UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

FREDERICK P. WHIDDON ADMINISTRATION BUILDING
SUITE 130, BOARD ROOM

* ***Revision***

MAY 31, 2018
1:30 P.M.

AUDIT COMMITTEE Jimmy Shumock, Chair
Roll Call
Approve: Minutes
7 Report: Internal Audit

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE Jim Yance, Chair
Roll Call
Approve: Minutes
8 Report: Endowment and Investment Performance
9 Recommendation to Approve: Director of the Jaguar Athletic Fund, Inc.
10 Report: Development and Alumni Relations

HEALTH AFFAIRS COMMITTEE Steve Furr, Chair
Roll Call
Approve: Minutes
11 Recommendation to Approve: USA Hospitals Medical Staff Credentials for February, March and April 2018
12 Recommendation to Approve: USA Hospitals Medical Staff Bylaws and Rules and Regulations Revisions
13 Recommendation to Approve: College of Medicine Distinguished Professors
14 Report: USA Health and College of Medicine

ACADEMIC AND STUDENT AFFAIRS COMMITTEE Scott Charlton, Chair
Roll Call
Approve: Minutes
15 Recommendation to Approve: Commendation of Dr. Debra C. Davis
16 Recommendation to Approve: Tenure and Promotion
17 Recommendation to Approve: Tuition, Fees, Housing and Dining Rates
18 Report: Academic Affairs
19 Report: Student Affairs
20 Report: Research and Economic Development

BUDGET AND FINANCE COMMITTEE Jim Yance, Vice Chair
Roll Call
* Approve: Revised Agenda
Approve: Minutes
21 Report: Quarterly Financial Statements, Six Months Ended March 31, 2018
22 Recommendation to Approve: Directors of the USA Research and Technology Corporation
23 Recommendation to Approve: Rent Supplement Agreement
* **23.A** Recommendation to Approve: Authorization of the President to Execute a Contract for Site Work for Construction of an On-Campus Football Stadium

COMMITTEE OF THE WHOLE Ken Simon, Chair
Roll Call
Approve: Evaluation and Compensation Committee Minutes
24 Recommendation to Approve: 2018-2019 Board Meeting Schedule
25 Recommendation to Approve: Amended Bylaws of the Board of Trustees
~~**26** Approve: Executive Session~~

BOARD OF TRUSTEES

JUNE 1, 2018
10:30 A.M.

Roll Call
* Approve: Revised Agenda
1 Approve: Minutes
2 Approve: 2018-2019 Board Meeting Schedule
3 Approve: Amended Bylaws of the Board of Trustees
4 Report: University President
5 Report: Faculty Senate President
6 Report: Student Government Association President

CONSENT AGENDA
9 Approve: Director of the Jaguar Athletic Fund, Inc.
11 Approve: USA Hospitals Medical Staff Credentials for February, March and April 2018
12 Approve: USA Hospitals Medical Staff Bylaws and Rules and Regulations Revisions
13 Approve: College of Medicine Distinguished Professors
22 Approve: Directors of the USA Research and Technology Corporation

AUDIT COMMITTEE Jimmy Shumock, Chair

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE Jim Yance, Chair

HEALTH AFFAIRS COMMITTEE Steve Furr, Chair

ACADEMIC AND STUDENT AFFAIRS COMMITTEE Scott Charlton, Chair
16 Approve: Tenure and Promotion
17 Approve: Tuition, Fees, Housing and Dining Rates

BUDGET AND FINANCE COMMITTEE Jim Yance, Vice Chair
23 Approve: Rent Supplement Agreement
* **23.A** Approve: Authorization of the President to Execute a Contract for Site Work for Construction of an On-Campus Football Stadium

SPECIAL ACKNOWLEDGEMENT
15 Approve: Commendation of Dr. Debra C. Davis

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

THURSDAY, MAY 31, 2018:

1:30 p.m. **Committee Meetings (Consecutive)** **Administration Bldg., Rm. 130**

FRIDAY, JUNE 1, 2018:

10:30 a.m. **Board of Trustees Meeting** **Administration Bldg., Rm. 130**

BOARD OF TRUSTEES

STANDING COMMITTEES
2016-2019

EXECUTIVE COMMITTEE:

Kenneth O. Simon, **Chair *pro tempore***
James H. Shumock, **Vice Chair**
Arlene Mitchell, **Secretary**
Chandra Brown Stewart
E. Thomas Corcoran
Steven P. Furr, M.D.
James A. Yance

ACADEMIC AND STUDENT AFFAIRS COMMITTEE:

Katherine Alexis Atkins
Scott A. Charlton, M.D., **Chair**
Steven P. Furr, M.D., **Vice Chair**
William Ronald Graham
Lenus M. Perkins
Margie Malone Tuckson
Michael P. Windom

AUDIT COMMITTEE:

Katherine Alexis Atkins, **Vice Chair**
Scott A. Charlton, M.D.
William Ronald Graham
Robert D. Jenkins III
James H. Shumock, **Chair**

BUDGET AND FINANCE COMMITTEE:

E. Thomas Corcoran, **Chair**
William Ronald Graham
Arlene Mitchell
Lenus M. Perkins
Steven H. Stokes, M.D.
James A. Yance, **Vice Chair**

DEVELOPMENT, ENDOWMENT & INVESTMENTS CTE.:

Chandra Brown Stewart
E. Thomas Corcoran
Robert D. Jenkins III, **Vice Chair**
Steven H. Stokes, M.D.
Margie Malone Tuckson
Michael P. Windom
James A. Yance, **Chair**

EVALUATION AND COMPENSATION COMMITTEE:

Katherine Alexis Atkins
E. Thomas Corcoran
Steven P. Furr, M.D.
Arlene Mitchell
James H. Shumock, **Vice Chair**
Michael P. Windom, **Chair**

HEALTH AFFAIRS COMMITTEE:

Katherine Alexis Atkins
Chandra Brown Stewart
Scott A. Charlton, M.D.
Steven P. Furr, M.D., **Chair**
Arlene Mitchell
Steven H. Stokes, M.D., **Vice Chair**
Tony G. Waldrop, Ph.D., *ex officio*
John V. Marymont, M.D., *ex officio*
Sabrina G. Bessette, M.D., *ex officio*

LONG-RANGE PLANNING COMMITTEE:

Chandra Brown Stewart, **Chair**
Robert D. Jenkins III
Lenus M. Perkins
James H. Shumock
Steven H. Stokes, M.D.
Michael P. Windom, **Vice Chair**

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

AGENDA

MINUTES

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

FREDERICK P. WHIDDON ADMINISTRATION BUILDING
SUITE 130, BOARD ROOM

* ***Revision***

MAY 31, 2018
1:30 P.M.

AUDIT COMMITTEE Jimmy Shumock, Chair
Roll Call
Approve: Minutes
7 Report: Internal Audit

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE Jim Yance, Chair
Roll Call
Approve: Minutes
8 Report: Endowment and Investment Performance
9 Recommendation to Approve: Director of the Jaguar Athletic Fund, Inc.
10 Report: Development and Alumni Relations

HEALTH AFFAIRS COMMITTEE Steve Furr, Chair
Roll Call
Approve: Minutes
11 Recommendation to Approve: USA Hospitals Medical Staff Credentials for February, March and April 2018
12 Recommendation to Approve: USA Hospitals Medical Staff Bylaws and Rules and Regulations Revisions
13 Recommendation to Approve: College of Medicine Distinguished Professors
14 Report: USA Health and College of Medicine

ACADEMIC AND STUDENT AFFAIRS COMMITTEE Scott Charlton, Chair
Roll Call
Approve: Minutes
15 Recommendation to Approve: Commendation of Dr. Debra C. Davis
16 Recommendation to Approve: Tenure and Promotion
17 Recommendation to Approve: Tuition, Fees, Housing and Dining Rates
18 Report: Academic Affairs
19 Report: Student Affairs
20 Report: Research and Economic Development

BUDGET AND FINANCE COMMITTEE Jim Yance, Vice Chair
Roll Call
* Approve: Revised Agenda
Approve: Minutes
21 Report: Quarterly Financial Statements, Six Months Ended March 31, 2018
22 Recommendation to Approve: Directors of the USA Research and Technology Corporation
23 Recommendation to Approve: Rent Supplement Agreement
* **23.A** Recommendation to Approve: Authorization of the President to Execute a Contract for Site Work for Construction of an On-Campus Football Stadium

COMMITTEE OF THE WHOLE Ken Simon, Chair
Roll Call
Approve: Evaluation and Compensation Committee Minutes
24 Recommendation to Approve: 2018-2019 Board Meeting Schedule
25 Recommendation to Approve: Amended Bylaws of the Board of Trustees
~~**26** Approve: Executive Session~~

BOARD OF TRUSTEES

JUNE 1, 2018
10:30 A.M.

Roll Call
* Approve: Revised Agenda
1 Approve: Minutes
2 Approve: 2018-2019 Board Meeting Schedule
3 Approve: Amended Bylaws of the Board of Trustees
4 Report: University President
5 Report: Faculty Senate President
6 Report: Student Government Association President

CONSENT AGENDA
9 Approve: Director of the Jaguar Athletic Fund, Inc.
11 Approve: USA Hospitals Medical Staff Credentials for February, March and April 2018
12 Approve: USA Hospitals Medical Staff Bylaws and Rules and Regulations Revisions
13 Approve: College of Medicine Distinguished Professors
22 Approve: Directors of the USA Research and Technology Corporation

AUDIT COMMITTEE Jimmy Shumock, Chair

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE Jim Yance, Chair

HEALTH AFFAIRS COMMITTEE Steve Furr, Chair

ACADEMIC AND STUDENT AFFAIRS COMMITTEE Scott Charlton, Chair
16 Approve: Tenure and Promotion
17 Approve: Tuition, Fees, Housing and Dining Rates

BUDGET AND FINANCE COMMITTEE Jim Yance, Vice Chair
23 Approve: Rent Supplement Agreement
* **23.A** Approve: Authorization of the President to Execute a Contract for Site Work for Construction of an On-Campus Football Stadium

SPECIAL ACKNOWLEDGEMENT
15 Approve: Commendation of Dr. Debra C. Davis

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Board of Trustees

Date:
May 22, 2018

To:
USA Board of Trustees

From:
Arlene Mitchell
Secretary, Board of Trustees

Subject:
Meeting Minutes

Included herein are the unapproved minutes of meetings of the Board of Trustees and standing committees held on March 1 and 2, 2018. Please review these documents for amendment or approval at the August 31 and June 1 meetings of the Board of Trustees.

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

March 2, 2018
10:30 a.m.

A meeting of the University of South Alabama Board of Trustees was duly convened by Judge Ken Simon, Chair *pro tempore*, on Friday, March 2, 2018, at 10:30 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Alexis Atkins, Chandra Brown Stewart, Tom Corcoran, Steve Furr, Ron Graham, Ron Jenkins, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Ken Simon, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance.
Members Absent:	Scott Charlton and Kay Ivey.
Administration and Others:	Namisha Ajit, Brian Allred, Kevin Aria, Owen Bailey, Robert Berry, Steve Campbell, Gary Carley, Karin Caswell, Lynne Chronister, Angela Coleman, Josh Crownover, Taylor Davis, Sam Dean, Chelsia Douglas (AASA), Joel Erdmann, Monica Ezell, Mike Finan, Jeremy Fletcher, Natalie Fox, Happy Fulford, Daniel Greer, Mike Haskins, Elizabeth Hernandez, Shaun Holloway, Savannah Hoyt, David Johnson, Melva Jones, Buck Kelley, Zorrya Kelley, Don Langham, John Marymont, Bert Meisler, Abe Mitchell, Mike Mitchell, Grace Newcombe, Shannon Shelley-Tremblay, John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop, Scott Weldon and Doug Whitmore (NAA).
Media:	Mike Clary (WPMI), Arnell Hamilton (WKRG), Richard Narramore (*Vanguard*), Rodney Rocker (WALA), John Sharp (*al.com*), and Gabe Tynes (*Lagniappe*).

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

Chairman Simon invited USA donor Mr. Bert Meisler to join him and others for the presentation of **ITEM 11** as follows. Mr. Yance, Chair of the Development, Endowment and Investments Committee, stated the Committee met on March 1 and unanimously recommended Board approval of the resolution to name the USA Medical Center's Trauma Center for Mr. Meisler's late wife, Mrs. Fanny Meisler. He moved for the approval of the resolution, Mr. Shumock seconded and the resolution was approved unanimously. Mr. Meisler shared heartfelt remarks and Chairman Simon recognized that Mr. Meisler's recent gift to the University to help fund the expansion of the Trauma Center was in the amount of $5 million.

RESOLUTION
NAMING OF THE TRAUMA CENTER AT THE UNIVERSITY OF SOUTH ALABAMA MEDICAL CENTER

WHEREAS, the University of South Alabama Medical Center is the only Level 1 trauma center in the region and provides lifesaving care to the most critically ill and injured patients in the Gulf Coast community, and

WHEREAS, Mr. Herbert A. Meisler and his late wife, Fanny, have long-supported trauma care in this community, as demonstrated through their gift to establish the *Ripps-Meisler Endowed Chair* in the College of Medicine, and

WHEREAS, Mr. and Mrs. Meisler have supported a wide range of projects at the University of South Alabama, investing in its long-term success through substantial charitable gifts, including the provision of necessary funding to name the student services center *Meisler Hall*, the establishment of the *Fanny and Bert Meisler Endowed Professorship in Jewish Studies*, and the giving of extensive support to the University's athletic programs, and

WHEREAS, Mr. Meisler has made a transformational gift to the University in memory of Mrs. Meisler that will enable the Medical Center to expand its trauma center, giving USA's physicians and medical professionals the facilities they need to continue providing the highest quality of care to the most vulnerable patients at the most critical of times, and

WHEREAS, expansion of the trauma center will result in nearly double the number of beds dedicated to trauma care and have a profound impact on the health care of this city and region, and

WHEREAS, the University of South Alabama recognizes Mr. Meisler and his family for their exemplary philanthropy and service to the community across a broad spectrum of local non-profit organizations and projects over the course of many years,

THEREFORE, BE IT RESOLVED, the Board of Trustees expresses its deep gratitude to Mr. Herbert A. Meisler for his remarkable philanthropy, visionary leadership and extraordinary generosity in providing his transformational gift and declares that the trauma center at the USA Medical Center will hereafter be known as the *Fanny Meisler Trauma Center*.

Chairman Simon called for consideration of the minutes of the November 30, 2017, meeting of the Board of Trustees, **ITEM 1**. On motion by Mr. Shumock, seconded by Capt. Jenkins, the minutes were adopted unanimously.

Chairman Simon advised that the appointments of Trustees Tuckson, Graham and Perkins to the Board of Trustees were confirmed by the Alabama Senate. He thanked the new Trustees for their willingness to serve.

Chairman Simon called for presentation of **ITEM 2**, the President's Report. President Waldrop recognized Honorary Trustee Mr. Abe Mitchell, Trustee *Emeritus* Mr. Don Langham, USA National Alumni Association President Mr. Doug Whitmore and African-American Student Association (AASA) President Ms. Chelsia Douglas.

President Waldrop thanked Chairman Simon for giving the keynote address at the "Those That Paved the Way" event, one of several functions held on campus in February that marked Black History Month. He conveyed appreciation to all Board members who participated in the commemorations.

President Waldrop reported that 15 South employees and alumni were recognized in *Mobile Bay* magazine's annual feature "40 Under 40." He introduced those in attendance Dr. Natalie Fox, Director of Nursing Services for USA Health's Ambulatory Services; Ms. Melva Jones, Director of University Special Events; and Dr. Jeremy Fletcher, Assistant Professor in the Department of Physical Therapy.

President Waldrop announced that Trustee *emerita* Ms. Bettye Maye and Singing River Health System Chair of Pediatrics and Wound Care and Hyperbaric Medicine Dr. Tyler Sexton, who completed his pediatric residency at South, would serve as keynote speakers at Spring Commencement in May.

President Waldrop called on Provost Johnson, who introduced new Director of Community Engagement Ms. Shannon Shelley-Tremblay for a report; Dr. Smith, who advised of the appointment of Mr. Chris Hansen as Chief Compliance Officer; and Dr. Angela Coleman, who gave an update on the search for a Chief Diversity Officer.

President Waldrop called for a report from Mr. Haskins, who advised of Advertising Federation of America awards received by USA Health photographer Mr. Bill Starling for concussion prevention and awareness program materials; Marketing and Communications' (MarComm) Director of Creative Services Ms. Diana Nichols for Honors College promotional materials; and MarComm Director of Video Services Mr. James Palomo for the holiday card video.

President Waldrop called on Dr. Erdmann, who introduced South's new Head Football Coach Mr. Steve Campbell. Coach Campbell talked briefly about his role of advancing the football program and the first season game against Louisiana Tech on September 1.

President Waldrop called upon USA Medical Center Administrator Mr. Sam Dean, who discussed the renovation of the hospital lobby and the grand opening event set for Tuesday, March 6. Mr. Dean recognized Mr. Abe Mitchell and Manager of Interior Design Ms. Karin Caswell as instrumental to the renovation.

President Waldrop called upon Dr. Finan, who talked about the Mitchell Cancer Institute Kilborn Clinic grand opening ceremony. He presented a City of Fairhope beautification award to Ms. Caswell, Sr. Construction Project Manager Mr. Buck Kelley, Landscape Manager Mr. Gary Carley, and Associate Director of Construction/Renovations Mr. Daniel Greer, crediting them with the attractive appearance of the facility.

President Waldrop called upon Dr. Mitchell, who reported on fitness equipment upgrades at the Student Recreation Center and on the new 1.5-mile Jag Fitness Trail. He recognized Director of Campus Recreation Mr. Brian Allred for his involvement in these initiatives and invited Trustees and guests to the Jag Fitness Trail grand opening on March 15.

President Waldrop called upon Ms. Jones, who gave an update on Empowering Change, a project co-sponsored by South with other organizations to advance inclusivity and tolerance in the community. A video showcasing awareness activities was shown.

Chairman Simon called for a report from Faculty Senate President Dr. Elizabeth VandeWaa, **ITEM 3**, who stated work conducted over the semester centered primarily on strengthening policies, exploring a possible educator tenure track and teacher peer evaluation.

Chairman Simon asked Mr. Fulford to comment on Higher Education Day held on February 22. Mr. Fulford talked about organizational changes to the event and he thanked the Student Government Association (SGA) for coordinating student attendance, adding that South's SGA received the Alabama Higher Education Parnership's Student Leadership Award.

Chairman Simon called for a report from SGA President Mr. Carl Thomas, **ITEM 4**. Mr. Thomas recognized SGA Vice President Ms. Elizabeth Hernandez, Treasurer Mr. Kevin Aria, Chief Justice Ms. Taylor Davis, Student-at-Large Ms. Namisha Ajit, Attorney General Ms. Grace Newcombe, Chief of Staff Mr. Shaun Holloway, Senate Clerk Ms. Savannah Hoyt, Global Engagement Director Mr. Josh Crownover, and Senators Ms. Zorrya Kelley and Ms. Chelsia Douglas. He introduced Ms. Douglas for remarks on the Black Girls Rock event held on February 2 in conjunction with Black History Month festivities, noting that among the honorees were Ms. Brown Stewart, Ms. Tuckson and Ms. Maye.

Chairman Simon presented certificates of appreciation to Dr. VandeWaa, Mr. Thomas and Ms. Douglas for their leadership as organization presidents for the 2017-2018 academic year, **ITEM 5**.

Chairman Simon called for consideration of consent agenda **ITEMS 10, 12, 13** and **19** as follows, noting all were unanimously recommended for Board approval by the respective committees that met on March 1, 2018. On motion by Mr. Corcoran, seconded by Mr. Shumock, the resolutions were approved unanimously:

RESOLUTION
DIRECTOR OF THE JAGUAR ATHLETIC FUND, INC.

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

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

WHEREAS, the Nominating Committee of the JAF Board of Directors and the JAF Board of Directors have nominated Mr. Justin Labrato for a three-year term representing track and field/cross country pending the approval of the Board of Trustees of the University,

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

RESOLUTION
USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS
FOR NOVEMBER AND DECEMBER 2017 AND JANUARY 2018

WHEREAS, the Medical Staff appointments and reappointments for November and December 2017 and January 2018 for the University of South Alabama Hospitals are recommended for Board approval by the Medical Executive Committees and the Executive Committee of the University of South Alabama Hospitals,

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

RESOLUTION
COOKE-SCOTT SCHOLARSHIPS, COLLEGE OF MEDICINE

WHEREAS, the University of South Alabama ("USA") and the South Alabama Medical Science Foundation ("SAMSF") hold funds/assets for the USA College of Medicine Cooke-Scott Chair of Neuroscience valued at more than $1.4 million, and

WHEREAS, the Cooke-Scott Chair of Neuroscience was created in December 2003 by a resolution of the Board of Trustees combining gifts from the Cooke and Ogg estates to support neuroscience research, and, with the Ogg gift, to honor the donor's brother, Mr. C.F. Scott, and

WHEREAS, the cash amount of the corpus for the Cooke-Scott Chair of Neuroscience came from the Cooke estate, which also provided that the gift could be used by the College of Medicine to broadly support undergraduate scholarships for medical students planning careers in neurosciences, and

WHEREAS, the cash realized from the sale of the real estate bequest from the Ogg estate to SAMSF will be transferred by SAMSF to USA, pursuant to a resolution of the SAMSF Board of Directors in 2003, to be added to the corpus of the Cooke-Scott fund, and

WHEREAS, the College of Medicine has never identified a faculty person to occupy the Cooke-Scott Chair of Neuroscience, but has identified a significant need for additional scholarship monies to support recruitment and retention of medical students, and

WHEREAS, recruitment and retention of medical students planning careers focused on the neurosciences, such as the treatment and/or prevention of neurological, neurosurgical, or neurodevelopmental disorders or mental illness, would meet the broad intent of both the Cooke and Ogg bequests,

NOW, THEREFORE BE IT RESOLVED that the Board of Trustees of the University of South Alabama approves the termination of the Cooke-Scott Chair of Neuroscience and, consistent with the intent of the above-referenced bequests, the designation of funds heretofore dedicated to the Cooke-Scott Chair of Neuroscience be made available to instead create and fund Cooke-Scott Scholarships for medical students in the College of Medicine.

RESOLUTION
DIRECTORS OF THE UNIVERSITY OF SOUTH ALABAMA
FOUNDATION FOR RESEARCH AND COMMERCIALIZATION

WHEREAS, pursuant to the bylaws of the University of South Alabama Foundation for Research and Commercialization ("USAFRAC"), which were approved by the Board of Trustees of the University of South Alabama ("Board") on June 7, 2013, the Board shall elect USAFRAC directors who are not officers, employees, or trustees of the University, and

WHEREAS, the following individuals have been nominated and have agreed to serve as USAFRAC directors as follows, with terms beginning March 2018:

APPOINTMENT:	
Mr. Philip Burton	Assuming four-year term expiring September 2019
REAPPOINTMENT:	
Hon. Victor Gaston, Ph.D.	Four-year term expiring September 2021
Mr. Mark Hoffman	Four-year term expiring September 2021
Mr. Bill Sisson	Four-year term expiring September 2021,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama does hereby elect the aforementioned individuals to serve as members of the USAFRAC Board of Directors as set forth.

Chairman Simon called for a report from the Audit Committee. Mr. Shumock, Committee Chair, stated, at a meeting on March 1, Mr. Weldon presented the KPMG report on intercollegiate athletics for the year ended September 30, 2017, and the Alabama Department of Examiners of Public Accounts compliance report for the year ended September 30, 2016. He reported having discussed a recent educational session for Committee members.

Chairman Simon called for a report from the Development, Endowment and Investments Committee. Mr. Yance, Committee Chair, stated, at a meeting on March 1, presentations on endowment performance were made by Mr. Albano and Mr. Pitman, by Mr. Matt Vetto of Douglas C. Lane and Associates and by students Ms. Jocelyn Medina, Mr. Josh Crownover and Mr. Tyler Guest representing the Jaguar Investment Fund. He said Ms. Sullivan reported on Upward & Onward Campaign results as of February 28; the new branding for the National Alumni Association; the South Fund employee drive; the inaugural USA Giving Day; and the promotions of Ms. Kelly McCarron and Mr. Josh Cogswell as Associate Vice Presidents for Medical Affairs Development and University Development, respectively.

Chairman Simon called for a report from the Health Affairs Committee. Dr. Furr, Committee Chair, said, at a meeting on March 1, Dr. Susan LeDoux, Professor and Vice Chair of the Department of Cell Biology and Neuroscience/Associate Dean of Medical Education, discussed the College of Medicine's student wellness initiative and Dr. Jon Simmons, Trauma Medical Director and Interim Chief of the Division of Trauma and Surgical Critical Care, discussed the Medical Center's participation in the American College of Surgeons Trauma Quality Improvement Program and facilitation of the PROJECT INSPIRE program for at-risk youth.

Chairman Simon called for a report from the Academic and Student Affairs Committee. Dr. Furr, Committee Vice Chair, said, at a meeting on March 1, School of Computing (SOC) Dean Dr. Alec Yasinsac discussed student internship opportunities provided through South's Center for Forensics, Information Technology and Security; Dr. Mitchell presented the Division of Student Affairs' 2016-2017 Annual Report; Dr. Smith provided an update on the new residence hall under construction; and Ms. Chronister reviewed grants and contracts results for 2016-2017 and reported on the second annual Hospitality and Tourism Workforce Summit.

Chairman Simon called for a report from the Budget and Finance Committee. Mr. Corcoran, Committee Chair, said, at a meeting on March 1, Mr. Weldon discussed the quarterly financial statements for the three months ended December 31. He said the Committee voted unanimously to recommend Board approval of **ITEM 20** as follows. He moved for the approval of the resolution, Mr. Shumock seconded and the Board voted unanimously to approve the resolution:

RESOLUTION
AUTHORIZATION OF PRESIDENT TO EXECUTE CONTRACT
FOR CONSTRUCTION OF HEALTH SCIENCES SIMULATION BUILDING

WHEREAS, the University of South Alabama Simulation Program (the "Simulation Program") was established in 2008 and is a rapidly growing inter-professional program that serves the clinical learning needs of students, faculty and professionals in the disciplines of Health Sciences to include Allied Health Professions, Medicine, and Nursing, and

WHEREAS, the Simulation Program provides multi-disciplinary simulation learning opportunities for students of the University, and

WHEREAS, the Simulation Program creates an optimal learning environment designed to improve technical skills, clinical judgment, decision-making, communication and teamwork, and

WHEREAS, the Simulation Program currently has over 35,000 student encounters per year and is growing, and

WHEREAS, the demand for the Simulation Program currently outpaces the ability of the University to meet student needs with existing facilities, and

WHEREAS, the University's management has determined that a new Health Sciences Simulation Building of approximately 39,000 square feet (26,000 finished and 13,000 shelled) will meet the needs of the

Simulation Program for the foreseeable future and will allow expansion of services offered both to students and healthcare providers in the community, and

WHEREAS, funding for the project has been identified, which includes existing funds on hand from distributions from the USA Foundation, funds generated from student fees as approved by the Board of Trustees at its June 2017 meeting, and new revenues generated from use of the facility by community providers, and

WHEREAS, new debt will not be issued for the construction of the Health Sciences Simulation Building, and

WHEREAS, sealed bids for the construction of the Health Sciences Simulation Building are anticipated to be received by the end of March 2018, and

WHEREAS, in order to meet the preferred opening of the Health Sciences Simulation Building for the 2019 Fall semester, it is necessary to begin construction prior to the June 2018 meeting of the Board of Trustees,

THEREFORE, BE IT RESOLVED, the USA Board of Trustees hereby authorizes the President of the University to carry out all necessary steps to execute a contract for the construction of a Health Sciences Simulation Building with respect to sealed bids received pursuant to state procurement and bid laws.

Mr. Corcoran asked Ms. Sullivan to discuss a significant gift announced at the March 1 Distinguished Alumni and Service Awards Gala. Ms. Sullivan said a $500,000 gift from the Poarch Band of Creek Indians to fund the grand ballroom of the future Alumni Center would make it possible for the University to proceed with construction of the facility. Mr. Corcoran moved for the approval of the following resolution, Mr. Shumock seconded and the Board voted unanimously to approve the resolution:

RESOLUTION
AUTHORIZATION OF THE PRESIDENT TO AWARD AND EXECUTE CONTRACT FOR CONSTRUCTION OF THE UNIVERSITY OF SOUTH ALABAMA ALUMNI CENTER

WHEREAS, the University of South Alabama National Alumni Association (the Alumni Association) wishes to construct an Alumni Center on the campus of the University of South Alabama to serve the over 75,000 alumni of the University, and

WHEREAS, this Alumni Center would serve not only as a home to the University's alumni but also as a gathering place for the entire University community, and

WHEREAS, the Alumni Association has committed to fund the construction of the Alumni Center as a contribution to the University, and

WHEREAS, the Alumni Association has actively raised funds over the past 24 months to support the construction of the Alumni Center, and

WHEREAS, the Alumni Association currently has received sufficient commitments from donors to justify moving forward with the construction of the facility within the budget established by the Alumni Association, and

WHEREAS, construction plans have been developed and approved,

THEREFORE, BE IT RESOLVED, the USA Board of Trustees hereby authorizes the President of the University to carry out all necessary steps to award and execute a contract for the construction of the University of South Alabama Alumni Center consistent with the requirements of the applicable state procurement and bid laws and subject to bids received being within the budget established by the Alumni Association.

Chairman Simon called for a report from the Evaluation and Compensation Committee. Mr. Windom, Committee Chair, said, at a meeting on March 1, he reported on the comprehensive process undertaken over recent weeks to complete President Waldrop's annual performance evaluation. He said the overwhelming consensus of the Committee was President Waldrop met or exceeded expectations, and he thanked President Waldrop for his service.

In accordance with the provisions of the Alabama Open Meetings Act, Chairman Simon called for a motion to convene an executive session for an approximate duration of 15 minutes for the purpose of discussing pending or imminent litigation with Ms. Tucker, Senior University Attorney. He stated Ms. Tucker had submitted the required written declaration for the minutes (for copies of policies and other authorized documents, refer to **APPENDIX A**). On motion by Mr. Yance, the Board voted unanimously at 12:06 p.m. to convene an executive session, as recorded below:

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

Following the executive session and there being no further business, the meeting was adjourned at 12:25 p.m.

Attest to: Respectfully submitted:

_____ _____

Arlene Mitchell, Secretary Kenneth O. Simon, Chair *pro tempore*

APPENDIX A

UNIVERSITY OF SOUTH ALABAMA

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

PROPERTY ADDRESS:

171 Hillcrest Road
Mobile, Alabama 36608
Parcel Number 28-05-21-2-000-013.01X

APPRAISAL INFORMATION:

Appraised By: Gaylord C. Lyon & Co. Inc.
Date of Appraisal: 08/25/2017
Appraised Value: $166,000.00

CONTRACTS RELATED TO THE PURCHASE:

Attached as Exhibit "A"

PURCHASE TERMS:

Cash Purchase

SOURCES OF FUNDS USED IN THE PURCHASE:

Unrestricted Funds

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

REAL ESTATE PURCHASE CONTRACT

The **University of South Alabama** ("Buyer"), a public body corporate, whose principal address is 307 University Boulevard North, AD-170, Mobile, AL 36688 ("Buyer's Address"), hereby agrees to buy and **Terence Earl Renkl** ("Seller"), whose principal address is 171 Hillcrest Road, Mobile, Alabama 36608 ("Seller's Address"), hereby agrees to sell for the consideration and upon the terms hereinafter set forth, the real estate commonly known as:

171 Hillcrest Road, Mobile, Alabama 36608

Parcel: R02-28-05-21-2-000-013.01.

BEGINNING AT A POINT 25 FEET EAST ON THE WEST LINE OF SECTION 21, TOWNSHIP 4 SOUTH, RANGE 2 WEST AND 1244.88 FEET SOUTH OF THE SOUTH LINE OF TANNER-WILLIAMS ROAD; SAID POINT BEING ON THE EAST RIGHT OF WAY LINE OF ARNOLD ROAD; THENCE RUN SOUTH AND ALONG THE EAST RIGHT OF WAY LINE OF ARNOLD 104,36 FEET; THENCE RUN EAST, 217.72 FEET; THENCE RUN NORTH, 104.36 FEET; THENCE RUN WEST 217.72 FEET TO THE POINT OF BEGINNING,

TOGETHER WITH all rights, privileges, tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining (the "Property").

ARTICLE I - Purchase Price and Condition of Property

1.1 The purchase price for the Property shall be ***ONE HUNDRED EIGHTY FIVE THOUSAND AND NO/100 DOLLARS ($185,000.00)*** (the "Purchase Price") and shall be payable on the day of Closing ("Closing Date") by cash, cashier's check, certified check or wire transfer. Buyer shall pay the cost of acquiring a current title insurance policy for the benefit of Buyer, and the cost of document preparation, including a general warranty deed. Buyer agrees to pay other closing and settlement costs. Property taxes shall be prorated as of the Closing date.

1.2 Seller agrees that the proceeds of this sale shall be used to satisfy any and all outstanding mortgages and/or liens that exist on the Property at the Closing of this transaction (the "Closing") before any remaining proceeds from the sale are given to Seller.

1.3 Seller understands that Buyer desires to buy the land only without any dwelling or structure of any kind located upon it. Seller hereby agrees, at Seller's expense, to have all the current structure demolished with all debris associated therewith, including the structure's slab, and all concrete drives removed from the Property to Buyer's reasonable satisfaction prior to Closing. Buyer agrees seller shall have the rights of salvage to any and all portions of the current structure prior to Closing.

ARTICLE II – Earnest Money

2.1 Buyer agrees to deliver earnest money in the amount of Twelve Thousand and No/100 Dollars ($12,000.00) to the Seller upon execution of this Real Estate Purchase Contract (the "Contract"), said earnest money to be returned to Buyer in full if the Closing of this transaction does not occur by the time specified herein due to Seller's failure to demolish the current structure on the property as described in section 1.3. If the Closing should not occur for any reason other than Seller's failure to demolish the structure, Buyer's earnest money will be returned to Buyer.

ARTICLE III - Closing

3.1 Unless otherwise extended by the provisions of the "Contract" or by agreement in writing by the parties, the Closing of this transaction shall be held no sooner than February 13, 2018, and no later than March 15, 2018.

3.2 The Closing shall be held at the title insurance company of Buyer's choosing.

ARTICLE IV - Possession

4.1 Seller and Buyer acknowledge and agree that until the Closing date, Seller shall have possession of the Property and shall continue to pay any and all expenses incurred by Seller such as yard maintenance and agrees to indemnify and hold Buyer harmless from any and all costs associated with same. Seller shall be responsible for insuring the property during the period of Seller's

possession. Buyer shall bear no responsibility for risk of loss prior to the time that Seller vacates the property.

ARTICLE V - Deed and Other Documents

5.1 Seller shall convey the Property to Buyer by recordable General Warranty Deed (the "Deed"), conveying good and marketable title of record to the Property, in fee simple, free and clear of all liens and encumbrances except for a lien of real property taxes not yet due and payable, any liens and encumbrances which do not interfere with Buyer's intended use of the Property, including existing easements, and other exceptions approved in writing by Buyer.

5.2 Seller shall execute and deliver with the Deed such other documents as may be required by any governmental entity or by the title insurance company as a condition to the issuance of its policy of title insurance in accordance with Article VI, including, but not limited to:

(a) The standard affidavit required by the title insurance company for the removal of the standard preprinted exceptions from the title insurance policy; and

(b) A Certificate of Non-Foreign Status or other evidence satisfactory to Buyer and the title insurance company confirming that Buyer is not required to withhold or pay to the Internal Revenue Service any part of the "amount realized" as such term is defined in the Internal Revenue Code of 1986, as amended, and the regulations promulgated pursuant thereto.

ARTICLE VI - Title Insurance

6.1 Buyer shall order a title insurance commitment or preliminary title report issued by the title company of Buyer's choosing (referred to as "Title Insurance Company") in which the Title Insurance Company commits that upon delivery and recordation of the Deed and other documents provided for in this Contract, it will issue, at its usual rate, an ALTA form B owner's policy with extended coverage or comparable form, insuring access to the Property and such other endorsements as Buyer may request (the "Policy"), insuring Buyer in the total amount of the Purchase Price, fee simple title to the Premises subject only to (a) the lien for real estate taxes not yet due and payable; (b) exceptions approved in writing by Buyer; and/or (c) such liens as are to be released and discharged at the Closing. Seller agrees to provide to Buyer and the Title Insurance Company all title information

in Seller's possession relating to the Property together with a copy of the most recent tax bills relating to the Property.

6.2 Without limiting the foregoing or being limited thereby, the standard exceptions for parties in possession, mechanics' and materialmen's liens and matters which would be disclosed by an accurate survey shall be eliminated from said Policy.

6.3 Seller shall bear all costs and expenses incurred in connection with the issuance of said title commitment, Policy and any endorsements thereto which are required to conform the Policy to the terms and conditions of this Contract.

6.4 If the title insurance commitment or report shows any exceptions to title other than those referred to in Article 6.1 above, Buyer shall notify Seller in writing of the defects in title within ten (10) days after receipt of the title commitment (with copies of all documents referred to therein). Seller shall then have ten (10) days after receipt of such notice in which to cure such defects and furnish to Buyer satisfactory proof that such defects have been cured. Seller agrees to use its best efforts to cure such defects. If Seller fails or is unable to cure such title defects within such ten (10) day period or to obtain title insurance which will give affirmative coverage to Buyer against loss as a result of such title defects, Buyer shall have the option, to be exercised in its sole discretion, to (i) proceed with Closing of this transaction subject to such title defects, or (ii) terminate this Contract.

ARTICLE VII - Taxes and Assessments

7.1 Seller shall pay or credit against the Purchase Price all unpaid real estate taxes, including penalties and interest, for all tax years preceding the Closing Date, and shall credit a portion of such taxes for the tax year in which the Closing is held, prorated through the Closing Date. The proration of such taxes shall be based on a 365-day year and on the most recently available rate and valuation and the amount so computed and adjusted shall be final.

7.2 Seller shall pay any special assessments which (a) are a lien on the Property on the Closing Date, whether such assessments are past due, then due or thereafter to become due or (b) are not a lien but are then known and will be payable in whole or in part after the Closing Date.

ARTICLE VIII - Utility Charges

8.1 Seller shall pay or credit on the Purchase Price all unpaid utility charges and all charges for services of any type furnished to the Property by all governmental agencies, public utilities and/or private utilities through the Closing Date.

ARTICLE IX - Risk of Loss

9.1 The risk of loss, damage or destruction to the Property and any improvements thereon through condemnation, fire or otherwise shall be borne by Seller until the Closing.

ARTICLE X - Conditions to Closing

10.1 Buyer's obligation to close this transaction is subject to the following conditions and covenants:

(a) Easements. Buyer may obtain at or prior to Closing all other easements or licenses deemed necessary by Buyer upon terms and conditions acceptable to Buyer. Seller agrees to reasonably cooperate with Buyer in obtaining any such easements or licenses.

(b) Survey. Buyer may obtain, at Buyer's sole cost, a certified ALTA survey, being a legal description, made by a licensed surveyor, showing the area, dimensions and location of the Property to the nearest monuments, streets, alleys or property, the location of all improvements, utilities and encroachments, the location of all proposed and recorded easements against or appurtenant to the Property. If a survey is obtained and discloses any condition rendering the Property unusable, in Buyer's sole judgment, for the intended purpose of Buyer, Buyer may terminate this Contract for Purchase with no penalty.

(c) Title Insurance. Buyer shall have obtained from Seller a satisfactory title insurance commitment or preliminary title report in accordance with Article VI above.

(d) Seller's Performance. Seller shall have performed all terms, covenants and obligations required of Seller hereunder.

(e) Environmental Audit and Testing. Buyer, at Buyer's expense,

may obtain a current satisfactory Phase I or Phase II Environmental Audit of the Property and any other environmental testing which Buyer deems reasonably necessary to evaluate potential environmental risks. If such audit or tests reveal the existence of

any toxic or hazardous waste, material or substance on, under or surrounding the Property, Buyer may terminate this Contract.

(f) Satisfaction of all existing mortgages and/or liens.

(g) Demolition by Seller of all existing structures upon the property and removal of all debris associated therewith, to Buyer's reasonable satisfaction. The parties have agreed seller may leave all fencing and a portion of the concrete driveway nearest Hillcrest Road measuring approximately 42' x 20'.

ARTICLE XI - Notices

11.1 Unless otherwise provided herein, all notices shall be in writing and shall be deemed effective upon the earlier of either (a) personal delivery (b) facsimile or (c) deposit in the U.S. Mail, marked Certified or Registered, return receipt requested, with postage prepaid to Seller at 171 Hillcrest Road, Mobile, Alabama 36608, and to Buyer at 775 N. University Blvd., Suite 150, Mobile, AL 36608.

ARTICLE XII - Representations and Warranties

12.1 Seller represents, warrants and covenants to Buyer as to the following matters, and shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date.

(a) All covenants, conditions, restrictions, easements and similar matters affecting the Property have been complied with.

(b) There is no pending or threatened litigation, arbitration, administrative action or examination, claim, or demand whatsoever relating to the Property or the furnishings and equipment contained in the premises and sold as part of this Agreement. No attachments, execution proceedings, liens, assignments or insolvency proceedings are pending, threatened or contemplated against Seller, the Property or the furnishings and equipment contained in the premises and sold as part of this Agreement. Seller is not contemplating the institution of insolvency proceedings.

(c) Seller has no knowledge of any pending or contemplated eminent domain, condemnation, or other governmental or quasi-governmental taking of any part or all of the Property.

(d) Seller has not been notified of any possible future improvements by any public authority, any part of the cost of which might be assessed against any part of the Property.

(e) To the best of Seller's knowledge, Seller: (i) has not used the Property for the storage, treatment, generation, production or disposal of any toxic or hazardous waste, material or substance nor does Seller have knowledge of such use by others; (ii) has not caused or permitted and has no knowledge of the release of any toxic or hazardous waste, material or substance on or off site of the Property; (iii) has not received any notice from any governmental authority or other agency concerning the removal of any toxic or hazardous waste, material or substance from the Property; and (iv) has disclosed to Buyer the location of all underground storage tanks on the Property (if any).

(f) No event has occurred with respect to the Property which would constitute a violation of any applicable environmental law, ordinance or regulation.

(g) The execution and delivery of this Contract has been duly authorized and validly executed and delivered by Seller, and will not (i) constitute or result in the breach of or default under any oral or written agreement to which Seller is a party or which affects the Property; (ii) constitute or result in a violation of any order, decree or injunction with respect to which either Seller and/or the Property is/are bound; (iii) cause or entitle any party to have a right to accelerate or declare a default under any oral or written agreement to which Seller is a party or which affects the Property; and or (iv) violate any provision of any municipal, state or federal law, statutory or otherwise, to which either Seller or the Property may be subject.

12.2 As an inducement to Seller to enter into this Contract, Buyer represents that Buyer has the right, power and authority to purchase the Property in accordance with the terms and conditions of this Contract and that Buyer has validly executed and delivered this Contract.

12.3 Except as is expressly provided in this Contract, Buyer acknowledges that neither Seller nor any agent, attorney, employee or representative of Seller has made any representations as to the physical nature or condition of the Property.

12.4 All of the representations, warranties and covenants made by Seller in Article XII and elsewhere in this Contract shall survive the Closing for a period of two (2) years. Unless Buyer delivers notice to Seller of a breach of representation, warranty or covenant contained in Article XII or elsewhere in this Contract within two (2) years of the Closing Date, the representation, warranty or covenant shall be of no further force or effect.

ARTICLE XIII - Miscellaneous

13.1 This Contract shall inure to the benefit of and bind the parties hereto, their respective heirs, executors, administrators, personal and/or legal representatives, successors and assigns.

13.2 This Contract constitutes the entire agreement between the parties and there are no representations, oral or written, relating to the Property or to this transaction which have not been incorporated herein. Any agreement hereafter made shall be ineffective to change, modify or discharge this Contract in whole or in part unless such agreement is in writing and signed by the party against whom enforcement of any change, modification or discharge is sought.

13.3 The headings of the Articles hereof have been inserted for convenience only and shall in no way modify or restrict any provisions hereof or be used to construe any such provisions.

13.4 If two or more persons constitute the Seller, the word "Seller" shall be construed as if it reads "Sellers" throughout this Contract.

13.5 This Contract shall be construed, interpreted and enforced in accordance with the laws of the State of Alabama. The parties agree and acknowledge that the only forum for any claim against Buyer pursuant to this Agreement is the Alabama State Board of Adjustment.

13.6 This Contract may be executed in multiple counterparts, each of which shall be considered to be an original document.

13.7 The Effective Date shall be the date of the last execution hereof.

13.8 Time is of the essence hereof.

13.9 Any condition or right of termination, cancellation or rescission granted by this Contract to Seller or Buyer may be waived by such party provided such waiver is in writing.

13.10 If the time period or date by which any right, option or election provided under this Contract must be exercised, or by which any act required hereunder must be performed, or by which the Closing must be held, expires or occurs on a Saturday, Sunday, or legal or bank holiday, then such time period or date shall be automatically extended through the close of business on the next regularly scheduled business day.

ARTICLE XIV - Acceptance

14.1 In the event this Contract is not signed simultaneously by both parties, it shall be considered to be an offer made by the party first executing it. In such event this offer shall expire **October 27, 2017 at 12:00pm NOON**, Central Daylight Time following the offer unless one copy of this Contract, executed by the party to whom this offer had been made, shall have been mailed (in accordance with Article XI hereof) or personally delivered to the party making the offer.

ARTICLE XV – Broker Agency Disclosure: 34-27-8-(c)

The selling company is:	The listing company is:
USA Properties	**USA Properties**
TWO BLOCKS MAY BE CHECKED ☐ and is an Agent of the Seller ☒ and is an Agent of the Buyer ☐ and is an Agent of both Seller and Buyer acting as a limited dual consensual agent ☒ and is assisting the ☐ Buyer ☒ Seller as a transaction broker. Buyer(s) initials: RKD _____	**TWO BLOCKS MAY BE CHECKED** ☐ and is an Agent of the Seller ☒ and is an Agent of the Buyer ☐ and is an Agent of both Seller and Buyer acting as a limited dual consensual agent ☒ and is assisting the ☐ Buyer ☒ Seller as a transaction broker. Seller(s) initials: JER _____

15.1 Both Buyer and Seller agree and understand that USA Properties is acting as an agent of the Buyer in this transaction and is solely assisting Seller as a transaction broker. Seller understands that Seller is under no obligation to pay a commission to USA Properties with respect to this transaction.

Signed by Buyer this 24th day of October, 2017.

BUYER:

UNIVERSITY OF SOUTH ALABAMA

By: Robert K. Davis

Robert K. Davis
University Treasurer

Signed by Buyer this 26th day of October, 2017.

SELLER:

TERENCE EARL RENKL

By: Terence Earl Renkl

Print Name: TERENCE EARL RENKL

REAL ESTATE PURCHASE CONTRACT ADDENDUM #1

This Addendum is to be attached and made a part of the Real Estate Purchase Contract ("Contract") between the **University of South Alabama** ("Buyer"), a public body corporate, whose principal address is 307 University Boulevard North, AD-170, Mobile, AL 36688 and **Terence Earl Renkl** ("Seller"), whose principal address is 171 Hillcrest Road, Mobile, Alabama 36608.

The following terms are incorporated into and made a part of the Contract:

1. The Closing of the transaction shall take place no sooner than February 13, 2018 and no later than March 30, 2018.

2. Buyer represents to Seller its satisfaction of all conditions to closing as stated in Article X of the Contract, with the exceptions of:
   (f) Satisfaction of all existing mortgages and/or liens; and
   (g) Demolition of all existing structures upon the property and removal of all debris associated therewith, to Buyer's reasonable satisfaction. The parties have agreed that seller may leave all fencing and a portion of the concrete driveway nearest Hillcrest Road measuring approximately 42' x 20'.
3. Buyer further represents its readiness and intent to close this transaction as quickly as possible, subject to the above two conditions being satisfied by Seller.

Except as revised and amended by this Addendum, all other terms, provision, covenants, and agreements contained in the Contract shall remain in full force and effect.

Signed by Buyer this 9th day of February, 2018.

BUYER:
University of South Alabama, a public body corporate of the State of Alabama

By: Robert K. Davis

Robert K. Davis
University Treasurer

Signed by Seller this 9th day of February, 2018.

SELLER:
Terence Earl Renkl

By: Terence E. Renkl

Print Name: Terence E. Renkl

RESOLUTION

BOARD MEETING SCHEDULE
2018-2019

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

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

Friday, August 31, 2018

Friday, December 7, 2018

Friday, March 15, 2019

Thursday, June 6, 2019

FURTHER, BE IT RESOLVED that the date of June 6, 2019, be designated as the annual meeting of the University of South Alabama Board of Trustees for 2018-2019.

RESOLUTION
AMENDED BYLAWS OF THE BOARD OF TRUSTEES

WHEREAS, Article VIII of the Bylaws of the University of South Alabama Board of Trustees provides that "the bylaws may be amended or repealed at any meeting of the Board by eight members of the Board voting in favor of same, but no such action shall be taken unless notice of the substance of such proposed adoption, amendment or repeal shall have been given at a previous meeting or notice in writing of the substance of the proposed change shall have been served upon each member of the Board at least thirty (30) days in advance of the final vote upon such change. However, by unanimous consent of the entire Board, the requirements for such notice may be waived," and

WHEREAS, a copy of the proposed amended bylaws was mailed to each member of the Board on May 2, 2018, and

WHEREAS, the proposed amended bylaws (a copy of which is attached hereto and incorporated by reference herein) are presented for the Board's consideration of approval, a vote of eight members being necessary to adopt such amendments, and

WHEREAS, the foregoing actions comply with the notice requirements of Article VIII, pertaining to amendment of the bylaws, and

WHEREAS, the Board, after due consideration and deliberation, has determined that the proposed amendments are in the best interest of the efficient operation of the Board in carrying out its role and responsibilities to the University,

THEREFORE, BE IT RESOLVED, the Board of Trustees approves and adopts the Bylaws of the Board of Trustees as amended.

B Y L A W S
OF THE BOARD OF TRUSTEES
OF THE UNIVERSITY OF SOUTH ALABAMA

PREAMBLE

The Legislature of the State of Alabama vested full management and control over the University of South Alabama in a Board of Trustees pursuant to Act No. 157, Acts of Alabama, 1963, Secondary Extraordinary Session, stating at that time: "The Governor and the State Superintendent of Education, by virtue of their respective offices, and the [T]rustees appointed from the senatorial districts of the state, enumerated in Section 16-55-2, are constituted a public body corporate under the name of the University of South Alabama to carry into effect the purposes expressed in this article and to establish a state institution of higher learning."(Code of Alabama, 1975, Section 16-55-1). For the purpose of providing a definitive and orderly form of governance, and in order to continue to carry out the purposes required of the Board of Trustees of the University of South Alabama, in the establishment and continuation of a state institution of higher learning, the Board of Trustees hereby does promulgate and adopt these Bylaws.

ARTICLE I
THE BOARD OF TRUSTEES

The entire management and control over the University of South Alabama (hereinafter referred to as the "University") shall be vested in the Board of Trustees of the University of South Alabama (hereinafter referred to as the "Board"); however, upon general or specific authorization or delegation made or provided for in these Bylaws, the Board may exercise such management and control through the officers, officials, committees and agents as it may deem fit and appropriate, all in accordance with state law. The Board acts as a body politic and no individual member of the Board shall have the authority to act for the Board or for the University.

Section 1. **Composition of Board.** Consistent with the 2014 amendatory language to Sections 16-55-2 , Code of Alabama 1975, the Board shall consist of **three** members from Mobile County; **five** members from the state at large; **two** members from the United States at large; the Governor, who shall be *ex officio* President of the Board; and **one** member from each of the following state senatorial districts, or combinations thereof, as those districts existed in 1963: (1) Sixteenth and Seventeenth Districts comprising Monroe and Wilcox Counties, and Butler, Conecuh, and Covington Counties, respectively; (2) Nineteenth and Twentieth Districts comprising Choctaw, Clarke, and Washington Counties, and Marengo and Sumter Counties, respectively; (3) Twenty-first District comprising Baldwin and Escambia Counties; (4) Twenty-third, Twenty-fifth, and Thirtieth Districts comprising Dale and Geneva Counties, Coffee and Crenshaw Counties, and Dallas and Lowndes Counties, respectively; and (5) Thirty-fifth District comprising Henry and Houston Counties.

Section 2. **Election and Term of Office.** The Governor, as an *ex officio* Trustee, serves his or her term of office in correspondence with his or her term of office as Governor of the State of Alabama. In accordance with the statute regarding the University of South Alabama, the Trustees are appointed by the Governor, by and with the advice and consent of the State Senate, and, for those appointed or reappointed after the effective date of the 2014 amendment to said statute, hold office for a term of six years, and until their successors shall be appointed and qualified. Any Trustee appointed to serve a twelve-year term before the effective date of the 2014 amendment will continue to serve for the remainder of that term. As terms expire after that date,

appointments to fill positions on the Board shall be for six-year terms. There are three classes of board members, so that, after the transition to all Trustees serving six-year terms, one-third of the members of the Board is appointed every two years. Vacancies occurring in the office of Trustee, from death or resignation, and the vacancies regularly occurring by expiration of the term shall be filled by the Governor, and the appointee holds office until the next meeting of the Legislature. Successors to those Trustees whose terms expire during an interim shall hold office for a full term, unless they are rejected by the Senate. Neither the existence nor continuation of a vacancy in the office of the Trustee shall serve to impair or hinder any provisions of these Bylaws or the validity of the operation and actions by the Board by virtue of that vacancy alone.

Section 3. **Compensation of Trustees.** No Trustee shall receive any pay or emolument other than his or her actual expenses incurred in the discharge of duties as a Trustee; such expenses shall be paid or reimbursed from university funds, upon the authorization of the President of the University (hereinafter referred to as the "President").

Section 4. **Primary Functions of the Board.** The Board acts as a public body corporate, and no individual member of the Board has the authority to act for the Board or the University. Communications to the Board shall be directed to the Board through the President or Chair *pro tempore*, except as otherwise provided herein. The Board of Trustees, as a public body corporate, has all rights, privileges, and authority necessary to promote the purpose of its creation, which is to establish and provide for the maintenance and operation of a state university in Mobile County. In accordance with such powers, the Board of Trustees shall have the power to organize the institution by appointment of instructors and faculty members, and such executive and administrative officers and employees, as may be necessary to operate the University, which the Board hereby delegates to the President; the Board may remove any faculty members or employees in its discretion, and shall have the power and authority to fix salaries or compensation, increase or reduce same at its discretion, all of which duty the Board hereby delegates to the President. The Board may prescribe courses of instruction, rates of tuition and fees, confer such academic and honorary degrees as are usually conferred by institutions of like character, and may do all else necessary and considered in the best interest of the institution to carry out the purposes of the institution.

Section 5. **Emeritus Status.** The Board, in its sole discretion, may recognize any Trustee who has served with distinction as Trustee Emeritus following said Trustee's term of service. The Trustee must have provided distinguished and meritorious service, outstanding leadership, and exceptional contributions to the University over a period of years. Any Trustee so recognized as Trustee Emeritus shall have no voting rights and will remain Trustee Emeritus at the pleasure of the Board of Trustees. Such designation shall confer no responsibilities, duties, rights, privileges, or benefits, but shall constitute recognition of service and experience and will publicly acknowledge that person as particularly suited for counsel and advice to the Board. The Board encourages the availability of those who have been awarded Trustee Emeritus status for such counsel and advice and may request special services of them.

Section 6. **Honorary Trustee.** The Board, in its sole discretion, may recognize as an Honorary Trustee any individual who has demonstrated a sustained and extraordinary commitment to the mission of the University. Election of an Honorary Trustee shall occur at any regular meeting of the Board and, because of the prestige of this position, shall occur on very rare occasions. Honorary Trustees shall have no voting rights and will maintain this designation at the pleasure of the Board. Such designation shall confer no responsibilities, duties, rights, privileges, or benefits, but shall constitute recognition of service with distinction to the University. It will also publicly acknowledge that person as particularly suited for counsel and advice to the Board.

Section 7. **Removal of a Trustee.** Under the laws of the State of Alabama, the Board of Trustees has no power to remove one of its members. Section 60 of the Constitution of Alabama, which provides that "[no] person convicted of embezzlement of the public money, bribery, perjury, or other infamous crime, shall be eligible to the legislature, or capable of holding any office of trust or profit in this state" sets forth the constitutional grounds and procedure for removing a Trustee.

ARTICLE II
MEETINGS OF THE BOARD OF TRUSTEES

Section 1. **Annual and Regular Meetings.** The Board shall hold a regular annual meeting each year at the University on the first Monday in June, unless the Board, in regular session, shall determine to hold its annual meeting at some other time and place. Each year at the

annual meeting, the Board shall schedule its regular meetings to be held during the ensuing year, and may designate one such meeting as the annual meeting of the Board. This schedule of meetings then will be recommended to the Governor for approval. The Chair *pro tempore* may cancel or change the date, place or time of a scheduled regular or annual meeting and will provide advance notice of such changes or cancellation. In any event, the Board shall meet at least once in each year.

Section 2. **Special Meetings.** In addition, other than the annual and regularly scheduled meetings of the Board, special meetings of the Board may be assembled, as follows: Special meetings may be called by the Chair *pro tempore* of the Board or the Governor by written notice mailed to each Trustee at least ten (10) days in advance of the date of the meeting; and a special meeting shall be called by the Chair *pro tempore* or the Governor upon application in writing of any three or more members of the board. No special meeting shall be held on a date less than ten (10) days subsequent to the Chair *pro tempore's* or Governor's notice of the meeting, except in case of an emergency, which the Chair *pro tempore* or Governor shall specify in his or her notice to the Board of Trustees.

Section 3. **Adjourned Meetings.** At any meeting, the Board may continue in session as long as it may deem proper for the welfare of the institution**.** Any session may be adjourned, as provided in *Roberts Rules of Order*, as last revised, and continued at a future time with proper notice to all members.

Section 4. **Quorum.** Seven members of the Board of Trustees shall constitute a quorum, but a smaller number may adjourn from day to day until a quorum is present. A majority of those present shall govern unless a greater number is required hereunder. Members of the Board of Trustees may participate in a meeting of the Board or committee by means of telephone conference, video conference, or similar communications equipment by means of which all persons participating in the meeting may hear each other at the same time. Participation by such means shall constitute presence in person at a meeting for all purposes. However, a majority of a quorum of the members of the Board of Trustees, or, in the event of a meeting of only the executive committee, a majority of a quorum of the executive committee of the Board of Trustees, must be physically present at the location noticed and called for the meeting in order to conduct any business or deliberation. Members of the Board of Trustees and any committees of the board

may not utilize electronic communications or otherwise conduct meetings except as in compliance with the Alabama Open Meetings Act. No Trustee for whom a conflict of interest exists shall vote on such matter before the Board.

Section 5. **Agenda.** The President shall mail to each member of the Board notice of the time and place of any meeting, which shall include an agenda for the meeting, at least ten (10) days prior to the time of meeting. The development and preparation of the agenda for Board meetings shall be vested in the President**,** who shall place such items on the agenda as are needed for the ongoing operation of the institution and/or that require the approval of the Board. Members of the Board desiring to place any item or items on the agenda for meetings shall inform the President in writing not less than fifteen (15) days prior to the meeting concerning such items, and the President shall include the items in the agenda to be mailed out to the members of the Board in accordance with the foregoing. Any item not included on the agenda mailed to members prior to a meeting may be considered upon the approval of a majority of those present and voting; provided, however, that any discussion or action upon the election of officers of the Board and/or the appointment and/or termination, including a contract renewal, of the President of the University, must be specifically identified on the agenda that was mailed at least ten (10) days prior to the time of meeting. The agenda that is approved by the Board at the commencement of the Board meeting shall be considered the official agenda. The omission of an item from the official agenda shall not invalidate otherwise valid actions by the Board.

Section 6. **Minutes.** Minutes of all meetings of the Board and its committees shall be prepared and distributed promptly to all members of the Board under the direction of the Secretary of the Board. Upon approval by the Board or committee, such minutes shall be maintained permanently and in an accessible manner in the Office of the President under the direction of the Secretary of the Board.

Section 7. **Public Admission to Meetings.** All meetings of the Board of Trustees shall be open to the public, except that the Board may declare an executive session as authorized by law. Formal action by the Board resulting from any executive session discussions shall be taken by the Board in an open meeting and made a part of the official minutes.

Section 8. **Rules of Order.** Rules of order shall be in accordance with *Robert's Rules of Order*, as last revised, which are the normal governing parliamentary procedure rules. The Chair of the meeting will determine all questions concerning such rules.

Section 9. **Meeting Attendance.** Inasmuch as the Board of Trustees has determined that meeting attendance is crucial to the most efficient management of the University and operation of the Board, the names of all Trustees who do not attend at least half the meetings scheduled each Board year will be reported to the Chair *pro tempore* at the next annual meeting of the Board, and the Chair *pro tempore* will then take the actions he or she deems appropriate.

ARTICLE III
OFFICERS

The Board shall have the following officers and any other officers it may elect from time to time. Such officers shall have the powers and shall perform the duties as are set forth herein, together with those which may be authorized and delegated by the Board from time to time. The terms of office for the Chair *pro tempore*, Vice Chair, and Secretary will be three years, with elections held at the annual meeting of the Board corresponding with the expiration of those terms. If a vacancy occurs during the term of any such office, an election to complete the term of that office will be held at the next meeting of the Board.

Section 1. **President of the Board.** The Governor of the State of Alabama shall be *ex officio* President of the Board. The President may call special meetings of the Board upon the conditions set forth herein.

Section 2. **Chair *Pro Tempore*.** Upon adoption of these Bylaws and thereafter, the Board of Trustees shall elect from its membership a Chair *pro tempore* for a three-year term, commencing immediately following the annual meeting at which the election is held. Such officer may not be elected for successive terms. He or she shall preside at all Board meetings and call special meetings of the Board upon the conditions set forth herein. The Chair *pro tempore* shall serve as chair of the Executive Committee, and shall appoint such committees as may be authorized by the Board, or as he or she may deem desirable, fill vacancies which will occur on such committees, and give final approval to the agenda for the Board meeting.

Section 3. **Vice Chair.** Concurrent with the time of election of the Chair *pro tempore* for the term set forth for the Chair pro tempore in Section 2, the Board shall elect from its membership a Vice Chair. In the absence of the Chair *pro tempore*, the Vice Chair shall assume those duties. The Vice Chair shall serve on the Executive Committee.

Section 4. **The Secretary.** Concurrent with the time of election of the Chair *pro tempore* and for the term set forth for the Chair pro tempore in Section 2, the Board shall elect a Secretary. Through the Office of the President of the University, the Secretary shall be responsible for the preparation and distribution of notices of Board meetings and agendas. In addition, he or she shall attend Board meetings and make, record, and retain complete records and minutes of all official actions of the Board and its committees. The Secretary shall be the custodian of the corporate seal and affix the seal to documents as executed on behalf of the Board and shall attest to the same and certify any action of the Board. The Secretary shall serve on the Executive Committee.

Section 5. **Removal from Office.** Any officer of the Board may be removed from his or her office for cause by a two-thirds vote of the full Board of Trustees.

ARTICLE IV
COMMITTEES

Organization. The Board may create such committees as it deems proper, and may assign to such committees any authority, duty or responsibility desired by the Board; provided, however, that all committees, except the Executive Committee, are advisory to the full Board. The committees of the Board shall consist of the standing committees created herein and other committees created by the Board from time to time. The standing committees shall have the powers, duties and responsibilities set forth herein, or subsequently assigned by the Board through adoption and approval of amendments to these Bylaws. Vacancies in committee memberships shall be filled in the same manner as when appointments originally were made. Committee members and the chair and the vice chair of the committees shall be appointed by the Chair *pro tempore* for terms concurrent with the term of the Chair *pro tempore*.

Method of Operation. The committees and subcommittees shall meet upon the call of the President, the Chair *pro tempore*, or the chair of the committee or subcommittee. Unless otherwise provided, actions taken by such committees are not binding upon the Board, but shall be advisory, except those actions undertaken by the Executive Committee, as authorized in Article IV, Section I, herein. All recommendations and actions of the committees shall be reported to the Board of Trustees.

Committee Participation. The President of the University is vested with the responsibility of providing notice of all committee meetings to the members of the committees. The Chair *pro tempore* will serve as an *ex officio* member on each committee. The President and the Chair *pro tempore* may participate in all meetings but shall have no vote, except that the Chair *pro tempore* shall have a vote on the Executive Committee and any other committee when he or she is a member of the committee. All committees assist and support the Board, President, faculty, and staff in carrying out their responsibilities. Committees may request through the Office of the President any information necessary or appropriate to their deliberations. All committee reports and recommendations shall be submitted for consideration and are advisory in nature until they have been approved by the full Board. Any Board member may attend any committee meeting.

Section 1. **Executive Committee.** The Chair *pro tempore* shall appoint an Executive Committee consisting of seven (7) members of the Board, subject to the approval of the Board, with terms concurrent with the term of the Chair *pro tempore*, who serves as chair of the Executive Committee. The majority of the Executive Committee constitutes a quorum. With notice from the President or the Chair *pro tempore*, the Executive Committee may meet at any time. The Executive Committee has the power to transact all business of the Board in the interim between meetings of the Board and may perform all duties and transact all business necessary for the well-being of the University, including, but not limited to, matters related to real estate, personnel, investments and athletics. However, action by the full Board is required to amend these Bylaws, remove officers of the Board, select or remove the President of the University, issue bonded indebtedness on behalf of the University, or as otherwise determined by the full Board. The Executive Committee shall serve a dual role as Governance Committee responsible for trustee matters including, but not limited to, service, honorary designations, efficiency, educational

development, and travel. Minutes of the Executive Committee shall be submitted to all members of the Board.

Section 2. **Budget and Finance Committee.** The Budget and Finance Committee shall be responsible for the review and study of budget requests; recommending comprehensive budgets; review and study of real estate transactions and matters related to facilities construction and infrastructure maintenance; and submitting such reports and recommendations to the Executive Committee of the Board and/or the full Board, as deemed necessary and appropriate.

Section 3. **Audit Committee.** The Audit Committee shall be responsible for the oversight and integrity of the financial statements and other financial reports; performance of the University's internal and external audit functions; selection of an external auditor; assurance that the University is performing self-assessment of operating risks and evaluations of internal controls on a regular basis; the study and review of all reports and other correspondence from external auditors; and the submission of audit reports and recommendations to the Board of Trustees. The Executive Director of Internal Audit shall be accountable to the Board of Trustees through the Audit Committee, and shall make reports to the Audit Committee as appropriate.

Section 4. **Long-Range Planning Committee.** The Long-Range Planning Committee shall be responsible for long range plan recommendations; review of new and existing academic programs; academic planning and organization; mission statement and statements of role and scope; review of planning for new facilities; and other matters which may be referred to it by the President or the Board.

Section 5. **Health Affairs Committee.** The Health Affairs Committee shall be responsible for providing guidance to and receiving reports from staff and administrative personnel responsible for the University of South Alabama Hospitals and Clinics. It will consider and make recommendations requiring Board action relating to the Hospitals and Clinics and the College of Medicine. In addition to committee members designated as provided in these Bylaws, the committee includes, as non-voting *ex officio* members, the President, the Vice President for Medical Affairs, Dean of the College of Medicine, the President of the Medical Staff of the University of South Alabama Medical Center and the Chief Executive Officer of USA Health.

Section 6. **Academic and Student Affairs Committee.** The Academic and Student Affairs Committee shall be responsible for receiving and reviewing information relevant to issues involving academic affairs and student affairs at the University.

Section 7. **Development, Endowment and Investments Committee.** The Development, Endowment and Investments Committee shall be responsible for establishing policies and guidelines to oversee the University's Development and Alumni Relations programs, invest and manage the University's endowment and other investment funds, and for submitting such reports and recommendations to the Executive Committee of the Board and/or the full Board of Trustees, as deemed necessary and appropriate.

Section 8. **Evaluation and Compensation Committee**. The Evaluation and Compensation Committee shall be responsible for conducting periodic performance reviews of the President and recommending to the Board an appropriate compensation package for the President.

ARTICLE V
PRESIDENT AND DUTIES

Appointment of the President of the University as Chief Executive Officer of the Institution. The President shall be selected by the Board of Trustees and serve at the pleasure of the Board but may be removed only by a vote of eight members of the Board. The Board of Trustees is responsible for conducting periodic evaluations of the performance of the President.

The President is the chief educational and administrative officer of the University. Unless excused by the Chair *pro tempore*, he or she shall attend and participate in all meetings of the Board and may make recommendations on matters before the Board. The President does not vote on Board matters. The President shall be responsible for the execution of the policies of the Board and the Executive Committee and performing all those matters necessary to carry out the ends and purposes for which the University was established. The President shall have all authority necessary to conduct the programs of the University, including the authority to award degrees, add officers to the University which he or she deems necessary, delegate authority among subordinates and all other authority which shall, from time to time, be delegated by the Board of Trustees to the President. Prior to appointment of vice presidents, the President shall notify the Board of his or

her intention to appoint such officers to the University. The President reports to the Board on the current operations of the University and directs, coordinates and implements the planning, development and appraisal of all activities of the University of South Alabama.

ARTICLE VI
CONFLICT OF INTEREST

Members of the Board of Trustees ("Trustees") of the University of South Alabama have an affirmative obligation to act at all times in the best interests of the University. This policy serves to define the term "conflict of interest" to assist members of the Board in identifying and disclosing such conflicts, and to minimize the impact of such conflicts on the actions of the University whenever possible.

Fiduciary duty. Each Trustee has a fiduciary duty to conduct himself or herself without conflict to the interests of the University. When acting within his or her capacity as a Trustee, he or she must subordinate personal, business, third-party, and other interests to the welfare and best interests of the University.

Conflict of interest. A "conflict of interest" is any transaction or relationship which presents, or may present, a conflict between a Trustee's obligations to the University and his or her personal, business, or other interests. A conflict of interest may arise in any circumstance that may compromise the ability of a Trustee to make unbiased and impartial decisions on behalf of the University. Such circumstances may involve family relationships,[1] business transactions, professional activities, or personal affiliations.

Further, Alabama Code §13A-10-62 (1975) provides:

> (a) A public servant commits the crime of failing to disclose a conflict of interest if he exercises any substantial discretionary function in connection with a government contract, purchase, payment or other pecuniary transaction without advance public disclosure of a known potential conflicting interest in the transaction.

[1]Family relationships include spouse, child, grandchild, parent, grandparent, sibling, niece, nephew, aunt, uncle, cousin, in-laws and step relations, as well as any person living in the household of a Trustee.

(b) A "potential conflicting interest" exists, but is not limited to, when the public servant is a director, president, general manager or similar executive officer, or owns directly or indirectly a substantial portion of any non-governmental entity participating in the transaction.
(c) Public disclosure includes public announcement or notification to a superior officer or the attorney general.
(d) Failing to disclose a conflict of interest is a Class A misdemeanor.

Disclosure. The Board of Trustees recognizes that conflicts of interest are not uncommon, and that not all conflicts of interest are necessarily harmful to the University. However, the Board requires full disclosure of all actual and potential conflicts of interest. Each Trustee shall disclose any and all facts that may be construed as a conflict of interest, both through an annual completion of a Statement of Disclosure, and completion of an amended Statement of Disclosure whenever such actual or potential conflict occurs.

Process. Any actual or potential conflicts which are presented in a Statement of Disclosure or amended Statement of Disclosure will be evaluated for action, as needed, by the Chair p*ro tempore* of the Board of Trustees. The Chair *pro tempore,* or Vice Chair if evaluating a possible conflict of the Chair *pro tempore,* of the Board may either handle the evaluation on his or her own or refer it to the Board for further consideration. Additional information from a Trustee may be sought at any time. A Trustee whose potential conflict is under review may not debate, vote, or otherwise participate in the evaluation of the conflict. If a conflict is being evaluated or has been found to exist, the Trustee shall recuse himself or herself from any discussion or voting regarding transactions involving the area of conflict.

Resolution. If it is determined that an actual or potential conflict of interest does exist, an appropriate remedy shall be determined. Such remedy may include, but is not limited to, the following:

- Waive the conflict of interest as unlikely to affect the Trustee's ability to act in the best interests of the organization.

- Determine that the Trustee should be recused from all deliberation and decision-making related to the particular transaction or relationship that gives rise to the conflict of interest.

Policy regarding Trustees doing business with the University. A conflict of interest exists any time a Trustee seeks to enter into a business relationship with the University. Similar conflicts may arise through family members or through organizations in which a Trustee serves in a leadership, employment, or ownership capacity.

Such conflicts do not necessarily preclude business relationships with the University. The following procedure is designed to resolve conflicts of interest whenever a Trustee or a member of his or her family (see footnote number 1) has an ownership interest in, is a director, officer, or key individual of an entity which intends to enter into a business relationship with the University:

- The Trustee must promptly disclose the intent to enter into a business relationship with the University to the Chair *pro tempore* of the Board of Trustees.

- The Trustee must recuse himself or herself from all deliberation, debate and voting related to the contemplated business relationship.

- The Chair *pro tempore* or the Board if the issue is referred by the Chair *pro tempore*, must determine without the presence or participation of the Trustee under review that the transaction is fair and in the best interest of the University.

- If the business relationship under consideration is approved, the Trustee may not participate in any process by which his or her performance as a vendor or recipient is evaluated, or in any such evaluation of a related party.

Notwithstanding the foregoing, contracts, or proposals for purchases of goods, property, or services will not be awarded to organizations in which a Trustee either:

1) holds an interest of ten percent (10%) or greater, or

2) serves as a director or senior executive officer,

if a substantial part of the contract or proposal involves the quality of performance (i.e. possibly requiring enforcement of a performance bond or filing suit for non-performance). Also, no Trustee shall advocate or attempt to influence the employment by the University of any member of his or her family.

ARTICLE VII
OFFICIAL CORPORATE SEAL

The official corporate seal of the University of South Alabama shall be circular in form, encircled as follows:



ARTICLE VIII
AMENDMENT OR REPEAL OF BYLAWS

After the adoption of these Bylaws, they may be amended or repealed at any meeting of the Board by eight members of the Board voting in favor of same, but no such action shall be taken unless notice of the substance of such proposed adoption, amendment or repeal was given at a previous meeting or notice in writing of the substance of the proposed change was served upon each member of the Board at least thirty (30) days in advance of the final vote upon such change. However, by unanimous consent of the entire Board, the requirements for such notice may be waived. The Chair *pro tempore* may appoint an ad hoc committee which may meet from time to time to consider Bylaw amendments.

14th Edition, June 1, 2018

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

AUDIT COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

AUDIT COMMITTEE

March 1, 2018
1:30 p.m.

A meeting of the Audit Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Jimmy Shumock, Chair, on Thursday, March 1, 2018, at 1:36 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Alexis Atkins, Ron Graham, Ron Jenkins and Jimmy Shumock.
Member Absent:	Scott Charlton.
Other Trustees:	Tom Corcoran, Steve Furr, Arlene Mitchell, Lenus Perkins, Ken Simon, Margie Tuckson, Mike Windom and Jim Yance.
Administration and Others:	Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Mike Mitchell, John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Shumock called for consideration of the minutes of the meeting held on November 30, 2017. On motion by Ms. Atkins, seconded by Capt. Jenkins, the minutes were adopted unanimously.

Mr. Shumock called upon Mr. Weldon for presentation of **ITEM 6**, the KPMG report on intercollegiate athletics for the year ended September 30, 2017. Mr. Weldon stated the report examines compliance with certain agreed-upon procedures outlined by the NCAA (National Collegiate Athletic Association). He said no exceptions or findings were identified in the report.

Mr. Shumock asked Mr. Weldon to address **ITEM 7**, the Alabama Department of Examiners of Public Accounts compliance report for the year ended September 30, 2016. Mr. Weldon said the report did not have findings related to fiscal year 2016, but did repeat a prior year finding related to E-Verify regulations, for which the University requested and expects to receive an opinion from Alabama's Attorney General on applicability of the regulations.

Mr. Shumock advised of a recent educational session for the Committee to learn about internal and external audit processes. He said Mr. Berry and KPMG's Mark Peach facilitated the discussion. He said the work of the Committee going forward would include a review of the

Committee's charge and consultation with Mr. Berry as he develops an internal risk assessment matrix and a multi-year audit plan.

There being no further business, the meeting was adjourned at 1:41 p.m.

Respectfully submitted:

_____

James H. Shumock, Chair

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE

March 1, 2018
1:41 p.m.

A meeting of the Development, Endowment and Investments Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Jim Yance, Chair, on Thursday, March 1, 2018, at 1:41 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Chandra Brown Stewart (arr. 2:08), Tom Corcoran, Ron Jenkins, Margie Tuckson, Mike Windom and Jim Yance.
Member Absent:	Steve Stokes.
Other Trustees:	Alexis Atkins, Steve Furr, Ron Graham, Arlene Mitchell, Lenus Perkins, Jimmy Shumock and Ken Simon.
Administration and Others:	Terry Albano, Owen Bailey, Robert Berry, Lynne Chronister, Josh Crownover, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Tyler Guest, Mike Haskins, David Johnson, Melva Jones, Kyre Lahtinen, John Marymont, Jocelyn Medina, Mike Mitchell, Norman Pitman, John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), 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 consideration of the minutes of the meeting held on November 30, 2017. On motion by Mr. Corcoran, seconded by Mr. Windom, the minutes were adopted unanimously.

Mr. Yance called on Mr. Albano to discuss endowment and investments results for the period October 1, 2017, through January 31, 2018, **ITEM 8.** Mr. Albano reported a return of 6.92 percent vs. the relative index of 6.18 percent, an outperformance of .74 percent. He stated investment earnings and appreciation for the period totaled approximately $10.3 million and the total endowment value was approximately $158.8 million. He discussed manager performance and asset distribution and Mr. Pitman shared perspective on market conditions. Mr. Albano said the annualized performance since inception was 5.63 percent vs. the relative index of 4.63 percent, an outperformance of one percent. Mr. Albano advised that the Committee would be discussing the possible divestment of profits up to $10 million in coming weeks due to market volatility.

Mr. Matt Vetto of Douglas C. Lane & Associates, and Mitchell College of Business seniors Ms. Jocelyn Medina, Mr. Josh Crownover and Mr. Tyler Guest representing the student-led Jaguar Investment Fund were introduced to share portfolio results and economic perspective. Dr. Kyre Lahtinen, Assistant Professor of Economics and Finance, thanked the Board for supporting experiential learning opportunities for students.

Mr. Yance called for a report on the activities of the Division of Development and Alumni Relations, **ITEM 9**. On behalf of Dr. Stokes, Upward & Onward Campaign Co-Chair, Ms. Sullivan provided an overview on the progress of the $150 million campaign, noting that, as of February 28, 2018, gifts and pledges exceeded $113 million. She shared a graphic depicting the new branding for the National Alumni Association and gave details on the inaugural, social-media-driven USA Giving Day set for March 22, designed to promote University awareness as well as further fundraising efforts. She said the South Fund employee drive recently began with a goal of raising $750,000. She advised of new positions filled by Ms. Kelly McCarron as Associate Vice President for Medical Affairs Development and Mr. Josh Cogswell as Associate Vice President for University Development.

Mr. Yance asked Dr. Erdmann to present **ITEM 10**, a resolution approving the appointment of Mr. Justin Labrato as a member of the Jaguar Athletic Fund (JAF) Board of Directors with a three-year term from April 2018 to April 2021 (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on March 2, 2018). Dr. Erdmann reviewed the process for selecting JAF directors and shared information on Mr. Labrato. On motion by Mr. Corcoran, seconded by Capt. Jenkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Yance called on Ms. Sullivan for presentation of **ITEM 11**, a resolution acknowledging a transformational gift of $5 million from philanthropist Mr. Bert Meisler and authorizing the naming of the Fanny Meisler Trauma Center at USA Medical Center in honor of Mr. Meisler's late wife. Ms. Sullivan said Mr. Meisler's match of a $4 million gift made by Governor Ivey would allow the University to move ahead with expanding the trauma center. On motions by Mr. Corcoran and Ms. Mitchell, seconded by Capt. Jenkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

There being no further business, the meeting was adjourned at 2:28 p.m.

Respectfully submitted:

_____

James A. Yance, Chair



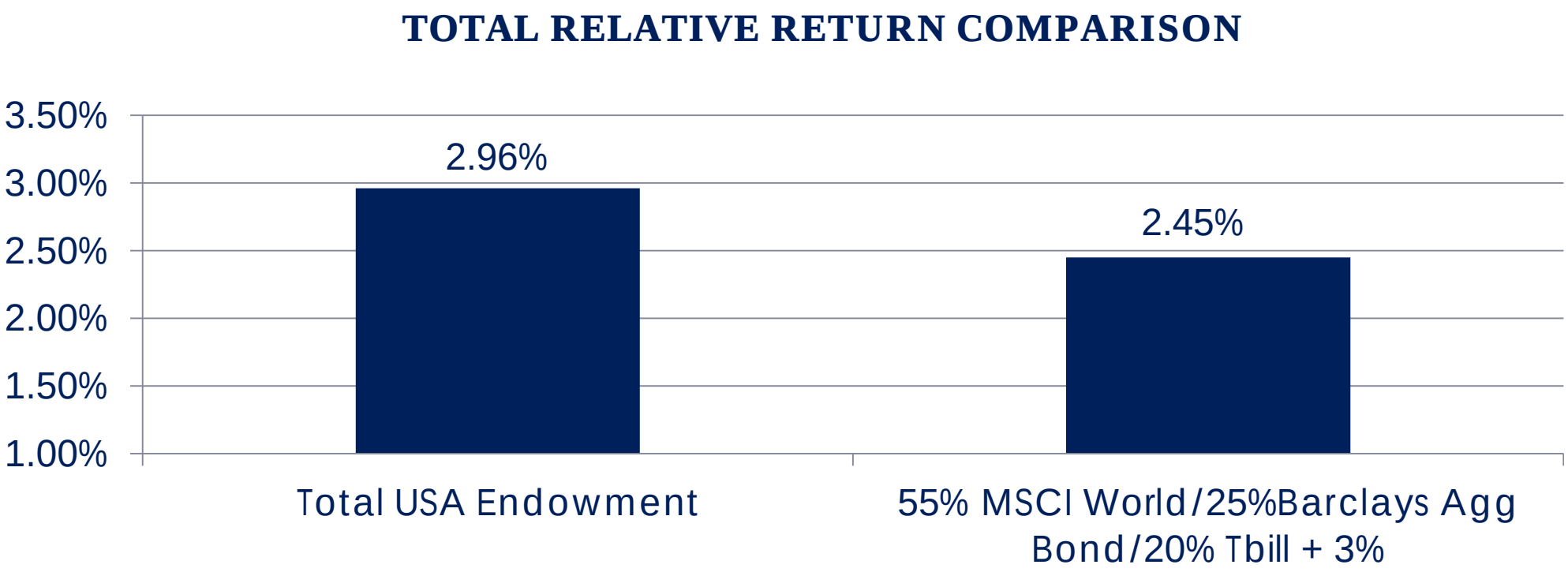
University of South Alabama Endowment Investment Performance Review/Analysis

Fiscal Year 2018

UNIVERSITY OF SOUTH ALABAMA

Total USA Endowment

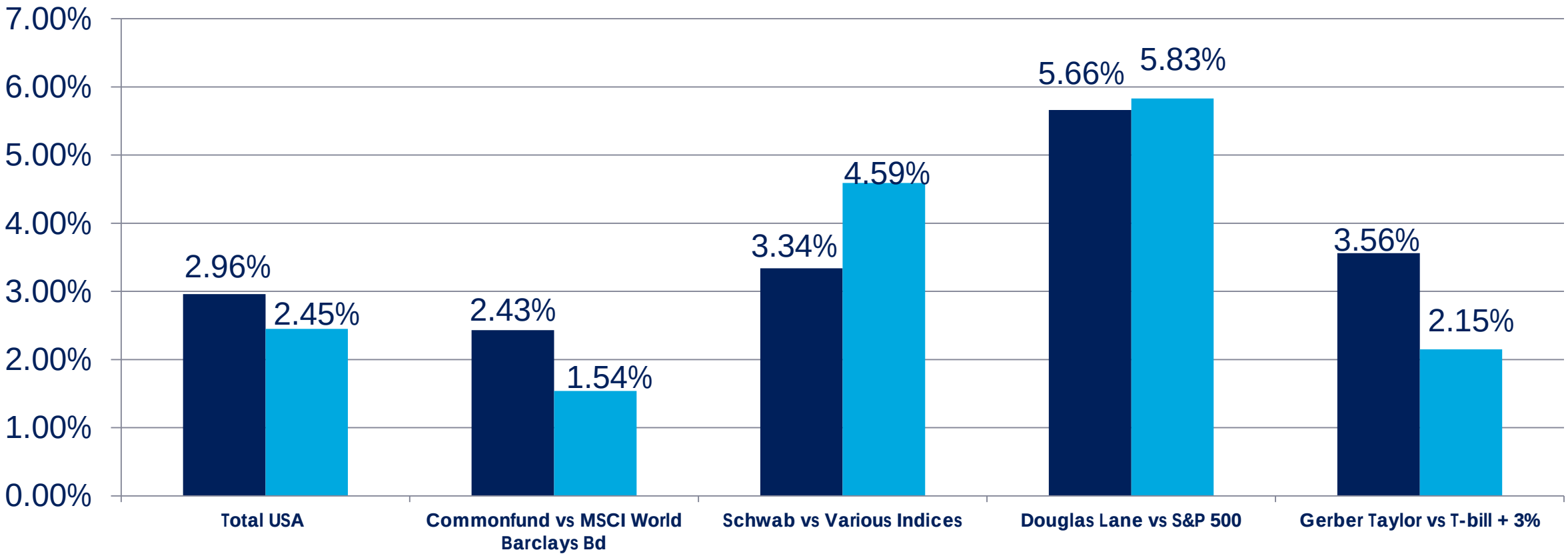
October 1, 2017 — March 31, 2018
Total Fund Performance



Outperformance: 0.51%

Total USA Endowment

October 1, 2017 — March 31, 2018
Total Fund Performance



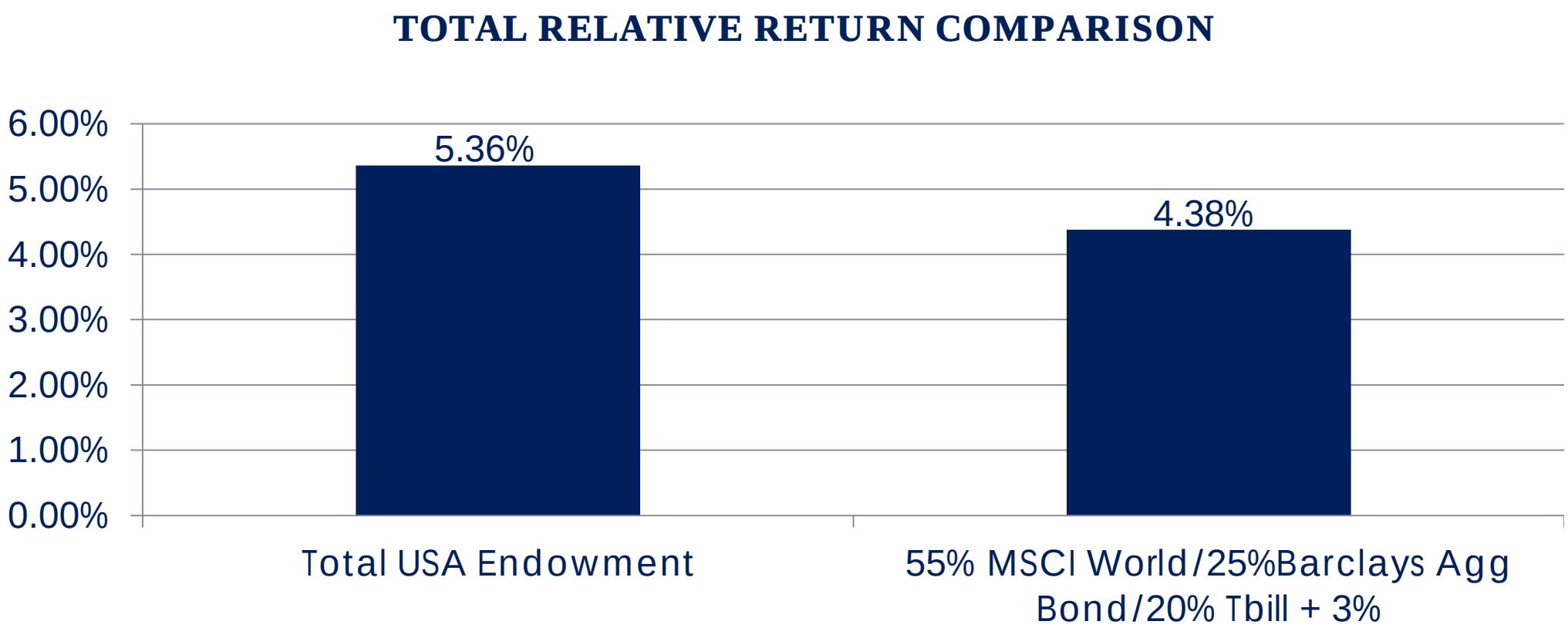
Total USA Endowment

Asset Allocation Breakdown

Manager	Money Market	Large Cap Equity	Small Cap Equity	International	Fixed	Hedge	Total
Private Advisors	$ -	$ -	$ -	$ -	$ -	$ 249,822	$ 249,822
Schwab	$ 1,688	$ 7,188,273	$ 7,446,781	$ 18,645,993	$ 5,761,626	$ -	$ 39,044,361
Doug Lane	$ 1,608,571	$ 7,117,938	$ -	$ -	$ -	$ -	$ 8,726,509
Common Fund	$ -	$ 36,573,290	$ -		$ 32,463,282	$ -	$ 69,036,572
Gerber Taylor	$ -	$ -	$ -	$ -	$ -	$ 27,616,742	$ 27,616,742
Total	**$ 1,610,260**	**$ 50,879,501**	**$ 7,446,781**	**$ 18,645,993**	**$ 38,224,908**	**$ 27,866,564**	**$ 144,674,006**
%	1%	35%	5%	13%	26%	19%	100%
Policy %		25-55%	0-8%	5-15%	15-35%	10-30%	100%

Total USA Endowment

Since Inception
Total Annualized Fund Performance



Outperformance: 0.98%

Total USA Endowment

Presentation Summary

1. **Fiscal Year To Date: Outperforming by 0.51%: 2.96% vs 2.45%**

2. **Two out of four managers have outperformed FYTD.**

University of South Alabama

Portfolio Review

May 31, 2018

commonfund

This document is for institutional use only and redistribution is expressly prohibited.

Agenda

Market and Economic Insights	3
Detailed Investment Report	16
Investment Programs	29
Private Capital Cash Flow Model	46
Appendix	54
Important Notes	55

Market and Economic Insights

Continuing signs of an aging economic cycle

Market and Economic Insights

Beyond the headlines what does market data tell us

1Q 2018
Market Headlines

- Bonds and equities generating negative returns
- The return of volatility
- Changing of the guard at the Federal Reserve

Looking Ahead
What Will Influence Our Decisions

- Shape of the yield curve
- Forward earnings and the 10-year Treasury yield
- Employment growth and wage pressure

The Unknown
Potential Tail Risks

- Aggressive (surprise) monetary tightening
- Trump protectionism
- Excessive valuations

As of March 31, 2018

1Q 2018 Market Headlines

It's nearly 10 years since bonds and stocks both fell (9/30/2008)

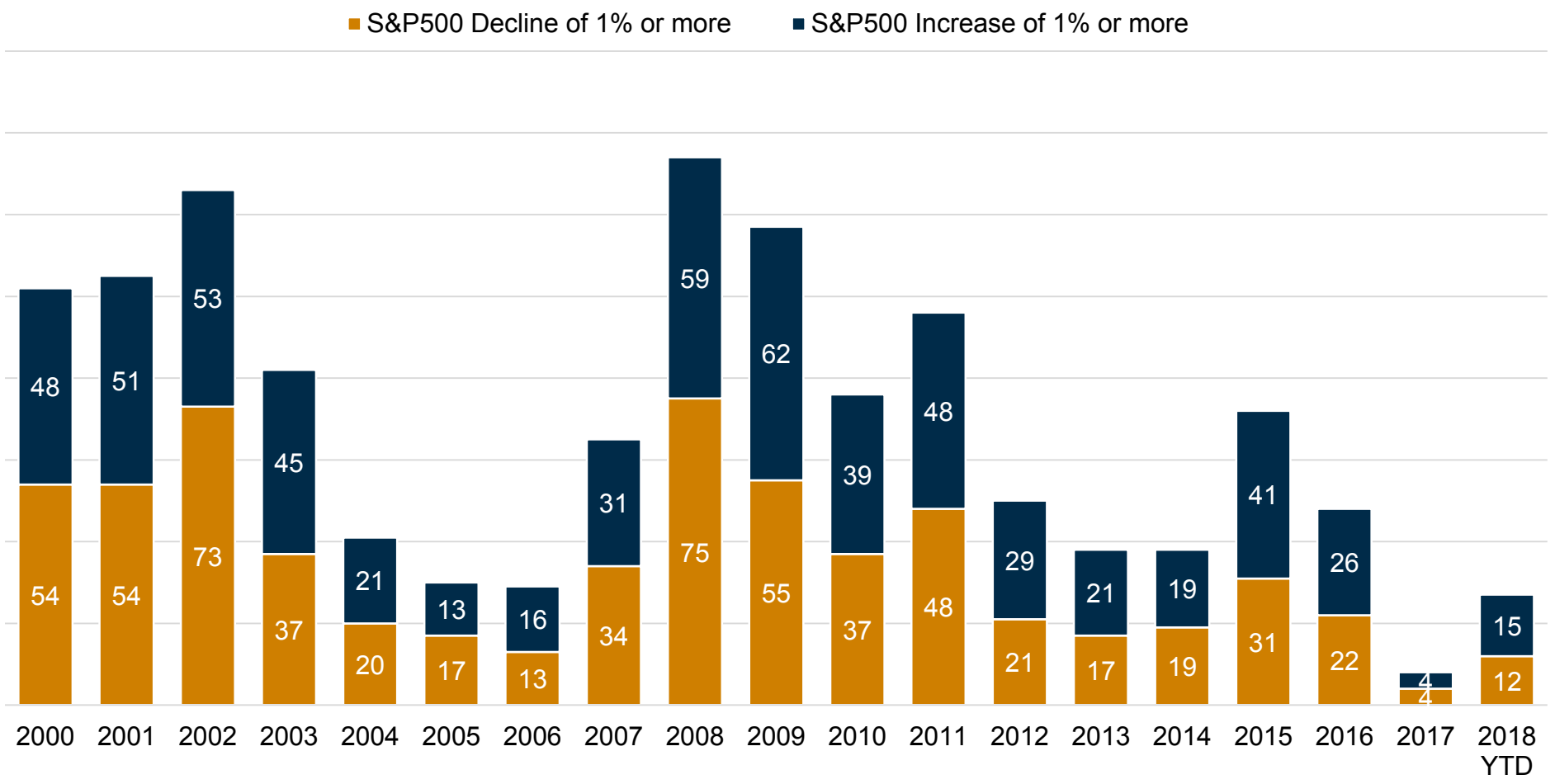
Over the past four decades equities and bonds rarely fall together.
The table below shows the number of times both equities and bonds have declined on a calendar quarter end and on a 1-year rolling basis each calendar quarter-end (40 quarterly time periods in both groups)

Decade	Quarterly Occurrences	Percent of the Time	Rolling 1-Year Occurrences	Percent of the Time
1981-1990	4	10.0%	1	2.5%
1991-2000	2	5.0%	0	0.0%
2001-2010	4	10.0%	0	0.0%
2011-2018	1	3.4%	0	0.0%

As of March 31, 2018
Source: Bloomberg

1Q 2018 Market Headlines

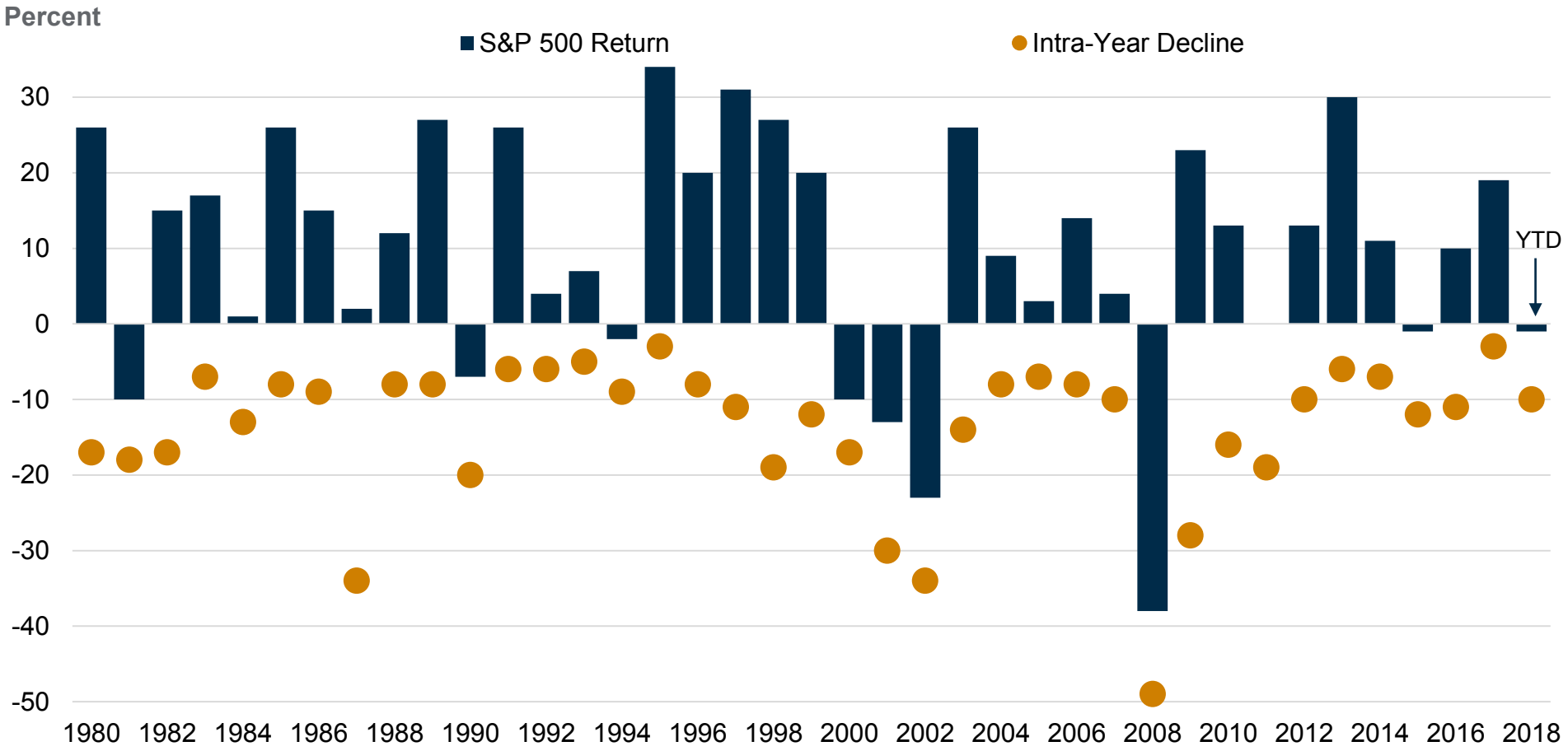
The return of volatility | 27 days of 1% +/- moves in S&P in first quarter



As of March 31, 2018
Source: Bloomberg

Long-Term Investors Can Withstand Volatility

1980-March 31, 2018



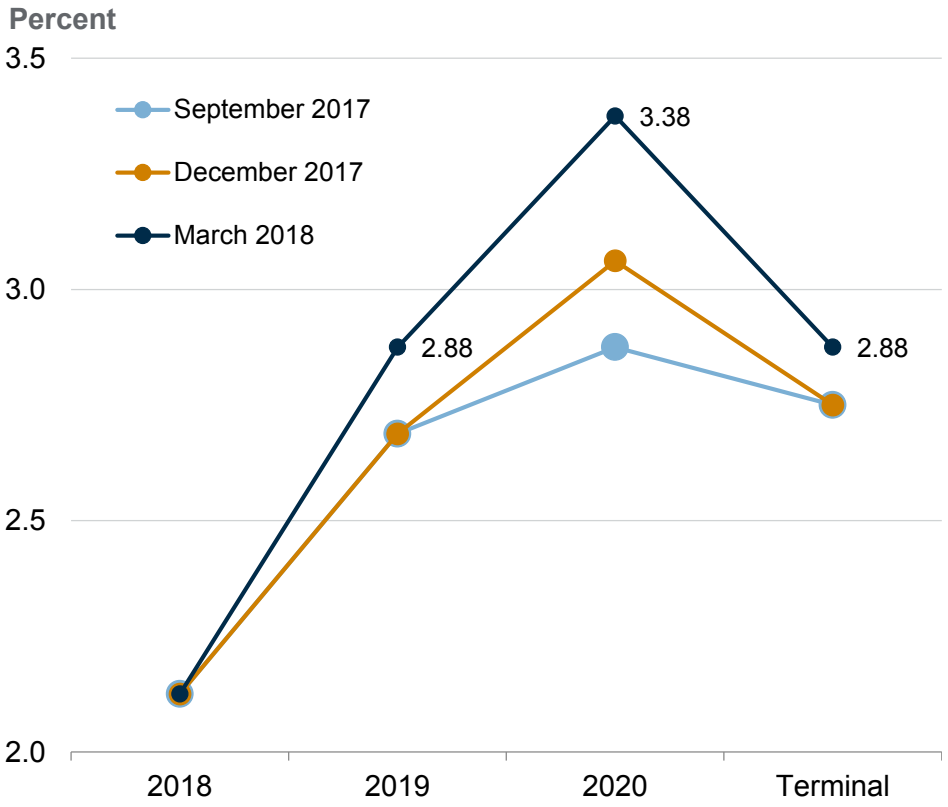
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2017, over which time period the average annual return was 8.8%.
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Data as of March 31, 2018

1Q 2018 Market Headlines

Changing of the guard at the Federal Reserve | March 31, 2018

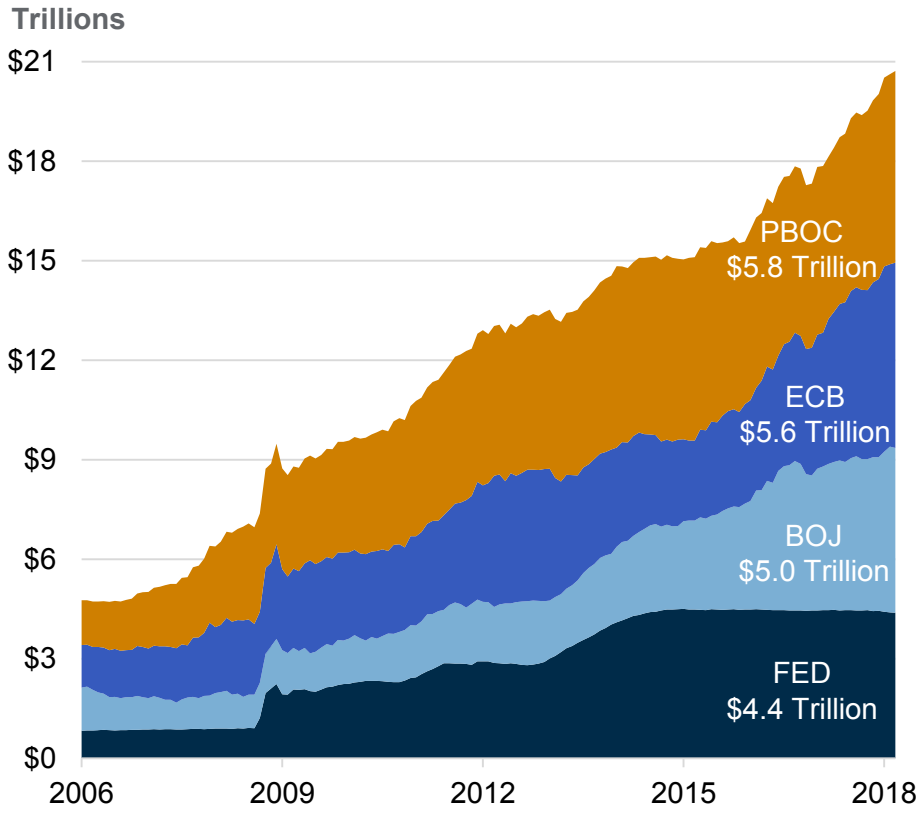
FED Funds Rate Projections

A significant increase from last quarter



Central Banks Balance Sheet

Global QE has created the largest economy in the world



As of March 31, 2018
Source: Federal Reserve, Bloomberg

Looking Ahead

Seven key factors that drive our tactical equity to fixed income allocations

Key Factors	Indicator	Commonfund View	Key Event
Global Growth	OECD Countries with positive Real GDP growth (yr/yr)	Favorable	100% of OECD countries show positive growth.
Monetary Policy Positioning	Real Fed Funds Rate (FF vs. CPI)	Moderately Favorable	Fed remains accommodative vs. headline inflation but expected to match or surpass core inflation this year.
Yield Curve	Treasury yield spread; 10-year T-note yield vs. 3-mo T-bill yield	Neutral	Curve has flattened to 55 bps below historical average, but is still 111 bps away from inversion, held by a back-up in 10-year yields.
Equity Risk Premium (ERP)	Implied S&P500 forward earnings yield vs. 10-year T-note yield	Moderately Favorable	Current Equity Risk Premium is about 125 bps above historical average, boosted by strong earnings and supportive fiscal policy. However, a sharp rise in interest rates could dampen earnings growth.
Leading Economic Indicators	Leading economic indicator index (LEI) (yr/yr)	Favorable	LEI is rising year-over-year. This index has declined on average eight months prior to every recession the last 45 years, with only one false positive.
Employment	Civilian unemployment rate; latest month vs. 18-month moving average	Favorable	Civilian unemployment rate is still declining. Historically an upward reversal in unemployment rate by more than 50 bps and above 18-month average, has confirmed every recession in the last 45 years.
Inflation	Consumer core and headline inflation (yr/yr)	Neutral	Inflation has moved to its historical average of 2.3 percent from 1992 to 2017. However, we see further signs of a modest acceleration in headline inflation.

As of May 21, 2018

Looking Ahead

The yield curve is flattening, but still a long way from inversion



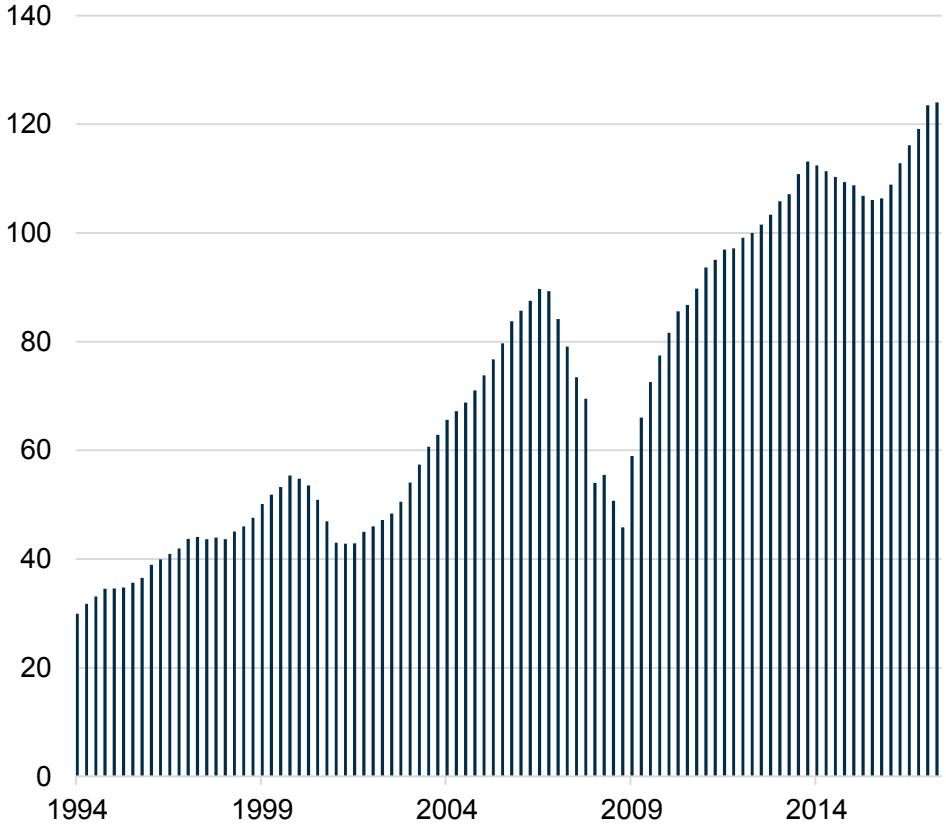
As of March 31, 2018
Past performance is not indicative of future results.
Source: Bloomberg

Looking Ahead

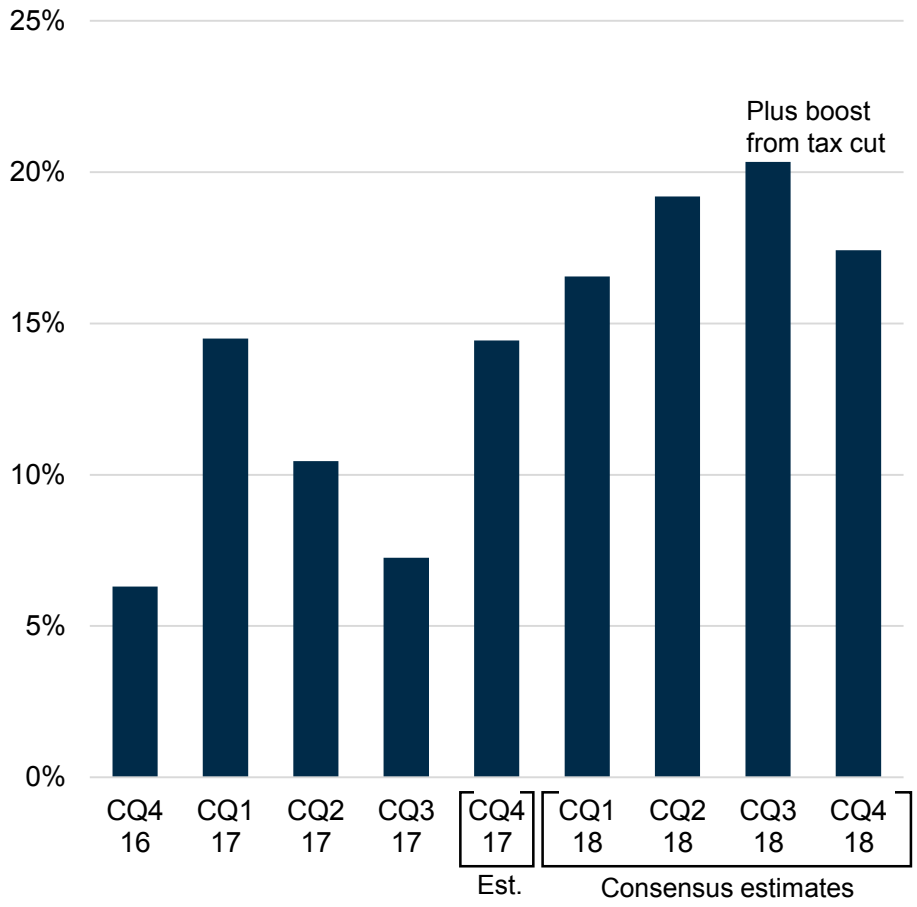
Earnings growth, not PE expansion will be needed to drive stock market forward

Earnings Per Share Trailing Weighted

1994 – March 2018



Earnings Per Share Percent Change (YOY)

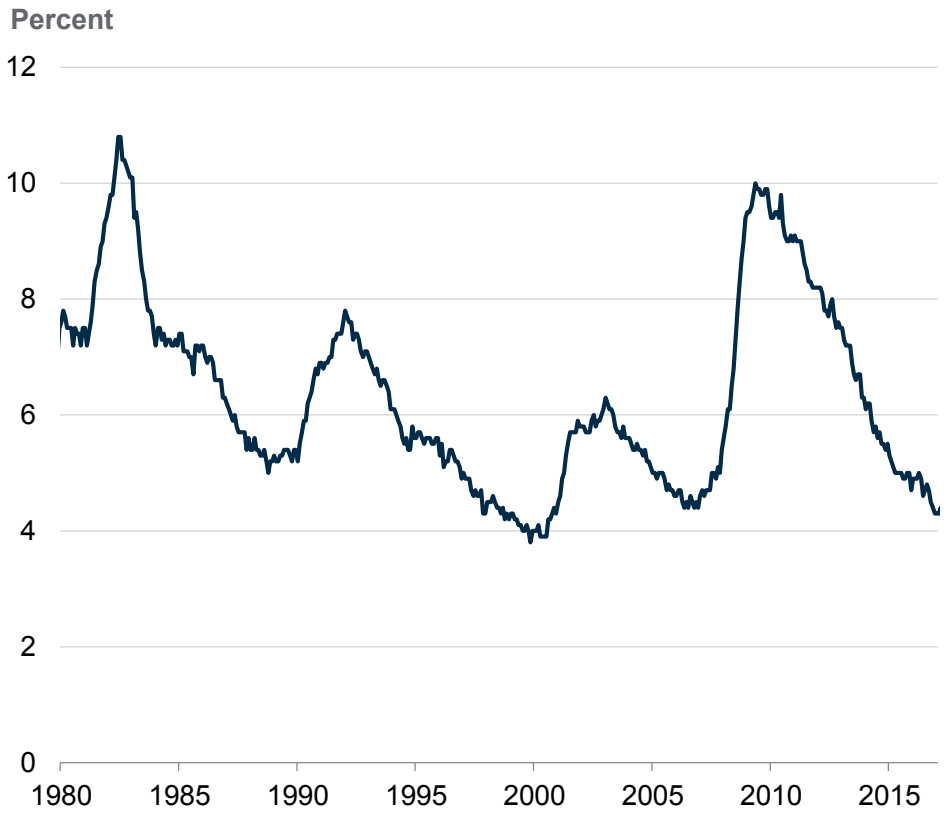


As of March 31, 2018
Source: Bloomberg

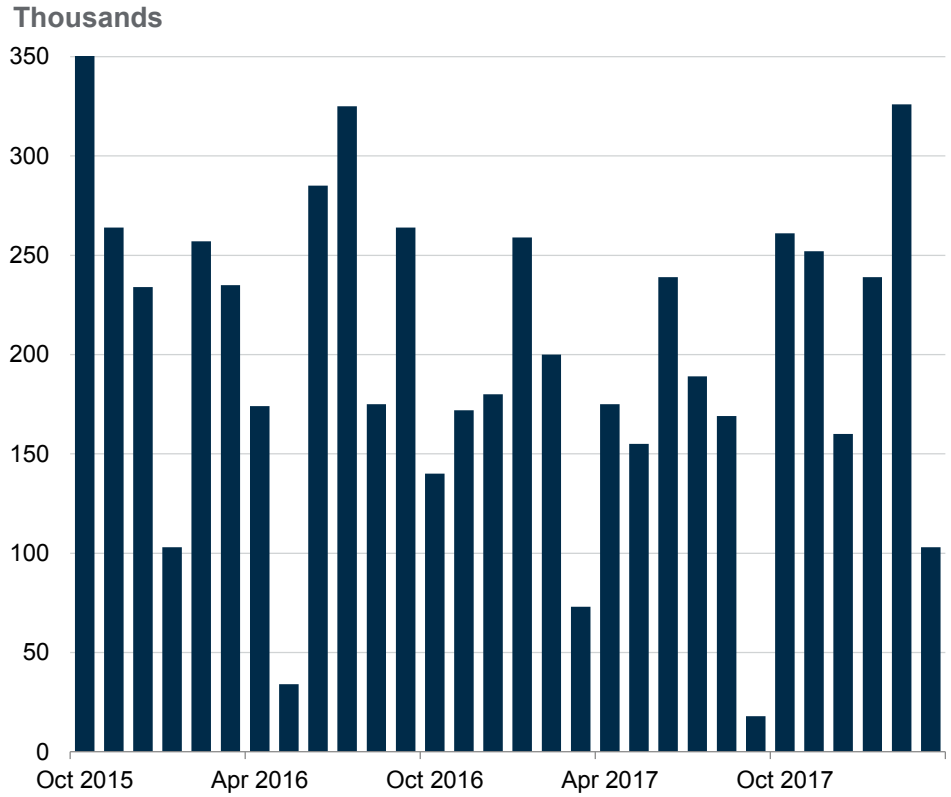
Looking Ahead

Employment remains strong with higher risks of wage pressures

Unemployment Rate
June 1980 – March 2018



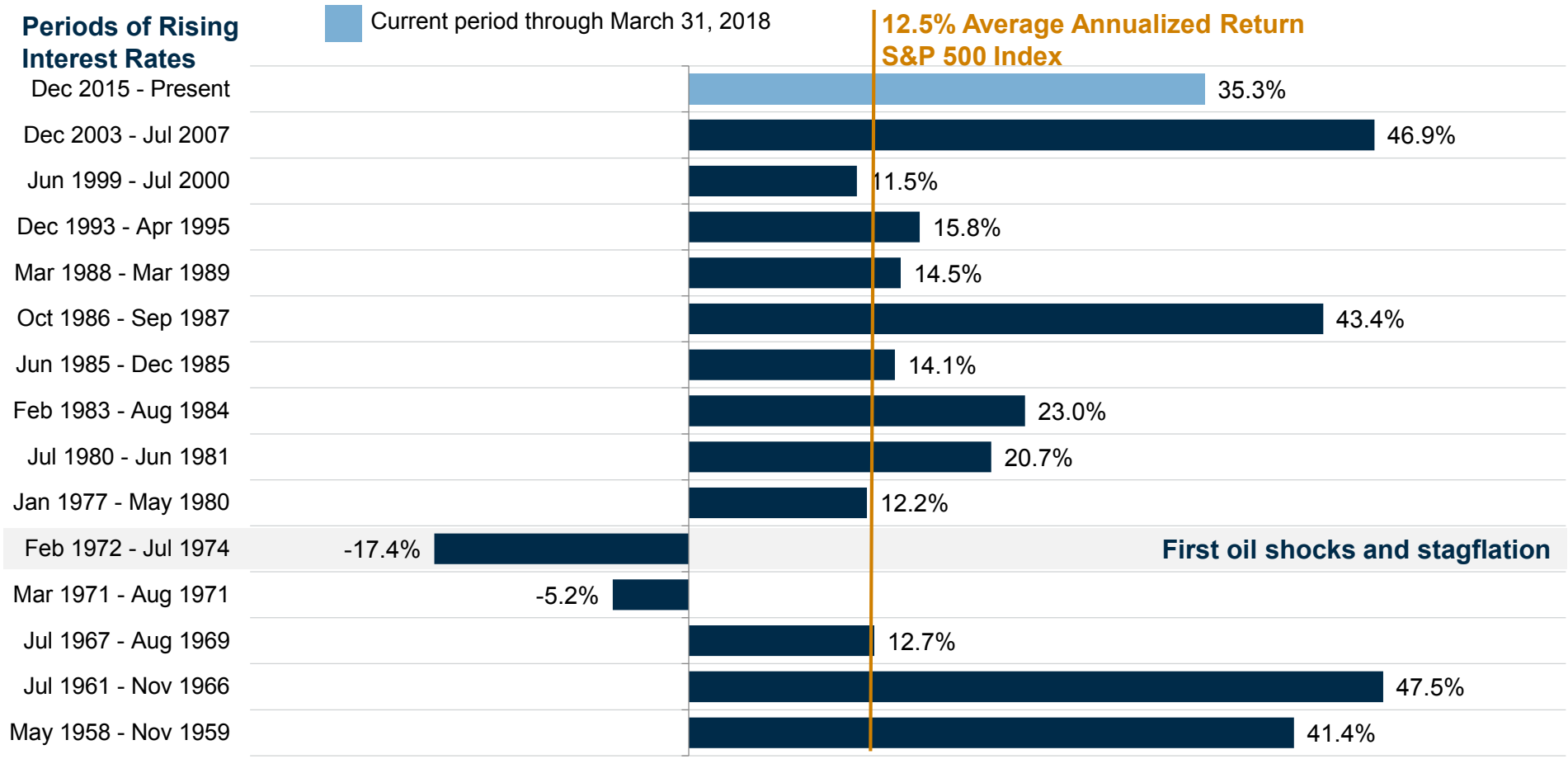
Nonfarm Payroll Employment
September 2015 – March 2018



As of March 31, 2018
Source: Bloomberg

The Unknown | Surprise Fed Tightening

What are the tail risks or "potholes" that could impact our market view



As of March 31, 2018
Past performance is no guarantee of future results.
Source: Commonfund Research

The Unknown | Excessive Valuations

What are the tail risks or "potholes" that could impact our market view

Limited evidence of excessive valuations

Valuation Measure	Description	Latest	25-year avg.*	Std. Dev. Under-/Over-Valued
P/E	Forward P/E	16.4x	16.1x	0.1
CAPE	Shiller's P/E	32.8	26.5	1.0
Div. Yield	Dividend yield	2.1%	2.0%	-0.2
P/B	Price to book	2.9	2.9	0.0
P/CF	Price to cash flow	12.0	10.7	0.7
Earnings Yield (EY) Spread	EY minus Baa yield	1.5%	-0.2%	-0.9

As of March 31, 2018
Source: Bloomberg, FactSet

The Unknown | Trump Protectionism

What are the tail risks or “potholes” that could impact our market view

A serious trade war would put Global growth at risk, but the tariffs announced thus far imply a very small economic impact.

	Impact of Announced Tariffs On		
	United States GDP	**China GDP**	**Japan GDP**
Good Imports % of GDP	12	15	14
Share of Good Imports (%)	China: 22	United States: 8	United States: 11
GDP Impact (basis points)	10	10	<10

As of March 31, 2018
Source: Cornerstone

Detailed Investment Report

October 1, 2017 - April 30, 2018

Marketable Investment Account Summary

October 1, 2017 to April 30, 2018

ENDOWMENT FUND - 271301

Marketable Fund	Beginning Market Value 10/1/2017	Purchases	Sales	Fees	Income Paid	Income Reinvested	Market Change	Ending Market Value 4/30/2018
Multi-Strategy Equity Fund	$42,166,347.65	$0.00	($7,500,000.00)	($43,942.82)	$0.00	$210,738.48	$1,933,134.85	$36,766,278.16
Total Equity	**$42,166,347.65**	**$0.00**	**($7,500,000.00)**	**($43,942.82)**	**$0.00**	**$210,738.48**	**$1,933,134.85**	**$36,766,278.16**
Multi-Strategy Bond Fund	$32,511,606.10	$0.00	$0.00	($26,270.66)	$0.00	$530,955.38	($751,268.00)	$32,265,022.82
Total Fixed	**$32,511,606.10**	**$0.00**	**$0.00**	**($26,270.66)**	**$0.00**	**$530,955.38**	**($751,268.00)**	**$32,265,022.82**
Marketable Total	**$74,677,953.75**	**$0.00**	**($7,500,000.00)**	**($70,213.48)**	**$0.00**	**$741,693.86**	**$1,181,866.85**	**$69,031,300.98**

LONG-TERM FUND - 271303

Marketable Fund	Beginning Market Value 10/1/2017	Purchases	Sales	Fees	Income Paid	Income Reinvested	Market Change	Ending Market Value 4/30/2018
Multi-Strategy Equity Fund	$6,185,522.61	$0.00	$0.00	($6,619.02)	$0.00	$30,913.93	$289,556.19	$6,499,373.71
Total Equity	**$6,185,522.61**	**$0.00**	**$0.00**	**($6,619.02)**	**$0.00**	**$30,913.93**	**$289,556.19**	**$6,499,373.71**
Marketable Total	**$6,185,522.61**	**$0.00**	**$0.00**	**($6,619.02)**	**$0.00**	**$30,913.93**	**$289,556.19**	**$6,499,373.71**

- Market Change equals (Ending MV - Beginning MV - Purchases + Sales + Fees + Income Paid – Income Reinvested)
- Adjusted Market Value for marketable cash funds, reflect the impact of pending cash subscriptions.

Non Marketable Investment Account Summary

Since inception through April 30, 2018

ENDOWMENT FUND - 271301

Non-Marketable Fund	Inception Date	Commitment	% Ownership	Capital Called To Date	Capital Distributions To Date	Remaining Capital to be Called	Value Date	Most Recent Valuation	Ending Adjusted Market Value 4/30/2018	Overall Return Multiple	IRR
Secondary Partners 2015	6/22/2016	$2,000,000.00	1.17	$1,115,000.00	($74,581.00)	$885,000.00	9/30/2017	$904,283.00	$1,384,702.00	1.6	95.9%
Total Equity		**$2,000,000.00**		**$1,115,000.00**	**($74,581.00)**	**$885,000.00**		**$904,283.00**	**$1,384,702.00**	**1.6**	**95.9%**
Non-Marketable Total		**$2,000,000.00**		**$1,115,000.00**	**($74,581.00)**	**$885,000.00**		**$904,283.00**	**$1,384,702.00**	**1.6**	**95.9%**

Explanatory Notes:

- Performance data is net of all fees and carried interest. Transaction flows and capital for these funds are included in the appropriate totals.
- Net Multiple is total value to invested capital net of the general partner's carried interest = (Distribution + Ending Capital Balance)/Capital Drawdown).
- Net annualized Internal Rate of Return (IRR) since inception through value date. IRR represents an annualized "dollar-weighted" rate of return on an investment. IRR calculation takes into account the cost of the investment, its current value and any intermediate cash inflows and outflows that occur over time. IRR since inception is the standard for the calculation methodology of performance in private capital, rather than time-weighted (i.e., annual or other period rate of return) basis, which is used principally to report performance of publicly-traded securities.
- Capital Called and Capital Distributions are since inception through the report End Date.
- Past performance is no assurance of future results.
- For questions, inquiries, concerns or to report any discrepancies or inaccuracies with your report, please call the Account Services team at 888-TCFFUND.

All Accounts

TOTAL PORTFOLIO MARKET VALUE AS OF 4/30/2018

Investment Category	Adjusted Market Value	Allocation %
Portfolio Total Equity	$44,650,353.87	58.05%
Portfolio Total Fixed	$32,265,022.82	41.95%
Portfolio Total	**$76,915,376.69**	**100.00%**

MARKETABLE INVESTMENTS 10/1/2017 TO 4/30/2018

Marketable Fund	Beginning Market Value	Purchases	Sales	Fees	Income Paid	Income Reinvested	Market Change	Ending Market Value
Multi-Strategy Equity Fund	$48,351,870.26	$0.00	($7,500,000.00)	($50,561.84)	$0.00	$241,652.41	$2,222,691.04	$43,265,651.87
Total Equity	**$48,351,870.26**	**$0.00**	**($7,500,000.00)**	**($50,561.84)**	**$0.00**	**$241,652.41**	**$2,222,691.04**	**$43,265,651.87**
Multi-Strategy Bond Fund	$32,511,606.10	$0.00	$0.00	($26,270.66)	$0.00	$530,955.38	($751,268.00)	$32,265,022.82
Total Fixed	**$32,511,606.10**	**$0.00**	**$0.00**	**($26,270.66)**	**$0.00**	**$530,955.38**	**($751,268.00)**	**$32,265,022.82**
Marketable Total	**$80,863,476.36**	**$0.00**	**($7,500,000.00)**	**($76,832.50)**	**$0.00**	**$772,607.79**	**$1,471,423.04**	**$75,530,674.69**

Market Change equals (Ending MV - Beginning MV - Purchases + Sales + Fees + Income Paid – Income Reinvested)
Adjusted Market Value for marketable cash funds, reflect the impact of pending cash subscriptions.

All Accounts

NON-MARKETABLE INVESTMENTS SINCE INCEPTION TO VALUE DATE

Non-Marketable Fund	Incep. Date	Commitment	Capital Calls	Distributions	Net Income/ (Loss)	Value Date	Market Value	IRR	Multiple
Secondary Partners 2015	6/22/2016	$2,000,000.00	$560,000.00	$0.00	$344,283.00	9/30/2017	$904,283.00	95.93%	1.61
Total Equity		**$2,000,000.00**	**$560,000.00**	**$0.00**	**$344,283.00**		**$904,283.00**	**95.93%**	**1.61**
Non-Marketable Total		**$2,000,000.00**	**$560,000.00**	**$0.00**	**$344,283.00**		**$904,283.00**	**95.93%**	**1.61**

NON-MARKETABLE INVESTMENTS ROLL FORWARD FROM VALUE DATE TO 4/30/2018

Non-Marketable Fund	Incep. Date	Commitment	Valuation Date	Most Recent Valuation	Capital Calls since Valuation Date	Distributions since Valuation Date	Adjusted Market Value
Secondary Partners 2015	6/22/2016	$2,000,000.00	9/30/2017	$904,283.00	$555,000.00	($74,581.00)	$1,384,702.00
Total Equity		**$2,000,000.00**		**$904,283.00**	**$555,000.00**	**($74,581.00)**	**$1,384,702.00**
Non-Marketable Total		**$2,000,000.00**		**$904,283.00**	**$555,000.00**	**($74,581.00)**	**$1,384,702.00**

* Note: Month-end adjusted balances for marketable cash funds reflect the impact of pending cash subscriptions. Adjusted Balances for non-marketable securities reflect the impact of all cash transactions that have posted since the last valuation date.
1. IRR and multiple performance calculations are net of all fees and carried interest
2. IRR, or internal rate of return, represents the annualized implied discount rate calculated from the cash flows to/from the partnerships since inception of the respective partnership through the value date
3. Multiple represents a cash-on-cash return calculated by adding distributions to the ending market value and dividing the total value by capital called – ((Distributions to date + Adjusted ending market value)/$ called to date)

All Accounts

ASSET ALLOCATION AS OF 4/30/2018

	9/30/2017 Allocation %	4/30/2018 Allocation %
U.S. Equity	43.10	40.26
International Equity	6.24	5.99
Emerging Markets Equity	2.67	2.71
Private Capital	1.02	1.80
Equity	**53.03**	**50.76**
Core Bonds	32.22	32.53
Credit	0.77	0.97
Opportunistic	5.41	7.38
Distressed Debt	1.39	1.07
Fixed	**39.79**	**41.95**
Diversifying Strategies	7.17	7.30
Diversifying Strategies	**7.17**	**7.30**
Total	**100.00**	**100.00**

Fund performance is depicted net of fees. Manager and strategy performance is net of sub-advisor management fees and gross of other Commonfund Fund expenses. Past performance is no assurance of future returns.

All Accounts

PERFORMANCE DETAIL AS OF 4/30/2018

	ASSETS		INVESTMENT PERFORMANCE								
Investment	Market Value ($)	Average Allocation	MTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	Account Inception	Account Inception Date
Multi-Strategy Equity Fund	**43,265,652**	**56.3%**	**0.53**	**-0.47**	**5.07**	**12.72**	**8.28**	**10.92**	**7.56**	**6.04**	**3/31/2000**
S&P 500			0.38	-0.38	6.24	13.27	10.57	12.96	9.02	5.22	3/31/2000
MSE Funds Composite Benchmark			0.57	-0.26	6.12	13.67	9.16	11.04	7.41	4.99	3/31/2000
U.S. Strategies	36,610,013	47.6%	0.43	-0.77	5.23	12.65	8.33	11.46	8.40	7.98	3/31/2007
S&P 500			0.38	-0.38	6.24	13.27	10.57	12.96	9.02	8.06	3/31/2007
Adage Capital Management			0.44	-0.23	6.42	13.93	9.85	14.44	11.93		
Two Sigma Advisers			0.22	0.85	5.49	13.23					
Levin Capital Strategies			1.83	-2.14	0.44	5.61	9.02	12.56			
Martingale Asset Management			-0.05	-0.61	6.21	13.90					
Capstone Investment Advisors			0.64	-6.75	0.72	9.64					
Diversifying Strategies (GAAC)			0.02	1.09	1.39	2.22	-0.36	2.39	2.37		
Passive Beta (S&P 500)			0.37	-0.42	6.16	13.11					
Non U.S. Strategies	6,655,639	8.7%	1.42	1.86	6.07	17.95	10.68	7.87	5.43	5.64	3/31/2007
MSCI ACWI ex USA net			1.60	0.40	5.42	15.91	5.01	5.46	2.26	2.77	3/31/2007
Symphony Financial Partners			-0.34	-0.58	5.20	18.77	12.80	9.18			
T Rowe Price Associates			3.08	2.21	3.88	12.94					
Wellington Management Company			0.03	2.81	10.07	25.37					
CF TT International Emerging Markets Series			-0.99								
Total Equity	**43,265,652**	**56.3%**	**0.53**	**-0.47**	**5.07**	**12.72**	**8.28**	**10.92**	**7.56**	**6.04**	**3/31/2000**
S&P 500			0.38	-0.38	6.24	13.27	10.57	12.96	9.02	5.22	3/31/2000
Weighted Equity Composite			0.57	-0.26	6.12	13.67	9.16	11.04	7.41		

Fund performance is depicted net of fees. Manager and strategy performance is net of sub-advisor management fees and gross of other Commonfund Fund expenses. Past performance is no assurance of future returns.

All Accounts

PERFORMANCE DETAIL AS OF 4/30/2018

	ASSETS		INVESTMENT PERFORMANCE								
Investment	Market Value ($)	Average Allocation	MTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	Account Inception	Account Inception Date
Multi-Strategy Bond Fund	**32,265,023**	**41.9%**	**-0.61**	**-1.25**	**-0.76**	**1.17**	**1.80**	**2.19**	**4.40**	**5.61**	**3/31/2000**
Bloomberg Barclays US Aggregate Bond Index			-0.74	-2.19	-1.81	-0.32	1.07	1.47	3.57	4.84	3/31/2000
Core Bonds	24,837,641	32.3%	-0.55	-1.70	-1.04	0.92	2.11	2.48	4.80	5.65	3/31/2000
Bloomberg Barclays US Aggregate Bond Index			-0.74	-2.19	-1.81	-0.32	1.07	1.47	3.57	4.84	3/31/2000
Rimrock MBS			-0.17	-0.20	0.06	1.78	2.69	2.94			
Income Research & Management			-0.69	-2.04	-1.57	0.08	1.39	1.93	4.32		
Western Asset Management Company			-0.62	-2.20	-1.12	1.32	2.51	2.79	4.80		
Credit	727,226	0.9%	1.46	2.89	4.74	6.64				5.55	9/30/2016
CS Leveraged Loan Index			0.49	2.08	3.27	4.69				5.48	9/30/2016
Bain Capital Specialty Finance Holdings 1, LLC			0.59	0.76	-0.22	0.37					
Bain Capital Specialty Finance Holdings, LP			1.83	3.75	7.03	9.04					
Cerberus Capital Management			1.45	3.58	6.54	12.38					
Opportunistic	5,870,646	7.6%	-0.84	0.25	0.43	5.39	4.12	2.49	4.68	5.43	2/28/2003
3 Month Tbill			0.14	0.49	0.77	1.18	0.57	0.36	0.34	1.28	2/28/2003
Brandywine Global Investment Management			-2.24	2.17	1.63	8.50	4.24	2.74	7.88		
Sit Fixed Income Advisors			-0.31	-3.02	-2.16	0.79	3.99				
Pimco Income Fund			-0.45	-0.71	0.38						
Western Asset Mortgage Opportunities			0.48	1.74	2.11						
Distressed Debt	829,510	1.1%	-1.86	-3.03	-6.85	-7.57	-3.99	3.49	4.51	7.64	2/28/2003
HFRI Distressed/Restructuring Index			0.72	0.99	2.61	3.82	3.74	3.85	4.40	7.31	2/28/2003
Commonfund Global Distressed Investors			-1.96	-3.07	-7.03	-8.59	-4.26	4.00	4.40		

Fund performance is depicted net of fees. Manager and strategy performance is net of sub-advisor management fees and gross of other Commonfund Fund expenses. Past performance is no assurance of future returns.

All Accounts

PERFORMANCE DETAIL AS OF 4/30/2018

	ASSETS		INVESTMENT PERFORMANCE								
Investment	Market Value ($)	Average Allocation	MTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	Account Inception	Account Inception Date
Total Fixed	**32,265,023**	**41.9%**	**-0.61**	**-1.25**	**-0.76**	**1.17**	**1.80**	**2.19**	**4.40**	**5.60**	**3/31/2000**
Bloomberg Barclays US Aggregate Bond Index			-0.74	-2.19	-1.81	-0.32	1.07	1.47	3.57	4.84	3/31/2000
Weighted Fixed Composite			-0.65	-1.23	-0.71	0.86	1.48	1.55	3.29	4.51	3/31/2000

Fund performance is depicted net of fees. Manager and strategy performance is net of sub-advisor management fees and gross of other Commonfund Fund expenses. Past performance is no assurance of future returns.

All Accounts

PERFORMANCE DETAIL AS OF 4/30/2018

	ASSETS		INVESTMENT PERFORMANCE								
Investment	Market Value ($)	Average Allocation	MTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	Account Inception	Account Inception Date
Total Marketable	**75,530,675**	**98.2%**	**0.04**	**-0.82**	**2.68**	**7.91**	**5.65**	**7.05**	**6.67**	**6.03**	**3/31/2000**
Weighted Marketable Composite			-0.04	-0.67	2.74	7.18	5.38	6.31	5.58		
Secondary Partners 2015	**1,384,702**	**1.8%**	**0.00**	**0.00**	**8.26**	**44.71**				**65.95**	**8/31/2016**
Private Capital	**1,384,702**	**1.8%**	**0.00**	**0.00**	**8.26**	**44.71**				**65.95**	**8/31/2016**
Total Non-Marketable	**1,384,702**	**1.8%**	**0.00**	**0.00**	**8.26**	**44.71**				**65.95**	**8/31/2016**
Total Portfolio	**76,915,377**	**100.0%**	**0.04**	**-0.81**	**2.74**	**8.15**	**5.75**	**7.11**	**6.70**	**6.05**	**3/31/2000**
Traditional Benchmark			-0.18	-1.21	2.24	6.38	5.87	7.21	6.57	5.33	3/31/2000

Composite Scopes and Weightings

MSE Funds Composite Benchmark: 4/1/2000 to 12/31/2000 75.0% S&P 500; 15.0% MSCI ACWI ex US; 10.0% HFRI FOF Composite Index
1/1/2001 to 3/31/2017 75.0% S&P 500; 15.0% MSCI ACWI ex USA net; 10.0% HFRI FOF Composite Index
4/1/2017 to 4/30/2018 85.0% S&P 500; 15.0% MSCI ACWI ex USA net

The monthly returns used for the HFRI FOF Composite Index, a component of the MSE Funds Composite Benchmark, is the Flash Update return that is published by HFRI by the 5th business day of the following month. HFRI reserves the right to adjust the monthly return of the HFRI index up to four months after the month end performance date. Monthly returns for the MSE Funds Composite Benchmark may be retroactively restated based on later adjustments to the HFRI index. See Important Notes regarding limitations of indices.

Weighted Equity Composite: 4/1/2000 to 3/31/2017 75.0% S&P 500; 15.0% MSCI ACWI ex USA net; 10.0% HFRI FOF Composite Index
4/1/2017 to 4/30/2018 85.0% S&P 500; 15.0% MSCI ACWI ex USA net

Weighted Fixed Composite: 4/1/2000 to 4/30/2018 70.0% Bloomberg Barclays US Aggregate Bond Index; 10.0% Citigroup World Govt. Bond Index; 10.0% 3 Month Tbill; 10.0% CS Leveraged Loan Index

Weighted Marketable Composite: 4/1/2000 to 3/31/2017 37.5% S&P 500; 35.0% Bloomberg Barclays US Aggregate Bond Index; 7.5% MSCI ACWI ex USA net; 5.0% Citigroup World Govt. Bond Index; 5.0% 3 Month Tbill; 5.0% HFRI FOF Composite Index; 5.0% CS Leveraged Loan Index
4/1/2017 to 4/30/2018 42.5% S&P 500; 35.0% Bloomberg Barclays US Aggregate Bond Index; 7.5% MSCI ACWI ex USA net; 5.0% Citigroup World Govt. Bond Index; 5.0% 3 Month Tbill; 5.0% CS Leveraged Loan Index

Traditional Benchmark: 4/1/2000 to 4/30/2018 50.0% S&P 500; 50.0% Bloomberg Barclays US Aggregate Bond Index

Passive Beta (S&P 500) represents the Fund's passive beta acquisition necessary to maintain a similar amount of beta to the S&P 500 benchmark. "Passive Beta" has been calculated as the difference of the S&P 500 (Total Return) over an estimated variable current cost of financing that would be associated with financing the S&P 500 (Total Return) exposure (e.g., through futures and swaps) within context of a specified portfolio of investments. The Passive Beta calculation assumes that amounts segregated in connection with the current cost of financing have been held in cash; however, Commonfund Asset Management Company, Inc. invests such amounts from time to time in one or more investment strategies other than cash.Effective January 2017, Total U.S. Equities Strategies composite returns are calculated using a weighting for the Passive Beta strategy that is based on the notional aggregate value of S&P 500 exposure acquired in the strategy through futures and/or swaps. Fund performance is depicted net of fees. Manager and strategy performance is net of sub-advisor management fees and gross of other Commonfund Fund expenses. Past performance is no assurance of future returns.

All Accounts

Important Notes | Marketable Performance

- The information included in this report is presented solely for the recipient named on the cover page of this report and its authorized representatives. The information provided may not be reproduced or otherwise disseminated in whole or in part without our prior written consent. Neither the information nor any opinion contained in this report constitutes a solicitation or offer by Commonfund Asset Management Company, Inc., Commonfund Capital, Inc., or its affiliates (together "Commonfund") to buy or sell any securities or securities derivatives products of any kind or provide any investment advice or service.
- Returns include closed account history in group composites, if applicable.
- All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals may materially alter the performance, strategy and results of your portfolio.
- Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's investment portfolio.
- Unless otherwise indicated, any performance shown is unaudited, net of applicable underlying fund management, performance and other fees, and expenses. Performance shown presumes reinvestment of earnings and excludes investor specific sales and other charges. Fees may be modified or waived for certain investors. Please refer to the specific funds offering documents for more information regarding the fund's fees, charges and expenses, which will offset its gains. If returns are indicated as gross, such returns do not reflect the deduction of any fees or expenses. Fees and expenses, including management and performance fees, will reduce gross returns. Performance may vary substantially from year to year or even from month to month. An investor's actual performance and actual fees may differ from the performance information shown due to, among other factors, capital contributions and withdrawals/redemptions, different share classes and eligibility to participate in "new issues." The value of investments can go down as well as up. Past performance is not indicative of future results.
- Benchmarks, financial indices, and composite indices are shown for illustrative purposes only and are provided for the purpose of making general market data available as a point of reference only. Such benchmarks and financial indices may not be available for direct investment, may be unmanaged, assume reinvestment of income, do not reflect the impact of any trading commissions and costs, management or performance fees, and have limitations when used for comparison or other purposes because they, among other reasons, may have different trading strategy, volatility, credit, or other material characteristics (such as limitations on the number and types of securities or instruments). Commonfund fund's investment objective is not restricted to the securities and instruments comprising any one index. No representation is made that any benchmark or index is an appropriate measure for comparison. The information is gathered from sources we believe are reliable but we cannot ensure accuracy. Commonfund does not guarantee the accuracy, completeness or timeliness of such information and such information is subject to change, either expressly or impliedly, for any particular purpose.
- Performance is calculated monthly. Therefore, returns for any investments in any fund for less than a full month are not included in these performance figures.

Important Notes | Non-Marketable Performance

- Investments in Programs for Commonfund Capital and Commonfund Realty are carried as of the most recent valuation date, which may not correspond to the marketable securities valuation dates.
- All performance data set forth herein is net of all fees and carried interest. Internal Rates of Return (IRR) should be evaluated in light of information on the investment program of the partnership, the risks associated therewith, and performance of the partnership as disclosed in the Offering Memorandum for the partnership, the Audited Annual Reports of the partnership and the Quarterly Reports of the partnership. Return information is presented for these partnerships on a dollar-weighted (e.g. internal rate of return) basis, which is standard for the private capital industry, rather than the time-weighted (i.e., annual or other period rate of return) basis, which is used principally to report performance of publicly-traded securities. The IRR since inception is the most commonly used calculation methodology for presentation of performance in the private capital business. Comparison of returns calculated on an IRR basis with returns on a time-weighted basis is not appropriate. For a description of the two return calculation methods, see Measuring Investment returns, Time vs. Dollar-Weighted – What's the Difference? A copy is available from Commonfund.
- Distressed Debt programs are reported with a one quarter lag. For example, if the report 'As of' date is 9/30/YY then Distressed Debt programs are represented using 6/30/YY, or previous quarter values.
- Private Capital and Real Estate programs are reported with a one quarter lag. For example, if the report 'As of' date is 9/30/YY then Private Capital and Real Estate programs are represented using 6/30/YY, or previous quarter values.
- Private Capital and Commonfund Realty Partners I, L.P. returns are normally reported as an Internal Rate of Return (IRR). All other Commonfund investment returns are reported as Time Weighted Rates of Return (TWR). For Consolidated Performance reporting purposes, TWRs are used for all individual and composite returns.

Fund performance is depicted net of fees. Manager and strategy performance is net of sub-advisor management fees and gross of other Commonfund Fund expenses. Past performance is no assurance of future returns.

All Accounts

Important Notes | Description of Indices

The **HFRI Monthly Indices (HFRI)** are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. The HFRI are broken down into 4 main strategies, each with multiple sub-strategies. All single-manager HFRI Index constituents are included in the HFRI Fund Weighted Composite, which accounts for over 2000 funds listed on the internal HFR Database. Due to mutual agreements with the hedge fund managers listed in the HFR Database, we are not at liberty to disclose the particular funds behind any index to non-database subscribers. Funds included in the HFRI Monthly Indices must: Report monthly returns, Report Net of All Fees Returns, Report assets in USD, Have at least $50 Million under management or have been actively trading for at least twelve (12) months. Funds are eligible for inclusion in the HFRI the month after their addition to HFR Database. For instance, a fund that is added to HFR Database in June is eligible for inclusion in the indices upon reporting their July performance. The HFRI are updated three times a month: Flash Update (5th business day of the month), Mid Update (15th of the month), and End Update (1st business day of following month). The current month and the prior three months are left as estimates and are subject to change. All performance prior to that is locked and is no longer subject to change. If a fund liquidates/closes, that fund's performance will be included in the HFRI as of that fund's last reported performance update. The HFRI Fund of Funds Index is not included in the HFRI Fund Weighted Composite Index. Both domestic and offshore funds are included in the HFRI. In cases where a manager lists mirrored-performance funds, only the fund with the larger asset size is included in the HFRI.
See https://www.hedgefundresearch.com/index.php?fuse=indices-faq&1319810221

The **MSCI EAFE Index (**Europe, Australasia, Far East**)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following 21 developed market country indexes: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom (List as of June 2014).

The **MSCI US REIT Index** is a free float adjusted market capitalization weighted index that is comprised of Equity REIT securities. The MSCI US REIT Index includes securities with exposure to core real estate (e.g. residential and retail properties) as well as securities with exposure to other types of real estate (e.g. casinos, theaters).

The **MSCI ACWI Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The **MSCI ACWI** consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates. (List as of June 2014).

The **CSFB Leveraged Loan Index** is an index designed to mirror the investable universe of the $US-denominated leveraged loan market. The index inception is January 1992. The index frequency is monthly. New loans are added to the index on their effective date if they qualify according to the following criteria: Loans must be rated “5B” or lower; only fully- funded term loans are included; the tenor must be at least one year; and the Issuers must be domiciled in developed countries (Issuers from developing countries are excluded). Fallen angels are added to the index subject to the new loan criteria. Loans are removed from the index when they are upgraded to investment grade, or when they exit the market (for example, at maturity, refinancing or bankruptcy workout). Note that issuers remain in the index following default. Total return of the index is the sum of three components: principal, interest, and reinvestment return. The cumulative return assumes that coupon payments are reinvested into the index at the beginning of each period.

The **MSCI ACWI ex USA Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries*--excluding the United States. With 1,003 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The **MSCI Emerging Markets Index** consists of the following 23 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates (List as of June 2014).

The **Dow Jones U.S. Select Real Estate Securities Index (RESI)** represents equity real estate investment trusts (REITs) and real estate operating companies (REOCs) traded in the U.S. The Dow Jones U.S. Select REIT Index is a subset of the Dow Jones Americas Select RESISM and includes only REITs and REIT-like securities.

Fund performance is depicted net of fees. Manager and strategy performance is net of sub-advisor management fees and gross of other Commonfund Fund expenses. Past performance is no assurance of future returns.

All Accounts

The **S&PGlobal Natural Resources Index** includes 90 of the largest publicly-traded companies in natural resources and commodities businesses that meet specific investability requirements, offering investors diversified and investable equity exposure across 3 primary commodity-related sectors: agribusiness, energy, and metals & mining.

The **Bloomberg Commodity Index (BCOM)** is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

The **Barclays Capital U.S. Aggregate Bond Index** measures the performance of the U.S. investment grade bond market. The index invests in a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States - including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year.

The **Barclays Capital U.S. Treasury Inflation Protected Securities (TIPS)** Index includes all publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

The **Citigroup World Government Bond Index (WGBI)** measures the performance of fixed-rate, local currency, investment grade sovereign bonds. The WGBI is a widely used benchmark that currently comprises sovereign debt from over 20 countries, denominated in a variety of currencies, and has more than 25 years of history available. The WGBI provides a broad benchmark for the global sovereign fixed income market. Sub-indices are available in any combination of currency, maturity, or rating.

The **BofA Merrill Lynch 1-3 US Year Treasury Index** is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years. It is not possible to invest directly in an unmanaged index.

The **S&P500 Index** is a widely recognized gauge of the U.S. equities market. This index is an unmanaged capitalization-weighted index consisting of 500 of the largest capitalization U.S. common stocks. The returns of the S&P500 include the reinvestment of dividends.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000 Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected.

Fund performance is depicted net of fees. Manager and strategy performance is net of sub-advisor management fees and gross of other Commonfund Fund expenses. Past performance is no assurance of future returns.

Investment Programs

Multi-Strategy Equity Fund

March 31, 2018

commonfund

OBJECTIVE
To offer an actively managed, multi-manager investment program that will provide broad exposure to global equity markets.

BENCHMARKS
MSE Funds Composite Benchmark (Composite Benchmark)
S&P 500 Index

INCEPTION
July 1971

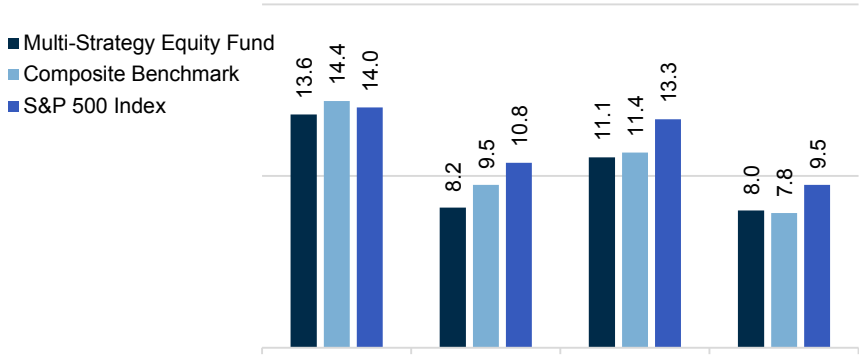
ASSETS MANAGED
$2.1 billion

OFFERING/REDEMPTIONS
Monthly, 5 business days notice

ELIGIBLE INVESTORS
Educational Institutions

MINIMUM INVESTMENT
$50,000

NET PERFORMANCE[1]
Numbers in percent



TEN YEAR RISK CHARACTERISTICS

	MSEF vs. Composite Benchmark	Composite Benchmark	MSEF vs. S&P 500 Index	S&P 500 Index
Standard Deviation (%)	14.5	14.3	14.5	15.1
Sharpe Ratio	0.5	0.5	0.5	0.6
Beta	1.0	1.0	0.9	1.0
Information Ratio	0.1	0.0	-0.5	0.0
Tracking Error	2.2	0.0	3.1	0.0

PORTFOLIO CHARACTERISTICS[2]

	MSEF	Composite Benchmark	S&P 500 Index
Weighted Avg Market Cap ($mm)	$153,941	$179,606	$198,942
P/E Forward One Year Estimate	15.0x	15.8x	16.3x
P/B Ratio(x)	2.3x	2.5x	2.8x
Dividend Yield(%)	2.1	2.0	1.9
Est 3-5 Yr EPS Growth	11.7	11.9	11.9
Return on Equity (%)	16.8	17.1	18.7

Relative Performance	1 Year	3 Year	5 Year	10 Year
Composite Benchmark	-0.80	-1.34	-0.28	+0.15
S&P 500 Index	-0.41	-2.62	-2.22	-1.51

Calendar Year Ended December 31	2017	2016	2015	2014	2013
Multi-Strategy Equity Fund	22.31	8.30	-1.46	10.86	30.14
Composite Benchmark	22.21	9.70	0.20	9.84	27.24
S&P 500 Index	21.83	12.00	1.38	13.69	32.39

SECTOR WEIGHTS (%)[3]

	MSEF	Composite Benchmark	S&P 500 Index
Consumer Discretionary	12.9	12.5	12.7
Consumer Staples	7.9	7.9	7.7
Energy	5.4	5.9	5.7
Financials	15.9	16.0	14.7
Healthcare	12.8	12.8	13.7
Industrials	11.0	10.4	10.2
Information Technology	22.2	22.9	24.9
Materials	3.7	3.6	2.9
Real Estate	1.8	2.8	2.8
Telecom Services	2.5	2.2	1.9
Utilities	3.8	2.9	2.9

See Commonfund Important Notes
1. Net returns are total returns net of all fees and expenses either charged to the fund or paid directly by Commonfund members. For more information on fees and expenses, see Information for Members. Returns for periods of one year or greater are annualized. Past performance does not assure future results.
2. Table does not include exposure to alternative strategies.
3. May not add to 100 percent due to rounding.

Multi-Strategy Equity Fund

March 31, 2018

commonfund

Numbers in percent	Target β Point Contribution	Quarter	Fiscal YTD	Calendar YTD	1 Year	3 Years	5 Years	10 Years
Multi-Strategy Equity Fund		**-1.02**	**9.56**	**-1.02**	**13.58**	**8.16**	**11.09**	**7.99**
MSE Funds Composite Benchmark		-0.82	10.52	-0.82	14.38	9.49	11.37	7.84
S&P 500 Index		-0.76	10.58	-0.76	13.99	10.78	13.31	9.49
U.S. Equity Strategies								
Adage Capital Management	21	-0.67	10.56	-0.67	14.64	9.46	14.74	
Two Sigma Advisers	17	0.63	10.95	0.63	14.08			
Levin Capital Strategies	6	-3.90	1.61	-3.90	4.59	8.74	12.85	
Martingale Asset Management	13	-0.55	11.35	-0.55	16.00			
Capstone Investment Advisors	8	-7.34	5.91	-7.34	10.80			
Diversifying Strategies (GAAC)[1]		1.06	2.51	1.06	2.19	-0.58	2.66	2.53
Passive Beta (S&P 500)[2]	20	-0.79	10.47	-0.79	13.84			
Total U.S. Equity Strategies[3]	**85**	**-1.20**	**9.84**	**-1.20**	**13.61**	**8.33**	**11.74**	**8.91**
S&P 500 Index		**-0.76**	**10.58**	**-0.76**	**13.99**	**10.78**	**13.31**	**9.49**
Non-U.S. Equity Strategies								
Symphony Financial Partners	3	-0.23	12.40	-0.23	18.99			
T Rowe Price Associates	7	-0.84	6.13	-0.84	14.25			
Wellington Management Company	5	2.80	20.45	2.80	27.69			
Total Non-U.S. Equity Strategies	**15**	**0.45**	**11.73**	**0.45**	**19.32**	**11.25**	**8.08**	**5.82**
MSCI ACWI ex USA net		**-1.18**	**10.16**	**-1.18**	**16.53**	**6.18**	**5.89**	**2.70**
Multi-Strategy Equity Fund	**100**	**-1.02**	**9.56**	**-1.02**	**13.58**	**8.16**	**11.09**	**7.99**

Net returns are total returns net of all fees and expenses either charged to the fund or paid directly by Commonfund members. Returns for periods of one year or greater are annualized. Strategies reflect adjusted gross returns before participant fees. For more information on fees and expenses, see Information for Members. Past performance does not assure future results.

MSE Funds Composite Benchmark is calculated using the following components' weights: for time periods after April 1, 2017, S&P 500 (85%) and MSCI All Country World Index excluding the U.S. Net (15%); and for time periods prior to April 1, 2017, S&P 500 (75%), MSCI All Country World Index excluding the U.S. Net (15%), and HFRI Fund of Funds Composite Index (10%). The monthly return used for the HFRI Composite FOF Index, a component of the MSE Funds Composite Benchmark, is the Flash Update return that is published by HFRI by the 5th business day of the following month. HFRI reserves the right to adjust the monthly return of the HFRI index up to four months after the month end performance date. Monthly returns for the MSE Funds Composite Benchmark may be retroactively restated based on later adjustments to the HFRI index.

S&P 500 Index is a widely recognized gauge of the U.S. equities market. This index is an unmanaged capitalization-weighted index consisting of 500 of the largest capitalization U.S. common stocks. The returns of the S&P 500 include the reinvestment of dividends.

MSCI ACWI ex USA net captures large and mid-cap representation across 22 of 23 developed markets countries – excluding the U.S. With 1,003 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

1. The Fund has a 12 percent dollar allocation to Global Absolute Alpha Company (GAAC) which has been managed to attempt to exhibit minimal market beta. Historical returns for this strategy also include Hedged Investors Company and Multi-Strategy Global Hedged Partners, which are currently in liquidation.
2. The Passive Beta represents the Fund's passive beta acquisition necessary to maintain a similar amount of beta to the S&P 500 benchmark. It has been calculated as the difference of the S&P 500 (Total Return) over an estimated variable current cost of financing that would be associated with financing the S&P 500 (Total Return) exposure (e.g., through futures and swaps) within the context of a specified portfolio of investments. The calculation assumes that amounts segregated in connection with the current cost of financing have been held in cash; however, Commonfund Asset Management Company, Inc. invests such amounts from time to time in one or more investment strategies other than cash.
3. Effective January 2017, Total U.S. Equities Strategies composite returns for the Fund are calculated using a weighting for the Passive Beta strategy that is based on the notional aggregate value of S&P 500 exposure acquired in the strategy through futures and/or swaps.

QUARTERLY COMMENTARY

The Multi-Strategy Equity Fund returned -1.02 percent, 20 basis points behind the -0.82% return of the MSE Funds Composite Benchmark.

The S&P 500 Index posted a negative quarter for the first time since the third calendar quarter in 2015, returning -0.76 percent. Sector returns were largely negative, with the exception of technology and consumer discretionary, which each advanced over 3 percent. The worst performing sectors were defensive/yield oriented sectors, with consumer staples down -7.1 percent and telecom services down -7.5 percent. Other notable declining sectors were energy and materials stocks, down -5.9 percent and -5.5 percent, respectively. Defensive sectors struggled as rates increased during the quarter. These sectors (staples, telecoms, health care) benefitted greatly over the past several years as rates declined, and their consistent dividend profiles mirrored bond proxies. With a pick-up in rates, and expensive valuations surrounding these bond proxies, shares underperformed in the quarter.

U.S. strategies produced negative relative returns in the quarter, despite only two of the six managers underperforming the benchmark. Risk premia-based strategies are included in the portfolio to provide long-term diversification benefits relative to traditional active managers. Our strategy focused on capitalizing on volatility anomalies in S&P options markets suffered during the quarter, largely due to an historic jump in realized versus implied S&P volatility that occurred in early February. This strategy, managed by Capstone, was the largest detractor of relative results, responsible for roughly 50 basis points in relative underperformance. Another detractor in the quarter, Levin Capital, accounted for roughly 20 basis points of relative underperformance, as several holdings suffered from tariff concerns that emerged late in the quarter. One bright spot in the quarter was Two Sigma, who outperformed the S&P by 139 basis points. Their risk-controlled quantitative approach benefited from solid stock selection in eight of eleven economic sectors, with the largest outperformance coming from technology. Another bright spot during the quarter was our diversifying strategy investment in GAAC, our absolute return oriented hedge fund. We equitize this return stream to allow it to compete with the S&P index along with our other U.S. managers. GAAC produced an absolute return of 106 basis points during the quarter, which on 12 percent of the fund's AUM, added about 12 basis points in relative outperformance. The pick-up in volatility as discussed above was beneficial overall in the hedge fund portfolio, as one manager very directly benefitted from a long equity volatility stance, while a number of others gained more indirectly as greater variation in equity returns creates more opportunity for two-way traders.

Non-U.S. strategies performed well in total, with two of the three managers outperforming their respective benchmarks. T. Rowe Price, our European specialist manager outperformed their benchmark by 114 basis points, on the strength of several holdings reporting better than expected earnings growth. Wellington, our specialist emerging market strategy, outperformed by 138 basis points. Asian stock selection was strongly positive during the quarter, with China, Thailand and Taiwan outperforming. Lastly, Symphony, our Japanese specialist manager underperformed their index by 106 basis points. They had a maker of precision semiconductor parts, a chemical producer and an auto parts producer that declined on full year results announcements.

You should obtain and review with care Information for Members before investing in Commonfund. Securities offered through Commonfund Securities, Inc. a member of FINRA.

Multi-Strategy Bond Fund (MSBF)

March 31, 2018

commonfund

OBJECTIVE
To offer an actively managed, multi-manager investment program that will provide broad exposure to global debt markets.

BENCHMARKS
Bloomberg Barclays U.S. Aggregate Bond Index

INCEPTION
August 1976

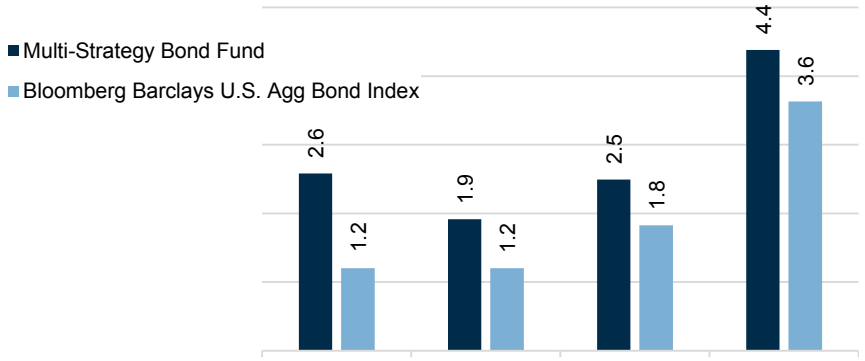
ASSETS MANAGED
$958 million

OFFERING/REDEMPTIONS
Monthly, 5 business days notice

ELIGIBLE INVESTORS
Educational Institutions

MINIMUM INVESTMENT
$50,000

NET PERFORMANCE[1]
Numbers in percent



Relative Performance	1 Year	3 Year	5 Year	10 Year
Bloomberg Barclays U.S. Agg Bond Index	+1.38	+0.71	+0.67	+0.75

TEN YEAR RISK CHARACTERISTICS

	Multi-Strategy Bond Fund	Bloomberg Barclays U.S. Agg Bond Index
Standard Deviation (%)	3.8	3.3
Sharpe Ratio	1.1	1.0
Beta	0.8	1.0
Information Ratio	0.3	0.0
Tracking Error	2.7	0.0

Calendar Year Ended December 31	2017	2016	2015	2014	2013
Multi-Strategy Bond Fund	4.91	3.39	-0.31	5.78	0.26
Bloomberg Barclays U.S. Agg Bond Index	3.54	2.65	0.55	5.97	-2.02

PORTFOLIO CHARACTERISTICS[2]

	Multi-Strategy Bond Fund	Bloomberg Barclays U.S. Agg Bond Index
Effective Duration (years)	5.1	6.0
Average Quality	AA-	AA
Yield to Maturity (%)	3.9	3.1
Net FX Exposures (%)	6.9	0.0

SECTOR WEIGHTS (%)[3]

	Multi-Strategy Bond Fund	Bloomberg Barclays U.S. Agg Bond Index
Gov't/Agency	9.2	39.0
Corporates	26.0	26.8
Mortgages	32.8	28.1
CMBS	12.3	1.9
ABS	3.3	0.5
SBA Loans	1.2	0.0
Non-U.S.	2.1	0.0
Municipals	0.5	0.7
Fixed Income Closed-End Funds	4.4	0.0
Emerging Market Debt	4.2	1.4
Other	0.0	1.6
Cash Equivalents	4.2	0.0

See Commonfund Important Notes.
1. Net returns are total returns net of all fees and expenses either charged to the fund or paid directly by Commonfund members. For more information on fees and expenses, see Information for Members. Returns for periods of one year or greater are annualized. Past performance does not assure future results.
2. Does not include private partnership information and includes exposure to opportunistic strategies.
3. May not add to 100 percent due to rounding and includes exposure to opportunistic strategies.

Multi-Strategy Bond Fund

March 31, 2018

commonfund

	Quarter	Fiscal YTD	Calendar YTD	1 Year	3 Years	5 Years	10 Years
Multi-Strategy Bond Fund	**-0.67**	**0.88**	**-0.67**	**2.58**	**1.91**	**2.49**	**4.38**
Bloomberg Barclay's U.S. Aggregate Bond Index	-1.46	-0.24	-1.46	1.20	1.20	1.82	3.63
Core Strategies							
Income Research and Management	-1.36	-0.03	-1.36	1.62	1.53	2.32	4.40
Western Asset Management Company	-1.59	0.91	-1.59	2.85	2.67	3.14	4.94
Rimrock MBS	-0.02	1.08	-0.02	2.71	2.80	3.10	
Total Core Strategies	**-1.15**	**0.57**	**-1.15**	**2.33**	**2.25**	**2.81**	**4.94**
Bloomberg Barclay's U.S. Aggregate Bond Index	**-1.46**	**-0.24**	**-1.46**	**1.20**	**1.20**	**1.82**	**3.63**
Opportunistic Credit Strategies							
Brandywine Global Investment Management	4.50	6.96	4.50	12.10	5.25	4.21	8.28
Sit Fixed Income Advisors	-2.72	-0.14	-2.72	2.53	4.24		
Pimco Income Fund	-0.26		-0.26				
Western Asset Mortgage Opportunities	1.26		1.26				
Total Opportunistic Credit Strategies	**1.10**	**3.81**	**1.10**	**7.44**	**3.92**	**2.74**	**4.90**
Private Credit Strategies							
Bain Capital Specialty Finance Holdings 1, LLC	0.16	-0.27	0.16	0.20			
Bain Capital Specialty Finance Holdings, LP	1.88	6.63	1.88	7.31			
Cerberus	2.11	8.46	2.11	17.79			
Commonfund Global Distressed Investors	-1.13	-1.47	-1.13	-7.32	-3.52	4.75	4.49
Total Private Credit Strategies	**0.01**	**0.61**	**0.01**	**-2.42**	**-1.91**	**1.60**	**3.63**
CS Leveraged Loan Index	**1.58**	**3.86**	**1.58**	**4.64**	**4.33**	**4.17**	**5.35**
Multi-Strategy Bond Fund	**-0.67**	**0.88**	**-0.67**	**2.58**	**1.91**	**2.49**	**4.38**

Net returns are total returns net of all fees and expenses either charged to the fund or paid directly by Commonfund members. Returns for periods of one year or greater are annualized. Strategies reflect adjusted gross returns before participant fees. For more information on fees and expenses, see Information for Members. Past performance does not assure future results.
Bloomberg Barclays US Aggregate Bond Index measures the performance of the U.S. investment grade bond market. The index invests in a wide spectrum of public, investment-grade, taxable, fixed income securities in the U.S. – including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year.
CS Leveraged Loan Index is an index designed to mirror the investable universe of the U.S. dollar denominated leveraged loan market. The index inception is January 1992. The index frequency is monthly. New loans are added to the index on their effective date if they qualify according to the following criteria: loans must be rated "5B" or lower; only fully-funded term loans are included; the tenor must be at least one year; and the Issuers must be domiciled in developed countries (i.e., issuers from developing countries are excluded). Fallen angels are added to the index subject to the new loan criteria. Loans are removed from the index when they are upgraded to investment grade, or when they exit the market (for example, at maturity, refinancing or bankruptcy workout). Note that issuers remain in the index following default. Total return of the index is the sum of three components: principal, interest, and reinvestment return. The cumulative return assumes that coupon payments are reinvested into the index at the beginning of each period.

QUARTERLY COMMENTARY

For the quarter ending March 31, 2018, the Multi-Strategy Bond Fund returned -0.67 percent net of fees, outperforming the benchmark Bloomberg Barclays Aggregate Bond Index return of -1.46 percent by 79 basis points.

The first quarter saw duration exposure detract from return, as the Treasury Index returned -1.18 percent. On a relative basis, being underweight the belly of the curve and overweight the back provided some mild benefit, as three- and five-year yields increased by 41 and 36 basis points respectively, while 10-year and 30-year yields increased by only 33 and 23 basis points respectively. Being overweight spread sectors hurt return as most subsectors of the Bloomberg Barclays U.S. Aggregate Bond Index, with the exception of agencies, underperformed duration adjusted Treasuries. Five-, ten- and 30-year yields ended the quarter at 2.56, 2.74 and 2.97 percent, respectively. The dollar weakened relative to developed and emerging market currencies. Economic data continued to be supportive in the U.S. with the 2017:Q4 GDP final reading set to 2.9 percent, bringing year-over-year growth to 2.6 percent. The U.S. economy is expected to further accelerate this year, driven by increased business investment. The increase in business investment has sound fundamentals as, for the first time in decades, the United States has become a desirable place for capital investment. The recent corporate tax reform played a large role in this change, however, there are other contributing factors such as a tilt toward deregulation, the shale revolution which gives the United States an energy cost advantage and the advances in technology that have made productivity gains possible.

The core strategy outperformed for the quarter, returning -1.15 percent, while the benchmark returned -1.46 percent. Duration positioning, which was underweight relative to the index, benefited return as the Barclays Treasury Index produced a negative return. Curve positioning favoring the back of the curve mildly helped as the five-year yield increased by 36 basis points, while the 30-year yield increased by 23 basis points. The overweight to spread sectors, such as positioning in corporate bonds, dollar-denominated emerging market and CMBS produced mixed results. Security selection within the dedicated mortgage allocation aided return. There have been no major changes to fund positioning.

The fund's allocation to opportunistic credit strategies outperformed the benchmark for the quarter, returning 1.10 percent with individual managers producing mixed results. The global strategy outperformed due to developed and emerging market non-U.S. currency exposure, as well as local EM bond exposure in Mexico and Brazil. The mortgage opportunities strategy, which is now fully invested, outperformed in part due to the floating rate nature of a portion of the portfolio, as well as exposure to legacy non-agency RMBS. The closed-end bond fund strategy underperformed due to overweight exposure to corporate spread widening.

The fund's private credit strategy returned 0.01 percent, outperforming the benchmark return for the quarter. The ICE BAML High Yield Index returned -0.92 percent, while the S&P LSTA Leverage Loan Index gained 1.45 percent on a total return basis. The private credit strategy benefited return, in larger part due to the more recent investments in direct lending. Allocations to Bain and Cerberus, which are ramping up, aided return and have having an increasing impact on performance. Legacy distressed managers outperformed to a lesser degree. Managers in the legacy credit book continue to provide visibility on upcoming distributions, as they move forward with efforts to monetize holdings.

You should obtain and review with care Information for Members before investing in Commonfund. Securities offered through Commonfund Securities, Inc. a member of FINRA.

Key Attributes
Commonfund Capital Secondaries

- Resources from 40[1] person global team
- Four person team embedded within Commonfund Capital
- Manager relationships potential to drive differentiated deal sourcing and knowledge
- Ability to find value in a robust secondary market
- Small transaction focus (often less competitive with better pricing)
- Track record
- Competitive fees with management fee based on invested capital (not committed capital)

1. The total number of professionals focusing exclusively on private capital investing, including investment professionals, associates, and accounting team members. Includes open positions.

This summary is not intended to constitute an offering of securities, which will be made only by means of a Confidential Offering Memorandum and related subscription documents, which will be made available to interested and qualified investors, who are urged to read them with care and in their entirety. This summary is qualified by reference to the Offering Memorandum, and is subject to amendments that may be contained therein. This summary is intended only for the use of qualified institutional clients of Commonfund Securities, Inc.

Secondary Investment Team
Commonfund Capital



Cari Lodge
Managing Director

- 18 years Secondary experience
- Closed over 200 transactions for approximately $1.7 billion

Work Experience
- Tulane University
- Credit Suisse Strategic Partners

Education
- MBA, Columbia University
- AB, Dartmouth College



Hong Pan
Associate Director

- 5 years Secondary experience
- Closed over 75 transactions for approximately $500 million

Work Experience
- Oppenheimer & Co.

Education
- BS, University of North Carolina at Chapel Hill



Stephen Talbot
Associate Director

- 5 years Secondary experience
- Closed over 75 transactions for approximately $500 million

Work Experience
- BB&T Capital Markets

Education
- BS, Wake Forest University



George Wu
Senior Associate

- 3 years Secondary experience
- Closed over 60 transactions for approximately $350 million

Work Experience
- Morgan Stanley

Education
- BS, University of Southern California

Commonfund Capital Investment Committee

Mark Anson, PhD | Peter Burns | Mark Hoeing | Cari Lodge | Miriam Schmitter, PhD | Kent Scott

Track Record in Secondaries

September 30, 2017

Fund	Fund Size ($mm)	Capital Obligation ($mm)	Net DPI	Net Multiple	Net IRR
Commonfund Capital Secondary Partners 2015, L.P.[1]	**$170.7**	**$121.5**	**0.0x**	**1.6x**	**84.7%**

Secondaries Performance since 1993[2,3,4]	# of Secondaries[5]	Capital Obligation ($mm)	Gross DPI[6]	Estimated Net DPI[7]	Gross Multiple[6]	Estimated Net Multiple[7]	Gross IRR[6]	Estimated Net IRR[7]
U.S. Private Equity Funds	31	$124.9	1.3x	1.1x	1.9x	1.7x	30.7%	27.2%
Ex-U.S. Private Equity Funds	15	47.9	0.8x	0.7x	1.5x	1.4x	46.5%	42.2%
Natural Resources Funds	18	167.7	0.9x	0.8x	1.7x	1.5x	18.6%	15.1%
Venture Capital Funds	33	153.4	1.3x	1.2x	1.7x	1.5x	17.0%	13.2%
Emerging Markets Fund	7	15.0	0.6x	0.5x	1.5x	1.4x	22.2%	18.7%
Other Programs	7	10.3	0.7x	0.6x	1.5x	1.4x	22.4%	13.8%
Total	**100**	**$519.2**	**1.1x**	**1.0x**	**1.7x**	**1.6x**	**20.2%**	**16.7%**
Current Team Track Record[8]								
Current Team Track Record (Since June 2013)	**66**	**$341.7**	**0.4x**	**0.3x**	**1.4x**	**1.3x**	**26.4%**	**22.5%**

Please See Important Notes | Track Record in Secondaries
Source: CCI Internal Database

Vintage Year Performance in Secondaries[1,2]

September 30, 2017

Vintage Year	# of Secondaries	Capital Obligation ($mm)	Gross DPI[3]	Gross Multiple[3]	Gross IRR[3]
2017*	16	$60.0	0.1x	1.5x	151.3%
2016	28	127.5	0.4x	1.4x	44.8%
2015	8	52.3	0.4x	1.3x	19.0%
2014	10	86.2	0.6x	1.5x	21.2%
2013	5	18.9	0.5x	1.5x	17.1%
2012	1	0.2	N/A	N/A	N/A
2011	4	29.6	0.6x	1.8x	13.6%
2010	4	69.7	1.4x	1.9x	20.9%
2009	7	24.8	2.0x	2.5x	26.9%
2008	2	12.9	0.7x	2.0x	12.8%
2007	1	0.8	N/A	N/A	N/A
2006	2	1.5	1.9x	2.0x	24.7%
2005	3	5.3	1.9x	2.2x	19.7%
2004	5	12.0	1.8x	1.9x	15.8%
2003	8	56.5	2.3x	2.3x	29.4%
2002	11	45.4	1.0x	1.1x	2.3%
2001 and Earlier	3	21.4	2.0x	2.0x	26.1%
Total	**118**	**$625.1**	**1.0x**	**1.7x**	**20.5%**
Total – Estimated Net[4]	**118**	**$625.1**	**0.9x**	**1.5x**	**17.0%**

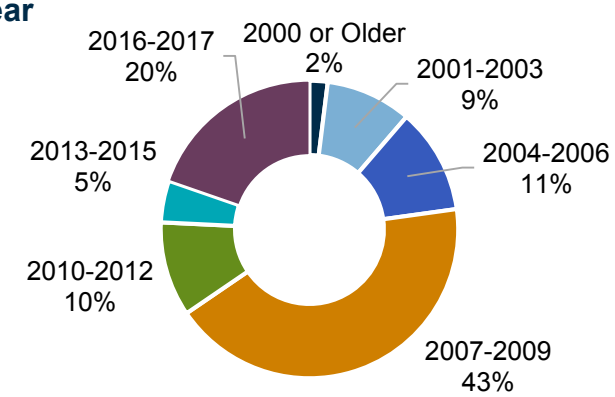
*2017 data through September 30, 2017; through December 31, 2017, an additional 6 secondaries were completed for ~$59mm of capital obligation.
Past performance not indicative of future results
Please See Important Notes | Secondaries Vintage Year Performance
Please see CCI Summary Financial Data and Important Notes

Characteristics
Commonfund Capital Secondary Partners 2015, L.P.
September 30, 2017 | 2015 Fund | $170.7 Million

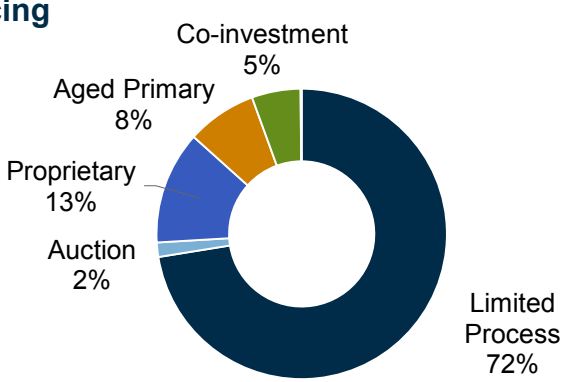
CSP 2015

49	Transactions
82	Underlying funds
+3,500	Companies*
71%	Invested

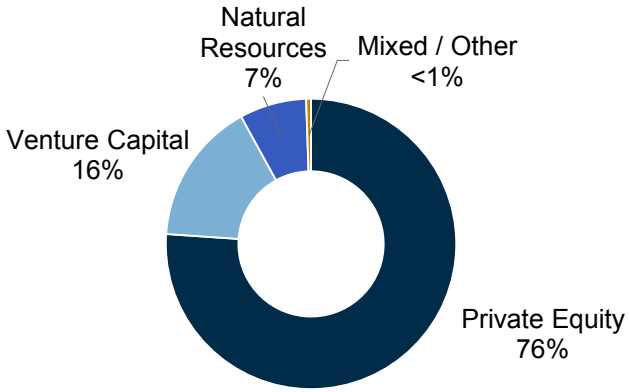
Vintage Year



Deal Sourcing



Strategy



*Estimated from available information in CCI database.
Charts may not add to 100% due to rounding.
Past performance does not guarantee future results.

Characteristics
Commonfund Capital Secondary Partners II, L.P.
April 1, 2018

$187.5 Million
Raised-to-Date

11 Deals
17 Funds

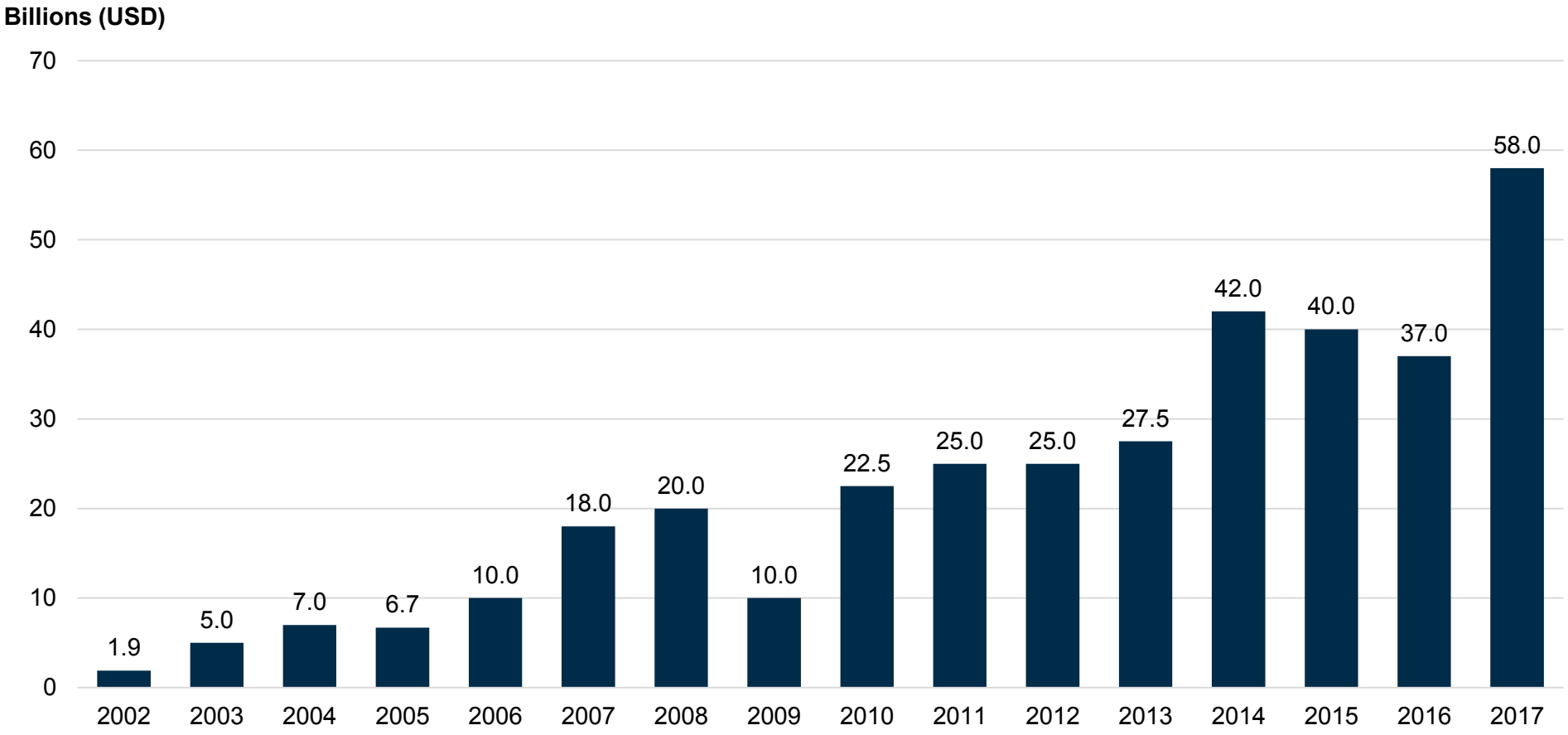
17.5%
Weighted Average Discount[1]

$45 Million | 24%
Invested-to-Date[2]

Past performance does not guarantee future results.
1. Weighted average discount is an average weighted by each transaction's total net exposure (purchase price plus unfunded capital). The discounted purchase price to the underlying fund manager's net asset value is based on the quarterly report date for such fund referenced in the respective purchase and sale agreement of the underlying transaction. Excludes co-investments.
2. Based on total capital commitments raised to date.

Record Secondary Volumes: 2014 – 2017

Secondary Transaction Volume[1]



1. Past Performance not indicative of future results
Source: Greenhill Cogent

Abundant Secondary Supply | Selectivity is Crucial



1. Tail-end funds defined as funds 10 years or older. Source: Greenhill Cogent as of April 2017.
2. The secondary fund tends to invest in more funded opportunities typically older than three years. Funds raised between this time period, are more likely to be traded in the secondary market along with tail-end funds.

Source: Greenhill Cogent, ThomsonOne

Our Secondaries Positioning



- GP Restricted
- Small Transactions
- Insight, Diligence & Execution
- Relationships

Smaller Transactions Can Lead to Better Pricing

A Key Focus Area for Us

- Sellers may be less sensitive to discounts in smaller deals
  - 1% of a $1 billion deal = $10 million
  - 1% of a $1 million deal = $10 thousand
- Transaction data shows that smaller transactions tend to have larger average discounts

Secondary Transaction Data[1]

Transaction Size	Average Discount
< $50 million	-12.8%
> $500 million	-2.2%

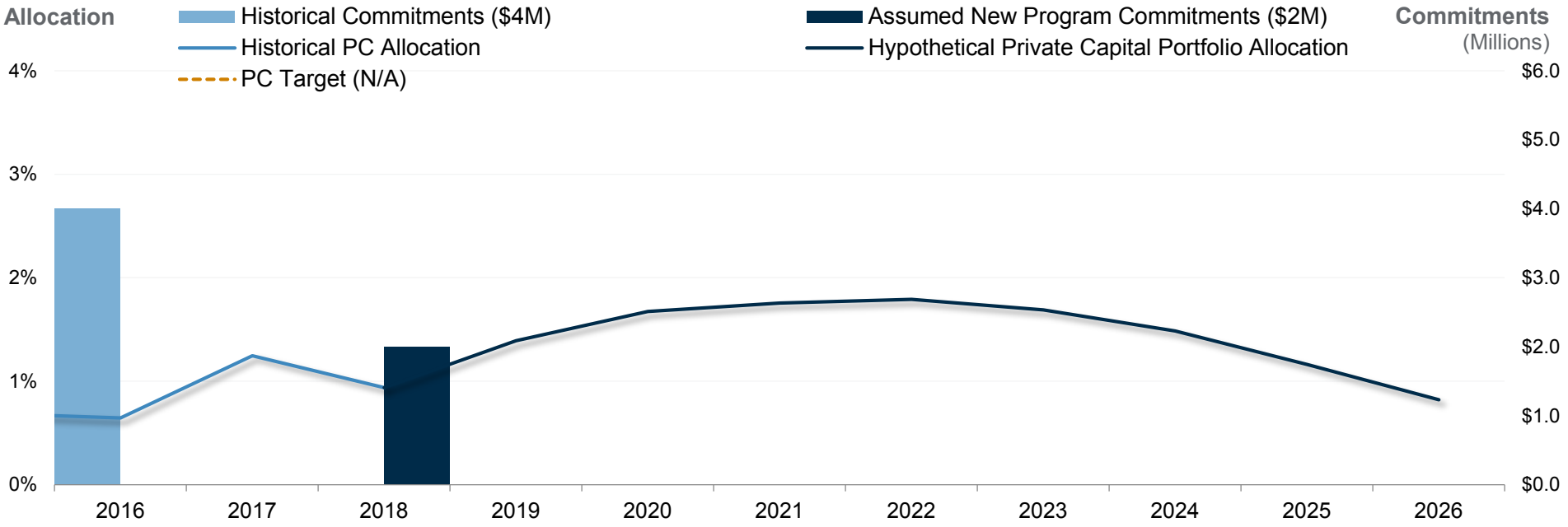
Past performance is not an assurance of future results. See Commonfund Important Notes | Investment Process

1. Data provided by Greenhill Cogent Partners. Represents average transaction pricing by deal size from January 2013 through December 31, 2017. A "transaction" refers to an executed purchase and sale agreement.

Private Capital Cash Flow Model

Hypothetical Mathematical Illustration
Private Capital Allocation – Private Equity

$2M to Vintage Year 2018 | University of South Alabama



The purpose of the information provided herein is to assist the investor in assessing its portfolio construction with respect to private capital, the impact of its overall subscriptions to the private capital asset class in determining its portfolio construction, and the portion of its assets invested in private capital. In particular, the above illustrates the historic portion of the investor's portfolio in private capital investments ("Historical PC Allocation") and the hypothetical portion of the investor's portfolio in private capital investments (the "Hypothetical PC Allocation"), using certain assumptions (provided in more detail on the page entitled "Hypothetical Mathematical Illustration | Private Capital Allocation Assumptions"). Commonfund has included this information solely for the convenience of the investor, and as a longer-term planning mathematical formulation for illustrative purposes only. No inference should be drawn as to the potential performance of the Commonfund funds. The attached should not be considered to predict, project or imply performance of any individual investment, investments or the private capital asset classes more generally; furthermore, there is no assurance that any described investment performance or event will occur. The information provided above is hypothetical in nature and does not reflect actual investment results and are not guarantees of future results.
In calculating the hypothetical market value of private capital investments, Commonfund has included information about the investor's current private capital program and total portfolio values, as reported by the investor, and has made numerous material assumptions, as summarized on the page entitled "Hypothetical Mathematical Illustration | Private Capital Allocation Assumptions". Past performance is not indicative of future performance, and future performance of private capital may vary substantially from, and may be significantly less or greater than, the assumed returns.
The investor should carefully review the assumptions set forth on the "Assumptions" page. Commonfund can recalculate the hypothetical information (including hypothetical private capital market value and hypothetical net cash flows) using the investor's assumptions upon request.

Hypothetical Mathematical Illustration
Private Capital Allocation – Private Equity

$2M to Vintage Year 2018 | University of South Alabama

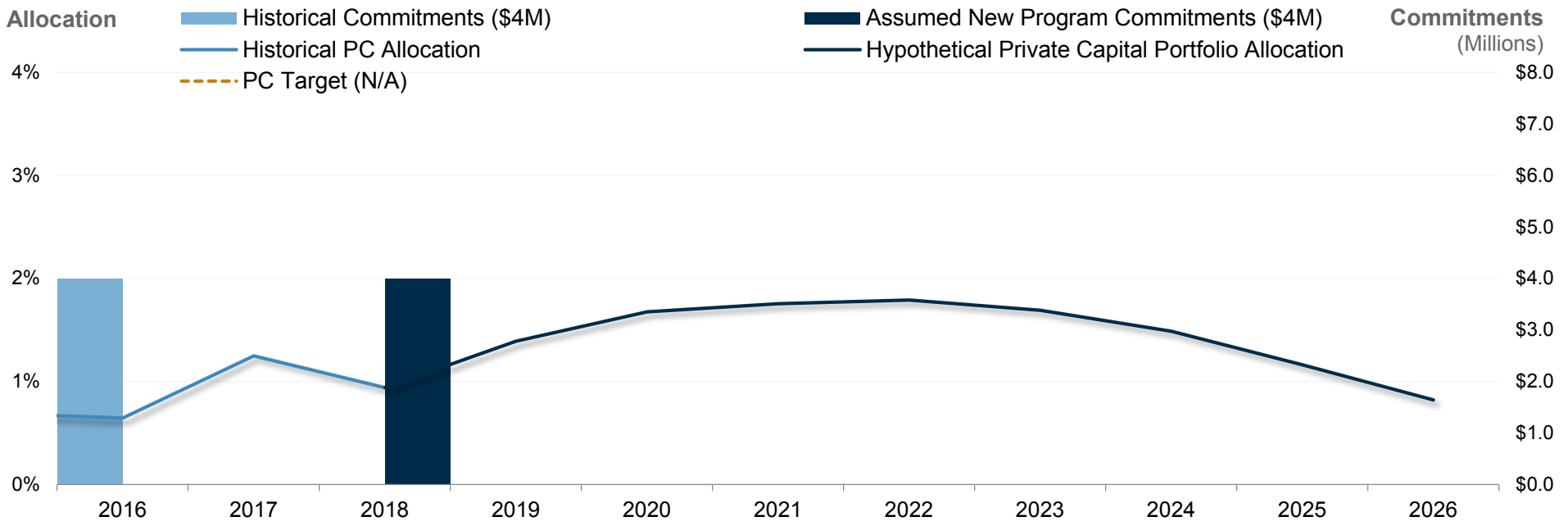
	Assumed New Program Commitments	Hypothetical Private Equity Program Market Value	Hypothetical Total Portfolio Market Value	Hypothetical Private Equity Portfolio Allocation	Hypothetical Capital Calls	Hypothetical Distributions	Hypothetical Net Private Equity Cash Flow
Dec-17	$0	$2,448,566	$145,000,000	1.7%	-$1,040,000	$0	-$1,040,000
Dec-18	$2,000,000	$1,401,573	$149,350,000	0.9%	-$775,208	$65,303	-$709,906
Dec-19	$0	$2,139,548	$153,830,500	1.4%	-$791,458	$190,838	-$600,620
Dec-20	$0	$2,653,815	$158,445,415	1.7%	-$33,333	$295,396	$262,062
Dec-21	$0	$2,863,437	$163,198,777	1.8%	$0	$382,310	$382,310
Dec-22	$0	$3,009,012	$168,094,741	1.8%	$0	$441,776	$441,776
Dec-23	$0	$2,925,095	$173,137,583	1.7%	$0	$514,349	$514,349
Dec-24	$0	$2,650,042	$178,331,710	1.5%	$0	$595,294	$595,294
Dec-25	$0	$2,134,142	$183,681,662	1.2%	$0	$703,353	$703,353
Dec-26	$0	$1,552,128	$189,192,112	0.8%	$0	$748,445	$748,445

% Denotes having reached Policy Target

IMPORTANT: The purpose of the information provided herein is to assist the investor in assessing its portfolio construction with respect to private capital, the impact of its overall subscriptions to the private capital asset class in determining its portfolio construction, and the portion of its assets invested in private capital. In particular, the above illustrates the hypothetical portion of the investor's portfolio in private capital investments, and hypothetical cash flows from private capital investments, using certain assumptions (provided in more detail on the page entitled "Hypothetical Mathematical Illustration | Private Capital Allocation Assumptions"). Commonfund has included this information solely for the convenience of the investor, and as a longer-term planning mathematical formulation for illustrative purposes only. No inference should be drawn as to the potential performance of the Commonfund funds. The attached should not be considered to predict, project or imply performance of any individual investment, investments or the private capital asset classes more generally; furthermore, there is no assurance that any described investment performance or event will occur. The information provided above is hypothetical in nature and does not reflect actual investment results and are not guarantees of future results.
In calculating the hypothetical market value of private capital investments and cash flows, Commonfund has included information about the investor's current private capital program and total portfolio values, as reported by the investor, and has made numerous material assumptions, as summarized on the page entitled "Hypothetical Mathematical Illustration | Private Capital Allocation Assumptions". Past performance is not indicative of future performance, and future performance of private capital may vary substantially from, and may be significantly less or greater than, the assumed returns.
The investor should carefully review the assumptions set forth on the following page. Commonfund will recalculate the hypothetical information (including hypothetical private capital market value and hypothetical net cash flows) using the investor's assumptions upon request.

Hypothetical Mathematical Illustration
Private Capital Allocation – Private Equity

$4M to Vintage Year 2018 | University of South Alabama



The purpose of the information provided herein is to assist the investor in assessing its portfolio construction with respect to private capital, the impact of its overall subscriptions to the private capital asset class in determining its portfolio construction, and the portion of its assets invested in private capital. In particular, the above illustrates the historic portion of the investor's portfolio in private capital investments ("Historical PC Allocation") and the hypothetical portion of the investor's portfolio in private capital investments (the "Hypothetical PC Allocation"), using certain assumptions (provided in more detail on the page entitled "Hypothetical Mathematical Illustration | Private Capital Allocation Assumptions"). Commonfund has included this information solely for the convenience of the investor, and as a longer-term planning mathematical formulation for illustrative purposes only. No inference should be drawn as to the potential performance of the Commonfund funds. The attached should not be considered to predict, project or imply performance of any individual investment, investments or the private capital asset classes more generally; furthermore, there is no assurance that any described investment performance or event will occur. The information provided above is hypothetical in nature and does not reflect actual investment results and are not guarantees of future results.
In calculating the hypothetical market value of private capital investments, Commonfund has included information about the investor's current private capital program and total portfolio values, as reported by the investor, and has made numerous material assumptions, as summarized on the page entitled "Hypothetical Mathematical Illustration | Private Capital Allocation Assumptions". Past performance is not indicative of future performance, and future performance of private capital may vary substantially from, and may be significantly less or greater than, the assumed returns.
The investor should carefully review the assumptions set forth on the "Assumptions" page. Commonfund can recalculate the hypothetical information (including hypothetical private capital market value and hypothetical net cash flows) using the investor's assumptions upon request.

Hypothetical Mathematical Illustration
Private Capital Allocation – Private Equity

$4M to Vintage Year 2018 | University of South Alabama

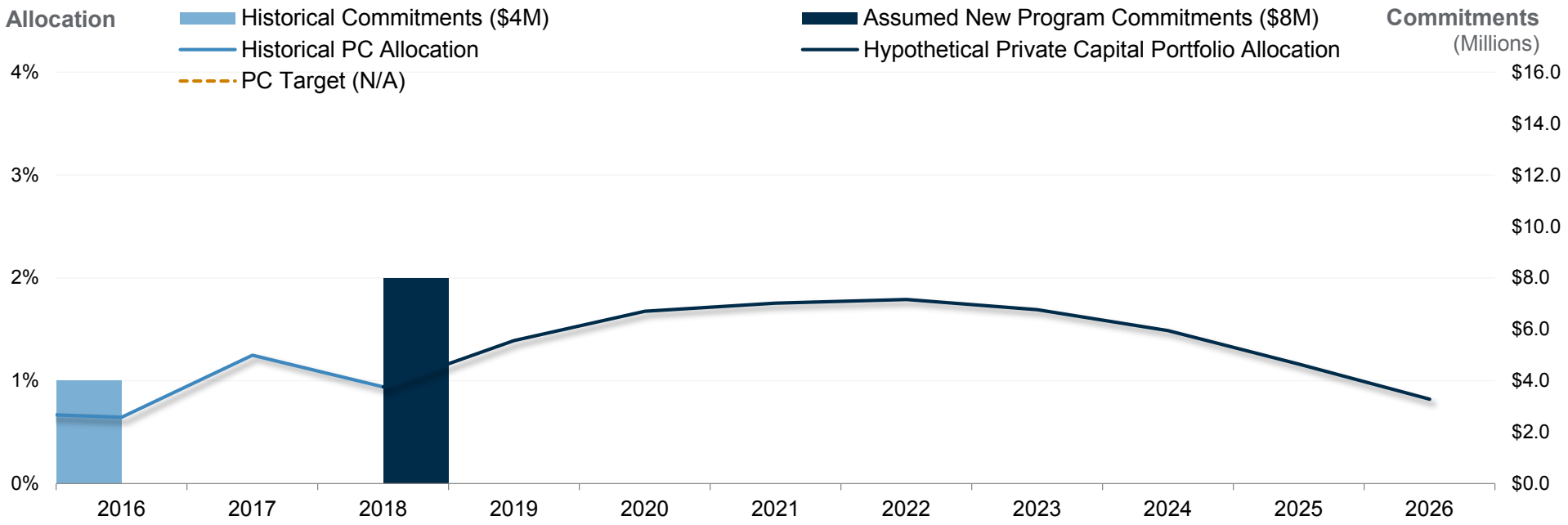
	Assumed New Program Commitments	Hypothetical Private Equity Program Market Value	Hypothetical Total Portfolio Market Value	Hypothetical Private Equity Portfolio Allocation	Hypothetical Capital Calls	Hypothetical Distributions	Hypothetical Net Private Equity Cash Flow
Dec-17	$0	$2,448,566	$145,000,000	1.7%	-$1,040,000	$0	-$1,040,000
Dec-18	$4,000,000	$1,401,573	$149,350,000	0.9%	-$775,208	$65,303	-$709,906
Dec-19	$0	$2,139,548	$153,830,500	1.4%	-$791,458	$190,838	-$600,620
Dec-20	$0	$2,653,815	$158,445,415	1.7%	-$33,333	$295,396	$262,062
Dec-21	$0	$2,863,437	$163,198,777	1.8%	$0	$382,310	$382,310
Dec-22	$0	$3,009,012	$168,094,741	1.8%	$0	$441,776	$441,776
Dec-23	$0	$2,925,095	$173,137,583	1.7%	$0	$514,349	$514,349
Dec-24	$0	$2,650,042	$178,331,710	1.5%	$0	$595,294	$595,294
Dec-25	$0	$2,134,142	$183,681,662	1.2%	$0	$703,353	$703,353
Dec-26	$0	$1,552,128	$189,192,112	0.8%	$0	$748,445	$748,445

% Denotes having reached Policy Target

IMPORTANT: The purpose of the information provided herein is to assist the investor in assessing its portfolio construction with respect to private capital, the impact of its overall subscriptions to the private capital asset class in determining its portfolio construction, and the portion of its assets invested in private capital. In particular, the above illustrates the hypothetical portion of the investor's portfolio in private capital investments, and hypothetical cash flows from private capital investments, using certain assumptions (provided in more detail on the page entitled "Hypothetical Mathematical Illustration | Private Capital Allocation Assumptions"). Commonfund has included this information solely for the convenience of the investor, and as a longer-term planning mathematical formulation for illustrative purposes only. No inference should be drawn as to the potential performance of the Commonfund funds. The attached should not be considered to predict, project or imply performance of any individual investment, investments or the private capital asset classes more generally; furthermore, there is no assurance that any described investment performance or event will occur. The information provided above is hypothetical in nature and does not reflect actual investment results and are not guarantees of future results.
In calculating the hypothetical market value of private capital investments and cash flows, Commonfund has included information about the investor's current private capital program and total portfolio values, as reported by the investor, and has made numerous material assumptions, as summarized on the page entitled "Hypothetical Mathematical Illustration | Private Capital Allocation Assumptions". Past performance is not indicative of future performance, and future performance of private capital may vary substantially from, and may be significantly less or greater than, the assumed returns.
The investor should carefully review the assumptions set forth on the following page. Commonfund will recalculate the hypothetical information (including hypothetical private capital market value and hypothetical net cash flows) using the investor's assumptions upon request.

Hypothetical Mathematical Illustration
Private Capital Allocation – Private Equity

$8M to Vintage Year 2018 | University of South Alabama



The purpose of the information provided herein is to assist the investor in assessing its portfolio construction with respect to private capital, the impact of its overall subscriptions to the private capital asset class in determining its portfolio construction, and the portion of its assets invested in private capital. In particular, the above illustrates the historic portion of the investor's portfolio in private capital investments ("Historical PC Allocation") and the hypothetical portion of the investor's portfolio in private capital investments (the "Hypothetical PC Allocation"), using certain assumptions (provided in more detail on the page entitled "Hypothetical Mathematical Illustration | Private Capital Allocation Assumptions"). Commonfund has included this information solely for the convenience of the investor, and as a longer-term planning mathematical formulation for illustrative purposes only. No inference should be drawn as to the potential performance of the Commonfund funds. The attached should not be considered to predict, project or imply performance of any individual investment, investments or the private capital asset classes more generally; furthermore, there is no assurance that any described investment performance or event will occur. The information provided above is hypothetical in nature and does not reflect actual investment results and are not guarantees of future results.
In calculating the hypothetical market value of private capital investments, Commonfund has included information about the investor's current private capital program and total portfolio values, as reported by the investor, and has made numerous material assumptions, as summarized on the page entitled "Hypothetical Mathematical Illustration | Private Capital Allocation Assumptions". Past performance is not indicative of future performance, and future performance of private capital may vary substantially from, and may be significantly less or greater than, the assumed returns.
The investor should carefully review the assumptions set forth on the "Assumptions" page. Commonfund can recalculate the hypothetical information (including hypothetical private capital market value and hypothetical net cash flows) using the investor's assumptions upon request.

Hypothetical Mathematical Illustration
Private Capital Allocation – Private Equity

$8M to Vintage Year 2018 | University of South Alabama

	Assumed New Program Commitments	Hypothetical Private Equity Program Market Value	Hypothetical Total Portfolio Market Value	Hypothetical Private Equity Portfolio Allocation	Hypothetical Capital Calls	Hypothetical Distributions	Hypothetical Net Private Equity Cash Flow
Dec-17	$0	$2,448,566	$145,000,000	1.7%	-$1,040,000	$0	-$1,040,000
Dec-18	$8,000,000	$1,401,573	$149,350,000	0.9%	-$775,208	$65,303	-$709,906
Dec-19	$0	$2,139,548	$153,830,500	1.4%	-$791,458	$190,838	-$600,620
Dec-20	$0	$2,653,815	$158,445,415	1.7%	-$33,333	$295,396	$262,062
Dec-21	$0	$2,863,437	$163,198,777	1.8%	$0	$382,310	$382,310
Dec-22	$0	$3,009,012	$168,094,741	1.8%	$0	$441,776	$441,776
Dec-23	$0	$2,925,095	$173,137,583	1.7%	$0	$514,349	$514,349
Dec-24	$0	$2,650,042	$178,331,710	1.5%	$0	$595,294	$595,294
Dec-25	$0	$2,134,142	$183,681,662	1.2%	$0	$703,353	$703,353
Dec-26	$0	$1,552,128	$189,192,112	0.8%	$0	$748,445	$748,445

% Denotes having reached Policy Target

IMPORTANT: The purpose of the information provided herein is to assist the investor in assessing its portfolio construction with respect to private capital, the impact of its overall subscriptions to the private capital asset class in determining its portfolio construction, and the portion of its assets invested in private capital. In particular, the above illustrates the hypothetical portion of the investor's portfolio in private capital investments, and hypothetical cash flows from private capital investments, using certain assumptions (provided in more detail on the page entitled "Hypothetical Mathematical Illustration | Private Capital Allocation Assumptions"). Commonfund has included this information solely for the convenience of the investor, and as a longer-term planning mathematical formulation for illustrative purposes only. No inference should be drawn as to the potential performance of the Commonfund funds. The attached should not be considered to predict, project or imply performance of any individual investment, investments or the private capital asset classes more generally; furthermore, there is no assurance that any described investment performance or event will occur. The information provided above is hypothetical in nature and does not reflect actual investment results and are not guarantees of future results.
In calculating the hypothetical market value of private capital investments and cash flows, Commonfund has included information about the investor's current private capital program and total portfolio values, as reported by the investor, and has made numerous material assumptions, as summarized on the page entitled "Hypothetical Mathematical Illustration | Private Capital Allocation Assumptions". Past performance is not indicative of future performance, and future performance of private capital may vary substantially from, and may be significantly less or greater than, the assumed returns.
The investor should carefully review the assumptions set forth on the following page. Commonfund will recalculate the hypothetical information (including hypothetical private capital market value and hypothetical net cash flows) using the investor's assumptions upon request.

Hypothetical Mathematical Illustration

Private Capital Allocation | Assumptions

In preparing the hypothetical mathematical illustration on the preceding page, Commonfund Capital has made numerous material assumptions. Such assumptions may prove to be incorrect, and include the following:

All Burgiss Private IQ data assumed as of December 31, 2016 (the "Effective Date").

In seeking to utilize data that better represents fully realized private capital programs, the Burgiss Private IQ data for each private capital category includes all of the vintage years up to and including the vintage year 10 years prior to the Effective Date, (i.e., 2006) for each such category ("Asset Class Data").

In determining the hypothetical private capital program market value over the depicted period, Commonfund has assumed a TVPI (value of remaining investments plus value of distributions to date relative to total capital paid in to date) for the applicable Asset Class Data equal to the median TVPI for such Asset Class Data, as reported by Burgiss Private IQ. For more information regarding the taxonomy of the TVPI for each Asset Class Data, please contact Commonfund. In addition, Commonfund has assumed annual management fees as a percentage of capital commitments and carried interest for each Asset Class Data as follows: Fund of Funds (Private Equity, Venture Capital and Natural Resources): 0.75% and 5%, respectively; Direct Funds (Private Equity, Venture Capital and Natural Resources): 2.0% and 20%, respectively; Co-investment Funds: 1.0% and 10%, respectively.

In determining the investor's hypothetical total portfolio market value over the depicted period, Commonfund has assumed a real portfolio growth rate of 3% per annum, which is based on an assumed growth rate of 8% per annum less a net spend rate of 5% per annum.

Hypothetical private capital portfolio allocation (the Hypothetical PC Allocation) represents the hypothetical private capital program market value as of the applicable time, divided by hypothetical total portfolio market value as of such time.

In determining hypothetical capital calls, distributions and net private capital cash flow, Commonfund has assumed the same profile of capital calls, distributions and net cash flow as reported by Burgiss Private IQ as the median capital calls, distributions and net cash flow of the applicable Asset Class Data, adjusted proportionally to reflect the hypothetical annual growth, the investor's existing private capital programs capital commitments and the assumed new program commitments.

The hypothetical annual growth reflected in the information on the preceding page is calculated among others on the basis of the assumed TVPI and assumed hypothetical net private capital cash flow. Such hypothetical annual growth percentages are as follows: Private Equity Fund of Funds 7.45%; Venture Capital Fund of Funds 7.05%; Natural Resources Fund of Funds 8.7%; Co-investment funds 12.5%; Secondary funds 6.1%.

Important: The information presented on the preceding page should not be viewed as projected returns. In particular, the investor should be aware that the funds in which Commonfund invests may charge fees and carried interest less or greater than the assumed amounts, that cashflows may differ materially from median cashflows as reported by Burgiss IQ, that the Commonfund funds' returns may be significantly less or greater than the median returns reported by Burgiss IQ, and median returns in the future may differ significantly from median returns of the past.

Appendix

Important Notes

Commonfund Important Notes

commonfund

GENERALLY

This material has been prepared by Commonfund Asset Management Company, Inc. ("Comanco") and/or Commonfund Capital, Inc. ("CCI") (each, an "Investment Manager"), each of which are indirect wholly owned subsidiaries of The Common Fund for Nonprofit Organizations ("TCF" and, together with Comanco, CCI, Commonfund Securities, Inc. ("CSI") and its or their affiliates, "Commonfund"). The information in this material is for illustration and discussion purposes only. It is not intended to be, nor should it be construed or used as, investment, tax or legal advice, any recommendation or opinion regarding the appropriateness or suitability of any investment or strategy, or an offer to sell, or a solicitation of an offer to buy, any interest in any security, including any interest in a private fund, pool, investment product, managed account or other investment vehicle (each, an "Investment Product"). This material is qualified in its entirety by the information contained in any Investment Product's offering documents, including the governing partnership or operating agreement, investment management agreement, subscription agreement, or an Investment Product's prospectus or other offering memorandum related thereto, as applicable (collectively, a "Prospectus"). Any offer or solicitation of an investment in an Investment Product may be made only by delivery of the Investment Product's Prospectus to qualified investors by CSI. Prospective investors should rely solely on the Prospectus in making any investment decision. The Prospectus contains important information, including, among other information, a description of an Investment Product's risks, investment program, fees and expenses, and should be read carefully before any investment decision is made. This material does not take into account the particular investment objectives, restrictions, or financial, legal or tax situation of any specific investor. An investment in an Investment Product is not suitable for all investors. Each Investment Manager is registered with the SEC as an investment adviser. CSI is registered as a broker-dealer with the U.S. Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). The registrations and memberships above in no way imply that the SEC, FINRA or SIPC have endorsed any of the entities, products or services discussed herein.

DISTRIBUTION

Distribution of this material and the offer of an Investment Product may be restricted in certain jurisdictions. This material is not intended for distribution or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. This material and the information contained in this material is confidential, is the property of Commonfund, is intended only for intended recipients and their authorized agents and representatives and may not be reproduced or distributed to any other person without prior written consent.

This material is as of the date indicated, may not be complete, is subject to change and does not contain material information regarding an Investment Product, including specific information relating to an investment in an Investment Product and related risks factors. Unless otherwise stated, information provided in this material is derived from one or more parts of Commonfund's databases and internal sources.

Certain information has been provided by and/or is based on third-party sources and, although believed to be reliable, has not been independently verified. An Investment Manager is not responsible for errors or omissions from these sources. No representation is made with respect to the accuracy, completeness or timeliness of information and Commonfund assumes no obligation to update or otherwise revise such information. Unless the context otherwise requires, the term "investor" and "client" may be used interchangeably.

INVESTMENT PROCESS

No representation is made that an Investment Manager's or an Investment Product's investment process, investment objectives, goals or risk management techniques will or are likely to be achieved or successful or that an Investment Product or any underlying investment will make any profit or will not sustain losses. An investment in an Investment Product involves risk, as disclosed in the Prospectus. An Investment Manager may engage in investment practices or trading strategies that may increase the risk of investment loss and a loss of principal may occur. The risk management techniques which may be utilized by an Investment Manager cannot provide any assurance that an Investment Product will not be exposed to risks of significant trading losses.

Any descriptions involving investment process, investment examples, statistical analysis, investment strategies or risk management techniques are provided for illustration purposes only, will not apply in all situations, may not be fully indicative of any present or future investments, may be changed in the discretion of an Investment Manager and are not intended to reflect performance.

Any portfolio characteristics and limits reflect guidelines only and are implemented, and may change, in the discretion of an Investment Manager. Investments are selected by, and will vary in the discretion of, an Investment Manager and are subject to availability and market conditions, among other factors without prior notice to investors. There is no requirement that an Investment Manager or an Investment Product observe these guidelines, or that any action be taken if these guidelines are exceeded or are not met or followed.

MARKET COMMENTARY

Any opinions, assumptions, assessments, statements or the like (collectively, "Statements") regarding future events or which are forward-looking, including regarding portfolio characteristics and limits, constitute only subjective views, beliefs, outlooks, estimations or intentions of an Investment Manager, should not be relied on, are subject to change due to a variety of factors, including fluctuating market conditions and economic factors, and involve inherent risks and uncertainties, both general and specific, many of which cannot be predicted or quantified and are beyond an Investment Manager's or an Investment Product's control. Future evidence and actual results (including actual composition and investment characteristics of an Investment Product's portfolio) could differ materially from those set forth in, contemplated by, or underlying these Statements, which are subject to change without notice. There can be no assurance and no representation is given that these Statements are now, or will prove to be accurate, or complete in any way. The Investment Manager undertakes no responsibility or obligation to revise or update such Statements. Statements expressed herein may not be shared by all personnel of Commonfund.

PERFORMANCE | OPEN-END INVESTMENT PRODUCTS

Unless otherwise indicated, performance of open-end Investment Products shown is unaudited, net of applicable management, performance and other fees and expenses, presumes reinvestment of earnings and excludes investor specific sales and other charges. Fees may be modified or waived for certain investors. Please refer to an Investment Product's Prospectus or the Investment Manager's Form ADV Part 2A for more information regarding the Investment Product's fees, charges and expenses. An investor's actual performance and actual fees may differ from the performance information shown due to, among other factors, capital contributions and withdrawals or redemptions, different share classes and eligibility to participate in "new issues."

PERFORMANCE | CLOSED-END INVESTMENT PRODUCTS

Unless otherwise indicated, performance of closed-end Investment Products shown is net of all fees and any carried interest and excludes commitments by the applicable general partner and any limited partners that do not pay a management fee. Each Investment Product's Internal Rate of Return ("IRR") should be evaluated in light of the information and risks disclosed in the respective Prospectus. Certain investors in an Investment Product may receive a management fee and management fee discount; performance data herein reflects the weighted average blended management fee applicable to actual limited partners of such vehicles. Return information is calculated on a dollar-weighted (e.g., internal rate of return), since inception basis. There can be no assurance that unrealized investments ultimately will be realized at the valuations used in calculating IRRs or Net Multiples or that the calculated IRRs will be obtained. Actual realized returns will depend on, among other factors, future operating results, the value of assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale. Certain Investment Products use leverage to finance investments, which may involve a high degree of financial risk. Such Borrowings has the potential to enhance overall returns that exceed the Investment Product's cost of borrowed funds; however, borrowings will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Investment Product's cost of borrowed funds. Where applicable, returns take into consideration the reinvestment or "recycling" of investment proceeds.

Commonfund Important Notes

commonfund

HYPOTHETICAL PORTFOLIOS AND HYPOTHETICAL RESULTS | GENERALLY

Certain asset-allocation framework depicted in this presentation is hypothetical and does not represent the investment performance or the actual accounts of any or investors ("Hypothetical Portfolio"). Performance of Hypothetical Portfolios and other composite performance results (based on sector attribution and other dissections and combinations of actual Investment Product performance) should be considered hypothetical results (collectively, "Hypothetical Results"). Hypothetical Portfolios and Hypothetical Results do not reflect actual trading or performance by an Investment Product or an investor, or a recommendation on the part of an Investment Manager or CSI to any particular investor; nor should they be considered as indicative of the skills of the Investment Adviser. Hypothetical Portfolios and Hypothetical Results are provided for illustrative purposes only and do not guarantee past or future investment results. Hypothetical Results are based on assumptions, and do not reflect the impact that economic and market factors may have on investment decisions for an Investment Manager. Differences between the hypothetical assumptions and an actual investment are material and decrease substantially the illustration value of any Hypothetical Results. Hypothetical Portfolios may not take into account the goals, risk tolerance and circumstances of each investor. An investment decision should not be based on Hypothetical Results.

ADVISORY SERVICES

Advisory services, including those described under the trade name "Commonfund Strategic Solutions," are generally provided by Comanco or, on occasion, by CCI and subject to an investment advisory agreements. Comanco's and CCI's Form ADV Part 2A will be provided upon request.

OUTSOURCED CHIEF INVESTMENT OFFICER (OCIO)

There is no legal or regulatory term defining "OCIO" or "outsourced chief investment officer" services, and the meaning of such term varies from one individual to another. Accordingly, such services have been defined for purposes hereof to mean the management of (i) an institution's long-term or operating reserves ("Reserves") pursuant to an investment management agreement executed between a registered investment advisor and such institution (or, in certain limited circumstances, through a fund or separate account structure intended to achieve comparable objectives) and (ii) all or substantially all of an institution's Reserves, with advice related thereto being provided to such institution by a registered broker-dealer and which advice is solely incidental to the conduct of such broker-dealer's business or to its brokerage services.

BENCHMARKS AND FINANCIAL INDICES

Benchmarks and financial indices are shown for illustrative purposes only. They provide general market data that serves as point of reference to compare the performance of Investment Product's with the performance of other securities that make up a particular market. Such benchmark and indices are not available for direct investment and their performance does not reflect the expenses associated with the management of an actual portfolio, the actual cost of investing in the instruments that comprise it or other fees. An Investment Product's investment objective is not restricted to the securities and instruments comprising any one index. No representation is made that any benchmark or index is an appropriate measure for comparison. For a list of commonly used indices, please visit www.commonfund.org/important-disclosures. This list may not represent all available indices or those indices used in this material.

CERTAIN RISKS

Portfolio, volatility or return targets or objectives, if any, are used solely for illustration, measurement or comparison purposes and as an aid or guideline for prospective investors to evaluate a particular Investment Product's strategy, volatility and accompanying information. Such targets or objectives reflect subjective determinations of an Investment Manager based on a variety of factors including, among others, the Investment Product's investment strategy and prior performance (if any), volatility measures, portfolio characteristics and risk, and market conditions. Volatility and performance will fluctuate, including over short periods, and should be evaluated over the time period indicated and not over shorter periods. Actual volatility and returns will depend on a variety of factors including overall market conditions and the ability of an Investment Manager to implement an Investment Product's investment process, investment objectives and risk management. Performance targets or objectives should not be relied upon as an indication of actual or projected future performance; such targets or objectives may not be achieved, in whole or in part. For a list of commonly used measures of risk, please visit www.commonfund.org/important-disclosures.

SURVEY RANKINGS

The Commonfund rankings cited are from Market Strategies International. Cogent Reports™. US Institutional Investor Brandscape: February 2018 and are based on respondents' answers to questions in which they were asked to rank 55 asset managers on various brand attributes. The results were reported by Cogent based on four groups of respondents: Pension <$500M, Pension $500M+, Non-Profit <$500M, Non-Profit $500+. The survey was fielded online October 13, 2017 to November 28, 2017 and 371 investors with $100 million or more in institutional investable assets participated in the survey. Survey participants were required to play a direct role in the evaluation and selection of investments or asset managers within their organization. In determining the sampling frame for this study, Cogent indicated that it relied upon Standard & Poor's Money Market Directories (MMD) database of institutional investors. MMD supplied Cogent with a list of contacts at pensions and non-profits with a minimum of $100 million in investable assets. Cogent further reported that, to ensure the population for this research was representative of the universe of institutional investors, strict quotas were established by Cogent based upon a nested classification of institutional investor by category and size of assets. It also represented that data were weighted to be representative of the distribution of institutions by asset size and category according to the most recent MMD data. The data have a margin of error of +5.0% at the 95% confidence level.

The above summary is not a complete list of the risks, tax considerations and other important disclosures involved in investing in an Investment Product and is subject to disclosures in such Investment Product's Prospectus. Please refer to and review carefully the Investment Product's applicable Prospectus for a more detailed list of the Investment Product's risks and other disclosures prior to making any investment in such Investment Product.

Asset allocations may not equal 100% due to rounding.

Past performance is not indicative of future results. An investor may lose all or a substantial portion of their investment in an Investment Product.

Commonfund Securities, Inc., member FINRA, SIPC.
www.commonfund.org/important-disclosures

Commonfund Capital, Inc. | Summary Financial Data

September 30, 2017 | (Unaudited)

Dollars in millions

	First Drawdown	Capital Commitments	Capital Drawn Since Inception	(%)	Distribution to Investors Since Inception	Rate of Return[1]	Burgiss Benchmark[2]	Total Value to Investment Capital[3]	Total Value[4]
Venture Capital									
Endowment Venture Partners I [8]	Mar-90	$ 88.9	$ 88.9	100%	$ 293.5	**26.0%**	17.9%	3.3x	$ 293.5
Endowment Venture Partners II [8]	Apr-93	175.0	175.0	100%	860.6	**48.9%**	31.8%	4.9x	860.6
Endowment Venture Partners III [8]	Apr-96	250.0	247.5	99%	881.6	**83.2%**	12.9%	3.6x	881.6
Endowment Venture Partners IV	Sep-98	489.2	480.7	98%	511.3	**1.5%** [5]	-2.7%	1.1x	527.9
Endowment Venture Partners V	Jan-00	727.1	708.3	97%	624.7	**-0.2%** [5]	-0.6%	1.0x	700.0
Commonfund Capital Venture Partners VI	Jan-02	596.3	580.0	97%	833.7	**8.6%** [5]	2.5%	1.7x	999.5
Commonfund Capital Venture Partners VII	Sep-05	500.5	490.2	98%	547.6	**8.7%** [5]	5.5%	1.7x	816.1
Commonfund Capital Venture Partners VIII	Aug-07	656.9	624.1	95%	469.0	**11.8%** [5]	9.4%	1.9x	1,160.0
Commonfund Capital Venture Partners IX	Apr-10	451.8	420.2	93%	211.3	**22.7%** [5]	15.7%	2.3x	967.1
Commonfund Capital Venture Partners X	Sep-12	502.4	428.3	85%	27.0	**17.6%** [5]	13.3%	1.5x	659.5
Commonfund Capital Venture Partners XI	Jan-15	525.0	195.5	37%	5.2	**15.9%** [5,6]	N/M [6]	1.2x	232.8
U.S. Private Equity [7]									
Endowment Equity Partners I [8]	Oct-88	$ 42.9	$ 42.9	100%	$ 91.0	**13.7%**	11.9%	2.1x	$ 91.0
Endowment Private Equity Partners II [8]	Jul-94	171.2	161.8	95%	334.6	**19.6%**	10.4%	2.1x	334.6
Endowment Private Equity Partners III [8]	Jan-98	299.0	284.5	95%	388.4	**6.3%**	9.5%	1.4x	388.4
Endowment Private Equity Partners IV	Jan-00	452.2	441.3	98%	883.7	**17.1%** [5]	13.3%	2.1x	925.3
Commonfund Capital Private Equity Partners V	Mar-02	725.6	695.1	96%	1,165.9	**11.2%** [5]	10.1%	1.9x	1,287.7
Commonfund Capital Private Equity Partners VI	Jul-05	754.4	713.7	95%	831.6	**6.8%** [5]	8.4%	1.5x	1,080.1
Commonfund Capital Private Equity Partners VII	Mar-07	1,018.8	916.4	90%	846.4	**13.0%** [5]	11.7%	1.8x	1,628.7
Commonfund Capital Private Equity Partners VIII	Dec-11	218.1	141.2	65%	41.5	**15.0%** [5]	11.7%	1.5x	205.8
Commonfund Capital Private Equity Partners IX	Dec-14	280.5	131.2	47%	14.8	**17.9%** [5,6]	N/M [6]	1.3x	166.3

Past results not necessarily indicative of future performance
See Important Notes following the Summary Financial Data. Notes are an integral part of the Summary Financial Data.
See Important Notes | Benchmarks and Financial Indices and Performance | Closed-End Investment Products

Commonfund Capital, Inc. | Summary Financial Data

September 30, 2017 | (Unaudited) | Continued

Dollars in millions

	First Drawdown	Capital Commitments	Capital Drawn Since Inception	(%)	Distribution to Investors Since Inception	Rate of Return[1]	Burgiss Benchmark[2]	Total Value to Investment Capital[3]	Total Value[4]
Private Equity Outside the U.S.									
International Private Equity Partners I[8]	Dec-95	$ 85.3	$ 85.3	100%	$ 107.3	**4.3%**	8.0% [9]	1.3x	$ 107.3
International Private Equity Partners II[8]	Jan-98	110.9	103.9	94%	143.5	**6.0%**	5.2% [9]	1.4x	143.5
International Private Equity Partners III	Dec-99	220.9	217.1	98%	423.7	**16.8%** [5]	14.3% [9]	2.0x	436.4
Commonfund Capital Int'l. Partners IV	Apr-01	312.1	304.3	98%	517.0	**13.2%** [5]	10.5% [9]	1.9x	568.5
Commonfund Capital Int'l. Partners V	Sep-05	506.2	486.5	96%	605.1	**6.7%** [5]	6.6% [9]	1.5x	738.1
Commonfund Capital Int'l. Partners VI	Mar-07	804.8	728.4	91%	763.9	**8.9%** [5]	7.6% [9]	1.5x	1,113.6
Commonfund Capital Int'l. Partners VII	Mar-10	243.1	189.9	78%	61.2	**9.0%** [5]	9.9% [9]	1.3x	250.3
Commonfund Capital Int'l. Partners VIII	Jan-15	139.5	48.1	35%	4.4	**7.0%** [5,6]	N/M [6]	1.1x	53.1
Emerging Markets									
Commonfund Capital Emerging Markets 2013	Jun-13	$ 199.4	$ 117.6	59%	$ 7.1	**16.4%** [5]	12.2% [10]	1.4x	$ 160.6
Global Private Equity									
Commonfund Capital Global Private Equity 2014	Jan-15	$ 151.2	$ 69.2	46%	3.8	**15.0%** [5,6]	N/M [6]	1.2x	$ 85.0
Specialty Funds									
Commonfund Capital Secondary Partners 2015	Aug-15	$ 170.7	$ 47.8	28%	-	**84.7%** [5,6]	N/A [6]	1.6x	$ 79.1
Commonfund Capital Co-Investment Opportunities 2015	Jan-15	66.3	59.6	90%	9.9	**33.8%** [5]	6.6% [11]	1.5x	90.3

Past results not necessarily indicative of future performance
See Important Notes following the Summary Financial Data. Notes are an integral part of the Summary Financial Data.
See Important Notes | Benchmarks and Financial Indices and Performance | Closed-End Investment Products

Commonfund Capital, Inc. | Summary Financial Data

September 30, 2017 | (Unaudited) | Continued

Dollars in millions

	First Drawdown	Capital Commitments	Capital Drawn Since Inception	(%)	Distribution to Investors Since Inception	Rate of Return[1]	Burgiss Benchmark[2]	Total Value to Investment Capital[3]	Total Value[4]
Natural Resources									
Endowment Energy Partners [8]	Oct-89	$ 82.5	$ 82.5	100%	$ 131.6	**8.9%**	N/A [12]	1.6x	$ 131.6
Endowment Energy Partners II [8]	Dec-91	30.1	30.1	100%	47.7	**12.6%**	N/A [12]	1.6x	47.7
Endowment Energy Partners III	Jul-95	129.9	118.0	91%	332.2	**16.7%** [5]	N/A [12]	2.9x	338.0
Endowment Energy Partners IV	Jan-98	171.0	167.2	98%	623.0	**25.2%** [5]	N/A [12]	3.8x	637.6
Commonfund Capital Natural Resources Partners V	Aug-03	252.8	249.0	99%	355.2	**10.1%** [5]	N/A [12]	1.6x	409.0
Commonfund Capital Natural Resources Partners VI	Sep-05	302.2	295.7	98%	287.6	**5.2%** [5]	N/A [12]	1.4x	405.9
Commonfund Capital Natural Resources Partners VII	Jan-07	505.0	489.3	97%	349.8	**3.9%** [5]	N/A [12]	1.2x	591.9
Commonfund Capital Natural Resources Partners VIII	Nov-08	752.2	697.0	93%	272.2	**2.1%** [5]	1.4% [12]	1.1x	757.2
Commonfund Capital Natural Resources Partners IX	Oct-12	507.0	365.0	72%	20.0	**8.3%** [5]	9.0% [12]	1.2x	437.5
Commonfund Capital Natural Resources Partners X	Aug-15	252.7	63.2	25%	7.9	**54.9%** [5,6]	N/M [6,12]	1.3x	81.0
Commonfund Capital Partners									
Commonfund Capital Partners 1999	Sep-99	$ 47.2	$ 46.2	98%	$ 63.1	**6.3%** [5]	2.5% [13]	1.4x	$ 65.4
Commonfund Capital Partners 2000	Apr-01	96.8	94.4	98%	141.7	**9.5%** [5]	8.3% [13]	1.8x	168.2
Commonfund Capital Partners III	Jul-05	29.1	28.1	96%	31.5	**6.6%** [5]	7.5% [13]	1.6x	43.6
Commonfund Capital Partners IV	Aug-07	40.0	36.6	92%	32.7	**9.7%** [5]	9.0% [13]	1.7x	60.3
Commonfund Capital Partners V	Sep-11	102.2	68.7	67%	8.8	**13.2%** [5]	11.8% [13]	1.4x	97.8
Commonfund Capital Partners VI	Apr-16	66.9	19.7	29%	-	**24.9%** [5,6]	N/M [6,13]	1.2x	23.8
Commonfund Capital New Leaders									
Commonfund Capital New Leaders [8]	Mar-99	$ 103.1	$ 100.7	98%	$ 113.1	**2.1%**	1.2% [13]	1.1x	$ 113.1
Commonfund Capital New Leaders II	Oct-00	60.6	58.4	96%	65.3	**3.6%** [5]	8.6% [13]	1.3x	74.1

Past results not necessarily indicative of future performance
See Important Notes following the Summary Financial Data. Notes are an integral part of the Summary Financial Data.
See Important Notes | Benchmarks and Financial Indices and Performance | Closed-End Investment Products

THESE IMPORTANT NOTES ARE AN INTEGRAL PART OF THE SUMMARY FINANCIAL DATA

1. All performance data set forth herein is net of fees and carried interest and excludes commitments by the applicable general partner and any limited partners that do not pay a management fee. With respect to Commonfund Capital Private Equity Partners IX, Commonfund Capital International Partners VIII and Commonfund Capital Global Private Equity 2014, certain Limited Partners have a management fee discount; the performance data herein reflects the weighted average blended management fee applicable to actual limited partners of such vehicles. Each partnership's Internal Rate of Return (IRR) should be evaluated in light of information on such partnership's investment program, the risks associated therewith, and partnership performance as disclosed in the respective Offering Memorandum, Annual and Quarterly Reports. Return information calculated on a dollar-weighted (e.g., internal rate of return), since inception basis, which is standard for the private capital industry, rather than the time-weighted (e.g., annual or other period rate of return) basis. Comparison of returns calculated on an IRR basis with returns on a time-weighted basis is not appropriate. There can be no assurance that unrealized investments ultimately will be realized at the valuations used in calculating IRRs or Net Multiples or that the calculated IRRs will be obtained. Actual realized returns will depend on, among other factors, future operating results, the value of assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale.
2. Effective Q3 2016, Burgiss adjusted the taxonomy of its benchmarks. The Private Equity benchmark reported now includes the categories entitled "Equity" (excluding, however, the "venture capital" sub-category) and "Debt" in order to approximate the prior Burgiss Private Equity benchmark as closely as possible. The Venture Capital benchmark reported now includes the category entitled "Equity" (excluding, however, all sub-categories other than the "venture capital" sub-category) in order to approximate the prior Burgiss Venture Capital benchmark as closely as possible. As a result of these changes, the Private Equity and Venture Capital benchmarks used by Commonfund Capital prior to Q3 2016 differ from the benchmarks reported above. In addition, from Q3 2013 to Q3 2016, Commonfund Capital reported Burgiss benchmarks, determined based on the benchmark's grouped median returns of relevant vintage years in both USD and non-USD denominations, without conversion of non-USD denominated inputs into USD. Effective Q3 2016, Burgiss Private IQ grouped median returns having non-USD denominated inputs are converted to USD at the applicable spot exchange rates as of the last date of the applicable quarter. Depending on the applicable exchange rates at the relevant times, and the denominations of the applicable inputs, an "as converted" benchmark may be higher or lower than a "non-converted" benchmark. The Burgiss benchmarks for all partnerships listed are (i) intended to represent the opportunity set available for the given strategy and (ii) other than for co-investment partnerships, have been calculated using the grouped median return based on the relevant vintage years and representing at least two and no more than four vintage years, as determined by Commonfund Capital. Investors are cautioned against solely relying on the disclosed benchmarks in their investment decision. For additional information regarding the benchmarks, please contact Commonfund Capital.
3. Also referred to as Net Multiple, total value to invested capital net of the general partner interest = (Distribution + Ending Capital Balance/Capital Drawdown).
4. Total distributions plus the ending capital net of the general partner interest.
5. Net annualized internal rate of return since inception through the last day of the applicable quarter.
6. This partnership is in the early stages of its investment life cycle. Performance metrics on this partnership may not be indicative of long-term performance.
7. Endowment Mezzanine Partners I, L.P., a $5.5 million partnership, was raised in 1988 and was liquidated March 31, 2003. This partnership had a final inception-to-date net IRR of (4.8%).
8. This partnership has been fully realized and concluded. The benchmark is as of the date of the last investment sold.
9. IPEP I – IPEP III and CIP IV-CIP V use asset class categories Equity (including the venture capital sub-category) and Debt ex-U.S. performance data. Benchmarks for CIP VI and CIP VII exclude the venture capital sub-category due to a change in the CCI mandate.
10. The Burgiss benchmark for CEM 2013 is calculated using asset class categories Equity (including the venture capital sub-category) and Debt using the emerging markets geography.

    Effective the quarter ending March 31, 2017, Commonfund Capital adopted a benchmark for its co-investment program. Commonfund Capital did not publish a co-investment benchmark prior to this date. The Burgiss benchmark shown is calculated using the median return for the vintage year of Commonfund Capital Co-Investment Opportunities 2015, LP (such vintage year being 2015), using the category "Equity" (excluding the "Venture Capital" sub-category) for United States and Europe. The March 31, 2017 benchmark shown in prior materials was calculated using the median return for 2015, using the category "Equity" (excluding the "Venture Capital" sub-category) for United States and Europe (and not for all developed markets included in such category). The median return for 2015, using the category "Equity" (and excluding the "Venture Capital" sub-category) for developed markets (and not solely United States and Europe) was -2.7 (as opposed to -2.5% solely for United States and Europe). Performance metrics on such partnerships may not be indicative of long-term performance.
12. Effective March 31, 2017, Commonfund Capital adopted the Burgiss natural resources benchmark. Commonfund Capital did not publish a natural resources benchmark prior to this date. The Burgiss benchmark is calculated using the asset class sub-category "Natural Resources" within the "Real Assets" category. For those investment vehicles where Commonfund Capital has determined that the number of data-points included in the applicable vintage years of their respective benchmark may be insufficient for a reasonable comparison, no benchmark is disclosed. The Burgiss natural resources benchmark may be limited in utility due to the number of data-points comprising the benchmark.
13. The Burgiss benchmark for CCP and CCNL partnerships are calculated using asset class categories Equity and Debt for all of the partnerships. In addition, CCP IV includes performance data for the Real Assets asset class category (excluding real estate sub-category).

Commonfund Capital also manages multiple separate accounts; information regarding such accounts is excluded from this report.

Past performance does not guarantee future results.

RESOLUTION

DIRECTOR OF THE JAGUAR ATHLETIC FUND, INC.

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

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

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

WHEREAS, the Nominating Committee of the Board of Directors and the Board of Directors of the USAJAF have nominated Mrs. Shirley Brown for a three-year term representing women's golf pending the approval of the Board of Trustees of the University,

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

May 15, 2018

TO: Dr. Tony Waldrop
University President

FROM: Dr. Joel Erdmann
Director of Athletics

SUBJECT: University of South Alabama Board of Trustees Meeting
Jaguar Athletic Fund (JAF) Resolution for Consideration

This is to request the attached Resolution be presented to the USA Board of Trustees for consideration at its next meeting on June 1, 2018.

The intent of the Resolution is for the University of South Alabama Board of Trustees to ratify Shirley Brown as a newly elected JAF Board member. She was forwarded to the JAF Board for consideration following unanimous approval by the JAF Board of Directors nominating committee.

JWE/els

Attachment

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

HEALTH AFFAIRS COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

HEALTH AFFAIRS COMMITTEE

March 1, 2018
2:28 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, March 1, 2018, at 2:28 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Alexis Atkins, Chandra Brown Stewart, Steve Furr and Arlene Mitchell.
Members Absent:	Scott Charlton and Steve Stokes.
Other Trustees:	Tom Corcoran, Ron Graham, Ron Jenkins, Lenus Perkins, Jimmy Shumock, Ken Simon, Margie Tuckson, Mike Windom and Jim Yance.
Administration and Others:	Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, Susan LeDoux, John Marymont, Mike Mitchell, Jon Simmons, John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Dr. Furr called for consideration of the minutes of the meeting held on November 30, 2017. On motion by Ms. Brown Stewart, seconded by Dr. Furr, the Committee voted unanimously to adopt the minutes.

Dr. Furr addressed **ITEM 12**, a resolution authorizing the USA Hospitals medical staff appointments and reappointments for November and December 2017, and January 2018 (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on March 2, 2018). On motion by Ms. Atkins, seconded by Dr. Furr, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Furr called on Dr. Marymont for presentation of **ITEM 13**, a resolution authorizing the termination of the Cooke-Scott Chair of Neuroscience and redirection of the respective endowment funds to create and support Cooke-Scott scholarships for College of Medicine (COM) students. Noting that the average debt of medical students is $160,000, Dr. Marymont asserted that use of the existing funds for scholarships would address a great need and would still abide with terms of the original gift agreement. Ms. Tucker agreed, adding that the chair's position was never occupied. On

motion by Ms. Brown Stewart, seconded by Ms. Mitchell, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Furr called on Dr. Marymont to report on the activities of USA Health and the College of Medicine, **ITEM 14**. Dr. Marymont introduced Dr. Susan LeDoux, Professor and Vice Chair of the Department of Cell Biology and Neuroscience/Associate Dean of Medical Education, who gave an overview on a wellness program that aims to reduce the stress often felt by medical students, thus enhancing overall wellbeing. Dr. LeDoux explained that COM students are grouped into five wellness houses and each engages in positive activities and community service events. She said the houses have access to faculty advisors and a health and wellness counselor on staff is available to provide group, individual and couples counseling, a monthly health forum and mental health first-aid training.

Mr. Bailey introduced Dr. Jon Simmons, Trauma Medical Director and Interim Chief of the Division of Trauma and Surgical Critical Care, who discussed South's participation in the American College of Surgeons Trauma Quality Improvement Program (ACS TQIP), which avails reliable data on the outcomes of 750 trauma centers in the United States. He said recent TQIP data demonstrated that, based on a 95 percent confidence interval, trauma patients at the USA Medical Center are 30 percent more likely to survive. He shared graphs showing South ranked in the top 25th percentile for mortality prevention and near the top one percent for preventing major complications. He also discussed PROJECT INSPIRE, a three-week enrichment program for at-risk teens designed to prevent involvement in violent crimes and increase ambition to achieve attainable goals by immersing participants in community outreach projects and interactions with health care and community professionals.

There being no further business, the meeting was adjourned at 2:53 p.m.

Respectfully submitted:

_____

Steven P. Furr, M.D., Chair

RESOLUTION

USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS FOR FEBRUARY, MARCH AND APRIL 2018

WHEREAS, the Medical Staff appointments and reappointments for February, March and April 2018 for the University of South Alabama Hospitals are recommended for Board approval by the Medical Executive Committees and the Executive Committee of the University of South Alabama Hospitals,

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

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

USA Health

Date:
May 4, 2018

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

From:

Owen Bailey
CEO

Subject:
Board Meeting Documents

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

Resolution – University of South Alabama Hospitals Medical Staff Appointments and Reappointments for February, March and April 2018

- Credentials Report – February, March and April 2018

Resolution – University of South Alabama Hospitals Medical Staff Bylaws and Rules and Regulations Revisions of April 10, 2018

- Proposed Changes to University of South Alabama Hospitals Medical Staff Bylaws and Rules and Regulations
- University of South Alabama Hospitals Medical Staff Meeting Minutes – April 10, 2018

OB/kh

Attachments

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEE APPROVAL
February 2018, March 2018, and April 2018

The following is a listing of recommendations for approval of new appointments, reappointments and other status changes of physicians and allied staff professionals. These have been reviewed and are recommended by the Medical Executive committee of the respective hospitals.

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Abdul-Rahim, Osama, MD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology
Baranano, Eduardo C., MD	NA	NA	NA	Reappt.	Honorary	Surgery	NA	NA	NA
Bassam, Bassam A., MD	Reappt.	Active	Neurology	Reappt.	Active	Neurology	Reappt.	Active	Neurology
Bennett, Erin M., PCT	NA	NA	NA	Reappt.	Allied	Internal Medicine	NA	NA	NA
Berg, Marion C., MD	NA	NA	NA	Reappt.	Active	Emergency Med.	NA	NA	NA
Bilbo, Samentha S., RN	New Appt.	Allied	Surgery	New Appt.	Allied	Surgery	NA	NA	NA
Bolton, III, Wilburn D., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Borcicky, David J., DPM	Reappt.	Allied	Orthopaedics	Reappt.	Allied	Orthopaedics	NA	NA	NA
Boudreaux, Carole W., MD	Reappt.	Active	Pathology	Reappt.	Active	Pathology	Reappt.	Active	Pathology
Bowden, Stephen E., MD	NA	NA	NA	Reappt.	Active	Emergency Med.	NA	NA	NA
Bowman, Ashleigh A., CRNP	Reappt.	Allied	Ped. Emerg. Med.	NA	NA	NA	NA	NA	NA
Bright, Andrew C., DO	Reappt.	Active	Pediatric Surgery	Reappt.	Active	Pediatric Surgery	Reappt.	Active	Pediatric Surgery
Bright, Andrew C., DO	Reappt.	Active	Trauma Surgery	Reappt.	Active	Trauma Surgery	Reappt.	Active	Trauma Surgery
Brocato, Brian E., DO	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN
Broeking, Lauren C., CRNP	NA	NA	NA	New Appt.	Allied	Surgery	New Appt.	Allied	Surgery
Brown, Candra S., PCT	NA	NA	NA	Reappt.	Allied	Internal Medicine	NA	NA	NA
Catranis, Theodore N., MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Cheeseman, Kaci M., PA	Reappt.	Refer & Follow	Internal Medicine	Reappt.	Refer & Follow	Internal Medicine	NA	NA	NA
Chen, Tao, MD	Reappt.	Refer & Follow	Anesthesiology	Reappt.	Refer & Follow	Anesthesiology	NA	NA	NA
Chromiak, Stephen Blaise, MD	Reappt.	Refer & Follow	Family Medicine	Reappt.	Refer & Follow	Family Medicine	NA	NA	NA
Clarke, Ronald W., MD	Reappt.	Active	OBGYN	NA	NA	NA	NA	NA	NA
Correa, Kristin E., DMD	Reappt.	Allied	Surgery	NA	NA	NA	NA	NA	NA
Cotton, Laura L., RN	Reappt.	Allied	OBGYN	Reappt.	Allied	OBGYN	NA	NA	NA
Crotwell, III, William A., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Cunningham, Jennifer A., MD	Reappt.	Active	OBGYN	NA	NA	NA	NA	NA	NA
Cunningham, Thelma D., RN	NA	NA	NA	Reappt.	Allied	Internal Medicine	NA	NA	NA
Damrich, Michael, MD	Reappt.	Active	Surgery	Reappt.	Active	Surgery	NA	NA	NA
Dany, Mary M., CRNA	New Appt.	Allied	Anesthesiology	New Appt.	Allied	Anesthesiology	NA	NA	NA
Davis, Charles S., CRNP	Reappt.	Refer & Follow	Pediatrics	Reappt.	Refer & Follow	Pediatrics	NA	NA	NA
Dees, Daniel D., MD	Reappt.	Active	Neurology	Reappt.	Active	Neurology	Reappt.	Active	Neurology
Delgado, Gregg, DO	New Appt.	Temp Contr/Locums	Radiology	New Appt.	Temp Contr/Locums	Radiology	NA	NA	NA
Dubuc, Tammy E., PharmD	Reappt.	Refer & Follow	Internal Medicine	Reappt.	Refer & Follow	Internal Medicine	NA	NA	NA
Dudley, William Timothy, CRNP	Reappt.	Allied	Ped. Emerg. Med.	NA	NA	NA	NA	NA	NA
Duffy, Robert Lamar, MD	Reappt.	Active	Family Medicine	Reappt.	Active	Family Medicine	Reappt.	Active	Family Medicine
Elkins, Haley S., CRNP	New Appt.	Allied	Pediatrics	NA	NA	NA	New Appt.	Allied	Pediatrics
Falkos, Sheryl A., MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics
Firestone, Jennifer B., CRNP	New Appt.	Allied	Surgery	New Appt.	Allied	Surgery	New Appt.	Allied	Surgery
Flanagan, Ashley M., CRNP	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine
Gaudet, Alyssa B., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Glasser, James G., MD	Reappt.	Active	Surgery	Reappt.	Active	Surgery	Reappt.	Active	Surgery

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEE APPROVAL
February 2018, March 2018, and April 2018

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Goslings, Sophia M., MD	Reappt.	Active	Pediatrics	NA	NA	NA	Reappt.	Active	Pediatrics
Handwerger, Adam J., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Hartin, Jr., Charles W., MD	Reappt.	Active	Pediatrics Surgery	Reappt.	Active	Pediatrics Surgery	Reappt.	Active	Pediatrics Surgery
Hartin, Jr., Charles W., MD	Reappt.	Active	Trauma Surgery	Reappt.	Active	Trauma Surgery	Reappt.	Active	Trauma Surgery
Haygood, Mark A., DO	Reappt.	Consult/Assoc.	Psychiatry	Reappt.	Consult/Assoc.	Psychiatry	NA	NA	NA
Henderson, Phillip K., DO	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Hou, Zhanjia, Ph.D.	NA	NA	NA	New Appt.	Allied	Radiology	New Appt.	Allied	Radiology
Howell, Cambrey N., RTT	NA	NA	NA	Reappt.	Allied	Radiology	NA	NA	NA
Hudgens, Russell A., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Hundley, Olivette G., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Hundley, Olivette G., MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics
Hunter, III, John D., MD	Reappt.	Active	Surgery	Reappt.	Active	Surgery	Reappt.	Active	Surgery
Irvin, Jr., Ralph Lee, MD	New Appt.	Active	Anesthesiology	New Appt.	Active	Anesthesiology	New Appt.	Active	Anesthesiology
Jackson, Charleen P., CRNP	NA	NA	NA	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine
Jardine, James W., MD	Reappt.	Refer & Follow	OBGYN	Reappt.	Refer & Follow	OBGYN	NA	NA	NA
Jensen, Jessica L., CRNP	NA	NA	NA	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine
Jones, Christopher M., MD	Reappt.	Active	Orthopaedics	Reappt.	Active	Orthopaedics	Reappt.	Active	Orthopaedics
Jones, Susan V., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Knight, Kristan B., CRNP	New Appt.	Allied	Pediatrics	NA	NA	NA	New Appt.	Allied	Pediatrics
Kohaut, Edward C., MD	Reappt.	Active	Pediatrics	NA	NA	NA	Reappt.	Active	Pediatrics
Koulianos, George T., MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Krebsbach, Mackensie N., CRNP	NA	NA	NA	New Appt.	Allied	Surgery	New Appt.	Allied	Surgery
Lammle, Markus, MD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology
Lawrence, III, James M., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	NA	NA	NA
Lawrence, III, James M., MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	NA	NA	NA
Lee, Ji Young, MD, Ph.D.	NA	NA	NA	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Lester, Amber L., CRNP	NA	NA	NA	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine
Lightner, Jr., Joel E., MD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology
Lintner, Alicia C., CRNP	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery
Luscher, Elizabeth H., CRNP	Reappt.	Allied	Orthopaedics	NA	NA	NA	NA	NA	NA
Mack-Williams, Myria A., MD	New Appt.	Active	Pediatrics	New Appt.	Active	Pediatrics	New Appt.	Active	Pediatrics
McDell, Angela R., RN	NA	NA	NA	Reappt.	Allied	Internal Medicine	NA	NA	NA
McGowin, Emily F., CRNP	NA	NA	NA	New Appt.	Allied	Surgery	New Appt.	Allied	Surgery
Mellick, Larry B., MD	NA	NA	NA	New Appt.	Active	Emergency Med.	NA	NA	NA
Mellick, Larry B., MD	New Appt.	Active	Ped. Emerg. Med.	NA	NA	NA	NA	NA	NA
Michalski, Joseph R., MD	NA	NA	NA	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Naman, Michelle K., MD	Reappt.	Active	Pediatrics	NA	NA	NA	NA	NA	NA
Naylor, Claire H., PA-C	NA	NA	NA	New Appt.	Allied	Surgery	New Appt.	Allied	Surgery
Naylor, Cynthia L., Neuro Tech	Reappt.	Allied	Neurosurgery	Reappt.	Allied	Neurosurgery	NA	NA	NA
Neese, Katie, CRNP	NA	NA	NA	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine
Nelson, Glenn A., MD	New Appt.	Active	Pathology	New Appt.	Active	Pathology	New Appt.	Active	Pathology
Ochoa, Juan G., MD	Reappt.	Active	Neurology	Reappt.	Active	Neurology	Reappt.	Active	Neurology
Panayiotou, Hercules, MD	NA	NA	NA	Reappt.	Active	Internal Medicine	NA	NA	NA
Pritchard, Ronald S., MD	New Appt.	Temp Contr/Locums	Radiology	New Appt.	Temp Contr/Locums	Radiology	NA	NA	NA

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEE APPROVAL
February 2018, March 2018, and April 2018

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Rather, Lydia G., PharmD	Reappt.	Refer & Follow	Internal Medicine	Reappt.	Refer & Follow	Internal Medicine	NA	NA	NA
Revels, Tim S., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Richerson, Jason M., MD	NA	NA	NA	Reappt.	Active	Emergency Med.	NA	NA	NA
Richerson, Jason M., MD	Reappt.	Active	Ped. Emerg. Med.	NA	NA	NA	NA	NA	NA
Ringhoffer, Carolyn, MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Roberts, Birtha C., RN	NA	NA	NA	New Appt.	Allied	Internal Medicine	NA	NA	NA
Rodriguez, Reynaldo, DO	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Rodriguez - Feo, John A., MD	Reappt.	Consult/Assoc.	Orthopaedics	Reappt.	Consult/Assoc.	Orthopaedics	NA	NA	NA
Scalici, Jennifer M., MD	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN
Scheibe, Christine L., CRNP	New Appt.	Allied	Radiology	New Appt.	Allied	Radiology	New Appt.	Allied	Radiology
Scott, Byron C., DMD	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery	NA	NA	NA
Seaman, Deanna W., CRNP	New Appt.	Allied	Pediatrics	NA	NA	NA	New Appt.	Allied	Pediatrics
Siegel, Jonathan D., MD	Reappt.	Courtesy	Internal Medicine	Reappt.	Courtesy	Internal Medicine	NA	NA	NA
Sivanandam, Hari K., MD	Reappt.	Active	Ped. Emerg. Med.	Reappt.	NA	NA	NA	NA	NA
Smith, Clayton A, MD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology
Smith, Dusty F., MD	Reappt.	Refer & Follow	Surgery	Reappt.	Refer & Follow	Surgery	NA	NA	NA
Speirs, Lauren E., CRNP	Reappt.	Allied	Pediatrics	NA	NA	NA	Reappt.	Allied	Pediatrics
Trimm, III, Riley Franklin, MD	Reappt.	Active	Pediatrics	NA	NA	NA	Reappt.	Active	Pediatrics
Turner, Curtis W., MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics
Urquhart, William J., MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Ursprung, Nancy M., CRNP	Reappt.	Refer & Follow	Internal Medicine	Reappt.	Refer & Follow	Internal Medicine	NA	NA	NA
Vance, Susan E., MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Vande Waa, John A., DO	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Varma, Jyotsna, MD	Reappt.	Active	Anesthesiology	Reappt.	Active	Anesthesiology	NA	NA	NA
Vincent, Robert D., MD	Reappt.	Active	Anesthesiology	Reappt.	Active	Anesthesiology	NA	NA	NA
Vreeland, Thomas A., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Watson, Jr., Robert D., MD	Reappt.	Active	Anesthesiology	Reappt.	Active	Anesthesiology	Reappt.	Active	Anesthesiology
West, III, James L., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Wheeler, Gretchen R., CRNP	New Appt.	Allied	Pediatrics	NA	NA	NA	New Appt.	Allied	Pediatrics
White, Clinton A., CRNA	New Appt.	Allied	Anesthesiology	New Appt.	Allied	Anesthesiology	NA	NA	NA
Williams, Amanda L., CRNP	Reappt.	Allied	Pediatrics	NA	NA	NA	Reappt.	Allied	Pediatrics
Williams, Kari J., RN	NA	NA	NA	New Appt.	Allied	Internal Medicine	NA	NA	NA
Zloty, Peter, MD	Reappt.	Refer & Follow	Surgery	Reappt.	Refer & Follow	Surgery	NA	NA	NA

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEE APPROVAL
February 2018, March 2018, and April 2018

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Change Requests									
Abdul-Rahim, Osama, MD	Adding Priv.	Active	Radiology	Adding Priv.	Active	Radiology	Adding Priv.	Active	Radiology
Alexander, Kaitlin McGinn, PharmD	NA	NA	NA	Name Change	Allied	Surgery	Name Change	Allied	Surgery
Beeker, Thaddeus A., MD	Chg'd Status	Active	Internal Medicine	Chg'd Status	Active	Internal Medicine	NA	NA	NA
Bhat, Ramachandra, MD	Adding Priv.	Active	Pediatrics	Adding Priv.	Active	Pediatrics	Adding Priv.	Active	Pediatrics
Borcicky, David J., DPM	Adding Priv.	Allied	Orthopaedics	Adding Priv.	Allied	Orthopaedics	NA	NA	NA
Bright, Andrew C., DO	Adding Priv.	Active	Pediatrics Surgery	Adding Priv.	Active	Pediatrics Surgery	Adding Priv.	Active	Pediatrics Surgery
Bright, Andrew C., DO	Adding Priv.	Active	Trauma Surgery	Adding Priv.	Active	Trauma Surgery	Adding Priv.	Active	Trauma Surgery
Catranis, Theodore N., MD	Adding Priv.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Damrich, Michael, MD	Adding Priv.	Active	Surgery	Adding Priv.	Active	Surgery	NA	NA	NA
Flanagan, Ashley M., CRNP	Add/Del Priv.	Allied	Internal Medicine	Add/Del Priv.	Allied	Internal Medicine	Add/Del Priv.	Allied	Internal Medicine
Flanagan, Ashley M., CRNP	Adding Priv.	Allied	Internal Medicine	Adding Priv.	Allied	Internal Medicine	Adding Priv.	Allied	Internal Medicine
Henderson, Phillip K., DO	Adding Priv.	Active	Internal Medicine	Adding Priv.	Active	Internal Medicine	Adding Priv.	Active	Internal Medicine
Jones, Tracey E., CRNP	Chg'd Status	Allied	Internal Medicine	Chg'd Status	Allied	Internal Medicine	NA	NA	NA
Kohaut, Edward C., MD	Add/Del Priv.	Active	Pediatrics	NA	NA	NA	Add/Del Priv.	Active	Pediatrics
Krebsbach, Mackenzie, CRNP	NA	NA	NA	Adding Priv.	Allied	Surgery	Adding Priv.	Allied	Surgery
Panayiotou, Hercules, MD	NA	NA	NA	Adding Priv.	Active	Internal Medicine	NA	NA	NA
Richerson, Jason M., MD	Deleting Priv.	Active	Pediatrics	Deleting Priv.	Active	Pediatrics	Deleting Priv.	Active	Pediatrics
Scalici, Jennifer M., MD	Adding Priv.	Active	OBGYN	Adding Priv.	Active	OBGYN	Adding Priv.	Active	OBGYN
Smith, Dusty F., MD	Adding Priv.	Refer & Follow	Surgery	Adding Priv.	Refer & Follow	Surgery	NA	NA	NA
Speirs, Lauren E., CRNP	Adding Priv.	Allied	Pediatrics	NA	NA	NA	Adding Priv.	Allied	Pediatrics
Urquhart, William J., MD	Adding Priv.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Wilson, Kelly Ann Whitehead	Name Change	Allied	Anesthesiology	Name Change	Allied	Anesthesiology	NA	NA	NA
Retired/Resigned									
Name	**Reason**	**Date**	**Dept.**	**Reason**	**Date**	**Dept.**			
Amonett, Charles R., RN	NA	NA	NA	Resigned	2/2/2018	Internal Medicine			
Aune, Catharine V., CRNP	NA	NA	NA	Resigned	1/24/2018	Internal Medicine			
Baskovich, Brett W., MD	Resigned	1/26/2018	Pathology	Resigned	1/26/2018	Pathology			
Beville, Lindsey C., PA	Resigned	1/29/2018	Surgery	NA	NA	NA			
Butler, Heidi N., RN	Resigned	2/12/2018	Pediatrics	NA	NA	NA			
Campbell, Maura L., MD	Resigned	1/26/2018	Radiology	Resigned	1/26/2018	Radiology			
Cash, Brooks D., MD	Resigned	3/15/2018	Internal Medicine	Resigned	3/15/2018	Internal Medicine			
Laurini Javier A., MD	Resigned	1/21/2018	Pathology	Resigned	1/21/2018	Pathology			
Linder, Michael M., MD	Resigned	3/1/2018	Family Medicine	Resigned	3/1/2018	Family Medicine			
Rice, Holley P., PharmD	Resigned	2/14/2018	Internal Medicine	Resigned	2/14/2018	Internal Medicine			
Sanders, Jeffery L., RN	NA	NA	NA	Resigned	3/5/2018	Internal Medicine			
Santoro, Jessica J., Neuro Tech	Resigned	1/30/2018	Neurosurgery	Resigned	1/30/2018	Neurosurgery			
Shaw, Dewey P., MD	Resigned	2/21/2018	Anesthesiology	Resigned	2/21/2018	Anesthesiology			
Ward, Brian H., Ph.D.	NA	NA	NA	Resigned	1/15/2018	Radiology			
Watson, Alyson J., PA	Resigned	3/22/2018	Radiology	Resigned	3/22/2018	Radiology			

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEES APPROVAL

February 2018, March 2018, and April 2018

LEGEND:

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

RECOMMENDED BY:

Robert A. Perkins, M.D., Chair of Medical Executive Committee or Chair Elect
USA Children's & Women's Hospital

Sabrina G. Bessette, M.D., Chair of Medical Executive Committee or Chair Elect
USA Medical Center

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

RESOLUTION

USA HOSPITALS MEDICAL STAFF BYLAWS AND RULES AND REGULATIONS REVISIONS OF APRIL 10, 2018

WHEREAS, revisions to USA Hospitals Medical Staff Bylaws and Rules and Regulations, approved at the April 10, 2018, Medical Staff meeting and attached hereto, are recommended for approval by the Medical Executive Committees, General Medical Staff and the Executive Committee of the University of South Alabama Hospitals,

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

Proposed Changes to USA Hospitals Medical Staff Bylaws and Rules and Regulations
Revision/Addition Descriptions
Approved at the USA Hospitals General Medical Staff Meeting on April 10, 2018

RECOMMENDED TO BE EFFECTIVE June 1, 2018

MEDICAL STAFF BYLAWS

1) **ARTICLE III – CATEGORIES OF MEMBERSHIP**
Revised Refer and Follow Category to order outpatient care and treatment.

2) **ARTICLE IV- THE ALLIED STAFF**
Revised to allow the dentist to use history and physician from the patient's primary physician.

3) **ARTICLE XV-CORRECTIVE ACTION**
Revised the summary suspension section to include duplicate wording as automatic suspension for Joint hospital suspension (Not new just relocation for clarity).

4) **ARTICLE XXVII-HOSPITAL COMMITTEES**
Revised the names of committees for Children's & Women's Hospital and deleted two committees for the Medical Center.

RULES AND REGULATIONS

1) Section 2.4.11 Care of Dental Patients
Added dentist responsibilities to include coordination with the patient's primary physician to provide the clinical history and physical. Revised the USA Practitioner's responsibilities to include reviewing and updating the history and physical prior to anesthesia and surgery for the dentist.

2) Section 4.5 Verbal or Telephone Orders
Revised the following:

- Authentication timeframe changed to "promptly but no more than 30 days following entry of the order."
- Clarifying who can authenticate the verbal order to include another practitioner caring for the patient.

Proposed Changes to University of South Alabama Hospitals Medical Staff Bylaws
Approved at the USA Hospitals General Medical Staff Meeting on April 10, 2018

Underlines are <u>additions</u> - Strikethroughs are ~~deletion~~

Bylaws

ARTICLE III – CATEGORIES OF MEMBERSHIP

Section 3.04 Refer and Follow Staff
The Refer and Follow Staff shall consist of those LIP Practitioners, who wish to be affiliated with the Hospital and refer patients to members of the Active and/or Courtesy Staff, but who do not admit or treat patients in the hospital.

Members of the Refer and Follow Staff may not admit, write orders, perform procedures or attend inpatients; but ~~may:~~

A. **<u>May</u>** refer patients to members of the Active and/or Courtesy Staff.
B. **May** visit their patients while in the hospital
C. **<u>May</u>** review their patient's medical record via the electronic medical record, if applicable, both remotely and at the hospital
D. **<u>May</u>** document in the progress notes, including access via the electronic record, if applicable, both remotely and at the hospital.
E. **<u>May</u>** obtain results of tests and therapy
F. **<u>May</u>** discuss ongoing management with the patient's physician(s).
G. Does not require physician back-up coverage
H. **<u>Are excluded from</u>** Focused Professional Practice Evaluation (FPPE) or OPPE requirements
I. May order **<u>outpatient care, treatment and</u>** testing within the scope of their practice
J. May not vote nor serve on Medical Staff Committees
K. May not hold office

ARTICLE IV - THE ALLIED STAFF

The Allied Staff shall consist of those individuals who provide independent clinical services and who are not Physicians or members of the Medical Staff. The Allied Staff shall include but is not limited to, dentists, podiatrists, optometrists, chiropractors, clinical psychologists, physician's assistants, certified registered nurse anesthetists, certified nurse practitioners, certified nurse midwives, and sexual assault nurse examiners (SANE nurses) and non-licensed healthcare providers such as Optometry Technicians, etc.

Allied Staff may exercise judgment within their licensure, certification, and/or area of competence; where required by scope of practice. Certified nurse midwifes may write admission orders for inpatients and subsequent orders as long as they maintain an agreement with a collaborating physician. **<u>Dentists manage the care and treatment for ambulatory/outpatient care dental patients at CW with the input of the patient's primary physician and an associated USA practitioner who performs the discipline-specific history and physical examination update.</u>** Otherwise, Allied Staff participate directly in the management of patients under the supervision or direction of a physician or employer; record reports and progress notes in patients' records; and write orders to the extent established by the appropriate Department Chair and in accordance with applicable law. Allied Staff shall be appointed by the BOT in accordance with the procedures herein.

Allied Staff shall be subject to Focused Professional Practice Evaluation (FPPE) per specialty and be subject to Ongoing Professional Practice Evaluation (OPPE). If any LIP allied health staff member has a low volume of FPPE activity during their provisional first year period on allied health staff, the practitioner will remain on FPPE review until FPPE activity can be obtained. When this individual is due to apply for reappointment, the Combined Credentials Committee will determine whether the practitioner should be given the privilege requested due to continued pendency of FPPE or should remain in the FPPE monitoring status due to contractual arrangements or medical staff coverage needs. The Combined Credentials committee will make its recommendation to the MEC accordingly.

Allied Staff shall provide evidence of current professional liability coverage as provided herein.

Appointees to the Allied Staff shall adhere to the current Bylaws, Medical Staff Rules and Regulations, and any subsequent amendments approved by the MEC, Executive Committee, and the BOT.

Allied Staff are not considered members of the Medical Staff and are not eligible for Fair Hearing and Appellate Rights specified in Article XVI.

Appointments to the Allied Staff shall be for a period of not more than two (2) years and may be consecutive.

Proposed Changes to University of South Alabama Hospitals Medical Staff Bylaws
Approved at the USA Hospitals General Medical Staff Meeting on April 10, 2018

Underlines are <u>additions</u> - Strikethroughs are ~~deletion~~

ARTICLE XV – CORRECTIVE ACTION

Section 15.02 – Summary Suspension
Notice:
A. When the ad hoc committee or MEC recommends an action which triggers procedural rights, the Staff Member under suspension shall be sent the notice required by Section 16.02 within five (5) business days of the recommendation of an action.
B. All summary suspensions and actions or recommendations of the ad hoc committee shall be reported by the Chair of MEC to the MEC at its next scheduled meeting.
<u>C. Summary suspension at one of the hospitals of USA Health:</u>
<u>In the event a practitioner's privileges have been summarily suspended at one of the hospitals of USA Health pursuant to the process described in this Article XV, the practitioner's privileges will be automatically suspended at all the hospitals of USA Health pending the final decision made as a result of the Corrective Action/Fair Hearing and Appellate Review process.</u>

<u>NOTE:</u> The above section is also located in Section 15.03 – Automatic Suspension or Limitation
Plan to leave the above statement in the automatic suspension section as it applies to both sections.

ARTICLE XXVII - HOSPITAL COMMITTEES

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

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

Children's and Women's Hospital

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

Medical Center

A. Performance Improvement Council*
B. Critical Care Committee*
C. Pharmacy and Therapeutics*
~~D. Patient Safety*~~
E. Medication Error Reduction Committee*
F. Rapid Response/Code Committee
~~G. Information Management Committee~~
H. Infection Control Combined Committee*, **
I. Medical Ethics Committee*
J. Emergency Department Committee*
K. Trauma Burn **<u>Operational</u>** Committee*
L. Robotic Sub-committee*

* Denotes joint hospital and medical staff committees.
**Denotes joint USA hospitals committees.

Proposed Changes to University of South Alabama Hospitals Medical Staff Rules and Regulations Approved at the USA Hospitals General Medical Staff Meeting on April 10, 2018

Underlines are <u>additions</u> - Strikethroughs are ~~deletion~~

Rules & Regulations

2.4.11 Care of Dental Patients
A patient admitted for dental care is a dual responsibility of the dentist and the attending physician who assumes responsibilities as outlined below.

Dentist's responsibilities:

1) A detailed dental history justifying **<u>the clinical necessity for the procedure</u>** ~~hospital admission~~;
2) **<u>Coordinate with the patient's primary physician to provide information about the patient's clinical history and physical condition prior to the planned procedure, utilizing USA's Dental History & Physical form or equivalent form.</u>**
3) A detailed description of the dental examination and pre-operative diagnosis
4) A complete operative report describing the findings and techniques employed. In cases of tooth extraction, the dentist shall clearly state the number of teeth and fragments removed. All tissue including teeth and fragments shall be sent to the hospital pathologist for examination;
5) Progress notes as are pertinent to the dental condition;
6) A clinical summary
7) Patients shall be discharged on the written order of the dentist member of the staff.

<u>USA practitioner's</u> ~~Primary Attending physician's~~ responsibilities

1) **<u>Review medical history provided by the primary physician and the dentist. Perform a relevant medical history update with physical examination prior to anesthesia and surgery</u>**
<u>2) Accept transfer of care from the dentist to the USA practitioner if inpatient admission is needed or provide consultation if warranted for a change in condition during or following the procedure</u>.
~~Supervision of the patient's general care while hospitalized.~~

4.5 Verbal or Telephone Orders
Physicians should enter CPOE into the Medical Record. Verbal orders should be rare and are to be accepted only in emergent/urgent situations or when physicians are performing procedures. Telephone orders should be communicated by CPOE physicians only when the physician is unable to access the medical record. Both verbal and telephone orders shall be authenticated by the physician **<u>promptly</u>** ~~as soon as possible~~ ~~but not to exceed 96 hours~~ **<u>but no more than 30 days following entry of the order.</u>**

In appropriate situations, verbal or telephone orders may be accepted by licensed, certified registered staff members, within the limits established by the Medical Staff, consistent with the State Practice Acts, from an attending physician or designee. A verbal order shall be considered to be complete once given to a registered nurse functioning within his/her sphere of competence and subsequently authenticated by the responsible practitioner **<u>or another practitioner responsible for the care of the patient.</u>**

Other personnel authorized to accept or carry out orders within the confines of their respective departments are as follows: Registered Physical Therapist, Registered Respiratory Therapist, Registered Pharmacist, Registered Radiology Technologist, Registered Dietician, Licensed Social Worker, qualified Occupational and Speech Therapists, Ultrasonographer, Registered Medical Technologist, Medical Laboratory Technician, Physician Assistant and Advance Practice Nurse Practitioner. All orders dictated shall be identified by the date and time of the order, the appropriate notation (TOV or VOV for either telephone or verbal order verified), the name of the practitioner, and the name and title of the individual to whom the order was dictated. Verbal orders are to be accepted only in emergent/urgent situations. Based upon the Code of Federal Regulations all entries must be legible, complete, and must be authenticated by the person identified by name and discipline or another person covering who is responsible for ordering, providing, or evaluating the service furnished. The responsible physician or another authorized physician who is responsible for the care of the patient shall authenticate, date and time any order promptly but in no case ~~longer than 96 hours~~ **<u>more than 30 days following the order</u>**. The exceptions are:

- orders for restraints which have specified time frames for authentication or
- change in Life Sustaining Medical Treatment status that must be signed within 24 hours

The physician shall take full responsibility for any order given to include written, telephone (TOV) or verbal (VOV).

UNIVERSITY OF SOUTH ALABAMA HOSPITALS
MEDICAL STAFF MEETING MINUTES
April 10, 2018

The meeting of the University of South Alabama Hospitals Medical Staff was held at the Strada Patient Care Center on Tuesday, April 10, 2018. In the absence of John Marymont, MD, Vice President for Medical Affairs and Dean of the College of Medicine, the meeting was called to order at 6:17 p.m. by Owen Bailey, Chief Executive Officer/Senior Associate Vice President for Medical Affairs. A roster of attendees is available in the Medical Staff Credentialing Office.

Mr. Owen Bailey welcomed everyone and expressed appreciation to the staff involved in preparing for the dinner meeting. The new members of the USA Hospitals Medical Staff were introduced. Congratulations to Franklin Trimm, MD for being named Associate Dean of Diversity and Inclusion, Assistant Vice President for Medical Affairs.

Sabrina Bessette, MD, USA Medical Center Medical Staff Chair presented the proposed revisions to the Medical Staff Bylaws and Rules and Regulations for review and approval. A motion was made, carried, and approved.

Mr. Owen Bailey reported for the USA Health System. Information was shared pertaining to partnerships being created between various health systems and the future partnership plans for USA Health. USA Health has experienced a 12-13% growth in each of the last two years. Many positive changes were reported with the three planning phases: Strategic, Capital, and Facility. USA Health is working with the ADAMS Company to develop a Facilities Master Plan. All facility locations and current conditions along with possible future facility locations are being evaluated. The report of these evaluations will be data driven and will create a road map for future growth. Mr. Bailey mentioned two leadership team positions that were underway for selection: Chief Information Officer (CIO) and Chief Medical Office (CMO). For the CMO the search committee has identified four candidates, and on-site interviews will be scheduled soon.

Mr. Sam Dean, Administrator of USA Medical Center, presented a slide show depicting recent accomplishments. Gratitude was expressed for all who supported the renovation of the lobby. More than 200 people gathered to celebrate at the lobby grand opening. Plans are underway for designing the state-of-the-art trauma center funded by the $5 million gift from Mr. Herbert Meisler and $4 million from the Governor. He announced that the Burn Center is still ranked first in the nation. Parking expansion has been approved to add 117 additional spaces. South Flight is returning to USA. Although it will not be owned or staffed by USA, it will be branded with USA for marketing. Other subjects depicted were the outpatient operating rooms and the banners on Mobile Street.

Mr. Chris Jett, Administrator of USA Children's & Women's Hospital reported on the renovations of the 4th and 5th floors of the Pediatric Tower for the new Mother/Baby area. A fund-raising goal of $5 million has been set for the Pediatric Emergency Department. He stated that fund raising was half-way there. Information was shared on the upcoming fund raising signature event "Local Goodness 2018" to be held at the Strada Patient Center on April 15th. Mr. Jett reported that operations are up 5% overall with the pediatric intensive care unit and the operating rooms being up 20%. Consideration is being given to expand one of the operating rooms.

Mr. Brian Norris, Administrator of USA Health Ambulatory Services, reported that that the ambulatory quality team worked very hard to turn good patient care into measurable results. Thorough documentation from specific areas was gathered and used to meet key performance areas in the Merit-Based Incentive Payment System (MIPS). A minimum score of 70 is required to qualify for a positive payment adjustment. The USA Health providers scored a 94.95, which will appear on governmental and other websites. He stressed that very few practices score this high and stated that everyone should be very proud of giving great patient care.

Mr. Owen Bailey shared information about the Outreach Special Project. The team is visiting all rural hospitals within 150 mile radius and sharing information about USA Health and our services. He commented on numerous medical symposiums held in the area that were very beneficial to the medical staff and community. Some of these reached a record growth in the number of attendees. The symposiums were a valuable opportunity to connect with the referring communities. Information about the new USA Branding was shared. Mr. Bailey stressed that the branding is not just logos, but a reflection of how we portray ourselves and our culture. Currently the USA Health social media following is larger than all of the health systems in the city combined.

With no further business, the meeting was adjourned at 6:52 p.m.

Respectfully submitted,

Juliana Kuck

Juliana Kuck
Medical Credentialing Coordinator

RESOLUTION

DISTINGUISHED PROFESSORS
COLLEGE OF MEDICINE

WHEREAS, the University of South Alabama seeks to honor exceptional faculty who have distinguished themselves in academic and scholarly productivity throughout their careers, and

WHEREAS, Edward Panacek, M.D., a full professor and Chair of the Department of Emergency Medicine in the College of Medicine, is an alumnus of the college, has had a distinguished career in academic emergency medicine prior to and since returning to the University of South Alabama as chair in 2015, contributes broadly to the leadership and initiatives of a number of national professional societies, has received numerous awards for his service and research achievements, has published more than 200 articles, book chapters and invited reviews, and is committed to the development of a new academic residency program in emergency medicine at the University of South Alabama, and

WHEREAS, William Richards, M.D., a full professor and Chair of the Department of Surgery in the College of Medicine, is an expert in laproscopic surgery, has published more than 170 articles, book chapters and invited reviews, serves as editor for three prominent surgical journals, has had significant research funding over his career, and has mentored numerous residents, clinical fellows and junior faculty to develop their research careers in surgery, and

WHEREAS, Lisa Spiryda, M.D., Ph.D., a full professor and Chair of the Department of Obstetrics and Gynecology in the College of Medicine, has had a significant record of publication and research funding, has served as a research mentor and/or thesis advisor for more than 60 high school students, undergraduate honors students, nursing students, Ph.D. students, medical students and residents throughout her career, serves as editor or editorial board member for a number of prominent journals in surgical research, clinical obstetrics and gynecology, and has been a keen advocate for integrated M.D./Ph.D. training,

NOW, THEREFORE BE IT RESOLVED that the Board of Trustees of the University of South Alabama recognizes these contributions and bestows upon Drs. Edward Panacek, William Richards, and Lisa Spiryda the title *Distinguished Professor* for the 2018-2019 academic year.

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

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

Date:
April 30, 2018

To:
Dr. Tony Waldrop
University President

From:
John V. Marymont, M.D., M.B.A.
Vice President Medical Affairs
Dean, College of Medicine

JVM

Subject:

University of South Alabama Board of Trustees Meeting
Distinguished Professors College of Medicine Resolution for Consideration.

This is to request the attached Resolution be presented to the USA Board of Trustees for consideration at its next meeting on May 31, 2018.

The intent of the Resolution is to honor these distinguished Professors Edward Panacek, M.D., William Richards, M.D., and Lisa Spiryda, M.D., Ph.D. who have distinguished themselves in academic and scholarly productivity throughout their careers.

JVM/gkr

Attachment

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

March 1, 2018
2:53 p.m.

A meeting of the Academic and Student Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Dr. Steve Furr, Vice Chair, on behalf of Dr. Scott Charlton, Chair, on Thursday, March 1, 2018, at 2:53 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Alexis Atkins, Steve Furr, Ron Graham, Lenus Perkins, Margie Tuckson and Mike Windom.
Member Absent:	Scott Charlton.
Other Trustees:	Chandra Brown Stewart, Tom Corcoran, Ron Jenkins, Arlene Mitchell, Jimmy Shumock, Ken Simon and Jim Yance.
Administration and Others:	Owen Bailey, Les Barnett, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Hannah Givvey, Mike Haskins, David Johnson, Melva Jones, John Marymont, Taylor Mechley, Mike Mitchell, Oscila Parks, John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop, Scott Weldon and Alec Yasinsac.

The meeting came to order and the attendance roll was called. Dr. Furr called for consideration of the minutes of the meeting held on November 30, 2017. On motion by Mr. Windom, seconded by Mr. Graham, the Committee voted unanimously to adopt the minutes.

Dr. Furr called for a report on the activities of the Division of Academic Affairs, **ITEM 15**. Provost Johnson commented on the importance of experiential learning and introduced School of Computing (SoC) Dean Dr. Alec Yasinsac, who discussed an innovative managed intern program that launched in 2012 under the direction of Mr. Les Barnett, Director of the Center for Forensics, Information Technology and Security. Through the program, contracts executed with industry partners provide for the placement of SoC intern teams that work to enhance systems while faculty members provide supervision and technical support. Dr. Yasinsac reported that contracts thus far had generated revenue of approximately $1.9 million and the industry pool continues to grow. He added that the internships often result in the permanent employment of graduates. SoC students Ms. Hannah Givvey, Ms. Taylor Mechley and Ms. Oscila Parks shared perspective on their intern experiences.

Dr. Furr called for a report on the activities of the Division of Student Affairs, **ITEM 16**. Dr. Mitchell outlined specific initiatives and statistics demonstrative of the division's attainment of six strategic goals for 2016-2017, which he noted were in direct correlation with the University's strategic priorities. He advised that the division's 2016-2017 Annual Report was available on South's website. Mr. Windom asked that printed copies be provided to Board members.

Dr. Smith reported that construction of the new Camellia residence hall, located near the Delta complex, was nearing completion and was on track to open for the 2018 fall semester. Photos of the facade and interior were shown. When asked about housing applications, Dr. Smith said housing applications were generally a good indicator of student enrollment and Provost Johnson advised of an increase in enrollment applications to date. Dr. Smith said, like Azalea Hall, Camellia Hall will offer double-occupancy bedrooms with private baths, a design shown to positively impact community cultivation.

Dr. Furr called upon Ms. Chronister for presentation of **ITEM 17**, the annual review of research activity. Ms. Chronister advised of an approximate $7 million decrease in sponsored funding in 2017, as reflected in charts that classified the nearly $57 million in funding received by source and purpose. She discussed proposals submitted and funded by unit for 2016 and 2017, noting increased funding for the College of Education and Professional Studies, the Mitchell Cancer Institute and Research Administration. She gave information on the 2nd Annual Regional Hospitality and Tourism Workforce Summit, the proceeds of which would support scholarships, and a summer job training program offered by the Department of Hospitality and Tourism Management for nearly 300 YES (Youth Empowered for Success) participants.

There being no further business, the meeting was adjourned at 3:27 p.m.

Respectfully submitted:

_____

Steven P. Furr, M.D., Vice Chair

RESOLUTION

COMMENDATION OF DR. DEBRA C. DAVIS

WHEREAS, Dr. Debra C. Davis served as Dean of the College of Nursing for 19 years, and

WHEREAS, under Dr. Davis' leadership as Dean, the College of Nursing founded the first Doctor of Nursing Practice program in Alabama and,

WHEREAS, Dr. Davis served on the Board of Commissioners for the Commission on Collegiate Nursing Education, and

WHEREAS, Dr. Davis was recognized by the Governor of the State of Alabama for leadership, dedication and professionalism in service to the Alabama State Board of Nursing in 2005 and 2009, and

WHEREAS, since 1998, Dr. Davis helped facilitate more than $40 million in grant awards for the College of Nursing at the University, and

WHEREAS, Dr. Davis was awarded grants to begin the first Clinical Nurse Leader Program in combination with an accelerated Bachelor of Science in Nursing Program, and

WHEREAS, under the leadership of Dr. Davis the student enrollment increased from 964 to 4,227 and the number of faculty increased from 40 to 106, and

WHEREAS, Dr. Davis was inducted into the Alabama Nursing Hall of Fame in 2015,

THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees expresses its appreciation to Dr. Debra C. Davis for her many contributions and offers its best wishes upon her retirement.

RESOLUTION

TENURE AND PROMOTION

WHEREAS, in accordance with University policy, faculty applications for tenure and promotion have been reviewed by the respective faculty peers, departmental chair, college dean, and by the Provost and Senior Vice President for Academic Affairs or the Vice President for Medical Affairs, and the President, and of those faculty considered, the following individuals are hereby recommended for tenure and/or promotion,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves and grants tenure and/or promotion to the following individuals effective August 15, 2018.

PAT CAPPS COVEY COLLEGE OF ALLIED HEALTH PROFESSIONS:

Promotion to Senior Instructor:
Melton Dale Smith

COLLEGE OF ARTS AND SCIENCES:

Tenure:
Mia L. Anderson
Huybrechts Bindele
E. Claire Cage
Joseph M. Currier
Lesley A. Gregoricka
Christina K. Lindeman
Patrick J. Shaw
Larry Yet

Promotion to Associate Professor:
Mia L. Anderson
Huybrechts Bindele
E. Claire Cage
Joseph M. Currier
Lesley A. Gregoricka
Christina K. Lindeman
Richard A. O'Brien
Larry Yet

Promotion to Senior Instructor:
Leslie E. Whiston

Promotion to Professor:
Ruth H. Carmichael
C. Diane Gibbs
Ellen B. Harrington

MITCHELL COLLEGE OF BUSINESS:

Tenure:
Carol E. Vann

Promotion to Associate Professor:
Carol E. Vann

MITCHELL CANCER INSTITUTE:

Promotion to Research Assistant Professor:
Sanjeev Srivastava

Promotion to Associate Professor:
Komaraiah Palle

COLLEGE OF ENGINEERING:

Tenure:
John C. Cleary
T. Grant Glover
Min-Wook Kang
Saami Yazdani

Promotion to Associate Professor:
John C. Cleary
T. Grant Glover
Min-Wook Kang
Saami Yazdani

MARX LIBRARY:

Promotion to Senior Librarian:
Muriel Nero

COLLEGE OF MEDICINE:

Promotion to Professor:
Andrea Kahn
Juan Ochoa

Promotion to Associate Professor:
Haidee Custodio
Leander Grimm

COLLEGE OF NURSING:

Tenure:
Bettina H. Riley

Promotion to Associate Professor:
Pamela T. Johnson
Sherry M. Lawrence
Bettina H. Riley

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

OFFICE OF ACADEMIC AFFAIRS

Date:
April 12, 2018

To:
Tony G. Waldrop

From:
G. David Johnson

Subject:
Faculty Tenure and Promotion Recommendations, 2018

Recommend Awarding Tenure:

Mia L. Anderson – Communication
Huybrechts Bindele – Mathematics and Statistics
E. Claire Cage - History
John C. Cleary – Civil, Coastal and Environmental Engineering
Joseph M. Currier – Psychology
T. Grant Glover – Chemical and Biomolecular Engineering
Lesley A. Gregoricka – Sociology/Anthropology/Social Work
Min-Wook Kang – Civil, Coastal and Environmental Engineering
Christina K. Lindeman – Visual Arts
Bettina H. Riley – Community Mental Health Nursing
Patrick J. Shaw – English
Carol E. Vann - Accounting
Saami Yazdani – Mechanical Engineering
Larry Yet - Chemistry

Recommend Promotion to Senior Instructor:

Melton Dale Smith – Radiologic Sciences
Leslie E. Whiston – Mathematics and Statistics

Recommend Promotion to Associate Professor

Mia L. Anderson – Communication
Huybrechts Bindele – Mathematics and Statistics
E. Claire Cage – History
John C. Cleary – Civil, Coastal and Environmental Engineering
Joseph M. Currier – Psychology
T. Grant Glover – Chemical and Biomolecular Engineering

Lesley A. Gregoricka – Sociology/Anthropology/Social Work
Pamela T. Johnson – Adult Health Nursing
Min-Wook Kang – Civil, Coastal and Environmental Engineering
Sherry M. Lawrence – Adult Health Nursing
Christina K. Lindeman – Visual Arts
Richard A. O'Brien - Chemistry
Bettina H. Riley – Community Mental Health Nursing
Carol E. Vann - Accounting
Saami Yazdani – Mechanical Engineering
Larry Yet - Chemistry

Recommend Promotion to Professor:

Ruth H. Carmichael – Marine Sciences
C. Diane Gibbs – Visual Arts
Ellen B. Harrington - English

Recommend Promotion to Senior Librarian:

Muriel Nero – Marx Library

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

Approved _____

Disapproved_____

GDJ/pbm

UNIVERSITY OF SOUTH ALABAMA

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

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

Date: April 16, 2018

SUBJECT: College of Medicine Faculty Promotion Recommendations, 2018

Below are my recommendations for the College of Medicine promotion for 2018. The recommendations are being forwarded to you for your approval and for approval by the Board of Trustees.

RECOMMENDED:

COLLEGE OF MEDICINE:

Promotion to Professor:
Dr. Andrea Kahn
Dr. Juan Ochoa

Promotion to Associate Professor:
Dr. Haidee Custodio
Dr. Leander Grimm

VICE PRESIDENT FOR MEDICAL AFFAIRS I DEAN, COLLEGE OF MEDICINE
CSAB 170 | 5795 USA Drive N. | Mobile, Alabama 36688-0002
TEL: (251) 341-3030 | FAX: (251) 341-3994

UNIVERSITY OF SOUTH ALABAMA
MITCHELL
CANCER INSTITUTE

MEMORANDUM

DATE: April 23, 2018

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

FROM: Michael A. Finan, M.D.
Abraham Mitchell Chair and Director
USA Mitchell Cancer Institute

SUBJECT: Promotion Recommendations

This is to recommend the academic promotions of the following MCI faculty:

Dr. Komaraiah Palle, Ph.D. to Associate Professor, Oncologic Sciences (with tenure)
Dr. Sanjeev Srivastava, Ph.D. to Research Assistant Professor, Oncologic Sciences (non-tenure)

The Mitchell Cancer Institute FCAPE Committee has reviewed the promotion packages and the majority have recommended approval.

MAF/jw

COMPREHENSIVE ONCOLOGY HEALTHCARE & RESEARCH
1660 Springhill Ave | Mobile, Alabama 36604-1405
TEL: (251) 460-6993 | FAX: (251) 460-6994 | usamci.com

RESOLUTION

TUITION, FEES, HOUSING AND DINING RATES 2018-2019

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

WHEREAS, the University experienced a significant decline in student enrollment for the 2017-2018 academic year, resulting in a budget impact of $8.3 million, and faces the possibility of a further decline in 2018-2019, and

WHEREAS, USA has faced over $300 million in accumulated reductions in state appropriations since 2007-2008, and

WHEREAS, tuition and required fees charged by the University are significantly less than tuition and fees charged by peer institutions in the state, and

WHEREAS, the University's academic building and technology infrastructure has been under continued pressure due to increasingly limited financial resources, and

WHEREAS, after extensive analysis of the University's financial needs for 2018-2019 and beyond, the University Administration and the Budget Council have determined that increases in tuition, fees, housing, and dining rates are necessary to maintain the standard of academic quality that USA students and their families desire and expect, and

WHEREAS, with the proposed tuition, fees, housing, and dining rates for 2018-2019, as set forth in the attached schedules, such costs at the University would continue to be among the lowest in effect at peer public institutions in the state of Alabama,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama approves the tuition, required student fees, housing and dining rates for the 2018-2019 academic year as set forth in the attached schedules.

Tuition & Fee Analysis
Years 2016-2017 / 2017-2018

Includes tuition and fees for undergraduate, resident students (Pulled from ACHE)

	Tuition & Fees Combined		% Change over 2016-2017	Tuition		% Change over 2016-2017	Fees		% Change over 2016-2017
	2016-2017	2017-2018		2016-2017	2017-2018		2016-2017	2017-2018	
University of Montevallo	12,040	**12,400**	3.0	11,370	11,730	3.17	670	670	-
Alabama State University	9,220	**11,068**	20.0	6,936	8,328	20.07	2,284	2,740	16.64
Auburn University	10,696	**10,968**	2.5	9,072	9,336	2.91	1,624	1,632	0.49
University of Alabama at Birmingham	9,936	**10,860**	9.3	9,936	10,410	4.77		450	100.00
Troy University	10,300	**10,840**	5.2	9,030	9,480	4.98	1,270	1,360	6.62
University of Alabama	10,470	**10,780**	3.0	10,470	10,780	2.96		-	
University of North Alabama	9,920	**10,370**	4.5	7,920	8,310	4.92	2,000	2,060	2.91
University of Alabama in Huntsville	9,842	**10,280**	4.5	8,996	9,356	4.00	846	924	8.44
Jacksonville State University	9,300	**10,020**	7.7	9,000	9,270	3.00	300	750	60.00
Auburn University at Montgomery	9,640	**9,910**	2.8	8,880	9,150	3.04	760	760	-
Alabama A&M University	9,366	**9,456**	1.0	8,130	8,220	1.11	1,236	1,236	-
University of South Alabama	9,060	**9,390**	3.6	9,060	9,390	3.64			
University of West Alabama	8,876	**9,204**	3.7	7,286	7,614	4.50	1,590	1,590	-
Athens State University	6,480	**6,690**	3.2	5,730	5,940	3.66	750	750	-

SOURCE: Alabama Commission on Higher Education Annual Tuition and Fee Schedule.
NOTE: Tuition amounts are based on undergraduate load of 30 hours or a per term amount furnished by the institution.

University of South Alabama
Comparison of Tuition and Required Fees to Other Universities

	2017-2018 Tuition and Required Fees
Auburn*	$ 10,968
UAB*	10,860
Troy*	10,840
Alabama**	10,780
Average	10,862
USA**	9,390
Difference - $	1,472
Difference - %	16%

*Required fees assessed separately

**Tuition includes required fees

University of South Alabama

2018-2019 Tuition & Fee

5.0% Tuition Increase

Student Classification	Current tuition	Proposed tuition	Change	Added fee per semester*
	2017-2018	2018-2019		2018-2019
Undergraduate In-State	$313	$329	**$16**	$60 / $100
Graduate In-State	$421	$442	**$21**	$60 / $100

Non-resident rate is twice the resident rate

*A $60 fee will be charged per semester for part-time students (1 - 11 credit hours) and a charge of $100 per semester for full-time students (12 or more credit hours).

Student Classification	Current full academic year tuition	Proposed full academic year tuition	New fee for full academic year for full-time students
	2017-2018	2018-2019	2018-2019
Undergraduate In-State	$9,390	$9,870	$200
Graduate In-State	$10,104	$10,608	$200

Non-resident rate is twice the resident rate

Note: Based on 30 undergraduate and 24 graduate hours over two semesters per academic year

Web Course per-Hour Tuition

5.0% Tuition Increase

Student Classification	Current tuition	Proposed tuition	Change	Added fee per semester*
	2017-2018	2018-2019		2018-2019
Undergraduate	$412	$433	**$21**	$60 / $100
Graduate	$500	$525	**$25**	$60 / $100

*A $60 fee will be charged per semester for part-time students (1 - 11 credit hours) and a charge of $100 per semester for full-time students (12 or more credit hours).

College of Medicine

3.0% Tuition Increase

Student Classification	Current tuition	Proposed tuition	Change
	2017-2018	2018-2019	
Undergraduate	$30,101	$31,004	**$903**

UNIVERSITY OF SOUTH ALABAMA
2018-2019 Proposal

In-State Tuition Rate*	Undergraduate		Graduate	
Tuition Rate by College	**Current Tuition**	**5.0% Increase**	**Current Tuition**	**5.0% Increase**
College of Arts and Sciences College of Education and Professional Studies	$313	$329	$421	$442
Pat Capps Covey College of Allied Health Professions Mitchell College of Business School of Computing	$328	$344	$443	$465
College of Engineering	$332	$359**	$448	$480**
College of Nursing	$360	$378	$485	$509

Out-of-State Tuition Rate	Undergraduate		Graduate	
Tuition Rate by College	**Current Tuition**	**2 times the in-state rate**	**Current Tuition**	**2 times the in-state rate**
College of Arts and Sciences College of Education and Professional Studies	$626	$658	$842	$884
Pat Capps Covey College of Allied Health Professions Mitchell College of Business School of Computing	$656	$688	$886	$930
College of Engineering	$664	$718***	$896	$960***
College of Nursing	$720	$756	$970	$1,018

Web Course Tuition Rate	Undergraduate		Graduate	
Tuition Rate by College	**Current Tuition**	**5.0% Increase**	**Current Tuition**	**5.0% Increase**
College of Arts and Sciences College of Education and Professional Studies	$412	$433	$500	$525
Pat Capps Covey College of Allied Health Professions Mitchell College of Business School of Computing	$426	$447	$524	$550
College of Engineering	$432	$464**	$528	$564**
College of Nursing	$459	$482	$566	$594

*Includes Study Abroad/Study Away (Outside the State of Alabama)
**Includes an increase of $10 to the differential per credit hour charge for in state and web course Engineering students
***Includes an increase of $20 to the differential per credit hour charge for out-of-state Engineering students

2018-2019 Cost of Attendance

Full Time Undergraduate Resident (30 hours/year)
for a typical first-time Freshman Arts & Sciences Major

University of South Alabama @ 5.0% Tuition Increase (proposed)	
EXPENSE	**2018-2019 COST**
Tuition	$9,870
Fee	$200
Room*	$5,300
Board**	$3,620
Books	$1,100
Parking Permit	Included in Tuition
TOTAL	**$20,090**

*Room: Azalea Hall - 2 bed w/ private bath

**Board: Unlimited meals with $175 bonus bucks

Auburn University @ 3.0% Tuition Increase (approved)	
EXPENSE	**2018-2019 COST**
Tuition & Fees	$11,282
Room*	$9,600
Board**	$3,980
Books	$1,100
Parking Permit	$180
TOTAL	**$26,142**

*Room: The Village - 2 bed with bath

**Board: 15 meals per week

University of Alabama @ 3.0% Tuition Increase (anticipated)	
EXPENSE	**2018-2019 COST**
Tuition & Fees	$11,903
Room*	$7,250
Board**	$3,999
Books	$1,100
Parking Permit	$320
TOTAL	**$24,572**

*Room: Blount Hall- 2 bed with private bath

**Board: Unlimited meals with required $325 dining dollars

University of Alabama at Birmingham @ 3.0% Tuition Increase (anticipated)	
EXPENSE	**2018-2019 COST**
Tuition & Fees	$10,722
Room*	$6,200
Board**	$4,150
Books	$1,100
Parking Permit	$140
TOTAL	**$22,312**

*Room: Blazer Hall - 2 bed with 2 bath suite

**Board: Blazer 2 plan- 150 meals per semester w/ $300 flex dollars

Troy University @ 3.0% Tuition Increase (anticipated)	
EXPENSE	**2018-2019 COST**
Tuition & Fees	$11,110
Room*	$4,590
Board**	$3,488
Books	$1,100
Parking Permit	$100
TOTAL	**$20,388**

*Room: Newman Center 2 bed with bath suite

**Board: 14 meals per week plus $350 Flex Dollars

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Academic Affairs

Date:
May 29, 2018

To:
Tony Waldrop

CC:
Scott Weldon

From:
G. David Johnson

Subject:
Academic Infrastructure & Technology Fee

With a reduction in state appropriations and the University's relatively low tuition rates, it has become increasingly difficult to maintain the adequate infrastructure needed to provide a quality learning environment, both on campus and online,

I am requesting an Academic Infrastructure & Technology fee be added for Fall 2018. This fee ($100/full-time student & $60/part-time student per semester) would be used to maintain and renovate academic facilities and infrastructure and maintain and improve technological resources used to support instruction and learning.

There are currently over $22 million in projects that need to be addressed. The table below provides just a few examples of where this would be applied.

Use/Building	Purpose	Cost
Student Information (Banner)	Maintaining/Upgrades	300,000
Student Instruction (Sakai)	Maintaining/Upgrades	150,000
Network Infrastructure	Upgrade	250,000
Student Success Collaborative	Maintaining	175,000
Life Sciences Building	Renovate Bathrooms	199,476
Chemistry Building	HVAC	5,500,000
Life Sciences Building	HVAC	4,283,500
Mitchell College of Business	HVAC	3,287,000
Classroom/Remote Technologies	Upgrade	500,000
Health, Kinesiology & Sport (North)	Roof	392,000
Health, Kinesiology & Sport (Upper)	Roof	82,500

Thank you for consideration of this request.

Approved _____

Disapproved _____

GDJ:bjh

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Academic Affairs

Date:
April 25, 2018

To:
Tony Waldrop

From:
G. David Johnson

Subject:
Engineering Premium Tuition Increase

Attached is a request from the College of Engineering to increase the premium tuition by $10 per credit hour to cover the costs associated with hiring a "Professor of Practice" in Engineering. Approximately 50% of his/her efforts will be devoted to chemical engineering and 50% to the other engineering disciplines

If approved, this increase will be effective Fall 2018.

I recommend approval of this request.

GDJ/njc

Approved _____

Disapproved _____

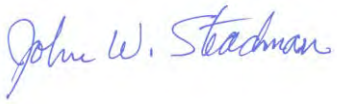
MEMORANDUM
College of Engineering

UNIVERSITY OF SOUTH ALABAMA

Date:
April 24, 2018

To:
David Johnson,
Provost

From:
John Steadman, Dean



Subject:
Premium Tuition Increase

As we have discussed over the past several months, I am requesting approval to hire a "Professor of Practice" in Chemical Engineering. This position is necessary to support development and operation of our laboratory courses in chemical engineering, as well as some support in other engineering courses and labs as appropriate. Our proposal is to fund this position through an increase in the "premium tuition" charged for engineering courses. I have previously provided the analysis that demonstrates that we can expect to support the costs if the tuition for engineering courses is increased by $10 per credit hour. At the current tuition rates, this changes the resident tuition from $332 to $342 per credit hour. Non-resident would change from $664 to $684 per credit hour.

I request that you support this request and seek President Waldrop's approval to have this approved by the Trustees to be effective at the earliest possible date. If this plan is approved, I would go ahead with hiring the faculty member and support the cost for 2018-19 with resources from a faculty line that will not be filled during that academic year.

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Office/Department/College

Date:
May 11, 2018

To:
Tony Waldrop
President

From:
John W. Smith, Executive Vice President

Subject:
Proposed Housing and Dining Rates: 2018-2019

Dr. Chris Vinet, Assistant Vice President for Auxiliary Enterprises has recommended an average rate increase of 3.7% for room and 3.4% for dining for the 2018-2019 academic year. Even with these increases, our rates for Housing and Dining will remain among the lowest in the state of Alabama.

Attached is a letter from Dr. Vinet justifying this increase and providing a comparison of our rates with the rates of other universities in the state. I fully support her recommendation and will be happy to answer any questions you might have regarding this proposal.

C: David Johnson
Scott Weldon
Christopher Lynch

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Auxiliary Services

Date:
May 10, 2018

To:
Dr. John Smith

From: Dr. Chris Vinet CV

Subject:
Housing & Dining Proposed Rate Increase for 2018-2019

Housing maintained a 97% annualized occupancy for the 2017-2018 academic year. For 2018-2019, Housing applications for new students have increased by more than 100 over this same time last year.

Increases in operating expenses are anticipated for the upcoming year and we are continuing to endeavor to increase reserves for future improvements. More than $2.8 million dollars of dining facilities improvements are anticipated in the Student Center in summer 2018. Additionally, more than $2.1 million dollars of housing facilities improvements are anticipated to be completed in summer 2019.

The recommended rate structure for 2018-2019 is attached and an average rate increase of 3.7% for room and 3.4% for board is proposed. The proposed board increase allows for the creation of a new, optional meal plan for juniors and above. We again recommend no increase in summer session rates.

With the proposed increase, USA would continue to remain very competitive within the state of Alabama and the Gulf Coast region. I have attached the rate proposal and comparison for your review. Please let me know if you would like additional information regarding this proposal.

2018 - 2019 Proposed Semester Room Rates

Residence Hall		2017-2018 Current Rate	2018-2019 Proposed Rate	Difference
BETA / GAMMA	Apartment for 4	$1,990	$2,000	$10
	Apartment for 2 / Private Apartment	$2,920	$3,050	$130
	Studio Apartment for 2	$2,470	$2,650	$180
	Suite for 1 / Large Private Room	$2,675	$2,775	$100
	Suite for 2	$1,990	$2,000	$10
DELTA	Room for 2	$1,990	$2,000	$10
	Large Private Room	$2,675	$2,775	
	Private Room	$2,570	$2,650	$80
	Room for 2 w/ kitchenette	$2,350	$2,420	$70
	Private Room w/ kitchenette	$2,570	$2,650	$80
STOKES HALL	Suite for 1	$2,920	$3,050	$130
EPSILON	Room for 2	$2,570	$2,650	$80
AZALEA HALL	Room for 2	$2,570	$2,650	$80
CAMELLIA HALL	Room for 2		$2,650	

Housing Comparison
Semester Rates

USA *(2017-2018)*

Two person room	$1,990 - $2,570
Private room /suite	$2,570 - $2,675
Two person apartment	$2,470 - $2,920
Four person suite / apartment	$1,990

USA (*2018-2019*) *Proposed average increase –3.7%*

Two person room	$2,000 - $2,650
Private room/suite	$2,650 - $2,775
Two person apartment	$2,650 - $3,050
Four person suite / apartment	$2,000

Auburn University (*2017-2018*)

Two person room	$3,000 - $3,550
Private room/suite	$3,750 - $4,350
Two person apartment	$4,800 - $5,700
Private apartment	$4,800 - $5,800

University of Alabama *(2017-2018)*

Two person room / community bath	$2,875 - $3,625
Private room / community bath	$3,275
Private apartment	$4,990 - $5,400
Four person apartment	$4,450 - $4,850

University of Alabama at Birmingham *(2017-2018)*

Freshmen two person room	$3,100
Upperclassmen two person room	$2,770 - $2,950
Upperclassmen private room	$3,210 - $4,340

Troy University *(2017-2018)*

Two person room	$1,800 - $2,700
Private room	$2,100 - $3,400
Two person apartment	$2,900

2018 - 2019 Proposed Semester Meal Plan Rates

	Meal Plan Type	2017-2018 Current Rate	2018-2019 Proposed Rate	Difference
Freshmen and above	All Access Pass with $175 Bonus Bucks	$1,755	$1,810	$55
	All Access Pass with $300 Bonus Bucks	$1,880	$1,935	$55
	All Access Pass with $450 Bonus Bucks	$2,030	$2,085	$55
Sophomore and above	10 Meals Per Week with $500 Bonus Bucks*	$1,755	$1,810	$55
Junior and above	$1400 Bonus Bucks*		$1,400	New Plan
	7 Meals Per Week with $100 Bonus Bucks	$950	$1,000	$50

**New option in 2018-2019 - Junior and above*

Dining Comparison
Meal Plans

USA *(2017-2018)*	
Freshmen/Sophomore residential	$1,755 - $2,030
Junior/Senior/Graduate Residential	$ 950 - $2,030
USA (*2018-2019*) ***Proposed average increase of meal plans – 3.4%***	
Freshmen/Sophomore residential	$1,810 - $2,085
Junior/Senior/Graduate Residential	$1,000 - $2,085

Auburn University (*2017-2018*)	
All residential	$995
All non-residential enrolled students	$300
University of Alabama *(2017-2018)*	
Freshmen residential	$2,187
Upperclass residential	$1,256-$2,187
All residents and all commuters above 9 credit hours	$350
University of Alabama at Birmingham *(2017-2018)*	
Freshmen residential	$2,075
Upperclass residential	$725-$2,075
All residents and all commuters above 12 credit hours	$225
Troy University *(2017-2018)*	
Residential w/o kitchen	$1,744
Residential with kitchen	$327
All non-residential enrolled students above 9 credit hours	$327

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

BUDGET AND FINANCE COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

BUDGET AND FINANCE COMMITTEE

March 1, 2018
3:27 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, March 1, 2018, at 3:27 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Tom Corcoran, Ron Graham, Arlene Mitchell, Lenus Perkins and Jim Yance.
Member Absent:	Steve Stokes.
Other Trustees:	Alexis Atkins, Chandra Brown Stewart, Steve Furr, Ron Jenkins, Jimmy Shumock, Ken Simon, Margie Tuckson and Mike Windom.
Administration and Others:	Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Mike Mitchell, John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Corcoran called for consideration of the revised agenda. On motion by Mr. Perkins, seconded by Mr. Graham, the revised agenda was adopted unanimously.

Mr. Corcoran called for consideration of the minutes of the meeting held on November 30, 2017. On motion by Ms. Mitchell, seconded by Mr. Perkins, the minutes were adopted unanimously.

Mr. Corcoran called for presentation of **ITEM 18**, the quarterly financial statements for the three months ended December 31, 2017. Mr. Weldon said the information reflected in the statements was as expected and he advised of an increase in net position of approximately $15 million, as compared to the approximate $19 million increase in net position in 2016.

Mr. Corcoran called for consideration of **ITEM 19**, a resolution to elect individuals to serve as directors of the USA Foundation for Research and Commercialization as set forth (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on March 2, 2018). On motion by Mr. Perkins, seconded by Mr. Graham, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Corcoran summarized **ITEM 20**, a resolution authoring the President to execute a contract for construction of a Health Sciences Simulation Building. He noted the building would be funded primarily by student fees that were approved by the Board at its June 2017 meeting. President Waldrop added that additional funding was being provided by the USA Foundation. He said the facility would be built adjacent to the Health Sciences Building near the College of Nursing wing. On motion by Ms. Mitchell, seconded by Mr. Perkins, the Committee voted unanimously to recommend approval by the Board of Trustees.

There being no further business, the meeting was adjourned at 3:30 p.m.

Respectfully submitted:

_____

E. Thomas Corcoran, Chair

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

Basic Financial Statements

Six Months Ended March 31, 2018 and 2017

Unaudited

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

Quarterly Financial Statements

Six Months Ended March 31, 2018 and 2017

Contents

Management's Discussion and Analysis 1-7

Unaudited Quarterly Financial Statements
- Statements of Net Position 8
- Statements of Revenues, Expenses and Changes in Net Position 9
- Statements of Cash Flows 10-11
- Notes to Financial Statements 12-35

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

Introduction

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

Financial Highlights

At March 31, 2018 and 2017, the University had total assets and deferred outflows of $1,203,261,000 and $1,144,597,000, respectively; total liabilities and deferred inflows of $932,992,000 and $904,632,000, respectively; and net position of $270,269,000 and $239,965,000, respectively. Net position increased $4,450,000 for the six months ended March 31, 2018 compared to an increase of $21,971,000 for the six months ended March 31, 2017. An overview of each statement is presented herein along with financial analysis of the transactions impacting each statement.

Condensed financial statements for the University at and for the six months ended March 31, 2018 and 2017 follow (in thousands):

Condensed Schedules of Net Position

	2018	2017
Assets		
Current	$ 178,149	$ 164,404
Capital and other noncurrent assets	966,305	928,042
Deferred outflows	58,807	52,151
	1,203,261	1,144,597
Liabilities		
Current	123,861	125,438
Noncurrent	763,253	740,518
Deferred inflows	45,878	38,676
	932,992	904,632
Net position:		
Net investment in capital assets	323,498	297,813
Restricted, nonexpendable	58,126	51,269
Restricted, expendable	63,214	57,420
Unrestricted	(174,569)	(166,537)
	$ 270,269	$ 239,965

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

	2018	2017
Operating revenues:		
Tuition and fees	$ 77,106	$ 81,168
Patient service revenues	201,940	189,424
Federal, state and private grants and contracts	14,450	16,778
Other	45,074	44,393
	338,570	331,763
Operating expenses:		
Salaries and benefits	242,415	240,752
Supplies and other services	128,131	108,465
Other	32,716	32,604
	403,262	381,821
Operating loss	(64,692)	(50,058)
Nonoperating revenues (expenses):		
State appropriations	53,666	53,642
Investment income	7,047	9,689
Other, net	5,265	5,829
Net nonoperating revenues (expenses)	65,978	69,160
Income (loss) before capital contributions and grants and additions to endowment	1,286	19,102
Capital contributions and grants and additions to endowment	3,164	2,869
Increase in net position	4,450	21,971
Beginning net position	265,819	217,994
Ending net position	$ 270,269	$ 239,965

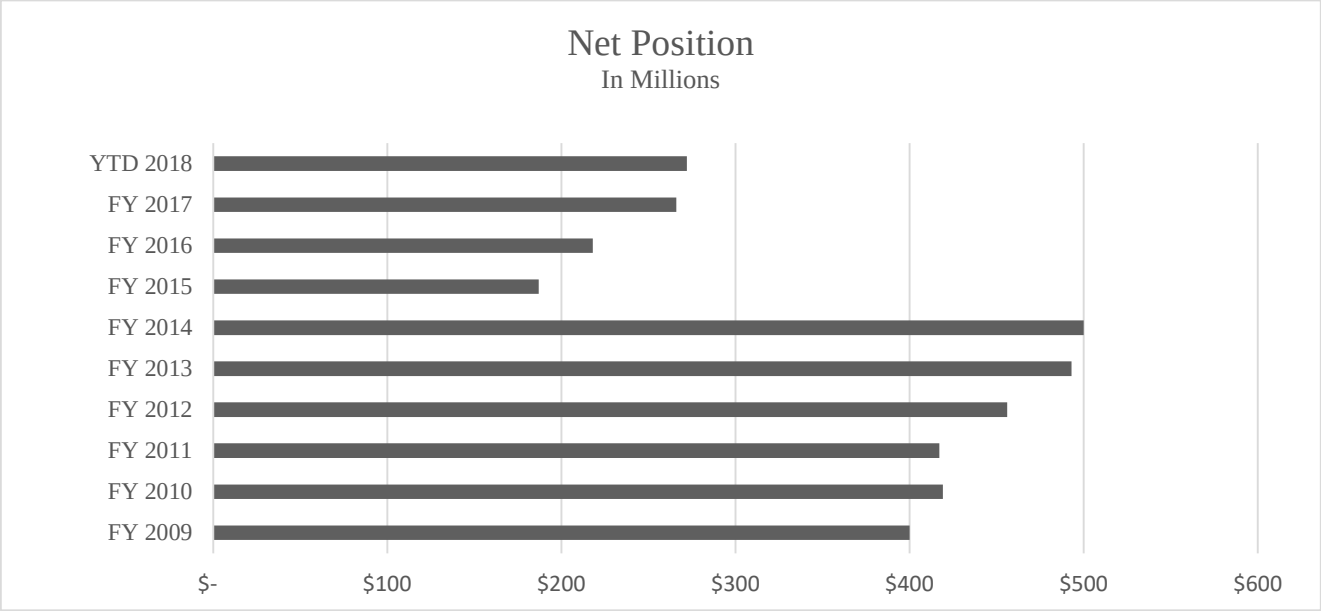
Analysis of Financial Position and Results of Operations

Statements of Net Position

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

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

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



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

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

GASB Statement No. 75, effective for fiscal year ending September 30, 2018, updates the reporting guidance for governmental institutions that provide other postemployment benefits (OPEB) by requiring the OPEB liability, based on an actuarial valuation, to be reported on the face of the financial statements. The statement also enhances financial statement note disclosures.

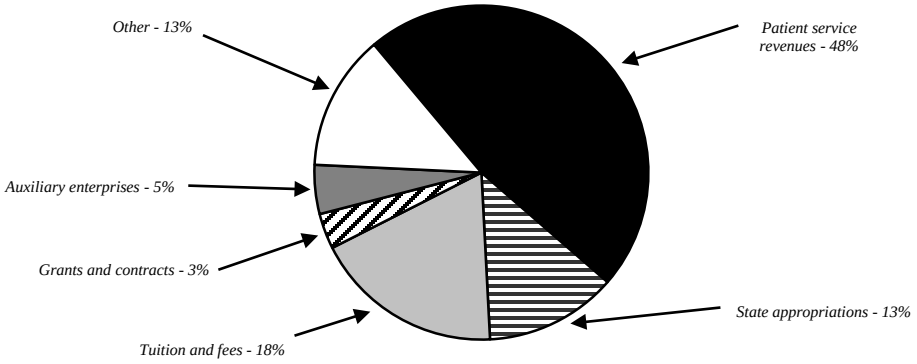
Statements of Revenues, Expenses, and Changes in Net Position

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

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

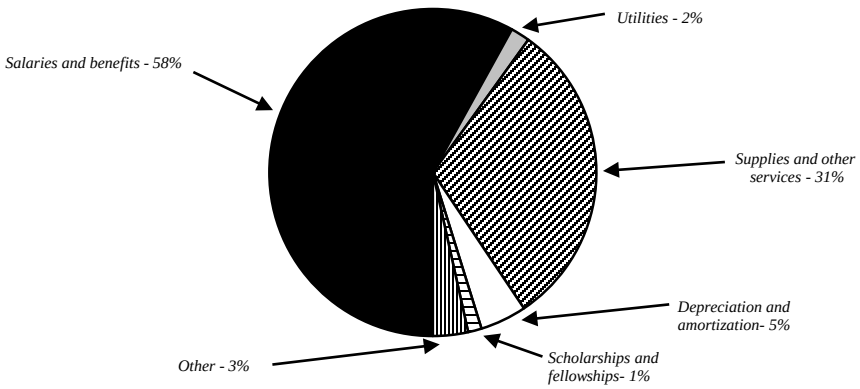
Approximately 48% of total revenues of the University are patient service revenues. The remainder consists primarily of tuition and fees, state appropriations, grants and contracts and auxiliary enterprise revenues. The following illustration presents the major sources of total University revenues (operating, nonoperating and other) for the current period:

Total Revenues



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

Total Expenses



Capital Assets and Debt Administration

During the current period, construction and construction planning continues on a new residence hall and a major upgrade of infrastructure on the University's main campus. Additionally, several other smaller construction and renovation projects at the University and the University of South Alabama Health System (USA Health) remained ongoing during the current period.

In September 2016, the University issued its University Facilities Revenue Refunding Bonds, Series 2016, with a face value of $85,605,000. The proceeds from the Series 2016-A Bonds were used to partially defease the Series 2008 Bonds. The funds were deposited into escrow trust funds to provide for the subsequent repayment of the Series 2008 Bonds when they are called in August 2018. Neither the assets of the escrow trust account, nor the defeased indebtedness is included in the accompanying statements of net position. At the date of refunding the principal outstanding on all defeased bonds was $93,540,000 and the remaining undefeased portion was $5,565,000. The refunding resulted in net present value cash flow savings of approximately $15,016,000.

In December 2016, the University issued its University Facilities Revenue Refunding Bonds, Series 2016-B, C and D, with a face value totaling $100,000,000. The proceeds from the Series 2016 Bonds were used to refund the outstanding Series 2006 Bonds.

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

The University's bond credit rating is A1 (Stable) as rated by Moody's Investors Services and A+ (Stable) as rated by Standard and Poor's Rating Services. Neither rating changed during 2018 or 2017.

Economic Outlook

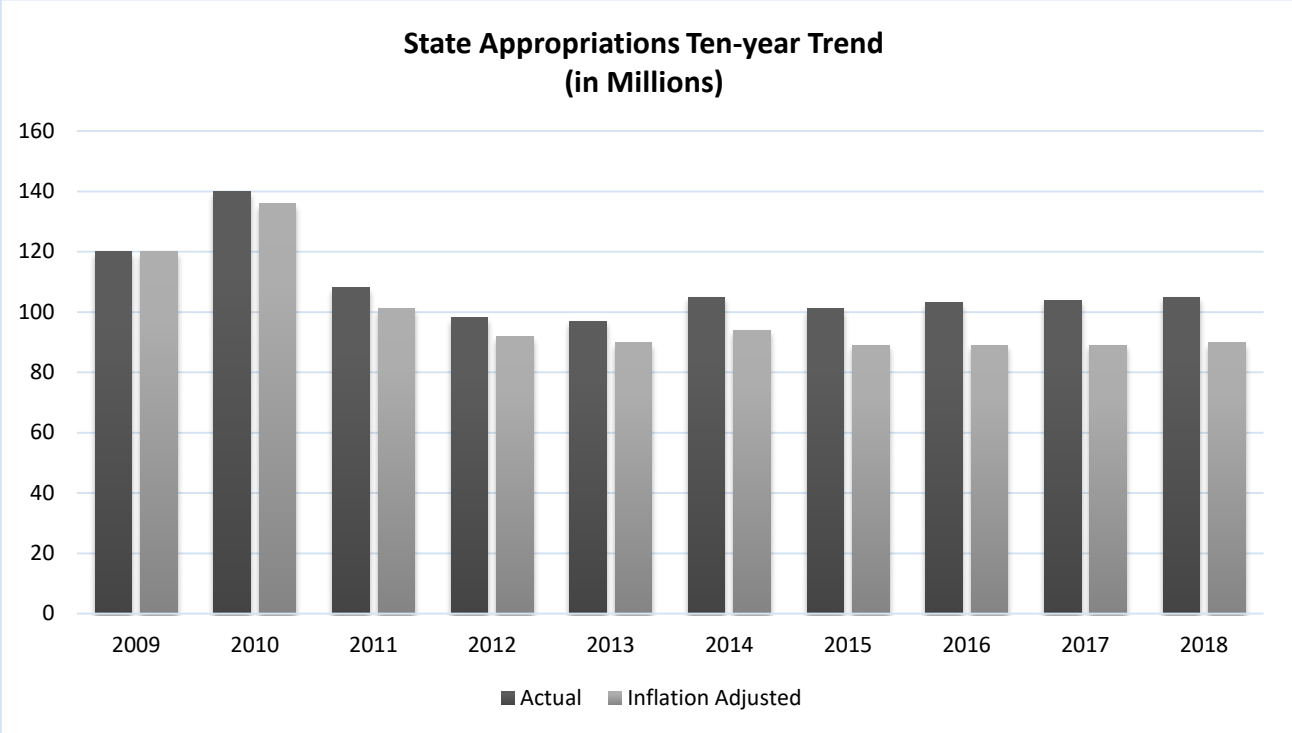
Tuition revenues and enrollment have generally increased in recent years. However, the University experienced a decrease in tuition and enrollment for the Fall 2017 semester due primarily to a decline in international student enrollment of approximately 5%. Further decline in international enrollment is possible for the Fall of 2018.

State appropriations in the amount of approximately $107,332,000 and $105,024,000 were authorized and received for the fiscal years ended September 30, 2017 and 2016, respectively.

A state appropriation in the amount of $107,285,000 has been authorized for the fiscal year ending September 30, 2018, which will result in a slight decrease from the fiscal 2017 appropriation received. While no announcement has been made, the University is aware that reductions in the 2018 appropriation are possible.

A state appropriation in the amount of $111,074,000 has been authorized for the fiscal year ending September 30, 2019, which will result in an increase of $3,789,000 from the fiscal 2018 appropriation. While no announcement has been made, the University is aware that reductions in the 2019 appropriation are possible.

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



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

Other than the issues presented above, University administration is not aware of any other currently known facts, decisions, or conditions that are expected to have a significant effect on the University's financial position or results of operations during fiscal year 2018 beyond those unknown variables having a global effect on virtually all types of business operations.

University of South Alabama

Statements of Net Position

March 31, 2018 and 2017

(In thousands)

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	$ 66,799	$ 46,833
Investments, at fair value	18,933	30,907
Net patient service receivables	62,634	53,218
Accounts receivable	15,144	20,346
Notes receivable, net	1,507	514
Prepaid expenses, inventories and other	13,132	12,586
Total current assets	178,149	164,404
Noncurrent assets		
Restricted cash and cash equivalents	17,756	3,828
Restricted investments	198,407	191,288
Investments, at fair value	17,390	29,458
Accounts receivable	1,708	1,700
Accounts receivable, affiliate	2,317	-
Notes receivable, net	6,326	6,852
Other noncurrent assets	14,938	20,753
Capital assets (net of accumulated depreciation)	707,463	674,163
Total noncurrent assets	966,305	928,042
Deferred outflows	58,807	52,151
Total assets and deferred outflows	1,203,261	1,144,597
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	52,718	56,559
Unrecognized revenue	36,891	38,951
Deposits	2,363	1,092
Current portion of long-term debt	28,579	25,526
Current portion of other long-term liabilities	3,310	3,310
Total current liabilities	123,861	125,438
Noncurrent liabilities		
Long-term debt	373,019	352,562
Net pension liability	336,477	329,294
Other long-term liabilities	53,757	58,662
Total noncurrent liabilities	763,253	740,518
Deferred inflows	45,878	38,676
Total liabilities and deferred inflows	932,992	904,632
Net position		
Net investment in capital assets	323,498	297,813
Restricted, nonexpendable		
Scholarships	28,697	25,396
Other	29,429	25,873
Restricted, expendable		
Scholarships	15,971	15,216
Other	47,243	42,204
Unrestricted	(174,569)	(166,537)
Total net positon	$ 270,269	$ 239,965

See accompanying notes to basic financial statements.

University of South Alabama

Statements of Revenues, Expenses and Changes in Net Position

Six Months Ended March 31, 2018 and 2017

(In thousands)

	2018	2017
Revenues		
Operating revenues		
Tuition and fees (net of scholarship allowances)	$ 77,106	$ 81,168
Patient service revenues (net of provision for bad debts)	201,940	189,424
Federal grants and contracts	6,822	9,300
State grants and contracts	3,339	3,264
Private grants and contracts	4,289	4,214
Auxiliary enterprises (net of scholarship allowances)	19,904	15,306
Other operating revenues	25,170	29,087
Total operating revenues	338,570	331,763
Expenses		
Operating expenses		
Salaries and benefits	242,415	240,752
Supplies and other services	128,131	108,465
Scholarships and fellowships	5,610	6,189
Utilities	7,901	7,674
Depreciation and amortization	19,205	18,741
Total operating expenses	403,262	381,821
Operating loss	(64,692)	(50,058)
Nonoperating revenues (expenses)		
State appropriations	53,666	53,642
Investment income	7,047	9,689
Interest on indebtedness	(6,656)	(6,001)
Other nonoperating revenues	19,737	16,326
Other nonoperating expenses	(7,816)	(4,496)
Net nonoperating revenues	65,978	69,160
Income (loss) before capital contributions and additions to endowment	1,286	19,102
Capital contributions and grants	599	311
Additions to endowment	2,565	2,558
Increase in net position	4,450	21,971
Net position		
Beginning of period	265,819	217,994
End of period	$ 270,269	$ 239,965

See accompanying notes to basic financial statements.

University of South Alabama

Statements of Cash Flows

Six Months Ended March 31, 2018 and 2017

(in thousands)

	2018	2017
Cash flows from operating activities:		
Receipts related to tuition and fees	$ 58,532	$ 67,597
Receipts from and on behalf of patients and third-party payers	192,272	192,068
Receipts from grants and contracts	16,255	18,814
Receipts related to auxiliary enterprises	12,998	12,465
Payments to suppliers and vendors	(131,262)	(122,511)
Payments to employees and related benefits	(251,203)	(245,119)
Payments for scholarships and fellowships	(5,240)	(6,189)
Other operating receipts	34,696	28,329
Net cash used in operating activities	(72,952)	(54,546)
Cash flows from noncapital financing activities:		
State appropriations	44,726	44,702
Endowment gifts	2,565	2,558
Agency funds received	766	721
Agency funds disbursed	(13)	(659)
Student loan program receipts	65,400	65,852
Student loan program disbursements	(66,243)	(66,110)
Other nonoperating revenues	20,573	4,199
Other nonoperating expenses	(7,930)	(34)
Net cash provided by noncapital financing activities	59,844	51,229
Cash flows from capital and related financing activities:		
Capital gifts and grants	599	311
Purchases of capital assets	(31,226)	(38,875)
Proceeds from issuance of capital debt	-	102,090
Principal payments on capital debt	(11,619)	(111,359)
Interest payments on capital debt	(8,558)	(6,066)
Net cash used in capital and related financing activities	(50,804)	(53,899)
Cash flows from investing activities:		
Interest and dividends and unrealized gains (losses) on investments	6,459	18,261
Proceeds from sales of investments	24,279	12,683
Purchases of investments	(14,080)	(40,565)
Net cash provided by (used in) investing activities	16,658	(9,621)
	(47,254)	(66,837)
Cash and cash equivalents (unrestricted and restricted):		
Beginning of year	131,809	117,498
End of period	$ 84,555	$ 50,661

University of South Alabama

Statements of Cash Flows

Six Months Ended March 31, 2018 and 2017

(in thousands)

	2018	2017
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (64,692)	$ (50,058)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	19,205	18,741
Changes in operating assets and liabilities, net:		
Student receivables	3,880	9,100
Net patient service receivables	(12,895)	(5,320)
Grants and contracts receivables	3,473	2,840
Other receivables	2,483	(2,692)
Prepaid expenses, inventories and other	11,990	(454)
Accounts payable and accrued liabilities	(12,459)	(2,980)
Unrecognized revenue	(23,937)	(23,723)
Net cash used in operating activities	$ (72,952)	$ (54,546)

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2018

(1) Summary of Significant Accounting Policies

Reporting Entity

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

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

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

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

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

Professional Liability and General Liability Trust Funds

The medical malpractice liability of the University is maintained and managed in its separate Professional Liability Trust Fund in which the University, University of South Alabama Health Services Foundation (USAHSF), HCM, SAMSF and HCA are the only participants. In accordance with the bylaws of the PLTF, the president of the University is responsible for appointing members of the PLTF policy committee. Additionally, the general liability of the University, USAHSF, HCM, SAMSF, the Corporation and HCA is maintained and managed in its General Liability Trust Fund for which the University is responsible. The PLTF and GLTF are separate legal entities which are governed by the University Board of Trustees through the University president.

USA HealthCare Management, LLC

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

University of South Alabama Health Care Authority

In May 2017, the University's Board of Trustees approved the formation of the University of South Alabama Health Care Authority. HCA is a public corporation created under and pursuant to the provisions of the University Authority Act of 2016. HCA employs physicians and staff of physician practice groups as determined appropriate by the University. Operations commenced on August 1, 2017.

University of South Alabama Foundation

The University of South Alabama Foundation is a not-for-profit corporation that was organized for the purpose of promoting education, scientific research, and charitable purposes, and to assist in developing and advancing the University in furthering, improving, and expanding its properties, services, facilities, and activities. Because of the significance of the relationship between the University and the USA Foundation, the USA Foundation is considered a component unit of the University. The Board of Directors of the USA Foundation is not appointed or controlled by the University. The University receives distributions from the USA Foundation primarily for scholarship, faculty and other support. The USA Foundation presents its financial statements in accordance with standards issued by the Financial Accounting Standards Board (FASB). The USA Foundation has a June 30 fiscal year end which differs from the University's September 30 fiscal year end.

USA Research and Technology Corporation

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

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2018

Measurement Focus and Basis of Accounting

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

Use of Estimates

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

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

Cash and Cash Equivalents

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

Investments and Investment Income

The University reports the fair value of investments using the three-level hierarchy established under GASB Statement No. 72, *Fair Value Measurement and Application*. The fair value of alternative investments (low-volatility multi-strategy funds of funds) and certain private equity partnerships do not have readily ascertainable market values and the University values these investments in accordance with valuations provided by the general partners or fund managers of the underlying partnerships or companies, typically based on net asset value (NAV) of the partnership or commingled vehicle. Because some of these investments are not readily marketable, the estimated fair value is subject to uncertainty and, therefore, may differ from the fair value that would have been used had a ready market for the investment existed. Investments received by gift are recorded at fair value at the date of receipt. Changes in the fair value of investments are reported in investment income (loss).

Derivatives

The University has adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 establishes a framework for accounting and financial reporting related to derivative instruments, requiring the fair value of derivatives to be recognized in the basic financial statements.

Accounts Receivable

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

Inventories

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

Capital Assets

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

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

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

Certain buildings are componentized for depreciation purposes.

Interest costs for certain constructed assets are capitalized as a component of the cost of acquiring those assets. The amount of interest capitalized for the periods ended March 31, 2018 and 2017 was $912,000 and $125,000, respectively.

Unrecognized Revenue

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

Classifications of Net Position

The University's net position is classified as follows:

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

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

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

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

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

Scholarship Allowances and Student Financial Aid

Student tuition and fees, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's basic financial statements based on their classification as either an exchange or nonexchange transaction. To the extent that revenues from such programs satisfy tuition and fees and certain other student charges, the University has recorded a scholarship discount and allowance.

Donor Restricted Endowments

The University is subject to the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) of the Code of Alabama. This law allows the University, unless otherwise restricted by the donor, to spend net appreciation, realized and unrealized, of the endowment assets. The law also allows the University to appropriate for expenditure or accumulate to an endowment fund such amounts as the University determines to be prudent for the purposes for which the endowment fund was established. The University's endowment

spending policy provides that 4.5% of the five-year invested net asset moving average value (inclusive of net realized and unrealized gains and losses), as measured at September 30, is available annually for spending. The University's policy is to retain the endowment interest and dividend income and net realized and unrealized appreciation with the endowment after distributions allowed by the spending policy have been made. These amounts, unless otherwise directed by the donor, are included in restricted, expendable net position.

Classification of Revenues

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

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

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

Gifts and Pledges

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

Grants and Contracts

The University has been awarded grants and contracts for which funds have not been received or expenditures made for the purpose specified in the award. These awards have not been reflected in the basic financial statements, but represent commitments of sponsors to provide funds for specific research or training projects. For grants that have allowable cost provisions, the revenue will be recognized as the related expenditures are made. For grants with work completion requirements, the revenue is recognized as the work is completed. For grants without either of the above requirements, the revenue is recognized as it is received.

Patient Service Revenues

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

Compensated Absences

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

Reclassifications

Certain amounts in the 2017 basic financial statements have been reclassified in order to conform to the 2018 classification.

(2) Income Taxes

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

(3) Cash

Pursuant to the Security for Alabama Funds Enhancement Act, funds on deposit may be placed in an institution designated as a qualified public depository (QPD) by the State of Alabama. QPD institutions pledge securities to a statewide collateral pool administered by the State Treasurer's office. Such financial institutions contribute to this collateral pool in amounts proportionate to the total amount of public fund deposits at their respective institutions. The securities are held at the Federal Reserve Bank and are designated for the State of Alabama. Additional collateral was not required for University funds on deposit with QPD institutions. At September 30, 2017 and 2016, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately $10.8 billion and $10.7 billion, respectively. The University's cash and cash equivalents totaled $84,555,000 and $50,661,000 at March 31, 2018 and 2017, respectively.

At March 31, 2018, restricted cash and cash equivalents consist of $123,000 related to monies held in endowment accounts and $17,633,000 related to unspent proceeds from the issuance of University bonds for capital purchases as outlined in the bond indenture.

At March 31, 2017, restricted cash and cash equivalents consist of $2,089,000 related to monies held for a capital project at HCM and $1,739,000 related to unspent proceeds from the issuance of University bonds for capital purchases as outlined in the bond indenture.

(4) Investments

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

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

Investments of the University, by type, at fair value, are as follows at March 31, 2018 and 2017 (in thousands):

	2018	2017
U.S. federal agency notes	$ 66,879	$ 97,194
Commingled equity funds	85,425	76,556
Commingled fixed income funds	37,989	37,154
Marketable equity securities	13,407	12,289
Real estate	295	360
Private equity	1,771	—
Managed income alternative investments (low-volatility multi-strategy funds of funds)	28,964	28,100
	$ 234,730	$ 251,653

At March 31, 2018 and 2017, $23,631,000 and $14,424,000, respectively, of cumulative appreciation in fair value of investments of donor-restricted endowments was recognized and is included in restricted expendable net position in the accompanying statements of net position.

(i) Credit Risk and Concentration of Credit Risk

Non-Endowment Cash Pool Investment Policy

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

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

Endowment Fund Investment Policy

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

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

(ii) Interest Rate Risk

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

(iii) Mortgage-Backed Securities

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

(iv) Fair Value Measurement

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

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

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

(5) Noncurrent Liabilities

A summary of the University's noncurrent liability activity for the period ended March 31, 2018 follows (in thousands):

	Beginning balance	Additions	Reductions	Ending balance	Less amounts due within one year	Noncurrent liabilities
Long-term debt:						
Bonds payable	$ 389,424	$ 213	$ (10,023)	$ 379,614	$ 20,894	$ 358,720
Notes payable	5,542	—	(113)	5,429	3,710	1,719
Capital lease obligations	17,332	1,179	(1,956)	16,555	3,975	12,580
Total long-term debt	412,298	1,392	(12,092)	401,598	28,579	373,019
Other noncurrent liabilities						
Net pension liability	336,477	—	—	336,477	—	336,477
Other long-term liabilities	65,849	64	(8,846)	57,067	3,310	53,757
Total other noncurrent liabilities	402,326	64	(8,846)	393,544	3,310	390,234
Total noncurrent liabilities	$ 814,624	$ 1,456	$ (20,938)	$ 795,142	$ 31,889	$ 763,253

A summary of the University's noncurrent liability activity for the period ended March 31, 2017 follows (in thousands):

	Beginning balance	Additions	Reductions	Ending balance	Less amounts due within one year	Noncurrent liabilities
Long-term debt:						
Bonds payable	$ 367,557	$ 99,950	$ (114,381)	$ 353,126	$ 17,858	$ 335,268
Notes payable	3,484	2,266	(94)	5,656	3,711	1,945
Capital lease obligations	17,771	3,310	(1,775)	19,306	3,957	15,349
Total long-term debt	388,812	105,526	(116,250)	378,088	25,526	352,562
Other noncurrent liabilities						
Net pension liability	329,294	—	—	329,294	—	329,294
Other long-term liabilities	68,183	12,119	(18,330)	61,972	3,310	58,662
Total other noncurrent liabilities	397,477	12,119	(18,330)	391,266	3,310	387,956
Total noncurrent liabilities	$ 786,289	$ 117,645	$ (134,580)	$ 769,354	$ 28,836	$ 740,518

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

During 2017, USA Health entered into a note payable for a period of ten years payable monthly at $18,882 to finance improvements of the HVAC system. The amount outstanding on the note at March 31, 2018 is $1,945,000.

In June 2016, the University entered into a variable interest rate revolving line of credit with Compass Bank to, among other reasons, fund certain capital improvements to various health care facilities for USA Health. The total amount available under the line of credit is $30,000,000 and interest on the outstanding amounts is accrued at the rate of 65% of the LIBOR plus 77 basis points. The maturity date is June 10, 2018. The amount outstanding at March 31, 2018 and 2017 is $50,000, and is reported as current portion of long-term debt in the statements of net position.

In March 2015, the University entered into a variable interest rate revolving line of credit with Compass Bank to, among other reasons, fund the acquisition of certain real property by USA Health. The total amount available under the line of credit is $5,000,000 and interest on the outstanding amounts accrue at the rate of the London InterBank Offered Rate (LIBOR) plus 1.00% with a maturity date of April 15, 2017. The line of credit was renewed until April 14, 2018. The University intends to renew this line of credit. The amount outstanding at March 31, 2018 and 2017 is $3,434,000, and is reported as current portion of long-term debt in the statements of net position.

(6) Bonds Payable

Bonds payable consisted of the following at March 31, 2018 and 2017 (in thousands):

	2018	2017
University Tuition Revenue Bonds, Series 1999 Capital Appreciation, 4.70% to 5.25%, payable November 2011 through November 2018	$ 7,283	$ 14,223
University Facilities Revenue and Capital Improvement Bonds, Series 2008, 3.00% to 5.00%, payable through August 2018	2,850	5,565
University Facilities Revenue and Capital Improvement Bonds, Series 2010, 3.81%, payable through August 2030	21,820	23,102
University Facilities Revenue Capital Improvement Bonds, Series 2012-A, 2.92% payable through August 2032	19,950	21,025
University Facilities Revenue Capital Improvement Bonds, Series 2012-B, 2.14% paid in full as of February 2018	—	1,365
University Facilities Revenue Capital Improvement Bonds, Series 2013-A, 2.83% payable through August 2033	26,944	28,261
University Facilities Revenue Capital Improvement Bonds, Series 2013-B, 2.83% payable through August 2033	6,736	7,065
University Facilities Revenue Capital Improvement Bonds, Series 2013-C, 2.78% payable through August 2028	7,722	8,315
University Facilities Revenue Refunding Bonds, Series 2014-A, variable rate payable at 68% of LIBOR plus 0.73%, 1.57% at September 30, 2017, payable through March 2024	39,030	39,670
University Facilities Revenue Capital Improvement Bonds, Series 2015, 2.47% payable through August 2030	4,875	5,250
University Facilities Revenue Refunding Bonds, Series 2016, 3.00% to 5.00% payable through November 2037	85,605	85,605
University Facilities Revenue Refunding Bonds, Series 2016-B, variable rate payable at 68% of one-month LIBOR plus 0.72%, 1.95% at March 31, 2018, payable through December 2036, pursuant to the right of the holder to cause all principal to be due after December 1, 2021	20,000	20,000
University Facilities Revenue Refunding Bonds, Series 2016-C, variable rate payable at 68% of one-month LIBOR plus 0.77%, 2.00% at March 31, 2018, payable through December 2036, pursuant to the right of the holder to cause all principal to be due after December 1, 2023	35,000	35,000

	2018	2017
University Facilities Revenue Refunding Bonds, Series 2016-D, variable rate payable at 68% of one-month LIBOR plus 0.83%, 2.06% at March 31, 2018, payable through December 2036, pursuant to the right of the holder to cause all principal to be due after December 1, 2026	$ 45,000	$ 45,000
University Facilities Revenue Bonds, Series 2017, 2.00% to 5.00%, payable through October 2037	37,410	—
	360,225	339,446
Plus unamortized premium	21,291	15,695
Less unaccreted discount	(7)	(13)
Less unamortized debt extinguishment costs	(1,895)	(2,002)
	$ 379,614	$ 353,126

Substantially all student tuition and fee and auxiliary revenues secure University bonds. Additionally, security for all bonds includes Children's and Women's Hospital revenues in an amount not exceeding $10,000,000. Series 1999 Capital Appreciation Bonds began maturing in November 2011. Series 1999 Bonds are not redeemable prior to maturity. Series 2006 Bonds were refunded in December 2016 with the issuance of the University Facilities Revenue Refunding Bonds, Series 2016-B, C and D Bonds, with a face value totaling $100,000,000. Series 2008 Bonds began maturing in August 2009 and are redeemable beginning in August 2018. The Series 2010 Bonds began maturing in August 2011 and are redeemable beginning in February 2020. The 2012-A and 2012-B Bonds began maturing in August 2013. The 2012-A Bonds are redeemable beginning in August 2021 and the 2012-B Bonds were paid in full as of February 2018. The 2013-A, 2013-B and 2013-C Bonds began maturing in August 2014 and are redeemable beginning in June 2023. The Series 2014-A bonds began maturing in March 2015 and are redeemable by the University at any time. The Series 2015 Bonds began maturing in August 2015 and are redeemable beginning in June 2020. The Series 2016 Bonds will begin maturing in November 2018 and are redeemable beginning in November 2026. The Series 2016-B, C and D Bonds will begin maturing in December 2024 and are redeemable as of December 2017. The Series 2017 Bonds began maturing in October 2017 and are redeemable beginning in October 2027.

In September 2016, the University issued its University Facilities Revenue Refunding Bonds, Series 2016, with a face value of $85,605,000. The proceeds from the Series 2016 Bonds were used to partially defease the Series 2008 Bonds. The funds were deposited into escrow trust funds to provide for the subsequent repayment of the Series 2008 Bonds when they are called in December 2018. Neither the assets of the escrow trust account nor the defeased indebtedness is included in the accompanying statements of net position. The loss on the defeasement of the 2008 Bonds of $7,859,000 is recorded as a deferred outflow and amortized over the remaining life of the 2016 Bonds. The principal outstanding on all defeased bonds is $93,540,000 at March 31, 2018 and 2017. The remaining undefeased portion of the Series 2008 bonds at March 31, 2018 and 2017 is $2,850,000 and $5,565,000, respectively, and is included in current portion of long-term debt and long-term debt on the accompanying 2018 and 2017 statements of net position.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2018

In December 2016, the University issued its University Facilities Revenue Refunding Bonds, Series 2016-B, C and D, with a face value totaling $100,000,000. The proceeds from the Series 2016 Bonds were used to refund the outstanding 2006 Bonds.

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

Approximately $17,633,000 of proceeds from the issuance of the Series 2017 Bonds remained unspent at March 31, 2018 and is included in restricted cash and cash equivalents on the 2018 statement of net position. These funds are restricted for capital purposes as outlined in the bond indenture.

Approximately $1,534,000, $191,000 and $14,000 of proceeds from the issuance of Series 2012, Series 2013-A and Series 2015 Bonds, respectively, remained unspent at March 31, 2017. These funds were restricted for capital purposes as outlined in the respective bond indentures. All of these remaining funds have been allocated to capital projects as of March 31, 2018.

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

Debt Service on Long-Term Obligations

Total debt service (which includes bonds and notes payable) by fiscal year is as follows as of March 31, 2018 (in thousands):

	Debt service on notes and bonds			
	Principal	Interest	Additional maturity	Total
2018	$ 11,572	$ 4,052	$ (213)	$ 15,411
2019	17,482	9,776	(49)	27,209
2020	16,544	9,409	—	25,953
2021	17,271	9,003	—	26,274
2022	18,036	8,580	—	26,616
2023–2027	92,221	35,828	—	128,049
2028–2032	94,720	21,983	—	116,703
2033–2037	90,064	7,875	—	97,939
2038	8,005	95	—	8,100
Subtotal	365,915	$ 106,601	$ (262)	$ 472,254
Plus (less):				
Additional maturity	(262)			
Unamortized bond premium	21,291			
Unaccreted bond discount	(7)			
Unamortized debt extinguishment costs	(1,894)			
Total	$ 385,043			

The principal amount of debt service due on bonds at March 31, 2018 and 2017, includes $262,000 representing additional maturity value on Series 1999 Capital Appreciation Bonds. These bonds mature through 2019. Although this additional maturity is presented as principal on the debt service schedule above, it is also recognized as interest expense on an annual basis in the University's basic financial statements as it accretes.

(7) Capital Lease Obligations

In April 2015, the University signed a seven-year purchase agreement, with a $1,000,000 initial payment and quarterly payments thereafter of $590,000 until March 2022, as a method of financing the purchase of certain computer software and hardware for USA Health. In July 2015, the University signed a second seven-year purchase agreement, with a $100,000 initial payment and quarterly payments thereafter of $62,000 until March 2022, as a method of financing additional laboratory software and hardware for USA Health. Also, in July 2015, and modified in September 2016, the University signed a three-year purchase agreement, with modified monthly payments of $30,000 until February 2020, to finance the purchase of a heat recovery system for USA Health. In September 2016, the University signed a six-year purchase agreement, with monthly payments of $66,000 until May 2022, as a method of financing the purchase of certain hospital equipment for USA Health. The University entered into a four-year lease agreement in October 2016 to lease

certain office equipment for monthly payments of $1,000 until September 2020. In December 2016, the University signed a five-year tax-exempt capital lease, with monthly payments of $37,000 until October 2022, to finance the acquisition of additional hospital equipment for USA Health. In October 2017, the University entered into a five-year lease for office equipment with monthly payments of $11,000 until September 2022. In November 2017, the University entered into a five-year lease agreement, with monthly payments of $2,000 until October 2022, to finance certain hospital equipment for USA Health. In December 2017, the University entered into a five-year lease agreement for hospital equipment at a monthly amount of $11,000 until January 2023.

Future minimum capital lease payments at March 31, 2018, are as follows (in thousands):

Year ending September 30:		
2018	$	2,237
2019		4,474
2020		4,233
2021		4,112
2022		2,607
2023		80
		17,743
Less amounts representing interest		(1,188)
Net minimum lease payments	$	16,555

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

(8) Derivative Transactions – Interest Rate Swaps

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

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

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

The 2014 swap will terminate in March 2024, when the 2014-A Bonds mature. The notional amount of the swap will at all times match the outstanding principal amount of the bonds. Under the swap, the University pays the counterparty a fixed semi-annual payment based on an annual rate of 4.9753% and receives on a monthly basis a variable payment of 68% of the one-month LIBOR plus 0.25%. Conversely, the Series 2014-A Bonds bear interest on a monthly basis at 68% of the one-month LIBOR rate plus 0.73%.

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

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

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

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

Risks Associated with these Transactions

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

Credit risk. As of March 31, 2018 and 2017, the University was not exposed to credit risk on the interest rate swaps because they had a negative fair value. However, if interest rates change and the fair value of the derivatives become positive, the University would have a gross exposure to credit risk in the amount of the derivative's fair value. The counterparty was rated Aa2 by Moody's Investor Services and AA – by Standard & Poor's Ratings Services as of September 30, 2017 and 2016.

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

(9) Patient Service Revenues

USA Health has agreements with governmental and other third-party payers that provide for reimbursement at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the USA Health's billings at established rates for services and amounts reimbursed by third-party payers.

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

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

USA Medical Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2012.

USA Children's & Women's Hospitals Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2013.

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

USA Medical Center's and USA Children's & Women's Hospital's Blue Cross reports have been audited by Blue Cross through September 30, 2016.

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

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

Other – USA Health has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The bases for payments to USA Health under these agreements include discounts from established charges and prospectively determined daily and case rates.

(10) Defined Benefit Cost Sharing Pension Plan

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

Plan Description

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

Benefits Provided

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

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

Contributions

Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered Tier 1 members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

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

Participating employers' contractually required contribution rates were 12.01% of annual pay for Tier 1 members and 10.82% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions (excluding certain employer benefits) to the pension plan from the University were $23,664,000 and $23,405,000 for the fiscal years ended September 30, 2017 and 2016, respectively.

Pension Liabilities and Pension Expenses

At March 31, 2018 and 2017, the University reported a liability of $336,477,000 and $329,294,000, respectively, for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2015. The University's proportion of the collective net pension liability was based on the employer's shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2016, the University's proportion of contributions to the pension plan was 3.108048%, which was a decrease of 0.077423% from its proportion measured as of September 30, 2015.

For the fiscal years ended September 30, 2017 and 2016, the University recognized pension expense of approximately $27,051,000 and $20,116,000, respectively.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2016 as well as prior year reports. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2016. The auditors' report dated August 1, 2017 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the sum of all participating entities as of September 30, 2016 along with supporting schedules is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

(11) Other Employee Benefits

Other Pension Plans

Employees of the University also participate in a defined contribution pension plan. The defined contribution pension plan covers certain academic and administrative employees, and participation by eligible employees is optional. Under this plan, administered by Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF), contributions by eligible employees are matched equally by the University up to a maximum of 3% of current annual pay. The University contributed $643,000 and $711,000 for fiscal years 2017 and 2016, respectively, representing 270 and 350 employees, respectively, participating in this Plan.

All employees of HCM working at least half time are eligible to participate in a defined contribution pension plan, administered by TIAA-CREF or Variable Annuity Life Insurance Company of America (VALIC). Under this plan, contributions by eligible employees are matched equally by HCM up to a maximum of 5% of current annual pay. HCM contributed $4,468,000 and $3,900,000 in fiscal years 2017 and 2016, respectively, representing 1,345 and 1,425 employees, respectively, participating in this plan. University employees as of September 30, 2010, who later transfer to HCM, are immediately vested in the plan. All other employees do not vest until they have held employment with HCM for three years; at which time they become 100% vested in the plan.

Compensated Absences

Regular University employees accumulate vacation and sick leave and hospital and clinical employees accumulate paid time off. These are subject to maximum limitations, at varying rates depending upon their employee classification and length of service. Upon separation of employment, employees who were hired before January 1, 2012 are paid all unused accrued vacation at their regular rate of pay up to a maximum of two times their annual accumulation rate. Employees hired after January 1, 2012 are not eligible for payment of unused accrued vacation or PTO hours upon separation of employment. The accompanying statements of net position include accruals for vacation pay and paid time off of approximately $12,632,000 and $8,808,000 at March 31, 2018 and 2017, respectively, which are included in other long-term liabilities. No accrual is recognized for sick leave benefits since no terminal cash benefit is available to employees for accumulated sick leave.

Other Postretirement Employee Benefits (OPEB)

As the provider of postretirement benefits to state retirees, the state is responsible for applying GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In September 2003, the State of Alabama Legislature passed legislation that requires all colleges and universities to fund the healthcare premiums of its participating retirees. In prior years, such costs have been paid by the State. Beginning in October 2003, the University was assessed a monthly premium by the Public Education Employees' Health Insurance Plan (PEEHIP) based on the number of retirees in the system and an actuarially determined premium. GASB Statement No. 45 will be replaced by GASB Statement No. 75, which is effective for fiscal year ending September 30, 2018. This new standard will require the University to report the OPEB liability, based on an actuarial valuation, on the face of the financial statements and enhance financial statement note disclosures.

(12) Risk Management

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

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

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

(13) Other Related Parties and Related-Party Transactions

SAMSF is a not-for-profit corporation that exists for the purpose of promoting education and research at the University. At September 30, 2017, SAMSF had total assets of $13,112,000, net assets of $11,121,000, and total revenues of $2,403,000. At September 30, 2016, SAMSF had total assets of $13,884,000, net assets of $10,935,000, and total revenues of $3,544,000. SAMSF reimburses the University for certain administrative expenses and other related support services.

During the period ended March 31, 2018, HCM recorded bad debt of $4,686,000 within other nonoperating expenses on the statement of revenues, expenses and changes in net position to partially allow for the accounts receivable from HCA.

(14) Commitments and Contingencies

Grants and Contracts

At September 30, 2017 and 2016, the University had been awarded approximately $20,465,000 and $25,411,000, respectively, in grants and contracts for which resources had not been received and for which reimbursable expenditures had not been made for the purposes specified. These awards, which represent commitments of sponsors to provide funds for research or training projects, are not reflected in the accompanying basic financial statements as the eligibility requirements of the award have not been met. Advances are included in unrecognized revenue, and include amounts received from grant and contract sponsors which have not been earned under the terms of the agreements and, therefore, have not yet been included in revenues in the accompanying basic financial statements. Federal awards are subject to audit by Federal agencies. The University's management believes any potential adjustment from such audits will not be material.

Letters of Credit

In connection with USA Health's participation in the State of Alabama Medicaid Program, the University has established a $55,382 irrevocable standby letter of credit with Wells Fargo. The Alabama Medicaid Agency is the beneficiary of this letter of credit. No funds were advanced under this letter during the periods ended March 31, 2018 and 2017.

In connection with RCO participation in the Alabama Medicaid Agency's Health Home Regional Care Organization Program, HCM has established a $1,689,000 irrevocable standby letter of credit with Hancock Bank. The Alabama Medicaid Agency is the beneficiary of this letter of credit. No funds were advanced under this letter during the periods ended March 31, 2018 and 2017.

Federal Program Review

In November 2014, the University was the subject of a program review conducted by the U. S. Department of Education. The program review assessed the University's administration of Title IV, Higher Education Act programs for the 2013-2014 fiscal year and the first two months of the 2015 fiscal year. On October 10, 2017, the University received the final program review determination letter. Management is currently evaluating the letter, but believes there will be no liability to the University beyond that which is accrued in the financial statements.

Litigation

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

Rent Supplement Agreements

The University has entered into two irrevocable rent supplement agreements with a financial institution. The agreements require that, in the event the Corporation fails to maintain a debt service coverage ratio of one to one with respect to all of its outstanding indebtedness, the University will pay to the Corporation any and all rent amounts necessary to cause the Corporation's net operating income to be equal to the Corporation's annual debt service obligations. As of March 31, 2018 and 2017, no amounts were payable pursuant to these agreements.

(15) Recently Issued Accounting Pronouncements

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose specific information about the agreements. This statement is effective for the current reporting period. In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement amends Statement No. 68 to exclude pensions that are not governmental pension plans and establishes requirements for the recognition and measurement of non-governmental pension plans that are offered to government employees. Also in December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external

investment pool to qualify for making the election to measure all of its investments at amortized cost for financial statement purposes. Both statements No. 78 and 79 are effective for the University for the current reporting period.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*. This statement is effective for the University of South Alabama for the current reporting period. Statement 80 amends the blending requirements for financial statement presentation and requires the blending of a component unit that is incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements* and Statement No. 82, *Pension Issues*. Both statements are effective for the University of South Alabama for the current reporting period. Statement No. 81 changes the reporting requirements for gifts given to the University in which USA is a beneficiary of a split-interest agreement. Statement No. 82 was issued to address certain matters that have been raised from Statements No. 67, 68 and 73 and clarifies the presentation of payroll-related measures in the required supplementary information, the selection of assumptions and treatment of deviations from the guidance, and the classification of payments made by employers to satisfy employee contribution requirements. In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This statement will be effective for the University beginning with the fiscal year ending September 30, 2019. Statement 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for ARO's. The GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. This statement will be effective for the University beginning with the fiscal year ending September 30, 2020. Statement 84 addresses the criteria for identifying fiduciary activities of all state and local governments. In March 2017 the GASB issued Statement No. 85, *Omnibus 2017*, which will be effective for the University beginning with the fiscal year ending September 30, 2018. The objective is to ensure consistency in the application of accounting and financial reporting requirements related to various topics, including blending component units, goodwill, fair value measurement and application, and postemployment benefits. The GASB issued Statement No. 86, *Certain Debt Extinguishment Issues,* in May 2017. This statement will be effective for the University beginning with the fiscal year ending September 30, 2018. Statement 86 addresses financial reporting for in-substance defeasance of debt and prepaid insurance on debt that is extinguished. In June 2017 the GASB issued Statement No. 87, *Leases,* which will be effective for the University beginning with the fiscal year ending September 30, 2021. This statement establishes a single model for lease accounting whereby certain leases that were previously classified as operating leases will now be reported on the statement of net position. Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* was issued in March 2018 to enhance note disclosure for debt agreements. This statement is effective for the University beginning with the fiscal year September 30, 2019.

The effect of the implementation of GASB Statements Nos. 84, 85, 86, 87 & 88 on the University has not yet been determined.

Statement Nos. 77, 78, 79, 80, 81, 82 and 83 do not have an impact on the University's financial statements.

RESOLUTION

DIRECTORS OF THE UNIVERSITY OF SOUTH ALABAMA RESEARCH AND TECHNOLOGY CORPORATION

WHEREAS, pursuant to the bylaws of the University of South Alabama Research and Technology Corporation ("USARTC"), the Board shall elect USARTC directors who are not officers, employees, or trustees of the University, and

WHEREAS, the following individuals have been nominated as USARTC directors and have agreed to serve four-year, renewable terms beginning September 2018 and expiring September 2022:

APPOINTMENT:

Mr. Jim Spafford

REAPPOINTMENT:

Mr. Danny Patterson

Ms. Cheryl Coleman Williams

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama does hereby elect the aforementioned individuals to serve as members of the USARTC Board of Directors as set forth.

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Office of the Vice President for
Research and Economic Development

Date:
May 17, 2018

To:
Dr. Tony Waldrop
President

From:
Lynne Chronister
Vice President for Research and Economic Development

Subject:
Agenda Item for the June 1, 2018, meeting of the
University of South Alabama Board of Trustee Meeting

I recommend the attached resolution be presented to the USA Board of Trustees at the June 1, 2018, meeting. The USA Research and Technology Corporation (RTC) Board of Directors met on May 16, 2018, and approved the nomination of RTC directors as set forth.

LC/bu

Attachment

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Finance and Administration

Date:
May 30, 2018

To:
Tony G. Waldrop,
President

From:
G. Scott Weldon, V.P. for Finance and Administration

Subject:
Agenda Item for June 1, 2018, Board of Trustees Meeting
Authorization to execute a Rent Supplement Agreement in connection with the refinancing of the USA Research and Technology Corp Wells Fargo Loan

Attached is a resolution for consideration by the Budget and Finance Committee to execute a new Rent Supplement Agreement regarding RTC's refinancing of a loan with Wells Fargo Bank, N.A. The original note financed the acquisition of Buildings II and III in the Technology & Research Park and currently has a balance of $11,622,438. The Rent Supplement Agreement signed by the University with respect to the loan requires the University to consent to any refinancing and provides that the University will assist the RTC in maintaining a 1:1 debt service coverage ratio.

A Request for Proposal was issued on May 4th and after review of the results, the most competitive proposal was from PNC Bank, which proposed a fixed interest rate of 4.38% over 10 years.

With your approval, this item will be presented to the Budget and Finance Committee and the Board of Trustees for final approval. Further, I recommend the adoption of the resolution by the Board of Trustees.

Attachments

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A RENT SUPPLEMENT AGREEMENT FROM THE UNIVERSITY OF SOUTH ALABAMA RESPECTING NOT TO EXCEED $14,000,000 PROMISSORY NOTE FROM USA RESEARCH AND TECHNOLOGY CORPORATION

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

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

(a) The Board heretofore provided for the incorporation of an Alabama non-profit corporation under the name USA Research and Technology Corporation ("RTC") for the purpose of furthering the educational, research and technology mission of the University; and

(b) The Board heretofore approved a Ground Lease Agreement dated December 17, 2003, as amended by a First Amendatory Ground Lease dated June 21, 2007 (collectively, the "Ground Lease") between the University and RTC pursuant to which the University has leased certain real property to RTC to enable it to develop and construct facilities useful in connection with the mission of RTC as heretofore approved by the University, and included thereon are various facilities including without limitation two known as "Building II" and "Building III" (collectively, the "Buildings") for use and operation by RTC in furtherance of its mission and in support of the operations and mission of the University; and

(c) In connection with its acquisition and development of the Buildings, RTC obtained an $18,000,000 loan (the "2007 Wells Loan") from Wells Fargo Bank, N.A., as successor to Wachovia Bank, National Association ("Wells Fargo"), the repayment of which is evidenced by a Promissory Note dated July 17, 2007 (the "2007 Wells Promissory Note") in the original principal amount of $18,000,000 and outstanding as of June 1, 2018 in the amount of $11,622,438.47; and

(d) The 2007 Wells Promissory Note bears interest at a variable rate, and RTC and Wells Fargo (as successor to Wachovia Bank, National Association) heretofore entered that certain ISDA Master Agreement and that certain Schedule to the Master Agreement, each dated as of December 22, 2006, along with a Swap Transaction Confirmation, copies of which are attached as Exhibit A hereto (collectively, the "2007 RTC Swap") in order to "synthetically fix" the interest rate on the 2007 Wells Promissory Note; and

(e) In order to protect the continued use of the Buildings for the purposes set forth in the Ground Lease and to protect the integrity of the use

of the property described in the Ground Lease, the University entered a Rent Supplement Agreement dated July 17, 2007 (the "2007 Rent Supplement Agreement") with Wells Fargo (as successor to Wachovia Bank, National Association), pursuant to which the University agreed to make payments to RTC necessary to bring RTC's net operating income for any fiscal year to equal debt service payments owed by RTC under the 2007 Wells Loan for such fiscal year, which, among other things, enables the University to prevent any disposition or use of the property by persons or entities other than RTC, or those occupying space in the Buildings pursuant to leases or other arrangements approved by RTC, and to assure continued control and use of the property described in the Ground Lease; and

(f) RTC has determined it to be necessary, wise and in its interest to refinance the Promissory Note by obtaining a new, fixed rate loan (the "2018 Loan") and, in connection therewith, cause the 2007 RTC Swap to be terminated, and that proceeds of the 2018 Loan would be used to (i) refinance the 2007 Wells Loan, (ii) pay the fee to break the 2007 RTC Swap, and (iii) pay the costs of issuance of the 2018 Promissory Note (defined below) for the 2018 Loan and the other transactions costs incurred by RTC and the University in negotiating and finalizing all other instruments and agreements relating to the 2018 Loan; and

(g) RTC, with the advice and assistance of PFM Financial Advisors, LLC, contacted various financial institutions for proposals for the 2018 Loan and determined that PNC Bank, National Association ("2018 Lender") submitted the bid that presented the lowest cost of financing, and best financing terms, for RTC; and

(h) The obligation of RTC to repay the 2018 Loan shall be evidenced by a promissory note from RTC to the 2018 Lender in a principal amount of not to exceed $14,000,000 and in substantially the form attached hereto as Exhibit B, revised to reflect principal and interest amortized on a mortgage style basis over a period from the closing through June 1, 2038, with a final maturity on or around June 1, 2028 (*i.e.*, all principal amortized after June 1, 2028 will become due and payable on June 1, 2028), and with such other changes and modifications as shall be agreed to by RTC (the "2018 Promissory Note"), which shall be issued pursuant to a Loan Agreement between the 2018 Lender and RTC in substantially the form attached hereto as Exhibit C, revised to reflect principal and interest amortized on a mortgage style basis over a period from the closing through June 1, 2038, with a final maturity on or around June 1, 2028 (*i.e.*, all principal amortized after June 1, 2028 will become due and payable on June 1, 2028), and with such other changes and modifications as shall be agreed to by RTC (the "2018 Loan Agreement");

(i) In connection with the 2018 Loan, the University will need to enter a Rent Supplement Agreement with the 2018 Lender in substantially the form attached hereto as Exhibit D, with such changes and modifications as shall be agreed to by the President of the University (the "2018 Rent Supplement Agreement"), pursuant to which the University shall agree to make such payments to RTC as shall be necessary to enable RTC to timely pay debt service on the 2018 Promissory Note and other amounts due under the 2018 Loan Agreement to the 2018 Lender, along with debt service due on any other RTC obligations secured by a similar rent supplement agreement; and

(j) The 2007 RTC Swap provides that the fee to terminate the same is not computed or determined until the day immediately preceding the date of termination (as the same is based upon then prevailing rates of interest), and as such it is necessary that the Board proceed to approve and authorize execution of the 2018 Rent Supplement Agreement prior to such time as RTC approves the 2018 Loan, the 2018 Promissory Note, the 2018 Loan Agreement, and any additional agreements incident to the 2018 Loan.

Section 2. Authorization. The President of the University is hereby authorized and directed to execute and deliver, on behalf of the University, the 2018 Rent Supplement Agreement presented to the meeting at which this resolution is adopted, which is hereby adopted in all respects as if set out in full in this resolution, with such changes, completions, modifications, additions and deletions as may in each case be approved by the President.

Section 3. 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, containing such terms as such officer shall approve, and to take such other actions as any of them may deem appropriate or necessary, for the consummation of the transactions covered by this resolution and to the end that the 2018 Rent Supplement Agreement may be executed and delivered by the University, and that the 2018 Loan Agreement may entered into and delivered, and the 2018 Promissory Note may be issued and delivered, by RTC. The Secretary or any Assistant Secretary of the Board is hereby authorized and directed to affix the official seal of the Board to such instruments and to attest the same, and to the 2018 Rent Supplement Agreement and to attest the same.

EXHIBIT A
2007 RTC SWAP

Signed Master as Amended Schedule

(Local Currency—Single Jurisdiction)

ISDA®

International Swap Dealers Association, Inc.

MASTER AGREEMENT

dated as of December 22, 2006

WACHOVIA BANK, NATIONAL ASSOCIATION and USA RESEARCH AND TECHNOLOGY CORPORATION

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows: —

1. Interpretation

(a) ***Definitions.*** The terms defined in Section 12 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.

(b) ***Inconsistency.*** In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.

(c) ***Single Agreement.*** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) ***General Conditions.***

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.

Copyright ©1992 by International Swap Dealers Association, Inc.

Second Printing

(b) *Change of Account.* Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) *Netting.* If on any date amounts would otherwise be payable: —

(i) in the same currency; and

(ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or will cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply separately to each pairing of branches or offices through which the parties make and receive payments or deliveries.

(d) *Default Interest; Other Amounts.* Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party that defaults in the performance of any payment obligation will, to the extent permitted by law and subject to Section 6(c), be required to pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as such overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on demand if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

3. Representations

Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into) that:—

(a) *Basic Representations.*

(i) *Status.* It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;

(ii) *Powers.* It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;

(iii) *No Violation or Conflict.* Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iv) ***Consents.*** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) ***Obligations Binding.*** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) ***Absence of Certain Events.*** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) ***Absence of Litigation.*** There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) ***Accuracy of Specified Information.*** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:—

(a) ***Furnish Specified Information.*** It will deliver to the other party any forms, documents or certificates specified in the Schedule or any Confirmation by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) ***Maintain Authorisations.*** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) ***Comply with Laws.*** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

5. Events of Default and Termination Events

(a) ***Events of Default.*** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an "Event of Default") with respect to such party:—

(i) ***Failure to Pay or Deliver.*** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 2(d) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;

(ii) ***Breach of Agreement.*** Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 2(d) or to give notice of a Termination Event) to be complied with or performed

by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is given to the party;

(iii) ***Credit Support Default.***

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect for the purpose of this Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document;

(iv) ***Misrepresentation.*** A representation made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) ***Default under Specified Transaction.*** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) ***Cross Default.*** If "Cross Default" is specified in the Schedule as applying to the party, the occurrence or existence of (1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(vii) ***Bankruptcy.*** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:—

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its

winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) ***Merger Without Assumption.*** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer: —

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) ***Termination Events.*** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an Illegality if the event is specified in (i) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to (ii) below or an Additional Termination Event if the event is specified pursuant to (iii) below:—

(i) ***Illegality.*** Due to the adoption of, or any change in, any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result of a breach by the party of Section 4(b)) for such party (which will be the Affected Party):—

(1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) to perform, or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction;

(ii) ***Credit Event Upon Merger.*** If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, such party ("X"), any Credit Support Provider of X or any applicable Specified Entity of X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or

(iii) ***Additional Termination Event.*** If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties shall be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) ***Event of Default and Illegality.*** If an event or circumstance which would otherwise constitute or give rise to an Event of Default also constitutes an Illegality, it will be treated as an Illegality and will not constitute an Event of Default.

6. Early Termination

(a) ***Right to Terminate Following Event of Default.*** If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) ***Right to Terminate Following Termination Event.***

(i) ***Notice.*** If a Termination Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require.

(ii) ***Two Affected Parties.*** If an Illegality under Section 5(b)(i)(1) occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b)(i) on action to avoid that Termination Event.

(iii) ***Right to Terminate.*** If: —

(1) an agreement under Section 6(b)(ii) has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(2)an Illegality other than that referred to in Section 6(b)(ii), a Credit Event Upon Merger or an Additional Termination Event occurs,

either party in the case of an Illegality, any Affected Party in the case of an Additional Termination Event if there is more than one Affected Party, or the party which is not the Affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(c) ***Effect of Designation.***

(i) If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 2(d) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(e).

(d) *Calculations.*

(i) ***Statement.*** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)) and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) ***Payment Date.*** An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default) and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest thereon (before as well as after judgment), from (and including) the relevant Early Termination Date to (but excluding) the date such amount is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(e) ***Payments on Early Termination.*** If an Early Termination Date occurs, the following provisions shall apply based on the parties' election in the Schedule of a payment measure, either "Market Quotation" or "Loss", and a payment method, either the "First Method" or the "Second Method". If the parties fail to designate a payment measure or payment method in the Schedule, it will be deemed that "Market Quotation" or the "Second Method", as the case may be, shall apply. The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.

(i) ***Events of Default.*** If the Early Termination Date results from an Event of Default:—

(1) *First Method and Market Quotation.* If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non-defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Unpaid Amounts owing to the Non-defaulting Party over (B) the Unpaid Amounts owing to the Defaulting Party.

(2) *First Method and Loss.* If the First Method and Loss apply, the Defaulting Party will pay to the Non-defaulting Party, if a positive number, the Non-defaulting Party's Loss in respect of this Agreement.

(3) *Second Method and Market Quotation.* If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Unpaid Amounts owing to the Non-defaulting Party less (B) the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(4) *Second Method and Loss.* If the Second Method and Loss apply, an amount will be payable equal to the Non-defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative

number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(ii) ***Termination Events.*** If the Early Termination Date results from a Termination Event:—

(1) *One Affected Party.* If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e)(i)(3), if Market Quotation applies, or Section 6(e)(i)(4), if Loss applies, except that, in either case, references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions are being terminated, Loss shall be calculated in respect of all Terminated Transactions.

(2) *Two Affected Parties.* If there are two Affected Parties:—

(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions, and an amount will be payable equal to (I) the sum of (a) one-half of the difference between the Settlement Amount of the party with the higher Settlement Amount ("X") and the Settlement Amount of the party with the lower Settlement Amount ("Y") and (b) the Unpaid Amounts owing to X less (II) the Unpaid Amounts owing to Y; and

(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions are being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one-half of the difference between the Loss of the party with the higher Loss ("X") and the Loss of the party with the lower Loss ("Y").

If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of that amount to Y.

(iii) ***Adjustment for Bankruptcy.*** In circumstances where an Early Termination Date occurs because "Automatic Early Termination" applies in respect of a party, the amount determined under this Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) ***Pre-Estimate.*** The parties agree that if Market Quotation applies an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.

7. Transfer

Neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:—

(a) a party may make such a transfer of this Agreement pursuant to a consolidation amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e).

Any purported transfer that is not in compliance with this Section will be void

8. Miscellaneous

(a) ***Entire Agreement.*** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

(b) ***Amendments.*** No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

(c) ***Survival of Obligations.*** Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) ***Remedies Cumulative.*** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) ***Counterparts and Confirmations.***

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message constitutes a Confirmation.

(f) ***No Waiver of Rights.*** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) ***Headings.*** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

9. Expenses

A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

10. Notices

(a) ***Effectiveness.*** Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated:—

(i) if in writing and delivered in person or by courier, on the date it is delivered;

(ii) if sent by telex, on the date the recipient's answerback is received;

ISDA©1992
Second Printing

(iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or

(v) if sent by electronic messaging system, on the date that electronic message is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

(b) ***Change of Addresses.*** Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

11. Governing Law and Jurisdiction

(a) ***Governing Law.*** This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) ***Jurisdiction.*** With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably: —

(i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement is expressed to be governed by English law, the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) ***Waiver of Immunities.*** Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

12. Definitions

As used in this Agreement:—

"Additional Termination Event" has the meaning specified in Section 5(b).

"Affected Party" has the meaning specified in Section 5(b).

ISDA®1992
Second Printing

"*Affected Transactions*" means (a) with respect to any Termination Event consisting of an Illegality, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Transactions.

"*Affiliate*" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"*Applicable Rate*" means:—

(a) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;

(c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate; and

(d) in all other cases, the Termination Rate.

"*consent*" includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

"*Credit Event Upon Merger*" has the meaning specified in Section 5(b).

"*Credit Support Document*" means any agreement or instrument that is specified as such in this Agreement.

"*Credit Support Provider*" has the meaning specified in the Schedule.

"*Default Rate*" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

"*Defaulting Party*" has the meaning specified in Section 6(a).

"*Early Termination Date*" means the date determined in accordance with Section 6(a) or 6(b)(iii).

"*Event of Default*" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"*Illegality*" has the meaning specified in Section 5(b).

"*law*" includes any treaty, law, rule or regulation and "*lawful*" and "*unlawful*" will be construed accordingly.

"*Local Business Day*" means, subject to the Schedule, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a)(i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a)(v)(2), in the relevant locations for performance with respect to such Specified Transaction.

"*Loss*" means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain

resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before the relevant Early Termination Date and not made, except, so as to avoid duplication, if Section 6(e)(i)(1) or (3) or 6(e)(ii)(2)(A) applies. Loss does not include a party's legal fees and out-of-pocket expenses referred to under Section 9. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

"***Market Quotation***" means, with respect to one or more Terminated Transactions and a party making the determination, an amount determined on the basis of quotations from Reference Market-makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account any existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market-maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under Section 2(a)(i) in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date. For this purpose, Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included. The Replacement Transaction would be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(e), and, if each party is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.

"***Non-default Rate***" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount.

"***Non-defaulting Party***" has the meaning specified in Section 6(a).

"***Potential Event of Default***" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"***Reference Market-makers***" means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.

"***Scheduled Payment Date***" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"***Set-off***" means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether arising under

this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on, such payer.

"***Settlement Amount***" means, with respect to a party and any Early Termination Date, the sum of:—

(a) the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and

(b) such party's Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.

"***Specified Entity***" has the meaning specified in the Schedule.

"***Specified Indebtedness***" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"***Specified Transaction***" means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"***Terminated Transactions***" means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if "Automatic Early Termination" applies, immediately before that Early Termination Date).

"***Termination Event***" means an Illegality or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"***Termination Rate***" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"***Unpaid Amounts***" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii)) to such party under Section 2(a)(i) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined

by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

WACHOVIA BANK, NATIONAL ASSOCIATION	USA RESEARCH AND TECHNOLOGY CORPORATION
(Name of Party)	(Name of Party)
By: Sherry M. Stofer	By: M. Wayne Davis
Name: Sherry M. Stofer	Name: M. WAYNE DAVIS
Title: Vice President	Title: SECRETARY - TREASURER
Date: 2-11-07	Date: FEBRUARY 27, 2007

ISDA®1992
Second Printing

SCHEDULE
to the
MASTER AGREEMENT
dated as of December 22, 2006 between
WACHOVIA BANK, NATIONAL ASSOCIATION ("Party A")
and **USA RESEARCH AND TECHNOLOGY CORPORATION** ("Party B")

Part 1. Termination Provisions

(a) **"Specified Entity"** means each party's Affiliates for purposes of Section 5(a)(v).

(b) **"Specified Transaction"** has its meaning as defined in Section 12.

(c) **"Cross Default"** applies to both parties. With respect to Party B, "Cross Default" is amended by inserting at the end of Section 5(a)(vi): "or (3) any default, event of default or other similar condition or event (however described) under any existing or future agreement or instrument relating to any loan or extension of credit from Party A (or any of its Affiliates) to Party B (whether or not anyone else is a party thereto)."

"Specified Indebtedness" means any obligation (whether present, future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money or relating to the payment or delivery of funds, securities or other property (including, without limitation, collateral), other than indebtedness in respect of any bank deposits received in the ordinary course of business by any foreign branch of a party the repayment of which is prevented, hindered or delayed by any governmental or regulatory action or law unrelated to the financial condition or solvency of such party or that foreign branch.

"Threshold Amount" means, with respect to Party A, an amount (including its equivalent in another currency) equal to the higher of $10,000,000 or 2% of its stockholders' equity as reflected on its most recent financial statements or call reports, and with respect to Party B, any amount of Specified Indebtedness.

(d) **"Credit Event Upon Merger"** applies to both parties.

(e) **"Automatic Early Termination"** does not apply to either party.

(f) **Payments on Early Termination.** Except as otherwise provided herein, "Market Quotation" and the "Second Method" apply, provided that with respect to the following types of Transactions, a Market Quotation shall not be determined or included under clause (a) of the definition of Settlement Amount, and instead a "Loss" shall be determined and included under clause (b) of the definition of Settlement Amount with respect to the following types of Transactions: any Transactions which are commodity swaps, commodity options, commodity forwards or any other commodity derivative transactions.

In the case of any Terminated Transaction that is, or is subject to, any unexercised option, the words "economic equivalent of any payment or delivery" appearing in the definition of "Market Quotation" shall be construed to take into account the economic equivalent of the option.

(g) **"Additional Termination Event"** does not apply to either party.

Part 2. **Tax Provisions**

(a) **Tax Representations.**

(i) Party A represents at all times hereunder that (A) it is a national banking association organized or formed under the laws of the United States, and (B) it is a United States resident for United States federal income tax purposes.

(ii) Party B represents at all times hereunder that (A) it is organized or formed under the laws of a state within the United States, and (B) it is (or, if Party B is disregarded for United States federal income tax purposes, its beneficial owner is) a United States resident for United States federal income tax purposes.

(b) **Tax Forms.**

(i) Each party agrees to deliver to the other party the tax forms specified below with respect to it at the following times: before the first Payment Date under this Agreement; promptly upon reasonable demand by the other party; and promptly upon learning that any such form previously provided by the party has become obsolete or incorrect.

(A) **Tax Forms to be Delivered by Party A:**

None specified.

(B) **Tax forms to be Delivered by Party B:**

(I) If Party B is (or, if Party B is disregarded for United States federal income tax purposes, its beneficial owner is) treated as a corporation for United States federal income tax purposes whose name includes "Incorporated", "Inc.", "Corporation", "P.C.", "Insurance Company" "Indemnity Company", "Reinsurance Company", or "Assurance Company":

None specified, unless any amount payable to Party B under this Agreement is to be paid to an account outside the United States, in which case the tax form to be delivered by Party B shall be a correct, complete and duly executed U.S. Internal Revenue Service Form W-9 (or successor thereto) that eliminates U.S. federal backup withholding tax on payments to Party B under this Agreement.

(II) In all other cases:

A correct, complete and duly executed U.S. Internal Revenue Service Form W-9 (or successor thereto) that eliminates U.S. federal backup withholding tax on payments to Party B under this Agreement.

(ii) In addition, each party agrees to deliver to the other party, upon reasonable demand by such other party, any other tax form that may be required or reasonably requested in writing in order to allow such other party to make a payment under this Agreement (or under any Credit Support Document) without any deduction or withholding for or on account of any tax imposed by any government or other taxing authority in respect of any such payment (other than a stamp, registration, documentation or similar tax), or with such deduction or withholding at a reduced rate, which form shall be correct, complete and duly executed.

(c) **Withholding Tax Liability.** A breach of a representation under paragraph (a) above, or a failure to deliver a required tax form in accordance with paragraph (b) above, by a party hereunder (the "defaulting payee") may result in a tax liability on the part of the other party (the "payor"), as required by the United States Internal Revenue Code and regulations thereunder, for withholding or backup withholding on any payment by the

payor to the defaulting payee under this Agreement (or under any Credit Support Document), including a liability to remit to the U.S. Treasury Department the required amount of withholding and to pay interest and penalties to the U.S. Treasury Department for amounts not withheld.

Accordingly, if any such breach or failure by the defaulting payee results in any such tax liability, then (i) any amount so withheld and remitted to the U.S. Treasury Department shall discharge the payor's obligation under this Agreement (or under any Credit Support Document) to pay to the defaulting payee the portion of any payment so withheld and remitted (with the payor having no obligation to "gross up" any of its payments for such withheld amounts), and (ii) if any tax liability resulting from the defaulting payee's breach or failure is assessed directly against the payor in respect of any amounts not withheld, the defaulting payee shall indemnify the payor on demand for the amount of such tax liability (including interest and penalties). However, any such breach or failure by the defaulting payee shall not be an "Event of Default" or a "Potential Event of Default" under this Agreement unless the defaulting payee fails to so indemnify the payor.

Part 3. Documents

Delivery of Documents.

(i) When it delivers this Agreement, Party B shall also deliver its Closing Documents to Party A in form and substance reasonably satisfactory to Party A. For each Transaction, Party B shall deliver, promptly upon request, a duly executed incumbency certificate for the person(s) executing the Confirmation for that Transaction on behalf of Party B.

(ii) For Party B, "Closing Documents" means an opinion of counsel covering Party B's Basic Representations under Section 3(a) as they relate to this Agreement, or in lieu thereof, (A) a copy, certified by the secretary or assistant secretary of Party B, of the resolutions of Party B's board of directors authorizing the execution, delivery and performance by Party B of this Agreement and authorizing Party B to enter into Transactions hereunder and (B) a duly executed certificate of the secretary or assistant secretary of Party B certifying the name, true signature and authority of each person authorized to execute this Agreement and enter into Transactions for Party B.

Part 4. Miscellaneous

(a) **Addresses for Notices.** For purposes of Section 10(a) of this Agreement, all notices to a party shall, with respect to any particular Transaction, be sent to its address, telex number or facsimile number specified in the relevant Confirmation (or as specified below if not specified in the relevant Confirmation), provided that any notice under Section 5 or 6 of this Agreement, and any notice under this Agreement not related to a particular Transaction, shall be sent to a party at its address specified below.

To Party A:

WACHOVIA BANK, NATIONAL ASSOCIATION
301 South College Street, DC-8
Charlotte, NC 28202-0600

Attention: Derivatives Documentation Group

Fax: (704) 383-0575
Phone: (704) 383-8778

To Party B:

USA RESEARCH AND TECHNOLOGY CORPORATION
USA Administration Bldg.
Room 338
Mobile, AL 36688

Attention: M. Wayne Davis

Fax: 251-460-6137
Phone: 251-460-6132

(b) **"Calculation Agent"** means Party A.

(c) **"Credit Support Document"** means, with respect to Party B, each document (whether now existing or hereafter executed) which by its terms secures, guarantees or otherwise supports Party B's obligations under this Agreement from time to time, whether or not this Agreement, any Transaction, or any type of Transaction entered into hereunder is specifically referenced or described in any such document.

"Credit Support Default" is amended by adding at the end of Section 5(a)(iii)(1):

", any default, event of default or other similar condition or event (however described) exists under any Credit Support Document, any action is taken to realize upon any collateral provided to secure such party's obligations hereunder or under any Transaction, or the other party fails at any time to have a valid and perfected first priority security interest in any such collateral;"

(d) **"Credit Support Provider"** means, with respect to Party B, each party to a Credit Support Document that provides or is obligated to provide security, a guaranty or other credit support for Party B's obligations under this Agreement.

(e) **Governing Law.** To the extent not otherwise preempted by U.S. Federal law, this Agreement will be governed by and construed in accordance with the law of the State of New York (without giving effect to any provision of New York law that would cause another jurisdiction's laws to be applied).

(f) **Waiver of Jury Trial.** To the extent permitted by applicable law, each party irrevocably waives any and all right to trial by jury in any legal proceeding in connection with this Agreement, any Credit Support Document to which it is a party, or any Transaction.

(g) **Netting of Payments.** Section 2(c)(ii) will apply in respect of all Transactions from the date of this Agreement, provided that Section 2(c)(ii) will not apply with respect to any Transactions or group of Transactions for which the parties mutually agree shall be netted operationally.

(h) **"Affiliate"** has its meaning as defined in Section 12.

Part 5. **Other Provisions**

(a) **2000 ISDA Definitions.** This Agreement and each Transaction are subject to the 2000 ISDA Definitions (including its Annex) published by the International Swaps and Derivatives Association, Inc. (together, the "2000 ISDA Definitions") and will be governed by the provisions of the 2000 ISDA Definitions. The provisions of the 2000 ISDA Definitions are incorporated by reference in, and shall form part of, this Agreement and each Confirmation. Any reference to a "Swap Transaction" in the 2000 ISDA Definitions is deemed to be a reference to a "Transaction" for purposes of this Agreement or any Confirmation, and any

reference to a "Transaction" in this Agreement or any Confirmation is deemed to be a reference to a "Swap Transaction" for purposes of the 2000 ISDA Definitions. The provisions of this Agreement (exclusive of the 2000 ISDA Definitions) shall prevail in the event of any conflict between such provisions and the 2000 ISDA Definitions.

(b) **Scope of Agreement.** Any Specified Transaction now existing or hereafter entered into between the parties (whether or not evidenced by a Confirmation) shall constitute a "Transaction" under this Agreement and shall be subject to, governed by, and construed in accordance with the terms of this Agreement, unless the confirming document(s) for that Specified Transaction provide(s) otherwise. For any such Specified Transaction not evidenced by a Confirmation, Section 2(a)(i) of this Agreement is amended to read as follows: "(i) Each party will make each payment or delivery to be made by it under each Transaction, as specified in each Confirmation (or otherwise in accordance with the terms of that Transaction if not evidenced by a Confirmation), subject to the other provisions of this Agreement." In the event the parties enter into any such Specified Transaction that is a foreign exchange transaction or provides for one or more payments or deliveries to be made in a currency other than U.S. Dollars, this Agreement shall be deemed to incorporate by reference the multicurrency provisions of the 1992 ISDA Master Agreement (Multicurrency–Cross Border) form, including Section 8 thereof, and shall be read and construed in accordance with such provisions, mutatis mutandis, with such modifications deemed made to Sections 6(e) and 12 hereof to incorporate the Termination Currency Equivalent provisions of Sections 6(e) and 14 of such form and with U.S. Dollars being deemed the Termination Currency for such purpose.

(c) **Additional Representations.** In addition to the representations under Section 3, the following representations will apply:

(i) **Relationship Between Parties.** Each party will be deemed to represent to the other party on the date on which it enters into a Relevant Agreement that:

(1) *Non-Reliance.* It is acting for its own account, and it has made its own independent decisions to enter into the Relevant Agreement and as to whether the Relevant Agreement is appropriate or proper for it based solely upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party or any of its affiliates (or its respective representatives) as investment advice or as a recommendation to enter into the Relevant Agreement, it being understood that information and explanations related to the terms and conditions of any Relevant Agreement will not be considered investment advice or a recommendation to enter into the Relevant Agreement. No communication (written or oral) received from the other party or any of its affiliates (or its respective representatives) will be deemed to be an assurance or guarantee as to the expected results of the Relevant Agreement.

(2) *Assessment and Understanding.* It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of the Relevant Agreement based solely upon its own evaluation of the Relevant Agreement (including the present and future results, consequences, risks, and benefits thereof, whether financial, accounting, tax, legal, or otherwise) or that of its own advisers. It is also capable of assuming, and assumes, the risks of the Relevant Agreement. It also understands that the terms under which any Transaction may be terminated early are set forth in this Agreement (or in the relevant Confirmation), and any early termination of a Transaction other than pursuant to such terms is subject to mutual agreement of the parties confirmed in writing, the terms of which may require one party to pay an early termination fee to the other party based upon market conditions prevailing at the time of early termination.

(3) *Status of Parties.* The other party is not acting as a fiduciary for or an adviser to it in respect of the Relevant Agreement, and any agency, brokerage, advisory or fiduciary services that the other party (or any of its affiliates) may otherwise provide to the party (or to any of its affiliates) excludes the Relevant Agreement.

"Relevant Agreement" means this Agreement, each Transaction, each Confirmation, any Credit Support Document, or any agreement (including any amendment, modification, transfer or early termination) between the parties relating to this Agreement or to any Transaction, Confirmation or Credit Support Document.

(ii) **Eligibility.** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that it is an "eligible contract participant" within the meaning of the Commodity Exchange Act.

(iii) **ERISA.** Each party represents to the other party at all times hereunder that it is not (i) an employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or a plan as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), subject to Title I of ERISA or Section 4975 of the Code, or a plan as so defined but which is not subject to Title I of ERISA or Section 4975 of the Code but is subject to another law materially similar to Title I of ERISA or Section 4975 of the Code (each of which, an "ERISA Plan"), (ii) a person or entity acting on behalf of an ERISA Plan, or (iii) a person or entity the assets of which constitute assets of an ERISA Plan.

(d) **Set-off.** Any amount ("Early Termination Amount") payable to one party ("Payee") by the other party ("Payer") under Section 6(e), in circumstances where there is a Defaulting Party or one Affected Party in the case where a Termination Event under Section 5(b)(ii) has occurred, will, at the option of the party ("X") other than the Defaulting Party or the Affected Party (and without prior notice to the Defaulting Party or the Affected Party), be reduced by means of set off against any amount(s) ("Other Agreement Amount") payable (whether at such time or in the future or upon the occurrence of a contingency) by the Payee to the Payer or to any Affiliate of the Payer (irrespective of the currency, place of payment or booking office of the obligation) under any other agreement(s) between the Payee and the Payer (or between the Payee and any Affiliate of the Payer) or instrument(s) or undertaking(s) issued or executed by the Payee to, or in the favor of, the Payer or any Affiliate of the Payer (and the Other Agreement Amount will be discharged promptly and in all respects to the extent it is so set-off). X will give notice to the other party of any set-off effected under this paragraph.

For this purpose, either the Early Termination Amount or the Other Agreement Amount (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency. The term "rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the relevant currency.

Nothing in this paragraph shall be effective to create a charge or other security interest. This paragraph shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

(e) **Change of Account.** Any account designated by a party pursuant to Section 2(b) shall be in the same legal and tax jurisdiction as the original account.

(f) **Recording of Conversations.** Each party (i) consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties or any of their Affiliates in connection with this Agreement or any Transaction or potential Transaction, (ii) agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel and those of its Affiliates and (iii) agrees, to the extent permitted by applicable law, that such recordings may be submitted in evidence in any Proceedings.

(g) **Confirmation Procedures.** Upon receipt thereof, Party B shall examine the terms of each Confirmation sent by Party A, and unless Party B objects to the terms within three New York business days after receipt of that Confirmation, those terms shall be deemed accepted and correct absent manifest error, in which case that Confirmation will be sufficient to form a binding supplement to this Agreement notwithstanding Section 8(e)(ii) of this Agreement.

(h) **Covenants of Financial Agreements.**

(i) Party B shall provide Party A at all times hereunder with the same covenant protection as Party B provides Party A (or any of its Affiliates) under Financial Agreements. Therefore, in addition to the Cross Default provisions of this Agreement, and notwithstanding the satisfaction of any obligation or promise to pay money to Party A (or any of its Affiliates) under any Financial Agreement, or the termination or cancellation of any Financial Agreement, Party B hereby agrees to perform, comply with and observe for the benefit of Party A hereunder all affirmative and negative covenants contained in each Financial Agreement applicable to Party B (excluding any obligation or promise to pay money under any Financial Agreement) at any time Party B has any obligation (whether absolute or contingent) under this Agreement.

(ii) For purposes hereof: (A) the affirmative and negative covenants of each Financial Agreement applicable to Party B (together with related definitions and ancillary provisions, but in any event excluding any obligation or promise to pay money under any Financial Agreement) are incorporated (and upon execution of any future Financial Agreement, shall automatically be incorporated) by reference herein (mutatis mutandis); (B) if other lenders or creditors are parties to any Financial Agreement, then references therein to the lenders or creditors shall be deemed references to Party A; and (C) for any such covenant applying only when any loan, other extension of credit, obligation or commitment under the Financial Agreement is outstanding, that covenant shall be deemed to apply hereunder at any time Party B has any obligation (whether absolute or contingent) under this Agreement.

(iii) Notwithstanding the foregoing, if the incorporation of any provision by reference from any Financial Agreement would result in the violation by Party B of the terms of that Financial Agreement, or be in violation of any law, rule or regulation (as interpreted by any court of competent jurisdiction), then this Agreement shall not incorporate that provision.

"Financial Agreement" means each existing or future agreement or instrument relating to any loan or extension of credit from Party A (or any of its Affiliates) to Party B (whether or not anyone else is a party thereto), as the same exists when executed and without regard to (i) any termination or cancellation thereof or Party A (or any of its Affiliates) ceasing to be a party thereto (whether as a result of repayment thereof or otherwise), or (ii) unless consented to in writing by Party A (or any of its Affiliates), any amendment, modification, addition, waiver or consent thereto or thereof.

(i) **Transfer.** Notwithstanding anything contained in Section 7 of this Agreement, if the rights of Party A (or any of its Affiliates) in any loan or extension of credit under any Financial Agreement are sold, assigned or otherwise transferred to any purchaser, assignee or transferee to which Party A (or its relevant Affiliate) may lawfully make such sale, assignment or transfer, then Party A may transfer without recourse its rights and obligations in or under this Agreement (and any Credit Support Document) to any such purchaser, assignee or transferee, provided that Party B is provided with written notice of such transfer and a written acknowledgement of the purchaser, assignee or transferee stating that it has acquired such rights and obligations of Party A and is bound by the terms of this Agreement (and any Credit Support Document) as Party A's successor hereunder (and thereunder).

(j) **Independent Obligations.** (i) Although Party B may be entering into one or more Transactions under this Agreement to hedge against the interest expense of, or other risk associated with, an existing or future loan or other financing, this Agreement and each Transaction shall be an independent obligation of Party B separate and apart from any such loan or other financing, and therefore: (A) each party's obligations under this Agreement or any Transaction shall not be contingent on whether any loan or other financing closes, is outstanding or is repaid, in whole or in part, at any time; (B) subject to paragraph (ii) below, any repayment, acceleration, satisfaction, discharge or release of, and any amendment, modification or waiver with respect to, any loan or other financing, whether in whole or in part, at any time, shall not in any way affect this Agreement, any Transaction or either party's obligations under this Agreement or any Transaction; (C) payments that become due under this Agreement or any Transaction shall be due whether or not (1) the Notional Amount of any Transaction at any time is different from the principal amount of any loan or other financing, (2) the Termination Date of any Transaction occurs before or after the maturity date of any loan or other financing, or (3) any other terms of any loan or other financing are different from the terms of this Agreement or any Transaction; (D) nothing in this Agreement or in any Confirmation is intended to be, nor shall anything herein or therein be construed as, a prepayment penalty, charge or premium for purposes of any loan or other financing, nor shall any terms of any loan or other financing be deemed a waiver of or otherwise impair any amount due or that may become due under this Agreement or under any Transaction; (E) if Party B at any time receives from Party A (or any of its affiliates) any payoff statement or other written statement regarding any loan or other financing, nothing in such statement shall be deemed to apply to this Agreement or any Transaction except as otherwise expressly provided in that statement and then only to the extent so provided; (F) the terms under which any Transaction may be terminated early are set forth in this Agreement (including any Confirmation of such Transaction), and any early termination of a Transaction other than pursuant to the provisions of this Agreement (including any such Confirmation) is subject to mutual agreement of the parties confirmed in writing, the terms of which may require one party to pay an early termination fee to the other party based upon market conditions prevailing at the time of early termination; and (G) if at any time any existing or future collateral or other credit support secures or otherwise supports both this Agreement (or any Transaction hereunder) and any loan or other financing (whether this Agreement or any Transaction hereunder is specifically identified in the collateral or credit support documents, or instead is referred to therein generically), then Party A (or its agent) shall be entitled to continue to hold such collateral or other credit support, and such collateral or other credit support shall continue to secure or otherwise support Party B's obligations under this Agreement (or any Transaction hereunder), until such time as all such obligations of Party B are completely satisfied notwithstanding any repayment, acceleration, satisfaction, discharge or release of any such loan or other financing.

(ii) Nothing in paragraph (i) above shall be construed as impairing or limiting: any set-off rights; any cross default, credit support default or other provisions contained in this Agreement or any Confirmation to the extent such provisions refer to any repayment or acceleration of any loan or other financing; any rights or obligations under any Credit Support Documents; or any obligations of Party B under any covenant incorporated in this Schedule by reference from any loan or other financing (provided that any amendment, modification or waiver executed and delivered by Party A in writing with respect to any such covenant shall be deemed to apply hereunder to that covenant as so incorporated unless otherwise expressly provided in such writing).

(k) **Buy-outs.** Provided that an Early Termination Date has not occurred or been designated under Section 6(e) of this Agreement on or before the date of Party B's request, Party B may from time to time, with respect to any Transaction (or portion thereof), request on any New York Business Day that Party A, in good faith and in accordance with its usual business practices, provide Party B with an offer on that day for the amount Party B would be required to pay to or receive from Party A for terminating that Transaction (or portion thereof) ("Termination Amount"). That request may be made by an authorized officer of Party B by a telephone call to Party A's derivatives desk at (704) 374-3471, and if Party B does not accept Party A's offer on the telephone call in which Party A provides the offer, that offer shall be deemed rejected and the Transaction shall continue in full force and effect subject to the terms of this Agreement, including this paragraph under

which Party B may make subsequent requests. If Party B accepts the offer on that telephone call, then (unless the parties shall have agreed otherwise) that Transaction (or portion thereof, as the case may be) will terminate on the day of acceptance ("Unwind Date"), and the Termination Amount shall be payable by the party specified in that offer on the next succeeding New York Business Day. Any such Termination Amount shall be deemed to be payable under Section 2(a)(i) of this Agreement whether or not evidenced by a Confirmation. The obligation of either party to make any payment or delivery under that Transaction for any payment date or delivery date occurring on or prior to the Unwind Date shall survive such termination unless Party A has included such payment or the value of such delivery in the Termination Amount. Any request by Party B for any such offer shall be made only between the hours of 8 AM and 5 PM (New York City time). Party B's acceptance of any such offer shall be deemed a representation by Party B that the termination of such Transaction, in whole or in part, will not result in the breach of any hedging requirement contained in any agreement or instrument relating to any loan or extension of credit to Party B or its affiliates.

IN WITNESS WHEREOF, the parties have executed this Schedule by their duly authorized signatories as of the date hereof.

WACHOVIA BANK, NATIONAL ASSOCIATION

By: Sherry Stofer
Name: Sherry M. Stofer
Title: Vice President

USA RESEARCH AND TECHNOLOGY CORPORATION

By: M. Wayne Davis
Name: M. Wayne Davis
Title: Secretary / Treasurer

DC/1768774-1/Confirm

RATE CAP TRANSACTION CONFIRMATION

WACHOVIA

Date:	March 01, 2007
To:	USA Research and Technology Corporation ("Counterparty")
Address:	The University of S Alabama Administration Bld. Room 338 Mobile AL 36688 USA
E-mail:	wdavis@usouthal.edu, kdavis@usouthal.edu
Attention:	Wayne Davis and Ken Davis
From:	Wachovia Bank, N.A. ("Wachovia")
Ref. No:	1768774

Dear Wayne Davis and Ken Davis:

This confirms the terms of the Transaction described below between Counterparty and Wachovia. The definitions and provisions contained in the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. The terms of the particular Transaction to which the Confirmation relates are as follows:

Transaction Type:	Rate Cap
Currency for Payments:	U.S. Dollars
Notional Amount:	USD 18,000,000.00
Term:	
Trade Date:	February 27, 2007
Effective Date:	May 01, 2007
Termination Date:	May 01, 2008 , subject to adjustment in accordance with the Modified Following Business Day Convention.
Fixed Amount:	
Fixed Amount Payer:	Inapplicable
Fixed Amount:	At Counterparty's request, the upfront Fixed Amount of this Transaction has been rolled into another Transaction as reflected in the adjustment to the Fixed Rate thereof. The other Transaction is evidenced by a Confirmation dated March 01, 2007 between Wachovia and Counterparty (Wachovia reference number 1587999). Accordingly, no Fixed Amount is payable under this Transaction.
Payment Date:	Inapplicable
Floating Amounts:	
Floating Rate Payer:	Wachovia
Cap Rate:	6.10%
Payment Dates:	Monthly on the 1st of each month commencing June 01, 2007, through and including the Termination Date
Business Day Convention:	Modified Following
Business Day:	New York
Floating Rate for initial Calculation Period:	Determined two London Banking Days prior to the Effective Date
Floating Rate Option:	USD-LIBOR-BBA
Designated Maturity:	1 Month
Spread:	Plus 0.85%

Floating Rate Day Count Fraction:	Actual/360
Floating Rate determined:	Two London Banking Days prior to each Reset Date.
Reset Dates:	The first day of each Calculation Period.
Compounding:	Inapplicable
Rounding Convention:	5 decimal places per the ISDA Definitions.

2. The additional provisions of this Confirmation are as follows:

Calculation Agent:	Wachovia
Payment Instructions:	Wachovia Bank, N.A. CIB Group, ABA 053000219 Ref: Derivative Desk (Trade No: 1768774) Account #: 04659360006116
Wachovia Contacts:	Settlement and/or Rate Resets: 1-800-249-3865 1-704-383-8429 Documentation: Tel: (704) 383-4599 Fax: (704) 383-9139 Collateral: Tel: (704) 383-9529 Please quote transaction reference number.
Payments to Counterparty:	Please provide written payment instructions. Wachovia will make no payments until written payment instructions are received. Phone: 1-800-249-3865 Fax: 1-704-383-8429

Documentation

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement between Wachovia and Counterparty dated as of December 22, 2006, as amended and supplemented from time to time (the "ISDA Master Agreement"). All provisions contained or incorporated by reference in the Master Agreement will govern this Confirmation except as expressly modified herein.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us.

Very truly yours,
Wachovia Bank, N.A.

By: _____
Name: Tracey Bissell
Title: Vice President
Ref. No. 1768774

Accepted and Confirmed as of date first written above:
USA Research and Technology Corporation

By: _____
Name: U. Gordon Moulton
Title: President

DC/1587999-7/Confirm

SWAP TRANSACTION CONFIRMATION

WACHOVIA

Date:	March 01, 2007
To:	USA Research and Technology Corporation ("Counterparty")
Address:	The University of S Alabama Administration Bld., Room 338 Mobile AL 36688 USA
Email:	wdavis@usouthal.edu,kdavis@usouthal.edu
Attention:	Wayne Davis and Ken Davis
From:	Wachovia Bank, N.A. ("Wachovia")
Ref. No:	1587999

Dear Wayne Davis and Ken Davis:

This confirms the terms of the Transaction described below between Counterparty and Wachovia. The definitions and provisions contained in the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern. Fixed Amounts and Floating Amounts for each applicable Payment Date hereunder will be calculated in accordance with the ISDA Definitions, and if any Fixed Amount and Floating Amount are due for the same Payment Date hereunder, then those amounts shall not be payable and instead the Fixed Rate Payer shall pay the positive difference, if any, between the Fixed Amount and the Floating Amount, and the Floating Rate Payer shall pay the positive difference, if any, between the Floating Amount and the Fixed Amount.

1. The terms of the particular Transaction to which the Confirmation relates are as follows:

Transaction Type:	Interest Rate Swap
Currency for Payments:	U.S. Dollars
Notional Amount:	For a Calculation Period, the amount set forth opposite that Calculation Period on Attachment I hereto
Term:	
Trade Date:	February 27, 2007
Effective Date:	May 01, 2008. The Effective Date is the first day of the first Calculation Period. However, the rights and obligations of both parties under this Transaction are in effect as of the Trade Date.
Termination Date:	May 01, 2028 , subject to adjustment in accordance with the Modified Following Business Day Convention.

Counterparty hereby acknowledges that the payments due by it under this Transaction shall be due on their respective due dates whether or not (i) there exists at any time a commitment for any Financing or any such commitment expires or terminates, (ii) any closing of any Financing takes place or is postponed or delayed, (iii) any advance is made,

outstanding or repaid in connection with any Financing, either before, on or after the Effective Date, (iv) circumstances change such that Counterparty ceases to have any need for, or is unable to obtain, any Financing; or (v) the principal amount of any Financing is less or more than the Notional Amount of this Transaction, the term of any Financing is shorter or longer than the Term of this Transaction, or any other terms of any Financing differ from the terms of this Transaction. "Financing" means any loan or other extension of credit from Wachovia (or any other entity) to Counterparty (or any other entity). In addition, Counterparty acknowledges that its obligations in respect of this Transaction upon the occurrence of any Event of Default, Termination Event or Additional Termination Event shall be due and payable by Counterparty whether any such event occurs before, on or after the Effective Date.

Fixed Amounts:

Fixed Rate Payer:	Counterparty
Payment Dates:	Monthly on the 1st of each month commencing June 02, 2008, through and including the Termination Date
Business Day Convention:	Modified Following
Business Day:	New York
Fixed Rate:	6.10%
Fixed Rate Day Count Fraction:	Actual/360

Floating Amounts:

Floating Rate Payer:	Wachovia
Payment Dates:	Monthly on the 1st of each month commencing June 02, 2008, through and including the Termination Date
Business Day Convention:	Modified Following
Business Day:	New York
Floating Rate for initial Calculation Period:	Determined two London Banking Days prior to the Effective Date
Floating Rate Option:	USD-LIBOR-BBA
Designated Maturity:	1 Month
Spread:	Plus 0.85%
Floating Rate Day Count Fraction:	Actual/360
Floating Rate determined:	Two London Banking Days prior to each Reset Date.
Reset Dates:	The first day of each Calculation Period.
Compounding:	Inapplicable
Rounding convention:	5 decimal places per the ISDA Definitions.

2. The additional provisions of this Confirmation are as follows:

Calculation Agent:	Wachovia
Payment Instructions:	Wachovia Wholesale Lockbox P.O. Box 60308 Charlotte, NC 28260-0308
Wachovia Contacts:	Settlement and/or Rate Resets: 1-800-249-3865 1-704-383-8429
	Documentation:

Tel: (704) 383-4599
Fax: (704) 383-9139

Collateral:
Tel: (704) 383-9529
Please quote transaction reference number.

Payments to Counterparty: Please provide written payment instructions.
Wachovia will make no payments until
written payment instructions are received.
Phone: 1-800-249-3865 Fax: 1-704-383-8429

Additional Terms

Fixed Rate Adjustment. At Counterparty's request, the upfront Fixed Amount of another Transaction has been rolled over into this Transaction as reflected in an adjustment to the Fixed Rate of this Transaction. The other Transaction is evidenced by a Confirmation dated March 01, 2007 between Wachovia and Counterparty (Wachovia reference number 1768774).

Additional Termination Event

(a) The following event shall constitute an "Additional Termination Event" for this Transaction under the ISDA Master Agreement referred to herein: by June 01, 2007, Counterparty's obligations under the ISDA Master Agreement referred to herein and this Transaction fail to be secured with collateral of a type and quantity, and upon terms and conditions, as shall be acceptable to Wachovia in its sole discretion.

(b) If that Additional Termination Event occurs and is continuing, Wachovia may give written notice to Counterparty designating a New York Business Day not earlier than (nor more than 20 days after) the day such notice is given as the "Early Termination Date" for this Transaction. Upon the giving of that notice, all obligations under this Transaction will terminate and be replaced by an obligation of one party to make a payment to the other party under Section 6(e) of the ISDA Master Agreement referred to herein. The amount of, and the party obligated to make, such payment shall be determined by Wachovia in accordance with the provisions of such Section 6(e). For that purpose, this Transaction shall be a "Terminated Transaction", the Counterparty shall be the "Affected Party", and the "Second Method" and "Market Quotation" shall apply. Such payment will be due on the New York Business Day following the Early Termination Date by the party obligated to pay that amount under Section 6(e) of the ISDA Master Agreement referred to herein.

Documentation

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement between Wachovia and Counterparty dated as of December 22, 2006, as amended and supplemented from time to time (the "ISDA Master Agreement"). All provisions contained or incorporated by reference in the Master Agreement will govern this Confirmation except as expressly modified herein.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us.

Very truly yours,
Wachovia Bank, N.A.

By:_____
Name: Tracey Bissell
Title: Vice President

Ref. No. 1587999

Accepted and Confirmed as of date first written above:
USA Research and Technology Corporation

By:_____
Name: V. Gordon Moulton
Title: President

ATTACHMENT I
Amortization Schedule for 1587999

Calculation Period (from and including, to but excluding)			USD Notional Amount	USD Notional Reduction (at end of period)
01 May 08	to	02 Jun 08	18,000,000.00	33,349.05
02 Jun 08	to	01 Jul 08	17,966,650.95	42,662.92
01 Jul 08	to	01 Aug 08	17,923,988.03	36,798.32
01 Aug 08	to	02 Sep 08	17,887,189.71	33,960.73
02 Sep 08	to	01 Oct 08	17,853,228.98	43,220.27
01 Oct 08	to	03 Nov 08	17,810,008.71	31,361.42
03 Nov 08	to	01 Dec 08	17,778,647.29	46,599.25
01 Dec 08	to	02 Jan 09	17,732,048.04	34,801.95
02 Jan 09	to	02 Feb 09	17,697,246.09	37,989.35
02 Feb 09	to	02 Mar 09	17,659,256.74	47,165.69
02 Mar 09	to	01 Apr 09	17,612,091.05	41,420.92
01 Apr 09	to	01 May 09	17,570,670.13	41,631.48
01 May 09	to	01 Jun 09	17,529,038.65	38,872.91
01 Jun 09	to	01 Jul 09	17,490,165.74	42,040.71
01 Jul 09	to	03 Aug 09	17,448,125.03	33,384.95
03 Aug 09	to	01 Sep 09	17,414,740.08	45,374.95
01 Sep 09	to	01 Oct 09	17,369,365.13	42,654.78
01 Oct 09	to	02 Nov 09	17,326,710.35	36,999.78
02 Nov 09	to	01 Dec 09	17,289,710.57	45,989.33
01 Dec 09	to	04 Jan 10	17,243,721.24	31,606.06
04 Jan 10	to	01 Feb 10	17,212,115.18	49,287.13
01 Feb 10	to	01 Mar 10	17,162,828.05	49,520.97
01 Mar 10	to	01 Apr 10	17,113,307.08	41,056.65
01 Apr 10	to	03 May 10	17,072,250.43	38,379.51
03 May 10	to	01 Jun 10	17,033,870.92	47,246.50
01 Jun 10	to	01 Jul 10	16,986,624.42	44,600.38
01 Jul 10	to	02 Aug 10	16,942,024.04	39,085.63
02 Aug 10	to	01 Sep 10	16,902,938.41	45,025.78
01 Sep 10	to	01 Oct 10	16,857,912.63	45,254.66
01 Oct 10	to	01 Nov 10	16,812,657.97	42,635.89
01 Nov 10	to	01 Dec 10	16,770,022.08	45,701.44
01 Dec 10	to	03 Jan 11	16,724,320.64	37,432.22
03 Jan 11	to	01 Feb 11	16,686,888.42	48,951.53
01 Feb 11	to	01 Mar 11	16,637,936.89	52,011.28
01 Mar 11	to	01 Apr 11	16,585,925.61	43,826.87
01 Apr 11	to	02 May 11	16,542,098.74	44,057.08
02 May 11	to	01 Jun 11	16,498,041.66	47,084.00
01 Jun 11	to	01 Jul 11	16,450,957.66	47,323.35
01 Jul 11	to	01 Aug 11	16,403,634.31	44,784.40
01 Aug 11	to	01 Sep 11	16,358,849.91	45,019.65
01 Sep 11	to	03 Oct 11	16,313,830.26	42,491.84
03 Oct 11	to	01 Nov 11	16,271,338.42	50,993.50
01 Nov 11	to	01 Dec 11	16,220,344.92	48,495.63
01 Dec 11	to	03 Jan 12	16,171,849.29	40,521.46
03 Jan 12	to	01 Feb 12	16,131,327.83	51,681.50
01 Feb 12	to	01 Mar 12	16,079,646.33	51,935.45

Calculation Period (from and including, to but excluding)			USD Notional Amount	USD Notional Reduction (at end of period)
01 Mar 12	to	02 Apr 12	16,027,710.88	44,043.24
02 Apr 12	to	01 May 12	15,983,667.64	52,407.08
01 May 12	to	01 Jun 12	15,931,260.56	47,265.68
01 Jun 12	to	02 Jul 12	15,883,994.88	47,513.95
02 Jul 12	to	01 Aug 12	15,836,480.93	50,446.94
01 Aug 12	to	04 Sep 12	15,786,033.99	40,003.95
04 Sep 12	to	01 Oct 12	15,746,030.04	58,910.96
01 Oct 12	to	01 Nov 12	15,687,119.08	48,548.10
01 Nov 12	to	03 Dec 12	15,638,570.98	46,153.24
03 Dec 12	to	02 Jan 13	15,592,417.74	51,687.59
02 Jan 13	to	01 Feb 13	15,540,730.15	51,950.34
01 Feb 13	to	01 Mar 13	15,488,779.81	57,463.39
01 Mar 13	to	01 Apr 13	15,431,316.42	49,891.77
01 Apr 13	to	01 May 13	15,381,424.65	52,760.14
01 May 13	to	03 Jun 13	15,328,664.51	45,236.27
03 Jun 13	to	01 Jul 13	15,283,428.24	58,437.67
01 Jul 13	to	01 Aug 13	15,224,990.57	50,975.56
01 Aug 13	to	03 Sep 13	15,174,015.01	46,101.02
03 Sep 13	to	01 Oct 13	15,127,913.99	59,175.50
01 Oct 13	to	01 Nov 13	15,068,738.49	51,796.32
01 Nov 13	to	02 Dec 13	15,016,942.17	52,068.39
02 Dec 13	to	02 Jan 14	14,964,873.78	52,341.89
02 Jan 14	to	03 Feb 14	14,912,531.89	50,089.99
03 Feb 14	to	03 Mar 14	14,862,441.90	60,435.02
03 Mar 14	to	01 Apr 14	14,802,006.88	58,213.63
01 Apr 14	to	01 May 14	14,743,793.25	56,001.43
01 May 14	to	02 Jun 14	14,687,791.82	51,308.58
02 Jun 14	to	01 Jul 14	14,636,483.24	59,027.00
01 Jul 14	to	01 Aug 14	14,577,456.24	54,376.91
01 Aug 14	to	02 Sep 14	14,523,079.33	52,201.69
02 Sep 14	to	01 Oct 14	14,470,877.64	59,840.77
01 Oct 14	to	03 Nov 14	14,411,036.87	50,367.34
03 Nov 14	to	01 Dec 14	14,360,669.53	62,815.65
01 Dec 14	to	02 Jan 15	14,297,853.88	53,422.91
02 Jan 15	to	02 Feb 15	14,244,430.97	56,126.22
02 Feb 15	to	02 Mar 15	14,188,304.75	63,633.43
02 Mar 15	to	01 Apr 15	14,124,671.32	59,148.64
01 Apr 15	to	01 May 15	14,065,522.68	59,449.31
01 May 15	to	01 Jun 15	14,006,073.37	57,378.26
01 Jun 15	to	01 Jul 15	13,948,695.11	60,043.18
01 Jul 15	to	03 Aug 15	13,888,651.93	53,288.34
03 Aug 15	to	01 Sep 15	13,835,363.59	62,963.61
01 Sep 15	to	01 Oct 15	13,772,399.98	60,939.35
01 Oct 15	to	02 Nov 15	13,711,460.63	56,602.46
02 Nov 15	to	01 Dec 15	13,654,858.17	63,850.59
01 Dec 15	to	04 Jan 16	13,591,007.58	52,649.75

Calculation Period (from and including, to but excluding)			USD Notional Amount	USD Notional Reduction (at end of period)
04 Jan 16	to	01 Feb 16	13,538,357.83	66,717.06
01 Feb 16	to	01 Mar 16	13,471,640.77	64,750.90
01 Mar 16	to	01 Apr 16	13,406,889.87	60,525.64
01 Apr 16	to	02 May 16	13,346,364.23	60,843.56
02 May 16	to	01 Jun 16	13,285,520.67	63,414.32
01 Jun 16	to	01 Jul 16	13,222,106.35	63,736.68
01 Jul 16	to	01 Aug 16	13,158,369.67	61,831.06
01 Aug 16	to	01 Sep 16	13,096,538.61	62,155.84
01 Sep 16	to	03 Oct 16	13,034,382.77	60,273.73
03 Oct 16	to	01 Nov 16	12,974,109.04	67,195.72
01 Nov 16	to	01 Dec 16	12,906,913.32	65,338.91
01 Dec 16	to	03 Jan 17	12,841,574.41	59,143.25
03 Jan 17	to	01 Feb 17	12,782,431.16	68,137.60
01 Feb 17	to	01 Mar 17	12,714,293.56	70,626.79
01 Mar 17	to	03 Apr 17	12,643,666.77	60,249.88
03 Apr 17	to	01 May 17	12,583,416.89	71,247.73
01 May 17	to	01 Jun 17	12,512,169.16	65,225.41
01 Jun 17	to	03 Jul 17	12,446,943.75	63,458.95
03 Jul 17	to	01 Aug 17	12,383,484.80	70,097.98
01 Aug 17	to	01 Sep 17	12,313,386.82	66,269.57
01 Sep 17	to	02 Oct 17	12,247,117.25	66,617.66
02 Oct 17	to	01 Nov 17	12,180,499.59	69,031.51
01 Nov 17	to	01 Dec 17	12,111,468.08	69,382.42
01 Dec 17	to	02 Jan 18	12,042,085.66	65,654.19
02 Jan 18	to	01 Feb 18	11,976,431.47	70,068.86
01 Feb 18	to	01 Mar 18	11,906,362.61	74,459.97
01 Mar 18	to	02 Apr 18	11,831,902.64	66,793.84
02 Apr 18	to	01 May 18	11,765,108.80	73,136.61
01 May 18	to	01 Jun 18	11,691,972.19	69,533.72
01 Jun 18	to	02 Jul 18	11,622,438.47	69,898.96
02 Jul 18	to	01 Aug 18	11,552,539.51	72,223.64
01 Aug 18	to	04 Sep 18	11,480,315.87	64,809.67
04 Sep 18	to	01 Oct 18	11,415,506.20	78,723.11
01 Oct 18	to	01 Nov 18	11,336,783.09	71,399.45
01 Nov 18	to	03 Dec 18	11,265,383.64	69,865.64
03 Dec 18	to	02 Jan 19	11,195,518.00	74,038.50
02 Jan 19	to	01 Feb 19	11,121,479.50	74,414.86
01 Feb 19	to	01 Mar 19	11,047,064.64	78,536.87
01 Mar 19	to	01 Apr 19	10,968,527.77	73,333.81
01 Apr 19	to	01 May 19	10,895,193.96	75,565.15
01 May 19	to	03 Jun 19	10,819,628.81	70,449.29
03 Jun 19	to	01 Jul 19	10,749,179.52	79,950.16
01 Jul 19	to	01 Aug 19	10,669,229.36	74,905.96
01 Aug 19	to	03 Sep 19	10,594,323.40	71,709.12
03 Sep 19	to	01 Oct 19	10,522,614.28	81,025.09
01 Oct 19	to	01 Nov 19	10,441,589.19	76,101.70

Calculation Period (from and including, to but excluding)			USD Notional Amount	USD Notional Reduction (at end of period)
01 Nov 19	to	02 Dec 19	10,365,487.49	76,501.45
02 Dec 19	to	02 Jan 20	10,288,986.04	76,903.29
02 Jan 20	to	03 Feb 20	10,212,082.75	75,576.87
03 Feb 20	to	02 Mar 20	10,136,505.88	82,856.96
02 Mar 20	to	01 Apr 20	10,053,648.92	79,843.00
01 Apr 20	to	01 May 20	9,973,805.92	80,248.87
01 May 20	to	01 Jun 20	9,893,557.05	78,980.39
01 Jun 20	to	01 Jul 20	9,814,576.66	81,058.29
01 Jul 20	to	03 Aug 20	9,733,518.37	76,522.46
03 Aug 20	to	01 Sep 20	9,656,995.91	83,495.65
01 Sep 20	to	01 Oct 20	9,573,500.26	82,283.76
01 Oct 20	to	02 Nov 20	9,491,216.50	79,485.56
02 Nov 20	to	01 Dec 20	9,411,730.94	84,700.85
01 Dec 20	to	04 Jan 21	9,327,030.09	77,214.99
04 Jan 21	to	01 Feb 21	9,249,815.10	87,063.82
01 Feb 21	to	01 Mar 21	9,162,751.28	87,476.89
01 Mar 21	to	01 Apr 21	9,075,274.39	83,278.65
01 Apr 21	to	03 May 21	8,991,995.74	82,192.45
03 May 21	to	01 Jun 21	8,909,803.29	87,167.27
01 Jun 21	to	01 Jul 21	8,822,636.02	86,100.65
01 Jul 21	to	02 Aug 21	8,736,535.37	83,577.61
02 Aug 21	to	01 Sep 21	8,652,957.76	86,963.18
01 Sep 21	to	01 Oct 21	8,565,994.58	87,405.24
01 Oct 21	to	01 Nov 21	8,478,589.34	86,412.90
01 Nov 21	to	01 Dec 21	8,392,176.44	88,288.82
01 Dec 21	to	03 Jan 22	8,303,887.62	84,516.48
03 Jan 22	to	01 Feb 22	8,219,371.14	90,559.97
01 Feb 22	to	01 Mar 22	8,128,811.17	92,382.36
01 Mar 22	to	01 Apr 22	8,036,428.81	88,735.48
01 Apr 22	to	02 May 22	7,947,693.33	89,201.58
02 May 22	to	01 Jun 22	7,858,491.75	91,001.72
01 Jun 22	to	01 Jul 22	7,767,490.03	91,464.31
01 Jul 22	to	01 Aug 22	7,676,025.72	90,628.59
01 Aug 22	to	01 Sep 22	7,585,397.13	91,104.64
01 Sep 22	to	03 Oct 22	7,494,292.49	90,313.33
03 Oct 22	to	01 Nov 22	7,403,979.16	94,566.72
01 Nov 22	to	01 Dec 22	7,309,412.44	93,792.87
01 Dec 22	to	03 Jan 23	7,215,619.57	90,601.71
03 Jan 23	to	01 Feb 23	7,125,017.86	95,937.50
01 Feb 23	to	01 Mar 23	7,029,080.36	97,599.97
01 Mar 23	to	03 Apr 23	6,931,480.39	92,190.52
03 Apr 23	to	01 May 23	6,839,289.87	98,500.42
01 May 23	to	01 Jun 23	6,740,789.45	95,541.18
01 Jun 23	to	03 Jul 23	6,645,248.27	94,917.04
03 Jul 23	to	01 Aug 23	6,550,331.23	98,761.45
01 Aug 23	to	01 Sep 23	6,451,569.78	97,060.39

Calculation Period (from and including, to but excluding)			USD Notional Amount	USD Notional Reduction (at end of period)
01 Sep 23	to	02 Oct 23	6,354,509.39	97,570.22
02 Oct 23	to	01 Nov 23	6,256,939.17	99,142.94
01 Nov 23	to	01 Dec 23	6,157,796.23	99,646.92
01 Dec 23	to	02 Jan 24	6,058,149.31	98,100.42
02 Jan 24	to	01 Feb 24	5,960,048.89	100,652.13
01 Feb 24	to	01 Mar 24	5,859,396.76	102,156.63
01 Mar 24	to	01 Apr 24	5,757,240.13	100,707.55
01 Apr 24	to	01 May 24	5,656,532.58	102,195.01
01 May 24	to	03 Jun 24	5,554,337.57	99,891.05
03 Jun 24	to	01 Jul 24	5,454,446.52	105,070.73
01 Jul 24	to	01 Aug 24	5,349,375.79	102,849.97
01 Aug 24	to	03 Sep 24	5,246,525.82	101,612.23
03 Sep 24	to	01 Oct 24	5,144,913.59	106,539.29
01 Oct 24	to	01 Nov 24	5,038,374.30	104,483.59
01 Nov 24	to	02 Dec 24	4,933,890.71	105,032.42
02 Dec 24	to	02 Jan 25	4,828,858.29	105,584.13
02 Jan 25	to	03 Feb 25	4,723,274.16	105,338.41
03 Feb 25	to	03 Mar 25	4,617,935.75	109,039.51
03 Mar 25	to	01 Apr 25	4,508,896.24	108,792.83
01 Apr 25	to	01 May 25	4,400,103.41	108,581.86
01 May 25	to	02 Jun 25	4,291,521.55	107,679.47
02 Jun 25	to	01 Jul 25	4,183,842.08	110,390.11
01 Jul 25	to	01 Aug 25	4,073,451.97	109,552.11
01 Aug 25	to	02 Sep 25	3,963,899.86	109,455.90
02 Sep 25	to	01 Oct 25	3,854,443.96	112,008.74
01 Oct 25	to	03 Nov 25	3,742,435.22	110,022.60
03 Nov 25	to	01 Dec 25	3,632,412.62	113,715.27
01 Dec 25	to	02 Jan 26	3,518,697.35	111,869.89
02 Jan 26	to	02 Feb 26	3,406,827.46	113,053.74
02 Feb 26	to	02 Mar 26	3,293,773.72	115,321.92
02 Mar 26	to	01 Apr 26	3,178,451.80	114,791.92
01 Apr 26	to	01 May 26	3,063,659.88	115,375.45
01 May 26	to	01 Jun 26	2,948,284.43	115,462.37
01 Jun 26	to	01 Jul 26	2,832,822.06	116,548.87
01 Jul 26	to	03 Aug 26	2,716,273.19	115,760.56
03 Aug 26	to	01 Sep 26	2,600,512.63	118,170.42
01 Sep 26	to	01 Oct 26	2,482,342.21	118,330.48
01 Oct 26	to	02 Nov 26	2,364,011.73	118,130.85
02 Nov 26	to	01 Dec 26	2,245,880.88	119,913.04
01 Dec 26	to	04 Jan 27	2,125,967.84	118,701.11
04 Jan 27	to	01 Feb 27	2,007,266.73	121,425.68
01 Feb 27	to	01 Mar 27	1,885,841.05	122,001.78
01 Mar 27	to	01 Apr 27	1,763,839.27	121,683.99
01 Apr 27	to	03 May 27	1,642,155.28	122,044.92
03 May 27	to	01 Jun 27	1,520,110.36	123,479.40
01 Jun 27	to	01 Jul 27	1,396,630.96	123,849.51

Calculation Period (from and including, to but excluding)			USD Notional Amount	USD Notional Reduction (at end of period)
01 Jul 27	to	02 Aug 27	1,272,781.45	124,047.75
02 Aug 27	to	01 Sep 27	1,148,733.70	125,109.65
01 Sep 27	to	01 Oct 27	1,023,624.05	125,745.63
01 Oct 27	to	01 Nov 27	897,878.42	126,232.69
01 Nov 27	to	01 Dec 27	771,645.73	127,026.52
01 Dec 27	to	03 Jan 28	644,619.21	127,344.55
03 Jan 28	to	01 Feb 28	517,274.66	128,407.22
01 Feb 28	to	01 Mar 28	388,867.44	129,038.20
01 Mar 28	to	03 Apr 28	259,829.24	129,496.17
03 Apr 28	to	01 May 28	130,333.07	130,333.07

EXHIBIT B
FORM OF 2018 PROMISSORY NOTE

PROMISSORY NOTE

Mobile, Alabama
$[_____] _____, 2018

For value received, **USA Research and Technology Corporation** (the "Borrower"), promises to pay (if more than one, jointly and severally) to the order of **PNC Bank, National Association** (the "Bank") (the Bank, hereinafter, along with any other holder of this note, called the "Creditor"), the principal sum of [_____] Million [_____] and No/100 Dollars ($[_____]), with interest on the unpaid balance thereof from the date hereof until paid in full at the rate of 4.38 percent (4.38%) per annum. Interest shall be computed on the basis of an assumed 360-day year consisting of 12 consecutive 30-day months.

Commencing on _____, principal and interest shall be payable in [___] consecutive monthly installments of principal and interest in the amount of $[_____] each pursuant to the attached Schedule A; provided; however, that upon and during the continuation of an Event of Default (as defined in the Loan Agreement hereinafter desribed), such payments shall be increased based upon this note bearing interest at the Default Rate during such period of time. The entire principal balance of said debt, together with accrued interest thereon, shall be due and payable in full on June 1, 2028, which payment shall be a balloon payment. "Default Rate" shall mean, for any period of computation, the rate of interest on this note then in effect, plus three hundred (300) basis points.

The Borrower may prepay the principal outstanding under this Note in whole or in part at any time upon not less than thirty (30) days prior written notice to the holder of this Note, at and for an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period, minus (ii) the yield on the prepayment date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount of this Note to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the final maturity date of this Note. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15 (519) "Selected Interest Rates." For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the prepayment date shall be deemed the discount rate.

This note shall be payable at the main office of the Creditor or such other place as the Creditor shall designate from time to time.

The proceeds of this note are to be advanced to the Borrower on the date hereof in accordance with the terms of a Loan Agreement between the Borrower and the Bank of even date herewith (as may be amended from time to time, the "Loan Agreement"). This note is secured by the following instruments executed and delivered to the Creditor, together with such other instruments as may have been delivered previously or simultaneously to the Bank, even though not listed (all of such instruments are hereinafter referred to as the "Security Documents"):

Instrument	Executed By	Date
Negative Pledge Agreement and Assignment of Rents and Leases	Borrower	of even date
Rent Supplement Agreement	University of South Alabama	of even date

It is hereby agreed that if default be made in the payment of this note or any part hereof or any interest hereon, or if an event of default occurs under any Security Document or the Loan Agreement, or if the Borrower shall become bankrupt or insolvent, then, at the option of the Creditor, the entire unpaid principal balance of this note, with accrued interest thereon, shall at once become due and payable in full, without notice, time being of the essence of this contract.

The Borrower waives demand, presentment, protest, notice of protest, suit and all other requirements necessary to hold it liable, and the Borrower agrees that time of payment may be extended or renewal notes taken or other indulgences granted without notice of, or consent to, such action, and without release of liability.

This note has been executed by the Borrower without condition that anyone else should sign or become bound hereunder and without any other conditions whatever being made. The provisions hereof are binding on the heirs, executors, administrators, successors and assigns of the Borrower, and shall inure to the benefit of the Creditor, its successors and assigns.

The Creditor shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies, and no waiver of any kind shall be valid against the Creditor unless in writing and signed by the Creditor. All rights and remedies of the Creditor hereunder and under any statute or rule of law shall be cumulative and may be exercised successively or concurrently. This note shall be governed by and construed in accordance with the laws of the State of Alabama.

USA Research and Technology Corporation

By: _____

Name: _____

Its: _____

Schedule A

EXHIBIT C
2018 LOAN AGREEMENT

LOAN AGREEMENT

This **LOAN AGREEMENT** (this "Agreement") is entered as of this ___ day of June, 2018, by and between **USA RESEARCH AND TECHNOLOGY CORPORATION** (the "Borrower") **and PNC BANK, NATIONAL ASSOCIATION** (the "Lender").

Recitals:

A. The Borrower has applied to the Lender for a loan in the principal amount of $_____ to (i) fund the refinance of a loan (the "Refunded Loan"), the proceeds of which were used to improve that certain real property more particularly described on Exhibit A hereto, (ii) pay the costs of terminating an interest rate exchange agreement entered by Borrower in connection with the Refunded Loan, and (iii) to pay a portion of the costs of issuance of this Loan, the Note herein described, and other related instruments; and

B. The Lender has agreed to make such loan on the terms, conditions and agreements hereinafter set forth.

Agreement

NOW, THEREFORE, in consideration of the Recitals and of the covenants and agreements hereinafter set forth, and of other valuable considerations, the Borrower and the Lender hereby agree as follows:

ARTICLE I
DEFINITIONS

For the purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular, and vice versa.

All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made in accordance with generally accepted accounting principles. All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of application thereof.

All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

The terms "herein", "hereof" and "hereunder and other words of

similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

"Business Day" shall mean a day when state banks located m Birmingham, Alabama, are generally open for business.

"Cost of Prepayment" means an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period, minus (ii) the yield on the prepayment date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the final maturity date of the Note. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15 (519) "Selected Interest Rates." For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the prepayment date shall be deemed the discount rate.

"Debt Service Coverage Ratio" means the ratio of (i) Borrower's Net Operating Income to (ii) the aggregate principal and interest payable on the Loan (after giving effect to any interest rate swap, cap, or collar) along with any and all other amounts arising out of or under any Loan Document and then owed by Borrower to Lender ("**Debt Service**") and principal and interest payable on all other loans.

"Default Rate" shall mean, for any period of computation, the rate of interest on the Note then in effect, plus three hundred (300) basis points.

"Event of Default" shall have the meaning attributed to that term in Article VI.

"Fixed Rate" shall be a rate equal to 4.38% per annum.

"Improvements " shall have the meaning attributed to that term in the Negative Pledge Agreement.

"Leases" shall have the meaning attributed to that term in the Negative Pledge Agreement.

"Liabilities" shall mean the indebtedness evidenced by the Note, and all interest thereon and any and every extension, renewal and modification thereof and all costs, expenses and charges payable with respect to the Loan Documents.

"Lien" shall mean any mortgage, pledge, assignment, charge, encumbrance, lien, security interest or other preferential arrangement of any kind or nature whatsoever.

"Loan" shall have the meaning attributed to that term in Section 2.01.

"Loan Documents" shall mean this Agreement, the Note, the Security

Documents and all other documents now or hereafter executed or delivered in connection with the Loan or any of the foregoing documents, or to evidence or secure the Loan, and all amendments thereto.

"Make Whole Amount" shall mean the premium payable by Borrower to Lender in connection with any prepayment of the Loan equal to the Cost of Prepayment.

"Maturity Date" shall mean June 1, 2028.

"Negative Pledge Agreement" shall have the meaning attributed to that term in Section 2.03 hereof.

"Net Operating Income" means all of Borrower's actual income (including any amounts paid to Borrower by USA under the Rent Supplement Agreement) minus any and all expenses, including, as applicable and without limitation, a management fee, and reasonable reserves for capital repairs and replacements; however, Net Operating Income shall be calculated without considering the effect of extraordinary income and expenses, mark-to-market swap adjustment, depreciation expense and amortization expense. Net Operating Income shall include cash, cash equivalents, and investments which were generated in previous fiscal years and which are available at the end of the year for which Net Operating Income is being calculated.

"Note" shall have the meaning attributed to that term in Section 2.01.

"Person" shall include natural persons, sole proprietorships, corporations (which shall be deemed to include business trusts), unincorporated organizations, associations, companies, institutions, entities, joint ventures, partnerships, limited liability companies, governments (whether national, federal, state, county, city, municipal or otherwise) and any governmental instrumentality, division, agency, body or department.

"Real Estate" shall have the meaning attributed to that term in the Negative Pledge Agreement.

"Rent Supplement Agreement" shall mean that certain Rent Supplement Agreement made by USA in favor the Lender dated the same date as this Agreement.

"Rents" shall have the meaning attributed to that term in the Negative Pledge Agreement.

"Security Documents" shall mean the Negative Pledge Agreement, the Rent Supplement Agreement and any other documents and agreements now or hereafter executed by the Borrower in favor of the Lender securing or relating to the Loan.

"USA" shall mean the University of South Alabama.

ARTICLE II
LOAN TERMS

SECTION 2.01. Note. On the terms and conditions set forth in this Agreement, the Lender agrees to make a loan to the Borrower in a principal amount of $_____ (the "Loan"). The Loan shall be evidenced by a promissory note (the "Note") payable to the order of the Lender, duly executed by the Borrower, dated the date of this Agreement, in the principal amount of $_____, bearing interest at the Fixed Rate (and, during the occurrence and continuation of an Event of Default, at the Default Rate) as more particularly set forth therein. The proceeds from the Loan shall be remitted on the date hereof to the Borrower [as directed in writing by the Borrower.]

SECTION 2.02. Payments. Principal and interest on the Note shall mature and be due and payable in such amount as shall, or the period commencing _____, and continuing on the same day of each successive month to and including _____, cause the total payment of principal and interest due each month to equal $_____, and on the Maturity Date for the outstanding principal balance of the Note, together with all accrued and unpaid interest thereon, to be due and payable in full, all as shown on Exhibit B hereto; provided; however, that upon and during the continuation of an Event of Default, such payments shall be increased based upon the Note bearing interest at the Default Rate during such period of time.

SECTION 2.03. Security Documents. As security for the Liabilities, the Borrower shall deliver to the Lender at closing (a) a Negative Pledge Agreement and Assignment of Rents and Leases (the "Negative Pledge Agreement") dated the date of this Agreement, covenanting not to encumber the Real Estate and granting to the Lender an assignment of the Leases and the Rents; and (b) the Rent Supplement Agreement.

SECTION 2.04. Prepayment. The Borrower may at any time upon not less than thirty (30) days prior written notice to the holder of the Note, prepay all or any part of the Loan. A prepayment fee equal to the Make Whole Amount, if any, shall be due and payable by the Borrower upon such prepayment.

SECTION 2.05. Time, Place and Application of Payments. All amounts payable under the Loan Documents, including principal, interest, other fees and charges, and reimbursement for expenses, shall be made to the Lender on or before 2:00 p.m. (_____, _____ time) on the date on which such payment is due, at the main office of the Lender in _____, _____, in immediately available funds. Payments received by the Lender shall be applied first to expenses, fees and charges, then to interest and finally to principal.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to Lender as follows:

SECTION 3.01. Powers, etc. The Borrower has the power and authority to own its properties and assets and to carry on its business as now being conducted. The

Borrower has the power to execute and perform this Agreement, to borrow hereunder and to execute and deliver the Note and the Security Documents.

SECTION 3.02. Authorization of Borrowing, etc. The execution, delivery and performance of this Agreement, the borrowings hereunder and the execution and delivery of the Note and the Security Documents by the Borrower have been duly authorized by all requisite action, and will not violate any provision of law, any order of any court or other agency of government, or any indenture, agreement or other instrument to which Borrower is a party.

SECTION 3.03. Liabilities. The most recent balance sheet for the Borrower furnished to the Lender accurately reflects the Borrower's obligations for borrowed money or other debts, obligations and liabilities, direct or contingent.

SECTION 3.04. Title. The Borrower has title to all its properties and assets reflected on the balance sheet referred to in Section 3.03 hereof (including, without limitation, leasehold title to the Real Estate) except as encumbered by any Liens reflected on said balance sheet and except for such properties and assets as have been disposed of since the date of said balance sheet as no longer used or useful in the conduct of its business or as have been disposed of in the ordinary course of the business thereof.

SECTION 3.05. Litigation. There are no actions, suits or proceedings pending against or affecting the Borrower, at law or in equity or by or before any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which involve any of the transactions contemplated in this Agreement.

SECTION 3.06. Agreements. To the best of its knowledge, the Borrower is not a party to any agreement or instrument, or subject to any charter or other restriction, materially and adversely affecting its business, properties or assets, operations or condition, financial or otherwise, and the Borrower, to the best of its knowledge, is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party, which default would have a material adverse effect upon its business, properties or assets, operations or condition, financial or otherwise.

SECTION 3.07. Federal Reserve Board Regulations. The Borrower does not intend to use any part of the proceeds of the Loan for the purpose of purchasing or carrying any Margin Stock or retiring any debt incurred to purchase or carry any Margin Stock.

ARTICLE IV
CONDITIONS OF LENDING

SECTION 4.01. Representations and Warranties. On the date hereof, the representations and warranties set forth in Article III hereof shall be true and correct.

SECTION 4.02. No Default. On and as of the date hereof, Borrower shall be in compliance with all the terms and provisions set forth in this Agreement on its part to be observed or performed, and no Event of Default, nor any event which upon notice or lapse of time or both would constitute such an Event of Default, shall have occurred and be continuing. .

ARTICLE V
COVENANTS OF BORROWER

From the date on which this Agreement is delivered until payment in full of the principal of and interest on the Loan, the Borrower covenants and agrees that, unless the Lender shall otherwise consent in writing:

SECTION 5.01. Use of Loan Proceeds. The Borrower shall use the Loan proceeds only for the purposes described in Recital A of this Agreement.

SECTION 5.02. Certain Notices. The Borrower shall promptly notify Lender in writing of the expiration of, termination of, material change to or material default under any Lease or the receipt by the Borrower of notice of such event, and in no event later than thirty (30) days after the Borrower has knowledge of such event.

SECTION 5.03. Insurance. The Borrower shall keep (or cause its tenants to keep) the Improvements insured at all times. All such insurance policies shall be issued by such companies and insure against such hazards as the Lender may reasonably require, and shall contain appropriate loss payable clauses in favor of the Lender, and certificates and endorsements evidencing such policies shall be deposited with the Lender in a form acceptable to Lender. All such policies shall contain a provision that they may not be canceled without giving the Lender at least thirty (30) days' prior written notice of such cancellation.

SECTION 5.04. Debt Service Coverage Ratio. The Borrower shall maintain a Debt Service Coverage Ratio of not less than 1.00 to 1.00, measured annually. Borrower shall annually furnish to Lender, not later than two hundred seventy (270) days following the end of each fiscal year of Borrower, a "Covenant Compliance Certificate" with respect to Borrower's compliance with this Debt Service Coverage Ratio requirement in substantially the form currently provided by Borrower under the instruments being refinanced hereby.

SECTION 5.05. Financial Statements; Other Information. (a) Borrower shall deliver to Lender, within two hundred seventy (270) days after the close of each fiscal year, audited financial statements reflecting its operations during such fiscal year, including,

without limitation, a balance sheet, profit and loss statement and statement of cash flows, with supporting schedules and in reasonable detail, prepared in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year. If audited statements are required, all such statements shall be examined by an independent certified public accountant acceptable to Lender. The opinion of such independent certified public accountant shall not be acceptable to Lender if qualified due to any limitations in scope imposed by Borrower or any other person or entity. Any other qualification of the opinion by the accountant shall render the acceptability of the financial statements subject to Lender's approval.

(b) Borrower shall also deliver to Lender such other financial information or operating reports as shall be reasonably requested by Lender.

SECTION 5.06. Payment of Debt. The Borrower shall (i) make full and timely payment of the principal of, and interest on, the Loan and all other indebtedness, obligations and liabilities of the Borrower to the Lender, whether now existing or hereafter arising, and (ii) duly comply with all the terms and covenants contained in the Note, the Security Documents and all other instruments and documents given to the Lender in connection with or pursuant to this Agreement, all at the times and places and in the manner set forth therein.

SECTION 5.07. Further Assurances. The Borrower shall at its cost and expense, upon request of the Lender, duly execute and deliver, or cause to be duly executed and delivered, to the Lender such further instruments and do and cause to be done such further acts as may be reasonably necessary or proper to carry out more effectively the provisions and purposes of this Agreement and the Security Documents.

ARTICLE VI
EVENTS OF DEFAULT AND REMEDIES

SECTION 6.01. Events of Default. The following shall constitute Events of Default under this Agreement:

(a) if the Borrower shall fail to pay to the Lender when due the principal or interest on the Loan or any other sum due under this Agreement and such default shall continue unremedied for a period of ten (10) days after the date the Lender gives the Borrower written notice of such default; or

(b) if the Borrower shall fail to pay when due the principal of or interest on any bonds, notes or loans of Borrower in an amount greater than $100,000 and such default shall continue unremedied for a period longer than any grace period applicable to such indebtedness; .

(c) if the Borrower fails to comply with any of the other provisions of this Agreement or of the Note, the Negative Pledge Agreement or the other Loan Documents and such default shall continue unremedied for a period of thirty (30) days after the date the Lender gives the Borrower written notice of such default;

provided, however, that said cure period shall be extended for up to an additional thirty (30) days if (1) the default is not reasonably capable of being cured in thirty (30) days, (2) the Borrower has commenced a cure during the initial thirty (30)-day cure period and (3) the Borrower is diligently pursuing said cure; or

(d) if any statement, representation or warranty contained herein or in the Negative Pledge Agreement or any of the other Loan Documents or in any report, certificate or other instrument delivered to the Lender under this Agreement shall be untrue in any material respect at the time it was made; or

(e) if the Borrower conveys or further encumbers all or any part of the Real Estate or Improvements, without the prior written consent of the Lender; or

(f) if the Borrower fails to pay its debts generally as they come due, or. if a receiver, trustee, liquidator or other custodian is appointed for the Borrower, or if a petition in bankruptcy (whether for liquidation, reorganization, arrangement, wage earner's plan or otherwise) is filed by or against the Borrower, or if the Borrower applies for the benefits of, or takes advantage of, any law for relief of debtors, or enters into an arrangement or composition with, or makes an assignment for the benefit of, creditors; provided, however, that in the case of an involuntary bankruptcy filing or other proceeding, said filing or other proceeding involving the Borrower shall not be deemed an Event of Default hereunder unless such filing or other proceeding shall continue undismissed or unstayed for a period of thirty (30) consecutive calendar days; or

(g) if the Borrower becomes insolvent or dissolves.

SECTION 6.02. Remedies. Upon the happening of any Event of Default hereunder, and after any applicable notice and right to cure as provided in Section 6.01 hereof, the Lender may at its option take any or all of the following actions: (a) declare the Loan due and payable; (b) declare the Note in default; and (c) exercise any other remedies or rights which the Lender may have hereunder, under any other instruments executed in connection with this Loan or under applicable law.

ARTICLE VII
MISCELLANEOUS

SECTION 7.01. Notices. Any notice or other communication required or permitted to be given by this Agreement or the other Loan Documents or by applicable law shall be in writing and shall be deemed received (a) on the date delivered, if sent by hand delivery (to the person or department if one is specified below) with receipt acknowledged by the recipient thereof, (b) three (3) Business Days following the date deposited in U.S. mail, certified or registered, with return receipt requested, or (c) one (1) Business Day following the date deposited with Federal Express or other national overnight carrier, and in each case addressed as follows:

If to the Borrower:

USA Research and Technology
Corporation 307 University Boulevard
USA Administration Building, Room 170
Mobile, Alabama 36688

If to the Lender:
PNC Bank, National Association
_____
_____
_____

SECTION 7.02. Survival of Warranties; etc. All covenants, agreements, representations and warranties made in this Agreement, in the certificates delivered pursuant to this Agreement and in the Security Documents shall survive the making by the Lender of the Loan and the execution and delivery to the Lender of the Note and the Security Documents and shall continue in full force and effect so long as the Note is outstanding and unpaid and this Agreement has not been terminated by the Lender in writing. Whenever in this Agreement or in the Security Documents any party is referred to, such reference shall be deemed to include the successors and assigns of such party, except that the Borrower may not assign or transfer this Agreement or the Security Documents without the prior written consent of the Lender. All covenants, promises and agreements by or on behalf of the Borrower which are contained in this Agreement, the Note or the Security Documents shall bind the Borrower's successors and assigns and shall inure to the benefit of the successors and assigns of the Lender.

SECTION 7.03. Governing Law; Waiver of Jury Trial. (a) This Agreement and the Note shall be governed by and construed in accordance with and governed by the laws of the State of Alabama.

(b) To the extent permitted by law, each of the Borrower and the Lender irrevocably and voluntarily waives any right it may have to a trial by jury with respect to any controversy or claim between the Borrower and said Lender, whether arising in contract or tort or by statute, including but not limited to any controversy or claim that arises out of or relates to this Loan Agreement, the Note, or the term sheet provided by the Lender to the Borrower respecting the Loan.

SECTION 7.04. Non-Waiver. Neither any failure nor any delay on the part of the Lender in exercising any right, power or privilege under this Agreement, the Security Documents or the Note shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege.

SECTION 7.05. Non-Business Days. Should any installment of the principal of, or interest on, the Note become due and payable on other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day, and in the case of an

installment of principal, interest shall be payable thereon at the rate per annum specified in this Agreement during such extension.

SECTION 7.06. Modification; etc. No modification, amendment or waiver of any provision of this Agreement, the Security Documents or the Note, and no consent to any departure by the Borrower therefrom, shall be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to, or demand on, the Borrower in any case shall entitle the Borrower to any other or further notice or demand in the same, similar or other circumstances.

SECTION 7.07. Severability. Any provision of this Agreement, the Security Documents or any other Loan Document to which the Borrower is or is to be a party which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 7.08. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together all such counterparts shall constitute but one agreement, and any party may execute this Agreement by executing any one or more of such counterparts.

SECTION 7.09. Successors and Assigns. Plural or singular words used in this Agreement to designate the Borrower shall be construed to refer to the person or persons, firm, partnership or corporation, whether one or more than one, obtaining the Loan from the Lender; all covenants and agreements made herein by the Borrower shall bind the heirs, personal representatives, successors and assigns of all those undersigned designated as the Borrower; and every option, right and privilege herein reserved or secured to the Lender shall inure to the benefit of the Lender's successors and assigns.

IN WITNESS WHEREOF, the Borrower has caused this Agreement to be executed by its duly authorized representative, and the Lender has caused this Agreement to be executed by its duly authorized corporate officer, all as of the date first set forth above.

USA RESEARCH AND
TECHNOLOGY CORPORATION

By:_____

Name:_____

Title:_____

PNC BANK, NATIONAL ASSOCIATION

By:_____

Name:_____

Title:_____

EXHIBIT A

EXHIBIT B

EXHIBIT D
FORM OF 2018 RENT SUPPLEMENT AGREEMENT

RENT SUPPLEMENT AGREEMENT

Date:_____, 2018

USA Research and Technology Corporation 307
University Boulevard
Administration Building, Room 170
Mobile, Alabama 36688
(Hereinafter referred to as "Borrower")

University of South Alabama 307
University Boulevard
Administration Building, Room 380
Mobile, Alabama 36688 (Hereinafter
referred to as "USA")

PNC Bank, National Association
_____
_____
_____
_____
(Hereinafter referred to as "Bank")

To induce Bank to make, extend or renew loans, advances, credit, or other financial accommodations to or for the benefit of Borrower, which are and will be to the direct interest and advantage of USA, and in consideration of loans, advances, credit, or other financial accommodations made, extended or renewed to or for the benefit of Borrower, which are and will be to the direct interest and advantage of USA, in connection with a loan to the Borrower, USA hereby agrees for the benefit of Bank and its successors and assigns that, to the extent that the Borrower fails to maintain for any fiscal year of the Borrower or USA during the term of the Term Loan a Debt Service Coverage Ratio (as defined in the Loan Agreement) of 1.00:1.00 such that the Borrower's Net Operating Income is, at any such time, less than Borrower's Debt Service obligations to the Bank, USA shall pay to the Borrower, for the benefit of the Bank, any and all rent amounts necessary to cause Borrower's Net Operating Income for such fiscal year to be an amount equal to all of Borrower's Debt Service obligations for such fiscal year. As used herein "Borrower Loan Documents" means the Loan Agreement, the Promissory Note and any Negative Pledge Agreement and Assignment of Rents and Leases as those agreements may be amended from time to time.

USA further covenants and agrees:

USA'S LIABILITY. This Rent Supplement Agreement is a continuing and unconditional obligation of payment and performance and not of collection. USA is, to the extent provided herein, jointly and severally obligated together with Borrower for the Borrower's obligation to maintain a 1.00:1.00 Debt Service Coverage Ratio. This Rent Supplement Agreement does not impose any obligation on Bank to extend or continue to extend credit or otherwise deal with Borrower at any subsequent time. This Rent Supplement Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of money from the Borrower to the Bank is rescinded, avoided or for any other reason must be returned by Bank, and the returned payment shall remain payable as part of USA's obligation hereunder, all as though such payment had not been made.

USA'S RATING. USA covenants and agrees to maintain an Investment Grade Rating from at least one of the major credit rating agencies, which for Moody's Investors Service means a rating of not lower than "Baa3", for S&P Global Ratings means a rating of not lower than "BBB-", and for Fitch Ratings means a rating of not lower than "BBB-".

CONSENT TO MODIFICATIONS. USA consents and agrees that Bank and Borrower may from time to time, upon written agreement between Bank and Borrower, without affecting, impairing, lessening or releasing the obligations of USA hereunder:

(a) extend or modify the time, manner, place or terms of payment of performance and/or otherwise change or modify the credit terms of the Note, Loan Agreement, and/or any other Loan Document;

(b) increase, renew, or enter into a novation of the Note, Loan Agreement, and/or any other Borrower Loan Document; and

(c) waive or consent to the departure from terms of the Note, Loan Agreement, and/or any other Borrower Loan Document;

FINANCIAL CONDITION AND ACCREDITATION. USA represents and covenants to Bank and its affiliates that on and after the date hereof:

(a) all audited financial statements of USA as of any fiscal year ended September 30 furnished to Bank (if any) are correct and accurately reflect the financial condition of USA as of the respective dates thereof;

(b) since the date of such financial statements, as of September 30, 2017, there has not occurred a material adverse change in the financial condition of USA;

(c) there are not now pending any court or administrative proceedings or undischarged judgments against USA which represent a material threat to the financial position of USA, no federal or state tax liens have been filed or threatened against USA, and USA is not in default or claimed default under any agreement;

(d) USA is an accredited member of the Southern Association of Colleges and Schools; and

(e) at such reasonable times as Bank requests, USA will furnish Bank and its affiliates with such other financial and accreditation information as Bank and its affiliates may reasonably request, subject however to federal and state laws mandating the privacy of such records.

INTEREST AND APPLICATION OF PAYMENTS. Regardless of any other provision of this Rent Supplement Agreement or other Borrower Loan Document, if for any reason the effective interest on any of the Borrower's payment obligation under any Borrower Loan Document should exceed the maximum lawful interest, the effective interest shall be deemed reduced to and shall be such maximum lawful interest, and any sums of interest which have been collected in excess of such maximum lawful interest shall be applied as a credit against the unpaid principal balance of the Borrower's payment obligations to the Bank. Monies received from any source by Bank for application toward payment of the Borrower's obligations may be applied to such Borrower's payment obligation in any manner or order deemed appropriate by Bank and its affiliates.

DEFAULT. If any of the following events occur, a default ("Default") under this Rent Supplement Agreement shall exist:

(a) failure of timely payment or performance of any of Borrower's obligations to Bank or a default under any Borrower Loan Document;

(b) a breach of any material agreement or representation contained or referred to in the Rent Supplement Agreement, or any of the Borrower Loan Documents; and/or

(c) the dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against USA.

REMEDIES IN THE EVENT OF A DEFAULT. USA and Bank agree as follows:

(a) If a Default occurs, the Bank shall, prior to exercising any remedies it may have under any of the Borrower Loan Documents, notify USA of any such Default;

(b) USA shall have thirty (30) days following notice given to it of such Default to cure such default to the satisfaction of Bank; and

(c) In the event that such Default has not been cured within the above-described 30-day period, then, no later than 30 days thereafter, USA shall: (i) cause the Borrower to convey to it all of the Borrower's right, title and interest to the Site (as that term is defined in the Loan Agreement); and (ii) either (A) purchase from Bank the Borrower Loan Documents by paying to the Bank the entire unpaid balance of all of the Borrower's obligations under the Borrower Loan Documents; or (B) prepay in full the entire unpaid balance of all of the Borrower's obligations under the Borrower Loan Documents. For the avoidance of doubt, payment made under clause (c)(ii)(A) or (B) shall include, without limitation: (I) the entire unpaid principal balance of such obligations; and (II) all interest accrued and unpaid through the date of purchase or prepayment. For the further avoidance of doubt, USA's obligations under this clause (c) are independent of, and in addition to, any obligation of USA elsewhere described in this agreement. Should USA elect to make payment under clause (c)(ii)(A) above, Bank's assignment of the Borrower Loan Documents to USA shall be without warranty, recourse, or representation. Should USA fail to timely honor its obligation to purchase or prepay the Borrower Loan Documents as aforesaid, then USA agrees to pay to Bank, as liquidated damages, the amount of the purchase price or prepayment set forth above together with all reasonable costs, charges and expenses incurred or paid by Bank in connection with enforcing such obligation including, without limitation, reasonable attorneys' fees and costs.

Should USA elect to make payment under clause (c)(ii)(B) of the immediately preceding paragraph, USA shall prepare and Bank will execute and deliver to USA such documents as may be necessary to release Borrower from the Borrower Loan Documents and otherwise relinquish all rights of Bank against USA under any of the Borrower Loan Documents, except for such rights or claims which, by their terms, survive the payment of Borrower's obligations under the Borrower Loan Documents.

MISCELLANEOUS. Assignment. This Rent Supplement Agreement and other Borrower Loan Documents shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns.

Bank's interests in and rights under this Rent Supplement Agreement and other Borrower Loan Documents are freely assignable, in whole or in part, by Bank. Prior to any assignment, Bank will give USA and Borrower 45 days written notice. Any assignment shall not release USA from its obligations hereunder.

Organization; Powers. USA

(i) is a body corporate and politic under the laws of the State of Alabama;

(ii) has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated; and

(iii) has the power and authority to execute, deliver and perform, and by all necessary action

has authorized the execution, delivery and performance of all of its obligations under this Rent Supplement Agreement and any other Borrower Loan Document to which it is a party.

Applicable Law; Conflict Between Documents. This Rent Supplement Agreement shall be governed by and construed under the laws of the State of Alabama. If the terms of this Rent Supplement Agreement should conflict with the terms of any commitment letter that survives closing, the terms of this Rent Supplement Agreement shall control.

Severability. If any provision of this Rent Supplement Agreement or of the other Borrower Loan Documents shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Rent Supplement Agreement or other Borrower Loan Documents.

Notices. Any notices to USA shall be sufficiently given if in writing and mailed or delivered to USA's address shown above or such other address as provided hereunder, and to Bank, if in writing and mailed or delivered to XYZ Bank, 301 Downtown Avenue, Suite 1100, Everytown, Eachstate, 12345, or such other address as Bank may specify in writing from time to time. Notices to Bank must include the mail code. In the event that USA changes USA's address at any time prior to the date that all of Borrower's obligations to Bank are paid in full, USA agrees to promptly give written notice of said change of address to Bank by registered or certified mail, return receipt requested, all charges prepaid.

Plural; Captions. All references in the Borrower Loan Documents to borrower, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual person or entity. The captions contained in the Borrower Loan Documents are inserted for convenience only and shall not affect the meaning or interpretation of the Borrower Loan Documents.

Binding Contract. USA by execution of and Bank by acceptance of this Rent Supplement Agreement agrees that each party is bound to all terms and provisions of this Rent Supplement Agreement.

Amendments, Waivers and Remedies. No waivers, amendments or modifications of this Rent Supplement Agreement and other Borrower Loan Documents shall be valid unless in writing and signed by an officer of Bank and a contract officer of USA (with respect to this Rent Supplement Agreement) and Borrower (with respect to Borrower Loan Documents). No waiver by Bank of any Default shall operate as a waiver of any other Default or the same Default on a future occasion. Neither the failure nor any delay on the part of Bank in exercising any right, power, or privilege granted pursuant to this Rent Supplement Agreement and other Borrower Loan Documents shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege.

LIMITATION ON LIABILITY; WAIVER OF PUNITIVE DAMAGES. EACH OF THE PARTIES HERETO, INCLUDING BANK BY ACCEPTANCE HEREOF, AGREES THAT IN ANY JUDICIAL OR MEDIATION PROCEEDING OR ANY CLAIM OR CONTROVERSY BETWEEN OR AMONG THEM THAT MAY ARISE OUT OF OR BE IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE BORROWER LOAN DOCUMENTS OR ANY OTHER AGREEMENT OR DOCUMENT BETWEEN OR AMONG THEM OR THE OBLIGATIONS EVIDENCED HEREBY OR RELATED HERETO, IN NO EVENT SHALL ANY PARTY HAVE A REMEDY OF, OR BE LIABLE TO THE OTHER FOR, (1) INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OR (2) PUNITIVE OR EXEMPLARY DAMAGES. EACH OF THE PARTIES HEREBY EXPRESSLY WAIVES ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY MAY HAVE OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY SUCH PROCEEDING, CLAIM OR CONTROVERSY, WHETHER THE SAME IS RESOLVED BY MEDIATION, JUDICIALLY OR OTHERWISE.

FINAL AGREEMENT. This Agreement and the other Borrower Loan Documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent agreements of the parties. There are no unwritten agreements between the parties.

FINANCIAL AND OTHER INFORMATION. USA shall deliver to Bank such information as Bank may reasonably request from time to time, including without limitation, financial statements and information pertaining to USA's financial condition. Such information shall be true, complete, and accurate.

IN WITNESS WHEREOF, USA and XYZ Bank, on the day and year first written above, have caused this Rent Supplement Agreement to be duly executed under seal.

University of South Alabama

(Seal) By:_____

Title:_____

PNC Bank, National Association

(Seal) By:_____

Title:_____

RESOLUTION

AUTHORIZATION OF THE PRESIDENT TO EXECUTE A CONTRACT FOR SITE WORK FOR CONSTRUCTION OF AN ON-CAMPUS FOOTBALL STADIUM

WHEREAS, the University of South Alabama is contemplating the construction of an on-campus football stadium with a seating capacity of approximately 25,000 and an estimated total cost of approximately $72 million, and

WHEREAS, the University has committed that the funding for the stadium, and resulting debt service on bonded indebtedness incurred to construct the stadium, will come from a combination of the athletic department, auxiliary enterprises, and public/private funding, and

WHEREAS, the University further commits that no funding for the stadium will be derived from student tuition, fees or other levies placed on students, and

WHEREAS, the University is in discussions with the City of Mobile and Mobile County to assist with funding for the payment of debt service on the stadium, and

WHEREAS, the University is attempting to raise additional funds from private and corporate support, and

WHEREAS, the University has determined that the total funding from the athletic department, auxiliary enterprises, City/County and private/corporate support will be sufficient to pay anticipated debt on funds borrowed to construct the stadium, and

WHEREAS, the University desires to complete construction by the Fall 2020 football season and, if desired by the bowls, to make the stadium available for the Reese's Senior Bowl, the Dollar General Bowl and other events as agreed upon by the University, and

WHEREAS, in order to complete the stadium in time for the 2020 football season, site work must begin during July 2018,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees hereby authorizes the University President to carry out all necessary steps to execute a contract for site work for the construction of an on-campus football stadium. This contract will be awarded to the lowest qualified, responsible and responsive bidder for the work, pursuant to the bid process as required by applicable Alabama law. This contract will be subject to the bid being within the budgeted funds available for this project and the determination by University administration that funding has been identified to adequately fund this site work.

May 24, 2018

TO: Dr. Tony Waldrop
University President

FROM: Dr. Joel Erdmann
Director of Athletics

SUBJECT: University of South Alabama Board of Trustees Meeting
Football Stadium Resolution for Consideration

This is to request the attached Resolution be presented to the USA Board of Trustees for consideration at its next meeting on June 1, 2018.

The intent of the Resolution is for the University of South Alabama Board of Trustees to authorize the President to execute a contract for Phases I and II of the construction of the on-campus football stadium site work with defined conditions.

JWE/els

Attachment

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

COMMITTEE OF THE WHOLE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

EVALUATION AND COMPENSATION COMMITTEE

March 1, 2018
3:30 p.m.

A meeting of the Evaluation and Compensation Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Mike Windom, Chair, on Thursday, March 1, 2018, at 3:30 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Alexis Atkins, Tom Corcoran, Steve Furr, Arlene Mitchell, Jimmy Shumock and Mike Windom.
Other Trustees:	Chandra Brown Stewart, Ron Graham, Ron Jenkins, Lenus Perkins, Ken Simon, Margie Tuckson and Jim Yance.
Administration and Others:	Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Mike Mitchell, John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Windom acknowledged the Committee's role to conduct periodic evaluations of the President's performance as required by SACSCOC (Southern Association of Colleges and Schools Commission on Colleges) and as stipulated by President Waldrop's contract. He credited the Committee with carrying out what he described as a very thorough evaluation and he identified the internal and external constituencies that gave input, which included local, state and federal elected officials and leaders from Mobile County and Baldwin County. He said evaluators considered leadership acumen, ability to make strides with the strategic priorities, and execution of responsibilities as assigned by the Board and the Board bylaws. He stated the overwhelming consensus of the Committee was President Waldrop met or exceeded expectations. He thanked President Waldrop for his excellent work. President Waldrop conveyed appreciation for the confidence placed in him and he credited the leadership team and people of the University for South's positive momentum. Chairman Simon stated President Waldrop was a great leader and an asset to the community.

Reflecting on the various reports presented to the Committees by administrators and students, Ms. Mitchell expressed pride for the direction of the University and for her role as a Trustee.

Chairman Simon advised that the Committee of the Whole meeting would not take place and the business would be deferred to the March 2 Board of Trustees meeting.

There being no further business, the meeting was adjourned at 3:39 p.m.

Respectfully submitted:

_____

Michael P. Windom, Chair

RESOLUTION

BOARD MEETING SCHEDULE
2018-2019

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

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

Friday, August 31, 2018

Friday, December 7, 2018

Friday, March 15, 2019

Thursday, June 6, 2019

FURTHER, BE IT RESOLVED that the date of June 6, 2019, be designated as the annual meeting of the University of South Alabama Board of Trustees for 2018-2019.

RESOLUTION
AMENDED BYLAWS OF THE BOARD OF TRUSTEES

WHEREAS, Article VIII of the Bylaws of the University of South Alabama Board of Trustees provides that "the bylaws may be amended or repealed at any meeting of the Board by eight members of the Board voting in favor of same, but no such action shall be taken unless notice of the substance of such proposed adoption, amendment or repeal shall have been given at a previous meeting or notice in writing of the substance of the proposed change shall have been served upon each member of the Board at least thirty (30) days in advance of the final vote upon such change. However, by unanimous consent of the entire Board, the requirements for such notice may be waived," and

WHEREAS, a copy of the proposed amended bylaws was mailed to each member of the Board on May 2, 2018, and

WHEREAS, the proposed amended bylaws (a copy of which is attached hereto and incorporated by reference herein) are presented for the Board's consideration of approval, a vote of eight members being necessary to adopt such amendments, and

WHEREAS, the foregoing actions comply with the notice requirements of Article VIII, pertaining to amendment of the bylaws, and

WHEREAS, the Board, after due consideration and deliberation, has determined that the proposed amendments are in the best interest of the efficient operation of the Board in carrying out its role and responsibilities to the University,

THEREFORE, BE IT RESOLVED, the Board of Trustees approves and adopts the Bylaws of the Board of Trustees as amended.

B Y L A W S
OF THE BOARD OF TRUSTEES
OF THE UNIVERSITY OF SOUTH ALABAMA

PREAMBLE

The Legislature of the State of Alabama vested full management and control over the University of South Alabama in a Board of Trustees pursuant to Act No. 157, Acts of Alabama, 1963, Secondary Extraordinary Session, stating at that time: "The Governor and the State Superintendent of Education, by virtue of their respective offices, and the [T]rustees appointed from the senatorial districts of the state, enumerated in Section 16-55-2, are constituted a public body corporate under the name of the University of South Alabama to carry into effect the purposes expressed in this article and to establish a state institution of higher learning."(Code of Alabama, 1975, Section 16-55-1). For the purpose of providing a definitive and orderly form of governance, and in order to continue to carry out the purposes required of the Board of Trustees of the University of South Alabama, in the establishment and continuation of a state institution of higher learning, the Board of Trustees hereby does promulgate and adopt these Bylaws.

ARTICLE I
THE BOARD OF TRUSTEES

The entire management and control over the University of South Alabama (hereinafter referred to as the "University") shall be vested in the Board of Trustees of the University of South Alabama (hereinafter referred to as the "Board"); however, upon general or specific authorization or delegation made or provided for in these Bylaws, the Board may exercise such management and control through the officers, officials, committees and agents as it may deem fit and appropriate, all in accordance with state law. The Board acts as a body politic and no individual member of the Board shall have the authority to act for the Board or for the University.

Section 1. **Composition of Board.** Consistent with the 2014 amendatory language to Sections 16-55-2 , Code of Alabama 1975, the Board shall consist of **three** members from Mobile County; **five** members from the state at large; **two** members from the United States at large; the Governor, who shall be *ex officio* President of the Board; and **one** member from each of the following state senatorial districts, or combinations thereof, as those districts existed in 1963: (1) Sixteenth and Seventeenth Districts comprising Monroe and Wilcox Counties, and Butler, Conecuh, and Covington Counties, respectively; (2) Nineteenth and Twentieth Districts comprising Choctaw, Clarke, and Washington Counties, and Marengo and Sumter Counties, respectively; (3) Twenty-first District comprising Baldwin and Escambia Counties; (4) Twenty-third, Twenty-fifth, and Thirtieth Districts comprising Dale and Geneva Counties, Coffee and Crenshaw Counties, and Dallas and Lowndes Counties, respectively; and (5) Thirty-fifth District comprising Henry and Houston Counties.

Section 2. **Election and Term of Office.** The Governor, as an *ex officio* Trustee, serves his or her term of office in correspondence with his or her term of office as Governor of the State of Alabama. In accordance with the statute regarding the University of South Alabama, the Trustees are appointed by the Governor, by and with the advice and consent of the State Senate, and, for those appointed or reappointed after the effective date of the 2014 amendment to said statute, hold office for a term of six years, and until their successors shall be appointed and qualified. Any Trustee appointed to serve a twelve-year term before the effective date of the 2014 amendment will continue to serve for the remainder of that term. As terms expire after that date,

appointments to fill positions on the Board shall be for six-year terms. There are three classes of board members, so that, after the transition to all Trustees serving six-year terms, one-third of the members of the Board is appointed every two years. Vacancies occurring in the office of Trustee, from death or resignation, and the vacancies regularly occurring by expiration of the term shall be filled by the Governor, and the appointee holds office until the next meeting of the Legislature. Successors to those Trustees whose terms expire during an interim shall hold office for a full term, unless they are rejected by the Senate. Neither the existence nor continuation of a vacancy in the office of the Trustee shall serve to impair or hinder any provisions of these Bylaws or the validity of the operation and actions by the Board by virtue of that vacancy alone.

Section 3. **Compensation of Trustees.** No Trustee shall receive any pay or emolument other than his or her actual expenses incurred in the discharge of duties as a Trustee; such expenses shall be paid or reimbursed from university funds, upon the authorization of the President of the University (hereinafter referred to as the "President").

Section 4. **Primary Functions of the Board.** The Board acts as a public body corporate, and no individual member of the Board has the authority to act for the Board or the University. Communications to the Board shall be directed to the Board through the President or Chair *pro tempore*, except as otherwise provided herein. The Board of Trustees, as a public body corporate, has all rights, privileges, and authority necessary to promote the purpose of its creation, which is to establish and provide for the maintenance and operation of a state university in Mobile County. In accordance with such powers, the Board of Trustees shall have the power to organize the institution by appointment of instructors and faculty members, and such executive and administrative officers and employees, as may be necessary to operate the University, which the Board hereby delegates to the President; the Board may remove any faculty members or employees in its discretion, and shall have the power and authority to fix salaries or compensation, increase or reduce same at its discretion, all of which duty the Board hereby delegates to the President. The Board may prescribe courses of instruction, rates of tuition and fees, confer such academic and honorary degrees as are usually conferred by institutions of like character, and may do all else necessary and considered in the best interest of the institution to carry out the purposes of the institution.

Section 5. **Emeritus Status.** The Board, in its sole discretion, may recognize any Trustee who has served with distinction as Trustee Emeritus following said Trustee's term of service. The Trustee must have provided distinguished and meritorious service, outstanding leadership, and exceptional contributions to the University over a period of years. Any Trustee so recognized as Trustee Emeritus shall have no voting rights and will remain Trustee Emeritus at the pleasure of the Board of Trustees. Such designation shall confer no responsibilities, duties, rights, privileges, or benefits, but shall constitute recognition of service and experience and will publicly acknowledge that person as particularly suited for counsel and advice to the Board. The Board encourages the availability of those who have been awarded Trustee Emeritus status for such counsel and advice and may request special services of them.

Section 6. **Honorary Trustee.** The Board, in its sole discretion, may recognize as an Honorary Trustee any individual who has demonstrated a sustained and extraordinary commitment to the mission of the University. Election of an Honorary Trustee shall occur at any regular meeting of the Board and, because of the prestige of this position, shall occur on very rare occasions. Honorary Trustees shall have no voting rights and will maintain this designation at the pleasure of the Board. Such designation shall confer no responsibilities, duties, rights, privileges, or benefits, but shall constitute recognition of service with distinction to the University. It will also publicly acknowledge that person as particularly suited for counsel and advice to the Board.

Section 7. **Removal of a Trustee.** Under the laws of the State of Alabama, the Board of Trustees has no power to remove one of its members. Section 60 of the Constitution of Alabama, which provides that "[no] person convicted of embezzlement of the public money, bribery, perjury, or other infamous crime, shall be eligible to the legislature, or capable of holding any office of trust or profit in this state" sets forth the constitutional grounds and procedure for removing a Trustee.

ARTICLE II
MEETINGS OF THE BOARD OF TRUSTEES

Section 1. **Annual and Regular Meetings.** The Board shall hold a regular annual meeting each year at the University on the first Monday in June, unless the Board, in regular session, shall determine to hold its annual meeting at some other time and place. Each year at the

annual meeting, the Board shall schedule its regular meetings to be held during the ensuing year, and may designate one such meeting as the annual meeting of the Board. This schedule of meetings then will be recommended to the Governor for approval. The Chair *pro tempore* may cancel or change the date, place or time of a scheduled regular or annual meeting and will provide advance notice of such changes or cancellation. In any event, the Board shall meet at least once in each year.

Section 2. **Special Meetings.** In addition, other than the annual and regularly scheduled meetings of the Board, special meetings of the Board may be assembled, as follows: Special meetings may be called by the Chair *pro tempore* of the Board or the Governor by written notice mailed to each Trustee at least ten (10) days in advance of the date of the meeting; and a special meeting shall be called by the Chair *pro tempore* or the Governor upon application in writing of any three or more members of the board. No special meeting shall be held on a date less than ten (10) days subsequent to the Chair *pro tempore's* or Governor's notice of the meeting, except in case of an emergency, which the Chair *pro tempore* or Governor shall specify in his or her notice to the Board of Trustees.

Section 3. **Adjourned Meetings.** At any meeting, the Board may continue in session as long as it may deem proper for the welfare of the institution**.** Any session may be adjourned, as provided in *Roberts Rules of Order*, as last revised, and continued at a future time with proper notice to all members.

Section 4. **Quorum.** Seven members of the Board of Trustees shall constitute a quorum, but a smaller number may adjourn from day to day until a quorum is present. A majority of those present shall govern unless a greater number is required hereunder. Members of the Board of Trustees may participate in a meeting of the Board or committee by means of telephone conference, video conference, or similar communications equipment by means of which all persons participating in the meeting may hear each other at the same time. Participation by such means shall constitute presence in person at a meeting for all purposes. However, a majority of a quorum of the members of the Board of Trustees, or, in the event of a meeting of only the executive committee, a majority of a quorum of the executive committee of the Board of Trustees, must be physically present at the location noticed and called for the meeting in order to conduct any business or deliberation. Members of the Board of Trustees and any committees of the board

may not utilize electronic communications or otherwise conduct meetings except as in compliance with the Alabama Open Meetings Act. No Trustee for whom a conflict of interest exists shall vote on such matter before the Board.

Section 5. **Agenda.** The President shall mail to each member of the Board notice of the time and place of any meeting, which shall include an agenda for the meeting, at least ten (10) days prior to the time of meeting. The development and preparation of the agenda for Board meetings shall be vested in the President**,** who shall place such items on the agenda as are needed for the ongoing operation of the institution and/or that require the approval of the Board. Members of the Board desiring to place any item or items on the agenda for meetings shall inform the President in writing not less than fifteen (15) days prior to the meeting concerning such items, and the President shall include the items in the agenda to be mailed out to the members of the Board in accordance with the foregoing. Any item not included on the agenda mailed to members prior to a meeting may be considered upon the approval of a majority of those present and voting; provided, however, that any discussion or action upon the election of officers of the Board and/or the appointment and/or termination, including a contract renewal, of the President of the University, must be specifically identified on the agenda that was mailed at least ten (10) days prior to the time of meeting. The agenda that is approved by the Board at the commencement of the Board meeting shall be considered the official agenda. The omission of an item from the official agenda shall not invalidate otherwise valid actions by the Board.

Section 6. **Minutes.** Minutes of all meetings of the Board and its committees shall be prepared and distributed promptly to all members of the Board under the direction of the Secretary of the Board. Upon approval by the Board or committee, such minutes shall be maintained permanently and in an accessible manner in the Office of the President under the direction of the Secretary of the Board.

Section 7. **Public Admission to Meetings.** All meetings of the Board of Trustees shall be open to the public, except that the Board may declare an executive session as authorized by law. Formal action by the Board resulting from any executive session discussions shall be taken by the Board in an open meeting and made a part of the official minutes.

Section 8. **Rules of Order.** Rules of order shall be in accordance with *Robert's Rules of Order*, as last revised, which are the normal governing parliamentary procedure rules. The Chair of the meeting will determine all questions concerning such rules.

Section 9. **Meeting Attendance.** Inasmuch as the Board of Trustees has determined that meeting attendance is crucial to the most efficient management of the University and operation of the Board, the names of all Trustees who do not attend at least half the meetings scheduled each Board year will be reported to the Chair *pro tempore* at the next annual meeting of the Board, and the Chair *pro tempore* will then take the actions he or she deems appropriate.

ARTICLE III
OFFICERS

The Board shall have the following officers and any other officers it may elect from time to time. Such officers shall have the powers and shall perform the duties as are set forth herein, together with those which may be authorized and delegated by the Board from time to time. The terms of office for the Chair *pro tempore*, Vice Chair, and Secretary will be three years, with elections held at the annual meeting of the Board corresponding with the expiration of those terms. If a vacancy occurs during the term of any such office, an election to complete the term of that office will be held at the next meeting of the Board.

Section 1. **President of the Board.** The Governor of the State of Alabama shall be *ex officio* President of the Board. The President may call special meetings of the Board upon the conditions set forth herein.

Section 2. **Chair *Pro Tempore*.** Upon adoption of these Bylaws and thereafter, the Board of Trustees shall elect from its membership a Chair *pro tempore* for a three-year term, commencing immediately following the annual meeting at which the election is held. Such officer may not be elected for successive terms. He or she shall preside at all Board meetings and call special meetings of the Board upon the conditions set forth herein. The Chair *pro tempore* shall serve as chair of the Executive Committee, and shall appoint such committees as may be authorized by the Board, or as he or she may deem desirable, fill vacancies which will occur on such committees, and give final approval to the agenda for the Board meeting.

Section 3. **Vice Chair.** Concurrent with the time of election of the Chair *pro tempore* for the term set forth for the Chair pro tempore in Section 2, the Board shall elect from its membership a Vice Chair. In the absence of the Chair *pro tempore*, the Vice Chair shall assume those duties. The Vice Chair shall serve on the Executive Committee.

Section 4. **The Secretary.** Concurrent with the time of election of the Chair *pro tempore* and for the term set forth for the Chair pro tempore in Section 2, the Board shall elect a Secretary. Through the Office of the President of the University, the Secretary shall be responsible for the preparation and distribution of notices of Board meetings and agendas. In addition, he or she shall attend Board meetings and make, record, and retain complete records and minutes of all official actions of the Board and its committees. The Secretary shall be the custodian of the corporate seal and affix the seal to documents as executed on behalf of the Board and shall attest to the same and certify any action of the Board. The Secretary shall serve on the Executive Committee.

Section 5. **Removal from Office.** Any officer of the Board may be removed from his or her office for cause by a two-thirds vote of the full Board of Trustees.

ARTICLE IV
COMMITTEES

Organization. The Board may create such committees as it deems proper, and may assign to such committees any authority, duty or responsibility desired by the Board; provided, however, that all committees, except the Executive Committee, are advisory to the full Board. The committees of the Board shall consist of the standing committees created herein and other committees created by the Board from time to time. The standing committees shall have the powers, duties and responsibilities set forth herein, or subsequently assigned by the Board through adoption and approval of amendments to these Bylaws. Vacancies in committee memberships shall be filled in the same manner as when appointments originally were made. Committee members and the chair and the vice chair of the committees shall be appointed by the Chair *pro tempore* for terms concurrent with the term of the Chair *pro tempore*.

Method of Operation. The committees and subcommittees shall meet upon the call of the President, the Chair *pro tempore*, or the chair of the committee or subcommittee. Unless otherwise provided, actions taken by such committees are not binding upon the Board, but shall be advisory, except those actions undertaken by the Executive Committee, as authorized in Article IV, Section I, herein. All recommendations and actions of the committees shall be reported to the Board of Trustees.

Committee Participation. The President of the University is vested with the responsibility of providing notice of all committee meetings to the members of the committees. The Chair *pro tempore* will serve as an *ex officio* member on each committee. The President and the Chair *pro tempore* may participate in all meetings but shall have no vote, except that the Chair *pro tempore* shall have a vote on the Executive Committee and any other committee when he or she is a member of the committee. All committees assist and support the Board, President, faculty, and staff in carrying out their responsibilities. Committees may request through the Office of the President any information necessary or appropriate to their deliberations. All committee reports and recommendations shall be submitted for consideration and are advisory in nature until they have been approved by the full Board. Any Board member may attend any committee meeting.

Section 1. **Executive Committee.** The Chair *pro tempore* shall appoint an Executive Committee consisting of seven (7) members of the Board, subject to the approval of the Board, with terms concurrent with the term of the Chair *pro tempore*, who serves as chair of the Executive Committee. The majority of the Executive Committee constitutes a quorum. With notice from the President or the Chair *pro tempore*, the Executive Committee may meet at any time. The Executive Committee has the power to transact all business of the Board in the interim between meetings of the Board and may perform all duties and transact all business necessary for the well-being of the University, including, but not limited to, matters related to real estate, personnel, investments and athletics. However, action by the full Board is required to amend these Bylaws, remove officers of the Board, select or remove the President of the University, issue bonded indebtedness on behalf of the University, or as otherwise determined by the full Board. The Executive Committee shall serve a dual role as Governance Committee responsible for trustee matters including, but not limited to, service, honorary designations, efficiency, educational

development, and travel. Minutes of the Executive Committee shall be submitted to all members of the Board.

Section 2. **Budget and Finance Committee.** The Budget and Finance Committee shall be responsible for the review and study of budget requests; recommending comprehensive budgets; review and study of real estate transactions and matters related to facilities construction and infrastructure maintenance; and submitting such reports and recommendations to the Executive Committee of the Board and/or the full Board, as deemed necessary and appropriate.

Section 3. **Audit Committee.** The Audit Committee shall be responsible for the oversight and integrity of the financial statements and other financial reports; performance of the University's internal and external audit functions; selection of an external auditor; assurance that the University is performing self-assessment of operating risks and evaluations of internal controls on a regular basis; the study and review of all reports and other correspondence from external auditors; and the submission of audit reports and recommendations to the Board of Trustees. The Executive Director of Internal Audit shall be accountable to the Board of Trustees through the Audit Committee, and shall make reports to the Audit Committee as appropriate.

Section 4. **Long-Range Planning Committee.** The Long-Range Planning Committee shall be responsible for long range plan recommendations; review of new and existing academic programs; academic planning and organization; mission statement and statements of role and scope; review of planning for new facilities; and other matters which may be referred to it by the President or the Board.

Section 5. **Health Affairs Committee.** The Health Affairs Committee shall be responsible for providing guidance to and receiving reports from staff and administrative personnel responsible for the University of South Alabama Hospitals and Clinics. It will consider and make recommendations requiring Board action relating to the Hospitals and Clinics and the College of Medicine. In addition to committee members designated as provided in these Bylaws, the committee includes, as non-voting *ex officio* members, the President, the Vice President for Medical Affairs, Dean of the College of Medicine, the President of the Medical Staff of the University of South Alabama Medical Center and the Chief Executive Officer of USA Health.

Section 6. **Academic and Student Affairs Committee.** The Academic and Student Affairs Committee shall be responsible for receiving and reviewing information relevant to issues involving academic affairs and student affairs at the University.

Section 7. **Development, Endowment and Investments Committee.** The Development, Endowment and Investments Committee shall be responsible for establishing policies and guidelines to oversee the University's Development and Alumni Relations programs, invest and manage the University's endowment and other investment funds, and for submitting such reports and recommendations to the Executive Committee of the Board and/or the full Board of Trustees, as deemed necessary and appropriate.

Section 8. **Evaluation and Compensation Committee**. The Evaluation and Compensation Committee shall be responsible for conducting periodic performance reviews of the President and recommending to the Board an appropriate compensation package for the President.

ARTICLE V
PRESIDENT AND DUTIES

Appointment of the President of the University as Chief Executive Officer of the Institution. The President shall be selected by the Board of Trustees and serve at the pleasure of the Board but may be removed only by a vote of eight members of the Board. The Board of Trustees is responsible for conducting periodic evaluations of the performance of the President.

The President is the chief educational and administrative officer of the University. Unless excused by the Chair *pro tempore*, he or she shall attend and participate in all meetings of the Board and may make recommendations on matters before the Board. The President does not vote on Board matters. The President shall be responsible for the execution of the policies of the Board and the Executive Committee and performing all those matters necessary to carry out the ends and purposes for which the University was established. The President shall have all authority necessary to conduct the programs of the University, including the authority to award degrees, add officers to the University which he or she deems necessary, delegate authority among subordinates and all other authority which shall, from time to time, be delegated by the Board of Trustees to the President. Prior to appointment of vice presidents, the President shall notify the Board of his or

her intention to appoint such officers to the University. The President reports to the Board on the current operations of the University and directs, coordinates and implements the planning, development and appraisal of all activities of the University of South Alabama.

ARTICLE VI
CONFLICT OF INTEREST

Members of the Board of Trustees ("Trustees") of the University of South Alabama have an affirmative obligation to act at all times in the best interests of the University. This policy serves to define the term "conflict of interest" to assist members of the Board in identifying and disclosing such conflicts, and to minimize the impact of such conflicts on the actions of the University whenever possible.

Fiduciary duty. Each Trustee has a fiduciary duty to conduct himself or herself without conflict to the interests of the University. When acting within his or her capacity as a Trustee, he or she must subordinate personal, business, third-party, and other interests to the welfare and best interests of the University.

Conflict of interest. A "conflict of interest" is any transaction or relationship which presents, or may present, a conflict between a Trustee's obligations to the University and his or her personal, business, or other interests. A conflict of interest may arise in any circumstance that may compromise the ability of a Trustee to make unbiased and impartial decisions on behalf of the University. Such circumstances may involve family relationships,[1] business transactions, professional activities, or personal affiliations.

Further, Alabama Code §13A-10-62 (1975) provides:

> (a) A public servant commits the crime of failing to disclose a conflict of interest if he exercises any substantial discretionary function in connection with a government contract, purchase, payment or other pecuniary transaction without advance public disclosure of a known potential conflicting interest in the transaction.

[1]Family relationships include spouse, child, grandchild, parent, grandparent, sibling, niece, nephew, aunt, uncle, cousin, in-laws and step relations, as well as any person living in the household of a Trustee.

(b) A "potential conflicting interest" exists, but is not limited to, when the public servant is a director, president, general manager or similar executive officer, or owns directly or indirectly a substantial portion of any non-governmental entity participating in the transaction.
(c) Public disclosure includes public announcement or notification to a superior officer or the attorney general.
(d) Failing to disclose a conflict of interest is a Class A misdemeanor.

Disclosure. The Board of Trustees recognizes that conflicts of interest are not uncommon, and that not all conflicts of interest are necessarily harmful to the University. However, the Board requires full disclosure of all actual and potential conflicts of interest. Each Trustee shall disclose any and all facts that may be construed as a conflict of interest, both through an annual completion of a Statement of Disclosure, and completion of an amended Statement of Disclosure whenever such actual or potential conflict occurs.

Process. Any actual or potential conflicts which are presented in a Statement of Disclosure or amended Statement of Disclosure will be evaluated for action, as needed, by the Chair p*ro tempore* of the Board of Trustees. The Chair *pro tempore,* or Vice Chair if evaluating a possible conflict of the Chair *pro tempore,* of the Board may either handle the evaluation on his or her own or refer it to the Board for further consideration. Additional information from a Trustee may be sought at any time. A Trustee whose potential conflict is under review may not debate, vote, or otherwise participate in the evaluation of the conflict. If a conflict is being evaluated or has been found to exist, the Trustee shall recuse himself or herself from any discussion or voting regarding transactions involving the area of conflict.

Resolution. If it is determined that an actual or potential conflict of interest does exist, an appropriate remedy shall be determined. Such remedy may include, but is not limited to, the following:

- Waive the conflict of interest as unlikely to affect the Trustee's ability to act in the best interests of the organization.

- Determine that the Trustee should be recused from all deliberation and decision-making related to the particular transaction or relationship that gives rise to the conflict of interest.

Policy regarding Trustees doing business with the University. A conflict of interest exists any time a Trustee seeks to enter into a business relationship with the University. Similar conflicts may arise through family members or through organizations in which a Trustee serves in a leadership, employment, or ownership capacity.

Such conflicts do not necessarily preclude business relationships with the University. The following procedure is designed to resolve conflicts of interest whenever a Trustee or a member of his or her family (see footnote number 1) has an ownership interest in, is a director, officer, or key individual of an entity which intends to enter into a business relationship with the University:

- The Trustee must promptly disclose the intent to enter into a business relationship with the University to the Chair *pro tempore* of the Board of Trustees.

- The Trustee must recuse himself or herself from all deliberation, debate and voting related to the contemplated business relationship.

- The Chair *pro tempore* or the Board if the issue is referred by the Chair *pro tempore*, must determine without the presence or participation of the Trustee under review that the transaction is fair and in the best interest of the University.

- If the business relationship under consideration is approved, the Trustee may not participate in any process by which his or her performance as a vendor or recipient is evaluated, or in any such evaluation of a related party.

Notwithstanding the foregoing, contracts, or proposals for purchases of goods, property, or services will not be awarded to organizations in which a Trustee either:

1) holds an interest of ten percent (10%) or greater, or

2) serves as a director or senior executive officer,

if a substantial part of the contract or proposal involves the quality of performance (i.e. possibly requiring enforcement of a performance bond or filing suit for non-performance). Also, no Trustee shall advocate or attempt to influence the employment by the University of any member of his or her family.

ARTICLE VII
OFFICIAL CORPORATE SEAL

The official corporate seal of the University of South Alabama shall be circular in form, encircled as follows:



ARTICLE VIII
AMENDMENT OR REPEAL OF BYLAWS

After the adoption of these Bylaws, they may be amended or repealed at any meeting of the Board by eight members of the Board voting in favor of same, but no such action shall be taken unless notice of the substance of such proposed adoption, amendment or repeal was given at a previous meeting or notice in writing of the substance of the proposed change was served upon each member of the Board at least thirty (30) days in advance of the final vote upon such change. However, by unanimous consent of the entire Board, the requirements for such notice may be waived. The Chair *pro tempore* may appoint an ad hoc committee which may meet from time to time to consider Bylaw amendments.

14th Edition, June 1, 2018