

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

MINUTES

DECEMBER 6, 2018

AUDIT COMMITTEE

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE

HEALTH AFFAIRS COMMITTEE

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

BUDGET AND FINANCE COMMITTEE

COMMITTEE OF THE WHOLE

DECEMBER 7, 2018

BOARD OF TRUSTEES

- 1 Approve: Minutes
- 2 Report: University President
- 3 Report: Faculty Senate President
- 4 Report: Student Government Association President

CONSENT AGENDA

- 9 Approve: Evaluation of Endowment and Non-Endowment Investment Policies
- 10 Approve: Director of the Jaguar Athletic Fund, Inc.
- 12 Approve: USA Hospitals Medical Staff Credentials for August, September and October 2018
- 13 Approve: USA Hospitals Medical Staff Bylaws and Rules and Regulations Revisions
- 14 Approve: USA Health Financial Assistance Policy
- 16 Approve: Sabbatical Awards
- 17 Approve: Faculty Emeritus
- 18 Approve: Dean Emeritus

AUDIT COMMITTEE

- Report: Jimmy Shumock, Chair

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE

- Report: Jim Yance, Chair

HEALTH AFFAIRS COMMITTEE

- Report: Steve Stokes, M.D., Vice Chair

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

- Report: Mike Windom
- 19 Approve: Tenure

BUDGET AND FINANCE COMMITTEE

- Report: Jim Yance, Vice Chair
- 26 Approve: New Billing Entities for USA Health
- 27 Approve: Bond Parameters Resolution for Series 2019 Bonds

OTHER

- Approve: Executive Session

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

**December 7, 2018
10:30 a.m.**

A meeting of the University of South Alabama Board of Trustees was duly convened by Judge Ken Simon, Chair *pro tempore*, on Friday, December 7, 2018, at 10:34 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Chandra Brown Stewart, Steve Furr, Ron Graham, Ron Jenkins, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Ken Simon, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance. Participating by phone was Alexis Atkins.

Members Absent: Scott Charlton, Tom Corcoran and Kay Ivey.

Administration and Others: Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Paul Frazier, Happy Fulford, Bill Guess, Charlie Guest, Mike Haskins, Melva Jones, Zorrya Kelley (BSU), Don Langham, John Marymont, Abe Mitchell, Mike Mitchell, Grace Newcombe (SGA), Matthew Reichert (Faculty Senate), Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.

Media: Jake Cannon and Katarina Luketich (WKRK); Mike Corry, Cassie Fambro and Alyssa Newton (WPMI); Dale Liesch (*Lagniappe*); Asha Staples and Joshua Harlan (WALA); and Creg Stephenson (*al.com*).

The meeting came to order and the attendance roll was called. Chairman Simon called for adoption of the revised agenda. On motion by Mr. Shumock, seconded by Mr. Perkins, the revised agenda was adopted unanimously.

Chairman Simon called for consideration of the minutes of the August 31 and November 10, 2018, meetings of the Board of Trustees, **ITEM 1**. On motion by Mr. Shumock, seconded by Mr. Graham, the minutes were adopted unanimously.

Chairman Simon announced that the Executive Committee would serve as an *ad hoc* committee to develop a board self-assessment process, in accordance with SACSCOC (Southern Association of Colleges and Schools Commission on Colleges) standards.

Chairman Simon called for presentation of **ITEM 2**, the President's Report. President Waldrop recognized Honorary Trustee Mr. Abe Mitchell, Black Student Union President Ms. Zorrya Kelley, and Trustee Emeritus Mr. Don Langham. He introduced Chief Diversity and Inclusion Officer Dr. Paul Frazier. Dr. Frazier conveyed enthusiasm for the opportunities ahead in his new role. President Waldrop thanked Dr. Coleman for leading the search efforts.

President Waldrop advised that Provost Johnson was nominated to serve as Vice Chair of the Executive Council for SACSCOC. He said a vote to confirm the appointment would take place the following week.

President Waldrop advised that award-winning author and USA writer-in-residence Mr. Frye Gaillard would deliver the keynote address at Fall Commencement on December 15. He noted 1,429 students were eligible to participate.

President Waldrop presented photos commemorating the December 4 groundbreaking ceremony for the Fanny Meisler Trauma Center at USA Health University Hospital.

President Waldrop called on Dr. Smith for a report on annual campus-wide disaster drills. Dr. Smith introduced Department of Safety and Environmental Compliance Director Mr. Bill Guess, who shared specifics on a disaster drill simulating a plane crash in the Delta complex on November 19. He stated upwards of 180 participants representing various departments and academic programs, such as Housing, Maintenance, Transportation Services, the College of Nursing, the Department of Emergency Medical Services and the Pat Capps Covey College of Allied Health Professions, joined in the exercise. Photos of the mock mass-casualty incident were shown.

President Waldrop announced Mr. Fulford would retire from his role as Executive Director of the Office of Governmental Relations at the end of January 2019. Mr. Fulford reflected on his career and received a round of applause. Trustees and President Waldrop thanked Mr. Fulford for his service.

Chairman Simon called for presentation of **ITEM 3**, a report from Faculty Senate President Dr. Matthew Reichert. Dr. Reichert advised of annual awards for excellence given in November. He talked about work by senators over the semester to improve upon the tenure and promotion and chair review policies, and to establish a third instructor rank. He conveyed appreciation for the opportunity to participate in a recent President's Council leadership retreat and said he looked forward to leading the procession at Fall Commencement.

Chairman Simon called for presentation of **ITEM 4**, a report from Student Government Association (SGA) President Ms. Grace Newcombe. Ms. Newcombe shared information on SGA programming over the semester, such as the Homecoming-based fundraiser for USA Health Children's & Women's Hospital; the semi-annual parking ticket forgiveness day/personal supplies drive benefitting the Mulherin Home, Mars Hill Church community efforts and Panama City for hurricane relief; and a statewide drive sponsored by the Alabama University Student Presidents Council to collect and distribute school supplies. She and Dr. Mitchell answered questions about efforts to help students experiencing food or housing insecurity, and those without resources to travel home for the holidays.

Chairman Simon called for consideration of consent agenda **ITEMS 9, 10, 12, 13, 14, 16, 17 and 18**, as follows, noting each resolution had been unanimously recommended for Board approval by the respective committee that met on December 6 (for copies of policies and other authorized documents, refer to **APPENDIX A**). On motion by Ms. Mitchell, seconded by Mr. Shumock, the Board voted unanimously to approve the resolutions:

**RESOLUTION
EVALUATION OF THE UNIVERSITY'S ENDOWMENT
AND NON-ENDOWMENT INVESTMENT POLICIES**

WHEREAS, the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) requires that investment policies be evaluated regularly, and

WHEREAS, the Board of Trustees has previously approved the University's endowment funds policies and guidelines and the University's non-endowment cash pool investment policy,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama hereby acknowledges the current year annual evaluation of both policies by the Development, Endowment and Investments Committee.

**RESOLUTION
DIRECTOR OF THE JAGUAR ATHLETIC FUND, INC.**

WHEREAS, pursuant to the Amended Bylaws of the Jaguar Athletic Fund, Inc. ("USAJAF"), the Board of Trustees of the University of South Alabama ("University") shall approve the USAJAF slate of officers and directors, and

WHEREAS, the University and USAJAF have a history of interaction and cooperation that has served the interests of the University, and

WHEREAS, the Board of Directors of the USAJAF, through its Nominating Committee, is authorized to nominate directors and officers consistent with the aforesaid for consideration and approval by the Board of Trustees of the University, and

WHEREAS, the Nominating Committee of the Board of Directors and the Board of Directors of USAJAF have nominated Mr. Rick Jones for a three-year term representing football, pending the approval of the Board of Trustees of the University,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama does hereby approve Mr. Rick Jones as a member of the Board of Directors of the USAJAF with a three-year term beginning December 2018 and ending December 2021.

**RESOLUTION
USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS
FOR AUGUST, SEPTEMBER AND OCTOBER 2018**

WHEREAS, the medical staff appointments and reappointments for August, September and October 2018 for the University of South Alabama Hospitals are recommended for Board approval by the Medical Executive Committees and the Executive Committee of the University of South Alabama Hospitals,

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

**RESOLUTION
USA HOSPITALS MEDICAL STAFF BYLAWS AND RULES AND REGULATIONS
REVISIONS OF OCTOBER 30, 2018**

WHEREAS, revisions to USA Hospitals Medical Staff Bylaws and Rules and Regulations, approved at the October 30, 2018 Medical Staff meeting and attached hereto, are recommended for approval by the Medical Executive Committees, General Medical Staff and the Executive Committee of the University of South Alabama Hospitals,

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

**RESOLUTION
FINANCIAL ASSISTANCE POLICY FOR USA HEALTH UNIVERSITY HOSPITAL
AND USA HEALTH CHILDREN'S & WOMEN'S HOSPITAL**

WHEREAS, the University of South Alabama (the University) provides patient care through its hospital facilities, USA Health University Hospital and USA Health Children's & Women's Hospital, and

WHEREAS, the University is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the IRC) and is also a hospital organization as that term is defined under Section 501(r) of the IRC, and

WHEREAS, the Patient Protection and Affordable Care Act (ACA) includes requirements with which hospital organizations must comply to maintain their 501(c)(3) tax-exempt status, and those requirements are set forth in Section 501(r) of the IRC, and

WHEREAS, Section 501(r) of the IRC requires hospital organizations to establish written financial assistance and emergency medical care policies, limit amounts charged for medically necessary care of individuals eligible for assistance, and make reasonable efforts to determine whether individuals are eligible for assistance before engaging in extraordinary collection actions, and

WHEREAS, the Financial Assistance Policy (FAP) must describe all financial assistance available, identify the method for determining the amount generally billed to individuals who have insurance, verify eligible individuals are not charged more than amounts generally billed to individuals who have insurance, and inform and notify residents of the community about the Financial Assistance Policy, and

WHEREAS, USA Health Finance and Administration recommends adoption of the attached proposed Financial Assistance Policy for USA Health hospital facilities that incorporates the requirements of the Affordable Care Act,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees hereby adopts said Financial Assistance Policy for eligible patients of USA Health University Hospital and USA Health Children's & Women's Hospital.

**RESOLUTION
SABBATICAL AWARDS**

WHEREAS, in accordance with University policy, proposals for sabbatical awards have been reviewed and recommended by the respective faculty committees, departmental chair and college dean, and by the Provost and Senior Vice President for Academic Affairs and the President,

THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees approves sabbatical awards as follows on this date, December 7, 2018, for Fall 2019 – Spring 2020.

| <u>NAME</u> | <u>DISCIPLINE</u> | <u>TIME PERIOD</u> |
|-----------------------|--------------------------------------|-----------------------|
| David T. Allison | Earth Sciences | Fall 2019 |
| Huybrechts F. Bindele | Mathematics & Statistics | Fall 2019 |
| Kara K. Burns | Art History | Fall 2019 |
| Sarah Koon-Magnin | Political Science & Criminal Justice | Spring 2020 |
| Mara V. Kozelsky | History | Academic Year 2019-20 |
| J. Todd McDonald | Computer Science | Academic Year 2019-20 |
| Becky R. McLaughlin | English | Fall 2019 |

**RESOLUTION
FACULTY EMERITUS**

WHEREAS, the following faculty members have retired from the University of South Alabama:

ACADEMIC AFFAIRS:

James L. Aucoin, Ph.D., Professor of Communication
Robert E. Barletta, Ph.D., Associate Professor of Chemistry
Charles H. Brown, Ph.D., Professor of Psychology (Posthumous)
John S. Carter, Ph.D., Professor of Mathematics
Michael V. Doran, Ph.D., Professor of Computer Science
Greg L. Gruner, Ph.D., Professor of Music
Kenneth L. Heck, Ph.D., Professor of Marine Science
Elise Labbé-Coldsmith, Ph.D., Professor of Psychology
Diane H. Roe, Instructor of Chemistry
Cindy L. Stanfield, Ph.D., Associate Professor of Biomedical Sciences

COLLEGE OF MEDICINE:

Charles Rodning, M.D., Ph.D., F.I.C.S., F.A.C.S., Professor of Surgery
June E. Ayling, Ph.D., Professor of Pharmacology,

and

WHEREAS, in recognition of their contributions to the University through extraordinary accomplishments in teaching and in the generation of new knowledge through research and scholarship; in serving to positively inspire students; and, regarding those with clinical backgrounds, for dedication to the treatment and healing of patients; all for which, in accordance with University policy, the respective faculty committees, depart-

mental chair and college dean, the Provost and Senior Vice President for Academic Affairs or the Vice President for Medical Affairs, and the President have duly recommended the aforementioned faculty retirees be appointed to the rank of Professor Emeritus, Associate Professor Emeritus or Instructor Emeritus,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby appoints these individuals to the rank of Professor Emeritus, Associate Professor Emeritus or Instructor Emeritus with the rights and privileges thereunto appertaining, and

BE IT FURTHER RESOLVED that the Board of Trustees of the University of South Alabama, in recognition of their significant contributions and dedicated service to the University of South Alabama, conveys its deep appreciation to these individuals.

**RESOLUTION
DEAN EMERITUS**

WHEREAS, Dr. Debra C. Davis has retired from the University of South Alabama as Dean of the College of Nursing, and

WHEREAS, in recognition of her honorable and distinguished service to the University through extraordinary accomplishments in administrative leadership and scholarship, for which, in accordance with University policy, the Faculty Senate, the Provost and Senior Vice President for Academic Affairs, and the President have duly recommended Dr. Davis be appointed to the rank of Dean Emeritus,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby appoints Dr. Debra C. Davis to the rank of Dean Emeritus with the rights and privileges thereunto appertaining, and

BE IT FURTHER RESOLVED that the Board of Trustees of the University of South Alabama, in recognition of her significant contributions and dedicated service to the University of South Alabama, conveys its deep appreciation to Dr. Davis.

Chairman Simon called for a report from the Audit Committee. Mr. Shumock, Committee Chair, stated, at a meeting on December 6, KPMG partners delivered results of the financial audit for the year ended September 30, 2018, and reported an unmodified opinion on the University's financial statements; Mr. Weldon discussed the Alabama Department of Examiners of Public Accounts compliance report for the year ended September 30, 2017, which did not contain new findings; and Mr. Berry gave a presentation on risk assessment and risk management initiatives of the Office of Internal Audit.

Chairman Simon called for a report from the Development, Endowment and Investments Committee. Mr. Yance, Committee Chair, stated, at a meeting on December 6, endowment performance for the fiscal year ended September 30, 2018, and since inception was reported; the Committee approved investing in Commonfund's new private equity secondary's fund, Gerber Taylor's international fund and J.P. Morgan's emerging market fund, and releasing Oakmark's global select fund and American Fund's capital world growth and income fund; and Mr. Matt Kinnear with Gerber Taylor gave a performance overview and discussed market trends and expectations. He gave a recap of the endowment results presented on December 6, noting a

return of 6.89 percent for 2018 versus the relative index of 6.81 percent and investment earnings of just over \$10 million for the period, and of approximately \$81 million since inception of the endowment.

Mr. Yance reviewed information presented on December 6 related to the Upward & Onward Campaign; South's \$255,476 contribution to the 2018 United Way of Southwest Alabama; recent groundbreaking events; fundraising efforts for the MacQueen Alumni Center and the on-campus stadium; alumni and donor outreach activities; and the upcoming USA Day of Giving and South Fund drives. As to the Upward & Onward Campaign, he reported approximately \$127.3 million raised through November 30, 2018, or 85 percent of the \$150 million goal, of which approximately \$19.2 million was secured in fiscal year 2018 and close to \$3.8 million had been raised in the first two months of fiscal year 2019. He thanked Campaign Co-Chairs Angelia and Steve Stokes and the Development and Alumni Relations team for their hard work.

Chairman Simon called for a report from the Health Affairs Committee. On behalf of Dr. Furr, Committee Chair, Dr. Stokes, Vice Chair, stated, at a meeting on December 6, Dr. Marymont introduced USA Health Mitchell Cancer Institute (MCI) Interim Director Dr. Rod Rocconi and Department of Pathology Chair Dr. Guillermo Herrera, and reported on the College of Medicine's accreditation review and preliminary report by the LCME (Liaison Committee on Medical Education); and Mr. Bailey introduced USA Health Chief Medical Officer Dr. Michael Chang.

Chairman Simon called for a report from the Academic and Student Affairs Committee. On behalf of Drs. Charlton and Furr, Committee Chair and Vice Chair, Mr. Windom stated, at a meeting on December 6, the Committee voted unanimously to recommend Board approval of **ITEM 19** as follows. On motion by Ms. Mitchell, seconded by Mr. Shumock, the Board voted unanimously to approve the resolution:

**RESOLUTION
TENURE**

WHEREAS, in accordance with University policy, faculty applications for tenure 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 the following individuals are hereby recommended for tenure,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves and grants tenure to the following individuals.

PAT CAPPS COVEY COLLEGE OF ALLIED HEALTH PROFESSIONS:

Nancy A. Rice Effective February 1, 2019

COLLEGE OF MEDICINE:

Rebecca M. Sugg Effective January 7, 2019

Mr. Windom reported that, on December 6, Provost Johnson introduced Department of Hospitality and Tourism Management Chair Dr. Robert Thompson and Department of Psychology Chair Dr. Jack Shelley-Tremblay; Dr. Coleman presented information on the new

SACSCOC standard requiring board self-evaluation; Dr. Mitchell shared information on the Office of Multicultural Student Affairs' iLead Leadership Institute and JagROOTS mentoring program; Dr. Smith introduced Chief Aull for a report on campus safety and IACLEA (International Association of Campus Law Enforcement Administrators) accreditation of the USA Police Department, as well as Chief Compliance Officer Mr. Chris Hansen to discuss his new role and compliance activities in progress; and Ms. Chronister reviewed research data for 2017-2018.

Chairman Simon called for a report from the Budget and Finance Committee. Mr. Yance, Committee Vice Chair, stated, at a meeting on December 6, Mr. Weldon discussed USA's 2018 Financial Report and presented **ITEM 26** as follows, which he said received the Committee's unanimous recommendation. On motion by Mr. Shumock, seconded by Mr. Graham, the Board voted unanimously to approve the resolution:

**RESOLUTION
CREATION OF SINGLE-MEMBER, LIMITED-LIABILITY COMPANIES
FOR THE SUPPORT OF BILLING AND COLLECTIONS
FOR THE UNIVERSITY OF SOUTH ALABAMA**

WHEREAS, pursuant to Title 16, Chapter 55 of the Code of Alabama 1975, as amended (the "Enabling Law"), the University of South Alabama (the "University") was established for the purpose of providing a state institution of higher learning within Mobile County, and

WHEREAS, in furtherance of the purposes for which the University was established, the University owns and operates an academic medical center enterprise which consists of: (i) two hospitals (a) USA Health University Hospital, a tertiary care hospital which includes a level one trauma center, a burn unit, and state-of-the-art facilities for internal medicine, surgery and cardiovascular diagnostic and treatment techniques, and (b) USA Health Children's & Women's Hospital, a facility specializing in pediatric services, which include pediatric oncology, pediatric intensive care and neonatal intensive care, as well as obstetric, including high risk obstetrics, and gynecological services; (ii) USA Health Mitchell Cancer Institute, a comprehensive cancer research/treatment center; and (iii) USA Health Physicians Group, a multispecialty group practice of faculty physicians, and

WHEREAS, as a result of the increasing complexity of health care billing and payment practices, including that of insurance providers making a consolidated payment to a single entity which may have several providers and locations, which, in turn, makes allocation of the payment among providers and locations difficult and time-consuming, University management has determined that operational efficiencies could be attained through the formation of single-member, limited-liability companies organized for the purpose of supporting the University, including, but not limited to, activities such as billing and collection, and

WHEREAS, based on the foregoing, University management has determined that limited-liability companies should be formed, each with the University as its sole member, and each with its own federal tax identification number, and

WHEREAS, there is currently a need for at least nine limited-liability companies with a possibility of the need for additional companies in the future, and

WHEREAS, each limited-liability company created would be under the full and complete control of the University of South Alabama Board of Trustees,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby authorizes the President of the University and the Vice President for Finance and Administration to establish single-member, limited-liability companies as deemed necessary by management, each of which would have the University as the single member and be organized solely to support the University's mission and operations.

Mr. Yance reported that Mr. Weldon also presented ITEM 27 as follows and the Committee voted unanimously to recommend Board approval of the resolution. On motion by Mr. Shumock, seconded by Mr. Perkins, the Board voted unanimously to approve the resolution:

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
UNIVERSITY FACILITIES REVENUE BONDS, SERIES 2019**

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, and in the interest of the University and the public that the University design, acquire, construct, install, furnish and equip a new football stadium, intramural fields and related capital improvements, equipment and assets on the campus of the University (herein called the "2019 Improvements"); and

(2) it is necessary, advisable, and in the interest of the University and the public that the University issue as additional parity bonds under Article VIII of the Indenture (as hereinafter defined) one or more series of fixed rate bonds hereinafter collectively described as the "Series 2019 Bonds" in order to pay for: (i) the costs of the 2019 Improvements, (ii) capitalized interest respecting the Series 2019 Bonds, (iii) the costs and expenses of issuing the Series 2019 Bonds, and (iv) the premium for a municipal bond insurance policy (a "Bond Insurance Policy"), if obtained, respecting some or all of the maturities of the Series 2019 Bonds; and

(3) the University has engaged The Frazer Lanier Company Incorporated as lead underwriter for the Series 2019 Bonds (in said capacity, the "Lead Underwriter") and Hancock Whitney Investment Services, Inc., as co-managing underwriter for the Series 2019 Bonds (together with the Lead Underwriter, the "Underwriters"), along with PFM Financial Advisors LLC as financial advisor to the University for the Series 2019 Bonds (the "Financial Advisor"); and

(4) the University has engaged the Underwriters and the Financial Advisor to work with officers and representatives of, and counsel to, the University to cause the Series 2019 Bonds to be sold at such time as the President and the Vice President for Finance and Administration, on the advice of the Financial Advisor and the Under-

writers, determine to be in the best interest of the University, and has determined to authorize and approve the sale and delivery of the Series 2019 Bonds at a future time upon satisfaction of certain conditions and requirements hereinafter set forth.

(b) Series 2019 Bonds to be Issued as Additional Bonds Under the Indenture; Special Findings Under Section 8.2(b) of the Indenture. The Series 2019 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 2019 Bonds shall be designated "Series 2019" if issued in only one series, "Series 2019-A" and "Series 2019-B", if issued in two series, and "Series 2019-A", "Series 2019-B" and Series "2019-C", if issued in three series;

(3) the persons to whom the Series 2019 Bonds are to be delivered are set forth in Section 6 hereof;

(4) the Series 2019 Bonds are to be issued by sale in accordance with, and at the sale price determined as set forth in, Section 2 and Section 10 hereof;

(5) (a) 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,

\$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, (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 original principal amount 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 original principal amount 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 September 1, 2016, (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 a Thirteenth Supplemental University Facilities Revenue Trust Indenture dated 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 and pursuant to the Thirteenth Supplemental Indenture, (xviii) \$45,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016, which was issued under and pursuant to the Thirteenth Supplemental Indenture (herein called the "Series 2016-D Bond") and (xix) \$38,105,000 original principal amount University Facilities Revenue Bonds, Series 2017, dated June 15, 2017, which were issued under and pursuant to

the Fourteenth Supplemental Indenture dated June 15, 2017 (herein called the "Series 2017 Bonds" and, together with the Series 1999 Bonds, the Series 2010 Bond, the Series 2012-A Bond, the Series 2012-B 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, and the Series 2016-D Bond, the "Outstanding Bonds"); and (b) in Article VIII of the Indenture, the University has reserved the right to issue additional bonds, secured by a pledge of the Pledged Revenues on a parity with the Outstanding Bonds and with such additional bonds as shall have thereafter been issued thereunder, upon compliance with the applicable provisions of said Article VIII;

(6) the Outstanding Bonds are the only bonds heretofore issued under the Indenture that are at this time and upon issuance of the Series 2019 Bonds outstanding under the Indenture; and

(7) the Series 2019 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 2019 Bonds to the purchasers specified in Section 6 hereof upon payment of the purchase price designated therein.

Section 2. Authorization of the Series 2019 Bonds. For the purposes specified in Section 1 of this resolution, the Board does hereby authorize to be issued by the University up to three series of its University Facilities Revenue Bonds to be dated their date of initial issuance (herein collectively called the "Series 2019 Bonds"), under such terms, conditions and provisions to be set out in the Fifteenth Supplemental University Facilities Revenue Trust Indenture dated the date of issuance of the Series 2019 Bonds (herein called the "Fifteenth 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 Fifteenth Supplemental Indenture, herein called the "Indenture"), which terms, conditions and provisions shall be in accordance with the following (herein called the "Plan of Finance"):

(a) The Series 2019 Bonds shall bear interest at fixed rates, payable semiannually.

(b) The aggregate principal amount of the Series 2019 Bonds allocable to the payment of the costs of the 2019 Improvements may not exceed the sum of \$75,000,000. Such maximum principal amount includes estimated amounts for the following components of the plan of financing:

| | |
|---|--------------|
| Estimated 2019 Improvements costs funded with proceeds | \$67,560,000 |
|---|--------------|

Costs of issuance (including, without
Limitation, legal, financial advisory,

| | |
|--|----------------------------|
| rating fees, Bond Insurance Policy, if any, printing, and other costs) | \$1,500,000 |
| Contingency (includes potential original issue discount of up to 1.5% of principal issued and general contingency (\$1,125,000), along with capitalized interest through not later than October 1, 2020) | \$5,940,000 |
| Total | <u>\$75,000,000</u> |

(c) The amount for each cost component specified in Section 2(b) above may vary so long as the maximum principal amount allocable to the 2019 Improvements is not exceeded by more than ten percent (10%).

(d) No maturity of the Series 2019 Bonds may bear interest at a rate exceeding 6.0%.

(e) The true interest cost on the Series 2019 Bonds (taking into account any original issue discount or original issue premium) may not exceed 5.6%.

(f) The Series 2019 Bonds shall be sold at a price not less than 98.5% of the total principal amount thereof.

(g) The Series 2019 Bonds shall have a final maturity not later than October 1, 2049, and shall have a weighted average maturity of not longer than 23.0 years.

(h) The Series 2019 Bonds shall be sold to the Underwriters as described in Section 6 hereof.

(i) The Series 2019 Bonds shall be sold by March 15, 2019, and issued and delivered not later than April 15, 2019.

(j) Any period of time during which interest on the Series 2019 Bonds is paid from proceeds of the Series 2019 Bonds (otherwise known as a "capitalized interest period") may not be for longer than from the issuance of the Series 2019 Bonds through October 1, 2020.

Section 3. Source of Payment of the Series 2019 Bonds. The principal of and the interest on the Series 2019 Bonds shall be payable from Pledged Revenues as defined in the Indenture. The Series 2019 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 2019 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 2019 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 2019 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 2019 Bonds Payable at Par. All remittances of principal of and interest on the Series 2019 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 2019 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 2019 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 Fifteenth Supplemental Indenture. In connection with the issuance of the Series 2019 Bonds, 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 Fifteenth 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), updated to reflect the final pricing terms of, and the final number of series of, the Series 2019 Bonds as reflected in the Certificate of Compliance (hereinafter defined) and as also herein permitted and, further, to contain provisions required by the provider of any Bond Insurance Policy if bond insurance is procured by the University for some or all of the Series 2019 Bonds, and does hereby authorize and direct the Secretary of the Board, the Vice Chair of the Board and the Chair Pro Tempore of the Board to affix to the Fifteenth Supplemental Indenture the corporate seal of the University and to attest the same.

Section 6. Sale of the Series 2019 Bonds. (a) The Series 2019 Bonds shall be sold to The Frazer Lanier Company Incorporated and to Hancock Whitney Investment Services, Inc., as underwriters for the Series 2019 Bonds. In connection with the sale of the Series 2019 Bonds to the Underwriters, the Board does hereby authorize and direct the President and the Vice President for Finance and Administration of the University to execute and deliver, for and in the name and behalf of the University, a Bond Purchase Agreement with the Underwriters, the form 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), updated to reflect the final pricing terms of, and the final number of series of, the Series 2019 Bonds as reflected in the Certificate of Compliance and as also herein permitted. The Series 2019 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 be in such number of series, shall bear such numbers, and shall be in such form and contain such provisions as shall be set out in the said Bond Purchase Agreement and the Fifteenth Supplemental Indenture authorized in Section 5 above.

(b) The Vice President for Finance and Administration is hereby authorized to cause the University to obtain a Bond Insurance Policy for some or all of the maturities of the Series 2019 Bonds if such officer or the Financial Advisor determines, at or around the sale of the Series 2019 Bonds, that the estimated present value of the premium of such policy will be less than the present value of the estimated or expected interest savings on the Series 2019 Bonds as a result of such policy.

Section 7. Preliminary Official Statement; Official Statement. (a) The Board does hereby authorize and direct the President and the Vice President for Finance and Administration to cause to be finalized and circulated by the Underwriters a Preliminary Official Statement respecting the Series 2019 Bonds, the form of which is attached hereto as Exhibit III, with such modifications to reflect (i) material information concerning the University and its operations as of the time the said document is to be circulated for consideration by prospective investors in the Series 2019 Bonds, (ii) preliminary principal amounts and relevant preliminary pricing information for the Series 2019 Bonds, (iii) information respecting a Bond Insurance Policy and the provider thereof if bond insurance is procured by the University for some or all of the maturities of the Series 2019 Bonds, and (iv) such other material information concerning the Series 2019 Bonds, all as such officers, either independently or upon consultation with the Underwriters, bond counsel to the University and/or the Financial Advisor, shall determine necessary or desirable for inclusion in the Preliminary Official Statement. The President and the Vice President for Finance and Administration are hereby authorized to cause the 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") and thereafter circulated to prospective investors in the Series 2019 Bonds.

(b) The Board does hereby authorize and direct the President and the Vice President for Finance and Administration to execute, for and in the name and behalf of the University, an Official Statement with respect to the Series 2019 Bonds dated the date of sale of the Series 2019 Bonds, in substantially the form of the Preliminary Official Statement circulated to prospective investors in the Series 2019 Bonds in connection with the sale of the Series 2019 Bonds, with such changes as shall be necessary to conform to the provisions of this resolution and reflect the final pricing terms of the Series 2019 Bonds, to include information respecting a Bond Insurance Policy and the provider thereof if bond insurance is procured by the University for some or all of the maturities of the Series 2019 Bonds (if not included in the Preliminary Official Statement circulated by the Underwriters prior to sale of the Series 2019 Bonds), and the other terms approved in accordance with the provisions of this resolution, and to reflect such other changes as shall be approved by the President or the Vice President for Finance and Administration and acceptable to the Underwriters. The Board does hereby declare that the Official Statement so executed by the President or the Vice President for Finance and Administration shall be the Official Statement of the University with respect to the Series 2019 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 2019 Bonds, in substantially the form presented to the meeting at which this resolution is adopted (which form shall be attached as Exhibit IV 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 2019 Bonds in order to assist the Underwriters of the Series 2019 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 2019 Bonds. If the Series 2019 Bonds are successfully sold and delivered as herein contemplated, the Board does hereby authorize the President of the University to execute the Series 2019 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, the Vice Chair of the Board and the Chair Pro Tempore of the Board to cause the corporate seal of the University to be imprinted or impressed on each of the Series 2019 Bonds and to attest the same by signing the Series 2019 Bonds, and the President of the University is hereby authorized and directed to deliver the Series 2019 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 2019 Bonds and to deliver them to the Underwriters, upon payment to the University of the purchase price therefor.

Section 10. Designated Officials. Each of the President of the University and the Vice President for Finance and Administration is herein designated a "Designated Officer". Each of the following members of the Board is hereby designated as a "Designated Board Member" for purposes of this resolution:

| <u>Name</u> | <u>Office</u> |
|--------------------|--|
| Kenneth O. Simon | Chair Pro Tempore |
| James H. Shumock | Vice Chair |
| E. Thomas Corcoran | Chairman of the Budget and Finance Committee |

Any Designated Board Member, together with any Designated Officer, are hereby authorized to approve the remaining details of the Plan of Finance. When the details of the Plan of Finance have been approved by a Designated Board Member and a Designated Officer, the designees shall execute, in the name and on behalf of the Board and the University, respectively, a certificate evidencing such approval (herein called the "Certificate of Compliance") in substantially the form set forth on Exhibit V hereto, and shall file a copy of such certificate with the Secretary of the Board, and such certificate shall be maintained in the records of the Board by the Secretary of the Board. The Certificate of Compliance may be executed in counterparts.

Section 11. Application of Proceeds. The entire proceeds derived by the University from the sale of the Series 2019 Bonds, less and except the underwriter's discount to be retained by the Underwriters and the premium for any Bond Insurance Policy obtained for the Series 2019 Bonds to be wired directly by the Underwriters to 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 herein described and as shall be specified in Section 1.6 of the Fifteenth Supplemental Indenture once updated to reflect the terms of the Certificate of Compliance, or as otherwise directed pursuant to a written order from the President or the Vice President for Finance and Administration.

Section 12. Resolution Constitutes Contract; Severability. The provisions of this resolution shall constitute a contract between the University and the holders of the Series 2019 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 13. General Authorization. The President of the University, the Vice President for Finance and Administration of the University, the Secretary of the Board, the Vice Chair of the Board and the Chair Pro Tempore of the Board are hereby authorized to execute such further agreements, certifications, instruments or other documents, containing such terms as such officer shall approve (subject to the limitations described in this resolution and the Certificate of Compliance executed and filed as provided in Section 10 hereof), 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 2019 Bonds may be executed, issued and delivered. The Secretary of the Board, the Vice Chair of the Board and the and the Chair Pro Tempore of the Board are hereby authorized and directed to affix the official seal of the Board to such instruments and to attest the same.

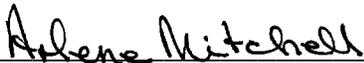
In accordance with the provisions of the Alabama Open Meetings Act, Chairman Simon made a motion to convene an executive session for an anticipated duration of 30 minutes for the purpose of discussing a contested case hearing with Ms. Jean Tucker, Senior University Attorney, for which Ms. Tucker had submitted the required written declaration for the minutes. Dr. Stokes seconded and the Board voted unanimously at 11:22 a.m. to convene an executive session, as recorded below:

AYES:
Ms. Atkins (phone)
Ms. Brown Stewart
Dr. Furr
Mr. Graham
Capt. Jenkins
Ms. Mitchell
Mr. Perkins
Mr. Shumock
Chairman Simon
Dr. Stokes
Ms. Tuckson
Mr. Windom
Mr. Yance

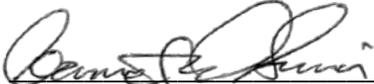
Following the executive session and there being no further business, the meeting was adjourned at 11:59 a.m.

Attest to:

Respectfully submitted:



Arlene Mitchell, Secretary



Kenneth O. Simon, Chair *pro tempore*

APPENDIX A

Proposed Changes to University of South Alabama Hospitals Medical Staff Bylaws/Rules and Regs. Revisions approved at the USA Hospitals General Medical Staff Meeting on October 30, 2018

Bold and Underlined are additions - Strikethroughs are deletions

BYLAWS

ARTICLE XII- APPOINTMENTS

Section 12.04 Processing of Application

A. The information reported by the applicant shall be verified with primary source documentation or sources approved by accreditation bodies. References and other information shall be obtained as appropriate. In all cases, time-sensitive information (See Medical Staff Credentialing Office Policy 6.0) must be verified no more than 150 days prior to the credentialing decision by the BOT. It shall be the applicant's responsibility and burden of proof to provide information to support the requested status and privileges and to resolve any doubts that arise during the review of the application forms and related documents. An application shall be deemed complete when all information provided has been verified and all necessary documentation has been provided or obtained. The completed application shall be forwarded by the MSO to the appropriate Department Chair and/or CW Service Line Chair.

B. After receipt of a completed application, the Department Chair and/or CW Service Line Chair shall review the application and related documentation and, taking into account relevant criteria, make a recommendation concerning the application. The Department Chair and/or CW Service Line Chair shall submit recommendations, together with the application and related documentation, to the MSO for transmittal to the Combined Credentials Committee.

C. The Combined Credentials Committee shall conduct a review of the application and all related documentation and shall recommend that the application be: 1) approved; 2) approved with conditions or restrictions; or 3) disapproved. The Combined Credentials Committee also may remand the application and related documentation to the Department Chair for collection and consideration of additional information, together with a specific date for a response by the Department Chair. The Combined Credentials Committee shall submit its recommendations to the MEC. The office of record for the application and all related documentation is that of the MSO.

D. The MEC shall review the recommendations of the Combined Credentials Committee and recommend approval, disapproval, deferral, or remanding to the Combined Credentials Committee. If the MEC decides to defer a decision in whole or in part, the deferred recommendation shall be reviewed at the next meeting of the MEC. If the recommendation of the MEC is favorable, such favorable recommendation shall be forwarded **for approval** to the ~~Executive Committee for review-USA Health Credentialing Board (USAHCB), as defined below and consented to by the BOT.~~ **USA Health Credentialing Board (USAHCB), as defined below and consented to by the BOT.** ~~If the recommendation of the Executive Committee is favorable, such favorable recommendation shall be forwarded to the BOT for action.~~ For favorable recommendations, the applicant will be notified of the decision of the ~~USAHCB-BOT~~ **USAHCB** within thirty (30) calendar days. ~~If the recommendation of the MEC is adverse, the Chair of MEC shall notify the applicant and grant him the opportunity for a Fair Hearing and Appellate Review as described herein. All adverse actions will be reported to the appropriate regulatory agencies, pursuant to the reporting requirements in state and/or federal law.~~

ARTICLE XII-APPOINTMENTS

Section 12.05 Expedited Appointment Process

~~Two members of the BOT are delegated to make decisions on credentials and privileges between regularly scheduled meetings. A letter requesting approval of privileges using the expedited process is generated by the Hospital Administrator to the Chief Executive Officer. The Chief Executive Officer then requests approval of these privileges through the President to the delegated BOT members.~~

~~To be considered for the expedited appointment process, the application must be complete and there must be no history of challenge to licensure or registration; no history of involuntary termination of medical staff membership at another organization; no history of involuntary limitation, reduction, denial, or loss of clinical privileges; and no unusual pattern or excessive number of professional liability actions resulting in a final judgment against the applicant. The complete file must have received a positive recommendation by the Combined Credentials Committee, MEC, and Executive Committee.~~

- A. An expedited Board approval process may be used for initial appointment and reappointment to the medical staff and for granting privileges when the criteria for that process are met.
- B. If an application for appointment, reappointment or request for privileges is submitted timely, the expedited process may be followed provided the following criteria have been satisfied:
 - if the inaction is due to circumstances beyond the applicant's control, and
 - no issues have been identified with the application.
 - The board has delegated the authority to render those decisions to an Operating Committee of at least two voting members of the Board.
- C. This approval will be presented at the next board meeting.

Proposed Changes to University of South Alabama Hospitals Medical Staff Bylaws/Rules and Regs. Revisions approved at the USA Hospitals General Medical Staff Meeting on October 30, 2018

ARTICLE XVIII-CHIEF EXECUTIVE OFFICER

Section 18.01 Selection

The Chief Executive Officer is hired by the University of South Alabama and serves until resignation or termination.

Section 18.02 Responsibility and Authority

- A. ~~Serves on Chair~~ Serves on the Executive Committee.
- B. Monitor and support Medical Staff compliance with the Bylaws.
- C. Responsible for review, revision and dissemination of the Bylaws, as well as policies and procedures affecting Medical Staff activities.
- D. Monitor risk management activities of The University of South Alabama Hospitals.
- E. Responsible for Medical Staff compliance with Hospital policies, Medical Staff Rules and Regulations, and regulatory requirements from external organizations, e.g., the Joint Commission, the National Committee for Quality Assurance, Alabama Department of Public Health and other governmental and regulatory agencies.

ARTICLE XX- DEPARTMENT CHAIRS/CW COMMITTEE CHAIRS

Section 20.05 Removal from Office

Removal from office alone has no effect on Medical Staff appointment status or delineated clinical privileges.

Children's and Women's

A. CW Committee Chairs may be removed from office by:

- 1) The Executive Committee; or
- 2) Two-thirds vote of the MEC; if ratified by the Executive Committee.

B. Grounds for removal of Chairs of the Medical Staff Department Committees from office include, but are not limited to:

- 1) Failure to perform the duties of the position in a timely and appropriate manner;
- 2) Failure to support the Hospital's mission;
- 3) Failure to maintain the qualifications for the position.

Medical Center/Children's and Women's

Chief of Service/Department Chair may be removed from office by the Vice President of Medical Affairs/Dean of the College of Medicine by termination of academic department chair appointment. Any conflict between the College of Medicine and the Hospital regarding the Chief of Service/Department Chair will be resolved by the Vice President of Medical Affairs/Dean of the College of Medicine and the Chief Executive Officer, ~~and the Vice President of Health Sciences.~~

ARTICLE XXII- EXECUTIVE COMMITTEE

Section 22.01 Membership

The Executive Committee is chaired by the ~~Chief Executive Officer~~ Vice President of Medical Affairs/Dean College of Medicine. Members include the Health System Chief ~~Operating~~ Executive Officer, Hospital Administrators, Chief Financial Officer, the Chair of MEC from each hospital, the Immediate Past Chair of MEC from each hospital and Academic/Service line Department Chairs.

Section 22.02 Meetings

The Executive Committee's meeting frequency is determined by the membership but no less than quarterly.

Section 22.03 Duties and Responsibilities

The Executive Committee provides leadership, planning, organization, and direction of the development and operation of the USA Hospitals.

The Executive Committee provides advice and counsel to the Medical Staff, President of the University of South Alabama, and BOT on medical staff issues, specifically:

ARTICLE XXII- EXECUTIVE COMMITTEE

Section 22.03 Duties and Responsibilities

The Executive Committee provides advice and counsel to the Medical Staff, President of the University of South Alabama, and BOT on medical staff issues, specifically:

- A. ~~Recommendations for Medical Staff appointments and reappointments with granting of privileges, which are ultimately granted and approved by the Board of Trustees;~~

Proposed Changes to University of South Alabama Hospitals Medical Staff Bylaws/Rules and Regs. Revisions approved at the USA Hospitals General Medical Staff Meeting on October 30, 2018

ARTICLE XXIV – BYLAWS COMMITTEE

Section 24.01 Membership

At least 3 members of the Active Staff, one of whom shall be a member of the Medical Executive Committee at Children's & Women's Hospital and one of whom shall be a member of the Medical Executive Committee at the Medical Center shall be appointed to the Bylaws Committee. Past presidents of the Medical Executive Committee or Chair of the Combined Credentials Committee are selected when possible. Other appointees to the Bylaws Committee are at least one of the executive leaders from the USA hospitals, **the Chief Medical Officer** and both Quality Management Department Heads.

ARTICLE XXVII - HOSPITAL COMMITTEES

Hospital committees recommended by Chair of MEC or Hospital Administrator and approved by the Executive Committee include Medical Staff representatives. Biennially, the Chair of MEC, Chair-Elect/Secretary of MEC, and Immediate Past Chair of MEC in collaboration with the Hospital Administrator shall appointment Medical Staff representatives for each Hospital Committee to serve for two year beginning January 1. Members may be reappointed.

Hospital Committees (see Hospital's Performance Improvement Plan for detailed descriptions of committee functions) include, but are not limited to, the following:

Children's and Women's Hospital

- A. Performance Improvement Council*
- B. Pharmacy & Therapeutics/Medication Use Committee/Antibiotic Stewardship*
- C. Patient Safety and Medical Error Reduction Committee/Combined Critical Events Subcommittee*
- D. CW Infection Prevention and Control, Infection Prevention and Control Combined Committee*, **
- E. Medical Ethics Committee*
- F. Emergency Services Committee*
- G. Surgery Steering Committee*

Medical Center

- A. Performance Improvement Council*
- B. Critical Care Committee*
- C. Pharmacy and Therapeutics*
- D. Medication Error Reduction Committee*
- E. Rapid Response/Code Committee
- F. Infection Control Combined Committee*, **
- G. Medical Ethics Committee*
- H. Emergency Department Committee*
- I. Trauma Burn Operational Committee*
- J. **Surgery Steering Committee***

* Denotes joint hospital and medical staff committees.

**Denotes joint USA hospitals committees.

ARTICLE XXVII - USA HEALTH CREDENTIALING BOARD (USAHCB) NEW SECTION

Section 27.01 Membership

The USAHCB will consist of four (4) voting members- Vice President of Medical Affairs/Dean of the College of Medicine, the Chief Medical Officer, and two (2) BOT physician members, as appointed by the USABOT; and one (1) non-voting member- the CEO of USA Health.

Section 27.02 Meetings

The USAHCB's meeting frequency is determined by the membership but no less than 10 meetings per year. Three (3) voting members of the committee must be in attendance in order to constitute a quorum and conduct committee business, with two (2) of those three (3) being the BOT appointees. The meeting will be held via teleconference on the day specified.

Section 27.03 Duties and Responsibilities

- A. **Review and approve requests for appointment, reappointment and granting of clinical privileges to USA Health and its hospitals and clinics.**
- B. **This approval is the final step for granting of full privileges.**

ALL section to be Changed from USA Medical Center to University Hospital

Proposed Changes to University of South Alabama Hospitals Medical Staff Bylaws/Rules and Regs. Revisions approved at the USA Hospitals General Medical Staff Meeting on October30, 2018

Bold and Underlined are additions - Strikethroughs are deletions

RULES & REGULATIONS

Change USA Medical Center to University Hospital

3.2.2 Progress notes

Progress notes must be entered into the medical record daily by attending physician or licensed independent practitioner ~~with counter signature~~. Patients designated as being long term stay patients will be assessed as per hospital policy. Medical student progress notes must be reviewed and signed by a physician, but cannot take the place of an attending or resident note. These notes should reflect current problems, treatments and plans and patient/family wishes.

3.3.8 Permanently filing incomplete records

A medical record shall not be permanently closed until it is completed by the attending physician or is ordered closed by the Medical Executive Committee **or designee**. The Medical Executive Committee **or designee** may order a medical record filed as completed in cases where the attending physician has died, become disabled, has moved, or otherwise is unable to complete the record. In such cases, the department chairperson will ensure that appropriate notations are placed in the record explaining the circumstances. In cases where the physician is able, but refuses to complete the record within one year of discharge of the patient, that physician will be permanently removed from the Medical Staff and the medical record(s) in question will be closed by the Medical Executive Committee.

2.0 General Conduct of Care (NEW section):

| Co-signature requirements: | ARNP | CRNA | Resident | PA | Medical Student | Other Allied Health* |
|--|-------------|-------------|-----------------|------------|------------------------|-----------------------------|
| Progress Notes | NO | NO | NO | NO | Yes | Yes |
| History & Physicals | YES | N/A | YES | YES | N/A | YES |
| Consults | YES | NO | YES | YES | YES | N/A |
| Discharge Summaries | YES | NO | YES | YES | N/A | N/A |
| Operative Procedure note/report | YES | NO | YES | YES | N/A | N/A |
| Order to Admit | YES | N/A | YES | YES | YES | N/A |
| Pre-Operative Anesthesia Assessment | N/A | YES | N/A | N/A | N/A | N/A |

***Dental hygienists and unlicensed physician employees or RN's/LPN's employed directly by the physician must have verbal orders and progress notes immediately cosigned by their attending or covering physician.**

UNIVERSITY OF SOUTH ALABAMA HOSPITALS
MEDICAL STAFF MEETING MINUTES
October 30, 2018

The meeting of the University of South Alabama Hospitals Medical Staff was held at the Strada Patient Care Center on Tuesday, October 30, 2018. John Marymont, MD, Vice President for Medical Affairs and Dean of the College of Medicine, called the meeting to order at 6:20 pm. A roster of attendees is available in the Medical Staff Credentialing Office.

John Marymont, MD welcomed everyone and introduced the new members in attendance. He then gave an update on the College of Medicine. The thorough review of the Liaison Committee on Medical Education (LCME) is complete with the results anticipated in the near future. He shared that the Accreditation Council for Graduate Medical Education (ACGME) has reviewed the application for an Emergency Residency Program and will vote on it in January, 2019. If approved, the first class of Emergency Medicine Residency might be possible for July 2019.

John Marymont, MD introduced Michael Chang, MD, the new Chief Medical Officer for USA Health. Dr. Chang will be responsible for leading clinical quality and safety initiatives that support the performance and practice standards across the health system as it continues to grow.

Michael Chang, MD spoke on the USA Health's major domains effected by our rapid growth. He identified several areas of need influenced by growth and modernization. The need for the USA Hospitals Bylaws to adapt to USA Health. The Medical Staff credentialing process needing to be updated and electronic. A need for uniform Quality and Safety criteria for both hospitals. He also expressed the importance of meeting the demands dictated by growth and ensuring that all clinical and infrastructure needs are met so that continuity of the highest level of care remains top priority.

John Marymont, MD introduced the new Executive Director of Practice Management for USA Health, Mrs. Michelle Dudley. She will be responsible for the operational and financial management of the USA Health Physicians Group.

Mrs. Michelle Dudley reported on Meaningful Use of Electronic Medical Records (EMR) and Value-Based Revenue related to USA Health Physicians Group. Other focus areas shared were improve electronic messages to patients, establish a team to assist with pre-certifications for hospital procedures, improve medicine reconciliation, and improve Revenue Cycle Services.

Mr. Sam Dean, Administrator of USA Health University Hospital, announced upcoming events. The ground breaking for the new Fanny Meisler Trauma Center will be held on December 4, 2018. The New Faculty & Physicians Reception will be held on December 6, 2018 at the Strada Patient Care Center. He reported on the successful event "A Night Honoring Heroes" held on October 11, 2018. This event was attended by 710 people and raised 60% more in contributions than last year. He stated that "with growth comes change". In sharing some of those changes, he described the upcoming changes regarding physician and resident parking areas, two urologist joining USA Health, and additional outpatient operating rooms opening for utilization on November 12, 2018.

Mr. Chris Jett, Administrator of USA Health Children's & Women's Hospital, shared a touching media story about a baby patient who graduated from the Level III Neonatal Intensive Care Unit (NICU). This story has been viewed over 21 million times on social media. Mr. Jett gave an update on the new Bridge Program designed to meet the needs of families facing a high-risk pregnancy. He stated plans for the Pediatric Evaluation Center to move towards a Pediatric Emergency Room level of care are still underway. Renovations are ongoing for new Mother/Baby Suites on the 4th and 5th floors. Admissions have increased 7% and surgeries have increased 18%. Mr. Jett shared the importance of an upcoming Employee/Physician Engagement Survey that will be sent to everyone in the USA Health System and encouraged participation.

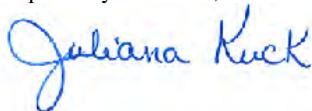
Sabrina Bessette, MD, USA Health University Hospital Medical Staff Chair presented the proposed revisions to the Medical Staff Bylaws and Rules and Regulations for review and approval. The most significant change was the establishment of the USA Health Credentialing Board (USAHCB). A motion was made, carried, and approved.

Mrs. Ashton Hennig, USA Health Outreach and Special Projects Manager, shared information about USA Health partnering with Feeding Gulf Coast and explained the fundraiser and supplies drive.

John Marymont, MD mentioned the upcoming Mitchell Cancer Institute Celebrate Hope event scheduled on November 15, 2018. He closed the meeting by stating that USA Health is a dominant force in the region.

With no further business, the meeting was adjourned at 6:50 pm.

Respectfully submitted,



Juliana Kuck
Medical Credentialing Coordinator

USA HEALTH SYSTEM

FINANCIAL ASSISTANCE POLICY

Pursuant to 501(r) of the Internal Revenue Code

Policy

USA Health System's goal is to help our patients lead longer, better lives; we are committed to providing quality health care to those we serve. One of the ways USA Health System fulfills this mission is by establishing a policy and procedure to grant financial assistance to uninsured and under-insured members of our community who receive emergency medical care or medically necessary hospital services and who have an established a need for this assistance. USA Health System believes in personal responsibility, and as such, believes that an individual should make every effort to provide for their own health and well-being, as well as the health and well-being of those for whom they are responsible. USA Health System's ability to provide care for free or at a reduced rate is not unlimited and is subject to availability of funds. In addition to the financial assistance offered pursuant to the terms of this Policy, USA Health System may offers other assistance to patients including financial assistance for services that are not provided in a hospital setting.

Purpose

The purpose of this policy is to provide a fair and consistent method for uninsured and/or under-insured patients to apply and be considered for financial assistance for the personally responsible portion of their bill (after insurance payments) related to emergency and other medically necessary hospital care received while being treated at USA Health System's Hospitals and Offsite Hospital Departments. While not all services of the USA Health System are eligible under this Financial Assistance Policy (FAP), this policy is compliant with applicable federal, state and local laws.

Definitions

Amount Generally Billed (AGB): An amount that is not more than the amounts generally billed to individuals who have insurance covering such care as defined by IRS Section 501(r)(5)(A)

Applicant: Patient or other individual responsible for payment of the patient's care who seeks financial assistance.

Application Period: Begins on the date medical care is provided and ends 240 days after the first post-discharge billing statement or 30 days after the hospital or authorized third party provides written notice of extraordinary collection actions the hospital plans to initiate, whichever is later.

Bad Debt: The unpaid charges for care to patients who are able but unwilling to pay all or some portion of the medical bills for which they are responsible.

Charity Committee: A committee appointed by the USA Health System's CFO to review the applications for financial assistance, review the Presumptive Approvals, the recommendations for assistance, Patient Attestations and Affidavits, and Retrospective Charity and/or Indigent Care Approvals. This committee will consider appeals in the event a patient or their representative wishes a reconsideration of a denial of full or partial assistance. The Charity Committee will have final authority for Charity and/or Indigent Care Approvals as well as all appeals to assure that reasonable efforts have been made to determine an individual's eligibility.

USA Hospitals' Collection Policy: The USA Hospital Collection Policy is also known as the "Self-Pay Balance Follow-up and Collection" Policy details the actions that the facility may take in the event of nonpayment and maybe found on the Health System's website along with the FAP and Addendums.

Emergency Care: The care or treatment for an Emergency Medical Condition, as defined by EMTALA.

Emergency Department Credit Policy: The USA Policy that defines the methodology used to assess the patient's medical needs once the patient comes to the Emergency Department and determine charges in the event the patient is determined to have a non-emergent medical condition.

EMTALA: The Emergency Medical Treatment and Active Labor Act (42 U.S.C. § 1395dd).

Federal Poverty Level (FPL): The FPL is the set minimum amount of income that a family needs for food, clothing, transportation, shelter, and other necessities, (also known as Federal Poverty Guidelines) and are updated annually. The amount is adjusted for family size and may be regionally adjusted for eligibility in certain programs and benefits. Information on the FPL may be obtained at: <https://www.healthcare.gov/glossary/federal-poverty-level-FPL/> (This website is maintained by the federal government and subject to change at their discretion.)

Financial Assistance: The cost of providing free or discounted care to individuals who cannot afford to pay all or a portion of their hospital medical bills based on the eligibility rules identified in this policy.

Gross Charges: The full established price for medical care provided to patients.

Medically Necessary Care: Health care services or products that a prudent physician would provide to a patient for the purpose of preventing, diagnosing, or treating an illness, injury, disease or its symptoms in a manner that is:

- In accordance with generally accepted standards of medical practice;
- Clinically appropriate in terms of type, frequency, extent, site and duration; and
- Not primarily for the economic benefit of the health plans and purchasers or for the convenience of the patient, treating physician, or other healthcare provider.

Patient: An individual who receives care at a USA Health System Hospital and the person who is financially responsible for the care of the patient.

Self-pay Balance: The amount due to a provider or hospital after services are rendered and all other payment options or reimbursement methods are exhausted.

Self-Pay Balance Follow-Up and Collection Policy: The Policy and Procedure used for collection of Self-Pay balances due after insurance or if there was no insurance at all. This is sometimes referred to as the USA Hospitals' Collection Policy.

Uninsured Patient: A person who is uninsured or does not otherwise qualify for any governmental or private program that provides coverage for any of the services rendered and either:

- Qualifies for charity care as defined in this policy;
- Does not qualify for charity care but does qualify for some discount of his/her charges for hospital services based on a substantive assessment of his/her ability to pay ("Means Test"), such as total income, total medical bill, assets, mortgage payments, utilities, number of family members, disability considerations, etc.; or
- Has some means to pay but qualifies for a discount based on this policy.

Policy for Emergency and Medically Necessary Care

- This policy applies to all Emergency Care and Medically Necessary Care provided in the inpatient or outpatient acute care setting, and applies to all such care provided in the USA Health System's Hospitals or by the USA Health System's Practices as listed in an Addendum to this Policy. This policy does not include or apply to payment arrangements for elective procedures.
- USA Health System's policy is to provide Emergency Care and Medically Necessary Care to patients without regard to race, creed, or ability to pay. Subject to the terms and conditions set forth below, uninsured patients who do not have the means to pay for services provided at USA Health System's Hospitals' facilities may request to be considered for approval of financial assistance under the FAP. The eligibility criteria for financial assistance and the procedures for receiving financial assistance set out in this FAP are intended to ensure that USA Health System will have the financial resources necessary to meet its commitment to providing care to patients who are in the greatest financial need.

- Consistent with EMTALA, USA Health System will provide an appropriate medical screening examination (MSE) to any individual, regardless of race, creed or ability to pay, requesting treatment for a potential emergency medical condition. If, following an appropriate medical screening, USA Health System personnel determine that the individual has an emergency medical condition, USA Health System will provide services, within the capability of its facility, necessary to stabilize the individual's emergency medical condition, or will effect an appropriate transfer as defined by EMTALA.
- USA Hospitals are safety net providers for south Alabama and the surrounding areas and as such their emergency rooms see patients whose medical needs vary from emergency to non-emergent. Each patient entering the facility will have a MSE performed by a licensed professional to determine their medical needs. If the MSE determines that the patient is neither Emergent nor Urgent and that the Non-Emergency Condition is determined to not require immediate medical treatment, the patient will be informed of this determination.
- If the patient's condition is a non-emergent medical condition then immediate treatment is not considered medically necessary. Treatment for care that is not medically necessary is not covered further by this FAP. Once the patient has been informed that their condition does not require immediate treatment, they may choose to delay treatment and leave or they may choose to remain and receive treatment and will be subject to the fees detailed in the Emergency Department Credit Policy (EDCP). Patients will be informed of the fees per the EDCP. Whether the patient chooses to leave or seek further treatment in the Emergency Department the charge for the MSE (Triage) will be written off as covered under the FAP.

Providers Covered Under This Policy

All emergency and other medically necessary hospital care services provided in USA Health University Hospital and USA Health Children's & Women's in Mobile, Alabama as well as in hospital departments located in Mobile and Baldwin Counties.

A list of other USA Health System's Practices that provide emergency or other medically necessary care in the hospital facilities and are covered by this FAP is listed in an Addendum to this Policy. The Addendum indicates the hospital and non-hospital services of these other providers covered by this FAP and the extent to which the services are covered. This Addendum entitled "USA FAP Addendum – Practices that provide emergency or other medically necessary care in the hospital facilities" is available on the Health System's website and also available in writing upon request.

Notifications of the FAP to Patients and the Public

- USA Health System's Hospitals will post a sign in conspicuous places in admission and registration areas (including in the Emergency Department) stating: "You may be eligible for financial assistance, under the terms and conditions of the USA Health System's Financial Assistance Policy, offered to qualified patients. For additional information, contact the financial counselors by calling (251) 434-3505, Monday – Friday, 9 am – 4 pm. All inquiries, as well as all applications and supporting documents are confidential."
- A translation in Spanish and selected Asian languages will be included on the signage and the FAP, the Application and the Plain Language Summary will be translated on the website and made available in paper copies.
- USA Health System will display in a prominent place on its website a notice of the Financial Assistance Policy, a plain language summary of the FAP, and an application along with instructions on applying.
- In addition to appearing on its website, a printed copy of the application and the plain language summary will be available at no charge at the hospital's Patient Access Department and the Emergency Department.
- USA Health System will include a statement on each patient bill that patients meeting certain income criteria may qualify for the financial assistance under the FAP. A telephone number and website with additional information will be included.
- USA Health System's Hospitals will include informational training for employees as well as specific information for referring patient inquiries about the FAP to employees in areas such as:
 - Switchboard,
 - Registration,
 - Scheduling,
 - Business Office,
 - Case Management,
 - Emergency Department Discharge Areas

Limitation on Amounts Generally Billed (AGB)

All patients of a USA Health System Hospital are charged equally for the services provided. Once it is determined that a patient qualifies for financial assistance under this policy, the charges will be reduced by an amount appropriate to the award. If the award is 100%, the patient will be advised and the amount charged for those services will be reduced to zero and no longer billed. Where there is an award of financial assistance that does not cover 100% of the charges for the service, the amounts charged to patients eligible for discounted care will not be more than the amounts generally billed to patients under the Internal Revenue

Service's "look-back method," which is the percentage of charges that USA Hospitals would have received from a combination of Medicare and all private insurers' patients. The look-back percentage will be calculated separately for each hospital. The Amount Generally Billed (AGB) and the calculation methodology for the AGB of each hospital is shown in the "USA FAP Addendum - Amount Generally Billed (AGB)". This Addendum is included on the Health System's website or is also available in writing upon request.

Limitations of Financial Assistance

As indicated above, the FAP is limited to Emergency or Medically Necessary Treatments. Treatments and procedures that are not deemed and generally considered as emergent or medically necessary, such as elective procedures are not covered by this policy. A non-exhaustive list of items and services that are not covered by the FAP is attached in an Addendum.

Procedure and Who Qualifies

In general, patients are eligible for financial assistance when they receive emergency or medically necessary care at a USA Health System Hospital, (or a practice listed in the Addendum of Participating Non-Hospital Practices), and the patient's family income is at or less than 300% of the Federal Poverty Level (FPL).

The amount of assistance is determined using a sliding scale and may be periodically subject to revision or change.

Approval of financial assistance is made on a case by case and discharge by discharge basis, and as individuals and families financial circumstances can change, the approval for financial assistance for one treatment does not obligate USA Health System to continue to provide care free of charge or at reduced rates. Patients may be required to apply or re-apply for financial assistance at a frequency consistent with the FAP. Each USA site of service reserves the right to require a patient to re-apply at any time.

Once approved for financial assistance the patient's approved application will continue in effect for Emergency and Medically Necessary Hospital Services for a period 180 days, unless notified otherwise by the Hospital's Business Office.

To find out if you qualify for financial assistance, please complete the Application Form and attach the documents required to prove income, assets or other available resources. If you need assistance in completing the application, financial counselors are available by calling (251) 434-3505, Monday – Friday, 9 am – 4 pm.

Eligibility

We will determine financial assistance eligibility based upon income and asset guidelines and the Federal Poverty Limit Guidelines (FPL). Approved applications apply to USA Health System's Hospital accounts only and apply to the patient responsibility amount (amount due after insurance).

USA Health System FAP utilized a written application process to determine eligibility for financial assistance under the FAP. The application allows for the determination of the applicant's qualifying with the family income levels based of the FPL and what level of financial assistance can be allowed.

The levels of financial assistance for Hospital charges available under this policy are:

| Family Income Level (of FPL) | Discount |
|------------------------------|------------------------|
| Mobile County | |
| 0 – 150% | 100% of Charges |
| 151% - 300% | Charges reduced to AGB |
| Outside Mobile County (Note) | |
| 0 – 150% | 100% of Charges |
| 151% - 250% | Charges reduced to AGB |

Notification of Eligibility

Applicants will be notified by letter regarding their financial assistance application status. If a patient is notified that they have been approved for a reduction of charges to AGB, they may still qualify for a greater discount by providing verification that their family income (or in the case where they have assets assumed to be too great to qualify, their assets/liabilities) meet the less than 200% of the FPL. Or in the event that they have been denied approval for financial assistance. They can appeal the decision!

An appeal can be filed within 240 days of the patient's first bill after discharge. To file an appeal the patient (or their representative on file) may contact the USA Health System Business Office and request a review for appeal. They will be expected to explain and detail why they should receive financial assistance or a more generous discount. The Financial Counselor will inform them of what verification is needed to be provided for the appeal, and they may be asked to sign another affidavit.

The appeal and the verification provided will be reviewed by the Business Office and the Charity Committee and a decision to grant or deny the appeal will be communicated by USPS (mail).

Application Process

All inquiries, as well as all applications and supporting documents are confidential.

USA Health System will make every reasonable effort to allow the most generous discount available and maximum financial assistance for which the patient qualifies.

To determine eligibility to the FAP, USA Health System will utilize Presumptive, Attestation and Retrospective methodologies.

- Presumptive Methodology is the utilization of information from sources and vendors other than the patient's application. This would include patient interviews, recommendations from the Hospital's Medicaid and Financial Aid qualifying vendor, and the Hospital's Collection Company.
 - The amount of discount allowed under the presumptive methodology is to discount charges to the AGB unless provable evidence can be obtained.
- Attestation/Affidavit: An attestation/affidavit may be allowed to grant financial assistance to discount the amount due from the patient to in the AGB unless provable evidence can be obtained to qualify the patient for a more generous discount.

To obtain the maximum financial assistance available under the FAP, the patient or the patient's representative needs to complete the written application for assistance, attach the requested supporting documents, and mail to the Business Office at the following address:

Mail: USA Health System

Attention: Business Office -Financial Counselor

P.O. Box 40010

Mobile, AL 36640-0010

When completing the application form, be sure to include documents that verify your income and assets both for yourself and for your spouse (if applicable).

Examples of documentation used to verify eligibility include pay subs, tax returns, bank statements and medical bills owed. Additional forms of verification may also be required.

Verification of Income

- If you are currently employed, please provide verification of gross income for the last three (3) months. Verification can be a check stub or a letter from your employer on company letterhead.
- If you are self-employed, please provide a copy of your prior year's Tax Return, including all forms.
- If you are unemployed and drawing unemployment benefits, please provide verification of the amount you receive. Verification can be you notice of approval.
- If you are unemployed and have no income, please provide verification of your circumstances. Verification can be a statement from your physician, your church pastor, or attorney.
- If you are receiving Social Security Benefits, SSI, Social Security Disability, veteran's benefits a Military, Government or Private Pension, please provide verification of that income. Verification can be a copy of your most recent check/stub or deposit verification or a letter from the government or pension authority showing the amount you are receiving. If you have minor children or other members of your household receiving monthly payments, please show proof of those amounts.
- If you are collecting a retirement check, pension, annuity, short/long-term disability or worker's compensation, please provide verification of that income. Verification can be your most recent check/stub or a letter from the income source.
- **If you are collecting governmental assistance, such as rent assistance in a H.U.D. Property, Food Stamps, Medicaid, Alabama All Kids, Alabama Family Assistance, SNAP, WIC, Section 8 Housing, live in an AHEPA apartment, then you will have already had your income and assets verified and as such can use your governmental assistance as verification of income. A copy of your documentation of assistance can be provided as proof of income.**
- If you receive child support or alimony or receive assistance from your child's other parent (not living in your household), please provide verification of that income. Verification can be your child support order or divorce decree.
- If you are separated or going through a divorce, please provide legal proof of your separation or a letter from you lawyer.
- If your expenses exceed your income, please provide verification of how your monthly expenses are being satisfied. Verification can be letters of financial support from your family, friends, church or other organizations. Verification can be letters of financial support from your family, friends, church or other organizations. If you are using credit cards, cash advances or loans to satisfy your monthly expenses, please provide copies of the most recent statement of those items.

- The hospital will deny assistance under the FAP for failure to provide documentation or information only when such information or documentation was requested in the FAP or the FAP Application Form.

Verification of Assets

- Please provide the most recent copy of your complete bank statement (including all pages of all checking, savings or certificates of deposits, 401K investment statements). If your bank account has been closed, please provide a letter from the bank stating that the account has been closed.
- Other assets, such as real estate (other than your primary residence), rental income or investment equity will need to be verified during the approval process.

Charges and Collection Activity

- USA Health System believes in personal responsibility and expects that when notified that USA Hospitals (or other entity) has a FAP to assist the patient, the patient or their representative will cooperate and make reasonable efforts to take advantage of that financial assistance.
- USA Health System's Hospitals will allow a reasonable amount of time for the patient or the patient's representative to provide reasonable evidence and information required to determine if the patient qualifies for financial assistance.
 - The patient or the patient's representative should contact the Hospital Business Office or Patient Financial Counselor as soon as possible if they wish for and intend to apply for financial assistance.
 - The Hospital Business Office will not utilize outside collection efforts (ECA) during the first 120 days after the first bill.
 - During the period of 120 to 240 after the first patient bill, the Business Office will suspend outside collection efforts if an application for financial assistance is received.
 - If an application is received that needs additional information the applicant will be given 30 days to perfect their application, before collection activities resume.
 - If in the event collection activities have proceeded based on a USA Hospitals' Collection Policy. If the collection agency identifies a patient as likely meeting USA Hospitals' financial assistance eligibility under its FAP, the patient's account may be still considered for financial assistance. The Collection Agency will notify the USA Business Office and upon approval from the Business Office, collection activity will be suspended on these accounts until USA Hospitals Financial Counselors have reviewed the patient's account and attempted to make a determination under the FAP. If the entire account

balance is adjusted, the account will be returned to USA Hospitals. If a partial adjustment occurs, the patient fails to cooperate with the financial assistance process, or if the patient is not eligible for financial assistance, collection activity may resume.

Please Note: The financial assistance offered under this program does not apply to physician or other professional fees billed separately from the hospital fees unless otherwise noted in the Addendum.

For questions or assistance with the financial assistance application, please call our office at (251) 434-3505.

USA Health System's Financial Assistance Policy – Plain Language Summary

Financial Assistance

USA Health System's goal is to help our patients lead longer, better lives; we are committed to providing quality health care to those we serve. USA Health System has established a policy and procedure that grants financial assistance to uninsured and under-insured members of our community who receive emergency medical care and medically necessary hospital services and who have an established need for assistance.

USA Health System will make reasonable effort to collect funds from insurance companies and third-parties. Patients who meet certain income and asset levels may qualify for financial assistance for hospital charges based on the income levels below and apply that assistance to the patient responsibility amount (amount due after insurance). The amount of the discount allowed will be the Amount Generally Billed (AGB) which is an amount calculated to be the average amount generally billed to patients after their insurance coverage or 100% of Charges (depending on the patient's qualifications.):

| Family Income Level (of FPL) | Discount |
|------------------------------|------------------------|
| Mobile County | |
| 0 – 150% | 100% of Charges |
| 151% - 300% | Charges reduced to AGB |
| Outside Mobile County | |
| 0 – 150% | 100% of Charges |
| 151% - 250% | Charges reduced to AGB |

How can I qualify?

To qualify for financial assistance, you must meet income and asset guidelines and the Federal Poverty Limit Guidelines (FPL). Please complete the Application Form and attach the documents required to prove income, assets or other available resources. In many cases, by providing proof of your current participation in other governmental assistance programs, may automatically qualify you for assistance from USA's Financial Assistance Policy. If you need assistance, in completing the application or have questions, financial counselors are available by calling (251) 434-3505, Monday – Friday, 9 am – 4 pm. Approved applications apply specifically to USA Health System's Hospital accounts but may be used by some associated

Physician Practices for addition assistance. All inquiries, as well as all applications and supporting documents are confidential.

How do I apply?

To find out if you qualify for financial assistance, please complete the Application Form and attach the documents required to prove income, assets or other available resources. If you need assistance in completing the application, financial counselors are available by calling (251) 434-3505, Monday – Friday, 9 am – 4 pm. All inquiries, as well as all applications and supporting documents are confidential. Your completed application should be mailed to the Patient Accounting Department at the following address:

USA Health System
Attention Financial Counselor
P.O. Box 40010
Mobile, AL 36640-0010

Instructions

When completing the application form, be sure to include documents that verify your income and assets both for yourself and for your spouse (if applicable).

Examples of documentation used to verify eligibility include pay subs, tax returns, bank statements and medical bills owed. Additional forms of verification may also be required.

Verification of Income

- If you are currently employed, please provide verification of gross income for the last three (3) months. Verification can be a check stub or a letter from your employer on company letterhead.
- If you are self-employed, please provide a copy of your prior year's Tax Return, including all forms.
- If you are unemployed and drawing unemployment benefits, please provide verification of the amount you receive. Verification can be your notice of approval.
- If you are unemployed and have no income, please provide verification of your circumstances. Verification can be a statement from your physician, your church pastor, or attorney. Please contact USA Health System's financial counselors by calling (251) 434-3505, Monday – Friday, 9 am – 4 pm to discuss your circumstances.
- If you are receiving Social Security Benefits, SSI, Social Security Disability, veteran's benefits a Military, Government or Private Pension, please provide verification of that income. Verification can be a copy of your most recent check/stub or deposit verification or a letter from the government or pension authority showing the amount you are receiving. If you have minor children

or other members of your household receiving monthly payments, please show proof of those amounts.

- If you are collecting a retirement check, pension, annuity, short/long-term disability or worker's compensation, please provide verification of that income. Verification can be your most recent check/stub or a letter from the income source.
- If you are collecting governmental assistance, such as rent assistance in a H.U.D. Property, Food Stamps, Medicaid, Alabama All Kids, Alabama Family Assistance, SNAP, WIC, Section 8 Housing, live in an AHEPA apartment, then you will have already had your income and assets verified and as such can use your governmental assistance as verification of income. A copy of your documentation of assistance can be provided as proof of income.
- If you receive child support or alimony or receive assistance from your child's other parent (not living in your household), please provide verification of that income. Verification can be your child support order or divorce decree.
- If you are separated or going through a divorce, please provide legal proof of your separation or a letter from you lawyer.
- If your expenses exceed your income, please provide verification of how your monthly expenses are being satisfied. Verification can be letters of financial support from your family, friends, church or other organizations. Verification can be letters of financial support from your family, friends, church or other organizations. If you are using credit cards, cash advances or loans to satisfy your monthly expenses, please provide copies of the most recent statement of those items.

Verification of Assets

- Please provide the most recent copy of your complete bank statement (including all pages of all checking, savings or certificates of deposits, 401K investment statements). If your bank account has been closed, please provide a letter from the bank stating that the account has been closed.
- Other assets, such as real estate (other than your primary residence), rental income or investment equity will need to be verified during the approval process.

Eligibility

We will determine financial assistance eligibility based upon income and asset guidelines and the Federal Poverty Income Guidelines. Approved applications apply to USA Health University Hospital and USA Health Children's & Women's Hospitals accounts only and apply to the patient responsibility amount (amount due after insurance).

Notification of Eligibility

Applicants will be notified by letter regarding their financial assistance application status.

Continued Collections

Please Note: The financial assistance offered under this program does not apply to physician or other professional fees billed separately from the hospital fees.

For questions or assistance with the financial assistance application, please call our office at (251) 434-3505.

**UNIVERSITY OF SOUTH ALABAMA (USA) HOSPITALS
USA HEALTH UNIVERSITY HOSPITAL – USA HEALTH CHILDREN’S &
WOMEN’S HOSPITAL**

NOTICE OF FINANCIAL ASSISTANCE PROGRAM AVAILABILITY

USA Hospitals and/or the USA Health System in the following text refers to the two hospitals listed above.

AS THE HOSPITAL PATIENT OR THE REPRESENTATIVE THEREOF: I, THE UNDERSIGNED, ACKNOWLEDGE THE FOLLOWING:

I have been advised that the USA Health System’s Hospitals (listed above) have an established Financial Assistance Policy and Procedure (FAP). The purpose of this FAP is to grant financial assistance to uninsured and under-insured members of the community receiving emergency medical care or medically necessary hospital services and who demonstrate a need or who have an established need for this assistance.

I understand and agree that in order to qualify for this assistance I must:

- Complete the application form and/or provide documentation necessary to prove that I am currently receiving or eligible for established government assistance programs.
- I will cooperate with and take any action reasonably necessary in the filing of an application for any and all insurance (Medicaid, Medicare, Insurance, etc.) and/or other assistance to which I might qualify and will assign or pay to the hospital the amount recovered for hospital charges.
- I understand that the USA Health System will make effort to verify all information I provide with credit bureaus, creditors, agencies and other persons to verify the information given.
- I am advised that the Application for Financial Assistance, the Plain Language Summary of the FAP, as well as the full FAP, FAP Addendums, Self-Pay Balance Follow-Up and Collection Policy, and other information regarding assistance, payment, and related information are available on the USA Health System Website.
- I understand that the amount of the assistance, to which, I may qualify to receive, will be determined once my household size and income is verified. An explanation of the Family Income Level and Percentages of Discounts are shown in the FAP documentation on the Health System website.
- I understand that in addition to its availability on the hospital website, a printed copy of the application and the plain language summary is available at no charge at the hospital’s Patient Access Department and the Emergency Department.
- It is also my understanding that in the event my completed application for assistance is denied, I may appeal the decision to the Charity Committee. The Charity Committee has final authority for Charity and/or Indigent Care Approvals as well as all appeals regarding eligibility.

BY SIGNING BELOW, I HEREBY ACKNOWLEDGE RECEIPT OF THIS NOTICE OF FINANCIAL ASSISTANCE AVAILABILITY.

Printed Name of Patient

Date

Signature of Patient or Patient’s Representative

Printed Name of Patient’s Representative (if applicable)

USA Health System FAP

Addendum of Amount Generally Billed (AGB)

The AGB is an amount that is not more than the amounts generally billed to individuals who have insurance covering such care as defined by IRS Section 501(r)(5)(A).

All patients of a USA Health System Hospital are charged equally for the services provided in that hospital. If it is determined that a patient qualifies for financial assistance under the USA Health System Financial Assistance Policy, the charges¹ made to the eligible patient will be reduced by an amount appropriate to the award. If the award is 100%, the patient will be advised and the amount charged for those services will be reduced to zero and no longer billed. Where there is an award of financial assistance that does not cover 100% of the charges for the service, the amounts charged to eligible patients will be discounted to an amount that is not more than the amounts generally billed (AGB) to patients who have insurance.

The method used to determine the AGB² for USA Health University Hospital and USA Health Children & Women’s Hospital will be the Internal Revenue Service’s “Look-Back Method”³. This is the amount, for which, an insured patient would be responsible at the individual hospital. If the patient has been billed and paid an amount greater than the amount of their award, then they will be refunded the excess paid. The Look-Back Percentage is calculated as a combination of the discounts allowed to Medicare (Fee Schedule) and all private insurers’ patients. The look-back percentage is calculated separately for each hospital and also separately for Inpatients and Outpatients.

| USA Hospital System | Amount Generally Billed (AGB) |
|---|--------------------------------------|
| USA Health University Hospital | Discount to Charges |
| Inpatient Charges | 47% |
| Outpatient Charges | 62% |
| USA Health Children’s & Women’s Hospital | Discount to Charges |
| Inpatient Charges | 42% |
| Outpatient Charges | 62% |

¹ In the event that there were charges for services not covered by the Financial Assistance Policy, only those covered charges will be reduced to the amount of the assistance award.

² There are two methods allowed for calculating the “Amount Generally Billed”. The methods are the Look-Back Method, and the Prospective Medicare or Medicaid Method. The USA Health System is not required to use the same method for all hospital facilities. The USA Health System may change its AGB calculation method at any time.

³ Under the look-back method, AGB is calculated by multiplying the hospital facility’s gross charges for the care provided by one or more AGB percentages. Guidance for calculating AGB allows for one average percentage of gross charges for all care or for all emergency and other medically necessary care provided by the hospital facility, or multiple AGB percentages for separate categories of care, or for separate items or services. . The AGB percentage for USA Health System is calculated as a separate average for each hospital and is also calculated as a separate average for Inpatients and Outpatients accounts. Under the look-back method, the AGB percentage numerator is equal to the sum of all claims for emergency and other medically necessary care that have been allowed by health insurers or, if the hospital facility prefers, claims allowed for all medical care during a prior 12-month period by:

- Medicare fee-for-service;
- Medicare fee-for-service and all private health insurers that pay claims to the hospital facility; or
- Medicaid, either alone or in combination with the insurer(s) described above.

The AGB percentage denominator is equal to the sum of the associated gross charges for those claims. The USA Health System’s AGB’s are calculated at least annually under the look-back method.

USA Health System FAP

Addendum of Services not covered by the USA Health System FAP

- Procedures considered as elective,
 - Cosmetic surgery
 - Breast implants
 - Breast Reduction
 - Infertility treatment
- Transportation and Lodging,
- Food (other than that provided as an inpatient),
- Durable Medical Equipment
- Prescriptions (other than those provided as an inpatient, or during treatment).
- Home Health Care,
- Hospice Care,
- Physician Services (unless provided by USA Practices and listed in the USA FAP Addendum – Practices that provide emergency or other medically necessary care in the hospital facilities,
- Expenses for the patient's relatives,
- Teeth extractions, and Dentures,
- Addiction Recovery Service,

This is a non-exhaustive list of services and is used to indicate that not all expenses can expect to be covered by the FAP. USA Health System has limited resources and cannot cover all expenses at free or reduced charges.

USA Health System FAP

Addendum of Outside Services used by the USA Health System to determine Patient's eligibility to the USA Health System FAP

- Change Healthcare,
- Armstrong and Associates,

USA Health System FAP

Addendum to USA Health System's FAP of Practices that provide emergency or other medically necessary care in the hospital facilities

Discounts allowed to charges when approved for Financial Assistance

| PRACTICE NAME | IN-HOSPITAL CHARGES |
|--|----------------------------|
| USA Health Emergency Medicine Physicians | Hospital FAP Policy |
| USA Health Anesthesiologists | Hospital FAP Policy |

USA HEALTH HOSPITALS' FINANCIAL ASSISTANCE PROGRAM

CHARITY CARE COMMITTEE ADDENDUM

In addition to the USA Health Hospitals' Financial Assistance Program (FAP), the USA Health Hospitals' CFO will create the USA Health Hospitals' Charity Care Committee (Committee). The size of the Committee will be determined by the scope of work and the number of members appointed by the CFO.

USA Health Hospitals make every reasonable attempt to collect from insurance companies and other third-party payers. Financial hardship and charity care adjustments may be considered for those patients whose income and assets will not allow full payment within a reasonable time. Adjustments by the Charity Committee may include:

- Full Adjustment of the self-pay write-off balance to either Charity or Indigent.
- Partial adjustment of the self-pay write-off balance to either Charity or Indigent.

Approval of charity/indigent care is made on a case by case and discharge by discharge basis, and a recommendation of treatment as charity/indigent does not obligate USA Health Hospitals to continue to provide care free of charge or at reduced rates. Patients may be required to apply or re-apply for charity/indigent care assistance at a frequency consistent with the FAP. Each USA site of service reserves the right to require a patient to re-apply at any time.

Committee's Purpose:

The purpose of the Committee is to supplement the USA Health Hospitals' FAP by reviewing certain patient's accounts in an effort to determine if there is sufficient information available to grant the patient charity/indigent care status thereby adjusting a patient's account balance. The Committee provides an additional way to assist our patients by granting full or partial charity or indigent care status to an individual's hospital bill.

Committee's Principals:

Equal Opportunity

USA Health Hospitals are committed to upholding the multiple federal and state laws that preclude discrimination on the basis of race, sex, age, religion, national origin, marital status, sexual orientation, disabilities, military service, or any other classification protected by federal, state or local laws.

Indigent Care

Patients who cannot pay their bills may be classified as "charity" if they do not have a job, mailing address, residence, or insurance. Consideration is also given to classifying emergency room only patients as charity if they do not provide adequate information as to their financial status. In many instances, these patients are homeless and have few resources to cover the cost of their care.

Government Assistance

In determining whether an individual qualifies for charity care, other county or governmental assistance programs will be considered. Despite USA Health Hospitals' best efforts, some applicants

are not aware that they may be eligible for public health insurance programs or have not pursued our FAP application. USA Health Hospitals' staff will help the individual determine eligibility for governmental or other assistance, as appropriate. Persons who are eligible for programs (such as State-sponsored Medicaid) but who were not covered at the time that medical services were provided may be granted financial assistance, provided that the patient completes an application for government assistance. To obtain coverage by governmental authorities (such as Alabama Medicaid) for assistance during part of the patient stay or pre or post stay coverage requires diligent effort and may be used as proof of qualification for USA Health Hospitals Charity/Indigent Care classification.

Collection Activity

USA Health Hospitals believe in personal responsibility and expect that when notified that USA Health Hospitals have a FAP to assist the patient, the patient or their representative will make reasonable efforts to take advantage of that financial assistance. USA Health Hospitals recognize that this expectation may in reality not be the case and a patient that might be eligible under the USA Health Hospitals' FAP but may not have followed through or applied. Thus collection activity may have proceeded based on a USA Health Hospitals' Collection Policy. If a collection agency identifies a patient as likely meeting USA Health Hospitals' financial assistance eligibility under its FAP, the patient's account may be still considered for financial assistance. The Collection Agency should notify the USA Health Business Office and upon approval from the Business Office, collection activity will be suspended on these accounts until USA Health Hospitals have reviewed the patient's account and attempted to make a determination under the FAP. If the entire account balance is adjusted, the account will be returned to USA Health Hospitals. If a partial adjustment occurs, the patient fails to cooperate with the financial assistance process, or if the patient is not eligible for financial assistance, collection activity will resume.

Committee's Procedure:

The Committee will review patient accounts for the period in which they have been written off and prior to them having been reported on the Hospital's Medicare Cost Report to determine:

- If sufficient documentation exist to substantiate a patient's inability to pay for hospital care, if so, full or partial assistance maybe granted.
- If there is documentation that the patient or their representative has requested Financial Assistance. If such evidence of a request exists, the Committee will review the denial to determine if events and circumstances arising after the denial would alter the decision. If the Committee determines that a change in circumstances has occurred or if more information is available subsequent to a denial, full or partial assistance maybe granted.
- Patient was previously or subsequently approved for Medicaid. If this coverage exists, full or partial assistance maybe granted.
- Review will be made to determine if the patient is unemployed or homeless. Statements collected during contacts with relatives and/or associates maybe used to determine this circumstance and if this is the case, full or partial assistance maybe granted.
- Review will be made to determine if the patient is an undocumented alien and if the patient is employed or has assets. Determination of circumstances and the assessment of the USA Health Hospitals' ability to collect may result in the Committee granting full or partial assistance.

- The Committee will consider information and requests from USA Health Hospital sources such as the Business Office, Registration, USA Physicians, Case Management and other departments. Depending upon the circumstances, full or partial assistance maybe granted.
- The Committee will consider and provide final review and approval/disapproval of all appeals of denials filed by patients or their representatives.

Committee's Review:

The Committee will review:

- All accounts written to Bad Debts with balances greater than \$200,000;
- Accounts written to Bad Debts with partial stay or history of Medicaid Coverage with a balance greater than \$15,000 but less than \$200,000;
- Patient with balances greater than \$150,000 submitted to the Mobile County Indigent Care Board;
- Known special circumstances accounts.

Additional review criterion may be used as suggested by the Committee and approved by the CFO.

EXHIBIT I
FORM OF FIFTEENTH SUPPLEMENTAL INDENTURE

**FIFTEENTH SUPPLEMENTAL UNIVERSITY FACILITIES
REVENUE TRUST INDENTURE**

between

UNIVERSITY OF SOUTH ALABAMA

and

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

Dated [_____]

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[EXHIBIT A - Specimen Municipal Bond Insurance Policy]

FIFTEENTH SUPPLEMENTAL UNIVERSITY FACILITIES REVENUE TRUST INDENTURE between the **UNIVERSITY OF SOUTH ALABAMA**, public body corporate under the laws of Alabama (herein called the “University”), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.** (as successor Trustee to AmSouth Bank of Alabama and being herein called the “Trustee”), a national banking association in its capacity as Trustee under the University Facilities Revenue Trust Indenture dated as of February 15, 1996, as heretofore supplemented and amended (herein called the “Indenture”).

RECITALS

The University makes the following findings as a basis for the undertakings herein contained:

(a) Pursuant to the provisions of the Indenture, the University has issued and sold its (i) \$31,680,000 original principal amount of University Tuition Revenue Refunding and Capital Improvement Bonds, Series 1996, dated February 15, 1996, which are no longer outstanding, (ii) \$7,055,000 original principal amount University Tuition Revenue Refunding Bonds, Series 1996B, dated October 15, 1996, which are no longer outstanding, (iii) \$40,130,000.70 original principal amount University Tuition Revenue Bonds, Series 1999, dated March 1, 1999 (the “Series 1999 Bonds”), (iv) \$51,080,000 original principal amount Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, dated March 15, 2004, which are no longer outstanding, (v) \$100,000,000 original principal amount University Tuition Refunding and Capital Improvement Bonds, Series 2006, dated December 1, 2006 (the “Series 2006 Bonds”), which are no longer outstanding, (vi) \$112,885,000 original principal amount University Facilities Revenue Capital Improvement Bonds, Series 2008, dated September 1, 2008 (the “Series 2008 Bonds”), which are no longer outstanding, (vii) \$29,750,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010 (the “Series 2010 Bond”), (viii) \$25,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-A, dated January 4, 2012 (the “Series 2012-A Bond”), (ix) \$7,740,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-B, dated January 4, 2012 (the “Series 2012-B Bond”), (x) \$32,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013 (the “Series 2013-A Bond”), (xi) \$8,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013 (the “Series 2013-B Bond”), (xii) \$10,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013 (the “Series 2013-C Bond”), (xiii) \$41,245,000 original principal amount University Facilities Revenue Refunding Bond, Series 2014-A, dated March 14, 2014 (the “Series 2014-A Bond”), (xiv) \$6,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015 (the “Series 2015 Bond”), (xv) \$85,605,000 original principal amount University Facilities Revenue Refunding Bonds, Series 2016, dated September 14, 2016 (the “Series 2016 Bonds”), (xvi) \$20,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-B, dated December 7, 2016 (the “Series 2016-B Bond”), (xvii) \$35,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-C, dated December 7, 2016 (the “Series 2016-C Bond”), (xviii) \$45,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016 (the “Series 2016-D Bond”), and (xix) \$38,105,000 original principal amount

University Facilities Revenue Bonds, Series 2017, dated June 15, 2017 (the “Series 2017 Bonds”).

(b) In Article VIII of the Indenture, the University has reserved the right to issue Additional Bonds, secured by a pledge of the Pledged Revenues on a parity with all Additional Bonds outstanding under the Indenture, including the Series 1999 Bonds, the Series 2010 Bond, the Series 2012-A Bond, the Series 2012-B 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 and the Series 2017 Bonds (collectively, the “Outstanding Bonds”), and with such Additional Bonds as shall hereafter be issued upon compliance with the applicable provisions of said Article VIII.

(c) The University has determined it is necessary, wise and in the best interest of the University and the public to (i) pay the costs of various capital improvements at the University hereinafter defined as the 2019 Improvements, and (ii) cover a deposit into the Capitalized Interest Account hereinafter described, with the issuance of Additional Bonds [in multiple series] in the aggregate principal amount of \$[_____]. The University has duly adopted a resolution authorizing the issuance of such Additional Bonds and this Fifteenth Supplemental University Facilities Revenue Trust Indenture is executed in order to specify the details with respect to such Additional Bonds.

(d) This Fifteenth Supplemental University Facilities Revenue Trust Indenture is being executed to provide for the issuance of the Series 2019 Bonds (hereinafter referred to) as Additional Bonds under the Indenture.

Additional Definitions

The following definitions are in addition to those contained in the Indenture:

“**Authorized University Officer**” means the President of the University, the Vice President for Finance and Administration, or such other officer of the University as either of the foregoing officers shall have designated in writing to serve as an Authorized University Officer hereunder.

“**Capitalized Interest Period**” shall mean the period of time from the issuance of the Series 2019 Bonds through and including the earlier of [_____] or such time as no funds are on deposit in the Capitalized Interest Account.

[“**Insurance Policy**” means the municipal bond insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Insured Series 2019 Bonds as provided therein.]

[“**Insured Series 2019 Bonds**” means those of the Series 2019 Bonds maturing _____].

[“**Insurer**” means _____], or any successor thereto or assignee thereof.

“**Interest Payment Date**” means, with respect to the Series 2019 Bonds, each [_____] 1 and [_____] 1, commencing [_____].

“**Record Date**” as used in the Indenture shall be, with respect to the Series 2019 Bonds, the [_____] 15 and [_____] 15 preceding each Interest Payment Date.

“**Series 2019 Bonds**” means, collectively, the Series 2019-A Bonds [, the Series 2019-B Bonds and the Series 2019-C Bonds].

“**Series 2019-A Bonds**” means the University Facilities Revenue Bonds, Series 2019-A, authorized to be issued in the aggregate principal amount of \$[_____] and dated [_____].

[“**Series 2019-B Bonds**” means the Taxable University Facilities Revenue Bonds, Series 2019-B, authorized to be issued in the aggregate principal amount of \$_____ and dated _____].

[“**Series 2019-C Bonds**” means the University Facilities Revenue Bonds, Series 2019-C, authorized to be issued in the aggregate principal amount of \$_____ and dated _____].

“**Tax-Exempt Series 2019 Bonds**” means the [_____].

“**2019 Improvements**” means the design, acquisition, construction, installation, furnishing and equipping of a new football stadium, practice field and related capital improvements, equipment and assets on the campus of the University.

**NOW, THEREFORE, THIS FIFTEENTH SUPPLEMENTAL UNIVERSITY
FACILITIES REVENUE TRUST INDENTURE**

WITNESSETH:

It is hereby agreed among the University, the Trustee and its successors in trust under the Indenture and the holders at any time of the Series 2019 Bonds hereinafter referred to and the Outstanding Bonds each with each of the others, as follows:

**ARTICLE I
SERIES 2019 BONDS**

Section 1.1 Authorization and Description of the Series 2019 Bonds. (a) There is hereby authorized to be issued by the University under the Indenture a series of Bonds entitled “University Facilities Revenue Bonds, Series 2019-A”, dated [_____, 2019], which shall be issued in the aggregate principal amount of \$[_____]. The Series 2019-A Bonds shall mature and become payable on [_____] 1 in the years and amounts shown below. Interest shall be payable on [_____], and on each Interest Payment Date thereafter, and the Series 2019-A Bonds shall bear interest at the per annum rates set forth below, computed on the basis of a 360-day year of twelve consecutive 30-day months:

| Maturity ([_____]1) | Principal Amount | Interest Rate |
|--------------------------------------|-----------------------------------|--------------------------------|
|--------------------------------------|-----------------------------------|--------------------------------|

[(b) There is hereby authorized to be issued by the University under the Indenture a series of Bonds entitled “Taxable University Facilities Revenue Bonds, Series 2019-B”, dated [_____, 2019], which shall be issued in the aggregate principal amount of \$[_____]. The Series 2019-B Bonds shall mature and become payable on [_____] 1 in the years and amounts shown below. Interest shall be payable on [_____], and on each Interest Payment Date thereafter, and the Series 2019-B Bonds shall bear interest at the per annum rates set forth below, computed on the basis of a 360-day year of twelve consecutive 30-day months:

| Maturity ([_____]1) | Principal Amount | Interest Rate |
|--------------------------------------|-----------------------------------|--------------------------------|
|--------------------------------------|-----------------------------------|--------------------------------|

[(c) There is hereby authorized to be issued by the University under the Indenture a series of Bonds entitled “University Facilities Revenue Bonds, Series 2019-C”, dated [_____, 2019], which shall be issued in the aggregate principal amount of \$[_____]. The Series 2019-C Bonds shall mature and become payable on [_____] 1 in the years and amounts shown below. Interest shall be payable on [_____], and on each Interest Payment Date

thereafter, and the Series 2019-C Bonds shall bear interest at the per annum rates set forth below, computed on the basis of a 360-day year of twelve consecutive 30-day months:

| Maturity ([_____]1) | Principal Amount | Interest Rate |
|--------------------------------------|-----------------------------------|--------------------------------|
|--------------------------------------|-----------------------------------|--------------------------------|

(d) The Series 2019 Bonds shall be issued in denominations of \$5,000 or any multiple thereof. The Series 2019 Bonds shall be initially issued in the Authorized Denominations and registered in the names of the Holders as shall be designated by the underwriters for the Series 2019 Bonds.

Section 1.2 Redemption Provisions.

(a) **Optional Redemption.** (i) *Series 2019-A Bonds.* Those of the Series 2019-A Bonds having stated maturities in [_____] and thereafter shall be subject to redemption prior to their respective maturities, at the option of the University, in whole or in part (but, if in part, in multiples of \$5,000 with those of the maturities to be redeemed to be selected by the University at its discretion, and if less than all the Series 2019-A Bonds having the same maturity are to be redeemed, those to be redeemed to be selected by the Trustee by lot), on [_____], and on any date thereafter, at and for a redemption price for each Series 2019-A Bond redeemed equal to the par or face amount thereof plus accrued interest thereon to the date fixed for redemption.

(ii) *Series 2019-B Bonds.* Those of the Series 2019-B Bonds having stated maturities in [_____] and thereafter shall be subject to redemption prior to their respective maturities, at the option of the University, in whole or in part (but, if in part, in multiples of \$5,000 with those of the maturities to be redeemed to be selected by the University at its discretion, and if less than all the Series 2019-B Bonds having the same maturity are to be redeemed, those to be redeemed to be selected by the Trustee by lot), on [_____], and on any date thereafter, at and for a redemption price for each Series 2019-B Bond redeemed equal to the par or face amount thereof plus accrued interest thereon to the date fixed for redemption.

(iii) *Series 2019-C Bonds.* Those of the Series 2019-C Bonds having stated maturities in [____] and thereafter shall be subject to redemption prior to their respective maturities, at the option of the University, in whole or in part (but, if in part, in multiples of \$5,000 with those of the maturities to be redeemed to be selected by the University at its discretion, and if less than all the Series 2019-C Bonds having the same maturity are to be redeemed, those to be redeemed to be selected by the Trustee by lot), on [____], and on any date thereafter, at and for a redemption price for each Series 2019-C Bond redeemed equal to the par or face amount thereof plus accrued interest thereon to the date fixed for redemption.

(b) Mandatory Redemption. (i) [____] Term Series 2019-[A/B/C] Bonds. Those of the Series 2019-[A/B/C] Bonds having a stated maturity in [____] are subject to mandatory redemption (with those to be redeemed to be selected by the Trustee by lot) in the following principal amounts on [____] 1 in the following years at a redemption price with respect to each Series 2019-[A/B/C] Bond (or portion thereof) redeemed equal to the principal amount so redeemed:]

| Year | Principal Amount to be Redeemed |
|------------------|------------------------------------|
| _____ | |
| _____ | |
| _____ | |
| _____ (maturity) | |

In the event that the University shall have partially redeemed the [____] Term Series 2019-[A/B/C] Bonds or shall have provided for a partial redemption of such [____] Term Series 2019-[A/B/C] Bonds in such a manner that the [____] Term Series 2019-[A/B/C] Bonds for the redemption of which provision is made are considered as fully paid, the University may elect to apply all or any part (but only in integral multiples of \$5,000) of the principal amount of such [____] Term Series 2019-[A/B/C] Bonds so redeemed or to be redeemed to the reduction of the principal amount of [____] Term Series 2017 Bonds required to be redeemed pursuant to the schedule set forth immediately above on any [____] 1 coterminous with or subsequent to the date such optional redemption actually occurs.]

Section 1.3 Payments into Bond Fund; Method of Payment.

(a) The University will pay into the Bond Fund created in the Indenture, in addition to all other payments required to be paid therein, an amount sufficient to pay the principal of and interest on the Series 2019 Bonds when due. The principal of the Series 2019 Bonds shall be payable at maturity at the designated office of the Trustee in the City of Birmingham, Alabama. Interest on the Series 2019 Bonds shall be payable by check or draft mailed or otherwise delivered by the Trustee to the respective Holders thereof at their addresses as they appear on the registry books of the Trustee pertaining to the registration of the Series 2019 Bonds; provided, that the final payment of such interest shall be made only upon surrender of the appropriate Series 2019 Bond to the Trustee. The principal and the interest on the Series 2019 Bonds shall be payable only upon maturity and only upon surrender of such Series 2019 Bonds to the Trustee. All installments of principal of and interest on each Series 2019 Bond shall bear interest after the

respective maturities of such principal and interest until paid or until moneys sufficient for payment thereof shall have been deposited for that purpose with the Trustee, whichever first occurs, at the rate of interest borne by such Series 2019 Bond.

(b) Issued in Book-Entry Form. The Series 2019 Bonds shall be initially issued in book-entry only form, registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, NY (“DTC”) as further described in Article II hereof. So long as the said book-entry only system remains in effect, the provisions of this Fifteenth Supplemental Indenture, including the provisions governing the registration and exchange of Series 2019 Bonds, places and manner of payment of Series 2019 Bonds, and requirements for presentment of Series 2019 Bonds shall be subject to the standard procedures of DTC.

Section 1.4 Form of Series 2019 Bonds. The form of Series 2019 Bonds and the Trustee’s Authentication Certificate applicable thereto shall be in substantially the following form, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof and to the final Plan of Finance (as defined and described in the Authorizing Resolution):

Unless this certificate is presented by an authorized representative of The Depository Trust Company (“DTC”), to the University or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of DTC or the DTC Nominee (as defined in the Indenture referenced in this certificate), as the case maybe, or in such other name as is requested by an authorized representative of DTC (and any payment is made to DTC or the DTC Nominee or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, DTC or the DTC Nominee, as the case may be, has an interest herein No.

**UNITED STATES OF AMERICA
STATE OF ALABAMA
UNIVERSITY OF SOUTH ALABAMA
[Taxable] University Facilities Revenue Bonds
Series 2019-[A/B/C]**

| Interest Rate | Maturity Date | CUSIP Number |
|----------------------|----------------------|---------------------|
|----------------------|----------------------|---------------------|

Subject to the provisions as herein stated

For value received, **UNIVERSITY OF SOUTH ALABAMA**, a public body corporate under the laws of the State of Alabama (herein called the “University”), will pay, solely from the sources hereinafter referred to, to **CEDE & CO.**, or registered assigns, the principal sum of

_____ **DOLLARS**

on the date specified above, with interest thereon from the date hereof until the maturity hereof at the per annum rate of interest specified above, payable on [_____], and semiannually thereafter on each [_____] 1 and [_____] 1 until and at the maturity hereof. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each. The principal of this bond is payable only upon presentation and surrender of this bond at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A., in the City of Birmingham, Alabama, or its successor as trustee under the Indenture hereinafter referred to. Interest on this bond is payable by check or draft mailed by the Trustee on the interest payment date to the registered holder hereof and at the address shown on the registry books of the Trustee pertaining to the Series 2019 Bonds as of the close of business on the [_____] 15 or [_____] 15, as the case may be, next preceding the date of payment of such interest.

Interest payments that are due with respect to this bond and that are made by check or draft shall be deemed timely made if such check or draft is mailed by the Trustee on or before the due date of such interest. Both the principal of and the interest on this bond shall bear interest after their respective maturities until paid or until moneys sufficient for payment thereof have been deposited with the Trustee at the per annum rate stated above. The Indenture provides that all payments by the University or the Trustee to the person in whose name a Bond is registered shall to the extent thereof fully discharge and satisfy all liability for the same. Any transferee of this bond takes it subject to all payments of principal and interest in fact made with respect hereto.

This bond is one of a duly authorized issue of bonds (herein called the “Series 2019-[A/B/C] Bonds”) issuable in series without express limit as to principal amount under a Trust Indenture dated as of February 15, 1996, as heretofore supplemented and amended and as further supplemented and amended by a Fifteenth Supplemental University Facilities Revenue Trust Indenture dated [_____] (the said Trust Indenture, as so supplemented and amended, being herein called the “Indenture”), between the University and The Bank of New York Mellon Trust Company, N.A., as trustee (herein called the “Trustee”). The principal of and the interest on the Series 2019-[A/B/C] Bonds are payable solely out of and are secured by a lien upon and pledge of (a) certain fees from students levied by the University, (b) the gross revenues derived from certain auxiliary enterprises services furnished by the University, including food services, housing, college stores, dining, concessions and other similar services, as such revenues are shown as a separate item on the audited financial statements of the University, (c) additional fees and revenues, if any, that may be subjected to the lien of the Indenture pursuant to a Supplemental Indenture, and (d) an amount not exceeding \$10,000,000 in any fiscal year of the University of the gross revenues derived from that certain hospital facility owned and operated by the University and known as USA Children’s and Women’s Hospital (herein called the “Pledged Revenues”), and shall not be payable from any other funds or revenues, on a parity of lien with (I) the University’s (a) \$40,130,000.70 original principal amount University Tuition Revenue Bonds, Series 1999, dated March 1, 1999, (b) \$29,750,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010, (c) \$25,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-A, dated January 4, 2012, (d) \$7,740,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-B, dated January 4, 2012, (e) \$32,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013, (f) \$8,000,000 original principal amount University

Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013, (g) \$10,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013, (h) \$41,245,000 original principal amount University Facilities Revenue Refunding Bond, Series 2014-A, dated March 14, 2014, (i) \$6,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015, (j) \$85,605,000 original principal amount University Facilities Revenue Refunding Bonds, Series 2016, dated September 14, 2016, (k) \$20,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-B, dated December 7, 2016, (l) \$35,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-C, dated December 7, 2016, and (m) \$45,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016, (n) \$38,105,000 original principal amount University Facilities Revenue Bonds, Series 2017, dated June 15, 2017[, (o) \$_____ original principal amount Taxable University Facilities Revenue Bonds, Series 2019-[A/B/C], dated _____, \$_____ original principal amount University Facilities Revenue Bonds, Series 2019-[A/B/C], dated _____] and (II) any Additional Bonds hereafter issued pursuant to Article VIII of the Indenture.

Reference is hereby made to the Indenture for a description of the nature and extent of the security afforded thereby, the rights and duties of the University and the Trustee with respect thereto, the rights of the holders of the Series 2019-[A/B/C] Bonds and the terms and conditions on which additional series of Bonds may be issued. The Indenture provides, inter alia, (a) that in the event of default by the University in the manner and for the time therein provided, the Trustee may declare the principal of and the interest accrued on this bond immediately due and payable, whereupon the same shall become immediately due and payable, and the Trustee shall be entitled to pursue the remedies provided in the Indenture, (b) that the holder of this bond shall have no right to enforce the provisions of the Indenture except as provided therein and then only for the equal and pro rata benefit of the holders of all the Bonds, and (c) that if this bond shall not be presented for payment when due (whether by maturity or otherwise) and if funds sufficient for such payment shall have been made available to the Trustee therefore, all liability of the University to the holder of such bond and all rights of such holder against the University under such bond or under the Indenture shall cease and terminate and that the sole right of such holder shall thereafter be against the said funds so made available, which the Trustee is required to set aside and hold, subject to any applicable escheat or other similar law, for the benefit of such holder. The Indenture also provides that the University and the Trustee, with the written consent of the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding under the Indenture, may at any time and from time to time amend the Indenture or any indenture supplemental thereto, provided that no such amendment shall (1) without the consent of the holder of each Bond affected, reduce the principal of or the rate of interest on any Bond, or (2) without the consent of the holders of all the Bonds then outstanding under the Indenture, extend the maturity of any installment of principal or interest on any of the Bonds, make any change in the schedule of required sinking fund or other similar payments with respect to any series of the Bonds, create a lien or charge on the Pledged Revenues ranking prior to or (except in connection with the issuance of additional parity bonds under the Indenture) on a parity with the lien or charge thereon contained in the Indenture, effect a preference or priority of any Bond over any other Bond or reduce the aggregate principal amount of Bonds the holders of which are required to consent to any such amendment.

The series of Bonds of which this is one is designated Series 2019-[A/B/C] and is authorized to be issued in the aggregate principal amount of \$[_____].

Those of the Series 2019-[A/B/C] Bonds having a stated maturity on [_____], and thereafter shall be subject to redemption and payment by the University, at the option of the University, as a whole or in part on [_____], and on any date thereafter (but if redeemed in part, (i) of such maturity or maturities as the University shall designate, and if less than all the Series 2019-[A/B/C] Bonds of a single maturity are to be redeemed, those to be redeemed to be selected by the Trustee by lot, and (ii) only in installments of \$5,000 or any integral multiple thereof), at and for a redemption price equal to the par or face amount thereof plus accrued interest to the date fixed for redemption.

[The Series 2019-[A/B/C] are also subject to mandatory redemption prior to maturity on such terms and as set forth in the Fifteenth Supplemental Indenture hereinabove described].

The Series 2019-[A/B/C] Bonds are not general obligations of the University, and the covenants and representations herein contained or contained in the Indenture do not and shall never constitute a personal or pecuniary liability or charge against the general credit of the University. The Series 2019-[A/B/C] Bonds are not obligations or debts of the State of Alabama nor are the faith and credit of said state pledged for payment thereof, and neither the principal of nor interest on said bonds is payable out of any moneys provided for or appropriated to the University by the State of Alabama.

It is hereby certified that all conditions, actions and things required by the Constitution and laws of Alabama to exist, be performed and happen precedent to or in the issuance of this bond do exist, have been performed and have happened in due and legal form.

The Series 2019-[A/B/C] Bonds are issuable only as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. Provision is made in the Indenture for the exchange of Bonds for a like aggregate principal amount of Bonds of the same maturity and interest rate and in an authorized denomination, all as may be requested by the holder surrendering the Bond or Bonds to be so exchanged and upon the terms and conditions specified in the Indenture.

This bond is transferable by the registered holder hereof in person, or by duly authorized attorney, only on the registry books of the Trustee pertaining to the Bonds and only upon surrender of this bond to the Trustee for cancellation, and upon any such transfer a new Bond of like tenor herewith will be issued to the transferee in exchange therefore, all as more particularly provided in the Indenture. Each holder, by receiving and accepting this bond, shall consent and agree and shall be estopped to deny that, insofar as the University and the Trustee are concerned, this bond may be transferred only in accordance with the provisions of the Indenture. The Trustee shall not be required so to transfer or exchange this bond during the period of fifteen days next preceding any interest payment date with respect thereto.

Execution by the Trustee of its authentication certificate hereon is essential to the validity hereof and is conclusive of the due issue hereof under the Indenture.

IN WITNESS WHEREOF, the University has caused this bond to be executed in its name and behalf with the signature of its President, has caused a facsimile of its corporate seal to be hereunto imprinted, has caused this bond to be attested by the signature of the Chairman Pro Tempore of its Board of Trustees, and has caused this bond to be dated [_____].

UNIVERSITY OF SOUTH ALABAMA

By: _____
President

[SEAL]

Attest:

Chairman Pro Tempore
of the Board of Trustees

Form of Trustee's Authentication Certificate

Date of Authentication and Registration:

The within bond is one of those described in the within-mentioned Trust Indenture.

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

By: _____
Its Authorized Officer

Form of Assignment

For value received, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____ the within bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, with full power of substitution in the premises, to transfer this bond on the books of the within-mentioned Trustee.

DATED this ____ day of _____, ____.

NOTE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within bond in every particular, without alteration, enlargement or change whatsoever.

Signature guaranteed:

(Bank, Broker or Firm)*

By _____

(Authorized Officer)

Its Medallion Number: _____

* Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

Section 1.5 Execution and Delivery of the Series 2019 Bonds. The Series 2019 Bonds shall be forthwith executed and delivered to the Trustee and shall be authenticated and delivered by the Trustee from time to time upon receipt by the Trustee of an order signed on behalf of the University by its President, requesting such authentication and delivery and designating the person or persons to receive the same or any part thereof.

Section 1.6 Application of Proceeds from Sale of Series 2019 Bonds. (a) The entire proceeds derived by the University from the sale of the Series 2019-[A/B/C] Bonds (less the underwriting discount to be retained by the Underwriters for the Series 2019-[A/B/C] Bonds [and less the sum of \$[_____]] to be paid directly by the Underwriters for the Series 2019-[A/B/C] Bonds to the Insurer for the premium for the Insurance Policy referable to the Series 2019-[A/B/C] Bonds) shall be paid to the Trustee and promptly thereafter applied by the Trustee for the following purposes and in the following order

(i) the sum of \$[_____] shall be deposited into the Capitalized Interest Account;

(ii) the sum of \$[_____] shall be deposited into a special fund or account of the University and used to pay the costs of the 2019 Improvements (the “2019 Construction Fund”); and

(iii) the balance (\$[_____]) shall be deposited by the Trustee into a special clearing account herein authorized for the Trustee to create and establish, and applied by the Trustee for payment of those costs of issuing the Series 2019-[A/B/C] Bonds identified in a written directive from an Authorized University Officer to the Trustee on the date of issuance of the Series 2019-[A/B/C] Bonds, with any funds remaining in said clearing account following the date of issuance of the Series 2019-[A/B/C] Bonds to be remitted by the Trustee to the 2019 Construction Fund.

[(b) The entire proceeds derived by the University from the sale of the Series 2019-[A/B/C] Bonds (less the underwriting discount to be retained by the Underwriters for the Series 2019-[A/B/C] Bonds [and less the sum of \$[_____] to be paid directly by the Underwriters for the Series 2019-[A/B/C] Bonds to the Insurer for the premium for the Insurance Policy referable to the Series 2019-[A/B/C] Bonds) shall be paid to the Trustee and promptly thereafter applied by the Trustee for the following purposes and in the following order

(i) the sum of \$[_____] shall be deposited into the Capitalized Interest Account;

(ii) the sum of \$[_____] shall be deposited into the 2019 Construction Fund and used to pay the costs of the 2019 Improvements; and

(iii) the balance (\$[_____]) shall be deposited by the Trustee into a special clearing account herein authorized for the Trustee to create and establish, and applied by the Trustee for payment of those costs of issuing the Series 2019-[A/B/C] Bonds identified in a written directive from an Authorized University Officer to the Trustee on the date of issuance of the Series 2019-[A/B/C] Bonds, with any funds remaining in said clearing account following the date of issuance of the Series 2019-[A/B/C] Bonds to be remitted by the Trustee to the 2019 Construction Fund.]

[(c) The entire proceeds derived by the University from the sale of the Series 2019-[A/B/C] Bonds (less the underwriting discount to be retained by the Underwriters for the Series 2019-[A/B/C] Bonds [and less the sum of \$[_____] to be paid directly by the Underwriters for the Series 2019-[A/B/C] Bonds to the Insurer for the premium for the Insurance Policy

referable to the Series 2019-[A/B/C] Bonds) shall be paid to the Trustee and promptly thereafter applied by the Trustee for the following purposes and in the following order

(i) the sum of \$[_____] shall be deposited into the Capitalized Interest Account;

(ii) the sum of \$[_____] shall be deposited into the 2019 Construction Fund and used to pay the costs of the 2019 Improvements; and

(iii) the balance (\$[_____]) shall be deposited by the Trustee into a special clearing account herein authorized for the Trustee to create and establish, and applied by the Trustee for payment of those costs of issuing the Series 2019-[A/B/C] Bonds identified in a written directive from an Authorized University Officer to the Trustee on the date of issuance of the Series 2019-[A/B/C] Bonds, with any funds remaining in said clearing account following the date of issuance of the Series 2019-[A/B/C] Bonds to be remitted by the Trustee to the 2019 Construction Fund.]

ARTICLE II BOOK-ENTRY ONLY SYSTEM

The Series 2019 Bonds will be issued as fully-registered bonds in the name of Cede & Co., as nominee of DTC, as registered owner of the Series 2019 Bonds. Purchasers of such Series 2019 Bonds will not receive physical delivery of Series 2019 Bond certificates. For purposes of this Fifteenth Supplemental Indenture, so long as all of the Series 2019 Bonds are in the custody of DTC, references to Series 2019 Bondholders or Owners shall mean DTC or its nominee.

DTC will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2019 Bond will be issued for each maturity of each series of the Series 2019 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 7A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct

Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2019 Bond documents. For example, Beneficial Owners of Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2019 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the University or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Series 2019 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the University, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the University or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER THE UNIVERSITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, OR TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2019 BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2019 BONDS, ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO SERIES 2019 BONDHOLDERS UNDER THE FIFTEENTH SUPPLEMENTAL INDENTURE, THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF PARTIAL REDEMPTION OF THE SERIES 2019 BONDS WITH RESPECT TO LESS THAN ALL OF THE SERIES 2019 BONDS, OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED SERIES 2019 BONDHOLDER.

For every transfer and exchange of the Series 2019 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, and any reasonable fees and expenses of the Trustee and the costs incurred in preparing Series 2019 Bond certificates.

DTC may discontinue providing its services as securities depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to the University. In the event of the discontinuance of the book-entry system for the Series 2019 Bonds, Series 2019 Bond certificates will be printed and delivered and the following provisions of the Indenture will apply: (i) principal of the Series 2019 Bonds will be payable upon surrender of the Series 2019 Bonds at the designated office of the Trustee; (ii) Series 2019 Bonds may be transferred or exchanged for other Series 2019 Bonds of authorized denominations as set forth in the next succeeding two paragraphs; and (iii) Series 2019 Bonds will be issued in denominations as described in the front portion of the Official Statement under “THE SERIES 2019 BONDS”.

In the event of the discontinuance of the use of the system of book-entry-only transfers through DTC (or a successor depository), Series 2019 Bond certificates will be printed and delivered to DTC.

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

ARTICLE III CAPITALIZED INTEREST ACCOUNT

Section 3.1 Capitalized Interest Account. There is hereby created a special account, the full name of which shall be the “2019 Capitalized Interest Account”. The Trustee shall be and remain the depository, custodian and disbursing agent for the 2019 Capitalized Interest Account. Contemporaneously with the issuance of the Series 2019 Bonds, there shall be deposited into the Capitalized Interest Account the amount required pursuant to Section 1.6(a)(i) [, 1.6(b)(i) and 1.6(c)(i) hereof. During the Capitalized Interest Period, the Trustee shall apply amounts in the Capitalized Interest Account to the payment of interest on the Series 2019 Bonds, as and when the same becomes due and payable by withdrawing from said account funds to cover such interest (or, if less than the amount of interest then due is on deposit in said account, all funds then in such account) and depositing the same into the Bond Fund created in the Indenture on at least the day immediately prior to the Interest Payment Date when due. Amounts in the Capitalized Interest Account may be invested by the Trustee in the same manner as funds in the Bond Fund of the Indenture. Any amounts in the Capitalized Interest Account remaining after the Capitalized Interest Period shall be deposited into the Bond Fund of the Indenture and used to cover interest on the Series 2019 Bonds.

The provisions in the following Article IV, or provisions similar or relating thereto as shall be required by the Insurer and approved by the President or the Vice President for Finance and Administration, shall be included upon the sale of the Series 2019 Bonds if any are to be insured:

ARTICLE IV CERTAIN PROVISIONS REGARDING THE INSURER

Section 4.1 Applicability of this Article. Notwithstanding anything to the contrary contained in the Indenture, so long as the Insurance Policy remains in full force and effect and the insurer is not then in payment default under the Insurance Policy, the provisions of this

Article 4 shall apply for the benefit of the Insurer; provided that to the extent that the Insurer has made any payment of principal of or interest on the Insured Series 2019 Bonds, it shall retain its rights of subrogation hereunder and under the insurance Policy.

Section 4.2 Requirements of the University.

(a) Notice and Other Information to be given to Insurer. The University will provide Insurer with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the holders of Insured Obligations or the Trustee under the Security Documents. The notice address of Insurer is: [_____]. In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at [_____] and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

(b) Defeasance. The investments in the defeasance escrow relating to Insured Obligation shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by Insurer. At least (three) 3 Business Days prior to any defeasance with respect to the Insured Obligations, the University shall deliver to Insurer draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Insured Obligations, a verification report (a “Verification Report”) prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to Insurer and shall be in form and substance satisfactory to Insurer. In addition, the escrow agreement shall provide that:

(i) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Insured Obligations is excludable) from gross income of the holders of the Insured Obligations of the interest on the Insured Obligations for federal income tax purposes and the prior written consent of Insurer, which consent will not be unreasonably withheld.

(ii) The University will not exercise any prior optional redemption of Insured Obligations secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to Insurer a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(iii) The University shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of Insurer.

(c) Trustee and Paying Agent.

(i) Insurer shall receive prior written notice of any name change of the trustee (the “Trustee”) or, if applicable, the paying agent (the “Paying Agent”) for the Insured Obligations or the resignation or removal of the Trustee or, if applicable, the Paying Agent. Any Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by Insurer in writing.

(ii) No removal, resignation or termination of the Trustee or, if applicable, the Paying Agent shall take effect until a successor, acceptable to Insurer, shall be qualified and appointed.

(d) Amendments, Supplements and Consents. Insurer’s prior written consent is required for all amendments and supplements to the Security Documents, with the exceptions noted below. The University shall send copies of any such amendments or supplements to Insurer and the rating agencies which have assigned a rating to the Insured Obligations.

(i) *Consent of Insurer.* Any amendments or supplements to the Security Documents shall require the prior written consent of Insurer with the exception of amendments or supplements:

- (1) To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or
- (2) To grant or confer upon the holders of the Insured Obligations any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Insured Obligations, or
- (3) To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Security Documents other conditions, limitations and restrictions thereafter to be observed, or
- (4) To add to the covenants and agreements of the University in the Security Documents other covenants and agreements thereafter to be observed by the University or to surrender any right or power therein reserved to or conferred upon the University.
- (5) To issue additional parity debt in accordance with the requirements set forth in the Security Documents.

(ii) *Consent of Insurer in Addition to Bondholder Consent.* Any amendment, supplement, modification to, or waiver of, any of the Security Documents that requires

the consent of holders of the Insured Obligations or adversely affects the rights or interests of Insurer shall be subject to the prior written consent of Insurer.

(iii) *Insolvency.* Any reorganization or liquidation plan with respect to the University must be acceptable to Insurer. The Trustee and each owner of the Insured Obligations hereby appoint Insurer as their agent and attorney-in-fact with respect to the Insured Obligations and agree that Insurer may at any time during the continuation of any proceeding by or against the University or Obligor under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each owner of the Insured Obligations delegate and assign to Insurer, to the fullest extent permitted by law, the rights of the Trustee and each owner of the Insured Obligations with respect to the Insured Obligations in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(iv) *Control by Insurer Upon Default.* Anything in the Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Obligations or the Trustee or Paying Agent for the benefit of the holders of the Insured Obligations under any Security Document. No default or event of default may be waived without Insurer’s written consent.

(v) *Insurer as Owner.* Upon the occurrence and continuance of a default or an event of default, Insurer shall be deemed to be the sole owner of the Insured Obligations for all purposes under the Security Documents, including, without limitations, for purposes of exercising remedies and approving amendments.

(vi) *Consent of Insurer for acceleration.* Insurer’s prior written consent is required as a condition precedent to and in all instances of acceleration of the Insured Obligations.

(vii) *Grace Period for Payment Defaults.* No grace period shall be permitted for payment defaults on the Insured Obligations. No grace period for a covenant default shall exceed 30 days without the prior written consent of Insurer.

(viii) *Special Provisions for Insurer Default.* If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs (d)(i)-(v) above to the contrary, (1) if at any time prior to or following an Insurer Default, Insurer has made payment under the Policy, to the extent of such payment Insurer shall be treated like any other holder of the Insured Obligations for all purposes, including giving of consents, and

(2) if Insurer has not made any payment under the Policy, Insurer shall have no further consent rights until the particular Insurer Default is no longer continuing or Insurer makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "Insurer Default" means: (A) Insurer has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) Insurer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of Insurer (including without limitation under the New York Insurance Law).

(e) Insurer As Third Party Beneficiary. Insurer is recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce the provisions of the Security Documents as if it were a party thereto.

(f) Payment Procedure Under the Policy.

In the event that principal and/or interest due on the Insured Obligations shall be paid by Insurer pursuant to the Policy, the Insured Obligations shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the University, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the University to the registered owners shall continue to exist and shall run to the benefit of Insurer, and Insurer shall be subrogated to the rights of such registered owners.

In the event that on the second (2nd) business day prior to any payment date on the Insured Obligations, the Paying Agent or Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Obligations due on such payment date, the Paying Agent or Trustee shall immediately notify Insurer or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent or Trustee shall so notify Insurer or its designee.

In addition, if the Paying Agent or Trustee has notice that any holder of the Insured Obligations has been required to disgorge payments of principal of or interest on the Insured Obligations pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Paying Agent or Trustee shall notify Insurer or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of Insurer.

The Paying Agent or Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Insured Obligations as follows:

(i) If there is a deficiency in amounts required to pay interest and/or principal on the Insured Obligations, the Paying Agent or Trustee shall (1) execute and deliver to Insurer, in form satisfactory to Insurer, an instrument appointing Insurer as agent and attorney-in-fact for such holders of the Insured Obligations in any legal proceeding related to the payment and assignment to Insurer of the claims for interest on the Insured Obligations, (2) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from Insurer with respect to the claims for interest so assigned, (3) segregate all such payments in a separate account (the "Insurer Policy Payment Account") to only be used to make scheduled payments of principal of and interest on the Insured Obligation, and (4) disburse the same to such respective holders; and

(ii) If there is a deficiency in amounts required to pay principal of the Insured Obligations, the Paying Agent or Trustee shall (i) execute and deliver to Insurer, in form satisfactory to Insurer, an instrument appointing Insurer as agent and attorney-in-fact for such holder of the Insured Obligations in any legal proceeding related to the payment of such principal and an assignment to Insurer of the Insured Obligations surrendered to Insurer, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefore from Insurer, (iii) segregate all such payments in the Insurer Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Insured Obligation, and (iv) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on Insured Obligations paid by Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Obligations registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Obligation to Insurer, registered in the name directed by Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Obligation shall have no effect on the amount of principal or interest payable by the University on any Insured Obligation or the subrogation or assignment rights of Insurer.

Payments with respect to claims for interest on and principal of Insured Obligations disbursed by the Paying Agent or Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the University with respect to such Insured Obligations, and Insurer shall become the owner of such unpaid Insured Obligations and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise. The Security Documents shall not be discharged or terminated unless all amounts due or to become due to Insurer have been paid in full or duly provided for. Irrespective of whether any such assignment is executed and delivered, the University, and the Paying Agent and Trustee agree for the benefit of Insurer that:

- (i) they recognize that to the extent Insurer makes payments directly or indirectly (*e.g.*, by paying through the Paying Agent or Trustee), on account of principal of or interest on the Insured Obligations, Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the University/Obligor, with interest thereon, as provided and solely from the sources stated in the Security Documents and the Insured Obligations; and
- (ii) they will accordingly pay to Insurer the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured Obligations, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Obligations to holders, and will otherwise treat Insurer as the owner of such rights to the amount of such principal and interest.

(g) Additional Payments. The University agrees unconditionally that it will pay or reimburse Insurer on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that Insurer may pay or incur, including, but not limited to, fees and expenses of Insurer's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Security Documents ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of Insurer spent in connection with the actions described in the preceding sentence. The University agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to Insurer until the date Insurer is paid in full.

Notwithstanding anything herein to the contrary, the University agrees to pay to Insurer (i) a sum equal to the total of all amounts paid by Insurer under the Policy ("Insurer Policy Payment"); and (ii) interest on such Insurer Policy Payments from the date paid by Insurer until payment thereof in full by the University, payable to Insurer at the Late Payment Rate per annum (collectively, "Insurer Reimbursement Amounts") compounded semi-annually. The University hereby covenants and agrees that the Insurer Reimbursement Amounts are payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Insured Obligations on a parity with debt service due on the Insured Obligations.

(h) Exercise of Rights by Insurer. The rights granted to Insurer under the Security Documents to request, consent to or direct any action are rights granted to Insurer in consideration of its issuance of the Policy. Any exercise by Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Obligations and such action does not evidence any position of Insurer, affirmative or negative, as to whether the consent of the holders of the Insured Obligations or any other person is required in addition to the consent of Insurer.

(i) Entitlement to Pay Debt Service. Insurer shall be entitled to pay principal or interest on the Insured Obligations that shall become Due for Payment but shall be unpaid by

reason of Nonpayment by the University (as such terms are defined in the Policy) and any amounts due on the Insured Obligations as a result of acceleration of the maturity thereof in accordance with the Security Documents, whether or not Insurer has received a claim upon the Policy.

(j) No Contract. No contract shall be entered into or any action taken by which the rights of Insurer or security for or source of payment of the Insured Obligations may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of Insurer; provided, this provision shall not be interpreted to require consent from Insurer to the execution of a supplemental indenture for the issuance of Additional Bonds under the Indenture.

(k) Definitions. For purposes of this Article IV, the following terms have the following meanings:

“Insurer” shall mean [_____], or any successor thereto.

“Insured Obligations” shall mean those of the Series 2019 Bonds maturing [_____].

“Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Obligations and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as Insurer, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to Insurer shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

“Policy” shall mean the Municipal Bond Insurance Policy issued by Insurer that guarantees the scheduled payment of principal of and interest on the Insured Obligations when due.

“Security Documents” shall mean the Indenture.

ARTICLE V MISCELLANEOUS

Section 5.1 Concerning the Code. (a) **General.** The University recognizes that the Code imposes certain conditions to the exemption from federal income taxation of interest income on the Tax-Exempt Series 2019 Bonds. The University agrees that it will continually comply with all requirements imposed by the Code as a condition to the exemption from federal income taxation of the interest income on the Tax-Exempt Series 2019 Bonds. With respect to any question arising under this Section 5.1, the University may rely upon an opinion of nationally recognized bond counsel acceptable to it.

(b) **Tax Exempt Series 2019 Bonds not to be "Private Activity Bonds".** The University will not apply the proceeds of the Tax-Exempt Series 2019 Bonds in any manner that would cause the Tax-Exempt Series 2019 Bonds to be "private activity bonds" within the meaning of Section 141(a) of the Code.

(c) **Concerning the Arbitrage Provisions of the Code.** The University agrees that it will comply with all provisions of the Code necessary to preclude the Tax-Exempt Series 2019 Bonds from being considered "arbitrage bonds" within the meaning of Section 148 of the Code.

(d) **Provisions Respecting Registration of Tax-Exempt Series 2019 Bonds to Comply with Provisions of Code.** The University and the Trustee recognize that the provisions of the Code require that the Tax-Exempt Series 2019 Bonds be in "registered form" and that, in general, the Tax-Exempt Series 2019 Bonds must be registered as to both principal and interest and any transfer of the Tax-Exempt Series 2019 Bonds must be effected only by the surrender of the old bond and either by the reissuance of the old bond to a new Holder or the issuance of a new bond to a new Holder. The Trustee may conclusively rely upon an opinion of nationally recognized bond counsel with respect to any question which may arise pertaining to the transfer, exchange or reissuance of the Tax-Exempt Series 2019 Bonds.

Section 5.2 Confirmation of Indenture. All the terms, covenants and conditions of the Indenture, as supplemented hereby, are hereby in all respects ratified and confirmed, and the Indenture as so supplemented shall continue in full force and effect. In addition, each of the Trustee and the University confirms that the Trustee shall have no duties, express or implied, respecting the Capitalized Interest Account during any time when the Trustee is not the depository thereof or respecting any other construction funds established under the Indenture for which the Trustee is not the depository.

Section 5.3 Confirmation of Pledges. The provisions of the Indenture, wherein the Pledged Revenues are pledged for payment of all Bonds issued under the Indenture, are hereby ratified and confirmed.

Section 5.4 Construction of Fifteenth Supplemental University Facilities Revenue Trust Indenture. No provisions of this Fifteenth Supplemental University Facilities Revenue Trust Indenture shall be construed to limit or restrict, either expressly or impliedly, the obligations of the University contained in the Indenture or the powers of the Trustee thereunder, nor shall the provisions of this Fifteenth Supplemental University Facilities Revenue Trust Indenture be construed in any manner inconsistent with the provisions of the Indenture or in any manner that would adversely affect the interest of the Holders of any Series 2019 Bonds.

Section 5.5 Severability. In the event that any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 5.6 No Broker Confirmations. The University agrees that broker confirmations of investments in connection with the Series 2019 Bonds are not required to be issued by the Trustee for each month in which a monthly statement is rendered by the Trustee.

Section 5.7 Electronic Communications. The Trustee shall have the right to accept and act upon directions or instructions given by the University and delivered using Electronic Means (defined below); provided, however, that the University shall provide to the Trustee an incumbency certificate listing Authorized Officers with the authority to provide such directions or instructions (each an “Authorized Officer”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the University elects to give the Trustee directions or instructions using Electronic Means and the Trustee in its discretion elects to act upon such directions or instructions, the Trustees’ understanding of such directions or instructions shall be deemed controlling. The University understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions or instructions and that the Trustee shall conclusively presume that directions or instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The University shall be responsible for ensuring that only Authorized Officers transmit such directions or instructions to the Trustee and that all Authorized Officers treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such directions or instructions notwithstanding such directions or instructions conflict or are inconsistent with a subsequent written direction or written instruction. The University agrees: (i) to assume all risks arising out of the use of Electronic Means to submit directions or instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions or instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions or instructions to the Trustee and that there may be more secure methods of transmitting directions or instructions; (iii) that the security procedures (if any) to be followed in connection with its transmission of directions or instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. “Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

[Signature page follows]

IN WITNESS WHEREOF, the University has caused this Fifteenth Supplemental University Facilities Revenue Trust Indenture to be executed in its name and behalf by the President of the University, has caused its corporate seal to be hereunto affixed, and has caused this Fifteenth Supplemental University Facilities Revenue Trust Indenture to be attested by the Chairman Pro Tempore of its Board of Trustees, and the Trustee has caused this Fifteenth Supplemental University Facilities Revenue Trust Indenture to be executed in its name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Fifteenth Supplemental University Facilities Revenue Trust Indenture to be attested, all by its duly authorized officers, and the University and the Trustee have caused this Fifteenth Supplemental University Facilities Revenue Trust Indenture to be so executed in several counterparts, each of which shall be deemed an original, and have caused this Fifteenth Supplemental University Facilities Revenue Trust Indenture to be dated [_____].

UNIVERSITY OF SOUTH ALABAMA

By: _____
President

[SEAL]

Attest:

Secretary
Secretary of the Board of Trustees

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

By: _____

Its: _____

[SEAL]

Attest:

By: _____

Its: _____

STATE OF ALABAMA)

COUNTY OF MOBILE)

I, _____ a Notary Public in and for said county in said state, hereby certify that Tony Waldrop, whose name as the President of the **UNIVERSITY OF SOUTH ALABAMA**, a public body corporate under the laws of Alabama, 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 within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said public corporation.

GIVEN under my hand and official seal of office, this ____ day of [_____].

[NOTARIAL SEAL]

Notary Public

STATE OF ALABAMA)

COUNTY OF JEFFERSON)

I, _____, a Notary Public in and for said county in said state, hereby certify that Stuart Statham, whose name as Vice President of **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, in its capacity as Trustee under that certain Trust Indenture dated as of February 15, 1996, between it and the University of South Alabama, as supplemented, 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 within instrument, as such officer and with full authority, executed the same voluntarily for and as the act of said bank, in its capacity as trustee as aforesaid.

GIVEN under my hand and official seal of office, this _____ day of [_____].

[NOTARIAL SEAL]

Notary Public

EXHIBIT A

Specimen Municipal Bond Insurance Policy

EXHIBIT II
FORM OF BOND PURCHASE AGREEMENT

BOND PURCHASE AGREEMENT

University of South Alabama
\$ _____
University Facilities Revenue Bonds
Series 2019-A

University of South Alabama
\$ _____
Taxable University Facilities Revenue Bonds
Series 2019-B

_____, 2019

University of South Alabama
Mobile, Alabama

Ladies and Gentlemen:

The Frazer Lanier Company Incorporated and

The Frazer Lanier Company Incorporated (the “Representative”) and Hancock Whitney Investment Services, Inc., (together with the Representative, the “Underwriters”), offers to enter into the following agreement (this “Bond Purchase Agreement”) with University of South Alabama (the “University”), which upon the University’s acceptance of this offer, will be binding upon the Underwriters and upon the University. This offer is made subject to the University’s acceptance on or before 2:00 p.m., Mobile, Alabama time, on [_____], and if not so accepted, will be subject to withdrawal by the Representative upon notice to the University at any time prior to the acceptance hereof by the University.

1. **Purchase and Sale.** Upon the terms and conditions and upon the basis of the representations and agreements set forth herein, the Underwriters hereby agree to purchase from the University for offering to the public, and the University hereby agrees to sell and deliver to the Underwriters for such purpose, all of the University’s \$[_____] University Facilities Revenue Bonds, Series 2019-A (the “Series 2019-A Bonds”) and \$[_____] Taxable University Facilities Revenue Bonds, Series 2019-B (the “Series 2019-B Bonds” and, together with the Series 2019-A Bonds, the “Series 2019 Bonds”). The Series 2019-A Bonds shall be dated their date of initial delivery and shall be issued in such principal amounts, mature on such dates, bear such rates of interest and be subject to redemption as set forth in Exhibit A attached hereto, and the Series 2019-B Bonds shall be dated their date of initial delivery and shall be issued in such principal amounts, mature on such dates, bear such rates of interest and be subject to redemption as set forth in Exhibit B attached hereto. Interest on the Series 2019 Bonds shall be payable on [_____] and [_____] in each year to maturity or earlier redemption, commencing [_____]. The Series 2019-A Bonds shall be paid for by the Underwriters by wire transfer on the Closing Date (as hereinafter defined) at the purchase price of \$[_____] (which takes into account [net] original issue [premium/discount] of \$[_____] and an Underwriters’ discount of \$[_____] and the Series 2019-B Bonds shall be paid for by the Underwriters by wire transfer on the Closing Date (as hereinafter defined) at the purchase price of \$[_____] (which takes into account [net] original issue [premium/discount] of \$[_____] and an Underwriters’ discount of \$[_____]). The

Series 2019 Bonds shall be issued pursuant to the Constitution and the laws of the State of Alabama, and pursuant to the provisions of a University Facilities Revenue Trust Indenture, dated as of February 15, 1996, between the University and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as previously supplemented and as further supplemented by a Fifteenth Supplemental University Facilities Revenue Trust Indenture to be dated the date of the Series 2019 Bonds (as so supplemented, the “Indenture”). The Series 2019 Bonds are being issued for the purposes of (i) paying the costs of a new football stadium and intramural field improvements and other related improvements and assets on the campus of the University; (ii) paying for capitalized interest for the Series 2019 Bonds; (iii) paying the costs and expenses of issuing the Series 2019 Bonds; [and (iv) paying the premium for a financial guaranty insurance policy with respect to certain of the Series 2019 Bonds]. The Series 2019 Bonds are limited obligations of the University, payable solely from, and secured by a pledge of, the “Pledged Revenues,” as more fully described in the Preliminary Official Statement described below.

2. **Offering.** Subject to the terms and conditions set forth herein, the Underwriters agree to make a public offering of the Series 2019 Bonds at the initial offering prices or yields and subject to the redemption terms set forth in Exhibit A attached hereto (respecting the Series 2019-A Bonds) and Exhibit B attached hereto (respecting the Series 2019-B Bonds) prior to 1:00 p.m. on the Closing Date; provided, however, the Underwriters reserve the right to change such initial offering prices or yields as the Underwriters shall deem necessary in connection with the marketing of the Series 2019 Bonds and to offer and sell the Series 2019 Bonds to certain dealers (including dealers depositing the Series 2019 Bonds into investment trusts) and others at prices lower than the initial offering prices or higher yields than set forth on the inside cover page of the Official Statement (as hereinafter defined).

With respect to each series of the Series 2019 Bonds it shall be a condition of the University’s obligation to sell and deliver such series to the Underwriters, and the obligation of the Underwriters to purchase and accept delivery of such series, that the entire aggregate initial principal amount of such series shall be sold and delivered by the University and accepted and paid for by the Underwriters on the Closing Date on the terms herein provided unless otherwise agreed to by the University by formal official action and by the Representative in writing.

3. **Official Statement and Other Documents.** The University hereby ratifies the use and distribution of the Preliminary Official Statement with respect to the Series 2019 Bonds, dated [_____] (the “Preliminary Official Statement”), and certifies that the Preliminary Official Statement, as of its date, was deemed final by the University for purposes of Rule 15c2-12 (“Rule 15c2-12”) of the Securities and Exchange Commission (the “SEC”), except for the omission of certain information permitted by Rule 15c2-12.

The final Official Statement with respect to the Series 2019 Bonds (the “Official Statement”) shall be provided for distribution, at the expense of the University, in such quantity as may be requested by the Underwriters no later than the earlier of (i) seven (7) business days after the date of this Bond Purchase Agreement or (ii) one (1) business day prior to the Closing Date, in order to permit the Underwriters to comply with Rule 15c2-12, and the applicable rules of the Municipal

Securities Rulemaking Board (the "MSRB"), with respect to distribution of the Official Statement. The University shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriters no later than one (1) business day prior to the Closing Date to enable the Underwriters to comply with MSRB Rule G-32.

The Underwriters agree to file the Official Statement with the MSRB as required by the applicable SEC or MSRB Rule. The filing with the MSRB shall be in accordance with the procedures of the Electronic Municipal Market Access System ("EMMA").

The Underwriters agree that they will not confirm the sale of any Series 2019 Bonds unless a final written confirmation of the sale is accompanied or preceded by the delivery of a copy of the Official Statement, either directly or by notice that it is available through EMMA.

In order to assist the Underwriter in complying with Rule 15c2-12, the University has covenanted for the benefit of the owners of the Series 2019 Bonds to provide certain financial and operating information on an annual basis and to provide notices of the occurrence of certain events within ten (10) business days of their occurrence, all pursuant to a Continuing Disclosure Agreement, dated the date of the Series 2019 Bonds (the "Continuing Disclosure Agreement").

4. **Representations and Agreements.** The University hereby represents and agrees as follows:

(a) The University is duly created and existing under the constitution and laws of the State of Alabama.

(b) Except for the statements and information contained under the captions ["BOND INSURANCE,"] "RATINGS," "FINANCIAL ADVISOR" and "UNDERWRITING" and in Appendix D – DTC PROCEDURES (collectively, the "Excluded Sections"), the statements and information contained in the Preliminary Official Statement, as of its date and as of the Closing Date, and in the Official Statement, as of the date hereof and as of the Closing Date, were and will be true and correct in all material respects and did not and will not contain any misstatement of any material fact and did not and will not omit any statement and information that is necessary to make the statements and information contained therein not misleading in any material respect.

(c) The University has full legal right, power and authority to: (i) enter into this Bond Purchase Agreement, (ii) execute and deliver the Fourteenth Supplemental University Facilities Revenue Trust Indenture, the Continuing Disclosure Agreement, the Tax Certificate and Agreement (as hereinafter defined) respecting the Series 2019-A Bonds and such other documents as shall be contemplated hereby and thereby for execution by the University (collectively, the "University Documents"), (iii) sell, issue and deliver the Series 2019 Bonds to the Underwriters as provided herein, and (iv) carry out and

consummate the obligations and transactions contemplated by this Bond Purchase Agreement, the University Documents and the Official Statement, and on the Closing Date will be in compliance with the obligations on its part in connection with the issuance of the Series 2019 Bonds contained in the Indenture, the University Documents, the Series 2019 Bonds and this Bond Purchase Agreement.

(d) The resolution of the Board of Trustees of the University authorizing the issuance and sale of the Series 2019 Bonds (the “Authorizing Resolution”), a copy of which has been furnished to the Representative, was duly adopted on December 7, 2018, has not been amended or rescinded, and remains in full force and effect on the date hereof.

(e) The University is not now, and will not on the Closing Date be, in breach of or in default under any law, judgement, decree, order, regulation, agreement, indenture, mortgage, lease, sublease or other instrument to which it is a party or by which it is bound, and no event has occurred or is continuing that, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, except in either case for such breaches, defaults, or potential defaults or events of default, if any, which individually or in the aggregate would have no material adverse effect on the performance by the University under this Bond Purchase Agreement, the Indenture, the University Documents or the Series 2019 Bonds.

(f) When delivered to and paid for by the Underwriters on the Closing Date in accordance with the provisions of this Bond Purchase Agreement, the Series 2019 Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and limited obligations of the University, payable from Pledged Revenues.

(g) The University has neither encumbered nor made a prior pledge of the Pledged Revenues other than to the holders of the Bonds heretofore issued under the terms of the Indenture.

(h) The adoption of the Authorizing Resolution and the authorization, execution and delivery of this Bond Purchase Agreement, the University Documents and compliance with the provisions hereof and thereof, and issuance of the Series 2019 Bonds, will not conflict with, or constitute a breach of or default under, any law, administrative regulation, consent decree or resolution.

(i) On the Closing Date, the University will be in compliance in all respects with the covenants and agreements contained in the Indenture.

(j) All approvals, consents, authorizations and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the issuance of the Series 2019 Bonds, the performance by the University of its obligations hereunder and under the Indenture and the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement have been

obtained and are in full force and effect, except for such approvals, consents and orders as may be required under the Blue Sky or securities law of any state in connection with the offering and sale of the Series 2019 Bonds or in connection with the registration of the Series 2019 Bonds under the federal securities laws.

(k) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body pending with respect to which service or notice on the University has been perfected or given or, to the best knowledge of the University, threatened against or affecting the University, which would (i) restrain or enjoin the issuance or delivery of the Series 2019 Bonds or the collection of Pledged Revenues, (ii) in any way contest or affect any authority for the issuance of the Series 2019 Bonds or the validity, due authorization and execution of the Series 2019 Bonds, the University Documents or this Bond Purchase Agreement, (iii) limit, enjoin or prevent the University from paying the debt service on the Series 2019 Bonds as and when due, or (iv) in any way contest the corporate existence or powers of the University;

(l) During the period from the date hereof to and including a date which is 25 days following “the end of the underwriting period” (as hereinafter defined) for the Series 2019 Bonds:

(1) the University will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall reasonably object in writing, unless the University has obtained an opinion of counsel stating that such amendment or supplement is necessary in order to make the Official Statement as then supplemented or amended, not contain any untrue statement of a material fact or not omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading at the time that they are delivered to a purchaser of a Series 2019 Bond;

(2) if any event relating to or affecting the University or the Series 2019 Bonds shall occur which would or might cause the information contained in the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the University shall so notify the Representative, and, if as a result of which it is necessary in the opinion of the University or counsel to the Underwriters to amend or supplement the Official Statement in order to make the Official Statement not misleading, the University shall forthwith prepare and furnish to the Underwriters (at the expense of the University) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriters and the University) which will amend or supplement the Official Statement so that such Official Statement, as amended or supplemented, will not contain an untrue statement

of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in any material respect;

(3) for the purpose of this section, the University will furnish to the Underwriters through the end of the underwriting period such information to confirm the truth, accuracy and completeness of the statements and information contained in the Official Statement as the Underwriters may from time to time reasonably request. The “end of the underwriting period” for purposes of Rule 15c2-12 shall mean the Closing Date unless the Representative notifies the University in writing, on or prior to the Closing Date, that the Closing Date will not be the “end of the underwriting period.” In the event such notice is given in writing by the Representative to the University, the “end of the underwriting period” for the Series 2019 Bonds as used in this Bond Purchase Agreement shall mean the earlier to occur of (i) 65 days from the Closing Date or (ii) the date on which the Underwriters no longer have any of the Series 2019 Bonds for sale to the public.

(m) The University shall cooperate with the Underwriters in any endeavor to qualify the Series 2019 Bonds for offering and sale under the securities laws of such jurisdictions of the United States of America as the Underwriters may request and to continue such qualifications in effect as long as may be required for the distribution of the Series 2019 Bonds; provided, however, the University shall not be required to consent to service of process in any such jurisdiction.

5. **Closing.** At [____] a.m., local time, on [____], or at such time on such earlier or later date as shall be agreed upon by the University and the Representative (the “Closing Date”), the activities relating to the execution and delivery of certain documents and the delivery of the certificates, opinions and other instruments as described in Section 6(e) hereof shall occur at the offices of the University, 307 University Boulevard, Administrative Building, Mobile, Alabama, or such other location as shall be mutually agreed upon by the University and the Representative. Such simultaneous execution and delivery of such documents, certificates, opinions and other instruments are herein referred to as the “Closing.” On the Closing Date:

(a) The University shall deliver to the Underwriters (i) the Series 2019 Bonds, duly authorized, executed and authenticated, and (ii) the other instruments and documents required to be delivered to the Underwriters pursuant to Section 6 hereof.

(b) The purchase price for the Series 2019-A Bonds and the Series 2019-B Bonds shall be paid to the University by wire transfer or by such other method as may be agreeable to the University and the Underwriters.

6. **Underwriters’ Closing Conditions.** The Underwriters have entered into this Bond Purchase Agreement in reliance upon the representations of the University herein contained and the performance by the University of its obligations hereunder, both as of the date hereof and as of the Closing Date. The obligations of the Underwriters under this Bond Purchase Agreement are and

shall be subject to the following conditions:

(a) The representations and agreements of the University contained herein shall be true and correct and complied with as of the date hereof and as of the Closing Date.

(b) At the time of the Closing, the Indenture shall be in full force and effect in accordance with its terms and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except to the extent that such amendments have been agreed to by the Underwriters.

(c) At the time of the Closing, all official action of the University relating to this Bond Purchase Agreement, the Indenture and the Series 2019 Bonds, and all other documents contemplated hereby and thereby, shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect, except in each case as may have been agreed to by the Representative.

(d) At any time on or prior to the Closing Date, the Representative shall have the right to cancel the agreement contained herein to purchase the Series 2019 Bonds by notifying the University in writing of their intention to do so if between the date hereof and the Closing Date:

(i) legislation shall have been enacted by the Congress of the United States, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of Congress by any Committee of such House, or passed by either House of Congress, or a decision shall have been rendered by a court of the United States or the United States Tax Court, or a ruling shall have been made or a regulation shall have been proposed or made by the Treasury Department of the United States or the Internal Revenue Service, with respect to the federal taxation of interest received on obligations of the general character of the Series 2019-A Bonds, which, in the opinion of counsel for the Underwriters or Bond Counsel, has or will have the effect of making such interest subject to inclusion in gross income for purposes of federal income taxation, except to the extent such interest shall be includable in gross income on the date hereof; or

(ii) legislation shall be enacted or any action shall be taken by the United States Securities and Exchange Commission which, in the opinion of counsel for the Underwriters, has the effect of requiring the contemplated issuance or distribution of the Series 2019 Bonds to be registered under the Securities Act of 1933, as amended; or

(iii) in the opinion of the Representative, payment for and delivery of the Series 2019 Bonds is rendered impracticable or inadvisable because (A) trading in securities generally shall have been suspended on the New York Stock Exchange, Inc., or (B) a general banking moratorium shall have been established by federal,

New York or Alabama authorities, or (C) there shall have occurred any outbreak of hostilities or other local, national or international calamity or crisis on the financial markets of the United States which, in the Representative's reasonable judgment, renders it impracticable for the Underwriters to market the Series 2019 Bonds or to enforce contracts for the sale of the Series 2019 Bonds; or

(iv) any order, decree or injunction of any court of competent jurisdiction, or any order, ruling, regulation or administrative proceeding by any governmental body or board, shall have been issued or commenced, or any legislation enacted, with the purpose or effect of prohibiting the issuance, offering or sale of the Series 2019 Bonds as contemplated hereby or by the Official Statement or prohibiting the entering or performance of the Indenture; or

(v) the President of the United States, the Office of Management and Budget, the Department of Treasury, the Internal Revenue Service or any other governmental body, department, agency or commission of the United States or the State of Alabama shall take or propose to take any action or implement or propose regulations, rules or legislation which, in the reasonable judgment of the Representative, materially adversely affects the market price of the Series 2019 Bonds or causes any material information in the Official Statement, in light of the circumstances under which it appears, to be misleading in any material respect; or

(vi) any executive order shall be announced, or any legislation, ordinance, rule or regulation shall be proposed by or introduced in, or be enacted by any governmental body, department, agency or commission of the United States or the State of Alabama, having jurisdiction over the subject matter, or a decision by any court of competent jurisdiction within the United States or within the State of Alabama, shall be rendered which, in the reasonable judgment of the Representative, materially adversely affects the market price of the Series 2019 Bonds or causes any information in the Official Statement to be misleading in any material respect; or

(vii) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Series 2019 Bonds or in any way contesting or affecting any authority for or the validity of the Series 2019 Bonds, the Indenture or this Bond Purchase Agreement, or any of the proceedings of the University taken with respect to the issuance or sale of the Series 2019 Bonds or the execution of and performance of this Bond Purchase Agreement, the Indenture or the University Documents; or

(viii) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service to any of the University's obligations; or

(ix) the marketability of the Series 2019 Bonds or the market price thereof,

in the opinion of the Representative, has been materially and adversely affected by disruptive events, occurrences or conditions in the securities or debt markets; or

(x) any event shall have occurred or shall exist which, in the reasonable opinion of the Representative, would cause the information contained in the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading as of such time and which would materially adversely affect the marketability of the Series 2019 Bonds; or

(xi) there shall have been any materially adverse change in the financial condition of the University that is not contemplated in the Official Statement, as then amended and supplemented, which in the reasonable opinion of the Representative, materially and adversely affects the market price or marketability of the Series 2019 Bonds;

(e) On or prior to the Closing Date, the Underwriters shall receive the following documents:

(i) the Official Statement, and any supplements, amendments or modifications, if any, thereto, executed on behalf of the University by the President or the Vice President for Finance and Administration of the University;

(ii) the Fifteenth Supplemental University Facilities Revenue Trust Indenture, certified by the Secretary of the University under seal as having been duly executed by the President or the Vice President for Finance and Administration of the University and such modifications or amendments as may have been agreed to by the Underwriters;

(iii) a certified copy of the Authorizing Resolution;

(iv) an opinion of Bradley Arant Boult Cummings LLP, Birmingham, Alabama, Bond Counsel to the University (“Bond Counsel”), in substantially the form included in the Official Statement as Appendix B;

(v) an opinion of Jean W. Tucker, Senior University Counsel, addressed to Bond Counsel and the Underwriters, and dated the date of the Closing, in form and substance reasonably satisfactory to the Representative;

(vi) A Tax Certificate and Agreement of the University (the “Tax Certificate and Agreement”), prepared by Bond Counsel and executed by an authorized officer of the University, dated as of the Closing Date, setting forth facts, estimates and circumstances concerning the use or application of the Series 2019-A

Bonds proceeds, in form and substance reasonably satisfactory to Bond Counsel;

(vii) evidence of an underlying rating of (i) ["___"] issued by Moody's Investors Service, Inc. with respect to the Series 2019 Bonds and (ii) ["___"] by Standard & Poor's Rating Services with respect to the Series 2019 Bonds;

(viii) the Continuing Disclosure Agreement executed by an authorized officer of the University;

(ix) A certificate of the University, dated the date of the Closing, signed by the President or the Vice President for Finance and Administration of the University and in form and substance reasonably satisfactory to the Representative to the effect that:

(1) since the date hereof no material and adverse change has occurred in the financial condition of the University or results of operations of the University, except as set forth in the Official Statement;

(2) the University has not, since September 30, 2017, incurred any material liabilities other than in the ordinary course of business or as set forth in the Official Statement;

(3) no litigation or proceeding is pending with respect to which service or notice on the University has been perfected or given or, to their knowledge, threatened which would (i) restrain or enjoin the issuance or delivery of the Series 2019 Bonds or the collection of Pledged Revenues, (ii) in any way contest or affect any authority for the issuance of the Series 2019 Bonds or the validity, due authorization and execution of the Series 2019 Bonds, the University Documents or this Bond Purchase Agreement, (iii) limit, enjoin or prevent the University from paying the debt service on the Series 2019 Bonds as and when due, or (iv) in any way contest the corporate existence or powers of the University;

(4) the Preliminary Official Statement (except for omissions permitted by Rule 15c2-12) did not as of its date and as of the date hereof does not, and the Official Statement, as of its date and at all times through the date of the Closing, will not, contain any misstatement of a material fact or omit to state any material fact required to be stated therein in order for the statements made therein, in the light of the circumstances under which they were made, not to be misleading;

(5) the representations of the University contained herein are true and correct in all material respects as of the date of the Closing, as if made on the date of the Closing; and

(6) none of the proceedings or authority for the execution and

delivery of the Series 2019 Bonds and the transactions related thereto have been modified, amended or repealed;

(x) [an insurance policy issued by _____ (the “Bond Insurer”) guaranteeing the scheduled payment when due of the principal of and interest on those of the Series 2019 Bonds maturing _____ (the “Insured Bonds”)];

(xi) [an opinion of counsel to the Bond Insurer, dated the date of Closing, in form and substance satisfactory to the Representative;]

(xii) [evidence of a rating of (i) “___” issued by Moody’s Investors Service, Inc. with respect to the Insured Bonds and (ii) “___” by Standard & Poor’s Rating Services with respect to the Insured Bonds; and]

(xiii) such additional consents or certificates as Bond Counsel or the Underwriters may reasonably request to evidence compliance by the University with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the University herein and the due performance or satisfaction by the University at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the University.

If the University shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, accept delivery of and pay for the Series 2019 Bonds contained in this Bond Purchase Agreement and the Representative does not waive such inability in writing, or if the obligations of the Underwriters to purchase, accept delivery of and pay for the Series 2019 Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, including the exercise of the Representative’s right to cancel this Bond Purchase Agreement as provided in Section 6(d) hereof, this Bond Purchase Agreement shall terminate and neither the Underwriters nor the University shall be under any further obligation hereunder, except that the respective obligations of the University and the Underwriters set forth in Section 8 hereof shall continue in full force and effect.

7. **Expenses.** The Underwriters shall be under no obligation to pay, and the University shall pay, any expense incident to the performance of the University’s obligations hereunder including, but not limited to: (a) the cost of preparation, printing and delivery of the Series 2019 Bonds, the Fifteenth Supplement University Facilities Revenue Trust Indenture, this Bond Purchase Agreement and all other instruments, agreements and other documents contemplated thereby and hereby; (b) the costs of preparation and the fees and disbursements of Bond Counsel and other legal counsel to the University; (c) fees for bond ratings; (d) the fees and expenses of the Trustee; (e) the costs of preparing, printing and delivering the Official Statement and any supplements or amendments thereto; and (f) such other expenses as may be agreed to in writing at a later date.

The University shall reimburse the Underwriters for actual expenses incurred or paid for by the Underwriters on behalf of the University for the University’s employees and representatives,

including, but not limited to, transportation, lodging, and meals in connection with the marketing, issuance, and delivery of the Series 2019 Bonds; provided, however, that (i) reimbursement for such expenses shall not exceed an ordinary and reasonable amount for such expenses and (ii) such expenses are not related to the entertainment of any person and not prohibited from being reimbursed from the proceeds of an offering of municipal securities under MSRB Rule G-20. Such reimbursement may be in the form of inclusion in the expense component of the Underwriter's discount, or direct reimbursement as a cost of issuance.

The Underwriters shall pay: (a) all advertising expenses in connection with a public offering of the Series 2019 Bonds, (b) all fees and disbursements of any counsel retained by the Underwriters, and (c) any fees of the MSRB or the Securities Industry and Financial Markets Association. In the event that either party shall have paid obligations of the other as set forth in this Section 7, adjustment shall be made at the time of the Closing.

8. Establishment of Issue Price

(a) The Representative, on behalf of the Underwriters, agrees to assist the University in establishing the issue price of the Series 2019-A Bonds and shall execute and deliver to the University on the Closing Date an “issue price” or similar certificate substantially in the form attached hereto as Exhibit C, together with the supporting pricing wires or equivalent communications, and with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the University and Series 2019-A Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2019-A Bonds.

(b) [Except for the maturities forth in Schedule [I] attached hereto,]¹ the University will treat the first price at which 10% of each maturity of the Series 2019-A Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

(c) [The Representative confirms that the Underwriters have offered the Series 2019-A Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth for the Series 2019-A Bonds in the final official statement. Schedule [I] sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Series 2019-A Bonds for which the 10% test has not been satisfied and for which the University and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the University to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2019-A Bonds, the Underwriters will neither offer nor sell unsold Series 2019-A Bonds of that maturity to any person at a price that is

¹ Include if 10% test has not been satisfied for any maturity(ies) as of the sale date.

higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Series 2019-A Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the University or the Financial Advisor when the Underwriters have sold 10% of that maturity of the Series 2019-A Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The University acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2019-A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2019-A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The University further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its agreement regarding the hold-the-offering-price rule as applicable to the Series 2019-A Bonds.]²

(d) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the Series 2019-A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Series 2019-A Bonds of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Series 2019-A Bonds of that maturity or all Series 2019-A Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and

² Include if 10% test has not been satisfied for any maturity(ies) as of the sale date.

(ii) any agreement among underwriters relating to the initial sale of the Series 2019-A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2019-A Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2019-A Bonds of each maturity allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the Series 2019-A Bonds of that maturity or all Series 2019-A Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(e) The Underwriters acknowledge that sales of any Series 2019-A Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the University (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019-A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2019-A Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2019-A Bonds to the public),

(iii) a purchaser of any of the Series 2019-A Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Series 2019-A Bond Purchase Agreement by all parties.

9. **Notices.** Any notice or other communications to be given to the University under this Bond Purchase Agreement may be given by mailing the same to University of South Alabama, Attention: Vice President for Finance and Administration, 307 University Boulevard, Administrative Building, Suite 170, Mobile, Alabama 36688, with a copy to Phil Dotts, PFM Financial Advisors

LLC 116 Jefferson Street South, Suite 301, Huntsville, Alabama 35801 and any such notice or other communication to be given to the Underwriters may be mailed to The Frazer Lanier Company Incorporated, Attention: Bob Young, 300 Water St, Montgomery, AL 36104.

10. **Parties in Interest.** This Bond Purchase Agreement is made solely for the benefit of the University and the Underwriters and no other party or person shall acquire or have any right hereunder or by virtue hereof. All representations and agreements in this Bond Purchase Agreement shall remain operative and in full force and effect and shall survive the delivery of the Series 2019 Bonds.

11. **Waiver.** Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the University hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Underwriters, in their sole discretion, and the approval of the Underwriters when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing, signed by an appropriate officer or officers of the Underwriters and delivered to the University.

12. **Limitations of Liability.** The obligations of the University hereunder shall be limited obligations, and shall be payable only from Pledged Revenues or other funds legally available therefor. No officer, agent or employee of the University shall be charged personally by the Underwriters with any liability, or held liable to the Underwriters under any term or provision of this Bond Purchase Agreement because of its execution or attempted execution, or because of any breach or attempted breach thereof.

13. **Counterparts.** This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

14. **Governing Law.** This Bond Purchase Agreement, and the terms and conditions herein, shall constitute the full and complete agreement between the University and the Underwriters with respect to the purchase and sale of the Series 2019 Bonds. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Alabama.

15. **No Advisory or Fiduciary Role.** The University acknowledges and agrees that: (i) the transactions contemplated by this Bond Purchase Agreement are arm's length, commercial transactions between the University and the Underwriters; (ii) in connection with such transaction, including the process leading thereto, the Underwriters are acting solely as principals and not as agents or a fiduciaries of the University; (iii) the Underwriters have neither assumed an advisory or fiduciary responsibility in favor of the University with respect to the offering of the Series 2019 Bonds or the process leading thereto (whether or not the Underwriters or any affiliate of any Underwriter has advised or is currently advising the University on other matters) nor has it assumed any other obligation to the University except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriters have financial and other interests that differ from those of the University; and (v) the University has consulted with its own legal and financial advisors to the

extent it deemed appropriate in connection with the offering of the Series 2019 Bonds.

[Signature page follows.]

Very truly yours,

The Frazer Lanier Company Incorporated,
on behalf of itself and the other underwriter
named herein

By: _____
As Its: _____

Accepted this ____ day of ____, ____.

UNIVERSITY OF SOUTH ALABAMA

By: _____

As its _____

EXHIBIT A

**UNIVERSITY OF SOUTH ALABAMA
University Facilities Revenue Bonds, Series 2019-A**

EXHIBIT B

**UNIVERSITY OF SOUTH ALABAMA
Taxable University Facilities Revenue Bonds, Series 2019-B**

EXHIBIT C

Issue Price Certificate

This certificate is being delivered by The Frazer Lanier Company Incorporated (the “Representative”) in connection with the issuance by the University of South Alabama (the “University”) of its \$[_____] University Facilities Revenue Bonds, Series 2019-A (the “Series 2019-A Bonds”). The Series 2019-A Bonds have been purchased from the University by the underwriters (the “Underwriters”) identified in the Bond Purchase Agreement dated _____ (the “Bond Purchase Agreement”) between the University and the Representative, on behalf of the Underwriters. Capitalized terms not otherwise defined in this certificate have the meaning assigned in the Bond Purchase Agreement.

The Representative, on behalf of the Underwriters, hereby certifies with respect to the sale and issuance of the Series 2019-A Bonds:

1. **Pricing Wire.** Attached to this certificate as *Appendix I* is the pricing wire or equivalent communication establishing the Initial Offering Prices of the Series 2019-A Bonds as of the Sale Date. The offering prices in the pricing wire are the same as the Initial Offering Prices identified in Exhibit A to the Bond Purchase Agreement.

2. **Offering at the Initial Offering Prices.** The Underwriters offered the Series 2019-A Bonds to the Public for purchase at the Initial Offering Prices identified in Exhibit A to the Bond Purchase Agreement.

3. **Sale of the General Rule Maturities.** Exhibit A to the Bond Purchase Agreement correctly identifies each Maturity of the Series 2019-A Bonds for which the 10% Test was satisfied as of the Sale Date.

3. **Sale of the Exception Maturities.** Exhibit A to the Bond Purchase Agreement correctly identifies each Hold-the-Issue-Price Maturity as of the Sale Date. The Underwriters agreed in the Bond Purchase Agreement that (i) for each Hold-the-Issue-Price Maturity they would neither offer nor sell any of the Series 2019-A Bonds of that Hold-the-Issue-Price Maturity to any person at a price that is higher than the Initial Offering Price for such Hold-the-Issue-Price Maturity during the Holding Period for such Hold-the-Issue-Price Maturity (the “hold-the-offering price-rule”) and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Hold-the-Issue-Price Maturity at a price that is higher than the respective Initial Offering Price for that Hold-the-Issue-Price Maturity during the Holding Period.

4. **Defined Terms.** In addition to the terms defined elsewhere in this certificate, the following definitions apply for purposes of this certificate:

(a) *General Rule Maturity* means each Maturity of the Series 2019-A Bonds identified in Exhibit A to the Bond Purchase Agreement for which the 10% test was satisfied as of the Sale Date.

(b) *Hold-the-Issue-Price Maturity* means each Maturity of the Series 2019-A Bonds identified in Exhibit A to the Bond Purchase Agreement for which the 10% test was not satisfied as of the Sale Date.

(c) *Holding Period* means, with respect to a Hold-the-Issue-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of business on the fifth business day after the Sale Date or (ii) the date on which the Underwriters sold at least 10% of such Hold-the-Issue-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Issue-Price Maturity.

(d) *Maturity*, when used with respect to the Series 2019-A Bonds, means Series 2019-A Bonds with the same credit and payments terms. Series 2019-A Bonds with different maturity dates, or Series 2019-A Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to the Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the date of execution of the Bond Purchase Agreement by all parties.

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the University (or with the lead underwriter for form an underwriting syndicate) to participate in the initial sale of the Series 2019-A Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2019-A Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2019-A Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The Representative understands that the forgoing information will be relied upon the University with respect to certain of the representations set forth in the Tax Certificate and Agreement executed by them and with respect to compliance with the federal income tax rules affecting the Series 2019-A Bonds, and by bond counsel (Bradley Arant Boult Cummings, L.L.P. in connection with rendering its opinion that interest on the Series 2019-A Bonds is excluded from gross income for federal income tax purposes, the preparation of Form 8038-G, and other federal income tax advice that it may give to the University from time to time relating to the Series 2019-A Bonds.

Dated: _____.

The Frazer Lanier Company Incorporated, as
Representative of the Underwriters

By: _____
(signature)

Name: _____
(print name)

Title: _____

Appendix 1

EXHIBIT III
FORM OF PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT

RATINGS:

| | <u>Underlying</u> | <u>Insured Series 2019 Bonds</u> |
|----------|--------------------------|--------------------------------------|
| Moody's: | <input type="checkbox"/> | <input type="checkbox"/> |
| S&P: | <input type="checkbox"/> | <input type="checkbox"/> |

See "RATINGS" herein

NEW ISSUE - BOOK-ENTRY ONLY

In the opinion of Bond Counsel to the University, under existing law and assuming the accuracy of certain representations and certifications and compliance by the University with certain tax covenants, interest on the Series 2019-A Bonds will be excluded from gross income for federal income tax purposes. Bond Counsel to the University is of the further opinion that, under existing law, interest on the Series 2019-A Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. See "TAX MATTERS" herein for further information and certain other federal tax consequences arising with respect to the Series 2019-A Bonds. Bond Counsel to the University is also of the opinion that, under existing law, interest on the Series 2019-A Bonds and the Series 2019-B Bonds is exempt from Alabama income taxation.



University of South Alabama
\$ _____*
**University Facilities Revenue
Bonds
Series 2019-A**

University of South Alabama
\$ _____*
**Taxable University Facilities
Revenue Bonds
Series 2019-B**

Dated: Date of Delivery

Due: [] 1, as shown on inside cover

FOR MATURITY SCHEDULE, INTEREST RATES, PRICES/YIELDS AND CUSIPS, SEE INSIDE COVER

The \$ _____* University Facilities Revenue Bonds, Series 2019-A (the "Series 2019-A Bonds") and the \$ _____* Taxable University Facilities Revenue Bonds, Series 2019-B (the "Series 2019-B Bonds" and, together with the Series 2019-A Bonds, the "Series 2019 Bonds") will be issued as fully registered bonds without coupons in denominations of \$5,000 and any integral multiple thereof pursuant to a book-entry only system to be administered by The Depository Trust Company ("DTC") and, when issued, will be registered in the name of and held by Cede & Co., as nominee. Purchases of beneficial interests in the Series 2019 Bonds will be made in book-entry form only and purchasers of a beneficial interest in the Series 2019 Bonds ("Beneficial Owners") will not receive physical delivery of the certificates representing their interests in the Series 2019 Bonds. The principal of and interest on the Series 2019 Bonds will be paid directly to DTC, so long as DTC or its nominee is the registered owner of the Series 2019 Bonds. The final disbursements of such payments to the Beneficial Owners of the Series 2019 Bonds will be the responsibility of the DTC Participants and the Indirect Participants, all as defined and more fully described in this Official Statement under the caption "THE SERIES 2019 BONDS - General Description" and in Appendix D hereto.

The Series 2019 Bonds are being issued by the University of South Alabama (the "University") pursuant to that certain University Facilities Revenue Trust Indenture between The Bank of New York Mellon Trust Company, N.A., as trustee, and the University dated as of February 15, 1996 (as heretofore supplemented and amended and as further supplemented and amended by a Fifteenth Supplemental University Facilities Revenue Trust Indenture dated the date of the Series 2019 Bonds, the "Indenture") to (i) pay the costs of various capital improvements at the University hereafter described as the 2019 Improvements, (ii) make a deposit into the Capitalized Interest Account under the Indenture, and (iii) pay the costs of issuing the Series 2019 Bonds and of the Municipal Bond Insurance Policy hereinafter described. The principal of and interest on the Series 2019 Bonds are limited obligations of the University payable from and secured solely by the Pledged Revenues, as defined and further described herein.

[The scheduled payment of principal of and interest on the Series 2019 Bonds maturing [] (collectively, the "Insured Series 2019 Bonds"), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Series 2019 Bonds by []. [Certain Series 2019 Bonds are subject to redemption prior to maturity on such terms and as more fully described herein.]

The Series 2019 Bonds are not obligations or debts of the State of Alabama (the "State") nor will any principal of or interest on the Series 2019 Bonds be paid out of any moneys provided for or appropriated to the University by the State of Alabama. The Series 2019 Bonds are special and limited obligations of the University, secured by a pledge of and payable solely from certain fees and revenues of the University as described herein and in the Indenture. Neither the Series 2019 Bonds nor the pledge of the said fees and revenues and other agreements provided in the Indenture shall be or constitute a general obligation of the University or an obligation of any nature whatsoever of the State, or be payable out of any moneys appropriated by the State to the University.

The Series 2019 Bonds are offered when, as and if issued by the University and received by the Underwriters, subject to prior sale, to withdrawal or modifications of the offer without notice, and to the approval of legality of the Series 2019 Bonds by Bradley Arant Boult Cummings LLP, Bond Counsel to the University. It is expected that the Series 2019 Bonds in definitive form will be available for delivery through DTC on or about [].

**THE FRAZER LANIER COMPANY
INCORPORATED**

**HANCOCK WHITNEY
INVESTMENT SERVICES, INC.**

Dated: [], 2019]

⁽¹⁾ Preliminary; subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor any offers to buy be accepted prior to the time that the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITIES, AMOUNTS, RATES, PRICES/YIELDS & CUSIPS

\$ _____ *

**UNIVERSITY OF SOUTH ALABAMA
University Facilities Revenue Bonds, Series 2019-A**

| Maturity ([_____] 1,) | Principal Amount | Interest Rate | Yield | CUSIPs⁽¹⁾ |
|---------------------------------|-----------------------------------|--------------------------------|--------------|-----------------------------|
|---------------------------------|-----------------------------------|--------------------------------|--------------|-----------------------------|

\$ _____ *

**UNIVERSITY OF SOUTH ALABAMA
Taxable University Facilities Revenue Bonds, Series 2019-B**

| Maturity ([_____] 1,) | Principal Amount | Interest Rate | Yield | CUSIPs⁽¹⁾ |
|---------------------------------|-----------------------------------|--------------------------------|--------------|-----------------------------|
|---------------------------------|-----------------------------------|--------------------------------|--------------|-----------------------------|

* Preliminary; subject to change.

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the University and are included solely for the convenience of the registered owners of the Series 2019 Bonds. The University and the Underwriters are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness by the University on the Series 2019 Bonds and by the Underwriters on the Series 2019 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2019 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2019 Bonds.

UNIVERSITY OF SOUTH ALABAMA

MEMBERS OF THE BOARD OF TRUSTEES

Kay Ivey, Ex Officio
Katherine Alexis Atkins
Scott A. Charlton
E. Thomas Corcoran
Steven P. Furr
William Ronald Graham
Robert D. Jenkins, III
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James H. Shumock
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Margie Malone Tuckson
Michael P. Windom
James A. Yance

PRESIDENT

Dr. Tony G. Waldrop

VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

G. Scott Weldon

BOND COUNSEL

Bradley Arant Boult Cummings LLP
Birmingham, Alabama

FINANCIAL ADVISOR

PFM Financial Advisors LLC
Huntsville, Alabama

UNDERWRITERS

The Frazer Lanier Company Incorporated
Hancock Whitney Investment Services, Inc.

Certain information contained in or incorporated by reference in this Official Statement has been obtained by the University from DTC and other sources that are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information by the Underwriters or the University.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Underwriters. This Official Statement is being used in connection with the sale of securities as referred to herein and may not be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

No dealer, broker, salesperson or any other person has been authorized by the University or the Underwriters to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the inside cover page, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Series 2019 Bonds.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information based on the University's beliefs as well as assumptions made by and information currently available to the University. See "FORWARD LOOKING STATEMENTS" herein.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2019 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES 2019 BONDS AT A LEVEL ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC rule 15c2-12.

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Appendix A - Audited Financial Statements for the Fiscal Year Ended September 30, 2018

Appendix B - Proposed Form of Approval Opinion of Bond Counsel to the University

Appendix C - Form of Continuing Disclosure Agreement

Appendix D - DTC Procedures

[Appendix E - Specimen Municipal Bond Insurance Policy]

OFFICIAL STATEMENT

pertaining to

UNIVERSITY OF SOUTH ALABAMA

| | |
|--------------------------------------|--|
| \$ _____* | \$ _____* |
| University Facilities Revenue | Taxable University Facilities Revenue |
| Bonds | Bonds |
| Series 2019-A | Series 2019-B |

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to provide information in connection with the issuance by the University of South Alabama of the above-referenced Series 2019-A Bonds (the “Series 2019-A Bonds”) and Series 2019-B Bonds (the “Series 2019-B Bonds”) and, together with the Series 2019-A Bonds, the “Series 2019 Bonds”), dated their date of initial delivery and issued as additional parity bonds under a University Facilities Revenue Trust Indenture dated as of February 15, 1996, between the University of South Alabama and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as previously supplemented and amended (the “Base Indenture”) and as further supplemented and amended by a Fifteenth Supplemental University Facilities Revenue Trust Indenture dated the date of the Series 2019 Bonds (the Base Indenture, as so supplemented and amended, the “Indenture”).

Definitions of certain words and terms having initial capital letters used herein are defined in the Indenture or in the instrument or document in the description of which such word or term is used. Reference is hereby made to the full text of the documents and instruments briefly described herein which may be obtained from the Underwriters or from the University during the period of the offering.

The Governor, the State Superintendent of Education and the appointed trustees together constitute a public body corporate under the name University of South Alabama (the “University”). The University is located in the City of Mobile, Alabama.

Purpose of the Issue

Proceeds of the Series 2019 Bonds will be applied: (i) to pay the costs of certain public capital improvements on the campus of the University more particularly described herein as the 2019 Improvements, (ii) to make a deposit into the Capitalized Interest Account of the Indenture, and (iii) to pay the costs of issuing the Series 2019 Bonds [including without limitation the premium for the Municipal Bond Insurance Policy].

Security

The Series 2019 Bonds are limited obligations of the University payable from, and secured solely by a pledge of, the Pledged Revenues, as more fully described below under “SECURITY AND SOURCE OF PAYMENT - Sources of Payment and Pledged Revenues.” The Pledged Revenues include a pledge of the General Fees levied against students enrolled at the University and any additional fees and revenues that may in the future be subjected to the lien of the Indenture pursuant to a Supplemental Indenture, a pledge of the gross revenues derived from certain auxiliary enterprises services furnished by the University, and an amount not exceeding \$10,000,000 in any fiscal year of the University of the gross revenues derived from that certain hospital facility owned and operated by the University and known as USA Children's and Women's Hospital, each as described herein. See “SECURITY AND SOURCE OF PAYMENT - Sources of Payment and Pledged Revenues.”

* Preliminary; subject to change.

The Series 2019 Bonds will not constitute a charge against the general credit of the University, and will not be payable from moneys appropriated to the University by the State of Alabama. The University has no taxing power. The State of Alabama will not be liable in any manner for the payment of the principal and interest on the Series 2019 Bonds. Holders of the Series 2019 Bonds shall never have the right to demand payment of the Series 2019 Bonds from the University from any source other than the special funds established under the Indenture and the Pledged Revenues and shall be entitled to payment from such sources only on a parity basis with all other bonds outstanding under the Indenture.

Existing and Additional Parity Bonds

The Indenture permits the University to issue additional bonds that will be secured by and be payable from Pledged Revenues on parity of lien with the Outstanding Bonds (defined below), the Series 2019 Bonds and any Additional Bonds (defined below) issued hereafter. For a description of the Outstanding Bonds (i.e., Bonds already outstanding under the Indenture that are secured by and payable from Pledged Revenues on parity of lien with the Series 2019 Bonds), see “SECURITY AND SOURCE OF PAYMENT - General”. For a description of the terms of the Indenture for the issuance of Additional Bonds in the future, see “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Bonds.”

THE SERIES 2019 BONDS

General Description

The Series 2019 Bonds will be dated their initial date of delivery, and will bear interest (payable on [_____] 1, and on each [_____] 1 and [_____] 1 thereafter until maturity) at the rates and will mature on [_____] 1 in the years and in the amounts set forth on the inside cover page of this Official Statement. The Series 2019 Bonds will be issuable only as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof.

The Series 2019 Bonds will be initially issued as fully-registered bonds in the name of Cede & Co., as nominee of DTC, as registered owner of the Series 2019 Bonds. Purchasers of such Series 2019 Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as all of the Series 2019 Bonds are in the custody of DTC, references to Bondholders or Owners shall mean DTC or its nominee. DTC will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered securities in the name of Cede & Co., DTC’s partnership nominee Cede or such other nominee as may be requested by an authorized representative of DTC. One fully-registered Series 2019 Bond certificate will be issued for each maturity of each series of the Series 2019 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. See Appendix D hereto for DTC payment and other related provisions.

During any period in which the Series 2019 Bonds are not held in the Book-Entry System, principal of the Series 2019 Bonds will be payable at the designated corporate trust office of the Trustee upon presentation and surrender of the Series 2019 Bonds as they mature. Interest on Series 2019 Bonds will be paid by the Trustee by check or draft mailed to the persons who are the registered owners of record as of the close of business on the [_____] 15 or [_____] 15 immediately preceding each interest payment date by check or draft mailed to such owners at their addresses shown on the registry books of the Trustee pertaining to the Series 2019 Bonds.

No charge will be made for any exchange or transfer of the Series 2019 Bonds, but the registered owners thereof shall be responsible for paying all taxes and other governmental charges relating to such transfer or exchange. In the event a Series 2019 Bond is lost, stolen, destroyed or mutilated, the University and the Trustee may require satisfactory indemnification for the replacement thereof and may charge the holder or owner of such bond with their fees and expenses in connection with the replacement thereof.

Optional Redemption of the Series 2019 Bonds

Series 2019-A Bonds. Those of the Series 2019-A Bonds having a stated maturity on [____], and thereafter, will be subject to redemption prior to their respective maturities, at the option of the University, as a whole or in part, on [____], and on any date thereafter (and if in part, in such maturities as the University shall select, and if less than all of a single maturity is to be redeemed those to be redeemed to be selected by the Trustee by lot) at and for a redemption price with respect to each Series 2019-A Bond (or principal portion thereof redeemed) equal to the par or face amount of each Series 2019-A Bond redeemed plus accrued interest to the date fixed for redemption.

Series 2019-B Bonds. Those of the Series 2019-B Bonds having a stated maturity on [____], and thereafter, will be subject to redemption prior to their respective maturities, at the option of the University, as a whole or in part, on [____], and on any date thereafter (and if in part, in such maturities as the University shall select, and if less than all of a single maturity is to be redeemed those to be redeemed to be selected by the Trustee by lot) at and for a redemption price with respect to each Series 2019-B Bond (or principal portion thereof redeemed) equal to the par or face amount of each Series 2019-B Bond redeemed plus accrued interest to the date fixed for redemption.

Mandatory Redemption of the Series 2019 Bonds

Series 2019-A Bonds. Those of the Series 2019-A Bonds maturing on [____] 1, 20__ shall be subject to mandatory redemption and payment, and the University shall redeem and pay such Series 2019-A Bonds, at and for a redemption price, with respect to each such Series 2019-A Bonds or portion thereof redeemed, equal to the principal amount thereof plus accrued interest to the date fixed for redemption (those to be redeemed to be selected by the Trustee by lot) but only in the following aggregate principal amounts on [____] 1 in the following years:

| | |
|-----------|-----------------------|
| Year | Amount Required to be |
| ([____]1) | Redeemed |

In the event that the University shall have partially redeemed Series 2019-A Bonds having a stated maturity in 20__ or shall have provided for a partial redemption of such Series 2019-A Bonds in such a manner that the Series 2019-A Bonds for the redemption of which provision is made are considered as fully paid, the University may elect to apply all or any part (but only in integral multiples of \$5,000) of the principal amount of such Series 2019-A Bonds so redeemed or to be redeemed to the reduction of the principal amount of Series 2019-A Bonds required to be redeemed pursuant to the schedule set forth immediately above on any [____] 1 coterminous with or subsequent to the date such optional redemption actually occurs.

Series 2019-B Bonds. Those of the Series 2019-B Bonds maturing on [____] 1, 20__ shall be subject to mandatory redemption and payment, and the University shall redeem and pay such Series 2019-B Bonds, at and for a redemption price, with respect to each such Series 2019-B Bonds or portion thereof redeemed, equal to the principal amount thereof plus accrued interest to the date fixed for redemption (those to be redeemed to be selected by the Trustee by lot) but only in the following aggregate principal amounts on [____] 1 in the following years:

| | |
|-----------|-----------------------|
| Year | Amount Required to be |
| ([____]1) | Redeemed |

In the event that the University shall have partially redeemed Series 2019-B Bonds having a stated maturity in 20__ or shall have provided for a partial redemption of such Series 2019-B Bonds in such a manner that the Series 2019-B Bonds for the redemption of which provision is made are considered as fully paid, the University may elect to apply all or any part (but only in integral multiples of \$5,000) of the principal amount of such Series 2019-B Bonds so redeemed or to be redeemed to the reduction of the principal amount of Series

2019-B Bonds required to be redeemed pursuant to the schedule set forth immediately above on any [_____] 1 coterminous with or subsequent to the date such optional redemption actually occurs.

Notice of Redemption

Notice of redemption (other than mandatory redemption) is required to be mailed by United States registered or certified mail to the registered owner of each Series 2019 Bond to be redeemed not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption at the address shown on the registry books of the Trustee. No further interest will accrue after the date fixed for redemption on the principal of any Series 2019 Bond called for redemption upon notice duly given as provided in the Indenture and if payment therefor has been duly provided and in such event, any Series 2019 Bond (or portion thereof) called for redemption will no longer be protected by the provisions of the Indenture.

In the event that less than all of the outstanding principal of any Series 2019 Bond is to be redeemed, the registered owner thereof shall surrender the Series 2019 Bond that is to be prepaid in part to the Trustee in exchange, without expense to the owner, for a new Series 2019 Bond of like tenor except in a principal amount equal to the unredeemed portion of the Series 2019 Bond.

BOND INSURANCE

[The following information has been supplied by [_____] (as defined below) for inclusion in this Official Statement. No representation is made by the University as to the accuracy or completeness of such information.

Bond Insurance Policy]

SECURITY AND SOURCE OF PAYMENT

General

The University has previously issued various series of Bonds under the Indenture, of which fourteen series of Bonds are currently outstanding before giving effect to the issuance of the Series 2019 Bonds. Those fourteen series of Bonds consist of the following:

- (a) \$40,130,000.70 original principal amount University Tuition Revenue Bonds, Series 1999, dated March 1, 1999 (the “Series 1999 Capital Appreciation Bonds”);
- (b) \$29,750,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010 (the “Series 2010 Bond”);
- (c) \$25,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-A, dated January 4, 2012 (the “Series 2012-A Bond”);
- (d) \$7,740,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-B, dated January 4, 2012 (the “Series 2012-B Bond”);
- (e) \$32,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013 (the “Series 2013-A Bond”);
- (f) \$8,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013 (the “Series 2013-B Bond”);
- (g) \$10,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013 (the “Series 2013-C Bond”);
- (h) \$41,245,000 original principal amount University Facilities Revenue Refunding Bond, Series 2014-A, dated March 14, 2014 (the “Series 2014-A Bond”);

- (i) \$6,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015 (the “Series 2015 Bond”);
- (j) \$85,605,000 University Facilities Revenue Refunding Bonds, Series 2016, dated September 14, 2016 (the “Series 2016 Bonds”);
- (k) \$20,000,000 University Facilities Revenue Refunding Bond, Series 2016-B, dated December 7, 2016 (the “Series 2016-B Bond”);
- (l) \$35,000,000 University Facilities Revenue Refunding Bond, Series 2016-C, dated December 7, 2016 (the “Series 2016-C Bond”);
- (m) \$45,000,000 University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016 (the “Series 2016-D Bond”); and
- (n) \$38,105,000 University Facilities Revenue Bonds, Series 2017, dated June 15, 2017 (the “Series 2018 Bonds”).

The Series 1999 Capital Appreciation Bonds, the Series 2010 Bond, Series 2012-A Bond, Series 2012-B Bond, the Series 2013-A Bond, the Series 2013-B Bond, the Series 2013-C Bond, 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 and the Series 2017 Bonds are herein collectively referred to as the “Outstanding Bonds.” The Outstanding Bonds, the Series 2019 Bonds, and any Additional Bonds hereafter issued are referred to herein collectively as the “Bonds.”

Sources of Payment and Pledged Revenues

The Series 2019 Bonds will be issued under the Indenture, as supplemented and amended by a Fifteenth Supplemental University Facilities Revenue Trust Indenture dated the date of the Series 2019 Bonds (the “Fifteenth Supplemental Indenture”) between the University and the Trustee, and will constitute limited obligations of the University payable solely from and secured by a lien on and a pledge of the Pledged Revenues (hereinafter defined) levied and collected by the University. The Series 2019 Bonds are secured pro rata and on an equal lien basis one with the other, with the Outstanding Bonds and with any Additional Bonds that may be hereafter issued under and subject to the terms and conditions of the Indenture, by a pledge of the Pledged Revenues.

The Series 2019 Bonds shall never be payable from any funds at any time provided for or appropriated by the State of Alabama, and shall not be a charge on the general credit or tax revenues of the State of Alabama. Neither the State of Alabama nor the University shall be obligated, directly or indirectly, to contribute any funds, property or resources to the payment of the Series 2019 Bonds except the Pledged Revenues.

The Series 2019 Bonds are payable solely out of the Pledged Revenues as defined in the Indenture, as amended, on a parity of lien with the Outstanding Bonds and any Additional Bonds at any time issued under the Indenture. Pledged Revenues is defined in the Indenture as follows:

“*Pledged Revenues*” means the Auxiliary Enterprises Revenues, the Children’s and Women’s Hospital Revenues, the General Fees, and additional fees and revenues, if any, that may be subjected to the lien of the Indenture pursuant to a Supplemental Indenture.

“*Auxiliary Enterprises Revenues*” means the gross revenues derived from auxiliary enterprises services furnished by the University, including, without limitation, food services, housing, college stores, dining, concessions and other similar services, as such revenues are shown as a separate item on the audited financial statements of the University.

“*Children’s and Women’s Hospital Revenues*” means an amount not exceeding \$10,000,000 in any fiscal year of the University of the gross revenues derived from that certain hospital facility owned and operated by the University and known as USA Children’s and Women’s Hospital.

“*General Fees*” means all fees now or hereafter levied as a general tuition fee against students enrolled at the University.

Additional Bonds

In the Indenture, the University has reserved the right to issue and deliver from time to time and at any time Bonds (“Additional Bonds”) secured by a pledge of the Pledged Revenues on a parity with the Outstanding Bonds, the Series 2019 Bonds, and any other Additional Bonds then outstanding for any purpose permitted by law and upon compliance with certain requirements set forth under the Indenture. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” below.

ANNUAL DEBT SERVICE REQUIREMENTS

Debt Service Requirements of the Series 2019 Bonds

Series 2019-A Bonds. The following sets forth the scheduled debt service requirements of the Series 2019-A Bonds on a fiscal year basis:

| <u>Fiscal Year Ending September 30,</u> | <u>Principal*</u> | <u>Interest*</u> | <u>Total*</u> |
|--|--------------------------|-------------------------|----------------------|
|--|--------------------------|-------------------------|----------------------|

Series 2019-B Bonds. The following sets forth the scheduled debt service requirements of the Series 2019-B Bonds on a fiscal year basis:

| <u>Fiscal Year Ending September 30,</u> | <u>Principal*</u> | <u>Interest*</u> | <u>Total*</u> |
|--|--------------------------|-------------------------|----------------------|
|--|--------------------------|-------------------------|----------------------|

Debt Service Requirements – Outstanding Bonds and the Series 2019 Bonds

The following table sets forth the estimated debt service requirements on all Outstanding Bonds (assuming no exercise of Put Rights for the Series 2016 Put Bonds as more particularly described below) and the Series 2019 Bonds on a fiscal year basis:

| Fiscal Year Ending Sept. 30 | Series 1999 ⁽¹⁾ | Series 2010 | Series 2012 ⁽²⁾ | Series 2013 ⁽³⁾ | Series 2014-A ⁽⁴⁾ | Series 2015 | Series 2016 | Series 2016-B ⁽⁵⁾ | Series 2016-C ⁽⁵⁾ | Series 2016-D ⁽⁵⁾ | Series 2017 Bonds | Series 2019 Bonds* | Total Debt Service* |
|-----------------------------------|-------------------------------|----------------|-------------------------------|-------------------------------|---------------------------------|----------------|----------------|---------------------------------|---------------------------------|---------------------------------|----------------------|-----------------------|------------------------|
| 2017 | \$ 7,550,000 | \$ 2,162,186 | \$3,066,566 | \$3,470,942 | \$2,795,724 | \$506,476 | \$2,628,786 | \$ 528,767 | \$ 933,800 | \$1,213,650 | - | | |
| 2018 | 7,545,000 | 2,169,342 | 3,078,894 | 3,470,942 | 2,787,674 | 497,085 | 3,992,400 | 1,094,000 | 1,932,000 | 2,511,000 | \$2,142,857 | | |
| 2019 | 7,545,000 | 2,176,364 | 1,699,485 | 3,470,942 | 2,775,530 | 487,694 | 6,512,775 | 1,094,000 | 1,932,000 | 2,511,000 | 2,973,725 | | |
| 2020 | - | 2,183,177 | 1,702,121 | 3,470,942 | 8,828,680 | 478,586 | 6,505,400 | 1,094,000 | 1,932,000 | 2,511,000 | 2,979,125 | | |
| 2021 | - | 2,189,703 | 1,702,516 | 3,470,942 | 8,796,308 | 468,911 | 6,511,275 | 1,094,000 | 1,932,000 | 2,511,000 | 2,975,625 | | |
| 2022 | - | 2,197,867 | 1,704,928 | 3,470,942 | 8,764,048 | 459,520 | 6,509,900 | 1,094,000 | 1,932,000 | 2,511,000 | 2,978,875 | | |
| 2023 | - | 2,207,517 | 1,707,871 | 3,470,942 | 8,730,663 | 450,129 | 6,511,025 | 1,094,000 | 1,932,000 | 2,511,000 | 2,978,625 | | |
| 2024 | - | 2,214,499 | 1,709,000 | 3,470,941 | 8,685,545 | 440,918 | 6,509,275 | 1,094,000 | 1,932,000 | 2,511,000 | 2,979,750 | | |
| 2025 | - | 2,224,815 | 1,708,589 | 3,470,941 | - | 431,347 | 6,509,275 | 2,183,368 | 3,837,904 | 4,960,692 | 2,977,125 | | |
| 2026 | - | 2,234,235 | 1,711,363 | 3,470,942 | - | 421,956 | 6,515,400 | 2,177,545 | 3,826,709 | 4,944,748 | 2,981,688 | | |
| 2027 | - | 2,242,683 | 1,714,520 | 3,470,942 | - | 412,565 | 6,507,050 | 2,172,495 | 3,816,814 | 4,930,396 | 2,973,250 | | |
| 2028 | - | 2,254,083 | 1,716,929 | 3,470,942 | - | 403,251 | 6,510,200 | 2,166,053 | 3,804,431 | 4,912,760 | 2,980,375 | | |
| 2029 | - | 2,264,207 | 1,718,505 | 2,646,549 | - | 393,782 | 6,509,575 | 2,160,056 | 3,792,768 | 4,895,964 | 2,977,875 | | |
| 2030 | - | 1,388,978 | 1,717,616 | 2,646,549 | - | 384,391 | 6,513,325 | 2,153,312 | 3,779,738 | 4,877,317 | 2,975,750 | | |
| 2031 | - | - | 1,723,729 | 2,646,548 | - | - | 6,506,075 | 2,146,629 | 3,766,753 | 4,858,631 | 2,978,625 | | |
| 2032 | - | - | 925,002 | 2,646,548 | - | - | 6,507,325 | 2,138,817 | 3,751,725 | 4,837,216 | 2,981,125 | | |
| 2033 | - | - | - | 2,646,548 | - | - | 6,506,325 | 2,131,656 | 3,737,767 | 4,817,069 | 2,978,125 | | |
| 2034 | - | - | - | - | - | - | 6,507,450 | 2,123,900 | 3,722,695 | 4,795,377 | 2,979,375 | | |
| 2035 | - | - | - | - | - | - | 6,505,075 | 2,115,331 | 3,706,121 | 4,771,636 | 2,974,625 | | |
| 2036 | - | - | - | - | - | - | 6,508,950 | 2,105,729 | 3,687,661 | 4,745,344 | 2,978,500 | | |
| 2037 | - | - | - | - | - | - | 6,511,050 | 2,096,821 | 3,670,330 | 4,720,374 | 2,975,625 | | |
| 2038 | - | - | - | - | - | - | 6,501,075 | - | - | - | 1,640,000 | | |

* Preliminary; subject to change.

⁽¹⁾ The accrued interest on the Series 1999 Capital Appreciation Bonds is not recognized or payable until each prospective maturity date.

⁽²⁾ Includes the Series 2012-A Bond and the Series 2012-B Bond

⁽³⁾ Includes the Series 2013-A Bond, the Series 2013-B Bond and the Series 2013-C Bond

⁽⁴⁾ Interest on the Series 2014-A Bond is calculated at the net swap rate of 5.4553% under the 2014 Swap described herein.

⁽⁵⁾ Interest on the Series 2016-B Bond, the Series 2016-C Bond and the Series 2016-D Bond is calculated at the net swap rate for each such bond of 5.47%, 5.52% and 5.58%, respectively, under the 2016 Swap described herein. The amortization shown for each of the 2016-B Bond, the 2016-C Bond, and the 2016-D Bond assumes no exercise of a Put Right prior to maturity, or that such indebtedness is refinanced on any Put Date so as to achieve the same current principal amortization and same net swap rate. See "Put Rights Respecting Certain Outstanding Bonds" below.

Variable Rate Bonds

Each series of Outstanding Bonds bears interest at a fixed rate, except the Series 2014-A Bond and the Series 2016-B Bond, the Series 2016-C Bond and the Series 2016-D Bond (collectively, the “Series 2016 Put Bonds”). The Series 2014-A Bond and the Series 2016 Put Bonds bear interest at variable rates. These variable rates are computed based on 68% of the one-month London Interbank Offered Rate (“LIBOR”), plus a set number of basis points that differs for each series. The University has entered into an interest rate exchange agreement respecting the Series 2014-A Bond and an interest rate exchange agreement respecting the Series 2016 Put Bonds. See “Derivatives” below for a discussion of these interest rate swap agreements.

Derivatives

The University has entered an interest rate swap (the “2014 Swap”) with Wells Fargo Bank, N.A., as successor to Wachovia Bank, N.A., (the “Counterparty”), respecting the Series 2014-A Bond. The notional amount of the 2014 Swap will at all times match the outstanding scheduled principal amount of the Series 2014-A Bond, and the 2014 Swap will mature on March 15, 2024. Under the 2014 Swap, the University pays a fixed rate of 4.9753% and receives 68% of one-month LIBOR plus 0.25%.

The University also has entered an interest rate swap (the “2016 Swap”) with the Counterparty respecting the Series 2016 Put Bonds. Under the 2016 Swap, the University pays a fixed rate of 5.0% and receives 68% of one-month LIBOR, plus 0.25%. The 2016 Swap matures on December 1, 2036. The combined principal amortization of the Series 2016 Put Bonds matches the notional amount on the 2016 Swap through its maturity; however, each of these Series 2016 Put Bonds contains a right exercisable at the sole discretion of the bondholder to cause such Bond to mature and become due and payable prior to its final maturity. See “Put Rights Respecting Certain Outstanding Bonds” below for a discussion of these put rights.

Put Rights Respecting Certain Outstanding Bonds

Each of the Series 2016 Put Bonds has principal amortized from December 1, 2024 through and including December 1, 2036. However, each Series 2016 Put Bond contains a feature (a “Put Right”) permitting its holder to cause all outstanding principal on such Bond to mature and become due and payable by the University on a date (such date, a “Put Date”) before scheduled maturity.

The earliest Put Date for the Series 2016-B Bond is December 1, 2021, the earliest Put Date for the Series 2016-C Bond is December 1, 2023, and the earliest Put Date for the Series 2016-D Bond is December 1, 2026. For each Series 2016 Put Bond, the Put Right must be exercised at least 210 days before the applicable Put Date, and if not timely exercised such right extends immediately to the succeeding bond year until timely exercised or such Bond reaches final maturity, whichever occurs first.

The University intends to refinance any Series 2016 Put Bond for which a Put Right is exercised so as to maintain the Bond’s then current principal amortization. While the University is not aware of any existing obstacles to its ability to refinance the Series 2016 Put Bonds, should Put Rights be exercised, market conditions, the financial condition of the University or the State of Alabama, and various other factors in existence at the time such rights are exercised could hamper or even prevent the University from refinancing Series 2016 Put Bonds as presently intended.

Pledged Revenues

The following is a summary of the amount of General Fees, Auxiliary Enterprises Revenues, and Children’s and Women’s Hospital Revenues collected by the University for the fiscal years ended September 30, 2014 through September 30, 2018:

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fees ¹ | \$139,089,000 | \$155,175,000 | \$172,253,000 | \$177,547,000 | \$171,429,000 |
| Auxiliary Enterprises Revenues ¹ | 21,055,000 | 22,857,000 | 30,008,000 | 29,413,000 | 26,996,000 |
| Children's & Women's Hospital Revenues ² | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Total | \$170,144,000 | \$188,032,000 | \$212,261,000 | \$216,960,000 | \$208,425,000 |

¹General Fees and Auxiliary Enterprises Revenues include amounts allocated to scholarship allowances for accounting purposes. General Fees and Auxiliary Enterprises Revenues net of scholarship allowances for fiscal year 2016 were approximately \$137,074,000 and \$28,861,000, respectively, for fiscal year 2017 were approximately \$141,949,944 and \$28,347,000, respectively, and for fiscal year 2018 were approximately \$136,222,000 and \$25,907,000, respectively.

² Only \$10,000,000 of the gross revenues from the USA Children’s and Women’s Hospital, in any fiscal year of the University, are pledged to payment of all the Bonds (i.e., the Outstanding Bonds, the Series 2019 Bonds and any Additional Bonds hereafter issued). See “HEALTH CARE SYSTEM” below for total gross revenues from USA Children’s and Women’s Hospital for the years shown.

Tuition increases were placed into effect for each of the years shown above. Auxiliary fee increases were also placed into effect for all of the years shown above. Reference is hereby made to the audited financial statements of the University for the fiscal year ended September 30, 2018, appearing as Appendix A hereto, and the audited financial statements of the University for the other periods which are available on EMMA (as defined herein). See “CONTINUING DISCLOSURE” below for a description of EMMA.

Subsequent to the issuance of the Series 2019 Bonds, the total principal amount (including the current compounded amount of Series 1999 Capital Appreciation Bonds) of indebtedness of the University payable from Pledged Revenues is estimated to be approximately \$[_____].

Maximum Annual Debt Service Requirement

The Maximum Annual Debt Service Requirement respecting the Series 2019 Bonds and the Outstanding Bonds, based on the amortization schedule set forth above under “Debt Service Requirements – Outstanding Bonds and the Series 2019 Bonds”, occurring in the fiscal year of the University ending [September 30, ____] (\$[_____]), is covered [_____] times by Pledged Revenues referable to the fiscal year of the University ended September 30, 2018 (\$[_____]). See “Pledged Revenues” above. This coverage is based on the assumption that the Series 2016 Put Bonds mature in accordance with their scheduled principal amortization and without the exercise of Put Rights by any of the holders of those Bonds. See “Put Rights Respecting Certain Outstanding Bonds” above.

Assuming the exercise of the Put Right for each of the Series 2016-B Bond, the Series 2016-C Bond, and the Series 2016-D Bond on the earliest date permitted (i.e., December 1, 2021 for the Series 2016-B Bond, December 1, 2023 for the Series 2016-C Bond, and December 1, 2026 for the Series 2016-D), the estimated annual debt service for the University’s fiscal years ending September 30, 2022, September 30, 2024 and September 30, 2027 would be \$[_____], \$[_____], and \$[_____], respectively, and the estimated maximum annual debt service requirement for the Series 2019 Bonds and the Outstanding Bonds would occur in the fiscal year of the University ending September 30, [_____] (\$[_____]), and would be covered approximately [_____] times by Pledged Revenues referable to the fiscal year of the University ended September 30, 2018 (\$[_____]).

Other University Debt; Future Debt

Compass Line of Credit. On March 27, 2015, the University obtained a \$5,000,000 revolving line of credit facility (the “Compass Line of Credit”) with Compass Bank (“Compass”). The University is permitted

to borrow funds from Compass from time to time under the Compass Line of Credit so long as its outstanding principal balance does not exceed \$5,000,000. The Compass Line of Credit initially provided that principal amounts drawn thereunder would not become due until its April 14, 2018 maturity date. Earlier this year, the University amended the Compass Line of Credit so that (i) the principal balance (currently \$3,433,789) was fixed, (ii) additional draws would not be permitted, (iii) interest would be computed at a fixed rate of 3.85% and (iv) principal was amortized to become due and payable in annual installments over a period from 2018 through 2023. This obligation is not secured by Pledged Revenues, and Compass is not entitled to any rights or benefits under the Indenture respecting this obligation.

The Compass Line of Credit is a general obligation of the University and is not secured by Pledged Revenues under the Indenture.

RCA Lease. On December 7, 2016, the University entered a Secured Equipment Financing Lease (the “RCA Lease”) with Regions Capital Advantage, Inc. to finance a linear accelerator for use at USA Mitchell Cancer Institute. The principal component of this lease totals \$2,089,690 and interest is calculated at a fixed per annum rate of 1.88%. This lease reaches final maturity on October 7, 2022. The RCA Lease is subject to annual appropriation by the University, and on each payment date debt service is payable solely out of then-current funds of the University. Such payments are not secured by Pledged Revenues under the Indenture.

Med One Capital Lease. The University has entered a capital lease agreement with Med One Capital Funding, LLC for certain medical equipment to be used at University Hospital. Under this arrangement, the University makes monthly lease payments, over a period of 60 months, aggregating just under \$4,000,000, and pays a nominal price to acquire title to the equipment at conclusion of the lease. Payments under this lease will not be secured by Pledged Revenues under the Indenture or other special funds or assets of the University.

The University is completing a campus master plan upon which future borrowings and debt service requirements will be based. The University, through the University of South Alabama Health Care Authority (USAHCA), is considering the development of approximately 38 acres near the main campus for use as a medical office park. If this plan proceeds as expected, it is possible (and prospective investors in the Series 2019 Bonds should assume) that indebtedness likely secured by and payable from Pledged Revenues under the Indenture will be issued by the University within the next 12-24 months to finance construction.

THE PLAN OF FINANCING

The Series 2019 Bonds are being issued for the purpose of (i) designing, developing, constructing, acquiring, equipping and installing a football stadium and intramural field improvements on the campus of the University, along with various public capital improvements and assets in connection therewith (the “2019 Improvements”), [(ii) paying for capitalized interest on a portion of the Series 2019 Bonds], and (iii) paying the costs and expenses of issuing the Series 2019 Bonds (including without limitation the premium for the Municipal Bond Insurance Policy).

ESTIMATED SOURCES AND USES OF PROCEEDS

The estimated sources and uses of funds for the plan of financing with respect to the issuance of the Series 2019 Bonds are as follows:

| Sources of Funds | Series 2019-A Bonds | Series 2019-B Bonds | Total |
|---|----------------------------|----------------------------|--------------|
| Principal amount of Series 2019 Bonds | | | |
| [Net] Original issue [premium/discount] | | | |
| Total Sources | | | |
| | | | |
| Uses of Funds | | | |
| 2019 Improvements | | | |
| Capitalized Interest Account deposit | | | |
| Expenses of issuance ¹ | | | |
| Total Uses | | | |

¹ Includes Underwriters' discount, municipal bond insurance policy premium, legal and accounting fees, printing costs, rating agency fees, financial advisory fees and other expenses of issuance.

**CERTAIN GENERAL INFORMATION RESPECTING
THE UNIVERSITY OF SOUTH ALABAMA**

General

The University of South Alabama is a public body corporate of the State of Alabama existing under provisions of Act No. 157, Acts of Alabama, Second Special Session 1963, and Chapter 55 of Title 16 of the Code of Alabama 1975, as amended. The University is a comprehensive, coeducational, state-assisted institution, which serves as a major center of undergraduate, graduate, and professional education for Alabama, the Gulf Coast region, and the southeastern United States.

The University's mission encompasses the three traditional academic functions of teaching, research, and public service through which it pursues the discovery, preservation, and communication of knowledge. The University was admitted to membership in the Southern Association of Colleges and Schools on December 4, 1968. Total enrollment for Fall 2017 was 15,569. Of those students, 10,975 were classified as undergraduate students, 4,581 were enrolled in graduate or professional programs, and 13 were unclassified. For the academic year ended May 31, 2018, the University awarded 3,906 degrees and certificates, of which 2,080 were Baccalaureate Degrees, 1,209 were Masters Degrees, 73 were M.D. Degrees, 21 were Ph.D. Degrees, 11 were Au.D. Degrees, 40 were D.P.T. Degrees, 185 were D.N.P. Degrees, and 273 were Para-Professional Certificates. Twelve degree programs and over four hundred and fifty courses are offered by the University online.

The University of South Alabama main campus, located in a section of Mobile called Springhill, consists of 1,200 wooded acres. The primary instructional buildings are contained on this campus, as well as the medical college and dormitory facilities. A 750-acre municipal park is adjacent to the main campus.

The University of South Alabama Baldwin County Campus was established as a branch campus in 1984 to better meet the needs of students located in Baldwin County, Alabama, and offers graduate courses, upper-level undergraduate courses, and non-credit courses/public service programs. The University of South Alabama Springhill Avenue Campus is a multi-purpose facility of approximately 454,000 square feet located in Midtown Mobile, and houses various academic and health-related programs of the University. The U.S. Department of Veterans Affairs also leases about 48,000 square feet in the Springhill Avenue Campus that it uses as an outpatient clinic.

The University of South Alabama health system, known as USA Health, is composed of the USA Medical Center, the USA Children & Women’s Hospital, the USA Mitchell Cancer Institute, and Ambulatory Services. USA Health provides primary and tertiary care for a multi-county service area. The USA Medical Center (“USAMC”) is a 406-Licensed bed hospital which includes a level one trauma center, a burn unit, and state-of-the-art facilities for internal medicine, surgery and cardiovascular diagnostic and treatment techniques. The USA Children’s & Women’s Hospital (“USACW”) is a 152-Licensed bed facility specializing in pediatric, obstetric and gynecological services. The USACW includes neonatal and pediatric intensive care nurseries, progressive care nurseries, and other facilities for dealing with high risk deliveries. In 2015, the 195,000 square foot expansion of USACW was placed into service. The USA Mitchell Cancer Institute (“MCI”) is an academic cancer treatment and research enterprise housed in a state-of-the-art 125,000 square foot integrated clinical and research building. Ambulatory Services (“Ambulatory Services”) is a 160-physician multi-specialty faculty practice dedicated to delivering leading-edge care to patients and supporting the mission of the USA College of Medicine in the education and training of students and resident physicians and in the advancement of medical care through medical research. The Strada Patient Care Center, a 133,000 square foot building located near USACW, was placed in service in December 2016 and provides 153 patient exam rooms, 16 nurses stations, and 7 educational conference rooms for use by University physicians.

For the 2017-2018 academic year, the University employed 845 full-time faculty persons. Approximately 31.7% of faculty members are tenured. The University employs 5,866 persons in all categories.

The main campus in Mobile, Alabama, consists of 143 major buildings, including hospital and medical related facilities. Those facilities include buildings providing 2,114 beds available for student residency on campus.

For its fiscal year ended September 30, 2018, the University reported grants and contracts revenue from Federal, State and private sources of approximately \$34,093,000, and an additional \$108,268,000 from direct State of Alabama legislative appropriations. Tuition and fees revenues reported during the fiscal year ended September 30, 2018 (net of scholarship allowances) were approximately \$136,222,000, and net patient service revenues from USA Health during such period were approximately \$416,034,000. See Appendix A.

*Summary Enrollment Profile - Fall 2017
(excluding Medical Residents)*

| | Fall 2017 | |
|--|-------------------|-------------------|
| | Number | Percent |
| College of Arts and Sciences | 3,398 | 21.8% |
| College of Education | 2,068 | 13.3% |
| College of Engineering | 1,637 | 10.5% |
| College of Medicine | 341 | 2.2% |
| College of Nursing | 4,227 | 27.2% |
| Covey College of Allied Health Professions | 1,855 | 11.9% |
| Graduate School | 41 | 0.3% |
| Mitchell College of Business | 1,371 | 8.8% |
| School of Computing | 631 | 4.0% |
| Total* | <u>15,569</u> | <u>100.0%</u> |

* Excludes [____] medical residents.

Through its ten colleges and schools, the University awards the bachelor's degree in fifty-four majors or areas, the master's degree in thirty-four majors or areas and the doctorate degree in fourteen majors or areas. In addition, post-secondary certificates are offered in eleven areas. In addition to the traditional on-campus

course offerings, the University offers over four hundred and fifty online courses to fit the needs of a diverse student body. Twelve degree programs are also offered online, with four of those being offered only online.

Financial

The following section contains certain financial information for the University, including a comparison of the revenues, expenses and changes in net position for the fiscal years 2014 through 2018.

Condensed Schedules of Revenues, Expenses, and Changes in Net Position (in thousands)

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|------------------|---------------------------------|------------------|------------------|---------------------------------|
| Operating revenues: | | | | | |
| Tuition and fees | \$104,448 | \$120,265 | \$137,074 | \$142,024 | \$136,222 |
| Net patient service revenue | 268,449 | 271,655 | 360,657 | 390,931 | 416,034 |
| Federal, state and private grants and contracts | 76,719 | 85,756 | 38,187 | 36,853 | 34,093 |
| Other | <u>54,010</u> | <u>78,845</u> | <u>88,943</u> | <u>92,674</u> | <u>66,730</u> |
| Total | 503,626 | 556,521 | 624,861 | 662,482 | 653,079 |
| Operating expenses: | | | | | |
| Salaries and benefits | 419,966 | 433,679 | 460,219 | 483,113 | 486,156 |
| Supplies and other services | 158,615 | 169,873 | 198,518 | 219,362 | 255,145 |
| Other | <u>55,397</u> | <u>57,476</u> | <u>65,530</u> | <u>64,942</u> | <u>78,081</u> |
| Total | 633,978 | 661,028 | 724,267 | 767,417 | 819,382 |
| Operating loss | <u>(130,352)</u> | <u>(104,507)</u> | <u>(99,406)</u> | <u>(104,935)</u> | <u>(166,303)</u> |
| Nonoperating revenues (expenses): | | | | | |
| State appropriations | 103,695 | 103,974 | 105,024 | 107,332 | 108,268 |
| Investment income (loss) | 8,206 | (10,718) | 2,631 | 18,398 | 17,857 |
| Other, net | <u>14,475</u> | <u>13,259</u> | <u>8,135</u> | <u>20,613</u> | <u>22,674</u> |
| Net nonoperating revenues | <u>126,376</u> | <u>106,515</u> | <u>115,790</u> | <u>146,343</u> | <u>148,799</u> |
| Income (loss) before capital appropriations, capital contributions, grants, and additions to endowment | (3,976) | 2,008 | 16,384 | 41,408 | (17,504) |
| Capital appropriations, capital contributions, grants and additions to endowment | <u>10,536</u> | <u>7,231</u> | <u>9,521</u> | <u>6,417</u> | <u>16,770</u> |
| Change in net position | <u>6,560</u> | <u>9,239</u> | <u>25,905</u> | <u>47,825</u> | <u>(734)</u> |
| Beginning net position, before cumulative effect of change in accounting principle | 492,990 | 499,550 | 195,052 | 217,994 | 265,819 |
| Cumulative effect of change in accounting principle | - | <u>(313,737)</u> ⁽¹⁾ | <u>(2,963)</u> | - | <u>(229,687)</u> ⁽²⁾ |
| Beginning net position- as adjusted | <u>492,990</u> | <u>185,813</u> | <u>192,089</u> | <u>217,994</u> | <u>36,132</u> |
| Ending net position | <u>\$499,550</u> | <u>\$195,052</u> | <u>\$217,994</u> | <u>\$265,819</u> | <u>\$35,398</u> |

⁽¹⁾ Reflects the University's share of unfunded pension liability as required to be reported pursuant to GASB 68.

⁽²⁾ Active and retired employees of the University are covered by the Public Education Employees Health Insurance Plan ("PEEHIP"), which is a cost sharing multiple-employer defined benefit other post-employment benefit ("OPEB") plan administered by the Teachers Retirement System of Alabama. Alabama law requires the Public Education Employees Health Insurance Board to create an irrevocable trust to fund OPEB benefits to retirees participating in PEEHIP. In 2018, the University adopted the provisions of GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* ("GASB 75"). GASB 75 requires that the University recognize its proportional share of net OPEB liability, based on an actuarial valuation, and the OPEB expense, in the University's financial statements. See Appendix A – Note 1(bb) and Note 13.

The University's audited financial statements for the year ended September 30, 2018 are attached as Appendix A.

Faculty and Staff

Faculty and staff employees for the University were as follows at September 30 for the years shown:

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Full-time faculty by rank: | | | | | |
| Professor | 187 | 180 | 182 | 200 | 200 |
| Associate Professor | 179 | 194 | 191 | 186 | 174 |
| Assistant Professor | 336 | 313 | 302 | 267 | 271 |
| Instructor | 142 | 145 | 132 | 121 | 127 |
| Lecturer | <u>1</u> | <u>1</u> | <u>-</u> | <u>2</u> | <u>2</u> |
| TOTAL | <u>845</u> | <u>833</u> | <u>807</u> | <u>776</u> | <u>774</u> |
| Full-time faculty by length of service: | | | | | |
| Up to 2 years | 215 | 205 | 193 | 152 | 142 |
| 3-4 years | 107 | 102 | 88 | 80 | 54 |
| 5-9 years | 151 | 163 | 162 | 186 | 207 |
| 10-14 years | 155 | 147 | 158 | 135 | 135 |
| 15+ years | <u>217</u> | <u>216</u> | <u>206</u> | <u>223</u> | <u>236</u> |
| TOTAL | <u>845</u> | <u>833</u> | <u>807</u> | <u>776</u> | <u>774</u> |
| Percent of faculty tenured | 31.7% | 33.3% | 33.5% | 36.3% | 37.9% |
| Part-time faculty | 428 | 429 | 381 | 364 | 345 |
| Non-faculty | 4,611 | 4,666 | 4,535 | 4,365 | 4,187 |
| Total University employees | 5,866 | 5,911 | 5,723 | 5,505 | 5,306 |

Student Enrollment and Trends

Total student enrollment by head count was as follows for the semesters shown.

| | <u>Fall 2017</u> | <u>Fall 2016</u> | <u>Fall 2015</u> | <u>Fall 2014</u> | <u>Fall 2013</u> |
|-----------------------|------------------|------------------|------------------|------------------|------------------|
| Undergraduate | 10,975 | 11,740 | 11,456 | 11,404 | 11,224 |
| Graduate/Professional | 4,581 | 4,682 | 4,687 | 4,326 | 3,758 |
| Unclassified | <u>13</u> | <u>21</u> | <u>68</u> | <u>75</u> | <u>83</u> |
| Total | <u>15,569</u> | <u>16,443</u> | <u>16,211</u> | <u>15,805</u> | <u>15,065</u> |

Applications, acceptances and matriculations for freshmen students:

| | <u>Fall 2017</u> | <u>Fall 2016</u> | <u>Fall 2015</u> | <u>Fall 2014</u> | <u>Fall 2013</u> |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|
| Applications | 5,855 | 6,087 | 6,558 | 5,541 | 4,740 |
| Acceptances | 4,798 | 4,882 | 5,111 | 4,615 | 4,068 |
| Matriculations ⁽¹⁾ | 1,843 | 1,904 | 2,038 | 2,000 | 1,804 |
| Percent of applicants accepted | 81.9% | 80.2% | 77.9% | 83.3% | 85.8% |
| Percent of applicants enrolled | 31.5% | 31.3% | 31.1% | 36.1% | 38.1% |

⁽¹⁾ Reflects only first-time freshmen that started in the fall semester indicated.

Total enrollment by full-time equivalent:

| | <u>Fall 2017</u> | <u>Fall 2016</u> | <u>Fall 2015</u> | <u>Fall 2014</u> | <u>Fall 2013</u> |
|-----------------------|------------------|------------------|------------------|------------------|------------------|
| Undergraduate | 9,804 | 10,400 | 10,064 | 9,838 | 9,577 |
| Graduate/Professional | <u>3,669</u> | <u>3,858</u> | <u>3,751</u> | <u>3,507</u> | <u>3,063</u> |

| | | | | | |
|-------|---------------|---------------|---------------|---------------|---------------|
| Total | <u>13,473</u> | <u>14,258</u> | <u>13,815</u> | <u>13,345</u> | <u>12,640</u> |
|-------|---------------|---------------|---------------|---------------|---------------|

Retention rate for full-time freshmen entering in:

| | <u>Fall 2016</u> | <u>Fall 2015</u> | <u>Fall 2014</u> | <u>Fall 2013</u> | <u>Fall 2012</u> |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Number matriculated ⁽¹⁾ | 1,955 | 2,082 | 2,030 | 1,825 | 1,886 |
| Number returned | 1,517 | 1,524 | 1,481 | 1,297 | 1,280 |
| Retention rate | 77.6% | 73.2% | 73.0% | 71.1% | 67.9% |

⁽¹⁾ Includes first-time freshmen that started in the fall semester indicated, plus first-time freshmen that started in the immediately preceding summer semester and reenrolled in the fall semester indicated.

Graduation Rates

Cumulative Graduation Rate:

| Fall Class | Number Matriculated | Four Years | | Five Years | | Six Years | |
|------------|---------------------|------------|---------|------------|---------|-----------|---------|
| | | Number | Percent | Number | Percent | Number | Percent |
| 2011 | 1,826 | 342 | 18.7% | 599 | 32.8% | 726 | 39.8% |
| 2010 | 1,654 | 262 | 15.8% | 493 | 29.8% | 623 | 37.7% |
| 2009 | 1,711 | 244 | 14.3% | 494 | 28.9% | 607 | 35.5% |
| 2008 | 1,495 | 230 | 15.4% | 430 | 28.8% | 551 | 36.9% |
| 2007 | 1,418 | 200 | 14.1% | 381 | 26.9% | 471 | 33.2% |
| 2006 | 1,317 | 190 | 14.4% | 392 | 29.8% | 486 | 36.9% |

Test Scores

Average ACT scores of matriculated students for years shown:

| | | | | |
|------------------|------------------|------------------|------------------|------------------|
| <u>Fall 2017</u> | <u>Fall 2016</u> | <u>Fall 2015</u> | <u>Fall 2014</u> | <u>Fall 2013</u> |
| 23.4 | 23.5 | 22.8 | 22.9 | 22.9 |

Geographic Concentrations of Students

| | <u>Fall 2017</u> | <u>Fall 2016</u> | <u>Fall 2015</u> | <u>Fall 2014</u> | <u>Fall 2013</u> | <u>Fall 2012</u> |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Mobile County | 5,655 | 6,088 | 6,364 | 6,718 | 6,283 | 6,455 |
| Baldwin County | 1,366 | 1,328 | 1,366 | 1,364 | 1,390 | 1,449 |
| Other Alabama counties | 3,278 | 3,186 | 3,005 | 2,704 | 2,822 | 2,582 |
| Florida | 1,033 | 1,066 | 1,109 | 1,024 | 920 | 836 |
| Mississippi | 1,147 | 1,217 | 1,241 | 1,297 | 1,424 | 1,331 |
| Other states in the U.S.A. | 2,353 | 2,363 | 2,243 | 2,030 | 1,770 | 1,457 |
| International | <u>737</u> | <u>1,195</u> | <u>883</u> | <u>668</u> | <u>456</u> | <u>526</u> |
| Total | <u>15,569</u> | <u>16,443</u> | <u>16,211</u> | <u>15,805</u> | <u>15,065</u> | <u>14,636</u> |

Main Schools in Competitive Group and Listed Tuition – 2017-2018 Academic Year:

| | Undergraduate | | Graduate | |
|---|---------------|--------------|----------|--------------|
| | Resident | Non-Resident | Resident | Non-Resident |
| University of South Alabama | \$ 7,812 | \$ 15,324 | \$ 7,578 | \$ 15,156 |
| In-state reference group ³ : | | | | |
| Alabama A & M University | 9,857 | 18,236 | 8,379 | 16,758 |
| Alabama State University | 11,068 | 19,396 | 7,408 | 14,832 |
| Athens State University | 5,940 | 11,880 | N/A | N/A |
| Auburn University | 10,968 | 29,640 | 9,342 | 28,026 |
| Troy University | 8,692 | 16,276 | 7,506 | 15,012 |
| University of Alabama | 10,780 | 28,100 | 10,780 | 28,100 |
| University of Alabama at Birmingham | 8,328 | 19,032 | 7,866 | 17,910 |
| University of Alabama in Huntsville | 10,280 | 21,480 | 10,224 | 22,696 |
| Mean of in-state reference group | 9,489 | 20,505 | 8,663 | 20,476 |
| Regional reference group ⁴ : | | | | |
| University of Southern Mississippi | 8,218 | 10,218 | 8,108 | 8,108 |
| University of New Orleans | 8,484 | 13,320 | 6,090 | 10,660 |
| University of West Florida | 6,360 | 19,241 | 7,088 | 22,166 |
| Mean of regional reference group | 7,687 | 14,260 | 7,095 | 13,645 |

Certain Fees and Charges

The following shows the fee schedule for Undergraduate and Graduate Arts and Sciences majors for the periods shown. The course fees for other majors are slightly higher. Except as otherwise indicated, course fees are per semester hour. Graduate School does not include the College of Medicine.

| | <u>2018-2019</u> | <u>2017-2018</u> | <u>2016-2017</u> | <u>2015-2016</u> | <u>2014-2015</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Application fee | \$35 | \$35 | \$35 | \$35 | \$35 |
| Registration fee (charged only if enrolled in less than 15 semester hours) | 150 | 150 | 150 | 150 | 150 |
| Late registration fee | 100 | 100 | 100 | 50 | 50 |
| <i>In-state course fee, per semester hour</i> | | | | | |
| Undergraduate | 329 | 313 | 302 | 293 | 287 |
| Graduate | 442 | 421 | 407 | 395 | 387 |
| <i>Out-of-state course fee, per semester hour</i> | | | | | |
| Undergraduate | 658 | 626 | 604 | 586 | 574 |
| Graduate | 884 | 842 | 814 | 790 | 774 |

Source: National Center for Education Statistics

College of Medicine

Fees and certain charges for the College of Medicine were as follows for the periods indicated:

| | <u>2018-2019</u> | <u>2017-2018</u> | <u>2016-2017</u> | <u>2015-2016</u> | <u>2014-2015</u> |
|---------------------------|------------------|------------------|------------------|------------------|------------------|
| Application fee | \$75 | \$75 | \$75 | \$75 | \$75 |
| Resource fee | 436 | 436 | 400 | 400 | 400 |
| Course fee, academic year | | | | | |
| In-state | 31,004 | 30,101 | 29,083 | 28,236 | 27,682 |
| Out-of-state | 62,008 | 60,202 | 58,166 | 56,472 | 55,361 |

Degrees Awarded

The University awarded the following degrees for the academic years ending May 31 for the years shown below:

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Baccalaureate | 2,080 | 2,066 | 1,996 | 1,815 | 1,848 |
| Masters | 1,209 | 1,253 | 1,080 | 987 | 748 |
| Para-professional certificates | 273 | 188 | 169 | 190 | 204 |
| Professional: | | | | | |
| M.D. | 73 | 70 | 73 | 74 | 63 |
| Ph.D. | 21 | 29 | 28 | 15 | 22 |
| Au.D. | 11 | 11 | 10 | 10 | 8 |
| D.P.T. | 40 | 40 | 37 | 33 | 37 |
| D.N.P. | 185 | 96 | 135 | 90 | 63 |
| D.B.A | 2 | 2 | 3 | 0 | 0 |
| D.Sc. | 2 | 0 | 1 | 0 | 0 |
| Ed.D. | <u>10</u> | <u>8</u> | <u>1</u> | <u>0</u> | <u>0</u> |
| Total | <u>3,906</u> | <u>3,763</u> | <u>3,533</u> | <u>3,214</u> | <u>2,993</u> |

Student Financial Aid

The University awarded and paid financial aid at the following levels for the following academic years, as follows:

| | <u>2017-2018</u> | <u>2016-2017</u> | <u>2015-2016</u> | <u>2014-2015</u> | <u>2013-2014</u> |
|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Federal government: | | | | | |
| Student Loans | \$128,510,503 | \$129,303,631 | \$118,370,532 | \$109,104,484 | \$101,295,448 |
| Grants | 21,855,448 | 20,719,720 | 20,258,516 | 19,247,942 | 18,592,534 |
| Student employment | 295,491 | 277,393 | 329,675 | 382,537 | 197,316 |
| University: | | | | | |
| Loans | 169,711 | 202,621 | 137,311 | 199,056 | 184,938 |
| Scholarships | <u>26,338,719</u> | <u>25,093,131</u> | <u>18,924,943</u> | <u>17,498,850</u> | <u>15,737,193</u> |
| Total | <u>\$177,169,872</u> | <u>\$175,596,496</u> | <u>\$158,020,977</u> | <u>\$146,432,869</u> | <u>\$136,007,429</u> |

GOVERNING BODY

State law provides for a Board of Trustees as the governing body of the University with all of the rights, privileges and authority necessary to promote the purpose of its creation, which is to establish and provide for the maintenance and operation of a state university in Mobile County, Alabama. The Board of Trustees consists of sixteen members. The Governor is the ex officio President of the Board of Trustees. Three members of the Board of Trustees are appointed from Mobile County. Five members are appointed from the State at large. Two members are appointed from the United States at large. One member is appointed from each of the following state senatorial districts, or combinations thereof, as those districts were designated at the time the University was organized: (1) Sixteenth and Seventeenth Districts; (2) Nineteenth and Twentieth Districts; (3) Twenty-first District; (4) Twenty-third, Twenty-fifth, and Thirtieth Districts; and (5) Thirty-fifth District. All Trustees except ex officio members are appointed by the Governor by and with the advice and consent of the State Senate, and hold office for a term of six years and until their successors shall be appointed and qualified. The present members of the Board of Trustees are as follows:

| <u>Name of Trustee</u> | <u>Occupation</u> | <u>Current Term Expires</u> |
|-------------------------------|------------------------------------|-----------------------------|
| Katherine Alexis Atkins | Businesswoman | September 30, 2019 |
| Dr. Scott A. Charlton | Physician | September 30, 2021 |
| Mr. E. Thomas Corcoran | Businessman | September 30, 2021 |
| Dr. Steven P. Furr | Physician | September 30, 2023 |
| William Ronald Graham | Business Administration | September 30, 2023 |
| Mr. Robert D. Jenkins, III | Businessman | September 30, 2019 |
| Mrs. Arlene Mitchell | Philanthropist and Civic Volunteer | September 30, 2021 |
| Lenus M. Perkins | Business Administration | September 30, 2023 |
| Mr. James H. Shumock | Businessman | September 30, 2021 |
| The Honorable Kenneth O Simon | Attorney | September 30, 2019 |
| Mrs. Chandra Brown Stewart | Business Administration | September 30, 2019 |
| Dr. Steven H. Stokes | Physician | September 30, 2023 |
| Margie Malone Tuckson | Business Administration | September 30, 2023 |
| Mr. Michael P. Windom | Attorney | September 30, 2019 |
| Mr. James A. Yance | Attorney, Retired | September 30, 2021 |
| The Honorable Kay Ivey | Governor, State of Alabama | Ex Officio |

The organization below the Board of Trustees is composed of the President and seven Vice Presidents: Executive Vice President; Provost and Senior Vice President for Academic Affairs; Vice President for Development and Alumni Relations; Vice President for Student Affairs; Vice President for Medical Affairs and Dean of the College of Medicine; Vice President for Research and Economic Development; and Vice President for Finance and Administration.

The Board of Trustees appoints the President of the University. Dr. Tony G. Waldrop has served as President of the University since April 1, 2014. Dr. Waldrop is the third President in the history of the University. Dr. Waldrop came to the University after serving four years as provost and executive vice president at the University of Central Florida, and prior roles as vice chancellor for research and economic development at the University of North Carolina and vice chancellor for research at the University of Illinois. Dr. Waldrop received his Ph.D. from University of North Carolina.

G. Scott Weldon is the Vice President for Finance and Administration. Mr. Weldon oversees the Finance and Administration Division of the University, which is collectively responsible for developing and overseeing the budget process, treasury and accounting, financial planning and analysis, facilities, human resources, internal audit, risk management and the telecommunications systems for the University. Prior to his appointment as Vice President for Finance and Administration in October 2015, Mr. Weldon served as Assistant Vice President for Finance and Administration at the University. Mr. Weldon received his B.S. from the University of Alabama.

HEALTH CARE SYSTEM

USA Health, a division of the University, is an academic medical center which consists of two academic tertiary medical centers, a cancer institute and a physician faculty practice. USA Health University Hospital (“USAUH”) is a 406-Licensed bed tertiary care center with the region’s only Level 1 trauma center and burn center. Recognized as a top performer on key quality measures, USAUH offers advanced treatment of stroke, cardiovascular disease and sickle cell disease. Patients treated at USAUH tend to require medically complex and extensive care and treatment. USAUH has seen a 50% increase in gastroenterology cases from 2013-2018. This growth is a result of USAUH’s focus on research and services unique to the region, as well as high patient satisfaction ratings. During this same period, surgery cases at USAUH increased by 14% and the total number of patients seen in the USAUH Emergency Department increased 8%. In the last quarter of fiscal year 2018 USAUH added 20 inpatient beds and 4 additional outpatient operating rooms

Gross Revenues of USAUH for the last seven fiscal years were as follows:

| <u>Year</u> | <u>Gross Revenues</u> |
|-------------|-----------------------|
| 2018 | \$474,193,133 |
| 2017 | 470,741,917 |
| 2016 | 406,528,233 |
| 2015 | 360,250,280 |
| 2014 | 348,119,160 |
| 2013 | 328,142,373 |
| 2012 | 308,341,443 |

USACW is a 152-bed hospital dedicated to providing services to children and women. From 2013 to 2018, USACW has experienced a 2.9% increase in average daily census, a 37.8% increase in surgeries, and a 2.6% increase in deliveries. In 2017, USACW delivered 2,624 babies, which is 41% of the babies born in Mobile County. The overall birth rate for Mobile County fell 1.7% from 2014 to 2017. The services provided by USACW are among those provided by fewer than five hospitals nationwide that are dedicated solely to the provision of care for both children and women. USACW has the region’s only Neonatal ICU unit, Pediatric ICU unit, 24-hour Pediatric Evaluation Unit, High-risk Obstetrics program and Pediatric Surgery Anesthesia Services. USACW also supports the teaching and research missions of the University of South Alabama. In 2015, the 195,000 square foot expansion of USACW was placed into service.

Gross Revenues of USACW for the last seven fiscal years were as follows:

| <u>Year</u> | <u>Gross Revenues</u> |
|-------------|-----------------------|
| 2018 | \$249,122,847 |
| 2017 | 243,090,525 |
| 2016 | 248,819,071 |
| 2015 | 241,114,324 |
| 2014 | 219,808,672 |
| 2013 | 203,746,723 |
| 2012 | 211,758,092 |

MCI is the only academic cancer research and treatment center in the upper Gulf Coast corridor. Providing cancer care to a catchment area of over 4.1 million persons in a 150-mile radius, MCI brings state-of-the-art, research-based cancer treatment to the region, serving over 6,200 individual patients in the last year. Its capabilities span the entire continuum of cancer care, from prevention and early detection to treatment and survivorship. With over 250 employees and a highly skilled and trained team of oncologists, MCI is improving cancer outcomes for patients, particularly the most vulnerable residents of the county, state and

beyond. MCI provides cancer treatment in Mobile, Fairhope and, through Monroe County Hospital, Monroeville. For patients who are not candidates for traditional cancer therapy, MCI offers a host of clinical trials with over 200 patients enrolled in therapeutic clinical trials, approximately 35% of whom are minority patients. MCI has 20 Principal Investigators conducting research funded through the National Institutes of Health, the Department of Defense, the American Cancer Society and other foundations. As an integrated cancer treatment and research center, MCI provides innovative cancer care in a caring environment, while accelerating the research to enhance care delivery for future patients.

Gross Revenues of MCI for the last seven fiscal years were as follows:

| <u>Year</u> | <u>Gross Revenues</u> |
|-------------|-----------------------|
| 2018 | \$19,709,735 |
| 2017 | 19,933,067 |
| 2016 | 15,829,428 |
| 2015 | 18,048,802 |
| 2014 | 25,158,623 |
| 2013 | 22,038,595 |
| 2012 | 22,087,983 |

Comprised of more than 160 academic physicians on faculty at the USA College of Medicine, the Ambulatory Services physician faculty practice is the region's largest multi-specialty practice and the only academic physicians group along the central Gulf Coast. Ambulatory Services physicians practice throughout Mobile County, including at the University's hospital and clinic campuses and on the University's main campus. The Strada Patient Care Center, a 133,000 square foot building which was placed in service in December 2016 and is located near USACW, will provide 153 patient exam rooms, 16 nurses' stations, and 7 educational conference rooms. The collective mission of the Ambulatory Services health care providers is to deliver leading-edge care to patients and to support the larger mission of the USA College of Medicine in the education and training of students and resident physicians and in the advancement of medical care through medical research. Prior to July 1, 2016, Ambulatory Services was operated by the University of South Alabama Health Services Foundation (the "HSF"), a 501(c)(3) organization that has been included in the University's financial statements as a discretely presented component unit. As of July 1, 2016, Ambulatory Services activities were transferred by HSF to the University and the revenues and expenses of the faculty practice included in the University's Statement of Revenues, Expenses and Changes in Net Position. Gross charges by year from these activities were as follows:

| <u>Year</u> | <u>Gross Revenues</u> |
|-------------|-----------------------|
| 2018 | \$120,488,250 |
| 2017 | 125,686,741 |
| 2016 | 136,470,653 |

On May 2, 2017, the University formed the University of South Alabama Health Care Authority (the "HCA"). The HCA was formed pursuant to Section 16-17A-1 *et seq.*, otherwise known as the "University Authority Act." The University plans to utilize the HCA for certain administrative and personnel functions at USA Health. Medical practices conducted within HCA have generated revenues for USA. Although indebtedness issued by HCA would not be secured by Pledged Revenues under the Indenture, the University does not currently intend or expect the HCA to take title to any material health care assets of the University or to issue indebtedness.

KPMG audited and presented a 14 month report for HCA as of September 30, 2018. The report provides: The composition of patient revenue for the period of August 1, 2017 through September 30, 2018 is as follows: Gross Patient Service Revenue \$27,454,776.

ACADEMIC MEDICAL CENTERS

Academic Medical Centers (“AMCs”) throughout the United States face a changing dynamic healthcare environment. These changes include potential funding reductions from governmental entities and insurance companies, as well as a transition from productivity to value-based reimbursements.

As a result, AMCs are evaluating their business model and restructuring themselves in order to respond to the current and future healthcare environment. Nationwide, AMCs are evaluating partnerships with other AMCs or even non-AMC healthcare providers. Consistent with this national trend, the University, although in the very early stage, is proactively addressing its structure and governance with respect to these issues.

USA TECHNOLOGY & RESEARCH PARK

The USA Research and Technology Corporation (the “Corporation”) was incorporated in 2002 as a not-for-profit corporation under the laws of the State of Alabama. The mission of the Corporation is to facilitate new and enhanced types of interaction between the University and the wider public and private sectors and to serve as a catalyst for regional development by furthering innovation and enterprise in a collaborative and principled fashion that respects and elevates the social and economic well-being of the community. The facilities of the Corporation are located on approximately 160 acres adjacent to the main campus of the University, an area known as the USA Technology & Research Park (the “Park”). The Corporation owns three buildings in the Park which together comprise approximately 222,300 square feet of space available for lease, with approximately 203,000 square feet currently under lease. Several of the achievements of the Corporation since its inception include:

- Total tenant employment (non-University) has grown to approximately 350, including approximately 50 University graduates. In addition, there were 10 student interns employed at the Park over the course of the past year.

FACILITIES

Current Facilities

The University has 5,285,340 gross square feet of inventory space presently in use, including the USA Baldwin County-Fairhop Campus, University Hospital, USA Springhill, and USA Children’s and Women’s Hospital. Existing main campus structures include the Administration Building; Instructional Laboratory Building; Library; Biomedical Library; Chemistry Building; Life Science Building; Health, Physical Education and Recreation Building; Student Center; Humanities Building; Medical Sciences Building; Multi-Purpose Arena; Performing Arts Building; Business Building; ; Student Services Building; Archaeology Building; Intramural Fieldhouse; Transportation Services Building; three Technology and Research buildings; Shelby Hall; Health Science; Dining Facility; Faculty Club; Academic Services; Mitchell Cancer Institute; Business Resource Center; Innovation in Learning Center; Education Services Building; Education and Outreach Building, and a variety of residence halls. The Bethel Theater, Mobile Townhouse, and Alumni Hall, all located on the campus, are renovated buildings of great historic value.

Historical details of construction, acquisition and renovations at the University campus are as follows:

| Years of construction or acquisition | Gross Square Feet Constructed or Acquired | Gross Square Feet Renovated |
|--------------------------------------|---|-----------------------------|
| Prior to 1960 | 1,091,119 | 207,676 |
| 1960-1969 | 813,280 | 302.671 |

| | | |
|-----------|------------------|------------------|
| 1970-1979 | 1,046,420 | 192,963 |
| 1980-1989 | 595,710 | 81,712 |
| 1990-1999 | 277,443 | - |
| 2000-2009 | 550,333 | 153,575 |
| 2010-2015 | 714,605 | 502,204 |
| 2016-2018 | <u>196,430</u> | <u>208,402</u> |
| Total | <u>5,285,340</u> | <u>1,674,203</u> |

The campus is served by water, gas and electric utilities supplied by public utilities serving the greater Mobile metropolitan area.

Insurance

Claims for damages to the University's campus property are covered by the State Insurance Fund of the State of Alabama's Division of Risk Management. All buildings and contents are covered by the State Insurance Fund policy. The University uses two self-insured trust funds to pay general liability and professional liability claims. Injuries from work-related incidents to those employees covered by the University's self-insured health plan are covered by that plan. Work-related injuries to employees not covered by the health plan are reviewed by the State Board of Adjustment for final resolution.

Student Housing

With respect to on-campus student housing, 2,419 beds are available for occupancy in campus student residences. Over the last five years, occupancy rates have averaged 94%, with the Fall 2018 semester at 94%. Approximately 16% of total headcount enrollment occupied student housing for the Fall 2018 semester.

In addition to the 2,419 University-owned beds, there are four other non-University-owned, apartment-style housing complexes that focus on University students – one is located on campus, and the other two are located across major roads from campus. A fifth, non-University owned housing complex near the University has been announced. The on-campus complex was built on land leased by the University to the housing developer under a long-term lease, and the University is under no obligation to guarantee the financing or occupancy or any other revenue source with respect to the apartments. The off-campus complexes were built on land that is not owned by the University. The four complexes have a total of approximately 2,500 additional beds available for occupancy. Also, a new, 370 bed dormitory, opened on the campus of the University in the Fall of 2018.

SUMMARY INFORMATION RESPECTING STATE AND PRIVATE FUNDING

State Appropriations

The University has received appropriations from the State of Alabama for certain of its operating costs and other non-operating cash requirements, including capital expenditures. State appropriations may not lawfully be used for the payment of debt service on the Bonds, including the Series 2019 Bonds. There can be no assurance that future Legislatures will continue to make such appropriations, or, if made, that they will be timely or sufficient when added to operating revenues and General Fees, Auxiliary Enterprise Revenues, and Children's and Women's Hospital Revenues remaining after the payment of debt service, to cover in full, operating expenses of the University.

The following tabulation compiled by the University staff from University accounting records shows State appropriations to the University for the fiscal years ended September 30, 2012, through September 30, 2016:

| Fiscal year ended <u>September 30</u> | Total Appropriations | |
|--|----------------------|-----------------|
| | <u>Authorized</u> | <u>Received</u> |
| 2018 | \$107,284,718 | \$107,284,718 |
| 2017 | 107,284,717 | 107,284,717 |
| 2016 | 104,976,761 | 104,976,756 |
| 2015 | 103,973,584 | 103,973,584 |
| 2014 | 103,695,500 | 103,695,500 |

Endowment Assets

Endowment assets for the University are deposited both in the University and in the Foundation (described below). Net endowment assets in the accounts of the University at September 30, 2018 were \$177,817,435. Of the net endowment assets, \$ 58,078,570 are classified as restricted, nonexpendable, \$62,209,715 are classified as restricted, expendable, and \$ 57,529,150 are classified as unrestricted*. The Board of Trustees has an approved endowment management and investment policy that includes an established spending rate of 4.5% based on the 5-year moving average of net assets of endowments. In maintaining its endowment, it is the goal of the University to provide revenue while preserving principal to fund those projects which have been endowed for specific purposes. Net assets of endowments are allocated as follows at September 30, 2018:

| | |
|--|----------------------|
| Equities, Pooled direct investments and mutual funds | \$81,579,404 |
| Fixed income, pooled direct investments and mutual funds | 50,370,241 |
| Managed income alternative investments | 35,428,392 |
| Other | |
| | <u>10,439,397</u> |
| Total | <u>\$177,817,435</u> |

*

The University of South Alabama Foundation

The University of South Alabama Foundation (the “Foundation”), a legally separate entity, exists for the primary purpose of advancing the purpose of the University in furthering, improving, and expanding its properties, services, facilities, and activities. Its total assets at June 30, 2018, its most recent audited fiscal year-end, were \$375,188,000, and its net assets were \$374,210,000 at the same date. Assets are primarily invested in marketable securities (36%), timber and mineral properties (43%), and real estate (18%). Cash and non-cash distributions to the University over the past seven fiscal years are, as reported in the audited financial statements of the Foundation for the years ended June 30, 2012, through June 30, 2018, as follows:

| | |
|-------------------|-------------|
| 2018 | \$9,703,000 |
| 2017 | 9,603,000 |
| 2016 ¹ | 10,561,000 |
| 2015 | 4,731,000 |
| 2014 | 4,515,000 |

¹ In fiscal year 2010, the University and the Foundation executed a purchase and sale agreement calling for the University to sell approximately 327 acres on Mobile Bay, known as the Brookley campus, to the Foundation. The terms of the agreement required the Foundation to pay the University \$20,000,000; \$4,000,000 at closing and \$4,000,000 annually thereafter through fiscal year 2015. The distribution for the Foundation’s fiscal year ended June 30, 2016 reflects the Foundation’s completion of its obligations under the purchase and sale agreement and corresponding increase in annual distributions to the University. For additional information regarding the sale of the Brookley campus, see Appendix A.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture, as heretofore amended and supplemented and as further amended and supplemented by the Fifteenth Supplemental Indenture, to which Indenture and Fifteenth Supplemental Indenture in their entirety reference is made for the detailed provisions thereof. Unless the context clearly indicates otherwise, all references herein shall be deemed to include the Series 2019 Bonds, the Outstanding Bonds, and any Additional Bonds hereafter issued under the Indenture.

As used in the following summary, the following definitions shall have the following respective meanings.

“*Annual Debt Service Requirement*” means, as of any date of determination, the amount of principal and interest maturing with respect to the then outstanding Bonds in such Bond Year; provided, (i) that the principal amount of any Bonds subject to a Mandatory Redemption Provision during such Bond Year shall, for purposes of this definition, be considered as maturing in the Bond Year during which such redemption is required and not in the Bond Year in which their stated maturity occurs; (ii) in the case of Bonds (whether outstanding or proposed to be issued) that bear interest at a variable or adjustable rate, the interest payable on such Bonds shall be calculated on the assumption that such Bonds bear interest at a fixed rate of interest estimated by a professional consulting firm or investment banking firm acceptable to the Trustee by reference to bonds of similar credit rating maturity and tax characteristics on the date such calculation is made; and (iii) for purposes of the foregoing formula, Bonds that are “deemed paid” under the Indenture shall not be deemed outstanding.

“*Bond Year*” means the period beginning November 2 in each calendar year and ending on November 1 of the next succeeding calendar year.

“*Interest Payment Date*” means (a) with respect to the Series 2019 Bonds, each [_____] 1 and [_____] 1, commencing [_____] 1, and (b) with respect to any series of Additional Bonds, such date or dates as shall be specified in the Supplemental Indenture pertaining to such Additional Bonds as the dates for payment of interest of such Additional Bonds.

“*Mandatory Redemption Provision*” means any provisions that may be set forth in a Supplemental Indenture for mandatory redemption of any Additional Bonds at a redemption price equal to the principal amount thereof.

“*Principal Payment Date*” means (a) with respect to the Series 2019 Bonds, each [_____] 1 commencing [_____] 1, and (b) with respect to any series of Additional Bonds, a date (which shall in every case be the first day of a Month) specified in the Supplemental Indenture pertaining to such Additional Bonds as a date for payment of principal of such Additional Bonds.

“*Supplemental Indenture*” means an agreement supplemental to the Indenture.

Special Funds

Bond Fund. The Indenture provides for the creation of a special trust fund called the “Bond Principal and Interest Fund.” The University is required to pay into the Bond Fund, in addition to all other amounts required by the Indenture, the following:

(a) Contemporaneously with the issuance and sale of any of the Bonds and out of the proceeds derived from such sale, the University (or the Trustee on behalf of the University) is required to pay into the Bond Fund such part of the proceeds from the sale as is allocable to premium (if any) and accrued interest.

(b) On or before the Business Day next preceding each Interest Payment Date until the principal and the interest on the Bonds is paid in full, the University is required to pay into the Bond Fund, out of the Pledged Revenues, an amount equal to the sum of (i) the semiannual installment of interest that will mature on

the Bonds on the then next succeeding semiannual Interest Payment Date with respect thereto, plus (ii) the principal that will become due on the Bonds on the then next succeeding Principal Payment Date, plus (iii) the principal required to be redeemed on the next succeeding Principal Payment Date pursuant to any Mandatory Redemption Provision.

All moneys paid into the Bond Fund are required to be used only for payment of the principal of and the interest on the Bonds upon or after the respective maturities of such principal and interest and to redeem Bonds subject to a Mandatory Redemption Provision. If at the final maturity of the Bonds, however such Bonds may mature, there are in the Bond Fund moneys in excess of what is required to pay in full the principal of and the interest on the Bonds, then any such excess will be returned to the University.

Prior to the issuance of any Additional Bonds, there shall be executed and delivered a Supplemental Indenture containing a provision that the semiannual payments into the Bond Fund be adjusted to provide for such additional amounts as may be necessary to pay the principal of and interest on such Additional Bonds provided, however, that in making such adjustment the principal amount of any such Additional Bonds required by the terms of the Supplemental Indenture to be redeemed during any Bond Year shall be considered as maturing in the Bond Year during which such redemption is required and not in the Bond Year in which their stated maturity occurs.

Capitalized Interest Account. In the Indenture there shall be created a separate account into which capitalized interest from the sale of the Series 2019 Bonds will be deposited. The University shall use and apply funds in the Capitalized Interest Account for payment of interest on the Series 2019 Bonds prior to applying Pledged Revenues for such purpose.

Additional Bonds

The Indenture authorizes the issuance of Additional Bonds, subject to the provisions of the Indenture. Among the conditions to the issuance of any Additional Bonds are the following:

(a) Supplemental Indenture. Prior to the issuance of any Additional Bonds, there shall be executed and delivered a Supplemental Indenture containing: (i) a description of the Additional Bonds proposed to be issued, including the date, the aggregate principal amount, the series designation, the denomination or denominations, the interest rate or rates (or provisions for determining the same), the maturity or maturities and the form of such Additional Bonds, and any provisions for redemption thereof prior to their respective maturities; (ii) a statement of the purpose or purposes for which the Additional Bonds are proposed to be issued; and (iii) any other provisions that do not conflict with the provisions of the Indenture.

(b) Certificate as to Pledged Revenues. The item or items required by either of the following subparagraphs (i) or (ii):

(i) A certificate by the Vice President for Finance and Administration of the University certifying that the amount of Pledged Revenues received during the Fiscal Year next preceding the date of the issuance of the Additional Bonds then proposed to be issued was not less than 125% of the maximum Annual Debt Service Requirement with respect to the then current or any then succeeding Bond Year immediately following the issuance of the then proposed Additional Bonds, which certificate shall set forth the figures on which it is based and shall recite that the Pledged Revenues for such Fiscal Year specified therein were taken from the annual audit of the University for such Fiscal Year or, if such audit shall not have been completed for the most recent Fiscal year at the date of such certificate, were taken from the official records of the University, or

(ii) A Resolution or Resolutions adopted by the University after the commencement of the Fiscal Year next preceding the issuance of the then proposed Additional Bonds either (i) increasing the General Fees, or (ii) levying new fees and charges of a type or kind different from the General Fees, or (iii) a combination thereof, accompanied by a certificate of the Vice President for

Finance and Administration stating that if the increased General Fees or the new fees set forth in the said Resolution or Resolutions had been in effect throughout the Fiscal Year next preceding the date of issuance of the then proposed Additional Bonds, the amount of Pledged Revenues during the Fiscal Year next preceding the date of issuance of the then proposed Additional Bonds would have been not less than 125% of the maximum Annual Debt Service Requirement during the then current or any then succeeding Bond Year with respect to Bonds that will be outstanding immediately following the issuance of the then proposed Additional Bonds; and

(c) Opinion of Independent Counsel. An opinion dated on the date of issuance of such Additional Bonds, signed by Independent Counsel acceptable to the Trustee, approving the forms of all documents required above to be delivered to the Trustee and reciting that they comply with the applicable requirements set out above.

Maintenance of Pledged Revenues

The University has covenanted in the Indenture that, so long as any of the Bonds remain outstanding and unpaid, the University will fix, levy and collect General Fees and Auxiliary Enterprises Revenues from all students attending the University during each Fiscal Year in such amounts and at such times as shall be required to produce revenues sufficient to pay the principal of, unamortized premium, if any, and interest on the Bonds during the same Fiscal Year. No covenant with respect to the Children's and Women's Hospital Revenues has been made.

Supplemental Indentures

Supplemental Indentures Without Bondholder Consent. The University and the Trustee may at any time and from time to time enter into such Supplemental Indentures (in addition to such Supplemental Indentures as are otherwise provided for in the Indenture) as shall not be inconsistent with the terms and provisions of the Indenture, for any one or more of the following purposes:

(a) to add to the covenants and agreements of the University contained in the Indenture other covenants and agreements thereafter to be observed and performed by the University, provided that such other covenants and agreements may not either expressly or impliedly limit or restrict any of the obligations of the University contained in the Indenture;

(b) to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provisions contained in the Indenture or in any Supplemental Indenture or to make any provisions with respect to matters arising under the Indenture or any Supplemental Indenture for any other purpose if such provisions are necessary or desirable and are not inconsistent with the provisions of the Indenture or any Supplemental Indenture and do not adversely affect the interests of the holders of the Bonds;

(c) to subject to the pledge contained in the Indenture additional revenues or to identify more precisely any of the revenues of the University subject to the Indenture;

(d) to cause the Indenture to comply with the provisions of the Trust Indenture Act of 1939 or such other federal securities laws as may hereafter be applicable to the Indenture; or

(e) to provide for the issuance of Additional Bonds in accordance with the Indenture.

Any such Supplemental Indenture will not require the consent of any bondholders.

Supplemental Indentures Requiring Bondholders Consent. In addition to those Supplemental Indentures described above, the Indenture provides that the University and the Trustee may, at any time and from time to time, with the written consent of the holders of not less than a majority in aggregate principal amount of Bonds then outstanding, enter into such Supplemental Indentures as shall be deemed necessary or desirable by the University and the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the term or provisions contained in the Indenture or in any Supplemental Indenture; provided that without the written consent of the Holder of each Bond affected, no reduction in the principal amount of, rate of interest on, or the premium payable upon the redemption of, any Bond shall be made; and provided, further, that, without the written consent of the holders of all the Bonds, none of the following shall be permitted:

(a) an extension of the maturity of any installment of principal of or interest on any Bond;

(b) any change in any Mandatory Redemption Provision;

(c) the creation of a lien or charge on the Pledged Revenues ranking prior to or (except in connection with the issuance of Additional Bonds) on a parity with the lien or charge thereon contained in the Indenture;

- (d) the establishment of preferences or priorities as between the Bonds (but only with respect to the security provided for all Bonds); or
- (e) a reduction in the aggregate principal amount of Bonds the holders of which are required to consent to such Supplemental Indenture.

Any Supplemental Indenture that requires the consent of the holders of the Insured Series 2019 Bonds or adversely affects the rights or interests of BAM shall also be subject to the prior written consent of BAM.

Upon the execution of any Supplemental Indenture under and pursuant to the provisions described above, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the University, the Trustee and all holders of the Bonds then outstanding shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

Defaults and Remedies

Events of Default under the Indenture include the following:

(a) failure by the University to pay principal of, the interest on or the premium (if any) on any Bond as and when the same shall become due, as provided therein and in the Indenture (whether such shall become due pursuant to any Mandatory Redemption Provisions or otherwise);

(b) failure by the University to perform and observe any of the agreements and covenants on its part contained in the Indenture (other than in the manner described in (a) above) which such failure continues for a period of not less than thirty (30) days after written notice of such failure has been given to the University by the Trustee or by the holders of not less than twenty-five percent (25%) in outstanding amount of Bonds, unless during such period or any extension thereof the University has commenced and is diligently pursuing appropriate corrective action; or

(c) determination by a court having jurisdiction that the University is insolvent or bankrupt, or appointment by a court having jurisdiction of a receiver for the University or for a substantial part thereof, or approval by a court of competent jurisdiction of any petition for reorganization of the University or rearrangement or readjustment of the obligations of the University under any provisions of the bankruptcy laws of the United or the State of Alabama.

Upon the occurrence of an Event of Default the Trustee shall have the following rights and remedies:

(a) **Acceleration.** The Trustee may, by written notice to the University and with the consent of the bond insurer respecting any Bonds then outstanding and insured thereby (including, without limitation, consent of BAM respecting acceleration of Insured Series 2019 Bonds), declare the principal of all the Bonds forthwith due and payable, and such principal shall thereupon become and be immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding. If, however, the University makes good that default and every other default under the Indenture (except for those installments of principal declared due and payable that would, absent such declaration, not be due and payable), with interest on all overdue payments of principal and interest, and made reimbursement of all of the reasonable expenses of the Trustee, then the Trustee may (and, if requested in writing by the holders of a majority in principal amount of the then outstanding Bonds, shall), by written notice to the University, waive such default and its consequences, but no such waiver shall affect any subsequent default or right relative thereto.

(b) **Mandamus and Other Remedies.** The Trustee shall have the right of mandamus or other lawful remedy in any court of competent jurisdiction to enforce its rights and the rights of the holders of the Bonds against the University and any officers, agents or employees of the University, including but not limited to the right to require the University and its officers, agents or employees to perform and observe all of its or their duties under Section 16-3-28 of the Code of Alabama 1975, as amended.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuation of a default or an Event of Default, BAM shall be deemed the sole holder of the Insured Series 2019 Bonds and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Series 2019 Bonds under the Indenture, and no default or Event of Default may be waived without the prior written consent of BAM.

Concerning the Trustee

The Trustee shall be under no obligation to institute suit or to take any proceedings under the Indenture or to enter any appearance or in any way defend in any suit in which it may be made defendant or to take steps in the execution of trust created or in the enforcement of any rights or powers under the Indenture, until it shall be indemnified to its satisfaction against any and all costs and expense, outlays and counsel fees and other reasonable disbursements and against all liability.

The Trustee shall not be liable in connection with the performance of its duties under the Indenture except for its gross negligence or willful misconduct.

The University has agreed to pay to the Trustee from time to time reasonable compensation for all services rendered by it under the Indenture, including the services of bond registrar and paying agent and also all of its reasonable expenses, charges, counsel fees and other disbursements and those of its attorneys and employees incurred in and about the performance of its powers and duties under the Indenture prior to the Bonds. Nothing contained in the Indenture or any supplemental indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if it believes that the repayment of such funds or the making whole in respect of such liability is not reasonably assured to it.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Rating Service, a division of the McGraw-Hill Companies, Inc. ("S&P"), have given the Series 2019 Bonds underlying ratings of "[_____]" and "[_____]", respectively. [_____] is expected to assign the Insured Series 2019 Bonds (*i.e.*, those of the Series 2019 Bonds maturing [_____] a rating of "[_____]" with the understanding that, upon delivery of the Insured Series 2019 Bonds, [_____] will deliver the Policy to the Trustee.

The underlying rating provided by each of Moody's and S&P (collectively, the "Rating Agencies") reflects that Rating Agency's rating of the creditworthiness of the University with respect to obligations payable from the Pledged Revenues. The rating provided by [_____] of the Insured Series 2019 Bonds reflects [_____]’s current assessment of the creditworthiness of [_____] and its ability to pay claims on its policies of insurance.

Any further explanation of the significance of such ratings may be obtained only from the appropriate Rating Agency. The University furnished to the Rating Agencies the information contained in this Official Statement and certain other information respecting the University and the Series 2019 Bonds. Generally, Rating Agencies base their underlying ratings on such materials and information, as well as on their own investigations, studies and assumptions.

The ratings indicated on the cover page are not recommendations to buy, sell or hold the Series 2019 Bonds, and any such ratings may be subject to revision or withdrawal at any time by the Rating Agencies. Any downward revision or withdrawal of any or all of such rating may have an adverse effect on the market price of the affected Series 2019 Bonds. Neither the University nor the Underwriters have undertaken any responsibility either to bring to the attention of the holders of Series 2019 Bonds any proposed revision, suspension or withdrawal of a rating or to oppose any such revision, suspension or withdrawal.

LITIGATION

To the best of the University's knowledge, there is no litigation pending or threatened (i) restraining or enjoining the issuance or delivery of the Series 2019 Bonds, (ii) contesting or affecting the validity of the Series 2019 Bonds or the proceedings or authority under which they are to be issued, (iii) contesting the creation, organization or existence of the University or the title of any of its present officials to their respective offices, or (iv) contesting the right of the University to enter into the financing documents to which it is a party or to secure the Series 2019 Bonds in accordance with the Indenture.

The University and its hospitals are immune from suit in medical malpractice matters; however such claims may still be brought against healthcare providers employed to provide such services on behalf of the University. These providers are insured by the University's Professional Liability Trust Fund. If a final judgment were entered in any professional liability action in an amount in excess of its insurance coverage, the University would not be liable for the excess.

The University has been notified by the Equal Employment Opportunity Office ("EEOC") of charges filed with the EEOC against the University or its employees. The charges arise from alleged employment practices or policies. Should a lawsuit arise out of such charges, they would be covered by the University's General Liability Trust Fund.

Finally, the University has been notified of claims filed against it in the State Board of Adjustment. None of the aforementioned charges or claims involve any significant sums in excess of the sums otherwise provided for and would not have an impact upon the collection of the Pledged Revenues. In the opinion of the University Attorney, the aggregate exposure of the University with respect to all pending claims and suits would not be material to the University's financial position.

LEGAL MATTERS

The Series 2019 Bonds will be issued subject to the approving opinion of Bradley Arant Boult Cummings LLP, Birmingham, Alabama, Bond Counsel to the University. It is anticipated that the opinion of Bond Counsel to the University will be in substantially the form set forth in Appendix B.

The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the authoring firm or attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

General

In the opinion of Bradley Arant Boult Cummings LLP, Bond Counsel to the University, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Series 2019-A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Series 2019-A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel to the University has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the University and others in connection with the Series 2019-A Bonds, and Bond Counsel to the University has assumed compliance with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2019-A Bonds from gross income under Section 103 of the Code.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Series 2019-A Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date and assumes no obligation to update its opinion after the issue date to reflect any future action, fact

or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series 2019-A Bonds.

Certain Ongoing Federal Tax Requirements and Covenants. The Code establishes certain significant ongoing requirements that must be met subsequent to the issuance and delivery of the 2019-A Bonds in order that interest on the Series 2019-A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2019-A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2019-A Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The University has covenanted to comply under the Indenture with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2019-A Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences. The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2019-A Bonds. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of any Series 2019-A Bonds. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of Series 2019-A Bonds.

Prospective owners of the Series 2019-A Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the Series 2019-A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Premium. The initial public offering price to be paid for certain of the Series 2019-A Bonds (the "Original Issue Premium Series 2019-A Bonds") is greater than the principal amount thereof. Under existing law, any owner who has purchased an Original Issue Premium Series 2019-A Bond in the initial public offering of the Series 2019-A Bonds is required to reduce his basis in such Original Issue Premium Series 2019-A Bond by the amount of premium allocable to periods during which he holds such Original Issue Premium Series 2019-A Bond, and the amount of premium allocable to each accrual period will be applied to reduce the amount of interest received by the owner during each such period. All owners of Original Issue Premium Series 2019-A Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Premium Series 2019-A Bond and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Premium Series 2019-A Bond.

Bank Qualification. The Series 2019-A Bonds have not been designated as "qualified tax-exempt obligations" under Section 265 of the Code.

Post-Issuance Matters. The tax-exempt status of the Series 2019-A Bonds could be affected by post-issuance events. See "SPECIAL CONSIDERATIONS RESPECTING THE SERIES 2019-A BONDS – Tax-Exempt Status of Series 2019-A Bonds" herein. The Indenture does not provide for mandatory redemption of the Series 2019-A Bonds or payment of any additional interest or penalty if a determination is made that the Series 2019-A Bonds do not comply with the existing requirements of the Code, if a subsequent change in law adversely affects the tax-exempt status of the Series 2019-A Bonds or the economic benefit of investing in the Series 2019-A Bonds, or if any other event or occurrence takes place that impacts the tax status of the Series 2019-A Bonds.

CONTINUING DISCLOSURE

Under a Continuing Disclosure Agreement, dated the date of the Series 2019 Bonds (the “Continuing Disclosure Agreement”), the University has agreed to provide or cause to be provided to the Municipal Securities Rulemaking Board (the “MSRB”) using its electronic municipal market access system (referred to as “EMMA”), certain updated financial information and operating data annually, and timely notice of specified events for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the “Rule”).

See Appendix C for a form of the Continuing Disclosure Agreement relating to the Series 2019 Bonds.

A failure by the University to comply with the Continuing Disclosure Agreement will not constitute an event of default under the Indenture. Beneficial owners of the Series 2019 Bonds are limited to the remedies described in the Continuing Disclosure Agreement. A failure by the University to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2019 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2019 Bonds and their market price.

Compliance with Prior Continuing Disclosure Agreements

In connection with the prior issuance of certain of the Outstanding Bonds, the University has entered into other continuing disclosure agreements under the Rule. During the past five years, the University has failed to file information required to be filed pursuant to those previous agreements. Audited financial statements for fiscal year 2012 were filed approximately one year late as part of the fiscal year 2013 financial report. Although the audited financial statements for fiscal year 2014 were filed timely, the filing did not link such financial statements to the University’s Series 1999 Capital Appreciation Bonds. Certain supplemental financial and operating data required by the prior agreements was not timely filed through EMMA for the past five years. The University has not filed notices of late filings as required by the Rule.

Effective August, 2016, the University adopted new procedures intended to improve timeliness of its required filings under the Rule. In addition, the University made remedial filings with EMMA of (i) the fiscal year 2012 audited financial statements, (ii) the fiscal year 2014 audited financial statements to link to the Series 1999 Capital Appreciation Bonds, and (iii) the required supplemental financial and operating data. The University also has prepared a template into which all financial and operating data can be compiled into a single document for future filings.

THE UNIVERSITY UNDERTAKES NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD LOOKING STATEMENT AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHER INFORMATION.

STATE NOT LIABLE ON SERIES 2019 BONDS

The Series 2019 Bonds are limited obligations of the University payable solely out of, and secured by a pledge of, the Pledged Revenues. Neither the principal of nor the interest on the Series 2019 Bonds nor the aforesaid pledge or any other agreement contained in the Indenture shall constitute an obligation of any nature whatsoever of the State of Alabama, and neither the Series 2019 Bonds nor any obligation arising from said pledge or agreements shall be payable out of any moneys appropriated to the University by the State of Alabama.

FINANCIAL INFORMATION

Appendix A contains audited financial statements of the University for the fiscal year ended September 30, 2016. KPMG LLP, the University’s independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein as Appendix A, any procedures on the financial

statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Official Statement including, without limitation, statements containing the words “estimates,” “believes,” “anticipates,” “expects,” and words of similar import, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the University or other entities to which the forward-looking statements relate to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the University. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. The University and the Underwriters disclaim any obligation to update any such factors or to publicly announce the results of any revision to any of the forward-looking statements contained herein to reflect future events or developments.

SPECIAL CONSIDERATIONS RESPECTING THE SERIES 2019 BONDS

General

An investment in the Series 2019 Bonds involves certain risks which should be carefully considered by investors. The sufficiency of Pledged Revenues to pay debt service on the Series 2019 Bonds may be affected by events and conditions relating to, among other things, general economic conditions, population in the University’s basic service area, the demand for higher education, and legislative and administrative requirements on the University’s operations.

Prospective investors should carefully examine this Official Statement and their own financial condition in order to make a judgment as to their ability to bear the economic risk of such an investment and whether or not the Series 2019 Bonds are an appropriate investment for them.

Holders of the Series 2019 Bonds should be aware that their rights and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and the exercise of judicial discretion in appropriate cases.

Limitations on Source of Payment, Security and Remedies

Limited Source of Payment. The Series 2019 Bonds will be limited obligations of the University, payable solely from, and secured by a pledge of, the Pledged Revenues. See “SECURITY AND SOURCE OF PAYMENT”.

The Series 2019 Bonds will not be debts or obligations of the State of Alabama, and debt service on the Series 2019 Bonds will not be payable out of any money provided or appropriated to the University by the State of Alabama. Holders of the Series 2019 Bonds shall never have the right to demand payment of the

Series 2019 Bonds from the University from any source other than the special funds established under the Indenture and the Pledged Revenues and shall be entitled to payment from such sources only on a parity basis with all other bonds outstanding under the Indenture.

Additional Debt. All Bonds are secured on a parity by the lien on Pledged Revenues. If the University incurs additional debt secured by the Indenture, the security interest in Pledged Revenues for the benefit of Bondholders will in effect be diluted.

Hospitals Are Limited Use Facilities. The hospitals and other health care facilities of the University, which are operating assets of the University, are limited use facilities, suitable primarily for hospital or health care purposes. Consequently, the market for sale or other disposition of such facilities is limited. In the event of a sale of such facilities, whether in a bankruptcy proceeding or otherwise, the number of potential purchasers and the sale price may be affected by the limited possible use.

Limitation on Remedies Upon Default. The Indenture does not constitute a mortgage on or security interest in any properties of the University, and no foreclosure or sale proceedings with respect to any property of the University may occur. The University is exempt from all suits under the doctrine of sovereign immunity, but state law provides that agents and employees of the University may, by mandamus, be compelled to apply the Pledged Revenues to the payment of the Series 2019 Bonds in accordance with the terms of the Indenture.

The remedies available to the registered holders of the Series 2019 Bonds upon the occurrence of a default under the Indenture are in many respects dependent upon regulatory and judicial actions, which are often subject to discretion and delay. Under existing law, the remedies provided under the Indenture may not be readily available or may be limited, and no assurance can be given that a mandamus or other legal action to enforce payment under the Indenture would be successful. The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds will be qualified as to enforceability of the various legal instruments, limitations imposed by bankruptcy, reorganization, insolvency or similar laws affecting the rights of creditors generally and by judicial discretion applicable to equitable remedies and proceedings generally.

Health Care Industry Factors

The health care industry is subject to a number of factors that could adversely affect the business prospects of the University. Among those factors are the following:

The Health Care Industry is Highly Regulated. The health care industry is highly regulated by the federal and state governments. These regulations relate to areas such as the required delivery of care whether or not patients have the resources for payment, the quality of care and outcomes of health care services provided, excessive re-admission of patients, accuracy of billing and collecting for services rendered, privacy of patients and their health care information, and the relationship between providers and physicians who refer patients to the provider's health care facilities. For providers organized as charitable organizations under Section 501(c)(3) of the Internal Revenue Code there are additional regulations that must be satisfied to preserve tax-exempt status. The cost of compliance with these regulations is significant.

Payment Systems. The University's Health System derives most of its revenues from Medicare, Medicaid, Blue Cross and other third party payor programs. Such programs may provide payment for services rendered to their beneficiaries in an amount that is less than actual patient charges. These payment systems are complex, subject to periodic change, and require a high degree of accuracy in the billing and collecting process. Failure to submit accurate billing may result in large financial penalties or claims or disqualification from the program. Penalties or claims may be from governmental authorities, such as the Justice Department and the Office of Inspector General, independent auditing firms under contract with the government, or from private litigants under so-called "qui tam actions".

Alternate Payment Systems. The payment systems for health care services may be expanded to cover capitation or other coverage programs in which the providers assume the risk of health care services for a

defined population. The University currently does not provide coverage on a capitated basis; however, the development of such coverage programs in the University's market could force the University to assume increased risk for the amount and cost of services it provides.

Health Care Reform. In 2010, Congress adopted extensive health reform legislation commonly referred to as the Affordable Care Act (the "ACA"). This legislation attempts to extend commercial insurance coverage and Medicaid coverage to many patients not previously covered. The State of Alabama declined the ACA option to expand the Medicaid coverage, which reduces the amount of reimbursement that might otherwise be available to the health care facilities operated by the University. This legislation also imposes numerous operating and reporting requirements on health care providers. Implementation of the various ACA initiatives will take several years and will require extensive time and expense. Implementation has been and continues to be uncertain. It is expected that governments will continue to consider various reform proposals in the health care industry. If adopted, such proposals may subject health care providers like the University to increased compliance requirements, reduced reimbursement for services, increased costs, or a combination of such results. As has been widely reported, President Donald Trump and Congressional leadership have expressed their intention, and recently attempted, to repeal some or all of the ACA and to enact related legislation in its place. The impact of such efforts on the University cannot be gauged at this time.

Trend Toward Large-Deductible Insurance Policies. Coverage provided by insurance is trending toward large deductibles or self-insurance retention for patients, which reduces the required premiums, but increases out-of-pocket expense for the insured. These large deductible policies can be expected to increase the challenge of collecting for services rendered and may result in an increase of bad debt expense for health care providers.

Budgetary Pressure for Medicare and Medicaid Funding. Medicare and Medicaid are government-sponsored programs. Funding for those programs is subject to the legislative process of federal and state governments. The spending policies or deficit reduction initiatives of those governments have resulted in significant reductions in reimbursement for health care services in the past and can be expected to apply pressure on reimbursement for the foreseeable future.

Competition from Other Providers. The health care industry is highly competitive. Other health care providers may develop competing facilities or services in the University's service area. Competing facilities or services may include, among others, new hospitals, specialty hospitals, outpatient facilities, and managed care or insurance products. Other forms of competition could also affect the University's ability to maintain or improve its market share, including increasing competition (1) between physicians who generally use hospitals and non-physician practitioners such as nurse practitioners, chiropractors, physical and occupational therapists and others who may not generally use hospitals, and (2) from nursing homes, home health agencies, ambulatory care facilities, surgical centers, outpatient radiology centers, rehabilitation and therapy centers, physician group practices, and other non-hospital providers of many services for which patients generally rely on hospitals currently.

Capital Investment and Technology. The technology for diagnosis and treatment of patients changes rapidly and requires large capital investment on an ongoing basis in order for a health system to meet the needs of its patients.

Other Factors Affecting the Health Care Industry. In addition to the factors discussed above, the following additional factors, among others, may adversely affect the operations of health care providers, including the University:

(a) Increased efforts by insurers, private employers and governmental agencies to limit the cost of hospital services, to reduce the number of hospital beds and to reduce utilization of hospital facilities by such means as preventive medicine, improved occupational health and safety, and outpatient care.

(b) Termination of existing agreements between a provider and employed physicians who render services to the provider's patients, or alteration of referral patterns by independent physicians and physician groups.

- (c) The availability and cost of insurance or self-insurance to protect against malpractice and general liability claims.
- (d) Environmental and hazardous waste disposal regulations.
- (e) Future legislation and regulations affecting the tax-exempt status of governmental and 501(c)(3) hospitals or imposing additional requirements on qualification.
- (f) The reduced need for hospitalization or other traditional health care services as a result of medical and other scientific advances.
- (g) Imposition of wage and price controls for the health care industry.
- (h) The availability of or cost of retaining nursing, technical or other health care personnel.
- (i) The spread of any bacteria, virus or infectious disease that is resistant to existing drugs or medical treatment.
- (j) Reduction in population, increased unemployment or other adverse economic conditions in the market.

Factors Affecting Academic Medical Centers

Academic medical center hospitals, like those operated by the University, are subject to certain negative credit factors that do not affect other not-for-profit hospitals. Among those factors are the following:

Special Revenue and Expense Challenges. The research and teaching divisions at academic medical centers often operate at break-even or deficit levels. Funding these missions sometimes requires organizational subsidies that can detrimentally affect the hospital's overall operating performance. Fundraising, endowment spending and excess cash generated from patient care can be used to support the non-clinical departments at an academic medical center, but these sources of funding may not be enough to offset the drag on operating funds.

Negative Reimbursement Pressure from Medicare and Medicaid. The federal government has proposed a reduction in graduate medical education funding from CMS as one way to address federal budget challenges. Although funding cuts would impact all teaching hospitals with medical residents, academic medical centers would be disproportionately impacted due to higher numbers of residents and greater indirect cost payments for high acuity services performed. In addition, securing federal funding for research has become increasingly competitive among research institutions, primarily due to federal budget constraints. Changes in federal funding patterns could adversely affect academic medical centers and their ability to make debt service payments.

Inordinately High Exposure to Medicaid Patients. Many academic medical centers provide a disproportionate amount of charity care in their communities, which results in high exposure to Medicaid patients and receipt of Disproportionate Share Funding ("DSH"). Medicaid reimbursement cuts in recent years have disproportionately impacted academic medical centers. Additionally, reductions in DSH payments were mandated by the ACA beginning in 2016.

Increased Financial Support for Sponsoring University. Academic medical centers are increasingly facing requests for financial transfers to their associated universities to support strategic investments, program development and educational activities. These financial transfers are typically negotiated between the university and the hospital on an annual basis, and immediate needs at the university level could lead to a growing financial subsidy. These payments could adversely affect the academic medical center's operating performance.

State Proration

The State of Alabama appropriates money each year to the University for operating costs and non-operating cash requirements, including capital expenditures. Because the State is mandated by its constitution to operate with a balanced budget, the State occasionally has reduced its appropriations, through a process known as “proration”, when its annual revenues are not expected to meet budgeted appropriations. It is expected that proration will be implemented from time to time in the future and, when proration does occur, the University may be required to implement various cost-saving measures in order to balance its own budget. Although proration may impact the University’s budget, the Series 2019 Bonds are not payable from State appropriations.

Certain Factors Affecting Pledged Revenues

No representation can be made and no assurance can be given that receipts from the Pledged Revenues will be sufficient to make the required payment of debt service on the Series 2019 Bonds and to pay necessary operating expenses. The amount of Pledged Revenues collected by the University will be subject to a variety of factors that could adversely affect debt service coverage on the Series 2019 Bonds, including general economic conditions, population in the University’s basic service area, the demand for higher education, and the impact of legislative and administrative requirements on the University’s operations.

Tax-Exempt Status of Series 2019-A Bonds

It is expected that the Series 2019-A Bonds will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance. See “TAX MATTERS”. It is anticipated that Bond Counsel to the University will render an opinion substantially in the form attached hereto as Appendix B, which should be read in its entirety for a complete understanding of the scope of the opinions and the conclusions expressed therein. A legal opinion expresses the professional judgment of the attorney rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The tax status of the Series 2019-A Bonds could be affected by post-issuance events. There are various requirements of the Internal Revenue Code that must be observed or satisfied after the issuance of the Series 2019-A Bonds in order for the Series 2019-A Bonds to qualify for, and retain, tax-exempt status. These requirements include appropriate use of the proceeds of the Series 2019-A Bonds, use of the facilities financed by the Series 2019-A Bonds, investment of bond proceeds, and the rebate of so-called excess arbitrage earnings. Compliance with these requirements is the responsibility of the University.

The Internal Revenue Service (the “IRS”) conducts an audit program to examine compliance with the requirements regarding tax-exempt status. Under current IRS procedures, in the initial stages of an audit with respect to the Series 2019-A Bonds, the University would be treated as the taxpayer, and the owners of the Series 2019-A Bonds may have limited rights to participate in the audit process. The initiation of an audit with respect to the Series 2019-A Bonds could adversely affect the market value and liquidity of the Series 2019-A Bonds, even though no final determination about the tax-exempt status has been made. If an audit results in a final determination that the Series 2019-A Bonds do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Series 2019-A Bonds.

In addition to post-issuance compliance, a change in law after the date of issuance of the Series 2019-A Bonds could affect the tax-exempt status of the Series 2019-A Bonds or the effect of investing in the Series 2019-A Bonds. For example, the federal government is considering various proposals to reduce federal budget deficits and the amount of federal debt, including proposals that would eliminate or reduce indirect expenditures made through various deductions and exemptions currently allowed by the income tax laws. The exemption for interest on tax-exempt bonds is one of the indirect expenditures that could be affected by a deficit reduction initiative. Some deficit-reduction proposals would eliminate the exemption for interest on

tax-exempt bonds. Other proposals would place an aggregate cap on the total amount of exemptions and deductions that may be claimed by a taxpayer, or a cap on the exemption for interest on tax-exempt bonds. Changes in the rate of the federal income tax, including so-called “flat tax” proposals, could also reduce the value of the exemption. Changes affecting the exemption for interest on tax-exempt bonds, if enacted, could apply to tax-exempt bonds already outstanding, including the Series 2019-A Bonds offered pursuant to this Official Statement, as well as bonds issued after the effective date of such legislation. It is not possible to predict whether Congress will adopt legislation affecting the exemption for tax-exempt bonds, what the provisions of such legislation may be, whether any such legislation will be retroactive in effect, or what effect any such legislation may have on investors in the Serie 2019-A Bonds. Investors should consult their own tax advisers about the prospects and possible effect of future legislation that could affect the exemption for interest on tax-exempt bonds.

The Indenture does not provide for mandatory redemption of the Series 2019-A Bonds or payment of any additional interest or penalty if a determination is made that the Series 2019-A Bonds do not comply with the existing requirements of the Code, if a subsequent change in law adversely affects the tax-exempt status of the Series 2019-A Bonds or the economic benefit of investing in the Series 2019-A Bonds, or if any other event or occurrence takes place that impacts the tax status of the Series 2019-A Bonds.

The United States Bankruptcy Code

Chapter 9 of Title 11 of the United States Code, 11 U.S.C. 101, et seq. (the "Bankruptcy Code") permits a political subdivision, public agency or instrumentality of a State to file a petition for relief in federal bankruptcy courts if the subdivision, agency or instrumentality is insolvent within the meaning of Chapter 9 and is authorized under applicable state law to seek such relief. The University, as an instrumentality of the State of Alabama, meets the initial eligibility requirement for a debtor under Chapter 9 of the United States Bankruptcy Code, as set forth at 11 U.S.C. §109(c)(1), because it is a “municipality” as defined at 11 U.S.C. §101(40), but the University is not expressly authorized by Article XIV, Section 266 of the Alabama Constitution of 1901 or by §16-48-1 et seq. of the Code of Alabama 1975, as amended, to initiate a Chapter 9 proceeding. Therefore, absent enactment of legislation by the Alabama Legislature that specifically authorizes a filing by the University, or by all instrumentalities of the State of Alabama, the University does not appear to be eligible to be a “debtor” under Chapter 9 of the United States Bankruptcy Code.

Nonetheless, Chapter 9 has been rarely used, and there is little precedent concerning its interpretation or the interpretation of related state laws, so there can be no definitive assurance that the University would be prevented from filing a petition for relief under Chapter 9, and if it did so, what relief would be provided. For example, Chapter 9 of the Bankruptcy Code provides certain protections to creditors whose debts are secured by pledged special revenues; however, because of the limited precedent available with respect to Chapter 9, it is possible that a federal bankruptcy court could reject or circumscribe certain of these provisions under the facts of a specific case.

It should be noted that Section 922(d) of Chapter 9 of the Bankruptcy Code provides that a bankruptcy petition does not operate as a stay of "application of pledged special revenues" to the payment of indebtedness secured by such revenues in a manner consistent with other provisions of the Bankruptcy Code. Without limitation, section 928 of the Bankruptcy Code provides that special revenues acquired by the debtor after commencement of a chapter 9 case remain subject to any lien resulting from any security agreement entered into by the debtor before commencement of the case, but further provides that any such lien on special revenues (other than municipal betterment assessments) derived from a project or system shall be subject to "the necessary operating expenses of such project or system." It is not clear whether the pledge of Pledged Revenues made by the University for the benefit of the Series 2019 Bonds would constitute "special revenues" as that term is defined in section 902(2) of the Bankruptcy Code. Moreover, the phrase "application of pledged special revenues" has given rise to arguments that the provisions of section 922(d) apply only to funds in possession and control of the debtholders, or their trustee. Therefore, it is uncertain whether or not the filing of a chapter 9 petition (if the University had such power under Alabama law) would affect application of Pledged Revenues for the payment of principal and interest on the Series

2019 Bonds. Similarly, it is uncertain whether section 928 of the Bankruptcy Code would control the claims of holders of the Series 2019 Bonds with respect to the Pledged Revenues.

As a “municipality” within the meaning of the United States Bankruptcy Code, the University’s eligibility to be a debtor is governed solely by 11 U.S.C. §109(c). A “municipality” within the meaning of Chapter 9 of the United States Bankruptcy Code cannot seek relief as a “debtor” under other chapters of the Bankruptcy Code, including without limitation Chapters 7 and 11.

The approving legal opinion of Bond Counsel to the University will contain the customary reservation that the rights of the holders of the Series 2019 Bonds and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, sovereign immunity, moratorium and other similar laws affecting creditors’ rights and the exercise of judicial discretion in appropriate cases. See the proposed form of approving legal opinion set forth in Appendix B – “Proposed Form of Approval Opinion of Bond Counsel to the University.”

FINANCIAL ADVISOR

PFM Financial Advisors LLC (“PFM”) is employed by the University to perform professional services in the capacity of financial advisor. In its role as financial advisor to the University, PFM has provided advice on the plan of financing and structure of the Series 2019 Bonds, and reviewed certain legal and disclosure documents, including this Official Statement, for financial matters. PFM has not independently verified the factual information contained in this Official Statement, but relied on the information supplied by the University and other sources and the University’s certification as to the Official Statement.

UNDERWRITING

The Series 2019-A Bonds are being purchased for reoffering by the underwriters shown on the front cover hereof (the “Underwriters”) at an aggregate purchase price of \$[_____] (representing the par amount of the Series 2019-A Bonds, less an underwriting discount of \$[_____] , plus [net] original issue [premium/discount] of \$[_____]). The public offering price of the Series 2019-A Bonds as set forth on the inside of the cover page of this Official Statement may be changed from time to time by the Underwriters and the Underwriters may allow a concession from the public offering price to certain dealers.

The Series 2019-B Bonds are being purchased for reoffering by the Underwriters at an aggregate purchase price of \$[_____] (representing the par amount of the Series 2019-B Bonds, less an underwriting discount of \$[_____]). The public offering price of the Series 2019-B Bonds as set forth on the inside of the cover page of this Official Statement may be changed from time to time by the Underwriters and the Underwriters may allow a concession from the public offering price to certain dealers.

MISCELLANEOUS

The references herein to statutory provisions, the Indenture and other documents and instruments are summaries of certain provisions thereof and do not purport to be complete. For full and complete statements of such provisions reference is hereby made to the specific statutory provision, document or instrument to which such summary relates.

So far as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2019 Bonds.

The information contained in this Official Statement has been compiled or prepared from information obtained from sources believed to be reliable; however, the University makes no representation as to the accuracy or completeness of such information. The information and the expressions of opinion herein are subject to change without notice. Accordingly, neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that, since the date hereof, there has been no change in the affairs of the University or any other governmental agencies or entities discussed herein.

The distribution of this Official Statement and its use in the offering and sale of the Series 2019 Bonds have been approved by the governing body of the University.

UNIVERSITY OF SOUTH ALABAMA

/s/ G. Scott Weldon

Vice President for Finance and Administration

Dated: [_____, 2019]

APPENDIX A

**AUDITED FINANCIAL STATEMENT FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

APPENDIX B

PROPOSED FORM OF APPROVAL OPINION OF BOND COUNSEL TO THE UNIVERSITY

[Proposed Form of Approval Opinion of Bond Counsel]

[Closing Date]

Board of Trustees of the
University of South Alabama
Mobile, Alabama

Ladies and Gentlemen:

We have examined the Constitution and laws of the State of Alabama and certified copies of proceedings of the Board of Trustees of the University of South Alabama (herein called the "University") and other documents submitted to us pertaining to the authorization, issuance and validity of:

\$ _____
University of South Alabama
University Facilities
Revenue Bonds
Series 2019-A

\$ _____
University of South Alabama
Taxable University Facilities
Revenue Bonds
Series 2019-B

The statements hereinafter made and the opinions hereinafter expressed are based upon our examination of said constitution, laws, proceedings, and documents, which show as follows:

(1) that the above-referenced Series 2019-A Bonds (the "Series 2019-A Bonds") and Series 2019-B Bonds (the "Series 2019-B Bonds" and, together with the Series 2019-A Bonds, the "Series 2019 Bonds") have been issued under a University Facilities Revenue Trust Indenture dated as of February 15, 1996, as heretofore supplemented and amended and as further supplemented by a Fifteenth Supplemental University Facilities Revenue Trust Indenture dated the date of the Series 2019 Bonds between the University and The Bank of New York Mellon Trust Company, N.A., as successor trustee (said Indenture, as so supplemented and amended, herein called the "Indenture"), wherein there has been pledged for payment of all bonds issued thereunder so much as may be necessary therefor of (a) the proceeds of the general tuition fees levied against all students attending the University, (b) the gross revenues derived from auxiliary enterprises services furnished by the University, including, without limitation, food services, housing, college stores, dining, concessions and other similar services, as such revenues are shown as a separate item on the audited financial statements of the University, and (c) an amount not exceeding \$10,000,000 in any fiscal year of the University of the gross revenues derived from that certain hospital facility owned and operated by the University and known as USA Children's and Women's Hospital (collectively herein called the "Pledged Revenues"); and

(2) that the University is authorized under the Indenture to issue, without express limit as to principal amount but only upon compliance with certain conditions precedent specified in the Indenture, Additional Bonds (as such term is defined in the Indenture) secured by a pledge of the Pledged Revenues on a parity with all other bonds issued under the Indenture and at any time outstanding.

We are of the following opinion: that the University is a public body corporate under the laws of the State of Alabama and has corporate power to issue the Series 2019 Bonds and to execute and deliver the Indenture; that the Series 2019 Bonds have been duly authorized, executed and issued in the manner provided by the applicable provisions of the Constitution and laws of the State of Alabama, are in due and legal form and evidence valid and binding limited and special obligations of the University payable, as to principal and interest, solely out of the Pledged Revenues; that the payment of the principal of and the interest on the Series 2019 Bonds is secured on a parity with all Bonds (as such term is defined in the Indenture) previously issued under the Indenture and with any

other Additional Bonds hereafter issued under the Indenture by a pledge of the Pledged Revenues pro rata and without preference or priority of the Bonds of one series over those of another; that the said pledge is valid, subject to all lawful prior charges on the Pledged Revenues; and that the Indenture has been duly authorized, executed and delivered on behalf of the University. We are of the opinion that the interest on the Series 2019 Bonds is, under existing statutes and regulations as presently construed, exempt from Alabama income taxation.

We are further of the opinion that under the Internal Revenue Code of 1986, as amended (herein called the "Code"), as presently construed and administered, and assuming compliance by the University with its covenants pertaining to certain requirements of federal tax law that are set forth in the Indenture and the proceedings authorizing the issuance of the Series 2019-A Bonds, the interest on the Series 2019-A Bonds will be excludable from gross income of the recipient thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code and will not be an item of tax preference included in alternative minimum taxable income for the purpose of computing the minimum tax imposed by Section 55 of the Code. We call to your attention, however, that a portion of the interest income on the Series 2019-A Bonds will be included in the alternative minimum taxable income of corporations for the purpose of computing liability for the alternative minimum tax imposed by Section 55 of the Code.

We express no opinion regarding tax consequences arising with respect to the Series 2019 Bonds other than as expressly set forth herein.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement of the University relating to the Series 2019 Bonds. We express no opinion with respect to the federal tax consequences to the recipient of the interest on the Series 2019 Bonds under any provision of the Code not referred to above.

The rights of the holders of the Series 2019 Bonds and the enforceability of the Series 2019 Bonds and the Indenture are subject to all applicable bankruptcy, insolvency, reorganization, sovereign immunity, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and the exercise of judicial discretion in appropriate cases.

Neither the principal of nor the interest on the Series 2019 Bonds nor the aforesaid pledge or any other agreements contained in the Indenture constitute an obligation of any nature whatsoever of the State of Alabama, and neither the Series 2019 Bonds nor any obligation arising from said pledge or other agreements are payable out of any moneys appropriated to the University by the State of Alabama. The Indenture does not constitute a mortgage on any of the property of the University and no foreclosure or sale proceedings with respect to any property of the University shall ever be had under its authority.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX C
FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

The University of South Alabama, a public body corporate under the laws of the State of Alabama (the “University”), has entered into this Agreement for the benefit of the holders of its University Facilities Revenue Bonds, Series 2019-A, in the aggregate principal amount of \$[_____], and its University Facilities Revenue Bonds, Series 2019-B, in the aggregate principal amount of \$[_____] (together, the “Bonds”). The University is the Obligated Person with respect to the Bonds.

Recitals

A. The Bonds are being issued pursuant to a University Facilities Revenue Trust Indenture dated as of February 15, 1996 (the said Indenture, as heretofore supplemented and amended and as further supplemented and amended by a Fifteenth Supplemental University Facilities Revenue Trust Indenture dated the date of the Bonds (the “Indenture”), between the University and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

B. An Official Statement dated [_____, 2018] (the “Official Statement”) has been prepared for distribution to prospective purchasers of the Bonds.

C. The Bonds are subject to the provisions of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), as amended. This Agreement is being entered into pursuant to the continuing disclosure requirements of the Rule.

D. Capitalized terms not otherwise defined in this Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with definitions in the Rule, in the Official Statement.

E. There is no Obligated Person with respect to the Bonds other than the University.

NOW, THEREFORE, for and in consideration of the premises, the University hereby covenants, agrees and binds itself as follows:

1. Financial Statements; Annual Report.

(a) The University will provide to the Municipal Securities Rulemaking Board (the “MSRB”) the audited financial statements of the University, prepared in accordance with generally accepted accounting principles as applicable to the University, not later than 210 days after the close of each fiscal year of the University, beginning with the fiscal year ending September 30, 2019.

(b) The University will provide, not later than 210 days after the end of each fiscal year of the University, commencing with the fiscal year ending September 30, 2019, to the MSRB the following financial and operating data, unless such information is included in the filed audited financial statements (the “Annual Report”):

- (1) the revenues from the general tuition fees the proceeds of which are pledged for payment of the Bonds;
- (2) the revenues from the auxiliary enterprises fees the proceeds of which are pledged for payment of the Bonds;
- (3) the schedule of undergraduate and graduate fees and Medical College fees;
- (4) the number of students, by geographic classification, attending the fall term commencing within the fiscal year covered by the University Annual Report;
- (5) the total State appropriations authorized and received.

(c) If the University's fiscal year is changed subsequent to the execution of this Agreement, the University shall provide timely notice of the change to the MSRB stating that its fiscal year has changed and specifying the new period constituting the University's fiscal year.

2. Event Notices. The University agrees to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, as required by the Rule, to the MSRB, notice of the occurrence of any of the following events (each a "Listed Event") with respect to the Bonds:

1. principal and interest payment delinquencies.
2. non-payment related defaults, if material.
3. unscheduled draws on debt service reserves reflecting financial difficulties.
4. unscheduled draws on credit enhancements reflecting financial difficulties.
5. substitution of credit or liquidity providers, or their failure to perform.
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. modifications of the rights of holders of the Bonds, if material.
8. bond calls, if material, and tender offers.
9. defeasances.
10. release, substitution or sale of property securing repayment of the Bonds, if material.
11. rating changes.
12. bankruptcy, insolvency, receivership, or similar event of the obligated person.
13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. [Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material.] [This paragraph 15 is only included if closing of Series 2019 Bonds is on or after February 27, 2019]
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.] [This paragraph 15 is only included if closing of Series 2019 Bonds is on or after February 27, 2019]

3. Additional Information. Nothing in this Agreement shall be deemed to prevent the University from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in

addition to that which is required by this Agreement. If the University chooses to disseminate information in addition to that required herein, whether by including such information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement or otherwise, the University shall have no obligation under this Agreement to update or continue to provide such information or include it in any future notice of occurrence of a Listed Event.

4. Form and Method of Filing. All filings to be provided hereunder to the MSRB shall be made by posting such information in electronic format on the MSRB's Electronic Municipal Market Access ("EMMA") system at <http://emma.msrb.org> accompanied by identifying information as prescribed by the MSRB. All such filings shall be made in conformity with the procedures and requirements established by the MSRB in effect at the time of such filing.

5. Beneficiaries; Limitation of Remedies Hereunder. This Agreement is for the benefit of the holders of the Bonds and shall be enforceable by such holders, subject to the limitations herein. The University shall never be subject to money damages in any sum or amount, whether compensatory, punitive or otherwise, for its failure to comply with its obligations contained herein. The only remedy available to the holders of the Bonds for breach by the University of its obligations hereunder shall be the remedy of specific performance or mandamus against the appropriate officials of the University to obtain performance of the University's obligations hereunder. No failure by the University to comply with the provisions of this Agreement shall be an event of default with respect to the Bonds under the Indenture.

6. Responsibility for Compliance.

(a) No person other than the University shall have any liability or responsibility for compliance by the University with its obligations under this Agreement. The Trustee has undertaken no responsibility with respect to any reports, notices or disclosures required by this Agreement or the Rule.

(b) The University will pay all costs incurred in connection with the performance of its obligations under this Agreement, including without limitation the fees and expenses of any dissemination agent, consultants, advisers, accountants, legal counsel or other persons that may be retained by the University to assist in the performance of the University's obligations.

7. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the University may amend this Agreement and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not cause the undertakings herein to violate the Rule taking into account any subsequent change in or official interpretation of the Rule.

8. Termination. The University reserves the right to terminate its obligation to provide an Annual Report, audited financial statements and notices of material events, as set forth above, if and when the University no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

9. Contract Formed. This Agreement shall constitute a contract between the University and the holders from time to time and at any time of the Bonds, but no other person, firm or corporation shall have any rights hereunder.

[Balance of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been duly authorized by the University and has been executed by and on behalf of the University by its duly authorized officer, all as of the [____] day of [____], 2019.

UNIVERSITY OF SOUTH ALABAMA

By: _____

Its: _____

APPENDIX D
DTC PROCEDURES

DTC Book-Entry Only System

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2019 Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of each series of the Securities, in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 7A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the University as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

THE UNIVERSITY, THE UNDERWRITERS AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2019 BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE SERIES 2019 BONDS, (2) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2019 BONDS, OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE SERIES 2019 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC OR DIRECT OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE UNIVERSITY, THE UNDERWRITERS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE SERIES 2019 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (3) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR PREMIUM, IF ANY, ON THE SERIES 2019 BONDS; (4) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND INDENTURE TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2019 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN

| | | | |
|----|-----|----|-------------|
| BY | DTC | AS | BONDHOLDER. |
|----|-----|----|-------------|

APPENDIX E
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

EXHIBIT IV
FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

The University of South Alabama, a public body corporate under the laws of the State of Alabama (the “University”), has entered into this Agreement for the benefit of the holders of its University Facilities Revenue Bonds, Series 2019-A, in the aggregate principal amount of \$[_____], and its Taxable University Facilities Revenue Bonds, Series 2019-B, in the aggregate principal amount of \$[_____] (together, the “Bonds”). The University is the Obligated Person with respect to the Bonds.

Recitals

A. The Bonds are being issued pursuant to a University Facilities Revenue Trust Indenture dated as of February 15, 1996 (the said Indenture, as heretofore supplemented and amended and as further supplemented and amended by a Fifteenth Supplemental University Facilities Revenue Trust Indenture dated the date of the Bonds (the “Indenture”), between the University and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

B. An Official Statement dated [_____, 2019] (the “Official Statement”) has been prepared for distribution to prospective purchasers of the Bonds.

C. The Bonds are subject to the provisions of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), as amended. This Agreement is being entered into pursuant to the continuing disclosure requirements of the Rule.

D. Capitalized terms not otherwise defined in this Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with definitions in the Rule, in the Official Statement.

E. There is no Obligated Person with respect to the Bonds other than the University.

NOW, THEREFORE, for and in consideration of the premises, the University hereby covenants, agrees and binds itself as follows:

1. Financial Statements; Annual Report.

(a) The University will provide to the Municipal Securities Rulemaking Board (the “MSRB”) the audited financial statements of the University, prepared in accordance with generally accepted accounting principles as applicable to the University, not later than 210 days after the close of each fiscal year of the University, beginning with the fiscal year ending September 30, 2019.

(b) The University will provide, not later than 210 days after the end of each fiscal year of the University, commencing with the fiscal year ending September 30, 2019, to the MSRB the following financial and operating data, unless such information is included in the filed audited financial statements (the “Annual Report”):

- (1) the revenues from the general tuition fees the proceeds of which are pledged for payment of the Bonds;
- (2) the revenues from the auxiliary enterprises fees the proceeds of which are pledged for payment of the Bonds;
- (3) the schedule of undergraduate and graduate fees and Medical College fees;
- (4) the number of students, by geographic classification, attending the fall term commencing within the fiscal year covered by the University Annual Report;
- (5) the total State appropriations authorized and received.

(c) If the University's fiscal year is changed subsequent to the execution of this Agreement, the University shall provide timely notice of the change to the MSRB stating that its fiscal year has changed and specifying the new period constituting the University's fiscal year.

2. Event Notices. The University agrees to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, as required by the Rule, to the MSRB, notice of the occurrence of any of the following events (each a "Listed Event") with respect to the Bonds:

1. principal and interest payment delinquencies.
2. non-payment related defaults, if material.
3. unscheduled draws on debt service reserves reflecting financial difficulties.
4. unscheduled draws on credit enhancements reflecting financial difficulties.
5. substitution of credit or liquidity providers, or their failure to perform.
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. modifications of the rights of holders of the Bonds, if material.
8. bond calls, if material, and tender offers.
9. defeasances.

10. release, substitution or sale of property securing repayment of the Bonds, if material.
11. rating changes.
12. bankruptcy, insolvency, receivership, or similar event of the obligated person.
13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. [Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material.]¹
16. [Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.]¹

3. Additional Information. Nothing in this Agreement shall be deemed to prevent the University from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the University chooses to disseminate information in addition to that required herein, whether by including such information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement or otherwise, the University shall have no obligation under this Agreement to update or continue to provide such information or include it in any future notice of occurrence of a Listed Event.

4. Form and Method of Filing. All filings to be provided hereunder to the MSRB shall be made by posting such information in electronic format on the MSRB's Electronic Municipal Market Access ("EMMA") system at <http://emma.msrb.org> accompanied by identifying information as prescribed by the MSRB. All such filings shall be made in conformity with the procedures and requirements established by the MSRB in effect at the time of such filing.

5. Beneficiaries; Limitation of Remedies Hereunder. This Agreement is for the benefit of the holders of the Bonds and shall be enforceable by such holders, subject to the

¹ Paragraph 15 and 16 to be included only if the Series 2019 Bonds are issued on or after February 27, 2019.

limitations herein. The University shall never be subject to money damages in any sum or amount, whether compensatory, punitive or otherwise, for its failure to comply with its obligations contained herein. The only remedy available to the holders of the Bonds for breach by the University of its obligations hereunder shall be the remedy of specific performance or mandamus against the appropriate officials of the University to obtain performance of the University's obligations hereunder. No failure by the University to comply with the provisions of this Agreement shall be an event of default with respect to the Bonds under the Indenture.

6. Responsibility for Compliance.

(a) No person other than the University shall have any liability or responsibility for compliance by the University with its obligations under this Agreement. The Trustee has undertaken no responsibility with respect to any reports, notices or disclosures required by this Agreement or the Rule.

(b) The University will pay all costs incurred in connection with the performance of its obligations under this Agreement, including without limitation the fees and expenses of any dissemination agent, consultants, advisers, accountants, legal counsel or other persons that may be retained by the University to assist in the performance of the University's obligations.

7. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the University may amend this Agreement and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not cause the undertakings herein to violate the Rule taking into account any subsequent change in or official interpretation of the Rule.

8. Termination. The University reserves the right to terminate its obligation to provide an Annual Report, audited financial statements and notices of material events, as set forth above, if and when the University no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

9. Contract Formed. This Agreement shall constitute a contract between the University and the holders from time to time and at any time of the Bonds, but no other person, firm or corporation shall have any rights hereunder.

[Balance of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been duly authorized by the University and has been executed by and on behalf of the University by its duly authorized officer, all as of the [____] day of [____], 2019.

UNIVERSITY OF SOUTH ALABAMA

By: _____

Its: _____

EXHIBIT V
FORM OF CERTIFICATE OF COMPLIANCE

This Certificate of Compliance is being delivered by the undersigned member of The Board of Trustees (the “Board”) of The University of South Alabama (the “University”), in such member’s capacity as a Designated Board Member, and by the undersigned [President of the University]/[Vice President for Finance and Administration], in such officer’s capacity as a Designated Officer, with respect to the issuance by the University of its \$_____ University Facilities Revenue Bonds, Series 2019-A [and its \$_____ Taxable University Facilities Revenue Bonds, Series 2019-B (collectively, the “Series 2019 Bonds”) under, pursuant to and in accordance with that certain resolution adopted on December 7, 2018 by the Board (the “Authorizing Resolution”). The Plan of Finance for the Series 2019 Bonds is described in the Authorizing Resolution. Capitalized terms used and not otherwise defined herein shall have the meaning ascribed thereto in the Authorizing Resolution.

Each of the undersigned does hereby declare, certify, establish and order, as follows:

1. The undersigned is a Designated Board Member or a Designated Officer as described and set forth in Section 10 of the Authorizing Resolution.

2. Each of the undersigned confirms and verifies that the Series 2019 Bonds have been sold and are to be issued in accordance with the Authorizing Resolution and the provisions of Section 2 thereof, and further approves the remaining details of the Plan of Finance for the Series 2019 Bonds.

IN WITNESS WHEREOF, this certificate and order has been executed on behalf of the Board and the University.

Dated: _____, 2019.

Designated Board Member

Designated Officer

By: _____

By: _____

Name: : _____

Name: : _____

Title: : _____

Title: : _____



UNIVERSITY OF SOUTH ALABAMA

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

PROPERTY ADDRESS:

139 Hillcrest Road
Mobile, Alabama 36608
Parcel Number/Key Number: R02-28-05-21-2-000-011.XXX (Key # 00522321)
R02-28-05-21-2-000-012.XXX (Key # 01709903)

APPRAISAL INFORMATION:

No appraisal was obtained. 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

REAL ESTATE PURCHASE CONTRACT

The **University of South Alabama** ("Buyer"), a public body corporate, whose principal address is 307 University Boulevard North, Mobile, AL 36688 ("Buyer's Address"), hereby agrees to buy and **Leo L. & Sandra Crain** ("Seller"), whose principal address is 8515 Lamhatty Lane North, Daphne, Alabama 36526 ("Seller's Address"), hereby agrees to sell for the consideration and upon the terms hereinafter set forth, the real estate described as:

PARCEL A: R02-28-05-21-2-000-011.XXX (Key #00522321)

That certain parcel of land bounded by a line beginning at a point 25ft. East of the West line of Section 21, Township 4 south, Range 2 West, and 1,036.16 ft, South of the south line of Tanner-Williams Hwy for a point of beginning; thence run South 104.36 ft. to a point, thence run due East 392.72 ft to a point, thence run North 104.36 ft. to a point, thence run due West 392.72 ft. to the point of beginning.

PARCEL B: R02-28-05-21-2-000-012.XXX (Key #1709903)

That certain parcel of land bounded by a line beginning at a point 25ft. East of the West line of Section 21, Township 4 South, Range 2 West, and 1140.52 ft. South of the South line of the Tanner-Williams Hwy. for the beginning point; run thence due South 104.36 ft., thence due East 392.72 ft., thence due North 104.36 ft., thence due West 392.72 ft. to the point of beginning.

TOGETHER WITH all rights, privileges, tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining (the "Property").

ARTICLE I - Purchase Price and Condition of Property

1.1 The purchase price for the Property shall be ***FIVE HUNDRED THIRTY-NINE THOUSAND AND NO/100 DOLLARS (\$539,000.00)*** (the "Purchase Price") and shall be payable on the day of Closing ("Closing Date") by cash, cashier's check, certified check or wire transfer. Seller shall pay the cost of acquiring a current title insurance policy for the benefit of Buyer, and the cost of document preparation, including a general warranty deed (the "Deed").

Buyer agrees to pay other closing and settlement costs. Property taxes shall be prorated as of the Closing date.

1.2 Seller agrees that the proceeds of this sale shall be used to satisfy any and all outstanding mortgages and/or liens that exist on the Property at the Closing of this transaction (the "Closing") before any remaining proceeds from the sale are given to Seller.

ARTICLE II - Closing

2.1 Unless otherwise extended by the provisions of the "Contract" or by agreement in writing by the parties, the Closing of this transaction shall be held by or before January 18, 2019.

2.2 The Closing shall occur at the offices of Anders, Boyett, and Brady or such other location as may be agreed to in writing by Purchaser and Seller.

ARTICLE III - Possession

3.1 Seller and Buyer acknowledge and agree that until the Closing date, Seller shall have possession of the Property and shall continue to pay any and all expenses incurred by Seller such as yard maintenance and agrees to indemnify and hold Buyer harmless from any and all costs associated with same. Seller shall be responsible for insuring the property during the period of Seller's possession. Buyer shall bear no responsibility for risk of loss prior to the time that Seller vacates the property.

ARTICLE IV - Deed and Other Documents

4.1 Seller shall convey the Property to Buyer by recordable General Warranty Deed (the "Deed"), conveying good and marketable title of record to the Property, in fee simple, free and clear of all liens and encumbrances except for a lien of real property taxes not yet due and payable, any liens and encumbrances which do not interfere with Buyer's intended use of the Property, including existing easements, and other exceptions approved in writing by Buyer.

4.2 Seller shall execute and deliver with the Deed such other documents as may be required by any governmental entity or by the title insurance company as a condition to the

issuance of its policy of title insurance in accordance with Article V, including, but not limited to:

- (a) The standard affidavit required by the title insurance company for the removal of the standard preprinted exceptions from the title insurance policy; and
- (b) A Certificate of Non-Foreign Status or other evidence satisfactory to Buyer and the title insurance company confirming that Buyer is not required to withhold or pay to the Internal Revenue Service any part of the "amount realized" as such term is defined in the Internal Revenue Code of 1986, as amended, and the regulations promulgated pursuant thereto.

ARTICLE V - Title Insurance

5.1 Buyer shall order a title insurance commitment or preliminary title report issued by the title company of Buyer's choosing (referred to as "Title Insurance Company") in which the Title Insurance Company commits that upon delivery and recordation of the Deed and other documents provided for in this Contract, it will issue, at its usual rate, a standard form ALTA owner's commitment with extended coverage or comparable form, insuring access to the Property and such other endorsements as Buyer may request (the "Policy"), insuring Buyer in the total amount of the Purchase Price, fee simple title to the Premises subject only to (a) the lien for real estate taxes not yet due and payable; (b) exceptions approved in writing by Buyer; and/or (c) such liens as are to be released and discharged at the Closing. Seller agrees to provide to Buyer and the Title Insurance Company all title information in Seller's possession relating to the Property together with a copy of the most recent tax bills relating to the Property.

5.2 Without limiting the foregoing or being limited thereby, the standard exceptions for parties in possession, mechanics' and materialmen's liens and matters which would be disclosed by an accurate survey shall be eliminated from said Policy.

5.3 Seller shall bear all costs and expenses incurred in connection with the issuance of said title commitment, Policy and any endorsements thereto which are required to conform the Policy to the terms and conditions of this Contract.

5.4 If the title insurance commitment or report shows any exceptions to title other than

those referred to in Article 5.1 above, Buyer shall notify Seller in writing of the defects in title within ten (10) days after receipt of the title commitment (with copies of all documents referred to therein). Seller shall then have ten (10) days after receipt of such notice in which to cure such defects and furnish to Buyer satisfactory proof that such defects have been cured. Seller agrees to use its best efforts to cure such defects. If Seller fails or is unable to cure such title defects within such ten (10) day period or to obtain title insurance which will give affirmative coverage to Buyer against loss as a result of such title defects, Buyer shall have the option, to be exercised in its sole discretion, to (i) proceed with Closing of this transaction subject to such title defects, or (ii) terminate this Contract.

ARTICLE VI - Taxes and Assessments

6.1 Seller shall pay or credit against the Purchase Price all unpaid real estate taxes, including penalties and interest, for all tax years preceding the Closing Date, and shall credit a portion of such taxes for the tax year in which the Closing is held, prorated through the Closing Date. The proration of such taxes shall be based on a 365-day year and on the most recently available rate and valuation and the amount so computed and adjusted shall be final.

6.2 Seller shall pay any special assessments which (a) are a lien on the Property on the Closing Date, whether such assessments are past due, then due or thereafter to become due or (b) are not a lien but are then known and will be payable in whole or in part after the Closing Date.

ARTICLE VII - Utility Charges

7.1 Seller shall pay or credit on the Purchase Price all unpaid utility charges and all charges for services of any type furnished to the Property by all governmental agencies, public utilities and/or private utilities through the Closing Date.

ARTICLE VIII - Risk of Loss

8.1 The risk of loss, damage or destruction to the Property and any improvements thereon through condemnation, fire or otherwise shall be borne by Seller until the Closing.

ARTICLE IX - Conditions to Closing

9.1 Buyer's obligation to close this transaction is subject to the following conditions and covenants:

- (a) Easements. Buyer may obtain at or prior to Closing all other easements or licenses deemed necessary by Buyer upon terms and conditions acceptable to Buyer. Seller agrees to reasonably cooperate with Buyer in obtaining any such easements or licenses.
- (b) Survey. Buyer may obtain, at Buyer's sole cost, a certified ALTA survey, being a legal description, made by a licensed surveyor, showing the area, dimensions and location of the Property to the nearest monuments, streets, alleys or property, the location of all improvements, utilities and encroachments, the location of all proposed and recorded easements against or appurtenant to the Property. If a survey is obtained and discloses any condition rendering the Property unusable, in Buyer's sole judgment, for the intended purpose of Buyer, Buyer may terminate this Contract for Purchase with no penalty.
- (c) Title Insurance. Buyer shall have obtained from Seller a satisfactory title insurance commitment or preliminary title report in accordance with Article V above.
- (d) Seller's Performance. Seller shall have performed all terms, covenants and obligations required of Seller hereunder.
- (e) Environmental Audit and Testing. Buyer, at Buyer's expense, may obtain a current satisfactory Phase I or Phase II Environmental Audit of the Property and any other environmental testing which Buyer deems reasonably necessary to evaluate potential environmental risks. If such audit or tests reveal the existence of any toxic or hazardous waste, material or substance on, under or surrounding the Property, Buyer may terminate this Contract.
- (f) Title to property with satisfaction of all existing mortgages and/or liens free and clear of all encumbrances.
- (g) Demolition by Seller of all existing structures upon the property and removal of all debris associated therewith, to Buyer's reasonable satisfaction.

ARTICLE X - Notices

10.1 Unless otherwise provided herein, all notices shall be in writing and shall be deemed effective upon the earlier of either (a) personal delivery (b) facsimile or (c) deposit in the U.S. Mail, marked Certified or Registered, return receipt requested, with postage prepaid to Seller at 8515 Lamhatty Lane North, Daphne, Alabama 36526, and to Buyer at 775 N. University Boulevard, Suite 150, Mobile, AL 36608 (facsimile 251-460-1765).

ARTICLE XI - Representations and Warranties

11.1 Seller represents, warrants and covenants to Buyer as to the following matters, and shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date.

- (a) All covenants, conditions, restrictions, easements and similar matters affecting the Property have been complied with.
- (b) There is no pending or threatened litigation, arbitration, administrative action or examination, claim, or demand whatsoever relating to the Property or the furnishings and equipment contained in the premises and sold as part of this Agreement. No attachments, execution proceedings, liens, assignments or insolvency proceedings are pending, threatened or contemplated against Seller, the Property or the furnishings and equipment contained in the premises and sold as part of this Agreement. Seller is not contemplating the institution of insolvency proceedings.
- (c) Seller has no knowledge of any pending or contemplated eminent domain, condemnation, or other governmental or quasi-governmental taking of any part or all of the Property.
- (d) Seller has not been notified of any possible future improvements by any public authority, any part of the cost of which might be assessed against any part of the Property.
- (e) To the best of Seller's knowledge, Seller: (i) has not used the Property for the storage, treatment, generation, production or disposal of any toxic or hazardous waste, material or substance nor does Seller have knowledge of such use by others; (ii) has

not caused or permitted and has no knowledge of the release of any toxic or hazardous waste, material or substance on or off site of the Property; (iii) has not received any notice from any governmental authority or other agency concerning the removal of any toxic or hazardous waste, material or substance from the Property; and (iv) has disclosed to Buyer the location of all underground storage tanks on the Property (if any).

(f) No event has occurred with respect to the Property which would constitute a violation of any applicable environmental law, ordinance or regulation.

(g) The execution and delivery of this Contract has been duly authorized and validly executed and delivered by Seller, and will not (i) constitute or result in the breach of or default under any oral or written agreement to which Seller is a party or which affects the Property; (ii) constitute or result in a violation of any order, decree or injunction with respect to which either Seller and/or the Property is/are bound; (iii) cause or entitle any party to have a right to accelerate or declare a default under any oral or written agreement to which Seller is a party or which affects the Property; and or (iv) violate any provision of any municipal, state or federal law, statutory or otherwise, to which either Seller or the Property may be subject.

11.2 As an inducement to Seller to enter into this Contract, Buyer represents that Buyer has the right, power and authority to purchase the Property in accordance with the terms and conditions of this Contract and that Buyer has validly executed and delivered this Contract.

11.3 Except as is expressly provided in this Contract, Buyer acknowledges that neither Seller nor any agent, attorney, employee or representative of Seller has made any representations as to the physical nature or condition of the Property.

11.4 All of the representations, warranties and covenants made by Seller in Article XI and elsewhere in this Contract shall survive the Closing for a period of two (2) years. Unless Buyer delivers notice to Seller of a breach of representation, warranty or covenant contained in Article XI or elsewhere in this Contract within two (2) years of the Closing Date, the representation, warranty or covenant shall be of no further force or effect.

ARTICLE XIII - Acceptance

13.1 In the event this Contract is not signed simultaneously by both parties, it shall be considered to be an offer made by the party first executing it. In such event this offer shall expire at 12:00pm NOON, Friday, October 19, 2018 Central Daylight Time following the offer unless one copy of this Contract, executed by the party to whom this offer had been made, shall have been mailed (in accordance with Article XI hereof) or personally delivered to the party making the offer.

ARTICLE XIV - Broker Commissions

14.1 To the extent allowed by law, each party agrees to indemnify and hold the other party harmless from any cost, expense or liability (including reasonable attorney's fees) for any compensation, commissions or charges claimed by any real estate broker or agent employed or claiming to represent or to have been employed by the indemnifying party in connection with the negotiation of this transaction.

Signed by Buyer this 15th day of October, 2018.

BUYER:

UNIVERSITY OF SOUTH ALABAMA

By: G. Scott Weldon

G. Scott Weldon

Vice President, Finance and Administration

Signed by Seller this 19th day of October, 2018.

SELLERS:

Leo L. & Sandra Crain

By: Leo L. Crain

Leo L. Crain

By: Sandra Crain

Sandra Crain

REAL ESTATE PURCHASE CONTRACT ADDENDUM #1

This Addendum is to be attached and made a part of the Real Estate Purchase Contract ("Contract") between the **University of South Alabama** ("Buyer"), a public body corporate, whose principal address is 307 University Boulevard North, AD-170, Mobile, AL 36688 and **Leo L. & Sandra Crain** ("Seller"), whose principal address is 8515 Lamhatty Lane North, Daphne, Alabama 36526.

The following terms are incorporated into and made a part of the Contract:

1. The Closing date of the transaction shall be extended to January 31, 2019 unless otherwise extended by the provisions of the "Contract" or by agreement in writing by the parties.
2. Buyer represents to Seller its satisfaction of all conditions to closing as stated in Article IX of the Contract.

Except as revised and amended by this Addendum, all other terms, provision, covenants, and agreements contained in the Contract shall remain in full force and effect.

Signed by Buyer this 15th day of January, 2019.

Signed by Seller this 16th day of January, 2019.

BUYER:
University of South Alabama, a public body corporate of the State of Alabama

SELLER:
Leo L. & Sandra Crain

By: Robert K. Davis

Robert K. Davis
University Treasurer

By: Leo L. Crain

Print Name: LEO CRAIN

By: Sandra E. Crain

Print Name: SANDRA E CRAIN



UNIVERSITY OF SOUTH ALABAMA

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

PROPERTY ADDRESS:

142 & 150 West Drive

Mobile, Alabama 36608

Parcel Number/Key Number: R02-28-05-21-2-000-031.001 (Key # 03020536)

R02-28-05-21-2-000-031. (Key # 00522526)

R02-28-05-21-2-000-031.01 (Key # 00522535)

R02-28-05-21-2-000-032. (Key # 00522544)

APPRAISAL INFORMATION:

No appraisal was obtained. The property was purchased at a price well below listed sale price.

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

REAL ESTATE PURCHASE CONTRACT

The University of South Alabama ("Buyer"), a public body corporate, whose principal address is 307 University Boulevard North, Mobile, AL 36688 ("Buyer's Address"), hereby agrees to buy and Rachel & Earnest L. Quinley Sr., Yvonne Morrison, Rebecca Elmore, and Wanda Morrison ("Seller"), hereby agrees to sell for the consideration and upon the terms hereinafter set forth, the real estate described as:

PARCEL A: 02-28-05-21-2-000-031.001 (Key #03020536)

W 1/2 LOTS 18 & 19 BLK 5 WESTERN HILLS MBK 3/390-1
#SEC 21 T4S R2W #MP28 05 21 2 000

PARCEL B: R02-28-05-21-2-000-031 (Key #00522526)

ALL OF LOT 20 BLK 5 OF WESTERN HILLS MBK 3 N S PG 3900-1 SUBJ TO ROW
EASEMNT OVER & ACROSS N 20 FT OF SD PPTY EXT FROM TH W/L OF W DR WLY
A DIS OF 400 FT TO TH W TERMINUS OF SD EASEMNT
#SEC 21 T4S R2W #MP28 05 21 2 000

PARCEL C: R02-28-05-21-2-000-031.01 (Key #00522535)

LOT 21 BLK 5 WESTERN HILLS NEWMANS DIV MBK 3 P 390
#SEC 21 T4S R2W #MP28 05 21 2 000

PARCEL D: R 02-28-05-21-2-000-032 (Key #00522544)

LOT 22 BLK 5 NEWMANS SUB OF WESTERN HILLS MBK 3 PGS 390 THRU 391
#SEC 21

TOGETHER WITH all rights, privileges, tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining (the "Property").

ARTICLE I - Purchase Price and Condition of Property

1.1 The purchase price for the Property shall be **SIX HUNDRED SIXTY-EIGHT THOUSAND AND NO/100 DOLLARS (\$668,000.00)** (the "Purchase Price") and shall be payable on the day of Closing ("Closing Date") by cash, cashier's check, certified check or wire transfer. Seller shall pay the cost of acquiring a current title insurance policy for the benefit of Buyer, and the cost of document preparation, including a general warranty deed (the "Deed"). Seller's costs of these items shall not exceed Three Thousand Four Hundred and no/100 dollars (\$3,400.00). Buyer agrees to pay other closing and settlement costs. Property taxes shall be prorated as of the Closing Date.

1.2 Seller agrees that the proceeds of this sale shall be used to satisfy any and all outstanding mortgages and/or liens that exist on the Property at the Closing of this transaction (the "Closing") before any remaining proceeds from the sale are given to Seller.

ARTICLE II - Closing

2.1 Unless otherwise extended by the provisions of the "Contract" or by agreement in writing by the parties, the Closing of this transaction shall be held by or before January 25, 2019.

2.2 The Closing shall occur at the offices of Anders, Boyett, and Brady or such other location as may be agreed to in writing by Purchaser and Seller.

ARTICLE III - Possession

3.1 Seller and Buyer acknowledge and agree that until the Closing Date, Seller shall have possession of the Property and shall continue to pay any and all expenses incurred by Seller such as yard maintenance and agrees to indemnify and hold Buyer harmless from any and all costs associated with same. Seller shall be responsible for insuring the property during the period of Seller's possession. Buyer shall bear no responsibility for risk of loss prior to Closing. In the event that the Buyer has not removed the contingencies enumerated herein thirty (30) days prior to the Closing Date, Seller will have the option to extend the Closing Date up to 30 days so Seller may fully vacate the home located at 142 West Drive.

ARTICLE IV - Deed and Other Documents

4.1 Seller shall convey the Property to Buyer by recordable General Warranty Deed (the "Deed"), conveying good and marketable title of record to the Property, in fee simple, free and clear of all liens and encumbrances except for a lien of real property taxes not yet due and payable, any liens and encumbrances which do not interfere with Buyer's intended use of the Property, including existing easements, and other exceptions approved in writing by Buyer.

4.2 Seller shall execute and deliver with the Deed such other documents as may be required by any governmental entity or by the title insurance company as a condition to the issuance of its policy of title insurance in accordance with Article V, including, but not limited to:

- (a) The standard affidavit required by the title insurance company for the removal of the standard preprinted exceptions from the title insurance policy; and
- (b) A Certificate of Non-Foreign Status or other evidence satisfactory to Buyer and the title insurance company confirming that Buyer is not required to withhold or pay to the Internal Revenue Service any part of the "amount realized" as such term is defined in the Internal Revenue Code of 1986, as amended, and the regulations promulgated pursuant thereto.

ARTICLE V - Title Insurance

5.1 Buyer shall order a title insurance commitment or preliminary title report issued by the title company of Buyer's choosing (referred to as "Title Insurance Company") in which the Title Insurance Company commits that upon delivery and recordation of the Deed and other documents provided for in this Contract, it will issue, at its usual rate, a standard form ALTA owner's commitment with extended coverage or comparable form, insuring access to the Property and such other endorsements as Buyer may request (the "Policy"), insuring Buyer in the total amount of the Purchase Price, fee simple title to the Premises subject only to (a) the lien for real estate taxes not yet due and payable; (b) exceptions approved in writing by Buyer; and/or (c) such liens as are to be released and discharged at the Closing. Seller agrees to provide to Buyer

and the Title Insurance Company all title information in Seller's possession relating to the Property together with a copy of the most recent tax bills relating to the Property.

5.2 Without limiting the foregoing or being limited thereby, the standard exceptions for parties in possession, mechanics' and materialmen's liens and matters which would be disclosed by an accurate survey shall be eliminated from said Policy.

5.3 Seller shall bear all costs and expenses incurred in connection with the issuance of said title commitment, Policy and any endorsements thereto which are required to conform the Policy to the terms and conditions of this Contract.

5.4 If the title insurance commitment or report shows any exceptions to title other than those referred to in Article 5.1 above, Buyer shall notify Seller in writing of the defects in title within ten (10) days after receipt of the title commitment (with copies of all documents referred to therein). Seller shall then have ten (10) days after receipt of such notice in which to cure such defects and furnish to Buyer satisfactory proof that such defects have been cured. Seller agrees to use its best efforts to cure such defects. If Seller fails or is unable to cure such title defects within such ten (10) day period or to obtain title insurance which will give affirmative coverage to Buyer against loss as a result of such title defects, Buyer shall have the option, to be exercised in its sole discretion, to (i) proceed with Closing of this transaction subject to such title defects, or (ii) terminate this Contract.

ARTICLE VI - Taxes and Assessments

6.1 Seller shall pay or credit against the Purchase Price all unpaid real estate taxes, including penalties and interest, for all tax years preceding the Closing Date, and shall credit a portion of such taxes for the tax year in which the Closing is held, prorated through the Closing Date. The proration of such taxes shall be based on a 365-day year and on the most recently available rate and valuation and the amount so computed and adjusted shall be final.

6.2 Seller shall pay any special assessments which (a) are a lien on the Property on

the Closing Date, whether such assessments are past due, then due or thereafter to become due or (b) are not a lien but are then known and will be payable in whole or in part after the Closing Date.

ARTICLE VII - Utility Charges

7.1 Seller shall pay or credit on the Purchase Price all unpaid utility charges and all charges for services of any type furnished to the Property by all governmental agencies, public utilities and/or private utilities through the Closing Date.

ARTICLE VIII - Risk of Loss

8.1 The risk of loss, damage or destruction to the Property and any improvements thereon through condemnation, fire or otherwise shall be borne by Seller until the Closing.

ARTICLE IX - Conditions to Closing

9.1 Buyer's obligation to close this transaction is subject to the following conditions and covenants:

(a) Easements. Buyer may obtain at or prior to Closing all other easements or licenses deemed necessary by Buyer upon terms and conditions acceptable to Buyer. Seller agrees to reasonably cooperate with Buyer in obtaining any such easements or licenses.

(b) Survey. Buyer may obtain, at Buyer's sole cost, a certified ALTA survey, being a legal description, made by a licensed surveyor, showing the area, dimensions and location of the Property to the nearest monuments, streets, alleys or property, the location of all improvements, utilities and encroachments, the location of all proposed and recorded easements against or appurtenant to the Property. If a survey is obtained and discloses any condition rendering the Property unusable, in Buyer's sole judgment, for the intended purpose of Buyer, Buyer may terminate this Contract for Purchase with no penalty.

(c) Title Insurance. Buyer shall have obtained from Seller a satisfactory title insurance commitment or preliminary title report in accordance with Article V

above.

(d) Seller's Performance. Seller shall have performed all terms, covenants and obligations required of Seller hereunder.

(e) Environmental Audit and Testing. Buyer, at Buyer's expense, may obtain a current satisfactory Phase I or Phase II Environmental Audit of the Property and any other environmental testing which Buyer deems reasonably necessary to evaluate potential environmental risks. If such audit or tests reveal the existence of any toxic or hazardous waste, material or substance on, under or surrounding the Property, Buyer may, at its election, (a) request that Seller fully remediate all such waste, material or substance, or (b) terminate this Contract without penalty. In the event that Buyer elects to request remediation by Seller, remediation will be at Seller's expense and to Buyer's reasonable satisfaction, or, alternatively, Seller may choose to terminate this Contract without further penalty.

(f) Removal of Hazards. Prior to Closing, Seller shall remove from the Property all toxic or hazardous waste, gardening supply inventory, and materials or substances such as fertilizers which may or may not be considered hazardous.

(g) Title to property with satisfaction of all existing mortgages and/or liens free and clear of all encumbrances.

(h) Seller is authorized to demolish any and all existing structures upon the property to the best of Seller's capabilities. Any structures not demolished prior to Closing shall remain with the property and become possession of the Buyer.

(i) Removal of Contents. Prior to Closing Seller shall remove all contents inside and within 25 feet around the perimeter of the main warehouse building.

ARTICLE X - Notices

10.1 Unless otherwise provided herein, all notices shall be in writing and shall be deemed effective upon the earlier of either (a) personal delivery (b) facsimile or (c) deposit in the U.S. Mail, marked Certified or Registered, return receipt requested, with postage prepaid to Sellers at 900 Hillcrest Road, Suite A-5, Mobile, Alabama 36695, (facsimile 251-639-4018) and to Buyer at 775 N. University Boulevard, Suite 150, Mobile, AL 36608 (facsimile 251-460-

1765).

ARTICLE XI - Representations and Warranties

11.1 Seller represents, warrants and covenants to Buyer as to the following matters, and shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date.

- (a) All covenants, conditions, restrictions, easements and similar matters affecting the Property have been complied with.
- (b) There is no pending or threatened litigation, arbitration, administrative action or examination, claim, or demand whatsoever relating to the Property or the furnishings and equipment contained in the premises and sold as part of this Agreement. No attachments, execution proceedings, liens, assignments or insolvency proceedings are pending, threatened or contemplated against Seller, the Property or the furnishings and equipment contained in the premises and sold as part of this Agreement. Seller is not contemplating the institution of insolvency proceedings.
- (c) Seller has no knowledge of any pending or contemplated eminent domain, condemnation, or other governmental or quasi-governmental taking of any part or all of the Property.
- (d) Seller has not been notified of any possible future improvements by any public authority, any part of the cost of which might be assessed against any part of the Property.
- (e) No event has occurred with respect to the Property which would constitute a violation of any applicable environmental law, ordinance or regulation.
- (f) The execution and delivery of this Contract has been duly authorized and validly executed and delivered by Seller, and will not (i) constitute or result in the breach of or default under any oral or written agreement to which Seller is a party or which affects the Property; (ii) constitute or result in a violation of any order, decree or injunction with respect to which either Seller and/or the Property is/are bound; (iii) cause or entitle any party to have a right to accelerate or declare a default under any oral or written agreement to which Seller is a party or which affects the Property;

and or (iv) violate any provision of any municipal, state or federal law, statutory or otherwise, to which either Seller or the Property may be subject.

11.2 As an inducement to Seller to enter into this Contract, Buyer represents that Buyer has the right, power and authority to purchase the Property in accordance with the terms and conditions of this Contract and that Buyer has validly executed and delivered this Contract.

11.3 Except as is expressly provided in this Contract, Buyer acknowledges that neither Seller nor any agent, attorney, employee or representative of Seller has made any representations as to the physical nature or condition of the Property.

11.4 All of the representations, warranties and covenants made by Seller in Article XI and elsewhere in this Contract shall survive the Closing, for a period of two (2) years. Unless Buyer delivers notice to Seller of a breach of representation, warranty or covenant contained in Article XI or elsewhere in this Contract within two (2) years of the Closing Date, the representation, warranty or covenant shall be of no further force or effect.

ARTICLE XII - Miscellaneous

12.1 This Contract shall inure to the benefit of and bind the parties hereto, their respective heirs, executors, administrators, personal and/or legal representatives, successors and assigns.

12.2 This Contract constitutes the entire agreement between the parties and there are no representations, oral or written, relating to the Property or to this transaction which have not been incorporated herein. Any agreement hereafter made shall be ineffective to change, modify or discharge this Contract in whole or in part unless such agreement is in writing and signed by the party against whom enforcement of any change, modification or discharge is sought.

12.3 The headings of the Articles hereof have been inserted for convenience only and shall in no way modify or restrict any provisions hereof or be used to construe any such provisions.

12.4 If two or more persons constitute the Seller, the word "Seller" shall be construed as if it reads "Sellers" throughout this Contract.

12.5 This Contract shall be construed, interpreted and enforced in accordance with the laws of the State of Alabama. The parties agree and acknowledge that the only forum for any claim against Buyer pursuant to this Agreement is the Alabama State Board of Adjustment.

12.6 This Contract may be executed in multiple counterparts, each of which shall be considered to be an original document.

12.7 The Effective Date shall be the date of the last execution hereof.

12.8 Time is of the essence hereof.

12.9 Any condition or right of termination, cancellation or rescission granted by this Contract to Seller or Buyer may be waived by such party provided such waiver is in writing.

12.10 If the time period or date by which any right, option or election provided under this Contract must be exercised, or by which any act required hereunder must be performed, or by which the Closing must be held, expires or occurs on a Saturday, Sunday, or legal or bank holiday, then such time period or date shall be automatically extended through the close of business on the next regularly scheduled business day.

ARTICLE XIII - Acceptance

13.1 In the event this Contract is not signed simultaneously by both parties, it shall be considered to be an offer made by the party first executing it. In such event this offer shall expire at 12:00pm NOON, Thursday, December 6, 2018 Central Daylight Time following the offer unless one copy of this Contract, executed by the party to whom this offer had been made,

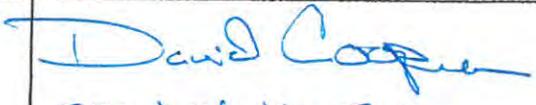
shall have been mailed (in accordance with Article XI hereof) or personally delivered to the party making the offer.

ARTICLE XIV – Broker Commissions

14.1 Seller shall be solely responsible for, and shall pay in cash at Closing, and only if Closing shall occur, a real estate commission to Berkshire Hathaway HomeServices Cooper & Co. Inc., REALTORS (“Listing Company”) but only pursuant to the terms of any separate written agreement to which Seller is a party. Seller represents and warrants to Purchaser, and Purchaser represents and warrants to Seller, that, except as provided in the preceding sentence, no commissions are due and owing any real estate broker or salesperson (other than the Listing Company) in connection with this transaction arising out of its actions. To the extent allowed by law, Seller and Purchaser hereby each agree to indemnify, defend and hold the other harmless from and against any claim for any real estate commission or similar fee arising out of its actions concerning the purchase and sale of the Property as contemplated by this Agreement.

ARTICLE XV – Broker Agency Disclosure: 34-27-8-(c)

| | |
|--|---|
| The selling company is: | The listing company is: |
| USA Properties | Berkshire Hathaway HomeServices Cooper & Co. Inc., REALTORS |
| <p style="text-align: center;"><u>TWO BLOCKS MAY BE CHECKED</u></p> <p><input type="checkbox"/> and is an Agent of the Seller <input checked="" type="checkbox"/> and is an Agent of the Buyer <input type="checkbox"/> and is an Agent of both Seller and Buyer acting as a limited <input type="checkbox"/> and is assisting the <input type="checkbox"/> Buyer <input type="checkbox"/> Seller as a transaction broker.</p> <p>Buyer(s) initials: <u>R4D</u> _____</p> | <p style="text-align: center;"><u>TWO BLOCKS MAY BE CHECKED</u></p> <p><input checked="" type="checkbox"/> and is an Agent of the Seller <input type="checkbox"/> and is an Agent of the Buyer <input type="checkbox"/> and is an Agent of both Seller and Buyer acting as a limited <input type="checkbox"/> and is assisting the <input type="checkbox"/> Buyer <input type="checkbox"/> Seller as a transaction broker.</p> <p>Seller(s) initials: <u>Ag</u> <u>RE</u> <u>WM</u> _____ <u>gm</u></p> |

| | |
|-------------------------|--|
| The selling company is: | The listing company is: |
| |  agent of the Sellers |

Signed by Buyer this 30th day of
November, 2018.

Signed by Sellers this 4th day of
December, 2018.

BUYER:

UNIVERSITY OF SOUTH ALABAMA

By: Robert K. Davis

Robert K. Davis

University Treasurer

SELLER:

By: Rachel Quinley

Rachel Quinley

By: Earnest L. Quinley, Sr.

Earnest L. Quinley Sr.

By: Yvonne Morrison

Yvonne Morrison

By: Rebecca Elmore

Rebecca Elmore

By: Wanda Morrison

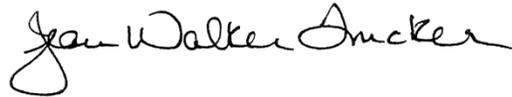
Wanda Morrison

Executive Session

University of South Alabama Board of Trustees meeting December 7, 2018.

The purpose of the executive session for the above-referenced meeting is to discuss a contested case hearing.

This written declaration is submitted pursuant to the requirements of the Alabama Open Meetings Act by Jean Walker Tucker, ASB number 9400K72J.

A handwritten signature in black ink that reads "Jean Walker Tucker". The signature is written in a cursive style with a large initial "J" and a distinct "T" at the end.

COMMITTEE MINUTES

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

AUDIT COMMITTEE

December 6, 2018

1:30 p.m.

A meeting of the Audit Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Jimmy Shumock, Chair, on Thursday, December 6, 2018, at 1:33 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Ron Graham, Ron Jenkins and Jimmy Shumock. Participating by phone was Alexis Atkins.

Member Absent: Scott Charlton.

Other Trustees: Chandra Brown Stewart, Tom Corcoran, Arlene Mitchell, Lenus Perkins, Ken Simon, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance.

Administration and Others: Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Paul Frazier, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Mike Mitchell, Grace Newcombe (SGA), Mark Peach and Ashley Willson (KPMG), Matthew Reichert (Faculty Senate), Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Shumock called for consideration of the minutes of the meeting held on August 30, 2018. On motion by Mr. Graham, seconded by Capt. Jenkins, the Committee voted unanimously to adopt the minutes.

Mr. Shumock called on Mr. Weldon, who introduced KPMG partners Ms. Ashley Willson and Mr. Mark Peach for presentation of the audit reports and letters for the year ended September 30, 2018, **ITEM 5**. Mr. Peach and Ms. Willson delivered required communications related to internal controls, significant accounting estimates, and significant accounting policies and disclosures, with emphasis on GASB (Government Accounting Standards Board) 75 pertaining to financial reporting of postemployment benefits other than pensions. Mr. Peach stated KPMG issued an unmodified opinion on the University's financial statements. He and Ms. Willson reviewed audit results for component entities of the University, including the USA Research and Technology Corporation and the USA Health Care Authority.

Mr. Shumock asked Mr. Weldon to address **ITEM 6**, the Alabama Department of Examiners of Public Accounts compliance audit for the fiscal year ended September 30, 2017. Mr. Weldon stated the audit did not report any findings. He advised of one recurring finding related to the application of e-Verify regulations and gave background on the matter.

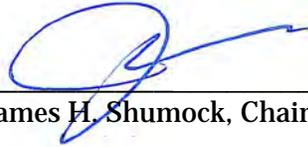
Mr. Shumock called upon Mr. Berry for a report on the activities of the Office of Internal Audit, **ITEM 7**. Mr. Berry updated the Committee on the process ongoing over approximately eight months to identify areas of risks, rate them for significance, and categorize them by higher education

Audit Committee
December 6, 2018
Page 2

industry standards. He said risk assessment training and processing of survey results was continuing as well, and stated this work represented a first step of enterprise risk management.

There being no further business, the meeting was adjourned at 2:01 p.m.

Respectfully submitted:



James H. Shumock, Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE

December 6, 2018

2:11 p.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 Thursday, December 6, 2018, at 2:11 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Chandra Brown Stewart, Tom Corcoran, Ron Jenkins, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance.

Other Trustees: Ron Graham, Arlene Mitchell, Lenus Perkins, Jimmy Shumock and Ken Simon. Participating by phone was Alexis Atkins.

Administration and Others: Terry Albano, Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Paul Frazier, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, Matt Kinear (Gerber Taylor), John Marymont, Mike Mitchell, Grace Newcombe (SGA), Norman Pitman, Matthew Reichert (Faculty Senate), Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, 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 August 30, 2018. On motion by Mr. Windom, seconded by Dr. Stokes, the Committee voted unanimously to adopt the minutes.

Mr. Yance called on Mr. Albano to present endowment and investment performance for the fiscal year ended September 30, 2018, **ITEM 8**. Mr. Albano advised of a 6.89 percent return vs. the relative index of 6.81 percent, an outperformance by eight basis points; an endowment market value of approximately \$155.5 million; and investment earnings and appreciation of just over \$10 million. Charts reflecting manager performance and asset allocation were presented. Mr. Pitman detailed market conditions impacting manager underperformance, as well as a recommendation to replace managers. Mr. Albano stated annualized performance since inception was 5.42 percent versus the index of 4.49 percent, or an outperformance of close to one percent. He reported investment earnings and appreciation of approximately \$81.2 million over the life of the endowment.

Mr. Yance called for a motion to invest in Commonfund's new private equity secondary's fund, Gerber Taylor's international fund and J.P. Morgan's emerging market fund, and to release Oakmark's global select fund and American Fund's capital world growth and income fund. On motion by Dr. Stokes, seconded by Capt. Jenkins, the Committee voted unanimously to adopt the recommendation.

Mr. Albano discussed a resolution acknowledging the Board's annual evaluation of investment policies, **ITEM 9**, as per SACSCOC (Southern Association of Colleges and Schools Commission

on Colleges) requirements (for copies of resolutions, policies and other authorized documents, refer to **APPENDIX A** of the minutes of the Board of Trustees meeting held on December 7, 2018). Mr. Albano stated change of the policies was not being recommended. Mr. Yance suggested that the resolution be deferred for consideration by the Board of Trustees on December 7.

Mr. Albano introduced Mr. Matt Kinear of the investment management firm Gerber Taylor. Mr. Kinear gave an overview on the University's portfolio and discussed market expectations.

Mr. Yance called for a report on the activities of the Division of Development and Alumni Relations, **ITEM 11**. Dr. Stokes, Upward & Onward Campaign Co-Chair, reported 85 percent of the \$150 million goal met following the third year of a five-year campaign, and said development efforts were being expanded to assist Athletics with funding of the on-campus stadium. Ms. Sullivan advised of approximately \$19.2 million raised in fiscal year 2018 and close to \$3.8 million secured in the first two months of fiscal year 2019, of which she noted \$2.5 million was contributed by the Mobile County Commission to support the Center for Academic Success at the new stadium complex. She reported nearly \$127.3 million raised overall, noting more than \$3.8 million had been contributed by South employees. She stated the 2019 South Fund annual employee drive would launch in January and the second annual USA Giving Day would take place on February 14. She said groundbreaking ceremonies were recently held for the MacQueen Alumni Center and Fanny Meisler Trauma Center at USA Health University Hospital. She discussed the United Way of Southwest Alabama's annual drive, advising of President Waldrop's role as Chair and \$255,000 raised by more than 2,200 USA employees.

Mr. Yance revisited **ITEM 9**, a resolution acknowledging the Board's annual evaluation of investment policies, and called for a motion recommending to the Board that the policies not be changed. On motion by Mr. Corcoran, seconded by Mr. Yance, the motion was approved unanimously.

Mr. Yance called upon Dr. Erdmann, who presented a resolution to approve Mr. Rick Jones as a Jaguar Athletic Fund Director for a three-year term beginning December 2018, **ITEM 10**. On motion by Mr. Windom, seconded by Mr. Corcoran, 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 2:25 p.m.

Respectfully submitted:



James A. Yance, Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

HEALTH AFFAIRS COMMITTEE

**December 6, 2018
2:25 p.m.**

A meeting of the Health Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Dr. Steve Stokes, Vice Chair, on Thursday, December 6, 2018, at 2:25 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Chandra Brown Stewart, Arlene Mitchell and Steve Stokes. Participating by phone was Alexis Atkins.

Members Absent: Scott Charlton and Steve Furr.

Other Trustees: Tom Corcoran, Ron Graham, Ron Jenkins, Lenus Perkins, Jimmy Shumock, Ken Simon, Margie Tuckson, Mike Windom and Jim Yance.

Administration and Others: Owen Bailey, Robert Berry, Michael Chang, Lynne Chronister, Joel Erdmann, Monica Ezell, Paul Frazier, Happy Fulford, Mike Haskins, Guillermo Herrera, David Johnson, Melva Jones, John Marymont, Mike Mitchell, Grace Newcombe (SGA), Matthew Reichert (Faculty Senate), Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Dr. Stokes called for consideration of the minutes of the meeting held on August 30, 2018. On motion by Ms. Mitchell, seconded by Ms. Brown Stewart, the Committee voted unanimously to adopt the minutes.

On motion by Dr. Stokes, seconded by Ms. Brown Stewart, the Committee voted unanimously to recommend Board approval of **ITEM 12**, a resolution authorizing the USA Hospitals medical staff appointments and reappointments for August, September and October 2018 (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 7, 2018).

Dr. Stokes called on Mr. Bailey to address **ITEM 13**, a resolution to approve revisions to the USA Hospitals Medical Staff Bylaws and Rules and Regulations. Mr. Bailey stated the changes would make possible the creation of a USA Health credentialing board to better regulate the review and approval process. On motion by Dr. Stokes, seconded by Ms. Mitchell, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Stokes asked Mr. Bailey to explain **ITEM 14**, a resolution to adopt a financial assistance policy for eligible patients of USA Health University Hospital and USA Health Children's & Women's Hospital. Mr. Bailey advised that the 501(r) internal revenue code required hospitals to use layman's terms in policy language, provide policies in three alternate languages, and offer a sliding pay scale to help patients with financial difficulty. On motion by Dr. Stokes, seconded

by Ms. Brown Stewart, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Stokes called on Dr. Marymont for presentation of **ITEM 15**, a report on the activities of USA Health and the College of Medicine (COM). Dr. Marymont thanked the Trustees who attended the groundbreaking ceremony for the Fanny Meisler Trauma Center on December 5. He recognized the State of Alabama and Mr. Bert Meisler for generous philanthropy that made possible the expansion of the Trauma Center and creation of an emergency medicine residency program.

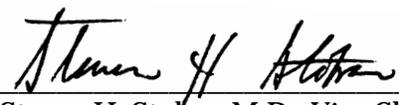
Dr. Marymont reported on the LCME (Liaison Committee on Medical Education) accreditation review held over October 21 to 24, 2018, for which he noted the COM had worked for more than one year to prepare. He stated the LCME draft report recently received contained minor findings as compared to the types of results that have caused renowned programs to be placed on probation. He said the final decision from LCME was anticipated in February 2019. He underscored that South Alabama's College of Medicine (COM) was the finest medical program he had been affiliated with and he credited COM educators, students and management for academic excellence.

Dr. Marymont commented on the success of the 2018 Celebrate Hope benefit which generated in excess of \$300,000 for the Mitchell Cancer Institute (MCI).

Dr. Marymont introduced Interim MCI Director Dr. Rod Rocconi and Department of Pathology Chair Dr. Guillermo Herrera. Each made brief remarks on the goals for their units. Mr. Bailey recognized members of USA Health's senior leadership and introduced USA Health Chief Medical Officer Dr. Michael Chang, who talked about the appeal of joining a rapidly growing health system. Chairman Simon expressed enthusiasm for the talented individuals being recruited.

There being no further business, the meeting was adjourned at 2:44 p.m.

Respectfully submitted:



Steven H. Stokes, M.D., Vice Chair

on behalf of:



Steven P. Furr, M.D., Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

December 6, 2018

2:44 p.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 on Thursday, December 6, 2018, at 2:44 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Ron Graham, Lenus Perkins, Margie Tuckson and Mike Windom.
Participating by phone was Alexis Atkins.

Members Absent: Scott Charlton and Steve Furr.

Other Trustees: Chandra Brown Stewart, Tom Corcoran, Ron Jenkins, Arlene Mitchell, Jimmy Shumock, Ken Simon, Steve Stokes and Jim Yance.

Administration and Others: Zeke Aull, Javon Averett, Owen Bailey, Robert Berry, Brianna Burrell, Lynne Chronister, Angela Coleman, Joel Erdmann, Monica Ezell, Paul Frazier, Happy Fulford, Chris Hansen, Mike Haskins, David Johnson, Melva Jones, John Marymont, K. J. Means, Shay Mims, Mike Mitchell, Grace Newcombe (SGA), Matthew Reichert (Faculty Senate), Rod Rocconi, Jack Shelley-Tremblay, John Smith, Margaret Sullivan, Robert Thompson, Jean Tucker, Jarmora Valrie, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Windom called for consideration of the minutes of the meeting held on August 30, 2018. On motion by Mr. Perkins, seconded by Ms. Tuckson, the Committee voted unanimously to adopt the minutes.

Mr. Windom called on Dr. Johnson for presentation of **ITEM 16**, a resolution authorizing sabbatical awards for Fall 2019 through Spring 2020 (for copies of resolutions, policies and other authorized documents, refer to **APPENDIX A** of the minutes of the Board of Trustees meeting held on December 7, 2018). On motion by Ms. Tuckson, seconded by Mr. Perkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Windom asked Provost Johnson and Dr. Marymont to address **ITEM 17**, a resolution awarding emeritus status to retired faculty who served the Division of Academic Affairs and the College of Medicine, and expressing the Board's gratitude for their contributions to the University. On motion by Mr. Perkins, seconded by Mr. Graham, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Windom called for presentation of **ITEM 18**, a resolution conferring the rank of Dean Emeritus to retired College of Nursing Dean Dr. Debra Davis. Dr. Johnson talked about Dr. Davis' distinguished career and shared insight on the recommendation process. On motion by Mr. Perkins, seconded by Ms. Tuckson, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Windom called for discussion on **ITEM 19**, a resolution authorizing the awarding of tenure to faculty as set forth. Provost Johnson and Dr. Marymont shared background on each candidate. On motion by Mr. Perkins, seconded by Ms. Tuckson, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Windom called for a report on the activities of the Division of Academic Affairs, **ITEM 20**. Provost Johnson introduced Department of Hospitality and Tourism Management Chair Dr. Robert Thompson and Department of Psychology Chair Dr. Jack Shelley-Tremblay.

Dr. Johnson called on Dr. Coleman, who discussed a new SACSCOC (Southern Association of Colleges and Schools Commission on Colleges) standard that required institutional boards to conduct regular self-evaluation. Dr. Coleman talked about common self-evaluation practices and presented a suggested timeframe for developing and implementing a process.

Mr. Windom called for a report on the activities of the Division of Student Affairs, **ITEM 21**. Dr. Mitchell discussed the Office of Multicultural Student Affairs' (OMSA) support of approximately 500 students and shared specifics on OMSA's iLead Leadership Institute and JagROOTS, a mentoring program. He recognized OMSA Director Ms. Jarmora Valrie and Graduate Assistant Mr. Javon Averett for their good work, and introduced iLead participants Mr. K. J. Means, Ms. Brianna Burrell and Ms. Shay Mims. Questions were answered about community mentoring opportunities available through OMSA's Collegiate 100 and Women of Excellence enrichment programs.

Mr. Windom called on Dr. Smith for presentation of **ITEM 22**, a report on campus safety. Dr. Smith introduced USA Police Chief Mr. Zeke Aull, who discussed 2017 Clery crime statistics, noting a marked decrease in crimes reported compared to 2015 and 2016 data. Chief Aull attributed the improvement to campus partnerships focused on safety and technology; for instance, use of license plate recognition and surveillance systems and the LiveSave mobile app. He discussed mental health first aid and CIT (crisis intervention team) training provided to numerous law enforcement agencies, and announced the department recently underwent an accreditation review by IACLEA (International Association of Campus Law Enforcement Administrators) and was notified accreditation would be awarded. Dr. Smith commended Chief Aull and his team for their accomplishments.

Dr. Smith introduced Chief Compliance Officer Mr. Chris Hansen for a report, **ITEM 23**. Mr. Hansen stated his first months at USA were spent meeting people who deal with compliance and regulatory risk. He said the insights gained prompted two projects that would soon launch – implementation of an enhanced ethics and reporting hotline and formation of a compliance committee for USA Health. He stated plans for a campus compliance committee in the future and talked about his role and responsibilities in conjunction with those of the Office of Internal Audit.

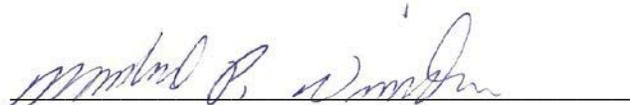
Mr. Windom called on Ms. Chronister to discuss research activity for fiscal year 2018, **ITEM 24**. Ms. Chronister reported 323 proposals funded and awards totaling close to \$61.2 million, an increase of approximately \$4.2 million from 2017. She pointed out that \$2.3 million in external awards supported post doctoral fellows and graduate and undergraduate students. She presented an analysis of awards by funding source and by funding purpose, and advised of 35 invention

Academic and Student Affairs Committee
December 6, 2018
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disclosures; four patents awarded; one start-up company formed; one new license agreement – the University's first trademark license agreement – and a total of 19 active license agreements.

There being no further business, the meeting was adjourned at 3:28 p.m.

Respectfully submitted:

A handwritten signature in cursive script, appearing to read "Michael P. Windom", written over a horizontal line.

Michael P. Windom

on behalf of:

A handwritten signature in cursive script, appearing to read "Scott A. Charlton", written over a horizontal line.

Scott A. Charlton, M.D., Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

BUDGET AND FINANCE COMMITTEE

December 6, 2018

3:28 p.m.

A meeting of the Budget and Finance Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Tom Corcoran, Chair, on Thursday, December 6, 2018, at 3:28 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Tom Corcoran, Ron Graham, Arlene Mitchell, Lenus Perkins, Steve Stokes and Jim Yance.

Other Trustees: Chandra Brown Stewart, Ron Jenkins, Jimmy Shumock, Ken Simon, Margie Tuckson, and Mike Windom. Participating by phone was Alexis Atkins.

Administration and Others: Owen Bailey, Robert Berry, Lee Birchall (Bradley Arant), Lynne Chronister, Joel Erdmann, Monica Ezell, Paul Frazier, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Josh McCoy (PFM), Mike Mitchell, Grace Newcombe (SGA), Matthew Reichert (Faculty Senate), Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Corcoran called for consideration of the minutes of the meeting held on August 30, 2018. On motion by Mr. Yance, seconded by Mr. Perkins, the Committee voted unanimously to adopt the minutes.

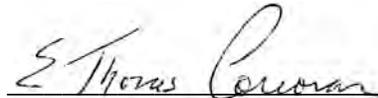
Mr. Corcoran called for remarks from Mr. Weldon on the University of South Alabama 2018 Financial Report, **ITEM 25**. Mr. Weldon reported a decline in net position of approximately \$700,000 as compared to an approximate \$47 million increase in net position at the end of 2017. He stated the chief reasons for this difference were the decline in enrollment, onset of amortization for Cerner electronic health records system, transfer of start-up funding and operational support for the USA Health Care Authority, and implementation of GASB (Governmental Accounting Standards Board) 75 that required public universities to report the employer portion of unfunded liability for postemployment benefits excluding pensions. He noted GASB 75 would not have an impact on actual cash.

Mr. Corcoran asked Mr. Weldon to address **ITEM 26**, a resolution authorizing the creation of new billing entities for USA Health (for copies of resolutions, policies and other authorized documents, refer to **APPENDIX A** of the minutes of the Board of Trustees meeting held on December 7, 2018). Mr. Weldon explained the growing complexity of health care billing and said, much like USA HealthCare Management LLC formed some years prior, the proposed billing entities, each created as a LLC (limited liability company) with a unique federal tax ID number and billing code, would simplify billing and the application of cash receipts. He gave assurances of transparent financial reporting and the Board's full authority to govern the entities. On motion by Mr. Corcoran, seconded by Ms. Mitchell, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Corcoran called for presentation of **ITEM 27**, a resolution outlining certain parameters for the issuance of Series 2019 bonds, the proceeds of which would fund construction of an on-campus stadium. Mr. Weldon anticipated a bond closing in February if market conditions were favorable. He said the bond parameters were intentionally broad to cover unknowns, such as results of the final bids expected to be issued in January 2019 and the possibility that taxable bonds would be issued for the percentage of the stadium identified as private business use under IRS regulations. He introduced Mr. Lee Birchall of Bradley Arant and Mr. Josh McCoy of PFM for additional remarks. On motion by Mr. Corcoran, seconded by Dr. Stokes, 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 3:43 p.m.

Respectfully submitted:

A handwritten signature in cursive script, reading "E. Thomas Corcoran", is written above a horizontal line.

E. Thomas Corcoran, Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

COMMITTEE OF THE WHOLE

December 6, 2018

3:43 p.m.

A meeting of the Committee of the Whole of the University of South Alabama Board of Trustees was duly convened by Judge Ken Simon, Chair *pro tempore*, on Thursday, December 6, 2018, at 3:43 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Chandra Brown Stewart, Tom Corcoran, Ron Graham, Ron Jenkins, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Ken Simon, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance. Participating by phone was Alexis Atkins.

Members Absent: Scott Charlton, Steve Furr and Kay Ivey.

Administration and Others: Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Paul Frazier, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Mike Mitchell, Grace Newcombe (SGA), Matthew Reichert (Faculty Senate), Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Chairman Simon called for consideration of the minutes of meetings of the Committee of the Whole and Long-Range Planning Committee held on August 30, 2018, as well as the minutes of an Executive Committee meeting held on September 13, 2018. On motion by Mr. Shumock, seconded by Chairman Simon, the minutes were approved unanimously.

In accordance with the provisions of the Alabama Open Meetings Act, Chairman Simon made a motion to convene an executive session for an anticipated duration of 30 minutes for the purpose of discussing good name and character, trade negotiations, a contested case hearing, and pending or imminent litigation with Ms. Jean Tucker, Senior University Attorney. He added Ms. Tucker had submitted the required written declaration for the minutes (for copies of policies and other authorized documents, refer to **APPENDIX A**). Mr. Windom seconded and the Committee voted unanimously at 3:45 p.m. to convene an executive session following a brief recess, as recorded below:

AYES:
Ms. Atkins (phone)
Ms. Brown Stewart
Mr. Corcoran
Mr. Graham
Capt. Jenkins
Ms. Mitchell
Mr. Perkins
Mr. Shumock
Chairman Simon
Dr. Stokes

Committee of the Whole
December 6, 2018
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Ms. Tuckson
Mr. Windom
Mr. Yance

Following the executive session and there being no further business, the meeting was adjourned at 4:45 p.m.

Respectfully submitted:

A handwritten signature in black ink, appearing to read "Kenneth O. Simon", written over a horizontal line.

Kenneth O. Simon, Chair *pro tempore*

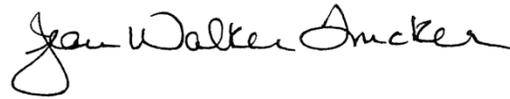
APPENDIX A

Executive Session

University of South Alabama Board of Trustees Committee of the Whole meeting December 6, 2018.

The purpose of the executive session for the above-referenced meeting is to discuss good name and character, pending or imminent litigation, preliminary negotiations in trade competition, and a contested case hearing.

This written declaration is submitted pursuant to the requirements of the Alabama Open Meetings Act by Jean Walker Tucker, ASB number 9400K72J.

A handwritten signature in black ink that reads "Jean Walker Tucker". The signature is written in a cursive style with a large, looped initial "J" and a long, sweeping underline.