

MINUTES
OF THE
BOARD OF TRUSTEES
UNIVERSITY OF SOUTH ALABAMA

A meeting of the Board of Trustees of the University of South Alabama was held Wednesday, May 30, 1990, in the Executive Workshop, Brookley campus, commencing at 10:30 A.M.

There were present: Messrs. Jack Brunson, John Counts, Aubrey D. Green, Ken Kvalheim, Mayer Mitchell, James Nix, Plez Watson, Charles Woods, Dr. James Herring, Mrs. Emma Hutcherson and President Frederick P. Whiddon. Also attending: Messrs. Louis Cardinal, Wayne Davis, Doyle Dillard, John Harrell, Jon Harris, John Mincy, Gordon Moulton, Steve Simmons, George Smith, Drs. Lewis Anderson, Charles Baugh, George Lamb, David Stearns, Mesdames Sue Fishman and Maxey Roberts. Representing the media: Ms. Kathy Dean, Mobile Press; Ms. Mary Booth, WGCX; Ms. Delidia Casher and Mr. Hank Mills, WKRG-TV 5.

Absent: Messrs. Otha Lee Biggs, Phillip Forrester, Hubert Bruister, Mrs. Earl Goodwin, Drs. Ulysses McBride, Wayne Teague and Governor Guy Hunt.

Mr. Dillard delivered an appropriate invocation for Divine guidance.

Mr. Green called the meeting to order and presented the agenda, distributed to the Trustees. Upon the motion of Mr. Mitchell, seconded by Dr. Herring, the agenda was unanimously adopted.

Mr. Green then recognized the following guests: Mr. John Mincy, President of the Alumni Association; Ms. Sue Fishman, Vice Chair of the Faculty Senate. Representing the media: Ms. Kathy Dean, Mobile Press; Ms. Mary Booth, WGCX; Ms. Delidia Casher and Mr. Hank Mills, WKRG-TV 5.

Dr. Whiddon presented an update regarding the acquisition of Doctors and Knollwood Hospitals. A brief discussion followed and upon the motion of Mr. Watson, seconded by Mayor Nix, it was unanimously approved that the two hospitals be officially designated as University of South Alabama Doctors Hospital and University of South Alabama Knollwood Park Medical Center.

Several positive observations were made concerning the acquisition of the two hospitals.

Mr. Mitchell asked to be excused and reiterated his support of the matters discussed.

Mr. Green introduced Mr. Louis Cardinal, Howard, Weil, Labouisse and Friedrichs Incorporated; Mr. John Harrell, Bradley, Arant, Rose and White; Mr. Jay Harris, King and Spalding. Mr. Green then continued the agenda.

Upon the motion of Mayor Nix, seconded by Mr. Counts, the following resolution was unanimously approved:

RESOLVED, that the designated positions are fully authorized and empowered to act for and on behalf of the University of South Alabama in the following manner, and that an officer of the University be authorized to certify the persons occupying these positions:

That the President of the University of South Alabama and any one of the following: the Vice President of the Board of Trustees, the Vice President for Business Affairs, the Treasurer and Controller or the Associate Controller, are hereby authorized to open any type of account with the Bank of Mobile, Central Bank and Hancock Bank and that funds may be withdrawn, transferred or paid upon order of the University of South Alabama by any two of the above listed positions, as set forth, and to execute any and all documents and certificates necessary to open such accounts.

Dr. Whiddon requested that Ms. Roberts and Mr. Harris present information regarding the next item on the agenda, Asset Purchase Agreement.

Ms. Roberts distributed copies of the Agreement noting that the Agreement is accompanied by a resolution that authorizes the University to purchase substantially all of the assets of Doctors Hospital and Knollwood Park Medical Complex. She introduced Mr. Jay Harris of King and Spalding who noted major legal aspects of the Asset Purchase Agreement and upon the motion of Dr. Herring, seconded by Mr. Kvalheim, the following resolution authorizing the purchase of the assets of the hospitals was unanimously approved:

RESOLVED, that the University enter into, execute and perform an Asset Purchase Agreement (the "Agreement") for the purchase of substantially all of the assets of Doctors Hospital and Knollwood Park Medical Complex (the "Hospitals").

FURTHER RESOLVED, that the University is authorized and empowered to enter into, execute and perform the Agreement, on substantially the following terms and conditions:

- (a) purchase price -- \$38,500,000, plus certain inventory, capital expenditures, and other assets, (as defined in the Agreement);
- (b) assets to be purchased -- substantially all of the assets of Doctors Hospital and Knollwood Park Medical Complex;
- (c) conditions -- customary conditions to the closing of an Asset Purchase Agreement, including but not limited to, approval under certificate of need laws, if any, transfer of hospital licenses, obtaining

of any necessary waivers of consents and satisfactory assurances concerning material contracts and agreements.

- (d) other terms -- as may be approved by the President of the University, each in his discretion, such approval to be conclusively evidenced by execution of the Agreement by the President of the University.

FURTHER RESOLVED, that the Vice President of the Board of Trustees, its Secretary, and the President of the University are hereby authorized and empowered to execute and deliver any and all agreements, documents, instruments or certificates and to take any and all actions which may be necessary or desirable, in order to carry out the foregoing resolutions.

A resolution regarding the issuance of University of South Alabama Hospital and Auxiliary Revenue Bonds, Series 1990, was presented to the Board of Trustees. Dr. Whiddon explained that the proceeds of the Bond Issue were for the purchase of Doctors and Knollwood Hospitals. He also explained that the principal amount was \$40,710,000, less an original issue discount of \$853,439.80, resulting in a net amount of \$39,856,560.20. Discussion followed regarding the resolution submitted this date providing for the issuance of University Hospital and Auxiliary Revenue Bonds, Series, 1990. Mr. Counts moved that the following resolution be adopted.

A RESOLUTION AUTHORIZING THE ISSUANCE
OF \$40,710,000 PRINCIPAL AMOUNT OF
UNIVERSITY OF SOUTH ALABAMA
HOSPITAL AND AUXILIARY REVENUE BONDS
SERIES 1990

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

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

- (a) It is necessary, advisable, in the interest of the University and in the public interest that the University acquire certain existing hospitals located in the City of Mobile, Alabama, which hospitals are described in the Official Statement and Indenture hereafter referred to (the "Acquired Hospitals"); and
- (b) It is necessary, advisable, in the interest of the University and in the public interest that the University issue the bonds hereinafter authorized for the purpose of acquiring the Acquired Hospitals and paying costs of issuing the Series 1990 Bonds.

Section 2. Authorization of Bonds. For the purposes specified in Section 1 of this resolution, there are hereby authorized to be issued by the University \$40,710,000 principal amount of Hospital and Auxiliary Revenue Bonds, Series 1990, to be dated May 15, 1990 (herein called the "Bonds"), all under the terms, conditions and provisions set out in the Trust Indenture dated as of May 15, 1990 (herein called the "Indenture") between the University and AmSouth Bank N.A., as trustee (herein call the "Trustee"), provided for in Section 6 of this resolution. All the provisions of the Indenture respecting the Bonds are hereby adopted as a part of this resolution as fully as if set out at length herein.

Section 4. Source of Payment of the Bonds. The principal of and the interest on the Bonds shall be payable solely from the Pledged Revenues as defined in the Indenture. Nothing contained in this resolution, in the Bonds, in the Indenture or in the supplemental indenture hereinafter authorized shall be deemed to impose any obligation on the University to pay the principal of or the interest on the Bonds except from the Pledged Revenues. The Bonds shall not represent or constitute obligations of any nature whatsoever of the State of Alabama and shall not be payable out of moneys appropriated to the University by the State. The agreements, covenants or representations contained in this resolution, in the Bonds, in the Indenture and in the said supplemental 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 Bonds, nor the pledge or any agreement contained in the Indenture, in the said supplemental indenture or in this resolution shall be or constitute an obligation of any nature whatsoever of the State of Alabama, and neither the Bonds nor any obligation arising from the aforesaid pledge or agreements shall be payable out of any moneys appropriated to the University by the State of Alabama. 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.

Section 5. Bonds Payable at Par. All remittances of principal of and interest on the Bonds to the holders thereof shall be made at par without any deduction for exchange or other cost, fees or expenses. The bank or banks at which the Bonds shall at any time be payable shall be considered by acceptance of their duties hereunder to have agreed that they will make or cause to be made remittances of principal of and interest on the Bonds, out of the moneys provided for that purpose, in bankable funds at par without any deduction for exchange or other cost, fees or expenses. The University will pay to such bank or banks all reasonable charges made and expenses incurred by them in making such remittances in bankable funds at par.

Section 6. Authorization of the Hospital 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 AmSouth Bank N.A., Birmingham, Alabama, as Trustee under the Indenture, a Hospital Trust Indenture (herein called the "Indenture") in substantially the form presented to the meeting at which this resolution is adopted and to be 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 Indenture the corporate seal of the University and to attest the same.

Section 7. Sale of the Bonds. The action of the President of the University in executing and delivering, for and in the name and behalf of the Board, a Purchase Contract with respect to the Series 1990 Bonds between the Board and Howard, Weil, Labouisse, Friedrichs Incorporated, First Boston Corporation and SouthTrust Securities, Inc. (herein together called the "Underwriters"), in the form presented to the meeting at which this resolution is adopted and to be attached as Exhibit II to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution) is hereby ratified and confirmed in all respects, and in confirmation thereof, the Series 1990 Bonds are hereby sold and awarded to the Underwriters at and for a purchase price equal to \$39,602,122.70, representing the par amount of the Bonds less a discount composed of (i) Original Issue Discount in the amount of \$853,439.80, and (ii) underwriter's compensation in the amount of \$254,437.50, plus interest accrued thereon from May 15, 1990, to the date of their delivery.

Section 8. Authorization of the Official Statement. The Board does hereby authorize and direct the President of the University to execute, for and in the name and behalf of the University, an Official Statement with respect to the Bonds, to be dated the date of adoption of this resolution, in substantially the form presented to the meeting at which this resolution is adopted and to be attached as Exhibit III to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution), with such changes as shall be necessary to conform to the provisions of this resolution. The Board does hereby declare that the Official Statement so executed by the President of the University shall be the Official Statement of the University with respect to the Bonds. The actions of the Underwriters in circulating, on behalf of the University, a Preliminary Official Statement respecting the Series 1990 Bonds dated May 22, 1990, attached thereto as Exhibit IV, is hereby ratified and confirmed. The Board hereby ratifies and confirms all actions heretofore taken by the Board in deeming the Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain information as permitted by the said Rule 15c2-12.

Section 9. Execution and Delivery of Bonds. The Board does hereby authorize and direct the President of the University to execute the Bonds, in the name and behalf of the University, by causing a facsimile of his signature to be imprinted thereon, and does hereby authorize and direct the Secretary of the Board to cause a facsimile of the corporate seal of the University to be imprinted on the Bonds and to attest the same by causing a facsimile of the signature of said Secretary to be imprinted thereon, all in the manner provided in the Indenture and the Indenture, and the President of the University is hereby authorized and directed to deliver the Bonds subsequent to their execution as provided herein, in the Indenture and in the Indenture, to the Trustee under the Indenture, and to direct the Trustee to authenticate all the Bonds and to deliver them to the Underwriters, upon payment to the University of the purchase price therefor in accordance with the provisions of Section 7 hereof.

Section 10. Application of Proceeds. The entire proceeds derived by the University from the sale of the Bonds shall be paid to said Trustee under the Indenture, which is thereupon authorized and directed to apply and disburse such moneys for the purposes and in the order specified in the Indenture.

Section 11. Resolution Constitutes Contract. The provisions of this resolution shall constitute a contract between the University and each holder of the Bonds.

Section 12. Severability. The various provisions of this resolution are hereby declared to be severable. In the event any provision hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this resolution.

Section 13. General Authorization. The President of the University, the Vice President of Business Affairs of the University, Treasurer and Controller of the University, and the Secretary of the Board are hereby authorized to execute such further certifications or other documents and to take such other action as any of them may deem appropriate or necessary for the consummation of the matters covered by this resolution, to the end that the Bonds may be executed and delivered as promptly as practicable.

The motion on being seconded by Mayor Nix, was put to vote and the following vote was recorded:

YEAS

Mr. Jack Brunson
Mr. John Counts
Mr. Aubrey D. Green
Dr. James Herring
Mrs. Emma Hutcherson
Mr. Ken Kvalheim
Mayor James Nix
Mr. Plez Watson
Judge Charles Woods

NAYS

None

Mr. Counts recognized the extraordinary effort exercised in this undertaking and he expressed appreciation to the University administration on behalf of the Board of Trustees.

Dr. Whiddon then asked for comments from University personnel.

Mr. Wayne Davis observed that employees of Doctors and Knollwood Hospitals are excited and enthusiastic about becoming a part of the University and the transition phase is progressing well.

Mr. Doyle Dillard stated that the employees of the new hospitals are very optimistic about the acquisition, and he feels good being a part of it.

Mr. Steve Simmons expressed excitement noting that he is pleased and overwhelmed that the Board of Trustees places such confidence in the administration of the University.

Ms. Sue Fishman conveyed congratulations to the Board of Trustees and to the administration of the University stating that it is a day to be proud.

Dr. David Stearns stated that this acquisition will do much to elevate and enhance the stature of not only the medical portion of the institution but the undergraduate and graduate levels as well.

Dr. Lewis Anderson expressed appreciation to the Board of Trustees and to Dr. Whiddon noting that the College of Medicine is looking forward to this new challenge with enthusiasm.

Dr. Charles Baugh stated that it is his belief that this acquisition is the best step that possibly could be taken for the future of the University of South Alabama College of Medicine.

Dr. George Lamb noted that as the medical school or any part of the University grows, so the rest of the University will grow along with it.

Mr. George Smith expressed appreciation to the Board and to Dr. Whiddon stating that he has the best Public Relations job in the country and he is happy to be a part of the continuing excitement that goes with it.

Ms. Maxey Roberts stated that it is a challenge to be involved in the interesting work of the University and she looks forward to the future with excitement.

Mr. Watson then expressed appreciation to Mr. Aubrey Green, Vice President of the Board of Trustees, stating that his dedication to the University is outstanding. Mr. Watson's expression was met with a round of applause.

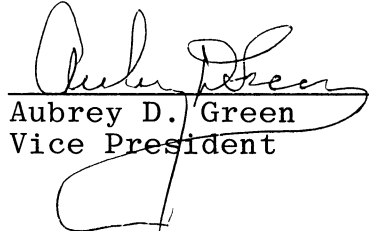
Mr. Green thanked the Board noting that it is very satisfying to be a part of the progress of this University and to watch its growth under the leadership of Dr. Whiddon. He then voiced the overwhelming confidence of the Trustees in their support of Dr. Whiddon as President of the University of South Alabama.

Upon motion duly made, seconded and unanimously approved, the meeting adjourned at 12:30 P.M.

Respectfully submitted:

ATTEST:


Alma Golden
Recording Secretary


Aubrey D. Green
Vice President