

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

MEETING MINUTES

COMMITTEE MEETINGS HELD DECEMBER 4, 2019

- [Audit Committee Minutes](#)
- [Development, Endowment and Investments Committee Minutes](#)
- [Health Affairs Committee Minutes](#)
- [Academic and Student Affairs Committee Minutes](#)
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BOARD OF TRUSTEES MEETING HELD DECEMBER 5, 2019

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- Item 2 Report: [University President](#)
- Item 3 Report: [Faculty Senate President](#)
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- Item 8 Approved: [Office of Internal Audit Charter](#)
- Item 11 Approved: [Officers and Directors of the Jaguar Athletic Fund, Inc.](#)
- Item 13 Approved: [USA Hospitals Medical Staff Officers for Calendar Years 2020-2021](#)
- Item 15 Approved: [Sabbatical Awards](#)
- Item 16 Approved: [Faculty Emeritus](#)
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AUDIT COMMITTEE REPORT

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE REPORT

- Item 10 Approved: [Evaluation of Endowment and Non-Endowment Investment Policies](#)

HEALTH AFFAIRS COMMITTEE REPORT

ACADEMIC AND STUDENT AFFAIRS COMMITTEE REPORT

- Item 18 Approved: [Supply Chain Management Courses and Concentration – Mitchell College of Business](#)
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BUDGET AND FINANCE COMMITTEE REPORT

- Item 24 Approved: [Series 2019C Refunding Bonds](#)
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**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

December 5, 2019

10:30 a.m.

A meeting of the University of South Alabama Board of Trustees was duly convened by Mr. Jimmy Shumock, Chair *pro tempore*, on Thursday, December 5, 2019, at 10:32 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

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

Members Absent: Tom Corcoran, Kay Ivey and Margie Tuckson.

Administration & Guests: Owen Bailey, Helen Benjamin, Aline Botsis, Nicole Carr, Lynne Chronister, Kristin Dukes, Joel Erdmann, Monica Ezell, Paul Frazier, André Green, Mike Haskins, David Johnson, Don Langham, Nick Lawkis, John Marymont, Susan McCready (Faculty Senate), Abe Mitchell, Mike Mitchell, Richard Moody, Randy Moon, Brooke Moore, Max Rogers, Julie Schwindt, John Smith, Margaret Sullivan, Jean Tucker, Sahilee Waitman (SGA), Tony Waldrop and Scott Weldon.

Media: Ebonee Burrell (The Vanguard).

The meeting came to order and the attendance roll was called. Chairman Shumock congratulated Dr. Furr for his election to the American Academy of Family Physicians Board of Directors and Ms. Brown Stewart for her recognition as a *Soul of Mobile* by the Mobile Arts Council.

Chairman Shumock called for adoption of the minutes of the meeting held on September 13, 2019, **ITEM 1**. On motion by Ms. Mitchell, seconded by Ms. Atkins, the minutes were adopted unanimously.

As to **ITEM 2**, the President's Report, Chairman Shumock joined President Waldrop for the announcement of the *Employee of the Quarter*, as did Ms. Aline Botsis, instructor in the Department of Health, Kinesiology and Sport. Ms. Botsis asked Ms. Helen Benjamin, custodial worker in the Academic Services Center, to stand with her as Ms. Botsis read from her nomination of Ms. Benjamin. Ms. Benjamin was presented a plaque commemorating the honor. President Waldrop said Ms. Benjamin was nominated by several people.

President Waldrop advised that graduation activities had been modified to include convocation programs for each college ahead of the commencement ceremony. He said the purpose for the redesign was to shorten the duration of commencement and provide a more meaningful experience for graduates and their families. He and Chairman Shumock acknowledged having seen similar models at other schools. President Waldrop invited Trustees to participate in the convocation ceremonies as well as commencement.

President Waldrop called for a report from Dr. Erdmann. Dr. Erdmann introduced Women's Soccer Head Coach Mr. Richard Moody, advising of the team's Sun Belt Conference regular season and tournament championships, participation in NCAA (National Collegiate Athletic Association) post-season matches, and receipt of several Sun Belt awards, including *Coach of the Year*. He noted Coach Moody was in his third year at South. Coach Moody conveyed enthusiasm for his role, the team's successes and the future of the program.

President Waldrop recognized Trustee Emeritus Mr. Don Langham and Honorary Trustee Mr. Abe Mitchell.

President Waldrop called on Mr. Bailey, who introduced Dr. Max Rogers of Bay Area Physicians for Women. Dr. Rogers related the story of a patient who developed a series of life-threatening conditions during childbirth, as did her baby. He stated the prognoses of both patients was dismal and the baby was transferred to Children's & Women's Hospital. He said, days later, following hospital rounds, he was alerted to return to the hospital immediately to see the mother, where he witnessed the heartwarming union of mother and baby, with USA Health's neonatal transport team standing by. He called that moment a profound experience and credited the leadership of USA Health and the University for creating a culture that would allow this outreach to take place. President Waldrop said it was refreshing to hear good news shared by external sources.

President Waldrop recognized Ms. Tucker for her retirement at the end of the year. He expressed his appreciation for her service to the University, as did everyone with a round of applause. Ms. Tucker shared fondness for her 22 years at the University and the people with whom she worked. President Waldrop stated a national search had been conducted and Associate University Attorney Ms. Kristin Dukes was the candidate selected to fill the position of General Counsel. Ms. Dukes conveyed excitement for her new role.

President Waldrop called on Provost Johnson, who asked Associate Dean of the College of Education and Professional Studies Dr. André Green to join him. Provost Johnson shared educational and professional background on Dr. Green and announced his promotion to Associate Vice President of Academic Affairs effective January 1, 2020. Dr. Green shared brief comments about the positive environment at South and the opportunities ahead.

President Waldrop asked Mr. Weldon for an update on athletics projects. Mr. Weldon talked about efforts concerning the relocation of the intramural fields and construction of Hancock Whitney Stadium over the last couple of years. He credited Associate Vice President of Facilities Management Mr. Randy Moon for his guidance on these projects and presented aerial photos comparing progress at the stadium construction site from December 2018 to the present time.

President Waldrop called on Ms. Chronister, who advised that the *Visit Mobile* convention and visitors bureau recently recognized the College of Education and Professional Studies' Department of Hospitality and Tourism Management, led by Chair and Assistant Professor Dr. Robert Thompson, and the Division of Research and Economic Development's Hospitality and Tourism Workforce Innovation Alliance, led by Director and Assistant Professor Dr. Evelyn Green, with the 2019 Hospitality Partner of the Year award for community impact.

President Waldrop discussed expanded efforts by the Office of Marketing and Communications in collaboration with an outside consultant to promote the University of South Alabama, which recently included the installation of large-scale, visual advertising throughout the Mobile Regional Airport depicting campus life. He credited Mr. Haskins and his team for their efforts and asked Capt. Jenkins for his impressions, who expressed his surprise and pride to see the South Alabama story prominently displayed when he arrived in Mobile. Ms. Atkins said she recently traveled and saw that people were attentive of the images.

President Waldrop called for remarks from Dr. Marymont, who discussed the organizational restructure of the USA Mitchell Cancer Institute, as well as its marked growth over a year. He said a search for a director was being initiated and Dr. Smith would chair this effort.

President Waldrop asked Ms. Sullivan to report on the search for an Executive Director of Internal Audit. Ms. Sullivan, search committee chair, advised that Parker Executive Search was hired to assist and updates were made to the job description to better reflect expectations for the position. She identified the committee members, discussed the search schedule, and anticipated selection of a candidate to fill the role in March 2020.

Chairman Shumock called for a report from Faculty Senate President Dr. Susan McCready, **ITEM 3**. Dr. McCready discussed the Faculty Senate's annual community awards ceremony held on December 4. She stated the Thomas Hospital nursing department was recognized as the *Outstanding Research Partner*, Victory Health Partners was recognized as the *Outstanding Teaching Partner* and the Mobile Bay National Estuary Program was recognized as the *Outstanding Community Partner*. She added that South Alabama Associate Professor in the Department of Sociology and Anthropology Dr. Lesley Gregoricka received the *Semoon Chang Humanitarian Award* for her work in the community.

Chairman Shumock introduced Student Government Association President Ms. Sahilee Waitman for a report, **ITEM 4**. Ms. Waitman spoke about the DoubleMap bus-tracking app that would launch in Spring 2020; parking ticket forgiveness day, which raised donations for South's Jag Pantry, Student-Run Free Clinic and the Donors to Diners program, as well as for Feeding the Gulf Coast; the passage of a constitutional bill allowing cheerleaders the option of protective hairstyles; a textbook-lending initiative to lower student costs; and programming related to student physical and mental health.

Chairman Shumock called for consideration of consent agenda **ITEMS 8, 11, 13, 15, 16 and 17** as follows, all of which he noted were unanimously recommended for Board approval by the respective committee that met on December 4, 2019. (To view approved policies and other authorized documents, refer to **APPENDIX A**.) On motion by Ms. Atkins, seconded by Mr. Yance, the Board voted unanimously to approve the resolutions:

RESOLUTION
OFFICE OF INTERNAL AUDIT CHARTER

WHEREAS, the purpose of the University of South Alabama's Office of Internal Audit is to provide independent, objective assurance and consulting services that are guided by a philosophy of adding value to improve the operations of the University, and

WHEREAS, the Office of Internal Audit is subject to guidance promulgated by the Institute of Internal Auditors, and

WHEREAS, such guidance by the Institute of Internal Auditors directs the Office of Internal Audit to establish a charter, and

WHEREAS, the purpose of such charter is to address the authority, independence, objectivity, scope of services and responsibilities of the Office of Internal Audit, and

WHEREAS, the most recent Office of Internal Audit Charter was approved in the 2005 fiscal year,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves the attached University of South Alabama Office of Internal Audit Charter.

**RESOLUTION
OFFICERS AND DIRECTORS OF THE JAGUAR ATHLETIC FUND, INC.**

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

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

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

WHEREAS, the Nominating Committee of the JAF Board of Directors has nominated the following individuals to serve as JAF officers and/or directors for calendar-year terms as specified,

OFFICERS IN 2020

- | | |
|--------------------------|----------------------------|
| • James H. Shumock | Corporation President |
| • C.L. "Skipper" Walters | Corporation Vice President |
| • Jeffrey M. Nichols | Corporation Secretary |

DIRECTORS (Three-Year Terms)

- | | | |
|---------------------------|------------------|-----------|
| • Katherine Alexis Atkins | Football | 2019-2021 |
| • William J. Cox | Football | 2019-2021 |
| • Jeffrey M. Nichols | Tennis | 2019-2021 |
| • Brian Munger | Volleyball | 2019-2021 |
| • William Scott McNair | Men's Golf | 2019-2021 |
| • Anthony Paul Beard | Softball | 2019-2021 |
| • Miles Ball | Women's Soccer | 2019-2021 |
| • Wesley Hinkle | Baseball | 2018-2020 |
| • Amy Morris | Men's Basketball | 2018-2020 |
| • James H. Shumock | Men's Basketball | 2018-2020 |
| • Bobby Marks | Men's Basketball | 2018-2020 |
| • Alex Pastore | Baseball | 2018-2020 |
| • C.L. "Skipper" Walters | Baseball | 2018-2020 |

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees does hereby approve the officers and directors of the Jaguar Athletic Fund, Inc., as set forth.

**RESOLUTION
USA HOSPITALS MEDICAL STAFF OFFICERS FOR CALENDAR YEARS 2020-2021**

WHEREAS, the following slate of officers nominated at the General Medical Staff meeting on October 24, 2019, are recommended by the Medical Executive Committees, General Medical Staff and the Executive Committee of the University of South Alabama Hospitals,

USA HEALTH CHILDREN'S & WOMEN'S HOSPITAL

- Chair, Medical Executive Committee Craig Sherman, M.D.
- Chair-elect Secretary, Medical Executive Committee Richard Whitehurst, M.D.

USA HEALTH UNIVERSITY HOSPITAL

- Chair, Medical Executive Committee Edward Panacek, M.D.
- Chair-elect Secretary, Medical Executive Committee William H. Barber IV, M.D.

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

**RESOLUTION
SABBATICAL AWARDS**

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

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves sabbatical awards as set forth herein for Fall 2020 through Spring 2021.

| NAME | DISCIPLINE | TIME PERIOD |
|---------------------|---|--------------------|
| • Benjamin Hill | Psychology | Fall 2020 |
| • Albert Gapud | Physics | Fall 2020 |
| • Cornelius Pillen | Mathematics & Statistics | Spring 2021 |
| • Eleanor ter Horst | Modern and Classical Languages and Literature | Fall 2020 |
| • Alma Hoffmann | Art and Art History | Fall 2020 |
| • Jingshan Huang | Computer Science | Spring 2021 |
| • David Nelson | Mechanical Engineering | Fall 2020 |
| • Alvin Williams | Marketing | Spring 2021 |

**RESOLUTION
FACULTY EMERITUS**

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

ACADEMIC AFFAIRS:

- Harold W. Baldwin, Associate Professor of Philosophy

- David R. Battiste, Assistant Professor of Chemistry
- Patricia A. Brewer, Senior Instructor of Radiologic Sciences
- Murlene W. Clark, Associate Professor of Earth Sciences
- Samuel H. Fisher, Associate Professor of Political Science and Criminal Justice
- James D. Henderson, Associate Professor of Physician Assistant Studies
- Jie Li, Senior Librarian
- J. Keith Nicholls, Associate Professor of Political Science and Criminal Justice

COLLEGE OF MEDICINE:

- Susan Parsons LeDoux, Ph.D., Professor of Cell Biology and Neuroscience/
Associate Dean for Medical Education and Student Affairs
- Wiltz W. Wagner, Jr., Ph.D., Professor of Pharmacology
- David Oliver Wood, Ph.D., Professor of Microbiology and Immunology

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, departmental 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, Assistant Professor Emeritus, Senior Instructor Emeritus or Senior Librarian 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, Assistant Professor Emeritus, Senior Instructor Emeritus or Senior Librarian Emeritus with the rights and privileges thereunto appertaining, and

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

**RESOLUTION
DEAN EMERITUS**

WHEREAS, Dr. John Steadman has retired from the University of South Alabama as Dean of the College of Engineering, and

WHEREAS, in recognition of his 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. Steadman 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. John Steadman to the rank of Dean Emeritus with the rights and privileges thereunto appertaining, and

BE IT FURTHER RESOLVED that the University of South Alabama Board of Trustees conveys deep appreciation to Dr. Steadman in recognition of his extraordinary accomplishments and dedicated service to the University.

Chairman Shumock called for a report from the Audit Committee. Mr. Graham, Committee Chair, summarized information presented at a meeting on December 4, 2019, noting KPMG partners Mr. Mark Peach and Ms. Ashley Willson discussed audit results for the 2019 fiscal year and Mr. Weldon reported on the Alabama Department of Examiners of Public Accounts compliance report for the year ended September 30, 2018, and on a quality assurance review report on the Office of Internal Audit.

Mr. Yance mentioned plans for a comprehensive advertising campaign in 2020 that would target local audiences and showcase the University story and identity. He commended the leadership for this effort. Dr. Smith stated the idea originated out of strategic planning discussions and Mr. Haskins said this was a partnership between divisions and briefly outlined plans.

Chairman Shumock called for a report from the Development, Endowment and Investments Committee. Mr. Yance, Committee Chair, summarized information presented at a meeting on December 4, 2019, including endowment results for the 2019 fiscal year, performance results delivered by investment manager Doug Lane, and details shared by Ms. Sullivan on the Upward & Onward Campaign, the United Way of Southwest Alabama drive, and development and alumni programming in the coming months. He recognized Angelia and Steve Stokes for their leadership of the Upward & Onward Campaign and advised they had endowed scholarships in Creative Writing and Marine Sciences which are eligible for matching funds through the Mitchell-Moulton Scholarship Initiative. He called for consideration of **ITEM 10** as follows, which was unanimously recommended for Board approval by the Committee. On motion by Judge Simon, seconded by Ms. Mitchell, the Board voted unanimously to approve the resolution:

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, the Board of Trustees of the University of South Alabama hereby acknowledges and accepts the current year annual evaluation of both policies by the Development, Endowment and Investments Committee and the Committee's recommendation that no changes be made to either policy at this time.

Chairman Shumock called for a report from the Health Affairs Committee. Dr. Furr summarized information delivered at a meeting on December 4, 2019, by Dr. Marymont on College of Medicine admissions and education achievement and by Mr. Bailey on USA Health capital projects, the opening of clinics at Dauphin 65 and plans to construct a midtown clinic.

Chairman Shumock called for a report from the Academic and Student Affairs Committee. Mr. Windom, Committee Chair, presented **ITEM 18** as follows, noting it was unanimously recommended for Board approval at a meeting on December 4, 2019. On motion by Ms. Atkins, seconded by Capt. Jenkins, the Board voted unanimously to approve the resolution:

**RESOLUTION
SUPPLY CHAIN AND LOGISTICS MANAGEMENT MAJOR PREMIUM TUITION
MITCHELL COLLEGE OF BUSINESS**

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

WHEREAS, the Mitchell College of Business at the University of South Alabama has recognized the local, regional, national, and international demand for supply chain and logistics management major graduates, and

WHEREAS, the Mitchell College of Business is in an excellent position to provide educational, internship, co-op, and employment opportunities in supply chain and logistics management, and

WHEREAS, offering supply chain and logistics management courses will enhance the educational and employment opportunities for all students in the College, and

WHEREAS, the Mitchell College of Business has proposed to the Alabama Commission on Higher Education the creation of a Supply Chain and Logistics major within the Department of Marketing and Quantitative Methods, open to student enrollment beginning fall 2020, and

WHEREAS, the proposed program will require two new supply chain and logistics management faculty members, and

WHEREAS, the two new faculty members hired by the Mitchell College of Business will teach core business courses required of all College students in addition to required and elective courses in the Supply Chain and Logistics Management major, and

WHEREAS, a modest increase in the Mitchell College of Business undergraduate tuition will be sufficient to fund the program,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees authorizes, effective beginning fall semester 2020, an increase of \$10 per credit hour for in-state undergraduate tuition and \$20 per credit hour for out-of-state undergraduate tuition for courses offered in the Mitchell College of Business at the University of South Alabama.

Mr. Windom summarized information presented at the Committee meeting by Provost Johnson on a plan by the Alabama legislature to implement a performance-based funding mechanism for higher education; by Dr. Mitchell on the relocation of the Counseling and Testing Center; by Coordinator of Veteran Affairs Mr. Joshua Missouri on services offered to student veterans; by Director of Safety and Environmental Compliance Mr. Bill Guess on a recent campus-wide safety

drill; by Police Lieutenant Mr. Phil Fishel on Clery crime statistics recorded for 2018; and by Ms. Chronister on extramural sponsored funding received in 2019.

Mr. Windom called upon Associate Vice President for Student Success Dr. Nicole Carr and Associate Vice President for Finance and Administration Ms. Julie Schwindt, who discussed a new collaboration between divisions to support students. Dr. Carr spoke about *One Stop*, a web platform with information on academic, financial and campus resources, and answers to frequently asked questions designed to make it easier for students to complete business on campus and reach staff or a peer advocate for personalized help. Ms. Schwindt talked about *South CARES* (Collaborative Access, Resources and Emergency Support), a program whereby University employees may contribute support to help students facing financial obstacles that often hinder academic achievement, such as food insecurity and homelessness. She recognized Director of Student Financial Success and Scholarship Services Dr. Brooke Moore for her work with these programs. Dr. Carr shared insight on sources of funding to meet a variety of needs.

Mr. Shumock called for a report from the Budget and Finance Committee. Mr. Perkins stated Mr. Weldon addressed key information from the University of South Alabama 2019 financial statements at a meeting on December 4, 2019. He summarized **ITEM 24** as follows, which he noted was unanimously recommended for Board approval by the Committee. On motion by Mr. Windom, seconded by Ms. Atkins, the Board voted unanimously to approve the resolution:

**A RESOLUTION AUTHORIZING THE ISSUANCE
OF THE \$19,086,000 UNIVERSITY FACILITIES REVENUE BOND, SERIES 2019-C**

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) The University has heretofore issued its \$29,750,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010, presently outstanding in the aggregate principal amount of \$19,086,000 (herein called the "Series 2010 Bond") and maturing in annual installments on August 1 of the following years and in the following amounts:

| Year | Principal Amount Maturing |
|-------------|--------------------------------------|
| 2020 | \$1,456,000 |
| 2021 | 1,518,000 |
| 2022 | 1,584,000 |
| 2023 | 1,654,000 |
| 2024 | 1,724,000 |
| 2025 | 1,800,000 |
| 2026 | 1,878,000 |
| 2027 | 1,958,000 |
| 2028 | 2,044,000 |
| 2029 | 2,132,000 |
| 2030 | 1,338,000 |

(2) Due to the current interest rate environment, the University has determined it is necessary, wise and in the best interest of the University and the public to redeem and retire the Series 2010 Bond.

(3) The University has undertaken a competitive bidding process for loans to refinance the Series 2010 Bond, and in connection therewith on November 22, 2019 received bids from various financial institutions including (i) PNC Bank, NA, (ii) Regions Capital Advantage, Inc., (iii) Key Government Finance, Inc., (iv) JPMorgan Chase Bank, (v), Sterling National Bank, (vi) Iberia Bank, and (vii) Capital One Public Funding, LLC.

(4) The Vice President for Finance and Administration of the University has reported, upon the advice and determination by PFM Financial Advisors, LLC, that the bid submitted by PNC Bank, NA (herein called "PNC") presents the lowest proposed rate of interest and cost of funds to the University for the refinancing of the Series 2010 Bond and, accordingly, the bid submitted by PNC has been recommended as the winning bid.

(5) It is necessary, advisable, in the best interest of the University to accept the bid of PNC and sell and deliver to PNC the University's \$19,086,000 University Facilities Revenue Bond, Series 2019-C (herein called the "Series 2019-C Bond") to pay the principal portion and redemption price of the Series 2010 Bond.

(b) Series 2019-C Bond to be Issued as an Additional Bond Under the Indenture; Special Findings Under Section 8.2(b) of the Indenture.

The Series 2019-C Bond shall be issued as an additional parity bond 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-C Bond shall be designated Series 2019-C;

(3) PNC is the person or entity to whom the Series 2019-C Bond is to be delivered;

(4) the Series 2019-C Bond is to be issued by sale in accordance with Section 6 hereof;

(5) the sale price of the Series 2019-C Bond shall be the initial par amount thereof (\$19,086,000);

(6) the only bonds that have previously been issued by the University under the Indenture are its (i) \$31,680,000 original principal amount University Tuition Revenue Refunding and Capital Improvement Bonds, Series 1996, dated February 15, 1996 (herein called the "Series 1996 Bonds"), which were issued under and pursuant to the Trust Indenture dated as of February 15, 1996 further described in Section 2 hereof; (ii) \$7,055,000 original principal amount University Tuition Revenue Refunding Bonds, Series 1996B, dated October 15, 1996 (herein called the "Series 1996B Bonds"), which were issued under and pursuant to the First Supplemental Trust Indenture dated as of October 15, 1996; (iii) \$40,130,000.70

original principal amount University Tuition Revenue Bonds, Series 1999, dated March 1, 1999 (herein called the "Series 1999 Bonds"), which were issued under and pursuant to the Second Supplemental Trust Indenture dated as of October 15, 1999; (iv) \$51,080,000 original principal amount Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, dated March 15, 2004 (herein called the "Series 2004 Bonds"), which were issued under and pursuant to the Fourth Supplemental Trust Indenture dated March 15, 2004; (v) \$100,000,000 original principal amount University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, dated December 1, 2006 (herein called the "Series 2006 Bonds"), which were issued under and pursuant to the Fifth Supplemental Trust Indenture dated as of December 1, 2006; (vi) \$112,885,000 original principal amount University Facilities Revenue Capital Improvement Bonds, Series 2008, dated September 1, 2008 (herein called the "Series 2008 Bonds"), which were issued under and pursuant to the Sixth Supplemental University Facilities Revenue Trust Indenture dated as of September 1, 2008; (vii) \$29,750,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010 (herein called the "Series 2010 Bond"), which was issued under and pursuant to the Seventh Supplemental University Facilities Revenue Trust Indenture dated as of June 16, 2010 and will be paid with proceeds of the Series 2019-C Bond hereinafter authorized; (viii) \$25,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-A, dated January 4, 2012 (herein called the "Series 2012-A Bond"), which was issued under and pursuant to an Eighth Supplemental University Facilities Revenue Trust Indenture dated as of January 4, 2012 (herein called the "Eighth Supplemental Indenture"); (ix) \$7,740,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-B, dated January 4, 2012 (herein called the "Series 2012-B Bond"), which was issued under and pursuant to the Eighth Supplemental Indenture; (x) \$32,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013 (herein called the "Series 2013-A Bond"), which was issued under and pursuant to the Ninth Supplemental University Facilities Revenue Trust Indenture dated June 28, 2013 (herein called the "Ninth Supplemental Indenture"); (xi) \$8,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013 (herein called the "Series 2013-B Bond"), which was issued under and pursuant to the Ninth Supplemental Indenture; (xii) \$10,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013 (herein called the "Series 2013-C Bond"), which was issued under and pursuant to the Ninth Supplemental Indenture; (xiii) \$41,245,000 original principal amount University Facilities Revenue Refunding Bond, Series 2014-A, dated March 14, 2014 (herein called the "Series 2014-A Bond"), which was issued under and pursuant to the Tenth Supplemental University Facilities Revenue Trust Indenture dated March 14, 2014; (xiv) \$6,000,000 University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015 (herein called the "Series 2015 Bond"), which was issued under and pursuant to the Eleventh Supplemental University Facilities Revenue Trust Indenture dated June 15, 2015; (xv) \$85,605,000 University Facilities Refunding Revenue Bonds, Series 2016, dated September 14, 2016 (herein called the "Series 2016 Bonds") which were issued under and pursuant to the Twelfth Supplemental University Facilities Revenue Trust Indenture dated as of March 14, 2014; (xvi) \$20,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-B, dated December 7, 2016 (herein called the "Series 2016-B Bond") which was issued under and pursuant to the Thirteenth Supplemental University

Facilities Revenue Trust Indenture dated as of December 7, 2016 (herein called the "Thirteenth Supplemental Indenture"), (xvii) \$35,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-C, dated December 7, 2016 (herein called the "Series 2016-C Bond") which was issued under the Thirteenth Supplemental Indenture, (xviii) \$45,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016 (herein called the "Series 2016-D Bond") which was issued under the Thirteenth Supplemental Indenture, (xix) \$38,105,000 original principal amount University Facilities Revenue Bonds, Series 2017, dated June 15, 2017 (herein called the "Series 2017 Bonds") which were issued under a Fourteenth Supplemental University Facilities Revenue Trust Indenture dated June 15, 2017; (xx) \$47,750,000 original principal amount University Facilities Revenue Bonds, Series 2019-A, dated February 7, 2019 (herein called the "Series 2019-A Bonds") which were issued under a Fifteenth Supplemental University Facilities Revenue Trust Indenture dated February 7, 2019 (herein called the "Fifteenth Supplemental Indenture"), and (xxi) \$18,440,000 original principal amount Taxable University Facilities Revenue Bonds, Series 2019-B, dated February 7, 2019 (herein called the "Series 2019-B Bonds") which were issued under the Fifteenth Supplemental Indenture. The Series 2010 Bond, the Series 2012-A Bond, the Series 2013-A Bond, the Series 2013-B Bond, the Series 2013-C Bond, the Series 2014-A Bond, the Series 2015 Bond, the Series 2016 Bonds, the Series 2016-B Bond, the Series 2016-C Bond, the Series 2016-D Bond, the Series 2017 Bonds, the Series 2019-A Bonds and the Series 2019-B Bonds are herein collectively called the "Outstanding Bonds");

(7) 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;

(8) the Outstanding Bonds are the only bonds heretofore issued under the Indenture that are at this time and upon issuance of the Series 2019-C Bond will be outstanding under the Indenture; and

(9) the Series 2019-C Bond will be issued for the purposes described in Section 8 hereof.

The Trustee is hereby requested to authenticate and deliver the Series 2019-C Bond to PNC.

Section 2. Authorization of the Series 2019-C Bond.

For the purposes specified in Section 1 of this resolution, the University does hereby sell to PNC the University's University Facilities Revenue Bond, Series 2019-C, dated December 12, 2019, in a principal amount of \$19,086,000, under the terms, conditions and provisions set out in a Sixteenth Supplemental University Facilities Revenue Trust Indenture dated the date of the Series 2019-C Bond, 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 Sixteenth Supplemental University Facilities Revenue Trust Indenture, herein called the "Indenture"). All the provisions

of the Indenture respecting the Series 2019-C Bond are hereby adopted as a part of this resolution as fully as if set out at length herein.

Section 3. Source of Payment of the Series 2019-C Bond.

The principal of and the interest on the Series 2019-C Bond shall be payable solely from the Pledged Revenues as defined in the Indenture. Nothing contained in this resolution, in the Series 2019-C Bond or in the Indenture shall be deemed to impose any obligation on the University to pay the principal of or the interest on the Series 2019-C Bond except from and to the extent of the Pledged Revenues. The Series 2019-C Bond shall not represent or constitute an obligation of any nature whatsoever of the State of Alabama (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-C Bond 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-C Bond 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-C Bond 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-C Bond Payable at Par.

With respect to the Series 2019-C Bond, all remittances of principal of and interest on such bond to the holder thereof shall be made at par without any deduction for exchange or other cost, fees or expenses. The bank at which the Series 2019-C Bond 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-C Bond, 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 Sixteenth Supplemental University Facilities Revenue Trust Indenture.

The Board does hereby authorize and direct the President of the University to execute and deliver, for and in the name and behalf of the University, to The Bank of New York Mellon Trust Company, N.A., as Trustee under the aforesaid Indenture, a Sixteenth Supplemental University Facilities Revenue Trust Indenture dated the date of the Series 2019-C Bond, in substantially the form presented to the meeting at which this resolution is adopted and attached as Exhibit I to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution), and does hereby authorize and direct the Secretary of the Board to affix to the Sixteenth Supplemental University Facilities Revenue Trust Indenture the corporate seal of the University and to attest the same.

Section 6. Sale of the Series 2019-C Bond.

The University does hereby sell to PNC the Series 2019-C Bond at and for a price equal to the initial principal amount of such bond (\$19,086,000). The Series 2019-C Bond shall bear such date, shall mature in annual installments at such times and in such manner, shall bear such rate of interest, shall be payable at such place, shall be in such denomination, and

shall be in such form and contain such provisions as are set out in the Sixteenth Supplemental University Facilities Revenue Trust Indenture authorized in Section 5 above.

Section 7. Execution and Delivery of the Series 2019-C Bond.

The Board does hereby authorize the President of the University to execute the Series 2019-C Bond, in the name and on behalf of the University, by manually signing said bond, and does hereby authorize the Secretary of the Board to cause the corporate seal of the University to be imprinted or impressed on the Series 2019-C Bond and to attest the same by signing the Series 2019-C Bond, and the President of the University is hereby authorized to deliver the Series 2019-C, subsequent to its execution as provided herein and in the Indenture, to the Trustee under the Indenture, and to direct the Trustee to authenticate the Series 2019-C Bond and to deliver it to PNC (as purchaser thereof).

Section 8. Application of Proceeds.

The entire proceeds derived from the sale of the Series 2019-C Bond shall be remitted directly to the Trustee for deposit into the Bond Fund created under the Indenture for payment of the redemption price of the Series 2010 Bond on the Redemption Date hereinafter defined. The University shall also remit and pay to the Trustee such amounts determined by the Vice President for Finance and Administration as shall be necessary to cover accrued interest on the Series 2010 Bond to the Redemption Date and any other amounts such officer determines necessary to cause sufficient funds to be on deposit in the said Bond Fund to redeem and pay the Series 2010 Bond on the Redemption Date.

Section 9. Call of Series 2010 Bond for Redemption.

(a) The Board does hereby elect to redeem and pay, and does hereby call for redemption and payment, on February 1, 2020 (herein called the "Redemption Date"), the Series 2010 Bond, at and for a redemption price equal to 100% of the principal amount of the outstanding Series 2010 Bond plus accrued interest thereon to the Redemption Date.

(b) The Trustee is hereby authorized and directed to give notice of and effect said redemption of the Series 2010 Bond in the manner provided in the Indenture, and to take all such other actions as shall be necessary or desirable to carry-out the redemption and payment of the Series 2010 Bond as aforesaid. The Board does hereby further authorize and direct that funds deposited by the University for the redemption and payment of the Series 2010 Bond be invested in U.S. treasury securities, overnight or other depository accounts, or such other investments as shall be permitted by applicable state law, identified by PFM Financial Advisors, LLC, as financial advisor to the University, and approved by the Vice President for Finance and Administration of the University.

Section 10. Resolution Constitutes Contract; Severability.

The provisions of this resolution shall constitute a contract between the University and the holder of the Series 2019-C Bond. 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 11. General Authorization; Authorization of Vice President for Finance and Administration.

The President of the University, the Vice President for Finance and Administration of the University, and the Secretary of the Board are hereby authorized to execute such further agreements, certifications, instruments or other documents, and to take such other actions as any of them may deem appropriate or necessary, for the consummation of the transactions covered by this resolution and to the end that the Series 2019-C Bond may be

executed, issued and delivered, and the Series 2010 Bond redeemed and retired on the Redemption Date. The Chair Pro Tempore of the Board and the Vice President for Finance and Administration of the University, or either of them, is hereby further authorized to (i) sign and deliver the Series 2019-C Bond, the Sixteenth Supplemental University Facilities Revenue Trust Indenture, and such other documents as have been authorized for signature by the President of the University in the event the said President is unavailable for such purpose, and (ii) affix the seal of the University to, and to attest the Series 2019-C Bond, the Sixteenth Supplemental University Facilities Revenue Trust Indenture, and such other documents as the Secretary of the Board has been so authorized in the event the said Secretary is unavailable for such purpose.

Mr. Perkins reviewed **ITEM 25** as follows, which he noted was unanimously recommended for Board approval by the Committee. On motion by Mr. Windom, seconded by Mr. Graham, the Board voted unanimously to approve the resolution:

**RESOLUTION
BOND PURCHASE AGREEMENT FOR SERIES 2020 BONDS**

BE IT RESOLVED by the Board of Trustees (herein called the "Trustees") of the University of South Alabama (herein called the "University"), as follows:

Section 1. Findings. The Trustees have ascertained and do hereby find and declare as follows:

(a) it is necessary, desirable and in the best interest of the University that the University (i) acquire certain real property, (ii) construct and acquire certain public capital improvements and equipment on the campus of the University including, without limitation, at the USA Health University Hospital, USA Health Children's and Women's Hospital, and University Commons, including completion of a trauma center at University Hospital, (iii) construct and equip University Commons Phase II and III, additional patient rooms, a new gastroenterology suite, a main campus warehouse, (iv) demolish an existing building near the USA Health buildings to provide space for possible expansion, and (v) construct, acquire and install various other public capital improvements, equipment and assets for the University (herein collectively called the "2020 Capital Improvements");

(b) in order to provide the funds necessary to pay the costs of the 2020 Improvements, it will be necessary for the University to issue one or more series of limited obligation University Facilities Revenue Bonds in an aggregate principal amount of up to approximately \$45,000,000 (herein called the "Series 2020 Bonds");

(c) the University has determined to engage Protective Securities, a division of ProEquities, Inc., and Raymond James & Associates, Inc. (herein called the "Underwriters"), to serve as underwriters for the Series 2020 Bonds;

(d) it will be necessary for the University to enter into a purchase contract (the "Purchase Contract") with either or both of the Underwriters respecting the sale of the Series 2020 Bonds prior to the date on which the issuance and delivery of the Series 2020 Bonds will be approved by the Trustees; and

(e) it is necessary for the Trustees to authorize the President of the University (or, in his absence, the Vice President for Finance and Administration of the University) to sign and deliver to the Underwriters the Purchase Contract, all as provided below.

Section 2. Authorization to Execute Purchase Contract. The Trustees do hereby authorize and direct the President of the University to execute the Purchase Contract between the University and either or both of the Underwriters with respect to the sale and delivery by the University of the Series 2020 Bonds. The Vice President for Finance and Administration of the University is hereby authorized to sign and deliver the Purchase Contract on behalf of the University in the event the President of the University is unavailable for such purpose at the time such agreement is submitted by the Underwriters for execution. The final form of the Purchase Contract shall be subject to ratification and approval by the Trustees following its execution by the President or by the Vice President for Finance and Administration, as the case may be, at such time as the Trustees adopt a resolution authorizing the issuance and delivery of the Series 2020 Bonds.

Mr. Perkins gave a recap of **ITEM 26** as follows, which he noted was unanimously recommended for Board approval by the Committee. On motion by Ms. Mitchell, seconded by Mr. Yance, the Board voted unanimously to approve the resolution:

**RESOLUTION
AUTHORIZATION FOR PRESIDENT TO EXECUTE CONTRACT
FOR CONSTRUCTION OF A CAMPUS WAREHOUSE BUILDING**

WHEREAS, the University of South Alabama has a significant need for a single location warehouse storage space on its campus, and

WHEREAS, the University currently has no such facility on its campus, and

WHEREAS, the University rents a significant amount of space on a regular basis from off-campus private storage facilities, and

WHEREAS, a large storage warehouse on campus will provide the University a more economic and convenient means of storage and the opportunity to discontinue the rental of most of the off-campus storage, and

WHEREAS, management believes that a warehouse building of 55,000 square feet will meet its needs for the foreseeable future, and

WHEREAS, such 55,000-square-foot warehouse will be constructed in a manner in which it can be expanded as needed in the future, and

WHEREAS, this project will be funded, in part, by re-directed outside storage rental fees to pay the debt service, and

WHEREAS, it is anticipated that bids for the construction of the warehouse will be received prior to the next Board of Trustees meeting,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees hereby authorizes the President of the University to carry out all necessary steps to execute

a contract for the construction of a 55,000-square-foot warehouse and storage building on the University's campus with respect to sealed bids received pursuant to State of Alabama procurement and bid laws.

Chairman Shumock presented **ITEM 27** as follows, which he noted was unanimously recommended for Board approval by the Committee of the Whole at a meeting on December 4, 2019. On motion by Mr. Yance, seconded by Dr. Stokes, the Board voted unanimously to approve the resolution:

**RESOLUTION
UNIVERSITY OF SOUTH ALABAMA SECURITY COMMITTEE**

WHEREAS, the U.S. Department of Defense has sponsored the University of South Alabama to obtain a facility security clearance to further research opportunities on behalf of and in collaboration with the U.S. Government, and

WHEREAS, one of the prerequisites for obtaining a facility security clearance is the creation and appointment of a security committee to ensure compliance with federal regulations for cleared facilities, and

WHEREAS, the individuals listed below are recommended to serve on the University of South Alabama Security Committee,

- David Furman - Facilities Security Officer (FSO)
Director, IT Risk and Compliance
- Gina Hedberg - Assistant Facilities Security Officer (AFSO)
Executive Director, Sponsored Project Administration
- Lynne Chronister - Senior Management Official (SMO)
Vice President, Research and Economic Development

Other Members:

- Jimmy Shumock
Chair pro tempore, University of South Alabama Board of Trustees
- Mark Wilson
Director, Information Security
- Jonathan Rayner
Associate Professor, Microbiology
- Jordan Shropshire
Professor, Information Systems and Technology
- Michael Chang
USA Health Chief Medical Officer and Associate Vice President for Medical Affairs

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees does hereby approve the appointments to the University of South Alabama Security Committee.

Ms. Mitchell suggested that tours of University Hospital and Children's & Women's Hospital be arranged at an appropriate time in order for Trustees to see the secure environment and improvements made to facilities. From a patient's perspective, she and Chairman Shumock conveyed confidence in the care delivered at the hospitals and agreed it was important to share this message. Mr. Yance noted that work to improve access points had also taken place.

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There being no further business, the meeting was adjourned at 11:56 a.m.

Attest to:


Katherine Alexis Atkins, Secretary

Respectfully Submitted:


James H. Shumock, Chair *pro tempore*

APPENDIX A

University of South Alabama

Office of Internal Audit Charter

Purpose and Mission

The purpose of the University of South Alabama's Office of Internal Audit (OIA) is to provide independent, objective assurance and consulting services designed to add value and improve the University of South Alabama's operations. The mission of the OIA is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The OIA helps the University of South Alabama (main campus and USA Health) accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Standards for the Professional Practice of Internal Auditing

The OIA will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. The Executive Director of Internal Audit (Executive Director) will report periodically to senior administration and the Audit Committee of the Board of Trustees (Audit Committee) regarding the OIA's conformance to the Code of Ethics and the *Standards*.

Authority

The Executive Director will report functionally to the Audit Committee and administratively (i.e., day-to-day operations) to the University of South Alabama President. To establish, maintain, and assure that the University of South Alabama's OIA has sufficient authority to fulfill its duties, the Audit Committee will:

- Approve the OIA's charter.
- Approve the risk-based Internal Audit plan.
- Approve the OIA's Quality Assurance and Improvement Program.
- Receive communications from the Executive Director on the OIA's performance relative to its plan and other matters.
- Ratify decisions regarding the appointment and removal of the Executive Director.
- Make appropriate inquiries of management and the Executive Director to determine whether there is inappropriate scope or resource limitations.

The Executive Director will have unrestricted access to, and communicate and interact directly with, the Audit Committee, including private meetings without senior administration present.

The Audit Committee authorizes the OIA to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information at both the main campus and USA Health.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of the University of South Alabama, as well as other specialized services from within or outside the University of South Alabama, in order to complete the engagement.

Independence and Objectivity

The Executive Director will ensure that the OIA remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased and independent manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Executive Director determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the University of South Alabama or its affiliates.
- Initiating or approving transactions external to the OIA.
- Directing the activities of any University of South Alabama employee not employed by the OIA, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Executive Director has, or is expected to have, roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Executive Director will confirm to the Audit Committee, at least annually, the organizational independence of the Office of Internal Audit.

The Executive Director will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities

Assurance Services: The scope of Internal Audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, administration, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the University of South Alabama. Internal Audit assessments include evaluating whether:

- Risks relating to the achievement of the University of South Alabama's strategic objectives are appropriately identified and managed.
- The actions of the University of South Alabama's officers, directors, employees, and contractors are in compliance with the University of South Alabama's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that impact the University of South Alabama.
- Information and the means used to identify, measure, analyze, classify, and report

such information are reliable and have integrity.

- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Executive Director will report periodically to senior administration and the Audit Committee regarding:

- The OIA's purpose, authority, and responsibility.
- The OIA's plan and performance relative to its plan.
- The OIA's conformance with The Institute of Internal Auditors' (IIA) Code of Ethics and *Standards*, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by senior administration that may be unacceptable to the University of South Alabama.

The Executive Director also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of administration.

Consulting Services: The OIA provides consulting services in an advisory capacity. Consulting may range from formal engagements with defined scopes and objectives to advisory activities such as providing informal guidance in response to general inquiries, or participating on University committees. However, in all cases, Internal Audit functions only as an advisor, with management being responsible for final decisions.

Responsibilities of Executive Director

The Executive Director has the responsibility to:

- Submit, at least annually, to senior administration and the Audit Committee a risk-based internal audit plan for review and approval.
- Evaluate, on an annual basis, the department's adherence to the Internal Audit Charter and report such adherence, or lack thereof, to senior administration and the Audit Committee.

- Communicate to senior administration and the Audit Committee any significant interim changes to the Internal Audit Plan.
- Periodically evaluate the performance of all staff auditors and provide opportunities for development of staff.

Quality Assurance and Improvement Program

The OIA will maintain a Quality Assurance and Improvement Program covering all aspects of its operations. The program will include an evaluation of the OIA's conformance with the *Standards* and an evaluation of whether or not internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the OIA and identify opportunities for improvement.

The Executive Director will communicate to senior administration and the Audit Committee on the OIA's Quality Assurance and Improvement Program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the University of South Alabama.

Approval/Signatures

Executive Director of Internal Audit

Date

Audit Committee Chair

Date

University of South Alabama President

Date

Endowment Funds Investment Policies and Guidelines

The Endowment Committee of the Board of Trustees of the University of South Alabama shall be responsible for recommending investment policies and guidelines for approval by the Board of Trustees, implementation of such policies and guidelines and selection of qualified investment professionals including Investment Consultant(s), Investment Manager(s), and Funds Custodian(s). The Endowment Committee will oversee investment activities, monitor investment performance and ensure the prudent control of the Endowment Funds of the University. The Endowment Committee will make periodic reports to the Board of Trustees.

I. Purpose of the Endowment Funds

The University of South Alabama Endowment Funds exist to provide revenue while preserving principal to fund those projects which have been endowed for specific purposes, i.e., scholarships, professorships, program enhancements, student loans, etc.

II. Purpose of the Investment Policy

This investment policy is set forth by the Board of Trustees of the University of South Alabama in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding of all involved parties of the investment goals and objectives of Endowment Funds assets.
3. Offer guidance and limitations to Investment Manager(s) regarding the investment of Endowment Funds assets.
4. Establish a basis of evaluating investment results.
5. Manage Endowment Funds assets according to prudent standards as established in the laws of the State of Alabama.
6. Establish the relevant investment horizon for which the Endowment Funds assets will be managed.

In general, the purpose of this policy is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

III. Delegation of Authority

The Board of Trustees of the University of South Alabama is responsible for directing and monitoring the investment management of the University's Endowment Funds assets. As such, the Board of Trustees is authorized to delegate certain authority to professional experts in various fields. These include, but are not limited to:

1. Investment Management Consultant(s). The consultant may assist the Board of Trustees in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
2. Investment Manager(s). The investment manager has discretion to purchase or sell, in the University's name, the specific securities that will be used to meet the Endowment Funds investment objectives.
3. Funds Custodian(s). The custodian will physically (or through securities owned by the Fund) collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets, owned, purchased or sold as well as movement of assets into and out of the Endowment Funds accounts.

With the exception of specific limitations described in these statements, managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications which they deem appropriate. All expenses for such experts must be customary and reasonable, and will be borne by the Endowment Funds as deemed appropriate and necessary.

IV. Assignment of Responsibility

A. Responsibility of the Board of Trustees of the University of South Alabama

The Board of Trustees is responsible for the management of the assets of the Endowment Funds. The Board of Trustees shall discharge its duties in good faith like an ordinary prudent person in a like position would exercise under similar circumstances and in a manner the Trustees reasonably believe to be in the best interest of the University. The Board of Trustees will supervise the Endowment Committee and assigns the following authority and responsibilities to the Endowment Committee on behalf of the Board of Trustees.

B. Responsibility of the Endowment Committee

The specific authority and responsibilities of the Endowment Committee relating to the

investment management of Endowment Funds assets include:

1. Projecting the Endowment Funds financial needs, and communicating such needs to the Investment Manger(s) on a timely basis.
2. Determining the Endowment Funds risk tolerance and investment horizon, and communicating these to the appropriate parties.
3. Establishing reasonable and consistent investment objectives, policies, time frames and guidelines which will direct the investment of the Endowment Funds assets.
4. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s), Investment Consultant(s), and Custodian(s).
5. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to policy guidelines and monitor investment objectives progress.
6. Developing and enacting proper control procedures: For example, replacing Investment Manager(s) due to fundamental changes in the investment management process, or failure to comply with established guidelines.
7. Making direct investments in cases in which selection of an investment manager is not appropriate.
8. Recommending an endowment spending policy to the Board of Trustees for approval.
9. Reporting periodically to the Board of Trustees Endowment Committee actions and recommendations and investment performance of the Endowment Funds.

C. Responsibility of the Investment Manager(s)

The Endowment Funds will be managed primarily by external investment advisory organizations; both commingled vehicles and separate accounts may be used. The investment manager(s) have discretion, within the guidelines set forth in this policy statement and any additional guidelines provided them, to manage the assets in each portfolio to achieve the investment objectives. Managers will normally manage only one type of investment in each fund. For example, equities and fixed income will not be combined in a balanced fund with one manager.

Each Investment Manager must acknowledge, in writing, their acceptance of responsibility as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under their jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Each Investment Manager will be provided with a copy of this statement of investment objectives and policies. In turn, as part of the investment management contract that will govern their portfolio, the Investment Manager is expected to provide a written statement of the firm's

expectations, stated in terms of the objectives and comparative benchmarks that will be used to evaluate performance and the allowable securities that can be used to achieve these objectives. These statements will be consistent with the statement of investment objectives and policies and will be incorporated as appendices. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy or sell individual securities, and to alter asset allocation with the annual guidelines established by the Endowment Committee.
2. Reporting, on a timely basis, quarterly investment performance results.
3. Providing monthly valuation of the investment portfolio based on the previous month's closing prices.
4. Communicating any major changes in economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objectives progress of the Endowment Funds investment management.
5. Informing the Endowment Committee regarding any qualitative change in the investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
6. Providing the Endowment Committee with proof of liability and fiduciary insurance coverage.
7. Acknowledging in writing an ability and agreement to invest within the guidelines set forth in the investment policy.
8. Meeting with the Endowment Committee at least annually.
9. Voting proxies on behalf of the Endowment Funds and communicating such voting records on a timely basis. In cases in which the University desires to vote proxies related to specific topics, it will so notify Manager(s).
10. The Board of Trustees may from time to time request that the Investment Manager(s) allocate commissions to those brokerage firms providing other investment management services to the University. Good execution and commission prices are primary considerations in routing business to the said brokerage firms. If at any time any Investment Manager believes that any policy guideline inhibits investment performance, it is their responsibility to communicate this to the Endowment Committee.

V. General Investment Principles

1. Investments shall be made solely in the interest of the purposes of the University of South Alabama.
2. The Endowment Funds shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person in a like position would exercise under similar circumstances in a manner the Board of Trustees reasonably believe to be in the best interest of the University.
3. Investment of the Endowment Funds shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. The Board of Trustees may employ one or more investment managers of varying styles and philosophies to attain the Endowment Funds objectives.
5. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

VI. Investment Objectives

In order to meet its needs, the investment strategy of the University of South Alabama Endowment Funds is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. The total Endowment Funds shall be monitored for return relative to objectives, consistency of investment philosophy, and investment risk. The Endowment Funds results shall be evaluated on a rolling five-year basis against a market benchmark weighted 40 percent in favor of the S&P 500 Index, 5% Russell 2000 Index, 12% MSCI EAFE (US Dollar) Index, 23 percent toward the Barclay's Capital US Aggregate Bond Index, 10% HFRI Fund of Funds Conservative Index and 10% HFRI Fund of Funds Strategic Index.

VII. Portfolio Composition and Risk

- A. To achieve its investment objective, the Endowment Funds assets are considered as divided into three parts a fixed income component, a fixed income alternative component, an equity component and a private equity component. The Endowment Funds long-term commitment to these funds shall be as follows:

| | <u>Range</u> | <u>Long-term neutral</u> |
|--------------------------|--------------|--------------------------|
| Fixed Income | 15-35% | 25% |
| Equity | 35-75% | 50% |
| Private Equity | 0-10% | 5% |
| Fixed Income Alternative | 10-30% | 20% |
| Cash | 0-5% | 0% |

The purpose of dividing the Endowment Funds in this manner is to ensure that the overall asset allocation among major asset classes remains under the regular scrutiny of the Endowment Committee and is not allowed to become the residual

of separate manager decisions. Over the long run, the allocation among the major asset classes may be the single most important determinant of the endowment funds investment performance.

- B. The purpose of the fixed income fund is to provide a hedge against deflation, to reduce the overall volatility of returns of the Endowment Funds, in order to produce current income in support of spending needs.
- C. The percentage of total Endowment Funds assets allocated to the fixed-income fund at any time should be sufficient to provide that neither the current income nor the capital value or the total Endowment Funds declines by an intolerable amount during an extended period of deflation. The fixed-income fund should normally represent approximately 15-35 percent of total Endowment Funds assets at market value. Although the actual percentage will fluctuate with market conditions, levels outside this range should be closely monitored by the Endowment Committee.
- D. The purpose of the equity fund is to provide appreciation of principal that more than offsets inflation and to provide a growing stream of current income. It is recognized that the pursuit of this objective could entail the assumption of greater market variability and risk than investment in fixed-income securities. Equity and equity-substitute investments are broadly defined as common stocks, high-yield bonds, reorganization securities, private equity, venture capital, leveraged buyout investments, equity real estate, reorganization securities, exchange traded index funds, etc. Investments made in such less liquid equity investments should be made through funds offered by professional investment managers.
- E. The purpose of the fixed income alternative component is to provide the Endowment a source of returns with low correlation to equity markets and volatility of one third to one half that of the U.S. equity market, while still achieving equity-like returns of Treasury Bills plus 2-8% over time. The Fixed Income Alternative should normally represent approximately 10-30 percent of total Endowment Funds.
- F. Any assets not committed to the fixed-income fund or fixed income alternative shall be allocated to the equity fund and the private equity fund. The equity fund should normally represent approximately 35-75 percent of total Endowment Funds assets at market value. The private equity fund should normally represent approximately 0-10 percent of total Endowment Fund assets at market value. Although the actual percentage of equities will vary with market conditions, levels outside these ranges should be closely monitored by the Investment Committee.
- G. The Endowment includes investments in several categories, and the Endowment Committee targets allocations for the following:

| Asset Class | Long-Term Strategic Target (%) of Endowed Funds | Range |
|--|--|---------------|
| <i>DOMESTIC EQUITY</i> | 42% | 30-60% |
| Large/Mid-Cap | 35% | 25-55% |
| Small Cap | 5% | 3-8% |
| High Yield Debt | 2% | 0-5% |
| <i>INTERNATIONAL STOCKS</i> | 10% | 5-15% |
| Developed Markets | 6% | 3-10% |
| Emerging Markets | 4% | 0-6% |
| <i>PRIVATE EQUITY</i> | 5% | 0-10% |
| <i>TOTAL EQUITY COMPONENT</i> | 57% | 35-75% |
| <i>ALTERNATIVE INVESTMENTS</i> | 20% | 10-30% |
| Absolute Return | 15% | 12-205 |
| Long/Short Equity | 5% | 0-10% |
| <i>TOTAL ALTERNATIVE COMPONENT</i> | 20% | 10-30% |
| <i>Fixed Income Component</i> | 23% | 15-35% |
| U.S. Core Bonds | 16% | 12-20% |
| Global Bonds | 4% | 0-7% |
| TIPS | 2% | 0-5% |
| Emerging Markets Debt | 1% | 0-2% |
| <i>TOTAL FIXED INCOME COMPONENT</i> | 23% | 15-35% |
| <i>CASH AND EQUIVALENTS</i> | 0% | 0-5% |

- H. Within the equity fund, certain investments can be included, with Endowment Committee approval, to provide a hedge against unanticipated, rapidly accelerating inflation. These include cash, real estate and oil and gas investments. While the Endowment Committee recognizes the argument for having a separate allocation to inflation-hedging assets, at this time, these investments are evaluated primarily as equity-substitutes. The Endowment Committee will periodically review the adoption of an inflation-hedging fund allocation separate from the equity allocation.
- I. Within the equity fund, in addition to cash reserves held by managers, there is normally an investment in cash or short-term instruments. Although the Endowment Committee has not adopted a cash allocation, new gifts to the endowment and endowment income in excess of budgetary distributions generate cash inflow to the Endowment Fund. The level of cash should be closely monitored by the committee.

- J. The Endowment committee may change any of the above ratios; however, it is anticipated that these changes will be infrequent.
- K. The Endowment Funds investments shall be diversified both by asset class (e.g., equities and fixed-income securities) and within asset classes (e.g., within equities by economic sector, geographic area, industry, quality, and size). The purpose of diversification is to provide reasonable assurance that no single security or class of securities shall have a disproportionate impact on the endowment funds aggregate results. Equity securities in any single industry will not exceed 20 percent, nor will equity securities in any single company exceed 10 percent of the market value of the endowment's allocation to equities.

VIII. Spending Policy

It shall be the policy of the University of South Alabama Board of Trustees to preserve and maintain the real purchasing power of the principal of the Endowment Funds. The current spending policy of the University will be determined annually by the President and the Endowment Committee and approved by the Board of Trustees. The spending guideline is based on an expected total return over the long-term less expected inflation.

IX. Volatility of Returns

The Board of Trustees understands that in order to achieve its objectives for Endowment Funds assets, the Funds will experience volatility of returns and fluctuations of market value. The Board will tolerate volatility as measured against the risk/return analysis of the appropriate market indices. The indices used as a measure of an investment manager's performance will be used to measure the allowable volatility (risk).

X. Liquidity

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Vice President for Financial Affairs will periodically provide Investment Manager(s) with an estimate of expected net cash flow. The Vice President will notify the Investment Consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves. Because of the infrequency of cash outflows and overall marketability of Endowment Funds assets, the Board of Trustees does not require the maintenance of a dedicated cash or cash equivalent reserve.

XI. Marketability of Assets

The Board of Trustees requires that all Endowment Funds allocated to cash equivalents, fixed income securities or equity securities be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Endowment Funds, with minimal impact on market price. The Board of Trustees recognizes that opportunities may exist in illiquid assets and will allow Investment Managers overseeing Private Equity or

Fixed Income Alternatives to invest in securities that may be less liquid and could present a risk of illiquidity.

XII. Investment Guidelines

A. Allowable Assets

1. Cash Equivalents
 - Treasury Bills
 - Money Market Funds
 - Common Fund Short Term Investment Fund
 - Commercial Paper
 - Banker's Acceptance
 - Repurchase Agreements
 - Certificates of Deposits

2. Fixed Income Securities
 - U.S. Government and Agency Securities
 - Corporate Notes and Bonds
 - Mortgage Backed Bonds
 - Preferred Stock
 - Fixed Income Securities of Foreign Governments and Corporations
 - Collateralized Mortgage Obligations

3. Fixed Income Alternatives
 - Arbitrage (merger, event, convertible, equity and fixed income arbitrage and pairs trading)
 - Event investing (restructurings, spin-offs, etc.)
 - Distressed securities
 - Long Short equities (U.S., global and sector funds)
 - Market neutral equities
 - Short-biased equities
 - Macro investing

4. Equity Securities
 - Common Stocks
 - Convertible Notes and Bonds
 - Convertible Preferred Stocks
 - American Depository Receipts (ADRs) of Non-U.S. Companies
 - Exchange traded index funds

5. Private Equity
6. Mutual Funds
 - Mutual Funds which invest in securities as allowed in this statement.

Other Assets:

Derivative Securities: options and future contracts

In general, the use of derivative securities by the Investment Manager shall be discouraged, unless such an opportunity presents itself that the use of the sophisticated securities would provide substantial opportunity to increase investment returns at an appropriately equivalent level of risk to the remainder of the total portfolio. Also, derivative securities may be used by the Investment Manager in order to hedge certain risks to the portfolio. The approval and use of derivative securities will not be allowed unless the Endowment Committee is confident that the Investment Manager(s) thoroughly understands the risks being taken, has demonstrated expertise in their usage of such securities, and has guidelines in place for the use and monitoring of derivatives.

Real Estate: Investments may also include equity real estate, held in the form of professionally managed, income producing commercial and residential property. Such investments may be made only through professionally managed, income producing commercial and residential property. Such investments may not exceed 10% of the total endowment fund. Such investment may be made only through professionally managed pooled real estate investment funds, as offered by leading real estate managers with proven track records of superior performance over time.

(Is now covered under the derivative section)

The Endowment will avoid highly leveraged strategies and managers who provide insufficient transparency of their actions for adequate monitoring of the risks they are taking.

B. Guidelines for Fixed Income Investments and Cash Equivalents

1. Investment in fixed income securities shall be restricted to only investment grade bonds rated BAA or higher.
2. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's.
3. Investment in fixed income securities within the fixed income portfolio shall be restricted to only investment grade bonds rated BAA or higher. Any investment in below investment grade bonds shall be considered an equity or fixed income alternative investment.

C. Guidelines for Fixed Income Alternatives

1. Fixed Income alternative investments will be defined as any strategy using a partnership or offshore investment company structure that may or may not be subject to SEC registration, investing primarily in marketable securities and/or subject to a performance fee. These strategies would generally have absolute, as opposed to relative, return objectives driven more by manager skill and market inefficiency than market direction. Use of leverage, short selling and/or derivatives may or may not be employed as part of the investment approach. The endowment will employ a manager of manager's approach to investing in fixed income alternative investments.

D. Limitations on Manager Allocations

1. No more than 5% of the Endowment Fund assets shall be allocated to an individual Investment Manager.
2. No more than 25% of the Endowment Fund assets shall be allocated to a "Fund of Funds" or multi-manager fund.

XIII. Investment Manager Performance Review and Evaluation

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Board of Trustees for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Board of Trustees intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason including the following:

1. Investment performance which is significantly less than anticipated, given the discipline employed and risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed annually regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

XIV. Investment Policy Review

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Board of Trustees will review investment policy at least annually.

Investment Manager Selection

1. The Endowment Committee will decide on guidelines for the desired investment philosophy, asset mix, and performance objectives of the new manager.
2. The Endowment Committee will employ, if appropriate, Investment Consultant(s) to identify potential managers.
3. Potential managers will be reviewed by the Endowment Committee in some or all of the following areas with the importance of each category determined by the Endowment Committee:

Organization

- Experience of firm
- Assets under management
- Ownership
- Number of professionals
- Fees and minimum account size

Performance

- One, three and five-year comparisons
- Up/down market comparisons
- Risk/return graphs

Securities Summary – Equities

- Yield
- Profit/earnings
- Quality
- Growth
- Beta

Securities Summary – Fixed Income

- Quality
- Maturity
- Duration
- Government/non-government
- Investment decision-making process
- Top down/bottom up
- Quantitative/qualitative/traditional
- Expected performance characteristics

Securities Summary – Fixed Income Alternative

- Arbitrage (merger, event, convertible, equity and fixed income arbitrage and pairs trading)
- Event investing (restructurings, spin-offs, etc.)

- Distressed securities
- Long Short equities (U.S., global and sector funds)
- Market neutral equities
- Short-biased equities
- Macro investing

Skill Set Analysis

- Market timing
- Sector diversification
- Security selection
- Security consideration

4. Final selection of a new manager resides with the Endowment Committee.

UNIVERSITY OF SOUTH ALABAMA NON-ENDOWMENT CASH POOL INVESTMENT POLICIES

Purpose

The purpose of this Investment Policy is to provide a guideline by which the pooled funds (the current, loan, agency and plant fund groups) not otherwise needed to meet the daily operational cash flows for the University can be invested to earn a maximum return, yet still maintain sufficient liquidity to meet fluctuations in the inflow of funds from revenues, tuition payments and state appropriations.

The policies and practiced hereinafter set forth separate funds into three investment categories: (1) Short-term funds (2) Intermediate-term funds (3) Long-term funds.

INVESTMENT OBJECTIVES

The investment objectives for Operational Funds Investments are: (1) to maximize current investment returns consistent with the liquidity needs of the University. In keeping with the investment objectives noted above, it is acknowledged that there are Operational Funds which require short-term, intermediate-term and long-term investment strategies.

It is expected that the maturities of the investments in the Operational Funds will be matched against the cash flow needs of each campus to maximize yields consistent with the liquidity needs of the University.

Maintenance of Adequate Liquidity

The investment portfolio must be structured in such a manner that will provide sufficient liquidity to pay obligations such as normal operating expenses and debt service payments as they become due. A liquidity base will be maintained by the use of securities with active secondary markets, certificates of deposit, or repurchase agreements. These investments could be converted to cash prior to their maturities should the need for cash arise.

Return on Investments

The University seeks to optimize return on investments within the constraints of each investment objective. The portfolio strives to provide a return consistent with each investment category. The cash pool portfolio rate of return will be compared with the returns of broad indices representing the investment and maturity structure of the Pool.

DELEGATION OF AUTHORITY

The Board of Trustees is ultimately responsible for investment policy. By Board Resolution the Board of Trustees is delegating investment authority to the President or Vice President for Financial Affairs or other such persons as may be authorized to act on their behalf.

The Investment Policy is established to provide guidance in the management of the University's Non-Endowment Cash Pool to insure compliance with the laws of the State of Alabama and investment objectives. The Vice President for Financial Affairs or his designee is accorded full discretion, within policy limits, to select individual investments and to diversify the portfolio by applying their own judgments concerning relative investment values.

IMPLEMENTATION OF THE INVESTMENT POLICY

The Vice President for Financial Affairs or his designee is authorized to execute security transactions for the University investment portfolio. Reports of investments shall be presented to the Endowment and Investment Committee of the Board of Trustees.

AUTHORIZED INVESTMENT INSTRUMENTS

Short-Term Operational Funds

Safety of Capital

Preservation of capital is regarded as the highest priority in the handling of investments for the University of South Alabama. All other investment objectives are secondary to the safety of capital.

It is assumed that all investments will be suitable to be held to maturity. However, sale prior to maturity is warranted in some cases. For example, investments may be sold if daily operational funds are needed or if the need to change the maturity structure of the portfolio arises.

All investments will be restricted to fixed income securities with the maturity range to be consistent with the liquidity needs of the pooled fund groups. It is essential that cyclical cash flow be offset by liquid investments. Permissible investment instruments may include:

1. Checking and Money Market deposit accounts in banks. These funds are subject to full collateralization for the amounts above the FDIC \$250,000.00 coverage limit, or participation by the Bank in the State of Alabama's Security for Alabama Funds Enforcement Program.
2. Certificates of Deposit issued by banks and fully collateralized for the amounts above the FDIC \$250,000.00 coverage limit or participation by the bank in the State of Alabama's Security for Alabama Funds Enforcement Program. Negotiable Certificates of Deposit or

Deposit Notes issued by credit worthy U.S. Banks in amounts not to exceed the FDIC \$250,000.00 coverage limit.

3. Direct obligations of the United States or obligations unconditionally guaranteed as to principal and interest by the United States.
4. Obligations of a Federal Agency (including mortgage backed securities) or a sponsored instrumentality of the United States including but not limited to the following:
 - Federal Home Loan Bank (FHLB)
 - Federal Home Loan Mortgage Corporation (FHLMC)
 - Federal Farm Credit Banks (FFCB)
 - Government National Mortgage Association (GNMA)
 - Federal National Mortgage Association (FNMA)
 - Student Loan Marketing Association (SLMA)
 - Financing Corp (FICO)
 - Tennessee Valley Authority (TVA)
 - Government Trust Certificates (GTC)
5. Commercial paper of corporate issuers with a minimum quality rating of P-1 by Moody's, A-1 by Standard and Poor's or F-1 rating by Fitch. Corporate bonds will maintain a minimum "A" rating by both Moody's and Standard and Poor's at the time of purchase. No more than ten percent (10%) of the Total Cash and Investments shall be invested in a single corporation for Commercial Paper/Short-term Corporate Bonds and thirty-five percent (35%) per Federal Agency Obligation as described above. There will be no limit on U.S. Treasury Obligations. All such securities must have an active secondary market.

The maturity range of Short-Term Operational Funds Investments shall be consistent with liquidity requirements of the funds category. However, funds established under certain debt instruments may be invested in accordance with the applicable criteria. Typical maturity will range from one day to one year.

Intermediate-Term Investment of Operational Funds

Investments for those Operational Funds designated by the President as benefiting from investment over a one- to three-year period.

Permissible investments are consistent with all investments approved under short-term operational funds within a one- and three- year investment period. It is expected that the maturities of the investments within the intermediate-term funds will match against the cash flow needs of the University and to maximize yields consistent with the liquidity needs of the University.

Long-Term Investment of Operational Funds

From time to time management may have the opportunity to invest Operational Funds designated by the President to achieve higher earnings over a longer time horizon. These funds will be invested based on the Non-endowment Equity and Alternative Investment Pool Guidelines referenced in Appendix A.

PASS THROUGH OR DESIGNATED FUNDS

This policy shall also cover pass through funds (endowment funds to be forwarded to external endowment fund managers) and any funds managed by the University and designated for specific purposes and not covered by individual investment restrictions (i.e. endowment funds that may not be co-mingled, bond proceeds during construction, USA Health Plan, etc.)

PRUDENCE AND ETHICAL STANDARDS

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing the overall portfolio. Persons performing the investment functions, acting in accordance with these written policies and procedures, and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations and appropriate recommendations to control adverse developments are reported in a timely fashion. The “prudent person” standard is understood to mean:

“Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

EFFECTIVE DATE

This policy shall become effective immediately upon its adoption by the Board of Trustees. Further, this policy shall be reviewed at least annually and updated whenever changing market conditions or investment objectives warrant.



University of South Alabama

Non-Endowment Equity and Alternative Investment Pool Guidelines

Purpose

The purpose of the University's Non-Endowment Equity and Alternative Investment Pool (Equity and Alternative Pool) is to maximize returns for those operating funds that are not utilized for day to day cash management needs. These funds will have a seven- to ten- year time horizon. The goal of the Equity and Alternative Pool is to provide revenue while preserving principal to fund University projects as set forth by the University President.

Return on Investments

The University seeks to optimize return on these investments within the constraints of the Equity and Alternative Pool guidelines. The portfolio strives to provide a return consistent with each investment category.

Oversight and Delegation of Authority

The Equity and Alternative Pool will be governed by the Non-Endowment Cash Pool Investment Policy. The Board of Trustees is ultimately responsible for the Non-Endowment Cash Pool Investment Policy. Investment oversight will be delegated to the President or Vice President for Finance and Administration or other such persons as may be authorized to act on their behalf.

Investment Objectives

In order to meet its needs, the investment strategy of the Equity and Alternative Pool is to emphasize long-term growth; that is, the aggregate return from capital appreciation. The Equity and Alternative Pool shall be monitored for return relative to objectives, consistency of investment philosophy, and investment risk.

Portfolio Composition and Risk

- A. To achieve its investment objective, the Equity and Alternative Pool assets are considered as divided into two parts; an alternative investment component or hedged strategy and an equity component. Total Equity and Alternative Pool assets

should not exceed 25% of all non-endowment cash and cash-equivalents of the University as of September 30th of the prior fiscal year. This percentage will be reassessed periodically and any changes will be communicated to the Board. The Equity and Alternative Pool commitment to these funds shall be as follows:

| | <u>Range</u> | <u>Long-term neutral</u> |
|------------------------|--------------|--------------------------|
| Equity | 45-85% | 70% |
| Alternative Investment | 10-35% | 30% |

- B. The purpose of the equity component is to provide appreciation of principal that more than offsets inflation and to provide a growing stream of capital appreciation and current income. It is recognized that the pursuit of this objective could entail the assumption of greater market variability and risk than investment in fixed-income securities. Equity and equity-substitute investments are broadly defined as common stocks, high-yield bonds, reorganization securities, venture capital, leveraged buyout investments, equity real estate, exchange traded index funds, etc.
- C. The purpose of the alternative investment component is to provide the Equity and Alternative Pool a source of returns with low to negative correlation to equity markets and volatility of one third to one half that of the U.S. equity market, while still achieving equity-like returns of Treasury Bills plus 2-8% over time. The alternative investment component should normally represent approximately 10-35 percent of the total Equity and Alternative Pool.
- D. Any assets not committed to the alternative investment component shall be allocated to the equity fund. The equity fund should normally represent approximately 45-85 percent of total the Equity and Alternative Pool assets at market value. Although the actual percentage of equities will vary with market conditions, levels outside this range should be closely monitored.
- E. The Equity and Alternative Pool includes investments in several categories:

| Asset Class | Long-Term Strategic Target (%) of Funds | Range |
|---|--|---------------|
| <i>DOMESTIC EQUITY</i> | 55% | 40-70% |
| Large Cap | 40% | 30-65% |
| Mid Cap | 10% | 5-15% |
| Small Cap | 5% | 3-10% |
| <i>INTERNATIONAL STOCKS</i> | 15% | 5-25% |
| Developed Markets | 10% | 3-20% |
| Emerging Markets | 5% | 0-10% |
| <i>TOTAL EQUITY COMPONENT</i> | 70% | 45-85% |
| <i>ALTERNATIVE INVESTMENTS</i> | 30% | 10-35% |
| Absolute Return | 30% | 10-35% |
| <i>TOTAL ALTERNATIVE COMPONENT</i> | 30% | 10-35% |
| <i>TOTAL</i> | 100% | |

- F. Within the equity fund, certain investments can be included to provide a hedge against unanticipated, rapidly accelerating inflation. These include cash, real estate and oil and gas investments.
- G. The Equity and Alternative Pool investments shall be diversified both by asset class (e.g., equities and alternative investment securities) and within asset classes (e.g., within equities by economic sector, geographic area, industry, quality, and size). The purpose of diversification is to provide reasonable assurance that no single security or class of securities shall have a disproportionate impact on the endowment funds aggregate results. Equity securities in any single industry will

not exceed 20 percent, nor will equity securities in any single company exceed 10 percent of the market value of the endowment's allocation to equities.

Spending Policy

It shall be the policy of the Equity and Alternative Pool to preserve and maintain the real purchasing power of the principal of the Fund. The current spending policy of the Equity and Alternative Pool will be determined annually by the University President. The spending guideline is based on an expected total return over the long-term less expected inflation and will use the excess return over the inflation adjusted principal using a 3 year moving average to help fund the operating needs of the University.

Line of Credit

At times of extreme volatility related to the Equity and Alternative Pool a Line of Credit (LOC) will be utilized to meet day to day management of the University's operating needs. A LOC of up to \$30,000,000 will be established and available to meet those periods when operating cash is low due to seasonal tuition revenue. The LOC will be repaid in full as soon as sufficient cash is available. The Investment Manager will be required to inform the Vice-President for Finance and Administration, Treasurer and President and obtain appropriate approval of any draws and repayments on the LOC and will be required to provide them with balance reports throughout the year.

EXHIBIT I

**FORM OF SIXTEENTH SUPPLEMENTAL
UNIVERSITY FACILITIES REVENUE TRUST INDENTURE**

SIXTEENTH SUPPLEMENTAL UNIVERSITY FACILITIES

REVENUE TRUST INDENTURE

between

UNIVERSITY OF SOUTH ALABAMA

and

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

Dated December 12, 2019

SIXTEENTH SUPPLEMENTAL UNIVERSITY FACILITIES REVENUE TRUST INDENTURE between the **UNIVERSITY OF SOUTH ALABAMA**, a public body corporate under the laws of the State 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 Trust Indenture of the University 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, which are no longer outstanding (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, which is no longer outstanding (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”), (xix) \$38,105,000 original principal amount University Facilities Revenue Bonds, Series 2017, dated June 15, 2017 (the “Series 2017 Bonds”); (xx) \$47,750,000 original principal amount University Facilities Revenue Bonds, Series 2019-A, dated February 7, 2019 (the “Series 2019-A Bonds”), and (xxi) \$18,440,000 original principal amount Taxable University Facilities Revenue Bonds, Series 2019-B, dated February 7, 2019 (the “Series 2019-B 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 2010 Bond, the Series 2012-A Bond, the Series 2013-A Bond, the Series 2013-B Bond, the Series 2013-C Bond, the Series 2014-A Bond, the Series 2015 Bond, the Series 2016 Bonds, the Series 2016-B Bond, the Series 2016-C Bond, the Series 2016-D Bond, the Series 2017 Bonds, the Series 2019-A Bonds and the Series 2019-B 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 Series 2010 Bond is subject to redemption and payment at the option of the University on and after February 1, 2020, and due to the currently favorable interest rate environment the University has determined it is necessary, wise and in the best interest of the University to refund, on a current basis, the Series 2010 Bond.

(d) The University has determined to obtain a loan (the “Loan”) to pay the costs of refunding the Series 2010 Bond, and has undertaken a competitive bidding process to identify the lender that offers the most optimal terms and financing costs for the Loan.

(e) PNC Bank, NA (the “Lender”) submitted the bid that provides the best terms and lowest financing costs to the University for refunding the Series 2010 Bond.

(f) This Sixteenth Supplemental University Facilities Revenue Trust Indenture is being executed to provide for the issuance of the Series 2019-C Bond as an Additional Bond under the Indenture, which such Series 2019-C Bond will evidence the Loan and the obligation of the University to pay principal and interest thereon to the Lender.

Additional Definitions

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

"Determination of Taxability" shall mean a determination that interest on the Series 2019-C Bond is includable for federal income tax purposes in the gross income (as defined in Section 61 of the Internal Revenue Code of 1986, as amended, or any successor provision thereto) of the registered owner or any former registered owner of the Series 2019-C Bond upon the first to occur of the following, but if and only if such occurrence is the result of an action or failure to act on the part of the University:

(a) the date on which the University is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that, based upon any filings of the University, or upon any review or audit of the University, the interest on the Series 2019-C Bond is includable in the gross income of each registered owner or former registered owner thereof;

(b) the date on which the University receives notice from the registered owner or any former registered owner of the Series 2019-C Bond in writing that the registered owner or former registered owner of the Series 2019-C Bond has received from the Internal Revenue Service a statutory notice of deficiency or similar notice which asserts in effect that the interest on Series 2019-C Bond is includable in the gross income of the registered owner or former registered owner of the Series 2019-C Bond;

(c) the date on which the University is advised in writing by the Commissioner or any District Director of the Internal Revenue Service or otherwise receives notice that there has been issued a public or private ruling of the Internal Revenue Service or a technical advice memorandum issued by the national office of the Internal Revenue Service that the interest on the Series 2019-C Bond is includable for federal income tax purposes in the gross income of the registered owner or former registered owner of the Series 2019-C Bond; or

(d) the date on which the University is advised in writing that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America that the interest on the Series 2019-C Bond is includable in the gross income of the registered owner or former registered owner of the Series 2019-C Bond;

provided, however, (i) interest on the Series 2019-C Bond shall not be deemed includable for federal income tax purposes in the gross income of a registered owner or former registered owner of the Series 2019-C Bond because interest is includable in the

calculation of income for purposes of an alternative minimum tax or any other type of taxation other than regular federal tax imposed on income, and (ii) no Determination of Taxability shall occur under subparagraph (a), (b) or (c) of this definition unless the University has been afforded the opportunity, at the expense of the University, to contest any such conclusion and/or assessment. The University shall be deemed to have been afforded the opportunity to contest if it shall have been permitted to commence and maintain any action in the name of the registered owner or any former registered owner of the Series 2019-C Bond to judgment and through any appeals therefrom or other proceedings related thereto.

"Interest Payment Date" means each April 1 and October 1, commencing April 1, 2020.

"Lender" means PNC Bank, NA, as lender for the Loan and purchaser of the Series 2019-C Bond.

"Series 2019-C Bond" means the \$19,086,000 University Facilities Revenue Bond, Series 2019-C, dated December 12, 2019, and authorized to be issued to the Lender hereunder.

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

W I T N E S S E T H:

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

ARTICLE I: SERIES 2019-C BOND

Section 1.1 Description of the Series 2019-C Bond.

(a) Authorization and General Description.

There is hereby authorized to be issued and delivered by the University under the Indenture one University Facilities Revenue Bond, Series 2019-C, dated December 12, 2019, in the principal amount of \$19,086,000. Principal installments of the Series 2019-C Bond shall mature and become payable on April 1 in the years and amounts shown below, and interest shall be payable on April 1, 2020, and on each Interest Payment Date thereafter, at the per annum rate equal to 1.87% (or, following a Determination of Taxability, at the per annum rate equal to 2.26%), computed on the basis of the actual number of days between each Interest Payment Date (and, with respect to the interest payment due April 1, 2020, the actual number of days from the date of the Series 2019-C Bond (*i.e.*, December 12, 2019) to April 1, 2020), on a 360 day year, all as set forth in the following amortization schedule; provided, following a

Determination of Taxability, the amount owed as interest on each Interest Payment Date shall be computed as set forth above:

| Date | Principal | Interest | Total |
|-------------|------------------|-----------------|----------------|
| 04/01/2020 | \$1,456,000.00 | \$110,046.70 | \$1,566,046.70 |
| 10/01/2020 | -- | 167,587.84 | 167,587.84 |
| 04/01/2021 | 1,518,000.00 | 166,672.06 | 1,684,672.06 |
| 10/01/2021 | -- | 153,157.99 | 153,157.99 |
| 04/01/2022 | 1,584,000.00 | 152,321.06 | 1,736,321.06 |
| 10/01/2022 | -- | 138,100.75 | 138,100.75 |
| 04/01/2023 | 1,654,000.00 | 137,346.10 | 1,791,346.10 |
| 10/01/2023 | -- | 122,378.10 | 122,378.10 |
| 04/01/2024 | 1,724,000.00 | 122,378.10 | 1,846,378.10 |
| 10/01/2024 | -- | 105,990.04 | 105,990.04 |
| 04/01/2025 | 1,800,000.00 | 105,410.86 | 1,905,410.86 |
| 10/01/2025 | -- | 88,879.54 | 88,879.54 |
| 04/01/2026 | 1,878,000.00 | 88,393.86 | 1,966,393.86 |
| 10/01/2026 | -- | 71,027.59 | 71,027.59 |
| 04/01/2027 | 1,958,000.00 | 70,639.46 | 2,028,639.46 |
| 10/01/2027 | -- | 52,415.17 | 52,415.17 |
| 04/01/2028 | 2,044,000.00 | 52,415.17 | 2,096,415.17 |
| 10/01/2028 | -- | 32,985.24 | 32,985.24 |
| 04/01/2029 | 2,132,000.00 | 32,804.99 | 2,164,804.99 |
| 10/01/2029 | -- | 12,718.81 | 12,718.81 |
| 04/01/2030 | 1,338,000.00 | 12,649.30 | 1,350,649.30 |

In the event of a discrepancy between the computation of interest on the Series 2019-C Bond as described above and the amortization schedule set forth above, the payments due under the amortization schedule shall control unless a Determination of Taxability shall have occurred.

(b) Interest Payment Dates.

In the event an Interest Payment Date is not a Business Day, the principal or interest due on such date shall be payable on the then next succeeding Business Day.

Section 1.2 Optional Redemption.

The Series 2019-C Bond shall not be subject to redemption at the option of the University.

Section 1.3 Method of Payment.

Principal installments of the Series 2019-C Bond shall be payable when due at the designated office of the Trustee in the City of Birmingham, Alabama. Principal and interest on the Series 2019-C Bond shall be payable by wire transfer or by check or draft mailed or otherwise delivered by the Trustee to the Lender at its address as it appears on the registry books of the Trustee pertaining to the registration of the Series 2019-C Bond. Upon final payment of such principal and interest that is due on April 1, 2030 (or the sooner redemption, if in full, of the Series 2019-C Bond), the Lender shall surrender the

Series 2019-C Bond to the Trustee. All installments of principal of and interest on the Series 2019-C 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 the Series 2019-C Bond.

Section 1.4 Form of Series 2019-C Bond.

The Series 2019-C Bond and the Trustee's Authentication Certificate applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

THIS SERIES 2019-C BOND MAY BE TRANSFERRED ONLY TO AN "ACCREDITED INVESTOR" OR "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN THE SECURITIES AND EXCHANGE ACT OF 1933 AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER THAT DELIVERS TO THE UNIVERSITY A LETTER CERTIFYING THE SAME, AND ONLY UPON COMPLIANCE WITH APPLICABLE STATE AND FEDERAL SECURITIES LAWS AND WITH THE INDENTURE REFERRED TO HEREIN.

UNITED STATES OF AMERICA

STATE OF ALABAMA

**UNIVERSITY OF SOUTH ALABAMA
University Facilities Revenue Bond
Series 2019-C**

For value received, the **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 PNC BANK, NA (the "Lender"), the principal sum of **NINETEEN MILLION EIGHTY SIX THOUSAND DOLLARS (\$19,086,000)**, in annual installments at the times, in the amounts and as set forth below.

The principal hereof shall mature and become payable in annual installments on April 1 in the years and amounts shown below, and interest shall be payable on April 1, 2020, and on each October 1 and April 1 thereafter (each, an "Interest Payment Date") at the per annum rate equal to 1.87% (or, following a Determination of Taxability, at the per annum rate equal to 2.26%), computed on the basis of the actual number of days between each Interest Payment Date (and, with respect to the interest payment due April 1, 2020, the actual number of days from the date of this bond (*i.e.*, December 12, 2019) to April 1, 2020), on a 360 day year, all as set forth in the following amortization schedule, provided, following a Determination of Taxability, amounts owed as interest on each Interest Payment Date shall be computed as set forth above:

| Date | Principal | Interest | Total |
|-------------|------------------|-----------------|----------------|
| 04/01/2020 | \$1,456,000.00 | \$110,046.70 | \$1,566,046.70 |
| 10/01/2020 | -- | 167,587.84 | 167,587.84 |
| 04/01/2021 | 1,518,000.00 | 166,672.06 | 1,684,672.06 |
| 10/01/2021 | -- | 153,157.99 | 153,157.99 |
| 04/01/2022 | 1,584,000.00 | 152,321.06 | 1,736,321.06 |
| 10/01/2022 | -- | 138,100.75 | 138,100.75 |
| 04/01/2023 | 1,654,000.00 | 137,346.10 | 1,791,346.10 |
| 10/01/2023 | -- | 122,378.10 | 122,378.10 |
| 04/01/2024 | 1,724,000.00 | 122,378.10 | 1,846,378.10 |
| 10/01/2024 | -- | 105,990.04 | 105,990.04 |
| 04/01/2025 | 1,800,000.00 | 105,410.86 | 1,905,410.86 |
| 10/01/2025 | -- | 88,879.54 | 88,879.54 |
| 04/01/2026 | 1,878,000.00 | 88,393.86 | 1,966,393.86 |
| 10/01/2026 | -- | 71,027.59 | 71,027.59 |
| 04/01/2027 | 1,958,000.00 | 70,639.46 | 2,028,639.46 |
| 10/01/2027 | -- | 52,415.17 | 52,415.17 |
| 04/01/2028 | 2,044,000.00 | 52,415.17 | 2,096,415.17 |
| 10/01/2028 | -- | 32,985.24 | 32,985.24 |
| 04/01/2029 | 2,132,000.00 | 32,804.99 | 2,164,804.99 |
| 10/01/2029 | -- | 12,718.81 | 12,718.81 |
| 04/01/2030 | 1,338,000.00 | 12,649.30 | 1,350,649.30 |

In the event of a discrepancy between the computation of interest as described above and this amortization schedule, the payments due under this amortization schedule shall control unless a Determination of Taxability has occurred. As used herein, "Determination of Taxability" shall mean a determination that interest on this bond is includable for federal income tax purposes in the gross income (as defined in Section 61 of the Internal Revenue Code of 1986, as amended, or any successor provision thereto) of the registered owner or any former registered owner hereof upon the first to occur of the following, but if and only if such occurrence is the result of an action or failure to act on the part of the University:

(a) the date on which the University is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that, based upon any filings of the University, or upon any review or audit of the University, the interest on this bond is includable in the gross income of each registered owner or former registered owner thereof;

(b) the date on which the University receives notice from the registered owner or any former registered owner of this bond in writing that the registered owner or former registered owner of this bond has received from the Internal Revenue Service a statutory notice of deficiency or similar notice which asserts in effect that the interest on this bond is includable in the gross income of the registered owner or former registered owner of this bond;

(c) the date on which the University is advised in writing by the Commissioner or any District Director of the Internal Revenue Service or otherwise receives notice that there has been issued a public or private ruling of the Internal Revenue Service or a technical advice memorandum issued by the national office of the Internal Revenue Service that the interest on this bond is includable for federal income tax purposes in the gross income of the registered owner or former registered owner of this bond; or

(d) the date on which the University is advised in writing that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America that the interest on this bond is includable in the gross income of the registered owner or former registered owner of this bond;

provided, however, (i) interest on this bond shall not be deemed includable for federal income tax purposes in the gross income of a registered owner or former registered owner hereof because interest is includable in the calculation of income for purposes of an alternative minimum tax or any other type of taxation other than regular federal tax imposed on income, and (ii) no Determination of Taxability shall occur under subparagraph (a), (b) or (c) of this definition unless the University has been afforded the opportunity, at the expense of the University, to contest any such conclusion and/or assessment. The University shall be deemed to have been afforded the opportunity to contest if it shall have been permitted to commence and maintain any action in the name of the registered owner or any former registered owner of this bond to judgment and through any appeals therefrom or other proceedings related thereto.

In the event of a Determination of Taxability at any time (including without limitation at any time following full payment of this bond) the University shall pay, upon demand, to each registered owner or former registered owner of this bond as to which the Determination of Taxability is applicable, the amount of any additions to federal income tax and any penalties which shall have been paid or are payable by such registered owners as a result of the failure to include interest on this bond in the gross income thereof for federal income tax purposes, which obligation of the University shall survive payment in full of this bond.

Principal and interest on this bond are payable by check or draft mailed by the Trustee to the Lender on the applicable Interest Payment Date and at the address of the Lender shown on the registry books of the Trustee pertaining to this bond as of the close of business on the March 15 or September 15, as the case may be, next preceding the date of payment of such principal or interest; provided, if an Interest Payment Date is not a Business Day (as defined in the Indenture), the interest or principal due on such date shall be payable on the next succeeding Business Day.

Principal and 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 principal or 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 Lender at the address for the Lender shown on the registry books of the Trustee shall to the extent thereof fully discharge and satisfy all liability for the same. Any permitted transferee of this bond takes it subject to all payments of principal and interest in fact made with respect hereto.

This bond is herein entitled "University Facilities Revenue Bond, Series 2019-C" and has been issued under a University Facilities Revenue Trust Indenture dated as of February 15, 1996, as heretofore supplemented and amended and as further supplemented and amended by a Sixteenth Supplemental University Facilities Revenue Trust Indenture dated the date of this bond (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-C Bond is 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) \$29,750,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010, (b) \$25,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-A, dated January 4, 2012, (c) \$32,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013, (d) \$8,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013, (e) \$10,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013, (f) \$41,245,000 original principal amount University Facilities Revenue Refunding Bond, Series 2014-A, dated March 14, 2014, (g) \$6,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015, (h) \$85,605,000 original principal amount University Facilities Revenue Refunding Bonds, Series 2016, dated September 14, 2016, (i) \$20,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-B, dated December 7, 2016, (j) \$35,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-C, dated December 7, 2016, (k) \$45,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016, (l) \$38,105,000 original principal amount University Facilities Revenue Bonds, Series 2017, dated June 15, 2017, (m) \$47,750,000 original principal amount University Facilities Revenue Bonds, Series 2019-A, dated February 7, 2019, (n) \$18,440,000 original principal amount Taxable University Facilities Revenue Bonds, Series 2019-B, dated February 7, 2019, 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 Lender of this bond and the terms and conditions on which additional series of bonds may be issued on a parity of lien with this bond. 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 thereupon 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, 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.

This bond shall not be subject to redemption at the option of the University.

This bond is not a general obligation 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. This bond is not an obligation or debt 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 this bond 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 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 Secretary of its Board of Trustees, and has caused this bond to be dated December 12, 2019.

UNIVERSITY OF SOUTH ALABAMA

By: _____
President
University of South Alabama

[S E A L]

Attest:

Secretary 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

Section 1.5 Execution and Delivery of the Series 2019-C Bond.

The Series 2019-C Bond 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 the Sale of the Series 2019-C Bond.

The entire proceeds from the sale of the Series 2019-C Bond shall be remitted and deposited into a special fund or account held by the Trustee for redemption and payment of the Series 2010 Bond. The President of the University and the Vice President for Finance and Administration are each hereby authorized to establish such funds or accounts with the Trustee, and to enter such agreements with the Trustee, as shall be necessary for the Trustee to hold and invest proceeds of the Series 2019-C Bond pending application thereof for redemption and payment of the Series 2010 Bond on the date called for redemption.

ARTICLE II: CONCERNING THE CODE

Section 2.1 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 Series 2019-C Bond.

Accordingly, 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 Series 2019-C Bond. With respect to any question arising under this Section 2.1, the University may rely upon an opinion of nationally recognized bond counsel acceptable to it.

(b) Series 2019-C Bond not to be "Private Activity Bonds".

The University will not apply the proceeds of the Series 2019-C Bond in any manner that would cause the Series 2019-C Bond to be a "private activity bond" 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 Series 2019-C Bond from being considered an "arbitrage bond" within the meaning of Section 148 of the Code.

(d) Provisions Respecting Registration of Series 2019-C Bond to Comply with Provisions of Code.

The University and the Trustee recognize that the provisions of the Code require that the Series 2019-C Bond be in "registered form" and that, in general, the Series 2019-C Bond must be registered as to both principal and interest and any transfer of the Series 2019-C Bond 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 Series 2019-C Bond.

ARTICLE III: CONCERNING PLEDGED REVENUES; CONFIRMATION OF INDENTURE, AS SUPPLEMENTED

Section 3.1 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 proceeds of the Series 2019-C Bond during any time when the Trustee is not the depository of such amounts.

Section 3.2 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 3.3 Construction of Sixteenth Supplemental University Facilities Revenue Trust Indenture.

No provisions of this Sixteenth 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 Sixteenth 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 Lender as holder of the Series 2019-C Bond.

Section 3.4 Special Covenants in Favor of Lender.

So long as the Series 2019-C Bond remains outstanding, the University shall provide the Lender the audited financial statements of the University within 150 days following the close of each fiscal year of the University, commencing with the fiscal year ending September 30, 2019. This obligation may be satisfied by the University for any fiscal year by the timely filing by the University of its audited financial statements for such year on the Electronic Municipal Market Access ("EMMA") system provided by the Municipal Securities Rulemaking Board ("MSRB"), or such other public repository as shall be identified for such purpose by the MSRB or similar regulatory body.

Section 3.5 Authorized Denominations.

The Series 2019-C Bond may have principal installments maturing in denominations of any amount.

Section 3.6 No Broker Confirmations.

The University agrees that broker confirmations of investments in connection with the Series 2019-C Bond are not required to be issued by the Trustee for each month in which a monthly statement is rendered or made available by the Trustee.

Section 3.7 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.

Section 3.8 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.

IN WITNESS WHEREOF, the University has caused this Sixteenth 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 Sixteenth Supplemental University Facilities Revenue Trust Indenture to be attested by the Secretary of its Board of Trustees, and the Trustee has caused this Sixteenth 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 Sixteenth Supplemental University Facilities Revenue Trust Indenture to be attested, all by its duly authorized officers, and the University and the Trustee have caused this Sixteenth 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 Sixteenth Supplemental University Facilities Revenue Trust Indenture to be dated December 12, 2019.

UNIVERSITY OF SOUTH ALABAMA

By: _____
President

[S E A L]

Attest:

Secretary of the Board of Trustees

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

By: _____

Its: _____

[S E A L]

Attest:

Its: _____

STATE OF ALABAMA)
 :
COUNTY OF MOBILE)

I, _____, a Notary Public in and for said county in said state, hereby certify that Dr. Tony G. 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 12th day of December, 2019.

Notary Public

[NOTARIAL SEAL]

STATE OF ALABAMA)
 :
COUNTY OF JEFFERSON)

I, _____, a Notary Public in and for said county in said state, hereby certify that _____, 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 12th day of December, 2019.

Notary Public

[NOTARIAL SEAL]

COMMITTEE MINUTES

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Audit Committee

December 4, 2019

1:30 p.m.

A meeting of the Audit Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Ron Graham, Chair, on Wednesday, December 4, 2019, at 1:32 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

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

Member Absent: Tom Corcoran.

Other Trustees: Chandra Brown Stewart, Steve Furr, Arlene Mitchell, Jimmy Shumock, Mike Windom and Jim Yance. Participating by phone was Margie Tuckson.

Administration & Guests: Owen Bailey, Lynne Chronister, Joel Erdmann, Monica Ezell, Paul Frazier, Mike Haskins, David Johnson, Nick Lawkis, John Marymont, Susan McCready (Faculty Senate), Mike Mitchell, Mark Peach and Ashley Willson (KPMG), Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, Sahilee Waitman (SGA), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Graham called for consideration of the minutes of the meeting held on September 12, 2019. On motion by Judge Simon, seconded by Capt. Jenkins, the Committee voted unanimously to adopt the minutes.

Mr. Graham called on Mr. Weldon for presentation of **ITEM 5**, the KPMG audit reports for the year ended September 30, 2019. Mr. Weldon introduced KPMG partners Ms. Ashley Willson and Mr. Mark Peach. He noted Mr. Peach would retire in September 2020 and thanked him for his work on behalf of the University over the years. Mr. Peach and Ms. Willson discussed required communications and audit results, reporting an unqualified opinion on the University's financial statements. Ms. Willson added that she and Mr. Peach also met with the Board of Directors of the USA Health Care Authority (HCA), Inc., to discuss HCA audit specifics.

Mr. Graham asked Mr. Weldon to address the Alabama Department of Examiners of Public Accounts audit report for the year ended September 30, 2018, **ITEM 6**. Mr. Weldon stated the audit focused on University compliance and the Examiners' report resulted in no findings.

Mr. Graham called for presentation of **ITEM 7**, a report on an external assessment of Office of Internal Audit functions. Mr. Weldon shared that the Institute of Internal Auditors (IIA) recommends organizations conduct an external quality assurance review (QAR) every five years. He said South's first QAR was recently completed by the accounting firm of Warren Averett and compliance with 223 IIA standards and objectives was considered. He stated the department was found to be generally compliant with 36 percent of the standards, partially compliant with 41

percent of the standards, and noncompliant with 23 percent of the standards. He said the assessment provides a benchmark for improving efficiency and the staff were working diligently to make progress amid the search for an Executive Director of Internal Audit.

Concerning **ITEM 8**, a resolution to adopt a charter for the Office of Internal Audit, Mr. Weldon stated the IIA recommends organizations have charters and that the draft for consideration defined expectations with regard to the department's mission, core values, authority, independence and services. (To view approved resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 5, 2019.) Mr. Weldon said the charter would be evaluated annually and revisions presented for Board approval. Mr. Graham thanked Mr. Weldon and Dr. Smith for filling in during the search for an Executive Director. On motion by Ms. Atkins, seconded by Capt. Jenkins, 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 1:56 p.m.

Respectfully submitted:



William Ronald Graham, Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Development, Endowment and Investments Committee

December 4, 2019

1:56 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 Wednesday, December 4, 2019, at 1:56 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Chandra Brown Stewart, Arlene Mitchell, Mike Windom and Jim Yance. Participating by phone was Margie Tuckson.

Members Absent: Scott Charlton and Steve Stokes.

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

Administration & Guests: Terry Albano, Owen Bailey, Lynne Chronister, Joel Erdmann, Monica Ezell, Paul Frazier, Mike Haskins, David Johnson, Gay and Doug Lane (Douglas Lane), Nick Lawkis, John Marymont, Susan McCready (Faculty Senate), Mike Mitchell, Norman Pitman, Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, Sahilee Waitman (SGA), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Yance called for consideration of the minutes of the meeting held on September 12, 2019. On motion by Mr. Windom, seconded by Ms. Mitchell, the Committee voted unanimously to adopt the minutes.

Mr. Yance called on Mr. Albano and Mr. Pitman for presentation of **ITEM 9**, a report on endowment and investment performance. Mr. Albano noted a 3.02 percent investment return for fiscal year 2019 versus the blended benchmark return of 2.68 percent, an outperformance by 34 basis points, for a total endowment market value of just under \$160.9 million. Mr. Pitman shared perspective on market conditions impacting individual manager performance and private equity investments. Mr. Albano discussed asset allocation and reported the annualized performance since inception of the endowment in April 2000 was 5.3 percent versus the 4.07 percent blended benchmark, or an outperformance of 1.23 percent. He stated investment earnings and appreciation over the life of the endowment totaled close to \$86 million.

Mr. Yance asked Mr. Albano to address **ITEM 10**, a resolution acknowledging the Board's annual evaluation of the University's investment policies. (To view approved resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 5, 2019.) Mr. Albano noted that this acknowledgement by the Board was required to fulfil an accreditation standard from SACSCOC (Southern Association of Colleges and Schools Commission on Colleges). With reference to policy revisions adopted in September 2019, he and Mr. Yance emphasized that policy changes were not recommended at this time. On motion by Ms. Mitchell, seconded by Mr. Windom, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

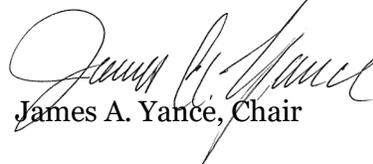
Mr. Albano introduced Mr. Doug Lane of the firm Douglas C. Lane & Associates. Mr. Lane introduced his wife, Mrs. Gay Lane, for brief remarks. Mr. Lane talked about his firm's investment approach, the University's return on investments, and factors driving the market. Chairman Shumock thanked the Lanes for a recent gift to *Celebrate Hope*, the annual fundraising gala benefiting the USA Mitchell Cancer Institute.

Mr. Yance called on Dr. Erdmann to discuss **ITEM 11**, a resolution to approve officers and directors of the Jaguar Athletic Fund, Inc. (JAF). Dr. Erdmann referenced the names of JAF officers and directors interested in serving an additional term in the meeting materials. On motion by Ms. Brown Stewart, seconded by Mr. Windom, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Yance asked Ms. Sullivan for an update on the activities of the Division of Development and Alumni Relations, **ITEM 12**. Ms. Sullivan advised that the Upward & Onward Campaign had entered its fifth and final year with in excess of \$21.5 million in gifts and pledges secured in fiscal year 2019 and close to \$2.3 million raised through December 2 of fiscal year 2020, for a total of just under \$147.3 million raised toward the \$150 million campaign goal. She reported close to 12,000 new donors identified over the campaign. Photos were shown of construction projects made possible by the campaign, such as the Fanny Meisler Trauma Center, the Simulation Laboratory Building and the Jon Lieber Baseball Clubhouse. Ms. Sullivan discussed USA's involvement in the 2019 United Way of Southwest Alabama campaign, recognizing President Waldrop for his role as chair of the United Way Board of Directors and reporting over \$245,000 raised by more than 2,100 South Alabama employees. She detailed upcoming events, including the Department of Art and Art History student art sale preview and reception later in the afternoon, USA Giving Day on February 14, 2020, and the inaugural *Alumni Reunion Weekend* planned in conjunction with the USA versus the University of Alabama at Birmingham home football game on September 26, 2020. Mr. Yance commended Upward & Onward Campaign Co-chairs Steve and Angelia Stokes, Ms. Sullivan and the Development staff for their efforts.

There being no further business, the meeting was adjourned at 2:24 p.m.

Respectfully submitted:



James A. Yance, Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Health Affairs Committee

December 4, 2019

2:24 p.m.

A meeting of the Health Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Dr. Steve Furr on Wednesday, December 4, 2019, at 2:24 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Chandra Brown Stewart, Steve Furr, Arlene Mitchell and Jim Yance.
Participating by phone was Margie Tuckson.

Members Absent: Scott Charlton and Steve Stokes.

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

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

The meeting came to order and the attendance roll was called. Dr. Furr called for consideration of the minutes of the meeting held on September 12, 2019. On motion by Mr. Yance, seconded by Ms. Mitchell, the Committee voted unanimously to adopt the minutes.

Dr. Furr called for consideration of **ITEM 13**, a resolution authorizing USA Hospitals medical staff officers for the calendar years 2020 and 2021. (To view approved resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 5, 2019.) On motion by Mr. Yance, seconded by Ms. Brown Stewart, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

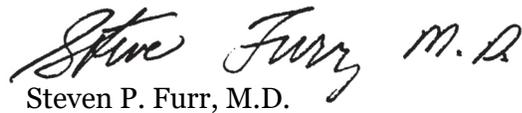
Dr. Furr called for a report on the activities of USA Health and the College of Medicine (COM), **ITEM 14**. Dr. Marymont discussed demographics for the COM class of 2023, noting that 92 percent of the students were Alabama residents; admissions data over three years; and indicators of achievement as reflected by STEP1 and STEP2CK licensure exam scores attained by the class of 2019, which exceeded national averages and placed South above the 60th and 80th percentiles, respectively, among medical schools reporting data. He expressed pride in the quality education students receive at South and answered questions.

Mr. Bailey gave an update on USA Health, advising of significant progress in terms of leadership, finances and expansion of services and facilities. In addition to the projects underway and planned at existing locations, such as construction of a pediatric emergency room at Children's & Women's Hospital, renovations at both hospitals to create more beds, renovations at University Commons for the Mobile Diagnostic Center, and expansion of the Mitchell Cancer Institute Kilborn Clinic, he advised of the lease of two and a half floors at the Dauphin 65 office complex for outpatient clinics, as well as plans to build a freestanding emergency department on Hillcrest

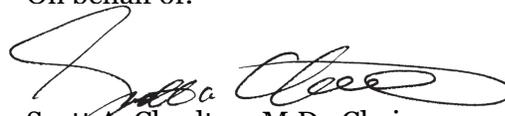
Road near Old Shell Road and a two-story Mobile Diagnostic Center Midtown branch at Old Shell Road and Florida Street. Discussion turned to staffing at the hospitals and security at University Hospital. Ms. Mitchell and Mr. Yance shared that friends in the community and family members who were patients at University Hospital and Children's & Women's Hospital had many positive things to say about their care and the condition of the facilities. Mr. Bailey agreed that public perception of USA Health was improving. He and Dr. Smith commented that University Police work closely with the University Hospital team to assure a safe environment. Brief remarks were made about Allied Health admissions and expansion of clinical opportunities for students.

There being no further business, the meeting was adjourned at 3:01 p.m.

Respectfully submitted:

 Steven P. Furr, M.D.

On behalf of:


Scott A. Charlton, M.D., Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Academic and Student Affairs Committee

December 4, 2019

3:01 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, Chair, on Wednesday, December 4, 2019, at 3:01 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Steve Furr, Ron Graham, Ron Jenkins, Lenus Perkins and Mike Windom. Participating by phone was Margie Tuckson.

Member Absent: Scott Charlton.

Other Trustees: Alexis Atkins, Chandra Brown Stewart, Arlene Mitchell, Jimmy Shumock, Ken Simon and Jim Yance.

Administration & Guests: Owen Bailey, Lynne Chronister, Joel Erdmann, Monica Ezell, Phil Fishel, Paul Frazier, Bill Guess, Mike Haskins, David Johnson, Nick Lawkis, John Marymont, Susan McCready (Faculty Senate), Joshua Missouri, Mike Mitchell, Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, Sahilee Waitman (SGA), Tony Waldrop, Scott Weldon, Alvin Williams and Bob Wood.

The meeting came to order and the attendance roll was called. Mr. Windom called for consideration of the minutes of the meeting held on September 12, 2019. On motion by Capt. Jenkins, seconded by Mr. Perkins, the Committee voted unanimously to adopt the minutes.

Mr. Windom presented **ITEM 15**, a resolution authorizing sabbatical awards for Fall 2020 through Spring 2021. (To view approved resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 5, 2019.) 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 asked Provost Johnson to address **ITEM 16**, a resolution granting emeritus status to retired faculty who served the Division of Academic Affairs and the College of Medicine, and conveying the Board's appreciation for their service to the University. Provost Johnson and Dr. Marymont made brief remarks in support of the candidates. On motion by Mr. Graham, seconded by Capt. Jenkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Windom called on Provost Johnson to present **ITEM 17**, a resolution awarding the rank of *Dean Emeritus* to former College of Engineering Dean Dr. John Steadman. Provost Johnson discussed the contributions of Dr. Steadman over 16 years and noted he would continue to serve as a faculty member in the college. 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 consideration of **ITEM 18**, a resolution authorizing a \$10 and \$20 per credit hour increase of in-state and out-of-state undergraduate tuition, respectively, for Mitchell College of Business (MCOB) courses effective with the 2020 fall semester to fund a new major program in supply chain and logistics management, inclusive of two new faculty positions. Provost Johnson introduced MCOB Dean Dr. Bob Wood and Department of Marketing and Quantitative Methods Chair Dr. Alvin Williams. He said this addition to the curriculum was in response to significant manufacturing growth in the area. Dr. Wood agreed, referencing letters of support received from industry leaders. He stated the new major would broaden internship opportunities and further the college's engagement with community partners. On motion by Capt. Jenkins, seconded by Dr. Furr, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Windom called on Provost Johnson to address **ITEM 19**, a report on the activities of the Division of Academic Affairs. Provost Johnson presented an overview on outcomes-based funding, an initiative of the Alabama Legislature to change how higher education funding is appropriated. He explained that representatives from Alabama's public, four-year institutions were working with a national consultant to develop a funding model founded on institutional performance and key metrics and that completion of a proposed funding model was targeted for early in 2020 in order that new legislation might be passed ahead of the 2020-2021 funding cycle. He cited as the impetus Governor Ivey's objective to add 500,000 highly skilled employees to Alabama's workforce by 2025.

Following a 10-minute recess, Mr. Windom called on Dr. Mitchell for a report on the activities of the Division of Student Affairs, **ITEM 20**. Dr. Mitchell advised of the relocation of the Counseling and Testing Center to space previously occupied by Development Services near the Student Health Center. He said operations in the new location would begin January 2, 2020.

Dr. Mitchell introduced USA's Coordinator of Veteran Affairs Mr. Joshua Missouri, who shared information about South's student veterans and support services available to them and other students who are entitled to receive military educational benefits. He talked about the *PAVE* (Peer Advisor for Veteran Education) mentoring program tailored to the needs of new student veterans, the USA chapter of the *SALUTE* Veterans National Honor Society, and the *Bunker* resource room at the Baugh Biomedical Library in which student veterans can study and engage.

Mr. Windom called for presentation of **ITEM 21**, a report on campus safety. Dr. Smith recognized Director of Safety and Environmental Compliance and coordinator of South's annual disaster preparedness drills Mr. Bill Guess. Mr. Guess credited Department of Emergency Medical Services Education Chair Dr. Charlie Erwin and Chief of Police Mr. Zeke Aull for their leadership roles with safety drills designed to test the University's alert systems and response plans. He shared specifics on a recent active shooter scenario staged at the Student Center, a two-phase exercise involving more than 170 faculty, staff and students simulating facility clearance and mass casualty response.

Dr. Smith introduced Police Lieutenant and Supervisor of Investigations Mr. Phil Fishel, who discussed Clery crime statistics as demonstrated by a graph comparing various types of offenses reported from 2016 to 2018.

Mr. Windom asked Ms. Chronister to present **ITEM 22**, a report on the activities of the Division of Research and Economic Development. Ms. Chronister advised of close to \$87.1 million in sponsored awards received in fiscal year 2019, a 42 percent increase over the previous record of approximately \$64 million in 2016. She shared a variety of data, including award dollars by unit, for which she noted the College of Education and Professional Studies, College of Medicine and Office of Research and Economic Development were the top award recipients; proposals submitted and funded; distribution of funds by source and by purpose; and productivity of the USA regional innovation ecosystem. She said printed information showing awards by major federal sponsor and by academic unit was provided as well.

There being no further business, the meeting was adjourned at 4:11 p.m.

Respectfully submitted:

A handwritten signature in blue ink, appearing to read "Michael P. Windom".

Michael P. Windom, Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Budget and Finance Committee

December 4, 2019

4:11 p.m.

A meeting of the Budget and Finance Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Lenus Perkins, Vice Chair, on Wednesday, December 4, 2019, at 4:11 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Alexis Atkins, Chandra Brown Stewart, Ron Graham, Lenus Perkins and Ken Simon.

Members Absent: Tom Corcoran and Steve Stokes.

Other Trustees: Steve Furr, Ron Jenkins, Arlene Mitchell, Jimmy Shumock, Mike Windom and Jim Yance. Participating by phone was Margie Tuckson.

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

The meeting came to order and the attendance roll was called. Mr. Perkins called on Mr. Weldon to discuss **ITEM 23**, the University of South Alabama 2019 Financial Report. Mr. Weldon advised of an increase in net position by approximately \$56.5 million for fiscal year 2019 as compared to a decrease in net position reported in 2018 of about \$700,000. He stated the primary reasons for this difference were an approximate \$37 million turnaround in USA Health finances and an approximate \$20 million improvement in general University finances largely due to operations management, increases in state appropriations and capital gifts and a reduction in expenses related to reporting of pensions and other post-retirement benefits.

Mr. Perkins called for consideration of the minutes of the meeting held on September 12, 2019. On motion by Ms. Atkins, seconded by Judge Simon, the Committee voted unanimously to adopt the minutes.

Mr. Perkins asked Mr. Weldon to address **ITEM 24**, a resolution authorizing the issuance of Series 2019C refunding bonds. (For copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 5, 2019.) Mr. Weldon reviewed discussion in September about an opportunity to refinance Series 2010 bonds that had an interest rate of 3.81 percent and advised that a request for proposals had since been issued. He introduced financial advisors representing PFM Mr. Josh McCoy and Mr. Ricardo Callender, as well as bond attorney Mr. Rod Kanter of Bradley Arant. Mr. Albano reminded the group that the Series 2010 bonds totaling approximately \$29.8 million were issued by BBVA Compass Bank and had a 20-year maturity date and a 10-year call date. Mr. McCoy discussed the advantages

of private-placement bonds and reported that, of seven banks submitting proposals, PNC Bank was the low bidder offering a 1.87 percent interest rate, an approximate net present value savings of \$1.8 million, or about 9.44 percent, and an additional savings in administrative costs of approximately \$25,000. He stated the principal amount of just under \$19.1 million and the amortization had not changed. On motion by Ms. Atkins, seconded by Mr. Graham, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Perkins asked Mr. Weldon to discuss **ITEM 25**, a resolution authorizing the President to execute a bond purchase agreement for Series 2020 bonds. Mr. Weldon recommended that the University consider a \$45 million bond issue, of which \$37 million would be allocated for USA Health projects and \$8 million would be allocated to the University main campus to construct a storage warehouse. He stated each sector would fund its apportioned debt service and noted the reduction in debt service for the Series 2019C bonds would come close to offsetting the University's portion of debt service for the Series 2020 bonds. He said the bonds would be sold ahead of the March 2020 Board meeting and the signed bond purchase agreement would be brought to the Board in March for approval to finalize the sale. On motion by Ms. Atkins, seconded by Mr. Graham, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Perkins called for consideration of **ITEM 26**, a resolution authorizing the President to execute a contract for construction of a warehouse on the main campus. Mr. Weldon stated a request for proposals in accordance with state bid laws would be issued in January with receipt of bids expected in February. He noted a project cost of just above \$12 million, adding that the fees paid by the University to rent external storage would offset some of this amount. He stated the warehouse would be positioned between the intramural fields and the Jaguar Practice Facility close to the new access road near Foreman Road and would be approximately 55,000 square feet with some of the interior air-conditioned. On motion by Mr. Graham, seconded by Ms. Atkins, 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 4:27 p.m.

Respectfully submitted:



Lenus M. Perkins, Vice Chair

On behalf of:

E. Thomas Corcoran, Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Committee of the Whole

December 4, 2019

4:27 p.m.

A meeting of the Committee of the Whole of the University of South Alabama Board of Trustees was duly convened by Mr. Jimmy Shumock, Chair *pro tempore*, on Wednesday, December 4, 2019, at 4:27 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

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

Members Absent: Scott Charlton, Tom Corcoran, Kay Ivey, Arlene Mitchell and Steve Stokes.

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

The meeting came to order and the attendance roll was called. Chairman Shumock called for adoption of the minutes of the Long-Range Planning Committee and Committee of the Whole meetings held on September 12, 2019. On motion by Mr. Windom, seconded by Mr. Yance, the Committee voted unanimously to adopt the minutes.

Chairman Shumock called for consideration of **ITEM 27**, a resolution authorizing a University of South Alabama Security Committee. (To view copies of approved resolutions, policies and other authorized documents, refer to the minutes of the December 5, 2019, meeting of the Board of Trustees.) Ms. Chronister explained that a security committee was a prerequisite in order for the University to establish a facility security clearance and conduct classified research at a “secret” clearance level. Chairman Shumock discussed his willingness to serve on the committee and said it was an honor for the University to be doing work of this type. Ms. Chronister recognized Director of Information Technology Risk and Compliance Mr. David Furman for his role on the committee as facility security officer. Mr. Furman shared insight on the University’s sponsorship of student interns to work with a U.S. Department of Defense contractor and the requirement that they obtain security clearance. On motion by Mr. Yance, seconded by Ms. Atkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

In accordance with the provisions of the Alabama Open Meetings Act, Chairman Shumock made a motion to convene an executive session for an anticipated duration of 20 minutes for the purpose of discussing good name and character, as well as pending or imminent litigation, **ITEM 28**. He stated Senior University Attorney Ms. Jean Tucker had submitted the required written declaration for the minutes and that the meeting would be adjourned immediately

following the executive session. Capt. Jenkins seconded and the Committee voted unanimously at 4:34 p.m. to convene an executive session, as recorded below:

AYES:

- Ms. Atkins
- Ms. Brown Stewart
- Dr. Furr
- Mr. Graham
- Capt. Jenkins
- Mr. Perkins
- Mr. Shumock
- Judge Simon
- Ms. Tuckson
- Mr. Windom
- Mr. Yance

The executive session ended at 5:15 p.m. and the meeting was adjourned.

Respectfully submitted:



James H. Shumock, Chair *pro tempore*

APPENDIX A

Executive Session

University of South Alabama
Board of Trustees
Committee of the Whole Meeting
December 4, 2019

The purpose of the executive session for the above-referenced meeting is to discuss good name and character and pending or imminent litigation.

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".