

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**MINUTES**

**DECEMBER 1, 2016**

**DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE**

**AUDIT COMMITTEE**

**ACADEMIC AND STUDENT AFFAIRS COMMITTEE**

**HEALTH AFFAIRS COMMITTEE**

**BUDGET AND FINANCE COMMITTEE**

**DECEMBER 2, 2016**

**BOARD OF TRUSTEES**

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

**CONSENT AGENDA**

- 6 Approve: Evaluation of USA's Endowment and Non-Endowment Investment Policies
- 11 Approve: Sabbatical Awards
- 12 Approve: Professors Emeritus
- 13 Approve: Deans Emeritus
- 19 Approve: USA Hospitals Medical Staff Credentials – August, September and October 2016
- 20 Approve: USA Hospitals Medical Staff Bylaws and Rules and Regulations, Meeting of October 19
- 25 Approve: Secured Equipment Financing Agreement for a Linear Accelerator

**DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE**

Report: Jim Yance, Chair

**AUDIT COMMITTEE**

Report: John Peek, Chair

**ACADEMIC AND STUDENT AFFAIRS COMMITTEE**

Report: Bettye Maye, Chair

**HEALTH AFFAIRS COMMITTEE**

Report: Steve Furr, Chair

**BUDGET AND FINANCE COMMITTEE**

Report: Tom Corcoran, Chair

- 24 Approve: Award of General Contractor for Residential Building
- 24.A Approve: Construction of a Covered Practice Facility
- 26 Approve: Refunding of Series 2006 Bonds

**SPECIAL ACKNOWLEDGMENT**

- Report: Endowed Chair of the USA Center for Environmental Resiliency
- 7.A Approve: Naming of the USA Mitchell Cancer Institute Kilborn Clinic
- 8 Approve: Commendation of Kim and Julian MacQueen
- 9 Approve: Commendation of Dr. Joseph F. Busta, Jr.
- 14 Approve: Commendation of Dr. Richard L. Hayes
- 21 Approve: Commendation of Dr. Samuel J. Strada

**OTHER**

Approve: Executive Session

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**December 2, 2016  
10:30 a.m.**

A meeting of the University of South Alabama Board of Trustees was duly convened by Judge Ken Simon, Chair *pro tempore*, on Friday, December 2, 2016, at 10:32 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Alexis Atkins, Tom Corcoran, Steve Furr, Ron Jenkins, Bettye Maye, Arlene Mitchell, Bryant Mixon, John Peek, Jimmy Shumock, Ken Simon, Steve Stokes, Mike Windom and Jim Yance.

Members Absent: Robert Bentley, Scott Charlton and Chandra Brown Stewart.

Administration and Others: Beth Anderson, Joe Busta, Josh Crownover (SGA), Mike Diehl (SunTrust), Phil Dotts (PFM), Joel Erdmann, Monica Ezell, Mike Finan, Sam Fisher (Faculty Senate), Greg Frazer, Happy Fulford, Charlie Guest, Mike Haskins, Bree and Richard Hayes, Holly Hudson, Andi Kent, Vince Kilborn, Kim and Julian MacQueen, John Marymont, Abe Mitchell, Mike Mitchell, Sean Powers, Christopher Puto, Janie Shores, John Smith, Angelia Stokes, Sam Strada, Carl Thomas (AASA), Jean Tucker, Margaret Sullivan, Tony Waldrop, Scott Weldon and Doug Whitmore (NAA).

The meeting came to order and the attendance roll was called. Chairman Simon called for adoption of the revised agenda, noting an executive session would take place prior to adjournment and Mayor Stimpson would be honored for his service at a future meeting. On motion by Mr. Yance, seconded by Mr. Shumock, the revised agenda was adopted unanimously.

Chairman Simon called for consideration of **ITEM 1**, the minutes of the Board of Trustees meeting held on September 9, 2016, as well as the minutes of the Evaluation and Compensation Committee and the Committee of the Whole meetings that were held on September 8, 2016. On motion by Ms. Mitchell, seconded by Mr. Shumock, the minutes were approved unanimously.

Chairman Simon talked about the Holiday Concert held on December 1 and commended the Music Department for its efforts. He called for presentation of **ITEM 2**, the President's Report. President Waldrop recognized Honorary Trustee Mr. Abe Mitchell and African-American Student Association President Mr. Carl Thomas. He introduced Spring Hill College (SHC) President Dr. Christopher Puto, who discussed his background and shared perspective on a new cross-registration partnership between the University of South Alabama and Spring Hill College, designed to broaden educational access. He congratulated the Board for the impressive progress of South Alabama, noting USA was in its infancy when he graduated from SHC in 1964. He

credited the provosts and registrars of both institutions for facilitating the components of the partnership and stated the citizens of the city of Mobile would benefit from this collaboration.

President Waldrop called for a report from Mr. Fulford. Mr. Fulford discussed the new Leadership South engagement program, for which middle-management employees are selected to participate in a series of activities over a 12-month course to broaden their knowledge of the Institution's operations and community opportunities. He said a gathering of the first class in November included a tour of USA facilities. He likened the program to the Leadership Alabama initiative.

President Waldrop called upon Provost Johnson for an update on the national search for filling the position of Vice President for Development and Alumni Relations. Dr. Johnson, Search Committee Chair, reported that eight to ten semifinalists had been selected from a qualified pool of candidates and said the interview process would commence soon.

President Waldrop discussed plans for Fall Commencement on December 9, noting more than 1,500 students were expected to have completed graduation requirements over the summer and fall terms. He said USA alumnus William "Dean" Lee, retired U.S. Coast Guard Vice Admiral, would deliver the keynote address. He shared biographical information on Vice Admiral Lee and invited Trustees and guests to attend graduation exercises.

With reference to a recent meeting of the Association of Public and Land Grant Universities, at which President Waldrop noted campus climate was a primary topic among attending presidents and chancellors, he reported on a series of meetings at USA with student groups arranged by Drs. Mitchell and Harrell aimed at gaining useful insight. He said, overall, the feedback from students was positive and he called for additional remarks from Dr. Mitchell. Dr. Mitchell advised that the discussions involved students representing USA's College Women Student Leaders; the African-American Student Association and the Office of Multicultural Student Affairs; the Muslim Student Association and the Council of International Student Organizations; and the Lesbian/Gay/Bisexual/Transgender/Questioning student community. He said all groups echoed a desire for more opportunities to engage in conversations on what is happening in the world. Chairman Simon asked if students had access to public speakers. Dr. Mitchell said visiting speakers are coordinated by the various student organizations. He added the students conveyed they would like more collaboration among the organizations to share speakers who might cover topics of mutual interest. President Waldrop stated the students also expressed they want greater diversity among the faculty and leadership. He commented on a series of student leadership dinners hosted recently at the President's home and Mr. Crownover agreed that the interaction of smaller groups was more meaningful.

President Waldrop called for remarks from Dr. Erdmann, who reported on a project that would combine two objectives – establishing a centralized space in which to chronicle the history and accomplishments of Jaguar Athletics and refreshing the appearance of the concourse at the

Mitchell Center, a facility he noted was approaching 20 years in age. He said USA contracted with Nashville branding consultant Advent and collaborated with USA's Facilities Management and Renovations staff to add exhibits and graphics featuring team histories, student-athlete honors and donor recognition throughout the concourse, as well as renovate the existing Hall of Fame area. He pointed out the continuity of color, font and style as represented in photos depicting the updates, which included a mannequin display of the teams' uniforms.

Concerning the strategic priority of global engagement, President Waldrop called on Director of International Education Ms. Holly Hudson for a report on USA's Study Abroad program. Ms. Hudson discussed the growth of the Study Abroad program, attributing much of the unit's success to the Administration's commitment of \$100,000 to broaden scholarship opportunities for students. She presented charts detailing a 263 percent increase in enrollment over four years -- from 62 students enrolled in 2012-2013 to 225 students enrolled in 2015-2016; the top study abroad destinations; types of programs; student diversity; and program highlights for the 2015-2016 academic year. She expressed excitement about an Award of Excellence in the Field of Study Abroad received from the Institute of International Education (IIE), advising that South's program was among the first of 400 partner institutions in the United States and among 12 of 700 partner institutions internationally to meet generation study abroad commitment criteria, and answered questions.

President Waldrop called on Dr. Guest, who introduced Dr. Greg Frazer, new dean of the Pat Capps Covey College of Allied Health Professions. Dr. Frazer conveyed enthusiasm for his new role at South.

Chairman Simon called upon Dr. Fisher for presentation of **ITEM 3**, a report by the President of the Faculty Senate. Dr. Fisher observed the end of the Fall semester and advised that the productivity of the faculty over the term was good. He expressed appreciation for opportunities to meet with the University's leadership to discuss goals and challenges for improved mutual understanding. He explained the importance of sabbaticals for faculty and communicated a desire to work on ways to expand sabbatical opportunities. He said, overall, the faculty are content, but stressed compensation continues to be a critical topic. He offered the faculty's cooperation in helping the Administration identify innovative ways to enhance compensation.

Chairman Simon called upon Mr. Crownover for presentation of **ITEM 4**, a report by the President of the Student Government Association (SGA). Mr. Crownover expressed appreciation for the positivity of the student body and thanked the leadership team for promoting a constructive campus environment. He detailed a variety of successful SGA outreach programs and collaborations, including the University's second Parking Ticket Forgiveness Day held on November 30, which serviced in excess of 200 students and collected donations of more than 400 cleaning supply items for Penelope House; the Jags 4 Jags student meal donation program, a collaboration with the Division of Student Affairs and USA Dining Services that logged more than 200 meal donations thus far for the year; the Homecoming canned food drive, which collected

donations of more than four tons of food for Feeding the Gulf Coast to distribute to area families; the launch of The Buzz “app,” a platform hosted by USA Today that alerts subscribers to USA news and announcements; and the Dear World event cosponsored with Jaguar Productions and held in November, which encouraged students to engage, share and inspire one another.

Chairman Simon addressed consent agenda **ITEMS 6, 11, 12, 13, 19, 20 and 25** as follows, respectively, noting all were unanimously recommended for Board approval by the respective committees that met on December 1 (for copies of policies and other authorized documents, refer to **APPENDIX A**). On motion by Mr. Corcoran, seconded by Ms. Mitchell, the items were approved unanimously:

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

**WHEREAS**, the Southern Association of Colleges and Schools (SACS) requires that investment policies be evaluated regularly, and

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

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

**RESOLUTION  
SABBATICAL AWARDS**

**WHEREAS**, in accordance with University policy, proposals for Sabbatical Awards have been reviewed and recommended by the respective faculty committees, Departmental Chair, College Dean, the Provost and Senior Vice President for Academic Affairs, and by the President,

**THEREFORE, BE IT RESOLVED** that the University of South Alabama Board of Trustees approves said Sabbatical Awards on this date, December 2, 2016, for the 2017-2018 academic year.

<u>NAME</u>	<u>DISCIPLINE</u>	<u>TIME PERIOD</u>
T. Allan Hillman	Philosophy	Fall 2017
Mir Zohair Husain	Political Science and Criminal Justice	Academic Year 2017-18
John W. McCreddie	Biology	Spring 2018
Nutan T. Mishra	Mathematics and Statistics	Fall 2017
Mark Moberg	Sociology, Anthropology and Social Work	Spring 2018
Margarita Skiadas	Visual Arts	Spring 2018

**RESOLUTION  
PROFESSORS EMERITUS**

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

**ACADEMIC AFFAIRS:**

Isabel Z. Brown, Ph.D., Associate Professor of Spanish  
Francis M. Donovan, Jr., Ph.D., Professor of Mechanical Engineering  
Donald Epley, Ph.D., Professor of Marketing  
William David Gartman, Ph.D., Professor of Sociology  
Elizabeth T. Kennedy, Ph.D., Associate Professor of Physical Therapy  
Herbert E. Longenecker, Jr., Ph.D., Professor of Information Systems  
Clarence L. Mohr, Ph.D., Professor of History  
Charles W. Newell, Ed.D., Associate Professor of Radiologic Sciences  
Donna Retzlaff-Roberts, Ph.D., Professor of Management  
Adel A. Sakla, Ph.D., Associate Professor of Electrical Engineering  
Mark A. Segal, J.D., Professor of Accounting  
Daniel S. Silver, Ph.D., Professor of Mathematics  
Julie Sneath, Ph.D., Professor of Marketing  
Susan G. Williams, Ph.D., Professor of Mathematics

**COLLEGE OF MEDICINE:**

Bantval S. Baliga, Ph.D., Associate Professor of Pediatrics  
Eugene A. Cioffi, Ph.D., Associate Professor of Pharmacology  
Charles R. Hamm, Jr., M.D., Professor of Pediatrics

**BAUGH BIOMEDICAL LIBRARY:**

Judith F. Burnham, M.S., Senior Librarian

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, and for serving as consistently inspiring influences to students, and

**WHEREAS**, in accordance with University policy, the respective faculty committees, Departmental Chair, College Dean, the Provost and Senior Vice President for Academic Affairs, the Vice President for Medical Affairs, and the President have duly recommended the aforementioned faculty retirees,

**THEREFORE, BE IT RESOLVED**, the Board of Trustees of the University of South Alabama hereby appoints these individuals to the rank of Professor Emeritus, Associate Professor Emeritus, or 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, in recognition of their extraordinary accomplishments and dedicated service to the University of South Alabama, conveys its deep appreciation to these individuals.

**RESOLUTION  
DEANS EMERITUS**

**WHEREAS**, the following deans have retired from the University of South Alabama or have reverted to faculty status:

Dr. Richard L. Hayes, Dean, College of Education  
Dr. Samuel J. Strada, Dean, College of Medicine  
Dr. Richard E. Talbott, Dean, Pat Capps Covey College of Allied Health Professions

and,

**WHEREAS**, in recognition of their honorable and distinguished service to the University through extraordinary accomplishments in administrative leadership, teaching and in the generation of new knowledge through research and scholarship, and for serving as consistently inspiring influences to students, and

**WHEREAS**, in accordance with University policy, the Faculty Senate, the Provost and Senior Vice President for Academic Affairs, and the President have duly recommended the aforementioned former deans,

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

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

**RESOLUTION  
USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS  
FOR AUGUST, SEPTEMBER AND OCTOBER 2016**

**WHEREAS**, the Medical Staff appointments and reappointments for August, September and October 2016 for the University of South Alabama Hospitals are recommended for Board approval by the Medical Executive Committees and the Executive Committee of the University of South Alabama Hospitals,

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

**RESOLUTION  
USA HOSPITALS MEDICAL STAFF BYLAWS AND RULES AND REGULATIONS  
REVISIONS OF OCTOBER 19, 2016**

**WHEREAS**, revisions to USA Hospitals Medical Staff Bylaws and Rules and Regulations, approved at the October 19, 2016, Medical Staff meeting and attached hereto, are recommended for approval by the Medical Staffs and the Executive Committee of the University of South Alabama Hospitals,

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

**RESOLUTION  
SECURED EQUIPMENT FINANCING AGREEMENT  
FOR A LINEAR ACCELERATOR**

**WHEREAS**, the Board of Trustees ("Board") has determined that it is necessary, wise, and in the public interest that the University acquire a linear accelerator ("Linear Accelerator") for use in the Mitchell

Cancer Institute or other parts of the University's hospital activities and, in connection therewith, obtain financing to cover the price thereof, and

**WHEREAS**, based on proposals from financial institutions to loan funds to the University to acquire the Linear Accelerator, the University has determined that the proposal offered by Regions Bank, as reflected in the Financing Agreement described below, provides the lowest rate of interest and the best overall financing terms to the University, and

**WHEREAS**, the obligation of the University to repay funds made available under the Financing Agreement shall be a general obligation of the University secured by a foreclosable first lien security interest in the Linear Accelerator, and

**WHEREAS**, the Board hereby seeks to authorize and direct the President of the University and the Vice President for Finance and Administration to execute the Financing Agreement, the counterparty to which shall be Regions Capital Advantage, Inc., or another subsidiary of Regions Bank, the bill of sale described in the Financing Agreement, and such other documents, instruments, debt instruments, certificates, directives, and agreements as shall be necessary or desirable in connection with the Financing Agreement and to evidence the University's general obligation pledge to repay amounts made available to obtain the Linear Accelerator under the Financing Agreement and the lender's first lien foreclosable security interest in the Linear Accelerator,

**NOW, THEREFORE, BE IT RESOLVED** that the Board does hereby authorize and direct the President of the University and the Vice President for Finance and Administration to execute and deliver, for and in the name and behalf of the University, a Secured Equipment Financing Agreement ("Financing Agreement") in substantially the form presented to the meeting at which this resolution is adopted and which is attached as Exhibit I hereto (which form is hereby adopted in all respects as if set out in full in this resolution), a Funding Agreement ("Funding Agreement") in substantially the form presented to the meeting at which this resolution is adopted and which is attached as Exhibit II hereto (which form is hereby adopted in all respects as if set out in full in this resolution) respecting the deposit of proceeds to be made available to the University to acquire the Linear Accelerator from December 7, 2016, until such date as the Linear Accelerator is actually purchased and acquired, and a bill of sale as described in the Financing Agreement respecting the foreclosable first lien security interest in the Linear Accelerator ("Bill of Sale"), and, further, does hereby authorize the Secretary of the Board to affix the seal of the University to the Financing Agreement, the Funding Agreement, and to the Bill of Sale and attest the same, and

**FURTHER RESOLVED** that the payment obligations of the University under the Financing Agreement shall be a general obligation of the University secured by a foreclosable first lien security interest in the Financing Agreement, and the Board does hereby authorize and direct the President of the University and the Vice President for Finance and Administration to sign a promissory note or other debt instrument ("Debt Instrument") evidencing the general obligation pledge of the University to repay amounts owed under the Financing Agreement and the Secretary of the Board to attest any such instrument and affix the seal of the University to the same, and

**FURTHER RESOLVED** that the Board does hereby authorize and direct the President of the University, the Vice President for Finance and Administration, and the Secretary of the Board to execute and seal such other agreements, certifications, instruments, notices, directions, UCC financing statements, and documents as shall be necessary or desirable in connection with the Financing Agreement and the transactions contemplated thereby and, further, in connection with the Funding Agreement, any Debt Instrument and the foreclosable first lien security interest in the Linear Accelerator granted by the University to secure its obligations under the Financing Agreement.



Chairman Simon called for a report from the Development, Endowment and Investments Committee. Mr. Yance, Committee Chair, stated, at a meeting on December 1, endowment managers made annual reports and overall performance was presented. He said the return for fiscal year 2015-2016 was 8.01 percent vs. the benchmark of 8.21 percent, a slight underperformance of 0.20 percent. He stated long-term performance continues to be strong with a return of 4.92 percent vs. a 4.02 benchmark, an outperformance against the relative index by 90 basis points. He said earnings throughout the life of the endowment totaled \$53 million. He acknowledged the Board's annual evaluation of the University's investment policies, as is required by the Southern Association of Colleges and Schools (SACS), noting changes to the policies are not recommended at the present time.

Mr. Yance stated Dr. Stokes, *Upward & Onward* Campaign Co-Chair, and Ms. Sullivan reported campaign highlights. He said at the end of fiscal year 2016, a total of \$93.8 million in commitments had been secured, or 62.6 percent of the \$150 million overall campaign goal. He complimented Dr. Busta, Ms. Sullivan, the Development staff, and Angelia and Steve Stokes for this significant accomplishment. He noted \$2.7 million in pledges for the Alumni Center thus far. He said the staff of the Division of Development and Alumni Relations continue in their diligent efforts to guide the campaign forward. He shared results of the United Way drive that ended in October 2016, noting approximately \$270,000 raised by 2,629 faculty and staff.

Chairman Simon called for a report from the Audit Committee. Mr. Peek, Committee Chair, said, at a Committee meeting on December 1, KPMG representatives Ms. Eileen McGinn and Ms. Valencia Bell were in attendance and results of the financial audit covering fiscal year 2015-2016 were presented. He advised of the unqualified opinion delivered by KPMG on the University's financial statements and said complimentary remarks were made about the Administration's high standard of cooperation and efficiency in providing information to KPMG. He said the audit report did not show any disputes with management and the KPMG team conveyed satisfaction with the University's financial practices.

Chairman Simon called for a report from the Academic and Student Affairs Committee. Ms. Maye, Committee Chair, said, at a meeting on December 1, Provost Johnson recognized Dr. Angela Coleman for her new role as liaison to the Southern Association of Colleges and Schools Commission on Colleges; introduced Drs. Heather Hall and Elizabeth Adams as USA's first Provost Faculty Fellows; and gave updates on searches under way for filling the positions of Associate Vice President for Academic Affairs/Dean of the Graduate School and Executive Director of Libraries. She said Ms. Chronister reviewed research activity for 2016; highlighted the research projects of Drs. Allen Perkins and Sean Powers that received federal funding; shared technology transfer data; and advised a University proposal resulted in Mobile being named as a "TechHire" city by the federal government. She stated the Committee heard reports from Dr. Mitchell; the Associate Director of Student Organizations and Leadership, Ms. Brigette Soderlind; and the President of Alpha Epsilon Delta its award-winning Mega Musical Chairs philanthropy project, as well as from Dr. Mitchell and Assistant Dean of Students Dr. Andrea

Agnew on the implementation of a faculty portal for student disability accommodations management. She said Dr. Smith recognized Dr. Chris Vinet for her promotion to Assistant Vice President for Auxiliary Services and introduced USA Chief of Police Mr. Zeke Aull for the annual presentation of Clery crime statistics for 2015 and a report on the Mental Health First Aid Program and Crisis Intervention Team training USA Police have facilitated for area law enforcement.

Chairman Simon called for a report from the Health Affairs Committee. Dr. Furr, Committee Chair, said, at a meeting on December 1, Mr. Bailey announced the retirements of long-standing USA Health administrators Ms. Beth Anderson and Mr. Bill Bush. He asked Ms. Anderson to stand for recognition. He said Dr. Marymont gave an overview of the College of Medicine's Early Acceptance Program.

Chairman Simon called for a report from the Budget and Finance Committee. Mr. Corcoran, Committee Chair, said, at a committee meeting on December 1, Mr. Weldon discussed the University's Financial Report for 2016 and the audited financial statements for the year ended September 30, 2016. He stated the highlight of the presentation was the University's increase in net position by \$25.9 million, as compared to a \$9.2 million increase in 2015.

Mr. Corcoran noted, at the Committee meeting, Dr. Smith presented **ITEM 24** as follows. He noted the new residence hall would accommodate 370 beds and the final cost of the project would be between \$21 and \$23 million. Consistent with the Committee's unanimous recommendation, he offered a motion for Board approval. Ms. Maye seconded and the resolution was approved unanimously:

**RESOLUTION  
AWARD OF GENERAL CONTRACTOR FOR RESIDENTIAL BUILDING**

**WHEREAS**, the University of South Alabama has a growing enrollment, and

**WHEREAS**, the quality of student life is strongly enhanced by excellent residential facilities, and

**WHEREAS**, the recruitment of students is strongly enhanced by high-quality residential facilities,  
and

**WHEREAS**, the number of students seeking residence on campus has grown significantly over the past several years, and

**WHEREAS**, the target date for a new residence hall is the fall of 2018, and

**WHEREAS**, the University of South Alabama Board of Trustees approved the architectural firm for this project on September 4, 2015, and

**WHEREAS**, a request for bids for a general contractor for the project was issued and received and opened on November 15, 2016, and

**WHEREAS**, the University received bids from six qualified bidders, and

**WHEREAS**, the construction firm of Don Gordon Construction, Inc., was the lowest bidder, with a total bid construction price of \$18,103,000.00, and

**WHEREAS**, the construction will be funded with room rent revenue,

**THEREFORE, BE IT RESOLVED** that the Board of Trustees of the University of South Alabama hereby awards the construction contract for its new residence hall to Don Gordon Construction, Inc.

Mr. Corcoran reported Dr. Erdmann presented **ITEM 24.A** as follows at the December 1 Committee meeting. He said the project would cost approximately \$8 million and the facility would be used by all athletics programs, but primarily by the football team. As per the Committee's unanimous recommendation, he made a motion for approval. Mr. Shumock seconded and the resolution was approved unanimously:

**RESOLUTION  
CONSTRUCTION OF A COVERED PRACTICE FACILITY**

**WHEREAS**, the athletics program at the University of South Alabama (USA) has a proud history of excellence in competition and academics in 17 NCAA Division I programs, and

**WHEREAS**, USA strives to provide athletics facilities which enhance student success, and

**WHEREAS**, the weather in Mobile has a high frequency of lightning and heavy rain which prohibits outdoor practice for the teams, and

**WHEREAS**, construction of a covered practice facility offers the opportunity to provide uninterrupted practice and training sessions for programs and student-athletes and will enhance their competitive ability and the recruitment of prospective student-athletes, and

**WHEREAS**, the construction drawings, technical specifications, and other requisite documentation are being completed and bid packages for construction of the building will be sent to contractors as soon as practicable, with a bid date set for the requisite time after package distribution, and

**WHEREAS**, the new covered practice facility will be funded entirely with revenues generated by the Athletics Department, and

**WHEREAS**, this facility could, when scheduling permits, be used by other departments and student organizations,

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Trustees of the University of South Alabama hereby authorizes the USA President to award to and execute contract(s) for this construction project with the successful lowest responsible bidder(s) consistent with the applicable laws and within the budgetary constraints of the University.

Mr. Corcoran said, at the Committee meeting, Mr. Weldon discussed a request for proposals for Series 2016 B, C and D revenue refunding bonds in an aggregate amount of \$100 million,

**ITEM 26.** He said the bonds would be variable-rate, private placement bonds and proceeds would be used to refund the University's 2006 bonds. He stated the transaction would be budget-neutral for the University and, as per the Committee's unanimous recommendation, he made a motion for Board approval. Mr. Shumock seconded and the resolution was approved unanimously. Mr. Corcoran introduced SunTrust Bank Senior Vice President and former President of the USA National Alumni Association Mr. Mike Diehl. Mr. Diehl conveyed enthusiasm for the partnership between SunTrust Bank and the University and he complimented Mr. Weldon and the finance team for their efforts:

**RESOLUTION**  
**A RESOLUTION AUTHORIZING THE ISSUANCE OF THE**  
**\$20,000,000 UNIVERSITY FACILITIES REVENUE REFUNDING BOND, SERIES 2016-B**  
**\$35,000,000 UNIVERSITY FACILITIES REVENUE REFUNDING BOND, SERIES 2016-C**  
**\$45,000,000 UNIVERSITY FACILITIES REVENUE REFUNDING BOND, SERIES 2016-D**

**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 \$100,000,000 original principal amount University Tuition Refunding and Capital Improvement Bonds, Series 2006, dated December 1, 2006, presently outstanding in the aggregate principal amount of \$100,000,000 (the "Series 2006 Bonds") and maturing on June 1 of the following years and in the following amounts:

<b>Year</b>	<b>Principal Amount Maturing</b>
2024	\$5,600,000
2025	5,885,000
2026	6,190,000
2027	6,505,000
2028	6,840,000
2029	7,190,000
2030	7,560,000
2031	7,945,000
2032	8,355,000
2033	8,785,000
2034	9,235,000
2035	9,705,000
2036	10,205,000

(2) The University has determined it is necessary, wise and in the best interest of the Institution and the public to redeem and retire the Series 2006 Bonds on December 9, 2016, and at its meeting on September 15, 2016, adopted a resolution (herein called the "Call Resolution") calling the Series 2006 Bonds for redemption and payment on December 9, 2016, notice of which such call was delivered by the Trustee to the holders of the Series 2006 Bonds on November 9, 2016.

(3) The University has undertaken a competitive bidding process for loans to refinance the Series 2006 Bonds, and in connection therewith received bids on November 1, 2016, from various financial institutions including BBVA Compass Bank, Iberia Bank, Raymond James, Regions Bank, JPMorgan, Wells Fargo, Deutsche Bank, and STI Institutional & Government, Inc. (SunTrust Bank).

(4) The Vice President for Finance and Administration of the University has reported that the bid submitted by STI Institutional & Government, Inc., (herein called "SunTrust Bank") presents the lowest proposed rate of interest and cost of funds to the University for the refinancing of the Series 2006 Bonds and, accordingly, is the recommended winning bid.

(5) It is necessary, advisable, and in the best interest of the University to accept the bid of SunTrust Bank and sell and deliver to SunTrust Bank the University's \$20,000,000 University Facilities Revenue Refunding Bond, Series 2016-B (herein called the "Series 2016-B Bond"), \$35,000,000 University Facilities Revenue Refunding Bond, Series 2016-C (herein called the "Series 2016-C Bond"), and \$45,000,000 University Facilities Revenue Refunding Bond, Series 2016-D (herein called the "Series 2016-D Bond" and, together with the Series 2016-B Bond and the Series 2016-C Bond, the "Series 2016 Bonds") to pay the principal portion of the redemption price of the Series 2006 Bonds.

**(b) Series 2016 Bonds to be Issued as Additional Bonds Under the Indenture; Special Findings Under Section 8.2(b) of the Indenture.** The Series 2016 Bonds shall be issued as additional parity bonds under Article VIII of the Indenture hereinafter referred to. In accordance with the provisions of Section 8.2(b) of the Indenture, the Board hereby finds and declares as follows:

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

(2) the Series 2016-B Bond shall be designated Series 2016-B, the Series 2016-C Bond shall be designated Series 2016-C, and the Series 2016-D Bond shall be designated Series 2016-D;

(3) SunTrust Bank is the person or entity to whom the Series 2016 Bonds are to be delivered;

(4) the Series 2016 Bonds are to be issued by sale in accordance with Section 6 hereof;

(5) the sale price of the Series 2016-B Bond shall be the initial par amount thereof (\$20,000,000), the sale price of the Series 2016-C Bond shall be the initial par amount thereof (\$35,000,000), and the sale price of the Series 2016-D Bond shall be the initial par amount thereof (\$45,000,000);

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

1996B, dated October 15, 1996 (herein called the "Series 1996B Bonds"), which were issued under and pursuant to the First Supplemental Trust Indenture dated as of October 15, 1996, (iii) \$40,130,000.70 original principal amount University Tuition Revenue Bonds, Series 1999, dated March 1, 1999 (herein called the "Series 1999 Bonds"), which were issued under and pursuant to the Second Supplemental Trust Indenture dated as of October 15, 1999, (iv) \$51,080,000 original principal amount Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, dated March 15, 2004 (herein called the "Series 2004 Bonds"), which were issued under and pursuant to the Fourth Supplemental Trust Indenture dated March 15, 2004, (v) \$100,000,000 original principal amount University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, dated December 1, 2006 (herein called the "Series 2006 Bonds"), which were issued under and pursuant to the Fifth Supplemental Trust Indenture dated as of December 1, 2006, (vi) \$112,885,000 original principal amount University Facilities Revenue Capital Improvement Bonds, Series 2008, dated September 1, 2008 (herein called the "Series 2008 Bonds"), which were issued under and pursuant to the Sixth Supplemental University Facilities Revenue Trust Indenture dated as of September 1, 2008, (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, (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, and (xv) \$85,605,000 University Facilities Refunding Revenue Bonds, Series 2016, dated September 14, 2016 (herein called the "Series 2016 Bonds" and, together with the Series 1999 Bonds, the Series 2010 Bond, the Series 2012-A Bond, the Series 2012-B Bond, the Series 2013-A Bond, the Series 2013-B Bond, the Series 2013-C Bond, the Series 2014-A Bond, and the Series 2015 Bond, the "Outstanding Bonds"), which was issued under and pursuant to the Twelfth Supplemental University Facilities Revenue Trust Indenture dated as of March 14, 2014; and (b) in Article VIII of the

Indenture, the University has reserved the right to issue additional bonds, secured by a pledge of the Pledged Revenues on a parity with the Outstanding Bonds and with such additional bonds as shall have thereafter been issued thereunder, upon compliance with the applicable provisions of said Article VIII;

(7) the Outstanding Bonds are the only bonds heretofore issued under the Indenture that are at this time and upon issuance of the Series 2016 Bonds outstanding under the Indenture; and

(8) the Series 2016 Bonds will be issued for the purposes described in Section 8 hereof.

The Trustee is hereby requested to authenticate and deliver the Series 2016 Bonds to SunTrust Bank.

**Section 2. Authorization of the Series 2016 Bonds.** For the purposes specified in Section 1 of this resolution, the University does hereby sell to SunTrust Bank the University's (i) University Facilities Revenue Refunding Bond, Series 2016-B, dated December 7, 2016, in a principal amount of \$20,000,000, (ii) University Facilities Revenue Refunding Bond, Series 2016-C, dated December 7, 2016, in a principal amount of \$35,000,000, and (iii) University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016, in a principal amount of \$45,000,000, under the terms, conditions and provisions set out in an Thirteenth Supplemental University Facilities Revenue Trust Indenture dated December 7, 2016, 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 Thirteenth Supplemental University Facilities Revenue Trust Indenture, herein called the "Indenture"). All the provisions of the Indenture respecting the Series 2016 Bonds are hereby adopted as a part of this resolution as fully as if set out at length herein.

**Section 3. Source of Payment of the Series 2016 Bonds.** The principal of and the interest on the Series 2016 Bonds shall be payable solely from the Pledged Revenues as defined in the Indenture. Nothing contained in this resolution, in the Series 2016 Bonds or in the Indenture shall be deemed to impose any obligation on the University to pay the principal of or the interest on the Series 2016 Bonds except from and to the extent of the Pledged Revenues. The Series 2016 Bonds shall not represent or constitute obligations 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 2016 Bonds and in the Indenture do not and shall never constitute or give rise to any personal or pecuniary liability or charge against the general credit of the University, and in the event of a breach of any such agreement, covenant or representation, no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the University shall arise therefrom. Neither the Series 2016 Bonds nor the pledge or any agreement contained in the Indenture or in this resolution shall be or constitute an obligation of any nature whatsoever of the State, and neither the Series 2016 Bonds nor any obligations arising from the aforesaid pledge or agreements shall be payable out of any moneys appropriated to the University by the State. Nothing contained in this section shall, however, relieve the University from the observance and performance of the several covenants and agreements on its part herein contained and contained in the Indenture.

**Section 4. Series 2016 Bonds Payable at Par.** With respect to each of the Series 2016 Bonds, 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 2016 Bonds shall at any time be payable shall be considered by acceptance of its duties under the Indenture to have agreed that it

will make or cause to be made remittances of principal of and interest on the Series 2016 Bonds, out of the moneys provided for that purpose, in bankable funds at par without any deduction for exchange or other cost, fees or expenses. The University will pay to such bank all reasonable charges made and expenses incurred by it in making such remittances in bankable funds at par.

**Section 5. Authorization of Thirteenth 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 Thirteenth Supplemental University Facilities Revenue Trust Indenture dated December 7, 2016, 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 Thirteenth Supplemental University Facilities Revenue Trust Indenture the corporate seal of the University and to attest the same.

**Section 6. Sale of the Series 2016 Bonds.** The University does hereby sell to SunTrust Bank (i) the Series 2016-B Bond at and for a price equal to the initial principal amount of such bond (\$20,000,000), (ii) the Series 2016-C Bond at and for a price equal to the initial principal amount of such bond (\$35,000,000), and (iii) the Series 2016-D Bond at and for a price equal to the initial principal amount of such bond (\$45,000,000). With respect to each of the Series 2016 Bonds, such 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 Thirteenth Supplemental University Facilities Revenue Trust Indenture authorized in Section 5 above.

**Section 7. Execution and Delivery of the Series 2016 Bonds.** The Board does hereby authorize the President of the University to execute the Series 2016 Bonds, in the name and on behalf of the University, by manually signing each said bond, and does hereby authorize the Secretary of the Board to cause the corporate seal of the University to be imprinted or impressed on each of the Series 2016 Bonds and to attest the same by signing the Series 2016 Bonds, and the President of the University is hereby authorized to deliver the Series 2016 Bonds, subsequent to their execution as provided herein and in the Indenture, to the Trustee under the Indenture, and to direct the Trustee to authenticate the Series 2016 Bonds and to deliver them to SunTrust Bank (as purchaser thereof).

**Section 8. Application of Proceeds.** The entire proceeds derived from the sale of the Series 2016 Bonds 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 2006 Bonds on December 9, 2016 (the "Redemption Date"). The University shall also remit and pay to the Trustee such amounts as shall be necessary to cover accrued interest on the Series 2006 Bonds to the Redemption Date and any other amounts necessary to cause sufficient funds to be on deposit in the said Bond Fund immediately upon issuance of the Series 2016 Bonds to redeem and pay the Series 2006 Bonds on the Redemption Date.

**Section 9. Call of Series 2006 Bonds for Redemption.** (a) The Board does hereby ratify and affirm the Call Resolution, a copy of which is attached as Exhibit II to the minutes of the meeting at which this resolution is adopted, and the actions of the Trustee in causing notice of the call of the Series 2006 Bonds for payment on the Redemption Date to be delivered to the holders of the Series 2006 Bonds. If, for whatever reason, the Series 2016 Bonds are not issued and delivered on December 7, 2016, the President of the University and the Vice President for Finance and Administration are each hereby authorized and directed to direct the Trustee on behalf of the University to rescind the Call Resolution.



(b) In the event that for any reason whatsoever the Call Resolution is rescinded as aforesaid, the Board does hereby find and declare that the University does elect to redeem and pay, and does hereby call for redemption and payment, the Series 2006 Bonds on such date as is 30 days following receipt by the University of funds sufficient to pay the redemption price of the Series 2006 Bonds (such date, the "Alternate Redemption Date"), the redemption of the Series 2006 Bonds to be effected at and for a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date set for redemption, and the Trustee is hereby authorized and directed to cause written notice of such redemption and payment of the Series 2006 Bonds to be given in the manner and at the times and to the persons required pursuant to the Indenture, and to take all such other actions as shall be necessary or desirable in order to cause the Series 2006 Bonds to be redeemed and paid on such Alternate Redemption Date.

**Section 10. Resolution Constitutes Contract; Severability.** The provisions of this resolution shall constitute a contract between the University and the holders of the Series 2016 Bonds. The various provisions of this resolution are hereby declared to be severable. In the event any provision hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this resolution.

**Section 11. General Authorization.** The President of the University, the Vice President for Finance and Administration of the University, and the Secretary of the Board are hereby authorized to execute such further agreements, certifications, instruments or other documents, and to take such other actions as any of them may deem appropriate or necessary, for the consummation of the transactions covered by this resolution and to the end that the Series 2016 Bonds may be executed, issued and delivered, and the Series 2006 Bonds redeemed and retired on the Redemption Date or, if applicable pursuant to Section 9(b) hereof, the Alternate Redemption Date.

Chairman Simon called on Captain Jenkins for comments. Captain Jenkins encouraged Trustees and guests to visit the well-maintained student dining hall and meet the exceptional employees, whom he credited for making the facility a success. He said it is gratifying to see what the University does for its students. Chairman Simon echoed Capt. Jenkins' remarks in relation to the appearance and operation of the USA Mitchell Center.

Chairman Simon called on Ms. Sullivan, who announced a gift from Angelia and Steve Stokes for funding of an endowed chair for USA's Center for Environmental Resiliency. As Dr. and Mrs. Stokes and Dr. Sean Powers, Professor and Chair of the Department of Marine Sciences, joined her, she conveyed appreciation for the generosity of the Stokeses in creating a \$1 million endowment and making the initial payment that would allow the search for a chair to move forward. Dr. and Mrs. Stokes presented their check totaling \$500,000. Dr. Powers expressed gratitude, noting that the addition of a chair would bolster a presence for the Center. He explained the mission of the Center for Environmental Resiliency is employment of multidisciplinary efforts to find solutions for environmental problems. He stated previous gifts from the Stokes were used on research projects that perpetuated an additional \$1.3 million in extramural funding. He projected continued investments, together with having a chair in place, would be a recipe for success that would propel USA's Center for Environmental Resiliency to the forefront as a leader.

Chairman Simon asked Mr. Windom to present **ITEM 7.A** as follows. Mr. Windom noted the University's good fortune of having friends who help the Institution advance priorities. He

reminded Board members of Mr. Vince Kilborn's recognition at the March meeting for a gift of \$1.5 million for the USA Mitchell Cancer Institute (MCI) Fairhope clinic and of the groundbreaking ceremony that followed in April. Dr. Finan discussed construction progress and detailed the clinical services that would be available to Baldwin County residents. He expressed thanks to Mr. Kilborn and the Kilborn family for their support. Mr. Windom read the resolution and, on motion by Capt. Jenkins, seconded by Mr. Yance, the resolution was approved unanimously. Mr. Kilborn introduced family members and friends, thanked the Board of Trustees and credited the Mitchell family, who he called the heart of the MCI, for their support. He said it was an honor to be involved and give back to the community. Mr. Windom recognized Mr. Kilborn's friend, The Honorable Janie Shores, for her service as the first female member of Alabama's Supreme Court:

**RESOLUTION  
NAMING OF THE USA MITCHELL CANCER INSTITUTE, KILBORN CLINIC**

**WHEREAS**, the University of South Alabama (USA) has listed Excellence in Health Care as one of its five institutional priorities, and

**WHEREAS**, USA provides a unique academic and clinical environment to foster interdisciplinary education, treatment and research relating to causes, diagnoses, treatment and prevention of disease, including cancer, and be the region's leader in patients' access to care, and

**WHEREAS**, the USA Board of Trustees approved plans in June 2015 to design and construct an 11,000-square-foot medical office building to enhance clinical activities and patient care experiences for residents of Baldwin County, and

**WHEREAS**, this building will be completed this summer and will contain eight patient exam rooms, 15 infusion stations, a radiation vault, and patient education rooms, and

**WHEREAS**, the University's Mitchell Cancer Institute will utilize the clinic space to provide leading-edge patient care, conduct clinical trials, and provide education, and

**WHEREAS**, Mr. Vincent F. Kilborn III desires to further advance the progress of the USA Mitchell Cancer Institute and other USA health care affiliates and their outreach to the citizens of Alabama in their fight against cancer, and

**WHEREAS**, Mr. Kilborn has committed \$1,500,000 to create the Vincent F. Kilborn III Endowment as a means of assuring the resources to support the operations of a state-of-the-art medical office building in perpetuity,

**THEREFORE, BE IT RESOLVED**, the Board of Trustees authorizes the President and the Administration of USA Health to recognize Vincent F. Kilborn III for his dedication to the USA Mitchell Cancer Institute, his devotion toward hope and healing, and his generosity to the Fairhope community by naming the new free-standing, medical office building in Fairhope *Mitchell Cancer Institute, Kilborn Clinic*.

Chairman Simon asked Captain Jenkins to present **ITEM 8** as follows. Capt. Jenkins said the USA National Alumni Association was one of many engines that drive the University and stated he was

delighted to read the resolution of commendation recognizing Kim and Julian MacQueen for their gift of \$2 million for construction of an Alumni Center on campus. Following the reading of the resolution, Mr. MacQueen said it was a great honor to be in attendance and have the opportunity to give back to his alma mater, which provided him a profound and enlightening college experience in 1968 and opened a door to dialogue between different and diverse people. He said he looked forward to what the Alumni Center can do to unify people and be a focal point for discourse. On motion by Mr. Windom, seconded by Mr. Peek, the resolution was approved unanimously:

**RESOLUTION  
COMMENDATION OF KIM AND JULIAN MACQUEEN**

**WHEREAS**, the University of South Alabama has, in pursuit of its educational mission, built a diverse body of alumni more than 74,000 strong, who are capable of providing support in many forms, including philanthropy and advocacy locally, nationally, and internationally for the advancement of the progress of the University, and

**WHEREAS**, the National Alumni Association (USANAA) was founded in 1974 with the sole mission to support and positively influence the goals of the University of South Alabama through an active relationship among the University, its alumni, students and friends, and

**WHEREAS**, the beneficial impact of the USANAA will be immeasurably heightened by the advanced quality of engagement that a state-of-the-art alumni center at the heart of campus will promote for alumni who will gather there to celebrate, work, and advocate in the community and among current and future students for whom this alumni center will foster an expectation of lifelong engagement with the University, and

**WHEREAS**, Kim and Julian MacQueen credit the University and its experimental college program of the early 1970s with giving Mr. MacQueen the opportunity of learning about the Bahá'í Faith, upon which he has built a successful business, Innisfree Hotels, which reflects his commitment to a workplace culture that celebrates diversity, creativity, dignity and principled corporate citizenship, and

**WHEREAS**, Mr. and Mrs. MacQueen desire to honor the significant role that the University has played in shaping their lives and to further the work of the USANAA through an extraordinarily generous gift to establish an alumni center,

**THEREFORE, BE IT RESOLVED**, the Board of Trustees gratefully acknowledges the selfless and profound generosity of Kim and Julian MacQueen for their commitment of \$2,000,000 for the USANAA's new alumni center, a place that will bring the history and traditions of the University to life and instill the USA spirit in future generations of students, and

**BE IT FURTHER RESOLVED** that the Board of Trustees, the President, the faculty, administrators, staff, and students of the University of South Alabama warmly thank Kim and Julian MacQueen for their commitment and support of the University and the University of South Alabama National Alumni Association.

Chairman Simon asked Dr. Stokes to present **ITEM 9** as follows. Dr. Stokes said it was his honor to participate in the recognition of Dr. Busta. He stated Jackie and Joe Busta had been an integral part of the University community for 14 years and called the retirement of USA family members bittersweet. He shared insight on Dr. Busta's talent of communicating with individuals and

his ability to portray a vision of what can be accomplished, and read the resolution. Dr. Busta thanked President Waldrop and the late President Gordon Moulton for their support. He credited the staff of the Division of Development and Alumni Relations for their efforts and dedication. He mentioned the importance of relationships and expressed gratitude for having had the opportunity to engage with many people and make a difference. On motion by Mr. Peek, seconded by Ms. Maye, the resolution was approved unanimously:

**RESOLUTION  
COMMENDATION OF DR. JOSEPH F. BUSTA, JR.**

**WHEREAS**, the University of South Alabama seeks to honor exceptional individuals who have provided outstanding leadership and service to the University and have distinguished themselves throughout their professional careers, and

**WHEREAS**, Dr. Joseph F. Busta, Jr., spent nearly 40 years in support of higher education and has loyally served the University of South Alabama for 14 years as its first Vice President for Development and Alumni Relations, and

**WHEREAS**, Dr. Busta, through determination, advocacy and the support of his staff, created a culture of philanthropy among South alumni, friends, faculty and staff to advance the mission of the University, and

**WHEREAS**, the University's active alumni base vastly expanded under Dr. Busta's leadership, growing from a mostly local club to a strong and vibrant national organization with chapters across the state and country and nearly 6,000 members, and

**WHEREAS**, total giving under Dr. Busta's leadership reached nearly \$200 million from 120,000 gifts, including the University's first comprehensive campaign and a successful 50<sup>th</sup> Anniversary Campaign that resulted in 50,000 gifts, and

**WHEREAS**, development efforts during Dr. Busta's service have enabled the University to expand its general endowment fund to nearly \$140 million and create more than 360 new endowments, funding endowed professorships, chairs and hundreds of named scholarships, and

**WHEREAS**, significant funds have been raised to construct or enhance buildings and facilities, including the renovations of Stanky Field and the Mitchell College of Business, improvements at USA Children's & Women's Hospital, construction support for the USA Mitchell Cancer Institute, and the creation of Moulton Tower and Alumni Plaza, and

**WHEREAS**, in addition to his dedication to the University, Dr. Busta has served in roles supporting and advancing the state and Gulf Coast, including active participation in Leadership Alabama and Sunrise Rotary; serving on the boards of directors of the Business Council of Alabama, the Mobile Arts & Sports Authority and the Mobile Symphony; and serving on the boards and leadership of the Mobile Opera, the Alabama School of Mathematics and Science, and United Way of Southwest Alabama, and

**WHEREAS**, Dr. Busta has created a solid foundation for advancing philanthropy at the University of South Alabama and now will be able to spend more time creating works of beauty in his woodworking shop and works of fiction in a fishing boat,

**THEREFORE, BE IT RESOLVED** that the University of South Alabama Board of Trustees expresses its deep appreciation to Dr. Joseph F. Busta, Jr., for his many contributions to the University of South Alabama and wishes him and his wife, Jackie, the best upon his retirement.

Chairman Simon asked Mr. Shumock to present **ITEM 14** as follows. Mr. Shumock recalled meeting Dr. Hayes on the golf course and suggested retirement would give him more opportunities to play. He stated it was a pleasure to participate in the recognition of Dr. Hayes, and he read the resolution and offered a motion for Board approval. Mr. Yance seconded and the resolution was approved unanimously. Dr. Hayes told the group he is often asked two questions – what does he miss most about being a dean and what has he been doing since retiring. He advised of his involvement in the building of a new home and said the process reminded him of the demands he faced as a dean. He stated he would miss the talented faculty, the bright and committed students, supportive administrators, the alumni community, and members of the greater educational community, and he thanked everyone for the honor. Chairman Simon shared, in a recent meeting, the Governor complimented the University for the outstanding job USA's College of Education is doing to train teachers and make a difference in the public schools. Dr. Hayes thanked the new dean, Dr. Andi Kent, for continuing the tradition of excellence:

**RESOLUTION  
COMMENDATION OF DR. RICHARD L. HAYES**

**WHEREAS**, Dr. Richard L. Hayes served as Dean of the College of Education for 11 years, and

**WHEREAS**, during his tenure as Dean, he implemented successful partnerships with area schools to support student teaching, internship supervision, early engagement in field-based learning experiences, and the mentoring of new teachers, and

**WHEREAS**, he established the *USA Center for Integrative Studies in Science, Technology, Engineering, and Mathematics*, and

**WHEREAS**, Dr. Hayes helped create new doctoral programs in Clinical and Counseling Psychology and in Educational Leadership, and helped to secure initial accreditation by the American Psychological Association for the Clinical and Counseling Psychology doctoral program and from the Council for Accreditation of Counseling and Related Educational Programs for the Clinical Mental Health and School Counseling graduate programs, and

**WHEREAS**, Dr. Hayes, in efforts to expand exchange programs with international universities, brokered collaborative agreements between USA and universities in South Korea, China, the Netherlands, Costa Rica, Scotland, Finland, Thailand, and Spain, among many other accomplishments,

**THEREFORE, BE IT RESOLVED** that the University of South Alabama Board of Trustees expresses its appreciation to Dr. Richard L. Hayes for his many contributions and offers its best wishes upon his retirement.

Chairman Simon welcomed Dr. Sam Strada for the presentation of **ITEM 21** as follows. Ms. Mitchell, noting the friendship of the Mitchell and Strada families for many years, said she was honored to read the commendation recognizing Dr. Strada. Dr. Strada shared heartfelt words

about his time at the University of South Alabama. He said his 33-year tenure at the University constituted 75 percent of his professional career and emphasized the special place USA holds for him. He discussed friendships with members of the Board and University presidents, past and present, and expressed his thanks to them. He said he had been blessed with wonderful colleagues in the College of Medicine and throughout the University. He shared his affinity for USA sports and said he would count on the Jags to one day make it to the college World Series. He offered his help if ever needed by the University. On motion by Mr. Shumock, seconded by Ms. Maye, the resolution was approved unanimously:

**RESOLUTION  
COMMENDATION OF DR. SAMUEL J. STRADA**

**WHEREAS**, Dr. Samuel Joseph Strada, dean emeritus of the University of South Alabama College of Medicine, retired this past October following more than three decades of service to the University and the USA College of Medicine, and

**WHEREAS**, Dr. Strada began his career at the USA College of Medicine in 1983 when he was recruited as chair and professor of the Department of Pharmacology, and later was named senior associate dean for the USA College of Medicine in 1994, and

**WHEREAS**, Dr. Strada served as dean for the USA College of Medicine from 2007 to 2016, and

**WHEREAS**, during his career at USA, Dr. Strada also served as acting director of the graduate program in basic medical sciences, assistant dean for admissions and acting chair of psychiatry, and

**WHEREAS**, Dr. Strada is an avid Jags supporter, serving during his career at USA as chair of the Athletics Council and as Faculty Athletics Representative from 1990-1997, and

**WHEREAS**, throughout his lengthy career at USA, Dr. Strada has made significant contributions to medical education and research in the state of Alabama, as well as the nation, and

**WHEREAS**, Dr. Strada was instrumental in the creation of the Auburn University Harrison School of Pharmacy at USA, the Office of Technology Development, the Office of Research Compliance and Assurance and the USA Technology and Research Park, and

**WHEREAS**, a scientist by training, Dr. Strada published more than 200 articles and abstracts, earning national recognition for his research on cellular signaling mechanisms, and

**WHEREAS**, Dr. Strada has received numerous awards including USA's Medical Alumni Association Distinguished Service Award, the Friend of Pharmacy Award from Auburn University's Harrison School of Pharmacy, the Distinguished Alumni Achievement Award from the University of Missouri at Kansas City, and the GoDaddy Bowl Champion of Life Award, and

**WHEREAS**, earlier in 2016, the University of South Alabama Board of Trustees honored Dr. Strada and his late wife, Judy, by naming the new clinical care building the Strada Patient Care Center,

**THEREFORE, BE IT RESOLVED**, the USA Board of Trustees gratefully acknowledges Dr. Strada for his 33 years of service and leadership to the USA College of Medicine, the University of South Alabama, and the field of academic medicine, and

**BE IT FURTHER RESOLVED** that the USA Board of Trustees, the President, and the faculty, staff and students of the University hereby express sincere appreciation to Dr. Samuel J. Strada for his many contributions and offer best wishes upon his retirement.

Mr. Peek commented on the remarkable transformation of the campus over the years and acknowledged the work of the previous and current administrations to achieve extraordinary growth and beautification.

Chairman Simon called for a motion to convene an executive session for an approximate duration of 30 minutes for the purpose of discussing pending or imminent litigation with Ms. Tucker, Senior University Attorney, and good name and character. He noted Ms. Tucker had submitted the required written declaration for the minutes. On motion by Mr. Shumock, seconded by Mr. Corcoran, the Board voted unanimously to convene an executive session at 12:02 p.m.

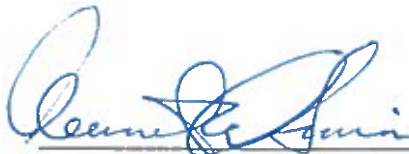
Following the executive session and there being no further business, the meeting was adjourned at 1:20 p.m.

Attest to:

Respectfully submitted:



Arlene Mitchell, Secretary



Kenneth O. Simon, Chair *pro tempore*

# **APPENDIX A**



Executive Session

University of South Alabama Board of Trustees meeting December 2, 2016.

The purpose of the executive session for the above-referenced meeting is to discuss with Jean Tucker, Senior University Attorney, pending or imminent litigation.

This declaration is submitted pursuant to the requirements of the Alabama Open Meetings Act by Jean Walker Tucker, ASB number 9400K72J.

*Jean Walker Tucker*

**USA Hospitals General Medical Staff Meeting  
Proposed Medical Staff Bylaws and Rules and Regulations Revision Descriptions  
October 19, 2016**

**Medical Staff Bylaws**

- 1) 3.02 The Courtesy Staff**  
Revised to reflect courtesy staff as nonvoting members of the Medical Staff
- 2) 6.04 Special Conditions for the Aging Practitioner (New practitioners)**  
Added new section on requirements for newly appointed practitioners at the age of 75 or greater to complete a physical and mental examination biennially for the privileges requested.
- 3) 12.02 Submission of Application**  
Added any misstatement in or omission on an appointment application to the medical staff could result in automatic relinquishment of appointment with no hearing or appeal. The Credentialing Committee will review practitioner's response of explanation.
- 4) 15.03 Automatic Suspension or Limitation**  
Added practitioners privileges summarily suspended at one hospital will automatically be suspended at all USA Health hospitals.
- 5) 17.03 Quorum**  
Added quorum requirement for the General Medical Staff, Department and Committee meetings.
- 6) 19.01 Chair of Medical Executive Committee Selection**  
Added slate of officers will be determined by a majority of votes cast by active medical staff members.
- 7) 22.01 Membership**  
Added description of members on the Executive Committee.
- 8) 29.02 Amendments**  
Added description of adopting an amendment as requiring a majority vote of active members present.

**Medical Staff Rules and Regulations**

- 1) 3.2.2 Progress Notes**  
Added long term patients will be assessed according to hospital policy.

**UNIVERSITY OF SOUTH ALABAMA HOSPITALS**  
**MEDICAL STAFF MEETING MINUTES**  
**October 19, 2016**

The meeting of the University of South Alabama Hospitals Medical Staff was held in the John Counts Room at USA Mitchell Center on Wednesday, October 19, 2016. John Marymont, MD, Vice President for Medical Affairs and Dean of the College of Medicine called the meeting to order at 7:00 p.m. A roster of attendees is available in the Medical Staff Credentials Office.

Dr. Marymont welcomed everyone, introduced new USA physicians in attendance, and gave a synopsis of Medical School activities. There were 1500 applications for the Medical School Class of 2020. Information and results were shared about the USA Diversity Recruitment and Enrichment for Admission into Medicine (DREAM) Program. He reported that the next Liaison Committee on Medical Education (LCME) accreditation visit is scheduled for 2018 with a prior one year self-study. Dr. Marymont stated that the USA Health System must invest in safety and quality with lots of expected changes in the Academic, Clinical, and Research areas. He explained the concept of the more efficient we are, the more we can invest in ourselves.

Mr. Owen Bailey, USA Health Chief Operating Officer, shared information about the upcoming Leadership Retreat titled "Change". He introduced Alan Whaley, Chief Strategy Officer, as a member of the changing team. Mr. Bailey spoke briefly about several personnel/position changes resulting from organization restructure along with employee replacements/ retirements. He reported on several upcoming major changes, including the conversion to Unity/Cerner set for December 1, 2016 with training underway and the Chartis Strategic Planning effort comprised of three teams: Operation Performance Team; Clinical Enterprise Team; and Governance and Structure Team. The Strategic Planning teams are overseen by a steering committee chaired by President Tony Waldrop. An update was given on the progress of the Gulf Coast Regional Care Organization (GCRCO). Mr. Bailey took a moment to honor Angus McBryde, MD and expressed sympathy in his passing and acknowledged the contributions that Dr. McBryde made to the USA Health System, especially the USA Department of Orthopaedic Surgery. Information was shared about the upcoming new USA Health System branding process. Details were given about how USA Ambulatory Services will vastly change with the opening of the Strada Patient Care Center.

Mrs. Becky Tate reported that 45 to 50% of the Strada Patient Care Center building will be available for occupancy soon with the first clinics scheduled to move in on November 17, 2016. Additional clinics will move into the building in December and January. The building will also house seven academic conference rooms. Future use of the Springhill Avenue Campus will be considered in the Strategic Planning process.

Michael Finan, MD reported on activities related to the Mitchell Cancer Institute (MCI) and three new Radiation Oncology physicians that recently joined the USA Faculty. Approval was recently obtained to add a Radiation Vault to the new MCI facilities in Fairhope. MCI now has a presence in Monroe County with hopes to expand services there in the future. MCI is one of 197 oncology providers nationwide to be chosen to participate in the Oncology Care Model for patients insured through Medicare. Out of the 197 providers, only five are academic programs, with USA being one of them. MCI will be adding new specialists, developing multi-disciplinary clinics, and devising two fellowship programs by 2018 in Gynecology Oncology and Medical Oncology.

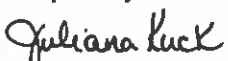
Ms. Beth Anderson, Administrator of USA Medical Center, announced that Sabrina Bessette, MD will be Medical Executive Committee Chair effective January 2017 with Elliot Carter, MD being the Chair-Elect. USA Medical Center earned the American Heart Association/American Stroke Association's Get with the Guidelines - Stroke Gold Plus Target: Stroke honor Roll Elite Plus Award. She expounded on CMS Quality Scorecard and Blue Cross Blue Shield Scorecard, their components, and related goals. USA Medical Center is a Tier 1 level hospital with the Blue Cross Blue Shield Scorecard. Ms. Anderson shared information about the USA Medical Center participating in the University Health System Consortium (UHC/Vizient) Quality Database. The ranking score is currently 64 out of 102 participating in University Health Systems. There are six (6) domains: mortality, efficiency, effectiveness, safety, patient centeredness, and equity. Information was shared about the Clinical Learning Environment Review (CLER) survey of the ACGME Resident Programs. USA Medical Center earned The Joint Commission's Gold Seal of Approval for accreditation. It was announced that a portable MRI is being installed to assist with patient need and a permanent location for an additional MRI is being researched. The new Inpatient Hospice Program will begin on November 1, 2016 with Tangela Atkinson, MD serving as the Medical Director. Inspection of the new helicopter pad is scheduled within the next two weeks. The Highly Infectious Disease Unit was inspected by the State of Alabama. Ten new exam rooms are being constructed as an add-on to the Mastin Building. Pathology Department will move to the Moorer Building to create room for four new outpatient operating room suites.

Mr. Chris Jett, Administrator of USA Children's & Women's Hospital, reported on the 3<sup>rd</sup> floor construction project in the Women's Tower. A grant was used to create a Mother/Baby Suite, which is being reserved as a Demo Suite for employees and immediate family of employees. Plans are being developed for the Evaluation Center to be completely dedicated as a Pediatric Emergency Room. OB/GYN patients will be moved to an OB/GYN assessment area. OB/GYN Department Chair Search Committee is being chaired by Dr. David Gremse. Upcoming events include: Trick or Trot, NICU Reunion, and Tree Lighting Ceremony. Mr. Jett announced that Benjamin Estrada, MD is now the Medical Executive Committee Chair with Allen Perkins, MD as the Chair-Elect.

Benjamin Estrada, MD, chair of the USA Children's & Women's Hospital Medical Executive Committee, presented the proposed revisions to the Medical Staff Bylaws/Rules and Regulation for review and approval, which was granted.

With no further business, the meeting was adjourned at 7:45 p.m.

Respectfully submitted,



Juliana Kuck

Medical Credentialing Coordinator

**EXHIBIT I**

**FORM OF FINANCING AGREEMENT**

## SECURED EQUIPMENT FINANCING AGREEMENT

This SECURED EQUIPMENT FINANCING AGREEMENT ("Agreement") is made the 7<sup>th</sup> day of December, 2016 among the UNIVERSITY OF SOUTH ALABAMA, with its principal office at 307 University Boulevard North in Mobile, Alabama, as borrower and user (the "User"), and REGIONS CAPITAL ADVANTAGE, INC., as lender and owner (the "Lender").

### RECITALS

Pursuant to Chapter 16A of Title 41 of the Code of Alabama 1975, as amended, Lender and User have executed and delivered this Agreement as an "alternative financing contract" (as defined in Section 41-16A-3(a) of the Code of Alabama 1975) for the purposes of financing the acquisition of a linear accelerator on an installment-sale basis for User on the terms and provisions hereof.

User has found and determined that the linear accelerator which is the subject of this Agreement is essential, necessary, useful and appropriate for the lawful purposes of User and in connection with User's hospital operations.

NOW THEREFORE, for and in consideration of the premises, and the mutual covenants and agreements herein contained, Lender and User hereby covenant, agree and bind themselves as follows:

### AGREEMENT

#### **Section 1. Declaration of Intent; Delivery and Acceptance of Items in Schedule.**

- A. User has applied to Lender for financing for User's acquisition of the items of equipment listed in Schedule No. 1 (the "Schedule") to this Agreement (hereinafter referred to collectively as "Equipment") and individually as "Item," "Items," or "Items of Equipment"), subject to the terms and conditions in this Agreement and such Schedule.
- B. Lender will cause to be tendered to User, at User's expense, each Item listed in the Schedule at the location indicated in that Schedule. User will inspect each Item, and either accept or reject delivery. User's failure to give Lender written notice of rejection within five (5) Business Days after delivery or, if earlier, User's written acknowledgment that it has inspected the Item and accepts delivery thereof shall constitute User's acknowledgment that: (i) each Item is of the size, design, capacity, specification and manufacture selected by User; (ii) User is satisfied that such Item is suitable for its purpose and such Item is fit for its intended use; (iii) User does not consider Lender to be a manufacturer of such Items or a dealer therein; (iv) User waives any and all defenses which it may have against Lender arising from the Item including, but not limited to, the operation, delivery or condition; and (v) User accepts such Items AS IS, WHERE IS AND WITH WAIVER OF ALL WARRANTIES AS TO LENDER AS SET FORTH HEREIN. User will, where required by Lender, sign a Certificate of Acceptance acknowledging acceptance of delivery, the form of which is attached to this Agreement.
- C. This Agreement covers the Equipment listed in the Schedule, which Schedule is attached to and made a part of this Agreement upon its execution. The term "Agreement" refers to this Secured Equipment Financing Agreement and the Schedule.
- D. As used herein, "Business Day" shall mean any day other than a Saturday, a Sunday, or any day on which Lender is closed for business, and the "State" shall mean the State of Alabama.

- E. **USER ACKNOWLEDGES AND AGREES THAT FOR PURPOSES OF ARTICLE 2A OF THE UCC (AS HEREINAFTER DEFINED) THIS AGREEMENT IS A FINANCE LEASE AND LENDER IS NOT AN AGENT OF ANY MANUFACTURER, SUPPLIER, CONTRACTOR OR WARRANTY PROVIDER (AS HEREINAFTER DEFINED). THE USER ACKNOWLEDGES AND AGREES THAT USER HAS SELECTED AND CAUSED THE PURCHASE OF THE EQUIPMENT AND HAS SELECTED EACH SUPPLIER AND WARRANTY PROVIDER AND USER EXPRESSLY DISCLAIMS ANY RELIANCE UPON THE LENDER WITH RESPECT THERETO. THE USER AGREES THAT IT IS ENTITLED UNDER ARTICLE 2A OF THE UCC TO ALL WARRANTIES AND OTHER RIGHTS PROVIDED TO USER BY WARRANTY PROVIDERS WITH RESPECT TO THE EQUIPMENT AND TO CONTACT SUCH WARRANTY PROVIDERS FOR AN ACCURATE AND COMPLETE STATEMENT OF ANY SUCH EXPRESS WARRANTIES AND OTHER RIGHTS AND ANY DISCLAIMERS OR LIMITATIONS OF SUCH RIGHTS OR OF REMEDIES.**

The term "UCC" means Title 7 of the Code of Alabama 1975.

The term "Warranty Provider" means any person who provides a warranty (express or implied) with respect to the Equipment.

**LENDER AND USER INTEND AND AGREE THAT THE RIGHT TO POSSESSION AND USE OF THE EQUIPMENT IS HEREBY TRANSFERRED FROM LENDER TO USER.**

**FOR PURPOSES OF ARTICLE 2A OF THE UCC, THE USER HEREBY APPROVES THE CONTRACTS BY WHICH THE LENDER ACQUIRED THE RIGHT TO POSSESSION AND USE OF THE EQUIPMENT AND ACKNOWLEDGES RECEIPT OF A COPY THEREOF.**

- F. **ANYTHING HEREIN TO THE CONTRARY NOTWITHSTANDING, LENDER AND USER ACKNOWLEDGE AND AGREE THAT THIS AGREEMENT DOES NOT CONSTITUTE "DEBT," "INDEBTEDNESS" OR OTHERWISE A TRANSACTION PROHIBITED UNDER THE CONSTITUTION OF THE LAWS OF THE STATE, IT BEING THE INTENTION OF THE PARTIES THAT THIS AGREEMENT CREATES A VALID ADVANCE OF FUNDS BY LENDER FOR THE BENEFIT OF USER SOLELY FOR THE PURPOSE OF PURCHASING THE EQUIPMENT, SECURED BY A FIRST PRIORITY PURCHASE MONEY SECURITY INTEREST IN THE EQUIPMENT.**

**Section 2. Agreement Term and Payments.**

- A. The term of this Agreement with respect to any Item shall commence on the date specified in the Schedule listing said Item and shall end on the last day of the fiscal year of User and, unless this Agreement is terminated in accordance with the provisions of Section 21 of this Agreement, this Agreement will automatically be renewed for each succeeding one year period set forth in the applicable Schedule through the maximum term specified in such Schedule.
- B. Subject to and as provided in Section 21 hereof, User shall pay to Lender payments ("Payments") for each Item in the amount and at the times specified in the Schedule. The Payments include principal and interest as indicated in the Schedule. User hereby grants to Lender a first priority purchase money security interest in all items of Equipment to secure User's obligations hereunder.
- C. In the event any Payments or other amount payable hereunder shall not be paid when due and shall remain unpaid for ten (10) days thereafter, User shall pay to Lender the amount due with interest from the due date at the Overdue Rate stated in the Schedule.

- D. All payments provided for in this Agreement to be made to Lender shall be made to Lender at the address indicated herein or at such other place as Lender shall specify in writing to the User.
- E. The Payments and other amounts payable by User hereunder shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Agreement. User shall not be entitled to any abatement or set-off of Payments and other charges payable hereunder by User or withholding thereof from Lender or any reduction thereof, for any reason, nor, except as otherwise expressly provided herein, shall this Agreement terminate, or the respective obligations of Lender or User be affected for any reason.
- F. The President and the Vice President for Finance and Administration of the User are authorized and directed to pay the Payments, when and as the same becomes due and payable in accordance with the terms hereof.

**Section 3. Selection; Representation, Warranty and Disclaimer of Warranties.**

- A. User acknowledges and represents that it has made the selection of the Equipment based on its own judgment and expressly disclaims any reliance upon statements made by or on behalf of Lender.
- B. Lender warrants to User that, so long as User shall not be in default of any of the provisions of the this Agreement (including the Schedule), neither Lender nor any assignee or secured party of Lender will disturb User's quiet and peaceful possession of the Equipment and User's unrestricted use thereof for its intended purpose. **LENDER MAKES NO OTHER WARRANTY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, TITLE TO OR THE VALUE, DESIGN OR CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS OR CAPACITY OR DURABILITY FOR ITS ORDINARY USE OR ANY PARTICULAR PURPOSE, THE QUALITY OF MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO OR ITS COMPLIANCE WITH, OR SATISFACTION OF, THE REQUIREMENTS OF ANY LAW, RULE OR CONTRACT AND, AS TO LENDER, USER WILL ACCEPT THE EQUIPMENT "AS IS."** Lender shall not be liable, to any extent whatever, for the selection, quality, condition, merchantability, suitability, fitness, operation or performance of the Equipment. Without limiting the generality of the foregoing, Lender shall not be liable to User for any liability, claim, loss, damage or expense of any kind or nature (including strict liability in tort) caused, directly or indirectly, by the Equipment or any inadequacy thereof for any purpose, or any deficiency or defect therein, or the use or maintenance thereof, or any repairs, servicing or adjustments thereto, or any delay in providing or failure to provide any part thereof, or any interruption or loss of service or use thereof, or any loss of business, or any damage whatsoever and howsoever caused, except for any such loss or damage caused by the willful acts of Lender, or its agents, representatives and assigns.
- C. **USER ACKNOWLEDGES AND AGREES THAT THE EQUIPMENT IS OF A SIZE, DESIGN AND CAPACITY SELECTED BY USER AND THAT LENDER HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTER, INCLUDING WITHOUT LIMITATION, THE VALUE, MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, CONSTRUCTION, OPERATION, FITNESS FOR USE OR SUITABILITY OF THE EQUIPMENT IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF USER, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO, AND LENDER SHALL NOT BE**

**OBLIGATED OR LIABLE FOR ACTUAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, OR OTHER DAMAGES OF OR TO USER OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE EQUIPMENT AND THE MAINTENANCE THEREOF OR FOR THE SUITABILITY THEREOF FOR THE PURPOSES OF THE USER.**

- D. Lender hereby appoints User as Lender's agent and hereby authorizes User, at User's expense, to assert for Lender's account, during the term of this Agreement, all of Lender's rights, if any, under any manufacturer's, vendor's or dealer's warranty on the Equipment to the extent permitted by law and agreement, and Lender agrees to cooperate with User in asserting any such rights; provided, however, that User shall, to the extent and limits permitted by applicable law, indemnify and hold harmless Lender for and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by Lender in connection therewith, as a result of, or incident to, any action by User in connection therewith or pursuant to the above authorization. Any amount received by Lender as payment under any warranty pursuant to the above authorization shall be applied to restore the Equipment to as good condition as it was or should have been (but for defects giving rise to such payment under warranty) when delivered to User hereunder, ordinary wear and tear excepted, with the balance of such amount, if any, to be paid over by User. **LENDER MAKES NO PATENT, LICENSING OR TRADEMARK WARRANTIES OF ANY KIND WHATSOEVER. UNDER NO CIRCUMSTANCES SHALL LENDER BE LIABLE FOR ANY SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES.**
- E. User represents and warrants that: (i) User is a duly constituted, organized and validly existing public corporation under the laws of the State and is authorized to purchase personal property and to sell or lease or otherwise dispose of personal property; (ii) User has full power, authority, and legal right to execute, deliver and perform the agreements on its part contained in this Agreement; (iii) the person or persons executing this Agreement on behalf of User have been duly authorized under the laws of the State and a duly adopted resolution of User's governing body is in full force and effect on the date hereof to execute this Agreement on behalf of User and to obligate User hereunder; (iv) User has taken all necessary steps or complied with all procedures required for the authorization and execution of this Agreement; (v) all payments which are to be made hereunder will be paid out of funds which are legally available for such purpose; (vi) User, by entering into this Agreement, does not violate any law binding on User or contravene any indenture, credit agreement, or any other agreement under which User is a party or by which it is bound; (vii) this Agreement constitutes a legal, valid and binding obligation of User, enforceable in accordance with its terms; (viii) there are no pending or threatened actions or proceedings before any court, administrative agency or other tribunal or body or judgments which may materially adversely affect User's financial condition or operations; (ix) the Equipment is personal property and is not now nor will it become either real property or a fixture or inventory; (x) the use of the Equipment is essential, necessary, useful, and appropriate to the lawful purposes of User and in the discharge of its duties as a governmental body; (xi) the execution of this Agreement does not constitute a default in any other agreement of User; (xii) User will not directly or indirectly create, incur, assume or suffer to exist, any mortgage, security interest, pledge, lien, charge, encumbrance or claim on or with respect to the Equipment, title thereto or any interest therein, except the respective rights of Lender and User under this Agreement and further excepting any mortgage, security interest, pledge, lien or encumbrance granted by Lender; (xiii) the Equipment is of size, design, capacity and manufacture selected by User and will be suitable for User's purposes; (xiv) User will cause to be done, executed, acknowledged and delivered all such further acts, instruments, conveyances and assurances as Lender shall require for accomplishing the purposes of this



Agreement; (xv) User, upon delivery of the Equipment under this Agreement, shall cause said Equipment to be duly registered, and at all times thereafter to remain duly registered, in the name of Lender, or at Lender's request shall furnish to Lender such information as may be required to enable Lender to make application for such registration, and shall promptly furnish to Lender such information as may be required to enable Lender to timely file any reports required to be filed by it under this Agreement with any governmental authority; (xvi) User has complied with insurance provisions of Section 8; (xvi) User will execute or file any reports or tax forms required by State or Federal authorities; (xvii) User shall comply with all applicable law except for matters being contested in good faith by appropriate proceedings diligently pursued; (xviii) User and its governing body reasonably believe that User shall have sufficient available funds during each fiscal year through the maximum term specified in the Schedule to elect to appropriate monies to make the Payments hereunder; and (xix) all actions of the governing body of the User and its members concerning this Agreement have been taken in accordance with the laws of the State.

**Section 4. Taxes; Covenants Regarding Federal Tax Exemption.**

- A. USER WILL PAY PROMPTLY AS AND WHEN DUE, AND WILL TO THE EXTENT AND LIMITS PERMITTED BY APPLICABLE LAW INDEMNIFY AND HOLD LENDER HARMLESS FROM, ALL SALES, USE, PERSONAL PROPERTY, LEASING, LEASING USE, STAMP, INTANGIBLES OR OTHER TAXES, LEVIES, IMPOSTS, DUTIES, CHARGES, FEES OR WITHHOLDINGS OF ANY NATURE (TOGETHER WITH ANY PENALTIES, FINES OR INTEREST THEREON) IMPOSED AGAINST LENDER, USER OR THE EQUIPMENT BY ANY FEDERAL, STATE, LOCAL OR FOREIGN GOVERNMENT OR TAXING AUTHORITY UPON OR WITH RESPECT TO THE EQUIPMENT OR UPON THE PURCHASE, OWNERSHIP, DELIVERY, LEASING, POSSESSION, USE, OPERATION, RETURN OR OTHER DISPOSITION THEREOF, OR UPON THE PAYMENTS, RECEIPTS OR EARNINGS ARISING THEREFROM, OR UPON OR WITH RESPECT TO THIS AGREEMENT (EXCLUDING, HOWEVER, FEDERAL, STATE AND LOCAL TAXES ON, OR MEASURED BY, THE NET INCOME OF LENDER); PROVIDED, HOWEVER, TO THE EXTENT ONLY THAT ANY SUCH TAX, LEVY, IMPOST, DUTY, CHARGE, OR WITHHOLDING IS BEING CONTESTED BY USER IN GOOD FAITH AND BY APPROPRIATE PROCEEDINGS, STAYING PAYMENT (BUT ONLY SO LONG AS LENDER REASONABLY DETERMINES THAT SAME DOES NOT ADVERSELY AFFECT LENDER'S INTEREST IN THE EQUIPMENT OR THIS AGREEMENT), USER MAY WITHHOLD PROMPT PAYMENT BUT SHALL INDEMNIFY AND HOLD LENDER HARMLESS THEREFROM TO THE EXTENT AND LIMITS PERMITTED BY APPLICABLE LAW. Nothing herein contained shall be deemed to impose any liability to pay taxes, assessments or charges where none is imposed by law. In case any report or return is required to be made with respect to any obligation of User under this Section or arising out of this Section, User will either make such report or return and send a copy of such report or return to Lender, or will notify Lender of such requirement and make such report or return in such manner as shall be satisfactory to Lender. Lender agrees to cooperate fully with User in the preparation of any such reports or returns.

- B. User represents, warrants and covenants that: User shall not take any action or refrain from taking any action (nor shall it cause or, to the best of its ability, allow any other party to do so) which act or failure to act would adversely affect the exclusion from gross income for federal income tax purposes of the interest portion of the Payments hereunder. User will not allow any investment of the proceeds or other funds which would result in the obligations under this Agreement being characterized as "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended ("Code"). User shall take all actions required under the Code necessary to preserve the exclusion from gross income for federal income tax purposes of the interest portion of the Payments hereunder including without limitation the calculation and payment of any rebate and the timely filing of any and all informational or other returns, all prepared and filed at User's sole cost and expense.

**Section 5. Title; Use, Maintenance; Identification Marking.**

- A. User shall hold legal title to the Equipment, subject to (1) a first priority purchase money security interest in favor of Lender, which User hereby grants to Lender and agrees to maintain and defend by all actions at law or by equity, whether or not specified herein; and (2) Lender's rights hereunder, including the right to take possession of the Equipment, or any item thereof, free and clear of any interest of User as provided herein, including, without limitation, following an event of default hereunder or return due to non-appropriation under Section 21 hereof.
- B. User will exercise due care in the use, operation, and maintenance of the Equipment and will use, operate and maintain the Equipment only in the careful, proper and normal manner and for its intended use and in accordance with manufacturer's specifications, and will not use, operate or maintain the Equipment improperly, carelessly, or in violation of any specification, instruction or warranty of manufacturer or vendor or any applicable law, ordinance or regulation, or for a purpose or in a manner contrary to the normal operation or need of the User.
- C. After the expiration of the manufacturer's or vendor's warranty period applicable to the Equipment, User shall provide for the service, repair, and maintenance of the Equipment at its own expense as to keep the Equipment in at least as good condition, repair and working order as when accepted hereunder, ordinary wear and tear excepted. Any maintenance/service agreement entered into by the User shall provide for preventive and remedial maintenance which will include the replacement of any and all portions of the Equipment which may from time to time become worn out or rendered unfit for use due to the normal operation of the Equipment. All such replaced parts and accessories (and any other parts or accessories added to or attached to the Equipment which are not readily removable without damage or diminution in operation or value of the Equipment) shall be free and clear of liens and encumbrances and rights of others and, when substituted or integrated into the Equipment, said parts shall become a part thereof and shall be covered by the terms of this Agreement to the same extent as the Equipment originally acquired hereunder.
- D. To the extent permitted by law, User agrees to place such markings, plates, or other identification on Items of Equipment showing Lender's interest therein as Lender may from time to time request, provided such identification markings, furnished by Lender, are placed so as not to interfere with the usefulness of the said Equipment. Except as above provided, User will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership or lien. To the extent and limits permitted by applicable law, User shall indemnify Lender and any third party dealing with Lender against any liability, loss or expense incurred by Lender or such third party dealing with Lender as a result of any act or omission of User which is inconsistent with the provisions of this paragraph D of Section 5.

**Section 6. Inspection.**

Upon the request of Lender, User shall advise Lender as to the location of each Item of Equipment and, after not less than two (2) Business Days' prior written notice from Lender, make the Equipment and User's records pertaining thereto available to Lender or Lender's agent for inspection at the place where the Equipment is ordinarily located; provided, such access shall in no way interfere with the operations of User at the location of the Equipment and such access may be limited by User to ensure that Lender, and agents of Lender, are not given access to confidential information or information (patient information or otherwise) that is subject to limitations on disclosure by any law or regulation.

**Section 7. Loss or Destruction.**

- A. User shall bear the risk of loss with respect to any damage, destruction, loss, theft, or governmental taking of any Item, whether partial or complete and whether or not through any default or neglect of User. Except as provided in this Section 7, no such event shall relieve User of its obligation to pay Payments hereunder. In the event any Item of Equipment shall be lost, stolen, destroyed, damaged beyond repair, subject to governmental taking, or permanently rendered unfit or unavailable for use for any reason whatsoever (an "Event of Loss"), User shall promptly, but in any event within ten (10) Business Days of the Event of Loss, give written notification to Lender of said loss and of the facts pertaining thereto, in which notification User shall elect either (1) to replace such Item of Equipment at User's own cost, or (2) to pay Lender the Collateral Value (as hereinafter defined) of such Item.
- B. Should User elect to replace such Item, the replacement Item shall be free and clear of all liens, encumbrances and rights of others, and shall be in as good condition and shall have a value and utility determined by Lender to be at least equal to the replaced Item, as if such Item were in the condition and repair required to be maintained by the terms hereof. And such replacement Items shall immediately become subject to this Agreement (and be subject to Lender security interest hereunder), and shall be deemed part of the Equipment for all purposes hereof, to the same extent as the property originally comprising the Equipment; whereupon Lender shall transfer to User, without recourse or warranty, all of Lender's right, title and interest in such replaced Item. In the event User elects to replace such Item of Equipment, User's obligation to pay Payments as set forth in this Agreement shall remain unchanged. User further agrees to execute such reasonable documents and instruments as reasonably deemed necessary by Lender to include such replacement Items in this Agreement. Notwithstanding the foregoing, User shall not have the right to replace any such Item of Equipment unless Lender is satisfied, in its sole discretion, that it has received a first priority purchase money security interest in such replacement Item.
- C. Should User not replace such Item of Equipment, then User shall pay to Lender, on the next payment date set forth in the Schedule for such Item following such Event of Loss, the Collateral Value of such Item or Items, which upon such payment no other amounts shall be owed by User to Lender under this Agreement, it being the understanding of the parties that such payment shall fully discharge and extinguish the indebtedness owed by User to Lender under this Agreement. As used herein, "Collateral Value" shall mean that portion of the Loan Balance as of such date indicated on the Debt Amortization Chart attached as Exhibit B to the Schedule, together with interest on such portion from the immediately preceding Payments payment date to the date of payment at the Interest Rate specified in the Schedule. Lender shall deliver to User a copy of its calculations in determining the amount of such payment.

**Section 8. Insurance.**

At its own expense, User shall maintain insurance on each Item of Equipment for an amount not less than the greater of the unpaid Payments hereunder with respect to such Item or the replacement value thereof or the actual value of such Item, and shall maintain adequate comprehensive general public liability and property damage insurance with respect to each Item, said insurance to be in an amount not less than the amount specified in the Schedule applicable to said Item attached to this Agreement and, in any event, in an amount sufficient to provide full coverage against all loss and liability. All such insurance shall name Lender as an additional interest. Certificates or other evidence satisfactory to Lender showing the existence of such insurance, the terms and conditions of the policy, and payment of the premium therefor shall be delivered to Lender prior to execution of the Schedule and periodically prior to each expiration of such insurance. In the event User shall fail to obtain or maintain insurance in accordance with the provisions of this Section 8, Lender shall have the right to obtain such insurance as Lender deems necessary, and User shall be obligated to, and shall upon demand, reimburse Lender for the payment of all premiums therefor together with interest computed from the date of Lender's payment at the interest rate specified in the Schedule. If any insurance proceeds are received with respect to an occurrence which does not constitute an Event of Loss under Section 7 of this Agreement, or if User elects to replace the Item or Items so lost or destroyed under the provision of Section 7 of this Agreement, then the proceeds will be applied in payment for repairs and replacement property required pursuant to Sections 5 and 7 of this Agreement, or to reimburse User for having made such payments.

**Section 9. Indemnification and Expenses.**

User shall, to the extent and limits permitted by applicable law, defend, indemnify and save harmless Lender or any assignee or transferee of Lender and their respective agents and servants from and against any claim, cause of action, damage, liability, cost, fee or expense (including reasonable attorney fees, paralegal fees, and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) arising out of, connected with or resulting from, this Agreement; (ii) relating to the Equipment or any part thereof including without limitation the manufacture, construction, selection, purchase, delivery, installation, ownership, use or return of the Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are patent, latent or discoverable by Lender or by User); (iii) by reason of User's failure or refusal to accept the Equipment "AS IS" when delivered to User; (iv) by reason or as the result of any act or omission of User or its agent or employee; (v) as a result of claims for patent or trademark infringements; (vi) based on any event which results in any claim for negligence or strict liability in tort; or (vii) based on any personal injury, or death, or damage to property, caused by the Equipment, or caused by or resulting from its use, maintenance, repair, replacement, operation or condition. This Section 9 shall be effective from the date an Item of Equipment is ordered, though not yet accepted by User, and though the rental term of this Agreement has not yet commenced, and shall remain in effect with respect to any one or more Items of Equipment insofar as it relates to an event which occurred prior to the return of the Equipment to Lender. In addition to the foregoing and notwithstanding any contrary provision hereof, this Section 9 (and all other "hold harmless and indemnity" provisions of this Agreement) shall remain in effect as to actions or claims accruing or arising during the term hereof, even though all Payments shall have been fully paid and satisfied, until a date which is four (4) years following the payment of the last said Payments; provided, however, that any such claims shall be payable only from User's available funds. User agrees to give Lender prompt notice of any such claim, cause of action, action or liability. Lender agrees to give User prompt notice of any such claim, cause of action or liability. Subject to the above, Lender agrees to cooperate with User in any defense or other action which User is by this Section obligated to undertake but only at User's sole cost and expense.

**Section 10. Transfer and Assignment.**

- A. Subject to the requirements set forth herein, Lender may assign or otherwise transfer all or any portion of its security interest in any Item of Equipment; provided, Lender shall first notify User in writing of such transfer.
- B. Subject to the requirements set forth herein, Lender may at any time, transfer, assign or grant a security interest in this Agreement or any Payments or other sums due or to become due hereunder, and in such event Lender's transferee or assignee shall have all of Lender's rights, powers, privileges and remedies hereunder; provided, Lender shall first notify User in writing of such transfer, assignment or grant.
- C. Any such assignee shall have all of the rights of Lender with respect to such interests assigned under this Agreement, including the right to reassign such interest though subject to the notification requirements set forth in A. and B. immediately above and elsewhere in this Agreement. Upon written notification by Lender, the User shall make all Payments and other payments when due under this Agreement to the party and at the address designated in such notice, without offset or deduction whatsoever. Notwithstanding anything herein to the contrary, no assignment of the right to receive Payments with respect to this Agreement shall be effective unless Lender or any assignee of Lender, as appropriate, shall, at Lender's or assignee's expense, as appropriate, provide written notice of such assignment to the User. The User shall keep an accurate record of all such assignments in a form complying with Section 146 of the Code and the regulations promulgated thereunder. The User shall deem and treat the person in whose name any interest in this Agreement shall be recorded (as provided above) as the absolute owner of such interest for the purpose of receiving Payments relating to such interest. Any such assignment or encumbrance shall be of Lender's interest only and shall be wholly subordinate and inferior to User's rights hereunder. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of Lender and the User and their respective successors and permitted assignees.
- D. During the term of this Agreement, User shall not sell any Item of Equipment or assign its rights or interest hereunder without the prior written consent of Lender, which consent shall be in the sole and absolute discretion of Lender; provided, however, that as a condition precedent to requesting such consent, User shall provide Lender with an opinion of counsel acceptable to Lender that such sale or assignment will not adversely affect the exclusion of the interest portion of the Payments hereunder from gross income for federal income tax purposes; provided, further, that no such sale or assignment shall relieve User of its obligations hereunder.

**Section 11. Events of Default and Remedies.**

- A. The following events shall constitute Events of Default: (i) User shall fail to timely make any payments of any amount (including any of the Payments) hereunder when due; (ii) User shall fail to perform or observe any other covenant, condition, or agreement to be performed or observed by it under this Agreement; (iii) any material representation or warranty made by User in or pursuant to this Agreement (including the Schedule), or in any amendment to this Agreement, shall prove to be incorrect at any time in any material respect; (iv) User shall become insolvent or bankrupt or make any assignment of the benefit of creditors or consent to the appointment of a trustee or a receiver; or a trustee or a receiver shall be appointed for User or for a substantial part of its property without its consent and shall not be dismissed within a period of sixty (60) days; or bankruptcy, reorganization or insolvency proceedings shall be instituted by or against User and, if instituted against User, shall not be dismissed for a period of sixty (60) days; (v) judgments aggregating more than One Thousand and no/100 (\$1,000) Dollars shall be entered against User and shall not be satisfied or appealed from and execution thereon stayed within the time provided by law for taking appeals; or (vi) if any Item of

Equipment or a substantial part of User's property shall become subject to a judicial lien not released by bond or otherwise;

- B. Upon occurrence of the Event of Default specified in Section 11A(i) which continues unremedied for ten (10) days after written notice from Lender to correct such Event of Default or upon occurrence of the Event of Default specified in Section 11A(ii), 11A(iii), 11A(v) or 11A(vi) which continues unremedied for forty-five (45) days after written notice from Lender to correct such Event of Default; or upon the occurrence of any Event of Default specified in Section 11A(iv), Lender may, at its option: (i) proceed, by appropriate court action or actions, to enforce performance by User of the applicable covenants of this Agreement or to recover damages for the breach thereof (solely as provided below), which damages shall be payable solely from User's lawfully available funds; (ii) do any or all of the following, each of which shall be construed as cumulative, and no one of them as exclusive of the others:
- (1) Without further notice to User terminate this Agreement whereupon all rights of User to the use of the Equipment shall absolutely cease and terminate and within ten Business Days after termination, User will fully comply with all provisions of Section 21C hereof;
  - (2) Whether or not this Agreement is terminated, foreclose the security interest in the Equipment hereby created and, upon reasonable notice to User, take possession of any or all of the Equipment, wherever situated or wherever the same may be found, for such purpose in or upon any premises without liability for so doing, and after giving ten days' notice by publication in some newspaper published in Mobile County of the time, place and terms of sale, sell or otherwise dispose of the Equipment, or any portion or part thereof, in front of the courthouse door of said County or at any other place deemed by Lender to be appropriate and reasonably conducive to an advantageous sale, such sale to be a public outcry to the highest bidder for cash, for the account of User, holding User liable for the difference between (i) the purchase price, rent and other amounts paid by the purchaser or such other person pursuant to such sale or other disposition and (ii) the entire unpaid Payments for the then current annual term of the Agreement, whether such term be the original term, a renewal term, or extension of an existing term, plus interest at the rate specified in the Schedule and other amounts payable by User under and pursuant to this Agreement;
  - (3) By written notice to User declare the unpaid principal balance of the Payments due under this Agreement during the then current fiscal year, plus interest thereon (the "Accelerated Interest Component") at the Overdue Rate specified in the Schedule from the date of such notice (not to exceed in any event the maximum rate of interest permitted by law), to be immediately due and payable and which Lender may proceed by attachment, suit or otherwise to collect from User's available funds during such fiscal year, but that in no event results in a payment from User that, combined with proceeds from the foreclosure of the Equipment paid to Lender pursuant to item (2) immediately above, exceeds the then total outstanding principal amount of Payments under this Agreement plus the Accelerated Interest Component;
  - (4) Exercise any other right, remedy, election or recourse provided for in this Agreement or which may be available to Lender under the Alabama Uniform Commercial Code or any other applicable law.

- C. Moneys received by Lender from a sale or other disposition permitted by Section 11B(2) hereof shall be the absolute property of Lender and User shall have no right thereto, nor shall User be entitled to any credit in the event of a deficiency (with respect to the then current fiscal year) in the Payments received by Lender for the Equipment. In the event that moneys received by Lender exceed all Payments payable hereunder (which, in case of a non-appropriation of funds by User as provided for in Section 21 hereof, shall include the entire unpaid Payments for the maximum term of this Agreement, whether the then current annual term be the original term, a renewal term, or extension of an existing term, plus interest thereon at the Overdue Rate specified in the Schedule, not to exceed in any event the maximum rate of interest permitted by law), Lender shall pay such surplus to User. To accomplish the foregoing, User hereby irrevocably appoints Lender as the agent and attorney-in-fact of User to enter upon and sell or lease the Equipment as provided herein.
- D. User shall in any event remain fully liable for reasonable damages as are provided by law and for all costs and expenses incurred by Lender on account of such default, including, but not limited to, all court costs and reasonable attorneys' fees, expenses for storing Equipment, and expenses in connection with locating another user, in each case, payable solely from User's lawfully available funds. No waiver by Lender of any breach of any obligation of this Agreement shall be construed to be a waiver of the obligation itself or of any subsequent breach of the same obligation or of a breach of any obligation. The acceptance by Lender of payment by User of any Payments or the delay or omission to exercise any right or remedy upon occurrence of any breach by User shall not constitute a waiver of such breach, regardless of Lender's knowledge thereof. The acceptance and deposit by Lender of any check or instrument, regardless of any endorsements or statements thereon or in any letter or transmittal from User, shall not constitute an accord and satisfaction.
- E. **THE REMEDIES IN THIS AGREEMENT PROVIDED IN FAVOR OF LENDER SHALL NOT BE DEEMED EXCLUSIVE BUT SHALL BE CUMULATIVE AND SHALL BE IN ADDITION TO ALL OTHER REMEDIES IN ITS FAVOR AT LAW OR IN EQUITY. USER HEREBY WAIVES ANY AND ALL EXISTING OR FUTURE CLAIMS OF ANY RIGHT TO ASSERT ANY OFF-SET OR CLAIM WHICH MAY BE ASSERTED BY USER ON ITS BEHALF IN CONNECTION WITH THE AGREEMENT OR THE EQUIPMENT.**

**Section 12. Lender's Right to Perform for User.**

If User fails to make payments required by this Agreement or fails to perform or comply with any of its agreements contained herein, Lender may itself, at its sole option (but shall not be required to), make payment or perform or comply with such agreements. The amount of the reasonable expenses of Lender incurred in connection with such payment or performance shall be payable by User to Lender upon demand together with interest at the rate stated in the Schedule from the date of the expense to the date of payment by User to Lender, in each case, payable solely from User's available funds.

**Section 13. Further Assurances; Financial Information.**

User will promptly and duly execute and deliver to Lender such further documents, instruments, assurances and financing statements and take such further action as Lender may from time to time reasonably request in order to carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created or intended to be created in favor of Lender. User shall deliver to Lender its annual audited financial statements within fifteen (15) Business Days after User's receipt of the same for each fiscal year of User while this Agreement is in effect.

**Section 14. Notices.**

All notices required under the terms and provisions hereof shall be in writing, and any such notice shall become effective when deposited in the United States mail, with proper postage, prepaid, addressed to Lender or User at the address shown on the signature page hereof or at such other address as such party shall from time to time designate for itself in writing to the other party.

**Section 15. Applicable Law and Severability.**

This Agreement shall be governed by the laws of the State, including all matters of construction, validity and performance. Any provision of this Agreement determined to be illegal, prohibited or unenforceable in any jurisdiction by a competent court shall, as to such jurisdiction, be ineffective to the extent of such illegality, prohibition or unenforceability without invalidating the remaining provisions; provided, however, that to the extent that the provisions of any such applicable law can be waived, they are hereby waived by User.

**Section 16. Modification of Agreement.**

No term or provision of this Agreement may be changed, waived, discharged or terminated except by a written agreement signed by the affected party.

**Section 17. Time of Essence.**

TIME IS OF THE ESSENCE WITH RESPECT TO THIS AGREEMENT.

**Section 18. Appointment of Agent of Lender.**

Lender shall have the right, at any time during the term of this Agreement, to appoint any party selected by it to act as agent or trustee for Lender hereunder.

**Section 19. Headings; Terms.**

- A. Captions or headings in this Agreement shall not define or limit any of the terms hereof.
- B. Any interest rate specified herein or in the Schedule shall be construed as the lesser of such specified rate or the highest rate permitted by applicable law.
- C. Any reference herein to a "full" or "maximum" Agreement Term shall be the term including all renewals or extensions not to exceed the shorter or the useful life of any item of Equipment or the longest term permitted by applicable law to preserve the legality of this Agreement.

**Section 20. Effective Date.**

This Agreement shall not be effective until it has been signed and accepted by Lender.

**Section 21. Non-Appropriation of Funds.**

- A. All Payments due by User hereunder for each fiscal year this Agreement is in effect shall be payable solely out of the current funds or current revenues of User ("User's Available Funds"). NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, THE PAYMENTS DUE HEREUNDER ARE TO BE MADE ONLY AFTER AN APPROPRIATION BY THE GOVERNING BODY OF USER IS LAWFULLY MADE THEREFOR FROM THE CURRENT FUNDS OR CURRENT REVENUES OF THE USER AND NEITHER THE USER, NOR THE STATE, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE



OBLIGATED TO MAKE ANY APPROPRIATION FOR ANY SUMS DUE HEREUNDER FROM AD VALOREM OR OTHER TAXES AND NEITHER THE FULL FAITH AND CREDIT OF THE USER, NOR THE STATE, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED FOR PAYMENT OF SUCH SUMS DUE HEREUNDER AND THE CONTRACTUAL OBLIGATION HEREUNDER TO REQUEST AN APPROPRIATION TO PAY SAME DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE USER, THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION OR LIMITATION. User shall cause its chief financial officer to include all Payments due hereunder in its proposed annual budget and to request the governing body of User to appropriate in each fiscal year from User's Available Funds an amount necessary to pay the Payments due in such fiscal year and to identify same in a line item for such purpose in the budget as enacted. During the term of this Agreement User will furnish to Lender copies of each proposed budget of User within twenty (20) days after it is filed and of each final budget of User within twenty (20) days after it is printed. Anything in this Agreement notwithstanding, Lender agrees that this Agreement and all of User's obligations to make the Payments are subject to, and can be terminated by User upon the happening of, a non-appropriation of funds as described in paragraph B of Section 21 hereof.

- B. If User has not appropriated funds in a line item identified for such purpose for its next succeeding fiscal year to continue the payment of Payments hereunder, or has not otherwise agreed to continue payment of Payments hereunder, this Agreement, without further act, shall terminate at the end of User's then current fiscal year and User shall not be obligated to make any Payments beyond the end of User's then current fiscal year except for obligations hereunder accruing prior to such termination which survive termination hereof.
- C. In the event of termination of this Agreement due to conditions stated in Paragraph B of this Section 21 (and Section 11B(1)) User shall: (i) deliver, at User's expense, all of the Equipment to an address within the continental United States as designated by Lender; (ii) certify that the Equipment is not encumbered in any way whatsoever (other than encumbrances created by Lender and by this Agreement); (iii) furnish, at User's expense, a certification by the manufacturer's authorized service representative of each Item of Equipment that each Item is in good working condition and is acceptable to be placed under a maintenance contract, if and to the extent that Lender reasonably determines that same is readily available; and (iv) furnish a Bill of Sale (with warranties as to title), Uniform Commercial Code records search, and such other documentation as is reasonably requested by Lender to establish transfer to Lender of good and marketable title to the Equipment, free and clear of any liens or claims by third parties, such documentation to be satisfactory to Lender.
- D. For a period of two (2) years after the end of the fiscal year in which this Agreement is so terminated for lack of appropriated funds pursuant to Paragraph B of this Section 21, User shall not purchase, lease, rent or otherwise acquire equipment performing functions similar to those performed by the Equipment under this Agreement, nor will User acquire the use of such equipment through any other party, agency or entity including but not limited to those affiliated with or hired by User. User consents to the enforcement of this provision in the courts by injunctive relief or otherwise, and expressly waives any immunity, now or hereafter existing, against suit by Lender, its transferee or assignee for its enforcement.
- E. As long as this Agreement shall be in effect, the User will use the Equipment for the intended purpose thereof, as medical equipment, to the maximum extent of the capacity of the Equipment and the User will not acquire, lease, use or contract with any person to provide, any facilities or equipment, other than the Equipment, as a linear accelerator for the User's Mitchell Cancer Institute; provided, however, notwithstanding the foregoing, if the User shall determine that the need for a linear accelerator at the User's Mitchell Cancer Institute exceeds the maximum capacity of the Equipment plus the maximum capacity of all other linear accelerators then

owned, leased or used by the User, then the User may, without violating the covenants contained in this Section 21E, acquire, lease, use or contract with any person to provide, new or additional linear accelerators (the "Additional Equipment") to the extent necessary to perform the functions which cannot be performed by the Equipment and subject to the covenant and agreement by the User. Should the need for a linear accelerator at the Mitchell Cancer Institute diminish after the acquisition of such Additional Equipment, the User shall correspondingly decrease the use of such Additional Equipment in favor of the use of the Equipment to the maximum extent thereof.

Until such time as the Equipment shall be and remain fully utilized, the User shall not enter into any lease or rental agreement or service contract or renew any existing lease or rental agreement or service contract for, or otherwise acquire any interest in, any medical equipment to be used for the same purpose for which the Equipment is capable of being used.

- F. In the event that User does not appropriate funds and this Agreement is to be terminated as provided in Paragraph B of this Section 21, User shall promptly notify Lender in writing, specifying the amount, if any, which User has appropriated for purposes of paying Payments, or which is otherwise available for such purpose in User's fiscal budget for the succeeding year. Lender shall have the option, exercisable within 10 business days after its receipt of such notice (but in no event after the beginning of the next fiscal year of User) to restructure this Agreement by (i) reducing the Payments to an amount which will not exceed funds appropriated by User for such purpose and (ii) increasing the repayment term of this Agreement for an additional period of time necessary to allow an orderly amortization of the balance due plus any additional charges associated with such restructuring. Paragraph D of this Section 21 and this Paragraph E shall be null and void if found by a court of competent jurisdiction to cause this Agreement to exceed the User's authority.

**Section 22. Termination.**

Should User desire to terminate this Agreement, User may do so only by paying to Lender the outstanding principal balance plus accrued interest at the interest rate stated in the Schedule to the date of termination, whereupon Lender shall release all of its security interest in the Equipment and this Agreement shall terminate.

**Section 23. Service, Waiver of Jury Trial.**

(A) THE USER HEREBY (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY, AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN, KNOWINGLY AND VOLUNTARILY, BY USER, AND THIS WAIVER IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A JURY TRIAL WOULD OTHERWISE ACCRUE. LENDER IS HEREBY AUTHORIZED AND REQUESTED TO SUBMIT THIS FINANCING AND LEASE AGREEMENT FOR RESOLUTION, SO AS TO SERVE AS CONCLUSIVE EVIDENCE OF USER'S WAIVER OF THE RIGHT TO JURY TRIAL. FURTHER, USER HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF LENDER (INCLUDING LENDER'S COUNSEL) HAS REPRESENTED, EXPRESSLY OR OTHERWISE, TO USER THAT LENDER SHALL NOT SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION.

(B) SERVICE OF PROCESS IN ANY ACTION SHALL BE DULY SERVED IF MAILED BY REGISTERED MAIL, POSTAGE PREPAID, TO USER AT ITS ADDRESS OR IF SERVED BY ANY OTHER MEANS PERMITTED BY APPLICABLE LAW.

**Section 24. Role of Lender; Debarment**

(a) Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to this agreement and any other information, materials or communications provided by Lender: (a) Lender and its representatives are not recommending an action to any municipal entity or obligated person; (b) Lender and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to such agreement, information, materials or communications; (c) Lender and its representatives are acting for their own interests; and (d) User has been informed that User should discuss this agreement and any such other information, materials or communications with any and all internal and external advisors and experts that User deems appropriate before acting on this agreement or any such other information, materials or communications.

(b) Lender covenants that, to its knowledge, neither it, nor any of its employees, agents, or trustees, are currently under investigation by any local, state or federal government agency for false claims, fraud or abuse, nor have of the above been sanctioned by a state, local, or federal government agency or excluded from participating in state, local, or federal government payor programs, including but not limited to Medicare or Medicaid programs, and that no exclusion proceedings are pending. Lender agrees to notify User immediately in writing in the event any proceedings, inquiries and/or disciplinary action is commenced against it, its employees, agents, or trustees.

IN WITNESS WHEREOF, User and Lender have each caused this Agreement to be executed in its name, under seal, and the same attested, by officers thereof duly authorized thereunto, as of the date and year first above written.

**UNIVERSITY OF SOUTH ALABAMA**

By \_\_\_\_\_  
President

SEAL

Address of User:

307 University Boulevard North  
Mobile, Alabama 36608

**REGIONS CAPITAL ADVANTAGE, INC.**

By \_\_\_\_\_

Its \_\_\_\_\_

Address of Lender:

1900 5<sup>th</sup> Avenue North  
Suite 2400  
Birmingham, Alabama 35203

**SCHEDULE NO. 1  
TO SECURED EQUIPMENT FINANCING AGREEMENT**

This Schedule is hereby integrated into and made a part of the Secured Equipment Financing Agreement ("Agreement") between the signatories hereof dated December 7, 2016. Pursuant to the Agreement, Lender has advanced for the benefit of the User the purchase price of certain items of equipment listed below (hereinafter referred to collectively as the "Equipment") and individually as an "Item" or "Items of Equipment") and the User has granted, and hereby grants, to Lender a first priority purchase money security interest therein, to secure the User's obligation to repay such advance, with interest, subject always to Section 21 of the Agreement and the provisions of the Agreement and this Schedule. The terms and conditions of the Agreement govern, except where contrary to the specified terms of this Schedule.

A) Description of Equipment with Serial Numbers:

See Exhibit A attached hereto.

B) Possession of the above Items may not be transferred, and such Items may not be sold or leased to a third party by User, without prior written permission of Lender.

C) Term of Agreement: The full term of this Agreement shall be a period of 70 consecutive months, consisting of an initial term of December 7, 2016 through September 30, 2017, followed by five consecutive renewal terms of one year each coincident with each fiscal year of the User, described as follows:

<u>Annual Terms</u>	<u>Calendar Period</u>
Initial Term	December 7, 2016 to September 30, 2017
First Renewal Term	October 1, 2017 to September 30, 2018
Second Renewal Term	October 1, 2018 to September 30, 2019
Third Renewal Term	October 1, 2019 to September 30, 2020
Fourth Renewal Term	October 1, 2020 to September 30, 2021
Fifth Renewal Term	October 1, 2021 to September 30, 2022

Except as otherwise provided in the Agreement, as long as User continues to make the Payments herein when due and is not otherwise in default, the Agreement as to the Equipment (and the User's obligation to make payments hereunder) shall be automatically renewed at the end of the initial term, and at the end of each renewal term thereafter, for the then next succeeding renewal term upon the same terms and conditions as stated in the Agreement.

D) Payments: User shall pay to Lender principal and interest as follows: on November 7, 2017 and continuing on the 7<sup>th</sup> day of each month thereafter, until and including \_\_\_\_\_, or until this Agreement is terminated in accordance with its terms, the principal amount set forth on Exhibit B hereto, plus interest accrued to each such principal payment date, such amount to be applied first to the payment of the interest component of the payments under this Agreement on each such date of payment and then to the reduction of the outstanding principal component of the payments under this Agreement.

The User may, on any date, without penalty, pay in advance the entire unpaid principal amount of the Payments, or any portion thereof, by paying to the Lender the principal amount to be prepaid, plus interest accrued on such principal amount to the date of such prepayment.

- E) Equipment Location: The Equipment shall be located at \_\_\_\_\_, in the City of Mobile, County of Mobile, State of Alabama (the "Location"), which Location is owned by the User.
- F) The respective principal and interest components of the Payments are set forth on Exhibit B to this Schedule.

Interest Rate: The interest components of the Payments shall be calculated at the rate of 1.88% per annum computed on the basis of an assumed year of 360 days (comprised of 12 months of 30 days each) on a daily accrual basis; provided that, if the Internal Revenue Service makes a final determination that interest on Payments under this Agreement is includable in gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and User shall have been given a reasonable period of time not to exceed two years to contest the same in good faith (the "Appeal Period"), then Payments of principal hereunder will bear interest at a rate of 2.97% (the "Taxable Rate") from the date such interest must be included in gross income of Lender, whereupon the User will reimburse the Lender the difference between (a) the Taxable Rate, and (b) the interest already paid at the rate of 1.88%, along with all costs, expenses, penalties, and reasonable attorneys' fees incurred by the Lender as a result of such determination, within thirty days after the Appeal Period. The obligation to pay such additional interest shall survive the payment of the principal hereunder.

OVERDUE RATE: 5.00%. These rates apply to this Schedule only.

- G) Insurance: The minimum amount of insurance required under the terms of the Agreement shall be as follows:

Physical Damage: User shall purchase and maintain physical damage insurance coverage with a deductible of no more than \$5,000.00 naming Lender as Loss Payee.

The foregoing amounts of insurance are minimum amounts only, User expressly agreeing that in any event the insurance shall at all times be in an amount which shall be sufficient to provide full coverage against all loss and liability. Unless otherwise expressly specified herein, the hereinabove described insurance shall expressly cover all the hereinabove described Equipment.

- H) Legal Opinion: User will furnish Lender, at User's expense, a legal opinion, in form and substance satisfactory to Lender, substantially in the form of Exhibit C hereto.

- I) User acknowledges, confirms and consents to Lender's executing a disclaimer in substantially the same form as follows:

"ALL WARRANTIES, IF ANY, BY A MANUFACTURER OR SUPPLIER OTHER THAN DEALER ARE THEIRS, NOT DEALER'S, AND ONLY SUCH MANUFACTURER OR OTHER SUPPLIER SHALL BE LIABLE FOR PERFORMANCE UNDER SUCH WARRANTIES, UNLESS DEALER FURNISHED BUYER WITH A SEPARATE WRITTEN WARRANTY OR SERVICE CONTRACT MADE BY DEALER ON ITS OWN BEHALF, DEALER HEREBY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE: (A) ON ALL GOODS AND SERVICES SOLD BY DEALER, AND (B) ON ALL USED VEHICLES WHICH ARE HEREBY SOLD AS IS - NOT EXPRESSLY WARRANTED OR GUARANTEED."

- J) Other Terms:

A late charge of \$100 shall be due and payable with respect to any Payment which is made more than 10 days after the date on which the same is due.

IN WITNESS WHEREOF, User and Lender have each caused this Schedule to be executed in its name, under seal, and the same attested, by officers thereof duly authorized thereunto, as of the date and year first above written.

**UNIVERSITY OF SOUTH ALABAMA**

By \_\_\_\_\_  
President

SEAL

Address of User:

307 University Boulevard North  
Mobile, Alabama 36608

**REGIONS CAPITAL ADVANTAGE, INC.**

By \_\_\_\_\_

Its \_\_\_\_\_

Address of Lender:

1900 5<sup>th</sup> Avenue North  
Suite 2400  
Birmingham, Alabama 35203



**CERTIFICATE OF ACCEPTANCE**

The University of South Alabama (User), having entered into a Secured Equipment Finance Agreement (the "Agreement") dated December 7, 2016, with Regions Capital Advantage, Inc. (Lender), does hereby certify to Lender, on this the 7<sup>th</sup> day of December, 2016, as to the equipment set forth herein (the "Equipment") that:

- A. The User has inspected the Equipment and hereby accepts the Equipment for all purposes under the Agreement.
- B. The Equipment is of a size, design, and capacity selected by User, is in good condition, and has been satisfactorily delivered.
- C. The User is satisfied that the Equipment is suitable for User's purposes and responsibly selected the vendor, manufacturer or supplier of the Equipment.
- D. User does not consider Lender to be a manufacturer of the Equipment nor a dealer in property of the kind of the Equipment.
- E. The User waives any defenses which it may have now or in the future against Lender arising from the Equipment, its operation, delivery, condition, defects, installations, or any other matter concerning the Equipment.
- F. The User accepts the Equipment AS IS, WHERE IS and acknowledges Lender's disclaimer of warranties contained in Section 3 of the Agreement.
- G. The User has no agreement regarding the Equipment with any vendor, manufacturer, broker, repair service, landlord or other party (excluding Lender) except as listed here:

Electra, Inc.

Lender is not bound by any representation, warranty or agreement made by any other party.

- H. The User acknowledges and confirms that the Agreement is in full force and effect and is the legal, valid and binding obligation of the User enforceable against the User in accordance with its terms and that no default or Event of Default under the Agreement exists on the date hereof. The User hereby makes and republishes all of its representations [and warranties] under the Agreement and acknowledges that it has no defenses or claims against Lender under the Agreement on the date hereof.

- I. Equipment Description: See Exhibit A hereto

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- J.** The User authorizes Lender to pay \$2,089,689.75 for the previously described Equipment upon receipt of an original invoice from the vendor or manufacturer.

**UNIVERSITY OF SOUTH ALABAMA**

By \_\_\_\_\_  
President

**EXHIBIT A**

**Description of Equipment with Serial Numbers**

A Linear Accelerator with the serial number \_\_\_\_\_ and software relating thereto.

**EXHIBIT B**

**Amortization Chart**

**EXHIBIT C**

**Legal Opinion**

December 7, 2016

University of South Alabama  
Mobile, Alabama

Regions Capital Advantage, Inc.  
Birmingham, Alabama

Re: \$2,089,689.75 Secured Equipment Financing Agreement of even date by The University of South Alabama and Regions Capital Advantage, Inc.

Ladies and Gentlemen:

We have acted as bond counsel to the University of South Alabama (the "User") in connection with the execution and delivery of the above-referenced Secured Equipment Financing Agreement (the "Agreement") by the University and Regions Capital Advantage, Inc. (the "Lender") pursuant to Chapter 16A of Title 41 of the Code of Alabama 1975 (the "Enabling Law") and other applicable provisions of Alabama law for the purpose of financing the acquisition and purchase of a linear accelerator (the "Equipment") for the User on the terms and provisions contained in the Agreement. Capitalized terms used herein without definition shall have the respective meanings assigned thereto in the Agreement.

In rendering this opinion, we have (a) examined a certified copy of the Agreement, the Tax Compliance Agreement and Certificate (the "Non-Arbitrage Agreement") by the User with respect to the Agreement and the Equipment, and such other certificates, proceedings, proofs and documents, and made such studies of matters of law, as we have deemed necessary, (b) relied, without independent investigation or inquiry, upon (1) the representations and covenants made in the Agreement and (2) statements set forth in the Non-Arbitrage Agreement and in certificates of certain public officials and officers of the User and the Lender, and other certificates, proceedings, proofs and papers considered by us to be pertinent, and (c) assumed (1) continuing compliance with the covenants in the Agreement and Non-Arbitrage Agreement respecting federal tax matters, and (2) the resolution of the Board of Trustees of the User was duly adopted.

We have made no examination of the title of the User to the Equipment and accordingly express no opinion with respect thereto, except that the User has adequate corporate power to acquire, own, operate and dispose of the Equipment and any part thereof.

The opinions expressed herein are limited to the laws of the State of Alabama and the federal laws of the United States of America.

Based on the foregoing, and subject to the below qualifications, we are of the opinion, as of the date hereof and under existing law, that:

(1) The User has corporate power and authority under the Enabling Law to execute, deliver and perform the Agreement.

(2) The User has duly authorized, executed and delivered the Agreement and the Agreement constitutes the legal, valid and binding obligation of the User and is enforceable against the User in accordance with the terms thereof.

(3) The interest portion of the Payments under the Agreement is exempt from State of Alabama income taxation.

(4) The interest portion of the Payments under the Agreement is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted however that for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the User comply with all requirements of the 1986 Code that must be satisfied subsequent to the delivery of the Agreement in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The User has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the interest portion of the Payments under the Agreement to be included in gross income for federal income tax purposes retroactive to the date of delivery of the Agreement.

The rights of the Lender and the enforceability of the Agreement are subject to and may be limited by (a) bankruptcy, insolvency, reorganization, moratorium, sovereign immunity, or other similar laws affecting the enforcement of creditors' rights and (b) the exercise of judicial discretion (whether in a proceeding in equity or at law) and (c) the valid exercise of the constitutional powers of the United States of America and the sovereign and police powers of the State of Alabama.

We express no opinion with respect to the tax treatment of any owner of the Agreement or any interest therein under any provision or section of the Code other than the aforesaid Sections 103 as a result of the receipt of interest under the Agreement.

No assurances can be given that federal legislation will not be introduced and enacted which could adversely affect the exclusion of the interest portion of the Payments under the Agreement from gross income for federal income taxation or the tax treatment of certain owners of the Agreement or the interest portion as a result of the receipt of the interest portion of the Payments under the Agreement. It should be noted that ownership of the Agreement may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Agreement. Bond counsel does not express any opinion regarding such collateral tax consequences. Prospective owners of the Agreement should consult their tax advisors regarding collateral federal income tax consequences.

The Lender has acknowledged that our engagement as bond counsel did not include services relating to the compilation, verification or furnishing to the Lender of information regarding the merits and risks of the Agreement. The Lender has represented to us that the Lender has had full and free access to all books, records and audits of the User, and that the Lender has been provided with and has evaluated such financial and general information respecting the User and the Agreement as the Lender has deemed necessary to enable the Lender to make an informed decision with respect to the purchase of an interest in the Agreement, and that Lender has relied upon its counsel, Maynard Cooper & Gale, P.C., for legal advice.

The Lender has also represented to us that the Lender is acquiring the Agreement for its own account as evidence of a privately placed and negotiated loan and not with a present view to the resale or distribution thereof or of any interest therein. The Lender has represented that the Lender will not sell, transfer or otherwise distribute the Agreement or any interest therein in violation of any applicable Federal or state securities laws.

The opinion is (a) limited to matters stated herein and no opinion may be inferred beyond the matters expressly stated, (b) given as of the date hereof and with the express understanding that we have no obligation to advise you or any of your successors or assigns of any changes in law or fact subsequent to the date hereof, even though such changes may affect the opinions expressed herein, (c) rendered to you solely in connection with the subject transactions and may not be relied upon by you or by any other person for any other purpose, and (d) rendered as an expression of our professional judgment as to the legal issues explicitly addressed herein, by the rendering of which we do not become an insurer or guarantor of that expression of professional judgment or of the outcome of any legal dispute that may arise with respect to any of the matters herein contained.

Faithfully yours,



**EXHIBIT II**

**FORM OF FUNDING AGREEMENT**

## FUNDING AGREEMENT

THIS AGREEMENT is made and entered into this 7th day of December, 2016, by and among **Regions Capital Advantage, Inc.**, a Tennessee corporation, as Lender ("Lender"), the **University of South Alabama**, as User ("User"), and **Regions Bank**, as Funding Agent ("Funding Agent").

### WITNESSETH:

WHEREAS, Lender and User are parties to that certain Secured Equipment Financing Agreement dated of even date herewith (the "Financing Agreement"), a copy of which is attached hereto as Exhibit "A" and made a part hereof; and

WHEREAS, in connection with the Financing Agreement, Lender has agreed to purchase Equipment, as defined therein and as selected by User, and to lease such Equipment to User pursuant to the terms specified therein; and

WHEREAS, User has agreed to select the vendors, related services, and Equipment to be purchased by Lender, and to lease the same from Lender pursuant to the terms of the Financing Agreement; and

WHEREAS both Lender and User desire the Funding Agent to act as such hereunder.

NOW, THEREFORE, in consideration of the premises which shall be deemed an integral part of this Agreement and not as mere recitals thereto, and in consideration of the mutual agreements and covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound thereby, agree as follows:

1. Deposits.

(a) Within five business days of the date of this Agreement, Lender shall deposit or cause to be deposited with Funding Agent the amount of \$2,089,689.75 for the purpose of funding the purchase of the Equipment as provided in the Financing Agreement, and for such other purposes as stated herein.

(b) User represents that the amount provided for in subparagraph (a) above is sufficient to purchase the Equipment. It is the intention of the Lender and the User to complete such purchase pursuant to purchase orders issued by Lender for the goods and Equipment selected by, delivered to, and accepted by User. In the event the initial deposit provided for in subparagraph (a) above is inadequate to complete the purchase of the Equipment as provided for in the Financing Agreement, then User shall deposit or cause to be deposited with Funding Agent an amount sufficient to complete such purchase. The amounts payable by User are to be payable solely from User's available funds, as described in the Financing Agreement.

(c) In the event the initial deposit provided for in subparagraph (a) above is greater than the amount required to complete the purchase of the Equipment after the completion of the purchase of the Equipment as evidenced by the Acceptance Certificate hereinafter defined, Funding Agent shall pay the balance of the deposited funds to Lender, who shall apply monthly such balance or the remaining portions thereof to the first principal portion of the monthly amounts due from User pursuant to the Financing Agreement, until the balance of such deposited funds are depleted fully.

(d) Subject to the terms and conditions of this Agreement, legal and equitable rights to all deposited funds shall remain in Lender. Funding Agent shall hold, safeguard, administer, and disburse the deposited funds in accordance with the provisions hereof.

2. Term. The term of this Agreement shall commence on the date hereof and shall continue thereafter until the disbursement of the entire deposited funds held by Funding Agent as provided herein.

3. Disbursement of Deposited Fund.

Funding Agent hereby covenants and agrees to disburse the deposited funds, with interest accrued thereon, if any, in accordance with this Agreement, unless otherwise specifically instructed in writing by Lender and User jointly.

4. Status and Actions of Funding Agent. The acceptance by the Funding Agent of its duties hereunder is subject to the following terms and conditions, which all parties hereto agree shall govern and control with respect to the right, duties and liabilities of the Funding Agent:

(a) Funding Agent has a business relationship with Lender. Both are owned by a single holding company. Because of this relationship, use of Funding Agent in this capacity may provide Lender a financial or other benefit.

(b) Funding Agent acts hereunder as a depository. Funding Agent shall not be responsible or liable in any manner for the sufficiency, correctness, genuineness, validity or sufficiency of any of the executed agreements, documents or other items or for any claim or action by any person, firm, corporation or trustee concerning the right or power of any depositor to make any transfer or the validity of the transfer of any part of the deposited amount to the Funding Agent;

(c) Funding Agent shall be entitled to act upon, without any independent duty to investigate, any certificate, statement, notice, demand, request, consent, waiver, receipt, agreement or other instrument whatever, not only in reliance upon its due execution and the validity and effectiveness of its provisions, but also as to the accuracy and completeness of any information therein contained, which Funding Agent shall in good faith

believe to be genuine and to have been signed or presented by a proper person or persons, and shall be protected in so acting.

(d) Funding Agent shall be entitled to request and receive from any party hereto such documents in addition to those provided for herein as Funding Agent may deem necessary to resolve any questions of fact involved in the provisions hereof.

(e) Funding Agent is authorized to and may, at the joint expense of Lender and User, consult counsel of its choice in respect to any dispute or conflict, or in respect to the construction of any of the provisions hereof, or in respect to any question relating to its duties or responsibilities under this Agreement, and shall incur no liability and shall be fully protected for any action taken or omitted in good faith on advice of such counsel.

(f) Funding Agent may, but shall be under no obligation to, advance any of its own funds in connection with the maintenance or administration of this Agreement, to institute or defend any action, suit or legal proceeding in connection herewith, or to take any other action likely to involve Funding Agent in expense. To the extent permitted by applicable law, the Lender and User shall indemnify the Funding Agent and hold it harmless against the cost and expense (including without limitation, attorney's fees and expenses) of any such defense or action.

(g) If deemed appropriate by Funding Agent, Funding Agent shall be entitled to demand and receive jointly from Lender and User such funds as Funding Agent shall deem necessary to institute the interpleader actions described herein.

(h) Funding Agent is not a party to and is not bound by any agreement between any one or more of the parties hereto, except this Funding Agreement, unless otherwise expressly stated herein. Funding Agent shall not be bound by any amendment to this Agreement or by any other agreement between Lender and User unless Funding Agent shall have executed such amendment or agreement;

(i) Funding Agent shall have only such duties and responsibilities as are expressly set forth in this Agreement, being purely ministerial in nature, and it shall have no responsibility in respect to any of the deposited funds other than faithfully to follow the instructions herein contained.

(j) Funding Agent may resign and be discharged from its duties hereunder at any time by giving notice of such resignation to Lender and User specifying a date when such resignation shall take effect (which date shall be no fewer than fifteen (15) days after the date of delivery of such notice). Upon receipt of such notice, the Lender shall appoint a successor funding agent, such successor to become Funding Agent hereunder upon the resignation date specified in the subject notice, at which time the resigning Funding Agent shall transfer the balance of the deposited funds to the successor Funding Agent, together with a statement detailing the history of all deposits, earnings, and

disbursements. Any funding agent which shall succeed Funding Agent shall be a person or entity possessing trust powers in the State of Alabama; and

(k) Funding Agent shall not be held liable for any error of judgment, or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything that it may do or refrain from doing in connection herewith. Funding Agent shall be indemnified and held harmless, jointly and severally, by Lender and User against any and all claims, costs, expenses, damages and other liabilities incurred by it hereunder, including attorneys' fees and costs, whether or not litigation is commenced, except for those resulting from its own willful misconduct or gross negligence.

The provisions of this Section 4 shall survive the termination of this Agreement.

5. Instructions to Funding Agent.

(a) Use of Deposited Funds. Deposited funds shall be used for the purpose of funding the purchase of the Equipment as provided in the Financing Agreement, and for such other purposes as stated herein.

(b) Investment of Deposited Funds. The Funding Agent shall invest the deposited funds, at the written instruction of User, in United States Treasury Bills, or Government Agency obligations, any fund secured by United States Treasury Bills, money market funds, or other interest-bearing or non-interest bearing bank accounts (including without limitation interest-bearing or non-interest bearing bank accounts of Regions Bank), with any remainder being deposited and maintained in an interest-bearing or non-interest bearing demand account with the Funding Agent (as directed by the User), until disbursement of the entire deposited funds. Earnings, if any, on the deposited funds will be added to the deposit and shall become a part thereof. Income and expenses of the deposited funds will be taxed and reported in accordance with applicable income tax laws. The Funding Agent will pay from the deposited funds tax liabilities, if any, payable by the Funding Agent relative to the deposited funds.

(c) Acceptance, Acceptance Certificate and Notices of Rejection. User will inspect each Item, and either accept or reject delivery. User shall inform Lender, Funding Agent, and the vendor of the rejected goods of User's rejection of any Item, by providing a written notice of rejection to the Lender, Funding Agent and such vendor following the delivery or rendering of the rejected goods. User's acceptance after having such right of inspection shall constitute User's acknowledgement that: (i) each Item is of the size, design, capacity, specification and manufacture selected by User; (ii) User is satisfied that such Item is suitable for its purpose and such Item is fit for its intended use; (iii) User does not consider Lender to be a manufacturer of such Items or a dealer therein; (iv) User does not consider Funding Agent to be a manufacturer of such Items or a dealer therein; (v) User waives any and all defenses which it may have against Lender or Funding Agent arising from the Item including, but not limited to, the operation, delivery, or condition; and (vi) User accepts said Equipment AS IS, WHERE IS AND WITH

**WAIVER OF ALL WARRANTIES AS TO LENDER AND FUNDING AGENT AS SET FORTH IN THE MASTER FINANCING AGREEMENT.** User will sign a Certificate of Acceptance, the form of which is attached to the Financing Agreement (the "Acceptance Certificate"), acknowledging acceptance of delivery and certifying that the items are being deployed in conformity with this Agreement and the Financing Agreement.

(d) **Payment of Vendors.** Upon receiving Acceptance Certificate, as defined in subparagraph (c) above, Funding Agent shall pay from the available deposited funds the providers of the Equipment pursuant to the terms and conditions specified in the Purchase Orders, unless otherwise mutually directed in writing by Lender and User jointly. User shall, to the extent and limits permitted by applicable law, indemnify and hold harmless Funding Agent and Lender for and against any and all claims, and all costs, fees, charges, expenses, damages, interest charges, claims, losses and liabilities in connection with or arising out of payment of invoices following the receipt of Acceptance Certificates as provided herein. Funding Agent shall provide to Lender and to User copies of documentation evidencing each payment by Funding Agent.

(e) **Other Payments.** Any fees, charges and expenses shall be paid directly by User and not from deposited funds unless otherwise directed to Funding Agent in writing by the Lender and User. Funding Agent shall provide to Lender and to User copies of documentation evidencing each payment, if any, by Funding Agent made pursuant to this subsection (e).

(f) **Statement of Account.** Funding Agent shall provide statements to Lender and to User, no less frequently than once each calendar quarter, accounting for the deposits and disbursements of deposited funds.

(g) For purposes of subparagraphs (c) through (f) above, Purchase Orders, notices of rejection, Acceptance Certificates, evidence of payments, and statements sent to Lender shall be sent to the attention of:

Bo Buckner  
Regions Capital Advantage, Inc.  
1900 5<sup>th</sup> Avenue North, 24<sup>th</sup> Floor  
Birmingham, Alabama 35203

or such other person as Lender may designate in writing from time to time.

For purposes of subparagraphs (c) and (d) above, Purchase Orders, notices of rejection, and Certificates of Acceptance sent to Funding Agent shall be sent to the attention of:

Regions Bank  
1900 5<sup>th</sup> Avenue North  
Birmingham, Alabama 35203

or such other person as Funding Agent may designate in writing from time to time.

For purposes of subparagraphs (e) through (g) above, evidence of payments and statements sent to User shall be sent to the attention of:

University of South Alabama  
Attn: Vice President for Finance and Administration  
307 University Boulevard North  
Mobile, Alabama 36608

With a copy to:

Terry Albano  
Investment Manager  
University of South Alabama  
307 University Blvd.  
Administrative Bldg. Suite 170  
Mobile, AL 36688

or such other person as User may designate in writing from time to time.

6. Interpleader Action Authorized. In the event of disagreement about the interpretation of this Agreement, or about the rights and obligations or the propriety of any action contemplated by the Funding Agent hereunder or upon the occurrence of the events described in Section 4(j) above, Funding Agent may, at its sole discretion, file an action in interpleader. To the extent permitted by applicable law, the Lender and User shall indemnify the Funding Agent, jointly and severally, for all costs, including reasonable attorney's fees, in connection with the aforesaid interpleader action.

7. Default.

(a) In the event User defaults in the performance of any of the terms of this Agreement or there is a default under the Financing Agreement, Lender, shall, in a writing delivered to Funding Agent and User, notify Funding Agent and User of such default. With respect to each such default, User shall have such time as provided for in the Financing Agreement after the receipt of the aforesaid notice of default to cure same (or cause the same to be cured) and, in a writing acknowledged by Lender and delivered to Funding Agent, notify Funding Agent of the cure of such default. If a default by User hereunder is not cured by User within the applicable curative period as specified above and more particularly described in the Financing Agreement, Funding Agent shall deliver the deposited funds to Lender within five (5) days after the expiration of the aforesaid curative period.

(b) In the event that there is a dispute between Lender and User as to the existence of a default by User in the performance of any of the terms of this Agreement or the Financing Agreement, or as to whether a default by User has been cured as herein provided, Funding Agent shall, in its sole discretion, exercise one of the following options:

- (1) continue to hold the deposited funds pending resolution of such dispute between Lender and User; or
- (2) commence an interpleader action and deliver the deposited funds and any other assets, if any, being held by Funding Agent into the clerk of the court and be released from all obligations and liabilities created by this Agreement with respect to the deposited funds so delivered to the court.

8. Taxes. User agrees to pay for any and all applicable taxes that may be imposed on Funding Agent, excluding federal, state and local taxes imposed on, or measured by, the net income of Funding Agent, as a result of the services provided for herein.

9. Notices. All notices required or desired to be given hereunder shall be deemed sufficient if delivered personally or by certified mail, return receipt requested, and addressed as follows:

Bo Buckner  
Regions Capital Advantage, Inc.  
1900 5<sup>th</sup> Avenue North, 24<sup>th</sup> Floor  
Birmingham, Alabama 35203

Regions Bank  
1900 5<sup>th</sup> Avenue North  
Birmingham, Alabama 35203



University of South Alabama  
Attn: Vice President for Finance and Administration  
307 University Boulevard North  
Mobile, Alabama 36608

Terry Albano  
Investment Manager  
University of South Alabama  
307 University Blvd.  
Administrative Bldg. Suite 170  
Mobile, AL 36688

or to such other address as the party for which such notice is intended shall have previously indicated by notice to the other parties hereto similarly given. In addition to the foregoing, a party may give notice by electronic mail provided however such notice shall not be deemed received until the addressee confirms in writing such receipt either by electronic reply or by written response otherwise delivered in accordance with these notice procedures.

10. Attorneys' Fees. User shall pay for all reasonable legal fees and out-of-pocket expenses of counsel to Lender arising out of any subsequent modification of this Agreement.

11. Rules of Construction.

11.1 Entire Agreement. This Agreement, including all exhibits and schedules hereto as referenced herein, constitutes the entire agreement between the parties hereto pertaining to the subject matters hereof, and supersedes all negotiations, preliminary agreements, and all prior and contemporaneous discussions and understandings of the parties in connection with the subject matters hereof, provided, however, that nothing herein shall be deemed to affect adversely Lender's rights, powers and privileges as provided in the Financing Agreement. Except as otherwise herein provided, no covenant, representation or condition not expressed in this Agreement, or in an amendment hereto made and executed in accordance with the provisions of subsection 12.2 of this section, shall be binding upon the parties hereto or shall affect or be effective to interpret, change or restrict the provisions of this Agreement.

11.2 Amendments. No change, modification or termination of any of the terms, provisions, or conditions of this Agreement shall be effective unless made in writing and signed or initialed by all parties hereto.

11.3 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Alabama.

11.4 Separability. If any section or provision of this Agreement or the application of such section or provision is held invalid, the remainder of the Agreement and the application of such section or provision to persons or circumstances, other than those with respect to which it is held invalid, shall not be affected thereby.

11.5 Headings and Captions. The titles or captions of sections contained in this Agreement are provided for convenience of reference only and shall not be considered a part hereof for purposes of interpreting or applying this Agreement; and, therefore, such titles or captions do not define, limit, extend, explain, or describe the scope or extent of this Agreement or any of its terms provisions, representations, warranties, conditions, etc., in any manner or way whatsoever.

11.6 Gender and Number. All pronouns and variations thereof shall be deemed to refer to the masculine, feminine or neuter and to the singular or plural as the identity of the person or entity or persons or entities may require.

11.7 Binding Effect on Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

11.8 Continuance of Agreement. The rights, responsibilities and duties of the parties hereto and the representations, warranties, covenants and agreements herein contained shall survive the Closing and the execution hereof, shall continue to bind the parties hereto, and shall continue in full force and effect until each and every obligation of the parties hereto, pursuant to this Agreement and any document or agreement incorporated herein by reference, shall have been fully performed.

11.9 Remedies. All remedies shall be cumulative and not alternative.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above-written.

User: **University of South Alabama**

By: \_\_\_\_\_  
Title: Vice President for Finance and Administration

STATE OF ALABAMA     )

:

COUNTY OF MOBILE     )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_  
\_\_\_\_\_ (Name), the \_\_\_\_\_ (Title) of User on behalf of  
User.

(SEAL)

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

**Lender: Regions Capital Advantage, Inc.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF ALABAMA    )

:

COUNTY OF JEFFERSON )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by \_\_\_\_\_ of Regions Capital Advantage, Inc., a corporation, on behalf of Lender.

(SEAL)

\_\_\_\_\_  
Notary Public  
My Commission expires: \_\_\_\_\_

**Regions Bank, as Funding Agent**

By: \_\_\_\_\_  
**DRAFT**

Title: **DRAFT**

STATE OF ALABAMA )

COUNTY OF JEFFERSON )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2016, by \_\_\_\_\_, the \_\_\_\_\_ of Funding Agent, on behalf of Funding Agent.

(SEAL)

\_\_\_\_\_  
Notary Public  
My Commission expires: \_\_\_\_\_

**EXHIBIT B**

**FORM OF DISBURSEMENT REQUEST**

Date: \_\_\_\_\_

1. The amount of the requested disbursement: \_\_\_\_\_

2. The method of disbursement:

Official Check (made payable to: \_\_\_\_\_)

Mailed to: \_\_\_\_\_

Bank Account Transfer to Acct #: \_\_\_\_\_

Acct name: \_\_\_\_\_

Wire Transfer Bank Name: \_\_\_\_\_ ABA#: \_\_\_\_\_

Credit Acct Name: \_\_\_\_\_

Credit Acct #: \_\_\_\_\_

Special Instructions: \_\_\_\_\_

3. A brief description of the purpose of the payment: \_\_\_\_\_

4. The undersigned certifies as follows:

(1) Payment of the disbursement for the purpose requested will not cause the undersigned to be in violation of any of its representations, warranties or covenants under the \_\_\_\_\_ dated \_\_\_\_\_ (the "Contract") including, but not limited to its covenants in the Contract.

(2) The amounts requested to be disbursed were properly incurred in connection with the acquisition of the Equipment and were not subject of any previous request for disbursement.

(3) The Equipment for which the disbursement is requested has been finally accepted by the Borrower.

5. Attached hereto are the following: Bills, receipts, invoices, or other documents evidencing the amounts and purposes for which the disbursement is requested.

**University of South Alabama (User)**

**Regions Capital Advantage, Inc.**

By: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_ (Title)

\_\_\_\_\_ (Title)

Original Loan Amount: \$2,089,689.75

\_\_\_\_\_ (Date)

**EXHIBIT I**

**FORM OF THIRTEENTH SUPPLEMENTAL  
UNIVERSITY FACILITIES TRUST INDENTURE**

**THIRTEENTH SUPPLEMENTAL UNIVERSITY FACILITIES  
REVENUE TRUST INDENTURE**

*between*

**UNIVERSITY OF SOUTH ALABAMA**

*and*

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

Dated December 7, 2016



**THIRTEENTH 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 (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 will no longer be outstanding upon issuance of the Series 2016 Bonds herein authorized, (vi) \$112,885,000 original principal amount University Facilities Revenue Capital Improvement Bonds, Series 2008, dated September 1, 2008, which are no longer outstanding, (vii) \$29,750,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010 (the "Series 2010 Bond"), (viii) \$25,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-A, dated January 4, 2012 (the "Series 2012-A Bond"), (ix) \$7,740,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-B, dated January 4, 2012 (the "Series 2012-B Bond"), (x) \$32,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013 (the "Series 2013-A Bond"), (xi) \$8,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013 (the "Series 2013-B Bond"), (xii) \$10,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013 (the "Series 2013-C Bond"), (xiii) \$41,245,000 original principal amount University Facilities Revenue Refunding Bond, Series 2014-A, dated March 14, 2014 (the "Series 2014-A Bond"), (xiv) \$6,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015 (the "Series 2015 Bond"), and (xv) \$85,605,000 original principal amount University Facilities Revenue Refunding Bonds, Series 2016, dated September 14, 2016 (the "Series 2016-A Bonds").

(b) In Article VIII of the Indenture, the University has reserved the right to issue Additional Bonds, secured by a pledge of the Pledged Revenues on a parity with all Additional Bonds outstanding under the Indenture, including the Series 1999 Bonds, the Series 2010 Bond, the Series 2012-A Bond, the Series 2012-B Bond, the Series 2013-A Bond, the Series 2013-B Bond, the Series 2013-C Bond, the Series 2014-A Bond, the Series 2015 Bond, and the Series 2016-A Bonds (collectively, the "Outstanding Bonds"), and with such Additional Bonds as shall hereafter be issued upon compliance with the applicable provisions of said Article VIII.

(c) The University has determined it is necessary, wise and in the best interest of the University to redeem and retire all of the Series 2006 Bonds, and has determined to obtain a loan in the amount of \$100,000,000 from STI Institutional & Government, Inc. (the "Purchaser") to pay the costs of redeeming and retiring the Series 2006 Bonds.

(d) As evidence of the University's obligation to repay the loan from the Purchaser, the University desires to issue Additional Bonds in the principal amounts of \$20,000,000, \$35,000,000, and \$45,000,000.

(e) Upon the deposit by the University with the Trustee of funds sufficient to timely pay the redemption price of the Series 2006 Bonds, and the satisfaction of certain other conditions described in Section 14.1 of the Indenture (all of which the University intends to satisfy contemporaneously with the issuance of the Series 2016 Bonds hereinafter defined and authorized), the Series 2006 Bonds will no longer be deemed outstanding under the Indenture.

(f) The University has duly adopted a resolution calling the Series 2006 Bonds for redemption and payment on December 9, 2016 and a resolution authorizing the issuance of such aforesaid Additional Bonds, and this Thirteenth Supplemental University Facilities Revenue Trust Indenture is being executed in order to specify the details with respect to such Additional Bonds.

(g) This Thirteenth Supplemental University Facilities Revenue Trust Indenture is being executed to provide for the issuance of the Series 2016-B Bond, the Series 2016-C Bond, and the Series 2016-D Bond as Additional Bonds under the Indenture.

#### **Additional Definitions**

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

**"Determination of Taxability"** shall mean, for each of the Series 2016 Bonds, a determination that interest on such Series 2016 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 such Series 2016 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 such Series 2016 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 such Series 2016 Bond in writing that the registered owner or former registered owner of such Series 2016 Bond has received from the Internal Revenue Service a statutory notice of deficiency or similar notice which asserts in effect that the interest on such Series 2016 Bond is includable in the gross income of the registered owner or former registered owner of such Series 2016 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 such Series 2016 Bond is includable for federal income tax purposes in the gross income of the registered owner or former registered owner of such Series 2016 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 such Series 2016 Bond is includable in the gross income of the registered owner or former registered owner of such Series 2016 Bond;

provided, however, (i) interest on such Series 2016 Bond shall not be deemed includable for federal income tax purposes in the gross income of a registered owner or former registered owner of such Series 2016 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 such Series 2016 Bond to judgment and through any appeals therefrom or other proceedings related thereto.

**"Interest Payment Date"** means, for each of the Series 2016 Bonds, January 3, 2017, and the first day of each month thereafter while such Series 2016 Bond is outstanding.

**"LIBOR Base Rate"** means the London Interbank Offered Rate for U.S. dollars for a term of 30 days which appears on Bloomberg Professional screen BBAM (or any generally recognized successor method or means of publication) as of 11:00 A.M., London time, one (1) London business day prior to the day on which the rate will become effective.

"Purchaser" shall mean STI Institutional & Government, Inc., and its successors and permitted assigns or transferees.

"Series 2016 Bonds" means the Series 2016-B Bond, the Series 2016-C Bond, and the Series 2016-D Bond.

"Series 2016-B Bond" means the \$20,000,000 University Facilities Revenue Refunding Bond, Series 2016-B, dated December 7, 2016.

"Series 2016-C Bond" means the \$35,000,000 University Facilities Revenue Refunding Bond, Series 2016-C, dated December 7, 2016.

"Series 2016-D Bond" means the \$45,000,000 University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016.

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

**WITNESSETH:**

It is hereby agreed among the University, the Trustee and its successors in trust under the Indenture and the holders at any time of the Series 2016 Bonds and the Outstanding Bonds each with each of the others, as follows:

**ARTICLE I  
SERIES 2016-B BOND**

**Section 1.1 Description of the Series 2016-B 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 Refunding Bond, Series 2016-B, dated December 7, 2016, in the principal amount of \$20,000,000. Principal installments of the Series 2016-B Bond shall mature and become payable on December 1 in the following years and amounts:

<b>Year</b>	<b>Maturing Principal Installment</b>
2024	\$1,120,000
2025	1,177,000
2026	1,238,000
2027	1,301,000
2028	1,368,000
2029	1,438,000
2030	1,512,000
2031	1,589,000
2032	1,671,000
2033	1,757,000
2034	1,847,000
2035	1,941,000

subject, however, to the right of the holder of the Series 2016-B Bond to cause principal installments maturing after December 1, 2021 to become earlier due and payable pursuant to the timely exercise of the 2016-B Put Right as set forth in paragraph (b) immediately below.

(b) **Optional Put Right.** The holder of the Series 2016-B Bond shall have the right (the "2016-B Put Right") to elect, not less than 210 days prior to any December 1, commencing December 1, 2021, for all principal installments of the Series 2016-B Bond scheduled to mature after such December 1 to mature and become due and payable on such December 1. Any such election must be delivered in writing to the University pursuant to the form attached as Exhibit A-1 hereto (with a copy delivered to the Trustee) and shall be deemed delivered on the date received by the University.

(c) **Computation of Interest.** The Series 2016-B Bond shall bear interest from its December 7, 2016 date at a rate subject to change from time to time based on changes in an independent index, which is the LIBOR Base Rate (the "2016-B Index"). The 2016-B Index is not necessarily the lowest rate charged by the 2016-B Purchaser on its loans or bonds purchased by the 2016-B Purchaser. If the 2016-B Index becomes unavailable during the term of the Series 2016-B Bond, the 2016-B Purchaser will designate a substitute 2016-B Index (as further described in this paragraph below) after providing reasonable written notice of the same to the University and the Trustee. The 2016-B Purchaser will promptly notify the University and the Trustee in writing of the current 2016-B Index rate upon each determination thereof. The rate will initially become effective on December 7, 2016 (the date of the Series 2016-B Bond as shown on the face thereof). Thereafter, the rate will change weekly on each Thursday (each a "2016-B Reset Date"), as described below. If for any reason the London Interbank Offer Rate is not available, the "LIBOR Base Rate" shall mean the rate per annum which banks charge each other in a market comparable to England's Eurodollar market on short-term money in U.S. dollars for an amount substantially equivalent to the principal amount due under the Series 2016-B Bond, as determined at 11:00 A.M., London time, one (1) London business day prior to the day on which the rate will become effective. The 2016-B Purchaser's determination of such interest rate shall be conclusive, absent manifest error. The University understands that the 2016-B Purchaser may make loans or acquire bonds based on other rates as well.

Interest on the unpaid principal balance of the Series 2016-B Bond will be calculated using a rate of sixty-eight percent (68%) of the 2016-B Index on each 2016-B Reset Date plus 72 basis points (0.72%) or, following a Determination of Taxability, the 2016-B Index on each 2016-B Reset Date plus 107 basis points (1.07%) (the "2016-B Weekly Interest Rate"), and will be calculated using the weighted average of the 2016-B Weekly Interest Rates from, and including, the next preceding Interest Payment Date (defined below) to, but excluding, the applicable Interest Payment Date. Interest shall be computed on the basis of a 365- or 366-day year, as applicable, based on the actual number of days elapsed, and shall be payable in arrears on January 3, 2017, and on each Interest Payment Date thereafter until the Series 2016-B Bond shall have been fully paid. At least two Business Days prior to each Interest Payment Date, the 2016-B Purchaser shall notify the University and the Trustee in writing of the amount of interest computed by such purchaser to be owed on such Interest Payment Date.

(d) **Interest Payment Dates.** In the event an Interest Payment Date is not a Business Day (as defined in the Indenture), the principal or interest due on such date shall be payable on the then next succeeding Business Day.

**Section 1.2 Optional Redemption.** The University shall have the right to redeem and retire the Series 2016-B Bond, in whole or in part (but if in part, in multiples of \$250.00 with those installments of principal to be redeemed to be selected by the University at its discretion) without penalty or premium at anytime and from time to time on or after December 7, 2017 upon not less than 10 days' prior written notice to the holder of the Series 2016-B Bond (with a copy to the Trustee), at and for a price equal to 100% of the principal of the Series 2016-B Bond to be redeemed plus accrued interest to the date set for redemption.

**Section 1.3 Method of Payment; Final Payment; Other.** Principal installments of the Series 2016-B Bond shall be payable when due at the designated corporate trust office of the Trustee in the City of Birmingham, Alabama, and without presentment of the Series 2016-B Bond. Interest on the Series 2016-B Bond shall be payable by check or draft mailed or otherwise delivered by the Trustee to the 2016-B Purchaser at its address as it appears on the registry books of the Trustee pertaining to the registration of the Series 2016-B Bond. All installments of principal of and interest on the Series 2016-B 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 2016-B Bond.

**Section 1.4 Form of Series 2016-B Bond.** The Series 2016-B Bond and the Trustee's Authentication Certificate 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 2016-B BOND MAY BE TRANSFERRED ONLY TO AN "ACCREDITED INVESTOR" OR TO A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN THE SECURITIES AND EXCHANGE ACT OF 1933 AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER 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 Refunding Bond  
Series 2016-B**

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 **STI INSTITUTIONAL & GOVERNMENT, INC.** (together with its successors and permitted assigns and transferees, the "2016-B

Purchaser"), the principal sum of **TWENTY MILLION DOLLARS (\$20,000,000)**, in annual installments at the times, in the amounts and as set forth below.

Principal installments hereof shall mature and become payable on December 1 in the following years and amounts:

<b>Year</b>	<b>Maturing Principal Installment</b>
2024	\$1,120,000
2025	1,177,000
2026	1,238,000
2027	1,301,000
2028	1,368,000
2029	1,438,000
2030	1,512,000
2031	1,589,000
2032	1,671,000
2033	1,757,000
2034	1,847,000
2035	1,941,000
2036	2,041,000

subject, however, to the right of the holder of the Series 2016-B Bond to cause principal installments maturing after December 1, 2021 to become earlier due and payable pursuant to the timely exercise of the 2016-B Put Right as set forth immediately below.

The holder of this bond shall have the right (the "2016-B Put Right") to elect, not less than 210 days prior to any December 1, commencing December 1, 2021, to cause all principal installments of this bond scheduled to mature after such December 1 to mature and become due and payable on such December 1. Any such election must be delivered in writing to the University pursuant to the form attached as Exhibit A-1 to the Thirteenth Supplemental University Facilities Revenue Trust Indenture dated December 7, 2016 between the University and the Trustee hereinafter described (with a copy delivered to the said Trustee), and shall be deemed delivered on the date received by the University.

This bond shall bear interest from its December 7, 2016 date at a rate subject to change from time to time based on changes in an independent index, which is the LIBOR Base Rate (the "2016-B Index"). The 2016-B Index is not necessarily the lowest rate charged by the 2016-B Purchaser on its loans or bonds purchased by the 2016-B Purchaser. If the 2016-B Index becomes unavailable during the term of this bond, the 2016-B Purchaser will designate a substitute 2016-B Index (as further described in this paragraph below) after providing reasonable written notice of the same to the University and the Trustee. The 2016-B Purchaser will promptly notify the University and the Trustee in writing of the current 2016-B Index rate upon each determination thereof. The rate will initially become effective on December 7, 2016 (the date of this bond). Thereafter, the rate will change weekly on each Thursday (each a "2016-B Reset Date"), as described below. As used herein, "LIBOR Base Rate" means the London Interbank Offer Rate for U.S. dollars for a term of 30 days which appears on Bloomberg Professional screen BBAM (or any generally recognized successor method or means of

publication) as of 11:00 A.M., London time, one (1) London business day prior to the day on which the rate will become effective; provided, if for any reason the London Interbank Offer Rate is not available, the "LIBOR Base Rate" shall mean the rate per annum which banks charge each other in a market comparable to England's Eurodollar market on short-term money in U.S. dollars for an amount substantially equivalent to the principal amount due under this bond, as determined at 11:00 A.M., London time, one (1) London business day prior to the day on which the rate will become effective. The 2016-B Purchaser's determination of such interest rate shall be conclusive, absent manifest error. The University understands that the 2016-B Purchaser may make loans or acquire bonds based on other rates as well.

Interest on the unpaid principal balance of this bond will be calculated using a rate of 68 percent (68%) of the 2016-B Index on each 2016-B Reset Date plus 72 basis points (0.72%) or, following a Determination of Taxability, the 2016-B Index on each 2016-B Reset Date plus 107 basis points (1.07%) (the "2016-B Weekly Interest Rate"), and will be calculated using the weighted average of the 2016-B Weekly Interest Rates from, and including, the next preceding Interest Payment Date (defined below) to, but excluding, the applicable Interest Payment Date. At least two Business Days prior to each Interest Payment Date, the holder hereof shall notify the University and the Trustee in writing of the amount of interest computed by such holder to be owed on such Interest Payment Date.

Interest shall be computed on the basis of a 365- or 366-day year, as applicable, based on the actual number of days elapsed, and shall be payable in arrears on January 3, 2017, and monthly thereafter, on the 1<sup>st</sup> day of each month while this bond is outstanding (each such date, an "Interest Payment Date") until this bond shall have been fully paid.

Principal and interest on this bond are payable by check or draft mailed by the Trustee to the 2016-B Purchaser on the applicable Interest Payment Date and at the address of the 2016-B Purchaser shown on the registry books of the Trustee pertaining to this bond as of the close of business on the 15<sup>th</sup> day immediately preceding the date of such payment; provided, if an Interest Payment Date is not a Business Day, the interest or principal due on such date shall be payable on the next succeeding Business Day. Principal on this bond shall be paid without presentment of this instrument.

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 2016-B Purchaser at the address for the 2016-B Purchaser 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 Refunding Bond, Series 2016-B" 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 Thirteenth Supplemental University Facilities Revenue Trust Indenture dated



December 7, 2016 (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. (herein called the "Trustee"). The principal of and the interest on this bond are payable solely out of and are secured by a lien upon and pledge of (a) certain fees from students levied by the University, (b) the gross revenues derived from certain auxiliary enterprises services furnished by the University, including, food services, housing, college stores, dining, concessions and other similar services, as such revenues are shown as a separate item on the audited financial statements of the University, and (c) an amount not exceeding \$10,000,000 in any fiscal year of the University of the gross revenues derived from that certain hospital facility owned and operated by the University and known as USA Children's and Women's Hospital (herein called the "Pledged Revenues"), and shall not be payable from any other funds or revenues, on a parity of lien with (1) the University's (a) \$40,130,000.70 original principal amount University Tuition Revenue Bonds, Series 1999, dated March 1, 1999, (b) \$29,750,000 University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010, (c) \$25,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-A, dated January 4, 2012, (d) \$7,740,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-B, dated January 4, 2012, (e) \$32,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013, (f) \$8,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013, (g) \$10,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013, (h) \$41,245,000 original principal amount University Facilities Revenue Refunding Bond, Series 2014-A, dated March 14, 2014, (i) \$6,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015, (j) \$85,605,000 original principal amount University Facilities Revenue Refunding Bonds, Series 2016, dated September 14, 2016, (k) \$35,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-C, dated December 7, 2016, and (l) \$45,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016, and (2) 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 2016-B Purchaser 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.

The principal of this bond shall be subject to redemption and payment by the University, at the option of the University, as a whole or in part without penalty or premium, at any time and from time to time on or after December 7, 2017 (but, if in part, in multiples of \$250.00 with those installments of principal to be redeemed to be selected by the University at its discretion), upon not less than 10 days' prior written notice to the holder hereof (with a copy to the Trustee), at and for a redemption price equal to 100% of the principal hereof to be redeemed plus accrued interest to the date fixed for redemption.

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 its corporate seal to be hereunto impressed, 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 7, 2016.

**UNIVERSITY OF SOUTH ALABAMA**

By: \_\_\_\_\_  
President

[SEAL]

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 2016-B Bond.** The Series 2016-B 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 2016-B Bond.** The University shall cause the entire proceeds from the sale of the Series 2016-B Bond to be deposited into the Bond Fund under the Indenture to be used by the Trustee, together with other amounts to be put on deposit in the Bond Fund on or before December 7, 2016, to pay the redemption price of the Series 2006 Bonds on December 9, 2016.

**ARTICLE II  
SERIES 2016-C BOND**

**Section 2.1 Description of the Series 2016-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 Refunding Bond, Series 2016-C, dated December 7, 2016, in the principal amount of \$35,000,000. Principal installments of the Series 2016-C Bond shall mature and become payable on December 1 in the following years and amounts:

Year	Maturing Principal Installment
2024	\$1,960,000
2025	2,059,750

2026	2,166,500
2027	2,276,750
2028	2,394,000
2029	2,516,500
2030	2,646,000
2031	2,780,750
2032	2,924,250
2033	3,074,750
2034	3,232,250
2035	3,396,750
2036	3,571,750

subject, however, to the right of the holder of the Series 2016-C Bond to cause principal installments maturing after December 1, 2023 to become earlier due and payable pursuant to the timely exercise of the 2016-C Put Right as set forth in paragraph (b) immediately below.

(b) **Optional Put Right.** The holder of the Series 2016-C Bond shall have the right (the "2016-C Put Right") to elect, not less than 210 days prior to any December 1, commencing December 1, 2023, for all principal installments of the Series 2016-C Bond scheduled to mature after such December 1 to mature and become due and payable on such December 1. Any such election must be delivered in writing to the University pursuant to the form attached as Exhibit A-2 hereto (with a copy delivered to the Trustee) and shall be deemed delivered on the date received by the University.

(c) **Computation of Interest.** The Series 2016-C Bond shall bear interest from its December 7, 2016 date at a rate subject to change from time to time based on changes in an independent index, which is the LIBOR Base Rate (the "2016-C Index"). The 2016-C Index is not necessarily the lowest rate charged by the 2016-C Purchaser on its loans or bonds purchased by the 2016-C Purchaser. If the 2016-C Index becomes unavailable during the term of the Series 2016-C Bond, the 2016-C Purchaser will designate a substitute 2016-C Index (as further described in this paragraph below) after providing reasonable written notice of the same to the University and the Trustee. The 2016-C Purchaser will promptly notify the University and the Trustee in writing of the current 2016-C Index rate upon each determination thereof. The rate will initially become effective on December 7, 2016 (the date of the Series 2016-C Bond as shown on the face thereof). Thereafter, the rate will change weekly on each Thursday (each a "2016-C Reset Date"), as described below. If for any reason the London Interbank Offer Rate is not available, the "LIBOR Base Rate" shall mean the rate per annum which banks charge each other in a market comparable to England's Eurodollar market on short-term money in U.S. dollars for an amount substantially equivalent to the principal amount due under the Series 2016-C Bond, as determined at 11:00 A.M., London time, one (1) London business day prior to the day on which the rate will become effective. The 2016-C Purchaser's determination of such interest rate shall be conclusive, absent manifest error. The University understands that the 2016-C Purchaser may make loans or acquire bonds based on other rates as well.

Interest on the unpaid principal balance of the Series 2016-C Bond will be calculated using a rate of sixty-eight percent (68%) of the 2016-C Index on each 2016-C Reset Date plus 77 basis points (0.77%) or, following a Determination of Taxability, the 2016-C Index on each

2016-C Reset Date plus 114 basis points (1.14%) (the "2016-C Weekly Interest Rate"), and will be calculated using the weighted average of the 2016-C Weekly Interest Rates from, and including, the next preceding Interest Payment Date (defined below) to, but excluding, the applicable Interest Payment Date. Interest shall be computed on the basis of a 365- or 366-day year, as applicable, based on the actual number of days elapsed, and shall be payable in arrears on January 3, 2017, and on each Interest Payment Date thereafter until the Series 2016-C Bond shall have been fully paid. At least two Business Days prior to each Interest Payment Date, the 2016-C Purchaser shall notify the University and the Trustee in writing of the amount of interest computed by such purchaser to be owed on such Interest Payment Date.

(d) **Interest Payment Dates.** In the event an Interest Payment Date is not a Business Day (as defined in the Indenture), the principal or interest due on such date shall be payable on the then next succeeding Business Day.

**Section 2.2 Optional Redemption.** The University shall have the right to redeem and retire the Series 2016-C Bond, in whole or in part (but if in part, in multiples of \$250.00 with those installments of principal to be redeemed to be selected by the University at its discretion) without penalty or premium at anytime and from time to time on or after December 7, 2017 upon not less than 10 days' prior written notice to the holder of the Series 2016-C Bond (with a copy to the Trustee), at and for a price equal to 100% of the principal of the Series 2016-C Bond to be redeemed plus accrued interest to the date set for redemption.

**Section 2.3 Method of Payment; Final Payment; Other.** Principal installments of the Series 2016-C Bond shall be payable when due at the designated corporate trust office of the Trustee in the City of Birmingham, Alabama, and without presentment of the Series 2016-C Bond. Interest on the Series 2016-C Bond shall be payable by check or draft mailed or otherwise delivered by the Trustee to the 2016-C Purchaser at its address as it appears on the registry books of the Trustee pertaining to the registration of the Series 2016-C Bond. All installments of principal of and interest on the Series 2016-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 2016-C Bond.

**Section 2.4 Form of Series 2016-C Bond.** The Series 2016-C Bond and the Trustee's Authentication Certificate 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 2016-C BOND MAY BE TRANSFERRED ONLY TO AN "ACCREDITED INVESTOR" OR TO A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN THE SECURITIES AND EXCHANGE ACT OF 1933 AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER 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 Refunding Bond  
Series 2016-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 **STI INSTITUTIONAL & GOVERNMENT, INC.** (together with its successors and permitted assigns and transferees, the "2016-C Purchaser"), the principal sum of **THIRTY FIVE MILLION DOLLARS (\$35,000,000)**, in annual installments at the times, in the amounts and as set forth below.

Principal installments hereof shall mature and become payable on December 1 in the following years and amounts:

<b>Year</b>	<b>Maturing Principal Installment</b>
2024	\$1,960,000
2025	2,059,750
2026	2,166,500
2027	2,276,750
2028	2,394,000
2029	2,516,500
2030	2,646,000
2031	2,780,750
2032	2,924,250
2033	3,074,750
2034	3,232,250
2035	3,396,750
2036	3,571,750

subject, however, to the right of the holder of the Series 2016-C Bond to cause principal installments maturing after December 1, 2023 to become earlier due and payable pursuant to the timely exercise of the 2016-C Put Right as set forth immediately below.

The holder of this bond shall have the right (the "2016-C Put Right") to elect, not less than 210 days prior to any December 1, commencing December 1, 2023, to cause all principal installments of this bond scheduled to mature after such December 1 to mature and become due and payable on such December 1. Any such election must be delivered in writing to the University pursuant to the form attached as Exhibit A-2 to the Thirteenth Supplemental University Facilities Revenue Trust Indenture dated December 7, 2016 between the University and the Trustee hereinafter described (with a copy delivered to the said Trustee), and shall be deemed delivered on the date received by the University.

This bond shall bear interest from its December 7, 2016 date at a rate subject to change from time to time based on changes in an independent index, which is the LIBOR Base Rate (the "2016-C Index"). The 2016-C Index is not necessarily the lowest rate charged by the 2016-C

Purchaser on its loans or bonds purchased by the 2016-C Purchaser. If the 2016-C Index becomes unavailable during the term of this bond, the 2016-C Purchaser will designate a substitute 2016-C Index (as further described in this paragraph below) after providing reasonable written notice of the same to the University and the Trustee. The 2016-C Purchaser will promptly notify the University and the Trustee in writing of the current 2016-C Index rate upon each determination thereof. The rate will initially become effective on December 7, 2016 (the date of this bond). Thereafter, the rate will change weekly on each Thursday (each a "2016-C Reset Date"), as described below. As used herein, "LIBOR Base Rate" means the London Interbank Offer Rate for U.S. dollars for a term of 30 days which appears on Bloomberg Professional screen BBAM (or any generally recognized successor method or means of publication) as of 11:00 A.M., London time, one (1) London business day prior to the day on which the rate will become effective; provided, if for any reason the London Interbank Offer Rate is not available, the "LIBOR Base Rate" shall mean the rate per annum which banks charge each other in a market comparable to England's Eurodollar market on short-term money in U.S. dollars for an amount substantially equivalent to the principal amount due under this bond, as determined at 11:00 A.M., London time, one (1) London business day prior to the day on which the rate will become effective. The 2016-C Purchaser's determination of such interest rate shall be conclusive, absent manifest error. The University understands that the 2016-C Purchaser may make loans or acquire bonds based on other rates as well.

Interest on the unpaid principal balance of this bond will be calculated using a rate of sixty-eight percent (68%) of the 2016-C Index on each 2016-C Reset Date plus 77 basis points (0.77%) or, following a Determination of Taxability, the 2016-C Index on each 2016-C Reset Date plus 114 basis points (1.14%) (the "2016-C Weekly Interest Rate"), and will be calculated using the weighted average of the 2016-C Weekly Interest Rates from, and including, the next preceding Interest Payment Date (defined below) to, but excluding, the applicable Interest Payment Date. At least two Business Days prior to each Interest Payment Date, the holder hereof shall notify the University and the Trustee in writing of the amount of interest computed by such holder to be owed on such Interest Payment Date.

Interest shall be computed on the basis of a 365- or 366-day year, as applicable, based on the actual number of days elapsed, and shall be payable in arrears on January 3, 2017, and monthly thereafter, on the 1<sup>st</sup> day of each month while this bond is outstanding (each such date, an "Interest Payment Date") until this bond shall have been fully paid.

Principal and interest on this bond are payable by check or draft mailed by the Trustee to the 2016-C Purchaser on the applicable Interest Payment Date and at the address of the 2016-C Purchaser shown on the registry books of the Trustee pertaining to this bond as of the close of business on the 15<sup>th</sup> day immediately preceding the date of such payment; provided, if an Interest Payment Date is not a Business Day, the interest or principal due on such date shall be payable on the next succeeding Business Day. Principal on this bond shall be paid without presentment of this instrument.

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 2016-C Purchaser at the address for the 2016-C Purchaser 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 Refunding Bond, Series 2016-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 Thirteenth Supplemental University Facilities Revenue Trust Indenture dated December 7, 2016 (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. (herein called the "Trustee"). The principal of and the interest on this bond are payable solely out of and are secured by a lien upon and pledge of (a) certain fees from students levied by the University, (b) the gross revenues derived from certain auxiliary enterprises services furnished by the University, including, food services, housing, college stores, dining, concessions and other similar services, as such revenues are shown as a separate item on the audited financial statements of the University, and (c) an amount not exceeding \$10,000,000 in any fiscal year of the University of the gross revenues derived from that certain hospital facility owned and operated by the University and known as USA Children's and Women's Hospital (herein called the "Pledged Revenues"), and shall not be payable from any other funds or revenues, on a parity of lien with (1) the University's (a) \$40,130,000.70 original principal amount University Tuition Revenue Bonds, Series 1999, dated March 1, 1999, (b) \$29,750,000 University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010, (c) \$25,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-A, dated January 4, 2012, (d) \$7,740,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-B, dated January 4, 2012, (e) \$32,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013, (f) \$8,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013, (g) \$10,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013, (h) \$41,245,000 original principal amount University Facilities Revenue Refunding Bond, Series 2014-A, dated March 14, 2014, (i) \$6,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015, (j) \$85,605,000 original principal amount University Facilities Revenue Refunding Bonds, Series 2016, dated September 14, 2016, (k) \$20,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-B, dated December 7, 2016, and (l) \$45,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016, and (2) 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 2016-C Purchaser 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.

The principal of this bond shall be subject to redemption and payment by the University, at the option of the University, as a whole or in part without penalty or premium, at any time and from time to time on or after December 7, 2017 (but, if in part, in multiples of \$250.00 with those installments of principal to be redeemed to be selected by the University at its discretion), upon not less than 10 days' prior written notice to the holder hereof (with a copy to the Trustee), at and for a redemption price equal to 100% of the principal hereof to be redeemed plus accrued interest to the date fixed for redemption.

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 its corporate seal to be hereunto impressed, 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 7, 2016.

**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 2.5 Execution and Delivery of the Series 2016-C Bond.** The Series 2016-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 2.6 Application of Proceeds from the Sale of the Series 2016-C Bond.** The University shall cause the entire proceeds from the sale of the Series 2016-C Bond to be deposited into the Bond Fund under the Indenture to be used by the Trustee, together with other amounts to be put on deposit in the Bond Fund on or before December 7, 2016, to pay the redemption price of the Series 2006 Bonds on December 9, 2016.

**ARTICLE III  
SERIES 2016-D BOND**

**Section 3.1 Description of the Series 2016-D 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 Refunding Bond, Series 2016-D, dated December 7, 2016, in the principal amount of \$45,000,000. Principal installments of the Series 2016-D Bond shall mature and become payable on December 1 in the following years and amounts:

Year	Maturing Principal Installment
2024	\$2,520,000
2025	2,648,250
2026	2,785,500
2027	2,927,250
2028	3,078,000
2029	3,235,500
2030	3,402,000
2031	3,575,250
2032	3,759,750
2033	3,953,250
2034	4,155,750
2035	4,367,250
2036	4,592,250

subject, however, to the right of the holder of the Series 2016-D Bond to cause principal installments maturing after December 1, 2026 to become earlier due and payable pursuant to the timely exercise of the 2016-D Put Right as set forth in paragraph (b) immediately below.

(b) **Optional Put Right.** The holder of the Series 2016-D Bond shall have the right (the "2016-D Put Right") to elect, not less than 210 days prior to any December 1, commencing December 1, 2026, for all principal installments of the Series 2016-D Bond scheduled to mature after such December 1 to mature and become due and payable on such December 1. Any such election must be delivered in writing to the University pursuant to the form attached as Exhibit A-3 hereto (with a copy delivered to the Trustee) and shall be deemed delivered on the date received by the University.

(c) **Computation of Interest.** The Series 2016-D Bond shall bear interest from its December 7, 2016 date at a rate subject to change from time to time based on changes in an independent index, which is the LIBOR Base Rate (the "2016-D Index"). The 2016-D Index is not necessarily the lowest rate charged by the 2016-D Purchaser on its loans or bonds purchased by the 2016-D Purchaser. If the 2016-D Index becomes unavailable during the term of the Series 2016-D Bond, the 2016-D Purchaser will designate a substitute 2016-D Index (as further described in this paragraph below) after providing reasonable written notice of the same to the University and the Trustee. The 2016-D Purchaser will promptly notify the University and the Trustee in writing of the current 2016-D Index rate upon each determination thereof. The rate will initially become effective on December 7, 2016 (the date of the Series 2016-D Bond as shown on the face thereof). Thereafter, the rate will change weekly on each Thursday (each a "2016-D Reset Date"), as described below. If for any reason the London Interbank Offer Rate is not available, the "LIBOR Base Rate" shall mean the rate per annum which banks charge each other in a market comparable to England's Eurodollar market on short-term money in U.S. dollars for an amount substantially equivalent to the principal amount due under the Series 2016-

D Bond, as determined at 11:00 A.M., London time, one (1) London business day prior to the day on which the rate will become effective. The 2016-D Purchaser's determination of such interest rate shall be conclusive, absent manifest error. The University understands that the 2016-D Purchaser may make loans or acquire bonds based on other rates as well.

Interest on the unpaid principal balance of the Series 2016-D Bond will be calculated using a rate of sixty-eight percent (68%) of the 2016-D Index on each 2016-D Reset Date plus 83 basis points (0.83%) or, following a Determination of Taxability, the 2016-D Index on each 2016-D Reset Date plus 122 basis points (1.22%) (the "2016-D Weekly Interest Rate"), and will be calculated using the weighted average of the 2016-D Weekly Interest Rates from, and including, the next preceding Interest Payment Date (defined below) to, but excluding, the applicable Interest Payment Date. Interest shall be computed on the basis of a 365- or 366-day year, as applicable, based on the actual number of days elapsed, and shall be payable in arrears on January 3, 2017, and on each Interest Payment Date thereafter until the Series 2016-D Bond shall have been fully paid. At least two Business Days prior to each Interest Payment Date, the 2016-D Purchaser shall notify the University and the Trustee in writing of the amount of interest computed by such purchaser to be owed on such Interest Payment Date.

(d) **Interest Payment Dates.** In the event an Interest Payment Date is not a Business Day (as defined in the Indenture), the principal or interest due on such date shall be payable on the then next succeeding Business Day.

**Section 3.2 Optional Redemption.** The University shall have the right to redeem and retire the Series 2016-D Bond, in whole or in part (but if in part, in multiples of \$250.00 with those installments of principal to be redeemed to be selected by the University at its discretion) without penalty or premium at anytime and from time to time on or after December 7, 2017 upon not less than 10 days' prior written notice to the holder of the Series 2016-D Bond (with a copy to the Trustee), at and for a price equal to 100% of the principal of the Series 2016-D Bond to be redeemed plus accrued interest to the date set for redemption.

**Section 3.3 Method of Payment; Final Payment; Other.** Principal installments of the Series 2016-D Bond shall be payable when due at the designated corporate trust office of the Trustee in the City of Birmingham, Alabama, and without presentment of the Series 2016-D Bond. Interest on the Series 2016-D Bond shall be payable by check or draft mailed or otherwise delivered by the Trustee to the 2016-D Purchaser at its address as it appears on the registry books of the Trustee pertaining to the registration of the Series 2016-D Bond. All installments of principal of and interest on the Series 2016-D 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 2016-D Bond.

**Section 3.4 Form of Series 2016-D Bond.** The Series 2016-D Bond and the Trustee's Authentication Certificate 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 2016-D BOND MAY BE TRANSFERRED ONLY TO AN "ACCREDITED INVESTOR" OR TO A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN**

**THE SECURITIES AND EXCHANGE ACT OF 1933 AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER 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 Refunding Bond  
Series 2016-D**

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 **STI INSTITUTIONAL & GOVERNMENT, INC.** (together with its successors and permitted assigns and transferees, the "2016-D Purchaser"), the principal sum of **FORTY FIVE MILLION DOLLARS (\$45,000,000)**, in annual installments at the times, in the amounts and as set forth below.

Principal installments hereof shall mature and become payable on December 1 in the following years and amounts:

<b>Year</b>	<b>Maturing Principal Installment</b>
2024	\$2,520,000
2025	2,648,250
2026	2,785,500
2027	2,927,250
2028	3,078,000
2029	3,235,500
2030	3,402,000
2031	3,575,250
2032	3,759,750
2033	3,953,250
2034	4,155,750
2035	4,367,250
2036	4,592,250

subject, however, to the right of the holder of the Series 2016-D Bond to cause principal installments maturing after December 1, 2026 to become earlier due and payable pursuant to the timely exercise of the 2016-D Put Right as set forth immediately below.

The holder of this bond shall have the right (the "2016-D Put Right") to elect, not less than 210 days prior to any December 1, commencing December 1, 2026, to cause all principal installments of this bond scheduled to mature after such December 1 to mature and become due and payable on such December 1. Any such election must be delivered in writing to the

University pursuant to the form attached as Exhibit A-3 to the Thirteenth Supplemental University Facilities Revenue Trust Indenture dated December 7, 2016 between the University and the Trustee hereinafter described (with a copy delivered to the said Trustee), and shall be deemed delivered on the date received by the University.

This bond shall bear interest from its December 7, 2016 date at a rate subject to change from time to time based on changes in an independent index, which is the LIBOR Base Rate (the "2016-D Index"). The 2016-D Index is not necessarily the lowest rate charged by the 2016-D Purchaser on its loans or bonds purchased by the 2016-D Purchaser. If the 2016-D Index becomes unavailable during the term of this bond, the 2016-D Purchaser will designate a substitute 2016-D Index (as further described in this paragraph below) after providing reasonable written notice of the same to the University and the Trustee. The 2016-D Purchaser will promptly notify the University and the Trustee in writing of the current 2016-D Index rate upon each determination thereof. The rate will initially become effective on December 7, 2016 (the date of this bond). Thereafter, the rate will change weekly on each Thursday (each a "2016-D Reset Date"), as described below. As used herein, "LIBOR Base Rate" means the London Interbank Offer Rate for U.S. dollars for a term of 30 days which appears on Bloomberg Professional screen BBAM (or any generally recognized successor method or means of publication) as of 11:00 A.M., London time, one (1) London business day prior to the day on which the rate will become effective; provided, if for any reason the London Interbank Offer Rate is not available, the "LIBOR Base Rate" shall mean the rate per annum which banks charge each other in a market comparable to England's Eurodollar market on short-term money in U.S. dollars for an amount substantially equivalent to the principal amount due under this bond, as determined at 11:00 A.M., London time, one (1) London business day prior to the day on which the rate will become effective. The 2016-D Purchaser's determination of such interest rate shall be conclusive, absent manifest error. The University understands that the 2016-D Purchaser may make loans or acquire bonds based on other rates as well.

Interest on the unpaid principal balance of this bond will be calculated using a rate of sixty-eight percent (68%) of the 2016-D Index on each 2016-D Reset Date plus 83 basis points (0.83%) or, following a Determination of Taxability, the 2016-D Index on each 2016-D Reset Date plus 122 basis points (1.22%) (the "2016-B Weekly Interest Rate"), and will be calculated using the weighted average of the 2016-D Weekly Interest Rates from, and including, the next preceding Interest Payment Date (defined below) to, but excluding, the applicable Interest Payment Date. At least two Business Days prior to each Interest Payment Date, the holder hereof shall notify the University and the Trustee in writing of the amount of interest computed by such holder to be owed on such Interest Payment Date.

Interest shall be computed on the basis of a 365- or 366-day year, as applicable, based on the actual number of days elapsed, and shall be payable in arrears on January 3, 2017, and monthly thereafter, on the 1<sup>st</sup> day of each month while this bond is outstanding (each such date, an "Interest Payment Date") until this bond shall have been fully paid.

Principal and interest on this bond are payable by check or draft mailed by the Trustee to the 2016-D Purchaser on the applicable Interest Payment Date and at the address of the 2016-D Purchaser shown on the registry books of the Trustee pertaining to this bond as of the close of business on the 15<sup>th</sup> day immediately preceding the date of such payment; provided, if an Interest Payment Date is not a Business Day, the interest or principal due on such date shall

be payable on the next succeeding Business Day. Principal on this bond shall be paid without presentment of this instrument.

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 2016-D Purchaser at the address for the 2016-D Purchaser 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 Refunding Bond, Series 2016-D" 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 Thirteenth Supplemental University Facilities Revenue Trust Indenture dated December 7, 2016 (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. (herein called the "Trustee"). The principal of and the interest on this bond are payable solely out of and are secured by a lien upon and pledge of (a) certain fees from students levied by the University, (b) the gross revenues derived from certain auxiliary enterprises services furnished by the University, including, food services, housing, college stores, dining, concessions and other similar services, as such revenues are shown as a separate item on the audited financial statements of the University, and (c) an amount not exceeding \$10,000,000 in any fiscal year of the University of the gross revenues derived from that certain hospital facility owned and operated by the University and known as USA Children's and Women's Hospital (herein called the "Pledged Revenues"), and shall not be payable from any other funds or revenues, on a parity of lien with (1) the University's (a) \$40,130,000.70 original principal amount University Tuition Revenue Bonds, Series 1999, dated March 1, 1999, (b) \$29,750,000 University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010, (c) \$25,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-A, dated January 4, 2012, (d) \$7,740,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-B, dated January 4, 2012, (e) \$32,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013, (f) \$8,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013, (g) \$10,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013, (h) \$41,245,000 original principal amount University Facilities Revenue Refunding Bond, Series 2014-A, dated March 14, 2014, (i) \$6,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015, (j) \$85,605,000 original principal amount University Facilities Revenue Refunding Bonds, Series 2016, dated September 14, 2016, (k) \$20,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-B, dated December 7, 2016, and (l) \$35,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-C, dated December 7, 2016, and (2) 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 2016-D Purchaser 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.

The principal of this bond shall be subject to redemption and payment by the University, at the option of the University, as a whole or in part without penalty or premium, at any time and from time to time on or after December 7, 2017 (but, if in part, in multiples of \$250.00 with those installments of principal to be redeemed to be selected by the University at its discretion), upon not less than 10 days' prior written notice to the holder hereof (with a copy to the Trustee), at and for a redemption price equal to 100% of the principal hereof to be redeemed plus accrued interest to the date fixed for redemption.

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 its corporate seal to be hereunto impressed, 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 7, 2016.

**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 3.5 Execution and Delivery of the Series 2016-D Bond.** The Series 2016-D 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 3.6 Application of Proceeds from the Sale of the Series 2016-D Bond.** The University shall cause the entire proceeds from the sale of the Series 2016-D Bond to be deposited into the Bond Fund under the Indenture to be used by the Trustee, together with other amounts to be put on deposit in the Bond Fund on or before December 7, 2016, to pay the redemption price of the Series 2006 Bonds on December 9, 2016.

#### **ARTICLE IV CONCERNING THE CODE**

**Section 4.1 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 2016 Bonds. 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 2016 Bonds. With respect to any question arising under this Section 4.1, the University may rely upon an opinion of nationally recognized bond counsel acceptable to it.

(b) **Series 2016 Bonds not to be "Private Activity Bonds".** The University will not apply the proceeds of the Series 2016 Bonds in any manner that would cause the Series 2016 Bonds to be "private activity bonds" within the meaning of Section 141(a) of the Code.

(c) **Concerning the Arbitrage Provisions of the Code.** The University agrees that it will comply with all provisions of the Code necessary to preclude the Series 2016 Bonds being considered "arbitrage bonds" within the meaning of Section 148 of the Code.

(d) **Provisions Respecting Registration of Series 2016 Bonds to Comply with Provisions of Code.** The University and the Trustee recognize that the provisions of the Code require that the Series 2016 Bonds be in "registered form" and that, in general, the Series 2016 Bonds must be registered as to both principal and interest and any transfer of the Series 2016 Bonds must be effected only by the surrender of the old bond and either by the reissuance of the old bond to a new Holder or the issuance of a new bond to a new Holder. The Trustee may conclusively rely upon an opinion of nationally recognized bond counsel with respect to any question which may arise pertaining to the transfer, exchange or reissuance of any of the Series 2016 Bonds.

#### **ARTICLE V CONCERNING PLEDGED REVENUES; CONFIRMATION OF INDENTURE, AS SUPPLEMENTED; OTHER**

**Section 5.1 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 2016 Bonds during any time when the Trustee is not the depository of such amounts or respecting any other construction funds established under the Indenture for which the Trustee is not the depository.

**Section 5.2 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 5.3 Construction of Thirteenth Supplemental University Facilities Revenue Trust Indenture.** No provisions of this Thirteenth 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 Thirteenth 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 Purchaser as holder of the Series 2016 Bonds.

**Section 5.4 Authorized Denominations.** Each of the Series 2016 Bonds may have principal installments maturing in denominations of any amount.

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

**Section 5.6 Special Reporting Covenants.** For each of the Series 2016 Bonds, the University shall provide the holder thereof the following:

(i) 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, 2017;

(ii) quarterly financial statements of the University within 90 days following the close of each fiscal quarter of the University, commencing with the fiscal quarter ending December 31, 2016; and

(iii) the annual budget for the University by October 31 of each year, commencing October 31, 2017.

**Section 5.7 Communications; No Advisory or Fiduciary Relationship.** (a) The University hereby authorizes and consents to communications by the Purchaser with the Trustee with regard to the Series 2016 Bonds including, without limitation, notices of amounts due, interest rate computations and interest amounts.

(b) In connection with all aspects of each transaction contemplated hereunder (including in connection with any amendment, waiver or other modification hereof or of the Series 2016 Bonds or any other document delivered in connection herewith), the University acknowledges and agrees, that: (1) (i) the University has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, (ii) the University is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the Series 2016 Bonds, (iii) the Purchaser is not acting as a municipal advisor or financial advisor to the University, and (iv) the Purchaser has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act to the University with respect to the

transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Purchaser has provided other services or is currently providing other services to the University on other matters); (2) (i) the Purchaser is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the University, or any other person, and (ii) the Purchaser has no obligation to the University, with respect to the transactions contemplated hereby except those obligations expressly set forth herein; and (3) the Purchaser may be engaged in a broad range of transactions that involve interests that differ from those of the University, and the Purchaser has no obligation to disclose any of such interests to the University. To the fullest extent permitted by law, the University hereby waives and releases any claims that it may have against the Purchaser with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby. If the University would like a municipal advisor in this transaction that has legal fiduciary duties to the University, the University is free to engage a municipal advisor to serve in that capacity. The Series 2016 Bonds are being acquired pursuant to and in reliance upon the bank exemption and/or the institutional buyer exemption provided under the municipal advisor rules of the Securities and Exchange Commission, Rule 15Ba1-1 et seq., to the extent that such rules apply to the transactions contemplated hereunder or in the Series 2016 Bonds.

**Section 5.8 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.

**Section 5.9 No Broker Confirmations.** The University agrees that broker confirmations of investments in connection with the Series 2016 Bonds are not required to be issued by the Trustee for each month in which a monthly statement is rendered by the Trustee.

**Section 5.10 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.

**IN WITNESS WHEREOF**, the University has caused this Thirteenth Supplemental University Facilities Revenue Trust Indenture to be executed in its name and behalf by the Acting President of the University, has caused its corporate seal to be hereunto affixed, and has caused this Thirteenth Supplemental University Facilities Revenue Trust Indenture to be attested by the Secretary of its Board of Trustees, and the Trustee has caused this Thirteenth 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 Thirteenth Supplemental University Facilities Revenue Trust Indenture to be attested, all by its duly authorized officers, and the University and the Trustee have caused this Thirteenth 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 Thirteenth Supplemental University Facilities Revenue Trust Indenture to be dated December 7, 2016.

**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.**

By: \_\_\_\_\_

Its: \_\_\_\_\_

[ S E A L ]

Attest:

Its: \_\_\_\_\_

Exhibit A-1

Form of Put Notice  
Series 2016-B Bond

The undersigned, as holder of the \$20,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-B, dated December 7, 2016, does hereby elect in accordance with the provisions of Section 1.1(b) of that certain Thirteenth Supplemental University Facilities Revenue Trust Indenture dated December 7, 2016 between the University of South Alabama and The Bank of New York Mellon Trust Company, N.A., for all principal installments of the Series 2016-B Bond to become due and payable on December \_\_, 20\_\_ (such date being not earlier than December 1, 2021 and a date that is not less than 210 days from the date of receipt by the University of this notice).

Dated this \_\_ day of \_\_, 20\_\_.

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Exhibit A-2

Form of Put Notice  
Series 2016-B Bond

The undersigned, as holder of the \$35,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-C, dated December 7, 2016, does hereby elect in accordance with the provisions of Section 2.1(b) of that certain Thirteenth Supplemental University Facilities Revenue Trust Indenture dated December 7, 2016 between the University of South Alabama and The Bank of New York Mellon Trust Company, N.A., for all principal installments of the Series 2016-C Bond to become due and payable on December \_\_, 20\_\_ (such date being not earlier than December 1, 2023 and a date that is not less than 210 days from the date of receipt by the University of this notice).

Dated this \_\_ day of \_\_, 20\_\_.

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_



Exhibit A-3

Form of Put Notice  
Series 2016-D Bond

The undersigned, as holder of the \$45,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016, does hereby elect in accordance with the provisions of Section 3.1(b) of that certain Thirteenth Supplemental University Facilities Revenue Trust Indenture dated December 7, 2016 between the University of South Alabama and The Bank of New York Mellon Trust Company, N.A., for all principal installments of the Series 2016-D Bond to become due and payable on December \_\_, 20\_\_ (such date being not earlier than December 1, 2026 and a date that is not less than 210 days from the date of receipt by the University of this notice).

Dated this \_\_ day of \_\_\_\_, 20\_\_.

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

STATE OF ALABAMA            )  
  :  
COUNTY OF MOBILE         )

I, \_\_\_\_\_, a Notary Public in and for said county in said state, hereby certify that Dr. Tony Waldrop, whose name as 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 7<sup>th</sup> day of December, 2016.

\_\_\_\_\_  
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 Stuart Statham, whose name as Vice President of **THE BANK OF NEW YORK MELLON TRUST COMPANY, N. A.**, in its capacity as Trustee under that certain Trust Indenture dated as of February 15, 1996, between it and the University of South Alabama, as supplemented and amended, 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 7<sup>th</sup> day of December, 2016.

\_\_\_\_\_

Notary Public

[NOTARIAL SEAL]

**EXHIBIT II**

**CALL RESOLUTION**

**RESOLUTION**

**EXPLORE FEASIBILITY OF SELLING REFUNDING BONDS  
THROUGH A COMPETITIVE PROCESS**

**WHEREAS**, pursuant to that certain University Facilities Revenue Trust Indenture between the University of South Alabama (the "University") and The Bank of New York Mellon Trust Company, N.A., as successor trustee thereunder (the "Trustee"), as heretofore supplemented and amended (the "Indenture"), the University has heretofore issued its \$100,000,000 University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, dated December 1, 2006 (the "Series 2006 Bonds"), all of which are presently outstanding, and

**WHEREAS**, the Series 2006 Bonds bear interest at fixed rates and may be redeemed and prepaid by the University anytime on or after December 1, 2016, and

**WHEREAS**, on January 2, 2008, the University entered a transaction (the "Swaption Transaction") with Wells Fargo Bank National Association (formerly known as "Wachovia Bank, National Association") ("Wells Fargo"), and

**WHEREAS**, as contemplated by the Swaption Transaction, it will be necessary for the University to refinance the 2006 Bonds with one or more series of limited obligation variable rate bonds of the University containing the same current outstanding principal amortization schedule as the Series 2006 Bonds (collectively, the "Refunding Bonds"), and

**WHEREAS**, it is necessary, desirable, and in the best interest of the University that the University explore the feasibility of selling the Refunding Bonds to one or more financial institutions through a competitive process, and, further, that the University call for redemption and payment on December 9, 2016, the Series 2006 Bonds,

**NOW, THEREFORE, BE IT RESOLVED**, the President of the University and the Vice President for Finance and Administration are hereby authorized and directed to explore the feasibility of selling the Refunding Bonds to one or more financial institutions through a

competitive process; provided, that the Refunding Bonds shall be subject to approval and authorization by the Board of Trustees, and

**BE IT FURTHER RESOLVED** that the University does hereby elect to redeem and pay, and does hereby call for redemption and payment, on December 9, 2016 (the "Redemption Date"), the Series 2006 Bonds, the redemption of the Series 2006 Bonds to be effected at and for a redemption price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date, and

**FURTHER RESOLVED**, the Trustee is hereby authorized and directed to cause written notice of the redemption and payment of the Series 2006 Bonds to be given in the manner and at the times and to the persons required pursuant to the Indenture, and to take all such other actions as shall be necessary or desirable in order to cause the Series 2006 Bonds to be redeemed and paid on the Redemption Date, provided such redemption notice shall be conditioned upon the closing of the Refunding Bonds and the availability of funds sufficient to pay the redemption price of the Series 2006 Bonds by the Redemption Date and, further, subject to revocation by the Trustee if such conditions have not occurred by the Redemption Date, and

**FINALLY, BE IT RESOLVED** that the President of the University and the Vice President for Finance and Administration are hereby authorized and directed to take or cause to be taken, in the name and on behalf of the University, all of the actions that may be necessary or desirable to effect the redemption and payment of the Series 2006 Bonds on the Redemption Date as aforesaid including, without limitation, to direct the Trustee on the proper disposition of all funds on deposit in the funds and accounts established pursuant to the Indenture and referable to the Series 2006 Bonds. The President of the University and the Vice President for Finance and Administration are further authorized and directed to execute and deliver such notices, directions, consents, agreements, certificates, instruments or other documents as shall be necessary or desirable to effectuate the transactions contemplated by this resolution.

# **COMMITTEE MINUTES**

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE**

**December 1, 2016**

**1:30 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, Committee Chair, on Thursday, December 1, 2016, at 1:37 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Chandra Brown Stewart, Tom Corcoran, Ron Jenkins, Steve Stokes (arrived at 1:43) and Jim Yance.

Member Absent: Mike Windom.

Other Trustees: Alexis Atkins, Steve Furr, Bettye Maye, Arlene Mitchell, Bryant Mixon, John Peek, Jimmy Shumock and Ken Simon.

Administration and Others: Terry Albano, Owen Bailey, Lynne Chronister, Josh Crownover (SGA), Richard Egelhof (J.P. Morgan), Joel Erdmann, Monica Ezell, Mike Finan, Sam Fisher (Faculty Senate), Happy Fulford, Mike Haskins, David Johnson, Matt Kinnear (Gerber/Taylor), John Marymont, Mike Mitchell, Norman Pitman, John Smith, Margaret Sullivan, Jean Tucker, Tom Van Zant (Commonfund), Matt Vetto (Douglas C. Lane & Associates), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Yance called for adoption of the revised agenda. On motion by Capt. Jenkins, seconded by Ms. Brown Stewart, the revised agenda was adopted unanimously. Mr. Yance called for consideration of the minutes of the meeting held on September 8, 2016. On motion by Ms. Brown Stewart, seconded by Mr. Corcoran, the minutes were adopted unanimously.

As to the annual presentations by investment managers, **ITEM 5**, Mr. Albano introduced managers Mr. Matt Vetto representing Douglas C. Lane & Associates, Mr. Matt Kinnear representing Gerber/Taylor, Mr. Tom Van Zant representing Commonfund and Mr. Richard Egelhof representing J.P. Morgan. Each manager presented an overview on investment performance, shared market perspective, and responded to questions and comments from Trustees. Mr. Yance, Mr. Albano and Mr. Pitman reviewed expectations for private equity investments and returns.



Mr. Albano discussed the results of the total endowment, comparing the return of 8.01 percent for the fiscal year ended September 30, 2016, to that of the relative index at 8.21 percent, a slight underperformance by 21 basis points. He noted a one percent reduction in underperformance against the relative index over the last two months of the fiscal year and reported an endowment value of approximately \$138.5 million at the end of the 2016 fiscal year. He said the return on international, small cap and fixed income investments was 11.09 percent vs. the relative index of 12 percent, an underperformance by 91 basis points. Mr. Pitman shared insight on three mutual funds on the Administration's "watch list" for potential investment. Mr. Albano addressed a chart showing asset distribution among the managers and by class, and noted allocations are within investment policy parameters. As to annualized performance since inception, he reported a 4.92 percent return vs. a relative index return of 4.02 percent, an outperformance by 90 basis points. He stated, for the first month of fiscal year 2017, the return of -1.09 outperformed the relative index of -1.20 by 11 basis points. Brief discussion took place on options for reinvesting available cash and market climate.

With regard to **ITEM 6**, a resolution acknowledging the annual evaluation of USA's endowment and non-endowment investment policies, as required by the Southern Association of Colleges and Schools (SACS), Mr. Yance and Mr. Albano stated changes to the policies are not recommended at the present time. (For copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 2, 2016). On motion by Mr. Corcoran, seconded by Capt. Jenkins, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Yance called for presentation of **ITEM 7**, a report on the activities of the Division of Development and Alumni Relations. Dr. Stokes, *Upward & Onward* Campaign Co-Chair, asked Ms. Sullivan to make campaign remarks on his behalf. Ms. Sullivan reported a positive end to fiscal year 2016 with 22,587 donors pledging 29,687 gifts totaling \$93.8 million, or 62 percent raised toward the campaign goal of \$150 million. She presented a chart categorizing campaign contributions by strategic priority and added, as of November 28, just over \$2 million in commitments toward the \$15.7 million goal for fiscal year 2017 had been reached. She talked about recent activities and strategies planned for 2017 to sustain the positive momentum, including the engagement of an outside consultant and dean interaction with campaign volunteers. She credited Angelia and Steve Stokes for their dedication as campaign co-chairs. Dr. Stokes stressed the importance of growing the alumni base through national solicitation. Ms. Sullivan commented on the 2016 United Way drive that ended in October, noting record contributions from USA employees totaling more than \$260,800. Mr. Yance commended Dr. and Mrs. Stokes, Ms. Sullivan and the staff of the Division of Development and Alumni Relations for their outstanding efforts.

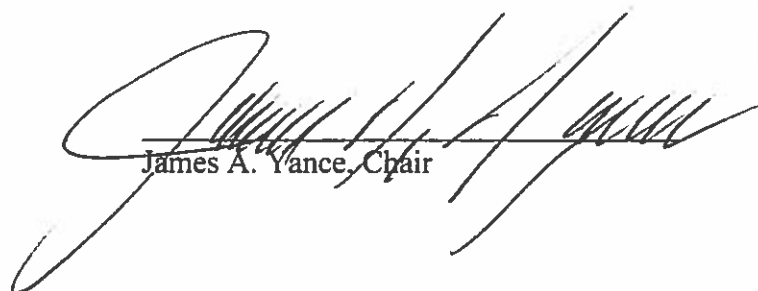
Mr. Yance asked Ms. Sullivan to address **ITEM 7.A**, a resolution authorizing the naming of the new medical office building in Fairhope as *Mitchell Cancer Institute, Kilborn Clinic*, in recognition of Mr. Vince Kilborn for dedication to the Mitchell Cancer Institute, devotion to hope and healing, and generosity to the Fairhope community. Ms. Sullivan reminded the Committee of Board approval in June 2015 to construct a medical office building in Fairhope and of Mr. Kilborn's \$2 million gift to establish an endowment for the ongoing support of the programs offered at the facility, which include cancer treatment, infusion and radiation therapy. She said construction of the approximately 11,000-square-foot building is proceeding and is expected to be complete in July 2017. On motion by Dr. Stokes, seconded by Mr. Corcoran, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Yance called for presentation of **ITEM 8**, a resolution expressing thanks to Kim and Julian MacQueen for their commitment and support of the University and the University of South Alabama National Alumni Association. Ms. Sullivan talked about the passion of the MacQueens for the proposed new Alumni Center on campus and about their commitment of \$2 million to the project. She said Mr. MacQueen attributed the personal principles upon which he founded a successful business to the positive educational experience he gained as a student at South Alabama, and added Mr. MacQueen envisioned the Alumni Center as an environment for fostering fair engagement and diversity. On motion by Ms. Brown Stewart, seconded by Mr. Corcoran, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Yance called for consideration of **ITEM 9**, a resolution expressing appreciation to Dr. Joe Busta, retired Vice President for Development and Alumni Relations, for service to the University and conveying best wishes to Dr. Busta and his wife, Jackie. President Waldrop discussed highlights of Dr. Busta's career at South. On motion by Mr. Corcoran, seconded by Dr. Stokes, the Committee voted unanimously to recommend approval by the Board of Trustees.

There being no further business, the meeting was adjourned at 2:39 p.m.

Respectfully submitted:



James A. Yance, Chair

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**AUDIT COMMITTEE**

**December 1, 2016**

**2:39 p.m.**

A meeting of the Audit Committee of the University of South Alabama Board of Trustees was duly convened by Mr. John Peek, Chair, on Thursday, December 1, 2016, at 2:39 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Ron Jenkins, Bryant Mixon, John Peek and Jimmy Shumock.

Member Absent: Scott Charlton.

Other Trustees: Alexis Atkins, Chandra Brown Stewart, Tom Corcoran, Steve Furr, Bettye Maye, Arlene Mitchell, Ken Simon, Steve Stokes and Jim Yance.

Administration and Others: Owen Bailey, Valencia Bell and Eileen McGinn (KPMG), Lynne Chronister, Josh Crownover (SGA), Joel Erdmann, Monica Ezell, Mike Finan, Sam Fisher (Faculty Senate), Happy Fulford, Mike Haskins, David Johnson, John Marymont, Mike Mitchell, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Peek called for consideration of the minutes of the meeting held on September 8, 2016. On motion by Sheriff Mixon, seconded by Mr. Shumock, the minutes were adopted unanimously.

Mr. Peek introduced Ms. Eileen McGinn and Ms. Valencia Bell for presentation of **ITEM 10**, the KPMG audit reports for the year ended September 30, 2016. Ms. McGinn acknowledged the hard work of Mr. Weldon, Ms. Stokley and budget staff members to complete the audit process by November 15 and she gave an overview of the responsibilities of University management, the Audit Committee and the auditors. She addressed KPMG's role relative to fraud and advised that the audit team did not have concerns about USA's fraud-reporting environment. She delivered the required communications, among which she noted the management fully cooperated and granted full access to all books and records; no disagreements with management; KPMG's status as an independent agent; and the existence of two passed audit differences. Mr. Peek asked for clarification on the passed audit differences and Ms. McGinn explained that they were offsetting items that netted to \$347,000 and were the result of an under-recognition of the loss on valuation of the swaption transaction that occurred in 2008 and of not deferring a portion of the loss on the subsequent refunding transaction that took place in September 2016. Due to the relative immaterial impact of those amounts, as well as the short timeframe for concluding the audit, she advised the University would post these entries in the first quarter of

fiscal year 2017-2018 rather than showing adjustments to the September 30, 2016, financial statements. She added KPMG does not have lingering concerns about the controls regarding this activity.

Mr. Yance asked if the net assets and liabilities reported reflected the University's share of the underfunded pension liability for the Retirement Systems of Alabama. Ms. McGinn and Mr. Weldon affirmed the posting of this information. Mr. Weldon added this was the second year of meeting this reporting requirement.

Ms. McGinn said KPMG gave an unqualified opinion on the University's financial statements. She stated material weaknesses in internal controls were not identified. She said the A-133 audit relating to federal funding, which includes examination of research and development, student financial aid and Medicaid support, was completed with no findings. In closing, she discussed that the financial statements also reflect implementation of GASB 72, a new requirement of the Governmental Accounting Standards Board which regards disclosure of fair values on investments. Mr. Weldon cautioned the Audit Committee to expect a new standard similar to GASB 68 that would deal with underfunded health insurance liability.

There being no further business, the meeting was adjourned at 2:56 p.m.

Respectfully submitted:



John M. Peek, Chair

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**ACADEMIC AND STUDENT AFFAIRS COMMITTEE**

**December 1, 2016  
2:56 p.m.**

A meeting of the Academic and Student Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Ms. Bettye Maye, Chair, on Thursday, December 1, 2016, at 2:56 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Steve Furr, Bettye Maye, Bryant Mixon and John Peek.

Members Absent: Scott Charlton and Mike Windom.

Other Trustees: Alexis Atkins, Chandra Brown Stewart, Tom Corcoran, Ron Jenkins, Arlene Mitchell, Jimmy Shumock, Ken Simon, Steve Stokes and Jim Yance.

Administration and Others: Andrea Agnew, Zeke Aull, Owen Bailey, Lynne Chronister, Angela Coleman, Josh Crownover (SGA), Laventrice Davis, Joel Erdmann, Monica Ezell, Mike Finan, Sam Fisher (Faculty Senate), Happy Fulford, Mike Haskins, Ally Heng, David Johnson, John Marymont, Mike Mitchell, John Smith, Brigitte Soderlind, Ashley Suggs, Margaret Sullivan, Jean Tucker, Chris Vinet, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Ms. Maye called for adoption of the minutes of the meeting held on September 8, 2016. On motion by Mr. Peek, seconded by Sheriff Mixon, the minutes were adopted unanimously.

Ms. Maye called for consideration of **ITEM 11**, a resolution to approve sabbatical awards for the 2017-2018 academic year (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 2, 2016). Provost Johnson gave a summary of the sabbatical process, which includes agreement by the academic units to cover the teaching needs of the department during the time faculty members are engaged in sabbatical leave. On motion by Mr. Peek, seconded by Sheriff Mixon, the Committee voted unanimously to recommend approval by the Board of Trustees. Provost Johnson answered questions about sabbatical expectations and support, class coverage and reasons why faculty participation among the colleges can vary.

Ms. Maye called for presentation of **ITEM 12**, a resolution granting emeritus status to retired faculty as set forth and conveying the Board's appreciation for the accomplishments and dedication of each

to the University. Provost Johnson stated the 18 individuals had distinguished careers at South and each was recommended by their respective academic unit. On motion by Sheriff Mixon, seconded by Mr. Peek, the Committee voted unanimously to recommend approval by the Board of Trustees.

Ms. Maye asked the Committee to consider **ITEM 13**, a resolution awarding emeritus status to retired deans as set forth and conveying the Board's appreciation for the accomplishments and dedication of each to the University. Provost Johnson said a policy was passed recently allowing the University to recognize deans who have stepped down from their administrative roles and who have performed their responsibilities in an exemplary manner. He stated USA's first candidates, Dr. Richard Hayes - College of Education; Dr. Sam Strada -- College of Medicine; and Dr. Richard Talbott -- Pat Capps Covey College of Allied Health Professions, were nominated and the Faculty Senate voted they be recommended. On motion by Mr. Peek, seconded by Sheriff Mixon, the Committee voted unanimously to recommend approval by the Board of Trustees.

Ms. Maye called for consideration of **ITEM 14**, a resolution expressing the Board's appreciation to Dr. Richard Hayes for contributions to the University and offering best wishes upon for his retirement. Provost Johnson advised that deans are eligible for a commendation upon full retirement from the University. He said Dr. Hayes retired in August following an 11-year tenure as dean and added Dr. Hayes was instrumental in a number of positive changes in the College of Education, including new degree programs, new accreditations and a research center. On motion by Mr. Peek, seconded by Dr. Furr, the Committee voted unanimously to recommend approval by the Board of Trustees.

Ms. Maye called upon Provost Johnson for presentation of **ITEM 15**, a report on the activities of the Division of Academic Affairs. Provost Johnson recognized Associate Vice President for Institutional Effectiveness Dr. Angela Coleman for her new role as liaison to the Southern Association of Colleges and Schools Commission on Colleges, the University's regional accrediting agency. He gave information on South's new Provost Faculty Fellows program, a leadership initiative for which faculty may apply to serve in the Provost's office on a half-time basis to broaden their knowledge of the University's administrative components. He introduced Provost Faculty Fellows Dr. Heather Hall, Associate Dean of the College of Nursing, and Dr. Elizabeth Adams, Associate Professor in the Pat Capps Covey College of Allied Health Professions' Department of Speech Pathology and Audiology.

Provost Johnson gave updates on active searches. He advised three candidates had been interviewed for the position of Graduate Dean and Associate Vice President of Academic Affairs and negotiations with the preferred candidate are pending. He said, should the process stall, the search would continue next semester. He stated four candidates had been interviewed for the position of Executive Director of Libraries and said the search committee would meet in the coming week to

develop recommendations. He expressed optimism that the position would be filled later in the month.

Ms. Maye asked Ms. Chronister to present the annual review of research activity, **ITEM 16**. Ms. Chronister conveyed enthusiasm for sponsored funding in 2016 totaling just over \$64 million, an approximate nine percent increase over each of the preceding four years. She emphasized 43 percent of the total dollars awarded was for research. She shared data on proposals generated for fiscal years 2015 and 2016, pointing out that the increase in sponsored funding, despite eight fewer proposals submitted in 2016, was indicative of proposals that were well-constructed and competitive. She added that funding results for 2016 suggest a trend in higher award amounts. Graphs showing the upward trajectory of proposals funded and dollars awarded over a five-year period were presented. Ms. Chronister gave information on awards received by Dr. Allen Perkins, Chair of the Department of Family Practice, for \$2.3 million from the Health Resources and Services Administration and by Dr. Sean Powers, Chair of the Department of Marine Sciences, for \$1.3 million from the National Fish and Wildlife Foundation. She discussed positive strides made by the city of Mobile and South Alabama over the last couple of years as partners to cultivate an entrepreneurial community, or "innovation ecosystem," and presented data reflective of the University's strong impact in terms of growth in invention disclosures, patent awards, spin-off companies, new license agreements and total active license agreements from 2015 to 2016. She talked about South's participation with the community to develop a regional innovation ecosystem focused on the creation of technology companies and other new business, and added resources, such as access to co-working space, acceleration programs, and the technology-based Innovation PortAL incubator, are available to stimulate entrepreneurship. She advised of Mobile's designation as a "TechHire" community and expressed pride that the University took part in submitting the proposal and would continue to support the endeavor.

Ms. Maye called on Dr. Mitchell for a report on the activities of the Division of Student Affairs, **ITEM 17**. Dr. Mitchell introduced South's Associate Director of Student Organizations and Leadership Ms. Brigitte Soderlind, who reported USA's Alpha Epsilon Delta (AED) Pre-Health Honor Society was recognized by the ACUI (Association of College Unions International) for excellence in the category "Student-Driven Program of the Year." She called upon AED President Ms. Ally Heng to provide additional information. Ms. Heng talked about AED's annual Mega Musical Chairs competition which raises money for charitable causes and raises consciousness on the international problems of adversity and exploitation. She reported close to \$6,000 was raised in 2015 for Camp Kesem, a no-cost camp for children of parents with cancer, and coverage of the event by three media outlets and two newspaper articles. She said, in 2016, Mega Musical Chairs became part of the USA National Alumni Association's JaguarsCare service project and was awarded South Alabama's Outstanding Student Program of the Year. She invited Trustees and guests to participate in Mega Musical Chairs on April 8, 2017.

Dr. Mitchell discussed automation upgrades to the processes of the Office of Student Disability Services, which assists more than 700 students with special needs who attend classes. He said the first phase, involving creation of a student portal for online requests for accommodations, began three years ago and is complete. He stated work on the second phase, implementation of a faculty portal, began in 2016. He called upon Assistant Dean of Students Dr. Andrea Agnew, who shared insight on the scope of accommodations coordinated by the Student Disability Services (SDS) team in 2015-2016. She introduced SDS coordinators Mr. Laventrice Davis and Ms. Ashley Suggs and explained the benefits of the "Accommodate" disability management system's faculty module, which include the ability of the faculty to view lists of students with disabilities who are enrolled in their courses, as well as accommodations, and upload exams to be proctored in the SDS testing center. She said the pilot phase began in Spring 2016 and full implementation was complete in the fall semester. She stated faculty will be asked to provide feedback on the system in Spring 2017 and helpful resources, such as articles, research and information on ways to engage with special needs students, are available through the faculty portal. Ms. Maye asked about capabilities to accommodate all types of disabilities. Dr. Agnew gave information on disability categories most often addressed.

Ms. Maye called on Dr. Smith, who recognized Dr. Chris Vinet for her expanded responsibilities and promotion from Executive Director of Housing and Dining to Assistant Vice President for Auxiliary Services. He said Dr. Vinet joined the University in 2009.

Dr. Smith introduced USA Chief of Police Mr. Zeke Aull for presentation of **ITEM 18**, a report on campus safety and to talk about a law enforcement training program that has garnered national attention. Chief Aull presented a chart showing Clery crime statistics for the period 2010-2015. He noted a steady decrease in crime despite a slight uptick in offenses reported for 2015, primarily due to burglary. He said a positive aside was the burglary perpetrators were apprehended and prosecuted. He shared optimism that the report for 2016 would reflect a continued decline in crime. He said a number of factors were significant in the reduction of crime on campus, such as the working relationships between Campus Police and the students, faculty and staff; shifting of resources where needs were greatest; and use of the LiveSafe mobile "app."

Chief Aull discussed a Mental Health First Aid Program and Crisis Intervention Team (CIT) training developed by USA Police and presented to local, state and national law enforcement branches to address an upsurge in incidents involving mental health. He said the onset of mental illness is often demonstrated between the ages of 18 to 24 and noted mental health training of law enforcement has been insufficient. He stated grant funding from the Deepwater Horizon settlement made this resource possible and the demand for classes has been tremendous. Chairman Simon asked about research opportunities for psychology or criminal justice students. Chief Aull said psychology faculty are involved in the training and discuss topics such as suicide prevention. Mr. Peek asked for an update on efforts to curtail crime at The Grove. Chief Aull said strategies at The Grove included




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partnering with the management and reinforcing patrols in the vicinity. Dr. Smith thanked Chief Aull for his leadership.

There being no further business, the meeting was adjourned at 3:34 p.m.

Respectfully submitted:

  
Bettye R. Maye, Chair

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**HEALTH AFFAIRS COMMITTEE**

**December 1, 2016**

**3:34 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, Chair, on Thursday, December 1, 2016, at 3:34 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Chandra Brown Stewart, Steve Furr, Bettye Maye, Arlene Mitchell and Steve Stokes.

Member Absent: Scott Charlton.

Other Trustees: Alexis Atkins, Tom Corcoran, Ron Jenkins, Bryant Mixon, John Peek, Jimmy Shumock, Ken Simon and Jim Yance.

Administration and Others: Beth Anderson, Garry Adkins, Owen Bailey, Bill Bush, Lynne Chronister, Josh Crownover (SGA), Joel Erdmann, Monica Ezell, Mike Finan, Sam Fisher (Faculty Senate), Happy Fulford, Mike Haskins, David Johnson, John Marymont, Mike Mitchell, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.

The meeting came to order and attendance roll was called. Dr. Furr expressed thanks to the individuals who serve as *ex officio* members. He called for consideration of the minutes of the meeting held on September 8, 2016. On motion by Ms. Brown Stewart, seconded by Ms. Maye, the Committee voted unanimously to adopt the minutes.

Dr. Furr addressed **ITEM 19**, a resolution authorizing the USA Hospitals medical staff appointments and reappointments for August, September and October 2016 (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 2, 2016). He recognized the late Drs. Angus McBryde and Robert Zarzour for their extraordinary contributions and called for a vote. The Committee voted unanimously to recommend approval by the Board of Trustees.

Dr. Furr introduced **ITEM 20**, a resolution to approve revisions to the USA Hospitals Medical Staff Bylaws and Rules and Regulations as submitted. He asked Mr. Bailey if particular aspects needed to be addressed. Mr. Bailey said the proposed changes were routine. On motion by Ms. Brown Stewart, seconded by Dr. Stokes, the Committee voted unanimously to recommend approval by the Board of Trustees.

Dr. Furr called for presentation of **ITEM 22**, a report on the activities of the Division of USA Health and the College of Medicine. Mr. Bailey gave an update on USA Health's transition to an electronic records system via the implementation of Cerner software, a project named "unity" to signify the bringing together of processes in one system. He stated the project was a total conversion encompassing complex financial and clinical components and a major step forward. He expressed pride for the hard work of the USA Health team and recognized Acting Chief Information Officer and leader of the unity initiative Mr. Garry Adkins, as well as Ms. Beth Anderson for her role. He advised of the necessity to postpone implementation, stressing the importance of being precise and moving in a deliberate manner for patient safety. He said meetings, activities and extensive training are occurring daily to ensure a smooth transition at the right time, which he anticipated would be in early Spring of 2017 following a test run planned for January. He complimented Cerner for being a proactive partner.

Mr. Bailey recognized USA Health's Chief Financial Officer Mr. Bill Bush and Administrator of the USA Medical Center Ms. Beth Anderson for their retirements after serving long and distinguished careers at USA. He described the important contributions made by each and expressed sincere thanks for their service and dedication and said their absence would be palpable. He added Ms. Anderson would continue to work in a limited role for a while longer. Mr. Bush and Ms. Anderson shared heartfelt words of appreciation and affinity for the Institution and their USA family. Mr. Bailey said receptions honoring Ms. Anderson and Mr. Bush would be held soon.

Mr. Yance shared additional words of admiration about his friend and orthopedic physician the late Dr. Bob Zarzour.

Dr. Marymont presented an overview of the College of Medicine's Early Acceptance Program (EAP), which allows graduating high school students who meet EAP admissions criteria to enter USA and earn a position in the College of Medicine once undergraduate requirements and additional EAP criteria are completed. He talked about the program's origin, mission, minimum qualifications for undergraduate admission, and requirements for acceptance into the College of Medicine. He stated approximately 45 students are interviewed, of which 15 Alabama residents and three out-of-state students are accepted. He said, from 2013 to 2016, the average ACT score of entering classes was 31; 60 EAP students were admitted; 33 students completed EAP requirements; and 29 students out of 33 entered the College of Medicine, noting four chose other medical schools. He added the average undergraduate GPA score was 3.92 and the average MCAT score was in the 80<sup>th</sup> percentile. Dr. Furr observed that, with qualifications such as theirs, the students could have chosen most any medical school, such as Tulane or Emory, and selection of USA's College of Medicine by the vast majority is a strong testament of the quality of the program. Provost Johnson noted the EAP undergraduate program has helped the University attract students who may not have otherwise considered USA.

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Dr. Marymont presented **ITEM 21**, a resolution honoring Dr. Sam Strada for 33 years of service to the University and conveying best wishes to Dr. Strada for his retirement, and shared highlights of Dr. Strada's career. The Committee voted unanimously to recommend approval by the Board of Trustees

There being no further business, the meeting was adjourned at 3:52 p.m.

Respectfully submitted:



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Steven P. Furr, M.D., Chair

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**BUDGET AND FINANCE COMMITTEE**

**December 1, 2016  
3:52 p.m.**

A meeting of the Budget and Finance Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Tom Corcoran, Chair, on Thursday, December 1, 2016, at 3:52 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

**Members Present:** Tom Corcoran, Arlene Mitchell, Bryant Mixon, Steve Stokes and Jim Yance.

**Other Trustees:** Alexis Atkins, Chandra Brown Stewart, Steve Furr, Ron Jenkins, Bettye Maye, John Peek, Jimmy Shumock and Ken Simon.

**Administration and Others:** Owen Bailey, Lynne Chronister, Josh Crownover (SGA), Mike Diehl (SunTrust), Phil Dotts (PFM), Joel Erdmann, Monica Ezell, Mike Finan, Sam Fisher (Faculty Senate), Happy Fulford, Mike Haskins, David Johnson, Rod Kanter (Bradley Arant), John Marymont, Mike Mitchell, Randy Moon, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Corcoran called for adoption of the revised agenda. On motion by Ms. Mitchell, seconded by Mr. Yance, the revised agenda was adopted unanimously. Mr. Corcoran called for consideration of the minutes of the meeting held on September 8, 2016. On motion by Dr. Stokes, seconded by Mr. Yance, the minutes were approved unanimously.

Mr. Corcoran called upon Mr. Weldon to present the University of South Alabama 2016 Financial Report, **ITEM 23**. Mr. Weldon stated USA received an unqualified opinion from KPMG for the fiscal year ended September 30, 2016. He advised the University's net position increased by \$25.9 million, as compared to the \$9.2 million increase in 2015 and \$6.6 million increase in 2014. He said the primary reason for this improvement was a turn-around in financial markets. He added USA Health's Ambulatory Services group, which operated previously within the USA Health Services Foundation, was transferred to the University in July 2016. He noted, in this situation, accounting regulations require an organization to report its activity from the beginning of the fiscal year.

Mr. Corcoran asked Dr. Smith to address **ITEM 24**, a resolution authorizing the award of a construction contract for a new residence hall to Don Gordon Construction, Inc. (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 2, 2016). With reference to previous discussions on the need for a new

residence hall, Dr. Smith suggested the time was right to move forward with construction. He talked about the bid process, noting Don Gordon Construction, Inc., submitted the lowest of six bids at just over \$18 million. He presented exhibits demonstrating the proposed site next to New Hall where Delta II was demolished; the building facade; and a double-occupancy floor plan with private bedrooms and approximately 370 beds. He said the new residence hall would be marketed to freshmen and possible names for the facility are being considered. As to the demand for additional housing on campus, he noted 100 beds leased from The Grove to cover needs in the 2016 Fall semester and said the number of housing applications received thus far for 2017 are above the norm. He discussed plans for renovating the Deltas from double- to single-occupancy when the new residence hall opens to address requests often made by upperclassmen who want privacy. He said the Housing and Dining system is financially sound and can afford to pay for the project, adding that approximately \$500,000 in debt service will have been completed in 2019. He advised costs would be funded internally for the first few months and a recommendation on a bond issue would be made in March or June 2017. He estimated the total cost of the facility, inclusive of furnishings, site-work and architects fees, would be between \$21 and \$23 million, and reiterated Housing and Dining is a self-supporting operation and tuition and state funds would not be used for such projects. Brief discussion took place on planning for circumstances which may negatively impact enrollment and housing. Mr. Corcoran called for a vote. On motion by Dr. Stokes, seconded by Ms. Mitchell, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Corcoran called on Dr. Erdmann for presentation of **ITEM 24.A**, a resolution authorizing the President to award and execute contract(s) for construction of a covered practice facility with the successful lowest responsible bidder(s) consistent with applicable laws and within the University's budgetary constraints. Dr. Erdmann advised lightning is the primary reason practices are interrupted and having a covered facility would reduce disruption. He said the facility proposed is an open-air, pavilion-style structure that would be used primarily for afternoon football practices in the fall, but other teams and University groups would have access. He noted peer institutions and conferences have similar facilities. He estimated the cost at \$8 million, noting construction of an enclosed facility would add \$8 to \$10 million to the cost. He said funding would be accomplished internally through adjustments in the Athletics operating budget and the generation of external funds by way of the Jaguar Athletic Fund, and he noted an annual debt service of approximately \$600,000. He stated the location proposed is east of the existing practice fields and he asked Mr. Randy Moon to discuss the physical attributes of the facility. Mr. Moon said the facility would be about 450 feet long and would include a 15-yard lineman practice area, a walkway on one side for observation and one end zone in addition to the field. He said the roof and wall panels would be insulated to control heat and added the enclosing of the structure and addition of air conditioning would be possible if desired at a later time. He stated synthetic turf would be installed and the roof height would allow kickoff and field goal practice. Dr. Stokes asked what wind speed the structure could sustain and Mr. Moon stated the facility could withstand 190 mph winds. On motion by Mr. Yance, seconded by Dr. Stokes, the Committee voted unanimously to recommend approval by the Board of Trustees.

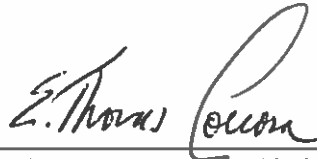
Mr. Corcoran asked Mr. Weldon to discuss **ITEM 25**, a resolution authorizing the lease of a linear accelerator for the USA Mitchell Cancer Institute. Mr. Weldon stated the equipment would be housed at the USA Mitchell Cancer Institute's (MCI) Fairhope clinic and acquisition would involve a 70-month capital lease at an approximate cost of \$2.1 million. He credited Mr. Albano for negotiating a favorable interest rate of 1.88 percent. Judge Simon asked about the implications for the Eastern Shore. Dr. Finan detailed the oncology services currently offered at the Fairhope clinic. He said an oversight advisory committee for the Eastern Shore voiced overwhelming support for radiation oncology. He explained between 60 and 70 percent of cancer patients need radiation therapy and referrals to competing radiation oncologists located in facilities where chemotherapy is also offered has caused some MCI patients to move to the competition. He said a financial analysis and conservative estimates show good potential for the MCI to recapture most patients and have them be treated at the Fairhope clinic. He talked about the superiority of the equipment compared to that of competitors and said upgrades are possible. He estimated the building would be open in June 2017, the equipment would arrive shortly thereafter, and full implementation would be possible in three months. Mr. Weldon said the debt service would not begin until the equipment is fully operational. Dr. Finan advised the longevity of the linear accelerator is a minimum of 12 years. Ms. Mitchell asked about private funding. Dr. Finan said existing private donations were put into an endowment, but discussions on the use of future donations to support equipment or operational needs were held in recent weeks. Mr. Weldon clarified a capital lease provides that the equipment will belong to the University at the end of the 70-month term. Dr. Finan complimented Mr. Weldon and Mr. Albano for their efforts on the acquisition and added funding would be through the MCI operations budget. On motion by Dr. Stokes, seconded by Mr. Yance, the Committee voted to recommend approval by the Board of Trustees.

Mr. Corcoran called for presentation of **ITEM 26**, a resolution authorizing the refunding of Series 2006 bonds. Mr. Weldon reminded the Committee of authorization in September to issue a request for proposals (RFP) for a \$100 million variable-rate, private placement bond issue, the proceeds of which would be used to refund the Series 2006 bonds in the same amount. He noted this transaction was tied to a decision by Wells Fargo to exercise its option related to the swaption transaction. He explained the threefold objective for the refunding: (1) minimize the incremental interest cost, (2) spread the maturities so as to minimize refunding risk, and (3) minimize the maximum annual debt service so as to reduce the impact on the University's borrowing ability. He said RFPs were issued to 12 institutions and eight proposals were received from regional and international banks. He stated, based on thorough analysis by Mr. Albano and the University's financial advisors and bond attorneys, the Administration recommends awarding the entire refunding to SunTrust Bank, whose proposal offered the lowest interest rates and did not require up-front fees or additional restrictive covenants be placed on the University. He explained the particulars of the bond issue in three series and noted the transaction would not impact the University's budget. He stressed this was a very favorable outcome that enabled the University to minimize its financial risk. He introduced Mr. Phil Dotts representing PFM, Inc., Mr. Rod Kanter representing Bradley Arant and Mr. Mike Diehl

representing SunTrust Bank, noting also Mr. Diehl's affiliation with the USA National Alumni Association. Mr. Dotts shared insight on the proposals submitted and SunTrust's interest. Mr. Weldon discussed factors related to a potential termination of the swap, noting the University would continue to monitor interest rates and financial markets to determine the feasibility of terminating the swap entirely or in part. He credited Mr. Dotts, Mr. Kanter and Mr. Albano for their diligent efforts. Mr. Peek shared concerns about taking on debt that involves minimal progress toward principal reduction. Mr. Weldon concurred, stating he and others from the Administration agree the due diligence on debt structure would be improved going forward. He added, if the swap were to be terminated, the variable-rate bonds could be refunded with fixed rate bonds with a normal amortization schedule. Mr. Peek inquired about the interest rate and Mr. Weldon stated the rate was currently just above one percent. On motion by Ms. Mitchell, seconded by Mr. Yance, the Committee voted unanimously to recommend approval by the Board of Trustees.

There being no further business, the meeting was adjourned at 4:37 p.m.

Respectfully submitted:



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E. Thomas Corcoran, Chair