UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

MINUTES OF MEETINGS

COMMITTEE MEETINGS HELD ON DECEMBER 2, 2020

- Audit Committee
- Development, Endowment and Investments Committee
- Health Affairs Committee
- Academic and Student Affairs Committee
- Long-Range Planning Committee
- Budget and Finance Committee
- Committee of the Whole

BOARD OF TRUSTEES MEETING HELD ON DECEMBER 3, 2020

1 Roll Call

2 Approved: Minutes

3 Approved: Commendation of Mr. and Mrs. James J. Gosa

4 Report: University President

5 Report: Faculty Senate President

6 Report: Student Government Association President

7 Approved: Consent Agenda Resolutions:

- Officers and Directors of the Jaguar Athletic Fund, Inc.
- Collaboration Between the University of South Alabama and the Mobile County Commission in Support of Project 110
- USA Health Hospitals Medical Staff Appointments and Reappointments for August, September and October 2020
- USA Health Hospitals Medical Staff Bylaws and Associated Documents Revisions
- Sabbatical Awards
- Faculty Emeritus
- Restatement of the University of South Alabama Money Purchase Pension Plan
- Directors of the University of South Alabama Foundation for Research and Commercialization
- Rent Supplement Agreement

8 Report: Audit Committee

9 Report: Development, Endowment and Investments Committee

10 Approved: Evaluation of Endowment and Non-Endowment Investment Policies

11 Report: Health Affairs Committee

12 Report: Academic and Student Affairs Committee

13 Report: Long-Range Planning Committee

14 Report: Budget and Finance Committee

15 Approved: Bond Purchase Agreement for Series 2021 Bonds

16 Approved: Commendation of Dr. and Mrs. Steven H. Stokes for Leading the $150 Million Upward & Onward Campaign

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

December 3, 2020
10:30 a.m.

A meeting of the University of South Alabama Board of Trustees was duly convened by Mr. Jimmy Shumock, Chair *pro tempore*, on Thursday, December 3, 2020, at 10:31 a.m. in the Chief Calvin W. McGhee Grand Ballroom of the MacQueen Alumni Center. Public access was provided via YouTube livestream.

Members:	Alexis Atkins, Chandra Brown Stewart, Steve Furr, Lenus Perkins, Jimmy Shumock, Steve Stokes and Mike Windom were present and Tom Corcoran, Ron Graham, Ron Jenkins, Arlene Mitchell, Ken Simon, Margie Tuckson and Jim Yance participated by video/phone conference.
Members Absent:	Scott Charlton and Kay Ivey.
Administration & Guests:	Owen Bailey, Lynne Chronister, John Cleary (Faculty Senate), Kristin Dukes, Joel Erdmann, Julie Estis, Monica Ezell, Paul Frazier, Pat and Jake Gosa, Mike Haskins, Andi Kent, Nick Lawkis, John Marymont, Abe Mitchell, Mike Mitchell, Tia Nickens (SGA), Laura Schratt, John Smith, Angelia Stokes, Margaret Sullivan, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Chairman Shumock called for adoption of the minutes of the Board of Trustees meeting held on September 11, 2020, **Item 2**. On motion by Ms. Atkins, seconded by Dr. Stokes, the Board voted unanimously to adopt the minutes.

Chairman Shumock thanked Mr. Jake and Mrs. Pat Gosa for participating in the meeting, and he read **Item 3** as follows and moved for its approval. Mr. Windom seconded and the Board voted unanimously to approve the resolution. Mr. Gosa stated it was an honor to be recognized by the Board. He associated his and Mrs. Gosa's career good fortune to the education they received from South Alabama and said the ability to give back was a pleasure. Mrs. Gosa added that the decision to support USA was based on the quality of education delivered, prudent management of resources, and good people of the University with whom they became acquainted.

RESOLUTION
COMMENDATION OF MR. AND MRS. JAMES J. GOSA

WHEREAS, Mr. James J. "Jake" Gosa and Mrs. Patricia A. "Pat" Gosa have distinguished themselves as exemplary models of philanthropy and service, demonstrating extraordinary commitment and a mutual desire to further the mission of the University of South Alabama (USA), and

WHEREAS, Mr. Gosa is a devoted alumnus of the Mitchell College of Business, who is appreciative of the positive impact that USA had on his success and whose generosity and service as a visiting lecturer for the College inspired the USA National Alumni Association to recognize him with a Distinguished Alumni Award, and Mrs. Gosa is a devoted nurse by profession, who recognizes and supports excellence in nursing education at the University of South Alabama, and

WHEREAS, the Gosas share an affinity for USA's Mitchell College of Business and College of Nursing and are dedicated to advancing the educational mission of both colleges and supporting the academic and career aspirations of students as expressed over many years through the establishment and enhancement of the *Jake and Pat Gosa Endowed Scholarship in Business* and the *Jake and Pat Gosa Endowed Scholarship in Nursing*, and

WHEREAS, the Gosas have extended their philanthropic reach through an estate commitment that will be transformative for the colleges of business and nursing and for students benefiting from the Gosa scholarships for many years to come,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees recognizes the extraordinary generosity and commitment of Mr. and Mrs. James J. Gosa and joins the University President, faculty, staff and students in expressing its deepest gratitude for the Gosas' enduring leadership and loyalty.

Chairman Shumock called for the presentation of **Item 4**, the President's Report. President Waldrop called on Dr. Kent to discuss graduation activities. Dr. Kent advised of 1,449 candidates eligible for 2020 Fall graduation and stated each college and school hosted a ceremony at the Mitchell Center over a week in November to celebrate the accomplishments of their graduates, with appropriate health and safety protocols implemented. She said family members and friends were able to watch the ceremonies via YouTube livestream. She thanked the deans, faculty and staff of the Division of Academic Affairs and the staff of the Mitchell Center for their coordination of the ceremonies, as well as the Trustees for their participation. She invited everyone to watch a virtual University-wide commencement ceremony that would be broadcasted on Sunday, December 6, 2020, with President Waldrop officially conferring the degrees to graduates.

Dr. Kent reported that the College of Education and Professional Studies recently received notification of reaccreditation for the next seven years. She stated this process took one and a half years to complete and that the approval did not specify areas that needed improvement. She congratulated the faculty and staff for this accomplishment. She stated that the College of Nursing and the School of Computing were working through reaccreditation processes that included site visits during the Fall Semester. She added that the feedback thus far was favorable and this work would continue another six to nine months.

President Waldrop introduced Mr. Lawkis, who shared background on funding from the State of Alabama in the amount of $50 million for a new College of Medicine (COM) building. Mr. Lawkis discussed that the allocation was of historic importance in that South had never before received the same level of funding from the state as had Auburn University and The University of Alabama and this was also the largest one-time allocation South had received from any governmental body. He explained that the funding originated from a Public School and College Authority bond issue and stated the yearlong effort involved a number of people, including Dr. Marymont, Chairman Shumock, COM Associate Dean for Finance and Administration Ms. Susan Sansing, and Associate Vice President for Health Marketing and Communications Mr. Gary Mans. President Waldrop thanked Mr. Lawkis for his hard work and persistence to help secure this funding. He asked Dr. Marymont to share perspective on the building project. Dr. Marymont discussed the vision for the new facility and explained how the COVID-19 pandemic had impacted

the planning process that began approximately one year ago. He added that a determination of the finances would help drive the size and location of the building.

President Waldrop thanked Ms. Tuckson for making a $10,000 contribution to South's Leadership in Social Justice and Perseverance Endowed Scholarship fund that was founded by the 100 Black Men of Greater Mobile in 2020.

President Waldrop gave an update on a partnership with the Universidad San Francisco de Quito (USFQ) in Ecuador, through which USA faculty and students have had opportunities to conduct research and collaborate with faculty and students of Ecuador at the Galapagos Science Center. He advised that a new component of this partnership involved an USFQ faculty/student team participating in the I-Corps program, an annual project funded through a grant from the National Science Foundation whereby student teams from South, Spring Hill College, the University of Mobile and Bishop State Community College are mentored by faculty to learn about innovation and entrepreneurship by developing a product or solution and exploring how it might be marketed. He said Associate Vice President for Research Dr. Michael Chambers was the principal investigator for the grant, and added that the work of the teams was constructive and USFQ had plans to participate again.

Regarding the strong financial position of the University, as reported previously by Mr. Weldon, President Waldrop credited the faculty and staff for their hard work throughout the pandemic and announced that, in recognition of these efforts, South Alabama employees would receive a three-percent, one-time salary supplement on December 6, 2020.

Chairman Shumock called for a report from Faculty Senate President Dr. John Cleary, **Item 5**. On behalf of the faculty, Dr. Cleary conveyed appreciation to the Board of Trustees, President Waldrop, the University leadership, and Mr. Weldon and the finance team for making the salary supplement possible. He also thanked the administration, faculty, staff and students for their efforts and adjustments throughout the coronavirus crisis. He advised that the Faculty Senate was working diligently with constituents and the administration on issues related to the pandemic, focusing primarily on student success and ensuring a positive educational experience. He stated resources and proper training of faculty, staff and students were key points of discussion.

Chairman Shumock called for a report from Student Government Association (SGA) President Ms. Tia Nickens, **Item 6**. Following a video introduction of 2020-2021 SGA officers, Ms. Nickens stated she recently addressed the SGA at an end-of-the-semester meeting, at which she discussed a number of SGA initiatives, including diversity and inclusion training delivered with the help of Dr. Frazier; funding of a three-dimensional printer for the Office of Student Disability Services; implementation of a laptop rental program; advocating for student mental health days, which she stated would become effective during the 2021 Spring Semester; and facilitation of an appreciation program in recognition of the housing staff. She said plans for the 2021 Spring Semester included addressing ways the campus could be improved amid the pandemic and coordinating Trustees to speak at SGA meetings. At President Waldrop's request, Ms. Nickens shared that she planned to continue her education to become a school guidance counselor following her graduation in the spring and had applied to attend the University of North Carolina.

Chairman Shumock called for consideration of consent agenda resolutions as follows, **Item 7**, which were unanimously recommended for Board approval by the respective committees that met on December 2, 2020. (To view approved policies and other authorized documents, refer to Appendix A). On motion by Mr. Corcoran, seconded by Ms. Atkins, the Board voted unanimously to approve the resolutions:

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

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

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

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

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

OFFICERS IN 2021

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

DIRECTOR (Three-Year Term)

• Farish Collura	Softball	2021-2023

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

RESOLUTION
COLLABORATION BETWEEN THE UNIVERSITY OF SOUTH ALABAMA
AND THE MOBILE COUNTY COMMISSION IN SUPPORT OF PROJECT 110

WHEREAS, the Mobile County Commission has generously agreed to provide funding in support of *Project 110,* a documentary project through the University of South Alabama and professor Dr. Joe'l Lewis Billingsley, and

WHEREAS, *Project 110* will honor the 110 enslaved Africans who were illicitly brought to the United States on the schooner Clotilda in 1860 through the documentary and development of a curriculum to accompany it, and

WHEREAS, this funding qualifies *Project 110* for additional funding through a matching grant from the Alabama Humanities Foundation, and

WHEREAS, the University welcomes the opportunity to collaborate with the Mobile County Commission in this important endeavor through a $12,000 appropriation from the Mobile County Commission which will be matched by the Alabama Humanities Foundation,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees thanks the Mobile County Commission for its generous support and approves of entry by the University of South Alabama into a contract with the Mobile County Commission in order to memorialize the collaboration between the University of South Alabama and the Mobile County Commission for this funding, as well as the expenditures as described in the program statement.

RESOLUTION
USA HEALTH HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS FOR AUGUST, SEPTEMBER AND OCTOBER 2020

WHEREAS, the Medical Staff appointments and reappointments for August, September and October 2020 for the USA Health Hospitals are recommended for Board approval by the Medical Executive Committees and the USA Health Credentialing Board,

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

RESOLUTION
USA HEALTH HOSPITALS MEDICAL STAFF BYLAWS AND ASSOCIATED DOCUMENTS REVISIONS

WHEREAS, revisions to the USA Health Hospitals Medical Staff Bylaws and associated documents, approved October 22, 2020, by the active voting General Medical Staff members via email and attached hereto, are recommended for approval by the Medical Executive Committees and the Executive Committee of USA Health Hospitals,

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

RESOLUTION
SABBATICAL AWARDS

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

- Timothy Lombardo, Assistant Professor of History
- Alex Beebe, Associate Professor of Earth Sciences
- Justin St. Clair, Associate Professor of English
- Jaclyn Bunch, Associate Professor of Political Sciences & Criminal Justice
- Nemanja Kosovalic, Associate Professor of Mathematics & Statistics
- Joseph Currier, Associate Professor of Psychology
- Harry Roddy, Associate Professor of German
- Armin Straub, Assistant Professor of Mathematics & Statistics
- Chris Raczkowski, Associate Professor of English
- Samuel Baker, Assistant Professor of Philosophy
- Elizabeth Rivenbark, Associate Professor of Art History

- Patrick Shaw, Associate Professor of English
- Ryan McDermott, Assistant Professor of Counseling & Instructional Sciences
- Alex Sharland, Professor of Marketing & Quantitative Methods
- David Turnipseed, Professor of Management,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves said sabbatical awards for Fall 2021 – Spring 2022.

RESOLUTION
FACULTY EMERITUS

WHEREAS, the following faculty members have retired from the University of South Alabama, or will soon retire as specified below:

ACADEMIC AFFAIRS:

- David Chang, Professor of Cardiorespiratory Care
- Ron Nelson, Associate Professor of Political Science and Criminal Justice
- Timothy Op't Holt, Professor of Cardiorespiratory Care
- Bill Pruitt, Senior Instructor of Cardiorespiratory Care
- Roy Ryder, Professor of Earth Sciences
- Karyn Tunks, Professor of Leadership and Teacher Education
- Gerald Wilson, Professor of Communication

COLLEGE OF MEDICINE:

- Mary I. Townsley, Ph.D., Professor of Physiology and Cell Biology (effective on her retirement date of 1/1/2021),

and

WHEREAS, in recognition of their contributions to the University through extraordinary accomplishments in teaching and in the generation of new knowledge through research and scholarship; in serving to positively inspire students; and, regarding those with clinical backgrounds, for dedication to the treatment and healing of patients; all for which, in accordance with University policy, the respective faculty committees, departmental chair and college dean, the Interim Provost and Senior Vice President for Academic Affairs or the Vice President for Medical Affairs, and the President have duly recommended the aforementioned faculty retirees be appointed to the rank of Professor Emeritus, Associate Professor Emeritus or Senior Instructor Emeritus in accord with the rank of each upon retirement,

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

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

RESOLUTION
RESTATEMENT OF THE UNIVERSITY OF SOUTH ALABAMA MONEY PURCHASE PENSION PLAN

WHEREAS, the University of South Alabama, in 2004, authorized the establishment of a 401(a) Money Purchase Pension Plan, which was restated to comply with the administrative requirements of the Economic Growth and Tax Relief Act of 2001, said restatement having been submitted to and approved in September 2012 by the Internal Revenue Service, conditioned upon the adoption of the restated plan, which adoption was approved on December 6, 2012, by the University of South Alabama Board of Trustees, and

WHEREAS, a restatement of the said 401(a) Money Purchase Pension Plan occurred on January 1, 2020, to comply with the Internal Revenue Service required amendments guidance issued since 2012,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees hereby approves and adopts the attached Restated 401(a) Money Purchase Pension Plan and authorizes the University President or other university contract officer to sign the plan document.

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, except as may otherwise be indicated, with terms beginning November 30, 2020:

REAPPOINTMENT:
Mr. David Trent — Four-year term expiring November 29, 2024

AMENDMENT:
Mr. Mark Hoffman — Realign term to meet guidelines in bylaws for a four-year term expiring November 29, 2022

APPOINTMENT: (Subject to acceptance and AT&T approval)
Mr. Glen Agnew — Four-year term expiring November 29, 2024,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees authorizes the aforementioned individuals to serve as members of the USAFRAC Board of Directors as set forth herein.

RESOLUTION
A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A RENT SUPPLEMENT AGREEMENT FROM THE UNIVERSITY OF SOUTH ALABAMA RESPECTING AN $8,500,000 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 (herein called "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 that certain facility known as "Building I" (herein called "Building I") 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 refinancing its acquisition and development of Building I, RTC obtained a $10,000,000 loan (the "2011 PNC Loan") from PNC Bank, National Association, as successor to RBC BANK (USA) ("PNC"), the repayment of which is evidenced by a $10,000,000 original principal amount Promissory Note dated January 14, 2011, as amended by that Amendment to Loan Documents dated as of December 12, 2014 (the "2011 PNC Promissory Note"), and

(d) The 2011 PNC Loan has an outstanding balance of $6,994,991 that becomes due on January 14, 2021, and RTC has determined to refinance the 2011 PNC Loan and pay the costs of retrofitting and improvements to certain facilities of RTC on the property subject to the Ground Lease (the "RTC Improvements") by obtaining a new, fixed rate loan (herein called the "Loan"), and that proceeds of the Loan would be used to (i) refinance the 2011 PNC Loan, (ii) pay the costs of the RTC Improvements, and (iii) pay the costs of issuance of the Promissory Note (defined below) for the Loan and the other transactions costs incurred by RTC and the University in negotiating and finalizing all other instruments and agreements relating to the Loan, and

(e) RTC, acting by and through officers of the University, contacted various financial institutions for proposals for the Loan and determined that Hancock Whitney Bank ("Lender") submitted the preliminary bid that presented the lowest cost of financing, and best financing terms, for RTC, and

(f) The obligation of RTC to repay the Loan shall be evidenced by a promissory note from RTC to the Lender in a principal amount of approximately $8,500,000 and, subject to the provisions of paragraph (i) herein, in substantially the form attached hereto as Exhibit A, revised to reflect principal and interest amortized on a mortgage style basis over a period commencing from the date of such note through the 15th anniversary thereof,

with a final maturity on or the 10th anniversary thereof (*i.e.*, all principal amortized after the 10th anniversary of the Loan will become due and payable on or around such 10th anniversary date) (the "Promissory Note"), which shall be issued pursuant to a Loan Agreement between the Lender and RTC in substantially the form attached hereto as Exhibit B, subject to the provisions of paragraph (i) herein (herein called the "Loan Agreement"), and

(g) In order to enable the refinancing of the 2011 PNC Promissory Note while also protecting the continued use of Building I and the RTC Improvements for the purposes set forth in the Ground Lease and the integrity and use of the property subject to the Ground Lease, the University will enter a Rent Supplement Agreement with the Lender in substantially the form attached hereto as Exhibit C, with such changes and modifications as shall be agreed to by the President of the University and/or the Vice President for Finance and Administration of the University (herein called the "Rent Supplement Agreement"), and

(h) The University hereby declares and finds that the covenants and agreements of the University under the Rent Supplement Agreement enable the University to protect any disposition or use of property subject to the Ground Lease by persons or entities other than RTC, or those occupying the space in Building I pursuant to leases or other arrangements approved by RTC, and to assure continued control and use of the property defined in the Ground Lease by the University, and

(i) While the Lender has provided terms for the Loan as herein described, the Lender requires additional time for internal credit review and other internal approvals that will not be rendered prior to the date at which the Board will meet to approve this resolution and, accordingly, the terms of the Loan and the form, content and provisions of the exhibits attached hereto are subject to change provided, (1) the principal amount of the Loan shall not be increased by more than 5.0%, (2) the rate of interest set forth in the form of Loan Agreement shall not be increased by more than 30 basis points, (3) the amortization of principal and interest payments shall not be less than 12 years from the date of the Promissory Note, and (4) the final maturity date of the Promissory Note shall not be earlier than seven years from the date of the Promissory Note.

Section 2. Authorization. The President of the University is hereby authorized and directed to execute and deliver, on behalf of the University, the 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 of the University and the Vice President for Finance and Administration of the University, or either of them. The Vice President for Finance and Administration of the University is hereby authorized to sign and deliver the Rent Supplement Agreement on behalf of the University in the event the President of the University is unavailable for such purpose.

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 Rent Supplement Agreement may be executed and delivered by the University, and that the Loan Agreement may entered into and delivered, and the Promissory Note may be issued and delivered, by RTC. The Secretary and any Assistant Secretary of the Board, or either of them, are hereby author-

ized and directed to affix the official seal of the Board to such instruments and to attest the same, and to the Rent Supplement Agreement and to attest the same.

Chairman Shumock called for a report from the Audit Committee, **Item 8**. Mr. Graham, Committee Chair, stated Ms. Ashley Willson and others from KPMG discussed the 2020 financial audit at a meeting on December 2, 2020, and indicated a clean opinion was issued on the University's financial statements. He commended the staff of the Division of Finance and Administration for their diligent efforts to complete the audit given the challenges associated with the pandemic, noting the audit was performed entirely virtually. He added that Mr. Weldon also presented the Alabama Department of Examiners of Public Accounts compliance report for the 2019 fiscal year at the December 2 meeting and advised that the report did not contain findings.

Chairman Shumock called for a report from the Development, Endowment and Investments Committee, **Item 9**. On behalf of Mr. Yance, Committee Chair, Mr. Windom stated Mr. Albano discussed endowment performance for the 2020 fiscal year at a meeting on December 2, 2020, advising of an investment return of nine percent versus the index performing at 9.14 percent, as well as of investment earnings for the fiscal year and since inception totaling approximately $14.3 million and approximately $99.8 million, respectively. He said representatives from J.P. Morgan also participated in the December 2 meeting and reported on the University's investments and the economy.

Mr. Windom stated the Committee voted unanimously to recommend Board approval of **Item 10** as follows and he moved for the approval of the resolution. Dr. Stokes seconded and the Board voted unanimously to approve the resolution:

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

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

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

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

Continuing with the **Item 9** report on the work of the Development, Endowment and Investments Committee, Mr. Windom stated Ms. Sullivan gave an update on the Upward & Onward Campaign that concluded on September 30, 2020, with approximately $160.9 million raised to support South's strategic priority areas, and on the United Way of Southwest Alabama campaign held in the fall that raised more than $220,000. A video demonstrating the impact of the Upward & Onward Campaign on the University and on USA Health was shown.

Chairman Shumock called for a report from the Health Affairs Committee, **Item 11**. On behalf of Dr. Charlton, Committee Chair, Dr. Furr stated that, at a meeting on December 2, 2020, Mr. Bailey gave an overview on the expansion of USA Health facilities and new projects underway. He referred to the renovation of the 10th and 11th floors at University Hospital to accommodate additional beds as an example of the work taking place and noted the Trustees would tour many of the USA Health project sites later in the day.

Chairman Shumock called for a report from the Academic and Student Affairs Committee, **Item 12**. Mr. Windom, Committee Chair, stated that, at a meeting on December 2, 2020, Associate Vice President for Institutional Effectiveness Dr. Angela Coleman discussed the decennial reaffirmation of accreditation process the University would soon engage in with the Southern Association of Colleges and Schools Commission on Colleges and advised that the University qualified to participate in a differentiated review which will reduce reporting responsibilities; Director of Student Health Mr. Ryan Ferguson reported on the services provided by the Student Health Center and on key outreach activities added with the emergence of the pandemic; University Police Chief Mr. Zeke Aull reported Clery crime statistics for 2019, discussed diversity training offered by South to regional law enforcement agencies, and spoke about officer recruitment; and Ms. Chronister advised of a record $100,736,047 in externally sponsored grants and contracts awarded during the 2020 fiscal year and noted this total included approximately $30 million in CARES (Coronavirus Aid, Relief and Economic Security) stimulus funding.

Chairman Shumock called for a report from the Long-Range Planning Committee, **Item 13**. Ms. Brown Stewart, Committee Chair, stated that, at a meeting on December 2, 2020, Dr. Coleman shared details on the strategic planning process being implemented. She said the University's Strategic Planning Committee had been reappointed and would soon meet to carry out a five-phase process to develop the University's next strategic plan, which she noted would be presented to the Board of Trustees for approval in December 2021.

Chairman Shumock called for a report from the Budget and Finance Committee, **Item 14**. Mr. Corcoran, Committee Chair, stated that, at a meeting on December 2, 2020, Mr. Weldon addressed the University's annual financial report and audited financial statements for the year ended September 30, 2020, advising of an increase in net position of approximately $124 million in contrast with the approximate $57 million increase in net position reported for 2019, and outlined the factors that contributed to this difference. He said Mr. Weldon also presented **Item 15** as follows, on which the Committee voted unanimously to recommend for Board approval. On motion by Mr. Corcoran, seconded by Mr. Perkins, the Board voted unanimously to approve the resolution:

RESOLUTION
BOND PURCHASE AGREEMENT FOR SERIES 2021 BONDS

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

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

(a) it is necessary, desirable and in the best interest of the University that the University design, develop, construct, acquire, equip and install (i) certain public capital improvements and assets to increase capacity within USA Health, including without limitation a new medical office building, operating room and emergency room renovations and improvements, and other improvements and assets, and (ii) public roadway improvements, sidewalk improvements, retention pond improvements, utility improvements, and other public capital improvements, equipment and assets for the University (herein collectively called the "2021 Capital Improvements"), and

(b) in order to provide the funds necessary to pay the costs of the 2021 Capital Improvements, it will be necessary for the University to issue one or more series of limited obligation University Facilities Revenue Bonds in an aggregate principal amount of up to approximately $50,000,000 (herein called the "Series 2021 Bonds"), and

(c) the University has determined to engage Raymond James & Associates, Inc., Hancock Whitney Investment Services, Inc., The Frazer Lanier Company Incorporated and Securities Capital Corporation (herein called the "Underwriters"), to serve as underwriters for the Series 2021 Bonds, and

(d) it will be necessary for the University to enter into a purchase contract (herein called the "Purchase Contract") with the Underwriters respecting the sale of the Series 2021 Bonds prior to the date on which the issuance and delivery of the Series 2021 Bonds will be approved by the Trustees, and

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

Section 2. Authorization to Execute Purchase Contract. The Trustees do hereby authorize and direct the President of the University to execute the Purchase Contract between the University and the Underwriters with respect to the sale and delivery by the University of the Series 2021 Bonds. The Vice President for Finance and Administration of the University is hereby authorized to sign and deliver the Purchase Contract on behalf of the University in the event the President of the University is unavailable for such purpose at the time such agreement is submitted by the Underwriters for execution. The final form of the Purchase Contract shall be subject to ratification and approval by the Trustees following its execution by the President or by the Vice President for Finance and Administration, as the case may be, at such time as the Trustees adopt a resolution authorizing the issuance and delivery of the Series 2021 Bonds.

Following a brief recess, Chairman Shumock read **Item 16** as follows, presented Dr. Steve and Mrs. Angelia Stokes a framed resolution commemorating the occasion and thanked them for their service. Dr. Stokes reflected on the Upward & Onward Campaign, crediting the staff of the Division of Development and Alumni Relations for their diligent efforts that ensured a successful end to the campaign in spite of the pandemic. He reflected on the future of South Alabama as well, acknowledging the record allocation received for the College of Medicine; encouraging the leadership to prioritize the development of new enrollment strategies; and asserting his and Mrs. Stokes' continued involvement in the advancement of the University, as signified by their latest contribution to USA's Center for Environmental Resiliency. The Board of Trustees expressed their appreciation of Dr. and Mrs. Stokes and their unanimous approval of the resolution by standing and giving a round of applause:

RESOLUTION
COMMENDATION OF DR. AND MRS. STEVEN H. STOKES
FOR LEADING THE $150 MILLION UPWARD & ONWARD CAMPAIGN

WHEREAS, Dr. and Mrs. Steven H. Stokes have served the University of South Alabama with integrity and enthusiasm for more than three decades, distinguishing themselves among its most engaged, loyal and generous alumni, and

WHEREAS, Dr. Stokes has advocated for and guided the advancement of the University as a member and as Chair *Pro Tempore* of the Board of Trustees during a tenure spanning 27 years, during which the University and USA Health have experienced tremendous growth, and

WHEREAS, Dr. and Mrs. Stokes have been instrumental in furthering the University of South Alabama mission through generous gifts to establish the *Angelia and Steven H. Stokes Center for Creative Writing*, the *Angelia and Steven H. Stokes Undergraduate Creative Writing Scholarship,* the *Angelia and Steven H. Stokes Undergraduate Scholarship in Marine Sciences,* and the *Angelia and Steven H. Stokes Endowed Chair in Environmental Resiliency*; foster scholars in creative writing; and support a vast array of projects, such as the construction of Moulton Tower and Alumni Plaza, and programs, including those provided through the Mitchell Cancer Institute and the College of Medicine, and

WHEREAS, the exceptional devotion of Dr. and Mrs. Stokes to their alma mater inspired the USA National Alumni Association to recognize Dr. Stokes with a Distinguished Alumni Award, and the Board of Trustees to commend Dr. Stokes for his service as Board Chair by conferring upon him the honorary title of *Chair Pro Tempore Emeritus*, and naming a state-of-the-art student residence facility the *Angelia and Steven H. Stokes Residence Hall* in honor of their enduring records of service, and

WHEREAS, Dr. and Mrs. Stokes successfully led the $150 million *Upward & Onward Campaign*, the largest capital campaign in the University of South Alabama's history encompassing all strategic priority areas of the University, and

WHEREAS, the unwavering leadership of Dr. and Mrs. Stokes as Co-Chairs throughout the five-year Upward & Onward Campaign resulted in the establishment and enhancement of endowed scholarships, lectureships, chairs, professorships, and capital projects; elevated private support of research; and advanced USA Health programs and facilities,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees gratefully recognizes Dr. and Mrs. Steven H. Stokes for their dedicated generosity and visionary leadership of the Upward & Onward Campaign, and acknowledges that, as Campaign Co-Chairs, the Stokeses have had a profound impact on the course of the University that will resonate for generations to come, and

FINALLY, BE IT RESOLVED that the Board of Trustees joins the University President, faculty, staff, and students in extending heartfelt thanks to Dr. and Mrs. Stokes for their outstanding service to the University of South Alabama.

There being no further business, the meeting was adjourned at 11:39 a.m.

Attest to:

Katherine Alexis Atkins, Secretary

Respectfully submitted:

James H. Shumock, Chair *pro tempore*

APPENDIX A

Proposed Changes to the USA Health Hospitals Medical Staff Bylaws/Documents
Revisions Approved via email vote by the USA Health Hospitals Active Medical Staff on October 22, 2020

Bold and Underline are <u>additions</u> - Strikethroughs are ~~deletions~~

Proposed Bylaw/Associated Document Revisions:

MEDICAL STAFF BYLAWS

1. **Medical Staff Dues-** Administration right to waive dues **(p. 2)**
2. **Courtesy Staff - Prerogatives and Responsibilities-** To allow admitting privileges **(p. 2)**
3. **Coverage Staff - Qualifications and Responsibilities-** To allow to cover for Courtesy Staff **(p.2-3)**
4. **Medical Staff Committees - Performance Improvement Functions-** Added pain management **(p. 3)**
5. **Provisions Common to all Meetings - Quorum and Voting-** CMO to vote to break a tie **(p. 3-4)**
6. **Basic Steps/Details - Process for Privileging-** 30 days to notify applicant of board decision **(p. 4)**
7. **Basic Steps/Details-Process for Credentialing (Appointment/Reappointment)** See above **(p. 4)**
8. **Amendments - Medical Staff Bylaws-** Moves the Executive Committee as the final step **(p. 5)**
9. **Other Medical Staff Documents-** Seven days to return a vote **(p. 5)**

CREDENTIALING POLICY

10. **Definitions from Credentialing Policy-** Added USA Health Credentialing Board (USAHCB) **(p. 5)**
11. **Procedure for Initial Appointment-MEC Recommendation-** HCB Approval Process **(p.5-6)**
12. **Procedure for Reappointment- Factors for Evaluation-** Peer recommendation when no data **(p.6)**

ORGANIZATIONAL MANUAL

13. **Medical Staff Committees- Executive Committee-** Revised membership composition **(p. 6)**
14. **Medical Staff Committees-CW Peer & Quality Review Committee-** Revised composition **(p. 7)**
15. **Medical Staff Committees-University Hospital Peer Review Committee-** New section **(p. 7)**

ADVANCED PRACTICE POLICY

16. **APP Credentialing Procedure- Board Action-** HCB Approval Process and 30-day notification **(p. 7)**

Proposed Changes to the USA Health Hospitals Medical Staff Bylaws/Documents
Revisions Approved via email vote by the USA Health Hospitals Active Medical Staff on October 22, 2020

Bold and Underline are <u>additions</u> - Strikethroughs are ~~deletions~~

MEDICAL STAFF BYLAWS REVISIONS

ARTICLE 1-<u>GENERAL</u>
<u>1.C. MEDICAL STAFF DUES</u>

(2) Dues shall be payable upon request Administrator or designee is responsible for the maintenance of financial records associated with the dues.

(3) Failure to pay dues shall result in ineligibility to apply for Medical Staff reappointment. **<u>Hospital administration will have the right to waive dues when indicated such as when related to contractual arrangements.</u>**

<u>2.B COURTESY STAFF</u>
<u>2.B.2. Prerogatives and Responsibilities</u>:
Courtesy Staff members:

(a) **<u>admit patients without limitation, except as otherwise provided in their specific delineation of clinical privileges, the Bylaws or Bylaws-related documents, or as limited by the Board;</u>**

~~(a)~~(b) shall exercise such clinical privileges as are granted to them;
~~(b)~~ (c) may attend and participate in Medical Staff and department or service line meetings (without vote);
~~(c)~~ (d) may not hold office or serve as department or service line chairs or committee chairs;
~~(d)~~ (e) may be invited to serve on committees (with vote);
~~(e)~~ (f) are generally excused from providing specialty coverage for the Emergency Department for unassigned patients, but:

(1) must assume the care of any of their patients who present to the Emergency Department when requested to do so by an Emergency Department physician,

(2) must accept referrals from the Emergency Department for follow-up care of their patients treated in the Emergency Department, and

(3) will be required to provide specialty coverage if the MEC finds that there are insufficient Active Staff members in a particular specialty area to perform these responsibilities;

~~(f)~~ (g) shall cooperate in the professional practice evaluation and performance improvement processes;
~~(g)~~ (h) shall pay any applicable application fees, dues, and assessments.

<u>2.E. COVERAGE STAFF</u>
<u>2.E.1. Qualifications</u>:

The Coverage Staff shall consist of physicians and oral and maxillofacial surgeons who:

(a) desire appointment to the Medical Staff solely for the purpose of being able to provide coverage assistance to Active **<u>or Courtesy</u>** Staff members who are members of their group practice or coverage group;

(b) at each reappointment time, provide such quality data and other information as may be requested to assist in an appropriate assessment of current clinical competence and overall qualifications for appointment and clinical privileges (including, but not limited to, information from another hospital, information from the individual's office practice, information from managed care organizations in which the individual participates, and/or receipt of confidential evaluation forms completed by referring/referred to physicians);

(c) are not required to satisfy any defined response time requirements in place at the Hospital, except for those times when they are providing coverage; and

(d) agree that their Medical Staff appointment and clinical privileges will be automatically relinquished, with no right to a hearing or appeal, if their coverage arrangement with the Active **<u>or Courtesy</u>** Staff member(s) terminates for any reason.

<u>2.E.2. Prerogatives and Responsibilities:</u>
<u>Coverage Staff members:</u>

(a) when providing coverage assistance for an Active or Courtesy Staff member, shall be entitled to admit and/or treat patients who are the responsibility of the Active or Courtesy Staff member who is being covered (i.e., the Active or Courtesy Staff member's own patients or unassigned patients who present through the Emergency Department when the Active **<u>or Courtesy</u>** Staff member is on call);

Proposed Changes to the USA Health Hospitals Medical Staff Bylaws/Documents
Revisions Approved via email vote by the USA Health Hospitals Active Medical Staff on October 22, 2020

Bold and Underline are <u>additions</u> - Strikethroughs are ~~deletions~~

<u>ARTICLE 5 - MEDICAL STAFF COMMITTEES AND PERFORMANCE IMPROVEMENT FUNCTIONS</u>
<u>5.D. PERFORMANCE IMPROVEMENT FUNCTIONS:</u>
The Medical Staff is actively involved in performance improvement functions, including reviewing data and recommending and implementing processes to address the following:

(1) patient safety, including processes to respond to patient safety alerts, meet patient safety goals and reduce patient safety risks;
(2) the Hospital's and individual practitioners' performance on Joint Commission and Centers for Medicare & Medicaid Services ("CMS") core measures;
(3) medical assessment and treatment of patients;
(4) use of information about adverse privileging determinations regarding any practitioner;
(5) medication usage, including review of significant adverse drug reactions, medication errors and the use of experimental drugs and procedures;
(6) the utilization of blood and blood components, including review of significant transfusion reactions;
(7) operative and other procedures, including tissue review and review of discrepancies between pre-operative and post-operative diagnoses;
(8) appropriateness of clinical practice patterns;
(9) significant departures from established patterns of clinical practice;
(10) education of patients and families;
(11) coordination of care, treatment and services with other practitioners and Hospital personnel;
(12) accurate, timely and legible completion of medical records;
(13) the required content and quality of history and physical examinations, as well as the time frames required for completion, all of which are set forth in Appendix B of these Bylaws;
(14) the use of developed criteria for autopsies;
(15) sentinel events, including root cause analyses and responses to unanticipated adverse events;
(16) nosocomial infections and the potential for infection;
(17) unnecessary procedures or treatment;
(18) appropriate resource utilization: and
(19) **<u>pain assessment, pain management, and safe opioid prescribing</u>**

<u>6.D. PROVISIONS COMMON TO ALL MEETINGS</u>
<u>6.D.2. Quorum and Voting:</u>

(a) For any regular or special meeting of the Medical Staff, department, or committee, those voting members present (but not fewer than two) shall constitute a quorum. Exceptions to this general rule are that for meetings of the MEC and the Leadership Council the presence of at least 50% of the voting members of the committee shall constitute a quorum. **<u>In the event of a tie vote the Chief Medical Officer would vote at the MEC and Leadership Council meetings.</u>**
(b) Once a quorum is established, the business of the meeting may continue and all actions taken shall be binding, even if attendance drops below a quorum during the course of the meeting.
(c) Recommendations and actions of the Medical Staff, departments, service lines, and committees shall be by consensus. In the event it is necessary to vote on an issue, that issue will be determined by a majority vote of those individuals present. Voting may be by written ballot at the discretion of the Presiding Officer.
(d) The voting members of the Medical Staff, a department, service line, or a committee may also be presented with a question by mail, facsimile, e-mail, hand delivery, website posting, or telephone and their votes returned to the Presiding Officer by the method designated in the notice. Except for actions by the MEC and the Leadership Council (which require a 50% quorum), a quorum for purposes of these votes shall be the number of responses returned to the Presiding Officer by the date indicated. The question raised shall be determined in the affirmative if a majority of the responses returned has so indicated.
(e) When determining whether a specific percentage or a majority has been achieved with respect to a vote of the Medical Staff or a department, service line or committee, an individual who has recused himself or herself from participation in the vote shall not be counted as a voting member (for example, if there are ten voting members of a committee and one recuses himself or herself on a particular matter, the majority vote for that matter would be calculated as five of the remaining nine votes). **<u>When there is a tie vote the CMO shall vote to break the tie.</u>**
(f) At the discretion of the Presiding Officer, one or more Medical Staff members may participate in a meeting by telephone conference.

Proposed Changes to the USA Health Hospitals Medical Staff Bylaws/Documents
Revisions Approved via email vote by the USA Health Hospitals Active Medical Staff on October 22, 2020

Bold and Underline are <u>additions</u> - Strikethroughs are ~~deletions~~

<u>ARTICLE 8 - BASIC STEPS AND DETAILS</u>
The details associated with the following Basic Steps are contained in the Credentials Policy and the Advance Practice Professionals Policy in a more expansive form.

<u>8.B. PROCESS FOR PRIVILEGING</u>

Requests for privileges are provided to the applicable department chair or service line chair, who reviews the individual's education, training, and experience and prepares a form provided by the Medical Staff Office stating whether the individual meets all qualifications. The Combined Credentials Committee then reviews the chair's assessment, the application, and all supporting materials and makes a recommendation to the MEC. The MEC may accept the recommendation of the Combined Credentials Committee, refer the application back to the Combined Credentials Committee for further review, or state specific reasons for disagreement with the recommendation of the Combined Credentials Committee. If the recommendation of the MEC to grant privileges is favorable, it is forwarded to the ~~Board for final action~~ **<u>USA Health Credentialing Board to review and approve requests for appointment, reappointment and granting of clinical privileges to USA Health and its hospitals and clinics.</u> <u>This approval is the final step for granting of full privileges. For favorable recommendations, the applicant will be notified of the decision within 30 days.</u>** If the recommendation of the MEC is unfavorable, the individual is notified by the Hospital Administrator of the right to request a hearing.

<u>8.C. PROCESS FOR CREDENTIALING (APPOINTMENT AND REAPPOINTMENT)</u>

Complete applications are provided to the applicable department chair or service line chair, who reviews the individual's education, training, and experience and prepares a form provided by the Medical Staff Office stating whether the individual meets all qualifications. The Combined Credentials Committee then reviews the chair's assessment, the application, and all supporting materials and makes a recommendation to the MEC. The MEC may accept the recommendation of the Combined Credentials

Committee, refer the application back to the Combined Credentials Committee for further review, or state specific reasons for disagreement with the recommendation of the Combined Credentials Committee. If the recommendation of the MEC to grant appointment or reappointment is favorable, it is forwarded to the ~~Board for final action~~ **<u>USA Health Credentialing Board to review and approve requests for appointment, reappointment and granting of clinical privileges to USA Health and its hospitals and clinics.</u> <u>This approval is the final step for granting of full privileges. For favorable recommendations, the applicant will be notified of the decision within 30 days.</u>** If the recommendation of the MEC is unfavorable, the individual is notified by the Hospital Administrator of the right to request a hearing.

<u>ARTICLE 9-AMENDMENTS</u>
<u>9.A. MEDICAL STAFF BYLAWS</u>

(2) All proposed amendments to these Bylaws must be reviewed by the Bylaws Committee, ~~the Executive Committee~~, and both MECs prior to a vote by the Medical Staff. The MECs may hold a Medical Staff meeting with the relevant Medical Staff to discuss proposed amendments; however, voting shall not take place at a meeting but, rather, will be accomplished in accordance with this section. The MECs shall present all proposed amendments to the voting staffs by written or electronic ballot to be returned to the Medical Staff Office by the date indicated on the ballot, which date shall be at least **<u>7</u>** ~~14~~ days after the proposed amendment was provided to the voting staffs. Along with the proposed amendments, the MEC may, in its discretion, provide a written report on them either favorably or unfavorably. To be adopted, the amendment must receive a majority of the votes cast. **<u>The amendment would then be presented to the Executive Committee for approval.</u>**

<u>9.B. OTHER MEDICAL STAFF DOCUMENTS</u>

(2) An amendment to the Credentials Policy, Medical Staff Organization Manual, Advance Practice Professionals Policy, or the Medical Staff Rules and Regulations may be made by a majority vote of the members of each MEC present and voting at any meeting of that Committee where a quorum exists. Notice of all proposed amendments shall be provided to each voting staff member of the Medical Staff at least **<u>7</u>** ~~14~~ days prior to the respective MEC meeting, and any voting staff member may submit written comments to the MEC. If there is any disagreement between the MECs for the two Hospitals with respect to an amendment(s), a joint meeting shall be scheduled to discuss and resolve the disagreement.

Proposed Changes to the USA Health Hospitals Medical Staff Bylaws/Documents
Revisions Approved via email vote by the USA Health Hospitals Active Medical Staff on October 22, 2020

Bold and Underline are <u>additions</u> - Strikethroughs are ~~deletions~~

MEDICAL STAFF CREDENTIAL POLICY REVISIONS

<u>ARTICLE 1 - GENERAL</u>
<u>1.A. DEFINITIONS</u>

The following definitions shall apply to terms used in this Policy:

(1) "BOARD" means the University of South Alabama Board of Trustees, or its designated committee.

(2) **<u>"USA Health Credentialing Board" ("USAHCB") consist of four (4) voting members- Vice President of Medical Affairs/Dean of the College of Medicine, the Chief Medical Officer, and two (2) BOT members, as appointed by the USA Board of Trustees; and one (1) non-voting member- the CEO of USA Health.</u>**

<u>ARTICLE 3 - PROCEDURE FOR INITIAL APPOINTMENT</u>
<u>3.A. PROCEDURE FOR INITIAL APPOINTMENT</u>
<u>3.A.6. MEC Recommendation</u>:

(a) At its next regular meeting after receipt of the written findings and recommendation of the Combined Credentials Committee, the MEC shall:

(1) adopt the findings and recommendation of the Combined Credentials Committee, as its own; or
(2) refer the matter back to the Combined Credentials Committee for further consideration and responses to specific questions raised by the MEC prior to its final recommendation; or
(3) state its reasons in its report and recommendation, along with supporting information, for its disagreement with the Combined Credentials Committee's recommendation.

(b) If the recommendation of the MEC is to appoint, the recommendation shall be forwarded to the **<u>USA Health Credentialing</u>** Board.

(c) If the recommendation of the MEC is unfavorable and would entitle the applicant to request a hearing in accordance with Section 7.A.1(a) of this Policy, the MEC shall forward its recommendation to the Hospital Administrator, who shall promptly send Special Notice to the applicant. The Hospital Administrator shall then hold the application until after the applicant has completed or waived a hearing and appeal.

<u>3.A.7. Board Action</u>:

(a) <u>Expedited Review</u>: The Board may delegate to a committee, consisting of at least two Board members, action on appointment, reappointment, and clinical privileges if there has been a favorable recommendation from the Combined Credentials Committee and the MEC and there is no evidence of any of the following:

(1) a current or previously successful challenge to any license or registration;
(2) an involuntary termination, limitation, reduction, denial, or loss of appointment or privileges at any other hospital or other entity; or
(3) an unusual pattern of, or an excessive number of, professional liability actions resulting in a final judgment against the applicant.

Any decision reached by the Board **<u>Committee (this is referring to the USA Health Credentialing Board)</u>** to appoint shall be effective immediately. ~~and shall be forwarded to the Board for ratification at its next meeting.~~ **<u>This approval will be presented at the next board meeting.</u>**

AND ADDITIONAL PROCESS CHANGE TO 3.A.7 BOARD ACTION:

(d) Any final decision by the Board to grant, deny, revise or revoke appointment and/or clinical privileges will be disseminated to appropriate individuals **<u>within 30 calendar days</u>** and, as required, reported to appropriate entities.

<u>ARTICLE 5-PROCEDURE FOR REAPPOINTMENT</u>
5.A.2. Factors for Evaluation:
In considering an individual's application for reappointment, the factors listed in Section 2.A.3 of this Policy will be considered. Additionally, the following factors will be evaluated as part of the reappointment process:

(a) compliance with the Bylaws, Rules and Regulations, and policies of the Medical Staff and the Hospital;

Proposed Changes to the USA Health Hospitals Medical Staff Bylaws/Documents
Revisions Approved via email vote by the USA Health Hospitals Active Medical Staff on October 22, 2020

Bold and Underline are <u>additions</u> - Strikethroughs are ~~deletions~~

(b) participation in Medical Staff duties, including committee assignments, emergency call, consultation requests, quality of medical record documentation, cooperation with case management, participation in quality improvement, utilization activities, and professional practice evaluation activities, and such other reasonable duties and responsibilities as assigned;

(c) the results of the Hospital's performance improvement and professional practice evaluation activities, taking into consideration practitioner-specific information compared to aggregate information concerning other individuals in the same or similar specialty (provided that, other practitioners will not be identified); **<u>Upon renewal of privileges, when insufficient practitioner- specific data is available, a peer recommendation is evaluated</u>.**
(TJC MS 07.01.03 EP2)

(d) any focused professional practice evaluations;

(e) verified complaints received from patients, families, and/or staff; and

(f) other reasonable indicators of continuing qualifications.

MEDICAL STAFF ORGANIZATIONAL MANUAL REVISIONS

<u>ARTICLE 3 – MEDICAL STAFF COMMITTEES</u>
<u>3.F. EXECUTIVE COMMITTEE</u>
<u>3.F.1. Composition</u>:

The Executive Committee is a joint committee with authority for both Hospitals which shall consist of the Vice President of Medical Affairs/Dean of the College of Medicine, who shall serve as the Chair, ~~the Hospital Administrators, the CMO, the CNO, the CFO, the Chair of the MEC from each Hospital, the Immediate Past Chair of the MEC from each Hospital, and the Academic/Service Line Department Chairs~~. **<u>the CEO, and appropriate Chairs, Service Line Leaders and Senior Administrators</u>**.

<u>3.K. USA HEALTH CHILDREN'S & WOMEN'S HOSPITAL PEER & QUALITY REVIEW COMMITTEE</u>
3.K.1. Composition:

The USA Health Children's & Women's Hospital Peer & Quality Review Committee shall consist of ~~the chair of the Surgery Steering Committee; the Academic Chairs of Pediatrics, OB/Gyn, Family Medicine, and Emergency Medicine; medical directors of PICU and NICU; Family Medicine, OB/Gyn, and Pediatric program directors; other representatives of the Medical Staff, including hospitalists, proceduralists and specialists; Quality Management case reviewers and USA attorney representatives as *ex officio* members.~~ **<u>appropriate medical staff representation from the medical staff departments and Quality Management staff.</u>**

<u>3.M USA HEALTH UNIVERSITY HOSPITAL PEER REVIEW COMMITTEE</u>
<u>3.M.1 Composition:</u>

<u>The USA Health University Hospital Peer Review Committee shall consist of appropriate medical staff representation from the medical staff departments and Quality Management staff.</u>

<u>3.M.2 Duties:</u>

<u>The USA Health University Hospital Peer Review Committee shall:</u>

(a) <u>review and evaluate appropriateness of clinical care which includes complication prevention and mitigation actions when applicable, oversight and coordination of care, documentation, and coding;</u>

(b) <u>oversee the implementation of the peer review process;</u>

(c) <u>evaluate appropriateness of care and make recommendations for actions with practitioners or to the system.</u>

(e) <u>formulate Quality Improvement recommendations when care provides an opportunity for improvement or is related to a variance in practice, technique, adherence to evidence-based care or recommended practice, or other identified area; and</u>

(f) <u>perform any additional functions as may be set forth in applicable peer review policies or as requested by the Leadership Council, the MEC, or the Board</u>

Proposed Changes to the USA Health Hospitals Medical Staff Bylaws/Documents
Revisions Approved via email vote by the USA Health Hospitals Active Medical Staff on October 22, 2020

Bold and Underline are <u>additions</u> - Strikethroughs are ~~deletions~~

ADVANCE PRACTICE PROFESSIONALS POLICY

<u>5.A.6. Board Action</u>:
(a) <u>Expedited Review</u>: The Board may delegate to a committee, consisting of at least two Board members, action on appointment, reappointment, and clinical privileges if there has been a favorable recommendation from the Combined Credentials Committee and the MEC and there is no evidence of any of the following:

(1) a current or previously successful challenge to any license or registration;
(2) an involuntary termination, limitation, reduction, denial, or loss of appointment or privileges at any other hospital or other entity; or
(3) an unusual pattern of, or an excessive number of, professional liability actions resulting in a final judgment against the applicant.

Any decision reached by the Board **<u>Committee (this is referring to the USA Health Credentialing Board)</u>** to appoint shall be effective immediately. ~~and shall be forwarded to the Board for ratification at its next meeting.~~ **<u>This approval will be presented at the next board meeting.</u>**

AND ADDITIONAL PROCESS CHANGE TO 5.A.6 BOARD ACTION:

(d) Any final decision by the Board to grant, deny, revise or revoke appointment and/or clinical privileges will be disseminated to appropriate individuals **<u>within 30 calendar days</u>** and, as required, reported to appropriate entities. (MS 06.01.09 The decision to grant, limit, or deny an initially requested privilege or an existing privilege petitioned for renewal is communicated to the requesting practitioner within the time frame specified in the medical staff Bylaws).

UNIVERSITY OF SOUTH ALABAMA

401(a) Money Purchase Pension Plan

As Amended and Restated
Effective January 1, 2020

Table of Contents

Page

ARTICLE 1. Definitions

Section 1.1 Accumulation Account 1
Section 1.2 Annual Compensation Limit 1
Section 1.3 Annuity Starting Date 1
Section 1.4 Balance 1
Section 1.5 Beneficiary(ies) "Beneficiary" 1
Section 1.6 Board 1
Section 1.7 Code 1
Section 1.8 Compensation 1
Section 1.9 Date of Employment or Reemployment 3
Section 1.10 Direct Rollover 3
Section 1.11 Distributee 3
Section 1.12 Effective Date 3
Section 1.13 Election Period 3
Section 1.14 Eligible Compensation 3
Section 1.15 Eligible Employee 3
Section 1.16 Eligible Retirement Plan 3
Section 1.17 Eligible Rollover Distribution 4
Section 1.18 Funding Vehicles 4
Section 1.19 Institution or Employer 4
Section 1.20 Institution Contribution or Employer Contribution 4
Section 1.21 Limitation Year 4
Section 1.22 Normal Retirement Age 4
Section 1.23 Normal Retirement Date 4
Section 1.24 Participant 4
Section 1.25 Plan 4
Section 1.26 Plan Administrator 4
Section 1.27 Plan Entry Date 4
Section 1.28 Plan Year 5
Section 1.30 Qualified Joint and Survivor Annuity 5
Section 1.32 Quarter End 5
Section 1.33 Spouse 5
Section 1.34 Required Beginning Date 5
Section 1.35 Year End 5

ARTICLE 2. Eligibility for Participation

Section 2.1 Participation 6
Section 2.2 Notification 6
Section 2.3 Reemployment 6
Section 2.4 Return to Eligible Class 6
Section 2.5 Termination of Participation 6

ARTICLE 3. Employer Contributions

Section 3.1 Contributions....7
Section 3.2 Allocation of Contributions....7
Section 3.3 Participant Statements....7
Section 3.4 Limitations....7
Section 3.5 Maximum Employer Contributions....7

ARTICLE 4. Vesting

ARTICLE 5. Benefits

Section 5.1 Normal Retirement....12
Section 5.2 Total and Permanent Disability....12
Section 5.3 Death....12
Section 5.4 Other Cessation of Employment....14
Section 5.5 Form of Benefit Payment....14
Section 5.6 Death of Participant Prior to Receipt of Benefit....15
Section 5.7 Beneficiary....15
Section 5.8 Administrative Delay....16
Section 5.9 Required Distributions....16
Section 5.10 Compliance with Section 414(u) of the Code....16

ARTICLE 6. Administration

Section 6.1 Plan Administrator....17
Section 6.2 Authority of the Institution....17
Section 6.3 Action of the Institution....17
Section 6.4 No reversion....17
Section 6.5 Relationship of Federal and State Law....17

ARTICLE 7. Funding Vehicles

Section 7.1 Investment of Plan Contributions....18
Section 7.2 Funding Vehicles....18
Section 7.3 Fund Transfers....18

ARTICLE 8. Claims Procedures

Section 8.1 Claims for Benefits....19
Section 8.2 Review of Claims....19
Section 8.3 Miscellaneous....19

ARTICLE 9. Amendment And Termination

Section 9.1 Amendment and Termination....21
Section 9.2 Limitation....21

ARTICLE 10. Miscellaneous

Section 10.1 Plan Non-Contractual....22

Section 10.2 Consent 22
Section 10.3 Duty to Furnish Information 22
Section 10.4 Claims of Other Persons 22
Section 10.5 Non-Alienation of Retirement Rights or Benefits 22
Section 10.6 Exclusive Benefit 22
Section 10.7 Merger, Consolidation, or Transfers of Plan Assets 23

ARTICLE 1.
Definitions

Section 1.1 Accumulation Account means the separate account established for each Participant under the Plan.

Section 1.2 Annual Compensation Limit shall mean the limit for contributions set forth in Code Section 401(a)(17), as the same is adjusted from year to year.

Section 1.3 Annuity Starting Date shall mean (i) the first day of the first period for which an amount is payable as an annuity, or (ii) in the case of a benefit not payable in the form of an annuity, the first day in which all events have occurred which entitle the Participant to such benefit.

Section 1.4 Balance shall mean, with respect to an Accumulation Account at any time, the dollar amount of the balance of such Accumulation Account determined as of the preceding Quarter End, increased by the amount or amounts, if any, credited to such Accumulation Account pursuant to the terms of the Plan since such preceding Quarter End and reduced by the amount of any distributions made and any other amount or amounts, if any, charged to and removed from such Accumulation Account pursuant to the terms of the Plan since such preceding Quarter End.

Section 1.5 Beneficiary(ies) "Beneficiary" means the individual, institution, trustee, or estate designated by the Participant to receive benefits on the death of the Participant.

Section 1.6 Board means the Institution's Board of Trustees.

Section 1.7 Code means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code includes not only the section, but any comparable section or sections of any future legislation that amends, supplements, or supersedes the section.

Section 1.8 Compensation means wages paid to a Participant by the Institution that must be reported as wages on the Participant's W-2 Form. "Compensation" includes those wages that are not included in the Participant's gross income due to Participant participation in an IRC Section 125, 132(f)(4), 401(k), 403(b) elective deferral plan, 414(h)(1)(B), 414(h)(2), or 457 salary reduction agreement.

Notwithstanding any other stated Plan provision to the contrary, the annual compensation to be considered for each Participant shall not exceed the OBRA '93 annual compensation limit. The OBRA '93 annual compensation limit for Plan Year 2004 is $205,000. The annual compensation limit will be adjusted by the Commissioner of the Internal Revenue Service for increases in the cost-of-living and will be consistent with Section 401(a)(17)(B) of the Internal Revenue Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

Notwithstanding the foregoing, Compensation for all applicable purposes under the Plan of Section 415 of the Code ("415 Compensation") shall be adjusted for the following types of compensation paid after a Participant's severance from employment with the Employer (or any other entity that is treated as the Employer pursuant to Sections 414(b), (c), (m) or (o) of the Code): regular pay, leave cashouts, and deferred compensation, salary continuation payments for military service Participants, and salary continuation payments for disabled Participants. However, leave cashouts and deferred compensation as described below may only be included in 415 Compensation to the extent such amounts are paid by the later of 2 ½ months after severance from employment or by the end of the Limitation Year that includes the date of such severance from employment. Any other payment of compensation paid after severance of employment that is not described in the following types of compensation is not considered 415 Compensation within the meaning of Section 415(c)(3) of the Code, even if payment is made within the time period specified above.

With regard to regular pay, 415 Compensation shall include regular pay after severance of employment if: (1) the payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments; and (2) the payment would have been paid to the Participant prior to a severance from employment if the Participant had continued in employment with the Employer.

With regard to leave cashouts and deferred compensation, leave cashouts shall be included in 415 Compensation if those amounts would have been included in the definition of 415 Compensation if they were paid prior to the Participant's severance from employment, and the amounts are payment for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if employment had continued. In addition, deferred compensation shall be included in 415 Compensation if the compensation would have been included in the definition of 415 Compensation if it had been paid prior to the Participant's severance from employment, and the compensation is received pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid at the same time if the Participant had continued in employment with the Institution and only to the extent that the payment is includible in the Participant's gross income.

With regard to salary continuation for military service Participants, 415 Compensation includes payments to an individual who does not currently perform services for the Employer by reason of qualified military service (as that term is used in Section 414(u)(1) of the Code) to the extent those payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering qualified military service.

With regard to payments for disabled Participants, 415 Compensation does not include compensation paid to a Participant who is permanently and totally disabled (as defined in Section 22(e)(3) of the Code).

415 Compensation for a Limitation Year shall not include amounts earned but not paid during the Limitation Year solely because of the timing of pay periods and pay dates.

Section 1.9 Date of Employment or Reemployment means the first day in which an Eligible Employee is paid for the performance of services for the most recent period of service with the Institution. For a faculty member Date of Employment or Reemployment is the date of appointment.

Section 1.10 Direct Rollover shall mean a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

Section 1.11 Distributee shall mean an Eligible Employee, former Eligible Employee, or Beneficiary. In addition, the Eligible Employee's or former Eligible Employee's Spouse or former Spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are Distributees with regard to the interest of the Spouse or former Spouse.

Section 1.12 Effective Date means January 1, 2020 for this amendment and restatement. The original Effective Date of this Plan was January 1, 2004.

Section 1.13 Election Period shall mean with respect to a Participant's election not to receive a Qualified Joint and Survivor Annuity, the 90-day period ending on the Annuity Starting Date. With respect to a Participant's election not to receive a Qualified Preretirement Survivor Annuity, the period which begins on the first day of the Plan Year in which the Participant attains age 35 (or, if later, the date on which the Participant commences participation in the Plan) and ends on the date of the Participant's death. If a Participant separates from service prior to the first day of the Plan Year in which age 35 is attained, with respect to benefits accrued prior to separation, the Election Period shall begin on the date of separation.

Section 1.14 Eligible Compensation shall mean all such compensation, not in excess of the Annual Compensation Limit that can be utilized for contributions to the University of South Alabama Money Purchase Pension Plan, based upon the limits of Code Section 401(a) (17), as the same are adjusted from year to year.

Section 1.15 Eligible Employee means the full-time employee holding the office of President of the University of South Alabama, as of January 1, 2004, and any other employee of the Institution approved by the Institution. The term Eligible Employee shall not include self-employed individuals, as defined by Section 401(c)(1) of the Code.

Section 1.16 Eligible Retirement Plan shall mean an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code (other than an endowment contract), a qualified trust (an employees' trust) described in Section 401(a) of the Code which is exempt from tax under Section 501(a) of the Code and which agrees to separately account for amounts transferred into such plan from this Plan, an annuity plan described in Section 403(a) of the Code, an eligible deferred compensation plan described in Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality thereof which agrees to separately account for amounts transferred into such plan from this Plan, and an annuity contract described in Section 403(b) of the Code that accepts the distributee's eligible rollover distribution. However, in the case of an Eligible Rollover Distribution to the surviving Spouse, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity, and in the case of an Eligible Rollover

Distribution to the non-Spouse Beneficiary, an Eligible Retirement Plan is an individual retirement account. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving Spouse, or to a Spouse or former Spouse who is the alternate payee under a qualified domestic relation order, as defined in Code Section 414(p).

Section 1.17 Eligible Rollover Distribution shall mean any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to Employer securities); and, effective for distributions on after January 1, 1999, any hardship distribution described in Section 401(k)(2)(B)(IV) of the Code.

Section 1.18 Funding Vehicles means a tax deferred annuity, fixed or variable in nature or a combination thereof, or a mutual fund issued for the purpose of funding accrued benefits under the Plan, which annuity contracts are described in Section 401(g) of the IRC.

Section 1.19 Institution or Employer means the University of South Alabama, which is an agency and instrumentality of the State of Alabama.

Section 1.20 Institution Contribution or Employer Contribution means contributions made by the Institution under this Plan.

Section 1.21 Limitation Year means the calendar year. The Limitation Year may only be changed by a Plan amendment. Furthermore, if the Plan is terminated effective as of a date other than the last day of the Plan's Limitation Year, then the Plan is treated as if the Plan had been amended to change its Limitation Year.

Section 1.22 Normal Retirement Age means age 65.

Section 1.23 Normal Retirement Date shall mean for any Participant the first day of the month in which such Participant attains age 65.

Section 1.24 Participant means any Eligible Employee of the Institution who participates in the Plan in accordance with Article 2.

Section 1.25 Plan means the Institution's 401(a) Money Purchase Pension Plan as set forth in this document.

Section 1.26 Plan Administrator means the Institution as more particularly described in Section 6.1.

Section 1.27 Plan Entry Date means the first day after the date that the employee has met the participation requirements set forth in Article 2.

Section 1.28 Plan Year means the calendar year.

Section 1.29 Qualified Election shall mean an election in writing signed by the Participant and filed with the Plan Administrator waiving the Qualified Joint and Survivor Annuity or the Qualified Preretirement Survivor Annuity during the Participant's Election Period. No such election shall become effective unless the Participant's Spouse has consented in writing to such election (including, if applicable, the identity of any Beneficiary designated by the Participant) and the Spouse's consent acknowledges the effect of such election and is witnessed by a Plan representative or a notary public. Unless it is established to the satisfaction of the Plan representative that the consent required may not be obtained because the Spouse cannot be located or because of such other circumstances as the Secretary of the Treasury may by regulations prescribe. A Qualified Election may be revoked by the Participant in writing, without consent of a Spouse, at any time during the applicable Election Period. A Participant may make any number of Qualified Elections and revocations thereof.

Section 1.30 Qualified Joint and Survivor Annuity shall mean an annuity for the life of a Participant with a survivor annuity for the life of the Participant's Spouse which is one-half of the annuity payments during the joint lives of the Participant and the Participant's Spouse. In the case of a Participant who does not have a Spouse, the term Qualified Joint and Survivor Annuity shall mean an annuity for the life of the Participant.

Section 1.31 Qualified Preretirement Survivor Annuity shall mean an annuity for the life of the Participant's surviving Spouse, the actuarial equivalent of which is not less than 50% of the Balance of the Participant's Accumulation Accounts as of the date of death.

Section 1.32 Quarter End shall mean the last day of each calendar quarter, namely March 31, June 30, September 30 and December 31, commencing with December 31, 2004.

Section 1.33 Spouse shall mean the spouse to whom a Participant is married as of the earlier of the date payment of the benefit due the Participant is paid or commences to be paid or the date of the Participant's death.

Section 1.34 Required Beginning Date shall mean April 1 following the later of (i) the calendar year in which the Participant attains age 70 ½, and (ii) the calendar year in which the Participant separates from service.

Section 1.35 Year End shall mean December 31 of each Plan Year.

ARTICLE 2.
Eligibility for Participation

Section 2.1 Participation. All Eligible Employees will begin participation in this Plan on the Plan Entry Date during the first Plan Year beginning on or after the Effective Date.

If an individual is classified as an independent contractor or leased employee during any period of providing services to the Institution, such individual will be deemed to be in an ineligible class of employees for purposes of the Plan during such period, even if the individual is determined to be a common law employee during such period pursuant to a government audit or litigation.

Section 2.2 Notification. The Institution will notify each Eligible Employee in writing of eligibility to participate in the Plan. Each Participant is entitled to the benefits and is bound by all of the terms, provisions, and conditions of this Plan, including any and all amendments which from time to time may be adopted, including the terms, provisions and conditions of any Funding Vehicle(s) to which Employer Contributions have been applied.

Section 2.3 Reemployment. A Participant shall resume participation in the Plan immediately upon reemployment provided that he/she meets the qualifications set forth in Section 2.1 of Article 2.

Section 2.4 Return to Eligible Class. In the event a Participant is no longer a member of an eligible class of employees and becomes ineligible to participate, such employee will participate immediately upon returning to an eligible class of employee.

Section 2.5 Termination of Participation. A Participant will continue to be eligible for the Plan until one of the following conditions occur:

(a) he or she retires or is separated from employment as an Eligible Employee;

(b) the Plan is terminated;

(c) he or she elects phased retirement.

ARTICLE 3.
Employer Contributions

Section 3.1 Contributions. For each Plan Year beginning on and after January 1, 2004, the Institution shall contribute to the Plan for those Eligible Employees who have become Participants pursuant to Article 2 hereof an amount equal to twenty-five percent (25%) of such Participant's Compensation.

Employer Contributions are considered to be credited to Participants no later than the next business day following the day for which the Employer Contributions are made.

The Annual Compensation Limit will be adjusted by the Commissioner of the Internal Revenue Service for increases in the cost-of-living and will be consistent with Section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

Section 3.2 Allocation of Contributions. Employer Contributions shall be invested in the Investment Funds selected by a Participant, in accordance with the procedures established by the Plan Administrator as soon as practicable upon receipt of such Employer Contributions. Employer Contributions may be allocated by the Participant to one or more Investment Funds in whole number percentages.

Section 3.3 Participant Statements. At least once a year the Fund Sponsors to whom the Participant has allocated contributions will send the Participant a report summarizing the status of that portion of his or her Accumulation Account with that Fund Sponsor.

Section 3.4 Limitations. Notwithstanding anything to the contrary contained in this Plan, the obligation of the Institution to make contributions is subject to the provisions relating to the amendment and termination of the Plan. However, no amendment or termination will affect any obligation of the Institution to make contributions with respect to Compensation earned by Participants prior to the date of amendment or termination.

Section 3.5 Maximum Employer Contributions. Notwithstanding anything contained in this Plan to the contrary, the total Employer Contributions made for any Participant for any year will not exceed the amount permitted under Section 415 of the Code ("Maximum Annual Additive"). The limitations of Code Section 415 are hereby incorporated by reference.

For the purpose of calculating the limits of Code Section 415, compensation means 415 Compensation (as described in Section 1.6). Notwithstanding anything in the Plan to the contrary, the Maximum Annual Addition for purposes of Code Section 415 shall not include restorative payments. A restorative payment is a payment made to restore losses to the Plan resulting from actions by a fiduciary for which there is reasonable risk of liability for breach of a fiduciary duty under applicable federal or state law, where Participants who are similarly situated are treated similarly with respect to the payments. Generally, payments are restorative payments

only if the payments are made in order to restore some or all of the Plan's losses due to an action (or a failure to act) that creates a reasonable risk of liability for such a breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan). This includes payments to the Plan made pursuant to a court-approved settlement to restore losses to a qualified defined contribution plan on account of the breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan).

The Maximum Annual Addition for purposes of Code Section 415 shall not include: (1) the direct transfer of a benefit or employee contributions from a qualified plan to this Plan; (2) rollover contributions (as described in Code Sections 401(a)(31), 402(c)(1), 403(a)(4), 403(b)(8), 408(d)(3), and 457(e)(16)); (3) repayments of loans made to a Participant from the Plan; and (4) repayments of amounts described in Code Section 411(a)(7)(B) (in accordance with Code Section 411(a)(7)(C)) and Code Section 411(a)(3)(D) or repayment of contributions to a governmental plan (as defined in Code Section 414(d)) as described in Code Section 415(k)(3), as well as Institution restorations of benefits that are required pursuant to such repayments.

Institution contributions are treated as credited to a participant's account for a particular Limitation Year only if the contributions are actually made to the plan no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable, depending on the basis on which the employer keeps its books) with or within which the particular Limitation Year ends.

Compensation shall include any elective deferral (as defined in Section 402(g)(3) of the Code) and any amount which is contributed or deferred by the Institution at the election of the Participant and which is not includible in the gross income of the Participant by reason of Sections 125, 132(f)(4) or 457 of the Code.

Notwithstanding any provision of the Plan to the contrary, if the annual additions (within the meaning of Code Section 415) are exceeded for any participant, then the Plan may only correct such excess in accordance with the Employee Plans Compliance Resolution System (EPCRS) as set forth in Revenue Procedure 2006-27 or any superseding guidance, including, but not limited to, the preamble of the final Section 415 regulations.

To the extent permitted by Section 415 of the Code and the regulations promulgated thereunder, if the Institution Contributions exceed the Maximum Annual Addition, the excess amounts will be held unallocated in a suspense account and will be applied to reduce Institution Contributions in succeeding Limitation Years.

For purposes of applying the limitations of Code Section 415, all defined contribution plans (without regard to whether a plan has been terminated) ever maintained by the Institution (or a "predecessor employer") under which the participant receives annual additions are treated as one defined contribution plan. The "Institution" means the Institution and all members of a controlled group or an affiliated service group that includes the Institution (within the meaning of Code Sections 414(b), (c), (m) or (o)), except that for purposes of this Section, the determination shall be made by applying Code Section 415(h), and shall take into account tax-exempt organizations under Regulation Section 1.414(c)-5, as modified by Regulation Section 1.415(a)-1(f)(1). For purposes of this Section:

(1) A former employer is a "predecessor employer" with respect to a participant in a plan maintained by the Institution if the Institution maintains a plan under which the participant had accrued a benefit while performing services for the former employer, but only if that benefit is provided under the plan maintained by the Employer. For this purpose, the formerly affiliated plan rules in Regulation Section 1.415(f)-1(b)(2) apply as if the Institution and predecessor employer constituted a single employer under the rules described in Regulation Section 1.415(a)-1(f)(1) and (2) immediately prior to the cessation of affiliation (and as if they constituted two, unrelated employers under the rules described in Regulation Section 1.415(a)-1(f)(1) and (2) immediately after the cessation of affiliation) and cessation of affiliation was the event that gives rise to the predecessor employer relationship, such as a transfer of benefits or plan sponsorship.

(2) With respect to the Institution, a former entity that antedates the Institution is a "predecessor employer" with respect to the participant if, under the facts and circumstances, the employer constitutes a continuation of all or a portion of the trade or business of the former entity.

For purposes of aggregating plans for Code Section 415, a "formerly affiliated plan" of an employer is taken into account for purposes of applying the Code Section 415 limitations to the employer, but the formerly affiliated plan is treated as if it had terminated immediately prior to the "cessation of affiliation." For purposes of this paragraph, a "formerly affiliated plan" of an employer is a plan that, immediately prior to the cessation of affiliation, was actually maintained by one or more of the entities that constitute the employer (as determined under the employer affiliation rules described in Regulation Section 1.415(a)-1(f)(1) and (2)), and immediately after the cessation of affiliation, is not actually maintained by any of the entities that constitute the employer (as determined under the employer affiliation rules described in Regulation Section 1.415(a)-1(f)(1) and (2)). For purposes of this paragraph, a "cessation of affiliation" means the event that causes an entity to no longer be aggregated with one or more other entities as a single employer under the employer affiliation rules described in Regulation Section 1.415(a)-1(f)(1) and (2) (such as the sale of a subsidiary outside a controlled group), or that causes a plan to not actually be maintained by any of the entities that constitute the employer under the employer affiliation rules of Regulation Section 1.415(a)- 1(f)(1) and (2) (such as a transfer of plan sponsorship outside of a controlled group).

Two or more defined contribution plans that are not required to be aggregated pursuant to Code Section 415(f) and the Regulations thereunder as of the first day of a Limitation Year do not fail to satisfy the requirements of Code Section 415 with respect to a participant for the Limitation Year merely because they are aggregated later in that Limitation Year, provided that no annual additions are credited to the participant's account after the date on which the plans are required to be aggregated.

If the Maximum Annual Addition is exceeded because the Participant is also participating in another Plan required to be aggregated with this Plan for Section 415 of the Code, then the extent to which annual contributions under this Plan will be reduced, as compared with the extent to which annual benefits or contributions under any other plans will be reduced, will be determined by the Employer in a manner as to maximize the aggregate benefits payable to the

Participant from all plans. If the reduction is under this Plan, the Institution will advise affected Participants of any additional limitation on their annual contributions required by this paragraph.

ARTICLE 4.
Vesting

All Employer Contributions shall be fully vested and non-forfeitable when such Employer Contributions are made.

ARTICLE 5.
Benefits

Section 5.1 Normal Retirement. If a Participant ceases to be an Eligible Employee on or after his Normal Retirement Date, all Accumulation Accounts maintained for him at the date he ceases to be an Eligible Employee shall be consolidated into a single Accumulation Account, the Balance of which shall be paid to such Participant as his benefit hereunder in accordance with the provisions of Section 5.5 hereof. Payment of such benefit shall be made or commenced as promptly as reasonably practicable after the end of the Plan Year in which such Participant ceases to be an Eligible Employee on or after his Normal Retirement Date.

Section 5.2 Total and Permanent Disability. If, while an Eligible Employee, a Participant shall become totally and permanently disabled, he shall be retired for disability under the Plan. All Accumulation Accounts maintained for him at the date he ceases to be an Eligible Employee shall be consolidated into a single Accumulation Account, the Balance of which shall be paid to such Participant as his benefit hereunder in accordance with the provisions of Section 5.5 hereof. Payment of such benefit shall be made or commenced as promptly as reasonably practicable after the Plan Administrator has accepted and approved the medical evidence of such total and permanent disability.

Total and permanent disability shall mean a physical or mental impairment which, in the judgment of the Plan Administrator, based upon medical reports and other evidence acceptable to the Plan Administrator, prevents an Eligible Employee (presumably on a permanent basis) from satisfactorily performing either his usual and normal duties for the Employer or the duties of such other position or job which the Employer makes available to him and for which such Eligible Employee is qualified by reason of his training, education or experience. In determining whether a Participant has become totally and permanently disabled, the Plan Administrator shall require such medical proof as it, in its discretion, may deem appropriate, which proof may include the certificate of one or more licensed physicians selected by the Plan Administrator that the Participant has become totally and permanently disabled as provided herein. If such disability was a direct result of any criminal or other illegal act of the Participant, then the Participant shall not be considered totally and permanently disabled under the terms of this Plan.

Section 5.3 Death.

(a) If a Participant shall die while he is an Eligible Employee, such Participant's Beneficiary shall have a 100% vested interest in all Accumulation Accounts maintained for the Participant at the date of his death. If such Participant is survived by a Spouse and the Participant has not made a Qualified Election during the applicable Election Period, such benefit shall be paid to the surviving Spouse in the form of a Qualified Preretirement Survivor Annuity, the actuarial equivalent of which is not less than 50% of the Participant's Accumulation Account as of the date of the Participant's death and which the Spouse may elect to have immediately distributed; provided, however, that such Spouse may elect to receive such benefits in one of the forms specified in subparagraph (i) or (ii) below rather than in the form of a Qualified Preretirement Survivor Annuity. The remainder of the death benefits or, if the Participant has made a Qualified Election, the entire amount of such death benefit shall be paid to the Beneficiary of the Participant in one of the following forms as the Beneficiary may elect:

(i) in a lump sum; or

(ii) in annual, semi-annual, quarterly, or monthly installments over a period not in excess of ten years.

The amount of each such installment payment shall be equal to the result obtained by dividing the Balance of the Accumulation Account immediately prior to payment of such installment by the number of installments then remaining to be paid.

Such an election may be effected by filing with the Plan Administrator a written instrument in such form as the Plan Administrator may prescribe prior to the date payment of such benefit is made or commenced. Payment of such benefit shall be made or commenced as promptly as practicable after such Participant's death.

Notwithstanding any provisions of the Plan to the contrary that would otherwise limit a Distributee's election under this section, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

A non-Spouse Beneficiary who is a "Designated Beneficiary" under Code Section 401(a)(9)(E) and the regulations thereunder may roll over all or any portion of his or her distribution to an individual retirement account the Beneficiary establishes for purposes of receiving the Eligible Rollover Distribution. If a non-Spouse Beneficiary receives a distribution from the Plan, the distribution is not eligible for a "60-day" rollover. If the Beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a "Designated Beneficiary" within the meaning of Code Section 401(a)(9)(E). A non-Spouse beneficiary may not roll over an amount that is a required minimum distribution, as determined under applicable Treasury regulations and other Internal Revenue Service guidance.

(b) Within the period beginning on the first day of the Plan Year in which the Participant attains age 32 and ending on the last day of the Plan Year immediately preceding the Plan Year in which the Participant attains age 35, the Plan Administrator shall provide the Participant with a written explanation of:

(i) the terms and conditions of the Qualified Preretirement Survivor Annuity;

(ii) the Participant's right to make a Qualified Election not to have his death benefit distributed in the form of a Qualified Preretirement Survivor Annuity and the effect of such a Qualified Election;

(iii) the right of the Spouse to consent to the Qualified Election; and

(iv) the Participant's right to revoke the Qualified Election and the effect of such a revocation.

If a Participant becomes a Participant after the first day of the Plan Year in which he attains age 32, the Plan Administrator shall provide such Participant with such notice no later than the day of the second Plan Year following the date on which such Participant became a Participant.

Section 5.4 Other Cessation of Employment. If a Participant ceases to be an Eligible Employee under circumstances other than those described in Section 5.1, Section 5.2 or Section 5.3, payment of the benefit, if any, to which such Participant is entitled shall be paid, or commenced to be paid, to him in accordance with the provisions of Section 5.5 hereof as promptly as reasonably practicable after the Quarter End of the Plan Year in which the Participant ceases to be an Eligible Employee.

Section 5.5 Form of Benefit Payment.

(a) Subject to the provisions set forth in subsection (b) of this Section 5.5, payment of the benefit to which a Participant has become entitled pursuant to the provisions of Section 5.1, Section 5.2, Section 5.3, or Section 5.4 hereof shall be made by applying the Participant's interest in the Accumulation Account maintained for such Participant to purchase from an insurance company licensed to do business in the State of Alabama an annuity contract providing for payment of a Qualified Joint and Survivor Annuity.

(b) A Participant who has become entitled to a benefit pursuant to the provisions of Section 5.1, Section 5.2, Section 5.3, or Section 5.4 hereof may, at any time during his Election Period, make a Qualified Election to have his benefit paid in a lump sum or in annual, semi-annual, quarterly, or monthly installments over a period not in excess of ten years instead of the form specified in subsection (a) above. If a Participant elects to have his benefit paid in installments, the amount of each such installment payment shall be equal to the result obtained by dividing the Balance of the Accumulation Account immediately prior to payment of such installment by the number of installments then remaining to be paid. Such election shall be made by executing and filing with the Plan Administrator a written instrument in such form as the Plan Administrator may prescribe or approve at any time during the Participant's Election Period. No such election shall become effective unless if the Participant has a Spouse at the date payment of his benefit is to commence, the Spouse has consented in writing to such election (including, if applicable, the identity of any Beneficiary designated by the Participant) and the Spouse's consent acknowledges the effect of such election and is witnessed by a Plan representative or a notary public, unless it is established to the satisfaction of the Plan representative that the consent required may not be obtained because the Spouse cannot be located or because of such other circumstances as the Secretary of the Treasury may by regulation prescribe.

(c) The Plan Administrator shall at least 90 days prior to the Participant's Election Period provide the Participant with a written explanation of

(i) the terms and conditions of the Qualified Joint and Survivor Annuity;

(ii) the Participant's right to make, and the effect of, an election under this paragraph (b) to have his benefit provided in an alternative form;

(iii) the rights of the Participant's Spouse under this paragraph (b); and

(iv) the right to make, and the effect of, a revocation of an election under this paragraph (b).

Section 5.6 Death of Participant Prior to Receipt of Benefit. In the event of the death of a Participant after he has become entitled to receive a benefit hereunder and prior to the distribution to such Participant of his benefit, such benefit shall be paid to such Participant's Beneficiary as provided in Section 5.3 hereof; provided, however, that if payment is not made in the form of a Qualified Preretirement Survivor Annuity pursuant to Section 5.3 hereof, payment of the entire amount of such Participant's benefit must be distributed within five (5) years after the death of the Participant, except that:

(a) If any portion of the Participant's benefits are payable to or for the benefit of a Beneficiary and distribution commences to such Beneficiary within one year after the Participant's date of death (or such date as may be prescribed in regulations issued by the Secretary of the Treasury) then such benefits of the Beneficiary may be distributed over the life of such Beneficiary or over a period not extending beyond the life expectancy of such Beneficiary.

(b) If the deceased Participant's Beneficiary is his Spouse, benefits in accordance with subparagraph (a) above may commence on the date that the Participant would have attained age 70-1/2, and if the Spouse dies before such distributions begin, this section shall be applied as if the Spouse was the Participant.

(c) Any amount paid to a minor shall be treated as if it had been paid to the Spouse if such amount becomes payable to the Spouse upon such minor reaching majority.

In the event that the distribution of a Participant's benefit has commenced prior to his death, the remaining benefit shall be distributed to the Participant's Beneficiary at least as rapidly as under the method of distribution being employed at the Participant's death.

Section 5.7 Beneficiary.

(a) The Beneficiary of a Participant who is married at the date of his death shall be the Participant's Spouse unless

(i) the Participant has designated a person or persons (including a trust or a Participant's estate) other than his Spouse as his Beneficiary by written notice filed with the Plan Administrator in a form satisfactory to the Plan Administrator;

(ii) the Spouse of the Participant has consented in writing to such designation and has acknowledged the effect of such designation; and

(iii) the Spouse's consent to such designation and acknowledgment of the effect of such designation is witnessed by a Plan representative or a notary public.

(b) The Beneficiary of a Participant who is not married at the date of his death shall be the person or persons (including a trust or a Participant's estate) last designated by the

Participant by written notice filed with the Plan Administrator which designation may be changed from time to time by the Participant by written notice filed with the Plan Administrator in a form satisfactory to the Plan Administrator.

Section 5.8 Administrative Delay. If, on the date payment of a benefit, or an installment thereof, is due, the Balance of a Participant's or Beneficiary's Accumulation Account cannot be determined because the appropriate allocations to such Accumulation Account as of the preceding Year End have not been completed, payment of such benefit, or installment thereof, shall be deferred until such allocations have been completed and shall be made as promptly as practicable thereafter.

Section 5.9 Required Distributions.

(a) Notwithstanding the foregoing provisions hereof, under no circumstances shall payment of the benefit due a Participant be made or commenced later than the Participant's Required Beginning Date in accordance with the applicable requirements of Section 401(a)(9) of the Code and the Treasury Regulation promulgated with respect to benefits thereto.

(b) If such a Participant continues service as an Eligible Employee beyond such date, any additional amounts which may be credited to his Accumulation Account after said date shall be distributed on or before December 31 of the calendar year following the calendar year as of which such amounts were credited to such Accumulation Account.

Section 5.10 Compliance with Section 414(u) of the Code. Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code.

ARTICLE 6.
Administration

Section 6.1 Plan Administrator. The Institution, located at Office of the Vice President for Finance and Administration, Administration Building, Room 338, Mobile, AL, 36688, is the administrator of this Plan and is responsible for enrolling Participants and for performing other duties required for the operation of the Plan.

Section 6.2 Authority of the Institution. The Institution, by action of its Board or Board designee, may designate a person or persons other than the Institution to carry out any of its powers, authority, or responsibilities. Any delegation will be set forth in writing. The Institution has all the powers and authority expressly conferred upon it herein and further has the discretionary and final authority to determine all questions concerning eligibility and contributions under the Plan, including any uncertain terms and to resolve any disputes arising under and all questions concerning administration of the Plan. Any determination made by the Institution shall be given deference, if it is subject to judicial review, and shall be overturned only if it is arbitrary or capricious. In exercising these powers and authority, the Institution will at all times exercise good faith, apply standards of uniform application, and refrain from arbitrary action. The Institution may employ attorneys, agents, and accountants as it finds necessary or advisable to assist it in carrying out its duties.

Section 6.3 Action of the Institution. Any act authorized, permitted, or required to be taken by the Institution under the Plan, which has not been delegated in accordance with Section 6.2, may be taken by the members of the Board as indicated or required by the bylaws of the Board. All notices, advice, directions, certifications, approvals, and instructions required or authorized to be given by the Institution under the Plan will be in writing and signed by either (i) a majority of the members of the Board, or by any member or members as may be designated by an instrument in writing, signed by all members, as having authority to execute the documents on its behalf, or (ii) a person who becomes authorized to act for the Institution in accordance with the provisions of Section 6.2. Any action taken by the Institution which is authorized, permitted, or required under the Plan and is in accordance with Funding Vehicle's contractual obligations, is final and binding upon the Institution, all persons who have or who claim an interest under the Plan, and third parties dealing with the Institution.

Section 6.4 No reversion. Under no circumstances or conditions will any contributions of the Institution revert to, be paid to or inure to the benefit of, directly or indirectly the Institution. However, if Employer Contributions are made by the Institution by mistake of fact, these contributions may be returned to the Institution within one year of the date that the mistake of fact is discovered.

Section 6.5 Relationship of Federal and State Law. The Plan is intended to satisfy the applicable requirements of Section 401(a) of the Code that apply to government plans as defined in Section 414(d) including regulations and other authoritative pronouncements. To the extent not governed by the provisions of the Code or other federal laws, the Plan shall be administered and interpreted in accordance with the law of the State of Alabama.

ARTICLE 7.
Funding Vehicles

Section 7.1 Investment of Plan Contributions. Plan Contributions must be invested in one or more Funding Vehicles of the Sponsoring Organizations and any other Funding Vehicles for the Plan that the Employer makes available to Participants.

Section 7.2 Funding Vehicles. Plan Contributions are invested in one or more Funding Vehicles available to Participants under the Plan.

Section 7.3 Fund Transfers. Subject to a Funding Vehicle's rules for transfers and in accordance with the provisions of the Code for maintaining the tax deferral of the Accumulation Account(s), a Participant may transfer funds accumulated under the Plan among the Plan's approved Funding Vehicles to the extent permitted by the Funding Vehicles.

ARTICLE 8.
Claims Procedures

Section 8.1 Claims for Benefits. It shall not be necessary for a Participant or Beneficiary who has become entitled to receive a benefit hereunder to file a claim for such benefit with any person as a condition precedent to receiving a distribution of such benefit. However, any Participant or Beneficiary who believes that he has become entitled to a benefit hereunder and who has not received, or commenced receiving, a distribution of such benefit, or who believes that he is entitled to a benefit hereunder in excess of the benefit which he has received, or commenced receiving, may file a written claim for such benefit with the Plan Administrator at any time on or prior to the end of the Plan Year next following the Plan Year in which he allegedly became entitled to receive a distribution of such benefit. Such written claim shall set forth the Participant's or Beneficiary's name and address and a statement of the facts and a reference to the pertinent provisions of the Plan upon which such claim is based. The Plan Administrator shall, within ninety (90) days (45 days for a claim for benefits on account of disability) after such written claim is filed, provide the claimant with written notice of its decision with respect to such claim. If such claim is denied in whole or in part, the Plan Administrator shall, in such written notice to the claimant, set forth in a manner calculated to be understood by the claimant the specific reason or reasons for denial; specific references to pertinent provisions of the Plan upon which the denial is based; a description of any additional material or information necessary for the claimant to perfect his claim and an explanation of why such material or information is necessary; and an explanation of the provisions for review of claims set forth in Section 8.2 hereof.

Section 8.2 Review of Claims. A Participant or Beneficiary who had filed a written claim for benefits with the Plan Administrator which has been denied may appeal such denial to the Plan Administrator and receive a full and fair review of his claim by filing with the Plan Administrator a written application for review at any time within sixty (60) days (180 days for a claim for benefits on account of disability) after receipt from the Plan Administrator of the written notice of denial of his claim provided for in Section 8.1 above. A Participant or Beneficiary who submits a timely written application for review, shall be entitled to review any and all documents pertinent to his claim and may submit issues and comments to the Plan Administrator in writing. Not later than sixty (60) days (45 days for a claim for benefits on account of disability) after receipt of a written application for review, the Plan Administrator shall give the claimant written notice of its decision on review, which written notice shall set forth in a manner calculated to be understood by the claimant specific reasons for its decision and specific references to the pertinent provisions of the Plan upon which the decision is based.

Section 8.3 Miscellaneous. Any act permitted or required to be taken by a Participant or Beneficiary by this Article 8 may be taken for and on behalf of such Participant or Beneficiary by such Participant's or Beneficiary's duly authorized representative.

Any claim, notice, application of other writing permitted or required to be filed with or given to a party by this Article 8 shall be deemed to have been filed or given when deposited in the U.S. mail, postage prepaid, and properly addressed to the party to whom it is to be given or with whom it is to be filed. Any such claim, notice, application, or other writing deemed filed or given pursuant to the next foregoing sentence shall, in the absence of clear and convincing evidence to the contrary, be deemed to have been received on the fifth business day following the

date upon which it was filed or given. Any such claim, notice, application or other writing directed to the Plan Administrator shall be deemed properly addressed if addressed as follows:

Plan Administrator Money Purchase Pension Plan
University of South Alabama
Office of the Vice President for Finance and Administration
Administration Building
Room 338
Mobile, Alabama 36688

Any such notice, application, or other writing directed to a Participant or Beneficiary shall be deemed properly addressed if directed to the address set forth in the written claim filed by such Participant or Beneficiary.

ARTICLE 9.
Amendment And Termination

Section 9.1 Amendment and Termination. The Plan may be amended or terminated at any time by the Board or its designee. In the event of a termination of the Plan, the Institution will notify all Participants of the termination. As of the date of termination, all Accumulation Accounts of affected Participants will become nonforfeitable to the extent funded.

Section 9.2 Limitation. Notwithstanding the provisions of the "Amendment and Termination" section above, the following conditions and limitations apply:

(a) No amendment will be made which will operate to recapture for the Institution any contributions previously made under this Plan. However, Employer Contributions made based on a mistake of fact may be returned to the Institution within one year of the date on which the Employer Contribution was made. Also, Employer Contributions made in contemplation of approval by the Internal Revenue Service may be returned to the Institution if the Internal Revenue Service fails to approve the Plan.

(b) No amendment will deprive, take away, or alter any then accrued right of any Participant.

ARTICLE 10.
Miscellaneous

Section 10.1 Plan Non-Contractual. Nothing contained in this Plan will be construed as a commitment or agreement on the part of any person to continue his or her employment with the Institution, and nothing contained in this Plan will be construed as a commitment on the part of the Institution to continue the employment or the rate of compensation of any person for any period, and all Eligible Employees of the Institution will remain subject to discharge to the same extent as if the Plan had never been put into effect.

Section 10.2 Consent. Upon becoming a Participant, a Participant shall be conclusively deemed to have consented to all the terms and conditions of the Plan, as the same may be from time to time amended, and shall be bound thereby with the same force and effect as if he were a party thereto.

Section 10.3 Duty to Furnish Information. Each Participant shall from time to time furnish the Plan Administrator with such information as shall reasonably be required by the Plan Administrator on such form as the Plan Administrator shall from time to time prescribe.

Section 10.4 Claims of Other Persons. The provisions of the Plan will in no event be construed as giving any Participant or any other person, firm, or corporation, any legal or equitable right against the Institution, its officers, employees, or directors, except the rights as are specifically provided for in this Plan or created in accordance with the terms and provisions of this Plan.

Section 10.5 Non-Alienation of Retirement Rights or Benefits. Except to the extent required under applicable law, no benefit under the Plan may, at any time be subject in any manner to alienation, encumbrance, the claims of creditors or legal process. No person will have power in any manner to transfer, assign, alienate or in any way encumber his or her benefits under the Plan, or any part thereof, and any attempt to do so will be void and of no effect. However, this Plan will comply with any judgment, decree or order which establishes the rights of another person to all or a portion of a Participant's benefit under this Plan to the extent that is determined to be a qualified domestic relations order, as defined in Section 414(p) of the Code, or any offset of a Participant's benefits which satisfies the requirements of Section 401(a)(13)(C) of the Code. If any Participant or Beneficiary shall attempt to dispose of his right to any benefit hereunder, or in the event there should be an effort to cease any such benefit by attachment, execution or other legal or equitable process, such right may pass and be transferred, at the discretion of the Plan Administrator or, to such person or persons as may be selected by the Plan Administrator from among the Beneficiaries, if any, theretofore designated by the Participant (if a Participant is involved), or from the spouse, children or other dependents of the Participant or Beneficiary in such shares as the Plan Administrator may appoint. Any appointment so made by the Plan Administrator may be revoked by it at any time and further appointments made by it may include the Participant.

Section 10.6 Exclusive Benefit. The Trust Fund is to be held and maintained for the exclusive purposes of providing the benefits specified herein for Participants and Beneficiaries and defraying reasonable expenses of administering the Plan. No Employer shall have a beneficial

interest in the Trust Fund, and no part of the Trust Fund shall ever revert or be repaid to an Employer, directly or indirectly, except as follows:

If all or any portion of an Employer Contribution has been paid by mistake of fact, such Employer Contribution, or portion thereof, which has been paid by mistake of fact shall be returned to such Employer at any time within one calendar year after the date of payment thereof, upon such Employer's filing a written request therefore with the Plan Administrator.

The Contribution of the Employer made with respect to the first Plan Year ending on or after the date of adoption of the Plan by the Employer is expressly conditioned upon the qualification of the Plan under Section 401 of the Code, and if the Plan does not so qualify, such Contributions shall be returned to the Employer within one (1) year after the date of denial of qualification of the Plan upon the Employer's filing a written request therefore with the Plan Administrator.

The Employer Contribution for each Plan Year is expressly conditioned upon the deductibility of such Employer Contribution for such Plan Year under Section 404 of the Code. If, and to the extent that, the Employer is disallowed a deduction for a contribution, such contribution (to the extent disallowed as a deduction) shall be returned to the Employer within one (1) year after disallowance of such deduction upon the Employer's filing a written request therefore with the Plan Administrator.

Section 10.7 Merger, Consolidation, or Transfers of Plan Assets. The Plan will not be merged or consolidated with any other plan, nor will any of its assets or liabilities be transferred to another plan, unless, immediately after the merger, consolidation, or transfer of assets and liabilities, each Participant would receive a benefit under the Plan that is at least equal to the benefit that he/she would have received immediately prior to a merger, consolidation, or transfer of assets or liabilities assuming in each instance that the Plan had then been terminated.

IN WITNESS WHEREOF, the University of South Alabama has, by action duly taken, caused this Plan to be executed this _____ day of _____, 2020.

By: _____

Title: _____

ATTEST:

By: _____

Title: _____

Employer Identification number 63-0477348
Plan Number MPP1

PROMISSORY NOTE

Mobile, Alabama

$_____ _____, 20__

For value received, **USA Research and Technology Corporation** (the "Borrower"), promises to pay (if more than one, jointly and severally) to the order of **Hancock Whitney Bank** (the "Bank") (the Bank, hereinafter, along with any other holder of this note, called the "Creditor"), the principal sum of [Eight Million Five Hundred Thousand Dollars ($8,500,000)], with interest on the unpaid balance thereof from the date hereof until paid in full at the rate of 3.08% per annum. Interest shall be computed on the basis of an assumed 360-day year consisting of 12 consecutive 30-day months.

Commencing on February 1, 2021, principal and interest shall be payable in 180 consecutive monthly installments of principal and interest in the amount of $_____ each, with the sum of $_____ due on the 10th anniversary of this instrument (i.e., _____, 2030/2031), all 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) due to a delinquency in the payment of debt service hereon, such payments shall be increased based upon this note bearing interest at the Default Rate during such period of time. "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, but in no event higher than 18% per annum or the maximum rate permissible under applicable law, whichever is less.

The Borrower may prepay the principal outstanding under this Note in whole or in part (but if in part, in inverse order of maturity) 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 principal amount to be redeemed plus accrued interest to the date set for redemption.

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: _____

Its: _____

Schedule A

LOAN AGREEMENT

This **LOAN AGREEMENT** (this "Agreement") is entered as of this ___ day of December, 2020 (the "Closing Date"), by and between **USA RESEARCH AND TECHNOLOGY CORPORATION** (the "Borrower") **and HANCOCK WHITNEY BANK** (the "Lender").

Recitals:

A. The Borrower heretofore received a loan from PNC Bank, National Association, as successor to RBC Bank (USA), in the amount of $10,000,000 pursuant to the terms of a Loan Agreement dated January 11, 2011, as amended by an Amendment to Loan Documents dated December 12, 2014 (the "2011 Loan") in order to refinance certain improved real property more particularly described on Exhibit A hereto and finance certain tenant improvements thereon; and

B. In light of the current interest rate environment, the Borrower has determined to obtain a loan (the "Loan") in order to refinance the 2011 Loan and pay the costs of the Loan; and

C. The Lender has agreed to make the 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.

"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, but in no event higher than 18% per annum or the maximum rate permissible under applicable law, whichever is less.

"Event of Default" shall have the meaning attributed to that term in Article VI.

"**Financial Services Agreement**" means that certain On-Campus Football Stadium Rights Naming Rights and Financial Services Agreement dated January 4, 2019, between the Lender and USA.

"Fixed Rate" shall be a rate equal to 3.08% 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 by Borrower under 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.

"Maturity Date" shall mean the tenth (10^{th}) anniversary of the

Closing Date].

"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 $8,500,000 (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 $8,500,000, bearing interest at the Fixed Rate (and, during the occurrence and continuation of an Event of Default caused by a debt service payment deliquency, 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 be amortized in such amount as shall, on the period commencing February 1, 2021, and continuing on the same day of each successive month to and including January 1, 2036, cause the total amount of principal and interest due each month to equal $_____; provided, on the Maturity Date (January 1, 2031), the outstanding principal balance of the Note plus accrued interest thereon ($_____), shall become immediately due and payable in full, all as shown on Exhibit B hereto; provided further, that upon and during the continuation of an Event of Default caused by a debt service payment delinquency, until such delinquency has been cured (such period, a "Default Period"), such payments shall be increased based upon the Note bearing interest at the Default Rate during the Default Period.

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 Note (but if in part, in inverse order of maturing installments of interest on the Note), at and for a price equal to the principal amount to be repaid, plus accrued interest to the date set for redemption.

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. (Mobile, Alabama time) on the date on which such payment is due, at the office of the Lender in Mobile, Alabama, or such other office as Lender shall direct in writing, 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. Payments should be remitted to such address and per such instructions are reasonably directed by the Lender.

SECTION 2.06. Financial Services Agreement. The Loan, the Note and transactions evidenced thereby satisfy certain obligations of USA under the Financial Services Agreement, including without limitation Section 3 (entitled "Banking and Investment Services") thereof.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to Lender as follows:

SECTION 3.01. Organization and Powers. Borrower is a corporation duly organized and validly existing in the State of Alabama. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engage and to execute and deliver this Agreement and the other documents or instruments necessary for the transactions contemplated herein. Borrower maintains an office at _____, Mobile, Alabama 36688. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

SECTION 3.02. Authorization of Borrowing. 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.

SECTION 3.08. Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute, legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

SECTION 3.09 Binding Effect. This Agreement, the Note, and all other documents or instruments executed by Borrower in connection with the Loan are binding upon the Borrower, as well as upon its successors and assigns, and are legally enforceable in accordance with their respective terms.

SECTION 3.10 Claims and Defenses. There are no defenses or counterclaims, offsets or other adverse claims, demands or actions of any kind, personal or otherwise, that Borrower could assert with respect to the Note, the Loan, or this Agreement or any document or instrument executed in connection therewith.

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. Borrower will, immediately upon

becoming aware of the existence of any condition or event that constitutes a default or would become a default or an Event of Default hereunder or with respect to any indebtedness of Borrower to any other lender, provide Lender with written notice specifying the nature and period of existence thereof and the action which Borrower is taking or proposes to take with respect thereto.

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.

SECTION 5.08. Notices of Claims and Litigation. Borrower will notify Lender of Borrower's actual knowledge of (i) any material adverse change in its financial condition or business, (ii) any default under any material agreement, contract or other instrument to which Borrower is a party or under which any of its properties are bound, or any acceleration of the maturity of any indebtedness or liability owing by Borrower, (iii) any material adverse claim against or affecting Borrower, and (iv) the commencement of, or any material determination in, any litigation with any third party or any proceeding before any governmental entity affecting Borrower at such time as Borrower reasonable determines the same could have a materially adverse impact upon its financial condition or ability to timely pay debt service on the Note.

SECTION 5.09. Financial Records. Borrower will maintain complete and accurate books and records of its transactions in accordance with generally accepted accounting practices and, after not less than two Business Days' prior written notice from Lender, give representatives of Lender access during normal business hours of the Borrower to examine and take written notes from any and all books, records and documents in Borrower's possession that are not subject to confidentiality agreements or other limitations on disclosure to third parties; provided, such access shall in no way interfere with the administrative or business operations of Borrower.

SECTION 5.10. Compliance with Governmental Requirements. Borrower will comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, including without limitation, the Americans with Disabilities Act.

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 or the Note; 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; or

(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 material 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 (i) applies for or consents to the appointment of a receiver, trustee, custodian, intervenor or liquidator of itself or of all or a substantial part of its assets, (ii) files a voluntary petition in bankruptcy, admits in writing that it is unable to pay its debts as they become due or generally does not pay its debts as they become due, (iii) makes a general assignment for the benefit of creditors, (iv) files a petition or answer seeking reorganization or an arrangement with creditors or takes advantage of any bankruptcy, receivership, or insolvency laws, or (v) files an answer admitting the material allegations of, or consents to, or defaults in answering, a petition filed against Borrower in any bankruptcy, reorganization or insolvency proceeding; or

(h) if an involuntary petition or complaint is filed seeking bankruptcy or reorganization of Borrower or the appointment of a receiver, custodian, trustee, intervenor or liquidator of Borrower, or of all or substantially all of the assets of Borrower and such petition or complaint is not dismissed within thirty (30) days of the filing thereof, or an order, order for relief, judgment or decree is entered by any court of competent jurisdiction or other competent authority approving a petition or complaint seeking reorganization of Borrower or appointing a receiver, custodian, trustee, intervenor or liquidator of Borrower, or of all or substantially all of the assets of Borrower; or

(i) if this Agreement or the Note ceases to be a legal, valid and binding agreement enforceable against Borrower in accordance with the respective terms thereof or in any way is terminated or becomes or is declared ineffective or inoperative or in any way whatsoever ceases to give or provide the respective liens, security interests, rights,

titles, interests, remedies, powers of privileges intended to be created thereby.

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 whereupon the same shall forthwith become due and payable without presentment, demand, protest, notice of default, notice of acceleration or of intention to accelerate or other notice of any kind, all of which Borrower hereby expressly waives, anything contained herein or in any of the document relating hereto to the contrary notwithstanding; (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:
Hancock Whitney Bank
Attn: Angela Dunn, CPA
25 West I-65 Service Road North
Mobile, Alabama 36608

SECTION 7.02. Survival of Warranties. 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. This Agreement and the Note shall be governed by and construed in accordance with and governed by the laws of the State of Alabama.

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. 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.

SECTION 7.10. Binding Effect. This Agreement, the Note and any and all documents or instruments executed in connection with the Loan shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors, assigns and legal representatives; provided, however, that Borrower may not, without the written consent of Lender, assign any rights, powers, duties or obligations of any said documents.

SECTION 7.11. Survival of Representations. All representations made by Borrower in this Agreement or any document relating hereto shall survive the execution and delivery thereof and the making of the loan described herein.

SECTION 7.12. Fees and Expenses. Borrower agrees to pay the reasonable attorney's and paralegal's fees and expenses, and all other costs and expenses incurred by Lender in connection with the negotiation and preparation of this Agreement and the Note, up to an amount not to exceed $4,500.

SECTION 7.13. Waiver. Borrower waives presentment, demand, protest, notice of dishonor, notice of demand or intent to demand, notice of acceleration or intent to accelerate, and all other notices.

SECTION 7.14. WAIVER OF JURY TRIAL. BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREES THAT:

(a) BORROWER, NOR ITS LEGAL REPRESENTATIVES, SUCCESSORS OR ASSIGNS, SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, CROSS-CLAIM OR OTHER ACTION OR PROCEEDING ARISING FROM OR BASED UPON THIS LOAN AGREEMENT OR ANY OF THE DOCUMENTS EXECUTED IN CONNECTION THEREWITH.

(b) BORROWER, NOR ITS LEGAL REPRESENTATIVES, SUCCESSORS OR ASSIGNS, SHALL SEEK TO CONSOLIDATE ANY CLAIM AS TO WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY CLAIM IN WHICH A JURY TRIAL HAS NOT BEEN OR CANNOT BE WAIVED.

(c) THE PROVISIONS OF THIS SECTION 7.14 HAVE BEEN FULLY NEGOTIATED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS.

(d) NEITHER LENDER NOR ANY OFFICER, EMPLOYEE, ATTORNEY, AGENT OR OTHER REPRESENTATIVE OF LENDER HAS IN ANY WAY AGREED WITH OR REPRESENTED TO BORROWER OR ANY OF THE OTHER OBLIGORS THAT THE PROVISIONS OF THIS SECTION 7.14 WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

(e) THIS SECTION 7.14 IS A MATERIAL INDUCEMENT FOR LENDER TO ENTER INTO THE LOAN AND OTHER TRANSACTIONS EVIDENCED OR SECURED BY THIS LOAN AGREEMENT AND THE LOAN DOCUMENTS.

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 Closing Date.

USA RESEARCH AND TECHNOLOGY CORPORATION

By:_____

Name:_____

Title:_____

HANCOCK WHITNEY BANK

By:_____

Name:_____

Title:_____

EXHIBIT A
REAL PROPERTY DESCRIPTION

That real property situated in the County of Mobile, State of Alabama, described as follows, to-wit:

Beginning at the intersection of the South right of way line of Fillingim Street, (70 foot public right of way) with the West right of way line of Stanton Road, (50 foot right of way), said point being in Section 8, Township 4 South, Range 1 West, City and County of Mobile; thence South 15 degrees, 19 minutes, 53 seconds East along the West right of way line of said Station Road, for 213.42 feet, thence South 74 degrees, 40 minutes, 07 seconds West, leaving the West right of way line of said Stanton Road for 193.69 feet; thence North 14 degrees, 44 minutes, 08 seconds West for 9.19 feet; thence South 74 degrees, 40 minutes, 07 seconds West for 19.74 feet; thence North 14 degrees, 44 minutes, 08 seconds West for 206.43 feet to a point on the South right of way line of aforesaid Fillingim Street; thence North 75 degrees, 15 minutes, 52 seconds East along the South right of way line of said Fillingim Street for 211.20 feet to the point of beginning.

Plus

Commencing at the Southeast corner of Section 9, Township 4 South, Range 2 West, Mobile County, Alabama; thence run South 89 degrees 39 minutes 10 seconds West along the South line of said Section 9, 659.20 feet to the Southeast corner of First Addition Park Forest Estates as recorded in Map Book 11, Page 94 in the Office of the Judge of Probate, Mobile County, Alabama, also being the point of beginning of the property herein described; thence run North 23 degrees 12 minutes 10 seconds East along the East line of said First Addition Park Forest Estates, 396.57 feet; thence run North 7 degrees 16 minutes 00 seconds East, 156.86 feet; thence departing the said East line, run South 79 degrees 29 minutes 39 seconds East, 151.68 feet; thence run Southeastwardly along a curve to the left, having a radius of 211.50 feet, an arc length of 74.54 feet (the chord bears South 89 degrees 35 minutes 27 seconds East, and measures 74.15 feet); thence run North 80 degrees 18 minutes 46 seconds East, 13.65 feet; thence run Southeastwardly along a curve to the right, having a radius of 210.00 feet, an arc length of 86.29 feet (the chord bears South 87 degrees 54 minutes 57 seconds East, and measures 85.68 feet); thence run South 76 degrees 08 minutes 39 seconds East, 44.37 feet to a point on the West right-of-way line of University Boulevard, having a variable right-of-way; thence run Southwestwardly along the said West right-of-way line, and along the arc of a curve to the Left, having a radius of 1994.85 feet, an arc length of 481.59 feet (the chord bears South 6 degrees 19 minutes 36 seconds West, and measures 480.42 feet) to a point on the aforementioned South line of Section 9; thence departing the said West right-of-way line, run South 89 degrees 39 minutes 10 seconds West along the said South line of Section 9, 53.68 feet; thence departing the said South line of Section 9, run South 27 degrees 32 minutes 07 seconds West into Section 16, Township 4 South, Range 2 West, Mobile County, Alabama, 128.36 feet; thence run South 48 degrees 56 minutes 57 seconds West, 154.03 feet; thence run North 74 degrees 48 minutes 15 seconds West, 199.96 feet; thence run North 46 degrees 11 minutes 40 seconds West, 132.56 feet; thence run North 23 degrees 12 minutes 10 seconds East, 74.16 feet to the point of beginning.

EXHIBIT B
AMORTIZATION SCHEDULE

RENT SUPPLEMENT AGREEMENT

Date: December _____, 2020
(Hereinafter referred to as the "Effective Date")

USA Research and Technology Corporation
University Boulevard
Administration Building, Room
170 Mobile, Alabama 36688
(Hereinafter referred to as "Borrower")

University of South Alabama
University Boulevard
Administration Building, Room
380 Mobile, Alabama 36688
(Hereinafter referred to as "USA")

Hancock Whitney Bank
25 West I-65 Service Road North
Mobile, Alabama 36608
(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 (as defined in the Loan Agreement) 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.

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, 2020, 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, upon written direction of the Bank electing to exercise its right to remedies hereunder, 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 the Bank, 25 West I-65 Service Road North, Mobile, Alabama 36608, 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 the Bank, on the day and year first written above, have caused this Rent Supplement Agreement to be duly executed under seal, all as of the Effective Date.

"USA"

University of South Alabama

(Seal) By:_____

Title:_____

"BANK"

Hancock Whitney Bank

(Seal) By:_____

Title:_____

Endowment Funds Investment Policies and Guidelines

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

I. Purpose of the Endowment Funds

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

II. Purpose of the Investment Policy

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

1. Define and assign the responsibilities of all involved parties.

2. Establish a clear understanding of all involved parties of the investment goals and objectives of Endowment Funds assets.

3. Offer guidance and limitations to Investment Manager(s) regarding the investment of Endowment Funds assets.

4. Establish a basis of evaluating investment results.

5. Manage Endowment Funds assets according to prudent standards as established in the laws of the State of Alabama.

6. Establish the relevant investment horizon for which the Endowment Funds assets will be managed.

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

III. Delegation of Authority

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

1. Investment Management Consultant(s). The consultant may assist the Board of Trustees in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.

2. Investment Manager(s). The investment manager has discretion to purchase or sell, in the University's name, the specific securities that will be used to meet the Endowment Funds investment objectives.

3. Funds Custodian(s). The custodian will physically (or through securities owned by the Fund) collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets, owned, purchased or sold as well as movement of assets into and out of the Endowment Funds accounts.

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

IV. Assignment of Responsibility

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

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

B. Responsibility of the Endowment Committee

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

investment management of Endowment Funds assets include:

1. Projecting the Endowment Funds financial needs, and communicating such needs to the Investment Manger(s) on a timely basis.

2. Determining the Endowment Funds risk tolerance and investment horizon, and communicating these to the appropriate parties.

3. Establishing reasonable and consistent investment objectives, policies, time frames and guidelines which will direct the investment of the Endowment Funds assets.

4. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s), Investment Consultant(s), and Custodian(s).

5. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to policy guidelines and monitor investment objectives progress.

6. Developing and enacting proper control procedures: For example, replacing Investment Manager(s) due to fundamental changes in the investment management process, or failure to comply with established guidelines.

7. Making direct investments in cases in which selection of an investment manager is not appropriate.

8. Recommending an endowment spending policy to the Board of Trustees for approval.

9. Reporting periodically to the Board of Trustees Endowment Committee actions and recommendations and investment performance of the Endowment Funds.

C. Responsibility of the Investment Manager(s)

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

Each Investment Manager must acknowledge, in writing, their acceptance of responsibility as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under their jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Each Investment Manager will be provided with a copy of this statement of investment objectives and policies. In turn, as part of the investment management contract that will govern their portfolio, the Investment Manager is expected to provide a written statement of the firm's expectations, stated in terms of the objectives and comparative benchmarks that will be used to evaluate performance and the allowable securities that can be used to achieve these objectives. These statements will be consistent

with the statement of investment objectives and policies and will be incorporated as appendices. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy or sell individual securities, and to alter asset allocation with the annual guidelines established by the Endowment Committee.

2. Reporting, on a timely basis, quarterly investment performance results.

3. Providing monthly valuation of the investment portfolio based on the previous month's closing prices.

4. Communicating any major changes in economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objectives progress of the Endowment Funds investment management.

5. Informing the Endowment Committee regarding any qualitative change in the investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

6. Providing the Endowment Committee with proof of liability and fiduciary insurance coverage.

7. Acknowledging in writing an ability and agreement to invest within the guidelines set forth in the investment policy.

8. Meeting with the Endowment Committee at least annually.

9. Voting proxies on behalf of the Endowment Funds and communicating such voting records on a timely basis. In cases in which the University desires to vote proxies related to specific topics, it will so notify Manager(s).

10. The Board of Trustees may from time to time request that the Investment Manager(s) allocate commissions to those brokerage firms providing other investment management services to the University. Good execution and commission prices are primary considerations in routing business to the said brokerage firms. If at any time any Investment Manager believes that any policy guideline inhibits investment performance, it is their responsibility to communicate this to the Endowment Committee.

V. General Investment Principles

1. Investments shall be made solely in the interest of the purposes of the University of South Alabama.

2. The Endowment Funds shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person in a like position would exercise under similar circumstances in a manner the Board of Trustees reasonably believe to be in the best interest of the University.

3. Investment of the Endowment Funds shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

4. The Board of Trustees may employ one or more investment managers of varying styles and philosophies to attain the Endowment Funds objectives.

5. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

VI. Investment Objectives

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

VII. Portfolio Composition and Risk

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

Asset Class	Range	Long-Term Neutral
Fixed Income	15-35%	25%
Equity	35-75%	50%
Private Equity	0-10%	5%
Fixed Income Alternative	10-30%	20%
Cash	0-10%	0%

The purpose of dividing the Endowment Funds in this manner is to ensure that the overall asset allocation among major asset classes remains under the regular scrutiny of the Endowment Committee and is not allowed to become the residual
of separate manager decisions. Over the long run, the allocation among the major asset classes may be the single most important determinant of the endowment funds investment performance.

The purpose of the fixed income fund is to provide a hedge against deflation, to reduce the overall volatility of returns of the Endowment Funds, in order to produce current income in support of spending needs.

The percentage of total Endowment Funds assets allocated to the fixed-income fund at any time should be sufficient to provide that neither the current income nor the capital value or the total Endowment Funds declines by an intolerable amount during an extended period of deflation. The fixed-income fund should normally represent approximately 15-35 percent of total Endowment Funds assets at market value. Although the actual percentage will fluctuate with

market conditions, levels outside this range should be closely monitored by the Endowment Committee.

The purpose of the equity fund is to provide appreciation of principal that more than offsets inflation and to provide a growing stream of current income. It is recognized that the pursuit of this objective could entail the assumption of greater market variability and risk than investment in fixed-income securities. Equity and equity-substitute investments are broadly defined as common stocks, high-yield bonds, reorganization securities, private equity, venture capital, leveraged buyout investments, equity real estate, reorganization securities, exchange traded index funds, etc. Investments made in such less liquid equity investments should be made through funds offered by professional investment managers.

The purpose of the fixed income alternative component is to provide the Endowment a source of returns with low correlation to equity markets and volatility of one third to one half that of the U.S. equity market, while still achieving equity-like returns of Treasury Bills plus 2-8% over time. The Fixed Income Alternative should normally represent approximately 10-30 percent of total Endowment Funds.

Any assets not committed to the fixed-income fund or fixed income alternative shall be allocated to the equity fund and the private equity fund. The equity fund should normally represent approximately 35-75 percent of total Endowment Funds assets at market value. The private equity fund should normally represent approximately 0-10 percent of total Endowment Fund assets at market value. Although the actual percentage of equities will vary with market conditions, levels outside these ranges should be closely monitored by the Investment Committee.

The Endowment includes investments in several categories, and the Endowment Committee targets allocations for the following:

Asset Class	Long-Term Strategic Target (%) of Endowed Funds	Range
Domestic Equity	**42%**	**30-60%**
Large/Mid-Cap	35%	25-55%
Small Cap	5%	3-8%
High Yield Debt	2%	0-5%
International Stocks	**10%**	**5-15%**
Developed Markets	6%	3-10%
Emerging Markets	4%	0-6%
Private Equity	**5%**	**0-10%**
TOTAL EQUITY COMPONENT	**57%**	**35-75%**
Alternative Investments	**20%**	**10-30%**
Absolute Return	15%	12-20%
Long/Short Equity	5%	0-10%
TOTAL ALTERNATIVE COMPONENT	**20%**	**10-30%**
Fixed Income	**23%**	**15-35%**
U.S. Core Bonds	16%	12-20%
Global Bonds	4%	0-7%

Asset Class	Long-Term Strategic Target (%) of Endowed Funds	Range
TIPS	2%	0-5%
Emerging Market Debt	1%	0-2%
TOTAL FIXED INCOME COMPONENT	**23%**	**15-35%**
Cash and Equivalents	**0%**	**0-10%**

Within the equity fund, certain investments can be included, with Endowment Committee approval, to provide a hedge against unanticipated, rapidly accelerating inflation. These include cash, real estate and oil and gas investments. While the Endowment Committee recognizes the argument for having a separate allocation to inflation-hedging assets, at this time, these investments are evaluated primarily as equity-substitutes. The Endowment Committee will periodically review the adoption of an inflation-hedging fund allocation separate from the equity allocation.

Within the equity fund, in addition to cash reserves held by managers, there is normally an investment in cash or short-term instruments. Although the Endowment Committee has not adopted a cash allocation, new gifts to the endowment and endowment income in excess of budgetary distributions generate cash inflow to the Endowment Fund. The level of cash should be closely monitored by the committee.

The Endowment committee may change any of the above ratios; however, it is anticipated that these changes will be infrequent.

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

VIII. Spending Policy

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

IX. Volatility of Returns

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

X. Liquidity

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

XI. Marketability of Assets

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

XII. Investment Guidelines

A. Allowable Assets

1. Cash Equivalents

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

2. Fixed Income Securities

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

3. Fixed Income Alternatives

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

- Short-biased equities
- Macro investing

4. Equity Securities

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

5. Private Equity

6. Mutual Funds

- Mutual Funds which invest in securities as allowed in this statement.

Other Assets:

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

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

(Is now covered under the derivative section)
The Endowment will avoid highly leveraged strategies and managers who provide insufficient transparency of their actions for adequate monitoring of the risks they are taking.

B. Guidelines for Fixed Income Investments and Cash Equivalents

1. Investment in fixed income securities shall be restricted to only investment grade bonds rated BAA or higher.

2. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's.

3. Investment in fixed income securities within the fixed income portfolio shall be restricted to only investment grade bonds rated BAA or higher. Any investment in below investment grade bonds shall be considered an equity or fixed income alternative investment**.**

C. Guidelines for Fixed Income Alternatives

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

D. Limitations on Manager Allocations

1. No more than 5% of the Endowment Fund assets shall be allocated to an individual Investment Manager.

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

XIII. Investment Manager Performance Review and Evaluation

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

1. Investment performance which is significantly less than anticipated, given the discipline employed and risk parameters established, or unacceptable justification of poor results.

2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.

3. Significant qualitative changes to the investment management organization.

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

XIV. Investment Policy Review

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

Investment Manager Selection

1. The Endowment Committee will decide on guidelines for the desired investment philosophy, asset mix, and performance objectives of the new manager.

2. The Endowment Committee will employ, if appropriate, Investment Consultant(s) to identify potential managers.

3. Potential managers will be reviewed by the Endowment Committee in some or all of the following areas with the importance of each category determined by the Endowment Committee:

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

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

Securities Summary – Equities
- Yield
- Profit/earnings
- Quality
- Growth
- Beta

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

Securities Summary – Fixed Income Alternative

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

Skill Set Analysis

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

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

UNIVERSITY OF SOUTH ALABAMA
NON-ENDOWMENT CASH POOL INVESTMENT POLICIES

Purpose

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

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

INVESTMENT OBJECTIVES

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

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

Maintenance of Adequate Liquidity

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

Return on Investments

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

DELEGATION OF AUTHORITY

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

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

IMPLEMENTATION OF THE INVESTMENT POLICY

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

AUTHORIZED INVESTMENT INSTRUMENTS

Short-Term Operational Funds

Safety of Capital

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

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

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

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

2. Certificates of Deposit issued by banks and fully collateralized for the amounts above the FDIC $250,000.00 coverage limit or participation by the bank in the State of Alabama's Security for Alabama Funds Enforcement Program. Negotiable Certificates of Deposit or

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

3. Direct obligations of the United States or obligations unconditionally guaranteed as to principal and interest by the Unites States.

4. Obligations of a Federal Agency (including mortgage backed securities) or a sponsored instrumentality of the United States including but not limited to the following:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC)
- Federal Farm Credit Banks (FFCB)
- Government National Mortgage Association (GNMA)
- Federal National Mortgage Association (FNMA)
- Student Loan Marketing Association (SLMA)
- Financing Corp (FICO)
- Tennessee Valley Authority (TVA)
- Government Trust Certificates (GTC)

5. Commercial paper of corporate issuers with a minimum quality rating of P-1 by Moody's, A-1 by Standard and Poor's or F-1 rating by Fitch. Corporate bonds will maintain a minimum "A" rating by both Moody's and Standard and Poor's at the time of purchase. No more than ten percent (10%) of the Total Cash and Investments shall be invested in a single corporation for Commercial Paper/Short-term Corporate Bonds and thirty-five percent (35%) per Federal Agency Obligation as described above. There will be no limit on U.S. Treasury Obligations. All such securities must have an active secondary market.

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

Intermediate-Term Investment of Operational Funds

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

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

Long-Term Investment of Operational Funds

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

PASS THROUGH OR DESIGNATED FUNDS

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

PRUDENCE AND ETHICAL STANDARDS

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

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

EFFECTIVE DATE

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

Appendix A

University of South Alabama

Non-Endowment
Equity and Alternative Investment Pool Guidelines

Purpose

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

Return on Investments

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

Oversight and Delegation of Authority

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

Investment Objectives

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

Portfolio Composition and Risk

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

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

	Range	Long-term neutral
Equity	45-85%	70%
Alternative Investment	10-35%	30%

B. The purpose of the equity component is to provide appreciation of principal that more than offsets inflation and to provide a growing stream of capital appreciation and current income. It is recognized that the pursuit of this objective could entail the assumption of greater market variability and risk than investment in fixed-income securities. Equity and equity-substitute investments are broadly defined as common stocks, high-yield bonds, reorganization securities, venture capital, leveraged buyout investments, equity real estate, exchange traded index funds**,** etc.

C. The purpose of the alternative investment component is to provide the Equity and Alternative Pool a source of returns with low to negative correlation to equity markets and volatility of one third to one half that of the U.S. equity market, while still achieving equity-like returns of Treasury Bills plus 2-8% over time. The alternative investment component should normally represent approximately 10-35 percent of the total Equity and Alternative Pool.

D. Any assets not committed to the alternative investment component shall be allocated to the equity fund. The equity fund should normally represent approximately 45-85 percent of total the Equity and Alternative Pool assets at market value. Although the actual percentage of equities will vary with market conditions, levels outside this range should be closely monitored.

E. The Equity and Alternative Pool includes investments in several categories:

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

F. Within the equity fund, certain investments can be included to provide a hedge against unanticipated, rapidly accelerating inflation. These include cash, real estate and oil and gas investments.

G. The Equity and Alternative Pool investments shall be diversified both by asset class (e.g., equities and alternative investment securities) and within asset classes (e.g., within equities by economic sector, geographic area, industry, quality, and size). The purpose of diversification is to provide reasonable assurance that no single security or class of securities shall have a disproportionate impact on the endowment funds aggregate results. Equity securities in any single industry will

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

Spending Policy

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

Line of Credit

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

UNIVERSITY OF SOUTH ALABAMA

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

PROPERTY ADDRESS:

201 Cox Street
Mobile, Alabama 36604
Key Number 805953

APPRAISAL INFORMATION:

The Mobile County Revenue Commission reported a 2020 Fair Market Value of $885,100.00 for the property.

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

STATE OF ALABAMA
COUNTY OF MOBILE

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS that **SARAH G. COLEMAN and ARTHUR C. COLEMAN,** wife and husband, the Grantors, for and in consideration of the sum of **EIGHT HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS ($850,000.00)** and other good and valuable consideration hereby acknowledged to have been paid to the said Grantors by **UNIVERSITY OF SOUTH ALABAMA, A PUBLIC BODY CORPORATE OF THE STATE OF ALABAMA,** the Grantee, do hereby GRANT, BARGAIN, SELL and CONVEY unto the said Grantee, subject to the provisions hereinafter contained, all that real property in the County of Mobile, State of Alabama, described as follows:

All of Coleman Cox Street Subdivision as per plat thereof recorded in Map Book 106, Page 77 of the records in the Office of the Judge of Probate, Mobile County, Alabama. Said property is also described as follows:

Beginning at the northwest corner of Cox and Center Streets, run thence North along the west line of Cox Street 364.57 feet; thence westwardly 84.15 feet; thence southwestwardly 346.7 feet to the north line of Center Street; thence eastwardly along the north line of Center Street 100 feet to point of beginning. Being a part of Lots 2-8, Block 7, Lambert Subdivision, Deed Book 107, Page 262, in the records of the Office of the Judge of Probate, Mobile County, Alabama.

Excepting therefrom such oil, gas and other minerals in, on and under said real property, together with all rights in connection therewith, as have previously been reserved by or conveyed to others; it being the intention of the Grantors to convey to Grantee only the interest Grantors own therein, if any.

ADDRESS: 201 Cox Street, Mobile, AL 36604.

TOGETHER WITH all and singular the rights, privileges, tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining; TO HAVE AND TO HOLD the same unto the said Grantee, its successors and assigns, FOREVER.

This conveyance is made subject to building setback line, drainage and utility line easements and notes or restrictions as shown on recorded plat of said subdivision.

AND, except as to the above and the taxes hereafter falling due, the said Grantors, for themselves, and for their heirs and personal representatives, hereby covenant with the said Grantee, its successors and assigns, that they are seized of an indefeasible estate in fee simple in and to said property; that they have a good and lawful right to sell and convey the same in fee simple; that said

property is free and clear of all liens and encumbrances; that they are in the quiet and peaceable possession of said property; and that they do hereby WARRANT AND WILL FOREVER DEFEND the title to said property, and the possession thereof, unto the said Grantee, its successors and assigns, against the lawful claims of all persons, whomsoever.

IN WITNESS WHEREOF, the Grantors have hereunto set their hands and seals on this the 28th day of January, 2021.

Sarah G. Coleman (SEAL)
SARAH G. COLEMAN

Arthur C. Coleman (SEAL)
ARTHUR C. COLEMAN

STATE OF ALABAMA
COUNTY OF MOBILE

I, the undersigned Notary Public in and for said State and County, hereby certify that **SARAH G. COLEMAN and ARTHUR C. COLEMAN,** whose names are signed to the foregoing conveyance and who are known to me, acknowledged before me on this day that being informed of the contents of said conveyance, they executed the same voluntarily on the day the same bears date.

Given under my hand and notarial seal on this the 28th day of January, 2021.

NOTARY PUBLIC, State at Large
My Commission Expires: _____

LAUREN A. [illegible]
MY COMMISSION EXPIRES
May 14, 2023
NOTARY PUBLIC
ALABAMA STATE AT LARGE

THE GRANTEE'S ADDRESS IS:
175 N. University Blvd ste. 150
Mobile, AL 36608

THE GRANTORS' ADDRESS IS:
2306 Mr. Kibben Court
Mobile, AL 36617

THIS INSTRUMENT WAS PREPARED BY:
William S. McFadden, Attorney
McFADDEN, ROUSE & BENDER, LLC
718 Downtowner Boulevard
Mobile, Alabama 36609
(251) 342-9172

COMMITTEE MINUTES

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

Audit Committee

December 2, 2020
1:30 p.m.

A meeting of the Audit Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Ron Graham, Chair, on Wednesday, December 2, 2020, at 1:31 p.m. in the Chief Calvin W. McGhee Grand Ballroom of the MacQueen Alumni Center. Public access was provided via YouTube livestream.

Members:	Alexis Atkins and Lenus Perkins were present and Tom Corcoran, Ron Graham, Ron Jenkins and Ken Simon participated by video conference.
Other Trustees:	Chandra Brown Stewart, Steve Furr, Arlene Mitchell, Jimmy Shumock, Margie Tuckson, Mike Windom and Jim Yance.
Administration & Guests:	Owen Bailey, Lynne Chronister, Kristin Dukes, Joel Erdmann, Julie Estis, Monica Ezell, Paul Frazier, Melinda Gratwick (KPMG), Mike Haskins, Andi Kent, Nick Lawkis, John Marymont, Mike Mitchell, Amanda Price (KPMG), Laura Schratt, John Smith, Margaret Sullivan, Tony Waldrop, Scott Weldon and Ashley Willson (KPMG).

Following introductory remarks by Chairman Shumock, the meeting came to order and the attendance roll was called. Mr. Graham called for consideration of **Item 2**, the minutes of the September 10, 2020, meeting of the Audit Committee. On motion by Ms. Atkins, seconded by Mr. Perkins, the Committee voted unanimously to adopt the minutes.

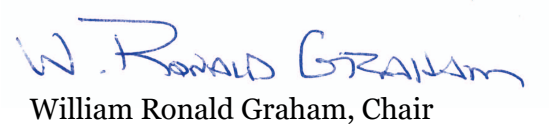
Mr. Graham called on Mr. Weldon to address the KPMG audit reports for the year ended September 30, 2020, **Item 3**. Mr. Weldon acknowledged the hard work of the KPMG team and the staff of the Division of Finance and Administration, particularly Associate Vice President for Finance and Administration Ms. Polly Stokley and University Controller Ms. Kristen Roberts, in completing the audit in a timely manner despite the challenges related to the coronavirus pandemic. He introduced KPMG partner Ms. Ashley Willson, who discussed KPMG's approach for coordinating audits during the pandemic; addressed a series of required communications; stated that unmodified opinions were issued on the basic financial statements for the University, USA Research and Technology Corporation and USA Health Care Authority; and advised of audit work still ongoing, for which reports pertaining to Uniform Guidance and federal awards and to agreed-upon procedures of the National Collegiate Athletic Association would be delivered at a later date. Ms. Willson introduced Senior Manager Ms. Amanda Price, who discussed significant accounting estimates, audit inquiries and information from KPMG on quality and transparency. Ms. Willson invited feedback and questions from Committee members and Trustees, and provided KPMG contact information. Mr. Graham recognized the teamwork involved to achieve this work.

Mr. Graham asked Mr. Weldon to discuss **Item 4**, the Alabama Department of Examiners of Public Accounts compliance report for the year ended September 30, 2019. Mr. Weldon stated the

report did not contain audit findings or disclose other matters that would warrant action by the University.

There being no further business, the meeting was adjourned at 1:52 p.m.

Respectfully submitted:



William Ronald Graham, Chair

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

Development, Endowment and Investments Committee

December 2, 2020
1:52 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. Mike Windom on behalf of Mr. Jim Yance, Chair, on Wednesday, December 2, 2020, at 1:52 p.m. in the Chief Calvin W. McGhee Grand Ballroom of the MacQueen Alumni Center. Public access was provided via YouTube livestream.

Members:	Chandra Brown Stewart and Mike Windom were present and Arlene Mitchell, Margie Tuckson and Jim Yance participated by video/phone conference.
Members Absent:	Scott Charlton and Steve Stokes.
Other Trustees:	Alexis Atkins, Tom Corcoran, Steve Furr, Ron Graham, Ron Jenkins, Lenus Perkins, Jimmy Shumock and Ken Simon.
Administration & Guests:	Terry Albano, Owen Bailey, Lynne Chronister, Kristin Dukes, Joel Erdmann, Julie Estis, Monica Ezell, Paul Frazier, Meena Gandhi (J.P. Morgan), Mike Haskins, Andi Kent, Nick Lawkis, Robert LeDoux (J.P. Morgan), John Marymont, Mike Mitchell, Laura Schratt, John Smith, Margaret Sullivan, Tony Waldrop, Scott Weldon and Mina Zorrilla (J.P. Morgan).

The meeting came to order and the attendance roll was called. Mr. Windom called on Mr. Albano to present **Item 6**, a report on endowment and investment performance. Mr. Albano advised of an investment return of nine percent for the fiscal year ended September 30, 2020, compared to the relative index performing at 9.14 percent. He reported a market value of approximately $172.4 million, as well as investment earnings and appreciation totaling approximately $14.3 million for the period. He shared insight on manager results and on long-term performance of the total endowment, noting just under $100 million in investment earnings and appreciation since inception in March 2000.

Mr. Windom asked Mr. Albano to address **Item 7**, a resolution acknowledging and accepting the current year annual evaluation of the University's endowment and non-endowment investment policies by the Development, Endowment and Investments Committee and the Committee's recommendation that revision of the policies was not needed at this time. (To view approved resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 3, 2020.) Mr. Albano reminded the Committee that the annual review and acceptance of the policies by the Board satisfied a SACSCOC (Southern Association of Colleges and Schools Commission on Colleges) accreditation standard. 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.

Mr. Windom called on Dr. Erdmann to present **Item 8**, a resolution authorizing officers and directors of the Jaguar Athletic Fund, Inc. (JAF). Dr. Erdmann advised of the nomination of

Mr. Shumock, Mr. Skipper Walters and Mr. Jeffry Nichols to serve as JAF President, Vice President and Secretary, respectively, for the 2021 calendar year, as well as of Ms. Farish Collura to serve as JAF Director representing softball for a three-year term ending 2023. On motion by Ms. Mitchell, seconded by Ms. Brown Stewart, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Continuing with the **Item 6** report on endowment and investment performance, Mr. Windom called on Mr. Albano, who introduced J.P. Morgan representatives Ms. Meena Gandhi, Mr. Robert LeDoux and Ms. Mina Zorilla. The guests shared perspective on the performance of the University's portfolio, factors influencing the market, and J.P. Morgan's investment philosophy. Mr. Windom and Mr. Albano thanked the J.P. Morgan team for their participation.

Mr. Windom called for an update 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 reported that the campaign concluded on September 30, 2020, with approximately $160.9 million raised, exceeding the $150 million goal. She indicated that, among the 23,130 donors who participated, USA employees contributed approximately $7.7 million. She stated fiscal year 2020 closed with approximately $15.9 million in gifts and pledges secured and advised of approximately $1.2 million in gifts and pledges recorded thus far in fiscal year 2021. She thanked the Board of Trustees, Campaign Co-Chairs Dr. Steve and Mrs. Angelia Stokes, and the University leadership for their efforts to advance the campaign, and recognized Mr. Yance for his role as Chair of the University's first comprehensive campaign, which she said served as a foundation for the Upward & Onward Campaign. She highlighted a number of initiatives that benefited as a result of the campaign, noting in excess of $35 million raised for scholarships, inclusive of Mitchell-Moulton Scholarship Initiative matching funds; new and expanded facilities, including Hancock Whitney Stadium, the MacQueen Alumni Center (MAC), the Fanny Meisler Trauma Center and the Health Simulation Building; creation of the Leadership in Social Justice and Perseverance Endowed Scholarship; establishment of two seed research grants; implementation of a speaker's series at the MAC focused on inclusion and diversity; and growth of the University's Pandemic Emergency Fund. She advised that the United Way of Southwest Alabama drive recently ended with South Alabama employees giving more than $220,000. She conveyed excitement for prospective projects, citing plans for a new College of Medicine building, a new pediatric emergency department at USA Health Children's & Women's Hospital and initiatives related to marine and environmental sciences. Mr. Windom thanked the Mitchell family for their broad philanthropic reach at the University of South Alabama.

Mr. Windom asked Ms. Sullivan to discuss **Item 10**, a resolution thanking the Mobile County Commission for appropriating $12,000 to support Project 110, and approving the University's entry into a contract with the Mobile County Commission, as well as the program expenditures. Ms. Sullivan explained that Project 110 was a documentary and teaching curriculum spearheaded by College of Education Professor Dr. Joe'l Lewis Billingsley to honor the 110 enslaved individuals who were unlawfully brought from Africa to the United States aboard the schooner Clotilda in 1860. She stated grant assistance provided by the Alabama Humanities Foundation required matching funds and she credited Mobile County Commissioner Ms. Merceria Ludgood for her help to secure the additional funding. 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.

Mr. Windom asked Ms. Sullivan to address **Item 11**, a resolution recognizing the generosity of USA alumni Mr. Jake and Mrs. Pat Gosa and expressing gratitude for their leadership and loyalty to South Alabama. Ms. Sullivan shared that the Gosas were avid supporters of Mitchell College of Business and College of Nursing scholarships and recently pledged a $5 million legacy gift, as part of the Upward & Onward Campaign, that would be transformative for programs of both colleges and for students receiving Gosa scholarship assistance. On motion by Ms. Mitchell, seconded by Mr. Yance, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Windom asked Ms. Sullivan to present **Item 12**, a resolution honoring Dr. Steve and Mrs. Angelia Stokes for visionary leadership of the $150 million Upward & Onward Campaign and acknowledging the profound impact of their service as Campaign Co-Chairs upon the future course of the University. Ms. Sullivan talked about the tireless work of the Stokeses over the five years of the campaign, as well as their decades of distinguished service and giving to advance the mission of the University, citing their generous support of marine sciences and creative writing programs and of USA Health initiatives, and Dr. Stokes' tenure as Chair *pro tempore* of the Board of Trustees. On motion by Ms. Mitchell, seconded by Mr. Yance, 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 2:35 p.m.

Respectfully submitted:

Michael P. Windom

On behalf of:

James A. Yance, Chair

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

Health Affairs Committee

December 2, 2020
2:35 p.m.

A meeting of the Health Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Dr. Steve Furr on behalf of Dr. Scott Charlton, Chair, on Wednesday, December 2, 2020, at 2:35 p.m. in the Chief Calvin W. McGhee Grand Ballroom of the MacQueen Alumni Center. Public access was provided via YouTube livestream.

Members:	Chandra Brown Stewart and Steve Furr were present and Arlene Mitchell, Margie Tuckson and Jim Yance participated by video/phone conference.
Members Absent:	Scott Charlton and Steve Stokes.
Other Trustees:	Alexis Atkins, Tom Corcoran, Ron Graham, Ron Jenkins, Lenus Perkins, Jimmy Shumock, Ken Simon and Mike Windom.
Administration & Guests:	Owen Bailey, Lynne Chronister, Kristin Dukes, Joel Erdmann, Julie Estis, Monica Ezell, Paul Frazier, Mike Haskins, Andi Kent, Nick Lawkis, John Marymont, Mike Mitchell, Laura Schratt, John Smith, Margaret Sullivan, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Dr. Furr called for consideration of a resolution authorizing the USA Health Hospitals medical staff appointments and reappointments for August, September and October 2020, **Item 14**. (To view approved resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 3, 2020.) On motion by Ms. Mitchell, seconded by Ms. Tuckson, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Furr called for consideration of **ITEM 15**, a resolution authorizing revisions to the USA Health Hospitals medical staff bylaws and associated documents. On motion by Ms. Tuckson, seconded by Ms. Brown Stewart, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Furr called on Dr. Marymont for an update on the activities of USA Health and the College of Medicine, **ITEM 16**. Dr. Marymont introduced Mr. Bailey to discuss USA Health projects underway and plans for continued growth. Mr. Bailey conveyed pride for the progress of the health system in recent years in the areas of patient volume, facilities, health and safety standards and finances. He credited the USA Health team for embracing the University's academic mission, a factor he said makes USA Health unique in the market. As photos were shown, he shared information on the new Fanny Meisler Trauma Center at University Hospital (UH); renovation of the 10th and 11th floors to increase bed capacity at UH; Endoscopy GI Lab at UH; equipment storage warehouse adjacent to UH; two new generators at UH; USA Health Midtown Clinic on Old Shell Road; proposed Mapp Family Campus in Baldwin County; and proposed expansion of the Mitchell Cancer Institute Kilborn Clinic in Fairhope. He discussed plans for projects to be funded with Series 2021 bond proceeds, including the pediatric emergency department at Child-

ren's & Women's Hospital; operating room expansion at UH; and freestanding emergency department and professional office building on Hillcrest Road. Dr. Marymont talked briefly about the proposed new building for the College of Medicine and shared that the emergence of the coronavirus pandemic changed how students are educated and, thus, the plans for the building.

There being no further business, the meeting was adjourned at 2:54 p.m.

Respectfully submitted:

Steven P. Furr, M.D.

On behalf of:

Scott A. Charlton, M.D., Chair

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

Academic and Student Affairs Committee

December 2, 2020
2:54 p.m.

A meeting of the Academic and Student Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Mike Windom, Chair, on Wednesday, December 2, 2020, at 2:54 p.m. in the Chief Calvin W. McGhee Grand Ballroom of the MacQueen Alumni Center. Public access was provided via YouTube livestream.

Members:	Steve Furr, Lenus Perkins and Mike Windom were present and Ron Graham, Ron Jenkins and Margie Tuckson participated by video conference.
Member Absent:	Scott Charlton.
Other Trustees:	Alexis Atkins, Chandra Brown Stewart, Tom Corcoran, Arlene Mitchell, Jimmy Shumock, Ken Simon and Jim Yance.
Administration & Guests:	Zeke Aull, Owen Bailey, Lynne Chronister, Angela Coleman, Kristin Dukes, Joel Erdmann, Julie Estis, Monica Ezell, Ryan Ferguson, Paul Frazier, Mike Haskins, Andi Kent, Nick Lawkis, John Marymont, Mike Mitchell, Laura Schratt, John Smith, Margaret Sullivan, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Windom called on Dr. Kent for the presentation of **Item 18**, a resolution authorizing sabbatical awards for Fall 2021 through Spring 2022. (To view approved resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 3, 2020.) On motion by Ms. Tuckson, seconded by Capt. Jenkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Windom asked Drs. Kent and Marymont to address **ITEM 19**, a resolution granting emeritus status to retired or soon-to-be-retired faculty who served the Division of Academic Affairs and the College of Medicine, and conveying the Board's appreciation for their service to the University. Dr. Kent and Dr. Marymont made brief remarks in support of the candidates. On motion by Mr. Perkins, seconded by Mr. Graham, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Concerning **ITEM 20**, a report on the activities of the Division of Academic Affairs, Mr. Windom called on Dr. Kent for remarks. Dr. Kent introduced Associate Vice President for Institutional Effectiveness Dr. Angela Coleman to share insight on the SACSCOC (Southern Association of College and Schools Commission on Colleges) decennial reaffirmation of accreditation process. Dr. Coleman stated the University would soon engage in an exhaustive self-certification process that would culminate in the submission of a document showing compliance with SACSCOC principles in September 2022 and be followed by a SACSCOC review team site visit in the spring of 2023. She announced that South was one of a select few institutions approved for a new differentiated review process, meaning that, while USA would document compliance with all standards, the narrative with SACSCOC would concentrate on 40 of the 73 standards. She noted

that South's selection for this process was the result of meeting criteria demonstrating institutional stability and efficiency. She added that the University's decennial reaffirmation leadership team would receive an orientation package within the week.

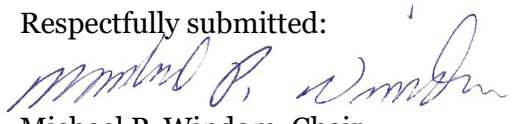
Mr. Windom called on Dr. Mitchell for a report on the activities of the Division of Student Affairs, **ITEM 21**. Dr. Mitchell shared background on the appointment of Student Health Center Director Mr. Ryan Ferguson in February 2019 and the advantage his knowledge as a health care provider meant for South with the emergence of the coronavirus crisis. He introduced Mr. Ferguson, who gave an overview of the Student Health Center's response during the pandemic. Mr. Ferguson shared information on patient visits in 2019 and 2020; a satellite clinic at the Intramural Field House that provided COVID, flu and strep testing for student athletes, as well as overflow testing of all students as needed and flu vaccinations for employees; COVID test results; the work of a new Contact Tracing Department; and Jag Healthcheck procedures.

Mr. Windom called on Dr. Smith for the presentation of **Item 22**, a report on campus safety. Dr. Smith introduced University Police Chief Mr. Zeke Aull to share Clery crime statistics, which he noted was required annually under federal law, and to update the Committee on diversity training and efforts to diversify South's police force. Chief Aull addressed a chart showing crimes reported in 2017 through 2019 and provided insight on increased burglary offenses in 2019. He discussed a training initiative he developed to prepare South Alabama officers with regard to civil rights and proper officer conduct, which he said had generated interest among other law enforcement agencies in the state and beyond, much like the mental health training program he also founded. He stressed the importance of South Alabama taking a leadership role to impact positive change. He discussed attributes desired of USA officers and talked about a creative marketing campaign launched with the assistance of the Office of Marketing and Communications to attract USA criminal justice graduates who may be interested in joining South's police force.

Mr. Windom asked Ms. Chronister to address **Item 23**, a report on the activities of the Division of Research and Economic Development. Ms. Chronister presented sponsored activity highlights for the 2020 fiscal year, advising of a volume in excess of $100.7 million. She reviewed a distribution chart showing 31 percent in CARES (Coronavirus Aid, Relief and Economic Security) Act funding in addition to the regular distribution categories, with awards of one percent for clinical trials, seven percent for public service, seven percent for instruction, 24 percent specified as "other," and, as to the 30 percent in federal awards for research, she credited the faculty for their hard work under the trying circumstances of the pandemic. She called the slight decrease in proposals submitted in 2020 a positive result considering that research office operations were largely suspended for close to six months. She stated 338 proposals were funded in 2020 as compared to the 293 proposals funded in 2019, noting this was a positive outcome as well given that many awards were delayed to 2021 because the federal government also paused business due to the pandemic. To conclude, she presented a chart illustrating sponsored activity growth over five years. Brief discussion took place about the national media attention received recently by Professor and Chair of Civil Engineering Dr. Kevin White for his work to improve sewage treatment in Alabama's Black Belt region.

There being no further business, the meeting was adjourned at 3:25 p.m.

Respectfully submitted:



Michael P. Windom, Chair

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

Long-Range Planning Committee

December 2, 2020
3:25 p.m.

A meeting of the Long-Range Planning Committee of the University of South Alabama Board of Trustees was duly convened by Ms. Chandra Brown Stewart, Chair, on Wednesday, December 2, 2020, at 3:25 p.m. in the Chief Calvin W. McGhee Grand Ballroom of the MacQueen Alumni Center. Public access was provided via YouTube livestream.

Members:	Chandra Brown Stewart, Lenus Perkins and Mike Windom were present and Ron Jenkins and Jim Yance participated by video/phone conference.
Member Absent:	Steve Stokes.
Other Trustees:	Alexis Atkins, Tom Corcoran, Steve Furr, Ron Graham, Arlene Mitchell, Jimmy Shumock, Ken Simon and Margie Tuckson.
Administration & Guests:	Owen Bailey, Lynne Chronister, Angela Coleman, Kristin Dukes, Joel Erdmann, Julie Estis, Monica Ezell, Paul Frazier, Mike Haskins, Andi Kent, Nick Lawkis, John Marymont, Mike Mitchell, Laura Schratt, John Smith, Margaret Sullivan, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Ms. Brown Stewart called for a report from Associate Vice President for Institutional Effectiveness Dr. Angela Coleman on the strategic planning process, **Item 25**. Dr. Coleman announced that the strategic planning process, which started in January 2020 and was postponed due to the coronavirus pandemic, was being resumed and she referenced an overview of the strategic planning cycle in the meeting materials. She stressed the importance of considering the effects of the pandemic across multiple environments as part of the dialogue moving forward. She said a Strategic Planning Committee had been reappointed and included Drs. Kent and Smith as co-chairs; Mr. Shumock and Ms. Brown Stewart representing the Board of Trustees; and representation across University constituencies, local government and business, and the greater community. She summarized the work that would take place in the months ahead and culminate in the presentation of a proposed strategic plan for the Board's consideration in December 2021.

There being no further business, the meeting was adjourned at 3:29 p.m.

Respectfully submitted:

Chandra Brown Stewart, Chair

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

Budget and Finance Committee

December 2, 2020
3:29 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 Wednesday, December 2, 2020, at 3:29 p.m. in the Chief Calvin W. McGhee Grand Ballroom of the MacQueen Alumni Center. Public access was provided via YouTube livestream.

Members:	Alexis Atkins, Chandra Brown Stewart and Lenus Perkins were present and Tom Corcoran, Ron Graham and Ken Simon participated by video conference.
Member Absent:	Steve Stokes.
Other Trustees:	Steve Furr, Ron Jenkins, Arlene Mitchell, Jimmy Shumock, Margie Tuckson, Mike Windom and Jim Yance.
Administration & Guests:	Terry Albano, Owen Bailey, Lynne Chronister, Lizzie Del Rio, Kristin Dukes, Joel Erdmann, Julie Estis, Monica Ezell, Paul Frazier, Mike Haskins, Rod Kanter (Bradley Arant), Andi Kent, Nick Lawkis, John Marymont, Mike Mitchell, Laura Schratt, John Smith, Margaret Sullivan, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Corcoran called on Mr. Weldon, who addressed the University of South Alabama 2020 Financial Report, **Item 27**. Mr. Weldon advised of an increase in net position of approximately $124 million compared to that of approximately $57 million reported for fiscal year 2019. He stated the primary factors that contributed to this favorable outcome were the continued improvement in USA Health financial operations; a change in actuarial assumptions related to retiree health insurance; the recognition of approximately $15.5 million in CARES (Coronavirus Aid, Relief, and Economic Security) stimulus funding; and the improved performance of financial markets. He also attributed the University's strong financial position to the hard work and dedication of the faculty and staff of the main campus and the physicians and staff of USA Health.

As to **Item 28**, a resolution adopting a restated 401(a) money purchase pension plan and authorizing the University President or other university contract officer to execute the plan document, Mr. Weldon introduced Director of Tax Accounting Ms. Lizzie Del Rio to share background. (For copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 3, 2020.) Ms. Del Rio explained that a restatement of the plan was required to comply with Internal Revenue Service guidance issued since the last plan restatement occurring in 2012. She said the restatement included substantive updates concerning rollover distributions, as well as expanded definitions, and added the effective date of the restatement would be January 1, 2020.

Concerning a resolution authorizing the University President to execute a bond purchase agreement for Series 2021 bonds, **Item 29**, Mr. Weldon advised of plans for a publicly traded bond issue in the amount of approximately $50 million to fund capital projects critical for the

continued growth and financial improvement of USA Health. He said the debt service would be funded primarily by USA Health and approval of the resolution would allow the Administration to move forward with the bond sale in order to present the results for final ratification by the Board of Trustees at the March meeting. He conveyed optimism that Standard & Poor's and Moody's would view the transaction favorably in the days ahead and he recognized that Mr. Rod Kanter of Bradley Arant was participating in the meeting and could answer questions.

Ms. Chronister presented **Item 30**, a resolution authorizing the appointment of Mr. Glen Agnew and the reappointment of Mr. David Trent as directors of the USA Foundation for Research and Commercialization (FRAC) with four-year terms expiring November 2024 and the amendment of Mr. Mark Hoffman's term to four-years expiring in November 2022 to comply with the FRAC bylaws. She reminded the group that the FRAC was responsible for managing funds generated from intellectual property, as well as certain grants and contracts.

Mr. Weldon introduced Mr. Albano to discuss **Item 31**, a resolution authorizing the execution of a new rent supplement agreement (RSA) related to the USA Research and Technology Corporation (RTC) and refunding of a loan with PNC Bank. Mr. Albano shared background on the existing loan and RSA, noting a 4.5 percent interest rate and terms under which the University provided PNC extra loan security for the benefit of the RTC. He stated, of several bids received recently from banking institutions, Hancock Whitney Bank's proposal was the most competitive with a 3.08 percent fixed interest rate, 10-year term and 15-year amortization, and would result in a cost savings of approximately $900,000 over the life of the loan. He said the recommendation included adding $1.5 million to the new loan to fund the expansion of facilities at the USA Technology and Research Park in order to accommodate more tenants and he credited Mr. Kanter for his work on the transaction documents. Mr. Weldon added that, while the RSA was a guarantee for the debt, payments from the University were not projected.

Mr. Corcoran moved for the approval of **Items 28, 29, 30** and **31**, and Judge Simon seconded. Mr. Corcoran called for a vote on each resolution. The Committee voted unanimously to recommend approval of the resolutions by the Board of Trustees.

Chairman Shumock recognized the service of Alabama Representative Dr. Victor Gaston as a FRAC director and supporter of the University for many years.

There being no further business, the meeting was adjourned at 3:42 p.m.

Respectfully submitted:

E. Thomas Corcoran

E. Thomas Corcoran, Chair

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

Committee of the Whole

December 2, 2020
3:42 p.m.

A meeting of the Committee of the Whole of the University of South Alabama Board of Trustees was duly convened by Mr. Jimmy Shumock, Chair *pro tempore*, on Wednesday, December 2, 2020, at 3:42 p.m. in the Chief Calvin W. McGhee Grand Ballroom of the MacQueen Alumni Center. Public access was provided via YouTube livestream.

Members:	Alexis Atkins, Chandra Brown Stewart, Steve Furr, Lenus Perkins, Jimmy Shumock and Mike Windom were present and Tom Corcoran, Ron Graham, Ron Jenkins, Arlene Mitchell, Ken Simon, Margie Tuckson and Jim Yance participated by video/phone conference.
Members Absent:	Scott Charlton, Steve Stokes and Kay Ivey.
Administration & Guests:	Owen Bailey, Lynne Chronister, Kristin Dukes, Joel Erdmann, Julie Estis, Monica Ezell, Paul Frazier, Mike Haskins, Andi Kent, Nick Lawkis, John Marymont, Mike Mitchell, Laura Schratt, John Smith, Margaret Sullivan, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. In accordance with the provisions of the Alabama Open Meetings Act, Chairman Shumock made a motion to convene an executive session for an anticipated duration of 45 minutes for the purpose of discussing a criminal investigation and pending or threatened litigation, **Item 33**. He stated Ms. Dukes had submitted the required written declaration for the minutes and that the meeting would effectively be adjourned at the conclusion of the executive session. Ms. Mitchell seconded and, at 3:43 p.m., the Committee of the Whole voted unanimously to convene an executive session, as recorded below, with Chairman Shumock directing the Trustees present to move into the Moulton Board Room and the Trustees participating remotely to join by phone at 3:55 p.m.:

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

There being no further business, the meeting was adjourned at 4:43 p.m.

Respectfully submitted:

James H. Shumock, Chair *pro tempore*

APPENDIX A

Executive Session

University of South Alabama Board of Trustees Committee of the Whole meeting on December 2, 2020.

The purpose of the executive session for the above-referenced meeting is to discuss a criminal investigation and pending or threatened litigation.

This declaration is submitted pursuant to the requirements of the Alabama Open Meetings Act by Kristin Daniels Dukes, ASB number 6408o61k.

Kristin Daniels Dukes