MINUTES OF THE JULY 8, 2008 RECESSED MEETING
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA

The Board of Trustees of The University of Alabama met via teleconference in accordance with its guidelines on Tuesday, July 8, 2008. Trustee Joseph C. Espy III chaired the meeting. Michael A. Bownes served as Secretary.

On roll call, the following Trustees participated:

The Honorable Angus R. Cooper II, Trustee from
the First Congressional District

The Honorable Marietta M. Urquhart, Trustee from
the First Congressional District

The Honorable Joseph C. Espy III, Trustee from
the Second Congressional District

The Honorable James W. Wilson III, Trustee from
the Second Congressional District

The Honorable Vanessa Leonard, Trustee from
the Third Congressional District

The Honorable Finis E. St. John IV, Trustee from
the Fourth Congressional District

The Honorable Peter L. Lowe, Trustee from
the Fifth Congressional District

The Honorary Joe H. Ritch, Trustee from
the Fifth Congressional District

The Honorable Paul W. Bryant, Jr., Trustee from
the Sixth Congressional District

The Honorable Karen P. Brooks, Trustee from
the Seventh Congressional District

The Honorable John H. England, Jr., Trustee from
the Seventh Congressional District

The Honorable Andria S. Hurst, Trustee from
the Seventh Congressional District

The following Trustees were unable to participate:

The Honorable Bob Riley, Governor

Dr. Joseph B. Morton, State Superintendent of Education

The Honorable Sidney L. McDonald, Trustee from
the Fourth Congressional District

The Honorable John J. McMahon, Jr., Trustee from
the Sixth Congressional District

The following people also participated in the meeting: Chancellor Malcolm Portera; Vice Chancellor for Financial Affairs C. Ray Hayes; Vice Chancellor for Academic Affairs Charles Nash; General Counsel Ralph Smith; UABHS Interim Chief Executive Officer Ray L. Watts; UAB Counsel John Daniel; UABHS Administrative Chief of Staff Bart Kelly; UABHS Treasurer Katrina Belt; University Hospital Chief Executive Officer Michael Waldrum; University Hospital Chief Financial Officer Mary Beth Briscoe; University Hospital Comptroller Phyllis Boone; Outside Counsels J. Hobson Presley, Jr., and Kathleen A. Collier with Presley, Burton and Collier; and Vice Chancellor for System Relations Kellee Reinhart.

Vice Chancellor Reinhart said the press had been notified of the meeting but none were in attendance. She introduced Jodie Smith with the law firm of Maynard Cooper & Gale, attorneys for the bond underwriters.

Chairman Espy said there was one item on the Agenda, a Resolution to approve the pricing term of bonds for University Hospital. This matter was discussed at the last Board meeting in June and, subsequently, we were not able to get within the stated interest rate range. He recognized Ray Hayes to give a brief synopsis of where we are today.

Mr. Hayes said the bonds were well received in the market and were oversubscribed. The final net interest cost was 5.39 percent or 14 basis points higher than the range of 5.25. This difference equates to about $153,000 a year. The Executive Committee approved the final pricing last Wednesday and now the full Board is asked to ratify that resolution.

It was noted that the Hospital board has approved this item and all of our financial people and attorneys recommend this as being in the best interest of University Hospital.

Trustee Lowe asked how much this saves us compared to what we would have been faced with. Katrina Belt said the net interest cost for the total bond issue is in the 3.8 range. We were looking at a net interest cost at the height with the 10 and 11percent on our auction rate bonds, which is about 700 basis points on $220 million.

After discussion, and on motion of Trustee Cooper, seconded by Trustee Lowe, and with Trustee Leonard abstaining, the Board adopted the following resolution:

RESOLUTION

WHEREAS, The Board of Trustees of The University of Alabama (the "Board of Trustees"), acting through its operating division The University of Alabama at Birmingham ("UAB"), owns and operates

University of Alabama Hospital ("University Hospital") and related health care facilities (collectively, the "Facilities"); and

WHEREAS, the Board of Trustees has heretofore by resolution adopted on June 20, 2008 (the "Board Resolution") approved the issuance of its The University of Alabama at Birmingham Hospital Revenue Bonds, Series 2008-A (the "Series 2008-A Bonds") and the Board of Trustee's The University of Alabama at Birmingham Hospital Revenue Bonds, Series 2008-B (the "Series 2008-B Bonds" and, together with the Series 2008-A Bonds, the "Series 2008 Bonds") pursuant to that certain Hospital Revenue Trust Indenture dated as of September 1, 1989, as amended and supplemented (the "Indenture"), with The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), providing for the issuance of its bonds payable from revenues derived from the Facilities; and

WHEREAS, the Board of Trustees approved the plan of finance described in the Board Resolution (the "Plan of Finance") and authorized the President pro tempore of the Board to approve all remaining details of the Plan of Finance, including, the principal amount of the Series 2008-A Bonds and the Series 2008-B Bonds, the interest rates for the Series 2008-A Bonds, the Underwriters' compensation, the Remarketing Agent's compensation, and the final terms of the financing documents, subject to the following parameters:

(a) the principal amount of the Series 2008-A Bonds may not exceed $115 million;

(b) the principal amount of the Series 2008-B Bonds may not exceed $112 million;

(c) the final maturity of the Series 2008 Bonds may not be later than the final maturity of the Refunded Bonds;

(d) the interest rate for any maturity of the Series 2008-A Bonds may not exceed 5.75%;

(e) the net interest cost on the Series 2008-A Bonds (taking into account any original issue discount or original issue premium) may not exceed 5.25%; and

(f) the Underwriters' compensation may not exceed .40% of the principal amount of the Series 2008 Bonds; and

WHEREAS, the underwriters for the Series 2008 Bonds have marketed the Series 2008-A Bonds in the principal amount of $109,925,000. While all of the other parameters set out in the Board Resolution were met, due to current market conditions, the pricing terms of the Series 2008-A Bonds reflect a net interest cost (taking into account any original issue discount or original issue premium) ("Net Interest Cost") of 5.3931788%, which exceeds the maximum Net Interest Cost of 5.25% approved under the Board Resolution; and

WHEREAS, the Executive Committee of the Board of Trustees has determined that the overall pricing terms for the Series 2008-A Bonds are acceptable and in the best interests of the Board of Trustees and has approved by resolution of the Executive Committee adopted on June 25, 2008 (i) the waiver of the Net Interest Cost parameter in the Board Resolution and (ii) the Net Interest Cost of 5.3931788%. The Board of Trustees wishes to ratify and confirm the approval by the Executive Committee of the Net Interest Cost of the Series 2008-A Bonds;

NOW, THEREFORE, BE IT RESOLVED by The Board of Trustees of The University of Alabama that it does hereby (i) waive the requirement in the Board Resolution that the Net Interest Cost of the Series 2008-A Bonds not exceed 5.25%, (ii) approve the Net Interest Cost of 5.3931788%, and (iii) ratify and confirm the prior approval by the Executive Committee of such pricing term.

There being no further business to come before the Board, the meeting was recessed subject to call of the Chair.

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Michael A. Bownes, Secretary