

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES MEETINGS
STEELWOOD COUNTRY CLUB - THE CLUBHOUSE GREAT ROOM**

Reserved parking and transportation to the meetings available at the Golf Pro Shop (17492 Dogwood Grove, Loxley, AL, [Click for Directions](#)).
At the Steelwood front gate, advise you are a University of South Alabama guest.

**JUNE 4, 2026
3:00 P.M.**

AUDIT COMMITTEE MEETING-- STEVE STOKES, M.D., CHAIR

- 1 Roll Call
- 2 Approve: [Minutes](#)
- 3 Report: Office of Internal Audit

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE MEETING-- MIKE WINDOM, CHAIR

- 4 Roll Call
- 5 Approve: [Minutes](#)
- 6 Report: [Endowment and Investment Performance](#)
- 7 Recommendation to Approve: [Commendation of Mrs. Geri Moulton](#)
- 8 Report: Development and Alumni Relations

HEALTH AFFAIRS COMMITTEE MEETING -- JIMMY SHUMOCK, CHAIR

- 9 Roll Call
- 10 Approve: [Minutes](#)
- 11 Recommendation to Approve: [USA Health Hospitals Medical Staff Appointments and Reappointments for February, March and April 2026](#)
- 12 Report: USA Health

ACADEMIC EXCELLENCE AND STUDENT SUCCESS COMMITTEE MEETING -- CHANDRA BROWN STEWART, CHAIR

- 13 Roll Call
- 14 Approve: [Minutes](#)
- 15 Recommendation to Approve: Tenure and Promotion
- 16 Recommendation to Approve: Tuition, Fees, and Housing and Dining Rates for 2026-2027
- 17 Report: Academic Affairs
- 18 Report: [Speech, Expressive Activities and Use of University Space, Facilities and Grounds Report](#)
- 19 Report: Student Affairs
- 20 Report: Research and Economic Development
- 21 Report: Community Engagement

BUDGET AND FINANCE COMMITTEE MEETING -- LENUS PERKINS, CHAIR

- 22 Roll Call
- 23 Approve: [Minutes](#)
- 24 Report: [Quarterly Financial Statements for the Six Months Ended March 31, 2026](#)
- 25 Recommendation to Approve: [Sale of Real Property](#)
- 26 Report: University Facilities

LONG-RANGE PLANNING COMMITTEE MEETING -- RON GRAHAM, CHAIR

- 27 Roll Call
- 28 Approve: [Minutes](#)
- 29 Report: Institutional Planning and Assessment

COMMITTEE OF THE WHOLE MEETING -- ALEXIS ATKINS, CHAIR

- 30 Roll Call
- 31 Approve: [Minutes](#)
- 32 Recommendation to Approve: [Board of Trustees Meeting Dates for 2026-2027](#)
- 33 Recommendation to Approve: [Commendation of John V. Marymont, M.D.](#)
- 34 Recommendation to Approve: Commendation of Joel W. Erdmann, Ph.D.
- 35 Approve: Executive Session

**JUNE 5, 2026
10:45 A.M.**

BOARD OF TRUSTEES MEETING -- ALEXIS ATKINS, CHAIR PRO TEMPORE

- 1 Roll Call
- 2 Approve: [Minutes](#)
- 3 Approve: [Board of Trustees Meeting Dates for 2026-2027](#)
- 4 Report: University President
- 5 Report: Faculty Senate President
- 6 Report: Student Government Association President
- 7 Approve: Consent Agenda Items:
[USA Health Hospitals Medical Staff Appointments and Reappointments for February, March and April 2026](#)
[Sale of Real Property](#)
- 8 Report: Audit Committee
- 9 Report: Development, Endowment and Investments Committee
- 10 Report: Health Affairs Committee
- 11 Report: Academic Excellence and Student Success Committee
- 12 Approve: Tenure and Promotion
- 13 Approve: Tuition, Fees, and Housing and Dining Rates for 2026-2027
- 14 Report: Budget and Finance Committee
- 15 Report: Long-Range Planning Committee
- 16 Approve: [Commendation of John V. Marymont, M.D.](#)
- 17 Approve: Commendation of Joel W. Erdmann, Ph.D.
- 18 Approve: [Commendation of Mrs. Geri Moulton](#)

UNIVERSITY OF SOUTH ALABAMA BOARD OF TRUSTEES



MEETING SCHEDULE

THURSDAY, JUNE 4, 2026:

3:00 pm Committee Meetings (consecutive) Steelwood Country Club – The Clubhouse Great Room

FRIDAY, JUNE 5, 2026:

10:45 am Board of Trustees Annual Meeting Steelwood Country Club – The Clubhouse Great Room

BOARD OF TRUSTEES
STANDING COMMITTEES
2025-2028

EXECUTIVE COMMITTEE:

- Katherine Alexis Atkins, **Chair pro tempore**
- Lenus M. Perkins, **Vice Chair**
- William Ronald Graham, **Secretary**
- Chandra Brown Stewart
- Arlene Mitchell
- James H. Shumock
- Michael P. Windom

DEVELOPMENT, ENDOWMENT AND INVESTMENTS CTE.:

- Chandra Brown Stewart
- Scott A. Charlton, M.D.
- Luis Gonzalez
- Robert D. Jenkins III
- Steven H. Stokes, M.D., **Vice Chair**
- Michael P. Windom, **Chair**
- James A. Yance

ACADEMIC EXCELLENCE AND STUDENT SUCCESS CTE.:

- Chandra Brown Stewart, **Chair**
- Scott A. Charlton, M.D.
- Steven P. Furr, M.D., **Vice Chair**
- Luis Gonzalez
- Robert D. Jenkins III
- Ronnie Stallworth, Sr.
- Michael P. Windom

EVALUATION AND COMPENSATION COMMITTEE:

- Steven P. Furr, M.D.
- Luis Gonzalez, **Vice Chair**
- Robert D. Jenkins III, **Chair**
- Arlene Mitchell
- Lenus M. Perkins
- James H. Shumock
- Ronnie Stallworth, Sr.

AUDIT COMMITTEE:

- Scott A. Charlton, M.D.
- Steven P. Furr, M.D., **Vice Chair**
- Meredith Mitchell Hamilton
- Lenus M. Perkins
- Ronnie Stallworth, Sr.
- Steven H. Stokes, M.D., **Chair**

HEALTH AFFAIRS COMMITTEE:

- Steven P. Furr, M.D.
- William Ronald Graham
- Meredith Mitchell Hamilton
- Arlene Mitchell, **Vice Chair**
- James H. Shumock, **Chair**
- Steven H. Stokes, M.D.
- James A. Yance

BUDGET AND FINANCE COMMITTEE:

- Chandra Brown Stewart
- William Ronald Graham
- Meredith Mitchell Hamilton, **Vice Chair**
- Lenus M. Perkins, **Chair**
- James H. Shumock
- Steven H. Stokes, M.D.
- Michael P. Windom

LONG-RANGE PLANNING COMMITTEE:

- Scott A. Charlton, M.D.
- William Ronald Graham, **Chair**
- Meredith Mitchell Hamilton
- Robert D. Jenkins III
- Ronnie Stallworth, Sr.
- James A. Yance, **Vice Chair**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**MEETING AGENDA
AND MINUTES**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES MEETINGS
STEELWOOD COUNTRY CLUB - THE CLUBHOUSE GREAT ROOM**

Reserved parking and transportation to the meetings available at the Golf Pro Shop (17492 Dogwood Grove, Loxley, AL, [Click for Directions](#)).
At the Steelwood front gate, advise you are a University of South Alabama guest.

**JUNE 4, 2026
3:00 P.M.**

AUDIT COMMITTEE MEETING-- STEVE STOKES, M.D., CHAIR

- 1 Roll Call
- 2 Approve: Minutes
- 3 Report: Office of Internal Audit

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE MEETING-- MIKE WINDOM, CHAIR

- 4 Roll Call
- 5 Approve: Minutes
- 6 Report: Endowment and Investment Performance
- 7 Recommendation to Approve: Commendation of Mrs. Geri Moulton
- 8 Report: Development and Alumni Relations

HEALTH AFFAIRS COMMITTEE MEETING -- JIMMY SHUMOCK, CHAIR

- 9 Roll Call
- 10 Approve: Minutes
- 11 Recommendation to Approve: USA Health Hospitals Medical Staff Appointments and Reappointments for February, March and April 2026
- 12 Report: USA Health

ACADEMIC EXCELLENCE AND STUDENT SUCCESS COMMITTEE MEETING -- CHANDRA BROWN STEWART, CHAIR

- 13 Roll Call
- 14 Approve: Minutes
- 15 Recommendation to Approve: Tenure and Promotion
- 16 Recommendation to Approve: Tuition, Fees, and Housing and Dining Rates for 2026-2027
- 17 Report: Academic Affairs
- 18 Report: Speech, Expressive Activities and Use of University Space, Facilities and Grounds Report
- 19 Report: Student Affairs
- 20 Report: Research and Economic Development
- 21 Report: Community Engagement

BUDGET AND FINANCE COMMITTEE MEETING -- LENUS PERKINS, CHAIR

- 22 Roll Call
- 23 Approve: Minutes
- 24 Report: Quarterly Financial Statements for the Six Months Ended March 31, 2026
- 25 Recommendation to Approve: Sale of Real Property
- 26 Report: University Facilities

LONG-RANGE PLANNING COMMITTEE MEETING -- RON GRAHAM, CHAIR

- 27 Roll Call
- 28 Approve: Minutes
- 29 Report: Institutional Planning and Assessment

COMMITTEE OF THE WHOLE MEETING -- ALEXIS ATKINS, CHAIR

- 30 Roll Call
- 31 Approve: Minutes
- 32 Recommendation to Approve: Board of Trustees Meeting Dates for 2026-2027
- 33 Recommendation to Approve: Commendation of John V. Marymont, M.D.
- 34 Recommendation to Approve: Commendation of Joel W. Erdmann, Ph.D.
- 35 Approve: Executive Session

**JUNE 5, 2026
10:45 A.M.**

BOARD OF TRUSTEES MEETING -- ALEXIS ATKINS, CHAIR PRO TEMPORE

- 1 Roll Call
- 2 Approve: Minutes
- 3 Approve: Board of Trustees Meeting Dates for 2026-2027
- 4 Report: University President
- 5 Report: Faculty Senate President
- 6 Report: Student Government Association President
- 7 Approve: Consent Agenda Items:
USA Health Hospitals Medical Staff Appointments and Reappointments for February, March and April 2026
Sale of Real Property
- 8 Report: Audit Committee
- 9 Report: Development, Endowment and Investments Committee
- 10 Report: Health Affairs Committee
- 11 Report: Academic Excellence and Student Success Committee
- 12 Approve: Tenure and Promotion
- 13 Approve: Tuition, Fees, and Housing and Dining Rates for 2026-2027
- 14 Report: Budget and Finance Committee
- 15 Report: Long-Range Planning Committee
- 16 Approve: Commendation of John V. Marymont, M.D.
- 17 Approve: Commendation of Joel W. Erdmann, Ph.D.
- 18 Approve: Commendation of Mrs. Geri Moulton



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Board of Trustees

DATE: May 26, 2026

TO: USA Board of Trustees

FROM: Ron Graham *Ron GRAHAM*
Secretary, Board of Trustees

SUBJECT: Meeting Minutes

Included herein are the unapproved minutes for the Board of Trustees and standing committee meetings held on March 5 and 6, 2026. Please review these documents for amendment or approval at the meetings on June 4 and 5, 2026.

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

**March 6, 2026
9:30 a.m.**

A meeting of the University of South Alabama (the “University,” “USA”) Board of Trustees (the “Board”) was duly convened by Ms. Alexis Atkins, Chair *pro tempore*, on Friday, March 6, 2026, at 9:31 a.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Alexis Atkins, Chandra Brown Stewart, Scott Charlton, Steve Furr, Meredith Hamilton, Ronnie Gonzalez, Ron Graham, Ron Jenkins, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Ronnie Stallworth, Steve Stokes, Mike Windom and Jim Yance were present.

Member Absent: Kay Ivey.

Administration & Guests: Darren Baxley, Jim Berscheidt, Joél Billingsley, Jo Bonner, KC Crusoe, Anji Davis, Monica Ezell, Phil Fishel, Natalie Fox, Charlie Guest, Darryl James, Buck Kelley, Andi Kent, Spence Larche, James Lawrence (BSU), Nick Lawkis, Emory O’Meara, Allen Parrish, Miranda Powell, Kristen Roberts, Luke Sparkman, Sally and John Steadman, Donna Streeter (Faculty Senate), Margaret Sullivan, Peter Susman, Christina Wassenaar (Faculty Senate), Ramani Westerfield-Lucious, Kimberly Wells and Keith West.

Upon calling the meeting to order and following the attendance roll call, **Item 1**, Chair Atkins thanked everyone for being present, welcomed new Trustee Mr. Ronnie Stallworth to the Board, conveyed condolences on behalf of the Board to the Bonner family for the recent passing of Mrs. Bonner’s mother and recognized Dr. Fox for being recognized among the 2026 *Women Who Shape the State* by al.com. She called for adoption of a revised agenda, **Item 1.A**. On motion by Mr. Graham, seconded by Capt. Jenkins, the Board voted unanimously to adopt the revised agenda.

Chair Atkins, Dr. Stokes, President Bonner and Provost Kent gathered for the presentation of **Item 2** following, and President Bonner invited Drs. John and Sally Steadman to join them. President Bonner discussed their service history, and Dr. Stokes read the resolution and made a motion for its approval. Mr. Shumock seconded, and the Board voted unanimously to approve the resolution. The Steadmans received a commemorative resolution, and Dr. John Steadman made brief remarks:

**RESOLUTION
COMMENDATION OF DRS. JOHN AND SALLY STEADMAN**

WHEREAS, Dr. John Steadman and Dr. Sally Steadman have distinguished themselves as exemplary models of philanthropy and service, demonstrating extraordinary commitment through their mutual desire to further the mission of the University of South Alabama (“USA”), and

USA Board of Trustees

March 6, 2026

Page 2

WHEREAS, Dr. John Steadman is a distinguished engineer, scholar and faculty member of the USA College of Engineering (the "College") who has served as both professor and dean and, for his leadership of the College, he was named *Dean Emeritus*, and

WHEREAS, during Dr. John Steadman's tenure as dean from 2003 until 2019, the College awarded more than 3,000 degrees, achieved a sixty-percent increase in undergraduate enrollment and increased college-sponsored research awards by twenty-eight percent, and

WHEREAS, Dr. Sally Steadman is a devoted engineer and instructor at USA, as well as a revered advisor, most notably advising the nationally recognized Alabama Epsilon Chapter of Tau Beta Pi and the Sally Steadman Azalea Chapter of Mortar Board, and

WHEREAS, Drs. John and Sally Steadman have been generous and steadfast supporters of the College and have recently extended their philanthropic relationship through an increased estate commitment to endow the *Drs. John and Sally Steadman Deanship* in the College, and

WHEREAS, the *Drs. John and Sally Steadman Deanship* will transform the capabilities of the College and confer tremendous benefit upon its students and faculty for many years to come,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby recognizes the extraordinary generosity and commitment of Dr. John Steadman and Dr. Sally Steadman and joins the President, faculty, staff, students and alumni in extending deepest gratitude to the Steadmans for their enduring leadership and loyalty.

For the presentation of **Item 2.A** following, President Bonner invited Mr. Darren Baxley, Director of Police Administration, to join him, Chair Atkins, Mr. Graham, Provost Kent and Mr. Susman. Also gathering were Mr. Phil Fishel, Chief of Police, Mr. Keith West, Police Captain and several members of the USA Police Department (the "USAPD"). President Bonner conveyed appreciation for the work of the USAPD and its management of a recent crisis. He turned to Mr. Graham, who read the resolution and made a motion for its approval. Ms. Mitchell seconded, and the Board voted unanimously to approve the resolution:

RESOLUTION

COMMENDATION OF THE UNIVERSITY OF SOUTH ALABAMA POLICE DEPARTMENT

WHEREAS, the University of South Alabama – the Flagship of the Gulf Coast – is a leading higher education institution with over 14,000 students, nearly 12,000 employees and more than 100,000 alumni, and

WHEREAS, the University of South Alabama Police Department ("USAPD") is a fully sworn law enforcement agency accredited by the International Association of Campus Law Enforcement Administrators, and

WHEREAS, USAPD officers are certified through the Alabama Peace Officers Standards and Training Commission and are empowered under Alabama State Code § 16-55-10 to enforce state and local laws throughout Alabama, and

WHEREAS, the USAPD is supported by civilian staff that support law enforcement operations through effective dispatching, compliance oversight, security systems maintenance, and administrative support, and

WHEREAS, on March 2, 2026, an incident occurred where an individual posed an immediate threat to the campus community, and

WHEREAS, the USAPD responded immediately and implemented a coordinated and controlled response to the rapidly evolving situation, and

WHEREAS, through calm professionalism, sound tactics and clear communication, responding officers quickly gained compliance from the individual and resolved the encounter without injury to anyone, and

WHEREAS, the actions of the USAPD demonstrated exceptional bravery, preparedness and commitment to protecting the campus community during a critical incident,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby offers its sincere appreciation and gratitude to all members of the University of South Alabama Police Department for the professionalism, courage and dedication to duty that they exhibited during the response to the incident.

Chair Atkins called for consideration of the minutes for a Board of Trustees meeting held on December 4, 2025, **Item 3**. On motion by Mr. Graham, seconded by Dr. Charlton, the Board voted unanimously to adopt the minutes.

Chair Atkins called on President Bonner to present the President's Report, **Item 4**. President Bonner commented on the Distinguished Alumni and Service Awards Ceremony held the previous evening and a photo was shown of the award recipients. He welcomed new Trustee Mr. Ronnie Stallworth to his first Board meeting, as well as his guest Ms. Kimberly Wells, and shared brief background on Mr. Stallworth's academic journey and University engagement, including as the current USA National Alumni Association President. He also recognized Mr. James Lawrence III, Black Student Union ("BSU") President.

President Bonner spoke on recent recruiting trips to Alabama high schools and the palpable excitement among prospective students. He talked about the University's commitment of helping students succeed by recruiting quality faculty, providing state-of-the-art facilities and building upon the legacy of the alumni. He recognized the USA Health Leadership and mission of delivering unmatched patient care. He reflected on the pledge made at the outset of his presidency that the University Leadership would work with the Board to further USA's tradition of bold and ambitious ideas, as exemplified by the capital campaign underway that he said would enable USA to further invest in human potential, elevate its standard of excellence and strengthen its position in the state and region as the Flagship of the Gulf Coast. He outlined ways the University was making an undeniable case for the value of a college education amid trending discussion to the contrary and enrollment declines nationwide.

President Bonner turned to Provost Kent, who welcomed Mr. Stallworth to the Board, and discussed the positive impact of him telling his USA story during recruiting trips. She stated that prospective students and their families were responding to the University's message, as shown by data pointing to a strong fall enrollment. She said showcasing USA on the road held unexpected opportunities as well, recounting how a visit to the Alabama School of Cyber Technology and Engineering led to the creation of an internship program, and noted that meeting Alabama's exceptional students was an honor, like a group at Vestavia Hills High School who had just interviewed for the Whiddon College of Medicine's early acceptance program. She discussed the growth of the Honors College and the Flagship Leaders Scholarship Program; outlined other distinct programs with hands-on curricula that attract students and aid in retaining them through graduation; and credited the faculty for their dedication to students. A graphic of USA's Academic All-Stars for 2025 and 2026 was shown and featured three Goldwater Scholars. Provost Kent spoke on the importance of student engagement alongside academics, and introduced a video of the Jaguar Marching Band participating in a Mystic Striper's parade, accompanied by cheerleaders and members of the Leadership, Student Government Association ("SGA"), Faculty Senate and Southerners.

President Bonner and Provost Kent recognized Mr. James Lawrence III, Mr. KC Crusoe and Dr. Christina Wassenaar for their service as president of the BSU, SGA and Faculty Senate, respectively, for the 2025-2026 academic year. Each was presented a certificate of appreciation.

President Bonner introduced Ms. Miranda Powell, Coordinator of the USA Simulation Program's (the "Program") Standardized Patient Lab. President Bonner invited Dr. Anji Davis, Associate Professor and Director of the Program, as well as Ms. Powell's nominator, to join them, and he read an excerpt from the nomination application. Ms. Powell received a certificate commemorating the award, as well as a round of applause.

As to **Item 5**, President Bonner yielded to Dr. Wassenaar, President of the Faculty Senate (the "Senate"), for a report. Dr. Wassenaar reflected on her Senate experience over three years, and thanked the Board and Leadership for the positive interactions she encountered while serving as Senate President and for their support. She shared that the Senate Leadership, the Executive Committee ("ExComm"), was a collaborative group focused on faculty advocacy, and shared insight on the scope of faculty roles by detailing the significant work and projects in which some ExComm members were involved. She also reminded that senate leaders from Alabama's public and private institutions would be on campus soon to exchange ideas. In closing, she issued Trustees an open invitation to join Senate meetings and classes, and to reach out with questions and feedback.

Chair Atkins called for a report from Mr. Crusoe, SGA President, **Item 6**. Mr. KC Crusoe gave an update on the SGA's work, discussing such initiatives as a partnership with the USA Police and Housing departments to distribute helmets to students with scooters and bikes and to install safety messaging; Parking Ticket Forgiveness Day that raised donations for Mobile's Love All Pantry and the Jag Pantry; and the Appropriations Committee's distribution of close to \$200,000 to sup-

port student organizations over the fall and spring semesters. He also reflected on his academic journey and platform and thanked Board members and others for their commitment to advancing the University and allowing him opportunities to speak.

Chair Atkins called for consideration of the consent agenda resolutions following, **Item 7**, all of which she noted were unanimously recommended for Board approval by the respective committees that met March 5, 2026. (To view additional documents authorized, refer to Appendix A.) On motion by Mr. Shumock, seconded by Mr. Graham, the Board voted unanimously to approve the resolutions:

RESOLUTION
REVISIONS TO THE UNIVERSITY'S ENDOWMENT FUND INVESTMENT POLICY STATEMENT

WHEREAS, the University maintains an Endowment Fund Investment Policy Statement ("IPS") to provide governance, oversight, and investment guidance for the management of Endowment assets, and

WHEREAS, the Vice President of Finance and the Executive Director of Treasury Management have recommended revisions to the IPS, including the addition of a new section titled "Prohibited Investments" and an administrative update to the Chief Financial Officer title, further defining investment types that do not align with the Endowment Fund's objectives and strengthening the University's governance framework, and

WHEREAS, such revisions are in the best interest of the University and consistent with prudent fiduciary oversight,

THEREFORE, BE IT RESOLVED THAT, the Board of Trustees of the University of South Alabama hereby approves the revisions to the University's Endowment Fund Investment Policy Statement, effective upon adoption.

RESOLUTION
**USA HEALTH HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS FOR
NOVEMBER AND DECEMBER 2025 AND JANUARY 2026**

WHEREAS, the USA Health Hospitals medical staff appointments and reappointments for November and December 2025 and January 2026 are recommended for Board approval by the Medical Executive Committees and the USA Health Credentialing Board,

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

Chair Atkins called for a report from the Audit Committee, **Item 8**. Dr. Stokes, Committee Chair, stated that a Committee meeting was held on March 5, 2026, and he briefed the Board on the proceedings.

Chair Atkins called for a report from the Development, Endowment and Investments Committee, **Item 9**. Judge Windom, Committee Chair, advised of a Committee meeting held on March 5, 2026, and he provided an overview on the business that occurred.

Chair Atkins called for a report from the Health Affairs Committee, **Item 10**. Mr. Shumock, Committee Chair, thanked Dr. Fox and Ms. Roberts for facilitating a recent educational session for the Committee. He noted that a Committee meeting took place on March 5, 2026, and presented a summary on the work that took place.

Chair Atkins called for a report from the Academic Excellence and Student Success Committee, **Item 11**. Ms. Brown Stewart, Committee Chair, advised of a Committee meeting held on March 5, 2026, and provided a recap of the proceedings.

Chair Atkins called for a report from the Budget and Finance Committee, **Item 12**. Mr. Perkins, Committee Chair, stated that the Committee met on March 5, 2026, and reviewed the matters addressed. He added that the Committee voted unanimously to recommend Board approval of **Item 13** following and made a motion for its approval. Ms. Mitchell seconded, and the Board voted unanimously to approve the resolution:

**A RESOLUTION AUTHORIZING THE ISSUANCE OF UNIVERSITY FACILITIES REVENUE BONDS
TAXABLE UNIVERSITY FACILITIES REVENUE BONDS AND SPECIAL BRIDGE LOAN OBLIGATIONS**

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

Section 1. (a) Findings. The Board has determined and hereby finds and declares as follows:

(1) it is necessary, advisable, in the best interest of the University that the University design, acquire, construct, renovate, install, furnish and equip various capital improvements, equipment and assets including, without limitation, (i) a new medical school building (the "New Medical School Improvements"), (ii) two buildings, one presently known as the "Traditions Building" and the second known as "Central House", to serve as a new student housing facilities for use by the University (the "Student Housing Improvements"), and (iii) various other public capital improvements, assets, and equipment for the University (such improvements, together with the New Medical School improvements and the Student Housing Improvements, the "2026 Improvements");

(2) the University heretofore issued its \$85,605,000 University Facilities Revenue Refunding Bonds, Series 2016, dated September 14, 2016 (the "Series 2016 Bonds"), and under the Indenture those of the Series 2016 Bonds maturing on November 1, 2027, and thereafter, may be redeemed by the University at any time and from time to time, on November 1, 2026, and on any date thereafter, at and for a price equal to 100% of the principal amount of Series 2016 Bonds to be redeemed plus accrued interest to the date set for redemption (the "2016 Bonds Redemption Price");

(3) due to the currently favorable interest rate environment, the University, acting upon the advice of PFM Financial Advisors LLC, municipal advisor to the University ("PFM"), has determined it to be necessary, wise, and in the best interest of the University to refinance the Series 2016 Bonds, and the University intends to call for redemption and payment all of the Series 2016 Bonds for redemption and payment on the earliest date feasible and permissible, all as more particularly described herein;

(4) the University heretofore issued and delivered a short-term Promissory Note dated January 21, 2026 (the "2026 Note") in the principal amount of \$15,100,000 to Renasant Bank ("Renasant") to finance the costs of purchasing and acquiring an ambulatory surgery center, and under the agreements between the University and Renasant the University may redeem and retire the 2026 Note at any time at and for a price equal to 100% of the principal amount to be redeemed plus accrued interest to the date set for such redemption and payment;

(5) the University has determined to issue various series of bonds (collectively, the "Series 2026 Bonds") under that certain University Facilities Revenue Trust Indenture dated as of February 15, 1996, as supplemented and amended (the "Indenture"), between the University and The Bank of New Mellon Trust Company, N.A, as successor Trustee (the "Trustee") to finance and/or refinance certain costs of the 2026 Improvements (including without limitation reimbursement of cash previously spent by the University for such improvements), the costs of refunding the Series 2016 Bonds, and costs of redeeming and retiring the 2026 Note, all as more particularly described and set forth herein;

(6) proceeds of the Series 2026 Bonds may also be used to pay (i) the costs and expenses of issuing the Series 2026 Bonds, (ii) the premium for one or more municipal bond insurance policies (each, a "Bond Insurance Policy"), if obtained, respecting some or all maturities of the Series 2026 Bonds, and (iii) such other costs as shall be necessary and advised by PFM to the University in connection with the issuance and sale of Series 2026 Bonds; and

(7) in connection with financing certain 2026 Improvements and certain refinancing obligations of the University described above, the University may determine to enter one or more short-term "bridge loan" arrangements (hereinafter defined as a "Bridge Loan Financing") under which Series 2026 Bonds or other debt obligations of the University may be issued, and per the authority herein granted the University may refinance any such Bridge Loan Financing (including without limitation the debt obligations issued under or in connection with such arrangements) with proceeds of Series 2026 Bonds.

(b) Series 2026 Bonds to be Issued as Additional Bonds Under the Indenture; Special Findings Under Section 8.2(b) of the Indenture. The Series 2026 Bonds shall be issued as additional parity bonds under Article VIII of the Indenture. In accordance with the provisions of Section 8.2(b) of the Indenture, the Board hereby finds and declares as follows:

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

(2) the Series 2026 Bonds shall be designated "Series 2026" (unless such bonds are issued in the calendar year 2027 in which case the "2026" in said designation,

and in the designation identified in any of the exhibits herein attached, shall be changed to "2027"), and each series shall be given a letter designation after "Series 2026" (e.g. "Series 2026-A"; "Series 2026-B") based upon the chronological order in which such series is issued; provided, if two or more series of Series 2026 Bonds are issued on the same date, then the larger principal amount shall receive the first available letter, and each additional series shall be lettered in alphabetical order; provided, any Series 2026 Bonds issued on a federally taxable basis ("Taxable Series 2026 Bonds") on such date shall receive the last alphabetical letter without regard to principal amount (with any two or more Taxable Series 2026 Bonds issued on the same date being lettered in alphabetical order with the larger principal amount receiving the first available letter).

(3) the persons to whom the Series 2026 Bonds are to be delivered are set forth in Section 7 hereof;

(4) the Series 2026 Bonds are to be issued by sale in accordance with, and at the sale price set forth in, Section 7 hereof;

(5) pursuant to the provisions of the Indenture, the University has issued and sold, and currently has outstanding, its:

(i) \$32,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013 (the "Series 2013-A Bond");

(ii) \$8,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013 (the "Series 2013-B Bond");

(iii) \$10,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013 (the "Series 2013-C Bond");

(iv) \$6,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015 (the "Series 2015 Bond");

(v) \$85,605,000 University Facilities Revenue Refunding Bonds, Series 2016, dated September 14, 2016 (the "Series 2016 Bonds");

(vi) \$38,105,000 University Facilities Revenue Bonds, Series 2017, dated June 15, 2017 (the "Series 2017 Bonds");

(vii) \$47,750,000 University Facilities Revenue Bonds, Series 2019-A, dated February 7, 2019 (the "Series 2019-A Bonds");

(viii) \$18,440,000 Taxable University Facilities Revenue Bonds, Series 2019-B, dated February 7, 2019 (the "Series 2019-B Bonds");

(ix) \$19,086,000 original principal amount University Facilities Revenue Bond, Series 2019-C, dated December 12, 2019 (the "Series 2019-C Bond");

(x) \$37,005,000 original principal amount University Facilities Revenue Bonds, Series 2020, dated March 10, 2020 (the "Series 2020 Bonds");

(xi) \$40,555,000 original principal amount University Facilities Revenue Bonds, Series 2021, dated March 10, 2021 (the "Series 2021 Bonds");

(xii) \$15,387,000 original principal amount University Facilities Revenue Bond, Series 2021-B, dated July 8, 2021 (the "Series 2021-B Bond");

(xiii) \$72,810,000 University Facilities Revenue Bonds, Series 2024-A, dated July 22, 2024 (the "Series 2024-A Bonds");

(xiv) \$19,925,000,000 Taxable University Facilities Revenue Bonds, Series 2024-B, dated July 22, 2024 (the "Series 2024-B Bonds"); and

(xv) \$90,850,000 University Facilities Revenue Bonds, Series 2024-C, dated August 22, 2014 (the "Series 2024-C Bonds").

The Series 2013-A Bond, the Series 2013-B Bond, the Series 2013-C Bond, the Series 2015 Bond, the Series 2016 Bonds, the Series 2017 Bonds, the Series 2019-A Bonds, the Series 2019-B Bonds, the Series 2019-C Bond, the Series 2020 Bonds, the Series 2021 Bonds, the Series 2021-B Bond, the Series 2024-A Bonds, the Series 2024-B Bonds, and the Series 2024-C Bonds are herein collectively referred to as the "Outstanding Bonds." The Outstanding Bonds, the Series 2026 Bonds, and any Additional Bonds hereafter issued are referred to herein collectively as the "Bonds".

(6) The only bonds outstanding under the Indenture at the time of adoption of this resolution are the Outstanding Bonds; and

(7) the Series 2026 Bonds are being issued for the various purposes described in Section 1 hereof.

The Trustee is hereby requested to authenticate and deliver (i) as respects those of the Series 2026 Bonds issued through the Underwriters, as directed by the Underwriters specified in Section 7 hereof upon payment of the purchase price for such Series 2026 Bonds, and (ii) as respects those of the Series 2026 Bonds issued in connection with a Bridge Loan Financing, as directed by the Vice President of Finance of the University (the "Vice President of Finance").

Section 2. General; Authorization of Series 2026 Bonds. (a) The Board does hereby authorize the financing and/or refinancing of (i) 2026 Improvements, (ii) the 2026 Note, and (iii) the 2016 Bonds Redemption Price.

(b) To enable the financings and/or refinancings described under this resolution (including, without limitation, the refinancing of any Bridge Loan Financing, as hereinafter defined), the Board does hereby authorize and approve the issuance of various series of University Facilities Revenue Bonds, further designated as set forth in Section 1(b)(2) hereof, any of which such bonds, if issued on a federally tax-exempt basis, are herein called "Tax-Exempt Series 2026 Bonds", and any of which such bonds, if issued on a federally taxable basis, are herein called "Taxable Series 2026 Bonds". Each such series of Series 2026 Bonds shall be dated its date of initial issuance, and shall be issued under such terms, conditions and provisions as are to be set out in the Supplemental Indenture or Supplemental Indentures

hereinafter described, which terms, conditions and provisions shall be determined in accordance with the following plan of financing (the "Plan of Finance"):

(i) any series of Series 2026 Bonds (other than if issued at a variable rate in connection with a Bridge Loan Financing) shall bear interest at a fixed rate, payable semiannually, if issued on the public bond market through the Underwriters, and payable semiannually or on such other basis as shall be determined by the Vice President of Finance, if issued in connection with any short-term or "bridge loan" financing, including without limitation through a direct placement or by means other than a public offering through the public bond market.

(ii) for any series of Series 2026 Bonds issued in connection with a Bridge Loan Financing to bear interest at a variable rate, (I) if such bond is issued on a federally tax-exempt basis the said interest rate shall be calculated using a base index of SOFR or any other index as shall be recommended by PFM, plus a spread recommended by PFM and acceptable to the President of the University (the "President") and the Vice President of Finance, or either of them, that does not exceed 125 basis points, and (II) if such bond is issued on a federally taxable basis the said interest rate shall be calculated using a base index of SOFR or any other index as shall be recommended by PFM, plus a spread recommended by PFM and acceptable to the President and the Vice President of Finance, or either of them, that does not exceed 150 basis points.

(iii) The aggregate principal amount of all Series 2026 Bonds authorized hereunder shall not exceed \$260,000,000.

(iv) No maturity of any series of Tax-Exempt Series 2026 Bonds issued at a fixed rate may bear interest at a rate exceeding 5.50%, and no maturity of any series of Taxable Series 2026 Bonds issued at a fixed rate may bear interest at a rate exceeding 7.00%.

(v) As to each date of issuance of Tax-Exempt Series 2026 Bonds, the true interest cost of all Tax-Exempt Series 2026 Bonds issued on such date (taking into account any original issue discount or original issue premium) may not exceed 5.50%.

(vi) As to each date of issuance of Taxable Series 2026 Bonds, the true interest cost of all Taxable Series 2026 Bonds (taking into account any original issue discount or original issue premium) issued on such date may not exceed 7.00%.

(vii) As to any series of Series 2026 Bonds issued to refund Series 2016 Bonds, such Series 2026 Bonds shall have a final maturity not later than November 1, 2036, and shall have a weighted average maturity of no longer than 9 years.

(viii) As to any series of Series 2026 Bonds issued to finance the 2026 Improvements, refinance the Series 2026 Note, or refinance any Bridge Loan Financing hereunder authorized, such series of Series 2026 Bonds shall have a final maturity not later than 30 years from their date of issuance and shall have a weighted average maturity of no longer than 22 years.

(ix) No Series 2026 Bonds authorized under this resolution shall be issued and delivered after April 1, 2027, and, anything in this resolution to the contrary

notwithstanding, the year designation for any Series 2026 Bonds issued on or after January 1, 2027 shall be referred to as "2027" (e.g., "Series 2027-[] Bonds").

Section 3. Authorization of Bridge Loan Financings; Special Bridge Loan Obligations.

(a) The Board does hereby authorize the University to enter one or more arrangements for short term "bridge loan" financing, including, without limitation, through a direct placement or by means other than an offering through the public bond market (a "Bridge Loan Financing") to finance or refinance any of the 2026 Improvements or any of the refinancings described in Section 1(a) above, as determined by the President and the Vice President of Finance, or either of them. A Bridge Loan Financing may be incurred on a federally taxable or federally tax-exempt basis based upon the advice and recommendation of bond counsel to the University and as determined by the President and the Vice President of Finance, or either of them, and may be in the form of a loan with (i) proceeds delivered at the time of closing, (ii) proceeds made available in advances on a "draw-down" basis over time upon request and satisfaction by the University of certain conditions, or (iii) proceeds delivered on such other basis as determined by the President and the Vice President, or either of them. Proceeds from any Special Bridge Loan Obligations (hereinafter defined) issued in connection with a Bridge Loan Financing shall be applied to pay the costs of issuance of such obligations (including any fees or charges of the Lender, fees of PFM, fees of bond counsel to the University, and other customary fees and charges), to pay the costs of the improvements financed thereby (including reimbursement to the University), and to redeem, retire and pay the obligations to be redeemed and retired thereby.

(b) The obligation of the University to pay a Bridge Loan Financing may (i) be evidenced by or otherwise include one or more Series 2026 Bonds, or (ii) be evidenced by or otherwise include one or more bonds, notes, or other debt obligations of the University not constituting Series 2026 Bonds (such bonds, notes or other obligations not constituting Series 2026 Bonds herein called "Special Bridge Loan Obligations"). The lender or lenders for any Bridge Loan Financing shall be determined by the President and the Vice President, or either of them.

(c) As respects any Special Bridge Loan Obligation (*i.e.*, any bond, note, or other debt obligation of the University not constituting Series 2026 Bonds issued in connection with a Bridge Loan Financing) the following shall be satisfied:

(i) the principal amount of such Special Bridge Loan Obligation, together with all other Special Bridge Loan Obligations incurred under the authority of this resolution, shall not exceed \$60,000,000.

(ii) the dates of payment of the principal of and interest thereon shall be determined by the President and the Vice President of Finance, or either of them.

(iii) as respects Special Bridge Loan Obligations issued on a federally tax-exempt basis, the interest rate, if fixed, shall not exceed 4.25% per annum, and the interest rate, if variable, shall be calculated using a base index of SIFMA or any other index as shall be recommended by PFM, plus a spread recommended by PFM and acceptable to the President and the Vice President of Finance, or either of them, that does not exceed 135 basis points.

(iv) as respects Special Bridge Loan Obligations issued on a federally taxable basis, the interest rate, if fixed, shall not exceed 5.25% per annum, and the interest rate, if variable, shall be calculated using a base index of SIFMA or any other index

as shall be recommended by PFM, plus a spread recommended by PFM and acceptable to the President and the Vice President of Finance, or either of them, that does not exceed 170 basis points.

Section 4. Source of Payment of University Debt. (a) **Series 2026 Bonds.** The principal of and the interest on all Series 2026 Bonds shall be payable from Pledged Revenues as defined in the Indenture. The Series 2026 Bonds shall not represent or constitute obligations of any nature whatsoever of the State of Alabama (the "State"), and shall not be payable out of moneys appropriated to the University by the State. The agreements, covenants and representations contained in this resolution, in the Series 2026 Bonds and in the Indenture do not and shall never constitute or give rise to any personal or pecuniary liability or charge against the general credit of the University, and in the event of a breach of any such agreement, covenant or representation, no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the University shall arise therefrom. Neither the Series 2026 Bonds nor the pledge or any agreement contained in the Indenture or in this resolution shall be or constitute an obligation of any nature whatsoever of the State, and neither the Series 2026 Bonds nor any obligations arising from the aforesaid pledge or agreements shall be payable out of any moneys appropriated to the University by the State. Nothing contained in this section shall, however, relieve the University from the observance and performance of the several covenants and agreements on its part herein contained and contained in the Indenture.

(b) **Special Bridge Loan Obligations.** The principal of and interest on any Special Bridge Loan Obligations may be unsecured, may be payable from and secured by any funds of the University lawfully available for such purpose, or may be payable from and secured by any specific funds or assets of the University, all as shall be determined by the President and the Vice President for Finance, or either of them, on behalf of the University.

Section 5. Series 2026 Bonds Payable at Par. All remittances of principal of and interest on the Series 2026 Bonds to the holders thereof shall be made at par without any deduction or exchange or other cost, fees or expenses. The bank at which the Series 2026 Bonds shall at any time be payable shall be considered by acceptance of its duties under the Indenture to have agreed that it will make or cause to be made remittances of principal of and interest on the Series 2026 Bonds, out of the moneys provided for that purpose, in bankable funds at par without any deduction for exchange or other cost, fees or expenses. The University will pay to such bank all reasonable charges made and expenses incurred by it in making such remittances in bankable funds at par.

Section 6. Authorization of Supplemental Indentures; Authorization of Bridge Loan Financing Documents. (a) In connection with the issuance of any Series 2026 Bonds, the Board does hereby authorize and direct the President and the Vice President of Finance, or either of them, to execute and deliver, for and in the name and behalf of the University, to the Trustee, a Supplemental University Facilities Trust Indenture dated the date of such series of Series 2026 Bonds in substantially the form presented to the meeting at which this resolution is adopted and attached as Exhibit I to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution), updated to reflect the final pricing terms of, and the final number of series of, the Series 2026 Bonds to be issued under such Supplemental Indenture and as further reflected in the Certificate of Compliance (hereinafter defined), and as also herein permitted and, further, to contain provisions required by the provider of any Bond Insurance Policy, if bond insurance is to be procured by the University for some or all of the Series 2026 Bonds to be issued thereunder; and, further, the Board does hereby authorize and direct the Secretary of the Board, the Vice Chair of the Board and the Chair Pro Tempore of the Board to affix to each Supplemental Indenture

the corporate seal of the University and to attest the same. Each Supplemental Indenture shall be supplemental to that certain University Facilities Revenue Trust Indenture between the University and the Trustee dated as of February 15, 1996, as heretofore supplemented and amended, and as shall have been further supplemented and amended prior to the date of such Supplemental Indenture (together with the Supplemental Indenture then to be delivered, the "Indenture"). Each Supplemental Indenture shall be updated to reflect issuance of Additional Bonds hereunder authorized and outstanding as of the date such Supplemental Indenture is executed and delivered.

(b) In connection with any Bridge Loan Financing, the Board does hereby authorize such loan agreements, credit agreements, financing and advance agreements, or other agreements, documents, collateral agreements, and instruments as shall be necessary or desirable to memorialize the terms of such Bridge Loan Financing (collectively, "Bridge Loan Financing Documents"), and does further authorize and approve the issuance of any Series 2026 Bonds (provided the same comply with the Plan of Finance) or any Special Bridge Loan Obligations (provided the same comply with the provision of Section 3(c) hereof) in connection therewith. The Board does hereby authorize and direct the President and the Vice President of Finance, or either of them, to execute and deliver, for and in the name and behalf of the University, any and all Bridge Loan Financing Documents and any Special Bridge Loan Obligations, by and on behalf of the University.

Section 7. Sale of Series 2026 Bonds; Bond Insurance. (a) Series 2026 Bonds sold through the public bond market using an underwriter/broker-dealer shall be sold to BofA Securities, J.P. Morgan, and Truist Securities, or such additional or other underwriters/broker-dealers as shall be determined by the President or Vice President of Finance and noted on the Certificate of Compliance as provided below (collectively, the "Underwriters"). In connection with the sale of Series 2026 Bonds to Underwriters, the Board does hereby authorize and direct the President and the Vice President of Finance, or either of them, to execute and deliver, for and in the name and behalf of the University, a Bond Purchase Agreement with the Underwriters, either in the form required by the Underwriters and approved by the President and the Vice President of Finance, or either of them, or in the form presented to the meeting at which this resolution is adopted and attached as Exhibit II to the minutes of said meeting (which such form of Bond Purchase Agreement is hereby adopted in all respects as if set out in full in this resolution), updated to contain the final pricing terms of the Series 2026 Bonds to be issued pursuant to the applicable Bond Purchase Agreement and as further reflected in the Certificate of Compliance. Series 2026 Bonds issued pursuant to a Bond Purchase Agreement shall bear such dates, shall mature at such times and in such manner, shall bear such rates of interest, shall be payable at such place or places, shall be in such denominations, shall be in such number of series, shall bear such numbers, and shall be in such form and contain such provisions as shall be set out in such Bond Purchase Agreement and the Supplemental Indenture corresponding to such series of Series 2026 Bonds. Any broker-dealer or underwriter not listed in the first sentence of this subsection (a) that the University engages to purchase Series 2026 Bonds shall be named as such in the Certificate of Compliance hereinafter described, and shall be deemed part of the list of names in the first sentence of this subsection (a) above as if stated in full therein.

(b) Series 2026 Bonds sold or issued in connection with a Bridge Loan Financing shall be sold to the lender, bank, financial institution or other purchaser (the "Lender") identified and recommended by PFM and approved by the President and the Vice President of Finance, or either of them. The name of the Lender respecting any Bridge Loan Financing for which Series 2026 Bonds are issued shall be included in the Certificate of Compliance hereinafter described, and the name or names of such Lender or Lenders, as the case may be, shall be deemed part of this Section 7(b) as if stated in full herein.

(c) The President and the Vice President of Finance, or either of them, are hereby authorized to cause the University to obtain a Bond Insurance Policy for some or all of the maturities of the Series 2026 Bonds if such officer or PFM determines, at or around the sale of such Series 2026 Bonds, that the estimated present value of the premium of such policy will be less than the present value of the estimated or expected interest savings on such Series 2026 Bonds insured by, and as a result of, such policy.

Section 8. Preliminary Official Statements; Official Statements. (a) The Board does hereby authorize and direct the President and the Vice President of Finance, or either of them, with respect to any Series 2026 Bonds to be issued on the same date through the public bond market to cause to be finalized and circulated by the Underwriters, a Preliminary Official Statement respecting such Series 2026 Bonds, the form of which is attached hereto as Exhibit III, with such modifications to reflect (i) material information concerning the University and its operations as of the time the said document is to be circulated for consideration by prospective investors in such Series 2026 Bonds, (ii) preliminary principal amounts and relevant preliminary pricing information for such Series 2026 Bonds, (iii) information respecting a Bond Insurance Policy and the provider thereof if bond insurance is procured by the University for some or all of the maturities of such Series 2026 Bonds, and (iv) such other material information concerning such Series 2026 Bonds, all as such officers, either independently or upon consultation with the Underwriters, bond counsel to the University and/or PFM, shall determine necessary or desirable for inclusion in such Preliminary Official Statement. The President and the Vice President of Finance, or either of them, are hereby authorized to cause any such Preliminary Official Statement to be "deemed final" as of its date within the meaning of Rule 15c2-12(b)(1) promulgated by the U.S. Securities Exchange Commission (the "Rule") and thereafter circulated to prospective investors in the Series 2026 Bonds.

(b) The Board does hereby authorize and direct the President and the Vice President of Finance, or either of them, to execute, for and in the name and behalf of the University, an Official Statement with respect to any series of Series 2026 Bonds sold through the public bond market, corresponding to the Preliminary Official Statement used for the sale of such Series 2026 Bonds, dated the date of sale of such Series 2026 Bonds, in substantially the form of the Preliminary Official Statement circulated to prospective investors of such Series 2026 Bonds, with such changes as shall be necessary to conform to the provisions of this resolution to reflect the final pricing terms of such Series 2026 Bonds, to include information respecting a Bond Insurance Policy and the provider thereof if bond insurance is procured by the University for some or all of the maturities of such Series 2026 Bonds (if not included in the Preliminary Official Statement circulated by the Underwriters prior to sale of such Series 2026 Bonds), to reflect the other terms approved in accordance with the provisions of this resolution, and to reflect such other changes as shall be approved by the President and the Vice President of Finance, or either of them, and acceptable to the Underwriters. The Board does hereby declare that any Official Statement so executed by the President or the Vice President of Finance shall be the Official Statement of the University with respect to such Series 2026 Bonds issued in connection therewith.

Section 9. Authorization of Continuing Disclosure Agreements. The President and the Vice President of Finance, or either of them, are hereby authorized and directed to execute and deliver, on behalf of the University, a Continuing Disclosure Agreement for the benefit of the beneficial owners of any Series 2026 Bonds sold through the public bond market, in substantially the form presented to the meeting at which this resolution is adopted (which form shall be attached as Exhibit IV to the minutes of said meeting and which is hereby adopted in all respects as if set out in full in this resolution) and with such changes thereto as shall be approved by the President and the Vice President of Finance, or either

of them (the "Continuing Disclosure Agreement"). The Continuing Disclosure Agreement is to be entered into contemporaneously with the issuance of the Series 2026 Bonds sold in connection therewith in order to assist the Underwriters of such Series 2026 Bonds in complying with the Rule. The rights of enforcement of the said Continuing Disclosure Agreement shall be as provided therein, and in no event shall a default by the University thereunder constitute a default hereunder or under the Indenture.

Section 10. Execution and Delivery of Series 2026 Bonds. The Board does hereby authorize the President and the Vice President of Finance, or either of them, to execute the Series 2026 Bonds, in the name and on behalf of the University, by manually signing each said bond, and does hereby authorize the Secretary of the Board, the Vice Chair of the Board and the Chair Pro Tempore of the Board, or any of them, to cause the corporate seal of the University to be imprinted or impressed on each of the Series 2026 Bonds and to attest the same by signing the Series 2026 Bonds, and the President and the Vice President of Finance (or either of them) are hereby authorized and directed to deliver the Series 2026 Bonds, subsequent to their execution as provided herein and in the Indenture, to the Trustee under the Indenture, and to direct the Trustee to authenticate all the Series 2026 Bonds and to deliver them to the Underwriters, upon payment to the University of the purchase price therefor.

Section 11. Designated Officials. Each of the President and the Vice President of Finance is herein designated a "Designated Officer" for purposes of this resolution. Each of the Chair Pro Tempore, Vice Chair, and Chairman of the Budget and Finance Committee is hereby designated as a "Designated Board Member" for purposes of this resolution. Any Designated Board Member, together with any Designated Officer, are hereby authorized to approve the remaining details of the Plan of Finance. When the details of the Plan of Finance have been approved by a Designated Board Member and a Designated Officer, the designees shall execute, in the name and on behalf of the Board and the University, respectively, a certificate evidencing such approval (the "Certificate of Compliance") in substantially the form set forth on Exhibit V hereto, and shall file a copy of such certificate with the Secretary of the Board, and such certificate shall be maintained in the records of the Board by the Secretary of the Board. The Certificate of Compliance may be executed in counterparts.

Section 12. Application of Proceeds of Series 2026 Bonds; Application of Proceeds of Special Bridge Loan Obligations. (a) With respect to any series of Series 2026 Bonds, the entire proceeds derived by the University from the sale thereof, less and except the underwriter's discount to be retained by the Underwriters, the premium for any Bond Insurance Policy, if any, obtained for such Series 2026 Bonds to be wired directly by the Underwriters to the provider thereof, and any commitment fee or other charges levied by any Lender under a Bridge Loan Financing, as the case may be, shall be applied and used for the purposes herein described and as shall be specified in the Supplemental Indenture under which such Series 2026 Bonds are issued once updated to reflect the terms of the Certificate of Compliance respecting such Series 2026 Bonds, or as otherwise directed pursuant to a written order from the President and the Vice President of Finance, or either of them.

(b) Proceeds derived from any Special Bridge Loan Obligations shall be used and applied as set forth in the Bridge Loan Financing Documents referable thereto.

Section 13. Call of Series 2016 Bonds; Redemption of 2026 Note. (a) The Board does hereby elect to redeem and pay, and does hereby call for redemption and payment, on the 2016 Bonds Redemption Date, all of the Series 2016 Bonds at and for a redemption

price equal to 100% of the principal amount of the Series 2016 Bonds outstanding plus accrued interest thereon to the 2016 Bonds Redemption Date. The President and the Vice President of Finance, or either of them, are hereby authorized and directed to deliver such notices, directives or other instruments as shall be necessary or desirable in connection with the redemption and defeasance of the Series 2016 Bonds. Proceeds to redeem and retire the Series 2016 Bonds may be deposited into such fund or account under the Indenture as shall be identified by the University, or deposited into a special account established under an escrow trust agreement between the University and the Trustee (containing terms approved by the President or the Vice President of Finance, on behalf of the University) for the defeasance and retirement of the Series 2016 Bonds (an "Escrow Trust Agreement"), all as shall be determined by the President or the Vice President of Finance acting on the advice of PFM and Bond Counsel to the University. The Board does hereby approve any Escrow Trust Agreement, and does further authorize the President and the Vice President of Finance, or other of them, to execute the same by and on behalf of the University.

(b) The Board does hereby elect to redeem and pay, and does hereby call for redemption and payment, upon the additional direction of the President and the Vice President of Finance, or other of them, the 2026 Note. The call and redemption of the 2026 Note, if so directed by the President and the Vice President of Finance, or either of them, shall be on such date as may be identified by the President and the Vice President of Finance, or either of them, but in no event more than thirty (30) days following issuance of the Series 2026 Bonds or the Special Bridge Loan Obligations issued to pay such redemption price. The President and the Vice President of Finance, or either of them, are hereby authorized and directed to deliver such notices, directives or other instruments as shall be necessary or desirable in connection with the redemption and defeasance of the 2026 Note, if so determined to occur by the President and the Vice President, or either of them. Proceeds to redeem and retire the 2026 Note shall be held by the University and remitted to Renasant on the date set for redemption and payment of the 2026 Note.

Section 14. Timing of Issuances; Forward Delivery Agreements; General Authorization. (a) For the avoidance of doubt, various series of Series 2026 Bonds and Special Bridge Loan Obligations may be issued at various times and from time to time under the authority of this resolution up to, but not after, April 1, 2027.

(b) There is hereby authorized to be entered one or more forward delivery agreements or similar agreements respecting Series 2026 Bonds to be issued in connection with the refinancing of the Series 2016 Bonds, or with respect to any other Series 2026 Bonds issued under the authority of this resolution, and the President and the Vice President of Finance, or either of them, are hereby authorized to execute and deliver the same by and on behalf of the University.

(c) The President, the Vice President of Finance, the Secretary of the Board, the Vice Chair of the Board and the Chair Pro Tempore of the Board, or any of them, are hereby authorized to execute such further agreements, certifications, instruments or other documents, containing such terms as such officer shall approve (subject to the limitations described in this resolution and the Certificate of Compliance executed and filed as provided in Section 11 hereof), 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. The Secretary of the Board, the Vice Chair of the Board and the Chair Pro Tempore of the Board, or any of them, are hereby authorized and directed to affix the official seal of the Board to any and all instruments authorized under this resolution and to attest the same.

Section 15. Severability. The various provisions of this resolution are hereby declared to be severable. In the event any provision hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this resolution.

Chair Atkins called for a report from the Long-Range Planning Committee, **Item 14**. Mr. Graham, Committee Chair, mentioned an educational session was held on March 5, 2026, during which he stated that an update was given on the assessment phase of developing the University's next master plan. He also delivered a summation on the business that occurred at a Committee meeting held on March 5, 2026.

In closing, President Bonner recognized Ms. Ramani Westerfield-Lucious, Mr. Emory O'Meara and Mr. Luke Sparkman, Southerner ambassadors, and reminded everyone to join the dedication of the Jaguar Marching Band Complex following the meeting.

There being no further business, Chair Atkins adjourned at 10:58 a.m.

Attest to:

Respectfully submitted:

William Ronald Graham, Secretary

Katherine Alexis Atkins, Chair *pro tempore*

APPENDIX A



UNIVERSITY OF SOUTH ALABAMA

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

PROPERTY ADDRESS:

21890 AL-181, Fairhope, AL 36532

APPRAISAL INFORMATION:

Appraised by: Collier's International

Appraisal Date: March 4, 2026

Appraised Value Range: \$14,400,000.00 to \$15,400,000.00

CONTRACTS RELATED TO THE PURCHASE:

Attached as Exhibit "A"

PURCHASE TERMS:

Cash Purchase

SOURCES OF FUNDS USED IN THE PURCHASE:

Short-term bridge financing pending permanent funding

AGREEMENT OF PURCHASE AND SALE

BY AND BETWEEN

HHRE USA FAIRHOPE ASC, LLC

AS SELLER

AND

UNIVERSITY OF SOUTH ALABAMA,

AS BUYER

DATED AS OF

JANUARY 15, 2026

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE (this “**Agreement**”) is made and entered into this 15th day of January, 2026 (the “**Effective Date**”), by and between HHRE USA FAIRHOPE ASC, LLC, a Florida limited liability company (the “**Seller**”), and UNIVERSITY OF SOUTH ALABAMA, a public body corporate created by act of the Alabama Legislature, Ala. Code §§ 16-55-1, et seq. (the “**Buyer**”).

RECITALS:

WHEREAS, pursuant to that certain lease from Fairhope Single Tax Corporation, dated September 8, 2020, recorded as Instrument No. 1856964 in the Probate Office of Baldwin County, Alabama, and with a term ending September 7, 2119 (together with any assignments, amendments, renewals, extensions or replacements of such lease, the “**FSTC Lease**”), Buyer leased that certain real property located in Baldwin County, Alabama and known as Lot 1 of the USA MAPP Subdivision recorded at Slide 2740-E, Probate Office of Baldwin County, Alabama, lying in Section 11, Township 6 South, Range 2 East, Baldwin County, Alabama from Fairhope Single Tax Corporation (“**Campus**”).

WHEREAS, pursuant to that certain Sublease dated as of October 7, 2021 (together with any assignments, amendments, renewals, extensions or replacements of such lease, the “**USA Sub-Ground Lease**” and, collectively with the FSTC Lease, the “**Superior Leases**”), Buyer subleased the Campus to University of South Alabama Health Care Authority, a public corporation organized pursuant to the University Authority Act of 2016 and controlled by Buyer (“**HCA**”), for a term ending September 7, 2119.

WHEREAS, pursuant to that certain ASC Ground Lease and Development Agreement, dated March 24, 2022, between HCA (as “**Landlord**”) and Seller (as “**Tenant**”) (the “**Ground Lease**”), Buyer leased a portion of the Campus, more particularly described on **Exhibit A** attached hereto and referred to in the Ground Lease as the “**ASC Parcel**” to Seller.

WHEREAS, in accordance with the Ground Lease, Seller has a leasehold interest in the ASC Parcel (the “**Leasehold Land**”), and owns all buildings, structures and improvements located on the Leasehold Land (the “**Improvements**”).

WHEREAS, pursuant to Section 13.4 of the Ground Lease, Landlord exercised its Right of First Offer described therein to purchase the Property (as defined below) (the “**ROFO**”), and subsequently assigned all of its right, title and interest in and to the Ground Lease, including the ROFO, to Buyer.

WEHREAS, Seller now wishes to sell and assign to Buyer, and Buyer desires to purchase and acquire from Seller, the Property (as defined below).

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the sums as hereinafter described, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereto agree as follows:

1. RECITALS.

The above recitals are true and correct and are incorporated herein by reference

2. AGREEMENT TO SELL AND CONVEY.

Seller agrees to sell, assign and convey to Buyer, and Buyer agrees to purchase and acquire the Leasehold Land and Improvements from Seller for the Purchase Price (as defined in Section 3 herein) and on the terms and conditions set forth herein, together with all of Seller's right, title, interest and obligations, if any, without representation or warranty except as expressly sets forth herein and to the extent transferrable, in and to the following (which together with the Leasehold Land and Improvements shall hereinafter be referred to as the "**Property**");

(a) All and singular the rights, privileges, hereditaments and appurtenances pertaining to the Leasehold Land, including, but not limited to, any right, title and interest of Seller in and to adjacent streets, roads, alleys, strips, gores, easements and rights-of-way (the "**Rights**");

(b) All of Seller's other rights, permits, prepaid fees, approvals, licenses, agreements, interests and properties pertaining to the Leasehold Land and Improvements, including, without limitation, all of Seller's right, title, interest and obligations, if any, in and to all permits, approvals, licenses, development rights, vested rights, and site plan rights relating to the Leasehold Land and the Improvements (collectively, the "**Permits and Licenses**");

(c) All transferable rights in surveys, environmental reports, traffic studies, plans and specifications (including, without limitation, "as built" drawings and site plans), geotechnical reports, and other plans, studies, and reports in Seller's possession or control related to the Leasehold Land and the Improvements (the "**Plans**");

(d) All of Seller's right, title, interest and obligations in and to the Superior Leases and the Ground Lease;

(e) All of the Seller's right, title, interest and obligations in and to all leases, subleases, licenses, leasehold rights and other rights of occupancy or use for any portion of the Leasehold Land and Improvements (collectively, the "**Subleases**"; the Superior Leases, the Ground Lease and the Subleases are collectively referred to herein as the "**Leases**"), including the Subleases described in the rent roll (the "**Rent Roll**") attached hereto as **Exhibit B** which is incorporated herein by reference, together with all guaranties thereof (the "**Guaranties**");

(f) All of Seller's right, title, interest and obligations in and to the service contracts set forth on **Exhibit C** attached hereto, which is incorporated herein by reference (the "**Service Contracts**"); and

(g) All of Seller's right, title and interest in and to all fixtures, furniture, equipment, appliances and all other types and items of personal property affixed thereto, located thereon and used in connection with the operation of the Property (the "**Personal Property**"), but excluding any personal property owned by any tenants under the Subleases.

2A. Independent Contract Consideration. Concurrent with the Effective Date, Buyer has paid to Seller the amount of One Hundred and No/100 Dollars (\$100.00) (the “**Independent Contract Consideration**”), the receipt of which is hereby acknowledged by Seller, which amount the Parties have bargained and agreed to as the consideration for Buyer’s exclusive option to purchase the Property in accordance herewith, and Seller’s execution, delivery and performance of this Agreement. The Independent Contract Consideration is in addition to and independent of any other consideration or payment provided for in this Agreement, is nonrefundable, and shall be retained by Seller, notwithstanding any other provision of this Agreement.

3. PURCHASE PRICE.

Subject to all terms and conditions of this Agreement, Seller will sell and assign the Property to Buyer, and Buyer will purchase and acquire the Property from Seller for the amount of Fifteen Million One Hundred Thousand and 00/100 Dollars (\$15,100,000.00) (the “**Purchase Price**”). Subject to adjustments and prorations as provided herein, the Purchase Price shall be payable as follows:

(a) Deposit:

(i) Deposit: Within three (3) business days of the Effective Date (but in any event prior to the expiration of the Inspection Period), Buyer shall deliver to Escrow Agent (as hereinafter defined) an initial earnest money deposit in the amount of Three Hundred Thousand and 00/100 Dollars (\$300,000.00) (the “**Deposit**”), to be held in escrow by the Title Company (as herein defined) (the “**Escrow Agent**”), pursuant to the terms and conditions of this Agreement. If Buyer so elects and upon provision of a Form W-9 to the Escrow Agent and any other documentation required by the Escrow Agent, the Escrow Agent shall promptly deposit the Deposit in a separate, federally insured, interest bearing escrow account.

(ii) Non-Refundable Deposit: Except as otherwise expressly provided herein and provided that Buyer has not exercised its right to terminate this Agreement and receive a refund of the Deposit pursuant to Section 10 of this Agreement, the Deposit shall be deemed non-refundable as of the expiration of the Inspection Period, except in the event Seller defaults hereunder and Buyer is not in default, or as otherwise provided in this Agreement, in which case the Deposit shall be returned to Buyer.

(b) Cash: No later than noon (12:00 p.m. E.S.T.) on the Closing Date (as defined below), Buyer shall pay to Seller the balance of the Purchase Price by confirmed federal wire transfer of immediately available funds, subject to adjustments and prorations set forth herein.

4. CLOSING

4A. Conditions Precedent to Closing. The obligations of Buyer to consummate Closing (hereinafter defined) shall be subject to the fulfillment on or before the Closing Date (hereinafter defined) (or such earlier time as otherwise required hereby) of all of the following conditions (the “**Buyer Closing Conditions**”), any or all which may be waived by Buyer in its sole and

absolute discretion by the provision of written notice by Buyer to Seller specifying any such waivers:

- (a) Title Policy. Receipt by Buyer and/or its assignee of a Proforma Title Commitment for the issuance of a Title Policy in form and content satisfactory to Buyer in its sole and absolute discretion;
- (b) Survey. Receipt by Buyer and/or its assignee of an ALTA survey in form and content acceptable to Buyer in its sole and absolute discretion;
- (c) Estoppel Certificates/SNDAs. Receipt by Buyer and/or its assignee of all Estoppel Certificates and SNDAs.
- (d) Representations and Warranties. The representations and warranties of Seller in this Agreement shall be true and correct in all material respects, and certified by Seller to Buyer as such, on and as of the Closing Date.
- (e) Seller Default. Seller not being in default under the terms and conditions of this Agreement.

In the event any of the Buyer Closing Conditions have not been satisfied by the Closing Date, Buyer will have the option for and in consideration of the Independent Contract Consideration to: (i) proceed forward with Closing on the Closing Date; or (ii) terminate this Agreement by written notice to Seller on the Closing Date, in which event this Agreement shall terminate, the Deposit shall be returned to Buyer and the Parties shall have no further rights, duties and/or obligations hereunder, other than those which are expressly provided to survive the termination of this Agreement. The failure of the occurrence of any of the Buyer Closing Conditions shall not be deemed a default by Seller hereunder; provided, that if the failure of the satisfaction of any of Buyer Closing Condition is also as a result of a Seller default, Buyer may seek all remedies set forth in Section 15(b).

4B. CLOSING DATE. The “Closing” of the purchase and sale of the Property contemplated hereby will occur on or before January 21, 2026 (the “Closing Date”); provided, however, that Buyer shall have the right to cause Closing to occur on any particular business day that is no later than the scheduled Closing Date by the giving of written notice to Seller of the business day on which Buyer intends to conduct the Closing, which date shall be at least three (3) business days after the date of such notice. Closing will take place at the office of the Title Company; provided, however, Buyer and Seller shall use commercially reasonable efforts to cause Closing to occur without either Party having to be physically present at such office of the Title Company.

5. CONDITION OF THE PROPERTY.

(a) Buyer and Seller agree that, except for any warranties and representations expressly set forth in this Agreement, the Property owned by Seller and being transferred with the sale is transferred in “AS IS” condition. Buyer acknowledges and agrees that, except as provided in the preceding sentence: (i) it is accepting the Property “AS IS” based upon its own independent inspection thereof; and (ii) Seller has made no such warranties or representations

with respect to any governmental limitations or restrictions, or the absence thereof, pertaining to the Property, with regard to the physical condition of the Property, including, but not limited to, the condition of the land, leasehold or any improvements comprising the Property, the existence or non-existence of hazardous materials, economic projections or market studies concerning the Property, any development rights, taxes, bonds, covenants, conditions and restrictions affecting the Property, water or water rights, topography, drainage, soil, subsoil of the Property, the utilities serving the Property or any zoning or building laws, rules or regulations or environmental laws affecting the Property. Except as otherwise expressly set forth herein, Buyer agrees that the entire risk as to the quality and performance of the Property is with Buyer.

(b) Buyer acknowledges that Buyer is a sophisticated and experienced buyer of real estate and further that Buyer has had, and will be given pursuant to this Agreement, an adequate opportunity to make such legal and factual and other inquiries and inspections as Buyer deems necessary, desirable or appropriate with respect to the Property.

(c) Without in any way limiting the generality of the preceding subparagraphs (a) and (b), Buyer specifically acknowledges and agrees that, except for any claims it may have under provisions of this Agreement that, by their express terms, survive the Closing, upon closing this transaction it fully and irrevocably waives, releases and discharges any claim it has, might have had or may have against Seller and its employees, officers, directors, representatives, agents, attorneys, affiliates, and parent companies with respect to the condition of the Property, either patent or latent and including without limitation, the actual or potential income or profits to be derived from the Property, the real property taxes or assessments now or hereafter payable thereon, the compliance with any environmental protection, pollution or land use laws, rules, regulations or requirements, any and all liability in connection with any claims affecting the Property with respect to violations of environmental laws which Buyer may have against Seller or any affiliates of Seller, and any other facts which exist with respect to the Property. It is understood and agreed that the Purchase Price has been adjusted by prior negotiations to reflect that all of the Property transferred by Seller to Buyer in connection with the sale of the Property is subject to the foregoing. It is not contemplated that the Purchase Price will be increased if costs to Buyer associated with the Property prove to be less than expected nor will the Purchase Price be reduced if Buyer's plan for the Property leads to higher cost projections.

(d) The terms and provisions of this Section 5 shall survive the Closing.

6. CONVEYANCE.

At the Closing, Seller shall convey the Property to Buyer, and the title to the Property will transfer from Seller to Buyer and will be subject only to the following matters:

(a) The Permitted Exceptions;

(b) Matters affecting the condition of title to the Property created by or with the written consent of Buyer; and

(c) Covenants, Conditions, Reservations, Restrictions, Easements, Right of Way, and Building set back lines per plat map of USA Mapp Subdivision recorded as Slide Number 2740-E.

The parties agree that (i) except as specifically provided for in this Agreement, Seller makes no express or implied warranties regarding the condition of title to the Property, and (ii) Buyer shall rely on the Title Policy (as that term is defined below) for protection against any title defects.

7. TITLE INSURANCE COMMITMENT.

(a) Within ten (10) days of the Effective Date, Buyer shall obtain, at Seller's sole cost and expense, a title commitment applicable to the Property, from The Guarantee Title Company (the "**Title Company**"), to issue a title insurance policy to Buyer (the "**Title Commitment**"), in the amount of the Purchase Price, together with legible copies of all documents evidencing the items indicated as specific exceptions to the Title Commitment. Buyer shall notify Seller in writing (the "**Title Notice**") five (5) days after Buyer's receipt of the Title Commitment, which exceptions to title, if any, will not be accepted by Buyer. If Buyer fails to notify Seller in writing of its disapproval of any exceptions to title within such five (5) day period, Buyer shall be deemed to have approved the condition of title to the Property. If Buyer notifies Seller in writing that Buyer objects to any exceptions to title (a "**Disapproved Exception**"), Seller shall have five (5) calendar days after receipt of the Title Notice to notify Buyer whether Seller intends in its sole and absolute discretion to: (a) remove such Disapproved Exception from title on or before the Closing; or (b) not to cause such Disapproved Exception to be removed. Seller's failure to respond within such five (5) calendar day period (or by the expiration of the Inspection Period, whichever is earlier) shall be deemed an election by Seller not to cause such Disapproved Exceptions to be removed. The procurement by Seller in its sole discretion of an endorsement and/or affirmative coverage to the Commitment insuring Buyer against any Disapproved Exception shall be deemed a cure by Seller of such disapproval. The parties acknowledge and agree that Seller's election not to remove a Disapproved Exception under clause (b) above shall not be a default by Seller under this Agreement. If Seller gives Buyer notice under clause (b) above, Buyer shall have the earlier of (i) three (3) calendar days after the date of such notice, or (ii) the expiration of the Inspection Period, in which to notify Seller that Buyer will nevertheless proceed with the purchase in accordance with the provisions of this Agreement and take title to the Property subject to such Disapproved Exception, or that Buyer will terminate this Agreement. Buyer's failure to respond within such period shall be deemed an election to proceed under this Agreement to Closing. Any exceptions permitted on the Title Policy pursuant to this Section are referred to herein as "**Permitted Exceptions**". If this Agreement is terminated pursuant to the foregoing provisions of this paragraph, then neither party shall have any further rights or obligations hereunder (except for Buyer's Inspection Indemnity set forth in Section 10), the Deposit shall be refunded to Buyer, and each party shall bear its own costs incurred hereunder. Notwithstanding anything in this Section to the contrary, no timeframes in this Section shall be purported to extend the expiration of the Inspection Period or the Closing and any title matters not resolved by the expiration of the Inspection Period shall be deemed Permitted Exceptions.

(b) Notwithstanding anything to the contrary in this Agreement, however, in the event that any monetary liens are created by, through, or under Seller, then Seller shall have an affirmative obligation to remove same on or before Closing, or Buyer may elect to close with a deduction from the Purchase Price for the amount reasonably necessary to cure such monetary liens created by, through, or under Seller. At Closing, Seller agrees to use a portion of the

purchase proceeds to pay off any existing financing encumbering the Property, and if any amount in excess of the purchase proceeds is required to pay off such financing, to pay such additional amount from other funds of Seller, and Seller will provide a release from same from the Lender.

(c) At the Closing, Buyer shall cause the Title Company to deliver to Buyer a “marked-up” or Pro Forma Title Commitment, which shall update the status of record title of the Property to the most current date available from the Title Company, delete any new exceptions not initially appearing in the Title Commitment created by Seller, and delete the gap period exception. The cost of any Buyer requested endorsements to the title policy issued pursuant to the Commitment (the “**Title Policy**”) shall be a cost of Buyer at Closing.

8. SURVEY AND ENVIRONMENTAL.

(a) Survey: The parties acknowledge that Seller has delivered to Buyer, Seller’s most current existing survey for the Property in Seller’s possession. Buyer shall, at its sole cost and expense, procure an updated survey (the “**Survey**”). Buyer shall be entitled to review the Survey and deliver a Title Notice to Seller as to any matters Buyer objects to therein pursuant to the terms and conditions in Section 7 above, in which event any matters set forth in such Title Notice will be handled in the same manner as provided for title matters under Section 7 above.

(b) Environmental: Buyer may procure at its sole cost and expense, a Phase I Environmental Audit of the Property prepared in accordance with ASTM Standards E-1527-93. Buyer shall be entitled to review and either accept or reject the Phase I Environmental Audit at any time prior to expiration of the Inspection Period. If Buyer rejects the Phase I Environmental Audit prior to expiration of the Inspection Period, Buyer’s sole remedy shall be to terminate this Agreement and receive a refund of the Deposit and the parties shall have no further duties or obligations under this Agreement, except for Buyer’s obligations under the Inspection Indemnity and any obligations that by the express terms of this Agreement survive termination.

9. COSTS AND EXPENSES, CONTINGENCY FEE, PRORATIONS AND LETTERS OF CREDIT.

(a) Seller Closing Costs and Expenses: Seller shall pay the following costs and expenses:

(i) Title premium and expenses for the Title Commitment, title search, Title Policy;

(ii) Transfer taxes due on the Ground Lease Assignment and the Ground Lease Deed, if applicable;

(iii) Recording costs for the Memorandum of Ground Lease Assignment and the Ground Lease Deed;

(iv) Any expenses related to curing Disapproved Exceptions, if Seller elects to cure same pursuant to the terms hereof;

- (v) One-half of any escrow fees;
- (vi) All costs of Seller's lender;
- (vii) Seller's share of prorations; and
- (viii) Seller's attorneys' fees.

(b) Buyer's Closing Costs and Expenses: In addition to any specific costs set forth herein to be paid by Buyer, Buyer shall pay for the following costs and expenses:

- (i) Buyer-requested title endorsements;
- (ii) All Survey costs;
- (iii) One-half of any escrow fees;
- (iv) All costs of Buyer's lender;
- (v) Buyer's share of prorations; and
- (vi) Buyer's attorneys' fees.

(c) Settlement Statement: A preliminary settlement statement will be prepared by Seller, Buyer, and Title Company no later than three (3) business days prior to the Closing Date (or as early as reasonably practicable) (the "**Settlement Statement**"). The Settlement Statement, once agreed upon, shall be signed by Buyer and Seller. Prorated items shall be paid at Closing by Buyer to Seller (if the prorations result in a net credit to Seller) or by Seller to Buyer (if the prorations result in a net credit to Buyer) by increasing or reducing the cash to be delivered by Buyer in payment of the Purchase Price at the Closing. If the actual amounts of the proration items are not known as of the Closing, the prorations will be made at Closing on the basis of the best evidence then available.

(d) Prorations:

(i) Taxes and Assessments: All non-delinquent general real estate taxes on the Property will be prorated as of the Closing Date based on the actual current tax bill. If the Closing takes place before the real estate taxes are fixed for the tax year in which the Closing Date occurs, the apportionment of real estate taxes will be made on the basis of the real estate taxes for the immediately preceding tax year based upon the maximum discount allowed. There shall be no re-proration of taxes after Closing. All delinquent taxes and all delinquent assessments, if any, on the Property, and all interest and penalties due in connection therewith, will be paid by Seller at Closing. All special assessments relating to the Property that are certified or become a lien on or before the Closing Date, whether or not payable in installments, shall be credited to Buyer at Closing, as will any taxes collected by Seller pursuant to any Sublease but not yet paid.

(ii) Service Contracts; Expenses:

(1) Proration of Service Contracts. Seller and Buyer shall prorate all amounts prepaid or payable by Seller under the Service Contracts.

(2) Expenses. All remaining bills and expenses of every nature relating to the Property, including those for ground lease payments, labor, materials, utilities, services, capital improvements, and any other common area charges incurred by Seller for the period ending on the day immediately preceding the Closing shall be paid by Seller, except for any such expenses incurred by or at the direction of Buyer in connection with Buyer's inspection of the Property, all of which expenses incurred by or at the direction of Buyer shall be paid by Buyer. All expenses or costs arising or incurred on or after the Closing for the Property shall be paid by Buyer.

(iii) Rental Payments and Other Income:

(1) All rents, operating expense charges, security charges, pass-throughs (including, but not limited to, franchise and margin taxes), tax and insurance escalation charges, and all other fees and charges due under any Subleases and all other items of income with respect to the Property, whether or not any of the foregoing are due, have been billed, or have been collected as of the Closing, shall be allocated between Buyer and Seller as of the Closing, with Seller receiving credit for all periods of time prior thereto and Buyer receiving credit for the date of the Closing and all times thereafter. Seller shall retain the right to any tenant improvement overages which are due and owing as of the Closing Date and shall have the right to collect same.

(2) All rents, charges, fees or income actually collected as of the Closing shall be prorated on the Settlement Statement.

(3) If any of said rents, charges, fees or incomes have not been collected at the time of Closing, then Buyer and Seller hereby agree that such amounts shall be applied upon their receipt in the following order of priority: (i) rents, charges, fees and income for the month of Closing, (ii) past-due rents, charges, fees and income owed to Seller, and (iii) past-due rents, charges, fees and income owed to Buyer. If any rents, charges, fees or income are past-due and uncollected at the time of Closing, Buyer agrees to use commercially reasonable efforts to collect the same. Buyer and Seller agree to promptly pay any and all amounts collected hereunder to the party to whom such amounts are owed in accordance with the provisions hereof.

(4) With respect to rents, charges, fees or incomes that are not due or have not been billed as of the Closing and for which the billing period therefor includes dates both prior to and after the Closing Date, Buyer agrees to use its commercially reasonable efforts and due diligence to collect same as and when due and to promptly remit Seller's prorated share thereof to Seller as and when collected. Seller's pro rata share of such rents, charges, fees or incomes shall be

determined on the basis of the number of days in the billing interval for which the same is due occurring prior to the Closing.

(5) With respect to rents, charges, fees or incomes that have not been collected at the time of Closing with respect to periods prior to the Closing, Seller shall have the right to bring any action against any tenant under the Subleases to collect the same, provided that all such actions must be commenced within one-hundred eighty (180) days after the Closing Date and no such action shall seek possession of any portion of the Property or the eviction of any tenant from the same.

(iv) Tenant Deposits: There are no tenant deposits.

(v) Utilities: Seller will notify all utility companies servicing the Property of the transfer of the Property. Buyer will notify the utility companies that all utility bills for the period commencing on the day after the Closing Date are to be sent to Buyer. If following the Closing Date either Buyer or Seller receives a bill for utilities or other services provided to the Property for the period in which the Closing Date occurred, Buyer and Seller will equitably prorate the bill.

(vi) Insurance. Insurance, if any, carried by Seller on the Property shall be terminated at Closing, and Buyer shall be solely responsible for acquiring insurance coverage on the Property.

(vii) Intentionally Deleted.

(viii) Method of Proration: All prorations will be made as of 11:59 p.m. of the day before the Closing Date, based on a 365-day year or a thirty (30) day month, as applicable, with Seller retaining all income and revenue and paying all expenses accrued as of said date. The parties agree to promptly readjust the prorations after Closing as and when complete and accurate information becomes available, if such information is not available at the Closing, and a statement to that effect is to be set forth on a closing settlement statement. Seller and Buyer agree to cooperate and use their commercially reasonable efforts to make such adjustments no later than sixty (60) days after Closing.

10. INSPECTION PERIOD

(a) Inspection Period/Right of Termination:

(i) From Effective Date, through and including January 20, 2026 (the “**Inspection Period**”), Buyer may elect and shall have the right to terminate and cancel this Agreement for any or for no reason whatsoever, by giving Seller written notice thereof prior to the expiration of the Inspection Period, and upon notice of such termination, the Escrow Agent shall return the Deposit to Buyer, and thereafter the parties shall have no further duties, obligations or responsibilities hereunder except for Buyer’s obligations under the Inspection Indemnity and any obligations of any party hereto which by the express terms of this Agreement, survive termination.

(ii) If Buyer fails to timely deliver to Seller written notice of its election to terminate this Agreement prior to the expiration of the Inspection Period, then Buyer shall be deemed to have waived any right to terminate this Agreement pursuant to this Section 10(a).

(b) Delivery of Copies. Seller has provided to Buyer those items and materials described on Schedule 10(b) attached hereto (collectively, the “**Due Diligence Materials**”), if any and to the extent reasonably available or in Seller’s possession. The costs of the Buyer’s due diligence, including any third party reports, will entirely be paid by the Buyer.

Buyer expressly agrees that Seller is furnishing the Due Diligence Materials for informational purposes only and without representation or warranty as to the accuracy or completeness of the contents of such materials. Buyer covenants and agrees that it will not rely on such documents and information and will conduct its own due diligence on all matters referred to in such documents and information, or otherwise relating to the Property. In addition, Buyer agrees that the information obtained pursuant to such due diligence information and studies or inspections shall be kept in confidence and shall not be revealed to outside parties other than to its agents, representatives, lenders, investors, principals, affiliates, or as otherwise required by law. In the event that this Agreement is terminated, Buyer will immediately return to Seller all due diligence information previously provided to Buyer by Seller.

(c) Entry and Access to Property:

(i) From and after the Effective Date, Buyer, its agents and other representatives shall have a continuing right to inspect the Property and all parts thereof, at reasonable times and from time to time upon two (2) business days written (including electronic correspondence) notice to Stuart Kessler. Buyer may, at Buyer’s sole risk and expense, undertake a complete physical inspection of the Property as Buyer deems appropriate; provided, however, that any such inspection does not cause any material damage to the Property. The above notwithstanding, Buyer shall only have the right to inspect the offices of tenants during business hours unless otherwise agreed upon by Seller or such tenant. Buyer agrees that while conducting its inspection neither it nor its agents and other representatives will unreasonably interfere with the business and operations of the tenants.

(ii) Notwithstanding the foregoing, in no event shall Buyer or its agents or representatives conduct any physical testing, drilling, boring, sampling or removal of, on or through the surface of the Property (or any part or portion thereof) including, without limitation, any ground borings or invasive testing of the Improvements (collectively, “**Physical Testing**”), without Seller’s prior written consent, which may be withheld in Seller’s sole and absolute discretion. In the event Buyer desires to conduct Physical Testing of the Property, then Buyer shall submit to Seller, for Seller’s approval; a written description of the scope and extent of the proposed Physical Testing and (ii) certificates of commercial general liability insurance from an insurance company authorized to do business in Alabama covering such entry from the environmental company performing the Physical Testing, which certificates shall provide that such insurance shall not be canceled or changed until at least seven (7) calendar days' prior written notice is given to the Seller and shall name the Seller as an additional insured thereunder.

(iii) Buyer covenants not to interfere with Seller's operation of the Property, and to exercise said rights in the least intrusive manner.

(iv) Buyer's representatives shall have the right to make such inquiries of governmental agencies, utility companies, title companies, surveyors, environmental consultants, and other like parties as it considers appropriate; provided however, Buyer's representatives may not alter any approvals, permits or zoning for the Property. Additionally, under no circumstances, shall Buyer encumber the Property prior to Closing or revise any entitlements prior to Closing without the prior written consent of Seller.

(v) All such inspections, investigations and examinations shall be undertaken at Buyer's sole cost and expense and in accordance with all applicable laws. Buyer shall not contact any tenants without Seller's prior written approval and will coordinate all on-site inspections and tenant interviews with Stuart Kessler so that Seller shall have the option of having one of Seller's representatives present at any and all such on-site inspections.

(vi) Buyer agrees that it shall perform its inspections, including tenant interviews, in strict accordance with all procedures and requirements requested by Seller as Seller deems necessary in order to protect all tenant or patient information and otherwise comply with all applicable privacy laws. Buyer agrees not to unreasonably disrupt the business operations on the Property or any of the tenants during its inspections and Buyer further agrees not to disclose to any third party any non-public information contained in books of account, customer lists or any other proprietary information provided to Buyer by Seller, except as required by law or to Buyer's agents and other representatives, and otherwise as may be necessary or desirable for the purposes of this transaction, without the express prior written consent of Seller.

(vii) Prior to entering the Property for any test, study or investigation, Buyer shall furnish to Seller a certificate of insurance evidencing comprehensive general public liability insurance of not less than \$1,000,000 per occurrence, and \$2,000,000 in the aggregate, insuring the person, firm or entity performing such test, studies and investigations and listing Seller and Buyer as additional insured's thereunder.

(d) Inspection Indemnity:

Notwithstanding anything to the contrary contained in this Agreement, Buyer shall:

(i) Immediately pay or cause to be removed any liens filed against any of the Property as a result of any actions taken above by or on behalf of Buyer;

(ii) Immediately repair and restore the Property and all improvements thereon to the same condition existing immediately prior to the conduct of Buyer's entry thereon; and

(iii) To the extent permitted by law, indemnify, defend and hold Seller harmless from and against all claims, damages or losses incurred on the Property and to anyone on the Property as a proximate result of the actions taken above by Buyer, any of its agents,

representatives or contractors, or any persons performing inspection activities or other activities on its behalf. This Section 10(d) is herein referred to as the “**Inspection Indemnity.**” The terms and provisions of this Inspection Indemnity shall survive any termination of this Agreement.

(e) At least two (2) calendar days prior to the Closing Date (to the extent the form is provided to Seller by Buyer), Seller shall use commercially reasonable efforts deliver to Buyer an estoppel certificate by each tenant in favor of Buyer and its assigns and any lender of Buyer, which estoppel certificate shall set forth the lease term, rent, information regarding any defaults or outstanding obligations of any parties under the Leases and other information reasonably required by Buyer or its lender in form and content reasonably required by Buyer or Buyer’s lender or in such form as may be set forth on any of the Leases (the “**Estoppel Certificates**”). The Estoppel Certificates must be current as of the Closing Date and dated within thirty (30) days of the Closing Date. In the event that Buyer or Buyer’s lender requires, Seller shall also use commercially reasonable efforts to assist Buyer in obtaining fully executed subordination, non-disturbance and attornment agreements from each tenant all in form and content reasonably required by Buyer or Buyer’s lender or on such form as may be set forth on any of the Leases (“**SNDA**”).

11. COVENANTS AND REPRESENTATIONS OF SELLER. Seller hereby represents, warrants and covenants to Buyer, as of the date of this Agreement, the following:

(a) No Representations by Seller: Except as expressly set forth in this Section 11, Buyer acknowledges that Seller has not made any warranties, covenants or representations concerning any of the Property or any component thereof, including, without limitation, the operation or the costs or results of the operation thereof, any economic forecast or projection concerning earnings, value or profits, the zoning or other land use restrictions affecting the Property, the enforceability of any contract or other agreement or right pertaining to the Property, the compliance of the Property or any part thereof with any laws, statutes, rules, ordinances, decrees, judgment or orders applicable thereto, the use, existence or prior use or existence of any hazardous substances therein or thereon. Except as expressly set forth in this Section 11, Buyer agrees that it will accept the Property on the Closing Date in its then “**AS IS**” condition.

(b) Authority: Seller is a limited liability company, duly organized and validly existing under the laws of the State of Florida and authorized to do business in the State of Alabama. Seller has the right, power and authority to enter into this Agreement, and this Agreement and the transactions contemplated by this Agreement have been authorized and approved by Seller, and this Agreement constitutes the valid and binding obligation of Seller and is enforceable against Seller in accordance with its terms. The persons executing this Agreement on behalf of Seller have full authority to execute this Agreement and all other documents required by this Agreement on behalf of Seller.

(c) Ancillary Agreements: To Seller’s knowledge, this Agreement will not violate any provisions of any agreement or other instrument to which Seller is a party.

(d) Notices. To Seller’s knowledge, Seller has not received written notice: (i) of any special assessments by a public body, whether municipal, county or state imposed, contemplated or confirmed and ratified against the Property for public or private improvements

which are now or hereafter payable; and (ii) that the Property is in violation of any applicable law, code or ordinance.

(e) Condemnation: Seller has not received notice of, and has no actual knowledge of, any pending condemnation or similar proceeding affecting any portion of the Property.

(f) Litigation: To Seller's knowledge, there are no disputes, actions, lawsuits, litigation, claims or proceedings, pending or threatened before any judicial body, or any governmental or quasi-governmental authority, against or affecting any portion of the Property, relating to or arising out of the leasehold interest of the Property, or any portion thereof, nor has Seller received any notice advising of same.

(g) Subleases: To Seller's knowledge, Seller has performed all of its obligations under the Subleases and, all of the Subleases are valid and in full force and effect in accordance with their respective terms. Seller is the sublandlord under the Subleases and has the full power and authority to assign same. Seller has provided Buyer true and correct copies of all Subleases prior to the Effective Date.

(h) Service Contracts: To Seller's knowledge, no material default exists with respect to any Service Contract for the Property.

(i) Bankruptcy Matters. The consummation of the transactions contemplated hereby will not render Seller insolvent or constitute a fraudulent conveyance or fraudulent transfer under any applicable law. Seller has not made any general assignment for the benefit of Seller's creditors. No proceeding seeking (a) relief for Seller under any bankruptcy or insolvency law, (b) the rearrangement or readjustment of Seller's debt, (c) the appointment of a receiver, custodian, liquidator or trustee to take possession of substantially all of the assets of Seller, or (d) the liquidation of Seller, has been commenced or is planned by Seller or has been threatened by any other third party.

(j) Quality of Title. To Seller's knowledge, (a) there is no existing agreement, commitment, right of first refusal, right of first offer, option or right with, in or to any person to acquire the Property or any interest therein, and (b) no material default or breach exists under any recorded easement, covenant, agreement or restriction affecting the Property.

(k) Notices. To Seller's knowledge, Seller has not received written notice that the Property is in violation of any applicable law, code or ordinance.

(l) Leases. (a) The Leases are all the leases and/or other agreements for use, occupancy or possession presently in force with respect to all or any portions of the Property, (b) the Leases delivered to Buyer pursuant to the terms of this Agreement are true, complete and correct copies thereof as presently in full force and effect, and have not have been modified, supplemented or amended, and are the entire agreements between Seller and the "lessee" or "tenant" thereunder, (c) to Seller's Knowledge, Seller has performed in all material respects all of the duties and obligations of the "lessor" or "landlord" under each of the Leases arising on or before the date hereof; there are no obligations of the "lessor" or "landlord" under any Lease to make any improvements, alterations or additions to the premises covered thereby which have not

been fully performed by Seller; all construction allowances or other sums to be paid to any tenant have been paid, (d) to Seller's Knowledge, there are no defaults by any tenant, (e) no tenant has received or entitled to receive any rent concession in connection with its tenancy, (f) there are no rents that have been paid more than one (1) month in advance under any Lease, (g) to Seller's Knowledge, there are no rent concessions or offsets with respect to any Lease which have not been fully satisfied, and, (h) at or before Closing, Seller shall have paid all leasing, rental, brokerage and other commissions, charges or fees payable with respect to the Leases, and there will be no such leasing, rental, brokerage or other commissions, charges or fees payable thereafter with respect thereto or with respect to any renewal or extension of any Lease. The rent roll as delivered as part of the Seller Deliverables (the "**Rent Roll**") is true and correct in all material respects at the time of delivery.

(m) Knowledge: For the purposes of this Agreement, Seller's "knowledge" or "actual knowledge" shall mean the actual knowledge, without due investigation, of Stuart Kessler. In no event shall Stuart Kessler have any personal liability or obligation hereunder and Buyer agrees not to attempt to assert any liability against Stuart Kessler personally by reason of any of the foregoing representations or warranties proving to be incorrect.

12. COVENANTS AND REPRESENTATIONS OF BUYER.

Buyer covenants and represents to Seller the following:

(a) Buyer is a public corporation, duly organized and validly existing under the laws of the State of Alabama, organized pursuant to the University Authority Act of 2016 and controlled by the University of South Alabama and is properly qualified to do business in Alabama. Buyer has the right, power and authority to enter into this Agreement, and this Agreement has been authorized and approved by Buyer, and this Agreement constitutes the valid and binding obligation of Buyer and is enforceable against Buyer in accordance with its terms. The persons executing this Agreement on behalf of Buyer have full authority to execute this Agreement on behalf of Buyer.

(b) This Agreement will not violate any provisions of any agreement or other instrument to which Buyer is a party.

(c) Intentionally omitted.

(d) Buyer represents and covenants it shall assume pursuant to the terms of an Assignment and Assumption Agreement, all obligations which accrue after the Closing Date under the Permits and Licenses, the Superior Leases, Subleases, Ground Lease, and Service Contracts.

(e) Buyer covenants and agrees to diligently and continuously prosecute all of its due diligence inspections throughout the term of this Agreement.

(f) The foregoing covenants and representations of Buyer are continuing and shall survive the Closing.

13. REQUIREMENTS FOR CLOSING.

The following documents shall be delivered on or prior to Closing:

(a) By Seller:

(i) An Assignment and Assumption of Ground Lease in the form attached hereto as **Exhibit D** (the “**Ground Lease Assignment**”), together with a bill of sale for the Improvements in the form attached hereto as **Exhibit E**, conveying the Seller’s interest in the Improvements to Buyer (the “**Ground Lease Deed**”).

(ii) A memorandum of Ground Lease assignment in the form attached hereto as **Exhibit F** (the “**Memorandum of Ground Lease Assignment**”).

(iii) A bill of sale, without any representations or warranties, executed by Seller, assigning and conveying all of Seller’s right, title, interest and obligations, if any, in and to the Personal Property.

(iv) A FIRPTA Affidavit.

(v) An Owner’s Affidavit addressed to the Title Company, in sufficient form and substance so as to allow the Title Company to remove the mechanic’s lien exception and parties in possession exception from the Title Policy with respect to the Property.

(vi) Any statements needed by the Title Company to delete all standard exceptions and gap exception in the Title Insurance Policy.

(vii) An assignment of all of Seller’s right, title, interest and obligations, if any, without representation and warranty and to the extent transferable, in and to all Permits and Licenses, in the form attached hereto as **Exhibit G**.

(viii) An assignment of all of Seller’s right, title, interest and obligations, without representation and warranty, in and to the Service Contracts, in the form attached hereto as **Exhibit H**.

(ix) An assignment of all of Seller’s right, title, interest and obligations, in and to the Subleases and Guaranties, in the form attached hereto as **Exhibit I**, for each Seller as to its respective Property.

(x) Executed counterpart of the letters to each tenant under the Subleases substantially in form attached as **Exhibit J**, informing them of the sale of the Property to Buyer.

(xi) Two (2) executed counterparts of the Settlement Statement reflecting adjustments made at Closing.

(xii) Updated certification of Rent Roll (hereinafter defined) dated as of the Closing Date, in form and substance substantially similar to the Rent Roll provided with the Due Diligence Materials;

(xiii) To the extent in Seller's possession, all keys and combinations to locks and other security devices located on the Property;

(xiv) A certificate in form and substance reasonably satisfactory to counsel for Buyer that the representations and warranties of Seller in this Agreement are true and correct in all material respects as of the Closing Date;

(xv) Books and Records. Copies of all books, records, correspondence, memoranda, reports and other information and data pertinent to the continued use, occupancy and operation of the Property, including, without limitation, all records, information and data relevant to income and operating expenses for the Property in Seller's reasonable possession and control; provided, however, that (i) any such materials shall be provided to Buyer without representation or warranty as to the accuracy, completeness, or correctness of any such information contained therein, and (ii) the foregoing deliverables shall expressly exclude any of Seller's information that is privileged, proprietary in nature and/or subject to a confidentiality agreement or other agreement limiting or prohibiting the distribution of such information, including internal correspondence, reports, risk analysis, underwriting materials, internal appraisals, models or valuations and attorney/client communications.

(xvi) Such additional documents as might be reasonably requested by Buyer to consummate the sale of the Property to Buyer.

The foregoing documents are sometimes hereinafter referred to as "**Seller's Closing Documents**".

(b) By Buyer:

(i) The balance of the Purchase Price in accordance with Section 3.

(ii) The amount due Seller, if any, after the prorations are computed in accordance with Section 9.

(iii) Executed counterpart of the Ground Lease Assignment.

(iv) Executed counterpart of the Memorandum of Ground Lease Assignment.

(v) An assumption of Seller's right, title, interest and obligations, if any, in and to Permits and Licenses in the form attached hereto as **Exhibit F**.

(vi) An assumption of Seller's right, title, interest and obligations in and to the Service Contracts in the form attached hereto as **Exhibit G**.

(vii) An assumption of Seller's right, title, interest and obligations in and to the Sublease(s) in the form attached hereto as **Exhibit H**.

(viii) Executed counterpart of the letters to each tenant under the Sublease(s) substantially in form attached as **Exhibit I**, informing them of the sale of the Property to Buyer.

(ix) Two (2) executed counterparts of the Settlement Statement reflecting adjustments made at Closing.

14. ASSUMPTION OF LIABILITIES.

(a) Possession of the Property will be delivered by Seller to Buyer at the time of Closing, subject to the rights of tenants under the Leases. Effective on the delivery of the Deed, beneficial ownership and the risk of loss of the Property will pass from Seller to Buyer.

(b) At Closing, Buyer shall assume all Permits and Licenses, Subleases, Service Contracts, and the Ground Lease.

(c) Buyer acknowledges and agrees that it is the intent of the parties that following Closing, Buyer shall be solely responsible for the operations of the Property and that Buyer shall have assumed all risks and liabilities associated therewith. At Closing, Buyer shall assume all of the liabilities of Seller relating to the Property.

(d) To the extent permitted by law, Buyer agrees to indemnify, defend and hold Seller harmless for, from and against any and all claims, demands, liabilities, costs, expenses, damages and losses, cause or causes of action and suit or suits of any nature whatsoever arising solely out of or relating to: (i) the lease and/or operation of the Property by Buyer; (ii) any acts, events or omissions existing or occurring solely during Buyer's leasehold ownership of the Property; (iii) any breach of any representation, warranty or covenant made by Buyer under this Agreement; and (iv) the obligations arising pursuant to the Service Contracts, the Leases and Permits and Licenses after Closing.

(e) The assumptions and obligations set forth in this Section 14 shall survive the Closing.

15. EFFECTS OF DEFAULT.

(a) **Default by Buyer.** In the event the sale of the Property as contemplated hereunder is not consummated due to Buyer's default hereunder (and Seller is not in default under this Agreement), Seller shall be entitled, as its sole remedy, to terminate this Agreement and receive the Deposit as liquidated damages for the breach of this Agreement, it being agreed between the parties hereto that the actual damages to Seller in the event of such breach are impractical to ascertain and the amount of the Deposit is a reasonable estimate thereof.

(b) **Default by Seller.** In the event the sale of the Property as contemplated hereunder is not consummated due to a default by Seller hereunder (and Buyer is not in default under this Agreement), Buyer shall be entitled, as its sole remedy, and at its election to either: (a)

to receive the return of the Deposit, which return shall operate to terminate this Agreement and release Seller from any and all liability hereunder; or (b) to enforce specific performance of Seller's obligation to convey the Property to Buyer in accordance with the terms of this Agreement. To the extent permitted by law, Buyer shall be deemed to have elected to terminate this Agreement and receive back the Deposit if Buyer fails to file suit for specific performance against Seller in a court having jurisdiction in the county and state in which the Property is located, on or before thirty (30) days following the date upon which Closing was to have occurred. Under no circumstances shall Seller be liable for any damages.

(c) Cure Period. In the event any representation or warranty made by any Seller or Buyer herein is or becomes false in any material respect or any material covenant or obligation made or undertaken by any Seller or Buyer is not performed in the time specified for such performance (with the exception of the parties' obligation to close on the Closing Date which shall not be subject to any notice requirement and/or cure period), such Seller or Buyer, as applicable, shall have thirty (30) days within which to cure any such default after receipt of written notice from the other party, provided that such period may be extended if more time is necessary and Seller or Buyer, as applicable, is diligently pursuing a cure, provided that such extension shall not be more than an additional sixty (60) days. Any cure period that extends beyond the Closing Date shall automatically extend the Closing Date until such time as the cure period terminates. Upon a party's default and failure to timely cure such default, the non-defaulting party shall have the remedies set forth in Section 15(a) or 15(b) above, as applicable.

16. NOTICES.

Any and all notices, requests or other communications hereunder shall be deemed to have been duly given if in writing and if transmitted by hand delivery with a receipt executed by the recipient or courier service, by certified mail, return receipt requested, by facsimile transmission, electronic mail of signed document in pdf or similar format, or by Federal Express or other expedited service to the following:

Seller: HHRE USA Fairhope ASC, LLC
 c/o Harrod Properties, Inc.
 5550 W Executive Drive, Suite 550
 Tampa, FL 33609
 Attn: Stuart Kessler
 Email: skessler@harrodhealthcare.com

With a copy to: Foley & Lardner LLP
 100 N. Tampa Street, Suite 2700
 Tampa, Florida 33602
 Attn: Thomas Little; Allison McKown
 Email: TLittle@foley.com; amckown@foley.com

Buyer: University of South Alabama
 c/o Office of Real Estate Services
 775 N. University Blvd., Suite 150
 Mobile, AL 36608

Attn: Harry Brislin
Email: hbrislin@southalabama.edu

with a copy to: Spencer H. Larche
General Counsel
University of South Alabama
307 N. University Blvd., AD-140
Mobile, AL 36688-0002
Email: slarche@southalabama.edu

Escrow Agent: The Guarantee Title Company LLC
4300 Downtowner Loop North
Mobile, AL 36609
Telephone: (251) 344-2660
Email: tommy@guaranteetitle.com
Attention: Thomas Cox

Anyone listed above may designate a different address by notice similarly given. Notice shall be deemed to be received on the following dates: if by personal delivery, upon receipt; if via recognized overnight courier, on the next business day; if via registered or certified mail, on the fourth (4th) business day after mailing; and if via facsimile, on the date of transmission.

17. DESTRUCTION, LOSS, OR DIMINUTION OF PROPERTY.

If prior to the Closing, all or any material portion of the Property is damaged by fire or other causes beyond Seller's control, or is taken or made subject to condemnation, eminent domain or other governmental acquisition proceedings, then Seller shall immediately so notify Buyer of such casualty in writing and the following procedures shall apply:

(a) If the Property is damaged by fire or other causes beyond Seller's control, and if (i) the cost of repair or replacement is Three Hundred Fifty Thousand and 00/100 Dollars (\$350,000.00) or less and (ii) complete repair of the damage may reasonably be completed on or before one hundred eighty (180) days from the date of the casualty; then Buyer shall proceed to close and take the Property as diminished by such events, without a reduction in the Purchase Price, and Seller shall deliver all insurance proceeds to the Buyer.

(b) If the cost of repair or replacement is greater than Three Hundred Fifty Thousand and 00/100 Dollars (\$350,000.00), or if complete repair cannot reasonably be completed on or before one hundred eighty (180) days from the date of the casualty, or if a substantial governmental taking occurs or is contemplated, then Buyer, in its sole discretion, may elect to terminate the Agreement by written notice thereof to Seller, given prior to the Closing, whereupon Escrow Agent shall return the Deposit, together with all interest accrued thereon, and this Agreement shall become null and void. If Buyer does not so elect, Buyer shall proceed to close and take the Property as diminished and shall receive the proceeds of insurance available

with regard to the Property, less any insurance deductible paid by Seller, for said repair and/or replacement or the proceeds of the eminent domain award.

18. CONFIDENTIALITY. It is contemplated that Seller will be disclosing information about the Property that Seller deems to be confidential and/or proprietary information, including the terms and conditions of this Agreement (the “**Confidential Information**”). Buyer and Seller shall except as required by law, maintain all Confidential Information in confidence and Buyer shall only use the Confidential Information for the purpose of this transaction. Buyer may deliver Confidential Information to its consultants and advisors who are actively involved in this transaction and/or evaluation of the Property Confidential Information and who shall be bound by the terms of this Section. Confidential Information shall not include any information enters the public domain through no act of Buyer. To the extent permitted by law, Buyer shall indemnify Seller against from and against any cost, loss or damage as a result of Buyer’s failure to comply with this Section. Neither Buyer or Seller shall not publicize, advertise or announce, or permit any of their officers, directors, employees, or agents to publicize, advertise or announce to any third party the entering into of this Agreement, the terms of this Agreement, the transactions contemplated hereby, or the closing of this Agreement. This Section shall survive Closing or termination of this Agreement.

19. MISCELLANEOUS.

(a) Brokers Fee. Seller represents and warrants to Buyer, and Buyer represents and to the extent permitted by law, warrants, to Seller, that no broker or finder has been engaged by them in connection with any of the transactions contemplated by this Agreement, or to its knowledge is in any way connected with any of such transactions. To the extent permitted by law, Buyer will indemnify, save harmless and defend Seller from any liability, cost, or expense arising out of or connected with any claim for any commission or compensation made by any person or entity claiming to have been retained or contacted by Buyer in connection with this transaction. Seller will indemnify, save harmless and defend Buyer from any liability, cost, or expense arising out of or connected with any claim for any commission or compensation made by any person or entity claiming to have been retained or contacted by Seller in connection with this transaction. This indemnity provision will survive the Closing or any earlier termination of this Agreement.

(b) Back-up Contracts. The parties acknowledge and agree that until such time as this Agreement is terminated, Seller shall not enter into a back-up Purchase and Sale Agreement for the Property.

(c) Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Alabama, without regards to conflict of law principles.

(d) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, personal representatives, successors and assigns.

(e) Entire Agreement. This Agreement, the Exhibits attached hereto and the agreements and documents referred to herein contain the final and entire agreement between the

parties hereto with respect to the purchase of the Property and are intended to be an integration of all prior negotiations and understandings. Buyer and Seller shall not be bound by any terms, conditions, statements, warranties or representations, oral or written, not contained herein. This Agreement supersedes all prior agreements, whether oral or written, between the parties. No change or modification of this Agreement shall be valid, unless the same is in writing and signed by the parties hereto. No waiver of any provision of this Agreement shall be valid unless in writing and signed by the party against which it is sought to be enforced.

(f) Counterparts/Facsimiles. This Agreement may be executed in counterparts. Each executed counterpart of this Agreement will constitute an original document, and all executed counterparts, together, will constitute the same agreement. Any counterpart evidencing signature by one party that is delivered by facsimile by such party to the other party hereto shall be binding on the sending party when such facsimile is sent, and such sending party shall within ten days thereafter deliver to the other parties a hard copy of such executed counterpart containing the original signature of such party or its authorized representative.

(g) Survival. Except as otherwise explicitly set forth in this Agreement, none of the terms and conditions set forth in this Agreement shall survive Closing.

(h) Severability. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable, in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(i) Memorandum of Agreement. The parties acknowledge that no memorandum of this Agreement may be recorded in the Public Records.

(j) Assignability. This Agreement shall not be assignable without the other party's prior written consent thereof.

(k) Effective Date. The Effective Date of this Agreement shall be the date the Agreement is executed by all parties. If a date for performance or payment falls on a weekend or on a holiday recognized by the United States government or the State of Alabama, the time for performance or payment shall be extended to the next business day, and if performance or payment has occurred on such weekend or holiday, it shall be deemed to have occurred on the next business day.

(l) Time is of the Essence. Time is of the essence in the performance of each and every term, condition and covenant of this Agreement.

(m) Mutuality of Obligation. Seller and Buyer acknowledge and agree that this Agreement is intended to be binding on, and enforceable against, both parties hereto, subject to the terms and conditions set forth herein, and each party hereby waives any and all rights it may have to challenge the enforceability of this Agreement based on a lack of mutuality of obligation. Buyer agrees to make a good faith attempt to satisfy the conditions to its obligations that are set forth in this Agreement, and Seller acknowledges that Buyer will incur significant

costs in so doing and that such costs constitute sufficient consideration to Seller for the time given to Buyer by this Agreement to satisfy those conditions.

(n) WAIVER OF JURY TRIAL. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ANY AGREEMENTS, DOCUMENTS AND INSTRUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTION OF EITHER PARTY IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

(o) Attorney Fees. To the extent permitted by law, in the event that either party following a default seeks to enforce this Agreement, or either party, after a good faith effort with the other party to reach an agreement as to interpretation, seeks to interpret any provision of this Agreement, any of the foregoing by law or through attorneys at law, or under advice therefrom, the parties agree that all costs including reasonable attorney's fees (including charges for paralegals and others working under the direction or supervision under such attorneys), whether or not suit is brought, and whether occurred in connection with settlement, mediation or arbitration, trial, appeal, bankruptcy or other creditor's proceedings or otherwise, shall be awarded to the prevailing party.

(p) Waiver. No failure of either party to exercise any power given hereunder or to insist upon strict compliance with any obligation specified herein, and no custom or practice at variance with the terms hereof, shall constitute a waiver of either party's right to demand exact compliance with the terms hereof.

(q) Construction. Each party hereto hereby acknowledges that all parties hereto participated equally in the drafting of this Agreement and that, accordingly, no court construing this Agreement shall construe it more stringently against one party than the others. The headings inserted at the beginning of each section, subsection, paragraph or subparagraph are for convenience only, and do not add to or subtract from the meaning of the contents of each such section, subsection, paragraph or subparagraph.

(r) AS-IS SALE; DISCLAIMERS. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, IT IS UNDERSTOOD AND AGREED THAT SELLER IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OR REPRESENTATIONS AS TO HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

BUYER ACKNOWLEDGES AND AGREES THAT UPON CLOSING, SELLER SHALL SELL AND CONVEY TO BUYER AND BUYER SHALL ACCEPT THE PROPERTY "AS IS, WHERE IS, WITH ALL FAULTS", EXCEPT TO THE EXTENT

EXPRESSLY PROVIDED OTHERWISE IN THIS AGREEMENT. BUYER HAS NOT RELIED AND WILL NOT RELY ON, AND SELLER IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY OR RELATING THERETO (INCLUDING SPECIFICALLY, WITHOUT LIMITATION, OFFERING PACKAGES DISTRIBUTED WITH RESPECT TO THE PROPERTY) MADE OR FURNISHED BY SELLER, OR ANY REAL ESTATE BROKER OR AGENT REPRESENTING OR PURPORTING TO REPRESENT SELLER, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING, UNLESS SPECIFICALLY SET FORTH IN THIS AGREEMENT. BUYER ALSO ACKNOWLEDGES THAT THE PURCHASE PRICE REFLECTS AND TAKES INTO ACCOUNT THAT THE PROPERTY IS BEING SOLD "AS-IS" AND "WHERE IS". IT IS UNDERSTOOD AND AGREED THAT THE PURCHASE PRICE HAS BEEN ADJUSTED BY PRIOR NEGOTIATIONS TO REFLECT THAT ALL OF THE PROPERTY TRANSFERRED BY SELLER TO BUYER IN CONNECTION WITH THE SALE OF THE PROPERTY IS SUBJECT TO THE FOREGOING.

BUYER REPRESENTS TO SELLER THAT BUYER HAS CONDUCTED, OR WILL CONDUCT PRIOR TO CLOSING, SUCH INVESTIGATIONS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AS BUYER DEEMS NECESSARY OR DESIRABLE TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY HAZARDOUS OR TOXIC SUBSTANCES ON OR DISCHARGED FROM THE PROPERTY, AND WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF SELLER OR THEIR AGENTS OR EMPLOYEES WITH RESPECT THERETO, OTHER THAN SUCH REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER AS ARE EXPRESSLY SET FORTH IN THIS AGREEMENT.

EXCEPT AS PROVIDED ELSEWHERE IN THIS AGREEMENT, UPON CLOSING, BUYER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING BUT NOT LIMITED TO, CONSTRUCTION DEFECTS AND ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY BUYER'S INVESTIGATIONS, AND BUYER, UPON CLOSING, SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED AND RELEASED SELLER (AND SELLER'S OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES AND AGENTS, DIRECT AND INDIRECT SUBSIDIARIES, PARENTS, AFFILIATES, BROTHER-SISTER ENTITIES, AND ITS AND THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, MEMBERS, PARTNERS, EMPLOYEES, AGENTS, HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS) (COLLECTIVELY, THE "**RELEASED PARTIES**") FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT), LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, WHICH BUYER MIGHT HAVE ASSERTED OR ALLEGED AGAINST THE RELEASED PARTIES AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT CONSTRUCTION DEFECTS OR

PHYSICAL CONDITIONS, THE ACTUAL OR POTENTIAL INCOME OR PROFITS TO BE DERIVED FROM THE PROPERTY, THE REAL PROPERTY TAXES OR ASSESSMENTS NOW OR HEREAFTER PAYABLE THEREON, ANY OTHER FACTS WHICH EXIST WITH RESPECT TO THE PROPERTY, ANY VIOLATIONS OF ANY APPLICABLE LAWS, RULES, REGULATIONS OR REQUIREMENTS AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES OR MATTERS REGARDING THE PROPERTY EXCEPT FOR ANY BREACH OF A REPRESENTATION OR WARRANTY UNDER THIS AGREEMENT WHICH IS NOT OTHERWISE WAIVED PURSUANT TO THE EXPRESS TERMS OF THIS AGREEMENT.

20. ESCROW AGENT AND ESCROW PROCEDURE.

The Escrow Agent, by acceptance of the funds deposited by Buyer hereunder agrees to hold the Deposit and disburse the same only in accordance with the terms and conditions of this Agreement. If the Escrow Agent is in doubt as to its duty or liabilities under the provisions of this Agreement, it may, in its sole discretion, continue to hold the Deposit until the parties mutually agree to disbursement thereof or until a court of competent jurisdiction shall determine the rights of the parties hereto or the Escrow Agent may deposit the Deposit with the Clerk of the Circuit Court of Baldwin County, Alabama, pursuant to an interpleader procedure, whereupon, after notifying all parties concerned with such action and paying all costs imposed by the Clerk as a result of the Deposit, all liability on the part of the Escrow Agent shall terminate except to the extent of accounting for any monies theretofore delivered out of escrow. Buyer and Seller, to the extent permitted by law, hereby agree to indemnify and hold Escrow Agent harmless against any and all losses, claims, damages, liabilities and expenses, including, without limitation, cost of investigation and reasonable fees for legal counsel retained by Escrow Agent which may be imposed upon Escrow Agent or incurred by the Escrow Agent in connection with the performance of its duties hereunder and including, without limitation, any litigation arising from this Agreement or involving the subject matter hereof, except for matters arising out of the gross negligence or willful malfeasance of the Escrow Agent.

21. EXHIBITS AND SCHEDULES. The following exhibits and schedules are attached to this Agreement and by this reference made a part hereof:

Exhibit A	Legal Description
Exhibit B	Rent Roll
Exhibit C	Service Contracts
Exhibit D	Form of Ground Lease Assignment
Exhibit E	Form of Ground Lease Deed
Exhibit F	Form of Memorandum of Ground Lease Assignment
Exhibit G	Form of Assignment of Permits and Licenses
Exhibit H	Form of Assignment of Service Contracts
Exhibit I	Assignment of Subleases and Guaranties
Exhibit J	Form of Tenant Notice Letter
Schedule 10(b)	Due Diligence Materials

In the event that at the time of the execution of this Agreement any of the Exhibits and Schedules to be attached is incomplete, the Parties shall use their commercially reasonable

efforts and negotiate in good faith to complete such Exhibits and Schedules as soon as possible, but in any event such Exhibits and Schedules shall be completed and attached to this Agreement prior to ten (10) business days after the Effective Date, but in any event prior to the expiration of the Inspection Period. If any Exhibits or Schedules are subsequently changed by the mutual written agreement of the Parties, the Exhibits and Schedules shall be modified to reflect such change or changes and initialed by the Parties.

Remainder of this page intentionally left blank.


Signature page(s) follow(s).

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

SELLER:

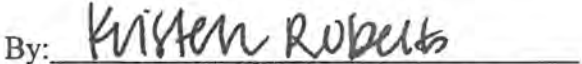
HHRE USA FAIRHOPE ASC, LLC,
a Florida limited liability company

By: Harrod Development, Inc., a Florida corporation, its Manager

By: 
Print Name: Robert Webster
Title: Officer
Date: 1/15/2026

BUYER:

UNIVERSITY OF SOUTH ALABAMA a public body corporate created by act of the Alabama Legislature, Ala. Code §§ 16-55-1, et seq.

By: 
Print Name: Kristen Roberts
Its: Vice President of Finance
Date: 1/15/2026

JOINDER OF ESCROW AGENT

The undersigned, as Escrow Agent, hereby joins in the execution of this Agreement merely for the purpose of acknowledging and agreeing to its responsibilities as an escrow agent hereunder and to act in such capacity under this Agreement in strict accordance with its terms

THE GUARANTEE TITLE COMPANY, LLC

By: _____

Print Name: _____

Date: _____

EXHIBIT A

Legal Description

LOT 1A OF A REPLAT OF LOT 1 USA MAPP SUBDIVISION (SLIDE 2740-E), AS SHOWN BY MAP OR PLAT THEREOF RECORDED AT SLIDE 2821-F, PROBATE RECORDS, BALDWIN COUNTY, ALABAMA.

AMBULATORY SURGERY CENTER AREA:

COMMENCE AT THE NORTHEAST CORNER OF LOT 1A OF A REPLAT OF LOT 1 USA MAPP SUBDIVISION (SLIDE 2740-E), AS SHOWN BY MAP OR PLAT THEREOF RECORDED ON SLIDE NUMBER 2821-F, PROBATE RECORDS, BALDWIN COUNTY, ALABAMA AND RUN THENCE SOUTH 00 DEGREES 06 MINUTES 47 SECONDS WEST, ALONG THE EAST MARGIN OF SAID LOT 1A, A DISTANCE OF 546.04 FEET; THENCE RUN WEST, DEPARTING SAID EAST MARGIN, A DISTANCE OF 279.65 FEET TO THE POINT OF BEGINNING: CONTINUE THENCE WEST, A DISTANCE OF 83.10 FEET; THENCE RUN NORTH, A DISTANCE OF 17.00 FEET; THENCE RUN WEST, A DISTANCE OF 40.03 FEET; THENCE RUN NORTH, A DISTANCE OF 58.96 FEET; THENCE RUN WEST, A DISTANCE OF 40.34 FEET; THENCE RUN NORTH, A DISTANCE OF 45.85 FEET; THENCE RUN EAST, A DISTANCE OF 43.38 FEET; THENCE RUN NORTH, A DISTANCE OF 113.62 FEET; THENCE RUN EAST, A DISTANCE OF 120.10 FEET; THENCE RUN SOUTH, A DISTANCE OF 235.44 FEET TO THE POINT OF BEGINNING. TRACT CONTAINS 0.68 ACRES, MORE OR LESS.

EXHIBIT B

Rent Roll

Tenancy Schedule I														Page 1		
Property: 46801 As of Date: 09/04/2024 By Property																
Notes: 1. * Future Active lease / Future Active Amendment 2. ** Pending Amendments 3. *** Past / Superseded Amendments																
Property	Unit(s)	Lease	Lease Type	Area	Lease From	Lease To	Term	Tenancy Years	Monthly Rent	Monthly Rent/Area	Annual Rent	Annual Rent/Area	Annual Rec./Area	Annual Misc./Area	Security Deposit Received	LOC Amount/ Rent Guarantee
HOGE USA Faithhope ASC LLC (46801)	468-ABC	USA Bedford County ASC, LLC (46801071)	1001	34,020.00	08/08/2023	09/30/2043	341	1.25	73,000.78	2.04	878,000.38	25.47	6.45	1.29	0.00	0.00

EXHIBIT C

Service Contracts

N/A

EXHIBIT D

Form of Ground Lease Assignment

[attached hereto]

EXHIBIT E

Form of Ground Lease Deed

[attached hereto]

EXHIBIT F

Form of Memorandum of Ground Lease Assignment

[attached hereto]

EXHIBIT G

Form of Assignment of Permits and Licenses

[attached hereto]

EXHIBIT H

Form of Assignment of Service Contracts

[attached hereto]

EXHIBIT I

Assignment of Subleases and Guaranties

[attached hereto]

EXHIBIT J

Form of Tenant Letter

_____, 2026

Dear Tenant:

Notice is hereby given to the tenants of _____ (the "**Property**") that HHRE USA FAIRHOPE ASC, LLC, a Florida limited liability company has sold the Building to _____, a _____ ("**Buyer**") effective as of this date. Effective immediately, Buyer shall be considered the landlord under your lease and your security deposit, if any, has been transferred to Buyer. In the future, please send all of your rent checks to Buyer at:

Sincerely,

SELLER:

HHRE USA FAIRHOPE ASC, LLC,
a Florida limited liability company

By: _____

Name: _____

Title: _____

BUYER:

By: _____

Name: _____

Title: _____

SCHEDULE 10(B)

1. A copy of any and all as-built plans/surveys and specifications;
2. Any and all service contracts concerning the Building;
3. Any and all inspection reports or assessments regarding the physical condition of Building or any of its systems (e.g., fire system, HVAC, plumbing, electrical, roofing, etc.);
4. Any and all warranties applicable to the building;
5. Any and all environmental reports concerning the building;
6. Any and all known liens, UCC or otherwise, or other encumbrances on the building, including any and all loan secured by the Building;
7. Any and all capital investments/expenditures in the building occurring after Lease commencement;
8. A list of any and all personal property (not owned by tenants) in the building;
9. Any and all licenses, permits, or other certificates related to the building that are held by Seller;
10. Confirmation of zoning approval for the Building's current use;
11. Any and all available title work (e.g., title policies, title commitments, exceptions, etc.);
12. Any and all pending or threatened litigation concerning the Building; and
13. An inventory of any furniture, fixtures, and equipment included with the purchase of the Building.
14. A copy of any and all written complaints, notices of violations, citations, or similar alleged non-compliance with applicable federal and state laws and regulations.
15. A copy of any and all written complaints from tenants made within one year of the Effective Date.
16. The existing termite bond for the Property.
17. A schedule of all licenses, certificates of occupancy for the Property currently in effect together with copies thereof and of all amendments thereto.
18. Profits and loss statements for the Property for the past three years.

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



AUDIT COMMITTEE

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Audit Committee

March 5, 2026

1:00 p.m.

A meeting of the Audit Committee (the “Committee”) of the University of South Alabama (the “University,” “USA”) Board of Trustees (the “Board”) was duly convened by Dr. Steve Stokes, Chair, on Thursday, March 5, 2026, at 1:08 p.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Scott Charlton, Steve Furr, Meredith Hamilton, Lenus Perkins, Ronnie Stallworth and Steve Stokes were present.

Other Trustees: Alexis Atkins, Chandra Brown Stewart, Luis Gonzalez, Ron Graham, Ron Jenkins, Arlene Mitchell, Jimmy Shumock, Mike Windom and Jim Yance.

Administration & Guests: Jim Berscheidt, Joél Billingsley, Jo Bonner, Monica Ezell, Charlie Guest, Buck Kelley, Andi Kent, Spence Larche, Sarah Beth Magette (Warren Averett), Allen Parrish, Kristen Roberts, Margaret Sullivan, Peter Susman and Christina Wassenaar (Faculty Senate).

Following the attendance roll call, **Item 1**, Dr. Stokes made a motion to approve the minutes for a meeting held on December 3, 2025, **Item 2**. Dr. Furr seconded, and the Committee voted unanimously to adopt the minutes.

Dr. Stokes called on Ms. Roberts to address the KPMG audit reports for the fiscal year ended September 30, 2025, **Item 3**. Ms. Roberts advised that the KPMG draft audit reports discussed at the December 3, 2025, meeting were finalized as presented and directed attention to the *University of South Alabama 2025 Financial Report*. Additionally, she stated USA ended the year with record assets totaling close to \$2.7 billion and an increase in net position of approximately \$124 million.

Concerning **Item 4**, the KPMG report on intercollegiate athletics for the fiscal year ended September 30, 2025, Ms. Roberts shared that the report, which focuses on compliance with agreed-upon procedures of the NCAA (National Collegiate Athletic Association), was filed with the NCAA in January and did not include exceptions.

Dr. Stokes called on Mr. Susman for a report on the activities of the Office of Internal Audit (OIA), **Item 5**. Mr. Susman introduced Ms. Sarah Beth Magette of Warren Averett, OIA Acting Director, who discussed the progress of engagements underway, as outlined by the University’s 2026 Audit Plan, and advised on upcoming engagements on track to begin in the coming weeks. Also discussed briefly was cyber risk and indemnity.

There being no further business, the meeting was adjourned at 1:13 p.m.

Respectfully submitted:

Steven H. Stokes, M.D., Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**DEVELOPMENT, ENDOWMENT
AND INVESTMENTS COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Development, Endowment and Investments Committee

March 5, 2026

1:13 p.m.

A meeting of the Development, Endowment and Investments Committee (the “Committee”) of the University of South Alabama (the “University,” “USA”) Board of Trustees (the “Board”) was duly convened by Judge Mike Windom, Chair, on Thursday, March 5, 2026, at 1:13 p.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Chandra Brown Stewart, Scott Charlton, Luis Gonzalez, Ron Jenkins, Steve Stokes, Mike Windom and Jim Yance were present.

Other Trustees: Alexis Atkins, Steve Furr, Ron Graham, Meredith Hamilton, Arlene Mitchell, Lenus Perkins, Ronnie Stallworth, and Jimmy Shumock.

Administration & Guests: Jim Berscheidt, Joél Billingsley, Jo Bonner, Monica Ezell, Charlie Guest, Buck Kelley, Andi Kent, Spence Larche, Allen Parrish, Kristen Roberts, Margaret Sullivan, Peter Susman, Drew Underwood and Christina Wassenaar (Faculty Senate).

Following the attendance roll call, **Item 6**, Judge Windom called for consideration of a revised agenda, **Item 6.A**. On motion by Mr. Yance, seconded by Dr. Charlton, the Committee voted unanimously to adopt the revised agenda. Judge Windom then called for consideration of the minutes for a meeting held on December 3, 2025, **Item 7**. On motion by Mr. Yance, seconded by Capt. Jenkins, the committee voted unanimously to adopt the minutes.

Judge Windom called on Mr. Drew Underwood, Director of Treasury Management, to report on endowment and investment performance for the first quarter of fiscal year 2026, **Item 8**. Mr. Underwood shared insights on the investment return of approximately 2.7 percent; manager performance; a planned reduction in exposure to Gerber/Taylor’s International Fund; and continuing key initiatives, which Mr. Underwood noted would include a final refinement of fixed income, international stocks and hedge funds beginning next quarter. He also commented on the economy.

Judge Windom recognized Ms. Roberts to summarize **Item 9**, a resolution authorizing revisions to the University’s endowment fund investment policy statement. (To view resolutions, policies and other documents authorized, refer to the minutes for the Board of Trustees meeting held on March 6, 2026.) On motion by Mr. Yance, seconded by Capt. Jenkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Judge Windom called on Ms. Sullivan, who provided a report on the activities of the Division of Development and Alumni Relations, **Item 11**. Ms. Sullivan reported that more than \$23 million in new gifts and commitments had been secured for fiscal year 2026, and she stated upwards of \$355 million had been raised over the quiet phase of the capital campaign during the period October 1, 2020, to February 27, 2026, to meet the \$400 million goal. She discussed plans for the public launch of the capital campaign on April 23, 2026, and outlined recent and upcoming fundraising and engagement activities, including the Distinguished Alumni and Service Awards Ceremony that would take place later in the evening and the dedication of the Jaguar Marching Band Complex that would follow the Board of Trustees meeting on March 6, 2026.

Judge Windom asked Ms. Sullivan to present **Item 10**, a resolution commending Drs. John and Sally Steadman for making a transformative gift to establish the *Drs. John and Sally Steadman Deanship* for the College of Engineering. On motion by Mr. Yance, seconded by Dr. Stokes, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Judge Windom thanked Ms. Sullivan and her teams for their hard work.

There being no further business, the meeting was adjourned at 1:31 p.m.

Respectfully submitted:

Michael P. Windom, Chair

University of South Alabama Endowment Fund Fiscal Year 2026 Investment Performance Summary

USA Endowment Fund Performance

October 1, 2025 to March 31, 2026

- The USA Endowment Fund was up 1.5%, the benchmark was up 1.3%.

USA Endowment Fund Manager Performance

October 1, 2025 to March 31, 2026

- Funds managed internally by USA Treasury in coordination with N.D. Pitman were up 0.9%, the benchmark was up 0.9%
- Gerber Taylor Hedge Fund was up 2.1%, the benchmark was up 3.5%
- Gerber Taylor International was down -5.1%, the benchmark was up 3.6%
- Commonfund was up 0.7%, the benchmark was up 1.1%
- Hancock Whitney was down -0.7%, the primary benchmark was down -0.9% and the secondary benchmark was up 2.7%
- Goldman Sachs was up 1.3%, the benchmark was up 1.2%
- JP Morgan was up 11.1%, the benchmark was up 4.1%
- Jaguar Investment Fund was up 4.0%, the primary benchmark was down -1.8% and the secondary benchmark was up 2.7%

RESOLUTION

COMMENDATION OF MRS. GERI MOULTON

WHEREAS, Mrs. Geri Moulton, affectionately recognized as the University of South Alabama’s “Forever First Lady,” is a successful businesswoman, entrepreneur, civic leader, supporter of the arts and philanthropist who has given generously of her time, talent and energy in service to further the mission of the University of South Alabama (“USA,” the “University”), and

WHEREAS, Mrs. Moulton continues the remarkable legacy she shared with her late husband, Mr. V. Gordon Moulton, who faithfully served as the University’s second president from 1998-2013, during which time the Moultons left an indelible impact on the University and USA Health through improvements and expansions they championed that led to significant enrollment growth, expanded academic and research programs, and student life enhancements, such as the 2009 creation of the football and Jaguar Marching Band (“JMB”) programs, and

WHEREAS, together, the Moultons made transformative gifts to the University of South Alabama to advance numerous initiatives, including Moulton Tower and Alumni Plaza, the Geri Moulton Children’s Park at USA Health Children’s & Women’s Hospital, the Julian and Kim MacQueen Alumni Center and the Mitchell Cancer Institute, and to further the reach of endowed scholarships and academic programs that enrich the student experience and strengthen the University’s mission, and

WHEREAS, in addition to her philanthropic support of the University, Mrs. Moulton – a nationally recognized interior decorator and consultant for more than four decades – donated considerable time and expertise to multiple construction, renovation and design projects, such as the Mitchell Center and the President’s Office and Board Room in the Frederick P. Whiddon Administration Building, and raised money to renovate the interior of Alumni Hall, and

WHEREAS, Mrs. Moulton’s recent gift further exemplifies this remarkable legacy of philanthropy and her continued dedication to advancing the mission and impact of the University of South Alabama, and

WHEREAS, the *Geri and Gordon Moulton Jaguar Marching Band Complex* will transform the capabilities of the Jaguar Marching Band and confer tremendous benefit upon its members and faculty for many years to come, as the facility unites the program and is a strong foundation for the JMB to continue serving as a beacon of joy and pride for USA students and alumni, the entire University family and the community at-large,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby recognizes the extraordinary generosity and commitment of Mrs. Geri Moulton and joins the President, faculty, staff, students and alumni in extending deepest gratitude to Mrs. Moulton for her enduring leadership, vision and love for the University and its people.



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Development and Alumni Relations

DATE: May 7, 2026

TO: Jo Bonner, President

FROM: Margaret M. Sullivan, Vice President for Development and Alumni Relations *Margaret M. Sullivan*

SUBJECT: Mrs. Geri Moulton Resolution

It gives me great pleasure to recommend the presentation of the attached resolution commending Mrs. Geri Moulton to the Board of Trustees.

This resolution commends the long history of philanthropy and engagement of Mrs. Moulton and her generous gift to name the new Jaguar Marching Band facility.

With your support, this commendation by the Board of Trustees will be an appropriate way to honor the Mrs. Moulton's extraordinary support of the University of South Alabama.

Attachment: Proposed Resolution Commending Mrs. Geri Moulton

CC: Monica Ezell, Executive Assistant – Board of Trustees Relations

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**HEALTH AFFAIRS
COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Health Affairs Committee

March 5, 2026

1:31 p.m.

A meeting of the Health Affairs Committee (the “Committee”) of the University of South Alabama (the “University,” “USA”) Board of Trustees (the “Board”) was duly convened by Mr. Jimmy Shumock, Chair, on Thursday, March 5, 2026, at 1:31 p.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Steve Furr, Ron Graham, Meredith Hamilton, Arlene Mitchell, Jimmy Shumock, Steve Stokes and Jim Yance were present.

Other Trustees: Alexis Atkins, Chandra Brown Stewart, Scott Charlton, Luis Gonzalez, Ron Jenkins, Lenus Perkins, Ronnie Stallworth and Mike Windom.

Administration & Guests: Jim Berscheidt, Joél Billingsley, Jo Bonner, Mike Chang, Monica Ezell, Charlie Guest, Buck Kelley, Andi Kent, Spence Larche, Rick Metzger, Allen Parrish, Will Ricks, Kristen Roberts, Margaret Sullivan, Peter Susman and Christina Wassenaar (Faculty Senate).

Following the attendance roll call, **Item 12**, Mr. Shumock called on Dr. Mike Chang, USA Health Chief Physician Executive/Chief Medical Officer, who presented **Item 14**, a resolution authorizing the USA Health Hospitals medical staff appointments and reappointments for November and December 2025 and January 2026. (To view resolutions, policies and other documents authorized, refer to the minutes for the Board of Trustees meeting held on March 6, 2026.) On motion by Dr. Stokes, seconded by Dr. Furr, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

With regard to **Item 15**, a report on the activities of USA Health, Dr. Chang, along with Mr. Rick Metzger, USA Health Providence Hospital Chief Executive Officer, and Dr. Will Ricks, cardiovascular surgeon and Director of USA Health’s ECMO (Extracorporeal Membrane Oxygenation) Program (the “Program”) at USA Health Providence Hospital, gave background on the ECMO device acquired that provides the most advanced form of temporary life support available for patients with severe heart or lung failure, the clinical expertise required to administer the Program and the implications for patients, who would otherwise have to travel hundreds of miles to receive ECMO treatment.

Mr. Shumock called for consideration of the minutes for a meeting held on December 3, 2025, **Item 13**. On motion by Dr. Furr, seconded by Mr. Graham, the Committee voted unanimously to adopt the minutes.

There being no further business, the meeting was adjourned at 1:50 p.m.

Respectfully submitted:

James H. Shumock, Chair



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

USA Health

DATE: May 6, 2026

TO: Jo Bonner
President

FROM: Natalie Fox 
Chief Executive Officer

SUBJECT: Board Meeting Documents

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

Resolution – USA Health Hospitals Medical Staff Appointments and Reappointments for February, March and April 2026

- USA Health Hospitals Medical Staff Appointments and Reappointments Board of Trustees Report

NF/kh

Attachments

A handwritten signature in blue ink that reads 'Jo Bonner'.

RESOLUTION

**USA HEALTH HOSPITALS MEDICAL STAFF APPOINTMENTS AND
REAPPOINTMENTS FOR FEBRUARY, MARCH AND APRIL 2026**

WHEREAS, the USA Health Hospitals medical staff appointments and reappointments for February, March and April 2026 are recommended for Board approval by the Medical Executive Committees and the USA Health Credentialing Board,

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

**USA BOARD OF TRUSTEES REPORT
USA HEALTH HOSPITALS MEDICAL STAFFS
APPOINTMENTS APPROVED IN FEBRUARY, MARCH, AND APRIL 2026**

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

Initial Appointments	USA Health Children's & Women's Hospital			USA Health University Hospital			USA Health Ambulatory Care		
Name	Type/Status	Category	Department	Type/Status	Category	Department	Type/Status	Category	Department
Adkinson, Terrica, CRNP	Initial Appointment	APP	Emergency Medicine	N/A	N/A	N/A	N/A	N/A	N/A
Asandra, Amy, MD	Initial Appointment	Locum Tenens	Radiology	Initial Appointment	Locum Tenens	Radiology	Initial Appointment	Locum Tenens	Radiology
Belle Isle, Michael D., CRNA	N/A	N/A	N/A	Initial Appointment	APP	Anesthesiology	N/A	N/A	N/A
Betancourth, Adriana C., MD	Initial Appointment	Active	Internal Medicine	Initial Appointment	Active	Internal Medicine	Initial Appointment	Active	Internal Medicine
Blood, David C., MD	Initial Appointment	Locum Tenens	Radiology	Initial Appointment	Locum Tenens	Radiology	Initial Appointment	Locum Tenens	Radiology
Bradshaw, Kelly, CRNP	Initial Appointment	APP	Pediatrics	N/A	N/A	N/A	Initial Appointment	APP	Pediatrics
Carpenter, Keelyn, CRNP	Initial Appointment	APP	OBGYN	Initial Appointment	APP	OBGYN	Initial Appointment	APP	OBGYN
Chanamolu, Dimple K., MD	Initial Appointment	Active	Urology	Initial Appointment	Active	Urology	Initial Appointment	Active	Urology
Chand, Rajat, MD	Initial Appointment	Locum Tenens	Radiology	Initial Appointment	Locum Tenens	Radiology	Initial Appointment	Locum Tenens	Radiology
Clark, Caitlin A., PA	Initial Appointment	APP	Orthopaedics	Initial Appointment	APP	Orthopaedics	Initial Appointment	APP	Orthopaedics
Craig, William R., DO	N/A	N/A	N/A	Initial Appointment	Active	Emergency Medicine	Initial Appointment	Active	Emergency Medicine
Crum, Kendra, CRNP	Initial Appointment	APP	Pediatrics	N/A	N/A	N/A	Initial Appointment	APP	Pediatrics
Deylampour, Joe, MD	N/A	N/A	N/A	Initial Appointment	Active	Family Medicine	Initial Appointment	Active	Family Medicine
Elie, Marie-Carmelle, MD	Initial Appointment	Active	Emergency Medicine	Initial Appointment	Active	Emergency Medicine	Initial Appointment	Active	Emergency Medicine
Fowler, Rebecca M., CRNP	Initial Appointment	APP	Pediatrics	N/A	N/A	N/A	Initial Appointment	APP	Pediatrics
Graham, Alexandria N., CRNA	N/A	N/A	N/A	Initial Appointment	APP	Anesthesiology	N/A	N/A	N/A
Groenwald, Matthew, MD	Initial Appointment	Active	Radiology	Initial Appointment	Active	Radiology	Initial Appointment	Active	Radiology
Haney, Nicole, CRNP	N/A	N/A	N/A	Initial Appointment	APP	Neurosurgery	Initial Appointment	APP	Neurosurgery
Hyatt, Matthew B., DO	Initial Appointment	Locum Tenens	Radiology	Initial Appointment	Locum Tenens	Radiology	Initial Appointment	Locum Tenens	Radiology
Johnson, Donald E., CRNA	N/A	N/A	N/A	Initial Appointment	APP	Anesthesiology	N/A	N/A	N/A
LaSala, Andrea G., DA	Initial Appointment	APP	Surgery	N/A	N/A	N/A	N/A	N/A	N/A
Lin, Jeffrey Y., MD	Initial Appointment	Active	Gynecology - MCI	Initial Appointment	Active	Gynecology - MCI	Initial Appointment	Active	Gynecology - MCI
Maher, James E., MD	Initial Appointment	Active	OBGYN	Initial Appointment	Active	OBGYN	Initial Appointment	Active	OBGYN
McGill, Barron H., DO	N/A	N/A	N/A	Initial Appointment	Active	Internal Medicine	Initial Appointment	Active	Internal Medicine
McMeans, Evelyn, DA	Initial Appointment	APP	Surgery	N/A	N/A	N/A	N/A	N/A	N/A
Miller, Derryll J., MD	Initial Appointment	Consulting	Neurology	Initial Appointment	Consulting	Neurology	N/A	N/A	N/A
Moore, Paul, MD	Initial Appointment	Active	OBGYN	N/A	N/A	N/A	N/A	N/A	N/A
Morris, Hannah L., DA	Initial Appointment	APP	Surgery	N/A	N/A	N/A	N/A	N/A	N/A
Nadal, Luis L., MD	Initial Appointment	Locum Tenens	Radiology	Initial Appointment	Locum Tenens	Radiology	Initial Appointment	Locum Tenens	Radiology
Nirgudkar, Pranita, MD	Initial Appointment	Locum Tenens	OBGYN	Initial Appointment	Locum Tenens	OBGYN	Initial Appointment	Locum Tenens	OBGYN
Oglesby, Kacie R., MD	Initial Appointment	Active	Surgery	N/A	N/A	N/A	N/A	N/A	N/A
Park, Christopher A., MD	Initial Appointment	Active	Surgery	N/A	N/A	N/A	N/A	N/A	N/A
Patel, Niraliben, CRNP	Initial Appointment	APP	Internal Medicine - MCI	Initial Appointment	APP	Internal Medicine - MCI	Initial Appointment	APP	Internal Medicine - MCI
Patwardhan, Manasi, MD	Initial Appointment	Locum Tenens	OBGYN	Initial Appointment	Locum Tenens	OBGYN	N/A	N/A	N/A
Patwardhan, Sanjay C., MD	Initial Appointment	Locum Tenens	OBGYN	Initial Appointment	Locum Tenens	OBGYN	N/A	N/A	N/A
Penney, Richard M., MD	Initial Appointment	Locum Tenens	Radiology	Initial Appointment	Locum Tenens	Radiology	Initial Appointment	Locum Tenens	Radiology
Pittsley, Aaron, CRNA	N/A	N/A	N/A	Initial Appointment	APP	Anesthesiology	N/A	N/A	N/A
Pruitt, Jaylyn, DA	Initial Appointment	APP	Surgery	Initial Appointment	APP	Surgery	N/A	N/A	N/A
Putnam, Samuel, MD	Initial Appointment	Locum Tenens	Radiology	Initial Appointment	Locum Tenens	Radiology	N/A	N/A	N/A
Shipley, Natalie W., CRNP	Initial Appointment	APP	Pediatrics	N/A	N/A	N/A	Initial Appointment	APP	Pediatrics
Silver, Susan B., CRNA	Initial Appointment	APP	Anesthesiology	Initial Appointment	APP	Anesthesiology	N/A	N/A	N/A
Song, Anjeli, MD	Initial Appointment	Consulting	Neurology	Initial Appointment	Consulting	Neurology	N/A	N/A	N/A
Stauber, Ziva Y., MD	Initial Appointment	Consulting	Neurology	Initial Appointment	Consulting	Neurology	N/A	N/A	N/A
Von Zimmerman, Marina, PA	N/A	N/A	N/A	Initial Appointment	APP	OB/GYN	Initial Appointment	APP	OB/GYN
Wallace, Hannah M., CRNA	Initial Appointment	APP	Anesthesiology	Initial Appointment	APP	Anesthesiology	N/A	N/A	N/A
Weeks, Christopher G., MD	Initial Appointment	Active	Surgery	N/A	N/A	N/A	N/A	N/A	N/A
Wells Sr., Dylan R., MD	Initial Appointment	Active	OBGYN	Initial Appointment	Active	OBGYN	Initial Appointment	Active	OBGYN
Williams, Mary, CRNP	Initial Appointment	APP	Emergency Medicine	N/A	N/A	N/A	Initial Appointment	APP	Emergency Medicine
Williams, Natalie R., CRNP	N/A	N/A	N/A	Initial Appointment	APP	Family Medicine	Initial Appointment	APP	Family Medicine
Williamson, Randy C., MD	Initial Appointment	Active	Neurology	N/A	N/A	N/A	Initial Appointment	Active	Neurology
Yendrapalli, Usha, MD	N/A	N/A	N/A	Initial Appointment	Active	Internal Medicine	Initial Appointment	Active	Internal Medicine
Zielinski, Andrew J., CRNA	N/A	N/A	N/A	Initial Appointment	APP	Anesthesiology	N/A	N/A	N/A
Reappointments	USA Health Children's & Women's Hospital			USA Health University Hospital			USA Health Ambulatory Care		
Name	Type/Status	Category	Department	Type/Status	Category	Department	Type/Status	Category	Department
Aggen, Ashlen P., MD	Reappointment	Community	Family Medicine	Reappointment	Community	Family Medicine	N/A	N/A	N/A

Al Jaber, Emad K., MD	Reappointment	Courtesy	Internal Medicine	Reappointment	Active	Internal Medicine	Reappointment	Active	Internal Medicine
Ali, Mohammad A., MD	Reappointment	Locum Tenens	Radiology	Reappointment	Locum Tenens	Radiology	Reappointment	Locum Tenens	Radiology
Amburgy, John W., MD	Reappointment	Active	Neurosurgery	Reappointment	Active	Neurosurgery	Reappointment	Active	Neurosurgery
Baker, Thomas A., MD	N/A	N/A	N/A	Reappointment	Active	Internal Medicine	Reappointment	Active	Internal Medicine
Ballard Jr., Barry D., MD	Reappointment	Community	Surgery	Reappointment	Community	Surgery	N/A	N/A	N/A
Ballard, Haley H., MD	Reappointment	Courtesy	Internal Medicine	Reappointment	Active	Internal Medicine	Reappointment	Active	Internal Medicine
Bista, Puspa, MD	Reappointment	Active	Internal Medicine	Reappointment	Active	Internal Medicine	Reappointment	Active	Internal Medicine
Bolling, Nicholas K., PA	Reappointment	APP	Orthopaedic	N/A	N/A	N/A	N/A	N/A	N/A
Brantley, Kaitlin O., CRNP	Reappointment	APP	Pediatrics	N/A	N/A	N/A	Reappointment	APP	Pediatrics
Brown, Jay A., MD	Reappointment	Active	Surgery	Reappointment	Active	Surgery	N/A	N/A	N/A
Brown, Mark S., MD	N/A	N/A	N/A	Reappointment	Consulting	Surgery	N/A	N/A	N/A
Burkett, Jared L., MD	Reappointment	Active	Orthopaedics	Reappointment	Active	Orthopaedics	N/A	N/A	N/A
Bush-Coaxum, Sharon M., MD *	Reappointment	Courtesy	OBGYN	N/A	N/A	N/A	N/A	N/A	N/A
* Conditional reappointment until March 31, 2027.									
Campbell, Joshua T., CRNA	N/A	N/A	N/A	Reappointment	APP	Anesthesiology	N/A	N/A	N/A
Carter, Emma G., MD	Reappointment	Consulting	Neurology	Reappointment	Consulting	Neurology	N/A	N/A	N/A
Clay, Terry B., MD	Reappointment	Active	Orthopaedics	Reappointment	Active	Orthopaedics	Reappointment	Active	Orthopaedics
Czarkowska, Hanna T., MD	Reappointment	Active	Neurology	Reappointment	Active	Neurology	Reappointment	Active	Neurology
Dabezies, Constance C., MD	Reappointment	Affiliate	OBGYN	N/A	N/A	N/A	Reappointment	Affiliate	OBGYN
Damrich, Michael E., MD	Reappointment	Courtesy	Surgery	Reappointment	Active	Surgery	Reappointment	Active	Surgery
Dauenheimer, Kelly V., CRNP	Reappointment	APP	OBGYN	N/A	N/A	N/A	Reappointment	APP	OBGYN
Dees, Daniel D., MD	Reappointment	Courtesy	Neurology	Reappointment	Active	Neurology	Reappointment	Active	
Dela Cruz, Nestor E., MD	Reappointment	Active	Pathology	Reappointment	Active	Pathology	Reappointment	Active	Pathology
Delgado, Myrtle A., MD	Reappointment	Active	Pediatrics	N/A	N/A	N/A	Reappointment	Active	Pediatrics
Dubuc, Tammy E., PharmD	Reappointment	APP Non-Privileged	Internal Medicine	Reappointment	APP Non-Privileged	Internal Medicine	N/A	N/A	N/A
FitzHarris, Susie N., MD	Reappointment	Community	Pediatrics	N/A	N/A	N/A	N/A	N/A	N/A
Fouty, Christine L., MD	Reappointment	Consulting	Internal Medicine	Reappointment	Active	Internal Medicine	Reappointment	Active	Internal Medicine
Frame, Kevin C., MD	Reappointment	Consulting	Radiology - vRad	Reappointment	Consulting	Radiology - vRad	N/A	N/A	N/A
Galitz, Michael S., MD	Reappointment	Active	Internal Medicine	Reappointment	Active	Internal Medicine	Reappointment	Active	Internal Medicine
Garrett, Beverly A., CRNA	Reappointment	APP	Anesthesiology	Reappointment	APP	Anesthesiology	N/A	N/A	N/A
Garrett, Kellie S., CRNP	Reappointment	APP	Surgery	Reappointment	APP	Surgery	Reappointment	APP	Surgery
Gronewold, Brian M., PA	Reappointment	APP	Orthopaedics	Reappointment	APP	Orthopaedics	Reappointment	APP	Orthopaedics
Hall, Kaitlyn L., MD	Reappointment	Active	Emergency Medicine	Reappointment	Active	Emergency Medicine	Reappointment	Active	Emergency Medicine
Harris, Jewel A., MD	N/A	N/A	N/A	Reappointment	Active	Family Medicine	Reappointment		Family Medicine
Hermez, Brittany N., MD	Reappointment	Consulting	Radiology - Vulcan	Reappointment	Active	Radiology - Vulcan	N/A	N/A	N/A
Herrera, Guillermo A., MD	Reappointment	Active	Pathology	Reappointment	Active	Pathology	Reappointment	Active	Pathology
Hewitt, Jocelyn E., MD	N/A	N/A	N/A	Reappointment	Community	Internal Medicine	N/A	N/A	N/A
Hoover, Nancy G., MD	Reappointment	Active	Anesthesiology	Reappointment	Consulting	Anesthesiology	N/A	N/A	N/A
Hovater, Carrie J., CRNA	Reappointment	APP	Anesthesiology	Reappointment	APP	Anesthesiology	N/A	N/A	N/A
Keel, Christopher E., DO	Reappointment	Active	Urology	Reappointment	Active	Urology	Reappointment	Active	Urology
Kern, Ashley L., CRNP	Reappointment	APP	Neurosurgery	Reappointment	APP	Neurosurgery	Reappointment	APP	Neurosurgery
Klisch, Gregory, MD	Reappointment	Consulting	Radiology - vRad	Reappointment	Consulting	Radiology - vRad	N/A	N/A	N/A
Krystosek, Luke A., MD	Reappointment	Consulting	Radiology - vRad	Reappointment	Consulting	Radiology - vRad	N/A	N/A	N/A
Lewis, Tawny W., CRNP	N/A	N/A	N/A	Reappointment	APP	Emergency Medicine	Reappointment	APP	Emergency Medicine
Lozano, Kay D., MD	Reappointment	Consulting	Radiology - vRad	Reappointment	Consulting	Radiology - vRad	N/A	N/A	N/A
Lucas Sr., Eric D., MD	N/A	N/A	N/A	Reappointment	Active	Emergency Medicine	Reappointment	Active	Emergency Medicine
Lundstrom, Trevor A., MD	Reappointment	Consulting	Radiology - Vulcan	Reappointment	Consulting	Radiology - Vulcan	N/A	N/A	N/A
McAndrews, Daniel J., MD	Reappointment	Active	Radiology	Reappointment	Active	Radiology	Reappointment	Active	Radiology
McCarty, Melissa J., CRNA	Reappointment	APP	Anesthesiology	Reappointment	APP	Anesthesiology	N/A	N/A	N/A
McKinley, Martha S., CRNP	N/A	N/A	N/A	Reappointment	APP	Internal Medicine	Reappointment	APP	Internal Medicine
McLeod, Scott H., MD	Reappointment	Active	Anesthesiology	Reappointment	Active	Anesthesiology	N/A	N/A	N/A
McNair, Cierra P., MD	Reappointment	Consulting	Radiology	Reappointment	Consulting	Radiology	N/A	N/A	N/A
McQuiston, Samuel A., MD	Reappointment	Active	Radiology	Reappointment	Active	Radiology	Reappointment	Active	Radiology
McRae, Carly T., MD	Reappointment	Active	Emergency Medicine	Reappointment	Active	Emergency Medicine	Reappointment	Active	Emergency Medicine
Middleton, Thomas W., MD	N/A	N/A	N/A	Reappointment	Active	Internal Medicine	Reappointment	Active	Internal Medicine
Miller, Steven G., MD	N/A	N/A	N/A	Reappointment	Active	Surgery	Reappointment	Active	Surgery
Moreno, Cesar G., MD	N/A	N/A	N/A	Reappointment	Active	Internal Medicine	Reappointment	Active	Internal Medicine
Murph, Arielle B., CRNA	Reappointment	APP	Anesthesiology	Reappointment	APP	Anesthesiology	N/A	N/A	N/A
Murph, Tyler R., CRNA	Reappointment	APP	Anesthesiology	Reappointment	APP	Anesthesiology	N/A	N/A	N/A
Nguyen, Kay L., CRNA	Reappointment	APP	Anesthesiology	Reappointment	APP	Anesthesiology	N/A	N/A	N/A
Oh, Richard J., MD	Reappointment	Consulting	Radiology - vRad	Reappointment	Consulting	Radiology - vRad	N/A	N/A	N/A
Oliver, Robert P., MD	Reappointment	Locum Tenens	Radiology	Reappointment	Locum Tenens	Radiology	N/A	N/A	N/A
Pacheco, Antonio L., MD	Reappointment	Active	Emergency Medicine	Reappointment	Active	Emergency Medicine	Reappointment	Active	Emergency Medicine
Perkins Hopgood, Allyson M., RNFA	Reappointment	APP	Neurosurgery	Reappointment	APP	Neurosurgery	N/A	N/A	N/A
Pfleeger, Jenna M., MD	Reappointment	Active	Family Medicine	Reappointment	Active	Family Medicine	Reappointment	Active	Family Medicine

Rodriguez, Ramon F., MD	Resigned	01/28/2026	Orthopaedics	Resigned	01/28/2026	Orthopaedics	N/A	N/A	N/A
Rulnick, Adam D., MD	Resigned	02/01/2026	Radiology	Resigned	02/01/2026	Radiology	N/A	N/A	N/A
Shafir, Yuval, MD	Resigned	01/28/2026	Neurology	Resigned	01/28/2026	Neurology	Resigned	01/28/2026	Neurology
Slate, Garrick J., MD	Resigned	3/22/2026	OBGYN	N/A	N/A	N/A	Resigned	3/22/2026	OBGYN
Stroud, Soterios C., MD	N/A	N/A	N/A	Resigned	03/12/2026	Emergency Medicine	Resigned	03/12/2026	Emergency Medicine
Thibodeaux, Vanessa C., MD	Resigned	3/22/2026	OBGYN	N/A	N/A	N/A	Resigned	3/22/2026	OBGYN
VonCannon, Lindsey L., MD	Resigned	4/1/2026	Pediatrics	N/A	N/A	N/A	N/A	N/A	N/A
Wallace, Hannah K., CRNP	Resigned	01/28/2026	Pediatrics	N/A	N/A	N/A	Resigned	01/28/2026	Pediatrics
White, Jonathan C., CRNA	Resigned	02/12/2026	Anesthesia	N/A	N/A	N/A	N/A	N/A	N/A
Willis-Curry, Sandra K., MD	Resigned	01/28/2026	Radiology	Resigned	01/28/2026	Radiology	N/A	N/A	N/A
Wood, Robert A., MD	Resigned	03/01/2026	OB/GYN	N/A	N/A	N/A	Resigned	03/01/2026	OB/GYN
Yang, Yiting, MD	Resigned	01/28/2026	Pediatrics	N/A	N/A	N/A	N/A	N/A	N/A
Zimmerman, Cheryl A., MD	Resigned	03/01/2026	OB/GYN	N/A	N/A	N/A	Resigned	03/01/2026	OB/GYN

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**ACADEMIC EXCELLENCE
AND STUDENT SUCCESS COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Academic Excellence and Student Success Committee

March 5, 2026

1:50 p.m.

A meeting of the Academic Excellence and Student Success Committee (the “Committee”) of the University of South Alabama (the “University,” “USA”) Board of Trustees (the “Board”) was duly convened by Ms. Chandra Brown Stewart, Chair, on Thursday, March 5, 2026, at 1:50 p.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Chandra Brown Stewart, Scott Charlton, Steve Furr, Luis Gonzalez, Ron Jenkins, Ronnie Stallworth and Mike Windom were present.

Other Trustees: Alexis Atkins, Ron Graham, Meredith Hamilton, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Steve Stokes and Jim Yance.

Administration & Guests: Jim Berscheidt, Joél Billingsley, Jo Bonner, Derek Boulware and Lydia Brown (Hope for All Gulf Coast), Nicole Carr, Monica Ezell, Drew Gossen, Charlie Guest, Nia Jackson (Hope for All Gulf Coast), Buck Kelley, Andi Kent, Spence Larche, Laura Moore, Ian Osbourn, Allen Parrish, Andrei Pavelescu, Kristen Roberts, Lisa Roddy, Eric Steward, Margaret Sullivan, Peter Susman, Christina Wassenaar (Faculty Senate), Andrzej Wierzbicki and Brionna Wilson.

Following the attendance roll call, **Item 16**, Ms. Brown Stewart called for consideration of the minutes for a meeting held on December 3, 2025, **Item 17**. On motion by Capt. Jenkins, seconded by Judge Windom, the Committee voted unanimously to adopt the minutes.

Ms. Brown Stewart called on Provost Kent to discuss the activities of the Division of Academic Affairs, **Item 18**. Provost Kent introduced Dr. Andrzej Wierzbicki, College of Arts and Sciences Dean, who provided context on the new Jaguar Marching Band (the “JMB”) Complex slated to be dedicated the following. Dr. Wierzbicki introduced Dr. Laura Moore, Associate Professor and Chair of the Department of Music (the “Department”), who gave an overview on the Department’s academic components, performing groups and events, community involvement and accomplished students, and discussed the JMB’s new home.

Concerning a report on the activities of the Division of Student Affairs, **Item 19**, Provost Kent shared background on USA’s Southerners and the University’s second-longest-standing tradition sponsored by the Southerners – Oozeball. She introduced Southerners Ms. Brionna Wilson and Mr. Ian Osbourn, who provided additional details on the signature philanthropic event and other promotions that raise money for the Spotting Excellence Scholarship. Ms. Wilson and Mr. Osbourn encouraged Trustees to form a team and join the upcoming Oozeball competition.

Provost Kent turned to Dr. Parrish for a report on the activities of the Division of Research and Economic Development, **Item 20**. Dr. Parrish touched briefly on USA's journey of attaining the R1 research designation, advising of one criterion – to meet a threshold for annual research expenditures – achieved over several years. He also spoke on externally- and enterprise-driven University research and the channeling knowledge into education through research discovery, curriculum integration and student learning. He introduced Dr. Eric Steward, Associate Dean of the College of Engineering, who, along with Dr. Andrei Pavelescu, Professor of Mathematics, and Dr. Drew Gossen, Assistant Professor of Science Education, discussed the STEM STARS scholarship program, funded through a \$5 million National Science Foundation award, that supports the retention and graduation of high-achieving, low-income students at USA and area community colleges, thereby addressing the national demand for qualified professionals in the STEM fields. Also recognized for her involvement was Dr. Nicole Carr, Associate Vice President for Student Success.

With regard to a report on the activities of the Office of Community Engagement, **Item 21**, Dr. Billingsley advised of a partnership with Hope for All Gulf Coast (the “Agency”) that sponsors the annual Project Homeless Connect outreach event to assist displaced citizens. She introduced Ms. Lisa Roddy, Department of English Senior Instructor, who discussed designing a composition course around service-learning with Project Homeless Connect designated as the service opportunity. Mr. Derek Boulware, Ms. Lydia Brown and USA alumna Ms. Nia Jackson, the Agency's Chief Executive Director, Director of Information and Analysis and Case Manager, respectively, each spoke on the Agency's mission and use of the South Serves portal to connect with University volunteers.

There being no further business, the meeting was adjourned at 2:29 p.m.

Respectfully submitted:

Chandra Brown Stewart, Chair




UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Office of Governmental Relations

DATE: August 1, 2026

TO: Alabama Commission on Higher Education

FROM: Dr. Nick Lawkis 

SUBJECT: Speech, Expressive Activities, and Use of University Space, Facilities, and Grounds Policy and Report, 2025-2026

Alabama Code § 16-68-1, *et seq.*, pertaining to free speech on the campuses of higher education institutions requires that the University of South Alabama Board of Trustees prepare an annual report detailing the course of action implemented by the University to ensure compliance with the law. On behalf and with the consent of the Board of Trustees of the University of South Alabama, I have prepared this report for the submission to the Alabama Commission on Higher Education so that it can notify the Governor and the Legislature of the University's compliance with the law.

The following chart details the date and description of any policy violations during the period of August 1, 2025, through July 31, 2026. The chart also details the administrative action/discipline related to each violation:

Date of Policy Violation	Description of Policy Violation	Administrative Action/ Disciplinary Action Taken
	No reported violations during this reporting period.	

The University of South Alabama had no substantial difficulties, controversies, or successes in maintaining a posture of administrative and institutional neutrality during the time-period addressed by this report.

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**BUDGET AND FINANCE
COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Budget and Finance Committee

March 5, 2026

2:29 p.m.

A meeting of the Budget and Finance Committee (the “Committee”) of the University of South Alabama (the “University,” “USA”) Board of Trustees (the “Board”) was duly convened by Mr. Lenus Perkins, Chair, on Thursday, March 5, 2026, at 2:29 p.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Chandra Brown Stewart, Ron Graham, Meredith Hamilton, Lenus Perkins, Jimmy Shumock, Steve Stokes and Mike Windom were present.

Other Trustees: Alexis Atkins, Scott Charlton, Steve Furr, Luis Gonzalez, Ron Jenkins, Arlene Mitchell, Ronnie Stallworth and Jim Yance.

Administration & Guests: Jim Berscheidt, Joél Billingsley, Jo Bonner, Monica Ezell, Charlie Guest, Buck Kelley, Andi Kent, Spence Larche, Allen Parrish, Kristen Roberts, Margaret Sullivan, Peter Susman and Christina Wassenaar (Faculty Senate).

Following the attendance roll call, **Item 22**, Mr. Perkins called for consideration of the minutes for a meeting held on December 3, 2025, **Item 23**. On motion by Mr. Graham, seconded by Mr. Shumock, the Committee voted unanimously to adopt the minutes.

Mr. Perkins called on Ms. Roberts to discuss the quarterly financial statements for the three months ended December 31, 2025, **Item 24**. Ms. Roberts advised of assets totaling more than \$2.7 billion, a total net position of more than \$800 million, and an increase in net position of more than \$18 million to end the quarter.

Ms. Roberts explained **Item 25**, a resolution authorizing the issuance of up to \$260 million in Series 2026 revenue bonds and, if needed, up to \$60 million in temporary bridge loan obligations to fund various Housing projects and partially fund the Whiddon College of Medicine project, refund the University’s Series 2016 bonds and redeem the 2026 Ambulatory Surgery Center note that is outstanding. (To view resolutions, policies and other documents authorized, refer to the minutes of the Board of Trustees meeting held on March 6, 2026.) On motion by Judge Windom, seconded by Ms. Hamilton, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Perkins called on Mr. Kelley for a report on University facilities, **Item 26**. As aerial footage was shown, Mr. Kelley provided perspective on the Whiddon College of Medicine project and the Jaguar Marching Band Complex.

There being no further business, the meeting was adjourned at 2:35 p.m.

Respectfully submitted:

Lenus Perkins, Chair

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Basic Financial Statements
Six Months Ended March 31, 2026
(Unaudited)

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Table of Contents

	Page
Management's Discussion and Analysis (Unaudited)	1
Basic Financial Statements:	
University of South Alabama – Statement of Net Position, March 31, 2026	15
University of South Alabama – Statement of Revenues, Expenses, and Changes in Net Position, Six months ended March 31, 2026	16
University of South Alabama – Statement of Cash Flows, Six months ended March 31, 2026	17
University of South Alabama Foundation – Consolidated Statement of Financial Position, December 31, 2025	19
University of South Alabama Foundation – Consolidated Statement of Activities and Changes in Net Assets, Six months ended December 31, 2025	20
USA Research and Technology Corporation – Statement of Net Position, March 31, 2026	21
USA Research and Technology Corporation – Statement of Revenues, Expenses, and Changes in Net Position, Six months ended March 31, 2026	22
University of South Alabama Health Care Authority – Statement of Net Position, March 31, 2026	23
University of South Alabama Health Care Authority – Statement of Revenues, Expenses, and Changes in Net Position, Six months ended March 31, 2026	24
Providence Foundation – Statement of Financial Position, December 31, 2025	25
Providence Foundation – Statement of Activities, Six months ended December 31, 2025	26
South Alabama Medical Science Foundation – Statement of Net Position, March 31, 2026	27
South Alabama Medical Science Foundation – Statement of Revenues, Expenses, and Changes in Net Position, Six months ended March 31, 2026	28

(Continued)

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Table of Contents
(continued)

	Page
Gulf Coast TotalCare – Statement of Net Position, March 31, 2026	29
Gulf Coast TotalCare – Statement of Revenues, Expenses, and Changes in Net Position, Six months ended March 31, 2026	30
Notes to Basic Financial Statements	31

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
March 31, 2026

Introduction

The following discussion presents an overview of the financial position and financial activities of the University of South Alabama (the University), including the University of South Alabama Health System (USA Health), a division of the University, at March 31, 2026 and 2025, and for the six months then ended. This discussion has been prepared by University management and should be read in conjunction with the financial statements and notes thereto, which follow.

The basic financial statements of the University consist of the University and its component units. The financial position and results of operations of the component units either are blended with the University's financial position and results of operations or are discretely presented. The treatment of each component unit is governed by pronouncements issued by the Governmental Accounting Standards Board (GASB). As more fully described in note 1 to the basic financial statements, the University of South Alabama Professional Liability Trust Fund, the University of South Alabama General Liability Trust Fund, USA HealthCare Management, LLC, Jaguar Athletic Fund, University of South Alabama Foundation for Research and Commercialization (FRAC), Providence Medical Network IPA, LLC (Providence IPA), USA Health Auxiliary, Inc. (Auxiliary) and various billing entities are reported as blended component units. The University of South Alabama Foundation, USA Research and Technology Corporation, University of South Alabama Health Care Authority, South Alabama Medical Science Foundation, Providence Foundation, and Gulf Coast TotalCare are discretely presented.

Financial Highlights

At March 31, 2026 and 2025, the University had total assets and deferred outflows of approximately \$2,463,976,000 and \$2,512,817,000, respectively; total liabilities and deferred inflows of approximately \$1,666,551,000 and \$1,846,967,000, respectively; and net position of approximately \$797,425,000 and \$665,850,000, respectively.

There was an overall decrease in restricted cash balances between 2025 and 2026 of approximately \$12,083,000, or 46%, to \$13,907,000, due largely to a decrease in unspent bond proceeds of approximately \$10,578,000. Deferred outflows had an overall decrease between 2025 and 2026 of approximately \$194,126,000, or 42%, to \$267,989,000 as a result of actuarial changes related to the University's defined-benefit cost-sharing pension plan and other postemployment benefit plans.

An overview of each statement is presented herein along with financial analysis of the transactions impacting each statement. Where appropriate, comparative financial information is presented to assist in the understanding of this analysis.

Analysis of Financial Position and Results of Operations

Statement of Net Position

The statement of net position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the University at March 31, 2026 and 2025. Net position is displayed in three parts: net investment in capital assets, restricted, and unrestricted. Restricted net position may be either expendable or nonexpendable and is the net position that is restricted by law or external donors. Unrestricted net position is generally designated by management for specific purposes and is available for use by the University to meet current expenses for any purpose. The statement of net position, along with all of the University's basic financial statements, is prepared under the economic resources measurement focus and the accrual basis of

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
March 31, 2026

accounting, whereby revenues are recognized when earned and expenses are recognized when incurred by the University, regardless of when cash is exchanged.

Assets included in the statement of net position are classified as current or noncurrent. Current assets consist primarily of cash and cash equivalents, patient receivables, and investments. Of these amounts, restricted and unrestricted cash and cash equivalents, patient receivables, and investments comprise approximately 43%, 24%, and 17%, respectively, of current assets at March 31, 2026. Noncurrent assets consist primarily of capital assets, net, restricted investments, and lease receivables. Of these amounts, capital assets, net, restricted investments, and lease receivables comprise approximately 69%, 19% and 6%, respectively, of noncurrent assets at March 31, 2026. The decrease in total assets and deferred outflows is attributed to a decrease in deferred outflows related to other postemployment benefits.

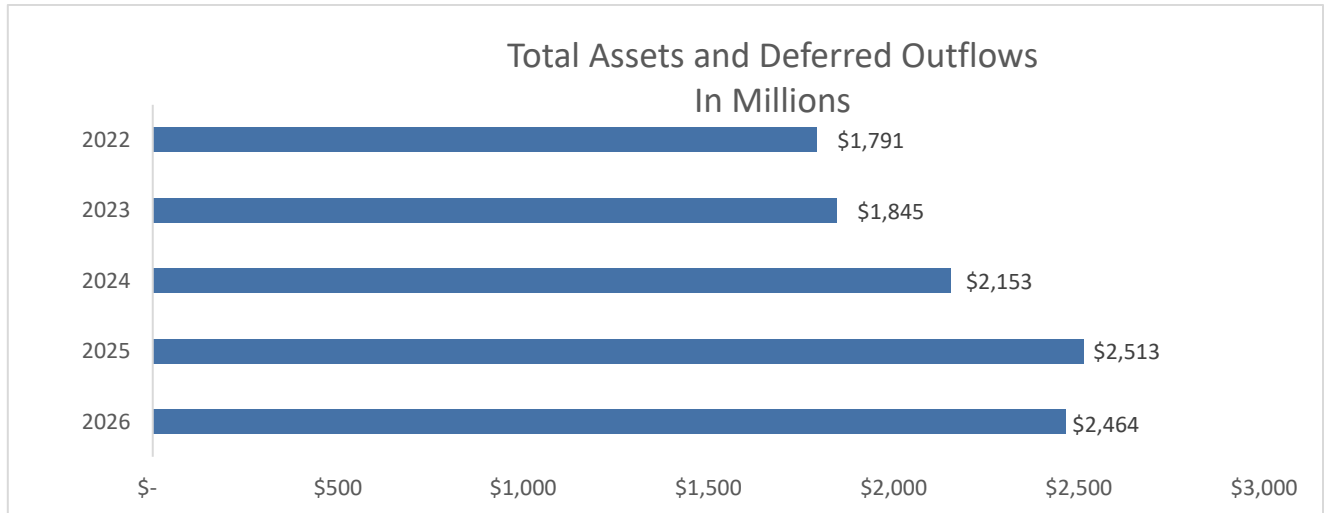
The condensed schedules of net position at March 31, 2026 and 2025 follow (in thousands):

Condensed Schedules of Net Position

	2026	2025
Assets:		
Current	\$ 405,064	398,974
Capital assets, net	1,232,320	1,105,617
Other noncurrent	558,603	546,111
Total assets	2,195,987	2,050,702
Deferred outflows	267,989	462,115
Total assets and deferred outflows	\$ 2,463,976	2,512,817
Liabilities:		
Current	\$ 214,317	199,633
Noncurrent	1,063,114	1,275,624
Total liabilities	1,277,431	1,475,257
Deferred inflows	389,120	371,710
Total liabilities and deferred inflows	\$ 1,666,551	1,846,967
Net position:		
Net investment in capital assets	\$ 673,259	549,360
Restricted, nonexpendable	87,302	84,584
Restricted, expendable	148,362	122,283
Unrestricted (deficit)	(111,498)	(90,377)
Total net position	\$ 797,425	665,850

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
March 31, 2026

Total assets and deferred outflows of the University as of March 31 is as follows:



Net position represents the residual interest in the University's assets and deferred outflows after liabilities and deferred inflows are deducted. Net position is classified into one of four categories:

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

Restricted nonexpendable net position consists primarily of the University's permanent endowment funds. In accordance with the policies of the University and donor agreements, the earnings from these funds may be expended, but the corpus may not be expended and must remain intact with the University in perpetuity.

Restricted expendable net position is subject to externally imposed restrictions governing their use. The funds are restricted primarily for debt service, capital projects, student loans, and scholarship purposes.

Unrestricted net position represents amounts not invested in capital assets or not subject to externally imposed stipulations. Even though these funds are not legally restricted, the majority of the University's unrestricted net position has been internally designated for various projects, all supporting the mission of the University. Unrestricted net position includes funds for various academic and research programs, auxiliary operations, student programs, capital projects, and general operations. Also included in unrestricted net position at March 31, 2026 and 2025 is the impact of the net pension liability recorded pursuant to the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and the impact of the net OPEB liability recorded pursuant to the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
March 31, 2026

Net position of the University as of March 31 is as follows:



Restricted net position increased by approximately \$28,797,000 between March 31, 2026 and 2025, primarily due to market increases on endowment investments and gifts to the University. Unrestricted net position (deficit) decreased by approximately \$(21,121,000) between March 31, 2026 and 2025, primarily as a result of a large decrease in net other postemployment benefits and increased investment in capital assets. A summary of unrestricted net position (deficit) at March 31, 2026 and 2025 is summarized as follows (in thousands):

	<u>2026</u>	<u>2025</u>
Unrestricted deficit related to net pension liability	\$ (262,755)	(279,777)
Unrestricted deficit related to net OPEB liability	(208,131)	(396,009)
Unrestricted net position related to other activity	<u>359,388</u>	<u>585,409</u>
Unrestricted net position (deficit)	<u>\$ (111,498)</u>	<u>(90,377)</u>

Statement of Revenues, Expenses, and Changes in Net Position

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

Operating revenues include all revenues and expenses other than nonoperating revenues and expenses, such as student tuition and fees, net of scholarship discounts and allowances; patient service revenues, net of

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
March 31, 2026

provision for bad debts; most federal, state, and local grants and contracts; sales and services of auxiliary enterprises, net of scholarship allowances; and lease revenue.

Nonoperating revenues include subsidies received or provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory, and investment income and expenses.

With the adoption of Statement No. 103, *Financial Reporting Model Improvements*, the University updated revenue and expense classifications based on the new definition of nonoperating revenues and expenses. GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, states reporting periods that are earlier than those presented in the basic financial statements that are affected by a change in accounting principle should not be restated in required supplementary information, including MD&A. Based on this guidance, the condensed schedule of revenues, expenses, and changes in net position presented below for 2025 is reflective of revenue and expense classifications prior to the adoption of Statement No. 103. See Note 1(II) for further discussion.

The condensed schedules of revenues, expenses, and changes in net position for the six months ended March 31, 2026 and 2025 follow (in thousands):

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

	2026	2025
Operating revenues:		
Tuition and fees, net	\$ 80,102	80,115
Patient service revenues, net	404,480	441,609
Federal, state, and private grants and contracts	26,724	29,693
Auxiliary, net and other	72,612	65,426
	583,918	616,843
Operating expenses:		
Salaries and benefits	410,052	415,747
Supplies and other services	250,932	246,520
Other	68,881	67,619
	729,865	729,886
Operating loss	(145,947)	(113,043)

(continued)

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
March 31, 2026

Condensed Schedules of Revenues, Expenses, and Changes in Net Position
(continued)

	2026	2025
Noncapital subsidies:		
State appropriations	\$ 87,105	—
Gifts	11,872	—
Support for University of South Alabama Healthcare Authority	(17,800)	—
Other noncapital subsidies	57,839	—
Total noncapital subsidies	139,016	—
Operating loss and noncapital subsidies	(6,931)	—
Other nonoperating revenues (expenses):		
State appropriations	—	81,992
Capital subsidies	69	—
Net investment income	24,265	12,897
Other, net	(6,558)	(15,065)
Total other nonoperating revenues, net	17,776	79,824
Income before capital appropriations, capital contributions and capital grants, and additions to endowment	10,845	(33,219)
Capital appropriations, capital contributions and grants, and additions to endowment	—	37,176
Increase in net position	10,845	3,957
Beginning net position	785,597	684,661
Cumulative effect of change in accounting principle and change to or within the financial reporting entity	983	(22,768)
Beginning balance, as adjusted	786,580	661,893
Ending net position	\$ 797,425	665,850

Prior to 2026, USA Health Auxiliary, Inc (Auxiliary) was not presented in the University's financial statements because it was not considered significant enough to warrant inclusion in the University's reporting entity. In 2026, the University determined Auxiliary would be included in the University's reporting entity as a blended component unit going forward resulting in the University recognizing a change to or within the financial reporting entity by restating beginning unrestricted net position approximately \$983,000 in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*. All significant transactions between the University and its blended component units have been eliminated.

In fiscal year 2025, the University adopted the provisions of GASB Statement No. 101, *Compensated Absences*, which requires the University to recognize a liability for leave that has not been used if it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means, as well as any leave that has been used but not yet paid or settled through noncash means. The adoption of the provisions of GASB Statement No. 101 resulted in an increase to current portion of other long-term liabilities of approximately \$3,145,000 and other long-term liabilities,

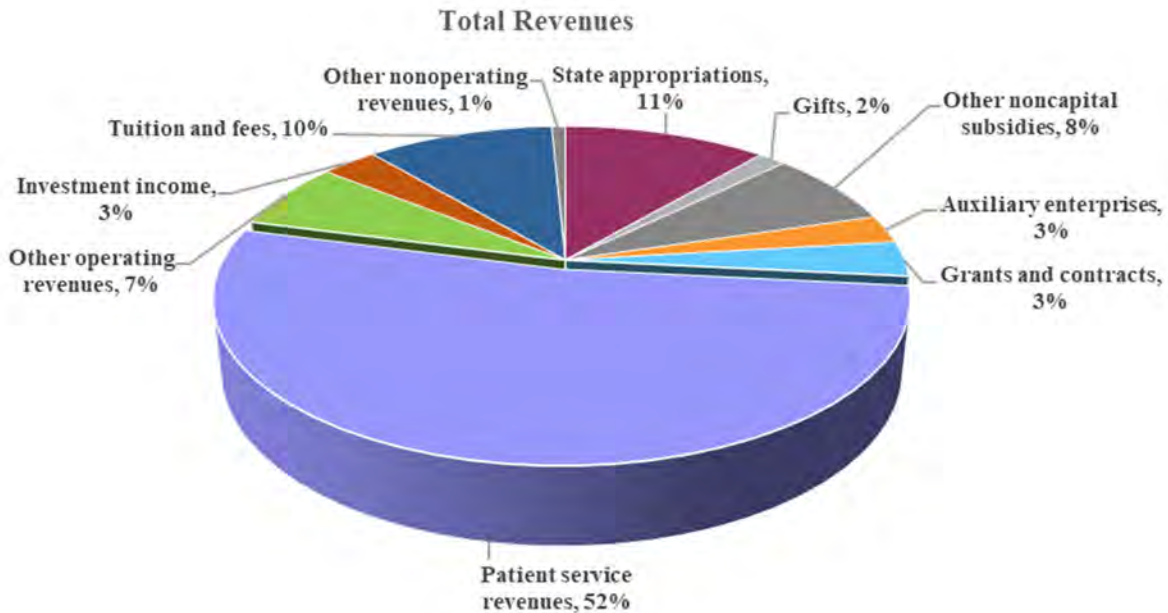
UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
March 31, 2026

less current portion of approximately \$21,046,000. In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, beginning unrestricted net position was restated by approximately (\$24,191,000) for the impact related to the adoption of GASB Statement No. 101. See note 13 for further discussion.

Prior to fiscal year 2025, the Jaguar Athletic Fund (JAF) and the USA Foundation for Research and Commercialization (FRAC) were not presented in the University's financial statements because they were not considered significant enough to warrant inclusion in the University's reporting entity. In fiscal year 2025, the University determined both JAF and FRAC would be included in the University's reporting entity going forward resulting in the University recognizing a change to or within the financial reporting entity by restating beginning unrestricted net position by approximately \$1,423,000 in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*.

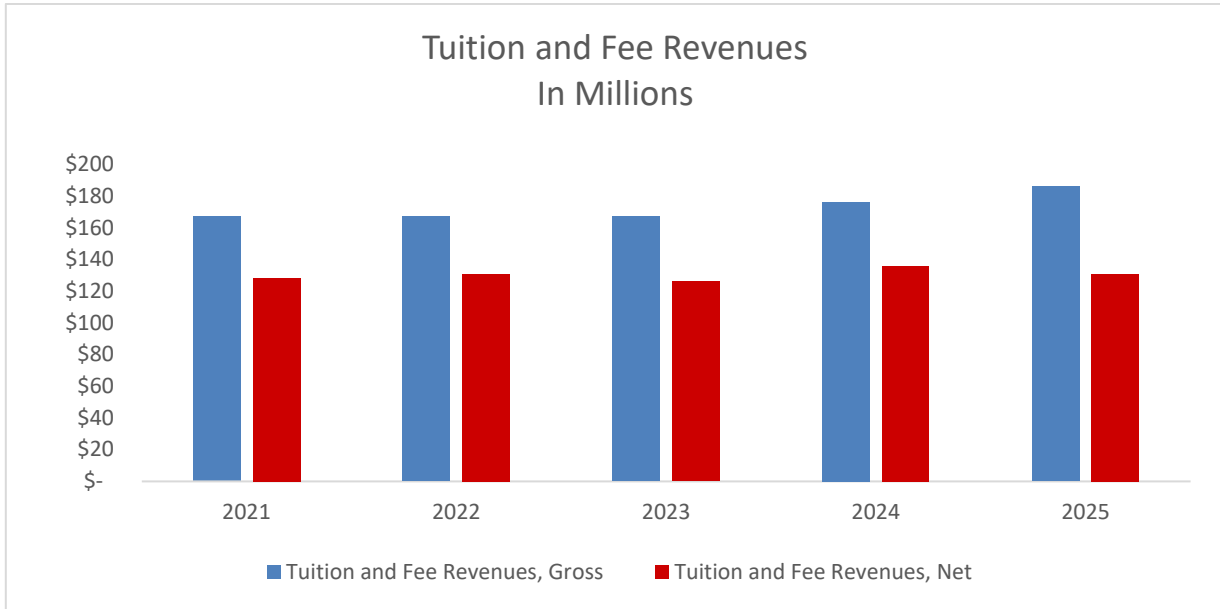
For the six months ended March 31, 2026, approximately 52% of total revenues of the University were patient service revenues, net. Excluding patient service revenues, state appropriations represent the largest component of total University revenues, approximately 11% of total revenues. In addition, tuition and fees charged to students represented approximately 10% in 2026.

A summary of University revenues for the six months ended March 31, 2026 is presented as follows:



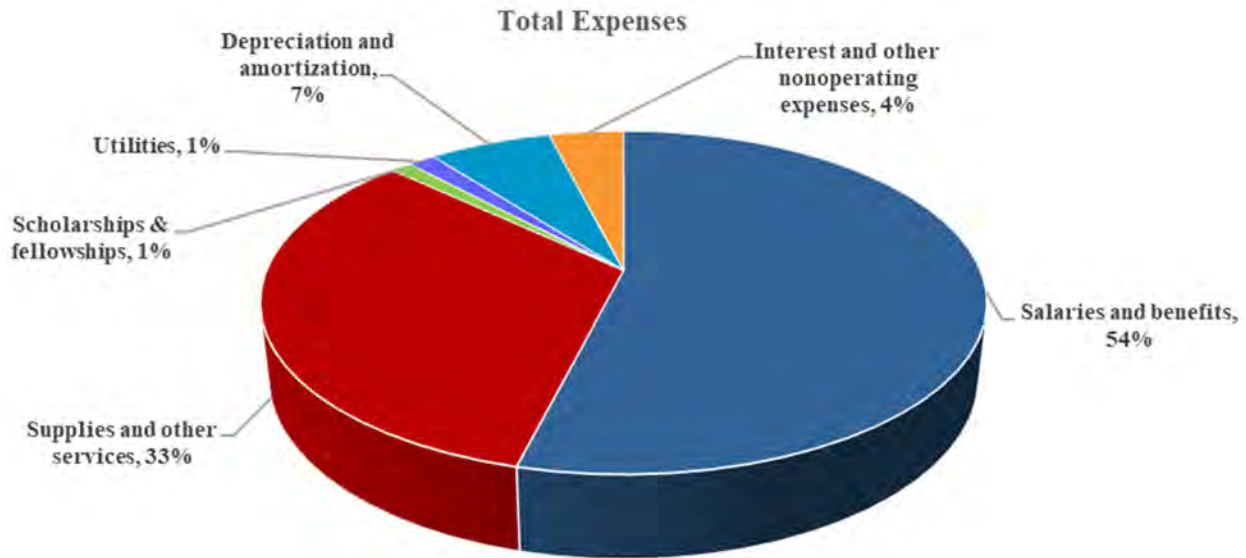
UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
March 31, 2026

Net tuition revenues have generally remained steady in recent years. Tuition and fees, gross and net of scholarship allowances, for the past five fiscal years are as follows:



UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
March 31, 2026

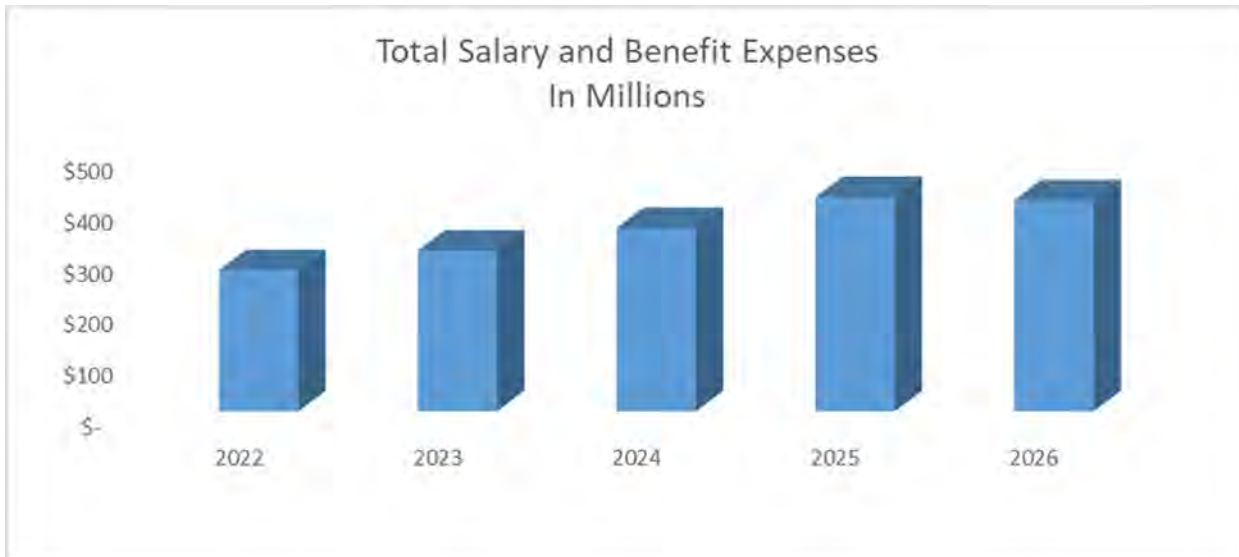
University expenses are presented using their natural expense classifications. A summary of University expenses for the six months ended March 31, 2026 is presented as follows:



Functional classifications represent expenses categorized based on the function within the University. Such University functions include instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, and scholarships. Expenses related to auxiliary enterprise activities, USA Health, and depreciation and amortization are presented separately. Functional expense information is presented in note 18 to the basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
March 31, 2026

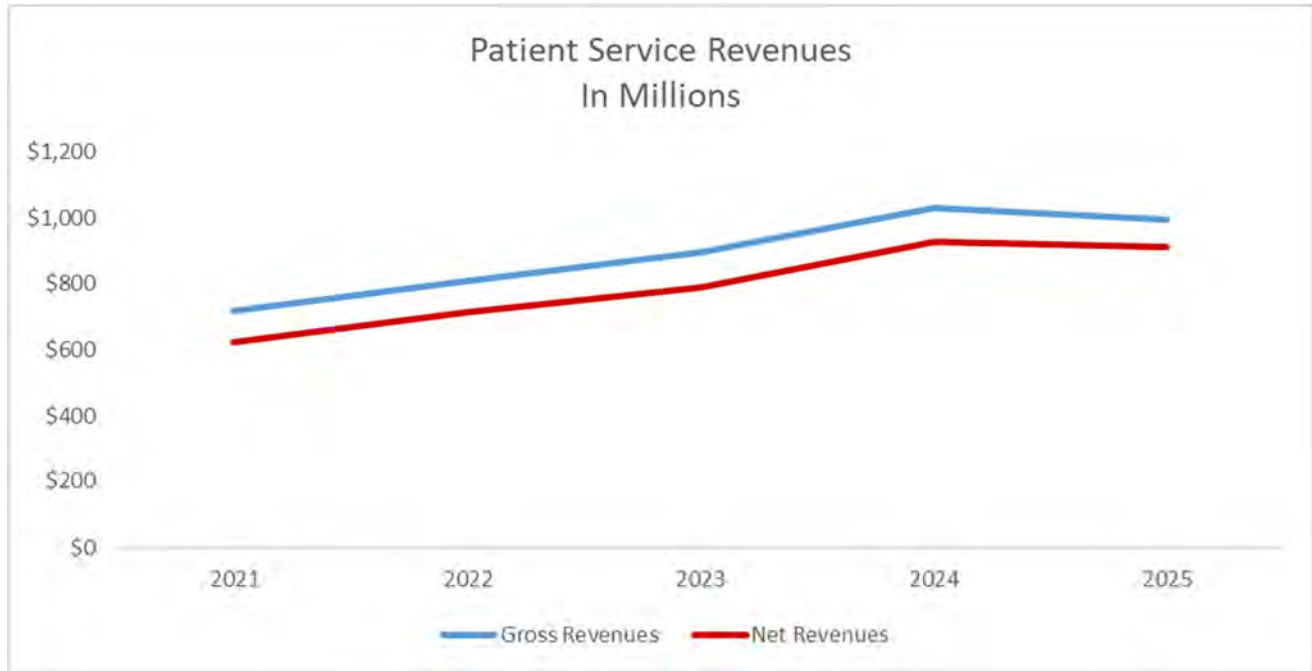
For the six months ended March 31, 2026, approximately 54% of the University's total expenses were salaries and benefits.



For the six months ended March 31, 2026, the University reported an operating loss of approximately \$145,947,000. The operating loss is offset by state appropriations and other noncapital subsidies, which, as mentioned earlier, are reported as nonoperating revenues. After considering all nonoperating revenues and expenses, the total increase in net position was approximately \$10,845,000 for the six months ended March 31, 2026.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
March 31, 2026

USA Health represents a significant portion of total University revenues. Operating patient service revenues, gross and net, for the last five fiscal years are presented as follows:



Statement of Cash Flows

The statement of cash flows presents information related to cash flows of the University. The statement presents cash flows by category: operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The net cash provided to, or used in, the University is presented by category.

Capital Assets and Debt Administration

Total capital asset additions for the University were approximately \$107,371,000 for the six months ended March 31, 2026. Significant construction projects that remain in progress as of March 31, 2026 include the Whiddon College of Medicine Building and related utility improvements, USA Health MRI vault renovation, Science Laboratory Building renovation, Traditions renovation, Jaguar Marching Band Building, Facilities Office renovation, Providence Medical Office Park renovation, the new Generator for University Hospital, and the Humanities Building reroof and elevator modernization. Major projects completed and placed into service in fiscal year 2025 include: the Children's and Women's Hospital Pediatric Emergency Department expansion, Children's and Women's Tower renovation, Providence Hospital IT system migration, University Hospital's Hybrid Operating Room renovation, and the Stanky Field turf replacement. At March 31, 2026, the University had outstanding commitments of approximately \$74,949,000 for various capital projects. Additional information regarding the University's capital assets is included in note 5.

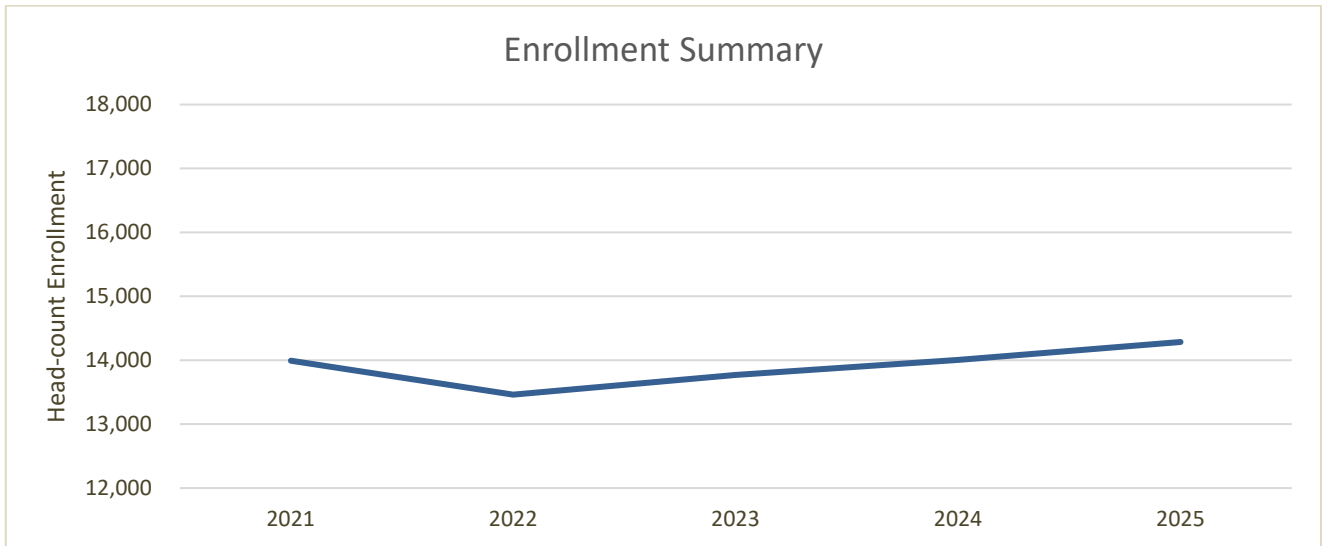
UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
March 31, 2026

The University's credit rating is A1 (Stable) as rated by Moody's Investors Service and A+ (Stable) as rated by Standard and Poor's Global Ratings. Moody's Investors Services revised the University's outlook from negative to stable and affirmed its A1 issuer and revenue bond ratings in June 2024. Standard and Poor's Global Ratings affirmed the University's current rating in June 2024. Additional information regarding the University's debt is included in note 8.

Economic Outlook

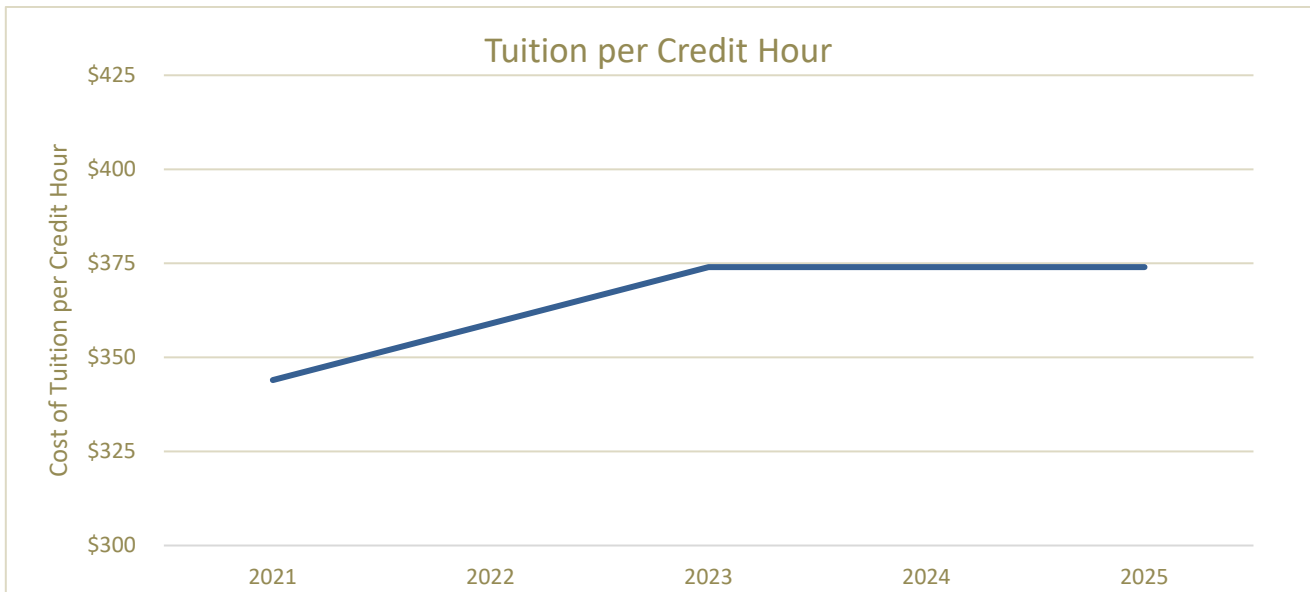
While tuition and fee rates per credit hour have increased over the past five years, there were declines in enrollment from Fall 2021 to 2022. The University experienced an increase in enrollment of approximately 2% annually each year beginning with 2022 through 2025. The rise in enrollment for Fall 2025 is due to the largest freshman class on record along with increased retention of upperclassmen.

The enrollment trend for the University between 2021 and 2025 is as follows:



UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
March 31, 2026

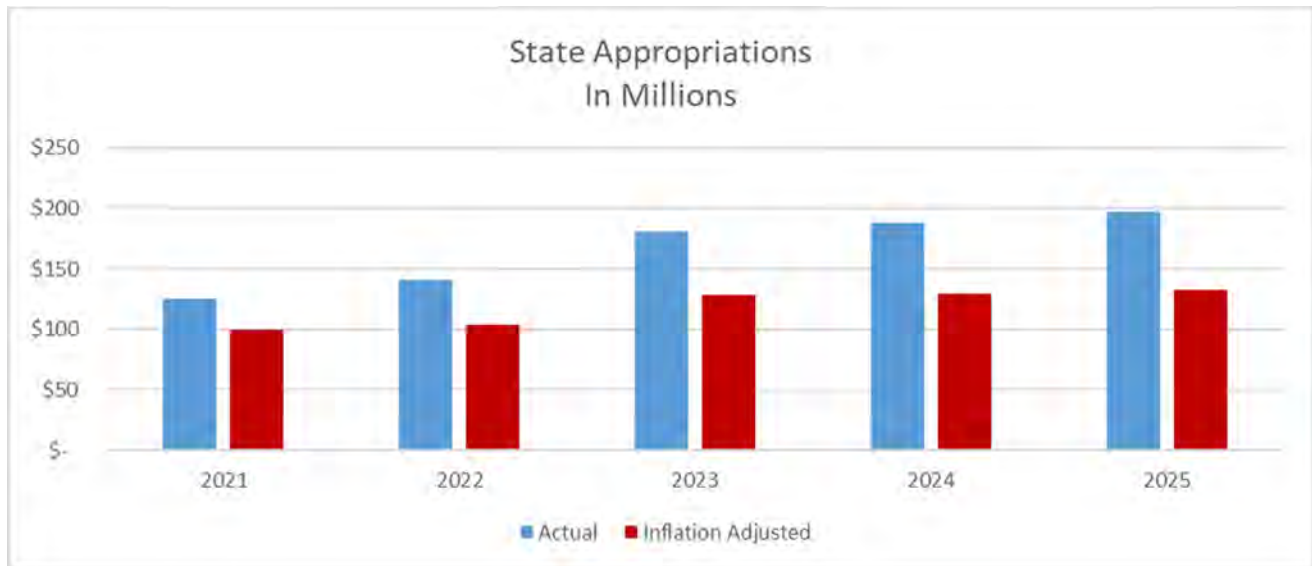
From 2021 to 2023, in-state tuition per credit hour for in-person classes increased by approximately 9%, with no increase from 2023 to 2025. Similar increases have been experienced in out-of-state tuition and College of Medicine tuition. Web tuition has decreased slightly during that period. The trend of in-state tuition per credit hour between 2021 and 2025 is as follows:



UNIVERSITY OF SOUTH ALABAMA
 (A Component Unit of the State of Alabama)
 Management's Discussion and Analysis (Unaudited)
 March 31, 2026

A state appropriation in the amount of approximately \$161,458,000 and \$150,375,000 was authorized for the years ended September 30, 2025 and 2024, respectively. Additional supplemental appropriations of approximately \$35,990,000 and \$37,533,000 were received in 2025 and 2024 for advancement and technology, capital project improvements, certain academic and healthcare initiatives, and equipment. A state appropriation in the amount of approximately \$171,210,000, representing an increase of approximately 6%, has been authorized for the year ending September 30, 2026. While no announcement has been made, the University is aware that reductions in the 2026 appropriation are possible.

The five-year trend of state appropriations for the University is as follows:



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

Requests for Information

These basic financial statements are designed to provide a general overview of the University of South Alabama and its component units' financial activities and to demonstrate the University's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Kristen Roberts; Vice President of Finance; University of South Alabama Administration Building Suite 353, Mobile, Alabama 36688. These basic financial statements can be obtained from our website at <https://www.southalabama.edu/departments/financialaffairs/businessoffice/statements.html>.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statement of Net Position

March 31, 2026

(In thousands)

Current assets:	
Cash and cash equivalents	\$ 160,778
Restricted cash and cash equivalents	13,907
Investments	69,743
Patient receivables (net of allowance for doubtful accounts of \$84,889)	96,373
Accounts receivable, other	35,636
Notes receivable, net	900
Prepaid expenses, inventories, and other	20,630
Lease receivable, current portion	7,097
Total current assets	<u>405,064</u>
Noncurrent assets:	
Restricted investments	334,897
Investments	92,116
Other noncurrent assets and accounts receivable	25,539
Lease receivable, less current portion	106,051
Capital assets, net	1,232,320
Total noncurrent assets	<u>1,790,923</u>
Total assets	2,195,987
Deferred outflows	<u>267,989</u>
Total assets and deferred outflows	<u>2,463,976</u>
Current liabilities:	
Accounts payable and accrued liabilities	90,195
Unrecognized revenues	53,861
Deposits	807
Current portion of other long-term liabilities	12,576
Current portion lease and subscription obligations	28,325
Current portion of long-term debt	28,553
Total current liabilities	<u>214,317</u>
Noncurrent liabilities:	
Long-term debt, less current portion	447,854
Lease and subscription obligations, less current portion	60,547
Net pension liability	262,755
Net other postemployment benefits liability	208,131
Other long-term liabilities, less current portion	83,827
Total noncurrent liabilities	<u>1,063,114</u>
Total liabilities	1,277,431
Deferred inflows	<u>389,120</u>
Total liabilities and deferred inflows	<u>1,666,551</u>
Net position:	
Net investment in capital assets	673,259
Restricted, nonexpendable:	
Scholarships	52,492
Other	34,810
Restricted, expendable:	
Scholarships	55,421
Other	92,941
Unrestricted deficit	<u>(111,498)</u>
Total net position	<u>\$ 797,425</u>

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statement of Revenues, Expenses, and Changes in Net Position

Six Months Ended March 31, 2026

(In thousands)

Operating revenues:	
Tuition and fees (net of scholarship allowances of \$24,138)	\$ 80,102
Patient service revenues (net of provision for bad debts of \$38,632)	404,480
Federal grants and contracts	14,442
State grants and contracts	5,336
Private grants and contracts	6,946
Auxiliary enterprises (net of scholarship allowances of \$747)	21,514
Other operating revenues	<u>51,098</u>
Total operating revenues	<u>583,918</u>
Operating expenses:	
Salaries and benefits	410,052
Supplies and other services	250,932
Scholarships and fellowships	8,329
Utilities	11,030
Depreciation and amortization	<u>49,522</u>
Total operating expenses	<u>729,865</u>
Operating loss	<u>(145,947)</u>
Noncapital subsidies	
State appropriations	87,105
Gifts	11,872
Support for University of South Alabama Health Care Authority	(17,800)
Other noncapital subsidies	<u>57,839</u>
Total noncapital subsidies	<u>139,016</u>
Operating loss and noncapital subsidies	<u>(6,931)</u>
Other nonoperating revenues (expenses):	
Capital subsidies	69
Net investment income	24,265
Interest expense	(12,174)
Additions to endowments	4,371
Loss on disposal	(183)
Net debt financing revenues	<u>1,428</u>
Total other nonoperating revenues	<u>17,776</u>
Increase in net position	<u>10,845</u>
Net position:	
Beginning of year	785,597
Cumulative effect of change in accounting principle and change to or within the financial reporting entity (note 1 (a))	<u>983</u>
Beginning balance, as adjusted	786,580
End of period	<u>\$ 797,425</u>

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statement of Cash Flows

Six Months Ended March 31, 2026

(In thousands)

Cash flows from operating activities:	
Receipts related to tuition and fees	\$ 57,761
Receipts from and on behalf of patients and third-party payers	402,701
Receipts from grants and contracts	37,262
Receipts related to auxiliary enterprises	18,440
Payments to suppliers and vendors	(289,352)
Payments to employees and related benefits	(412,297)
Payments for scholarships and fellowships	(8,329)
Other operating receipts	46,033
	<hr/>
Net cash used in operating activities	(147,781)
Cash flows from noncapital financing activities:	
State appropriations	87,105
Endowment gifts	4,371
Agency funds received	6
Agency funds disbursed	(6)
Student loan program disbursements	(62,719)
Student loan program receipts	62,549
Support for USA Health Care Authority	(17,800)
Gifts	9,953
Other noncapital subsidies	71,748
	<hr/>
Net cash provided by noncapital financing activities	155,207
Cash flows from capital and related financing activities:	
Capital subsidies	9,457
Purchases of capital assets	(91,060)
Proceeds from sales of capital assets	70
Proceeds from issuance of capital debt	15,100
Principal payments on capital debt	(33,357)
Interest payments on capital debt	(19,818)
Payments related to debt financing	(29)
Proceeds from principal and interest receipts related to financing leases	7,765
	<hr/>
Net cash used in capital and related financing activities	(111,872)
Cash flows from investing activities:	
Interest and dividends on investments	9,488
Purchases of investments	(85,199)
Proceeds from sales of investments	45,224
	<hr/>
Net cash used in investing activities	(30,487)
Net decrease in cash and cash equivalents	(134,933)
Cash and cash equivalents (unrestricted and restricted):	
Beginning of year	<hr/> 309,618
End of period	\$ <hr/> <hr/> 174,685

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statement of Cash Flows

Six Months Ended March 31, 2026

(In thousands)

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (145,947)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	49,522
Changes in assets and liabilities, net:	
Student receivables	2,569
Net patient receivables	(2,423)
Grants and contracts receivables	11,825
Other receivables	196,586
Prepaid expenses, inventories, and other	(451)
Accounts payable, accrued liabilities and other liabilities	(40,285)
Unrecognized revenues	(29,980)
Pension and OPEB liabilities	(189,197)
Net cash used in operating activities	<u>\$ (147,781)</u>
Reconciliation of cash and cash equivalents to the statement of net position:	
Cash and cash equivalents classified as current assets	\$ 160,778
Restricted cash and cash equivalents classified as current assets	<u>13,907</u>
Total cash and cash equivalents	<u>\$ 174,685</u>
Noncash investing, noncapital financing, and capital and related financing transactions:	
Net increase in fair value of investments recognized as a component of net investment income	\$ 1,136
Payments on behalf of the University by the Alabama Public School and College Authority reducing purchases of capital assets	1,921
Net increase in lease and subscription obligations	22,729
Loss on disposals of capital assets	(253)

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA FOUNDATION
(Discretely Presented Component Unit of the University of South Alabama)

Consolidated Statement of Financial Position

December 31, 2025

(In thousands)

Assets	
Cash and cash equivalents	\$ 1,235
Investments:	
Equity securities	291,044
Timber and mineral properties	181,272
Real estate	3,253
Other	5,822
Other assets	<u>646</u>
Total assets	<u>\$ 483,272</u>
Liabilities and Net Assets	
Liabilities:	
Other liabilities	<u>824</u>
Total liabilities	<u>\$ 824</u>
Net assets:	
Without donor restrictions	60,475
With donor restrictions	<u>421,973</u>
Total net assets	<u>482,448</u>
Total liabilities and net assets	<u>\$ 483,272</u>

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA FOUNDATION
(Discretely Presented Component Unit of the University of South Alabama)

Consolidated Statement of Activities and Changes in Net Assets

Six Months Ended December 31, 2025

(In thousands)

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, losses, and other support:			
Net realized and unrealized gains on investments	\$ 3,679	23,569	27,248
Rents, royalties, and timber sales	2,400	37	2,437
Interest and dividends	993	740	1,733
Gifts	162	96	258
Interfund interest	(398)	398	—
Other income	13	—	13
Net assets released from program restrictions	11,333	(11,333)	—
Total revenues, gains, losses, and other support	18,182	13,507	31,689
Expenditures:			
Program services:			
Faculty support	1,954	—	1,954
Scholarships	637	—	637
Other academic programs	11,439	—	11,439
Total program service expenditures	14,030	—	14,030
Management and general	1,687		1,687
Other investment expense	598	—	598
Depreciation and depletion expense	1,800	—	1,800
Total expenditures	18,115	—	18,115
Change in net assets	67	13,507	13,574
Net assets – beginning of year	60,408	408,466	468,874
Net assets – end of period	\$ 60,475	421,973	482,448

See accompanying notes to basic financial statements.

USA RESEARCH AND TECHNOLOGY CORPORATION
(Discretely Presented Component Unit of the University of South Alabama)

Statement of Net Position

March 31, 2026

(In thousands)

Assets:

Current assets:

Cash and cash equivalents	\$	2,054
Lease receivable, current portion		2,718
Prepaid expenses and other current assets		231
Accrued interest receivable		55
		5,058
Total current assets		5,058

Noncurrent assets:

Capital assets, net		16,648
Lease receivable, less current portion		11,078
		27,726
Total noncurrent assets		27,726

Deferred outflows

256

Total assets and deferred outflows

33,040

Liabilities:

Current liabilities:

Deposits, other current liabilities, and accrued expenses		280
Unrecognized rent revenue		278
Notes payable, current portion		1,122
		1,680
Total current liabilities		1,680

Noncurrent liabilities:

Notes payable, less current portion		14,239
		14,239
Total noncurrent liabilities		14,239

Deferred inflows

12,953

Total liabilities and deferred inflows

\$ 28,872

Net position:

Net investment in capital assets	\$	1,353
Unrestricted		2,815
		4,168
Total net position	\$	4,168

See accompanying notes to basic financial statements.

USA RESEARCH AND TECHNOLOGY CORPORATION
(Discretely Presented Component Unit of the University of South Alabama)

Statement of Revenues, Expenses, and Changes in Net Position

Six Months Ended March 31, 2026

(In thousands)

Operating revenues	\$	2,180
Operating expenses:		
Building management and operating expenses		633
Depreciation and amortization		590
Legal and administrative fees		151
Insurance		50
Total operating expenses		1,424
Operating income		756
Nonoperating revenues (expenses):		
Interest expense		(367)
Interest income		34
Financing lease interest income		223
Net nonoperating expenses		(110)
Increase in net position		646
Net position:		
Beginning of year		3,522
End of period	\$	4,168

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY
(A Component Unit of the University of South Alabama)

Statement of Net Position

March 31, 2026

(In thousands)

Current assets:	
Cash and cash equivalents	\$ 1,146
Restricted cash and cash equivalents	38
Patient receivables (net of allowance for doubtful accounts of \$25,841)	36,965
Accounts receivable, other	2,660
Inventories	2,300
Lease receivable, current portion	996
Other current assets	735
Total current assets	44,840
Noncurrent assets:	
Capital assets, net	129,910
Investments	378
Lease receivable, less current portion	2,953
Total noncurrent assets	133,241
Total assets	\$ 178,081
Current liabilities:	
Accounts payable and accrued liabilities	\$ 25,811
Accrued salaries and wages	5,376
Long-term debt, current portion	258
Lease and subscription obligations, current portion	7,508
Deferred revenue	
Other current liabilities	1,944
Cash overdraft	—
Total current liabilities	40,897
Noncurrent liabilities:	
Long-term debt, less current portion	21,086
Lease and subscription obligations, less current portion	93,352
Other noncurrent liabilities	2,382
Total noncurrent liabilities	116,820
Deferred inflows	3,584
Total liabilities and deferred inflows	\$ 161,301
Net position:	
Net investment in capital assets	\$ 7,706
Restricted	38
Unrestricted	9,036
Total net position	\$ 16,780

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY
(A Component Unit of the University of South Alabama)

Statement of Revenues, Expenses, and Changes in Net Position

Six Months Ended March 31, 2026

(In thousands)

Operating revenues:

Patient service revenues (net of provision for bad debts of \$13,025)	\$ 140,632
Other operating revenues	18,307
	158,939

Operating expenses:

Salaries and benefits	84,093
Building and equipment expenses	8,902
Medical and surgical supplies	43,490
Other expenses	34,202
Depreciation and amortization	5,220
	175,907
Total operating expenses	175,907
Operating loss	(16,968)

Noncapital subsidies:

Support from University of South Alabama	17,800
Gifts	—
Other noncapital subsidies	9,021
	26,821
Total noncapital subsidies	26,821
Operating loss and noncapital subsidies	9,853

Other nonoperating revenues (expenses):

Investment income	137
Interest expense	(2,932)
Loss on disposal	(6)
	(2,801)
Total other nonoperating expenses, net	(2,801)
Increase in net position	7,052
Net position at beginning of period	9,728
Net position at end of period	\$ 16,780

See accompanying notes to basic financial statements.

PROVIDENCE FOUNDATION
(Discretely Presented Component Unit of the University of South Alabama)

Statement of Financial Position

December 31, 2025

(In thousands)

Assets	
Cash and cash equivalents	\$ 3,817
Investments	6,018
Capital assets, net	<u>98</u>
Total assets	<u>\$ 9,933</u>
Liabilities and Net Assets	
Liabilities:	
Accounts payable and other accrued expenses	\$ <u>48</u>
Total liabilities	<u>48</u>
Net assets:	
Without donor restrictions	9,119
With donor restrictions	<u>766</u>
Total net assets	<u>9,885</u>
Total liabilities and net assets	<u>\$ 9,933</u>

See accompanying notes to basic financial statements.

PROVIDENCE FOUNDATION
(A Component Unit of the University of South Alabama)

Statement of Activities

Six Months Ended December 31, 2025

(In thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Contributions of cash and other financial assets	\$ 88	57	145
Contributed nonfinancial assets	206	—	206
Net investment income	441	—	441
Net assets released from program restrictions	253	(253)	—
Total revenues and other support	<u>988</u>	<u>(196)</u>	<u>792</u>
Expenses:			
Direct program services:			
Program services	253	—	253
Total program services	<u>253</u>	<u>—</u>	<u>253</u>
Supporting services:			
General and administrative	1,193	—	1,193
Fundraising	40	—	40
Total supporting services	<u>1,233</u>	<u>—</u>	<u>1,233</u>
Total expenses	<u>1,486</u>	<u>—</u>	<u>1,486</u>
Change in net assets	(498)	(196)	(694)
Net assets at beginning of year	<u>9,617</u>	<u>962</u>	<u>10,579</u>
Net assets at end of period	<u>\$ 9,119</u>	<u>766</u>	<u>9,885</u>

See accompanying notes to the financial statements.

SOUTH ALABAMA MEDICAL SCIENCE FOUNDATION
(Discretely Presented Component Unit of the University of South Alabama)

Statement of Financial Position

March 31, 2026

(In thousands)

Assets	
Cash and cash equivalents	\$ 3,972
Restricted cash and cash equivalents	229
Investments	10,067
Accounts receivable	56
Due from related party	275
Other assets	<u>1</u>
Total assets	\$ <u><u>14,600</u></u>
Liabilities and Net Assets	
Liabilities:	
Deferred revenue	\$ <u>13</u>
Total liabilities	<u>13</u>
Net assets:	
Without donor restrictions	14,358
With donor restrictions	<u>229</u>
Total net assets	<u>14,587</u>
Total liabilities and net assets	\$ <u><u>14,600</u></u>

See accompanying notes to basic financial statements.

SOUTH ALABAMA MEDICAL SCIENCE FOUNDATION
(A Component Unit of the University of South Alabama)

Statement of Activities

Six Months Ended March 31, 2026

(In thousands)

	Without donor restrictions	With donor restrictions	Total
Revenues and other support:			
Contributions of cash and other financial assets	\$ 782	—	782
Net investment income	245	—	245
Total revenues and other support	1,027	—	1,027
Expenditures:			
Direct program services:			
Research	388	—	388
Instruction	145	—	145
Total program services	533	—	533
Supporting services:			
Management and general	202	—	202
Total supporting services	202	—	202
Total expenditures	735	—	735
Change in net assets	292	—	292
Net assets at beginning of year	14,066	229	14,295
Net assets at end of year	\$ 14,358	229	14,587

See accompanying notes to the financial statements.

GULF COAST TOTALCARE
(Discretely Presented Component Unit of the University of South Alabama)

Statement of Net Position

March 31, 2026

(In thousands)

Current assets:	
Cash and cash equivalents	\$ 395
Certificate of deposit - restricted	250
Accounts receivable	663
Prepaid expenses	8
Total current assets	<u>1,316</u>
Total assets	<u>1,316</u>
Current liabilities:	
Accounts payable	<u>600</u>
Total liabilities	<u>600</u>
Net position:	
Restricted	<u>—</u>
Unrestricted	<u>716</u>
Total net position	<u>\$ 716</u>

See accompanying notes to basic financial statements.

GULF COAST TOTALCARE
 (Discretely Presented Component Unit of the University of South Alabama)
 Statement of Revenues, Expenses, and Changes in Net Position
 Six Months Ended March 31, 2026
 (In thousands)

Operating revenues:		
Contract service revenue	\$	4,577
Total operating revenues		4,577
Operating expenses:		
Third-party administrative fees		4,143
Management fees		359
Other		49
Total operating expenses		4,551
Operating income		26
Nonoperating revenues:		
Interest income		4
Total nonoperating revenues		4
Increase in net position		30
Net position:		
Beginning of year		686
End of period	\$	716

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

On May 3, 1963, the Governor of Alabama signed enabling legislation creating the University of South Alabama (the University). The accompanying basic financial statements present the financial position and activities of the University, which is a component unit of the State of Alabama.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization is included as a component unit. Accordingly, the basic financial statements include the accounts of the University, as the primary government, and the accounts of the entities discussed below as component units.

GASB Statement No. 61 amended GASB Statements No. 14 and No. 39 and provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with the primary government. Such criteria include the appointment of a voting majority of the board of the organization, the ability to impose the will of the primary government on the organization, and the financial benefits/burden between the primary government and the potential component unit. The statement also clarifies reporting and disclosure requirements for those organizations. Based on these criteria, the University reports University of South Alabama Foundation (USA Foundation), USA Research and Technology Corporation (the Corporation), the University of South Alabama Health Care Authority (HCA), Providence Foundation, South Alabama Medical Science Foundation (SAMSF), Gulf Coast TotalCare (Gulf Coast), and USA Rural Health Care Authority (Rural HCA) as discretely presented component units. As of March 31, 2026, Rural HCA has had no financial activity. Each of these entities issue separate audited financial statements, which can be obtained by contacting Kristen Roberts, Vice President of Finance, University of South Alabama Administration Building, Suite 353, Mobile, Alabama 36688.

GASB requires the University, as the primary government, to include in its basic financial statements, as a blended component unit, organizations that, even though they are legally separate entities, meet certain requirements. Based on these requirements, the University reports the Professional Liability Trust Fund (PLTF); General Liability Trust Fund (GLTF); USA HealthCare Management, LLC; Jaguar Athletic Fund (JAF); USA Foundation for Research and Commercialization (FRAC); USA Health Physician Billing Services, LLC; USA Health Hospital Billing Services, LLC; USA Health Anesthesia Billing Services, LLC; USA Health Reference Lab Billing Services, LLC; USA Health MCI Business Services, LLC; USA Health Children's and Women's Provider Based Clinics, LLC; Providence Medical Network IPA, LLC (Providence IPA); USA Health Rehabilitation Services, LLC; USA Health Specialty

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

Providers, LLC; USA Health Community Providers, LLC; and USA Health Auxiliary, Inc (Auxiliary) as blended component units.

Prior to 2026, the USA Health Auxiliary, Inc (Auxiliary) was not presented in the University's financial statements because it was not considered significant enough to warrant inclusion in the University's reporting entity. In 2026, the University determined Auxiliary would be included in the University's reporting entity as a blended component unit going forward resulting in the University recognizing a change to or within the financial reporting entity by restating beginning unrestricted net position approximately \$983,000 in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*. All significant transactions between the University and its blended component units have been eliminated.

A summary of the adjustment to beginning net position related to the change to or within the financial reporting entity as of March 31, 2026 is as follows (in thousands):

	September 30, 2025 as previously reported	Change to or within the financial reporting entity	March 31, 2026 as adjusted and restated
Net position	\$ 785,597	983	786,580

The University is also affiliated with the USA Presidential 1963 Fund. This entity is considered a component unit of the University under the provisions of GASB Statement Nos. 14, 39, 61, and 80. However, this entity is not presented in the accompanying basic financial statements as the University does not consider it significant enough to warrant inclusion in the University's reporting entity.

In October 2023, through the acquisition of Ascension Providence, the University obtained joint ownership of HighProv, LLC, and Providence Home Medical Services, LLC. HighProv, LLC and Providence Home Medical Services, LLC are currently included in investments in the basic financial statements in accordance with GASB Statement No.14.

(b) USA HealthCare Management, LLC

In June 2010, the University's Board of Trustees approved the formation of USA HealthCare Management, LLC (HCM). HCM was organized for the purpose of managing and operating on behalf of, and as agent for, payroll activities related to the healthcare clinical enterprise of the University. The University is the sole member of HCM. HCM commenced operations in October 2010 and is reported as a blended component unit.

(c) Professional Liability and General Liability Trust Funds

The medical malpractice liability of the University is maintained and managed in its separate PLTF in which the University, HCM, SAMSF, and HCA are the only participants. In accordance with the bylaws of the PLTF, the president of the University is responsible for appointing members of the PLTF policy committee. Additionally, the general liability of the University is maintained and managed in its separate

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

GLTF for which the University, HCM, SAMSF, the Corporation, and HCA are the only participants. The PLTF and GLTF are separate legal entities, which are governed by the University Board of Trustees through the University president. As such, PLTF and GLTF are reported as blended component units.

(d) Jaguar Athletic Fund

Jaguar Athletic Fund (JAF) is a not-for-profit corporation that was organized for the purpose of providing support for the athletic programs and student-athletes at the University. JAF is a legally separate entity whose officers and directors are approved by the University's Board of Trustees. JAF is reported as a blended component unit.

(e) USA Jaguar Realty, LLC

Jaguar Realty, LLC (Jaguar Realty) was formed in July 2020 for the purpose of providing students a unique professional opportunity to complete their pre-real estate license education at the University and gain real estate sales experience. The University's Board of Trustees functions as the governing board of Jaguar Realty. As of March 31, 2026, Jaguar Realty has been dissolved.

(f) Providence Medical Network IPA, LLC

Through the Ascension Providence acquisition in October 2023, the University became the sole member of the Providence Medical Network IPA, LLC (Providence IPA). The Providence IPA is a legally separate entity reported as a blended component unit and operates as an independent physician association. Revenues of approximately \$8,786,000, excluding significant transactions between the University and the IPA, are included within other operating revenues on the statement of revenues, expenses, and changes in net position. Expenses of approximately \$8,786,000, excluding significant transactions between the University and the IPA, are included within supplies and other services on the statement of revenues, expenses, and changes in net position. The Providence IPA has a calendar year-end, which differs from the University's September 30 year-end. In accordance with GASB Statement No. 14 and Statement No. 61, the University has included the Providence IPA's financial statements as of and for the year ended December 31, 2025 in the University's financial statements as of and for the six months ended March 31, 2026.

(g) USA Foundation for Research and Commercialization

USA Foundation for Research and Commercialization (FRAC) is a not-for-profit corporation that was organized for the purpose of providing support to the University to foster research and educational initiatives for both students and faculty. FRAC is a legally separate entity whose officers and directors are approved by the University's Board of Trustees. FRAC has one wholly owned subsidiary, NovALtech, LLC. FRAC is reported as a blended component unit.

(h) USA Health Auxiliary, Inc

USA Health Auxiliary, Inc (Auxiliary) was formed to represent the healthcare volunteer programs at USA Health University Hospital, USA Health Mitchell Cancer Institute, USA Health Children's & Women's Hospital and USA Health Physicians Group. The purpose of this organization is to promote and to advance the welfare of USA Health through volunteer service to the entity and its patients and

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

patrons, and through fundraising. Based on GASB requirements, the University, as the primary government, includes Auxiliary as a blended component unit.

(i) USA Health Billing Limited Liability Companies

Over the last few years, the University formed the USA Health Physician Billing Services, LLC; USA Health Hospital Billing Services, LLC; USA Health Anesthesia Billing Services, LLC; USA Health Reference Lab Billing Services, LLC; USA Health MCI Business Services, LLC; USA Health Children's and Women's Provider Based Clinics, LLC; USA Health Community Providers, LLC; and USA Health Rehabilitation Services LLC as limited liability companies, whereby the University is the sole member. These companies were created to assist with the complex patient and insurance billing of USA Health, a division of the University that includes two hospitals, a free-standing emergency department, a cancer treatment center, and various health clinics. Based on GASB requirements, the University, as the primary government, includes these limited liability companies as blended component units. All significant transactions between the University and its blended component units have been eliminated.

(j) University of South Alabama Health Care Authority

In May 2017, the University's Board of Trustees approved the formation of HCA. HCA is a public corporation created under and pursuant to the provisions of the State of Alabama University Authority Act of 2016. HCA employs physicians and staff of certain physician practice groups as determined appropriate by the University. HCA presents its financial statements in accordance with GASB.

HCA is the sole member of the following companies: USA Health HCA Industrial Medicine Clinic, LLC; USA Health IPA, LLC; USA Health Daphne Family Practice, LLC; USA Mobile County ASC; USA Health HCA Providence Hospital, LLC; and USA Health Providence Retail Pharmacy, LLC. These companies were created to assist with the complex patient and insurance billings within HCA. Based on the criteria listed above, GASB requires HCA, as the primary government, to include each of these limited liability companies as blended component units. All significant transactions among HCA and its blended component units have been eliminated.

During fiscal year 2023, HCA obtained a 51% equity interest in USA BC ASC Holdco, LLC (USA BC ASC Holdco). USA BC ASC Holdco's primary purpose is to invest in ambulatory surgery centers (ASCs) and promote health and wellness to the area. Surgery Center Holdings, Inc. owns the remaining 49%. USA BC ASC Holdco owns 51% of USA Baldwin County ASC, LLC (USA BC ASC), which is a limited liability company that was formed to develop, own, and operate the ASC on the USA Health Mapp Family Campus. The remaining 49% of USA BC ASC is owned by individual physician investors. USA BC ASC Holdco has a calendar year-end, which differs from HCA's September 30 year-end. HCA's capital account balance is presented on the March 31, 2026 statement of net position as a noncurrent investment.

In August 2020, HCA formed USA Health IPA, LLC (the IPA), a limited liability company of which HCA is the sole member. The IPA was formed to operate an independent physician association, which began in August 2021. The IPA has a calendar year-end, which differs from HCA's September 30 year-end. In accordance with GASB Statement No. 14 and GASB Statement No. 61, HCA has included the IPA's financial statements for the year ended December 31, 2025 in HCA's financial statements as of March 31, 2026. Exclusive of transactions between HCA and the IPA totaling approximately

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

\$1,103,000, IPA revenues and expenses of approximately \$9,524,000 and \$9,524,000, respectively, are included within the statement of revenues, expenses, and changes in net position. For the six months ended March 31, 2026, the IPA has paid approximately \$324,000 in claims to HCA.

During fiscal year 2022, HCA obtained an equity interest in a multimember limited liability company, USA Fairhope Physician Investors, LLC (FPI). FPI was initially considered as a component unit under the provisions of GASB Statement Nos. 14 and 61. Amendment 1 to the initial agreement was executed during fiscal year 2023, removing HCA's control of the entity and ability to impose its will on the entity. The change resulted in HCA's relationship with FPI shifting from a component unit to an investment in a joint venture. FPI has a calendar year-end, which differs from HCA's September 30 year-end. HCA's capital account balance is presented on the March 31, 2026 statement of net position as a noncurrent investment.

Since inception, HCA's operations have been partially funded by the University, with total support amounting to approximately \$17,800,000 for the six months ended March 31, 2026. This support is reported in nonoperating expenses on the University's statement of revenues, expenses, and changes in net position. Due to the significance of the relationship between the University and HCA, HCA is considered a component unit of the University. The accompanying statement of net position and statement of revenues, expenses, and changes in net position for HCA as of and for the six months ended March 31, 2026 are discretely presented.

(k) University of South Alabama Foundation

USA Foundation is a not-for-profit corporation that was organized for the purpose of promoting education, scientific research, and charitable purposes, and to assist in developing and advancing the University in furthering, improving, and expanding its properties, services, facilities, and activities. The USA Foundation has two wholly owned subsidiaries, Knollwood Development, Inc. and Shubuta Timber Services, Inc. Because of the significance of the relationship between the University and USA Foundation, USA Foundation is considered a component unit of the University. The Board of Directors of USA Foundation is not appointed or controlled by the University. The University receives distributions from USA Foundation primarily for scholarship, faculty, and other support. Total distributions received or accrued by the University for the six months ended March 31, 2026 were approximately \$10,619,000 and are included primarily in gifts and capital subsidies in the University's statement of revenues, expenses, and changes in net position. USA Foundation presents its financial statements in accordance with standards issued by the Financial Accounting Standards Board (FASB). USA Foundation is reported in separate financial statements because of the difference in the financial reporting framework since USA Foundation follows FASB rather than GASB. USA Foundation has a June 30 fiscal year-end, which differs from the University's September 30 fiscal year-end. In accordance with GASB Statement No. 14 and GASB Statement No. 61, the University has included USA Foundation's statements as of and for the six months ended December 31, 2025 in the University's financial statements as of and for the six months ended March 31, 2026. The accompanying consolidated statement of financial position and consolidated statement of activities and changes in net assets for USA Foundation as of and for the six months ended December 31, 2025 are discretely presented.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(l) USA Research and Technology Corporation

In June 2002, the University's Board of Trustees approved the formation of the Corporation. The Corporation is a not-for-profit corporation that exists for the purpose of furthering the educational and scientific mission of the University by developing, attracting, and retaining technology and research industries in Alabama that will provide professional and career opportunities to the University's students and faculty. Due to the significance of the relationship between the University and the Corporation, the Corporation is considered a component unit of the University. The Corporation presents its financial statements in accordance with GASB. The accompanying statement of net position and statement of revenues, expenses, and changes in net position for the Corporation as of and for the six months ended March 31, 2026 are discretely presented.

During the six months ended March 31, 2026, the Corporation engaged in several transactions with the University. The University was charged approximately \$895,000 during the six months ended March 31, 2026, for rental space as described in note 6. The University provides certain administrative, property management, utilities, and other support services to the Corporation, for which the University charged approximately \$260,000 for such services during the six months ended March 31, 2026. These charges are reflected in the Corporation's building management and operating expenses as well as legal and administrative fees on the statement of revenues, expenses, and changes in net position.

(m) Providence Foundation

The University became the sole corporate member of the Providence Foundation in December 2024. The Providence Foundation is a not-for-profit corporation whose purpose is to further promote, support and engage in any charitable, scientific, and educational activities established by the University. Total distributions received or accrued by the University for the six months ended March 31, 2026 were approximately \$414,000 and are included primarily in gifts and capital subsidies in the University's statement of revenues, expenses, and changes in net position. Providence Foundation presents its financial statements in accordance with standards issued by the FASB. Providence Foundation is reported in separate financial statements because of the difference in the financial reporting framework since Providence Foundation follows FASB rather than GASB. Providence Foundation has a June 30 fiscal year end, which differs from the University's September 30 fiscal year end. In accordance with GASB Statement No. 14, GASB Statement No. 61 and GASB Statement No. 100, the University has included Providence Foundation's statements for the six months ended December 31, 2025 in the University's financial statements as of March 31, 2026. The accompanying statement of financial position and statement of activities for the Providence Foundation as of and for the six months ended December 31, 2025 are discretely presented.

(n) South Alabama Medical Science Foundation

In August 1981, the South Alabama Medical Science Foundation (SAMSF) was formed as a not-for-profit corporation whose purpose is to support the University's College of Medicine by investing in research and educational activities. The Board of Directors of SAMSF is not appointed or controlled by the University. Due to the significance of the relationship between the University and SAMSF, the SAMSF is considered a component unit of the University. The University receives distributions from SAMSF primarily to support clinical trials and research at the University. Total distributions received or accrued by the University for the six months ended March 31, 2026 were approximately \$83,000 and

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

are included primarily in other operating revenues and capital contributions and grants in the University's statement of revenues, expenses, and changes in net position. SAMSF presents its financial statements in accordance with standards issued by the Financial Accounting Standards Board (FASB). SAMSF is reported in separate financial statements because of the difference in the financial reporting framework since SAMSF follows FASB rather than GASB. The accompanying statement of net position and statement of revenues, expenses, and changes in net position for SAMSF as of and for the six months ended March 31, 2026 are discretely presented.

(o) USA Rural Healthcare Authority

In December 2025, the University's Board of Trustees approved the formation of USA Rural Healthcare Authority (Rural HCA). Rural HCA is a public corporation created under and pursuant to the provisions of the State of Alabama University Authority Act of 2016 whose purpose is to facilitate the provision of healthcare in South Alabama, particularly in rural areas, to enhance the University's provision of patient care. Based on GASB Statement No. 14, as amended by Statement No. 39, Rural HCA is a discretely presented component unit of the University. As of March 31, 2026, Rural HCA has had no financial activity.

(p) Gulf Coast TotalCare

Gulf Coast TotalCare (GCTC) is an Alabama not-for-profit corporation created for the purpose of operating a community-led network to coordinate the healthcare of Medicaid patients in Southwest Alabama. HCM is the sole corporate member of GCTC and appoints the Board of Directors. Based on GASB Statement No. 14, as amended by Statement No. 39, GCTC is a discretely presented component unit of HCM, which is a component unit of the University. GCTC presents its financial statements in accordance with GASB. The accompanying statement of net position and statement of revenues, expenses, and changes in net position for GCTC as of and for the six months ended March 31, 2026 are discretely presented.

GCTC is wholly owned by HCM. GCTC contracted with HCM to provide management and administrative services for \$0.50 per recipient member per month. For the six months ended March 31, 2026, GCTC remitted management fees to HCM totaling approximately \$359,000. HCM makes contributions to GCTC based on cash flow needs. For the six months ended March 31, 2026, HCM made no cash contributions to GCTC.

(q) Measurement Focus and Basis of Accounting

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

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(r) Use of Estimates

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

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

(s) Cash and Cash Equivalents (including restricted amounts)

Cash and cash equivalents are defined as petty cash, demand accounts, certificates of deposit, and any short-term investments that take on the character of cash. These investments have maturities of less than three months at the time of purchase and include repurchase agreements and money market accounts. Restricted cash and cash equivalents share the same definitions and maturities of unrestricted cash and cash equivalents but are designated by external parties for specified purposes such as collateral requirements, designated gifts, or bond proceeds.

(t) Investments and Investment Income

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

(u) Deferred Outflows and Inflows of Resources

Deferred outflows of resources consist of employer contributions to the Teachers' Retirement System of Alabama and the Public Education Employees Health Insurance Plan subsequent to the plan's measurement dates, changes in proportion and differences between employer contributions and proportionate share of contributions related to the Other Post-Employment Benefits (OPEB) plan, changes in actuarial and other assumptions related to the pension plan, the difference between the consideration provided and the net position acquired for South Coast Real Estate Venture, LLC through the Ascension Providence acquisition, and the loss on the defeasement of certain bond series.

Deferred inflows of resources consist of the proportionate share of the differences between expected and actual experience related to the pension plan, net difference between projected and actual earnings on pension and OPEB plan investments, changes of assumptions in the OPEB plan, changes in proportion and differences between employer contributions and proportionate share of contributions

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

in pension and OPEB plans, gain on the refunding of certain bond series, and the value of contractual rights to lease revenue in future reporting periods.

(v) Bond Premiums, Discounts, and Loss on Extinguishment Costs

Bond premiums, discounts, and loss on extinguishment costs associated with the issuance of certain bond series are capitalized and amortized over the life of the respective bond series on a straight-line basis.

(w) Accounts Receivable

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

(x) Lease Receivable

Lease receivable and current portion thereof on the statement of net position represents the University's contractual right to receive cash in exchange for the right to use an asset for a specific amount of time. Lease receivables are recognized at the commencement date based on the present value of lease payments to be received over the lease term discounted using an appropriate incremental borrowing rate. The commencement date is either when the lessee takes possession of the asset or, in the case of real estate leases, when the landlord makes the building or office space available for use. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain the lessee will exercise that option. Interest revenue is recognized as a component of the lease payments received and is included in net investment income on the statement of revenues, expenses, and changes in net position.

(y) Inventories

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

(z) Capital Assets

Capital expenditures with a cost of \$10,000 or more are capitalized at cost, if purchased, or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable assets using the straight-line method. Major aggregate capital asset purchases, including renewals and renovations, are capitalized. Purchases for multiple items of minor equipment are evaluated to see if they are part of a single overall transaction, have a single objective, and meet or exceed the established aggregate threshold of \$75,000. If a purchase of minor equipment meets the aggregate guidelines and has a useful life of two or more years, it is capitalized at cost once all items are received and placed into use. Costs for repairs and maintenance are expensed when incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the gain or loss, if any, is included in gain (loss) on disposal in the statement of revenues, expenses, and changes in net position.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

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

Buildings, infrastructure, and certain building components	10 to 100 years
Fixed equipment	10 to 20 years
Land improvements	8 to 20 years
Library materials	10 years
Other equipment	3 to 15 years

Certain buildings are componentized for depreciation purposes.

Lease and subscriptions are included in capital assets as right-of-use assets on the statement of net position. Right-of-use assets represent the University's right to use an underlying asset for the specified term and are comprised of leased equipment, buildings, office space, and subscription-based information technology arrangements. Lease and subscription right-of-use assets are recognized at the commencement date based on the present value of the payments over the agreement term discounted using the lessor interest rate or an appropriate incremental borrowing rate. The commencement date is either when the University takes possession of the asset or when the asset becomes available for use. Amortization of right-of-use assets is recognized on a straight-line basis over the agreement term or useful life of the asset, whichever is shorter.

The University evaluates impairment in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. For the six months ended March 31, 2026, no impairments were identified.

(aa) Unrecognized Revenues

Student tuition, fees, and dormitory rentals are billed in advance and initially recorded as a component of unrecognized revenues in the statement of net position and, then recognized in revenue over the applicable portion of each school term.

(bb) Cost Sharing Multiple-Employer Pension Plan

Employees of the University are covered by a cost sharing multiple-employer defined benefit pension plan (the Plan) administered by the Teachers' Retirement System of Alabama (TRS). The TRS financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to Plan requirements. Benefits and refunds are recognized as expenses when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the GASB. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(cc) Postemployment Benefits Other Than Pensions (OPEB)

Employees of the University are covered by a cost sharing multiple-employer other postemployment benefit plan administered by the Alabama Retired Education Employees Health Care Trust (Trust). The Trust's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust, and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the Plan. In accordance with GASB, the Trust is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

(dd) Classification of Net Position

The University's net position is classified as follows:

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

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

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

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

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

(ee) Scholarship Allowances and Student Financial Aid

Student tuition and fees, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

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

(ff) Donor-Restricted Endowments

The University is subject to the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) of the Code of Alabama. This law allows the University, unless otherwise restricted by the donor, to spend net appreciation, realized and unrealized, of the endowment assets. The law also allows the University to appropriate for expenditure or accumulate to an endowment fund such amounts as the University determines to be prudent for the purposes for which the endowment fund was established. The University's endowment spending policy provides that 4.5% of the five-year invested net asset moving average value (inclusive of net realized and unrealized gains and losses), as measured at September 30, is available annually for spending. The University's policy is to retain the endowment net interest and dividend income and net realized and unrealized appreciation with the endowment after distributions allowed by the spending policy have been made. These amounts, unless otherwise directed by the donor, are included in restricted expendable net position.

(gg) Classification of Revenues

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

Operating revenues include all revenues and expenses other than nonoperating revenues and expenses, such as student tuition and fees, net of scholarship discounts and allowances; patient service revenues, net of provision for bad debts; most federal, state, and local grants and contracts; sales and services of auxiliary enterprises, net of scholarship allowances; and lease revenue.

Nonoperating revenues include subsidies received or provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory, and investment income and expenses.

(hh) Gifts and Pledges

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

(ii) Grants and Contracts

The University has been awarded grants and contracts for which funds have not been received or expenditures made for the purpose specified in the award. These awards have not been reflected in

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

the basic financial statements but represent commitments of sponsors to provide funds for specific research or training projects. For grants that have allowable cost provisions, the revenue will be recognized as the related expenditures are made. For grants with work completion requirements, the revenue is recognized as the work is completed. For grants without either of the above requirements, the revenue is recognized as it is received.

(jj) Patient Service Revenues

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

(kk) Compensated Absences

The University accrues leave for employees that has not been used if it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means, as well as any leave that has been used but not yet paid or settled through noncash means. The accrual is based on historical leave usage, is inclusive of salary-related payments that are a function of the salary to be paid, and is measured using employee pay rates as of the date of the financial statements.

(ll) Recently Adopted Accounting Pronouncements

In fiscal year 2026, the University adopted the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model and enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The impact to the University's basic financial statements in the adoption of this statement is still being determined.

In addition, the University adopted the provisions of GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets and requires disclosure of certain information regarding capital assets to be presented by major class. There was no significant impact to the University in the adoption of this statement.

(2) Income Taxes

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

In addition, the University's discretely presented component units, except for HCA, are tax-exempt entities under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). The income of HCA is excluded from federal and state income taxation pursuant to the provisions of

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

Section 115(1) of the Internal Revenue Code. Consistent with these designations, no provision for income taxes has been made in the accompanying discretely presented component unit financial statements.

(3) Cash and Cash Equivalents

Pursuant to the Security for Alabama Funds Enhancement Act, funds on deposit may be placed in an institution designated as a qualified public depository (QPD) by the State of Alabama. QPD institutions pledge securities to a statewide collateral pool administered by the State Treasurer's office. Such financial institutions contribute to this collateral pool in amounts proportionate to the total amount of public fund deposits at their respective institutions. The securities are held at the Federal Reserve Bank and are designated for the State of Alabama. Additional collateral was not required for University funds on deposit with QPD institutions. At September 30, 2025, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately \$19.2 billion. The University had cash and cash equivalents, including restricted cash and cash equivalents, in the pool of approximately \$194,632,000 at September 30, 2025.

At March 31, 2026, restricted cash and cash equivalents consist of approximately \$2,751,000 related to unspent bond cash, \$2,708,000 related to cash included in the PLTF and GLTF to pay insurance liability claims, \$8,185,000 related to restricted donations related to certain capital projects, \$242,000 related to endowment funds, and \$21,000 related to security deposits.

(4) Investments

(a) University of South Alabama

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

The investments of the blended component units of the University are invested pursuant to the separate investment policy shared by the PLTF and GLTF (the Trust Fund Investment Policy). The objectives of the Trust Fund Investment Policy are to provide a source of funds to pay general and professional liability claims and to achieve long term capital growth to help defray future funding requirements. Additionally, certain investments of the University's component units, both blended and discretely presented, are subject to UPMIFA as well as any requirements placed on them by contract or donor agreements.

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

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

The University holds a 50% equity interest in Providence Home Medical Services, LLC (Home Medical), a multimember limited liability company that was formed to own and operate a durable medical equipment provider. The University's capital account balance in Home Medical is considered an investment in a joint venture, pursuant to GASB Statements Nos. 14 and 61. The University's capital account balance is approximately \$410,000 for the six months ended March 31, 2026 and is presented on the statement of net position as a noncurrent investment.

The University holds a 35% equity interest in HighProv, LLC (HighProv), a multimember limited liability company formed to construct, own, and operate a hotel facility. For the six months ended March 31, 2026, the University's capital account balance is approximately \$711,000 and is presented on the statement of net position as a noncurrent investment.

Investments and restricted investments of the University, by type, at fair value at March 31, 2026 (in thousands) are as follows:

Commodity Mutual Fund/ETF	\$	2,597
Common Stock		22,199
Corporate Bonds		11,718
Domestic Equity Mutual Fund/ETF		131,375
Fixed Income Fund of Funds		21,407
Fixed Income Mutual Fund/ETF		38,203
Global Equity Mutual Fund/ETF		855
Hedge Fund - Fund of Funds		42,159
International Equity Fund of Funds		14,041
International Equity Mutual Fund/ETF		36,415
Joint Ventures		1,121
Private Credit		17,585
Private Equity		21,681
Private REIT		4,718
Public REIT		77
Real Estate		10,398
U.S. Government Agency Securities		87,350
U.S. Treasury Securities		32,857
	\$	<u>496,756</u>

At March 31, 2026, restricted investments consist of endowment funds and funds held in the PLTF and GLTF to pay insurance liability claims.

At March 31, 2026, \$7,566,000 of cumulative increase in fair value of investments of donor-restricted endowments was recognized and is included in restricted expendable net position in the accompanying statement of net position.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

The University invests in several private equity and private credit funds. At March 31, 2026, the University had outstanding capital commitments to those funds of approximately \$17,283,000.

(i) *Credit Risk and Concentration of Credit Risk*

Non-Endowment Cash Pool Investment Policy

The objective of the long-term fund is to maximize total return (capital appreciation and income) while managing the risk of significant principal decline.

The University Non-Endowment Long-Term Investment Policy requires that not more than 20% of the long-term fund's assets be allocated to any single actively managed fund and no more than 45% of the long-term fund's assets be allocated to a single fund of funds or multi-manager fund.

Endowment Fund Investment Policy

The objective of the endowment fund is to maximize total return (capital appreciation and income) while managing the risk of significant principal decline.

The University Endowment Fund Investment Policy requires that not more than 10% of the endowment fund's assets be allocated to any single actively managed fund, no more than 35% of the endowment fund's assets be allocated to a single fund of funds or multi-manager fund, and no more than 45% of the endowment fund's assets be allocated to a single investment firm.

The University's exposure to credit risk and concentration of credit risk at March 31, 2026 is as follows:

	Credit rating	Percentage of total investments
Corporate Bonds	Various	2.4 %
Fixed Income Fund of Funds	Various	4.3
Fixed Income Mutual Fund/ETF	Various	7.7
U.S. Government Agency Securities	Aa1	17.6
U.S. Treasury Securities	Aa1	6.6

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(ii) *Interest Rate Risk*

At March 31, 2026, the maturity dates of the University's fixed income investments are as follows (in thousands):

	Fair value	Years to maturity			
		Less than 1	1–5	6–10	More than 10
Corporate Bonds	\$ 11,718	373	8,091	2,492	762
Fixed Income Fund of Funds	21,407	—	—	21,407	—
Fixed Income Mutual Fund/ETF	38,203	—	2,219	35,984	—
U.S. Government Agency Securities	87,350	25,173	26,045	27,946	8,186
U.S. Treasury Securities	32,857	3,511	15,903	12,955	488
	<u>\$ 191,535</u>	<u>29,057</u>	<u>52,258</u>	<u>100,784</u>	<u>9,436</u>

Commingled fixed income funds are classified based on the weighted average maturity of the individual investment instruments within each fund.

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

(iii) *Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, an organization will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The University's investments are held by third-party institutions in the name of the University. The University's Investment Policies do not specifically address custodial credit risk.

(iv) *Mortgage-Backed Securities*

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

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(v) *Fair Value Measurement*

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

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

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

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

The following tables summarize the fair value measurements for all investment assets and liabilities carried at fair value at March 31, 2026 (in thousands):

Description	Asset fair value measurements			
	Level 1	Level 2	Level 3	Total
Commodity Mutual Fund/ETF	\$ 2,597	—	—	2,597
Common Stock	22,199	—	—	22,199
Corporate Bonds	—	11,718	—	11,718
Domestic Equity Mutual Fund/ETF	131,375	—	—	131,375
Fixed Income Mutual Fund/ETF	38,203	—	—	38,203
Global Equity Mutual Fund/ETF	855	—	—	855
International Equity Mutual Fund/ETF	36,415	—	—	36,415
Joint Ventures	—	—	1,121	1,121
Private Credit	1	390	458	849
Private Equity	—	—	538	538
Public REIT	77	—	—	77
Real Estate	—	—	10,398	10,398
U.S. Government Agency Securities	—	87,350	—	87,350
U.S. Treasury Securities	32,857	—	—	32,857
Total investments at fair value	<u>\$ 264,579</u>	<u>99,458</u>	<u>12,515</u>	376,552
Investments measured at NAV:				
Fixed Income Fund of Funds				21,407
Hedge Fund - Fund of Funds				42,159
International Equity Fund of Funds				14,041
Private Credit				16,736
Private Equity				21,143
Private REIT				4,718
Total investments				<u>\$ 496,756</u>

A roll-forward schedule for Level 3 financial instruments for the six months ended March 31, 2026 is as follows (in thousands):

Beginning balance	\$ 9,925
Purchases	537
Gifts	1,919
Net realized/unrealized gains	163
Sales	—
Transfers	(29)
Ending balance	<u>\$ 12,515</u>

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(b) Health Care Authority

HCA holds a 2.5% equity interest in USA Fairhope Physician Investors LLC (FPI), a multimember limited liability company that was formed to invest in the entity that developed and is now leasing an ambulatory surgical center. HCA's capital account balance is approximately (\$40,000) at March 31, 2026 and is presented on the statement of net position as an investment.

HCA holds a 51% equity interest in USA BC ASC Holdco, LLC (USA BC ASC Holdco), a multimember limited liability company formed to invest in USA Baldwin County ASC, LLC (USA BC ASC), a limited liability company formed to develop, own, and operate the Ambulatory Surgery Center on the USA Health Mapp Family Campus. At March 31, 2026, HCA's capital account balance is approximately \$418,000 and is presented on the statement of net position as an investment.

(c) Providence Foundation

The following table presents the financial assets subject to fair value measurement by valuation hierarchy level as of December 31, 2025 (in thousands):

	Level 1
Commingled Fixed Income Funds	\$ 2,041
Commingled Equity Funds	1,775
Marketable Equity Securities	2,034
Public REITs	42
Alternatives	126
Total recurring fair value measurements	\$ 6,018

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(5) Capital Assets

(a) University of South Alabama

A summary of the University's capital asset activity for the six months ended March 31, 2026 is as follows (in thousands):

	Beginning balance	Additions	Transfers	Reductions	Ending balance
Capital assets not being depreciated or amortized:					
Land and other	\$ 48,698	177	—	—	48,875
Certificate of need	225	—	—	—	225
Intangible assets	1,207	—	—	—	1,207
Construction in progress	172,528	63,703	(3,201)	—	233,030
	<u>222,658</u>	<u>63,880</u>	<u>(3,201)</u>	<u>—</u>	<u>283,337</u>
Capital assets being depreciated or amortized:					
Land improvements	87,492	—	—	—	87,492
Lease commissions	57	—	—	—	57
Buildings, fixed equipment, and infrastructure	1,217,319	16,189	844	(168)	1,234,184
Other equipment	290,055	4,518	2,357	(5,239)	291,691
Library materials	105,084	—	—	—	105,084
Lease assets					
Buildings	8,497	—	—	(27)	8,470
Office space	13,727	—	(128)	—	13,599
Equipment	45,876	5,674	162	(2,849)	48,863
Subscription assets	77,546	17,110	91	(16,989)	77,758
	<u>1,845,653</u>	<u>43,491</u>	<u>3,326</u>	<u>(25,272)</u>	<u>1,867,198</u>
Less accumulated depreciation and amortization for:					
Land improvements	(45,637)	(2,318)	—	—	(47,955)
Lease commissions	(10)	(6)	—	—	(16)
Buildings, fixed equipment, and infrastructure	(483,005)	(18,795)	—	153	(501,647)
Other equipment	(216,995)	(9,302)	—	5,000	(221,297)
Library materials	(83,824)	(2,239)	—	—	(86,063)
Lease assets					
Buildings	(4,172)	(621)	—	27	(4,766)
Office space	(6,872)	(1,215)	128	—	(7,959)
Equipment	(14,423)	(3,905)	(162)	2,849	(15,641)
Subscription assets	(38,648)	(11,121)	(91)	16,989	(32,871)
	<u>(893,586)</u>	<u>(49,522)</u>	<u>(125)</u>	<u>25,018</u>	<u>(918,215)</u>
Capital assets being depreciated, net	<u>952,067</u>	<u>(6,031)</u>	<u>3,201</u>	<u>(254)</u>	<u>948,983</u>
Capital assets, net	<u>\$ 1,174,725</u>	<u>57,849</u>	<u>—</u>	<u>(254)</u>	<u>1,232,320</u>

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

Depreciation and amortization of capital assets for the six months ended March 31, 2026 was approximately \$49,522,000 for the University.

At March 31, 2026, the University had commitments of approximately \$75,949,000 related to various capital projects.

For the six months ended March 31, 2026, the University received approximately \$1,921,000 in capital grants from the Alabama Public School and College Authority for the site preparation and construction of the new College of Medicine facility, and this amount is included in capital contributions on the statement of revenues, expenses, and changes in net position.

(b) USA Research and Technology Corporation

Changes in capital assets for the six months ended March 31, 2026 are as follows (in thousands):

	Beginning balance	Additions	Transfers	Reductions	Ending balance
Capital assets not being depreciated or amortized:					
Land	\$ 223	—	—	—	223
Construction in progress	128	408	—	(111)	425
	<u>351</u>	<u>408</u>	<u>—</u>	<u>(111)</u>	<u>648</u>
Capital assets being depreciated or amortized:					
Land improvements	1,985	—	—	—	1,985
Buildings	29,004	38	—	—	29,042
Tenant improvements	3,623	41	—	—	3,664
Other equipment	421	—	—	—	421
Computer software	56	—	—	—	56
Lease commissions	321	51	—	—	372
Software subscriptions	3	—	—	(3)	—
	<u>35,413</u>	<u>130</u>	<u>—</u>	<u>(3)</u>	<u>35,540</u>
Less accumulated depreciation or amortization for:					
Land improvements	(1,831)	(11)	—	—	(1,842)
Buildings	(14,107)	(406)	—	—	(14,513)
Tenant improvements	(2,356)	(151)	—	—	(2,507)
Other equipment	(382)	(4)	—	—	(386)
Computer software	(53)	(3)	—	—	(56)
Lease commissions	(221)	(15)	—	—	(236)
Software subscriptions	(3)	—	—	3	—
	<u>(18,953)</u>	<u>(590)</u>	<u>—</u>	<u>3</u>	<u>(19,540)</u>
Capital assets being depreciated or amortized, net	<u>16,460</u>	<u>(460)</u>	<u>—</u>	<u>—</u>	<u>16,000</u>
Capital assets, net	<u>\$ 16,811</u>	<u>(52)</u>	<u>—</u>	<u>(111)</u>	<u>16,648</u>

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

Depreciation and amortization expense totaled approximately \$590,000 for the six months ended March 31, 2026.

Construction in progress totaled approximately \$425,000 as of March 31, 2026 and includes improvements to tenant suites in Buildings I, II, and III, and a HVAC replacement project in Building III. At March 31, 2026, the Corporation had outstanding commitments of approximately \$30,000.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(c) Health Care Authority

A summary of HCA's capital assets activity for the six months ended March 31, 2026 is as follows (in thousands):

	<u>Beginning balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Reductions</u>	<u>Ending balance</u>
Capital assets not being depreciated or amortized:					
Construction in progress	\$ —	27	—	—	27
Works of art	1	—	—	—	1
	<u>1</u>	<u>27</u>	<u>—</u>	<u>—</u>	<u>28</u>
Capital assets being depreciated or amortized:					
Buildings	33,058	—	—	—	33,058
Leasehold improvements	5,464	—	—	—	5,464
Equipment	4,140	13	—	(20)	4,133
Computer software	139	—	—	—	139
Lease assets:					
Buildings	98,578	—	—	—	98,578
Office space	4,844	—	—	—	4,844
Equipment	12,947	14	(596)	(4)	12,361
Subscription assets	866	341	—	(9)	1,198
	<u>160,036</u>	<u>368</u>	<u>(596)</u>	<u>(33)</u>	<u>159,775</u>
Less accumulated depreciation or amortization for:					
Buildings	(3,543)	(624)	—	—	(4,167)
Leasehold improvements	(1,699)	(277)	—	—	(1,976)
Equipment	(3,015)	(194)	—	14	(3,195)
Computer software	(105)	(3)	—	—	(108)
Lease assets:					
Buildings	(11,684)	(2,181)	—	—	(13,865)
Office space	(1,695)	(484)	—	—	(2,179)
Equipment	(3,227)	(1,229)	596	4	(3,856)
Subscription assets	(328)	(228)	—	9	(547)
	<u>(25,296)</u>	<u>(5,220)</u>	<u>596</u>	<u>27</u>	<u>(29,893)</u>
Capital assets being depreciated or amortized, net	<u>134,740</u>	<u>(4,852)</u>	<u>—</u>	<u>(6)</u>	<u>129,882</u>
Capital assets, net	<u>\$ 134,741</u>	<u>(4,825)</u>	<u>—</u>	<u>(6)</u>	<u>129,910</u>

Construction in progress totaled approximately \$27,000 as of March 31, 2026 and relates to partial payment on an ultrasound machine for Mobile Diagnostic Clinic.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

Depreciation and amortization expense totaled approximately \$5,220,000 for the six months ended March 31, 2026.

(d) Providence Foundation

A summary of Providence Foundation's capital assets activity for the six months ended December 31, 2025 is as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital assets not being depreciated					
Land	\$ 98	—	—	—	98
	<u>98</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>98</u>
Capital assets being depreciated:					
Land Improvements	139	—	—	—	139
	<u>139</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>139</u>
Less accumulated depreciation for:					
Land Improvements	(139)	—	—	—	(139)
	<u>(139)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(139)</u>
Capital assets being depreciated, net	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Capital assets, net	<u>\$ 98</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>98</u>

Capital assets as of December 31, 2025 are comprised of land valued at \$98,000 and land improvements which have been fully depreciated for the six months ended December 31, 2025.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(6) Noncurrent Liabilities

(a) University of South Alabama

A summary of the University's noncurrent liability activity for the six months ended March 31, 2026 is as follows (in thousands):

	Beginning balance	Additions	Reductions	Adjustments	Ending balance	Less amounts due within one year	Noncurrent liabilities
Long-term debt and lease and subscription obligations							
Bonds payable	\$ 480,909	—	(18,613)	(1,522)	460,774	13,255	447,519
Notes payable	615	15,100	(82)	—	15,633	15,298	335
Lease and subscription obligations	82,046	22,729	(14,662)	(1,241)	88,872	28,325	60,547
Total long-term debt and lease and subscription obligations	563,570	37,829	(33,357)	(2,763)	565,279	56,878	508,401
Other noncurrent liabilities:							
Net pension liability	279,777	—	(17,022)	—	262,755	—	262,755
Net OPEB liability	396,009	—	(187,878)	—	208,131	—	208,131
Other long-term liabilities	94,014	6,663	(4,274)	—	96,403	12,576	83,827
Total other noncurrent liabilities	769,800	6,663	(209,174)	—	567,289	12,576	554,713
Total noncurrent liabilities	\$ 1,333,370	44,492	(242,531)	(2,763)	1,132,568	69,454	1,063,114

Other long-term liabilities primarily consist of self-insurance liabilities and liabilities related to compensated absences. Amounts due within one year are included in current portion of other long-term liabilities.

A detail of the University's other long-term liabilities activity for the six months ended March 31, 2026 is as follows (in thousands):

	Beginning balance	Additions	Reductions	Ending balance	Less amounts due within one year	Noncurrent liabilities
Other long-term liabilities:						
Compensated absences	\$ 38,021	—	—	38,021	10,574	27,447
Government advances	3,631	2	—	3,633	—	3,633
Professional Liability Trust Fund	41,850	6,375	(3,180)	45,045	1,959	43,086
General Liability Trust Fund	10,512	286	(1,094)	9,704	43	9,661
Total other long-term liabilities	\$ 94,014	6,663	(4,274)	96,403	12,576	83,827

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

Lease and Subscription Obligations

The University determines whether an arrangement is a lease at inception by evaluating whether the contract conveys the right to use an identified asset and whether the University obtains substantially all of the economic benefits from and has the right to control the asset. Any lease or software subscription identified is recorded as a right-of-use asset under capital assets and lease and subscription obligations. Lease and subscription right-of-use assets and related obligations are recognized at the commencement date based on the present value of the payments over the agreement term discounted using an appropriate incremental borrowing rate. Amortization of right-of-use assets is recognized on a straight-line basis over the specified term or useful life of the asset, whichever is shorter. Interest expense is recognized as a component of the lease or subscription payment and recorded as such in the statement of revenues, expenses, and changes in net position. The difference in methodology between the amortization of the right-of-use asset and the reduction in liability balance related to principal payments will result in a difference between the net right-of-use asset and related lease and subscription obligations.

The University leases various automobiles, buildings, equipment, office space, and software subscriptions under leases expiring at various dates through 2039. Aggregate future minimum lease and subscription payments under noncancelable agreements as of March 31, 2026, by fiscal year, are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 17,038	2,242	19,280
2028	24,428	3,212	27,640
2029	20,834	2,046	22,880
2030	12,548	1,090	13,638
2031	6,500	609	7,109
2032 – 2036	7,390	817	8,207
2037 – 2039	134	2	136
Lease and subscription obligations	<u>\$ 88,872</u>	<u>10,018</u>	<u>98,890</u>

These amounts are included in lease and subscription obligations and the current portion thereof in the accompanying statement of net position.

The University has commitments under leases and subscriptions for which the lease term has not commenced of approximately \$18,969,000 as of March 31, 2026.

The University leases space from the Corporation and HCA. As of March 31, 2026, the University had lease and subscription obligations of approximately \$5,870,000 related to leases between the University and component units.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(b) USA Research and Technology Corporation

Changes in noncurrent liabilities for the six months ended March 31, 2026 are as follows (in thousands):

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Less amounts due within one year</u>	<u>Noncurrent liabilities</u>
Notes payable	\$ 15,906	—	(545)	15,361	1,122	14,239

(i) Notes Payable

Notes payable from direct borrowings consisted of the following as of March 31, 2026 (in thousands):

PNC Bank promissory note, 4.38%, payable through 2028	\$ 9,369
Hancock Whitney Bank promissory note, 3.08%, payable through 2031	<u>5,992</u>
	<u>\$ 15,361</u>

The promissory note payable to PNC Bank has a 10-year term and amortization is based on a 10-year term. The promissory note payable is secured by an interest in tenant leases for Buildings II and III, and an interest in income received from rental of Buildings II and III. The Corporation agreed to not transfer or encumber the buildings or its leasehold interest in the real estate on which the buildings stand.

The promissory note payable to Hancock Whitney Bank has a 10-year term and is secured by an interest in rental leases and an interest in income received from rental of Building I. The Corporation agreed to not transfer or encumber the buildings or its leasehold interest in the real estate on which the buildings stand.

In connection with the PNC note and the Hancock Whitney note, the University entered into an agreement with both lenders providing that for any year in which the Corporation's debt service coverage ratio is less than 1 to 1, the University will pay the Corporation rent equal to the amount necessary to bring the ratio to 1 to 1. The debt service coverage ratio is calculated by dividing the sum of unrestricted cash and cash equivalents at the beginning of the year (reduced by current year capital asset additions) and current year change in net position (determined without depreciation, amortization, and interest expenses) by current year debt service. As of September 30, 2025, the Corporation's debt service coverage ratio was 2.22 to 1.

The Corporation's outstanding notes from direct borrowings with PNC Bank and Hancock Whitney Bank contain a provision that, in the event of default, PNC Bank or Hancock Whitney Bank may take any or all of the following actions: (a) declare the loan due and payable, (b) declare the note in default, and (c) exercise any other remedies or rights, which it has under any instrument executed

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

in connection with the loan. Prior to any of these actions, however, PNC Bank and Hancock Whitney Bank will give the Corporation 30 days to cure the default.

(ii) *Debt Service on Long-Term Obligations*

As of March 31, 2026, total future debt service by fiscal year is as follows (in thousands):

	Debt service on notes payable		
	Principal	Interest	Total
2026	\$ 556	293	849
2027	1,144	554	1,698
2028	9,028	423	9,451
2029	574	135	709
2030	591	117	708
2031	3,468	35	3,503
Total	\$ 15,361	1,557	16,918

(iii) *Derivative Transaction*

The Corporation was a party to a derivative with Wells Fargo Bank, N.A., the counterparty (successor to Wachovia Bank, N.A. the original counterparty). The derivative was a “receive-variable, pay-fixed” interest rate swap entered into in connection with the promissory note to Wells Fargo Bank, N.A.

The swap was terminated on June 20, 2018 as part of a transaction refunding the Wells Fargo loan with the proceeds of a loan from PNC Bank. The fee paid by the Corporation to Wells Fargo to terminate the swap was \$1,478,000. Pursuant to GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the fee is reported in deferred outflows on the statement of net position and amortized to interest expense according to the percentage of annual interest paid on the loan from PNC Bank to the total interest to be paid on that loan over the 118 months that were remaining on the Wells Fargo loan when the swap was terminated. As of March 31, 2026, the unamortized balance in deferred outflows was approximately \$256,000.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(c) Health Care Authority

A summary of HCA's noncurrent liability activity for the six months ended March 31, 2026, follows (in thousands):

	Beginning balance	Additions	Reductions	Adjustments	Ending balance	Less amounts due within one year	Noncurrent liabilities
Long-term debt	\$ 21,478	—	(134)	—	21,344	258	21,086
Lease and subscription obligations	104,236	356	(3,797)	65	100,860	7,508	93,352
Other long-term liabilities	4,326	—	—	—	4,326	1,944	2,382
	<u>\$ 130,040</u>	<u>356</u>	<u>(3,931)</u>	<u>65</u>	<u>126,530</u>	<u>9,710</u>	<u>116,820</u>

Other long-term liabilities primarily consist of self-insurance liabilities and liabilities related to compensated absences. Amounts due within one year are included in current portion of other long-term liabilities.

Long-Term Debt

HCA entered into an agreement with Family Medical Investments, LLC to construct a medical office building on the USA Health Mapp Family Campus. Construction began in 2021 and was completed in October 2022. The agreement commenced upon construction completion for an initial 15-year period plus two options to extend for consecutive 5-year terms. HCA began making monthly payments at an interest rate of 4.79% in October 2022 to Family Medical Investments, LLC. The total balance of principal payments outstanding at March 31, 2026 is approximately \$21,344,000. Upon conclusion of the agreement term, HCA will obtain ownership of the building.

At March 31, 2026, future debt service for long-term debt by year is as follows (in thousands):

	Debt service on long-term debt		
	Principal	Interest	Total
2026	\$ 123	595	718
2027	284	1,011	1,295
2028	330	997	1,327
2029	381	980	1,361
2030	434	961	1,395
2031-2035	3,099	4,420	7,519
2036-2040	5,045	3,468	8,513
2041-2045	7,663	1,977	9,640
2046-2048	3,985	220	4,205
Total	<u>\$ 21,344</u>	<u>14,629</u>	<u>35,973</u>

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

Lease and Subscription Obligations

HCA determines whether an arrangement is a lease at inception by evaluating whether the contract conveys the right to use an identified asset and whether HCA obtains substantially all of the economic benefits from and has the right to control the asset. Any lease or software subscription identified is recorded as a right-of-use asset under capital assets with a related lease and subscription obligation. Right-of-use assets and related obligations are recognized at the commencement date based on the present value of lease payments over the lease term discounted using the lessor interest rate or an appropriate incremental borrowing rate. Amortization of right-of-use assets is recognized on a straight-line basis over the lease term or useful life of the asset, whichever is shorter. Interest expense is recognized as a component of the lease payment and recorded as such in the statement of revenues, expenses, and changes in net position. The difference in methodology between the amortization of the right-of-use asset and the reduction in liability balance related to principal payments will result in a difference between the net right-of-use asset and related lease and subscription liability.

HCA has entered into agreements to lease various buildings and equipment and to utilize various software under lease and subscription obligations expiring at various dates through 2055.

Aggregate future minimum lease payments under noncancelable agreements as of March 31, 2026 by fiscal year, are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,471	355	3,826
2027	6,675	4,355	11,030
2028	5,679	4,070	9,749
2029	4,164	3,829	7,993
2030	3,418	3,661	7,079
2031-2035	10,893	16,525	27,418
2036-2040	12,533	13,878	26,411
2041-2045	15,617	10,796	26,413
2046-2050	19,453	6,956	26,409
2051-2055	18,957	2,175	21,132
	<u>\$ 100,860</u>	<u>66,600</u>	<u>167,460</u>

These amounts are included in lease and subscription obligations and current portion thereof in the accompanying statement of net position.

The University has entered into two equipment lease agreements on behalf of Providence Hospital in the amount of approximately \$5,162,000 for which the terms have not yet commenced. HCA will be responsible for making lease payments to the University for use of the equipment once the terms commence and an invoice is received. As of March 31, 2026, there are no other known lease or subscription commitments for which the terms have not yet commenced.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(7) Deferred Outflows and Inflows

(a) University of South Alabama

Deferred outflows of resources are consumption of net assets that are applicable to a future reporting period. In 2016, the University issued its Series 2016 Bonds. The proceeds from this series were used to partially defease the Series 2008 Bonds resulting in a loss of the difference between the acquisition price of the new debt and the net carrying amount of the old debt. In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, this loss was recorded as a deferred outflow and is being amortized over the remaining life of the Series 2016-A Bonds. In 2024, the University acquired an 81% ownership interest in a legally separate entity, South Coast Real Estate Venture, LLC (South Coast), as part of the Ascension Providence acquisition. During 2024, the University acquired the remaining 19% ownership interest in South Coast and formally dissolved the entity. In accordance with GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, the excess consideration provided over the net position acquired was recognized as a deferred outflow of resources and is being amortized over 338 months, the remaining service life of the capital assets acquired. Additionally, in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions--an amendment of GASB Statement No. 27*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, changes in assumptions, changes in the proportion of total net liabilities relative to other plan participants, differences between employer contributions and the proportionate share of contributions, and employer contribution subsequent to the measurement date of the net pension liability but prior to the end of the fiscal year are presented as a deferred outflow of resources.

The components of deferred outflows of resources as of March 31, 2026 are summarized below (in thousands):

Loss on refunding of 2016-A bonds	\$	4,140
South Coast acquisition		121
Pension		48,264
OPEB		215,464
		215,464
	\$	267,989

Deferred inflows of resources are net asset acquisitions that are applicable to a future reporting period. In 2016, the University issued its 2016-B, C, and D Bonds. In accordance with GASB Statement Nos. 63 and 65, the proceeds from these series refunded the remaining outstanding 2006 Bonds and the resulting gain was recognized as a deferred inflow of resources and was being amortized over the remaining life of the Series 2016-B, C, and D Bonds. In August 2024, the University refunded the Series 2016-B, C, and D with the Series 2024-C Bonds. In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, Statement No. 63, and Statement No. 65, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred inflow and is being amortized over the remaining life of the Series 2024-C Bonds.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

Additionally, in accordance with GASB Statement Nos. 68 and 75, the difference between the expected and actual experience and the net difference between projected and actual earnings on investments are presented as a deferred inflow of resources. Finally, in accordance with GASB Statement No. 87, the deferred inflow of resources attributable to leases is recognized on a straight-line basis over the respective lease terms.

The components of deferred inflows of resources as of March 31, 2026 are summarized below (in thousands):

Gain on refunding of 2016 Series B, C and D Bonds	\$	2,421
Pension		65,731
OPEB		212,359
Leases		108,609
		108,609
	\$	389,120

(b) Health Care Authority

Deferred inflows of resources represent HCA's right to receive lease revenue in future reporting periods. In accordance with GASB Statement No. 87, Leases, the deferred inflow of resources attributable to leases is recognized on a straight-line basis over the respective lease terms. Deferred inflows as of March 31, 2026 totaled approximately \$3,584,000.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(8) Long-Term Debt

The University may finance the acquisition, construction, or renovation of certain facilities by issuing debt obligations.

Long-term debt consisted of the following at March 31, 2026 (in thousands):

	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Debt</u>	<u>Outstanding Debt</u>
Bonds payable:					
University Facilities Revenue Capital Improvement Bonds					
Series 2013-A	6/28/2013	8/1/2033	2.83%	\$ 32,000	\$ 14,970
Series 2013-B	6/28/2013	8/1/2033	2.83%	8,000	3,742
Series 2013-C	6/28/2013	8/1/2028	2.78%	10,000	2,342
Series 2015	6/15/2015	8/1/2030	2.47%	6,000	1,875
University Facilities Revenue Refunding Bonds					
Series 2016-A	9/14/2016	11/1/2037	3% -5%	83,380	60,830
University Facilities Revenue Bonds					
Series 2017	6/15/2017	10/1/2037	2%-5%	38,105	26,120
Series 2019-A	2/7/2019	4/1/2049	5.00	47,750	47,750
Series 2019-B	2/7/2019	4/1/2033	3.09%-4.10%	18,440	10,405
Series 2019-C	12/12/2019	4/1/2030	1.87%	19,086	7,472
Series 2020	3/10/2020	4/1/2040	4.00%	37,005	30,035
Series 2021	3/10/2021	4/1/2041	4.00%	40,555	33,710
Series 2021-B	7/8/2021	8/1/2032	1.398%	15,387	10,115
Series 2024-A	7/22/2024	4/1/2054	5%-5.25%	72,810	72,810
Series 2024-C	8/22/2024	10/1/2036	5.00%	90,850	78,315
University Facilities Taxable Revenue Bonds					
Series 2024-B	7/22/2024	4/1/2035	4.75%-5.23%	19,925	15,715
				<u>539,293</u>	<u>416,206</u>
Notes payable:					
Transonic	8/23/2023	9/29/2026	4.79%	46	7
Dell	11/1/2023	11/3/2028	4.69%	756	387
PH Medtronic	9/23/2025	9/23/2028	4.50%	51	40
UH Medtronic	10/27/2024	10/27/2028	4.50%	115	99
Renasant Bank MAPP	1/21/2026	1/21/2027	5.65%	15,100	15,100
				<u>16,068</u>	<u>15,633</u>
Plus net unamortized bond premium/discount				-	45,626
Unamortized debt extinguishment costs				-	(1,058)
Total long-term debt				<u>\$ 555,361</u>	<u>\$ 476,407</u>

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

In January 2026, the University entered into a promissory note with Renasant Bank in the amount of \$15,100,000. The proceeds were used to acquire the Ambulatory Surgery Center located on the USA Health MAPP Family campus and the liability related to this promissory note is included in current portion of long term debt on the statement of net position.

A summary of the University's short-term borrowing activity for the six months ended March 31, 2026 follows (in thousands):

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Short-term debt:				
Notes payable	\$ -	\$ 15,100	\$ -	\$ 15,100

Substantially all student tuition and fee and auxiliary revenues secure University bonds. Additionally, security for all bonds includes USA Health Children's and Women's Hospital revenues in an amount not exceeding \$10,000,000.

All bond funds are restricted for capital purposes as outlined in the bond indentures. The University is subject to arbitrage restrictions on its bonded indebtedness prescribed by the U.S. Internal Revenue Service. As such, amounts are accrued as needed in the University's basic financial statements for any expected arbitrage liabilities. At March 31, 2026, no amounts were due or recorded in the financial statements.

The University has unamortized bond premiums and discounts related to bond issuance that are reported as deferred inflows and outflows of resources. For further discussion related to these deferred inflows and outflows of resources, see note 7.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

Debt Service on Long-Term Obligations

Total debt service (which includes bonds and notes payable) by fiscal year is as follows at March 31, 2026 (in thousands):

	Bonds principal	Notes principal	Bonds interest	Notes interest	Total debt service
2026	4,672	119	1,769	450	7,010
2027	24,190	15,295	18,980	305	58,770
2028	25,200	191	17,995	6	43,392
2029	25,431	26	16,945	1	42,403
2030	25,642	-	15,870	-	41,512
2031 - 2035	125,826	-	62,063	-	187,889
2036 - 2040	95,510	-	32,975	-	128,485
2041 - 2045	34,935	-	19,109	-	54,044
2046 - 2050	33,635	-	10,428	-	44,063
2051 - 2054	21,165	-	2,849	-	24,014
	<u>416,206</u>	<u>15,631</u>	<u>198,983</u>	<u>762</u>	<u>631,582</u>

(9) Lease Receivables

(a) University of South Alabama

The University leases land, buildings, and suites to various lessees expiring at various dates through 2070. For the six months ended March 31, 2026, the University recognized a total of approximately \$6,579,000 of inflows of resources from leases, of which approximately \$4,104,000 was recognized as lease revenue and approximately \$2,475,000 which was recognized as interest income. Lease revenue is included within other operating revenues and interest income is included within investment income on the statement of revenues, expenses, and changes in net position.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

The following table provides future minimum lease revenue by year that is included in the measurement of the lease receivable (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,295	634	3,929
2027	6,159	4,939	11,098
2028	6,189	4,654	10,843
2029	4,917	4,382	9,299
2030	3,992	4,177	8,169
2031-2035	14,403	18,643	33,046
2036-20340	16,979	15,134	32,113
2041-2045	18,789	11,007	29,796
2046-2050	19,455	6,959	26,414
2051-2055	18,959	2,178	21,137
2056-2060	3	2	5
2061-2065	4	1	5
2065-2070	4	-	4
Lease receivable	<u>\$ 113,148</u>	<u>72,710</u>	<u>185,858</u>

Of the \$113,148,000 lease receivable, approximately \$94,826,000 is related to leases between the University and its component units.

(b) USA Research and Technology Corporation

The Corporation leases land, buildings, and suites to various lessees under financing leases and short-term leases expiring at various dates through 2057. Space in Buildings I, II, and III is leased to the University and various other tenants. The leases have remaining terms varying from month-to-month to seven years.

Under leases for Buildings I, II, and III, the Corporation must pay all operating expenses of the buildings, including utilities, janitorial, maintenance, and insurance. Tenants will reimburse the Corporation for such expenses only as the total expenses for a year increase over the total expenses for the base year of the lease (which generally is the first calendar year of the lease term). For the six months ended March 31, 2026, the Corporation recognized operating expense reimbursement income of \$219,000 as a component of operating revenues in the statement of revenues, expenses, and changes in net position.

Space under lease to the University was 95,334 square feet at March 31, 2026.

The Corporation owns a building located on the premises of USA Health, which is leased to a single tenant. The Corporation paid for construction of the building shell and land improvements while the tenant paid for the cost of finishing the building's interior. The lease had a 10-year initial term, which was set to expire in March 2020, with three 5-year renewal options. The initial lease was terminated in December 2022 and replaced with a new lease with an initial term of 10 years, expiring in March 2030,

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

with three 5-year renewal options. Under the lease, the tenant must also pay for utilities, taxes, insurance, and interior repairs and maintenance. The Corporation is responsible for repairs and maintenance to the exterior and HVAC system.

The Corporation, as lessor, had three ground leases in place at March 31, 2026. One lease is for a 40-year initial term expiring in October 2046 with two renewal options, the first for 20 years and the second for 15 years. The second lease is for a 30-year initial term expiring in October 2036 with four 5-year renewal options. The third lease has a 38.5-year initial term expiring in September 2046 with two renewal options, the first for 20 years and the second for 15 years.

The terms and conditions of each lease agreement vary by tenant with some including early termination options. Of the existing lease agreements, two tenants in Building II have options to terminate their lease agreement early if notice is given within the stated timeframe and all, if any, monetary obligations have been met.

For the six months ended March 31, 2026, the Corporation recognized approximately \$170,000 in revenues related to short-term leases and a total of approximately \$1,998,000 of inflows of resources from financing leases, of which approximately \$1,775,000 was recognized as lease revenue and approximately \$223,000 was recognized as interest income in other nonoperating revenues.

The following table provides future minimum lease revenue by fiscal year that is included in the measurement of the lease receivable (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,673	202	1,875
2027	2,098	344	2,442
2028	2,092	280	2,372
2029	1,832	217	2,049
2030	1,096	171	1,267
2031-2035	1,359	653	2,012
2036-2040	1,301	472	1,773
2041-2045	1,640	247	1,887
2046-2050	487	51	538
2051-2055	149	23	172
2056-2057	69	2	71
	<u>13,796</u>	<u>2,662</u>	<u>16,458</u>
Lease receivable	\$ <u>13,796</u>	<u>2,662</u>	<u>16,458</u>

(c) Health Care Authority

Leases as a lessor are included in the lease receivable and current portion thereof on the statement of net position.

Lease receivables represent HCA's contractual right to receive cash in exchange for the right to use an asset for a specific amount of time. HCA subleases buildings, suites, and land under leases expiring at

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

various dates through 2073. For the six months ended March 31, 2026, HCA recognized a total of approximately \$526,000 of inflows of resources from leases, of which approximately \$436,000 was recognized as lease revenue and approximately \$90,000 was recognized as interest income. 53% of total lease revenue recognized was attributable to subleases to the University. The other 47% of total lease revenue is attributable to unrelated third parties. Lease revenue is included within other operating revenues and interest income is included within investment income on the statement of revenues, expenses, and changes in net position.

Future minimum lease revenue under noncancelable agreements as of March 31, 2026, by fiscal year, are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 562	84	646
2027	880	135	1,015
2028	939	93	1,032
2029	534	57	591
2030	365	37	402
2031-2035	174	121	295
2036-2040	30	110	140
2041-2045	37	102	139
2046-2050	46	93	139
2051-2055	57	82	139
2056-2060	72	68	140
2061-2065	89	50	139
2066-2070	112	28	140
2071-2073	52	4	56
	<u>\$ 3,949</u>	<u>1,064</u>	<u>5,013</u>

As of March 31, 2026, 50% of the total lease receivable balance amount reflected on the accompanying statement of net position is related to subleases to the University.

(10) Patient Service Revenues

(a) University of South Alabama

The University of South Alabama Health System (USA Health) has agreements with governmental and other third-party payers that provide for reimbursement at amounts different from their established rates. Contractual adjustments under third party reimbursement programs represent the difference between USA Health's billings at established rates for services and amounts reimbursed by third party payers.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

A summary of the basis of reimbursement with major third-party payers follows:

Medicare – Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Additionally, USA Health is reimbursed for both direct and indirect medical education costs (as defined), principally based on per resident prospective payment amounts and certain adjustments to prospective rate per discharge operating reimbursement payments. USA Health is generally paid for certain retroactively determined items at tentative rates, with final settlements determined after submission of annual cost reports by USA Health and audits by the Medicare fiscal intermediary.

USA Health University Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2021. USA Health Children's & Women's Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2021.

Revenues from the Medicare program accounted for approximately 16% of USA Health's net patient service revenues for the six months ended March 31, 2026.

Blue Cross Blue Shield – Inpatient services rendered to Blue Cross subscribers are paid at a contractually determined per diem rate based upon Medicare Severity Diagnosis Related Groups. Outpatient services are reimbursed under a contractually determined reimbursement methodology based on Blue Cross Enhanced Ambulatory Patient Groups.

Revenues from the Blue Cross program accounted for approximately 29% of USA Health's net patient service revenues for the six months ended March 31, 2026.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at all-inclusive prospectively determined per diem rates. Outpatient services are reimbursed based on an established fee schedule.

USA Health qualifies as a Medicaid essential provider and, therefore, also receives supplemental payments based on formulas established by the Alabama Medicaid Agency. There can be no certainty that USA Health will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified. For the six months ended March 31, 2026, the University received net supplemental payments from this program of approximately \$40,309,000, which is included in patient service revenues on the statement of revenues, expenses, and changes in net position.

Revenues from the Medicaid program accounted for approximately 18% of USA Health's net patient service revenues for the six months ended March 31, 2026.

Other – USA Health has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to USA Health under these agreements includes discounts from established charges and prospectively determined daily and case rates.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

The composition of net patient service revenues for the six months ended March 31, 2026 follows (in thousands):

Gross patient service revenues	\$ 1,284,180
Less:	
Provision for contractual and other adjustments	(841,068)
Provision for bad debts	<u>(38,632)</u>
	<u>\$ 404,480</u>

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance which vary in amount. USA Health also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. USA Health estimates the provision for bad debts for patients with deductibles and coinsurance and for those who are uninsured based on historical experience and current market conditions. Subsequent changes to the estimate of the provision for bad debts are generally recorded as adjustments to net patient service revenues in the period of the change. For the six months ended March 31, 2026, a reduction in revenue of approximately \$0 was recognized due to changes in estimates of the provision for bad debts.

The composition of gross patient service revenues before the provision for contractual and other adjustments and the provision for bad debts by major payor source is as follows for the six months ended March 31, 2026 (in thousands):

	Gross patient service revenues	Percentage
Blue Cross	\$ 277,579	22
Medicaid	267,769	21
Medicare Advantage	273,107	21
Medicare	144,625	11
Commercial	185,415	14
Other	63,864	5
Self pay	<u>71,821</u>	<u>6</u>
	<u>\$ 1,284,180</u>	<u>100 %</u>

The University provides charity care to patients who meet specific financial need criteria, as outlined in its USA Health Financial Assistance Policy. Charity care is defined as services provided to patients who are unable to pay for all or part of their care and for whom no expectation of payment exists. Costs are calculated based on the cost-to-charge ratio which is applied to the amounts of services provided to qualifying patients. The estimated cost of charity care provided for USA Health University Hospital and

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

USA Health Children’s & Women’s Hospital during the six months ended March 31, 2026 is as follows (in thousands):

	USA Health University Hospital	USA Health Children's & Women's Hospital
Approximate charges foregone, based on established rates	\$ 12,123	709
Percentage of charity care charges to total charges	30%	38%

(b) Health Care Authority

HCA has agreements with governmental and other third-party payors that provide for reimbursement to HCA at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between HCA’s billings at established rates and amounts reimbursed by third-party payors.

A summary of the basis of reimbursement with major third-party payors follows:

Medicare – Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Additionally, HCA is reimbursed for both direct and indirect medical education costs (as defined), principally based on per-resident prospective payment amounts and certain adjustments to prospective rate-per-discharge operating reimbursement payments. HCA is generally paid for certain retroactively determined items at tentative rates, with final settlement determined after submission of annual cost reports by HCA and audits by the Medicare fiscal intermediary.

HCA acquired Providence Hospital on October 1, 2023. HCA had no prior responsibility for filing Providence Hospital’s Medicare cost report prior to that date. HCA filed its first Medicare cost report for the year ended September 30, 2024 and it was settled on April 27, 2026. The cost report for the year ended September 30, 2025, was submitted on February 26, 2026, and is waiting to be audited by the Medicare fiscal intermediary.

Revenues from the Medicare program accounted for approximately 16% of HCA’s gross patient service revenues for the six months ended March 31, 2026.

Blue Cross Blue Shield – Inpatient services rendered to Blue Cross subscribers are paid at a contractually determined per diem rate based upon Medicare Severity Diagnosis Related Groups. Outpatient services are reimbursed under a contractually determined reimbursement methodology based on Blue Cross Enhanced Ambulatory Patient Groups.

Revenues from the Blue Cross program accounted for approximately 21% of HCA’s gross patient service revenues for the six months ended March 31, 2026.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at all-inclusive prospectively determined per diem rates. Outpatient services are reimbursed based on an established fee schedule.

Revenues from the Medicaid program accounted for approximately 7% of HCA’s gross patient service revenues for the six months ended March 31, 2026.

Other – HCA has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to HCA under these agreements includes discounts from established charges and prospectively determined daily and case rates.

The composition of net patient service revenues for the six months ended March 31, 2026 is as follows (in thousands):

Gross patient service revenues	\$	623,400
Provision for contractual and other adjustments		(469,743)
Provision for bad debts		(13,025)
		140,632
Net patient service revenues	\$	140,632

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance which vary in amount. HCA also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. HCA estimates the provision for bad debts for patients with deductibles and coinsurance and for those who are uninsured based on historical experience and current market conditions. Subsequent changes to the estimate of the provision for bad debts are generally recorded as adjustments to net patient service revenues in the period of the change.

Providence Hospital provides charity care to patients who meet specific financial need criteria, as outlined in the USA Health Providence Financial Assistance Policy. Charity care is defined as services provided to patients who are unable to pay for all or part of their care and for whom no expectation of payment exists. Costs are calculated based on the cost-to-charge ratio which is applied to the amounts of services provided to qualifying patients. The estimated cost of charity care provided during the six months ended March 31, 2026 is as follows:

Approximate charges foregone, based on established rates (in thousands)	\$	2,963
Percentage of charity care charges to total charges		23%

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

The composition of gross patient service revenues before the provision for contractual and other adjustments and the provision for bad debts by major payor source is as follows for the six months ended March 31, 2026 (in thousands):

	Gross patient service revenues	Percentage
Medicare Advantage	\$ 231,741	37 %
Blue Cross	131,897	21
Medicare	102,372	16
Other	79,346	13
Medicaid	45,854	7
Self pay patients	28,212	5
Health maintenance organization	3,978	1
	\$ 623,400	100 %

(11) Business and Credit Concentrations

(a) University of South Alabama

The University grants credit to patients, substantially all of whom reside in the University's service area. The University generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, preferred provider arrangements, and commercial insurance policies).

The mix of receivables from patients and third-party payors as of March 31, 2026 is as follows:

Self Pay	17 %
Medicare Advantage	21
Blue Cross	17
Medicaid	12
Commercial	11
Medicare	12
Other	10
	100 %

(b) Gulf Coast TotalCare

During fiscal year 2026, the Alabama Medicaid Agency (AMA) paid Gulf Coast TotalCare (Gulf Coast) \$1.26 per member serviced per month, as well as service payments based on the actual care management services provided. Gulf Coast contracted with Triton Health Systems, LLC ("Triton") to provide the care management services to covered Medicaid recipients. All payments to Gulf Coast from

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

the AMA for these services are remitted to Triton, less 9.50% (\$700,000 annual minimum) for management and administrative services performed by Gulf Coast.

Medicaid contract service revenues received from the AMA comprised 100% of Gulf Coast's operating revenues for the six months ended March 31, 2026. Third-party administration fees paid to Triton comprised 91% of Gulf Coast's operating expenses for the six months ended March 31, 2026.

(12) Defined-Benefit Cost-Sharing Pension Plan

Employees of the University are covered by a cost-sharing, multiple-employer defined-benefit pension plan administered by the TRS.

(a) Plan Description

The TRS was established in September 1939, under the provisions of Act 419 of the Legislature of 1939 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control. The TRS Board of Control consists of 15 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 16-Chapter 25 of the Code of Alabama grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

(b) Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after ten years of creditable service. Tier 1 TRS members who retire after age 60 with 10 years or more of creditable service or with twenty-five years of services (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or formula method, with the member receiving payment under the method that yields the higher monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest three of the last ten years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Act 2022-222 amended benefits for Tier 2 members, and they are now eligible for retirement after 30 years of creditable service and are entitled to an annual retirement benefit, with a 2% reduction for each year under 62, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest five of the last ten years) for each year of service. Members are eligible for disability retirement if they have ten years of credible service, are currently in service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status, and eligibility for retirement.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(c) Contributions

Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered Tier 1 members of the TRS are required by statute to contribute 7.50% of earnable compensation.

Tier 2 covered members of the TRS contribute 6.2% of earnable compensation to the TRS as required by statute.

Participating employers' contractually required contribution rates are 14.57% of annual pay for Tier 1 members and 13.61% of annual pay for Tier 2 members. These required contribution rates are a percentage of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the University for fiscal year 2026 will be updated when available.

(d) Pension Liabilities, Pension Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At March 31, 2026, the University reported a liability of approximately \$262,755,000 for its proportionate share of the collective net pension liability. At March 31, 2026, the collective net pension liability was measured as of September 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2024. The University's proportion of the collective net pension liability is based on the employer's shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At the measurement date of September 30, 2025, the University's proportion of contributions to the pension plan was 2.115079%, which was a decrease of 0.035704% from its proportion measured as of September 30, 2024 of 2.150783%.

For the six months ended March 31, 2026, the University recognized pension expense of approximately \$11,283,000, which is included in salaries and benefits on the statement of revenues, expenses, and changes in net position.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

At March 31, 2026, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 22,286	—
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	46,671
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	19,060
Employer contributions subsequent to measurement date	*	—
	\$ *	65,731

At September 30, 2025, approximately \$25,978,000 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2026.

*Contributions subsequent to measurement date for fiscal year 2026 will be available later this year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year ending September 30:	
2027	\$ 1,282
2028	(23,209)
2029	(18,221)
2030	(3,297)
2031	—
Thereafter	—
	\$ (43,445)

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(e) Actuarial Assumptions

The total pension liability as of March 31, 2026 was determined by an actuarial valuation as of September 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Investment rate of return*	7.45 %
Projected salary increases**	3.25–5.00%

* Net of pension plan investment expense, including inflation

** Includes inflation

The actuarial assumptions used in the September 30, 2024 valuation were based on the results of an actuarial experience study for the period from October 1, 2015 through September 30, 2020, and a discount rate of 7.45%. Mortality rates for TRS were based on the Pub-2010 Teacher Below Median tables set forward by two years and further adjusted for males (108% ages < 63, 96% ages > 67; phasing down 63–67) and for females (112% ages < 69, 98% > age 74, phasing down 69–74), projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target allocation	Long-term expected rate of return*
Fixed income	15.0 %	2.8 %
U.S. large stocks	32.0	8.0
U.S. mid stocks	9.0	10.0
U.S. small stocks	4.0	11.0
International developed market stocks	12.0	9.5
International emerging market stocks	3.0	11.0
Alternatives	10.0	9.0
Real estate	10.0	6.5
Cash equivalents	5.0	1.5
	<u>100.0 %</u>	

* Includes assumed rate of inflation of 2.00%

(f) Discount Rate

The discount rate used to measure the total pension liability as of March 31, 2026 was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(g) Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.45%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current rate (in thousands):

	<u>1% Decrease (6.45)%</u>	<u>Current rate (7.45)%</u>	<u>1% Increase (8.45)%</u>
University's proportionate share of collective net pension liability	\$ 373,563	262,755	169,486

(h) Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2025 as well as prior-year reports. The supporting actuarial information is included in the GASB Statement No. 68 Report for the TRS prepared as of September 30, 2025. The auditors' report dated January 30, 2026 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the sum of all participating entities as of September 30, 2025 along with supporting schedules is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

(13) Other Employee Benefits

(a) Other Pension Plans

Certain employees of the University also participate in a defined-contribution pension plan. The defined-contribution pension plan covers certain academic and administrative employees, and participation by eligible employees is optional. The plan is administered by the University and the plan assets are held in annuity contracts and custodial accounts. The annuity contracts are with, and the custodial account assets are invested through investment options offered by, Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF). Under this plan, contributions by eligible employees are matched equally by the University up to a maximum of 3% of current annual pay. The University contributed approximately \$150,000 included in the statement of revenues, expenses, and changes in net position representing 115 employees for the six months ended March 31, 2026.

All employees of HCM working at least half-time are eligible to participate in a defined-contribution pension plan. The plan is administered by HCM and the plan assets are held in annuity contracts and custodial accounts. The annuity contracts are with, and the custodial account assets are invested through investment options offered by TIAA-CREF. Under this plan, contributions by eligible employees are matched equally by HCM up to a maximum of 5% of current annual pay. HCM contributed

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

approximately \$6,062,000 included in the statement of revenues, expenses and changes in net position representing 2,789 employees participating in this plan for the six months ended March 31, 2026. University employees as of September 30, 2010, who later transfer to HCM, are immediately vested in the plan. All other employees do not vest until they have held employment with HCM for 36 months; at which time, they become 100% vested in the plan.

Effective April 1, 2022, HCM adopted a deferred compensation retirement plan. All nonstudent employees are eligible to defer receipt of a portion of their salary until a later date. The plan is administered by HCM and the plan assets are held in annuity contracts and custodial accounts. The annuity contracts are with, and the custodial account assets are invested through investment options offered by, TIAA-CREF. Under this plan, contributions by eligible employees are not matched by HCM. During the six months ended March 31, 2026, 392 employees participated in this plan. All eligible employees are fully vested in their accounts under this plan immediately upon contributing.

(b) *Compensated Absences*

In fiscal year 2025, the University adopted the provisions of Statement No. 101, *Compensated Absences*, which requires the University to recognize a liability for leave that has not been used if it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means, as well as leave that has been used but not yet paid or settled through noncash means. Regular University employees accumulate vacation and sick leave and hospital and clinical employees accumulate paid time off. These are subject to maximum limitations, at varying rates depending upon their employee classification and length of service. Upon separation of employment, employees who were hired before January 1, 2012 are paid all unused accrued vacation at their regular rate of pay up to a maximum of two times their annual accumulation rate. Employees hired after January 1, 2012 are not eligible for payment of unused accrued vacation or paid time off (PTO) hours upon separation of employment. Employees acquired through the Providence purchase were able to transfer their current PTO balances to the University. This transferred PTO is eligible for payout. The accompanying statement of net position includes accruals for unused leave of approximately \$38,021,000 at March 31, 2026. The accrual is included in other long-term liabilities (and current portion thereof) in the accompanying financial statements.

(14) Other Postemployment Benefit Plans

Retirees of the University are covered by the Public Education Employees Health Insurance Plan (PEEHIP), which is a cost-sharing, multiple-employer defined-benefit OPEB plan administered by the TRS.

(a) *Plan Description*

The Alabama Retiree Health Care Funding Act of 2007 authorized and directed the Public Education Employees Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the PEEHIP. The PEEHIP was established in 1983 pursuant to the provisions of the Code of Alabama 1975, Title 16, Chapter 25A to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions and to fund benefits related to the plan. The responsibility for the general administration and operation of the PEEHIP is vested in its Board,

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

which consists of 15 trustees. Title 16-Chapter 25 of the Code of Alabama grants the authority to establish and amend the benefit terms to the PEEHIP Board. GASB Statement No. 75, requires the reporting of the participating employers' share of net OPEB liability and the OPEB expense in the financial statements as well as enhanced financial statements note disclosures.

(b) Benefits Provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO). In addition to or in lieu of the basic hospital medical plan or HMO, the PEEHIP offers four optional plans: Hospital Indemnity, Cancer, Dental, and Vision. Also, PEEHIP members (only active and non-Medicare eligible) may elect the Supplemental Plan as their hospital medical coverage instead of the PEEHIP Hospital Medical Plan. This Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer.

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract. The Medicare Advantage Prescription Drug Plan (MAPDP) is fully insured by UHC, and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network, and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

(c) Contributions

The employer contribution to the health insurance premium is set forth by the Board annually.

Total employer contributions to the OPEB plan from the University were approximately \$8,175,000 for the year ended September 30, 2025 and are included in salaries and benefits on the statement of revenues, expenses, and changes in net position.

(d) OPEB Liabilities, OPEB Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

At March 31, 2026, the University reported a liability of approximately \$208,131,000, for its proportionate share of the net OPEB liability. At March 31, 2026, the net OPEB liability was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2024. The University's proportion of the net OPEB liability was based on a projection of the University's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date of September 30, 2025, the University's proportion of contributions to the OPEB plan was 2.760277%, which was a decrease of (1.547226)% from its proportion measured as of September 30, 2024 of 4.307503%.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

For the six months ended March 31, 2026, the University recognized OPEB expense of approximately \$32,399,000, which is included in salaries and benefits on the statement of revenues, expenses, and changes in net position.

At March 31, 2026, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 95,855	50,321
Changes of assumptions	62,808	58,935
Net difference between projected and actual earnings on OPEB plan investments	—	7,152
Changes in proportion and differences between employer contributions and proportionate share of contributions	48,626	95,951
Employer contributions subsequent to the measurement date	*	—
	\$ *	212,359

At September 30, 2025, approximately \$8,175,000 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2026.

*Contributions subsequent to measurement date for fiscal year 2026 will be available later this year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB income as follows (in thousands):

Year ending September 30:	
2027	\$ 5,641
2028	(9,568)
2029	1,298
2030	15,353
2031	(10,477)
Thereafter	(7,317)
	\$ (5,070)

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(e) Actuarial Assumptions

The total OPEB liability as of March 31, 2026 was determined by an actuarial valuation performed as of September 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Projected salary increases*	3.25-5.00 %
Long-term investment rate of return**	7.00 %
Municipal bond index rate at the measurement date	4.62 %
Municipal bond index rate at prior measurement date	3.89 %
Projected year for fiduciary net position to be depleted	2046
Single equivalent interest rate at the measurement date	5.25 %
Single equivalent interest rate at prior measurement date	4.32 %
Healthcare cost trend rate	
Pre-Medicare eligible	6.50 %
Medicare eligible	***
Ultimate trend rate	
Pre-Medicare eligible	4.50 %
Medicare eligible	4.50 %
Year of ultimate trend rate	
Pre-Medicare eligible	2033
Medicare eligible	2028
Optional plans trend rate	2.00 %

* Includes 2.75% wage inflation

** Compounded annually, net of investment expense, and includes inflation

*** Initial Medicare trend rates are set based on renewal premium rates through calendar year 2025 with an assumed 0% increase for the upcoming 2026-2028 negotiation period.

Mortality rates were based on the Pub-2010 Teacher Below Median tables set forward by two years and further adjusted for males (108% ages < 63, 96% ages > 67; phasing down 63–67) and for females (112% ages < 69, 98% > age 74, phasing down 69–74), projected generationally using scale MP-2020 adjusted by 66–2/3% beginning with year 2019.

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the TRS on September 13,

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

2021. The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) of the total OPEB liability were based on the September 30, 2024 valuation.

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class are summarized in the following table:

	Target allocation	Long-term expected real rate of return*
Fixed income	30 %	4.40 %
U.S. large stocks	38	8.00
U.S. mid stocks	8	10.00
U.S. small stocks	4	11.00
International developed market stocks	15	9.50
Cash	5	1.50
	<u>100 %</u>	

* Geometric mean, includes 2.50% inflation

(f) Discount Rate

The discount rate used to measure the total OPEB liability at March 31, 2026 was 5.25%. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating employers must contribute for each active employee, which is currently \$800 per non-university active member. 9.751% of the employer contributions were used to assist in funding retiree benefit payments in fiscal year 2024. In fiscal year 2025, 23.265% of the employer contributions were used to assist in funding retiree benefit payments. It is assumed the 23.265% will increase at the same rate as expected benefit payments for the closed group with a cap of 23.265%. It is assumed the \$800 rate will increase to \$904 in fiscal year 2026, \$1,085 in fiscal year 2027, and then will increase with inflation at 2.5% starting in fiscal year 2028. The long-term expected rate of return on OPEB plan investments will be determined based on the allocation of assets by asset class and by the mean and variance of real returns. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members were projected through 2123.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(g) Sensitivity of the University's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates and Discount Rates

The following table presents the University's proportionate share of the net OPEB liability calculated using the healthcare cost trend rate of 4.50%, as well as what the net OPEB liability would be if calculated using one percentage point lower 3.50% or one percentage point higher 5.50% than the current rate (in thousands):

	1% Decrease (3.50)%	Current rate (4.50)%	1% Increase (5.50)%
University's proportionate share of collective net OPEB liability	\$ 165,787	208,131	262,301

The following table presents the University's proportionate share of the net OPEB liability calculated using the discount rate of 5.25%, as well as what the net OPEB liability would be if calculated using one percentage point lower 4.25% or one percentage point higher 6.25% than the current rate (in thousands):

	1% Decrease (4.25)%	Current rate (5.25)%	1% Increase (6.25)%
University's proportionate share of collective net OPEB liability	\$ 252,918	208,131	172,016

(h) OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the Alabama Retired Education Employees' Health Care Trust's financial statements for the fiscal year ended September 30, 2025. The supporting actuarial information is included in the GASB Statement No. 75 Report for PEEHIP prepared as of September 30, 2025. Additional financial and actuarial information is available at www.rsa-al.gov.

(15) Risk Management

The University, HCM, SAMSF, and HCA participate in the PLTF; and the University, HCM, SAMSF, the Corporation, and HCA participate in the GLTF. An independent trustee administers both funds. These trust funds are revocable and use contributions by the University and HCA, together with earnings thereon, to pay liabilities arising from the performance of its employees, trustees, and other individuals acting on behalf of the University. Any risk related to the payment of claims is the responsibility of the PLTF and GLTF. If the trust funds are ever terminated, appropriate provision for payment of related claims will be made and any remaining balance may be distributed to the participating entities in proportion to contributions made.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

As discussed in note 1, the PLTF and GLTF are blended component units of the University and, as such, are included in the financial statements of the University for the six months ended March 31, 2026. Claims and expenses are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. These liabilities are generally based on actuarial valuations and are reported at their present value.

The University, HCM, and HCA each participate in a separate self-insured health plan administered by unaffiliated entities. Administrative fees paid by the University for such services were approximately \$1,858,000 for the six months ended March 31, 2026 and are included in salaries and benefits expense on the statement of revenues, expenses and changes in net position. Contributions by the University and its employees, together with earnings thereon, are used to pay liabilities arising from healthcare claims. It is the opinion of University administration that plan assets are sufficient to meet future plan obligations.

The changes in the total self-insurance liabilities for the six months ended March 31, 2026 for the PLTF, GLTF, and health plan are summarized as follows (in thousands):

Balance, beginning of year	\$	66,211
Premiums and other additions		60,580
Claims, administrative fees paid, and other reductions		<u>(58,513)</u>
Balance, end of period	\$	<u><u>68,278</u></u>

These amounts are included in other long-term liabilities and in accounts payable and accrued liabilities in the accompanying statement of net position.

(16) Other Related Parties and Related-Party Transactions

During the six months ended March 31, 2026, the University had certain related-party transactions with affiliates as described below.

USA Presidential 1963 Fund is an Alabama not-for-profit corporation created for promoting charitable, scientific, literary, or educational initiatives that benefit and support the University. This not-for-profit corporation had no financial activity for the six months ended March 31, 2026.

(17) Commitments and Contingencies

(a) Grants and Contracts

At March 31, 2026, the University had been awarded approximately \$76,699,000 in grants and contracts for which resources had not been received and for which reimbursable expenditures had not been made for the purposes specified. These awards, which represent commitments of sponsors to provide funds for research or training projects, have not been reflected in the accompanying basic financial statements, as the eligibility requirements of the awards have not been met. Advances, if any, are included in unrecognized revenues and include amounts received from grant and contract sponsors that have not been expended under the terms of the agreements and, therefore, have not yet been

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

included in revenues in the accompanying basic financial statements. Federal awards are subject to audit by federal agencies. The University's management believes any potential adjustment from such audits will not be material.

(b) *Litigation*

Various claims have been filed against the University alleging discriminatory employment practices and other matters in the normal course of business. University administration and legal counsel are of the opinion the resolution of these matters will not have a material effect on the financial position or the statement of revenues, expenses, and changes in net position of the University.

(c) *Rent Supplement Agreements*

The University has entered into two irrevocable rent supplement agreements with the Corporation and a financial institution. The agreements require that, in the event the Corporation fails to maintain a debt service coverage ratio of one to one with respect to all of its outstanding indebtedness, the University will pay to the Corporation any and all rent amounts necessary to cause the Corporation's net operating income to be equal to the Corporation's annual debt service obligations (see note 6). As of March 31, 2026, no amounts were payable pursuant to these agreements.

(d) *USA Research and Technology Corporation Leases*

The University has commitments under lease receivables with the Corporation. Space under lease to the University was 95,334 square feet at March 31, 2026. See note 9 for additional details.

(e) *Gulf Coast TotalCare Letter of Credit*

In connection with Gulf Coast TotalCare's participation in the Alabama Coordinated Health Network, it was required to establish a \$250,000 irrevocable standby letter of credit for the sole benefit of the Alabama Medicaid Agency. The letter of credit was obtained through Hancock Whitney Bank and expires on December 30, 2026. The letter of credit is collateralized by a certificate of deposit. No amounts were advanced on the letter of credit during the six months ended March 31, 2026.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(18) Functional Expense Information

Operating expenses by functional classification for the six months ended March 31, 2026 are as follows (in thousands).

Instruction	\$	72,033
Research		15,359
Public service		8,423
Academic support		19,750
Student services		26,617
Institutional support		15,334
Operation and maintenance of plant		5,053
Scholarships		9,120
USA Health		496,070
Auxiliary enterprises		12,584
Depreciation and amortization		49,522
	\$	<u>729,865</u>

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Six Months Ended March 31, 2026 (unaudited)

(19) Blended Component Units

As more fully described in note 1, HCM, PLTF, GLTF, Providence IPA, JAF, FRAC, Health Auxiliary and other billing related entities are reported as blended component units. Prior to 2026, USA Health Auxiliary Inc. (Auxiliary) was not presented in the University's financial statements because it was not considered significant enough to warrant inclusion in the University's reporting entity.

Required combining financial information of the aggregate blended component units as of and for the six months ended March 31, 2026 follows (in thousands):

Current assets	\$	20,618
Noncurrent assets		65,020
		85,638
Total assets		85,638
Current liabilities		22,385
Noncurrent liabilities		52,747
		75,132
Total liabilities		75,132
Net position	\$	10,506
Operating revenues	\$	275,576
Operating expenses		(276,569)
		(993)
Operating loss		(993)
Noncapital subsidies		363
		363
Total operating loss and noncapital subsidies		(630)
Nonoperating revenues		1,662
Nonoperating expenses		—
		1,662
Change in net position	\$	1,032

(20) Recently Issued Accounting Pronouncements

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*, which is effective for fiscal years beginning after June 15, 2026. The primary objective of Statement No. 105 is to improve financial reporting requirements for subsequent events in order to enhance consistency in application and to better meet the information needs of financial statement users.

The effect of the implementation of GASB Statement No. 105 on the University has not yet been determined.



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Business Office

DATE: May 18, 2026

TO: Jo Bonner, President

FROM: Kristen Roberts, Vice President, Finance

A handwritten signature in black ink that reads "Kristen Roberts".

SUBJECT: Ratification of Sale of 6.1 Acres on Dauphin Island Parkway, Key No. 01050098 (the "Property") to the City of Mobile.

The purpose of this memorandum is to request ratification of the proposed sale of the Property to the City of Mobile. The City desires to obtain the Property as a necessary condition for funding related to an improvement project planned by the City that the University also supports. The University intends to utilize the proceeds of the sale of the Property to establish a scholarship.

Request is hereby made to present the Transaction to the University of South Alabama Board of Trustees for ratification.

A handwritten signature in blue ink that reads "Jo Bonner".

RESOLUTION

SALE OF REAL PROPERTY

WHEREAS, the University of South Alabama (the “University”) owns approximately 6.1 acres of real property (the “Property”) in Mobile County, Alabama, said property having been deeded to the University by the University of South Alabama Foundation, and

WHEREAS, the President of the University has determined that it is economically justified and in the best interest of the University to offer the Property for sale through a licensed real estate broker in accordance with the University’s Land Sale Policy and the attached memorandum, and

WHEREAS, the University has executed or will execute a Purchase and Sale Agreement with the City of Mobile by which the University will sell the Property to the City of Mobile and use the proceeds of the sale to establish a scholarship at the University,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby ratifies said sale of the Property and any actions of the President or other University officers necessary to effectuate said sale.



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Office of the President

DATE: May 13, 2026

FROM: Jo Bonner, President

A handwritten signature in blue ink that reads "Jo Bonner". The signature is written in a cursive, flowing style.

SUBJECT: Authorization and Justification of Sale of Property Using Licensed Broker;
6.1 Acres on Dauphin Island Parkway, Key No. 01050098 (the "Property").

The purpose of this memorandum is to document the University's justification for listing the Property for sale with a licensed broker in accordance with the University's Land Sale Policy. The Property is located adjacent to Helen Wood Park, which is owned by the City of Mobile (the "City"). The City desires to obtain the Property as a necessary condition for funding related to an improvement project planned by the City that the University also supports.

The University listed the Property with a licensed broker on the commercial MLS and publicized it in accordance with the University's customary practices. The University secured an appraisal for the Property from an independent real estate appraiser and received an offer from the City equal to the amount of the appraisal, which the University accepted. This sale was economically justified, as the Property held little long-term value to the University's mission. The University intends to utilize the proceeds of the sale of the Property to establish a scholarship. In sum, this transaction is in the best interests of the University.

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**LONG-RANGE PLANNING
COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Long-Range Planning Committee

March 5, 2026

2:35 p.m.

A meeting of the Long-Range Planning Committee (the “Committee”) of the University of South Alabama (the “University,” “USA”) Board of Trustees (the “Board”) was duly convened by Mr. Ron Graham, Chair, on Thursday, March 5, 2026, at 2:35 p.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Scott Charlton, Ron Graham, Meredith Hamilton, Ron Jenkins, Ronnie Stallworth and Jim Yance were present.

Other Trustees: Alexis Atkins, Chandra Brown Stewart, Steve Furr, Luis Gonzalez, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Mike Windom and Steve Stokes.

Administration & Guests: Jim Berscheidt, Joél Billingsley, Jo Bonner, Julie Estis, Monica Ezell, Charlie Guest, Buck Kelley, Andi Kent, Spence Larche, Allen Parrish, Kristen Roberts, Christian Rodriguez (EDR), Steven Scyphers, Margaret Sullivan, Peter Susman and Christina Wassenaar (Faculty Senate).

Following the attendance roll call, **Item 27**, Mr. Graham called for consideration of the minutes for a meeting held on December 3, 2025, **Item 28**. On motion by Capt. Jenkins, seconded by Dr. Charlton, the Committee voted unanimously to adopt the minutes.

Mr. Graham called on Dr. Estis for a report on institutional planning and assessment, **Item 29**. Dr. Estis, Associate Vice President for Institutional Effectiveness, introduced Mr. Christian Rodriguez, principal architect representing ERD (EskewDumezRipple), the consulting firm engaged to assist with development of the University’s next master plan for the period 2027 to 2037. Mr. Rodriguez shared that a comprehensive assessment conducted over recent months demonstrated opportunities for improving such things as campus circulation, space utilization, graduate student amenities, collaboration and study space, and event space for colleges. Additionally, feedback pertaining to the University’s identity was considered.

There being no further business, the meeting was adjourned at 2:45 p.m.

Respectfully submitted:

William Ronald Graham, Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



COMMITTEE OF THE WHOLE

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Committee of the Whole

March 5, 2026

2:45 p.m.

A meeting of the Committee of the Whole (the “Committee”) of the University of South Alabama (the “University,” “USA”) Board of Trustees (the “Board”) was duly convened by Ms. Alexis Atkins, Chair *pro tempore*, on Thursday, March 5, 2026, at 2:45 p.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Alexis Atkins, Chandra Brown Stewart, Scott Charlton, Steve Furr, Luis Gonzalez, Ron Graham, Meredith Hamilton, Ron Jenkins, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Ronnie Stallworth, Steve Stokes, Mike Windom and Jim Yance were present.

Member Absent: Kay Ivey.

Administration & Guests: Jim Berscheidt, Joél Billingsley, Jo Bonner, Monica Ezell, Charlie Guest, Buck Kelley, Andi Kent, Spence Larche, Allen Parrish, Kristen Roberts, Margaret Sullivan, Peter Susman and Christina Wassenaar (Faculty Senate).

Following the attendance roll call, **Item 30**, Chair Atkins called for consideration of the minutes for a meeting held on December 3, 2025, **Item 31**. On motion by Mr. Shumock, seconded by Mr. Gonzalez, the Committee voted unanimously to adopt the minutes.

In accordance with the provisions of the Alabama Open Meetings Act, Chair Atkins made a motion to convene an executive session for an anticipated duration of 20 minutes for the purpose of discussing pending or threatened litigation, **Item 32**. She stated Mr. Larche had submitted the required written declaration for the minutes and that adjournment of the meeting would be in effect immediately upon the conclusion of the executive session. Ms. Hamilton seconded, and the Committee voted unanimously to convene an executive session at approximately 2:47 p.m., as recorded herein:

AYES:

- Chair Atkins
- Ms. Brown Stewart
- Dr. Charlton
- Dr. Furr
- Mr. Gonzalez
- Mr. Graham
- Ms. Hamilton
- Capt. Jenkins
- Ms. Mitchell

Committee of the Whole
March 5, 2026
Page 2

- Mr. Perkins
- Mr. Shumock
- Mr. Stallworth
- Dr. Stokes
- Judge Windom
- Mr. Yance

There being no further business, the meeting was adjourned at approximately 4:35 p.m.

Respectfully submitted:

Katherine Alexis Atkins, Chair *pro tempore*

RESOLUTION

BOARD OF TRUSTEES MEETING SCHEDULE FOR 2026-2027

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

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

- Friday, September 4, 2026
- Thursday, December 3, 2026
- Friday, March 19, 2027
- Friday, June 11, 2027, and

FURTHER, BE IT RESOLVED that the meeting on June 11, 2027, shall be designated as the annual meeting of the University of South Alabama Board of Trustees for 2026-2027.

RESOLUTION

COMMENDATION OF JOHN V. MARYMONT, M.D.

WHEREAS, the University of South Alabama (the “University,” “USA”) wishes to recognize the extraordinary leadership and service of Dr. John V. Marymont, who served for many years as Vice President for Medical Affairs and Dean of the Frederick P. Whiddon College of Medicine, and

WHEREAS, Dr. Marymont joined the University in 2016 and led significant initiatives transforming USA Health into the leading academic medical center on the upper Gulf Coast, including the restructuring of the University’s health system, development of the USA Health Care Authority, and expansion of the clinical enterprise, and

WHEREAS, under Dr. Marymont’s leadership, USA Health grew from approximately 3,000 employees to more than 7,000 employees, and net patient service revenues increased from \$360 million to \$1.3 billion annually, and

WHEREAS, Dr. Marymont was a key executive leader in the 2023 acquisition of Providence Hospital and clinics, further expanding USA Health’s footprint and access to care across Mobile and Baldwin counties, and

WHEREAS, as Dean of the Whiddon College of Medicine, Dr. Marymont oversaw transformational changes, including the design of the new education and research facility, the raising of more than \$165 million in funds, successful reaffirmation of accreditation, development of new residency programs in emergency medicine and urology, and the launch of innovative graduate programs in healthcare leadership and industrial design, and

WHEREAS, Dr. Marymont’s visionary leadership and commitment to academic medicine have advanced the University of South Alabama’s mission and enriched the educational experience of medical and graduate students, ensuring the next generation of physicians and researchers are well prepared to meet the healthcare needs of their communities, and

WHEREAS, Dr. Marymont’s academic and professional achievements include induction into the Alpha Omega Alpha honor society, recognition with Fulbright and Jaworski Faculty Excellence Awards, service on the Jones Health Care Advisory Board at Rice University, and national leadership within the Association of American Medical Colleges,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby extends deepest gratitude to Dr. John V. Marymont for his outstanding service, transformative leadership, and enduring contributions to the University and to USA Health, and joins the President, faculty, students, alumni and staff in wishing Dr. Marymont continued success in his future endeavors.