indenture; (x) \$32,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013 (herein called the "Series 2013-A Bond"), which was issued under and pursuant to the Ninth Supplemental University Facilities Revenue Trust Indenture dated June 28, 2013 (herein called the "Ninth Supplemental Indenture"); (xi) \$8,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013 (herein called the "Series 2013-B Bond"), which was issued under and pursuant to the Ninth Supplemental Indenture; (xii) \$10,000,000 original principal

amount University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013 (herein called the "Series 2013-C Bond"), which was issued under and pursuant to the Ninth Supplemental Indenture; (xiii) \$41,245,000 original principal amount University Facilities Revenue Refunding Bond, Series 2014-A, dated March 14, 2014 (herein called the "Series 2014-A Bond"), which was issued under and pursuant to the Tenth Supplemental University Facilities Revenue Trust Indenture dated March 14, 2014; (xiv) \$6,000,000 University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015 (herein called the "Series 2015 Bond"), which was issued under and pursuant to the Eleventh Supplemental University Facilities Revenue Trust Indenture dated June 15, 2015; (xv) \$85,605,000 University Facilities Refunding Revenue Bonds, Series 2016, dated September 14, 2016 (herein called the "Series 2016 Bonds") which were issued under and pursuant to the Twelfth Supplemental University Facilities Revenue Trust Indenture dated as of March 14, 2014; (xvi) \$20,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-B, dated December 7, 2016 (herein called the "Series 2016-B Bond") which was issued under and pursuant to the Thirteenth Supplemental University Facilities Revenue Trust Indenture dated as of December 7, 2016 (herein called the "Thirteenth Supplemental Indenture"), (xvii) \$35,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-C, dated December 7, 2016 (herein called the "Series 2016-C Bond") which was issued under the Thirteenth Supplemental Indenture, (xviii) \$45,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016 (herein called the "Series 2016-D Bond") which was issued under the Thirteenth Supplemental Indenture, (xix) \$38,105,000 original principal amount University Facilities Revenue Bonds, Series 2017, dated June 15, 2017 (herein called the "Series 2017 Bonds") which were issued under a Fourteenth Supplemental University Facilities Revenue Trust Indenture dated June 15, 2017; (xx) \$47,750,000 original principal amount University Facilities Revenue Bonds, Series 2019-A, dated February 7, 2019 (herein called the "Series 2019-A Bonds") which were issued under a Fifteenth Supplemental University Facilities Revenue Trust Indenture dated February 7, 2019 (herein called the "Fifteenth Supplemental Indenture"), (xxi) \$18,440,000 original principal amount Taxable University Facilities Revenue Bonds, Series 2019-B, dated February 7, 2019 (herein called the "Series 2019-B Bonds") which were issued under the Fifteenth Supplemental Indenture, and (xxii) \$19,086,000 original principal amount University Facilities Revenue Bond, Series 2019-C, dated December 12, 2019 (herein called the "Series 2019-C Bond") which was issued under a Sixteenth Supplemental University Facilities Revenue Trust Indenture dated December 12, 2019. The Series 2012-A Bond, the Series 2013-A Bond, the Series 2013-B Bond, the Series 2013-C Bond, the Series 2014-A Bond, the Series 2015 Bond, the Series 2016 Bonds, the Series 2016-B Bond, the Series 2016-C Bond, the Series 2016-D Bond, the Series 2017 Bonds, the Series 2019-A Bonds, the Series 2019-B Bonds and the Series 2019-C Bond are herein collectively called the "Outstanding Bonds");

(6) the Outstanding Bonds are the only bonds heretofore issued under the Indenture that are at this time and upon issuance of the Series 2020 Bonds outstanding under the Indenture; and

(7) the Series 2020 Bonds will be issued for the purposes described in in paragraph (2) of Section 1 hereof.

The Trustee is hereby requested to authenticate and deliver the Series 2020 Bonds to the purchasers specified in Section 6 hereof upon payment of the purchase price designated therein.

Section 2. Authorization of the Series 2020 Bonds. For the purposes specified in Section 1 of this resolution, the Board does hereby authorize to be issued by the University its \$37,005,000 University Facilities Revenue Bonds, Series 2020, dated their date of initial issuance (herein called the "Series 2020 Bonds"), all under the terms, conditions and provisions set out in a Seventeenth Supplemental University Facilities Revenue Trust Indenture dated the date of issuance of the Series 2020 Bonds (herein called the "Seventeenth Supplemental Indenture"), between the University and The Bank of New York Mellon Trust Company, N.A., as trustee (herein called the "Trustee"), which is supplemental to the University Facilities Revenue Trust Indenture between the University and the Trustee dated as of February 15, 1996 (the said Trust Indenture, as heretofore supplemented and amended and as further supplemented and amended by the said Seventeenth Supplemental Indenture, herein called the "Indenture"). All the provisions of the Indenture respecting the Series 2020 Bonds are hereby adopted as a part of this resolution as fully as if set out at length herein.

Section 3. Source of Payment of the Series 2020 Bonds. The principal of and the interest on the Series 2020 Bonds shall be payable solely from Pledged Revenues as defined in the Indenture. Nothing contained in this resolution, in the Series 2020 Bonds or in the Indenture shall be deemed to impose any obligation on the University to pay the principal of or the interest on the Series 2020 Bonds except from and to the extent of the Pledged Revenues. The Series 2020 Bonds shall not represent or constitute obligations of any nature whatsoever of the State of Alabama (herein called the "State") and shall not be payable out of moneys appropriated to the University by the State. The agreements, covenants and representations contained in this resolution, in the Series 2020 Bonds and in the Indenture do not and shall never constitute or give rise to any personal or pecuniary liability or charge against the general credit of the University, and in the event of a breach of any such agreement, covenant or representation, no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the University shall arise therefrom. Neither the Series 2020 Bonds nor the pledge or any agreement contained in the Indenture or in this resolution shall be or constitute an obligation of any nature whatsoever of the State, and neither the Series 2020 Bonds nor any obligations arising from the aforesaid pledge or agreements shall be payable out of any moneys appropriated to the University by the State. Nothing contained in this section shall, however, relieve the University from the observance and performance of the several covenants and agreements on its part herein contained and contained in the Indenture.

Section 4. Series 2020 Bonds Payable at Par. All remittances of principal of and interest on the Series 2020 Bonds to the holders thereof shall be made at par without any deduction or exchange or other cost, fees or expenses. The bank at which the Series 2020 Bonds shall at any time be payable shall be considered by acceptance of its duties under the Indenture to have agreed that it will make or cause to be made remittances of principal of and interest on the Series 2020 Bonds, out of the moneys provided for that purpose, in bankable funds at par without any deduction for exchange or other cost, fees or expenses. The University will pay to such bank all reasonable charges made and expenses incurred by it in making such remittances in bankable funds at par.

Section 5. Authorization of Seventeenth Supplemental Indenture. The Board does hereby authorize and direct the President of the University to execute and deliver, for and in the name and behalf of the University, to The Bank of New York Mellon Trust Company, N.A., as Trustee under the aforesaid Indenture, the Seventeenth Supplemental Indenture in substantially the form presented to the meeting at which this resolution is adopted and attached as Exhibit I to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution), and does hereby authorize and direct the Secretary of the Board to affix to the Seventeenth Supplemental Indenture the corporate seal of the University and to attest the same.

Section 6. Sale of the Series 2020 Bonds. The Series 2020 Bonds are hereby sold and awarded to Raymond James & Associates, Inc. and Protective Securities, a Division of Proequities, Inc. (collectively herein called the "Underwriters"), at and for a purchase price equal to \$45,316,795.94 (representing the principal amount of the Series 2020 Bonds, less an underwriting discount of \$125,614.71, plus original issue premium of \$8,437,410.65). The Board does hereby approve, ratify and affirm that certain Bond Purchase Agreement dated February 25, 2020 (the "Bond Purchase Agreement") between the University and the Underwriters, a copy of which is presented to the meeting at which this resolution is adopted and attached as Exhibit II to the minutes of said meeting (which such Bond Purchase Agreement is hereby adopted in all respects as if set out in full in this resolution). The Board does hereby ratify and affirm the execution of the Bond Purchase Agreement on behalf of the University by the Vice President for Finance and Administration. The Series 2020 Bonds shall bear such date, shall mature at such times and in such manner, shall bear such rate or rates of interest, shall be payable at such place, shall be in such denomination, shall bear such numbers and shall be in such form and contain such provisions as are set out in the said Bond Purchase Agreement and the Seventeenth Supplemental Indenture authorized in Section 5 above.

Section 7. Preliminary Official Statement; Official Statement. (a) The actions of the Underwriters in circulating, on behalf of the University, a Preliminary Official Statement dated February 17, 2020, respecting the Series 2020 Bonds, a copy of which is attached hereto as Exhibit III, are hereby ratified and affirmed, and the said Preliminary Official Statement is hereby adopted as the Preliminary Official Statement of the University. The Board hereby ratifies and affirms the actions of the President and of other officers of the University in causing the said Preliminary Official Statement to be "deemed final" as of its date within the meaning of Rule 15c2-12(b)(1) promulgated by the U.S. Securities Exchange Commission (the "Rule").

(b) The Board does hereby authorize and direct the President of the University and the Vice President for Finance and Administration to execute, for and in the name and behalf of the University, an Official Statement dated February 25, 2020 with respect to the Series 2020 Bonds dated the date of sale of the Series 2020 Bonds, in substantially the form of Exhibit IV attached hereto, with such changes as shall be necessary to conform to the provisions of this resolution and to reflect such other changes as shall be approved by the President of the University or the Vice President for Finance and Administration and acceptable to the Underwriters (the "Official Statement"). The Board does hereby declare that the Official Statement so executed by the President of the University or the Vice President for Finance and Administration shall be the Official Statement of the University with respect to the Series 2020 Bonds.

Section 8. Authorization of Continuing Disclosure Agreement. The President of the University is hereby authorized and directed to execute and deliver, on behalf of the University, a Continuing Disclosure Agreement for the benefit of the beneficial owners of the Series 2020 Bonds, in substantially the form presented to the meeting at which this resolution is adopted (which form shall be attached as Exhibit V to the minutes of said meeting and which is hereby adopted in all respects as if set out in full in this resolution). The said Continuing Disclosure Agreement is to be entered into contemporaneously with the issuance of the Series 2020 Bonds in order to assist the Underwriters of the Series 2020 Bonds in complying with the Rule. The rights of enforcement of the said Continuing Disclosure Agreement shall be as provided therein, and in no event shall a default by the University thereunder constitute a default hereunder or under the Indenture.

Section 9. Execution and Delivery of the Series 2020 Bonds. The Board does hereby authorize the President of the University to execute the Series 2020 Bonds, in the name and on behalf of the University, by manually signing each said bond, and does hereby authorize the Secretary of the Board to cause the corporate seal of the University to be imprinted or impressed on each of the Series 2020 Bonds and to attest the same by signing the Series 2020 Bonds, and the President of the University is hereby authorized and directed to deliver the Series 2020 Bonds, subsequent to their execution as provided herein and in the Indenture, to the Trustee under the Indenture, and to direct the Trustee to authenticate all the Series 2020 Bonds and to deliver them to the Underwriters, upon payment to the University of the purchase price therefor in accordance with the provisions of Section 6 hereof.

Section 10. Application of Proceeds. The entire proceeds derived by the University from the sale of the Series 2020 Bonds, less the underwriter's discount in the amount of \$125,614.71 to be retained by the Underwriters and the \$102,490.74 premium for the municipal bond insurance policy to be wired directly by the Underwriters to Assured Guaranty Municipal Corp., the provider thereof, shall be paid to the Trustee under the Indenture, which is thereupon authorized and directed to apply and disburse such moneys for the purposes and in the order specified in Section 1.6 of the Seventeenth Supplemental Indenture herein authorized.

Section 11. Resolution Constitutes Contract; Severability. The provisions of this resolution shall constitute a contract between the University and the holders of the Series 2020 Bonds. The various provisions of this resolution are hereby declared to be severable. In the event any provision hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this resolution.

Section 12. General Authorization. The President of the University, the Vice President for Finance and Administration of the University, and the Secretary of the Board are hereby authorized to execute such further agreements, certifications, instruments or other documents, and to take such other actions as any of them may deem appropriate or necessary, for the consummation of the transactions covered by this resolution and to the end that the Series 2020 Bonds may be executed, issued and delivered. The Chair Pro Tempore of the Board and the Vice President for Finance and Administration of the University, or either of them, is hereby further authorized to (i) sign and deliver the Series 2020 Bonds, the Seventeenth Supplemental University Facilities Revenue Trust Indenture, the Continuing Disclosure Agreement, the Official Statement, and such other documents as have been authorized for signature by the President of the University in the event the said President is unavailable for such purpose, and (ii) affix the seal of the University to, and to attest the Series 2020 Bonds, the Seventeenth Supplemental University Facilities Revenue

Trust Indenture, and such other documents as the Secretary of the Board has been so authorized in the event the said Secretary is unavailable for such purpose.

Chairman Shumock reported that the Executive Committee met in recent weeks and voted unanimously to authorize a collaboration between the University and the Mobile County Commission, which made possible funding support from the Commission for the Campus to Career Initiative, a program that will promote the engagement and retention of students from underrepresented populations and be administered through the Office of Diversity and Inclusion under the direction of Dr. Frazier.

Chairman Shumock and others commented that the Distinguished Alumni and Service Awards Gala held on March 5 at the MacQueen Alumni Center was a fine event and everyone involved in the execution was deserving of appreciation.

There being no further business, the meeting was adjourned at 1:39 p.m.

Attest to:

Respectfully submitted:

Katherine Alexis Atkins, Secretary

James H. Shumock, Chair *pro tempore*

APPENDIX A



UNIVERSITY OF SOUTH ALABAMA

**DISCLOSURE OF INFORMATION ON PURCHASE OF REAL PROPERTY
PURSUANT TO ALABAMA ACT 2014-133**

PROPERTY ADDRESS:

3.44 acre addition North of MCI Fairhope
Fairhope, Alabama 36532

APPRAISAL INFORMATION:

Appraised By: Cushman & Wakefield
Date of Appraisal: January 2, 2020
Appraised Value: \$14.25/psf or \$2,135,000.00

CONTRACTS RELATED TO THE PURCHASE:

Attached as Exhibit "A"

PURCHASE TERMS:

Cash Purchase

SOURCES OF FUNDS USED IN THE PURCHASE:

Unrestricted Funds

USA PROPERTIES

775 N. University Blvd. | Suite 150 | Mobile, Alabama 36608-4548
TEL: (251) 460-6100 | FAX: (251) 461-1765 | SouthAlabama.edu

1287

BALDWIN COUNTY, ALABAMA
HARRY D'OLIVE JR. PROBATE JUDGE
Filed/cert. 3/ 6/2020 2:47 PM
TOTAL \$ 28.00
6 Pages

1815750



STATE OF ALABAMA

STATUTORY WARRANTY DEED

COUNTY OF BALDWIN

KNOW ALL MEN BY THESE PRESENTS: That A&A CORTE FAMILY LIMITED PARTNERSHIP and A&D CORTE FAMILY LIMITED PARTNERSHIP, hereinafter referred to as Grantors, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration this day cash in hand paid to them by the UNIVERSITY OF SOUTH ALABAMA, a public body corporate of the State of Alabama, hereinafter referred to as Grantee, receipt of which is hereby acknowledged, have granted, bargained, sold and conveyed and by these presents do hereby GRANT, BARGAIN, SELL and CONVEY unto the Grantee, subject to any matters set out below, the following described real estate (the "Property") situated in Baldwin County, Alabama, viz:

That part of Lot 1A owned by A&A Corte Family Limited Partnership and A&D Corte Family Limited Partnership of that replat of Lots 1A and 1B of the resubdivision of Lot 1 of Planters Plaza according to the plat thereof recorded on Slide No. 2717-B, of the records in the Office of the Judge of Probate of Baldwin County, Alabama.

SUBJECT, HOWEVER, to the following:

1. There is excepted from this conveyance and reserved unto the Grantors, their respective successors and assigns, in perpetuity, all of the oil, gas, minerals, and mineral rights in, under, and upon the property, and all rights in connection therewith, not previously reserved or conveyed, together with all rights under any existing leases. Provided, however, Grantors will, for themselves, their successors and assigns, surrender and release their right to use the surface of the property for any purpose related to their ownership of the oil, gas, minerals, and mineral rights reserved, including, but not necessarily limited to, their right to use the surface for and in connection with the exploration for and the development, production, and mining of oil, gas, or other minerals from the property, to the end that the Grantee may have the exclusive use of the surface of the property.

2. This conveyance is subject to all taxes levied, imposed or assessed after the date hereof and Grantee shall be responsible for any real property taxes or assessments resulting from any change or proposed change in the use, classification or zoning of the property (i.e., "roll-back taxes"), regardless of when levied or assessed.

3. All taxes for the year 2020 due but not payable until October 1, 2020, and subsequent years.
4. Any and all reservations or conveyances of oil, gas, and other minerals, or leases of same, reflected by the Records together with all mining rights and all other rights, privileges and immunities relating thereto.
5. Subject to the terms and conditions as set out in that Agreement attached to Ordinance No. 756 recorded in Miscellaneous Book 54, page 1268.
6. Building setback lines, drainage and utility easements, terms, conditions and restrictions as set out on the plat of the Resubdivision of Lot 1 of Planters Plaza Subdivision recorded on Slide 2544-F.
7. Building setback lines, drainage and utility easements, terms, conditions and restrictions as set out on the plat of said subdivision as contained on Slide 2717-B.
8. In the event Grantee intends to construct a building ("Improvements") on the Property within ten years following the date of this conveyance (the "Restriction Period"), the architectural design of the Improvements shall be in substantial conformity with nearby developments on other property formerly owned by Grantors, including the Shoppes at Fairhope Village, the Fairhope Satellite Courthouse located at 1100 Fairhope Avenue and the USA Health Mitchell Cancer Institute Kilborn Clinic, to the extent that such developments exist at the time of construction of the Improvements. The Improvements shall be designed so that each facade receives equal articulation and that no exterior elevation is considered secondary to any other, subject to necessary exceptions for service or delivery areas. Grantee shall landscape the Property in a manner commensurate with that of other properties in the vicinity. The obligations contained in this exception #8 shall constitute covenants running with the land and shall be binding upon Grantee and its successor and assigns, for the benefit of Grantors and their respective successors and assigns. Provided, however, said covenants shall terminate upon the expiration of the Restriction Period.

All references herein to the Records shall mean the records maintained in the Office of the Judge of Probate of Baldwin County, Alabama.

Together with, all and singular, the rights, benefits, privileges, improvements, tenements, hereditaments and appurtenances unto the same belonging or in any wise appertaining.

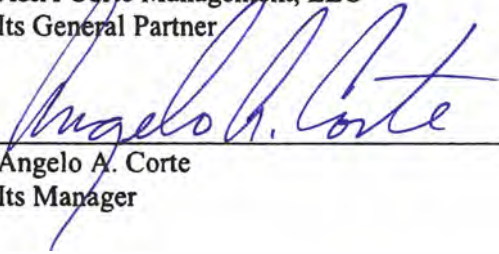
TO HAVE AND TO HOLD unto the said Grantee, its successors and assigns,
FOREVER.

Grantors make no warranty or covenant respecting the nature of the quality of the title to the property hereby conveyed other than that the Grantors have neither permitted or suffered any lien, encumbrance or adverse claim to the property described herein since the date of the acquisition by the Grantors.

IN WITNESS WHEREOF, the Grantors have caused these presents to be executed on this the 5th day March, 2020.

A&A CORTE FAMILY LIMITED PARTNERSHIP

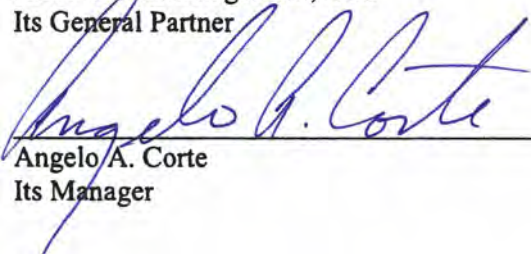
By: A&A Corte Management, LLC
Its General Partner

By: 

Angelo A. Corte
Its Manager

A&D CORTE FAMILY LIMITED PARTNERSHIP

By: A&D Corte Management, LLC
Its General Partner

By: 

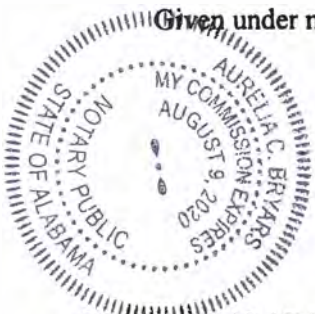
Angelo A. Corte
Its Manager

STATE OF ALABAMA

COUNTY OF BALDWIN

I, Aurelia C. Bryars, a Notary Public, in and for said County in said State, hereby certify that ANGELO A. CORTE, whose name as Manager of A&A Corte Management, LLC, General Partner of A&A Corte Family Limited Partnership is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he in his capacity aforesaid, executed the same voluntarily on the day the same bears date.

Given under my hand and seal this 5th day of March, 2020.



Aurelia C. Bryars
Notary Public, Baldwin County, Alabama
My Commission Expires: _____

STATE OF ALABAMA

COUNTY OF BALDWIN

I, Aurelia C. Bryars, a Notary Public, in and for said County in said State, hereby certify that ANGELO A. CORTE, whose name as Manager of A&D Corte Management LLC, General Partner of A&D Corte Family Limited Partnership, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he in his capacity aforesaid, executed the same voluntarily on the day the same bears date.

Given under my hand and seal this 5th day of March, 2020.



Aurelia C. Bryars
Notary Public, Baldwin County, Alabama
My Commission Expires: _____

GRANTORS' ADDRESS:

23100 State Highway 181
Fairhope, Alabama 36532

GRANTEE'S ADDRESS:

1660 Springhill Avenue
Mobile, Alabama 36604

This instrument prepared by:

R. SCOTT LEWIS of

STONE CROSBY, P.C.
Attorneys at Law
126 Courthouse Square
Bay Minette, Alabama 36507
(251) 937-2417

638249wd



UNIVERSITY OF SOUTH ALABAMA

**DISCLOSURE OF INFORMATION ON PURCHASE OF REAL PROPERTY
PURSUANT TO ALABAMA ACT 2014-133**

PROPERTY ADDRESS:

431 East Waringwood Drive
Mobile, Alabama 36608
Parcel Number/Key Number: R02-28-04-17-1-000-034.XXX (Key # 489475)

APPRAISAL INFORMATION:

\$13,000. The property was purchased at a price in line with comparable properties listed in the surrounding area.

CONTRACTS RELATED TO THE PURCHASE:

Attached as Exhibit "A"

PURCHASE TERMS:

Cash Purchase

SOURCES OF FUNDS USED IN THE PURCHASE:

Unrestricted Funds

USA PROPERTIES

775 N. University Blvd. | Suite 150 | Mobile, Alabama 36608-4548
TEL: (251) 460-6100 | FAX: (251) 461-1765 | SouthAlabama.edu

Inst. # 2020019733 Pages: 1 of 21 Doc: D
I certify this instrument filed on 3/31/2020 10:20 AM
Don Davis, Judge of Probate
Mobile County, AL. Rec: \$72.50
DeedTx: \$0.00
MinTx \$0.00 Clerk: BFRANKS

STATE OF ALABAMA
COUNTY OF MOBILE

WARRANTY DEED

WHEREAS, Mose Manzy was the surviving Grantee named in that certain deed to the hereinafter described real property dated September 15, 1959 and recorded in Real Property Book 98, Page 650 of the records in the office of the Judge of Probate of Mobile County, Alabama, the other Grantee, Minnie L. Manzy, also known as Dollie Lee Manzy, having died on August 14, 2001 in Mobile County, Alabama; and

WHEREAS, Mose Manzy, died intestate on February 12, 2003, and left the following persons surviving him as his sole heirs and next of kin:

- Timothy Johnson, a married man (son)
- Annie Manzy Avery, a widow (daughter)
- Delores Manzy Purifoy, a married woman (daughter)
- Ronald Ernest Manzy, a single man (son)
- Manie Manzy, a single man (son)
- Kevin O'Neal Manzy, a single man (son)
- Thomas Marcus Manzy, a married man (son)
- Woodrow Terence Manzy, a married man (son)
- Ellen Beverly Manzy, a single woman (daughter)
- Annie Manzy Young, a single woman (daughter)
- Charles Manzy, deceased (son)
- Mose Manzy, Jr., deceased (son)
- Nehemiah Manzy, deceased (son); and

WHEREAS, Charles Manzy, son of Mose Manzy, died intestate in Mobile County, Alabama on August 5, 2015 survived by the following heirs at law and next of kin:

- Charlene D. Manzy Stewart, a married woman (daughter)
- Cassandra Manzy Manning, a married woman (daughter); and

WHEREAS, Mose Manzy, Jr., son of Mose Manzy, died intestate in Mobile County, Alabama on February 13, 2010, survived by the following heirs at law and next of kin:

- Catherine Manzy, a widow (wife)
- Laventrys Vanshone Manzy, a married man (son)
- Paul DeAngelo Manzy, a single man (son)
- Nicholas Moses Manzy, a single man (son)
- Kayla Manzy, a married woman (daughter); and

WHEREAS, Nehemiah Manzy, son of Mose Manzy, died intestate in Mobile County, Alabama on August 25, 2014, survived by the following heirs at law and next of kin:

- Lucille Manzy a/k/a Lucile Manzy a widow (wife)
- Tameko Shantel Manzy Niles, a single woman (daughter); and

WHEREAS, all of said heirs of Mose Manzy are desirous of conveying their interests in said real property to University of South Alabama as provided herein.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS that **Timothy Johnson**, a married man, **Annie Manzy Avery**, a widow **Delores Manzy Purifoy**, a married woman, **Ronald Ernest Manzy**, a single man, **Manie Manzy**, a single man, **Kevin O'Neal Manzy**, a single man, **Thomas Marcus Manzy**, a married man, **Woodrow Terence Manzy**, a married man, **Ellen Beverly Manzy**, a single woman, **Annie Manzy Young**, a single woman, **Charlene D. Manzy Stewart**, a married woman, **Cassandra Manzy Manning**, a married woman, **Catherine Manzy**, a widow, **Laventrys Vanshone Manzy**, a married man, **Paul DeAngelo Manzy**, a single man, **Nicholas Moses Manzy**, a single man, **Kayla Manzy**, a married woman, **Lucille Manzy a/k/a Lucile Manzy**, a widow, **Tameko Shantel Manzy Niles**, a single woman, **the Grantors**, who are conveying separate property that does not constitute a part of their or their spouses' homestead property within the meaning of §6-10-3, *Code of Alabama* (1975), for and in consideration of the sum of TWENTY FIVE THOUSAND AND NO/00 Dollars (\$25,000.00) and other good and valuable consideration hereby acknowledged to have been paid to the said Grantors by **UNIVERSITY OF SOUTH ALABAMA, the Grantee**, do hereby GRANT, BARGAIN, SELL AND CONVEY unto the said Grantee, subject to the provisions hereinafter contained, all their right, title and interest in and to that certain real property in the County of Baldwin, State of Alabama, described as follows:

Lot 32, in Block 19, according to the Plat of Hillsdale Heights, as the same appears of record in the Office of the Judge of Probate, Mobile County, Alabama in Map Book 10, Page 183.

EXCEPTING THEREFROM such oil, gas and other minerals in, on and under said real property, together with all rights in connection therewith, as have previously been reserved by or conveyed to others; it being the intention of the Grantors to convey to Grantee only the interest Grantors own therein, if any.

The Property Address is: 431 Waringwood Drive, Mobile, Alabama 36608.

TOGETHER WITH all and singular the rights, privileges, tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining; TO HAVE AND TO HOLD the same unto the said Grantee and to its successors and assigns FOREVER.

THIS CONVEYANCE IS MADE SUBJECT TO THE FOLLOWING:

1. Building setback line, drainage and utility easements, and notes or restrictions as shown on recorded plat of said subdivision.

2. Title to minerals within and underlying the premises, together with all mining rights and other rights, privileges, and immunities relating thereto as recorded in Real Property Book 83, Page 760.
3. Restrictive covenants as contained in instrument recorded in Map Book 10, Page 183.
4. Right of way granted to Alabama Power Company by instrument recorded in Deed Book 457, Page 638.
5. Right of way in favor of Southern Bell Telephone & Telegraph Company by instrument recorded in Real Property Book 7, Page 520.

RECORDING REFERENCES HEREIN REFER TO THE RECORDS IN THE OFFICE OF THE JUDGE OF PROBATE, MOBILE COUNTY, ALABAMA.

AND, except as to the above and the taxes hereafter falling due, the said Grantors, for themselves, and for their heirs and personal representatives, hereby covenant with the said Grantee, its successors and assigns, that they are seized of an indefeasible estate in fee simple in and to said property; that they have a good and lawful right to sell and convey the same in fee simple; that said property is free and clear of all liens and encumbrances; that they are in the quiet and peaceable possession of said property; and that they do hereby WARRANT AND WILL FOREVER DEFEND the title to said property, and the possession thereof, unto the said Grantee, and its successors and assigns, against the lawful claims of all persons, whomsoever.

This document was executed in any number of counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

IN WITNESS WHEREOF, the Grantors have hereunto set their hands and seals on the day their respective notary acknowledgments bear date.



 _____ (SEAL)
TIMOTHY JOHNSON

STATE OF ALABAMA

COUNTY OF MOBILE

I, the undersigned Notary Public in and for said State and County, hereby certify that **TIMOTHY JOHNSON** whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, he executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 18th day of February, 2020.



 NOTARY PUBLIC, State at large
 My Commission expires: 05/14/2023



Annie Manzy Avery (SEAL)
ANNIE MANZY AVERY

STATE OF Alabama

COUNTY OF Mobile

I, the undersigned Notary Public in and for said State and County, hereby certify that ANNIE MANZY AVERY whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, she executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 18th day of February, 2020.

Lauren A. Blalock
NOTARY PUBLIC, State at large



Delores Manzy Purifoy (SEAL)
DELORES MANZY PURIFOY

STATE OF Alabama

COUNTY OF mobile

I, the undersigned Notary Public in and for said State and County, hereby certify that **DELORES MANZY PURIFOY** whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, she executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 17th day of February, 2020.

Lauren A. Blalock
NOTARY PUBLIC, State at large



Ronald Manzy (SEAL)
RONALD ERNEST MANZY

STATE OF Alaska

COUNTY OF Katavik

I, the undersigned Notary Public in and for said State and County, hereby certify that **RONALD ERNEST MANZY** whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, he executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 13 day of February, 2020.

Notary Public
SOPHIA M. SMITH
State of Alaska
Commission No.: 190708007
My Commission Expires 07/08/2023

[Signature]
NOTARY PUBLIC, State at large
My Commission expires: 07/08/2023

Manie Manzy (SEAL)
MANIE MANZY

STATE OF Alabama

COUNTY OF Mobile

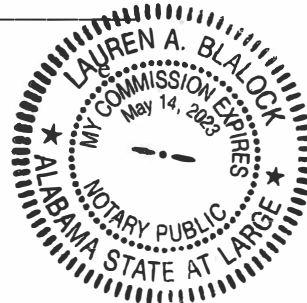
I, the undersigned Notary Public in and for said State and County, hereby certify that **MANIE MANZY** whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, he executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 18th day of February, 2020.

La

A. Blalock

NOTARY PUBLIC, State at large
My Commission expires: _____



Kevin O'neal Manzy (SEAL)
KEVIN O'NEAL MANZY

STATE OF Alabama
COUNTY OF Mobile

I, the undersigned Notary Public in and for said State and County, hereby certify that **KEVIN O'NEAL MANZY** whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, he executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 18th day of February, 2020.

Lauren A. Blalock

NOTARY PUBLIC, State at large

My Commission expires: _____



Thomas M Manzy (SEAL)
THOMAS MARCU MANZY

STATE OF Virginia

COUNTY OF Hampton

I, the undersigned Notary Public in and for said State and County, hereby certify that **THOMAS MARCUS MANZY** whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, he executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 20 day of February, ²⁰²⁰ ~~2019~~.

Kelly Bryce Zywna
Notary Public
Commonwealth of Virginia
Reg. #7748232
My Commission Expires 8/31/2021

Kelly Bryce Zywna

Notary Public, State of _____
My Commission expires: 8/31/2021

Woodrow Terence Manzy (SEAL)
WOODROW TERENCE MANZY

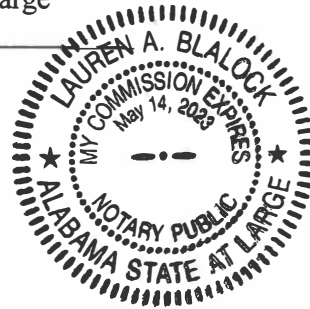
STATE OF Alabama
COUNTY OF Mobile

I, the undersigned Notary Public in and for said State and County, hereby certify that **WOODROW TERENCE MANZY** whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, he executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 14th day of February, 2020.

Lauren A. Blalock

NOTARY PUBLIC, State at large
My Commission expires: _____



Ellen Beverly Manzy (SEAL)
ELLEN BEVERLY MANZY

STATE OF Alabama

COUNTY OF Mobile

I, the undersigned Notary Public in and for said State and County, hereby certify that **ELLEN BEVERLY MANZY** whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, she executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 14th day of February, 2020.

Lauren A. Blalock
Notary Public

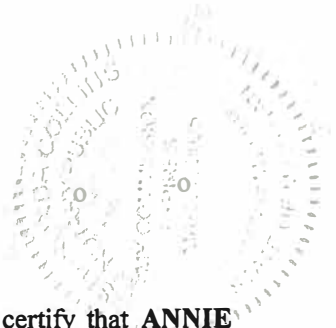
My Commission expires: _____



Annie Manzy Young (SEAL)
ANNIE MANZY YOUNG

STATE OF Michigan

COUNTY OF Wayne



I, the undersigned Notary Public in and for said State and County, hereby certify that **ANNIE MANZY YOUNG** whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, she executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 12 day of February, ²⁰²⁰~~2019~~.

S. [Signature]
NOTARY PUBLIC, State at large
My Commission expires: March 31, 2020

Charlene D. Manzy Stewart (SEAL)
CHARLENE D. MANZY STEWART

STATE OF Florida

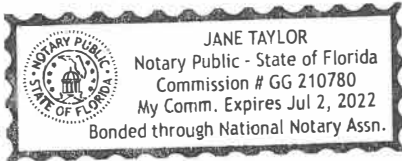
COUNTY OF Clay

I, the undersigned Notary Public in and for said State and County, hereby certify that **CHARLENE D. MANZY STEWART** whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, she executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 8 day of Feb, ²⁰²⁰~~2019~~.

Jane Taylor

NOTARY PUBLIC, State at large
My Commission expires: 07/02/2022




CASSANDRA MANZY MANNING (SEAL)

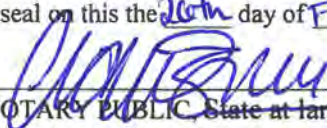
STATE OF ca Shij

COUNTY OF ca MILITARY NOTARY Shij

I, the undersigned Notary Public in and for said State and County, hereby certify that CASSANDRA MANZY MANNING whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, she executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 20th day of FEBRUARY, 2019. ^{20CEP} Shij




NOTARY PUBLIC State at large ca
My Commission expires: IA Clare E. Fitzpatrick, U.S. Navy
Judge Advocate General's Corps
Notary Public
Under the authority of 10 U.S.C. §1044a
Commission Expires: Indefinite

Catherine Manzy (SEAL)
CATHERINE MANZY

STATE OF Alabama

COUNTY OF Mobile

I, the undersigned Notary Public in and for said State and County, hereby certify that **CATHERINEMANZY** whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, she executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 19th day of February, 2020.

Camp B. Powell
NOTARY PUBLIC, State at large
My Commission expires: 05/14/2023



Laundry VanShone Manzy (SEAL)
LAVENTRYS VANSHONE MANZY

STATE OF Alabama

COUNTY OF Mobile

I, the undersigned, notary public in and for said state and county, hereby certify that LAVENTRYS VANSHONE MANZY whose name is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, she executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on the 24th, day of February, 2020.

La A. Blalock
Notary Public, State at Large

My commission expires _____



Paul DeAngelo Manzy (SEAL)
PAUL DEANGELO MANZY

STATE OF Alabama
COUNTY OF Mobile

I, the undersigned Notary Public in and for said State and County, hereby certify that **PAUL DEANGELO MANZY** whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, he executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 26th day of February, 2020.

Lauren A. Blalock

NOTARY PUBLIC, State at large
My Commission expires: _____



Nicholas Manzy (SEAL)
NICHOLAS MOSES MANZY

STATE OF ALABAMA

COUNTY OF MOBILE

I, the undersigned Notary Public in and for said State and County, hereby certify that **NICHOLAS MOSES MANZY** whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, he executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 19th day of February, 2020.

Cary B. Howell
NOTARY PUBLIC, State at large
My Commission expires: 05/14/2023



Kayla Manzy (SEAL)
KAYLA MANZY

STATE OF Alabama
COUNTY OF Mobile

I, the undersigned, notary public in and for said state and county, hereby certify that KAYLA MANZY whose name is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, she executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on the 24th, day of February, 2020.

Lauren A. Blalock

Notary Public, State at Large

My commission expires _____



Lucille Manzy aka Lucille Manzy (SEAL)
LUCILLE MANZY aka LUCILE MANZY

STATE OF Alabama

COUNTY OF Mobile

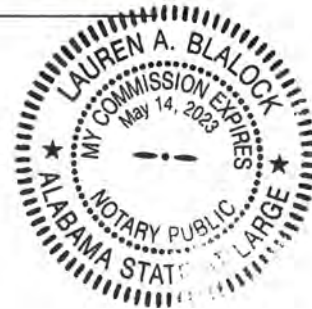
I, the undersigned Notary Public in and for said State and County, hereby certify that **LUCILLE MANZY** whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance, she executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 19th day of February, 2020.

Lauren A. Blalock

NOTARY PUBLIC, State at large

My Commission expires: _____



Tameko Sharille Manzy Niles (SEAL)
TAMEKO SHANTEL MANZY NILES

STATE OF ALABAMA

COUNTY OF MOBILE

I, the undersigned ^{CSZ}Notary Public in and for said State and County, hereby certify that TAMEKO SHANTEL MANZY ^{NILES} whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that being informed of the contents of said conveyance she executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 18th day of February, 2020.

Camp B. Howell
NOTARY PUBLIC, State at large
My Commission expires: 05/14/2023



The Grantor's address is:
431 Waringwood Drive
Mobile, Alabama 36608

The Grantee's address is:
775 N. University Blvd. Suite 150
Mobile, Alabama 36608

This instrument was prepared by:
Beth McFadden Rouse
MCFADDEN, ROUSE & BENDER, LLC
718 Downtowner Boulevard
Mobile, Alabama 36609
(251) 342-9172

MOBILE, AL 36608
333 DOWNTOWNER BOULEVARD, SUITE 150
THE MCFADDEN, ROUSE & BENDER, LLC

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Audit Committee

March 6, 2020

10:00 a.m.

A meeting of the Audit Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Ron Graham, Chair, on Friday, March 6, 2020, at 10:02 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Alexis Atkins, Ron Graham, Ron Jenkins, Lenus Perkins and Ken Simon.

Member Absent: Tom Corcoran.

Other Trustees: Scott Charlton, Steve Furr, Arlene Mitchell, Jimmy Shumock, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance.

Administration & Guests: Owen Bailey, Kristin Dukes, Joel Erdmann, Monica Ezell, Paul Frazier, Mike Haskins, David Johnson, Nick Lawkis, John Marymont, Susan McCready (Faculty Senate), Mike Mitchell, John Smith, Margaret Sullivan, Sahilee Waitman (SGA), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Graham moved for the approval of the minutes of the meeting held on December 4, 2019. Judge Simon seconded and the Committee voted unanimously to adopt the minutes.

Mr. Graham called on Mr. Weldon for presentation of **ITEM 6**, the KPMG report on intercollegiate athletics for the year ended September 30, 2019. Mr. Weldon clarified that the examination related to compliance with agreed-upon procedures as set forth by NCAA (National Collegiate Athletic Association) bylaws. He stated the report did not communicate any findings.

There being no further business, the meeting was adjourned at 10:05 a.m.

Respectfully submitted:

William Ronald Graham, Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Development, Endowment and Investments Committee

**March 6, 2020
10:05 a.m.**

A meeting of the Development, Endowment and Investments Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Jim Yance, Chair, on Friday, March 6, 2020, at 10:05 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Scott Charlton, Arlene Mitchell, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance.

Member Absent: Chandra Brown Stewart.

Other Trustees: Alexis Atkins, Steve Furr, Ron Graham, Ron Jenkins, Lenus Perkins, Jimmy Shumock and Ken Simon.

Administration & Guests: Terry Albano, Owen Bailey, Kristin Dukes, Joel Erdmann, Monica Ezell, Paul Frazier, Mike Haskins, David Johnson, Nick Lawkis, John Marymont, Susan McCready (Faculty Senate), Mike Mitchell, Norman Pitman, John Smith, Margaret Sullivan, Sahilee Waitman (SGA), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Yance called for consideration of the minutes of the meeting held on December 4, 2019. On motion by Dr. Charlton, seconded by Mr. Windom, the Committee voted unanimously to adopt the minutes.

Mr. Yance called on Mr. Albano for presentation of **ITEM 7**, a report on endowment and investment performance. Mr. Albano advised of a 5.4 percent return on investments for the first quarter of fiscal year 2020 versus the relative index return of 5.38 percent, an outperformance by 2 basis points that generated investment income of approximately \$8.5 million. Mr. Pitman discussed market factors impacting manager performance. Mr. Albano addressed asset allocation, noting adherence with endowment guidelines, and reported the annualized performance since inception was 5.48 percent compared to the relative index of 4.31 percent, an outperformance of 1.17 percent. He said investment earnings and appreciation over the life of the endowment totaled approximately \$94.4 million.

Mr. Yance called for an update on the activities of the Division of Development and Alumni Relations, **ITEM 8**. Dr. Stokes, Upward & Onward Campaign Co-chair, stated that, while the \$150 million goal had been achieved with just over six months remaining in the campaign, a variety of needs and opportunities continue to exist to which alumni and supporters might direct contributions. Ms. Sullivan advised of close to \$6 million in pledges and gifts secured through March 2 of fiscal year 2020 and of just under \$151 million raised since the campaign began. She called attention to the 13,426 new donors identified during the campaign, which she noted would broaden the pipeline for future fundraising efforts. She stated that USA Give Day held on February 14 raised \$534,671 from 1,771 donors and that the South Fund campaign raised almost \$1.2 million with 57 percent of South's employees contributing. She stressed that this level of participation was remarkable when compared to other universities. She talked about the grand

Development, Endowment and Investments Committee

March 6, 2020

Page 2

opening of the MacQueen Alumni Center held on January 24, calling the facility a place for South's 85,000 alumni to engage. She credited Dr. Stokes for his vision to focus the remainder of the campaign on telling impactful stories that demonstrate why donors should invest in South Alabama and said the Development and Alumni Relations team was working closely with the Office of Marketing and Communications to develop a social media and web-based strategy that showcased each of the strategic priorities. She stated the campaign would culminate with South's first Alumni Reunion Weekend and said registration for this event would begin on March 27. She introduced a new marketing video featuring Southerner and Biomedical Sciences junior Ms. Davina Ho. Mr. Yance commended the Stokeses, Ms. Sullivan and her team for their hard work. Dr. Stokes emphasized the importance of alumni outreach as a means to strengthen philanthropy.

There being no further business, the meeting was adjourned at 10:18 a.m.

Respectfully submitted:

James A. Yance, Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Health Affairs Committee

March 6, 2020

10:18 a.m.

A meeting of the Health Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Dr. Scott Charlton, Chair, on Friday, March 6, 2020, at 10:18 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Scott Charlton, Steve Furr, Arlene Mitchell, Steve Stokes, Margie Tuckson and Jim Yance.

Member Absent: Chandra Brown Stewart.

Other Trustees: Alexis Atkins, Ron Graham, Ron Jenkins, Lenus Perkins, Jimmy Shumock, Ken Simon and Mr. Windom.

Administration & Guests: Owen Bailey, Michael Chang, Sam Dean, Kristin Dukes, Joel Erdmann, Monica Ezell, Paul Frazier, Mike Haskins, David Johnson, Nick Lawkis, John Marymont, Susan McCready (Faculty Senate), Mike Mitchell, John Smith, Margaret Sullivan, Sahilee Waitman (SGA), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Dr. Charlton called for remarks from Mr. Bailey. Mr. Bailey thanked the Trustees for making time to tour University Hospital on March 5. He introduced University Hospital Administrator Mr. Sam Dean for an announcement. Mr. Dean advised that University Hospital was recently named a Comprehensive Stroke Center, the only hospital in the region to achieve this designation and one of only three such centers statewide. He stated the University of Alabama at Birmingham was the nearest other comprehensive stroke center and talked briefly about the stroke care program that earned University Hospital the title. Mr. Bailey commended the University Hospital team for this accomplishment.

Mr. Bailey introduced Chief Medical Officer Dr. Michael Chang to address **ITEM 9**, a resolution authorizing USA Hospitals Medical Staff Bylaws and associated documents. (To view approved resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on March 6, 2020.) Dr. Chang explained that the rapid evolution of the USA Health system had prompted a reassessment of the medical staff bylaws. He stated the nationally recognized health law firm Harty, Springer & Mattern, P.C., was engaged to assist in this process and, as a result, recommended a restructuring of the bylaws to better suit the emerging needs of USA Health. He gave background on the internal vetting process. Mr. Bailey said the revamped bylaws were reflective of best practices for medical staff governance. On motion by Mr. Yance, seconded by Ms. Mitchell, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Furr called on Dr. Marymont, who presented **ITEM 10**, a resolution authorizing the appointment of Mr. Charles Smith and the reappointment of Ms. Jinni L. Frisbey and Mr. Bill Starling as directors of the University of South Alabama Health Care Authority, Inc. (HCA), with six-year terms beginning May 1, 2020, and ending April 30, 2026. Dr. Marymont provided context

Health Affairs Committee
March 6, 2020
Page 2

on the formation and make-up of the HCA. On motion by Ms. Mitchell, seconded by Mr. Yance, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Charlton called for consideration of the minutes of the meeting held on December 4, 2019. On motion by Ms. Mitchell, seconded by Dr. Charlton, the Committee voted unanimously to adopt the minutes.

There being no further business, the meeting was adjourned at 10:27 a.m.

Respectfully submitted:

Scott A. Charlton, M.D., Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Academic and Student Affairs Committee

March 6, 2020

10:27 a.m.

A meeting of the Academic and Student Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Mike Windom, Chair, on Friday, March 6, 2020, at 10:27 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Scott Charlton, Steve Furr, Ron Graham, Ron Jenkins,
Lenus Perkins, Margie Tuckson and Mike Windom.

Other Trustees: Alexis Atkins, Arlene Mitchell, Jimmy Shumock, Ken Simon,
Steve Stokes and Jim Yance.

Administration & Guests: Owen Bailey, Kristin Dukes, Joel Erdmann, Monica Ezell,
Paul Frazier, Austin Grace, Mike Haskins, David Johnson,
Rochelle Johnson, Nick Lawkis, Sal Liberto, John Marymont,
Susan McCready (Faculty Senate), Mike Mitchell,
Harriett Montgomery, Broderick Morrisette, Laventrice Ridgeway,
John Smith, Margaret Sullivan, Clay Richardson, Sahilee Waitman
(SGA), Tony Waldrop, Scott Weldon and Bob Wood.

The meeting came to order and the attendance roll was called. Mr. Windom called for consideration of the minutes of the meeting held on December 4, 2019. On motion by Capt. Jenkins, seconded by Mr. Perkins, the Committee voted unanimously to adopt the minutes.

Mr. Windom recognized Provost Johnson for his pending transition from his current role as Provost and Sr. Vice President of Academic Affairs to a faculty position in the fall. He asked Provost Johnson to present **ITEM 11**, a report on the activities of the Division of Academic Affairs. Provost Johnson introduced Interim Special Advisor to the Provost for Enrollment Management Mr. Sal Liberto, stating that Mr. Liberto represented the Registry, a national firm specializing in interim placements in higher education. He noted Mr. Liberto would lead South's enrollment management operation while a national search was conducted to fill the position of Associate Vice President for Enrollment Management. Mr. Liberto made brief comments about his new role.

Provost Johnson called on Mitchell College of Business (MCOB) Dean Dr. Bob Wood for a report. With reference to the College's commitment to expand experiential learning, Dr. Wood introduced seniors representing the Department of Economics and Finance Mr. Clay Richardson and Mr. Austin Grace, who discussed their participation with fellow student-managers in directing the Jaguar Investment Fund, which they demonstrated had performed favorably versus the S & P 500 benchmark. Dr. Wood provided general information about the program, such as the advantages to students and faculty of having access to on-site Bloomberg terminals.

Dr. Wood talked about another experiential learning opportunity through MCOB's Center for Real Estate and Economic Development (CREED). He stated students involved with this program recently placed first in the 2019 REALizing Returns University Race, a national competition whereby teams simulate investments in commercial real estate. He stated South prevailed against

more than 30 teams that included prestigious business schools, including the University of Indiana, New York University, Stanford University, the University of Chicago, Columbia University, Rice University, The University of Alabama and the University of Georgia. He added that South also won the 2018 competition, garnering cash prizes totaling \$50,000, which he noted would fund scholarships for students enrolled in the new Jag Realty program set to launch in the fall.

Mr. Windom called on Dr. Mitchell for a report on the activities of the Division of Student Affairs, **ITEM 12.** Dr. Mitchell introduced new Director of Student Disability Services Mr. Laventrice Ridgeway, who started in this role in January after serving as Disability Services Coordinator. He noted Mr. Ridgeway had earned two degrees from USA and was currently enrolled in South Alabama's doctoral program in Higher Education Leadership. He gave an overview of the services offered to the approximately 700 students registered to receive disability assistance.

Dr. Mitchell gave an overview of South's TRIO enrichment programs, Educational Talent Search and Upward Bound, which have provided \$2.8 million in federal grant funding from the U.S. Department of Education over five years. He said Educational Talent Search was designed to increase the number of disadvantaged youth who complete high school and earn college degrees. He added that more than 700 students from target high schools and middle schools had participated. He stated the Upward Bound program provided academic instruction, tutoring, counseling, mentoring and other support services to 50 students annually who attend target high schools. He discussed TRIO success indicators, eligibility and scheduling, and noted all services were free of charge to students. He introduced Educational Talent Search Coordinator Ms. Harriett Montgomery and Upward Bound Coordinator Dr. Rochelle Johnson. Dr. Johnson made brief remarks and introduced USA alumnus, current graduate student working in the Office of Diversity and Inclusion, and Upward Bound alumnus Mr. Broderick Morrissette. Mr. Morrissette shared a testimonial of the opportunities made possible through his involvement in Upward Bound. Ms. Montgomery discussed the referral process for high school graduates who enter colleges with TRIO Student Support Services programs. Dr. Frazier advised of three Student Support Services grant applications recently submitted that, if awarded, would provide \$1.2 million each to support students with disabilities, STEM (science, technology, engineering and mathematics) programming and general needs.

There being no further business, the meeting was adjourned at 10:48 a.m.

Respectfully submitted:

Michael P. Windom, Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Budget and Finance Committee

March 6, 2020

10:48 a.m.

A meeting of the Budget and Finance Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Lenus Perkins, Vice Chair, on Friday, March 6, 2020, at 10:48 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Alexis Atkins, Ron Graham, Lenus Perkins, Ken Simon and Steve Stokes.

Members Absent: Chandra Brown Stewart and Tom Corcoran.

Other Trustees: Scott Charlton, Steve Furr, Ron Jenkins, Arlene Mitchell, Jimmy Shumock, Margie Tuckson, Mike Windom and Jim Yance.

Administration & Guests: Terry Albano, Owen Bailey, Kristin Dukes, Joel Erdmann, Monica Ezell, Paul Frazier, Mike Haskins, David Johnson, Rod Kanter (Bradley Arant), Nick Lawkis, John Marymont, Josh McCoy (PFM), Susan McCready (Faculty Senate), Mike Mitchell, John Smith, Margaret Sullivan, Sahilee Waitman (SGA), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Perkins called for consideration of the minutes of the meeting held on December 4, 2019. On motion by Dr. Stokes, seconded by Judge Simon, the Committee voted unanimously to adopt the minutes.

Mr. Perkins called on Mr. Weldon to discuss **ITEM 13**, the quarterly financial statements for the three months ended December 31, 2019. Mr. Weldon reported an increase in net position of approximately \$22.1 million, of which he attributed approximately \$9.5 million to the positive turnaround in USA Health finances and the remainder to market gains through the end of the 2019 calendar year and to University general operations. Questions and comments about state appropriations and health system improvements were addressed by Mr. Weldon and Dr. Marymont.

Mr. Perkins asked Mr. Weldon to present **ITEM 14**, a resolution ratifying a Series 2020 bond issue. (For copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on March 6, 2020.) Mr. Weldon reviewed that, in December 2019, the Board authorized the Administration to execute a bond purchase agreement for Series 2020 bonds. He advised that the sale closed in recent days and he called on Mr. Albano for remarks. Mr. Albano reported an extremely favorable outcome for the University and he introduced Mr. Josh McCoy of PFM, financial advisor to the University, for an overview. Mr. McCoy presented specifics related to debt service, the University's credit ratings, insurance and bond pricing results. In particular, he emphasized that the all-in true interest cost of 2.31 percent was thought to be the lowest in the University's history. He stated the \$45 million in proceeds would fund USA Health capital improvements totaling approximately \$37 million and main campus projects totaling approximately \$8 million. On motion by Ms. Atkins, seconded by Mr. Graham,

Budget and Finance Committee
March 6, 2020
Page 2

the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees. Mr. Weldon introduced Mr. Rod Kanter of Bradley Arant, the University's bond counsel, to address a concern involving risk potential and insider trading. Mr. Kanter clarified the legalities related to public and private securities transactions and assured that insider trading was not an aspect of the municipal securities market.

There being no further business, the meeting was adjourned at 11:01 a.m.

Respectfully submitted:

On behalf of:

Lenus M. Perkins, Vice Chair

E. Thomas Corcoran, Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Committee of the Whole

March 6, 2020

11:01 a.m.

A meeting of the Committee of the Whole of the University of South Alabama Board of Trustees was duly convened by Mr. Jimmy Shumock, Chair *pro tempore*, on Friday, March 6, 2020, at 11:01 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Alexis Atkins, Scott Charlton, Steve Furr, Ron Graham, Ron Jenkins, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Ken Simon, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance.

Members Absent: Chandra Brown Stewart, Tom Corcoran and Kay Ivey.

Administration & Guests: Owen Bailey, Kristin Dukes, Joel Erdmann, Monica Ezell, Paul Frazier, Mike Haskins, David Johnson, Nick Lawkis, John Marymont, Susan McCready (Faculty Senate), Mike Mitchell, John Smith, Margaret Sullivan, Sahilee Waitman (SGA), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Shumock stated an executive session would not be held and called for a motion to adopt an amended agenda excluding this item. On motion by Judge Simon, seconded by Ms. Atkins, the Committee voted unanimously to adopt a revised agenda.

Chairman Shumock called for adoption of the minutes of a Committee of the Whole meeting held on December 4, 2019, and of an Executive Committee meeting held on February 5, 2020. On motion by Ms. Mitchell, seconded by Mr. Windom, the Committee voted unanimously to adopt the minutes.

Chairman Shumock called for consideration of **ITEM 15**, a resolution commending retired University Attorney Ms. Jean Walker Tucker for many years of distinguished service to the University and conveying the Board's best wishes to Ms. Tucker and her husband, Mr. Jeffrey Forshee. (To view copies of approved resolutions, policies and other authorized documents, refer to the minutes of the March 6, 2020, meeting of the Board of Trustees.) On motion by Ms. Mitchell, seconded by Dr. Charlton, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

There being no further business, the meeting was adjourned at 11:03 a.m.

Respectfully submitted:

James H. Shumock, Chair *pro tempore*

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Executive Committee Emergency Meeting

March 26, 2020

12:00 p.m.

An emergency meeting of the Executive Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Jimmy Shumock, Chair *pro tempore*, on Thursday, March 26, 2020, at 12:04 p.m. by means of video/audio conference.

Members Participating: Alexis Atkins, Tom Corcoran, Steve Furr, Arlene Mitchell, Jimmy Shumock and Ken Simon.

Not Participating: Jim Yance.

Administration & Guests: John Cleary (Faculty Senate), Kristin Dukes, Monica Ezell, Mike Haskins, Dave Johnson, John Smith, Tony Waldrop and Scott Weldon.

Media: Brendan Kirby (FOX10) and Dana Winter (WKRG).

The meeting came to order and Chairman Shumock called for remarks from President Waldrop. President Waldrop welcomed the media representatives participating. Mr. Weldon and Provost Johnson explained the specifics pertaining to the following resolution and responded to questions. Following discussion and prior to a vote, Chairman Shumock asked that the attendance roll be called. On motion by Dr. Furr, seconded by Mr. Corcoran, the Executive Committee voted unanimously to approve the resolution:

**RESOLUTION
TEMPORARY REVISION OF TUITION CHARGED FOR WEB-BASED INSTRUCTION**

WHEREAS, the University of South Alabama is addressing the most appropriate methods of delivering instruction to students during the current COVID-19 pandemic crisis, and

WHEREAS, it is the desire of the University to deliver such programs in a manner in which the health and well-being of our students, faculty and staff are priorities, and

WHEREAS it is possible that the University will deliver all of its academic programs during the May and Summer terms in a web-based, on-line instruction format, and

WHEREAS the University currently charges different tuition rates for in-state tuition, out-of-state tuition and web-based tuition, and

WHEREAS, should this temporary delivery of all courses in an online format be adopted, the current fee structure would result in inconsistencies in how such courses are charged to students,

THEREFORE, BE IT RESOLVED, the Executive Committee of the University of South Alabama Board of Trustees hereby adopts the following revised web-based tuition structure for the May and Summer terms for its basic undergraduate tuition rates which will be applied

only in the event that the University makes a final decision to move all instruction for the May and Summer terms to a web-based environment, except as described below and excluding premium tuition for applicable colleges:

- For in-state undergraduate students, charges will be levied at the current in-state tuition rate of \$329 per credit hour, plus applicable premium tuition, for all courses.
- For out-of-state undergraduate students, charges will be levied at the current web-based rate of \$433 per credit hour, plus applicable premium tuition, for all courses.
- The tuition for students enrolled in the RN to BSN undergraduate program in the College of Nursing, which is currently charged \$328 per credit hour, will remain unchanged.
- The tuition charged for students enrolled in all graduate programs will remain unchanged.

There being no further business, the meeting was adjourned at 12:22 p.m.

Attest to:

Respectfully submitted:

Katherine Alexis Atkins, Secretary

James H. Shumock, Chair *pro tempore*

RESOLUTION
BOARD MEETING SCHEDULE
2020-2021

WHEREAS, Article II, Section 1, of the Bylaws provides that the Board shall schedule annually, in advance, regular meetings of the Board to be held during the ensuing year, and may designate one of such meetings as the annual meeting of the Board,

THEREFORE, BE IT RESOLVED that the regular meetings of the University of South Alabama Board of Trustees shall be held on the following dates:

- Friday, September 11, 2020
- Thursday, December 3, 2020
- Friday, March 5, 2021
- Friday, June 4, 2021

FURTHER, BE IT RESOLVED that the date of June 4, 2021, be designated as the annual meeting of the University of South Alabama Board of Trustees for 2020-2021.

RESOLUTION

USA HOSPITALS MEDICAL STAFF BYLAWS

WHEREAS, revisions to the USA Hospitals Medical Staff Bylaws and the associated policy on Advanced Practice Professionals, approved May 6, 2020, by the active voting General Medical Staff members via email and attached hereto, are recommended for approval by the Medical Executive Committees, and the Executive Committee of the University of South Alabama Hospitals,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees authorizes the revisions as submitted.

Bold, Red and underlines are additions - Strikethroughs are ~~deletion~~

BYLAWS - ADVANCED PRACTICE PROFESSIONAL POLICY SECTION

ARTICLE 4 - QUALIFICATIONS, CONDITIONS, AND RESPONSIBILITIES

4.A. QUALIFICATIONS

4.A.1. Non-Privileged Advanced Practice Professional Eligibility Criteria:

To be eligible to apply for Non-Privileged Advance Practice Professional status, the applicant must meet the USA Health Hospitals requirements. No other privilege requests will be accepted in conjunction with Non-Privileged Advance Practitioner Professionals. If applicant requests additional privileges at a later time, the credentialing process will be followed and “Non-Privileged Advance Practitioner Professionals” will be considered “withdrawn.”

The Non-Privileged Advance Practitioner Professionals shall consist of those Licensed Independent Practitioners, who wish to be affiliated with the Hospital and refer patients to members of the Active and/or Courtesy Staff, but who do not admit or treat patients in the hospital. However, the Licensed Independent Practitioners may desire to monitor their patients while they are in the hospital and to access the patient’s medical record.

May not admit, write orders, perform procedures or treat inpatients; but may:

- a. Refer patients to members of the Active and/or Courtesy Staff.**
- b. Visit their patients while in the hospital.**
- c. Review their patient’s medical record via the electronic medical record, if applicable, both remotely and at the hospital.**
- d. Document in the progress notes, including access via the electronic record, if applicable, both remotely and at the hospital.**
- e. Obtain results of tests and therapy.**
- f. Discuss ongoing management with the patient’s physician(s).**
- g. Order outpatient testing within the scope of their practice.**

Non-Privileged Advance Practice Professional status does not require physician back-up coverage and has no Focused Professional Practice Evaluation (FPPE) or Ongoing Professional Practice Evaluation (OPPE) requirements.

4.A.1.2. Privileged Advanced Practice Professional Eligibility Criteria:

“CATEGORY I PRACTITIONER” means a Licensed Independent Practitioner, a type of Advance Practice Professional who is permitted by law and by the Hospital to provide patient care services without direction or supervision, within the scope of his or her license and consistent with the clinical privileges granted. Category I practitioners also include those physicians not appointed to the Medical Staff who seek to exercise certain limited clinical privileges at the Hospital under the conditions set forth in this Policy (i.e., moonlighting residents). See Appendix A for a list of Category I practitioners.

**Proposed Changes to University of South Alabama Hospitals Medical Staff Bylaws/Rules and Regs.
Revisions approved at the USA Hospitals General Medical Staff Meeting email vote held on May 6, 2020**

APPENDIX A

Those individuals currently practicing as Category I practitioners at the Hospital are as follows:

Audiologist

~~Certified Nurse Midwives (practicing as midwives)~~

Chiropractors

Clinical Pharm D

Clinical Psychologists

Dentists

Moonlighting Residents

Optometrists

Podiatrists

Speech-Language Pathologist

APPENDIX B

Those individuals currently practicing as Category II practitioners at the Hospital are as follows:

Certified Nurse Midwives (practicing as midwives)

Certified Nurse Practitioners

Certified Registered Nurse Anesthetists

Medical Dosimetrists

Medical Physicists

Neurophysiology Monitoring Technicians

Physician Assistants

Radiation Therapy Technicians

Sexual Assault Nurse Examiners (SANE)

APPENDIX C

Those individuals currently practicing as Category III practitioners at the Hospital are as follows:

Optometry Technicians

Patient Care Technicians

Registered Nurses

Scrub Techs

Speech Therapists



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

USA Health

DATE: May 11, 2020

TO: Tony G. Waldrop, PhD
President

Handwritten signature of Tony G. Waldrop, PhD, in black ink.

FROM: Owen Bailey, Chief Executive Officer

Handwritten signature of Owen Bailey in blue ink.

SUBJECT: Board Meeting Documents

Attached for review and approval by the Health Affairs Committee and the Board of Trustees are:

Resolution – USA Hospitals Medical Staff Bylaws and Associated Policy Revision

- Policy on Advance Practice Professionals

OB/kh

Attachments

RESOLUTION

**USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS
FOR MARCH AND APRIL 2020**

WHEREAS, the Medical Staff appointments and reappointments for March and April 2020 for the University of South Alabama Hospitals are recommended for Board approval by the Medical Executive Committees and the USA Health Credentialing Board,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees authorizes the appointments and reappointments as submitted.



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

USA Health

DATE: May 26, 2020

TO: Tony G. Waldrop, PhD
President

A handwritten signature in blue ink, appearing to read 'TGW'.

FROM: Owen Bailey, Chief Executive Of..

A handwritten signature in blue ink, appearing to read 'Owen Bailey'.

SUBJECT: Board Meeting Documents

Attached for review and approval by the Health Affairs Committee and the Board of Trustees are:

Resolution – USA Hospitals Medical Staff Appointments and Reappointments for March and April 2020

- Medical Staff Appointments/Reappointments Board of Trustees Report

OB/kh

Attachments

**USA HEALTH HOSPITALS
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
BOARD OF TRUSTEE REPORT
March 2020 and April 2020**

**The following is a listing of new appointments, reappointments and other status changes of physicians
and advance practice professionals. These have been reviewed and approved by the Health Credentialing Board Committee.**

NAME	USA Health Children's & Women's Hospital			USA Health University Hospital			USA Health Ambulatory Care		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Baranano, Eduardo C., MD	NA	NA	NA	Reappt.	Honorary	Surgery	NA	NA	NA
Bassam, Bassam A., MD	Reappt.	Active USA	Neurology	Reappt.	Active USA	Neurology	Reappt.	Active USA	Neurology
Berkow, Roger L., MD	Reappt.	Active USA	Pediatrics	Reappt.	Active USA	Pediatrics	Reappt.	Active USA	Pediatrics
Bhadkamkar, Sanjyot S., CRNP	Reappt.	Allied USA	Internal Medicine	Reappt.	Allied USA	Internal Medicine	Reappt.	Allied USA	Internal Medicine
Bokhari, Amber M., MD	New Appt.	Active USA	Internal Medicine	New Appt.	Active USA	Internal Medicine	New Appt.	Active USA	Internal Medicine
Booth, Aaron A., MD	New Appt.	Contract/Locum	Anesthesiology	New Appt.	Contract/Locum	Anesthesiology	NA	NA	NA
Brown, Laurie R., CRNA	New Appt.	Contract/Locum	Anesthesiology	New Appt.	Contract/Locum	Anesthesiology	NA	NA	NA
Catranis, Theodore N., MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Chason, Danielle N., CRNP	Reappt.	Allied USA	Neurosurgery	Reappt.	Allied USA	Neurosurgery	Reappt.	Allied USA	Neurosurgery
Chen, Tao, MD	NA	NA	NA	Reappt.	Refer & Follow	Anesthesiology	NA	NA	NA
Cottone, Joseph L., MD	New Appt.	Active HCA	Surgery	New Appt.	Active HCA	Surgery	New Appt.	Active HCA	Surgery
Crowder, Jason, MD	Reappt.	Active USA	Radiology	Reappt.	Active USA	Radiology	Reappt.	Active USA	Radiology
Faliszek, James E., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Greene, Ashley B., RN	NA	NA	NA	New Appt.	APP	Internal Medicine	NA	NA	NA
Hartin, Jr., Charles H., MD	Reappt.	Active USA	Surgery	Reappt.	Active USA	Surgery	Reappt.	Active USA	Surgery
Hatfield, Naomi S., CRNP	New Appt.	APP HCA	OBGYN	New Appt.	APP HCA	OBGYN	New Appt.	APP HCA	OBGYN
Jensen, Jessica L., CRNP	NA	NA	NA	Reappt.	APP USA	Internal Medicine	Reappt.	APP USA	Internal Medicine
Jimenez, Karen L., MD	New Appt.	Active HCA	Internal Medicine	New Appt.	Active HCA	Internal Medicine	New Appt.	Active HCA	Internal Medicine
Khan, Neelam A., MD	NA	NA	NA	New Appt.	Active HCA	Family Medicine	New Appt.	Active HCA	Family Medicine
Kilgo, William A., MD	Reappt.	Active USA	Neurology	Reappt.	Active USA	Neurology	Reappt.	Active USA	Neurology
Laughlin, Brittany B., DO	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Lucas, Eric D., MD	NA	NA	NA	Reappt.	Active USA	Emergency Med.	NA	NA	NA
Matthews, Jr., Arthur M., MD	New Appt.	Active HCA	Surgery	New Appt.	Active HCA	Surgery	New Appt.	Active HCA	Surgery
McDonnell, Kevin M., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
McIntyre, Matthew G., MD	New Appt.	Active HCA	Surgery	New Appt.	Active HCA	Surgery	New Appt.	Active HCA	Surgery
McKean, Jr., George H., MD	Reappt.	Active USA	Radiology	Reappt.	Active USA	Radiology	Reappt.	Active USA	Radiology
Moon, David M., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Morgan, Lauren D., CRNP	New Appt.	Allied USA	Pediatrics	NA	NA	NA	New Appt.	Allied USA	Pediatrics
Naylor, Cynthia L., CNIM	Reappt.	APP	Neurosurgery	Reappt.	APP	Neurosurgery	NA	NA	NA
Neal, Kathleen N., CRNA	Reappt.	APP USA	Anesthesiology	Reappt.	APP USA	Anesthesiology	NA	NA	NA
Payne, Csierra Y., RN	NA	NA	NA	New Appt.	Allied USA	Internal Medicine	New Appt.	Allied USA	Internal Medicine
Phung, Thuy L., MD	New Appt.	Active USA	Pathology	New Appt.	Active USA	Pathology	New Appt.	Active USA	Pathology
Poosarla, Teja, MD	Reappt.	Active USA	Internal Medicine	Reappt.	Active USA	Internal Medicine	Reappt.	Active USA	Internal Medicine
Pruett, Wesley C., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Rozell, Joseph M., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Rusyniak, Walter G., MD	Reappt.	Active USA	Neurosurgery	Reappt.	Active USA	Neurosurgery	Reappt.	Active USA	Neurosurgery
Siegel, Jonathan D., MD	Reappt.	Courtesy	Internal Medicine	Reappt.	Courtesy	Internal Medicine	NA	NA	NA
Silver, Frederick M., MD	Reappt.	Active USA	Surgery	Reappt.	Active USA	Surgery	Reappt.	Active USA	Surgery
Smith, Lisa M., MD	Reappt.	Active USA	Radiology	Reappt.	Active USA	Radiology	Reappt.	Active USA	Radiology

**USA HEALTH HOSPITALS
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
BOARD OF TRUSTEE REPORT
March 2020 and April 2020**

NAME	USA Health Children's & Women's Hospital			USA Health University Hospital			USA Health Ambulatory Care		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Sollie, Rebecca S., MD	Reappt.	Active USA	Family Medicine	Reappt.	Active USA	Family Medicine	Reappt.	Active USA	Family Medicine
Spruill, Courtney C., Dental Assist.	New Appt.	APP	Surgery	NA	NA	NA	NA	NA	NA
Too, Onesmus K., CRNA	Reappt.	APP USA	Anesthesiology	Reappt.	APP USA	Anesthesiology	NA	NA	NA
Trimm, III, Riley F., MD	Reappt.	Courtesy USA	Pediatrics	NA	NA	NA	Reappt.	Courtesy USA	Pediatrics
Varma, Jyotsna, MD	Reappt.	Active USA	Anesthesiology	Reappt.	Active USA	Anesthesiology	NA	NA	NA
Vreeland, Thomas H., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Wall, Mark B., MD	Reappt.	Active USA	Radiology	Reappt.	Active USA	Radiology	Reappt.	Active USA	Radiology
Watters, Harriett M., RN	NA	NA	NA	New Appt.	APP	Internal Medicine	NA	NA	NA
Weiser, Peter, MD	New Appt.	Refer & Follow	Pediatrics	NA	NA	NA	NA	NA	NA
Williams, Peyton E., CCCA	New Appt.	APP USA	Surgery	New Appt.	APP USA	Surgery	New Appt.	APP USA	Surgery
Zloty, Peter, MD	Reappt.	Community Staff	Surgery	Reappt.	Community Staff	Surgery	NA	NA	NA
Change Requests	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Burckhardt, Barbara A., MD	Chg'd Status	Academic	Internal Medicine	Chg'd Status	Academic	Internal Medicine	NA	NA	NA
Hartin, Jr., Charles H., MD	Added. Priv.	Active USA	Surgery	Added. Priv.	Active USA	Surgery	Added. Priv.	Active USA	Surgery
Ilonze, Chibuzo, MD	Added. Priv.	Active USA	Ped. Emerg. Med.	NA	NA	NA	NA	NA	NA
Maltese, Carl, MD	Added Priv.	Active	Surgery	Added Priv.	Active	Surgery	NA	NA	NA
Nehls, Phillip E., MD	Added Priv.	Active USA	Peds. Emerg. Med.	NA	NA	NA	NA	NA	NA
Parcha, Siva P., MD	Added. Priv.	Active USA	Internal Medicine	Added. Priv.	Active USA	Internal Medicine	Added. Priv.	Active USA	Internal Medicine
Turner, Curtis W., MD	Added. Priv.	Active USA	Ped. Emerg. Med.	NA	NA	NA	NA	NA	NA
Resigned/Retired	Reason	Date	Dept.	Reason	Date	Dept.	Reason	Date	Dept.
Alnajjar, Eva M., MD	Resigned	3/17/2020	OBGYN	Resigned	3/17/2020	OBGYN	Resigned	3/17/2020	OBGYN
Atkins, Christopher, Scrub Tech	Resigned	2/24/2020	Surgery	NA	NA	NA	NA	NA	NA
Blache, Catherine L., RN	NA	NA	NA	Resigned	3/17/2020	Orthopaedics	NA	NA	NA
Christensen, Stephanie S., CRNP	Resigned	2/28/2020	OBGYN	Resigned	2/28/2020	OBGYN	Resigned	2/28/2020	OBGYN
Duffy, Robert Lamar, MD	Retired	2/28/2020	Family Medicine	Retired	2/28/2020	Family Medicine	Retired	2/28/2020	Family Medicine
Jardine, James Q., MD	Resigned	3/26/2020	OBGYN	Resigned	3/26/2020	OBGYN	NA	NA	NA
Kahn, Andrea G., MD	Resigned	3/23/2020	Pathology	Resigned	3/23/2020	Pathology	Resigned	3/23/2020	Pathology
Malphrus, Amy D., MD	Resigned	2/28/2020	Neurology	Resigned	2/28/2020	Neurology	NA	NA	NA
Marks, Richard M., MD	Resigned	2/17/2020	Orthopaedics	Resigned	2/17/2020	Orthopaedics	Resigned	2/17/2020	Orthopaedics
McGrath, Margaret A., MD	Retired	2/6/2020	OBGYN	NA	NA	NA	NA	NA	NA
Price, Martha L., MD	NA	NA	NA	Resigned	3/23/2020	Radiology	NA	NA	NA
Ringhoffer, Carolyn R., MD	Resigned	3/9/2020	OBGYN	NA	NA	NA	NA	NA	NA
Rountree, Heather L., RN	Resigned	12/30/2019	Pediatrics	NA	NA	NA	Resigned	12/30/2019	Pediatrics

**USA HEALTH HOSPITALS
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR USA HEALTH CREDENTIALING BOARD APPROVAL**

March 2020

LEGEND:

New Appt.	New application for medical/allied staff privileges recommended for approval.
Reappt.	Reappointment application for medical/ allied staff privileges recommended for approval.
No Privs.	No privileges requested
Change in Status	Added privileges Change Department
Retired Resigned	Moved, Retired or Resigned

RECOMMENDED BY:


~~Craig D. Sherman, M.D., Chair of Medical Executive Committee or Chair Elect
USA Health Children's & Women's Hospital~~ ~~Richard M. Westhurst, Jr, MD~~


~~Edward A. Panacek, M.D., Chair of Medical Executive Committee or Chair Elect
USA Health University Hospital~~ ~~William H. Barber, IV, MD~~


Owen Bailey
Chief Executive Officer & Senior Associate Vice President for Medical Affairs
USA Health

**USA HEALTH HOSPITALS
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR USA HEALTH CREDENTIALING BOARD APPROVAL**

April 2020

LEGEND:

New Appt.	New application for medical/allied staff privileges recommended for approval.
Reappt.	Reappointment application for medical/ allied staff privileges recommended for approval.
No Privs.	No privileges requested
Change in Status	Added privileges Change Department
Retired Resigned	Moved, Retired or Resigned

RECOMMENDED BY:



**Craig D. Sherman, M.D., Chair of Medical Executive Committee or Chair Elect
USA Health Children's & Women's Hospital**



**Edward A. Panacek, M.D., Chair of Medical Executive Committee or Chair Elect
USA Health University Hospital**



**Owen Bailey
Chief Executive Officer & Senior Associate Vice President for Medical Affairs
USA Health**

RESOLUTION

TENURE AND PROMOTION

WHEREAS, in accordance with University policy, faculty applications for tenure and/or promotion have been reviewed by the respective faculty peers, departmental chair and college dean, and by the Provost and Senior Vice President for Academic Affairs or the Vice President for Medical Affairs, and the President and, as a result of this review process, the individuals listed are hereby recommended for tenure and/or promotion,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves and grants tenure and/or promotion to these individuals, all effective August 15, 2020, except as noted herein.

COLLEGE OF ARTS AND SCIENCES:

Tenure:

- Jaclyn Bunch
- Kelly Dorgan
- Brian Dzwonkowski
- Philip Habel
- Jianing Han
- Mohammad Hossain
- Nemanja Kosovalic
- John Lanicci
- Andrew Lewis
- Jason Rinehart

Promotion to Senior Instructor:

- Christopher Cowley
- LaTonya Darby
- Tray Hamil

Promotion to Associate Professor:

- Jaclyn Bunch
- Kelly Dorgan
- Brian Dzwonkowski
- Jianing Han
- Mohammad Hossain
- Nemanja Kosovalic
- Andrew Lewis
- Jason Rinehart

Promotion to Professor:

- Philip Habel
- Douglas Marshall
- W. Matthew Reichert
- Thomas Rowell
- Phillip Smith

MITCHELL COLLEGE OF BUSINESS:

Tenure:

- Huubinh Le

Promotion to Associate Professor:

- Huubinh Le

MITCHELL CANCER INSTITUTE:

Promotion to Associate Professor:

- Dr. Moh'D Khushman

Promotion to Professor:

- Dr. Jennifer Scalici

SCHOOL OF COMPUTING:

Tenure:

- David Bourrie

Promotion to Associate Professor:

- David Bourrie

COLLEGE OF EDUCATION AND PROFESSIONAL STUDIES:

Tenure:

- Yvette Getch
- Neil Schwarz

Promotion to Professor:

- Yvette Getch

Promotion to Associate Professor:

- Neil Schwarz

COLLEGE OF ENGINEERING:

Tenure:

- Na Gong
- Saeed Latif
- Carlos Montalvo
- Dhananjay Tambe
- Jinhui Wang

Promotion to Associate Professor:

- Saeed Latif
- Carlos Montalvo
- Dhananjay Tambe

MARX LIBRARY:

Tenure:

- Jia He

Promotion to Associate Librarian:

- Jia He

COLLEGE OF MEDICINE:

Tenure:

- Dr. Abu Bakr Al-Mehdi
- Dr. Thuy Phung (Effective June 5, 2020)
- Dr. Aishwarya Prakash

Promotion to Professor:

- Dr. Jonathon Audia
- Dr. Lynn Batten
- Dr. Paul Rider
- Dr. Jon Simmons
- Dr. Jon Simmons (Joint in Pharmacology)
- Dr. Seema Singh
- Dr. Mark Taylor
- Dr. David Weber

Promotion to Associate Professor:

- Dr. Gary Carnahan
- Dr. Nicolette Holliday
- Dr. Aishwarya Prakash

COLLEGE OF NURSING:

Promotion to Associate Professor:

- Rebecca Grave



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Academic Affairs

DATE: April 20, 2020

TO: Tony Waldrop

FROM: G. David Johnson, Provost and Senior Vice President, Academic Affairs

SUBJECT: Faculty Tenure and Promotion Recommendations, 2020

Recommend Awarding Tenure

Mohammad Hossain – Communication
John Lanicci – Earth Sciences
Kelly Dorgan – Marine Sciences
Brian Dzwonkowski – Marine Sciences
Nemanja Kosovalic – Mathematics & Statistics
Andrew Lewis – Mathematics & Statistics
Jason Rinehart – Music
Jianing Han – Physics
Jaclyn Bunch – Political Science
Philip Habel – Political Science
Huubinh Le – Economics/Finance/Real Estate
David Bourrie – Information Systems & Technology
Yvette Getch – Counseling & Instructional Sciences
Neil Schwarz – Health/Kinesiology/Sport
Na Gong – Electrical & Computer Engineering
Saeed Latif - Electrical & Computer Engineering
Jinhui Wang - Electrical & Computer Engineering
Carlos Montalvo – Mechanical Engineering
Dhananjay Tambe – Mechanical Engineering
Jia He – Library

Recommend Promotion to Senior Instructor

Tray Hamil – Biology
Christopher Cowley – English
LaTonya Darby - Mathematics & Statistics

Recommend Promotion to Associate Librarian

Jia He – Library

Recommend Promotion to Associate Professor

Mohammad Hossain – Communication
Kelly Dorgan – Marine Sciences
Brian Dzwonkowski – Marine Sciences
Nemanja Kosovalic – Mathematics & Statistics
Andrew Lewis – Mathematics & Statistics
Jason Rinehart – Music

Jianing Han – Physics
Jaelyn Bunch – Political Science
Huubinh Le – Economics/Finance/Real Estate
David Bourrie – Information Systems & Technology
Neil Schwarz – Health/Kinesiology/Sport
Saeed Latif - Electrical & Computer Engineering
Carlos Montalvo – Mechanical Engineering
Dhananjay Tambe – Mechanical Engineering
Rebecca Graves – Adult Health Nursing

Recommend Promotion to Professor

W. Matthew Reichert – Chemistry
Thomas Rowell – Music
Philip Habel – Political Science
Phillip Smith – Psychology
Douglas Marshall – Sociology/Anthropology/Social Work
Yvette Getch – Counseling & Instructional Sciences

All portfolios and recommendations with accompanying rationales are available for your review. Upon your final action, a resolution for the Board of Trustees will be forwarded.

Approved:  _____

Disapproved: _____

GDJ:lat





UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

VP Medical Affairs/Dean's Office/College of Medicine

DATE: May 4, 2020

TO: Dr. Tony G. Waldrop 
President, University of South Alabama

FROM: Dr. John V. Marymont 
Vice-President for Medical Affairs and Dean of the College of Medicine

SUBJECT: College of Medicine Faculty Promotion and Tenure Recommendations, 2020

I recommend the awarding of promotion and tenure to College of Medicine faculty as specified below. One faculty member was recently hired, and request for tenure was included with her position, where noted below. Information for each faculty member is being forwarded for your review. With your approval, I request presentation of the recommendation to the Board of Trustees at the June meeting.

Promotion to Professor:

- Dr. Jonathon Audia
- Dr. Lynn Batten
- Dr. Paul Rider
- Dr. Jon Simmons
- Dr. Jon Simmons (Joint in Pharmacology)
- Dr. Seema Singh
- Dr. Mark Taylor
- Dr. David Weber

Promotion to Associate Professor:

- Dr. Gary Carnahan
- Dr. Nicolette Holliday
- Dr. Aishwarya Prakash

Tenure:

- Dr. Abu Bakr Al-Mehdi
- Dr. Thuy Phung (Effective 6/5/2020)
- Dr. Aishwarya Prakash





UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

VP Medical Affairs/Dean's Office/College of Medicine

DATE: May 4, 2020

TO: Dr. Tony G. Waldrop 
President, University of South Alabama

FROM: Dr. John V. Marymont 
Vice-President for Medical Affairs and Dean of the College of Medicine

SUBJECT: Mitchell Cancer Institute Faculty Promotion and Tenure Recommendations,
2020

I recommend the awarding of promotion and tenure to Mitchell Cancer Institute faculty as specified below. Information for each faculty member is being forwarded for your review. With your approval, I request presentation of the recommendation to the Board of Trustees at the June meeting.

Promotion to Professor:

- Dr. Jennifer Scalici

Promotion to Associate Professor:

- Dr. Moh'D Khushman

RESOLUTION

TUITION, FEES AND HOUSING AND DINING RATES
2020-2021

WHEREAS, the University of South Alabama is committed to maintaining high-quality educational and student services programs, and

WHEREAS, Start South is a dual high school and college enrollment program that allows high school students to experience USA's highly qualified and talented faculty, and

WHEREAS, the Start South program is expected to strengthen relationships with local school districts while improving enrollment yield in those districts, and

WHEREAS, dining services must increase operational expectations and expenses due to the COVID-19 pandemic, and

WHEREAS, dining services will provide enhancements to operations, facilities, equipment, and technology in response to the COVID-19 pandemic,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves the recommended Start South tuition rate and the recommended dining rates for the academic year 2020-2021 as set forth in the attached schedules.

University of South Alabama

2020-2021 Tuition & Fees

Start South Dual Enrollment

Tuition Decrease

Student Classification	Current tuition	Proposed tuition	Change
	<u>2019-2020</u>	<u>2020-2021</u>	
Start South Dual Enrollment	\$329/credit hr.	\$166/credit hr.	-\$163/credit hr.

2020- 2021 Proposed Semester Meal Plan Rates

Meal Plan Type		2019-2020 Current Rate	2020-2021 Proposed Rate	Difference
Freshmen and above	All Access Pass with \$175 Bonus Bucks	\$1,850	\$1,900	\$50
	All Access Pass with \$300 Bonus Bucks	\$1,975	\$2,025	\$50
	All Access Pass with \$450 Bonus Bucks	\$2,130	\$2,180	\$50
Sophomore and above	10 Meals Per Week with \$500 Bonus Bucks	\$1,850	\$1,900	\$50
Junior and above	7 Meals Per Week with \$100 Bonus Bucks	\$1,035	\$1,085	\$50
	\$1400 Bonus Bucks	\$1,400	\$1,400	\$0



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Academic Affairs

DATE: May 18, 2020

TO: Tony Waldrop

FROM: G. David Johnson, Provost and Senior Vice President, Academic Affairs

SUBJECT: Start South Dual Enrollment program

I recommend that we implement the Start South Dual Enrollment program immediately. High School students will enroll for the first time beginning in Fall 2020. We anticipate an annual cost of \$110,000 per year (plus benefits for the full time staff member). Academic Affairs will pay upfront costs for the current fiscal year.

For FY 2021, we anticipate that the program will break even, or better, so we recommend that these costs and projected revenues be added to the budget change sheet as revenue neutral.

Thank you for your consideration.

Approved:  _____

Disapproved: _____

GDJ:rmh



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Office of the Executive President

DATE: May 12, 2020

TO: Tony G. Waldrop, Ph.D.
President

A handwritten signature in black ink, appearing to read 'TGW'.

FROM: John W. Smith, Executive Vice President

A handwritten signature in black ink, appearing to read 'John W. Smith'.

SUBJECT: PROPOSED MEAL PLAN RATE INCREASE

Attached is a proposal from Dr. Chris Cleveland recommending a 2.5% increase in meal plan rates for the 2020-2021 academic year. No increase is recommended for the 2021 summer meal plan rates. This increase is necessary because of the modifications that must be made to our dining operations in response to COVID-19. Even with this increase, our rates remain among the lowest for colleges and universities in Alabama. I support this increase and recommend it for submission to the Board of Trustees for approval.

Please let me know if you have any questions concerning this recommendation.



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Auxiliary Services

DATE: May 11, 2020

TO: Dr. John Smith

FROM: Dr. Chris Cleveland 

SUBJECT: Proposed 2020-2021 Housing and Dining Rate Increase

Housing has endeavored to maintain competitive cost as much as possible for students. Therefore no increase is recommended for room rates in 2020-2021. Dining Services anticipates increases in operating expenses for the upcoming year related to additional health precautions necessitated by the COVID-19 pandemic. Modifications include: increased staffing due to elimination of self-service, increased volume of disposable takeaway containers due to reduced seating capacity, and technology improvements to promote contactless payment and/or remote ordering capabilities. Additionally, more than \$250,000 in operations improvements will have been completed prior to August including enhancements to technology, equipment, and facilities.

The recommended meal plan rate structure for 2020-2021 is attached and an average rate increase of 2.5% for meal plans is proposed. No increase is proposed for summer 2021 room or meal plan rates.

Dining Comparison Meal Plans

USA (2019-2020)

Freshmen/Sophomore residential	\$1,850 - \$2,130
Junior/Senior/Graduate Residential	\$1,035 - \$2,130

USA (2020-2021) *Proposed average increase of meal plans – 2.5%*

Freshmen/Sophomore residential	\$1,900 - \$2,180
Junior/Senior/Graduate Residential	\$1,085 - \$2,180

Auburn University (2019-2020)

All residential	\$1,100* - \$2,117
All commuters	\$350

*Advertised as a half semester plan

University of Alabama (2019-2020)

Freshmen residential	\$2,251*
Upperclass residential	\$1,288 - \$2,251**
All students above 9 credit hours	\$350

*\$1,901 base plan + separate \$350 fee

**\$938 - \$1,901 base plan + separate \$350 fee

University of Alabama at Birmingham (2019-2020)

Freshmen residential	\$2,155 - \$2,255*
Upperclass residential	\$725 - \$2,255**
All students above 12 credit hours	\$225

*\$1,930 - \$2,030 base plan + separate \$225 fee

**\$500 - \$2,030 base plan + separate \$225 fee

Troy University (2019-2020)

Residential	\$1,752*
All commuters above 9 credit hours	\$301.13**

* \$1,600 base plan indicates 9.5% tax not included

**\$275 base plan indicates 9.5% tax not included

RESOLUTION

POLICY ON FRESHMEN ON-CAMPUS HOUSING REQUIREMENT

WHEREAS, the University of South Alabama (“USA”) is committed to providing students with a vibrant, comprehensive and successful undergraduate student experience, and

WHEREAS, national studies show that students who live on campus are more successful, have higher grade-point averages, are more engaged, and have higher rates of retention and graduation, and

WHEREAS, consistent with the above-referenced national studies, students who live in University Housing at USA have higher grade-point averages, have a higher rate of first- to second-year retention, and are more likely to graduate within the six-year national average, and

WHEREAS, results from USA’s annual resident student satisfaction survey indicate students who live on campus report a greater sense of integration with campus life and an enhanced feeling of “belonging” with the campus community, and

WHEREAS, the Board of Trustees believes it is in the best interest of the students at USA to enhance their opportunities for success by their integration into college and campus life,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees authorizes adoption of the policy that is attached hereto and incorporated herein, which requires, beginning in fall 2021, first-time freshmen enrolled in 12 or more hours at the University of South Alabama who graduated from high school within the preceding 12 months of enrolling to the University to live on campus in University Housing unless they are commuting from the permanent residence of a parent, grandparent, or legal guardian; are a military veteran; are married and/or have a dependent child or children in residence; or are granted an exception through the exemption process.

PROPOSED FRESHMAN ON-CAMPUS HOUSING REQUIREMENT

Overview

The University of South Alabama is committed to providing students with a vibrant, comprehensive and successful undergraduate student experience. National studies show that students who live on campus are more successful, have higher grade point averages, are more engaged, and have higher rates of retention and graduation. This is true for students who live on campus at the University of South Alabama.

Data from USA's Office of Institutional Research suggests that students who live in University Housing at South Alabama have higher grade point averages, have a higher rate of first to second year retention and are more likely to graduate within six years (national average). Additionally, results from the Annual Resident Student Satisfaction Survey indicate students who live on campus report a greater sense of belonging on campus and to college life.

Therefore, in an effort to enhance student success and the undergraduate student experience as well as improve student retention and graduation rates, the University of South Alabama will require first-time, full-time freshmen to live on campus in university housing beginning in fall semester 2021.

Policy

Beginning in fall 2021, first-time freshmen who are enrolled in 12 or more hours and graduated from high school within the preceding 12 months of enrolling to the University are required to live on campus in university housing.

Exceptions will be made for students meeting the following criteria:

- *Commute from the permanent residence of a parent, grandparent, or legal guardian
- *Military veteran
- *Married and/or have dependent child(ren) in residence

Students who first enroll in the **summer** are required to live in the residence halls for the **summer, fall, and spring semesters** during their first year attending the University

Students who first enroll in the **fall** are required to live in the residence halls for **fall and spring semesters** during their first year attending the University.


Students who first enroll in the **spring** semester are required to live in the residence halls for the **spring** semester during their first year attending the University.


Residency Exception:

- Should be requested in writing and will be reviewed by a committee of University officials. Students will be notified of the committee decision through their JagMail email account.
- Will be granted in other well documented circumstances. Students for whom the policy presents an undue hardship should provide compelling evidence of such circumstances.
- Can be appealed to the Associate Vice President of Student Academic Success or the appropriate designee.



UNIVERSITY OF SOUTH ALABAMA

TO: Tony Waldrop, President 

FROM: John Smith, Executive Vice President 

DATE: April 14, 2020

RE: FRESHMAN ON-CAMPUS HOUSING REQUIREMENT

Attached is a recommendation from Dr. Chris Cleveland, Assistant Vice President for Auxiliary Services that would require all freshmen to live on campus, effective fall 2021, unless they are enrolled in less than 12 credit hours; graduated from high school at least 12 months prior to enrolling at South; commute from the permanent residence of a parent, grandparent, or legal guardian; a military veteran; or married and/or have dependent children in residence. Appeals for exceptions to this policy would be made to a committee outside of Auxiliary Services that will be chaired by the Associate Vice President of Student Academic Success.

National data as well as our own internal data clearly shows that students who live on campus are more successful, have higher grade point averages, are more engaged, and have higher rates of retention and graduation. Therefore, I support this recommended policy and submit it to you for approval.

Please let me know if you have any questions.



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Auxiliary Services

DATE: April 10, 2020

TO: Dr. John Smith

FROM: Dr. Chris Cleveland 

SUBJECT: Proposed Policy - Freshman On-Campus Housing Requirement

Both national studies and our own institutional data show that students who live on campus are more successful, have higher grade point averages, are more engaged, and have higher rates of retention and graduation.

After careful consideration and review of both internal and external data as well as extensive discussion with various colleagues across campus, I recommend implementing a requirement for freshmen to live on-campus in university owned housing beginning fall 2021.

The attached document outlines the proposed policy and includes guidelines related to the requirements and exceptions to the policy.

Thank you for your consideration. Please let me know if you have any questions.

University of South Alabama
(A Component Unit of the State of Alabama)

Basic Financial Statements

Six Months Ended March 31, 2020 and 2019

Unaudited

University of South Alabama
(A Component Unit of the State of Alabama)

Quarterly Financial Statements

Six Months Ended March, 2020 and 2019

Contents

Management's Discussion and Analysis	1-7
Unaudited Quarterly Financial Statements	
Statements of Net Position.....	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows.....	10-11
Notes to Financial Statements.....	12-39

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis

Introduction

The following discussion presents an overview of the financial position and financial activities of the University of South Alabama (the University). This discussion has been prepared by University management and should be read in conjunction with the financial statements and notes thereto, which follow.

During the quarter ended March 31, 2020, the University realized the onset of the pandemic COVID-19 health crisis that has impacted the United States. For a complete discussion of the potential impact, see the Economic Outlook section of Management's Discussion and Analysis.

Financial Highlights

At March 31, 2020 and 2019, the University had total assets and deferred outflows of \$1,392,436,000 and \$1,292,689,000, respectively; total liabilities and deferred inflows of \$1,286,694,000 and \$1,255,264,000, respectively; and net position of \$105,742,000 and \$37,425,000, respectively. Net position increased \$15,279,000 for the three months ended March 31, 2020 compared to an increase of \$1,663,000 for the three months ended March 31, 2019. An overview of each statement is presented herein along with financial analysis of the transactions impacting each statement.

Condensed financial statements for the University at and for the three months ended March 31, 2020 and 2019 follow (in thousands):

Condensed Schedules of Net Position

	2020	2019
Assets:		
Current	\$ 182,345	\$ 166,762
Capital and other noncurrent assets	1,120,203	1,038,652
Deferred outflows	89,888	87,275
	1,392,436	1,292,689
Liabilities:		
Current	137,437	121,926
Noncurrent	1,050,573	1,040,999
Deferred inflows	98,684	92,339
	1,286,694	1,255,264
Net position:		
Net investment in capital assets	373,212	345,069
Restricted, nonexpendable	57,435	59,466
Restricted, expendable	74,334	69,301
Unrestricted	(399,239)	(436,411)
	\$ 105,742	\$ 37,425

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis

**Condensed Schedules of Revenues, Expenses
and Changes in Net Position**

	2020	2019
Operating revenues:		
Tuition and fees, net	\$ 74,965	\$ 79,012
Patient service revenues, net	280,130	231,706
Federal, state and private grants and contracts	18,372	16,612
Other	27,317	38,515
	400,784	365,845
Operating expenses:		
Salaries and benefits	263,817	262,111
Supplies and other services	150,366	130,065
Other	38,246	38,245
	452,429	430,421
Operating loss	(51,645)	(64,576)
Nonoperating revenues (expenses):		
State appropriations	59,920	55,537
Net investment income (loss)	(13,420)	(766)
Other, net	12,041	4,093
Net nonoperating revenues	58,541	58,864
Income (loss) before capital contributions and grants and additions to endowment	6,896	(5,712)
Capital contributions and grants and additions to endowment	8,383	7,375
Increase in net position	15,279	1,663
Beginning net position	90,463	35,762
Ending net position	\$ 105,742	\$ 37,425

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis

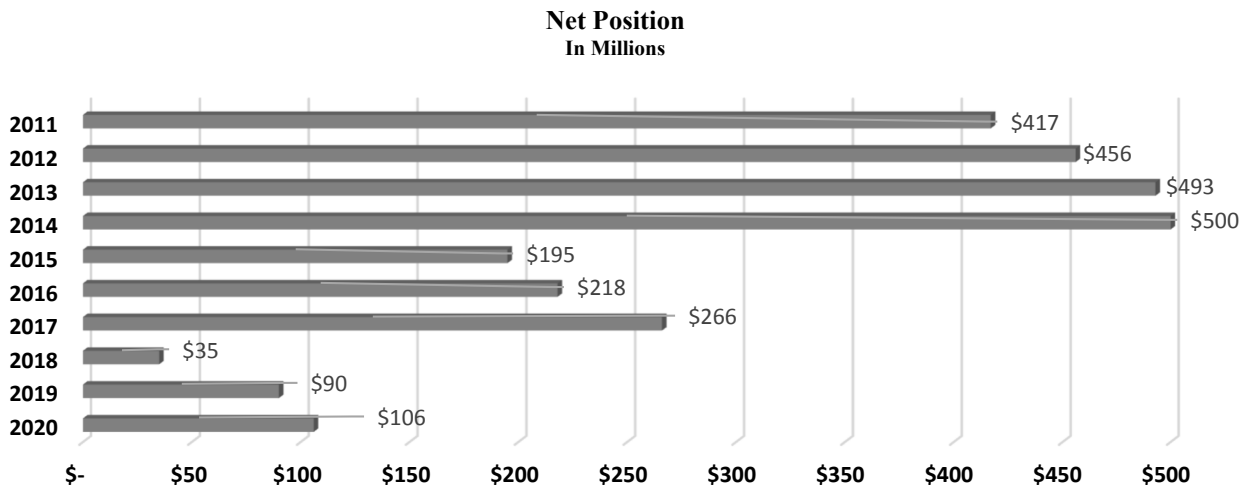
Analysis of Financial Position and Results of Operations

Statements of Net Position

The statements of net position present the assets, deferred outflows, liabilities, deferred inflows and net position of the University as of the end of the current reporting period. Net position is displayed in three parts: total investment in capital assets net of related debt, restricted and unrestricted. Restricted net position may either be expendable or nonexpendable and are those assets that are restricted by law or by external donors. Unrestricted net position is generally designated by management for specific purposes, and is available for use by the University to meet current expenses for any purpose. The statements of net position, along with all of the University's basic financial statements, are prepared under the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is exchanged.

Assets included in the statements of net position are classified as current or noncurrent. Current assets consist primarily of cash and cash equivalents, investments, net patient receivables and accounts receivable. Noncurrent assets consist primarily of restricted cash and cash equivalents, restricted investments and net capital assets.

Net position represents the residual interest in the University's assets after liabilities are deducted. Net position of the University as of the end of the current reporting period is as follows:



Net investment in capital assets represents the University's capital assets less accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted nonexpendable net position consists primarily of the University's permanent endowment funds. In accordance with the policies of the University, the earnings from these funds may be expended, but the corpus may not be expended and must remain intact with the University in perpetuity. Restricted expendable net position is subject to externally imposed restrictions governing their use. The funds are restricted primarily for debt service, capital projects, student loans and scholarship purposes.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis

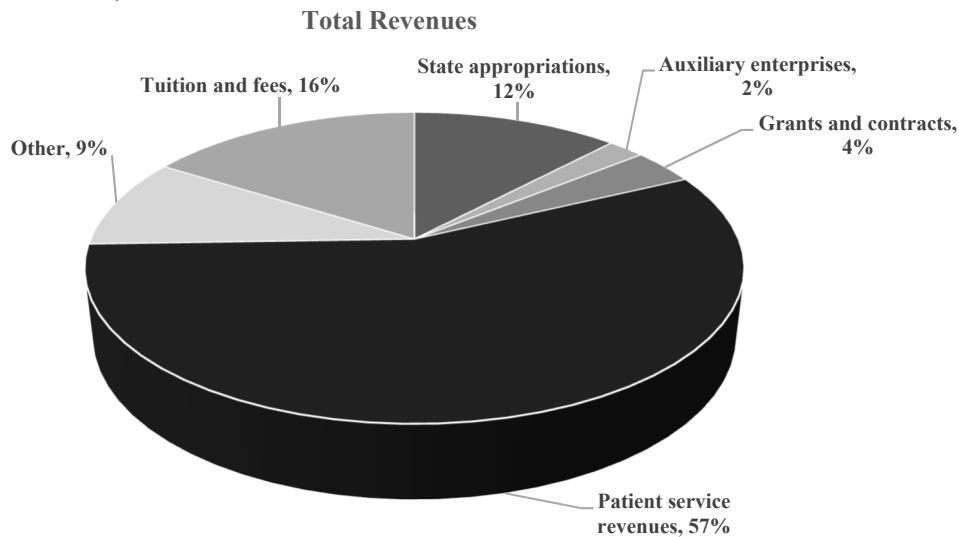
During the fiscal year ending September 30, 2018, the University adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement updated the reporting guidance for governmental institutions that provide other postemployment benefits by requiring the recognition of the University's proportionate share of the net OPEB liability, based on an actuarial valuation, and the OPEB expense in the financial statements. The adoption of the provisions of GASB No. 75 resulted in a restatement of beginning unrestricted net position at October 1, 2017 by decreasing unrestricted net position \$229,687,000 (see note 12 for further discussion).

Statements of Revenues, Expenses and Changes in Net Position

Changes in total University net position are based on the activity presented in the statements of revenues, expenses and changes in net position. The purpose of the statements is to present the changes in net position resulting from operating and nonoperating revenues earned by the University, and operating and nonoperating expenses incurred by the University, as well as any other revenues, expenses, gains and losses earned or incurred by the University.

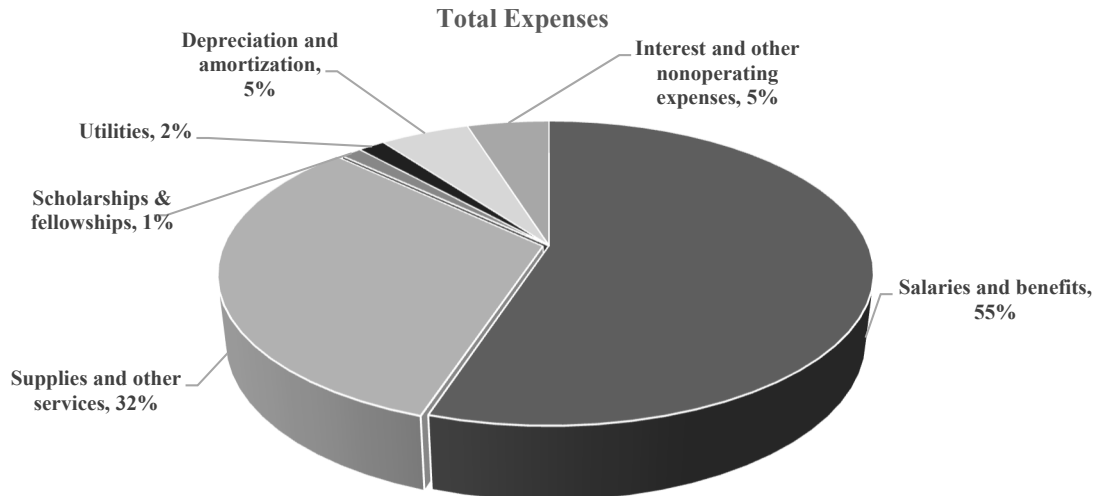
Generally, operating revenues have the characteristics of exchange transactions and are received or accrued for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid or incurred to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Nonoperating revenues have the characteristics of nonexchange transactions and are generally earned when no goods or services are provided. State appropriations are required by GASB Statement No. 34 to be classified as nonoperating revenues.

Approximately 57% of total revenues of the University are patient service revenues. The remainder consists primarily of tuition and fees, state appropriations, grants and contracts and auxiliary enterprise revenues. The following illustration presents the major sources of total University revenues (operating, nonoperating and other) for the current period:



UNIVERSITY OF SOUTH ALABAMA
 (A Component Unit of the State of Alabama)
 Management's Discussion and Analysis

University expenses are presented using natural expense classifications. Salaries and benefits and supplies and other services represent the majority of the University's total expenses. The following illustration presents the University's total expenses, using natural classifications for the current period:



Capital Assets and Debt Administration

During the current period, significant construction projects that remain in progress include the Hancock Whitney Stadium, Simulation Lab Building, Jon Lieber Baseball Clubhouse, University Commons Clinic, the Fanny Meisler Trauma Center at University Hospital and major upgrades of infrastructure on the University's main campus.

In February 2019, the University issued new revenue bonds, Series 2019AB, with a face value of \$66,190,000. The proceeds, along with internal contributions from the University, are financing the construction of Hancock Whitney Stadium and intramural fields. In December 2019, the University refinanced the Series 2010 Bond with the University Facilities Revenue Bond, Series 2019-C, with a face value of \$19,086,000 and in February 2020, the University issued a new University Facilities Revenue Bond, Series 2020, with a face value of \$37,005,000. The proceeds, along with internal contributions from the University, are financing the transportation hub, facilities warehouse and certain USA Health facilities.

The University's bond credit rating is A1 (Stable) as rated by Moody's Investors Service and A+ (Stable) as rated by Standard and Poor's Global Ratings. Neither rating changed during 2020 or 2019. Moody's Investors Service and Standard and Poor's Global Ratings affirmed their ratings in conjunction with their assessment of the Series 2019 and 2020 Bond issuances.

Economic Outlook

Tuition and fee rates have increased over the past ten years and, until the previous three years, student enrollment has generally increased. The University did experience a decline in enrollment of approximately 6% from Fall 2017 to Fall 2018 and an additional decline of 3% between Fall 2018 and Fall 2019. The decrease in Fall 2018 was primarily attributed to a decrease in international student enrollment. The decrease in Fall 2019

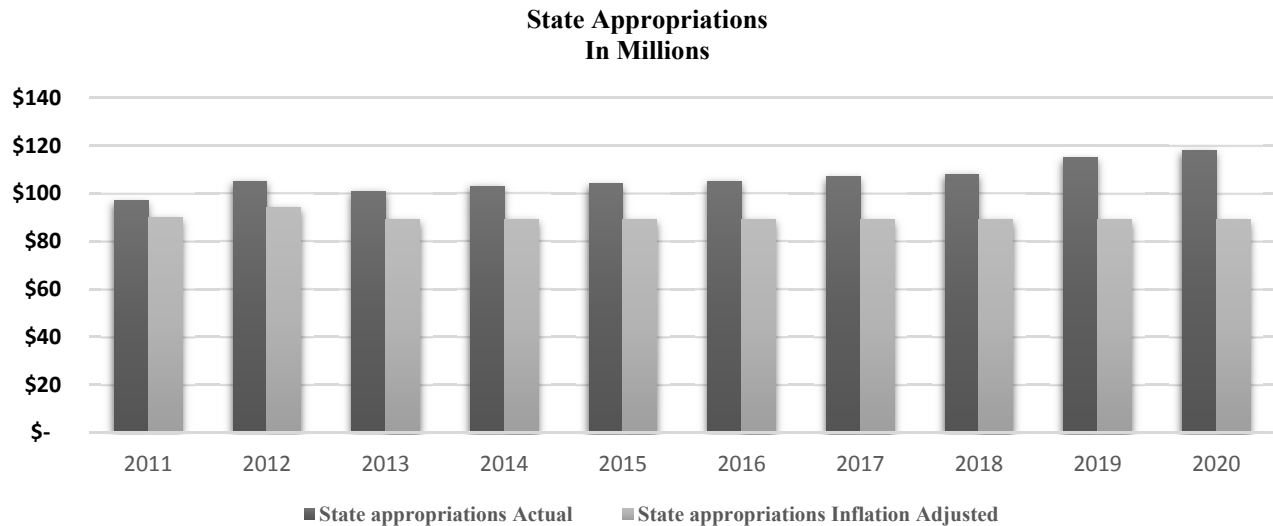
UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis

was primarily tied to a decrease in incoming freshman student enrollment. Further decline in enrollment is possible in 2020. Tuition rate increases of approximately 5% were approved and became effective for academic year 2018-2019. There was not a tuition rate increase for academic year 2019-2020.

State appropriations in the amounts of approximately \$115,209,000 and \$108,268,000 were authorized and received for the fiscal years ended September 30, 2019 and 2018, respectively.

A state appropriation in the amount of \$118,299,000, representing an increase of approximately 3%, has been authorized for the fiscal year ending September 30, 2020. While no announcement has been made or is anticipated, the University is aware that reductions in the 2020 appropriation are possible.

The ten-year trend of state appropriations (actual and inflation-adjusted) for the University is as follows:



In addition to state appropriations, the University is subject to declines in general economic and political conditions in the United States and, specifically, the State of Alabama. Weakening of the economy, as well as changes in federal and state funding policies, could potentially have a negative impact on the University's enrollment, extramural funding, endowment performance and health care operations.

During the quarter ended March 31, 2020 the United States was thrust into the midst of the pandemic health crisis related to the spread of the COVID-19 (the "Crisis"). While the economic effects of this Crisis are not yet fully known, management anticipates that the impact on the operations of the University could be significant both from an operational and cash basis.

As a result of the Crisis, the University moved the delivery of all instruction to an on-line format in March and required that students, where possible, vacate on-campus residence halls, which resulted in a pro-rata refund of housing and dining fees. In addition, all instruction will be delivered on-line during the May and summer terms and residence halls will remain closed. Management believes that the Crisis could adversely impact summer and fall enrollment, although the extent of the impact has not yet been determined.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis

It is anticipated that the financial impact of the Crisis will also be felt by USA Health. Beginning at the end of March 2020, most elective procedures at USA University Hospital and USA Children's and Women's Hospital were postponed or canceled resulting in a decline in revenues. USA Health leadership developed a plan to reintroduce elective procedures on a limited basis beginning in late April, limiting the impact on operations. It is unknown how long it will be before USA Health is able to resume full operations.

Management has taken a number of actions to mitigate the anticipated declines in University operations. These measures include a reduction of operational expenses throughout the University, including USA Health. Additionally, management is taking all necessary steps to ensure that the University is able to take full advantage of the Coronavirus Aid, Relief and Economic Security Act of 2020 (the "CARES Act"). The CARES Act provides funding for various additional incurred expenses or lost revenues stemming from the Crisis for both its academic and health operations. The full financial impact of the funding is still being determined.

Other than the issues presented above, University administration is not aware of any other currently known facts, decisions, or conditions that are expected to have a significant effect on the University's financial position or results of operations during fiscal year 2020 beyond those unknown variables having a global effect on virtually all types of business operations.

University of South Alabama

Statements of Net Position

March 31, 2020 and 2019

(In thousands)

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 87,745	\$ 75,919
Investments	19,538	10,337
Net patient receivables	47,392	45,929
Accounts receivable	15,226	22,305
Notes receivable, net	2,785	2,424
Prepaid expenses, inventories and other	9,659	9,848
Total current assets	<u>182,345</u>	<u>166,762</u>
Noncurrent assets		
Restricted cash and cash equivalents	121,717	102,591
Restricted investments	155,336	163,869
Investments	26,299	17,945
Accounts receivable	6,483	3,299
Notes receivable, net	5,878	6,193
Other noncurrent assets	20,591	21,535
Capital assets, net	783,899	723,220
Total noncurrent assets	<u>1,120,203</u>	<u>1,038,652</u>
Deferred outflows	<u>89,888</u>	<u>87,275</u>
Total assets and deferred outflows	<u>1,392,436</u>	<u>1,292,689</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	59,184	54,392
Unrecognized revenues	44,717	38,538
Deposits	3,379	2,484
Current portion of other long-term liabilities	3,310	3,310
Current portion of long-term debt	26,847	23,202
Total current liabilities	<u>137,437</u>	<u>121,926</u>
Noncurrent liabilities		
Long-term debt, less current portion	449,791	428,387
Net pension liability	282,739	296,654
Net OPEB liability	265,128	263,178
Other long-term liabilities, less current portion	52,915	52,780
Total noncurrent liabilities	<u>1,050,573</u>	<u>1,040,999</u>
Deferred inflows	<u>98,684</u>	<u>92,339</u>
Total liabilities and deferred inflows	<u>1,286,694</u>	<u>1,255,264</u>
Net position		
Net investment in capital assets	373,212	345,069
Restricted, nonexpendable		
Scholarships	28,055	29,096
Other	29,380	30,370
Restricted, expendable		
Scholarships	23,283	18,399
Other	51,051	50,902
Unrestricted	(399,239)	(436,411)
Total net position	<u>\$ 105,742</u>	<u>\$ 37,425</u>

See accompanying notes to basic financial statements.

University of South Alabama

Statements of Revenues, Expenses and Changes in Net Position

Six Months Ended March 31, 2020 and 2019

(In thousands)

	2020	2019
Revenues		
Operating revenues		
Tuition and fees (net of scholarship allowances)	\$ 74,965	\$ 79,012
Patient service revenues (net of provision for bad debts)	280,130	231,706
Federal grants and contracts	9,290	9,271
State grants and contracts	5,132	3,826
Private grants and contracts	3,950	3,515
Auxiliary enterprises (net of scholarship allowances)	10,610	13,015
Other operating revenues	16,707	25,500
Total operating revenues	400,784	365,845
Expenses		
Operating expenses		
Salaries and benefits	263,817	262,111
Supplies and other services	150,366	130,065
Scholarships and fellowships	5,793	6,344
Utilities	7,505	7,509
Depreciation and amortization	24,948	24,392
Total operating expenses	452,429	430,421
Operating loss	(51,645)	(64,576)
Nonoperating revenues (expenses)		
State appropriations	59,920	55,537
Net investment income (loss)	(13,420)	(766)
Interest on indebtedness	(3,893)	(5,697)
Other nonoperating revenues	21,477	17,000
Other nonoperating expenses	(5,543)	(7,210)
Net nonoperating revenues	58,541	58,864
Income (loss) before capital contributions and additions to endowment	6,896	(5,712)
Capital contributions and grants	3,635	2,041
Additions to endowment	4,748	5,334
Increase in net position	15,279	1,663
Net position		
Beginning of period	90,463	35,762
End of period	\$ 105,742	\$ 37,425

See accompanying notes to basic financial statements.

University of South Alabama

Statements of Cash Flows

Six Months Ended March 31, 2020 and 2019

(in thousands)

	2020	2019
Cash flows from operating activities:		
Receipts related to tuition and fees	\$ 54,867	\$ 57,069
Receipts from and on behalf of patients and third-party payers	299,571	224,558
Receipts from grants and contracts	20,370	17,930
Receipts related to auxiliary enterprises	10,340	10,471
Payments to suppliers and vendors	(154,104)	(136,664)
Payments to employees and related benefits	(258,929)	(265,999)
Payments for scholarships and fellowships	(5,228)	(5,577)
Other operating receipts	8,352	32,109
	<hr/>	<hr/>
Net cash used in operating activities	(24,761)	(66,103)
Cash flows from noncapital financing activities:		
State appropriations	59,920	46,281
Endowment gifts	4,748	5,334
Agency funds received	1,548	1,063
Agency funds disbursed	(992)	(524)
Student loan program receipts	64,476	66,219
Student loan program disbursements	(64,805)	(66,297)
Other nonoperating revenues	19,235	15,844
Other nonoperating expenses	(6,379)	(6,459)
	<hr/>	<hr/>
Net cash provided by noncapital financing activities	77,751	61,461
Cash flows from capital and related financing activities:		
Capital gifts and grants	3,635	2,041
Purchases of capital assets	(46,722)	(26,538)
Proceeds from sale of capital assets	8	-
Proceeds from issuance of capital debt	64,528	71,764
Principal payments on capital debt	(33,455)	(13,569)
Interest payments on capital debt	(4,158)	(8,368)
	<hr/>	<hr/>
Net cash provided by (used in) capital and related financing activities	(16,164)	25,330
Cash flows from investing activities:		
Interest and dividends and realized gains (losses) on investments	1,750	325
Proceeds from sales of investments	48,292	74,278
Purchases of investments	(28,285)	(6,706)
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Net cash provided by investing activities	21,757	67,897
	58,583	88,585
Cash and cash equivalents (unrestricted and restricted):		
Beginning of period	<hr/> 150,879	<hr/> 89,925
End of period	<hr/> <u>\$ 209,462</u>	<hr/> <u>\$ 178,510</u>

University of South Alabama

Statements of Cash Flows

Six Months Ended March 31, 2020 and 2019

(in thousands)

	<u>2020</u>	<u>2019</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (51,645)	\$ (64,576)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	24,948	24,392
Changes in operating assets and liabilities, net:		
Student receivables	2,851	1,785
Net patient service receivables	5,712	(2,088)
Grants and contracts receivables	2,278	1,568
Other receivables	(7,669)	1,318
Prepaid expenses, inventories and other	16,671	(796)
Accounts payable and accrued liabilities	(6,482)	(7,889)
Unrecognized revenue	(11,425)	(19,817)
Net cash used in operating activities	<u>\$ (24,761)</u>	<u>\$ (66,103)</u>

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

(1) Summary of Significant Accounting Policies

Reporting Entity

The accompanying basic financial statements present the financial position and activities of the University of South Alabama (the University), which is a component unit of the State of Alabama.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, at year-end, the basic financial statements include the accounts of the University, as the primary government, and the accounts of the entities discussed below as component units.

GASB Statement No. 61 amends GASB Statements No. 14 and No. 39, and provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with the primary government. Such criteria include the appointment of a voting majority of the board of the organization, the ability to impose the will of the primary government on the organization and the financial benefits/burden between the primary government and the potential component unit. The statement also clarifies reporting and disclosure requirements for those organizations. Based on these criteria, the University reports the University of South Alabama Foundation (USA Foundation), the USA Research and Technology Corporation (the Corporation) and the University of South Alabama Health Care Authority (HCA) as discretely presented component units in its annual financial statements. For quarterly reporting purposes, discretely presented component unit financial statements are not presented in the basic financial statements of the University.

The University is also affiliated with the South Alabama Medical Science Foundation (SAMSF), Gulf Coast TotalCare (Gulf Coast) and University of South Alabama Foundation for Research and Commercialization (FRAC). These entities are considered component units of the University under the provisions of GASB Statements No. 14, 39 and 61, but the University does not consider these entities significant enough to warrant inclusion in the University's reporting entity.

GASB Statement No. 61 and GASB Statement No. 80 require the University, as the primary government, to include in its basic financial statements, as a blended component unit, organizations that, even though they are legally separate entities, meet certain requirements as defined by GASB Statement No. 61 and No. 80. Based on these criteria, the University reports the Professional Liability Trust Fund (PLTF), General Liability Trust Fund (GLTF), USA HealthCare Management, LLC (HCM), USA Health Physician Billing Services, LLC, USA Health Hospital Billing Services, LLC and USA Health Anesthesia Billing Services, LLC as blended component units. For quarterly reporting purposes, only HCM is presented as a blended component unit in the basic financial statements of the University. All significant transactions among the University and its blended component unit have been eliminated in consolidation.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

Professional Liability and General Liability Trust Funds

The medical malpractice liability of the University is maintained and managed in its separate Professional Liability Trust Fund in which the University, HCM, SAMSF and HCA are the only participants. In accordance with the bylaws of the PLTF, the president of the University is responsible for appointing members of the PLTF policy committee. Additionally, the general liability of the University, HCM, SAMSF, the Corporation and HCA is maintained and managed in its General Liability Trust Fund for which the University, as defined by GASB Statement No. 14, is responsible. The PLTF and GLTF are separate legal entities, which are governed by the University Board of Trustees through the University president.

USA HealthCare Management, LLC

In June 2010, the University's Board of Trustees approved the formation of USA HealthCare Management, LLC. HCM was organized for the purpose of managing and operating on behalf of, and as agent for, substantially all of the health care clinical enterprise of the University. The University is the sole member of HCM.

USA Health Billing Limited Liability Companies

In fiscal year 2019, the University formed the USA Health Physician Billing Services, LLC, USA Health Hospital Billing Services, LLC, USA Health Anesthesia Billing Services, LLC and USA Health Reference Lab Billing Services, LLC as non-profit limited liability companies, whereby the University is the sole member. These companies were created to assist with the complex patient and insurance billing of USA Health, a division of the University that includes two hospitals and a cancer treatment center. There was no activity in these entities in Fiscal Year 2019 and so far there has been no activity in Fiscal Year 2020.

University of South Alabama Health Care Authority

In May 2017, the University's Board of Trustees approved the formation of the University of South Alabama Health Care Authority. The HCA is a public corporation created under and pursuant to the provisions of the State of Alabama University Authority Act of 2016 and employs physicians and staff of certain physician practice groups as determined appropriate by the University. Operations commenced on August 1, 2017. Since inception, HCA's operations have been partially funded by the University. Total support during the period August 1, 2017 (since inception) through September 30, 2018 amounted to \$8,953,000 and support for the period ended September 30, 2019 amounted to \$9,394,000. Due to the significance of the relationship between the University and HCA, the HCA is considered a component unit of the University.

University of South Alabama Foundation

The University of South Alabama Foundation is a not-for-profit corporation that was organized for the purpose of promoting education, scientific research, and charitable purposes, and to assist in developing and advancing the University in furthering, improving, and expanding its properties, services, facilities, and activities. Because of the significance of the relationship between the University and the USA Foundation, the USA Foundation is considered a component unit of the University. The Board of Directors of the USA Foundation is not appointed or controlled by the University. The University receives distributions from the

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

USA Foundation primarily for scholarship, faculty and other support. The USA Foundation presents its financial statements in accordance with standards issued by the Financial Accounting Standards Board (FASB). The USA Foundation has a June 30 fiscal year end, which differs from the University's September 30 fiscal year end.

USA Research and Technology Corporation

USA Research and Technology Corporation is a not-for-profit corporation that exists for the purpose of furthering the educational and scientific mission of the University by developing, attracting, and retaining technology and research industries in Alabama that will provide professional and career opportunities to the University's students and faculty. Because of the significance of the relationship between the University and the Corporation, the Corporation is considered a component unit of the University. The Corporation presents its financial statements in accordance with GASB.

Measurement Focus and Basis of Accounting

For financial reporting purposes, the University is considered a special purpose governmental agency engaged only in business type activities, as defined by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. Accordingly, the University's basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs could change by a material amount in the near term.

Cash and Cash Equivalents

Cash and cash equivalents are defined as petty cash, demand accounts, certificates of deposit, and any short-term investments that take on the character of cash. These investments have maturities of less than three months at the time of purchase and include repurchase agreements and money market accounts.

Investments and Investment Income

The University reports the fair value of investments using the three-level hierarchy established under GASB Statement No. 72, *Fair Value Measurement and Application*. The fair value of alternative investments (low-volatility multi-strategy funds of funds) and certain private equity partnerships do not have readily ascertainable market values and the University values these investments in accordance with valuations

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

provided by the general partners or fund managers of the underlying partnerships or companies, typically based on net asset value (NAV) of the partnership or commingled vehicle. Because some of these investments are not readily marketable, the estimated fair value is subject to uncertainty and, therefore, may differ from the fair value that would have been used had a ready market for the investment existed. Investments received by gift are recorded at fair value at the date of receipt. Changes in the fair value of investments are reported in net investment income (loss).

Derivatives

The University has adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 establishes a framework for accounting and financial reporting related to derivative instruments, requiring the fair value of derivatives to be recognized in the basic financial statements. At March 31, 2020, the University had two hedging derivative instruments, interest rate swaps, in effect. In accordance with hedge accounting, the changes in fair values of the interest rate swaps are reported as changes in deferred inflows and outflows of resources and the fair values of the interest rate swaps are recognized in other long-term liabilities and deferred inflows and outflows of resources on the statements of net position since the interest rate swaps were deemed effective.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources consist of employer contributions to the Teacher's Retirement System of Alabama and the Public Education Employees Health Insurance Plan subsequent to the plans' measurement dates, changes in proportion and differences between employer contributions and proportionate share of contributions related to the OPEB plan, changes in actuarial and other assumptions related to the pension plan and the loss on the defeasement of certain bond amounts.

Deferred inflows of resources consist of the proportionate share of the differences between expected and actual experience related to the pension plan, net difference between projected and actual earnings on pension and OPEB plan investments, changes of assumptions in OPEB plan, changes in proportion and differences between employer contributions and proportionate share of contributions in pension plan, fair values of interest rate swaps and gain on the refunding of certain bond amounts.

Bond Premiums, Discounts and Debt Extinguishment Costs

Bond premiums, discounts, and debt extinguishment costs associated with the issuance of certain bond series are capitalized and amortized over the life of the respective bond series on a straight-line basis in accordance with generally accepted accounting principles.

Accounts Receivable

Patient receivables primarily result from hospital and ambulatory patient service revenues. Accounts receivable - other includes amounts due from students, the federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts and patient receivables are recorded net of estimated uncollectible amounts.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

Inventories

The University's inventories primarily consist of medical supplies and pharmaceuticals. Medical supplies and pharmaceuticals are stated at the lower of cost (first-in, first-out method) or market.

Capital Assets

Capital assets are recorded at cost, if purchased, or, if donated, at acquisition value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable assets using the straight-line method. Major renewals and renovations are capitalized. Costs for repairs and maintenance are expensed when incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the gain or loss, if any, is included in nonoperating revenues (expenses) in the statements of revenues, expenses, and changes in net position.

All capital assets other than land are depreciated using the following asset lives:

Buildings, infrastructure and certain building components	40 to 100 years
Fixed equipment	10 to 20 years
Land improvements	8 to 20 years
Library materials	10 years
Other equipment	4 to 15 years

Certain buildings are componentized for depreciation purposes.

Interest costs for certain constructed assets are capitalized as a component of the cost of acquiring those assets. The amount of interest capitalized for the periods ended March, 2020 and 2019 was \$916,000 and \$747,000, respectively.

Unrecognized Revenues

Student tuition, fees, and dormitory rentals are initially recorded as unrecognized revenues and then recognized over the applicable portion of each school term.

Cost Sharing Multiple-Employer Pension Plan

Employees of the University are covered by a cost sharing multiple-employer defined benefit pension plan (the Plan) administered by the Teachers' Retirement System of Alabama (TRS). The TRS financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized as expenses when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the GASB. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

Postemployment Benefits Other Than Pensions (OPEB)

Employees of the University are covered by a cost sharing multiple-employer other post employment benefit plan administered by the Alabama Retired Education Employees Health Care Trust (Trust). The Trust's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan. In accordance with GASB, the Trust is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

Classification of Net Position

The University's net position is classified as follows:

Net investment in capital assets reflects the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such debt is excluded from the calculation of *net investment in capital assets*.

Restricted, nonexpendable net position consists of endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted, expendable net position includes resources that the University is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, patient service revenues, sales and services of educational activities and auxiliary enterprises. Auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff. While unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees, they are available for use at the discretion of the governing board to meet current expenses for any purpose. Substantially all unrestricted net position is designated for academic and research programs and initiatives, and capital programs.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University addresses each situation on a case-by-case basis prior to determining the resources to be used to satisfy the obligation.

Scholarship Allowances and Student Financial Aid

Student tuition and fees, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

University and the amount paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's basic financial statements based on their classification as either an exchange or nonexchange transaction. To the extent that revenues from such programs satisfy tuition and fees and certain other student charges, the University has recorded a scholarship discount and allowance.

Donor Restricted Endowments

The University is subject to the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) of the Code of Alabama. This law allows the University, unless otherwise restricted by the donor, to spend net appreciation, realized and unrealized, of the endowment assets. The law also allows the University to appropriate for expenditure or accumulate to an endowment fund such amounts as the University determines to be prudent for the purposes for which the endowment fund was established. The University's endowment spending policy provides that 4.5% of the five-year invested net asset moving average value (inclusive of net realized and unrealized gains and losses), as measured at September 30, is available annually for spending. The University's policy is to retain the endowment interest and dividend income and net realized and unrealized appreciation with the endowment after distributions allowed by the spending policy have been made. These amounts, unless otherwise directed by the donor, are included in restricted, expendable net position.

Classification of Revenues

The University has classified its revenues as either operating or nonoperating revenues.

Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances; patient service revenues, net of provision for bad debts; most federal, state and local grants and contracts; and sales and services of auxiliary enterprises, net of scholarship allowances.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as state appropriations, investment income and gifts and contributions.

Gifts and Pledges

Pledges of financial support from organizations and individuals representing a conditional promise to give are recognized in the basic financial statements once all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Endowment pledges generally do not meet eligibility requirements, as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and are not recorded as assets until the related gift has been received. Unconditional promises that are expected to be collected in future years are recorded at the present value of the estimated future cash flows.

Grants and Contracts

The University has been awarded grants and contracts for which funds have not been received or expenditures made for the purpose specified in the award. These awards have not been reflected in the basic

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

financial statements, but represent commitments of sponsors to provide funds for specific research or training projects. For grants that have allowable cost provisions, the revenue will be recognized as the related expenditures are made. For grants with work completion requirements, the revenue is recognized as the work is completed. For grants without either of the above requirements, the revenue is recognized as it is received.

Patient Service Revenues

Patient service revenues are reported at estimated net realizable amounts due from patients, third-party payers and others for healthcare services rendered, including estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such amounts are adjusted in future periods, as adjustments become known or as years are no longer subject to such audits, reviews and investigations.

Compensated Absences

The University accrues annual leave for employees as incurred at rates based upon length of service and job classification.

Recently Adopted Accounting Pronouncements

In fiscal year 2018, the University adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which updated the reporting guidance for governmental institutions that provide other postemployment benefits by requiring the recognition of the University's proportionate share of the net OPEB liability, based on an actuarial valuation, and the OPEB expense in the basic financial statements. The statement also enhanced financial statement note disclosures. The adoption of the provisions of GASB No. 75 resulted in a restatement of beginning unrestricted net position at October 1, 2017 by decreasing unrestricted net position \$229,687,000 (see note 12 for further discussion).

In 2019, the University adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, which updates the information that is disclosed in the financial statements related to debt. The University adopted this Statement and applied the effects retroactively. All effected disclosures were updated accordingly. There was no significant impact to the University in the adoption of this statement.

(2) Income Taxes

The University is classified as both a governmental entity under the laws of the State of Alabama and as a tax-exempt entity under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Consistent with these designations, no provision for income taxes has been made in the accompanying basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

(3) Cash

Pursuant to the Security for Alabama Funds Enhancement Act, funds on deposit may be placed in an institution designated as a qualified public depository (QPD) by the State of Alabama. QPD institutions pledge securities to a statewide collateral pool administered by the State Treasurer's office. Such financial institutions contribute to this collateral pool in amounts proportionate to the total amount of public fund deposits at their respective institutions. The securities are held at the Federal Reserve Bank and are designated for the State of Alabama. Additional collateral was not required for University funds on deposit with QPD institutions. At September 30, 2019 and 2018, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately \$11.7 billion and \$11.4 billion, respectively. The University's cash and cash equivalents, including restricted cash and cash equivalents, totaled \$209,462,000 and \$178,510,000 at March 31, 2020 and 2019, respectively.

At March 31, 2020, restricted cash and cash equivalents consist of \$65,226,000 related to unspent proceeds from the issuance of University bonds for capital purchases as outlined in the bond indenture, \$49,672,000 related to collateral requirements of the interest rate swaps and \$1,361,000 related to contributions restricted for the construction of the football stadium.

At March 31, 2019, restricted cash and cash equivalents consist of \$70,342,000 related to unspent proceeds from the issuance of University bonds for capital purchases as outlined in the bond indenture, \$30,000,000 related to monies held in endowment accounts, \$2,000,000 related to collateral requirements of the interest rate swaps and \$249,000 related to contributions restricted for the construction of Hancock Whitney Stadium.

(4) Investments

The investments of the University are invested pursuant to the University of South Alabama "Non-endowment Cash Pool Investment Policies," the "Endowment Fund Investment Policy," and the "Derivatives Policy" (collectively referred to as the University Investment Policies) as adopted by the Board of Trustees. The purpose of the non-endowment cash pool investment policy is to provide guidelines by which commingled funds not otherwise needed to meet daily operational cash flows can be invested to earn a maximum return, yet still maintain sufficient liquidity to meet fluctuations in the inflows and outflows of University operational funds. Further, endowment fund investment policies exist to provide earnings to fund specific projects of the endowment fund, while preserving principal. The University Investment Policies require that management apply the "prudent person" standard in the context of managing its investment portfolio.

Certain investments, primarily related to the University's endowment assets, are pooled. The University uses this pool to manage its investments and distribute investment income to individual endowment funds.

At March 31, 2020, restricted investments consist of \$4,782,000 related to collateral requirements of the interest rate swaps and \$150,554,000 related to endowment funds.

At March 31, 2019, restricted investments consist of \$42,700,000 related to collateral requirements of the interest rate swaps and \$153,169,000 related to endowment funds.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

At March 31, 2020 and 2019, \$25,541,000 and \$17,524,000, respectively, of cumulative appreciation in fair value of investments of donor-restricted endowments was recognized and is included in restricted expendable net position in the accompanying statements of net position.

(i) *Credit Risk and Concentration of Credit Risk*

Non-Endowment Cash Pool Investment Policy

The University Investment Policies limit investment in corporate bonds to securities with a minimum “A” rating, at the time of purchase, by both Moody’s and Standard and Poor’s. Investments in corporate paper are limited to issuers with a minimum quality rating of P-1 by Moody’s, A-1 by Standard and Poor’s or F-1 by Fitch.

Additionally, the University Investment Policies require that not more than 10% of the cash, cash equivalents and investments of the University be invested in the obligations of a single private corporation and not more than 35% of the cash, cash equivalents and investments of the University be invested in the obligations of a single government agency.

Endowment Fund Investment Policy

The University Investment Policies limit investment in fixed income securities to securities with a minimum “BAA” rating, at the time of purchase, by both Moody’s and Standard and Poor’s. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor’s, and/or Moody’s. Investment in fixed income securities within the fixed income portfolio shall be restricted to only investment grade bonds rated “BAA” or higher. Any investment in below investment grade bonds shall be considered an equity or fixed income alternative investment.

Additionally, the University Investment Policies require that not more than 5% of the Endowment Fund assets of the University be allocated to an individual investment manager and no more than 25% of the Endowment Fund assets be allocated to a “Fund of Funds” or multi-manager fund.

(ii) *Interest Rate Risk*

The University’s Investment Policies do not specifically address the length to maturity on investments, which the University must follow; however, they do require that the maturity range of investments be consistent with the liquidity requirements of the University.

(iii) *Mortgage-Backed Securities*

The University, from time to time, invests in mortgage backed securities such as the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and other government sponsored enterprises of the United States government. The University invests in these securities to increase the yield and return on its investment portfolio given the available alternative investment opportunities.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

(iv) Fair Value Measurement

Fair value measurements represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurements date. The University of South Alabama measures and records its investments using fair value measurement guidelines established by GASB Statement No. 72. These guidelines prioritize the inputs of valuation techniques used to measure fair value, as follows:

- Level 1: Quoted prices for identical investments in active markets
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The level in the fair value hierarchy that determines the classification of an asset or liability depends on the lowest level input that is significant to the fair value measurement. Observable inputs are derived from quoted market prices for assets or liabilities traded on an active market where there is sufficient activity to determine a readily determinable market price. Investments that are not traded on an active exchange and do not have a quoted market price are classified as unobservable inputs. The University of South Alabama's assets that have unobservable inputs consist of the investment in real estate, with fair value based on an independent third party appraisal performed by qualified appraisers specializing in real estate investments, and of investments in private capital, with fair value determined by the investment managers and primarily utilizes management assumptions and best estimates after considering internal and external factors. Other assets included in the University's investment portfolio with unobservable inputs are the shares or units in certain partnerships or other commingled funds that do not have readily determinable fair values. For these funds, fair value is estimated using the net asset value reported by the investment managers as a practical expedient to fair value. Such investments have not been categorized within the fair value hierarchy.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

(5) Noncurrent Liabilities

A summary of the University's noncurrent liability activity for the period ended March 31, 2020 follows (in thousands):

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Less amounts due within one year</u>	<u>Noncurrent liabilities</u>
Long-term debt:						
Bonds payable	\$ 423,629	\$ 64,528	\$ (30,744)	\$ 457,413	\$ 20,397	\$ 437,016
Notes payable	4,295	2,147	(490)	5,952	1,036	4,916
Capital lease obligations	15,502	551	(2,780)	13,273	5,414	7,859
Total long-term debt	<u>443,426</u>	<u>67,226</u>	<u>(34,014)</u>	<u>476,638</u>	<u>26,847</u>	<u>449,791</u>
Other noncurrent liabilities:						
Net pension liability	282,739	—	—	282,739	—	282,739
Net OPEB liability	259,418	5,710	—	265,128	—	265,128
Other long-term liabilities	61,571	32	(5,378)	56,225	3,310	52,915
Total other noncurrent liabilities	<u>603,728</u>	<u>5,742</u>	<u>(5,378)</u>	<u>604,092</u>	<u>3,310</u>	<u>600,782</u>
Total noncurrent liabilities	<u>\$ 1,047,154</u>	<u>\$ 72,968</u>	<u>\$ (39,392)</u>	<u>\$ 1,080,730</u>	<u>\$ 30,157</u>	<u>\$ 1,050,573</u>

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

A summary of the University's noncurrent liability activity for the period ended March 31, 2019 follows (in thousands):

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Less amounts due within one year</u>	<u>Noncurrent liabilities</u>
Long-term debt:						
Bonds payable	\$ 370,201	\$ 71,813	\$ (11,298)	\$ 430,716	\$ 17,290	\$ 413,426
Notes payable	5,160	—	(430)	4,730	873	3,857
Capital lease obligations	18,270	217	(2,344)	16,143	5,039	11,104
Total long-term debt	<u>393,631</u>	<u>72,030</u>	<u>(14,072)</u>	<u>451,589</u>	<u>23,202</u>	<u>428,387</u>
Other noncurrent liabilities:						
Net pension liability	296,654	—	—	296,654	—	296,654
Net OPEB liability	256,178	7,000	—	263,178	—	263,178
Other long-term liabilities	53,047	9,663	(6,620)	56,090	3,310	52,780
Total other noncurrent liabilities	<u>605,879</u>	<u>16,663</u>	<u>(6,620)</u>	<u>615,922</u>	<u>3,310</u>	<u>612,612</u>
Total noncurrent liabilities	<u>\$ 999,510</u>	<u>\$ 88,693</u>	<u>\$ (20,692)</u>	<u>\$ 1,067,511</u>	<u>\$ 26,512</u>	<u>\$ 1,040,999</u>

Other long-term liabilities primarily consist of liabilities related to compensated absences and the fair value of derivatives. Amounts due within one year are included in current portion of other long-term liabilities and accounts payable and accrued liabilities.

During 2017, the University entered into a note payable for a period of ten years payable monthly at \$19,000. This agreement commenced in November 2016 to finance improvements of the HVAC system. An amendment to this note agreement was entered into in November 2019 adding additional financed equipment. The monthly payment was increased to \$30,950 for ten years. The amount outstanding on the note at March 31, 2020 and 2019 is \$3,590,000 and \$1,718,000, respectively.

In March 2015, the University entered into a variable interest rate revolving line of credit with Compass Bank to, among other reasons, fund the acquisition of certain real property. The total amount available under the line of credit was \$5,000,000 and interest on the outstanding amounts accrued at the rate of the LIBOR plus 1.00%. In July 2018, the University converted the line of credit into a term loan for a period of five years, with monthly payments of \$63,000 and interest accruing at the fixed rate of 3.85% per annum. The amount outstanding at March 31, 2020 and 2019 is \$2,361,000 and \$3,012,000, respectively, and is reported as long-term debt (and current portion thereof) in the statements of net position.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

(6) Bonds Payable

Bonds payable consisted of the following at March 31, 2020 and 2019 (in thousands):

	<u>2020</u>	<u>2019</u>
University Facilities Revenue and Capital Improvement Bonds, Series 2010, 3.81%, payable through August 2030	—	20,482
University Facilities Revenue Capital Improvement Bonds, Series 2012-A, 2.92%, payable through August 2032	17,700	18,842
University Facilities Revenue Capital Improvement Bonds, Series 2013-A, 2.83%, payable through August 2033	24,196	25,589
University Facilities Revenue Capital Improvement Bonds, Series 2013-B, 2.83%, payable through August 2033	6,049	6,397
University Facilities Revenue Capital Improvement Bonds, Series 2013-C, 2.78%, payable through August 2028	6,485	7,112
University Facilities Revenue Refunding Bonds, Series 2014-A, variable rate payable at 68% of one-month LIBOR plus 0.73%, 2.36% at June 30, 2018, payable through March 2024	31,440	38,365
University Facilities Revenue Capital Improvement Bonds, Series 2015, 2.47%, payable through August 2030	4,125	4,500
University Facilities Revenue Refunding Bonds, Series 2016, 3.00% to 5.00% payable through November 2037		
University Facilities Revenue Refunding Bonds, Series 2016, 3.00% to 5.00%, payable through November 2037	80,310	83,020
University Facilities Revenue Refunding Bonds, Series 2016-B, variable rate payable at 68% of one-month LIBOR plus 0.72%, 2.35% at June 30, 2019, payable through December 2036, pursuant to the right of the holder to cause all principal to be due after December 1, 2021	20,000	20,000
University Facilities Revenue Refunding Bonds, Series 2016-C, variable rate payable at 68% of one-month LIBOR plus 0.77%, 2.40% at June 30, 2019, payable through December 2036, pursuant to the right of the holder to cause all principal to be due after December 1, 2023	35,000	35,000

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

	<u>2020</u>	<u>2019</u>
University Facilities Revenue Refunding Bonds, Series 2016-D, variable rate payable at 68% of one-month LIBOR plus 0.83%, 2.46% at June 30, 2019, payable through December 2036, pursuant to the right of the holder to cause all principal to be due after December 1, 2026	\$ 45,000	\$ 45,000
University Facilities Revenue Bonds, Series 2017, 2.00% to 5.00%, payable through October 2037	34,990	36,230
University Facilities Revenue Bonds, Series 2019-A, 5.00%, payable through April 1, 2049	47,750	47,750
Taxable University Facilities Revenue Bonds, Series 2019-B, 3.09% to 4.10%, payable through April 1, 2033	18,440	18,440
University Facilities Revenue Bonds, Series 2019-C, 1.87%, payable through April 1, 2030	17,630	—
University Facilities Revenue Bonds, Series 2020, 4%, payable through April 1, 2040	<u>37,005</u>	<u>—</u>
	426,120	406,727
Plus unamortized premium	32,971	25,775
Less unamortized debt extinguishment costs	<u>(1,678)</u>	<u>(1,786)</u>
	<u>\$ 457,413</u>	<u>\$ 430,716</u>

Substantially all student tuition and fee and auxiliary revenues secure University bonds. Additionally, security for all bonds includes USA Health Children's and Women's Hospital revenues in an amount not exceeding \$10,000,000. The Series 2012-A Bonds began maturing in August 2013. The Series 2012-A Bonds are redeemable beginning in August 2021 and the Series 2012-B Bonds were paid in full in February 2018. The Series 2013-A, 2013-B and 2013-C Bonds began maturing in August 2014 and are redeemable beginning in June 2023. The Series 2014-A Bonds began maturing in March 2015 and are redeemable by the University at any time. The Series 2015 Bonds began maturing in August 2015 and are redeemable beginning in June 2020. The Series 2016 Bonds began maturing in November 2018 and are redeemable beginning in November 2026. The Series 2016-B, C and D Bonds will begin maturing in December 2024 and became redeemable as of December 2017. The Series 2017 Bonds began maturing in October 2017 and are redeemable beginning in October 2027. The Series 2019-A and B Bonds will begin maturing in April 2033 and April 2021, respectively, and are redeemable beginning in April 2029. The Series 2019-C Bonds will begin maturing on April 1, 2020 and are not subject to redemption at the option of the University. Series 2020 Bonds will begin maturing on April 1, 2021 and are redeemable beginning April 1, 3030.

In September 2016, the University issued its University Facilities Revenue Refunding Bonds, Series 2016, with a face value of \$85,605,000. The proceeds from the Series 2016 Bonds were used to partially defease the Series 2008 Bonds. The funds were deposited into escrow trust funds to provide for the subsequent repayment of the Series 2008 Bonds when they were called in December 2018. Neither the assets of the

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

escrow trust account nor the defeased indebtedness were included in the accompanying statements of net position. The loss on the defeasement of the Series 2008 Bonds of \$7,859,000 was recorded as a deferred outflow and is being amortized over the remaining life of the Series 2016 Bonds.

In December 2016, the University issued its University Facilities Revenue Refunding Bonds, Series 2016-B, C and D, with a face value totaling \$100,000,000. The proceeds refunded the remaining outstanding Series 2006 Bonds. The gain on the refunding of the Series 2006 Bonds of \$4,539,000 was recorded as a deferred inflow of resources and is being amortized over the remaining life of the Series 2016-B, C & D Bonds.

In June 2017, the University issued its University Facilities Revenue Bonds, Series 2017, with a face value of \$38,105,000. The proceeds from the Series 2017 Bonds financed a new residence hall on the campus of the University and are supporting ongoing infrastructure improvement projects.

In February 2019, the University issued its University Facilities Revenue Bonds, Series 2019-A and Taxable University Facilities Revenue Bonds, Series 2019-B with a face value of \$47,750,000 and \$18,440,000, respectively. The proceeds from the Series 2019-A and B Bonds are financing the football stadium and intramural fields.

In December 2019, the University issued its University Facilities Revenue Refunding Bonds, Series 2019-C, with a face value of \$19,086,000. The proceeds refunded the remaining Series 2010 Bonds.

In February 2020, the University issued its University Facilities Revenue Bonds, Series 2020, with a face value of \$37,005,000. The proceeds from the Series 2020 Bonds are financing a transportation hub, a warehouse building and improvements to certain USA Health Facilities.

Approximately \$5,098,000 and \$5,983,000 of proceeds from the issuance of the Series 2017 Bonds remained unspent at March 31, 2020 and 2019, respectively, and is included in restricted cash and cash equivalents on the statements of net position. Approximately \$15,116,000 of proceeds from the issuance of the Series 2019-A and B Bonds remained unspent at March 31, 2020 and is included in restricted cash and cash equivalents on the statement of net position. Approximately \$45,012,000 of proceeds from the issuance of the Series 2020 Bonds remained unspent at March 31, 2020 and is included in restricted cash and cash equivalents on the statement of net position. All bond funds are restricted for capital purposes as outlined in the bond indentures.

The University is subject to restrictive covenants related to its bonds payable. As of the end of the current reporting period, management believes the University was in compliance with such financial covenants.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

Debt Service on Long-Term Obligations

Total debt service (which includes bonds and notes payable) by fiscal period March 31, 2020 is as follows (in thousands):

	Debt service on notes and bonds		
	Principal	Interest	Total
2020	\$ 5,805	\$ 11,612	\$ 17,417
2021	20,312	13,439	33,751
2022	21,259	12,844	34,103
2023	22,048	12,320	34,368
2024	22,341	11,793	34,134
2025-2029	109,403	50,030	159,433
2030-2034	111,554	32,455	144,009
2035-2039	86,130	14,576	100,706
2040-2044	17,350	6,334	23,684
2045-2049	15,870	2,336	18,206
	Subtotal	\$ 432,072	\$ 167,739
		\$ 463,365	\$ 599,811
Plus (less):			
Unamortized bond premium	32,971		
Unamortized debt extinguishment costs	(1,678)		
Total	\$ 463,365		

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

(7) Capital Lease Obligations

The University has entered into various capital leases as a method of financing medical equipment, computer software and hardware, a heat recovery system, transportation vehicles and other office equipment.

Future minimum capital lease payments at March 31, 2020, are as follows (in thousands):

Period ending December 31:		
2020	\$	3,003
2021		5,819
2022		4,125
2023		641
2024		184
2025-2038		96
		13,868
Less amounts representing interest		(595)
Net minimum lease payments	\$	13,273

These amounts are included in long-term debt (and current portion thereof) in the accompanying statements of net position.

(8) Derivative Transactions – Interest Rate Swaps

The University is a party to two derivatives with Wells Fargo Bank, the counterparty. In December 2013, Wells Fargo exercised its option with respect to the synthetic advance refunding of the Series 2004 Bonds to enter into an interest rate swap agreement with the University with an effective date of March 15, 2014. The resulting derivative is a “receive-variable, pay-fixed” interest rate swap. As part of the overall plan of the synthetic refunding of the 2004 Bonds, the University redeemed those bonds in April 2014 with proceeds from the Series 2014-A Bonds.

In September 2016, Wells Fargo exercised its option with respect to the synthetic advance refunding of the Series 2006 Bonds to enter into an interest rate swap agreement with the University with an effective date of September 1, 2016. The resulting derivative is a “receive-variable, pay-fixed” interest rate swap. As part of the overall plan of the synthetic refunding of the Series 2006 Bonds, the University redeemed those bonds in December 2016 with proceeds from the Series 2016-B, C and D Bonds (see note 6).

Objective of the transactions. As noted, both interest rate swaps were the result of the original January 2008 synthetic advance refunding of the Series 2004 and Series 2006 Bonds. The objective of these transactions was to realize debt service savings currently from future debt refunding and create an economic benefit to the University.

The 2014 swap will terminate in March 2024, when the Series 2014-A Bonds mature. The notional amount of the swap will at all times match the outstanding principal amount of the bonds. Under the swap, the University pays the counterparty a fixed semi-annual payment based on an annual rate of 4.9753% and

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

receives on a monthly basis a variable payment of 68% of the one-month LIBOR plus 0.25%. Conversely, the Series 2014-A Bonds bear interest on a monthly basis at 68% of the one-month LIBOR rate plus 0.73%.

The 2016 swap will terminate in December 2036, when the Series 2016-B, C and D Bonds mature. The notional amount of the swap will at all times match the outstanding principal amount of the bonds. Under the swap, the University pays the counterparty a fixed semi-annual payment based on an annual rate of 5% and receives on a monthly basis a variable payment of 68% of the one-month LIBOR plus 0.25%. Conversely, the Series 2016-B, C and D Bonds bear a weighted average interest on a monthly basis at 68% of the one-month LIBOR rate plus 0.79%.

Fair value. The 2014 interest rate swap had a negative fair value of approximately \$(9,138,000) at its inception. This borrowing arising from the 2014 interest rate swap, net of any amortization, is reported as other long-term liabilities on the statements of net position. The change in the fair value of the swap is reported as a deferred inflow and contra liability (other long-term liabilities) on the statements of net position since the interest rate swap is a hedging derivative instrument.

The 2016 interest rate swap had a negative fair value of approximately \$(48,530,000) at its inception. This borrowing arising from the 2016 interest rate swap, net of any amortization, is reported as other long-term liabilities in the statements of net position. The change in the fair value of the swap is reported as a deferred inflow and contra liability (other long-term liabilities) on the statements of net position since the interest rate swap is a hedging derivative instrument.

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement.

Risks Associated with these Transactions

Interest rate risk. As the LIBOR rate decreases, the net payments on the swaps increase. This, however, is mitigated by the fact that a decline in the LIBOR rate will also result in a decrease of the University's interest payments on the Series 2014-A and Series 2016-B, C and D Bonds. The University's exposure is limited to 0.48% and 0.54% of the notional amounts, the difference in the payment from the counterparty and the interest payment on the Series 2014-A and Series 2016-B, C and D Bonds.

Credit risk. As of March 31, 2020 and 2019, the University was not exposed to credit risk on the interest rate swaps because they had a negative fair value. However, if interest rates change and the fair value of the derivatives become positive, the University would have a gross exposure to credit risk in the amount of the derivative's fair value. The counterparty was rated Aa2 by Moody's Investor Services as of September 30, 2018 and 2017. The counterparty was rated A+ and AA- by Standard & Poor's Ratings Services as of September 30, 2018 and 2017, respectively.

Termination risk. The University may be required to terminate the swaps based on certain standard default and termination events, such as failure to make payments, breach of agreements, and bankruptcy. As of the current date, no events of termination have occurred.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

(9) Patient Service Revenues

USA Health, a division of the University, which includes two hospitals, a cancer treatment center and a physicians group, has agreements with governmental and other third-party payers that provide for reimbursement at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the USA Health's billings at established rates for services and amounts reimbursed by third-party payers.

A summary of the basis of reimbursement with major-third party payers follows:

Medicare – Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Additionally, USA Health is reimbursed for both direct and indirect medical education costs (as defined), principally based on per-resident prospective payment amounts and certain adjustments to prospective rate-per-discharge operating reimbursement payments. USA Health is generally paid for certain retroactively determined items at tentative rates, with final settlement determined after submission of annual cost reports by USA Health and audits by the Medicare fiscal intermediary.

USA Health University Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2014.

USA Health Children's & Women's Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2017.

Blue Cross – Inpatient services rendered to Blue Cross subscribers are paid at a prospectively determined per diem rate. Outpatient services are reimbursed under a cost reimbursement methodology. For outpatient services, USA Health is paid at a tentative rate with final settlement determined after submission of annual cost reports by USA Health and audits thereof by Blue Cross.

USA Health University Hospital's and USA Health Children's & Women's Hospital's Blue Cross cost reports have been audited by Blue Cross through March 31, 2017. The settlement process changed in April 2017 and future settlements will be based on outpatients for the periods prior to April 2017. Blue Cross Cost findings are no longer required and it is not anticipated that settlements will occur for September 2017 and future periods.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at all-inclusive prospectively determined per diem rates. Outpatient services are reimbursed based on an established fee schedule.

USA Health qualifies as a Medicaid essential provider and, therefore, also receives supplemental payments based on formulas established by the Alabama Medicaid Agency. There can be no assurance that USA Health will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified.

Other – USA Health has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to USA Health

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

under these agreements include discounts from established charges and prospectively determined daily and case rates.

(10) Defined Benefit Cost Sharing Pension Plan

Employees of the University are covered by a cost sharing multiple-employer defined benefit pension plan administered by the TRS.

Plan Description

The TRS was established in September 1939, under the provisions of Act 419 of the Legislature of 1939 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control. The TRS Board of Control consists of 15 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 16-Chapter 25 of the code of Alabama grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after ten years of creditable service. Tier 1 TRS members who retire after age sixty with ten years or more of creditable service or with twenty-five years of services (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or formula method, with the member receiving payment under the method that yields the higher monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest three of the last ten years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age sixty-two with ten years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest five of the last ten years) for each year of service. Members are eligible for disability retirement if they have ten years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status, and eligibility for retirement.

Contributions

Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered Tier 1 members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6% of earnable compensation as

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

Tier 2 covered members of the TRS contribute 6% of earnable compensation to the TRS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 7% of earnable compensation.

Participating employers' contractually required contribution rates were 12.41% of annual pay for Tier 1 members and 11.35% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the University were \$22,481,000 and \$22,262,000 for the years ended September 30, 2019 and 2018, respectively.

Pension Liabilities, Pension Expenses, Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At March 31, 2020 and 2019, the University reported a liability of \$282,739,000 and \$296,654,000, respectively, for its proportionate share of the collective net pension liability. The collective net pension liability was most recently measured as of September 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017. The University's proportion of the collective net pension liability was based on the employer's shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At the measurement date of September 30, 2018, the University's proportion of contributions to the pension plan was 2.843720%, which was a 0.174593 percentage point decrease from its proportion measured as of September 30, 2017.

For the fiscal years ended September 30, 2019 and 2018, the University recognized pension expense of approximately \$9,902,000 and \$16,792,000, respectively, which is included in salaries and benefits on the statements of revenues, expenses, and changes in net position.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2018 as well as prior year reports. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2018. The auditors' report dated August 16, 2019 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the sum of all participating entities as of September 30, 2018 along with supporting schedules is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

(11) Other Employee Benefits

Other Pension Plans

Certain employees of the University also participate in a defined contribution pension plan. The defined contribution pension plan covers certain academic and administrative employees, and participation by eligible employees is optional. The plan is administered by the University and the plan assets are held in annuity contracts and custodial accounts. The annuity contracts are with, and the custodial account assets are invested through investment options offered by, Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) and Variable Annuity Life Insurance Company (VALIC). Under this plan, contributions by eligible employees are matched equally by the University up to a maximum of 3% of current annual pay. The University contributed \$506,000 and \$551,000 for fiscal years 2019 and 2018, respectively, representing 241 and 270 employees, respectively, participating in this Plan.

All employees of HCM working at least half time are eligible to participate in a defined contribution pension plan. The plan is administered by HCM and the plan assets are held in annuity contracts and custodial accounts. The annuity contracts are with, and the custodial account assets are invested through investment options offered by, TIAA-CREF and VALIC. Under this plan, contributions by eligible employees are matched equally by HCM up to a maximum of 5% of current annual pay. HCM contributed \$4,916,000 and \$4,703,000 in fiscal years 2019 and 2018, respectively, representing 1,403 and 1,369 employees, respectively, participating in this plan. University employees as of September 30, 2010, who later transfer to HCM, are immediately vested in the plan. All other employees do not vest until they have held employment with HCM for thirty-six months; at which time they become 100% vested in the plan.

Employees of the HCA participate in a combined deferred compensation plan/money purchase pension plan arrangement. The arrangement covers all eligible employees, and participation by eligible employees is optional. Under this plan, administered by the HCA, contributions by eligible nonphysician employees are matched equally by the HCA up to a maximum of 5% of current annual pay. Contributions by eligible physician employees up to the 457(b) deferred compensation plan limit are matched at a 25% rate by the HCA. Physician employees of the HCA also have the option to participate in a second money purchase pension plan. This plan is funded entirely by pre-tax deductions from the participating physicians' salaries.

Compensated Absences

Regular University employees accumulate vacation and sick leave and hospital and clinical employees accumulate paid time off (PTO). These are subject to maximum limitations, at varying rates depending upon their employee classification and length of service. Upon separation of employment, employees who were hired before January 1, 2012 are paid all unused accrued vacation at their regular rate of pay up to a maximum of two times their annual accumulation rate. Employees hired after January 1, 2012 are not eligible for payment of unused accrued vacation or PTO hours upon separation of employment. The accompanying statements of net position include accruals for vacation pay and paid time off of approximately \$11,168,000 and \$11,833,000 at March 31, 2020 and 2019, respectively, which are included in other long-term liabilities. No accrual is recognized for sick leave benefits since no terminal cash benefit is available to employees for accumulated sick leave.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

(12) Other Post-Employment Benefit Plans

Retirees of the University are covered by the Public Education Employees Health Insurance Plan (PEEHIP), which is a cost sharing multiple-employer defined benefit OPEB plan administered by the TRS.

Plan Description

The Alabama Retiree Health Care Funding Act of 2007 authorized and directed the Public Education Employees Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the PEEHIP. The PEEHIP was established in 1983 pursuant to the provisions of the Code of Alabama 1975, Title 16, Chapter 25A to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions and to fund benefits related to the plan. The responsibility for the general administration and operation of the PEEHIP is vested in its Board, which consists of 15 trustees. Title 16-Chapter 25 of the code of Alabama grants the authority to establish and amend the benefit terms to the PEEHIP Board. Effective for the year ended September 30, 2018, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, required the reporting of the net OPEB liability and the OPEB expense in the financial statements as well as enhanced financial statement note disclosures.

Benefits Provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees or active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO). In addition to or in lieu of the basic hospital medical plan or HMO, the PEEHIP offers four optional plans: Hospital Indemnity, Cancer, Dental, and Vision. Also, PEEHIP members (only active and non-Medicare eligible) may elect the Supplemental Plan as their hospital medical coverage instead of the PEEHIP Hospital Medical Plan. This Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer.

Effective January 1, 2017, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the United Healthcare Group Medicare Advantage plan for PEEHIP retirees. The Medicare Advantage Prescription Drug (MAPD) plan is fully insured by United Healthcare and members are able to have all of their Medicare Part A, Part B, and Part D in one convenient plan.

Contributions

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

Total employer contributions to the OPEB plan from the University were \$7,772,000 and \$7,728,000 for the fiscal years ended September 30, 2019 and 2018, respectively.

OPEB Liabilities, OPEB Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At March 31, 2020 and 2019, the University reported a liability of \$265,128,000 and \$263,178,000, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was most recently measured as of September 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2017. The University's proportion of the net OPEB liability was based on a projection of the University's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date of September 30, 2018, the University's proportion of contributions to the OPEB plan was 3.156420%, which was a 0.292656% percentage point decrease from its proportion measured as of September 30, 2017.

For the fiscal year ended September 30, 2019, the University recognized OPEB expense of approximately \$18,634,000, which is included in salaries and benefits on the statement of revenues, expenses and changes in net position.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the Alabama Retired Education Employees' Health Care Trust's financial statements for the fiscal year ended September 30, 2018. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2018. Additional financial and actuarial information is available at www.rsa-al.gov.

(13) Risk Management

The University, HCM, SAMSF and HCA participate in the PLTF and the University, HCM, SAMSF, the Corporation and HCA participate in the GLTF. Both funds are administered by an independent trustee. These trust funds are revocable and use contributions by the University and HCA, together with earnings thereon, to pay liabilities arising from the performance of its employees, trustees and other individuals acting on behalf of the University and HCA. Any risk related to the payment claims is the responsibility of the PLTF and GLTF. If the trust funds are ever terminated, appropriate provision for payment of related claims will be made and any remaining balance may be distributed to the participating entities in proportion to contributions made.

Claims and expenses are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. These liabilities are generally based on actuarial valuations and are reported at their present value.

The University, HCM and HCA each participate in a separate self-insured health plan, administered by unaffiliated entities. Contributions by the University and its employees, together with earnings thereon, pay liabilities arising from healthcare claims. It is the opinion of University administration that plan assets are sufficient to meet future plan obligations.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

(14) Other Related Parties and Related-Party Transactions

SAMSF is a not-for-profit corporation that exists for the purpose of promoting education and research at the University. At September 30, 2019, SAMSF had total assets of \$10,632,000, net assets of \$9,403,000, and total revenues of \$1,806,000. At September 30, 2018, SAMSF had total assets of \$12,704,000, net assets of \$10,828,000, and total revenues of \$1,735,000. SAMSF reimburses the University for certain administrative expenses and other related support services.

(15) Commitments and Contingencies

Grants and Contracts

At September 30, 2019 and 2018, the University had been awarded approximately \$36,381,000 and \$18,442,000, respectively, in grants and contracts for which resources had not been received and for which reimbursable expenditures had not been made for the purposes specified. These awards, which represent commitments of sponsors to provide funds for research or training projects, are not reflected in the accompanying basic financial statements as the eligibility requirements of the award have not been met. Advances are included in unrecognized revenue, and include amounts received from grant and contract sponsors which have not been earned under the terms of the agreements and, therefore, have not yet been included in revenues in the accompanying basic financial statements. Federal awards are subject to audit by federal agencies. The University's management believes any potential adjustment from such audits will not be material.

Letters of Credit

In connection with USA Health's participation in the State of Alabama Medicaid Program, the University has established a \$55,382 irrevocable standby letter of credit with Wells Fargo. The Alabama Medicaid Agency is the beneficiary of this letter of credit. No funds were advanced under this letter during the periods ended March 31, 2020 and 2019.

Litigation

Various claims have been filed against the University alleging discriminatory employment practices and other matters. University administration and legal counsel are of the opinion the resolution of these matters will not have a material effect on the financial position or the statements of revenues, expenses, and changes in net position of the University.

Rent Supplement Agreements

The University has entered into two irrevocable rent supplement agreements with a financial institution. The agreements require that, in the event the Corporation fails to maintain a debt service coverage ratio of one to one with respect to all of its outstanding indebtedness, the University will pay to the Corporation any and all rent amounts necessary to cause the Corporation's net operating income to be equal to the Corporation's annual debt service obligations. As of March 31, 2020 and 2019, no amounts were payable pursuant to these agreements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

(16) Recently Issued Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, Certain Asset Retirement Obligations. This statement is effective for the current reporting period. Statement 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for ARO's. The GASB issued Statement No. 84, Fiduciary Activities, in January 2017. This statement will be effective for the University beginning with the fiscal year ending September 30, 2020. Statement 84 addresses the criteria for identifying fiduciary activities of all state and local governments. In June 2017, the GASB issued Statement No. 87, Leases, which will be effective for the University beginning with the fiscal year ending September 30, 2021. This statement establishes a single model for lease accounting whereby certain leases that were previously classified as operating leases will now be reported on the statements of net position. Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, was issued in March 2018 to enhance note disclosure for debt agreements. This statement is effective for the current reporting period. In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which will be effective beginning with fiscal year September 30, 2021. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 90, Majority Equity Interests, was issued in August 2018. Effective for the University beginning with the fiscal year ending September 30, 2020, this statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method, with certain exceptions, if a government holding of the equity interest meets the definition of an investment. In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations, which will be effective beginning with the fiscal year ending September 30, 2022. The objective of this statement is to clarify the definition of conduit debt obligations, establish that conduit debt is not a liability of the issuer, establish standards for reporting additional commitments and voluntary commitments extended by issuers and improve note disclosures.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. Effective for the fiscal year ending September 30, 2021, this statement adds clarifying language and implementation guidance for statements 73, 74, 84 and 87.

In March 2020, the GASB issued statement No. 93, Replacement of Interbank Offered Rates and Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. It is not anticipated that these statements will impact the University.

The effect of the implementation of GASB Statement Nos. 84, 87, 89, 90, 91 and 92 on the University has not yet been determined. Statements 93 and 94 will not impact the University.

Statement Nos. 83 and 88 did not have a significant impact on the University's financial statements.

(17) Subsequent Events

During the quarter ended March 31, 2020 the United States was thrust into the midst of the pandemic health crisis related to the spread of the COVID-19 virus. While the economic impact is not yet fully known,

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2020

the University has adjusted its operations and anticipates that this event could have a significant impact on its operations both within its academic and health operations.



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Finance and Administration

DATE: May 27, 2020

TO: President Tony G. Waldrop *TGW*

FROM: G. Scott Weldon *Scott*

SUBJECT: Resolution to Authorize 2020 Line of Credit with Hancock Whitney

With the current state of the economy as a result of COVID-19 and the unknown impact that it may have on University finances, we feel it is necessary to secure access to a Line of Credit. After several discussions with our banking partners, we have found that the most competitive rate was provided by Hancock Whitney Bank. The attached resolution will authorize access to \$50 million directly with Hancock Whitney and an additional \$50 million, if needed.

This resolution acknowledges this request and, with your approval, this item will be presented to the Board of Trustees for final approval at the June meeting. I recommend the adoption of the resolution by the Board of Trustees.

Attachment

**A RESOLUTION AUTHORIZING
2020 REVOLVING LINE OF CREDIT FACILITY FROM HANCOCK WHITNEY BANK
AND OTHER REVOLVING LINE OF CREDIT FACILITIES**

BE IT RESOLVED by the Board of Trustees (herein called the "Board") of the **UNIVERSITY OF SOUTH ALABAMA** (herein called the "University") as follows:

Section 1. (a) Findings. The Board has determined and hereby finds and declares that the following facts are true and correct:

(a) As a result of COVID-19 and the March 11, 2020 pandemic declaration by the World Health Organization, various state and local governments, businesses and entities, including without limitation institutions of higher education such as the University, took measures to limit travel, social interaction and other customary behavior to lessen the spread and impact of COVID-19, and health care institutions, such as the health care enterprise owned and operated by the University, experienced significant and unexpected demands to help treat those with COVID-19; and

(b) The full impact and extent of the response to COVID-19 is still unknown, but entities in certain industries, particularly those involved in public education and healthcare, have determined to secure access to funds that may become necessary to cover operating and other expenses due to revenue delays or shortfalls, or increases in costs and expenses; and

(c) The Board has determined it necessary, wise and in the best interest of the University to secure a revolving line of credit from Hancock Whitney Bank, a Mississippi chartered banking corporation ("Hancock Whitney"), under which the University may obtain funds, from time to time, to cover working capital expenses for an initial term of one year and so long as the total principal amount of the 2020 Revolving Line of Credit at any time does not exceed \$50,000,000 (the "2020 Revolving Line of Credit"); and

(d) The terms respecting the 2020 Revolving Line of Credit are set forth in a Revolving Line of Credit Agreement dated June 11, 2020 between the University and Hancock Whitney, the form of which is attached as Exhibit I hereto (the "2020 Revolving Line of Credit Agreement"), which such agreement contains a form of Revolving Line of Credit Promissory Note (the "2020 Promissory Note") to evidence the University's obligation to pay the principal of and interest on all advances of funds from Hancock Whitney under the 2020 Revolving Line of Credit; and

(e) It is necessary, wise and in the public interest that the Board authorize and approve the 2020 Revolving Line of Credit Agreement and the 2020 Promissory Note, authorize certain officers of the University to execute and deliver such instruments on behalf of the University to Hancock Whitney, and, further, authorize certain officers of the University to execute extensions,

amendments or other modifications of such instruments, all as more particularly set forth herein; and

(f) It is necessary, wise and in the public interest that the Board further authorize and approve the execution and delivery of one or more additional facilities that permit the University to secure up to an additional \$50,000,000 line of credit if such officers determine the same necessary, wise and in the interest of the University, all as more particularly set forth herein.

Section 2. Authorization of 2020 Line of Credit Agreement and 2020

Promissory Note. (a) The Board does hereby authorize and approve the terms of the 2020 Line of Credit Agreement and the 2020 Promissory Note. The President of the University and the Vice President for Finance and Administration of the University, or either of them, are hereby authorized and directed to execute and deliver, on behalf of the University, the 2020 Revolving Line of Credit Agreement and the 2020 Promissory Note, together with such other notices, directions, requests, instruments or other documents as from time to time shall become necessary or desirable in furtherance of any of the transactions set forth in the 2020 Line of Credit Agreement or the 2020 Promissory Note. The Secretary of the Board is hereby authorized to affix the seal of the University on the 2020 Line of Credit Agreement and the 2020 Promissory Note, and to attest the same.

(b) The President of the University and the Vice President for Finance and Administration of the University, or either of them, are hereby further authorized and directed to execute and deliver, on behalf of the University, such amendments, modifications, restatements, or other instruments as shall be necessary or desirable to extend the term of the 2020 Line of Credit Agreement and 2020 Promissory Note, or either of them, and to reflect modified financing terms applicable to such renewed term (including, without limitation, to modify the definition "LIBOR Rate") and associated definitions (including, without limitation, the definition "Replacement Index") due to changes resulting from the LIBOR Rate being discontinued, no longer reported, or otherwise no longer available or useful, so long as:

- (i) Such extended term is for a period of not greater than one year from the maturity date of the 2020 Promissory Note then in effect;
- (ii) Such amendments, modifications, restatements or other instruments do not increase the Spread (as defined in the 2020 Line of Credit Agreement) to more than 200 basis points;
- (iii) Such amendments, modifications, restatements or other instruments do not increase the Unused Fee to more than 20 basis points; and
- (iv) The total term of the 2020 Line of Credit Agreement and 2020 Promissory Note, from the date of their initial delivery through the final maturity resulting from any such amendments, modifications, restatements, is not longer than three years.

Section 3. Authorization of Additional Line of Credit Facility. (a) The Board does hereby authorize and direct the President of the University and the Vice President for Finance and Administration of the University, or either of them, to negotiate, execute and deliver, on behalf of the University, such agreements, promissory notes or other instruments to secure an additional revolving line of credit facility of up to \$50,000,000 (an "Additional Revolving Line of Credit Facility") if either such officer certifies in writing to the Secretary of the Board that it is necessary, wise and in the best interest of the University to secure access to additional funds to help cover costs, operations or expenses of the University; provided, the terms of such Additional Revolving Line of Credit Facility shall be substantially the same as those set forth in the 2020 Line of Credit Agreement and the 2020 Promissory Note, as such 2020 Line of Credit Agreement and such 2020 Promissory Note shall have been amended, modified or restated pursuant to Section 2(a) of this resolution at the time such Additional Revolving Line of Credit Facility is entered; and, provided further, that

- (i) The initial term of such Additional Revolving Line of Credit Facility (including any such agreement and/or promissory note as shall evidence the same) is for a period of not longer than one year;
- (ii) The spread over the base variable rate used to compute interest under such Additional Revolving Line of Credit Facility is not greater than 200 basis points; and
- (iii) The unused fee applicable to such Additional Revolving Line of Credit Facility is not greater than 30 basis points.

The Secretary of the Board is hereby authorized to affix the seal of the University on any agreement, promissory note or other documentation evidencing the Additional Revolving Line of Credit, and to attest the same.

(b) The President of the University and the Vice President for Finance and Administration of the University, or either of them, are hereby further authorized and directed to execute and deliver, on behalf of the University, such amendments, modifications, restatements, or other instruments as shall be necessary or desirable to extend the term of any Additional Revolving Line of Credit Facility, so long as

- (i) Such extended term is for a period of not greater than one year from the maturity date of the Additional Revolving Line of Credit Facility then in effect at the time of such extension;
- (ii) The spread over the base variable rate used under the Additional Revolving Line of Credit Facility to compute interest is not greater than 200 basis points;
- (iii) The unused fee applicable to such Additional Revolving Line of Credit Facility is not greater than 30 basis points; and

- (iv) The total term of the Additional Revolving Line of Credit Facility, from the date of initial delivery of the promissory note or agreement evidencing the same through the final maturity resulting from any such amendments, modifications, restatements, is not longer than three years.

Section 4. General Authorization. The President of the University, the Vice President for Finance and Administration of the University, and the Secretary of the Board are hereby authorized to execute, seal and attest, as the case may be, such agreements, certifications, instruments or other documents, containing such terms as such officer or official shall approve, and to take such other actions as any of them may deem appropriate or necessary, for the consummation of the transactions covered by this resolution, the 2020 Revolving Line of Credit Facility (including the 2020 Revolving Line of Credit Agreement and the 2020 Promissory Note), and any Additional Revolving Line of Credit Facility (including any agreements, promissory notes or other instruments that evidence the same).

EXHIBIT I
Form of Revolving Line of Credit Agreement

REVOLVING LINE OF CREDIT AGREEMENT

This **REVOLVING LINE OF CREDIT AGREEMENT** (this "Agreement") is dated June 11, 2020 and is between **HANCOCK WHITNEY BANK**, a Mississippi state chartered bank (the "Lender") and the **UNIVERSITY OF SOUTH ALABAMA** (the "Borrower").

RECITALS:

WHEREAS, the Borrower has requested the Lender to establish a revolving line of credit (the "Line of Credit") for the Borrower to provide funds for lawful needs of the Borrower; and

WHEREAS, the Revolving Credit Loan will be evidenced by the Borrower's \$50,000,000 Revolving Line of Credit Promissory Note, the form of which is set forth on *Exhibit A* hereto (together with any and all renewals, amendments, modifications of extensions thereof, "Line of Credit Note"), issued pursuant to this Agreement; and

WHEREAS, Lender is willing to provide Borrower with a revolving line of credit on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein, Lender and Borrower agree as follows:

1. The Revolving Line of Credit; Interest

(a) Revolving Advances.

(1) Prior to the Revolving Credit Maturity Date (as hereinafter defined), and subject to and upon compliance with all applicable terms and conditions of this Agreement, and so long as no Event of Default shall have occurred and be continuing hereunder or an Other Facility Event of Default (as hereinafter defined) shall have occurred and be continuing, the Lender shall make advances of funds representing principal proceeds of the Revolving Credit Loan and the Line of Credit Note ("Revolving Advances") as directed by any Authorized Borrower Representative, by delivery to the Lender of a request in the form of *Exhibit B* attached hereto (a "Revolving Advance Requisition"), in an aggregate principal amount outstanding at any one time not to exceed fifty million and no/100 dollars (\$50,000,000) (the "Revolving Credit Limit").

(2) Except to the extent that funding of Revolving Advances is being administered through an automated cash management system mutually approved by the Borrower and the Lender, each Revolving Advance shall be made upon not less than two (2) Business Days' notice from the Borrower to the Lender.

(3) Prior to the Revolving Credit Maturity Date, and subject to and upon compliance with all applicable terms and conditions of this Agreement, and so long as no Event of Default has occurred and is continuing hereunder, amounts advanced in respect of the Revolving Credit Loan and subsequently repaid may be reborrowed as long as the aggregate principal amount outstanding at any one time does not exceed the Revolving Credit Limit.

(4) The indebtedness of the Borrower to the Lender under the Revolving Credit Loan shall be evidenced by the Line of Credit Note.

(5) By reason of prepayments there may be times when no indebtedness is owing under the Line of Credit Note, and notwithstanding any such occurrence, the Line of Credit Note shall remain valid and shall be in full force and effect as to each subsequent principal Revolving Advance made thereunder.

(b) Interest.

(1) Interest shall accrue in respect of the outstanding principal balance of the Revolving Credit Loan at the Applicable Rate in effect from time to time.

(2) The Applicable Rate shall be determined on each Interest Rate Adjustment Date, and the Applicable Rate as determined on any Interest Rate Adjustment Date shall become effective on such Interest Rate Adjustment Date and shall remain in effect until the then next succeeding Interest Rate Adjustment Date.

(3) Interest shall be computed on the basis of a 360-day year, applied to the actual number of days upon which principal is outstanding, by multiplying the principal amount outstanding and the applicable rate by the actual number of days elapsed, and dividing the resulting product by 360, from the date hereof until the maturity hereof shall be computed at the Applicable Rate.

(4) After maturity, whether that maturity results from acceleration or otherwise, interest shall, to the extent permitted by applicable law, accrue at the Default Rate, as hereinafter defined. Additionally, upon and at all times after the occurrence of any Event of Default hereunder respecting a payment delinquency or covenant breach until such Event of Default has been cured, interest shall, to the extent permitted by applicable law, accrue at a rate of three hundred basis points (3.00%) in excess of the rate then otherwise in effect (the "Default Rate"), but in no event higher than 18% per annum or the maximum rate permissible under applicable law, whichever is less.

(c) Repayment.

The Borrower shall pay to the Lender:

(1) Except to the extent that repayment of the Revolving Credit Loan is being administered through an automated cash management system mutually approved in writing by the Borrower and the Lender, on the first day of each month until the Revolving Credit Maturity Date, the unpaid interest accrued in respect of the Revolving Credit Loan;

(2) On the Revolving Credit Maturity Date, the entire outstanding principal balance of the Revolving Credit Loan plus all accrued and unpaid interest thereon and any unpaid fees or expenses due and owing to the Lender; and

(3) On the next Business Day, that portion of the amount of the Line of Credit Note then still owed by the Borrower, if any.

(d) Records of Lender Determinative. The amount from time to time outstanding under the Line of Credit Note and each payment on the Line of Credit Note shall be evidenced by entries in the Lender's internal records, which shall be conclusive evidence absent manifest error of (a) the amount of principal and interest owing on the Line of Credit Note from time to time; (b) the amount of each Revolving Advance honored by the Lender under the Line of Credit Note; and (c) the amount of each principal and/or interest payment received by the Lender under the Line of Credit Note. The failure of the Lender to make

an accurate entry of advances and payments shall not limit or otherwise affect the obligation of the Borrower to repay funds actually advanced by the Lender under the Line of Credit Note. Any loan or advance shall be conclusively presumed to have been made under the terms of the Line of Credit Advance to or for the benefit of the Borrower when made in accordance with the terms of this Agreement, or when said advances are deposited to the credit of the account of the Borrower with the Lender regardless of the fact that persons other than those authorized hereunder may have authority to draw against such account. Lender shall provide to the Borrower reasonable statements and information reflecting Lender's determination of the dates that Revolving Advances are honored, dates and amounts of payments of interest and principal paid by Borrower, and of Lender's calculations respecting outstanding and payable under the Line of Credit Note.

(e) Line of Credit Note Enforceable for Amount of Revolving Advances. The Line of Credit Note shall be valid and enforceable as to the principal amount of the Line of Credit Note advanced at any time hereunder whether or not the full face amount thereof is advanced.

(f) Prepayment. The Borrower may prepay all or any part of the principal of the Line of Credit Note, with interest on the amount prepaid to the prepayment date, at any time, without premium or penalty.

2. Requests for Advances; Honoring of Revolving Advances by Lender.

(a) Revolving Advances. Lender will, from time to time, at the request of the Borrower as hereinafter set forth, make advances on the Revolving Credit Loan (each, a "Revolving Advance"), except that no Revolving Advance will be made with respect thereto if there has been an Event of Default (as hereinafter defined) which is continuing or if, immediately after such Revolving Advance, the outstanding principal balance of the Line of Credit would exceed the Revolving Credit Limit.

(b) Revolving Advances under the Line of Credit will be made by Lender into the depository account of Borrower with Lender (the "Depository Account"). The Depository Account may be changed from time to time pursuant to a written instrument between Lender and an Authorized Borrower Representative (as hereinafter defined). Each Revolving Advance under the Line of Credit shall be requested in writing by Borrower by providing Lender a Revolving Advance Requisition. A Revolving Advance shall be deemed properly requested upon delivery by Borrower to Lender of the Revolving Advance Requisition for such Revolving Advance. The Lender shall honor each request for a Revolving Advance properly submitted through delivery of a Revolving Advance Requisition by depositing the amount of such Advance into the Depository Account in same day funds not later than 12:00 noon, Mobile, Alabama time, on the first Business Day immediately following the Business Day on which the request for such Revolving Advance is received by the Lender. A Revolving Advance shall be deemed honored by the Lender on such date as the full amount of such Revolving Advance is deposited into the Depository Account and available for withdrawal by the Borrower. As used herein, "Authorized Borrower Representative" shall mean the President of the University of South Alabama (the "University"), the Vice President for Finance and Administration of the University, the Treasurer of the University, and any other officer of the University authorized in writing by any of the foregoing to act as an Authorized Borrower Representative; "Business Day" shall mean each day other than a Saturday, a Sunday, or any holiday on which Lender is closed for business.

3. Revolving Credit Loan Fees.

(a) On the first calendar day of each Quarter during the term of this Agreement, commencing August 1, 2020, the Borrower will pay the Lender a fee (the "Unused Fee") in an amount equal to the

Available Rate times the average undrawn portion of the amount available under the Revolving Credit Loan during the immediately preceding Quarter (the "Average Undrawn Charge"), divided by 4; provided, for the Quarter during which the Revolving Credit Maturity Date occurs:

- (1) If the Revolving Credit Maturity Date occurs on the last calendar day of a Quarter, then the Unused Fee for such Quarter shall be due and payable on the Revolving Credit Maturity Date and shall be in an amount as shall be equal the Average Undrawn Charge for such Quarter divided by 4; or
- (2) If the Revolving Credit Maturity Date occurs on a day other than the last calendar day of a Quarter, the Unused Fee for such Quarter shall be due and payable on the Revolving Credit Maturity Date and shall be in an amount as shall be equal to the product of (I) the Average Undrawn Charge for such Quarter divided by 365, times (II) the actual number of days from the start of such Quarter through the Revolving Credit Maturity Date.

(b) As used herein, "Available Rate" shall mean, on each date of determination, 15 basis points (0.15%).

(c) Anything in the foregoing to the contrary notwithstanding, whether express or implied, in no event shall the Unused Fee exceed \$75,000 per year.

4. Conditions Precedent.

Upon the execution and delivery of this Agreement and the Line of Credit Note, Lender shall have received the following from Borrower:

(a) A duly signed copy of this Agreement and the Line of Credit Note, and a certified copy of the resolution of the governing body of the Borrower authorizing the Borrower to enter into the Line of Credit; and

(b) An opinion from the General Counsel of the University in the form attached hereto as *Exhibit C*.

Notwithstanding any other provision of this Agreement, Lender shall have no obligation to make the Initial Revolving Advance unless and until it has received the items described in this Section 3.

5. Representations.

Borrower represents to Lender as of the date hereof and as of the date of each Revolving Advance, that:

(a) Organization. Borrower is a public body corporate and an instrumentality of the State of Alabama. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engage. Borrower maintains an office at 307 University Blvd., A.D. 170, Mobile, Alabama 36688. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances,

statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

(b) Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower now does business: "USA Health".

(c) Authorizations. Borrower's execution, delivery and performance of this Agreement and all the documents and instruments executed in connection therewith, have been duly authorized by all necessary action by Borrower, do not require consent or approval of any person, regulatory authority, or governmental body, and do not conflict with, or result in a violation of, or constitute a default under any agreement or other instrument binding upon Borrower or any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties. Borrower has the power and authority to enter into the Line of Credit Note and all other documents or instruments in connection with the Line of Credit. Borrower has the further power and authority to own and to hold all of Borrower's assets and properties, and to carry on Borrower's business as presently conducted.

(d) Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclose Borrower's financial condition as of the date of the statement and, other than the COVID-19 Disclosure, there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements. As used herein, "COVID-19 Disclosure" means the negative impact and changes in the business, Property, liabilities (actual and contingent), operations or condition (financial or otherwise), and results of operations, of the Borrower and any of its affiliates or related entities due to or resulting from the outbreak of COVID-19 and resulting economic and other consequences, including recent decreases in the investment portfolio; and "Property" means any interest in any kind of property or asset, real, personal, or mixed, or tangible or intangible, and wherever situated.

(e) Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute, legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

(f) Litigation and Claims. No litigation, claims, investigations, administrative proceedings or similar actions (including those for unpaid taxes) against Borrower is pending or, to the actual knowledge of Borrower, threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing

(g) Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes assessments and other government charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

(h) Binding Effect. This Agreement, the Line of Credit Note, and all other documents or instruments executed by Borrower in connection with the Line of Credit are binding upon the

Borrower, as well as upon its successors and assigns, and are legally enforceable in accordance with their respective terms.

(i) Commercial Purposes. Borrower intends to use the Line of Credit proceeds solely for its institutional purposes, including without limitation payment of operating expenses of the Borrower.

(j) Investment Company Act. Borrower is not an “investment company” or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

(k) Public Utility Holding Company Act. Borrower is not a “holding company”, or a “subsidiary company” of a “holding company”, within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(l) Regulations T and U. Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T and U of the Board of Governors of the Federal Reserve System).

(m) Information. All information previously furnished, or which is now being furnished, by Borrower to Lender for the purposes of, or in connection with, this Agreement or any transaction contemplated by this Agreement is, and all information furnished by or on behalf of Borrower to Lender in the future will be, true and accurate in every material respect on the date as of which such information is dated or certified.

(n) Claims and Defenses. There are no defenses or counterclaims, offsets or other adverse claims, demands or actions of any kind, personal or otherwise, that Borrower could assert with respect to the Line of Credit Note, the Line of Credit, or this Agreement or any document or instrument executed in connection therewith.

6. Affirmative Covenants.

For so long as (i) any portion of any of the Line of Credit remains unsatisfied; (ii) Lender has any obligation to make advances under the Line of Credit; or (iii) all renewals, extensions, or modifications of the indebtedness referred to in the foregoing clauses, or any part thereof (all of the foregoing is hereinafter referred to as the “Obligations”) have not been satisfied, Borrower will (unless Lender shall otherwise consent in writing) do each of the following:

(a) Financial Statements. Borrower shall deliver to Lender (i) on the earlier to occur of (a) one hundred fifty (150) days after the close of each fiscal year of Borrower or (ii) five (5) days after receipt of the same from Borrower’s certified public accountants, a copy of the Borrower’s audited financial statement, prepared in accordance with United States generally accepted accounting principles (“GAAP”) and audited in accordance with the standards applicable to financial audits contained in the Governmental Auditing Standards issued by the Comptroller General of the United States, consisting of a Statement of Net Position; Statement of Revenues, Expenses, and Changes in Financial Position; and a Statement of Cash Flows; (ii) within ninety (90) days of the end of each fiscal quarter of Borrower, a copy of Borrower’s internally prepared financial statements, prepared in accordance with GAAP; (iii) within fifteen days of the filing of the same, copies of all tax returns filed by Borrower with any governmental agency; and (iv) any

such other information concerning the business, properties or financial condition of Borrower as Lender shall reasonably request in writing

(b) Repayment. Borrower will repay the Line of Credit in accordance with the terms of the Line of Credit Note and the terms of this Agreement.

(c) Tax Returns. Borrower will file, within the time required to be filed, as extended by any applicable extensions granted to Borrower, all tax returns required to be filed by Borrower with any governmental agency;

(d) Notice of Default. Borrower will, immediately upon becoming aware of the existence of any condition or event that constitutes a default or would become a default or an Event of Default hereunder or with respect to any indebtedness of Borrower to any other lender, provide Lender with written notice specifying the nature and period of existence thereof and the action which Borrower is taking or proposes to take with respect thereto.

(e) Notices of Claims and Litigation. Borrower will notify Lender of Borrower's actual knowledge of (i) any material adverse change in its financial condition or business, (ii) any default under any material agreement, contract or other instrument to which Borrower is a party or under which any of its properties are bound, or any acceleration of the maturity of any indebtedness or liability owing by Borrower, (iii) any material adverse claim against or affecting Borrower and (iv) the commencement of, or any material determination in, any litigation with any third party or any proceeding before any governmental entity affecting Borrower at such time as Borrower reasonable determines the same could have a materially adverse impact upon its financial finances or ability to timely pay debt service on the Line of Credit Note.

(f) Financial Records. Borrower will maintain complete and accurate books and records of its transactions in accordance with generally accepted accounting practices and, after not less than two Business Days' prior written notice from Lender, give representatives of Lender access during normal business hours of the Borrower to examine and take written notes from any and all books, records and documents in Borrower's possession that are not subject to confidentiality agreements or other limitations on disclosure to third parties; provided, such access shall in no way interfere with the administrative or business operations of Borrower.

(g) Additional Information. Borrower will furnish such additional information and statements as Lender may reasonably request from time to time.

(h) Insurance. Borrower will maintain reasonable fire and other risk insurance, public liability insurance, and other insurance with respect to Borrower's properties and operations as it reasonably deems fit for its normal and customary operations.

(h) Performance. Perform and comply, in a timely manner, with all material terms, conditions and provisions set forth in this Agreement and in any document or instrument executed in connection with this Agreement.

(j) Loan Proceeds. Borrower will use all Revolving Advances of the Line of Credit solely for payment of operating expenses of the Borrower, unless otherwise agreed in writing by the Lender.

(k) Performance. Perform and comply, in a timely manner, with all material terms, conditions and provisions set forth in this Agreement and in any document or instrument executed in connection with this Agreement.

(l) Operations. Borrower will maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel and will conduct its business affairs in a reasonable and prudent manner.

(m) Compliance with Governmental Requirements. Borrower will comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, including without limitation, the Americans with Disabilities Act.

(n) Change of Location. Borrower will immediately notify Lender in writing of any additions to or changes in the primary location of Borrower's businesses (*i.e.*, the campus of the University of South Alabama located in Mobile, Alabama).

(o) Annual Budget. Not later than five (5) days prior to the start of Borrower's fiscal year, Borrower shall deliver to Lender a copy of Borrower's budget for such fiscal year.

(p) Compliance Certificates. Not later than five (5) days after delivery of any financial covenant or other covenant compliance certificate to a creditor of Borrower, Borrower shall deliver the same to Lender.

7. Negative Covenants.

For so long as any of the Obligations remain outstanding, Borrower shall not do any of the following:

(a) Continuity of Operations. Borrower will not engage in any business activities substantially different than those in which Borrower is presently engaged.

(b) Agreements. Borrower will not enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

(c) Use of Proceeds. Borrower will not use any proceeds of the Line of Credit for any purpose other than payment of operating expenses of the Borrower without the prior written consent of the Lender.

8. Events of Default.

An "Event of Default" shall exist if any one or more of the following events (herein collectively called "Events of Default") occurs and is continuing:

(a) Payment Default. Borrower shall fail to pay the Obligations or any part thereof when due.

(b) False Statement. Any material representation made by Borrower under or in this Agreement or any document relating hereto or in any certificate or statement furnished or made respecting the financial condition of Borrower to Lender in connection with the Line of Credit

proves to be untrue or inaccurate in any material respect as of the date on which such representation is made.

(c) Covenant Breach. Default in the performance of, or breach of, any of the covenants or agreements of Borrower contained in this Agreement or in any document relating hereto (other than a breach of a payment covenant) occurs and continues for more than thirty (30) days after written notice of default by Lender to Borrower or, if said default cannot be cured within thirty (30) days, if Borrower fails to commence curing said default within thirty (30) days after written notice of default by Lender to Borrower or fails to diligently pursue curing said default.

(d) Default with Lender. An event of default occurs in the payment of any material indebtedness of Borrower owed to the Lender for which Lender has a right of acceleration and immediate payment from Borrower, and Lender exercises such right.

(e) Invalidity of This Agreement or the Line of Credit Note. In the event that this Agreement or the Line of Credit Note ceases to be a legal, valid and binding agreement enforceable against Borrower in accordance with the respective terms thereof or in any way is terminated or becomes or is declared ineffective or inoperative or in any way whatsoever ceases to give or provide the respective liens, security interests, rights, titles, interests, remedies, powers of privileges intended to be created thereby.

(f) Insolvency. Borrower (i) applies for or consents to the appointment of a receiver, trustee, custodian, intervenor or liquidator of itself or of all or a substantial part of its assets, (ii) files a voluntary petition in bankruptcy, admits in writing that it is unable to pay its debts as they become due or generally does not pay its debts as they become due, (iii) makes a general assignment for the benefit of creditors, (iv) files a petition or answer seeking reorganization or an arrangement with creditors or takes advantage of any bankruptcy, receivership, or insolvency laws, or (v) files an answer admitting the material allegations of, or consents to, or defaults in answering, a petition filed against Borrower in any bankruptcy, reorganization or insolvency proceeding;

(g) Involuntary Proceedings. If an involuntary petition or complaint is filed seeking bankruptcy or reorganization of Borrower or the appointment of a receiver, custodian, trustee, intervenor or liquidator of Borrower, or of all or substantially all of the assets of Borrower and such petition or complaint is not dismissed within thirty (30) days of the filing thereof, or an order, order for relief, judgment or decree is entered by any court of competent jurisdiction or other competent authority approving a petition or complaint seeking reorganization of Borrower or appointing a receiver, custodian, trustee, intervenor or liquidator of Borrower, or of all or substantially all of the assets of Borrower.

9. Remedies.

If an Event of Default occurs and is continuing, then Lender may exercise any one or more of the following rights and remedies, and any other remedies provided in this Agreement or in any document relating hereto as Lender, in its sole discretion, may deem necessary or appropriate:

(a) declare the Obligations to be forthwith due and payable, whereupon the same shall forthwith become due and payable without presentment, demand, protest, notice of default, notice of acceleration or of intention to accelerate or other notice of any kind, all of which Borrower hereby expressly waives, anything contained herein or in any of the document relating hereto to the contrary notwithstanding,

(b) refuse to honor any request for additional Revolving Advances under the Line of Credit Note, and/or

(c) reduce any claim to judgment, and/or without notice of default or demand, pursue and enforce any of Lender's rights and remedies hereunder or under any document relating hereto, or otherwise provided under or pursuant to any applicable law or agreement, provided however, that if any Event of Default specified in subparagraphs (f), or (g) of Section 8 above occurs, the Obligations shall thereupon become due and payable concurrently therewith, and Lender's obligations to lend will immediately terminate hereunder, without any further action by Lender and without presentment, demand, protest, notice of default, notice of acceleration or of intention to accelerate or other notice of any kind, all of which Borrower hereby expressly waive.

10. Right to Perform.

If Borrower fails to perform any covenant, duty, or agreement contained herein or in any document relating hereto, Lender may perform or attempt to perform such covenant, duty or agreement on behalf of Borrower. In such event, Borrower will, at the request of Lender, promptly pay any amount expended by Lender in such performance or attempted performance to Lender, together with interest on any such amount from the date of such expenditure until the same is paid, at the rate of interest of two percent (2.00%) in excess of the non-default interest rate applicable to the Loan. Notwithstanding the foregoing, it is expressly understood that Lender does not assume:

(a) any liability or responsibility for the performance of any duties of Borrower hereunder or under any document relating hereto, or

(b) any other control over the management and affairs of Borrower.

11. No Oral Modifications, Etc.

Neither this Agreement nor any provision hereof may be changed, modified, waived, discharged or terminated orally, except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought. Any such change, waiver, modification, discharge or termination shall operate only to the extent specified therein and shall not extend beyond any particular matter specifically set forth therein.

12. Further Assurances.

Borrower shall from time to time upon request of Lender execute and deliver to Lender such other documents and instruments as Lender shall reasonably request.

13. Assignment by Lender.

The Lender may from time to time enter into a participation agreement or agreements with one or more participants pursuant to which such participant or participants shall be given participation in the Line of Credit Note, and such participants may from time to time similarly grant to other participants sub-participation in the Line of Credit; provided, Borrower shall not be required to remit payments of debt service on the Line of Credit Note to anyone other than the single registered holder of the Line of Credit Note. Lender covenants and agrees that any assignment or transfer by Lender of the Loan Agreement or Line of Credit Note shall be done strictly in accordance with federal or state securities laws, and, without limiting the generality of the foregoing portion of this sentence, only to an "accredited investor" as defined

in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), or a "qualified institutional buyer" under Rule 144A of the Securities Act. On the date of its receipt of the Line of Credit Note Lender shall deliver to Borrower a letter in the form of *Exhibit D* hereto.

14. Binding Effect.

This Agreement, the Line of Credit Note and any and all documents or instruments executed in connection with the Line of Credit shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors, assigns and legal representatives; provided, however, that Borrower may not, without the written consent of Lender, assign any rights, powers, duties or obligations of any said documents

15. Offset.

Borrower hereby grants to Lender the right of offset, to secure the Line of Credit Note and the obligations of Borrower under this Agreement upon any and all moneys, securities or other property of Borrower, and the proceeds therefrom, now or hereafter held or received or in transit to Lender or any of its agents from or for the account of Borrower, whether for safe keeping, custody, pledge, transmission, collection, or otherwise, and also upon any and all deposits, whether general, specific, or special, and credits of Borrower, and any and all claims of Borrower, against Lender existing at any time.

16. Waiver of Jury Trial

BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREES THAT:

(a) BORROWER, NOR ITS LEGAL REPRESENTATIVES, SUCCESSORS OR ASSIGNS, SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, CROSS-CLAIM OR OTHER ACTION OR PROCEEDING ARISING FROM OR BASED UPON THIS LOAN AGREEMENT OR ANY OF THE DOCUMENTS EXECUTED IN CONNECTION THEREWITH.

(b) BORROWER, NOR ITS LEGAL REPRESENTATIVES, SUCCESSORS OR ASSIGNS, SHALL SEEK TO CONSOLIDATE ANY CLAIM AS TO WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY CLAIM IN WHICH A JURY TRIAL HAS NOT BEEN OR CANNOT BE WAIVED.

(c) THE PROVISIONS OF THIS SECTION 16 HAVE BEEN FULLY NEGOTIATED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS.

(d) NEITHER LENDER NOR ANY OFFICER, EMPLOYEE, ATTORNEY, AGENT OR OTHER REPRESENTATIVE OF LENDER HAS IN ANY WAY AGREED WITH OR REPRESENTED TO BORROWER OR ANY OF THE OTHER OBLIGORS THAT THE PROVISIONS OF THIS SECTION 16 WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

(e) THIS SECTION 16 IS A MATERIAL INDUCEMENT FOR LENDER TO ENTER INTO THE LOAN AND OTHER TRANSACTIONS EVIDENCED OR SECURED BY THIS LOAN AGREEMENT AND THE LOAN DOCUMENTS.

17. Headings.

Section headings and numbers are for convenience of reference only and shall in no way affect the interpretation of this Agreement.

18. Invalid Provisions.

If any provision of this Agreement, the Line of Credit Note or any other instrument or document executed in connection with the Line of Credit is held to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions of the instrument in which such provision was located shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from the document.

19. Non-waiver, Modifications, etc.

Neither any failure nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights of Lender hereunder and all rights of Lender under any document relating hereto shall be in addition to all other rights provided by law. All modifications, consents, amendments or waivers of any provision of this Agreement or of any document relating hereto, or consent to any departure therefrom, shall be effective only if the same are in writing signed by the party against whom enforcement of such modification, consent, amendment, or waiver is sought and then will be effective only in the specific instance and for the purpose for which given. No notice or demand given in any case will constitute a waiver of the right to take other action in the same, similar or other instances without such notice or demand.

20. Notices.

Any notices or other communications required or permitted to be given by this Agreement or any other documents and instruments referred to herein must be

(a) given in writing and personally delivered or mailed by prepaid United States mail,
or

(b) made by courier, overnight delivery service or telecopier or telex delivered or transmitted, to the party to whom such notice of communication is directed as follows: to Borrower at 307 University Blvd., AD 170, Mobile, Alabama 36688 or to Lender at 25 North Beltline Highway West, Mobile, Alabama 36608, Attn. Commercial Lending. Any such notice or other communication shall be deemed to have been given on the day it is received. Any party may change its address for purposes of this Agreement by giving notice of such change to the other parties pursuant to this paragraph.

21. Applicable Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Alabama, and if any provision of this Agreement or of any document relating hereto is held to be illegal, invalid or unenforceable under present or future laws during the term of this Agreement, such provisions shall be fully severable and the remaining provisions of such document shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from such document.

22. Relationship Between Borrower and Lender; Role of the Lender.

(a) The relationship between Borrower and Lender is, and shall at all times remain, solely that of borrower and lender, and Lender neither undertakes nor assumes any responsibility or duty to Borrower to review, inspect, supervise, pass judgment upon, or inform Borrower of any matter in connection with any phase of the businesses, operations, or condition, either financial or otherwise, of Borrower. There is not and shall not be deemed to be a fiduciary relationship between Lender and Borrower and nothing contained in this Agreement or in any document relating hereto shall be deemed to create a partnership or joint venture between Lender and Borrower. Borrower will rely entirely upon their own judgment with respect to such matters, and any review, inspection, supervision, exercise of judgment, or information supplied to Borrower by Lender in connection with any such matter is for the protection of Lender, and neither Borrower nor any third party is entitled to rely thereon.

(b) The Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services.

(c) With respect to this Agreement and the Line of Credit Note, and any other information, materials or communications provided by the Lender: (a) the Lender and its representatives are not recommending an action to any municipal entity or obligated person; (b) the Lender and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to this Agreement, information, materials or communications; (c) the Lender and its representatives are acting for their own interests; and (d) the Borrower has been informed that the Borrower should discuss this Agreement and any such other information, materials or communications with any and all internal and external advisors and experts that the Borrower deems appropriate before acting on this Agreement or any such other information, materials or communications.

(d) The Borrower acknowledges and agrees that the Lender is entering this Agreement and acquiring the Line of Credit Note in evidence of a privately negotiated loan and in that connection the Line of Credit Note shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement, or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

23. Entire Agreement.

This Agreement and the documents referred to herein embody the entire agreement between the parties and supersede all prior or contemporaneous agreements and understandings, if any, relating to the subject matter hereof and thereof.

24. Survival of Representations.

All representations made by Borrower in this Agreement or any document relating hereto shall survive the execution and delivery thereof and the making of the loan described herein.

25. No Third Party Beneficiaries.

The parties do not intend the benefits of this Agreement to inure to the benefit of any third party nor shall this Agreement be construed to make or render Lender liable to any materialman, supplier, contractor, subcontractor, purchaser or lessee of any property owned by Borrower or for debts or claims accruing to any such persons against Borrower. Notwithstanding anything contained herein or in any document relating hereto, neither any such document nor any conduct or course of conduct by any or all of the parties hereto, before or after signing, shall be construed as creating any right, claim or cause of action against Lender, or any of its officers, directors, agents or employees, in favor of any materialman, supplier, contractor, subcontractor, purchaser or lessee of any property owned by Borrower or in favor of any other person or entity.

26. Fees and Expenses.

Borrower agrees to pay all reasonable attorney's and paralegal's fees and expenses, and all other costs and expenses incurred by Lender in connection with the negotiation and preparation of this Agreement and the Line of Credit Note, up to not more than \$5,000.

27. Waiver.

Borrower waives presentment, demand, protest, notice of dishonor, notice of demand or intent to demand, notice of acceleration or intent to accelerate, and all other notices.

28. Certain Defined Terms.

The following terms shall have the following meanings:

(a) "Applicable Rate" means a variable per annum rate of interest equal to the LIBOR Rate (or, if applicable, the rate Replacement Index), plus the Spread, as determined on each Interest Rate Adjustment Date and as adjusted from time to time.

(b) "Business Day" means any day other than a Saturday, a Sunday, or a day on which banks are authorized to be closed under general law or regulation applicable in the place where the Lender performs its business with respect to this Agreement and the Line of Credit Note.

(c) "Interest Rate Adjustment Date" means (a) the date of delivery of the Line of Credit Note, (b) with respect to the determination of the Applicable Rate based upon the LIBOR Rate (i) the first day of each month and (ii) the effective date of any change in the applicable reserve requirements or regulatory costs with respect thereto.

(d) "LIBOR Business Day" means a day on which the office of the Lender at which payments under the Line of Credit Note are to be made is open for business and on which dealings in Dollar deposits are carried out in the London interbank market.

(e) "LIBOR Rate" means the One Month London InterBank Offered Rate in U.S. Dollars as calculated and published by the Intercontinental Exchange Benchmark Administration Ltd. ("ICE," or the successor thereto if ICE is no longer making a London Interbank Offered Rate available) and in effect on the first day of each calendar month. The LIBOR Rate shall be obtained by Lender from an intermediary rate reporting source such as Bloomberg, L.P. or other authoritative rate reporting source as selected by

Lender, and is based on an average of interbank offered rates for one month deposits in U.S. Dollars based on quotes from designated banks in the London market. Notwithstanding anything in the Line of Credit Note to the contrary, if the LIBOR Rate as reported by Bloomberg, L.P or other rate reporting source is less than one, then it shall be deemed to be one percent (1.00%). The LIBOR Rate shall be determined as of the first day of each month. If an announcement has been made that the LIBOR Rate will be discontinued during the term of the Line of Credit Note or if the LIBOR Rate is officially discontinued, no longer available, or deemed by Lender in its reasonable discretion to no longer qualify as a valid reference rate during the term of the Line of Credit Note (an "Index Discontinuance Event"), then Lender reserves the right to select a Replacement Index.

(f) "Other Facility Event of Default" shall mean a default occurs in the payment of any material indebtedness or liability of Borrower, whether to Lender or some other party, or default occurs in respect of any note, loan agreement, indenture, or credit agreement relating to any such indebtedness or liability and such default continues for more than the period of grace, if any, specified therein or any such indebtedness or liability becomes due before its stated maturity by acceleration of the maturity thereof or becomes due by its terms and is not promptly paid or extended.

(g) "Quarter" means a period of three consecutive calendar months ending on the last day of each August, November, February, and May.

(h) "Replacement Index" means a reasonable alternative index selected by Lender comparable in function and effect to the LIBOR Rate that is generally then prevailing for comparable loans made by similar commercial lenders.

(i) "Revolving Credit Maturity Date" shall mean June 10, 2021.

(j) "Spread" shall mean 150 basis points (1.50%).

IN WITNESS WHEREOF, the undersigned have executed this Agreement, or caused this Agreement to be executed by its duly authorized officer as of the date first written above.

BORROWER:

UNIVERSITY OF SOUTH ALABAMA

By: _____

G. SCOTT WELDON

As its: Vice President for Finance and Administration

LENDER:

HANCOCK WHITNEY BANK

By: _____

As its: _____

EXHIBIT A

FORM OF REVOLVING LINE OF CREDIT PROMISSORY NOTE

REVOLVING LINE OF CREDIT PROMISSORY NOTE

For value received, the **UNIVERSITY OF SOUTH ALABAMA**, a public body corporate under the laws of the State of Alabama (the "Borrower"), hereby promises to pay to **HANCOCK WHITNEY BANK**, a Mississippi state chartered bank, or its successors or permitted assigns (the "Lender"), the principal sum of

FIFTY MILLION DOLLARS

or so much as may be outstanding hereunder, with interest on the unpaid outstanding principal balance of each Revolving Advance, from the date honored until paid, at the Applicable Rate. This Note is being issued under and purchase to the terms of that certain Revolving Line of Credit Agreement dated June 11, 2020 (the "Revolving Line of Credit Agreement") between the Borrower and the Lender. Capitalized terms used and not otherwise defined herein shall have the meaning given to them in the Revolving Line of Credit Agreement.

Interest hereunder computed on the basis of a 360-day year, applied to the actual number of days upon which principal is outstanding, by multiplying the principal amount outstanding and the applicable rate by the actual number of days elapsed, and dividing the resulting product by 360, from the date hereof until the maturity hereof shall be computed at the Applicable Rate.

Pursuant to the terms of the Revolving Line of Credit Agreement, from the date hereof through and including the Revolving Credit Maturity Date, the Borrower shall have the right at any time and from time to time to request Revolving Advances of funds from the Lender in an aggregate amount that, when added to the outstanding principal amount hereunder at the time such Revolving Advance is requested, does not exceed \$50,000,000.

Interest on each Revolving Advance shall accrue from the date such Revolving Advance is honored by the Lender until such interest is paid, and shall be payable on the first day of each month during the term of this Note. Principal of this Note shall become due and payable on the Revolving Credit Maturity Date.

The obligation of Borrower to pay the principal of and interest on this Note is an unsecured obligation of the Borrower payable from any and all funds lawfully available to the Borrower for such purpose other than appropriations from the State of Alabama.

The Borrower reserves the privilege of prepaying or causing to be prepaid all or any part of the principal balance of this Note at any time or from time to time, without premium or penalty, upon prior written notice to the holder of this Note, provided that, at the time of such prepayment, the Borrower pays the interest which shall have accrued to the date of such prepayment on the principal to be so prepaid. Once received, a notice for repayment may not be revoked or rescinded by the Borrower.

Installments of principal of and interest on this Note shall be remitted by the Borrower to the Lender as set forth in the Revolving Line of Credit Agreement. Any transferee of this Note takes it subject to all payments of principal and interest in fact made with respect hereto. If the date for payment of any installment of principal of or interest on this Note is not a Business Day, then the date for such payment shall be the next succeeding Business Day, with the effect that payment on such Business Day shall have the same force and effect as if made on the original date payment was due.

Reference is hereby made to the Revolving Line of Credit Agreement for a description of all rights and remedies of the Borrower and the Lender concerning the Revolving Line of Credit Agreement and this Note. The Revolving Line of Credit Agreement provides, among other things, that in the event of default by the Borrower in the manner and for the time therein provided, the Lender may declare the principal of this Note immediately due and payable, whereupon the same shall thereupon become immediately due and payable and the Lender shall be entitled to pursue the remedies provided in the Revolving Line of Credit Agreement.

This Note is transferrable by the holder hereof to any person or entity; provided such transfer complies with applicable federal and state securities laws.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed in its name and behalf, has caused its corporate seal to be hereunto impressed, has caused this Note to be attested by the Secretary of its Board of Trustees, and has caused this Note to be dated June 11, 2020.

UNIVERSITY OF SOUTH ALABAMA

By: _____

Its: _____

[S E A L]

Attest:

Secretary
Board of Trustees

EXHIBIT B

FORM OF REVOLVING ADVANCE REQUISITION

Requisition No. _____

TO: Hancock Whitney Bank, as Lender under that certain Revolving Line of Credit Agreement dated June 11, 2020 between Hancock Whitney Bank and the University of South Alabama (the "Revolving Line of Credit Agreement")

The undersigned, as an Authorized Borrower Representative of the University of South Alabama ("USA") , hereby certifies as follows:

1. on the date hereof, the undersigned has requested a Revolving Advance in the amount of \$ _____;
2. the amount to be advanced hereunder shall be used solely for payment of working capital or other lawful expenses of USA;
3. the total amount of Revolving Advances heretofore honored by Lender and currently outstanding, together with the amount of the Revolving Advance requested hereunder, does not exceed \$50,000,000; and
4. no Event of Default has occurred and is continuing under the Revolving Line of Credit Agreement or with respect to any other indebtedness of USA to any lender or creditor.

All capitalized terms used herein and not otherwise defined herein shall have the meaning given to them in the Revolving Line of Credit Agreement.

DATED this ____ day of _____, 20__.

By: _____

Title: _____

University of South Alabama

APPROVED FOR REVOLVING ADVANCE:

HANCOCK WHITNEY BANK

By: _____

Its: _____

EXHIBIT C

FORM OF OPINION OF GENERAL COUNSEL TO THE UNIVERSITY

Hancock Whitney Bank
Mobile, Alabama

Re: \$50,000,000 Revolving Line of Credit Promissory Note
dated June 11, 2020, executed by The University of South
Alabama in favor of Hancock Whitney Bank

Ladies and Gentlemen:

I serve as General Counsel to the University of South Alabama (the "University"), a public body corporate under the provisions of Chapter 55 of Title 16 of the Code of Alabama of 1975, as amended (the "Enabling Act"), in connection with the University's execution and delivery of the above-referenced note (the "Note") in favor of Hancock Whitney Bank, a Mississippi state chartered bank (the "Bank"), which such Note is being issued under the terms of a Revolving Line of Credit Agreement dated of even date herewith (the "Revolving Line of Credit Agreement") between the University and the Bank.

It is my understanding as to the following: The Note and all Obligations (as such term is used in the Revolving Line of Credit Agreement") under the Revolving Line of Credit Agreement will be payable by the University from revenue sources other than state appropriations and that the Note and the Revolving Line of Credit Agreement will not be secured by a pledge of any funds or property of the University.

In connection with this opinion, I have reviewed the Note, the Revolving Line of Credit Agreement, certified copies of proceedings of the University with respect to the indebtedness evidenced by the Note, and such other documents or legal authorities as I have deemed necessary as the basis for the opinions hereinafter expressed. With respect to matters of fact, I have obtained such factual information from officers of the University as I have deemed necessary as the basis for such opinions.

Based on the foregoing, I, solely in my capacity as General Counsel to the University, am of the opinion that:

1. The University is validly existing as a public body corporate duly organized and in good standing under the laws of the State of Alabama.
2. The University is authorized to execute and deliver the Note and the Revolving Line of Credit Agreement, and to perform its obligations thereunder and under the Revolving Line of Credit Agreement.
3. Each of the Note and the Revolving Line of Credit Agreement has been duly authorized, executed and delivered by the University and constitutes a valid and binding obligation

of the University enforceable against the University in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, moratorium, sovereign immunity, or other similar laws affecting the enforcement of creditors' rights and (b) general principles of equity, including the exercise of judicial discretion in appropriate cases.

4. The execution, delivery and performance of the Note and the Revolving Line of Credit Agreement will not conflict with, or constitute a violation or breach of, or a default under, (a) the Enabling Act, (b) any agreement or other instrument to which the University is a party or by which it is bound, or (c) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the University or its property.

5. No further consent, approval, authorization or order of any governmental or regulatory authority is required to be obtained by the University as a condition precedent to the University's execution and delivery of the Note and the Revolving Line of Credit Agreement, or the University's performance of its obligations under the Note and the Revolving Line of Credit Agreement.

6. To the best of my knowledge, there are no actions, suits or proceedings (whether or not purportedly on its behalf) pending or, to my actual knowledge, threatened, against or affecting the University, at law or in equity or by or before any governmental authority, that involve the execution, delivery or performance of the Note or the Revolving Line of Credit Agreement, the authority of the officers of the University executing the Note and the Revolving Line of Credit Agreement, or the possibility of any judgment or liability that may result in any material adverse change in the University's business, operations, properties, or condition, financial or otherwise (taking into account available insurance coverage).

7. To the best of my actual knowledge, the University is not in violation in any material respect of any existing law, rule or regulation applicable to it and is not in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the University is a party or by which it is bound or to which any of its assets are subject.

I express no opinion as to the laws of any jurisdiction other than the laws of the State of Alabama and the laws of the United States of America, as currently in effect. I assume no obligation to supplement this opinion if any applicable laws change after the date of this opinion. This opinion is addressed solely to the parties identified above, and no one else may rely upon this opinion without our prior written permission.

Very truly yours,

By: _____

Name: _____

Title: General Counsel, University of South
Alabama

EXHIBIT D
LENDER LETTER

June 11, 2020

University of South Alabama
Mobile, Alabama

Hancock Whitney Bank, a Mississippi state chartered bank (the "Bank"), has agreed to make a revolving line of credit of up to \$50,000,000 to the University of South Alabama (the "University"), and in connection therewith to acquire the University's revolving Line of Credit Note in a maximum principal amount of \$50,000,000 (the "Note"). The Note is an unsecured obligation of the University. In connection with the said line of credit and the Note, the Bank hereby certifies to, and agrees with, the University as follows:

- (a) On the date hereof the Bank has received physical possession of the Note.
- (b) The Bank has sufficient knowledge and experience in financial and business matters, including the acquisition and ownership of governmental obligations similar to the Note, to be able to evaluate the merits and risks of making the said line of credit available to the University as evidenced by the Note.
- (c) The Bank is an "accredited investor" as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), or a "qualified institutional buyer" under Rule 144A of the Securities Act, and is able to bear the economic risks of the Note.
- (d) The Bank understands that no official statement, prospectus, offering circular or other comparable disclosure document is being provided with respect to the Note. The Bank has made its own inquiry and analysis with respect to the Note and material factors affecting the payment of the Note.
- (e) The Bank understands that the Note is unsecured and is not registered under federal or state securities laws, is not listed on any stock or other securities exchange, and carries no rating from any rating agency.
- (f) The Bank is providing the said line of credit and acquiring the Note in the ordinary course of its lending business for its own loan portfolio with no present view toward resale or distribution to any entity other than an affiliate of the Bank. The Bank reserves the right to sell, transfer or dispose of the Note or interests therein in accordance with its own judgment and in compliance with all applicable federal and state securities laws then in effect. Any person to whom the Bank sells, transfers or disposes of the Note or an interest therein will also be an "accredited investor" as defined in Rule 501 of Regulation D under the Securities Act or a "qualified institutional buyer" as defined under Rule 144A of the Securities Act.

HANCOCK WHITNEY BANK

By: _____

Name: _____

Title: _____

University of South Alabama Endowment Investment Performance Review/Analysis

Fiscal Year 2020

USA Endowment Total Fund Performance

October 1, 2019 to April 30, 2020

- Total USA Endowment Fund returned -2.89% versus its blended benchmark return of -1.14%, underperforming by -1.75%.

USA Endowment Individual Manager Performance

October 1, 2019 to April 30, 2020

Individual Manager versus Index performance:

- Commonfund returned -3.67% versus its benchmark return of 0.12%.
- Charles Schwab returned -6.22% versus its benchmark return of -4.39%.
- Douglas Lane returned -7.04% versus its benchmark return of -1.05%.
- Gerber Taylor returned 1.98% versus its benchmark return of 1.37%.
- Forester Diversified returned -4.89% versus its benchmark return of 1.37%.
- Gerber Taylor International returned -11.67% versus its benchmark return of -11.14%.
- Hancock Whitney returned -0.42% versus its benchmark return of 0.33%.
- JP Morgan returned -8.85% versus its benchmark return of -7.53%.

USA Endowment Asset Allocation Breakdown

As of April 30, 2020

- Money Market balance is \$625,973 or <1% of invested assets.
- Large Cap Equity balance is \$54,380,368 or 35% of invested assets.
- Small Cap Equity balance is \$5,869,612 or 4% of invested assets.
- International Equity balance is \$15,647,509 or 10% of invested assets.
- Fixed Income balance is \$43,719,777 or 28% of invested assets.
- Private Equity balance is \$4,490,178 or 3% of invested assets.
- Hedge Investments balance is \$32,433,197 or 21% of invested assets.
- Total invested balance is \$157,166,614.

USA Endowment Performance Since Inception

March 31, 2000 to April 30, 2020

- Total USA Endowment Fund returned 4.96% versus its blended benchmark return of 3.89%, outperforming by 1.07%.

RESOLUTION

**REVISIONS TO THE UNIVERSITY'S ENDOWMENT FUNDS INVESTMENT
POLICIES AND GUIDELINES**

WHEREAS, the University of South Alabama Board of Trustees (the "Board") has established the Endowment Funds Investment Policies and Guidelines (the "Guidelines") to provide an investment outline when managing endowment investments, and

WHEREAS, the Board delegates certain investment authority to its Development, Endowment and Investments Committee to manage the University's endowment investments, and

WHEREAS, the Development, Endowment and Investments Committee will oversee investment activities, monitor investment performance and ensure the prudent control of the University's endowment funds according to the Guidelines approved by the Board, and

WHEREAS, the Guidelines may be amended from time to time to meet current investment conditions and objectives, and

WHEREAS, the Guidelines state that cash is to be employed productively to provide liquidity and safety, and

WHEREAS, cash serves a crucial role during global economic changes for purposes of rebalancing and additional investing, and

WHEREAS, after due consideration, it is recommended that the Guidelines be amended to change the allowable range for the cash-asset allocation from 0 – 5 percent to 0 – 10 percent,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby approves revisions to the Endowment Funds Investment Policies and Guidelines as agreed upon by the members of the Development, Endowment and Investments Committee.



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Finance and Administration

DATE: May 27, 2020

TO: President Tony G. Waldrop *TGW*

FROM: G. Scott Weldon *Scott*

SUBJECT: Resolution to Amend the Endowment Funds Investment Policies and Guidelines

In response to the instability in the financial markets, we believe that it would be prudent to allow management the ability to increase the University's allocation of funds to cash within the University's endowment. The current policy allows endowment cash balances to be 0% to 5% of the total endowment. We recommend changing this allocation to 0% to 10%.

The attached resolution acknowledges this change and, with your approval, this item will be presented to the Board of Trustees for final approval at the June meeting. I recommend the adoption of the resolution by the Board of Trustees.

Attachment

Endowment Funds Investment Policies and Guidelines

The Endowment Committee of the Board of Trustees of the University of South Alabama shall be responsible for recommending investment policies and guidelines for approval by the Board of Trustees, implementation of such policies and guidelines and selection of qualified investment professionals including Investment Consultant(s), Investment Manager(s), and Funds Custodian(s). The Endowment Committee will oversee investment activities, monitor investment performance and ensure the prudent control of the Endowment Funds of the University. The Endowment Committee will make periodic reports to the Board of Trustees.

I. Purpose of the Endowment Funds

The University of South Alabama Endowment Funds exist to provide revenue while preserving principal to fund those projects which have been endowed for specific purposes, i.e., scholarships, professorships, program enhancements, student loans, etc.

II. Purpose of the Investment Policy

This investment policy is set forth by the Board of Trustees of the University of South Alabama in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding of all involved parties of the investment goals and objectives of Endowment Funds assets.
3. Offer guidance and limitations to Investment Manager(s) regarding the investment of Endowment Funds assets.
4. Establish a basis of evaluating investment results.
5. Manage Endowment Funds assets according to prudent standards as established in the laws of the State of Alabama.
6. Establish the relevant investment horizon for which the Endowment Funds assets will be managed.

In general, the purpose of this policy is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

III. Delegation of Authority

The Board of Trustees of the University of South Alabama is responsible for directing and monitoring the investment management of the University's Endowment Funds assets. As such, the Board of Trustees is authorized to delegate certain authority to professional experts in various fields. These include, but are not limited to:

1. Investment Management Consultant(s). The consultant may assist the Board of Trustees in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
2. Investment Manager(s). The investment manager has discretion to purchase or sell, in the University's name, the specific securities that will be used to meet the Endowment Funds investment objectives.
3. Funds Custodian(s). The custodian will physically (or through securities owned by the Fund) collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets, owned, purchased or sold as well as movement of assets into and out of the Endowment Funds accounts.

With the exception of specific limitations described in these statements, managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications which they deem appropriate. All expenses for such experts must be customary and reasonable, and will be borne by the Endowment Funds as deemed appropriate and necessary.

IV. Assignment of Responsibility

A. Responsibility of the Board of Trustees of the University of South Alabama

The Board of Trustees is responsible for the management of the assets of the Endowment Funds. The Board of Trustees shall discharge its duties in good faith like an ordinary prudent person in a like position would exercise under similar circumstances and in a manner the Trustees reasonably believe to be in the best interest of the University. The Board of Trustees will supervise the Endowment Committee and assigns the following authority and responsibilities to the Endowment Committee on behalf of the Board of Trustees.

B. Responsibility of the Endowment Committee

The specific authority and responsibilities of the Endowment Committee relating to the

investment management of Endowment Funds assets include:

1. Projecting the Endowment Funds financial needs, and communicating such needs to the Investment Manger(s) on a timely basis.
2. Determining the Endowment Funds risk tolerance and investment horizon, and communicating these to the appropriate parties.
3. Establishing reasonable and consistent investment objectives, policies, time frames and guidelines which will direct the investment of the Endowment Funds assets.
4. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s), Investment Consultant(s), and Custodian(s).
5. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to policy guidelines and monitor investment objectives progress.
6. Developing and enacting proper control procedures: For example, replacing Investment Manager(s) due to fundamental changes in the investment management process, or failure to comply with established guidelines.
7. Making direct investments in cases in which selection of an investment manager is not appropriate.
8. Recommending an endowment spending policy to the Board of Trustees for approval.
9. Reporting periodically to the Board of Trustees Endowment Committee actions and recommendations and investment performance of the Endowment Funds.

C. Responsibility of the Investment Manager(s)

The Endowment Funds will be managed primarily by external investment advisory organizations; both commingled vehicles and separate accounts may be used. The investment manager(s) have discretion, within the guidelines set forth in this policy statement and any additional guidelines provided them, to manage the assets in each portfolio to achieve the investment objectives. Managers will normally manage only one type of investment in each fund. For example, equities and fixed income will not be combined in a balanced fund with one manager.

Each Investment Manager must acknowledge, in writing, their acceptance of responsibility as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under their jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Each Investment Manager will be provided with a copy of this statement of investment objectives and policies. In turn, as part of the investment management contract that will govern their portfolio, the Investment Manager is expected to provide a written statement of the firm's expectations, stated in terms of the objectives and comparative benchmarks that will be used to evaluate performance and the allowable securities that can be used to achieve these objectives. These statements will be consistent

with the statement of investment objectives and policies and will be incorporated as appendices. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy or sell individual securities, and to alter asset allocation with the annual guidelines established by the Endowment Committee.
2. Reporting, on a timely basis, quarterly investment performance results.
3. Providing monthly valuation of the investment portfolio based on the previous month's closing prices.
4. Communicating any major changes in economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objectives progress of the Endowment Funds investment management.
5. Informing the Endowment Committee regarding any qualitative change in the investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
6. Providing the Endowment Committee with proof of liability and fiduciary insurance coverage.
7. Acknowledging in writing an ability and agreement to invest within the guidelines set forth in the investment policy.
8. Meeting with the Endowment Committee at least annually.
9. Voting proxies on behalf of the Endowment Funds and communicating such voting records on a timely basis. In cases in which the University desires to vote proxies related to specific topics, it will so notify Manager(s).
10. The Board of Trustees may from time to time request that the Investment Manager(s) allocate commissions to those brokerage firms providing other investment management services to the University. Good execution and commission prices are primary considerations in routing business to the said brokerage firms. If at any time any Investment Manager believes that any policy guideline inhibits investment performance, it is their responsibility to communicate this to the Endowment Committee.

V. General Investment Principles

1. Investments shall be made solely in the interest of the purposes of the University of South Alabama.
2. The Endowment Funds shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person in a like position would exercise under similar circumstances in a manner the Board of Trustees reasonably believe to be in the best interest of the University.

3. Investment of the Endowment Funds shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. The Board of Trustees may employ one or more investment managers of varying styles and philosophies to attain the Endowment Funds objectives.
5. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

VI. Investment Objectives

In order to meet its needs, the investment strategy of the University of South Alabama Endowment Funds is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. The total Endowment Funds shall be monitored for return relative to objectives, consistency of investment philosophy, and investment risk. The Endowment Funds results shall be evaluated on a rolling five-year basis against a market benchmark weighted 40 percent in favor of the S&P 500 Index, 5% Russell 2000 Index, 12% MSCI EAFE (US Dollar) Index, 23 percent toward the Barclay's Capital US Aggregate Bond Index, 10% HFRI Fund of Funds Conservative Index and 10% HFRI Fund of Funds Strategic Index.

VII. Portfolio Composition and Risk

- A. To achieve its investment objective, the Endowment Funds assets are considered as divided into three parts a fixed income component, a fixed income alternative component, an equity component and a private equity component. The Endowment Funds long-term commitment to these funds shall be as follows:

Asset Class	Range	Long-Term Neutral
Fixed Income	15-35%	25%
Equity	35-75%	50%
Private Equity	0-10%	5%
Fixed Income Alternative	10-30%	20%
Cash	0-10%	0%

The purpose of dividing the Endowment Funds in this manner is to ensure that the overall asset allocation among major asset classes remains under the regular scrutiny of the Endowment Committee and is not allowed to become the residual of separate manager decisions. Over the long run, the allocation among the major asset classes may be the single most important determinant of the endowment funds investment performance.

The purpose of the fixed income fund is to provide a hedge against deflation, to reduce the overall volatility of returns of the Endowment Funds, in order to produce current income in support of spending needs.

The percentage of total Endowment Funds assets allocated to the fixed-income fund at any time should be sufficient to provide that neither the current income nor the capital value or the total Endowment Funds declines by an intolerable amount during an extended period of deflation. The fixed-income fund should normally represent approximately 15-35 percent of total Endowment Funds assets at market value. Although the actual percentage will fluctuate with

market conditions, levels outside this range should be closely monitored by the Endowment Committee.

The purpose of the equity fund is to provide appreciation of principal that more than offsets inflation and to provide a growing stream of current income. It is recognized that the pursuit of this objective could entail the assumption of greater market variability and risk than investment in fixed-income securities. Equity and equity-substitute investments are broadly defined as common stocks, high-yield bonds, reorganization securities, private equity, venture capital, leveraged buyout investments, equity real estate, reorganization securities, exchange traded index funds, etc. Investments made in such less liquid equity investments should be made through funds offered by professional investment managers.

The purpose of the fixed income alternative component is to provide the Endowment a source of returns with low correlation to equity markets and volatility of one third to one half that of the U.S. equity market, while still achieving equity-like returns of Treasury Bills plus 2-8% over time. The Fixed Income Alternative should normally represent approximately 10-30 percent of total Endowment Funds.

Any assets not committed to the fixed-income fund or fixed income alternative shall be allocated to the equity fund and the private equity fund. The equity fund should normally represent approximately 35-75 percent of total Endowment Funds assets at market value. The private equity fund should normally represent approximately 0-10 percent of total Endowment Fund assets at market value. Although the actual percentage of equities will vary with market conditions, levels outside these ranges should be closely monitored by the Investment Committee.

The Endowment includes investments in several categories, and the Endowment Committee targets allocations for the following:

Asset Class	Long-Term Strategic Target (%) of Endowed Funds	Range
Domestic Equity	42%	30-60%
Large/Mid-Cap	35%	25-55%
Small Cap	5%	3-8%
High Yield Debt	2%	0-5%
International Stocks	10%	5-15%
Developed Markets	6%	3-10%
Emerging Markets	4%	0-6%
Private Equity	5%	0-10%
TOTAL EQUITY COMPONENT	57%	35-75%
Alternative Investments	20%	10-30%
Absolute Return	15%	12-20%
Long/Short Equity	5%	0-10%
TOTAL ALTERNATIVE COMPONENT	20%	10-30%
Fixed Income	23%	15-35%
U.S. Core Bonds	16%	12-20%
Global Bonds	4%	0-7%

Asset Class	Long-Term Strategic Target (%) of Endowed Funds	Range
TIPS	2%	0-5%
Emerging Market Debt	1%	0-2%
TOTAL FIXED INCOME COMPONENT	23%	15-35%
Cash and Equivalents	0%	0-10%

Within the equity fund, certain investments can be included, with Endowment Committee approval, to provide a hedge against unanticipated, rapidly accelerating inflation. These include cash, real estate and oil and gas investments. While the Endowment Committee recognizes the argument for having a separate allocation to inflation-hedging assets, at this time, these investments are evaluated primarily as equity-substitutes. The Endowment Committee will periodically review the adoption of an inflation-hedging fund allocation separate from the equity allocation.

Within the equity fund, in addition to cash reserves held by managers, there is normally an investment in cash or short-term instruments. Although the Endowment Committee has not adopted a cash allocation, new gifts to the endowment and endowment income in excess of budgetary distributions generate cash inflow to the Endowment Fund. The level of cash should be closely monitored by the committee.

The Endowment committee may change any of the above ratios; however, it is anticipated that these changes will be infrequent.

The Endowment Funds investments shall be diversified both by asset class (e.g., equities and fixed-income securities) and within asset classes (e.g., within equities by economic sector, geographic area, industry, quality, and size). The purpose of diversification is to provide reasonable assurance that no single security or class of securities shall have a disproportionate impact on the endowment funds aggregate results. Equity securities in any single industry will not exceed 20 percent, nor will equity securities in any single company exceed 10 percent of the market value of the endowment’s allocation to equities.

VIII. Spending Policy

It shall be the policy of the University of South Alabama Board of Trustees to preserve and maintain the real purchasing power of the principal of the Endowment Funds. The current spending policy of the University will be determined annually by the President and the Endowment Committee and approved by the Board of Trustees. The spending guideline is based on an expected total return over the long-term less expected inflation.

IX. Volatility of Returns

The Board of Trustees understands that in order to achieve its objectives for Endowment Funds assets, the Funds will experience volatility of returns and fluctuations of market value. The Board will tolerate volatility as measured against the risk/return analysis of the appropriate market indices. The indices used as a measure of an investment manger’s performance will be used to measure the allowable volatility (risk).

X. Liquidity

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Vice President for Financial Affairs will periodically provide Investment Manager(s) with an estimate of expected net cash flow. The Vice President will notify the Investment Consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves. Because of the infrequency of cash outflows and overall marketability of Endowment Funds assets, the Board of Trustees does not require the maintenance of a dedicated cash or cash equivalent reserve.

XI. Marketability of Assets

The Board of Trustees requires that all Endowment Funds allocated to cash equivalents, fixed income securities or equity securities be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Endowment Funds, with minimal impact on market price. The Board of Trustees recognizes that opportunities may exist in illiquid assets and will allow Investment Managers overseeing Private Equity or Fixed Income Alternatives to invest in securities that may be less liquid and could present a risk of illiquidity.

XII. Investment Guidelines

A. Allowable Assets

1. Cash Equivalents
 - Treasury Bills
 - Money Market Funds
 - Common Fund Short Term Investment Fund
 - Commercial Paper
 - Banker's Acceptance
 - Repurchase Agreements
 - Certificates of Deposits

2. Fixed Income Securities
 - U.S. Government and Agency Securities
 - Corporate Notes and Bonds
 - Mortgage Backed Bonds
 - Preferred Stock
 - Fixed Income Securities of Foreign Governments and Corporations
 - Collateralized Mortgage Obligations

3. Fixed Income Alternatives
 - Arbitrage (merger, event, convertible, equity and fixed income arbitrage and pairs trading)
 - Event investing (restructurings, spin-offs, etc.)
 - Distressed securities
 - Long Short equities (U.S., global and sector funds)
 - Market neutral equities

- Short-biased equities
- Macro investing

4. Equity Securities

- Common Stocks
- Convertible Notes and Bonds
- Convertible Preferred Stocks
- American Depository Receipts (ADRs) of Non-U.S. Companies
- Exchange traded index funds

5. Private Equity

6. Mutual Funds

- Mutual Funds which invest in securities as allowed in this statement.

Other Assets:

Derivative Securities: options and future contracts

In general, the use of derivative securities by the Investment Manager shall be discouraged, unless such an opportunity presents itself that the use of the sophisticated securities would provide substantial opportunity to increase investment returns at an appropriately equivalent level of risk to the remainder of the total portfolio. Also, derivative securities may be used by the Investment Manager in order to hedge certain risks to the portfolio. The approval and use of derivative securities will not be allowed unless the Endowment Committee is confident that the Investment Manager(s) thoroughly understands the risks being taken, has demonstrated expertise in their usage of such securities, and has guidelines in place for the use and monitoring of derivatives.

Real Estate: Investments may also include equity real estate, held in the form of professionally managed, income producing commercial and residential property. Such investments may be made only through professionally managed, income producing commercial and residential property. Such investments may not exceed 10% of the total endowment fund. Such investment may be made only through professionally managed pooled real estate investment funds, as offered by leading real estate managers with proven track records of superior performance over time.

(Is now covered under the derivative section)

The Endowment will avoid highly leveraged strategies and managers who provide insufficient transparency of their actions for adequate monitoring of the risks they are taking.

B. Guidelines for Fixed Income Investments and Cash Equivalents

1. Investment in fixed income securities shall be restricted to only investment grade bonds rated BAA or higher.

2. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's.
3. Investment in fixed income securities within the fixed income portfolio shall be restricted to only investment grade bonds rated BAA or higher. Any investment in below investment grade bonds shall be considered an equity or fixed income alternative investment.

C. Guidelines for Fixed Income Alternatives

1. Fixed Income alternative investments will be defined as any strategy using a partnership or offshore investment company structure that may or may not be subject to SEC registration, investing primarily in marketable securities and/or subject to a performance fee. These strategies would generally have absolute, as opposed to relative, return objectives driven more by manager skill and market inefficiency than market direction. Use of leverage, short selling and/or derivatives may or may not be employed as part of the investment approach. The endowment will employ a manager of manager's approach to investing in fixed income alternative investments.

D. Limitations on Manager Allocations

1. No more than 5% of the Endowment Fund assets shall be allocated to an individual Investment Manager.
2. No more than 25% of the Endowment Fund assets shall be allocated to a "Fund of Funds" or multi-manager fund.

XIII. Investment Manager Performance Review and Evaluation

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Board of Trustees for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Board of Trustees intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason including the following:

1. Investment performance which is significantly less than anticipated, given the discipline employed and risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed annually regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

XIV. Investment Policy Review

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Board of Trustees will review investment policy at least annually.

Investment Manager Selection

1. The Endowment Committee will decide on guidelines for the desired investment philosophy, asset mix, and performance objectives of the new manager.
2. The Endowment Committee will employ, if appropriate, Investment Consultant(s) to identify potential managers.
3. Potential managers will be reviewed by the Endowment Committee in some or all of the following areas with the importance of each category determined by the Endowment Committee:

Organization

- Experience of firm
- Assets under management
- Ownership
- Number of professionals
- Fees and minimum account size

Performance

- One, three and five-year comparisons
- Up/down market comparisons
- Risk/return graphs

Securities Summary – Equities

- Yield
- Profit/earnings
- Quality
- Growth
- Beta

Securities Summary – Fixed Income

- Quality
- Maturity
- Duration
- Government/non-government
- Investment decision-making process
- Top down/bottom up
- Quantitative/qualitative/traditional
- Expected performance characteristics

Securities Summary – Fixed Income Alternative

- Arbitrage (merger, event, convertible, equity and fixed income arbitrage and pairs trading)
- Event investing (restructurings, spin-offs, etc.)
- Distressed securities
- Long Short equities (U.S., global and sector funds)
- Market neutral equities
- Short-biased equities
- Macro investing

Skill Set Analysis

- Market timing
- Sector diversification
- Security selection
- Security consideration

4. Final selection of a new manager resides with the Endowment Committee.