PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 4, 2016

NEW ISSUE
BOOK-ENTRY ONLY

RATINGS:
Moody's: Aa2 (stable outlook)
Standard & Poor's: Applied for
(See "RATINGS" herein)

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA

$22,810,000*
University of Alabama at Birmingham General Revenue Bonds, Series 2016-A

$93,730,000*
University of Alabama at Birmingham General Revenue Bonds, Series 2016-B

Issuer of the Bonds. The Bonds are being issued by The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (the "Board"), for the benefit of its division The University of Alabama at Birmingham ("UAB").

Authorizing Document. The Bonds are issued under that certain General Revenue Trust Indenture dated as of August 15, 1989, as amended and supplemented (the "Indenture") between the Board and U.S. Bank National Association, as trustee.

Use of Proceeds. Proceeds of the Bonds will be used by the Board to finance certain improvements to the UAB campus in Birmingham, Alabama. Proceeds of the Bonds will also be used to pay certain incidental costs in connection with the issuance of the Bonds, including costs of issuance. See "THE PLAN OF FINANCING".

Source of Payment. The Bonds will be limited obligations of the Board payable solely from, and secured by a pledge of, the gross revenues to be derived by the Board from the operation of UAB, excluding certain revenues described in the Indenture, on a parity of lien with certain indebtedness of the Board outstanding under the Indenture, as more particularly described herein.

The Bonds will not be obligations or debts of the State of Alabama, nor are the full faith and credit of the State of Alabama pledged for the payment thereof, and neither the principal of nor the interest on the Bonds will be paid out of any moneys provided for or appropriated to or on behalf of the Board by the State of Alabama.

Pricing and Payment Terms. See "PRICING AND PAYMENT TERMS" on the inside cover page.

Form and Date of Delivery. The Bonds are being issued in book-entry form under the rules and regulations of The Depository Trust Company (the "Securities Depository"). The Bonds are expected to be delivered on or about November 29 2016.

Legal Counsel. Balch & Bingham LLP has served as bond counsel and disclosure counsel to the Board and will deliver its opinion with respect to the Bonds in substantially the forms attached as APPENDIX D. Certain legal matters will be passed upon for the Board by University Counsel.

Financial Advisor. Protective Securities, a Division of ProEquities Inc., Birmingham, Alabama, is serving as Financial Advisor to UAB.

Tax Status. Interest on the Bonds (i) will not be included in gross income of the holders for purposes of federal income taxation and (ii) will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, subject to limitations or exceptions described under "TAX STATUS". The opinion of bond counsel will address these aspects of the tax status of the Bonds and should be read in its entirety for a complete understanding of the scope of the opinion and the conclusions expressed.

Risk Factors. For a description of certain risk factors involved in an investment in the Bonds, see "RISK FACTORS".

Date of Official Statement. The date of this Official Statement is __________, 2016.

THE BONDS WILL BE SOLD BY THE BOARD PURSUANT TO A COMPETITIVE BID PROCESS. SEE "INTRODUCTION—Bid Process".

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*Preliminary; subject to change.

PRICING AND PAYMENT TERMS

$22,810,000*
University of Alabama at Birmingham
General Revenue Bonds,
Series 2016-A

Year (October 1)	Principal Amount*	Interest Rate	Price	Yield	CUSIP
2020	$2,910,000				
2021	3,000,000				
2022	3,120,000				
2023	3,245,000				
2024	3,375,000				
2025	3,510,000				
2026	3,650,000				

$93,730,000*
University of Alabama at Birmingham
General Revenue Bonds,
Series 2016-B

Year (October 1)	Principal Amount*	Interest Rate	Price	Yield	CUSIP
2027	$3,795,000				
2028	3,985,000				
2029	4,185,000				
2030	4,395,000				
2031	4,610,000				
2032	4,845,000				
2033	5,035,000				
2034	5,240,000				
2035	5,450,000				
2036	5,665,000				
2037	5,890,000				
2038	6,125,000				
2039	6,370,000				
2040	6,625,000				
2041	6,890,000				
2042	7,170,000				
2043	7,455,000				

Maturities and Interest Rates for Bonds. The Bonds mature on October 1 in the years and amounts and bear interest at the applicable rate per annum set forth in the tables above.

Date of Bonds. The Bonds will be dated as of the date of their delivery.

Interest Payment Dates. Interest on the Bonds is payable on April 1 and October 1 of each year, beginning April 1, 2017.

Authorized Denominations. The Bonds may be issued in denominations of $5,000 or any integral multiple thereof.

Redemption Prior to Maturity. The Bonds are subject to redemption prior to maturity, including scheduled mandatory redemption of Term Bonds. See "THE BONDS—Redemption".

* Preliminary; subject to change.

FINANCIAL ADVISOR

Protective Securities, a Division of ProEquities, Inc.

BOND COUNSEL

Balch & Bingham LLP

This Official Statement is not to be construed as a contract or agreement between the Board and the purchasers or holders of any of the Bonds.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

The information in this Official Statement has been obtained from sources which are considered dependable and which are customarily relied upon in the preparation of similar Official Statements, but such information is not guaranteed as to accuracy or completeness.

All estimates and assumptions contained herein are believed to be reasonable, but no representation is made that such estimates or assumptions are correct or will be realized.

No person, including any broker, dealer or salesman, has been authorized to give any information or to make any representation other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Board.

The Trustee makes no representation or warranty as to, and has no responsibility for the accuracy or completeness of, the information contained in this Official Statement.

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities laws and will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any federal, state, municipal or other governmental agency will pass upon the accuracy, completeness or adequacy of this Official Statement.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

Any information or expressions of opinion are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create an implication that there has been no change as to the affairs of the Board since the date hereof.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

All estimates and assumptions contained herein are believed to be reasonable, but no representation is made that such estimates or assumptions are correct or will be realized.

In connection with the offering of the Bonds, the underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at levels above which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

In making an investment decision investors must rely on their own examination of the facts concerning the Board, as disclosed herein, and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

The information contained in this Official Statement has been obtained from representatives of the Board, public documents, records and other sources considered to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the underwriters.

The underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the underwriters do not guarantee the accuracy or completeness of such information.

The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to its date. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not representations of fact.

This Official Statement contains forward-looking statements, which can be identified by the use of the future tense or other forward-looking terms such as "may," "intend," "will," "expect," "anticipate," "plan," "management believes," "estimate," "continue," "should," "strategy," or "position" or the negatives of those terms or other variations on them or by comparable terminology. In particular, any statements, express or implied, concerning future operating results or the ability to generate Pledged Revenues or cash flow to service indebtedness are forward-looking statements. Investors are cautioned that reliance on any of those forward-looking statements involves risks and uncertainties and that, although the Board's management believes that the assumptions on which those forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. As a result, the forward-looking statements based on those assumptions also could be incorrect, and actual results may differ materially from any results indicated or suggested by those assumptions. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Official Statement should not be regarded as a representation by the Board that its plans and objectives will be achieved. All forward-looking statements are expressly qualified by the cautionary statement contained in this paragraph. The Board undertakes no duty to update any forward-looking statements.

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University of Alabama at Birmingham
General Revenue Bonds,
Series 2016-A**

**$93,730,000*
University of Alabama at Birmingham
General Revenue Bonds,
Series 2016-B**

INTRODUCTION

This Official Statement (including all Appendices hereto) is furnished by The Board of Trustees of The University of Alabama (the "Board") to provide information in connection with the issuance by the Board of the above referenced bonds (collectively, the "Bonds") pursuant to a General Revenue Trust Indenture dated as of August 15, 1989, as amended and supplemented, between the Board and U.S. Bank National Association, as trustee.

Copies of the Indenture are available for inspection and copying at personal expense during normal business hours at the Office of the Vice President for Financial Affairs and Administration of The University of Alabama at Birmingham, 1030 Administration Building, 701 20th Street South, Birmingham, Alabama 35294-0110 and at the office of UAB's Financial Advisor, Protective Securities, a Division of ProEquities, Inc., 2801 Highway 280 South, Birmingham, Alabama 35223.

The Board and the University

The Board is a public corporation and instrumentality of the State of Alabama under Section 264 of the Constitution of Alabama of 1901, as amended, and Chapter 47 of Title 16 of the Code of Alabama of 1975. The Board governs three university campuses located in Tuscaloosa, Birmingham and Huntsville, in the State of Alabama. Each campus is operated as a division by the Board.

The University of Alabama at Birmingham ("UAB") is a division of the Board whose campus is located in Birmingham, Alabama.

For a description of UAB, see APPENDIX A.

Purpose of the Issue

The Bonds are issued for the purposes described hereinafter under "THE PLAN OF FINANCING".

Limited Obligations

The Bonds will be limited obligations of the Board payable solely out of the Pledged Revenues. The Bonds will not be debts or obligations of the State of Alabama, and debt service on the Bonds will not be payable out of any money provided or appropriated to the Board by the State of Alabama. See "SECURITY AND SOURCE OF PAYMENT".

Additional Bonds

The Indenture permits the Board to issue additional bonds ("Additional Bonds") that will be secured on a parity with the Bonds and any other bonds issued thereunder. For a description of bonds already outstanding under the Indenture that are secured on a parity with the Bonds, see "DEBT STRUCTURE OF UAB". For a description of the

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* Preliminary; subject to change.

terms of the Indenture for the issuance of Additional Bonds in the future, see "SECURITY AND SOURCE OF PAYMENT."

Bid Process

The Board has received expressions of interest in its debt from various segments of the financial services industry and is implementing a competitive bidding process designed to allow participation by a broad range of bidders. This includes broker dealers who are expected to reoffer the Bonds to the public, financial institutions buying for their own account for investment purposes, and financial institutions that seek to make a loan to the Board.

Each series of Bonds will be sold separately pursuant to a competitive public sale process as described in the related Notice of Sale. The terms applicable for the public sale of each series of Bonds are contained in APPENDIX G and APPENDIX H, respectively. Each series of Bonds will be sold as a whole to the successful bidder for that series; the public sale will not provide for sale of separate maturities within a series to separate bidders.

The bid process is intended to put all potential bidders on an equal footing. Accordingly, no bidder will be allowed to specify pricing or other contractual terms other than those allowed by the related Notice of Sale for each series. For example, a bid that specifies a provision requiring indemnification for increased costs or a change in the interest rate based on tax law changes or rating changes will be disqualified. Similarly, a bid that specifies a financial covenant not included in the Indenture will be disqualified.

If the successful bidder for a series of Bonds is a broker dealer who intends to reoffer the Bonds to the public, that broker dealer will be identified as the underwriter for that series of Bonds in the final Official Statement. The interest rates, reoffering prices or yields and other pricing terms customary for the public distribution of the Bonds by an underwriter will also be included in the final Official Statement.

If the successful bidder for a series of Bonds is a financial institution buying for investment purposes, the final Official Statement will identify that financial institution as the initial purchaser and will indicate that the Bonds of that series are not being reoffered by the initial purchaser as of the date of the Official Statement, but there will be no restrictions on sale or transfer of the Bonds by the initial purchaser. In accordance with guidance from the MSRB and SEC, the final Official Statement will also identify the pricing data with respect to those Bonds, including interest rate and price or yield at which the initial purchaser bought the Bonds.

If the successful bidder for the Bonds is a financial institution that wishes to take delivery of the related bonds in the form of a loan, each Notice of Sale provides for delivery of the Bonds as a single, typewritten bond and with other features permitted by the Notice of Sale. If the successful bidder takes delivery of both series in the form of a loan, there will be no final official statement. If either series of Bonds will be delivered in the form of a loan, the final Official Statement will not identify those Bonds as series of Bonds that is, or could be, offered to the public by the successful bidder, but the loan transaction and related Bonds will be described in the related sections of the final Official Statement that describe outstanding parity obligations.

For further information concerning the bid process for the Bonds, see the NOTICE OF SALE AND OFFICIAL BID FORM for each series of Bonds included in APPENDIX G and APPENDIX H, respectively.

DEFINITIONS

This section of the Official Statement contains the definitions of certain capitalized terms used frequently in this Official Statement. In addition, certain capitalized terms used in this Official Statement and not defined in this section are defined in "APPENDIX C – SUMMARY OF THE INDENTURE."

"**Authorized Denominations**" means the amount of $5,000 and any integral multiple thereof for each maturity.

"**Board**" means The Board of Trustees of The University of Alabama, an Alabama public corporation and instrumentality of the State of Alabama.

"**Bonds**" means the Series 2016-A Bonds and the Series 2016-B Bonds.

"**Book-Entry System**" means the electronic system maintained by the Securities Depository for registration, transfer, exchange and payment of debt obligations.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Enabling Law**" means Section 16-3-28 of the Code of Alabama 1975.

"**General Fees**" means all gross fees, deposits, charges, receipts and income from students enrolled at UAB, whether designated as tuition, instruction fees, tuition surcharges, general fees or activity fees.

"**Indenture**" means that certain General Revenue Trust Indenture dated as of August 15, 1989, as supplemented and amended, between the Board and the Trustee.

"**Outstanding Parity Bonds**" means the bonds outstanding under the Indenture, more particularly described under "DEBT STRUCTURE OF UAB-Outstanding Long-Term Debt Payable from Pledged Revenues".

"**Pledged Revenues**" shall have the meaning assigned under "SECURITY AND SOURCE OF PAYMENT".

"**Securities Depository**" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and the successors and assigns thereof, and any substitute Securities Depository therefor that maintains a Book-Entry System for the Bonds.

"**Series 2016-A Bonds**" means the University of Alabama at Birmingham General Revenue Bonds, Series 2016-A.

"**Series 2016-B Bonds**" means the University of Alabama at Birmingham General Revenue Bonds, Series 2016-B.

"**Trustee**" means U.S. Bank National Association, a national banking association, in its capacity as trustee under the Indenture.

"**UAB**" means The University of Alabama at Birmingham, a division of the Board.

THE BONDS

Authority for Issuance

The Bonds are being issued pursuant to Section 16-3-28 of the Code of Alabama 1975 (the "Enabling Law"). The Enabling Law authorizes each public corporation that conducts one or more state educational institutions under its supervision to borrow money for the purchase, construction, enlargement or alteration of its facilities and to issue interest-bearing securities in evidence of such borrowing. The borrowing public corporation may pledge to the payment of such securities the fees from students levied and to be levied by or for such institution and any other moneys and revenues not appropriated by the State of Alabama to such institution. The borrowing corporation is also authorized by the Enabling Law to agree to maintain its charges and fees at such rates and in such amounts as will produce money sufficient to pay debt service on the securities with respect to which any such pledge is made and to create and maintain any required reserve therefor. The Enabling Law also authorizes refunding securities payable from the same or different sources as the securities to be refunded.

The Enabling Law provides that neither the securities issued thereunder, nor any pledge or agreement made pursuant thereto shall be an obligation of any nature whatsoever of the State of Alabama, and that neither such securities nor any obligation arising from any such pledge or agreement shall be payable out of any moneys appropriated by the State of Alabama to the institution with respect to which such securities are issued or such pledge or agreement is made.

Legal Investment Status

The Enabling Law provides that bonds, notes and other securities issued under the Enabling Law shall be eligible for the investment of trust or other fiduciary funds in the exercise of prudent judgment by those making such investment.

General Provisions

The Bonds will be dated the date of delivery and will mature in the amounts and on the dates and will bear interest at the rates per annum set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable on April 1, 2017 and on each April 1 and October 1 thereafter. The Trustee will pay interest on the Bonds to the Securities Depository, and interest will be distributed to the Bondholders in accordance with the rules and regulations of the Securities Depository.

Payment, Registration, Transfer and Exchange Provisions

The transfer, registration, exchange and payment of the Bonds shall be governed by the Book-Entry System administered by the Securities Depository until the Book-Entry System is terminated pursuant to the terms and conditions of the Indenture. See APPENDIX F for a description of the Book-Entry System. The information about the Book-Entry System in APPENDIX F has been provided by the Securities Depository. If the Book-Entry System is terminated, the Indenture provides alternate provisions for the transfer, registration, exchange and payment of the Bonds.

Redemption

Redemption of Series 2016-A Bonds Prior to Maturity. The Series 2016-A Bonds will be subject to optional or mandatory redemption, as follows:

Optional Redemption. The Series 2016-A Bonds will not be subject to optional redemption prior to maturity.

Scheduled Mandatory Redemption of Term Bonds. The Series 2016-A Bonds maturing in ________ and ____________ (collectively, the “Series 2016-A Term Bonds”) shall be redeemed, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on dates and in principal amounts (after credit as provided below) as follows:

Term Bonds Maturing in ________

Redemption Date (October 1)	**Principal Amount to be Redeemed**
	(maturity)

Term Bonds Maturing in _______

Redemption Date (October 1)	**Principal Amount to be Redeemed**
	(maturity)

Not later than the date on which notice of scheduled mandatory redemption is to be given, the Trustee shall select affected Series 2016-A Term Bonds for redemption by lot; provided, however, that the Board may, by timely notice delivered to the Trustee, direct that any or all of the following amounts be credited against the principal amount of Series 2016-A Term Bonds scheduled for redemption on such date: (i) the principal amount of Series 2016-A Term Bonds of the same maturity delivered by the Board to the Trustee for cancellation and not previously claimed as a credit; (ii) the principal amount of Series 2016-A Term Bonds of the same maturity previously redeemed (other than Series 2016-A Term Bonds of such maturity redeemed pursuant to the scheduled mandatory redemption requirement) and not previously claimed as a credit; and (iii) the principal amount of Series 2016-A Term Bonds of such maturity defeased and not previously claimed as a credit.

Redemption of Series 2016-B Bonds Prior to Maturity. The Series 2016-B Bonds will be subject to optional or mandatory redemption, as follows:

Optional Redemption. The Series 2016-B Bonds maturing after October 1, 2026 shall be subject to redemption prior to maturity, at the option of the Board, as a whole or in part, in Authorized Denominations, on October 1, 2026, or on any date thereafter, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest to the redemption date.

Scheduled Mandatory Redemption of Term Bonds. The Series 2016-B Bonds maturing in ________ and ____________ (collectively, the "Series 2016-B Term Bonds") shall be redeemed, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on dates and in principal amounts (after credit as provided below) as follows:

Term Bonds Maturing in ________

Redemption Date (October 1)	**Principal Amount to be Redeemed**
	(maturity)

Term Bonds Maturing in _______

Redemption Date (October 1)	Principal Amount to be Redeemed
	(maturity)

Not later than the date on which notice of scheduled mandatory redemption is to be given, the Trustee shall select affected Series 2016-B Term Bonds for redemption by lot; provided, however, that the Board may, by timely notice delivered to the Trustee, direct that any or all of the following amounts be credited against the principal amount of Series 2016-B Term Bonds scheduled for redemption on such date: (i) the principal amount of Series 2016-B Term Bonds of the same maturity delivered by the Board to the Trustee for cancellation and not previously claimed as a credit; (ii) the principal amount of Series 2016-B Term Bonds of the same maturity previously redeemed (other than Series 2016-B Term Bonds of such maturity redeemed pursuant to the scheduled mandatory redemption requirement) and not previously claimed as a credit; and (iii) the principal amount of Series 2016-B Term Bonds of such maturity defeased and not previously claimed as a credit.

General Provisions Respecting Redemption

Selection of Bonds to be Redeemed. If less than all Bonds outstanding of the same series are to be redeemed, the principal amount of Bonds of each maturity of such series to be redeemed may be specified by the Board by notice delivered to the Trustee prior to the date when the Trustee must give notice of the redemption to Bondholders (unless a shorter notice is acceptable to the Trustee), or, in the absence of timely receipt by the Trustee of such notice, shall be selected by the Trustee by lot or by such other method as the Trustee shall deem fair and appropriate; provided, however, that the principal amount of Bonds of each series and maturity to be redeemed may not be smaller than the smallest Authorized Denomination.

If less than all Bonds with the same series and maturity are to be redeemed, the particular Bonds of such series and maturity to be redeemed shall be selected by the Trustee from the outstanding Bonds of such series and maturity then eligible for redemption by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Bonds of such series and maturity of a denomination larger than the smallest Authorized Denomination.

Notice of Redemption. Notice of redemption of any Bond shall be given to the affected Bondholder not less than 20 days prior to the redemption date. Such notice shall be given by the Securities Depository to the beneficial owners of the Bonds by such method as shall be specified in the rules and regulations of the Book Entry System.

Contingent Notice of Optional Redemption. A notice of optional redemption may state that the redemption of Bonds is contingent upon specified conditions. If the conditions for such redemption are not met, the Board will not be required to redeem the Bonds (or portions thereof) identified in such notice, and any Bonds surrendered on or prior to the specified redemption date will be returned to the holders of such Bonds and will continue to be outstanding as if not called for redemption.

Payment on Redemption Date. If notice of redemption is given and all conditions to such redemption are met, the Bonds to be redeemed will become due and payable on the redemption date at the applicable redemption price, and from and after such date (unless the Board defaults in the payment of the redemption price), such Bonds will cease to bear interest.

SECURITY AND SOURCE OF PAYMENT

Source of Payment

The Bonds will be limited obligations of the Board payable solely out of and secured by a pledge of the Pledged Revenues, including moneys on deposit in the Bond Fund created under the Indenture, on an equal and proportionate basis and parity of lien with the Outstanding Parity Bonds.

"Pledged Revenues" means the gross revenues derived by the Board from the operation of UAB, including, without limitation,

(a) General Fees (i.e., all gross fees, deposits, charges, receipts and income from students enrolled at UAB whether designated as tuition, instruction fees, tuition surcharges, general fees or activity fees), and

(b) all gross income, revenues and receipts from the ownership, operation or control of facilities constituting a part of the facilities of UAB; provided, however, that the term "Pledged Revenues" will not include any of the following:

(i) any moneys appropriated to or on behalf of the Board by the State ("State Appropriations");

(ii) contributions other than such as are designated by the donor thereof for the payment of debt service referable to all or any of the bonds outstanding under the Indenture;

(iii) any profit or loss on the sale or other disposition, not in the ordinary course of business, of fixed or capital assets;

(iv) condemnation awards and other extraordinary income;

(v) non-recurring items of income;

(vi) any income, gain or profit resulting from any investment if at the time of receipt of such income, gain or profit the application thereof is restricted by the Indenture or other contract of the Board to a use inconsistent with application to the payment of debt service referable to any bonds then outstanding under the Indenture;

(vii) the gross revenues derived by the Board from the operation, management or leasing of Hospital Facilities (as defined below) other than (A) any income, gain or profit resulting from any investment of current operating funds referable to such gross revenues and (B) any income, gain or profit from any investment referable to such gross revenues if at the time of receipt of such income, gain or profit the application thereof is restricted by the existing indenture under which UAB's bonds payable from Hospital Facilities revenues are issued or other contract of the Board to a use inconsistent with application to the payment of debt service referable to bonds then outstanding under such indenture; and

(viii) revenues received by the Board pursuant to grants or contracts for sponsored programs except to the extent that such revenues are allocated, by the terms of such grants or contracts, to indirect costs or to debt service.

"Hospital Facilities" means all buildings, structures and other facilities now or hereafter operated, managed or leased by or to the Board for the benefit of UAB to the extent that they are used as facilities for the provision of hospital-related patient care, as any of such facilities now exist and as they may hereafter exist or be extended or improved; provided, however, that any such facilities now or hereafter operated, managed or leased by or to the Board on behalf of UAB will not cease to be "Hospital Facilities" by reason of the transfer of the operation thereof from UAB to another division of the Board or to the Board directly.

For a description of the debt service requirements with respect to obligations secured by a pledge or assignment of the Pledged Revenues, see "DEBT SERVICE REQUIREMENTS ON BONDS SECURED BY A PLEDGE OF THE PLEDGED REVENUES."

No Obligation of State of Alabama

The Bonds are not obligations or debts of the State, nor are the faith and credit of the State of Alabama pledged therefor, and neither the principal of nor the interest on the Bonds will be paid out of any moneys provided for or appropriated to or on behalf of the Board by the State of Alabama.

Security for Payment

Pursuant to the Indenture the Board has pledged and assigned to the Trustee the Pledged Revenues and money and investments in the funds and accounts established under the Indenture. For a description of such funds and accounts, see "APPENDIX C – SUMMARY OF THE INDENTURE." Such pledge and assignment is for the benefit of all bonds issued under the Indenture.

The pledge of Pledged Revenues contained in the Indenture constitutes the only pledge and agreement with respect to the Pledged Revenues. The Board does not have the right to issue any Additional Bonds with a lien on any portion of the Pledged Revenues ranking prior to the lien imposed by the Indenture for the benefit of the Outstanding Parity Bonds and the Bonds. The pledge contained in the Indenture of Pledged Revenues is for the equal and pro rata benefit and protection of the holders of all bonds issued under the Indenture, but bonds of any series may be secured by security (such as letters or lines of credit, bond insurance or other forms of credit or liquidity enhancement), which additional security need not extend to any other series of bonds (including the Bonds) outstanding under the Indenture.

It should be noted that the pledge of Pledged Revenues made pursuant to the Indenture may be limited by a number of factors, including (i) certain judicial decisions that cast doubt upon the right of the Trustee, in the event of the bankruptcy of the Board, to collect and retain accounts receivable from government programs; (ii) commingling of revenues with other moneys not subject to the pledge created by the Indenture; (iii) statutory liens; (iv) rights arising in favor of the United States of America or any agency thereof; (v) constructive trusts or equitable or other rights impressed or conferred by a court in the exercise of its equitable jurisdictions; and (vi) federal bankruptcy laws which may affect the enforceability of the pledge of Pledged Revenues that are earned within 90 days preceding, and after any effectual institution of, bankruptcy proceedings by or against the Board.

Maintenance of Pledged Revenues

In the Indenture, the Board will agree that, so long as the principal of or the interest on any of the Bonds remains unpaid or until payment thereof shall have been provided for, the Board will during each Fiscal Year levy and collect General Fees against students enrolled at UAB in such amounts as will, when added to gross income from other sources constituting Pledged Revenues, produce Pledged Revenues during such Fiscal Year not less than 200% of the Annual Debt Service Requirement referable to such Fiscal Year.

Additional Bonds and Other Indebtedness

The Indenture authorizes the issuance of Additional Bonds under the Indenture secured on a parity with the Outstanding Parity Bonds and the Bonds, subject to the terms and conditions specified in the Indenture. See "APPENDIX C – SUMMARY OF THE INDENTURE—Additional Bonds."

The Board, acting through UAB, has other miscellaneous indebtedness that is payable out of the Pledged Revenues, but such indebtedness is not secured by a pledge or assignment of the Pledged Revenues.

Remedies

The Board is exempt from all suits under the doctrine of sovereign immunity, but agents and employees of the Board may, by mandamus, be compelled to apply the Pledged Revenues to the payment of the Bonds in accordance with the terms of the Indenture. An action for mandamus and the rights of the holders of the Bonds and the enforceability thereof and of the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and general principles of equity, including the exercise of judicial discretion in appropriate cases.

The United States Bankruptcy Code

Provisions of the United States Bankruptcy Code permit political subdivisions of a state and certain state and local public agencies or instrumentalities that are insolvent or unable to meet their debts to file petitions for relief in the Federal Bankruptcy Court if authorized by state law. While there is no legislation currently in effect in Alabama authorizing the Board to file such petitions for relief, there is no assurance that legislation authorizing the Board to file a petition for relief under the Bankruptcy Code will not be enacted in the future.

Bankruptcy proceedings by the Board could have adverse effects on holders of the Bonds, including (a) delay in the enforcement of their remedies; (b) subordination of their claims or charges on the aforesaid pledged revenues to claims of those supplying goods and services to the Board after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings; (c) subordination of liens; (d) avoidance of liens or preferential transfers; (e) the issuance, with the approval of the Court, of certificates of indebtedness having priority over pre-existing obligations; and (f) imposition without their consent of a reorganization plan reducing or delaying or extinguishing payment on the Bonds. The Bankruptcy Code contains provisions intended to insure that, in any reorganization plan not accepted by the holders of at least a majority in aggregate principal amount of the Bonds, the holders of the Bonds will have the benefit of their original claim or charge on the aforesaid pledged revenues or the "indubitable equivalent." The effect of these and other provisions of the Bankruptcy Code cannot be predicted with any certainty and may be significantly affected by judicial interpretation.

THE PLAN OF FINANCING

The proceeds of the Bonds will be used to (i) finance a portion of the cost of certain capital improvements to the UAB campus of the Board (the "Series 2016 Capital Improvements"), (ii) pay capitalized interest on a portion of the Bonds, and (iii) pay the costs of issuance of the Bonds.

The Series 2016 Capital Improvements include the following:

Project Description	Total Estimated Cost
Classroom and Faculty Office Building for Collat School of Business Construction of new facility for classroom, office, administrative and auditorium space for the School of Business.	$37,500,000
Addition and Renovation to School of Nursing Building Construction of new space and renovation of existing space in the School of Nursing Building.	32,000,000
New College of Arts and Sciences Building Construction of a new, modernized Arts and Sciences Building, including lecture halls, lab space, office and administrative space.	35,000,000
UAB Football Operations Building and Covered Practice Field Construction of new football operations center and a regulation size artificial turf covered practice field.	22,500,000
New Police Headquarters Construction of a new UAB Police Headquarters Building.	10,500,000
Property Acquisition and Parking Expansion Acquisition of properties located on campus for future development under the campus master plan and for necessary infrastructure improvements.	6,700,000
Expansion of Central Utility Systems (Phase I and II) Installation of new underground piping for expansion of the Central Utility Systems to the western and southwest academic campus.	12,000,000
Remote Parking Construction of a new surface parking lot on the perimeter of campus, including site lighting, perimeter fencing and gates, bus shelters, help phones and security cameras.	7,600,000
McCallum Block Infrastructure Modernization of the McCallum Basic Health Sciences Education and Research building to meet current research standards.	10,000,000
Center for Nuclear Imaging Research Renovation Renovation of the former CNIR building to house facilities for the ROTC program.	3,000,000
Street Safety and Beautification Installation of certain improvements on the campus for safety and beautification purposes.	2,000,000
Intramural Fields Construction of intramural fields, including lighting, perimeter fencing and gates	3,000,000
Total	$181,800,000

UAB expects to fund the total cost of the Series 2016 Capital Improvements with Bond proceeds and an equity contribution of approximately $55,200,000 from UAB revenues and cash reserves.

The Indenture will permit the Board to add or delete projects included in the Series 2016 Capital Improvements or otherwise change the description of Series 2016 Capital Improvements included in the Indenture, provided that the Board adopts a resolution approving such changes and also delivers the opinions and certifications required by the Indenture.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds for the plan of financing are as follows:

Table 1.
Sources and Uses of Funds

Sources of Funds	
Principal of Series 2016-A Bonds	$22,810,000*
Principal of Series 2016-B Bonds	$93,730,000*
Total Sources	
Uses of Funds	
Total Underwriters' Discount (1)	
Costs of Issuance	
Deposit to Project Construction Fund (2)	
Total Uses	

Note (1): See "UNDERWRITERS".

Note (2): Investment earnings on this Fund will be available for payment of costs of the Series 2016 Capital Improvements.

*Preliminary; subject to change.

DEBT STRUCTURE OF UAB

Outstanding Long-Term Debt Payable from Pledged Revenues

After giving effect to the issuance of the Bonds, the Board will have the following long-term debt outstanding that is payable from and secured by a pledge of the Pledged Revenues:

Table 2.
Total Parity Debt

	Principal Balance Outstanding	Final Maturity
Fixed Rate Bonds		
Series 2016-A Bonds [1]	$22,810,000*	2026
Series 2016-B Bonds [1]	93,730,000*	2043
Series 2015-A Bonds	29,595,000	2027
Series 2013-D2 Bonds	78,325,000	2043
Series 2013-D1 Bonds	16,010,000	2023
Series 2013-C (Taxable) Bonds	1,525,000	2019
Series 2013-B Bond [2]	36,485,000	2029
Series 2013-A2 Bonds	72,595,000	2043
Series 2013-A1 Bond [2]	12,925,000	2020
Series 2010-C Bonds	15,730,000	2027
Series 2010-B Bonds	48,100,000	2040
Series 2010-A Bonds	48,060,000	2040
Series 2005A Bonds	12,665,000	2020
Total Parity Debt [3]	$488,555,000	

*Preliminary; subject to change.

Note (1): These are the Bonds offered pursuant to this Official Statement.

Note (2): This series of bonds was issued as a single bond to evidence and secure a direct loan made to the Board by a financial institution.

Note (3): Except for the Series 2016-A Bonds and the Series 2016-B Bonds, which are being offered pursuant to this Official Statement, all other bonds in this table comprise the "Outstanding Parity Bonds".

Outstanding Long-Term Debt Payable from Pledged Revenues on a Subordinated Basis

The Board has incurred various long-term debts (including notes, capitalized leases and installment payment agreements) that are payable from the Pledged Revenues on a subordinate basis with respect to bonds issued under the Indenture.

Outstanding Short-Term Debt Payable from Pledged Revenues on a Subordinated Basis

The Board is authorized to establish and draw upon a line or lines of credit on behalf of the three universities governed by the Board. Such line or lines of credit will be collateralized by The University of Alabama System Intermediate Fund, which could include Pledged Revenues. To the extent that such collateral includes Pledged Revenues, the lien on such Pledged Revenues is expressly subordinate to the pledge of Pledged Revenues as security for all bonds issued under the Indenture. The intent for drawing on these lines of credit is for daily cash management purposes, which will be for short-term periods only.

Additional Debt Payable From Pledged Revenues

The Board plans to incur additional debt payable from the Pledged Revenues from time to time for the purpose of financing various campus improvements. The times, amounts, and purposes for such issuance are not yet determined. Such debt may be issued or incurred as Additional Bonds under the Indenture. See APPENDIX C – "Additional Bonds."

Other System Debt

The Board has incurred, and will continue to incur, debt payable solely from revenues of its two other operating divisions at the Huntsville campus and the Tuscaloosa campus. This debt will have no claim on the Pledged Revenues or any other revenues from the operation of UAB.

Interest Rate Swaps

UAB currently has no interest rate swap agreements and no plans to enter into any interest rate swap agreements.

Debt Service Requirements on Parity Bonds

The following table sets forth debt service requirements, including interest, on all bonds of the Board that will be secured by a pledge of the Pledged Revenues after the Bonds are issued.

Table 3.
Debt Service on Parity Bonds

Bond Year Ending October 1	**Outstanding Parity Bonds** [1]	**Series 2016 Bonds** [2]	**Bonds Year Total**
2017	$ 35,094,361	$ 4,062,068	$ 39,156,429
2018	32,843,395	4,842,200	37,685,595
2019	32,835,406	4,842,200	37,677,606
2020	32,308,084	7,752,200	40,060,284
2021	28,781,470	7,754,900	36,536,370
2022	28,766,821	7,754,900	36,521,721
2023	27,724,936	7,755,100	35,480,036
2024	26,516,393	7,755,300	34,271,693
2025	25,375,987	7,755,300	33,131,287
2026	25,090,478	7,754,900	32,845,378
2027	23,549,496	7,753,900	31,303,396
2028	21,314,813	7,754,150	29,068,963
2029	21,314,039	7,754,900	29,068,939
2030	19,012,348	7,755,650	26,767,998
2031	17,020,478	7,750,900	24,771,378
2032	17,015,515	7,755,400	24,770,915
2033	17,010,053	7,751,600	24,761,653
2034	15,568,734	7,755,200	23,323,934
2035	15,565,834	7,755,600	23,321,434
2036	12,956,953	7,752,600	20,709,553
2037	12,954,484	7,751,000	20,705,484
2038	12,952,531	7,750,400	20,702,931
2039	12,952,980	7,750,400	20,703,380
2040	12,953,660	7,750,600	20,704,260
2041	7,693,825	7,750,600	15,444,425
2042	7,693,550	7,755,000	15,448,550
2043	7,690,775	7,753,200	15,443,975
Total	**$550,557,394**	**$199,830,168**	**$750,387,562**

Note: Amounts may not add due to rounding.

Note (1) Includes all Outstanding Parity Bonds. See "DEBT STRUCTURE OF UAB - Outstanding Long-Term Debt Payable from Pledged Revenues" for a description of the Outstanding Parity Bonds. The Series 2010-B Bonds are "Build America Bonds" and should receive an interest subsidy from the U.S. Treasury; for purposes of this table, interest is calculated without giving effect to the interest subsidy.

Note (2): These are the Bonds offered pursuant to this Official Statement. The principal amount is preliminary and subject to change. For purposes of this Preliminary Official Statement, interest on the Bonds is estimated based on current market conditions.

PLEDGED REVENUES AND DEBT SERVICE COVERAGE

The following table sets forth those revenues of UAB for the past five Fiscal Years through September 30, 2016, that would constitute Pledged Revenues, as defined:

Table 4.
Pledged Revenues
(dollars in 000's)*

	2012	2013	2014	2015	2016[3]
Tuition and Fees [1]	$175,184	$193,959	$213,508	$226,081	$241,529
Indirect Cost Recovery	80,902	76,305	75,034	77,113	80,832
Sales & Service of Educational Activities	55,906	58,134	59,147	60,916	68,416
Auxiliary Sales & Services	21,282	23,792	31,380	32,830	36,210
Endowment and Investment Income [2]	27,097	29,809	33,293	34,558	36,501
Other Sources	39,443	35,458	50,608	54,610	60,046
Total Pledged Revenues	$399,814	$417,457	$462,970	$486,108	$523,534

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* Sums may not equal totals due to rounding.

Note (1): Includes instructional fees, tuition, surcharges, general fees and all other student fees. This amount is prior to scholarship and financial aid. The audited financial statements in APPENDIX B include net tuition and fees after deducting scholarships and financial aid. For fiscal years 2013-2015, net tuition and fees were $146,183,606, $161,170,368, and $169,249,316, respectively.

Note (2): Excludes unrealized gains and losses at each fiscal year end.

Note (3): The revenue amounts for the Fiscal Year ended September 30, 2016 have been prepared by UAB management and are preliminary unaudited results.

The amounts shown in the preceding table for the years 2014 and 2015 are reflected in UAB's financial statements (APPENDIX B). Specifically excluded from Pledged Revenues are State Appropriations and gross revenues derived by the Board from the operation, management or leasing of the Hospital Facilities, which aggregated $265 million and $1,728 million, respectively, for the Fiscal Year ended September 30, 2015 and $267 million and $1,800 million, respectively, for the Fiscal Year ended September 30, 2016.

The following table shows Pledged Revenues for the past two fiscal years and coverage of both historical and estimated pro forma debt service requirements. The Pledged Revenues set forth in this table for Fiscal Years 2014 and 2015 represent gross receipts before payment of operating expenses of UAB. Substantially all the annual receipts from Pledged Revenues in excess of debt service requirements are used each year for operating expenses of UAB.

Table 5.
Debt Service Coverage Ratios

	Fiscal Year Ended September 30	
	2014	**2015**
Pledged Revenues Received [(1)]	$462,970,457	$486,107,747
Historical Maximum Annual Debt Service [(2)]	$35,766,359	$35,766,359
Coverage of Historical Maximum Annual Debt Service	12.94x	13.59x
Pro Forma Maximum Annual Debt Service [(3)]	$40,064,284	$40,064,284
Coverage of Pro Forma Maximum Annual Debt Service	11.56x	12.13x

Note (1): Pledged Revenue above does not include user fees that UAB Hospital will pay to support approximately one-half the debt service allocated to the Chiller Plant Addition and one-third the debt service allocated to the Administrative Systems Upgrade, which are among the projects originally funded with the Series 2001 Bonds that were subsequently refinanced with the Series 2010C Bonds.

Note (2): For Fiscal Year 2014 and Fiscal Year 2015, Historical Maximum Annual Debt Service occurred in the Bond Year ended October 1, 2015 and includes debt service on the Series 2005A Bonds, the Series 2005B Bonds, the Series 2010-A Bonds, the Series 2010-B Bonds, the Series 2010-C Bonds, the Series 2013A-1 Loan, the Series 2013A-2 Bonds, the Series 2013-B Loan, the Series 2013-C Bonds, the Series 2013-D1 Bonds, the Series 2013-D2 Bonds, and the Series 2015-A Bonds. Historical Maximum Annual Debt Service does not include Build America Bond Interest subsidy payments on the Series 2010-B Bonds.

Note (3): Pro Forma Maximum Annual Debt Service includes debt service on the Series 2005A Bonds, the Series 2010-A Bonds, the Series 2010-B Bonds, the Series 2010-C Bonds, the Series 2013-A1 Loan, the Series 2013-A2 Bonds, the Series 2013-B Loan, the Series 2013-C Bonds, the Series 2013-D1 Bonds, the Series 2013-D2 Bonds, the Series 2015-A Bonds, and the Series 2016 Bonds. Pro Forma Maximum Annual Debt Service does not include Build America Bond interest subsidy payments on the Series 2010-B Bonds.

RISK FACTORS

Limited Source of Payment

The Bonds will be limited obligations of the Board, payable solely from, and secured by a pledge of, the Pledged Revenues. See "SECURITY AND SOURCE OF PAYMENT".

The Bonds will not be debts or obligations of the State of Alabama, and debt service on the Bonds will not be payable out of any money provided or appropriated to the Board by the State of Alabama. Holders of the Bonds shall never have the right to demand payment of the Bonds from the Board from any source other than the special funds established under the Indenture and the Pledged Revenues and shall be entitled to payment from such sources only on a parity basis with all other bonds outstanding under the Indenture.

Except for amounts deposited to the Capitalized Interest Account of the Bond Fund, the undispersed net proceeds of the Bonds will not be pledged to secure payment of the Bonds.

Limitation on Remedies Upon Default

The Indenture does not constitute a mortgage on or security interest in any properties of the Board, and no foreclosure or sale proceedings with respect to any property of the Board may occur.

The Board is exempt from all suits under the doctrine of sovereign immunity, but agents and employees of the Board may, by mandamus, be compelled to apply the Pledged Revenues to the payment of the Bonds in accordance with the terms of the Indenture.

An action for mandamus and the rights of the holders of the Bonds and the enforceability thereof and of the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and general principles of equity, including the exercise of judicial discretion in appropriate cases.

State Proration

The State of Alabama appropriates money each year to UAB for operating costs and non-operating cash requirements, including capital expenditures. Because the State is mandated by its constitution to operate with a balanced budget, the State occasionally has reduced its appropriations, through a process known as "proration", when its annual revenues are not expected to meet budgeted appropriations. It is expected that proration will be implemented from time to time in the future, and when proration does occur, UAB will be required to implement various cost-saving measures in order to balance its own budget. Although proration may impact UAB's budget, the Bonds are not payable from State appropriations. See information in APPENDIX A under the caption "State Appropriations to UAB."

General Factors Affecting the Pledged Revenues

No representation can be made and no assurance can be given that receipts from the Pledged Revenues will be sufficient to make the required payment of debt service on the Bonds and pay necessary operating expenses. Such receipts are subject to a variety of factors that could adversely affect debt service coverage on the Bonds, including general economic conditions, population in UAB's basic service area, the demand for higher education, and legislative and administrative requirements on UAB's operations.

Qualification of Legal Opinions

The various legal opinions to be delivered concurrently with delivery of the Bonds (1) will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally and (2) will express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

Tax-Exempt Status of the Bonds

It is expected that the Bonds will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance. See "TAX STATUS". Bond counsel is delivering an opinion with respect to certain aspects of the tax status of the Bonds. The opinion for the Bonds is attached to this Official Statement as APPENDIX D, and should be read in its entirety for a complete understanding of the scope of the opinion and the conclusions expressed. A legal opinion is only the expression of professional judgment and does not constitute a guaranty with respect to the matters covered. In addition, the opinion of bond counsel speaks only as of its date, and bond counsel does not undertake to advise bondholders about subsequent developments.

The tax status of the Bonds could be affected by post-issuance events. There are various requirements of the Internal Revenue Code that must be observed or satisfied after the issuance of the Bonds in order for the Bonds to qualify for, and retain, tax-exempt status. These requirements include use of the proceeds of the Bonds, use of the facilities financed or refinanced by the Bonds, investment of bond proceeds, and the rebate of so-called excess arbitrage earnings. Compliance with these requirements is the responsibility of the Board.

The Internal Revenue Service conducts an audit program to examine compliance with the requirements regarding tax-exempt status. If the Bonds become the subject of an audit, under current IRS procedures, the Board would be treated as the taxpayer in the initial stages of an audit, and the owners of the Bonds would have limited rights to participate in the audit process. The initiation of an audit with respect to the Bonds could adversely affect the market value and liquidity of the Bonds, even though no final determination about the tax-exempt status would have been made. If an audit were to result in a final determination that the Bonds do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Bonds.

In addition to post-issuance compliance, a change in law after the date of issuance of the Bonds could affect the tax-exempt status of the Bonds or the economic benefit of investing in the Bonds. For example, Congress could eliminate the exemption for interest on the Bonds, or it could reduce or eliminate the federal income tax, or it could adopt a so-called flat tax. See "RISK FACTORS – Future Legislation Could Affect Tax-Exempt Bonds" below.

The Indenture does not provide for mandatory redemption of the Bonds or payment of any additional interest or penalty if a determination is made that the Bonds do not comply with the existing requirements of the Internal Revenue Code or if a subsequent change in law adversely affects tax-exempt status of the Bonds or the effect of investing in the Bonds.

Future Legislation Could Affect Tax-Exempt Bonds

The federal government is considering various proposals to reduce federal budget deficits and the amount of federal debt, including proposals that would eliminate or reduce indirect expenditures made through various deductions and exemptions currently allowed by the income tax laws.

The exemption for interest on tax-exempt bonds is one of the indirect expenditures that could be affected by a deficit reduction initiative. Some deficit-reduction proposals would completely eliminate the exemption for interest on tax-exempt bonds. Other proposals would place an aggregate cap on the total amount of exemptions and deductions that may be claimed by a taxpayer, or a cap on the exemption for interest on tax-exempt bonds. Changes in the rate of the federal income tax, including so-called "flat tax" proposals, could also reduce the value of the exemption.

Changes affecting the exemption for interest on tax-exempt bonds, if enacted, could apply to tax-exempt bonds already outstanding, including the Bonds offered pursuant to this Official Statement, as well as bonds issued after the effective date of such legislation. It is not possible to predict whether Congress will adopt legislation affecting the exemption for tax-exempt bonds, what the provisions of such legislation may be, whether any such legislation will be retroactive in effect, or what effect any such legislation may have on investors in the Bonds. Investors should consult their own tax advisers about the prospects and possible effect of future legislation that could affect the exemption for interest on tax-exempt bonds.

RATINGS

Moody's Investors Service ("Moody's") has assigned a rating of Aa2 (stable outlook) to the Bonds, based on its assessment of the Board's ability to make payments on the Bonds from the sources described herein, without regard to credit enhancement. The rating by Moody's reflects only the view of such rating agency at the time such rating is given, and the Board makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that the rating may not be suspended, lowered or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market of the Bonds. Any explanation of the significance of the rating may be obtained from Moody's.

The Board has applied for a rating from Standard & Poor's Credit Markets Service ("S&P"), however, the Board has been informed by S&P that a rating on the Bonds will not be available until S&P resolves errors in its Higher Education Credit Scoring Model. S&P has published a notice concerning errors in its scoring model, which is available at:

http://www.standardandpoors.com/en_US/delegate/getPDF?articleId=1746583&type=COMMENTS&subType=REGULATORY

The Board does not intend to withdraw its application for a rating on the Bonds from S&P. Such rating may be delivered after the sale of the Bonds or after the issuance of the Bonds.

S&P has rated other outstanding general revenue bonds issued by the Board for the benefit of UAB. As of the date of this Official Statement, the existing rating on such other general revenue bonds has not been withdrawn or changed.

TAX STATUS

Under existing law, the tax status of the Bonds will include the following characteristics:

Federal Tax-Exempt Status. Interest on the Bonds will be excluded from gross income for federal income tax purposes if the Board complies with all requirements of the Internal Revenue Code of 1986 (the "Internal Revenue Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be and remain excluded from gross income. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income, retroactive to the date of issuance of the Bonds. The Board has covenanted to comply with all such requirements.

Federal Tax Preference Treatment. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations.

State Tax-Exempt Status. Interest on the Bonds will be exempt from State of Alabama income taxation.

Original Issue Discount. The original issue discount in the selling price of a Bond, to the extent properly allocable to each owner of such Bond, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Bonds of such maturity were sold.

Under Section 1288 of the Internal Revenue Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a tax-exempt bond during any accrual period generally equals (i) the issue price of such bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable on such bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such bond. Purchasers of any Bond at an original issue discount should consult their tax advisers regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Bond.

Premium. An amount equal to the excess of the purchase price of a tax-exempt bond over its stated redemption price at maturity constitutes premium on such bond. A purchaser of a tax-exempt bond must amortize any premium over such bond's term using constant yield principles, based on the bond's yield to maturity. As premium is amortized, the purchaser's basis in such bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bond at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Bond.

See "RISK FACTORS—Tax-Exempt Status of Bonds" for a discussion of certain risk factors relating to investment in the Bonds.

NO OBLIGATION OF STATE OF ALABAMA FOR PAYMENT OF BONDS

The Bonds are special obligations of the Board payable solely out of, and secured by a pledge of, the Pledged Revenues. Neither the principal of nor the interest on the Bonds nor the aforesaid pledge or any other agreement contained in the Indenture shall constitute an obligation (whether direct, indirect or contingent) of any nature whatsoever of the State of Alabama, and neither the Bonds nor any obligation arising from said pledge or agreements shall be payable out of any moneys appropriated to the Board or to UAB by the State of Alabama.

LEGAL MATTERS

The legality and validity of the Bonds will be approved by Balch & Bingham LLP, Birmingham, Alabama, bond counsel. Bond counsel will render an opinion with respect to each series of Bonds in substantially the form attached as APPENDIX D. The opinion of bond counsel should be read in its entirety for a complete understanding of the scope of the opinion and the conclusions expressed. Delivery of the Bonds is contingent upon the delivery of the opinion of bond counsel. R. Cooper Shattuck, General Counsel of the University of Alabama System, has served as counsel to the Board in connection with the issuance of the Bonds.

Bond counsel is of the opinion that the information under the headings "THE BONDS", "SECURITY AND SOURCE OF PAYMENT", "TAX STATUS" and "APPENDIX C" fairly summarizes the matters therein referred to. Although bond counsel has not undertaken to determine independently, and does not assume any responsibility for, or the accuracy or completeness of, the other information in this Official Statement, bond counsel has participated in preparation of the Official Statement, including review and discussion of the contents thereof, and is also of the opinion that nothing has come to bond counsel's attention that has caused bond counsel to believe that the information contained in the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (it being understood that bond counsel has not been asked to express, and will not express, any opinion with respect to statistical data, operating statistics, financial statements, and other financial data in the Official Statement).

UNDERWRITERS

The Bonds are being sold through a competitive sale process. See "INTRODUCTION—Bid Process". If the successful bidder for any series of Bonds is a broker dealer who expects to reoffer the Bonds to the public, the final Official Statement will include information about that bidder's role in distribution of the Bonds.

CONTINUING DISCLOSURE

Board Undertaking

The Board will enter into a continuing disclosure agreement (the "Continuing Disclosure Agreement") pursuant to the requirements of Rule 15c2-12 ("Rule 15c2-12") adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended. The Continuing Disclosure Agreement will be entered into by the Board for the benefit of the beneficial owners of the Bonds and will obligate the Board to provide certain information annually and to file notice of the occurrence of certain events. The Continuing Disclosure Agreement will be substantially in the form described in APPENDIX E.

A failure by the Board to comply with the Continuing Disclosure Agreement will not constitute an event of default under the Indenture. Beneficial owners of the Bonds are limited to the remedies described in the Continuing Disclosure Agreement. A failure by the Board to comply with the Continuing Disclosure Agreement must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Compliance with Prior Undertakings

The Board has reviewed its past continuing disclosure efforts. The Board discovered some deficiencies in disclosure for various of its divisions, which it reported in an event notice filed with EMMA on November 26, 2014, under the following base CUSIP numbers: 914025, 914026, 914031 and 91402J. In addition, the Board's annual financial information for the fiscal year 2015 was not filed on or before the date required in the Board's continuing disclosure agreements. An event notice describing that deficiency was filed with EMMA on June 29, 2016 under the base CUSIP numbers 914745 and 914026. Such event notices are available at www.emma.msrb.org. Except as described above, and without expressing any view as to the materiality of such events, the Board has not failed to comply with its continuing disclosure undertakings.

The Board has implemented remedial steps to ensure material compliance with its obligations under each continuing disclosure agreement applicable to its outstanding bonds in future years. As part of its remedial plan the Board has contracted with a consultant to assist the Board in complying with its Rule 15c2-12 requirements.

The Board has four separate operating divisions, one of which is UAB. The Board issues revenue bonds for the benefit of each operating division; however, the borrowing for each operating division is based solely on the credit of that operating division, and the debt incurred for that operating division is payable solely out of revenues from that operating division. The Board wishes to clarify that for purposes of the Rule and the continuing disclosure undertaking by UAB in connection with the issuance of these Bonds, the "obligated person" for continuing disclosure will be UAB, not any other operating division of the Board. The Board has not attempted in this Official Statement to describe continuing disclosure compliance for any of its operating divisions other than UAB.

FINANCIAL ADVISOR

UAB has engaged Protective Securities, a Division of ProEquities, Inc., Birmingham, Alabama, to serve as its Financial Advisor in regard to issuing the Bonds.

APPENDICES

THE APPENDICES TO THIS OFFICIAL STATEMENT CONTAIN INFORMATION CONCERNING THE BOARD AND THE BONDS. SUCH APPENDICES ARE AN INTEGRAL PART OF THIS OFFICIAL STATEMENT AND SHOULD BE READ IN THEIR ENTIRETY.

INDEPENDENT ACCOUNTANTS

The financial statements as of September 30, 2015, and for the year then ended, included in this Official Statement as APPENDIX B, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing herein.

LITIGATION

The Board

There is not now pending or, to the knowledge of the Board, threatened any litigation or other proceeding restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued. Neither the creation, organization or existence of the Board nor the title of any of the present members or other officers of the Board to their respective offices is being contested. There is no litigation or other proceeding pending or, to its knowledge, threatened which in any manner questions the right of the Board to enter into the Indenture or to secure the Bonds in accordance with the Indenture.

UAB

UAB has advised that no litigation or other proceeding is pending, or to its knowledge, threatened against it except for litigation (a) in which the probable recoveries and the estimated costs and expenses of defense will be entirely within the applicable insurance policy limits (subject to applicable deductibles) or are not in excess of the total of the reserves held under the applicable self-insurance or shared-risk program or (b) in which an adverse determination would not have a material adverse effect on the operations or the financial condition of UAB.

CERTIFICATE

This Official Statement has been approved and deemed "final" by the Board within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, to the best of its knowledge and belief.

APPENDIX A

The University of Alabama at Birmingham

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THE UNIVERSITY OF ALABAMA AT BIRMINGHAM

General

The University of Alabama at Birmingham ("UAB" or the "University") is a comprehensive public university located in downtown Birmingham, which is Alabama's largest city. It is one of three campuses in the University of Alabama System (the "University System"), together with the University of Alabama, established in Tuscaloosa in 1831, and the University of Alabama in Huntsville, created in 1966. UAB was established as a separate campus of the University System, also in 1966.

UAB is well on its way to achieving its vision of being one of the most dynamic and productive comprehensive universities—and the preferred academic medical center—of the 21st century. UAB's faculty has garnered international recognition for excellence in education, health care and research. Its educational programs provide a high-quality, diverse curriculum in an intensely collaborative setting to undergraduate and graduate students. A premier academic medical center, UAB delivers world-class clinical care to its patients. In addition, UAB provides a variety of services and programs to meet the needs of the professional and business communities of Birmingham.

Non-health programs originated in Birmingham in 1936 when an extension center of the Tuscaloosa campus began operations. After UAB was formally established in 1966, non-health programs granted their first degrees in 1969. The Academic Medical Center was established at UAB in 1945 when the School of Medicine moved to Birmingham from Tuscaloosa and became a four-year school. UAB's Academic Medical Center, which consists of the Schools of Medicine, Dentistry, Optometry, Nursing, Health Professions and Public Health, as well as the facilities described herein constituting the "University Hospital," is particularly well known for having one of the world's best programs in cardiovascular diseases and organ transplantation. UAB ranks 10th among all public universities in funding from the National Institutes of Health ("NIH"), with $243 million in FY15. The UAB School of Dentistry is ranked first among all dental schools nationally in NIH funding, with more than $13 million in FY15.

UAB is an established leader in research aimed at finding ways to prevent and treat cancer, arthritis and AIDS. The Comprehensive Cancer Center has been cited as among the nation's best in terms of basic research and education and is the only National Cancer Institute-designated comprehensive cancer center in Alabama and a six-state region. UAB was selected as one of the original seven Centers for AIDS Research in the country.

UAB is among only 62 universities nationally (public and private) and the only university in Alabama to be recognized by the Carnegie Foundation in both the highest tier for research activity and the community engagement classification. UAB's research and development expenditures increased from $430 million in FY14 to $510 million in FY15.

As a globally respected academic medical center, UAB excels at translating research into leading-edge patient care. UAB Hospital, the largest in Alabama and third-largest public hospital in the nation, with more than 1 million patient visits annually, is home to the state's only level 1 adult trauma center. The UAB Comprehensive Transplant Institute's ongoing live-donor kidney transplant chain is the longest ever conducted at any site in the world (65 transplants to date).

UAB offers innovative academic programs that equip students for the demands of today's global "knowledge economy," including, 51 baccalaureate programs, 52 master's programs, 37 doctoral programs, three first-professional and two certificate programs. These programs are offered through the College of Arts & Sciences and the 10 schools of Business, Dentistry, Education, Engineering, Health Professions, Joint Health Sciences, Medicine, Nursing, Optometry, and Public Health.

UAB provides undergraduates the types of leading-edge, closely mentored research opportunities found primarily in graduate programs at other universities. In the past two years, the University has significantly expanded its novel undergraduate program in the neurosciences and started new majors in public health and biomedical sciences, and is developing majors in cancer biology, informatics and immunology. The acclaimed UAB Honors College also offers advanced research and scholarship experiences to more than 1,250 high-ability undergraduates through such offerings as the Science and Technology Honors Program.

Post-baccalaureate degree programs are coordinated through the UAB Graduate School and continue garnering national recognition. In the 2016 issue of *U.S. News & World Report*, “Best Graduate Schools,” UAB has 10 programs in the top 25, including a master’s in health administration that ranks 2nd in the nation.

UAB continues to attract the best and brightest students from Alabama, the nation and more than 83 foreign countries. In fall 2015, the University enrolled its highest performing freshmen class ever, with an average ACT of 25 (placing them in the top 21 percent nationally) and average high school GPA of 3.66.

The UAB campus comprises more than 100 city blocks within close proximity of downtown Birmingham and has faculty, staff and support personnel totaling more than 23,000, remaining the largest single-site employer in the state, with an annual economic impact exceeding $5 billion.

Accreditation and Memberships

UAB is accredited by the Southern Association of Colleges and Schools. Many individual programs are accredited by their respective accrediting associations.

The Board of Trustees

The current officers and members of the Board are:

Table 1.
Current Officers and Members of the Board

Name	Term Expires
Governor Robert Bentley, President	*ex officio*
Karen Phifer Brooks, President Pro Tempore Vice President/Treasurer, Phifer Incorporated	2021
Dr. Philip Cleveland, Ed.D. Interim State Superintendent of Education	*ex officio*
Judge John H. England, Jr. Circuit Court Judge, Tuscaloosa County Courthouse	2017
Joseph C. Espy III Attorney at Law, Melton, Espy & Williams, P.C.	2019
Ronald W. Gray Retired Founder & President, Thompson Gray, Inc.	2021
Barbara Humphrey Founder and Head Coach, Speed City Summer Track Club	2019
John D. Johns Chairman, President and CEO, Protective Life Corporation	2016
Vanessa Leonard Attorney at Law	2018
W. Davis Malone, III Chairman and CEO, MidSouth Bancorporation	2016
Harris V. Morrissette President, China Doll/Dixie Lily Foods	2021
Scott M. Phelps Vice President and Secretary, Greene Group, Inc.	2021

Finis E. St. John IV Attorney at Law, St. John & St. John, LLC	2020
William "Britt" Sexton CEO, Sexton, Inc.	2017
Marietta M. Urquhart Commercial Associate, White-Spunner Realty, Inc.	2019
Kenneth L. Vandervoort, M.D. Partner, Anniston Orthopaedic Associates, P.A.	2018
James W. Wilson III Chairman and CEO, Jim Wilson & Associates, LLC	2021

In addition, the Board of Trustees has designated the following as Trustees Emeriti:

Table 2.
Trustees Emeriti

- Frank H. Bromberg, Jr.
- Paul W. Bryant, Jr.
- Angus R. Cooper II
- Oliver H. Delchamps, Jr.
- Jack Edwards
- Joseph L. Fine
- Sandral Hullett, M.D.
- Andria Hurst
- Peter L. Lowe
- John J. McMahon, Jr.
- John T. Oliver, Jr.
- Joe H. Ritch
- Yetta G. Samford, Jr.
- Cleophus Thomas, Jr.
- John Russell Thomas

Chancellor of the University System

C. Ray Hayes was named Chancellor of The University of Alabama System effective September 1, 2016. The Chancellor is the chief executive officer of the University System, reporting directly to the Board. Dana S. Keith, Ph.D., CPA is the Vice Chancellor for Finance and Administration for the University System. Matt Calderone serves as Deputy Secretary of the UA Board. R. Cooper Shattuck is General Counsel for the University System.

Administrative Officers

The administrative direction of UAB has been delegated by the Board to UAB's President and administrative officers. UAB's administrative officers are appointed by the President subject to the approval of the Board.

The current administrative officers of UAB are set forth below. Brief biographical sketches follow.

Table 3.
Current Administrative Officers

Ray L. Watts, M.D.	President
G. Allen Bolton, Jr.	Vice President for Financial Affairs and Administration
William Ferniany, Ph.D.	Chief Executive Officer, UAB Health System
Linda Lucas, Ph.D.	Provost
Selwyn M. Vickers, M.D.	Senior Vice President and Dean, School of Medicine
John R. Jones, III, Ph.D.	Vice President for Student Affairs
Tom Brannan	Interim Vice President for Development and Alumni
Anne L. Buckley, APR	Chief Communications Officer
Curtis A. Carver, Jr, Ph.D.	Vice President for Information Technology
Paulette Patterson Dilworth, Ph.D.	Vice President for Diversity, Equity and Inclusion
Richard B. Marchase, Ph.D.	Vice President for Research, Economic Development

Ray L. Watts, M.D., President. Dr. Ray L. Watts, M.D., was named President on February 8, 2013. Previously Dr. Watts had served as UAB's Senior Vice President and Dean of the School of Medicine beginning September 20, 2010. An internationally renowned leader in Parkinson's disease research and care, he also previously served as the John N. Whitaker Professor and Chairman of the Department of Neurology and president of the UA Health Services Foundation. Dr. Watts received his bachelor's degree in engineering from UAB in 1976. He received his medical degree from the Washington University School of Medicine in 1980 as valedictorian of his medical school class.

As dean, Dr. Watts – in partnership with UAB Health System and Health Services Foundation leaders – initiated the AMC21 comprehensive strategic plan, encompassing education, research, clinical care and primary care. AMC21 aims to make UAB "the preferred academic medical center of the 21st century," and has led to the recruitment of outstanding faculty, the launch of programs to accelerate research and drug discovery, and the development of a third regional medical campus in Montgomery, among other successes. He has been tireless in his efforts to enhance medical student training—from increasing available scholarships to supporting Equal Access Birmingham, a volunteer organization in which students provide care to underserved patients—and to foster stronger relationships with medical alumni throughout the state.

As president of UAB, Dr. Watts also chairs the board of the UAB Health System, which includes the UAB Hospital, the Kirklin Clinic, and other of UAB's nationally ranked patient care facilities.

G. Allen Bolton, Vice President for Financial Affairs and Administration. G. Allen Bolton Jr. began his role as Vice President for Financial Affairs and Administration on October 1, 2014. He leads UAB's Financial Affairs and Administration, which supports the education, research and patient-care missions and activities of the institution. Mr. Bolton is a two-time graduate of UAB with master's degrees in public health and business administration. During 19 years at UAB, Mr. Bolton held positions of increasing responsibility before leaving in 2011. He was executive administrator of the UAB Comprehensive Cancer Center and senior associate dean for administration and finance in the UAB School of Medicine. He has worked for the past three years as senior vice president for finance and administration and chief operating officer at the Medical College of Wisconsin. Prior to that, he gained extensive academic medical center experience at both UAB and the University of Texas Southwestern Medical Center.

William Ferniany, Ph.D., CEO of the UAB Health System. Dr. William Ferniany became chief executive officer of the UAB Health System effective September 2008. A senior leader in health care since 1975 and in academic medicine since 1988, Dr. Ferniany came to UAB from his position as associate vice chancellor and chief executive officer of the University of Mississippi Medical Center in Jackson, having previously held key leadership positions at the University of Pennsylvania Health System and at UAB. Dr. Ferniany earned his bachelor's degree in manpower and industrial relations from the University of Alabama, and his master's degree in hospital and health administration and doctorate in administration-health services from UAB. While at the University of Pennsylvania, he was on the faculty of the Wharton Business School, and regularly taught classes, as he did at the University of Mississippi and UAB.

Dr. Linda Lucas, Ph.D., Provost. Dr. Linda Lucas was appointed Interim Provost in May 2011 and to the permanent post in April 2012. Prior to her appointment as Interim Provost, Dr. Lucas served as Dean of the School of Engineering. Dr. Lucas, whose research has focused on the development of biomaterials for orthopedic and dental implants, is a senior scientist in the centers for BioMatrix Engineering & Regenerative Medicine and Metabolic Bone Diseases. She also holds joint appointments in the Department of Materials Science and Engineering and several departments within the School of Dentistry. She received bachelor's degrees from the University of Alabama and UAB and her master's and doctorate in biomedical engineering from UAB. Dr. Lucas first joined the faculty in 1982. She was named department chair of biomedical engineering in 1995.

Selwyn Vickers, M.D., Senior Vice President of Medicine and Dean, School of Medicine. Selwyn M. Vickers, M.D., became senior vice president for Medicine and dean of the School of Medicine at UAB on October 15, 2013. Dr. Vickers, a member of the Institute of Medicine, is a world-renowned surgeon, pancreatic cancer researcher, pioneer in health disparities research and a native of Alabama. As dean, Dr. Vickers leads the medical school's main campus in Birmingham and the regional campuses in Montgomery, Huntsville and Tuscaloosa. He also is part of UAB Medicine's joint operational leadership ("JOL") team with UAB Health System Chief Executive Officer Will Ferniany, Ph.D., and James Bonner, M.D., president of the University of Alabama Health Services Foundation, the School of Medicine faculty-physician practice group. Dr. Vickers earned baccalaureate and medical degrees from the Johns Hopkins University and completed surgical training there, including a chief residency. Dr. Vickers continues to see patients and conduct research.

John R. Jones, III, Ph.D., Vice President for Student Affairs. Dr. John Jones was named Vice President for Student Affairs in June 2015. Dr. Jones provides leadership and direction to the Division of Student Affairs, which consists of Student Life, One Stop Student Services, Career and Professional Development, Dining, Housing and Residence Life, Hill Student Center, Campus Recreation, Disability Support Services and Student Health and Wellness. Dr. Jones earned his Ph.D. in higher education administration from the University of Iowa. He joined the University of North Carolina-Pembroke ("UNCP") in 2013 as vice chancellor for Student Affairs, promoting student learning and personal growth by providing strategic leadership and vision for programs, services and opportunities that encourage student success. Prior to UNCP, Dr. Jones worked in college administration at Purdue University, Indiana University-Purdue University Indianapolis ("IUPUI") and Northern Illinois University. He has served on the Board of Directors for the Association for Student Conduct Administration, the Madame Walker Urban Life Center in Indianapolis and the Center for Academic Integrity. Dr. Jones also served in the Army National Guard for 18 years.

Tom Brannan, Interim Vice President for Development and Alumni. Tom Brannan was named Interim Vice President for Development and Alumni in October 2015. Brannan and his team are ultimately responsible for making connections: helping donors connect their passions with the mission of UAB, and helping UAB's more than 118,000 graduates stay connected with their alma mater. These functions are crucial to the ongoing success of the $1 billion Campaign for UAB, the university's most ambitious fundraising campaign to date. Brannan joined UAB in 2007 as a development director in the Department of Neurology. He was named executive director of development and strategic planning for the UAB School of Medicine in 2010, and UAB associate vice president for development in 2011. Prior to UAB, Brannan served in development positions at Middle Tennessee State University and Auburn University. He is a graduate of Auburn University.

Anne L. Buckley, APR, Chief Communications Officer. Anne L. Buckley, a communications professional with more than a decade of higher education and academic medicine experience, oversees University Relations and acts as chief communications officer for UAB and the UAB Health System. She has primary responsibility for protecting and propelling the UAB brand to enhance awareness, engagement and support among key constituencies. Areas of direction include crisis communications, issues management, executive communications, brand standards, advertising, social strategy and web presence. Buckley came to UAB after 11 years at Virginia Commonwealth University, where she served as senior director of University Public Affairs, with news and public information responsibilities for VCU and the VCU Medical Center. She has also served as a national news editor at The Associated Press, and as founder and president of Prestige Media, Inc., a full-service public relations firm for corporate clients, law firms and small- to medium-sized businesses throughout Virginia and the southeast. In addition, Buckley, a member of the Public Relations Society of America, was an adjunct professor at the University of Richmond, where she taught courses in news writing and public relations. She is a graduate of the University of New Mexico with a bachelor's degree in journalism. Buckley earned an Accreditation in Public Relations in 2009.

Curtis A. Carver, Jr., Ph.D., Vice President for Information Technology/Chief Information Officer. Dr. Curtis Carver was named Vice President for Information Technology and Chief Information Officer in June 2015, following a national search. In this role as servant leader and enabler of others, he leads a team of dedicated professionals who support UAB's mission by providing world-class IT solutions with a focus on innovation, agility and cost efficiency. A senior leader in higher education information technology, Dr. Carver came to UAB from his position as vice chancellor and chief information officer for the Board of Regents of the University System of Georgia, having previously held key leadership positions at the U.S. Military Academy at West Point. Dr. Carver earned a bachelor's degree in computer science from the U.S. Military Academy at West Point and his master's degree and doctorate in computer science from Texas A&M University. Throughout his career, he has received numerous national and international honors and awards for military, teaching, and research excellence. Dr. Carver is a frequent keynote speaker and has published extensively.

Paulette Patterson Dilworth, Ph.D., Vice President for Diversity, Equity and Inclusion. Dr. Paulette Patterson Dilworth was named Vice President for Diversity, Equity and Inclusion in October 2015. Prior to joining UAB, she was faculty and assistant vice president for access and community initiatives at Auburn University and associate professor of curriculum studies in the School of Education at Indiana University-Bloomington. Besides a strong affinity for art and music, Dr. Dilworth has accumulated more than 30 years of experience in higher education, diversity education consulting and training, recruitment, retention, research, teaching and outreach. Dr. Dilworth has devoted her professional career and much of her personal life to exploring issues of access, civic engagement, equity and community building. Dilworth earned her Ph.D. in educational studies from Emory University in Atlanta. Before moving to Indiana University in 2000, she worked at Emory University in the Office of Equal Opportunity Programs as Director of Minority Affairs and Assistant Director of Equal Opportunity Programs.

Richard B. Marchase, Ph.D., Vice President for Research, Economic Development. Dr. Marchase was named Vice President for Research in February 2005, having served as Acting Vice President for Research for six months. In 2007, Dr. Marchase's responsibilities expanded to include business development for the university research enterprise. Dr. Marchase joined UAB in 1986 as Associate Professor of Cell Biology and Anatomy. He was named Professor of Cell Biology in 1990. Later that year, he became Chair of that department, a position he held until 2000 when he was named Associate Dean for Biomedical Research for the School of Medicine. Dr. Marchase received his bachelor's degree in engineering physics from Cornell University and his doctorate in biophysics from Johns Hopkins University. He completed his postdoctoral training and then was named Assistant Professor at Duke University. He was an initial recipient of the Presidential Young Investigator Award from the National Science Foundation.

Facilities

General. The main campus of UAB covers over 100 city blocks, just south of downtown Birmingham. As of Fall 2015, there were 211 active buildings on the campus occupying over 10.8 million net assignable square feet ("NASF") for instruction, research, auxiliary, administrative and support activities, and patient care facilities. Of this total, educational and general space occupies over 4.5 million NASF (of which 850,900 NASF is for sponsored research), patient care activities utilize 2.3 million NASF and auxiliary enterprises encompass approximately 3.4 million NASF.

Libraries. The Mervyn H. Sterne Library is a resource for the non-health related teaching and research programs of UAB, providing books, periodicals, microforms, films, recordings and slides. The Lister Hill Library of the Health Sciences provides the Academic Health Center with a wide range of library services. It houses the Multi-Media Health Library, a repository and distributing center for non-print health education materials, such as videotapes, slides and simulator models, available to health professionals throughout the State for teaching and training purposes.

Table 4.
Libraries

	Mervyn H. Sterne Library	Lister Hill Library	Total
Number of Volumes	1,893,914	332,189	2,226,103
Number of Titles (estimated)	1,151,294	136,979	1,288,273
Number of Current Periodical Subscriptions	---	---	40,068

Research Facilities. Among the notable research facilities at UAB are the Comprehensive Cancer Center, the Center for Nuclear Magnetic Resonance Research and Development, the Center for AIDS Research, the Arthritis and Musculoskeletal Diseases Center and the Center for Biophysical Sciences and Engineering.

Housing Facilities. UAB currently provides on campus housing for approximately 16% of its student population or about 2,900 students. The following table lists UAB's housing facilities and provides information regarding their date of construction, capacity and type.

Table 5.
Housing Facilities

Building	Constructed	Capacity	Type
Denman Hall	1972	180	Apartment
Camp Hall	1980	380	Apartment
Rast Hall	1990	400	Apartment
Blount Hall	2001	500	Apartment
Blazer Hall	2006	722	Suite
New Residence Hall	2015	714	Semi-Suite

Faculty

For the academic year 2015-2016, UAB's faculty and staff, excluding the Hospital, was approximately 20,785 (15,237 full-time, 5,548 part-time). Members of UAB's faculty and instructional staff and their academic ranking for that year were as follows:

Table 6.
Fall 2015 Faculty, Instructional Staff and their Academic Ranking

	Tenured		Non-Tenured		
Rank	Full-Time	Part-Time	Full-Time	Part-Time	Total
Professor	544	6	136	54	740
Associate Professor	261	1	346	41	649
Assistant Professor	1	0	796	69	866
Instructor	0	0	216	20	236
Other	0	1	1	4	6
Total Faculty	**806**	**8**	**1,495**	**188**	**2,497**

Student Enrollment

UAB attracts students from a variety of backgrounds and geographical locations with representation in the Fall semester of 2015 from 50 states plus Washington, D.C., the Virgin Islands, and Puerto Rico, and more than 83 foreign countries. Alabama residents represent 79.7% of the total enrollment.

The following table indicates the total Fall headcount enrollment for undergraduate and professional programs, as well as the full-time equivalent enrollment for the five most recent years.

Table 7.
Student Enrollment

Fall Term	Undergraduate	Graduate and First Professional	Advanced Professional	Total	Full-Time Equivalent
2011	11,128	6,447	1,202	18,777	15,511
2012	11,291	6,708	1,284	19,283	15,973
2013	11,502	7,066	1,256	19,824	16,213
2014	11,679	7,019	1,275	19,973	16,527
2015	11,511	6,822	1,323	19,656	16,153
2016	12,369	7,166	1,302	20,837	17,174

Student Admissions for Entering Freshmen

The table below sets forth the total number of undergraduate applications received and accepted, the percentage of undergraduate applicants accepted by UAB for admission, the number of matriculations and the percentage of acceptances that matriculated for the academic year indicated.

Table 8.
Student Admissions

Academic Year	Applications Received	Applications Accepted	Percent Accepted	Applicants Enrolled	Percent Enrolled
2007-2008	4,378	3,373	77.0	1,416	42.0
2008-2009	4,196	3,432	81.8	1,277	37.2
2009-2010	4,418	3,692	83.6	1,517	41.1
2010-2011	4,667	3,847	82.4	1,571	40.8
2011-2012	5,575	4,027	72.2	1,605	39.9
2012-2013	6,026	4,438	73.6	1,676	37.8
2013-2014	5,689	4,934	86.7	1,773	35.9
2014-2015	5,710	4,893	85.7	1,748	35.7
2015-2016	5,335	4,641	87.0	1,621	34.9
2016-2017	9,459	5,499	58.1	2,021	36.8

The average American College Testing (“ACT”) assessment score was 25.0 for entering UAB freshmen in the Fall of 2015.

Student Fees and Charges

UAB currently operates its programs on a two semester plus summer session basis. Fees vary by curriculum. Payment in full of all fees is required to be made by students by the 30th day of classes in any class of instruction.

The student fees and tuition for the academic years 2014-2015 and 2015-2016 for different types of students are shown in the following table.

Table 9.
Total Annual Tuition and Fees for Full-Time Students
(Required fees only) [1]

Rank	In-State 2014-2015	In-State 2015-2016	Out-of-State 2014-2015	Out-of-State 2015-2016
Undergraduates taking 30 semester credit hours per year in:				
Arts & Sciences	$9,280	$9,596	$21,220	$21,956
Business and Engineering	9,280	9,596	21,220	21,956
Health Professions and Nursing	10,960	11,336	25,120	26,006
Graduate students taking 24 semester credit hours per year in:				
Arts & Sciences	9,310	9,638	21,286	22,002
Business and Engineering	9,310	9,638	21,286	22,002
Health Professions	11,854	12,278	27,262	28,214
Nursing	11,854	12,278	27,262	28,214
Public Health	9,598	9,926	21,934	22,694
Joint Health Sciences	8,950	9,254	20,470	21,182
All Other Graduate Programs	9,310	9,638	21,286	22,002
First Professionals in:				
Dentistry	24,672	25,660	56,950	59,228
Medicine	25,490	26,382	60,934	61,848
Optometry	25,101	25,728	53,478	54,012
Certificate Programs in Dental Assisting	6,399	6,399	14,307	14,307

Note (1): These amounts include only annual charges for required fees. Additional fees, such as lab fees for designated courses, also may apply.

All fees are subject to change at any time by action of the Board. Students withdrawing from a class or from UAB in accordance with regulations are eligible for a refund or fee adjustment.

Financial Operations of UAB

The revenues, expenses and changes in net position for Fiscal Years ended September 30, 2014, 2015 and 2016 are shown on the following table. The amounts for the Fiscal Years ended September 30, 2014 and 2015 are derived from the audited financial statements for such years. The amounts for the Fiscal Year ended September 30, 2016 have been prepared by UAB management and are preliminary unaudited results.

The preliminary financial data for the Fiscal Year ended September 30, 2016 included in the following table has been prepared by and is the responsibility of the University's management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled or performed any procedures with respect to such preliminary financial data. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

Table 10.
Statement of Revenues, Expenses, and Changes in Net Position

	Year Ended September 30, 2014			Year Ended September 30, 2015			Year Ended September 30, 2016 [1]		
	Operating	**Non-operating**	**Total**	**Operating**	**Non-operating**	**Total**	**Operating**	**Non-operating**	**Total**
Revenues									
Student tuition and fees, net	$161,170,368		$161,170,368	$ 169,249,316		$ 169,249,316	$183,276,834		$183,276,834
State appropriations		$264,072,721	264,072,721		265,293,488	265,293,488		$267,329,728	267,329,728
Grants and contracts	371,578,206	26,863,696	398,441,902	398,214,165	28,420,808	426,634,973	409,962,183	29,383,991	439,346,174
Sales and services	1,940,550,998		1,940,550,998	2,131,411,413		2,131,411,413	2,299,155,891		2,299,155,891
Gifts		43,981,418	43,981,418		54,234,105	54,234,105		48,468,849	48,468,849
Investment (loss) income		83,662,716	83,662,716		(64,196,326)	(64,196,326)		107,062,024	107,062,024
Other revenue (expense)	55,519,535	(5,055,300)	50,464,235	58,396,269	(1,332,693)	57,063,576	70,165,818	4,118,488	74,284,306
Revenues supporting core activities	**2,528,819,107**	**413,525,251**	**2,942,344,358**	**2,757,271,163**	**282,419,382**	**3,039,690,545**	**2,962,560,726**	**456,363,080**	**3,418,923,806**
Expenses									
Salaries and benefits	1,380,369,207		1,380,369,207	1,390,766,703		1,390,766,703	1,441,460,031		1,441,460,031
Scholarships and fellowships	21,013,152		21,013,152	21,113,044		21,113,044	24,848,882		24,848,882
Supplies and other services	1,288,371,950		1,288,371,950	1,422,828,210		1,422,828,210	1,504,618,274		1,504,618,274
Depreciation	129,547,649		129,547,649	137,027,585		137,027,585	136,944,000		136,944,000
Interest expense		29,451,270	29,451,270		30,644,143	30,644,143		32,074,664	32,074,664
Expenses associated with core activities	**2,819,301,958**	**29,451,270**	**2,848,753,228**	**2,971,735,542**	**30,644,143**	**3,002,379,685**	**3,107,871,187**	**32,074,664**	**3,139,945,851**
Income (loss) from core activities	**(290,482,851)**	**384,073,981**	**93,591,130**	**(214,464,379)**	**251,775,239**	**37,310,860**	**(145,310,461)**	**424,288,416**	**278,977,955**
Other Changes in Net Position									
State capital funds		30,754,632	30,754,632		5,292,219	5,292,219			
Capital grants and contracts		653,356	653,356		328,772	328,772		141,752	141,752
Capital gifts		7,640,142	7,640,142		4,069,634	4,069,634		3,872,815	3,872,815
Permanent Endowments		17,026,885	17,026,885		14,930,217	14,930,217		19,431,880	19,431,880
Other revenue									
Gain (Loss) on Disposal of Assets		(4,930,045)	(4,930,045)		(231,544)	(231,544)		(3,028,152)	(3,028,152)
Change in net position	**(290,482,851)**	**435,218,951**	**144,736,100**	**(214,464,379)**	**276,164,537**	**61,700,158**	**(145,310,461)**	**444,706,711**	**299,396,250**
Net Position									
Beginning of the year			2,565,825,711			2,710,561,811			1,627,854,969
Adoption of GASB 68						(1,144,407,000)			
Net position, beginning of year						1,566,154,811			1,627,854,969
End of the year			**$2,710,561,811**			**$1,627,854,969**			**$1,927,251,219**

Note (1): Preliminary unaudited results prepared by UAB management.

Budgeting Procedure

Prior to the beginning of each fiscal year on October 1, the Board adopts a future year operating budget for UAB. UAB budgets are based upon detailed budget requests submitted by each department and administrative unit drawn from budgetary guidelines formulated by UAB Administration and the Office of the Chancellor. Revenue estimates for each unit are based upon projections made by the financial staff at UAB and appropriations enacted by the Legislature or, if the Legislature has not passed an appropriations act, by the appropriations recommended in the Governor's budget. (See "STATE APPROPRIATIONS TO UAB" below.) The President of UAB submits a budget to the Chancellor who in turn presents the budget to the Joint Committee of the Board, which includes the members of both the Finance Committee and the Academic Affairs, Student Affairs and Planning Committee, for its review. The Joint Committee recommends adoption of a final UAB budget by the entire Board.

Within UAB, expenditures and encumbrances are compared to budgets for each department and administrative unit on a monthly basis in financial statements circulated to each Vice President and Dean and monitored by the Budget Administration Department. Immediately after year-end the Board receives a year-end report from the President of UAB comparing the budget against actual results.

UAB adopted and implemented a balanced operating budget for the fiscal year that ended September 30, 2016. For the fiscal year which will end September 30, 2017, total budgeted expenditures for Restricted and Unrestricted Funds of UAB will be $2.7 billion (no transfers included). The receipt of $272 million of State appropriations and $240 million of revenue from student fees is projected in that budget.

State Appropriations to UAB

UAB receives appropriations from the State to defray a portion of the costs of operations, including capital expenditures. Funds are appropriated primarily on a lump sum basis to UAB.

The Governor submits an appropriations request for UAB in the annual State budget. The State appropriations request for UAB is formulated by the Governor after receiving an appropriations request from the Board and appropriations recommendations by the Alabama Commission on Higher Education ("ACHE"). ACHE evaluates and coordinates appropriations requests for the State's public institutions of higher education. After open hearings are held on separate budgets, ACHE presents to each institution, as well as the Governor and Legislature, a single unified budget containing budget recommendations for separate appropriations to each of the institutions. The recommendations of ACHE are derived from its assessment of the actual funding needs of each of the universities as presented to it by each university's president.

Pursuant to the provisions of Section 213 the Constitution of the State of Alabama, as amended by Amendment 26, the State is required to have a balanced budget. This requirement is implemented by means of the 1932 Budget and Financial Control Act, which mandates a reduction of appropriations pro rata ("proration") when necessary during a fiscal year to prevent a deficit. Proration generally occurs as a result of the difficulties inherent in projecting tax receipts several months in advance of the commencement of a fiscal year. Fiscal year 2011was the last year proration was put into effect with respect to the Educational Trust Fund ("ETF"), from which State appropriations to UAB are received.

When proration is announced by the State, UAB responds by modifying amounts budgeted for contingency purposes, applying unrestricted fund balances carried over from previous years, deferring equipment purchases, reducing operational expenses and not filling some vacant positions. UAB will adjust for future prorations, if any, by taking similar actions.

State appropriations for the five most recent fiscal years are indicated in the following table:

Table 11.
State Appropriations

Fiscal Year	State Appropriations
2011	254,288,538 (1)
2012	268,640,355
2013	258,429,840
2014	264,072,721
2015	265,293,488

(1) After proration of 3%, original appropriation was $261,894,483.

State Appropriations may not lawfully be pledged and are not pledged for the payment of debt service on the Bonds. There can be no assurance that future legislatures will continue to make such appropriations or if made that they will be timely or sufficient, when added to operating revenue remaining after the payment of debt service, to cover, in full, operating expenses of UAB.

Grants and Contracts

Various federal agencies constitute the largest source of support for these projects, with the National Institutes of Health ("NIH") being the primary sponsor. Nonfederal sources include state agencies, local governmental agencies and a wide variety of private sponsors. A summary of active awards outstanding for the past five years is shown below.

Table 12.
Active Grants and Contracts

	FY2011	FY2012	FY2013	FY2014	FY2015
Federal	$279,519,859	$269,962,108	$253,156,264	$291,161,916	$308,310,953
Industrial	40,374,379	40,620,467	44,572,264	50,594,138	55,429,821
Nonfederal	93,079,509	68,810,298	67,865,120	68,795,415	69,550,161
Total	$412,973,747	$379,392,873	$365,593,648	$410,551,469	$433,290,935

Note: All data as of September 1 for each fiscal year.

UAB ranks among the nation's leading universities in receiving federal funding for research with many of its schools and departments ranking in the top ten. In addition, UAB receives external funding to support its many centers of specialized research. Examples of UAB's specialized research programs are described below.

Research and Special Programs

In addition to being ranked 10th among public universities in NIH funding, UAB is ranked 147th globally and 67th in the U.S. in the recently published *Center for World University Rankings* ("CWUR"). This puts UAB among the top 15 percent of the world's top 1,000 universities ranked by CWUR and among the top one percent of all the world's four-year universities, a testament to the quality and impact of the University's teaching, research and scholarship, and technology transfer.

In UAB's formative years, funding and resources were very tight. But what began as a disadvantage turned to advantage, as this forced faculty from different schools and departments to share labs and resources, and, of course, to share knowledge. The result was an intensely collaborative, interdisciplinary culture that thrives to this day.

Over four decades that collaborative culture has produced many "firsts" in science and medicine, and that pioneering spirit continues in every classroom, lab and library as students work alongside faculty toward the next major breakthrough.

In 2012, UAB received its largest-ever research grant, $67 million from NIH to establish and lead the national Dental Practice-based Research Network, which brings together more than 1,000 dentists from across the U.S to develop better diagnostics, treatments, preventions, and cures in oral health.

One of the nation's leading cancer research and treatment centers, the UAB Comprehensive Cancer Center is the only NCI-designated comprehensive cancer center located in Alabama and a six-state region. Home to an Advanced Imaging facility and the most powerful cyclotron at any U.S. academic medical center, the center is a global leader in groundbreaking research, reducing cancer disparities and leading-edge patient care, and is among an elite group of centers to have received four or more NCI SPORE (Specialized Program of Research Excellence) grants. One of the center's senior scientists, Dr. Louise Chow, is a member of the prestigious National Academies of Sciences due to her groundbreaking research in HPV (the viruses responsible for most cervical cancers).

Three newly-established institutes are putting UAB at the vanguard of personalized medicine: Personalized Medicine Institute, Center for Genomic Sciences (with HudsonAlpha Institute for Biotechnology in Huntsville, Alabama), and the Institute for Informatics. A new Genomic Medicine and Data Sciences Building, as part of the larger planned Academic and Research Crescent, will play a significant role in making UAB one of the elite academic medical centers of the 21st century.

Through the Alabama Drug Discovery Alliance ("ADDA"), a partnership with Southern Research Institute (also in Birmingham), UAB has roughly 16 promising new drugs with significant health and commercial potential. One of them is a drug that could prevent or even reverse diabetes, and others are aimed at cancer, Alzheimer's and Parkinson's, and other diseases. Another collaboration with Southern Research is the new Alliance for Innovative Medical Technologies ("AIMTech") that promises to make UAB and Birmingham a major player in the booming medical device industry.

In the School of Engineering, researchers are developing revolutionary materials for tornado shelters that withstand debris in EF-5 winds; diamond coatings for medical, industrial applications; more effective highway safety barriers; and lighter, stronger body armor for our military, among other projects.

UAB's interdisciplinary cyber-forensics research center ("CIA-JFAR") is one-of-a-kind in the nation, collaborating with FBI, IRS, Homeland Security, Interpol, state and local law enforcement, and industry partners such as Facebook, Google and CitiBank to combat cybercrime around the globe.

UAB School of Medicine was recently awarded a $10 million contract from the U.S. Department of Defense to develop a battlefield injection to increase survival rates from blood loss. From 2001 to 2011, more than 80% of potentially survivable U.S. battlefield deaths were due to severe blood loss, and UAB researchers are partnering with the Department of Defense to dramatically reduce those numbers.

Dr. Tim Townes, Ph.D. (Biochemistry & Molecular Genetics) and his team were first to use induced pluripotent stem cells (stem cells derived from skin cells) to cure disease in an animal model, curing sickle-cell anemia in mice. The findings were published in the journal *Science* and international media, and the team continues working to translate the discovery into a cure for sickle cell in humans at the UAB Stem Cell Institute.

Jim McClintock and Charles Amsler, along with a select team of graduate and post-doctoral students, continue their research in Antarctica, investigating chemical defenses of marine life and the role these could play in prevention of diseases such as heart disease, cystic fibrosis, cancer and AIDS.

UAB excels at commercializing its research discoveries and driving a robust technology-based economy for Birmingham and the region. The UAB Harbert Institute for Innovation and Entrepreneurship continues to identify and commercialize the University's most promising research discoveries and create successful start-up companies. The Innovation Depot, a public-private partnership in which UAB is a founding partner, is the largest high-tech business incubator in the Southeast. The Depot houses 100 companies, had a $1.3 billion economic impact on Birmingham over the past five years, and partners with the UAB Collat School of Business in the Innovation Lab training student entrepreneurs.

Student Financial Aid

Approximately 74% of the students of UAB receive financial aid. During the fiscal year ended September 30, 2015, students received total assistance amounting to $220.7 million. The following table summarizes the financial aid provided to UAB. All programs assisted by the federal and state governments are subject to appropriation and funding by those governments.

Table 13.
Student Financial Aid

	Five Years Ended September 30				
	2011	**2012**	**2013**	**2014**	**2015**
Federal Government					
Student Loans	$129,035,528	$132,334,273	$132,038,739	$135,461,138	$138,571,243
Grants	19,969,309	17,722,021	17,876,716	18,530,785	18,500,205
Work-study	1,343,752	1,420,089	1,267,472	1,215,412	1,276,038
State Government	277,677	272,573	180,634	254,961	150,185
UAB					
Loans	415,838	559,853	313,520	349,511	333,211
Scholarships	47,942,471	48,651,829	53,067,155	57,287,369	61,822,519
Total	$198,984,575	$200,960,638	$204,744,236	$213,099,176	$220,653,401

Endowment and Similar Funds

Endowment and Similar Funds are subdivided into appropriate classifications. Pure endowment funds are those received from benefactors who, by the terms of their conveying instruments, have stipulated that the principal of their gift may never be expended. Funds identified as quasi endowment are funds which the Board, rather than the donor, has determined are to be retained and invested until the Board, at its discretion, authorizes their expenditure. The income of such funds may be either restricted or unrestricted as to use. Income derived from investments of Endowment and Similar Funds is normally accounted for in the fund to which it is restricted or, if unrestricted, as revenue in Unrestricted Current Funds.

The investments of certain Endowment and Similar Funds are invested and administered in a common investment pool established by the Board for all three campuses. Certain separately invested Endowment and Similar Funds are invested by professional external managers. Other funds of UAB are managed by UAB.

The market values of the investments for the Endowment and Similar Funds of UAB as of September 30, for each of the past five fiscal years is shown below:

Table 14.
Endowment and Similar Funds

Fiscal Year Ended September 30	Market Value
2011	$328,050,714
2012	367,682,509
2013	393,352,510
2014	425,625,236
2015	405,437,955

Capital Campaign

The Campaign for UAB, the public phase of which began in October 2013, is the largest and most comprehensive philanthropic campaign in the University's history, with an ambitious goal of $1 billion over five years. The Campaign is now well past 70% of its goal, with $711.4 million raised from more than 90,400 donors (as of June 30, 2016).

Foundations

The UAB Educational Foundation. The UAB Educational Foundation exists for the sole purpose of supporting the University of Alabama at Birmingham in its scientific and educational mission. This support includes managing and disbursing funds, acquiring real property, and providing general operational flexibility for the benefit of the University. The charter now provides for 13 directors, five being University officers. The remainder may be outsiders.

The Institute for Innovation and Entrepreneurship and the UAB Research Foundation. The UAB Research Foundation ("UABRF"), now part of the Institute for Innovation and Entrepreneurship ("IIE"), is the technology transfer office for The University of Alabama at Birmingham. It was formed in 1987 as a non-profit corporation with a mission to identify, assess, and market commercially viable technology developed at UAB. On October 1, 2013, the UABRF became a part of the IIE. The Research Foundation, which negotiated, managed, and monitored research, option and licensing agreements on behalf of UAB, and managed and protected intellectual property created by the UAB community, now has an expanded presence, and operates as the IIE. The Institute serves to create and foster an entrepreneurial and innovative ecosystem integrating the UABRF's existing strengths and capabilities, enhancing and facilitating service and technology commercialization. The Institute also provides an entry point for industries seeking to collaborate with this world-class university. The IIE is governed by a 13-member Board of Directors composed of four outside general directors not affiliated with UAB, one faculty director, two general directors and six ex-officio directors who are affiliated with UAB.

The University of Alabama Health Services Foundation. The University of Alabama Health Services Foundation essentially is a group practice entity for the teaching and research physicians affiliated with the School of Medicine. Health Services Foundation was organized in 1973 as a nonprofit, 501(c)(3) professional corporation. The governing body of Health Services Foundation is a self-perpetuating Board of Directors comprised of physicians and non-physician members from the community. A majority of the directors must be non-physician members. The President of the Health Services Foundation, the Dean of the School of Medicine, and the CEO of the Health System Corporation serve as ex-officio members of the Board of Directors.

UAB and Health Services Foundation have entered into an affiliation agreement in which Health Services Foundation agrees that its professional employees will pursue their inpatient care activities at University Hospital, and UAB agreed to provide facilities adequate for these activities. However, UAB, with participation by Health Services Foundation, has entered into affiliation agreements with certain other hospitals in the immediate vicinity that permit Health Services Foundation physicians to provide treatment there. These hospitals include the Veterans' Administration Hospital, Children's Hospital, and Cooper Green Hospital (a public hospital owned and operated by Jefferson County). All of these hospitals are in downtown Birmingham adjacent to the UAB campus.

UAB Health System

The UAB Health System Corporation is a nonprofit, 501(c)(3) corporation organized pursuant to the Joint Operating Agreement for the purpose of coordinating and managing the health care delivery system affiliated with the School of Medicine, which is known by the brand name and doing business name "UAB Medicine". The Health System Corporation has two members, UA Board and Health Services Foundation.

The Health System Corporation is governed by a Board of Directors consisting of 18 members. The following are ex officio directors: the Chancellor of the University System, the President of UAB, the Dean of the School of Medicine, the Vice Chancellor for Financial Affairs of the University System, the President of Health Services Foundation, the Chair of the Department of Medicine, and the Chair of the Department of Surgery. The remaining directors are appointed as follows: Health Services Foundation appoints one director who is a department chair; Health Services Foundation appoints five directors who are not employees of either member or any of the Health System operating entities; and the UA Board appoints five directors who are not employees of either member or any of the Health System operating entities.

UAB is Alabama's principal tertiary healthcare provider, serving local, regional, national, and international patients with state-of-the-science treatment modalities. Each component of UAB Medicine supports the institution's threefold mission of patient care, teaching, and research. The UAB Medicine components include the following:

Facilities

UAB Hospital – licensed for 1,157 beds and dedicated to top quality patient care, this flagship facility had 48,877 in-patient discharges in fiscal year 2015. It is the primary teaching hospital for the university's School of Medicine and offers a number of highly specialized services, including the only Level I trauma center in the State of Alabama, an organ and bone marrow transplant center, a burn center, and a regional neonatal intensive care unit. Nine UAB Hospital medical specialties were listed as among the nation's top 50 in the 16 categories evaluated at 5,000 U.S. hospitals in 2012 by *U.S. News & World Report*.

The Kirklin Clinic® – covering a full city block with 430,000 square feet, more than 30 distinct clinical units of multidisciplinary teams, and an adjacent covered parking deck that accommodates 1,450 vehicles.

The Kirklin Clinic® at Acton Road – offers a multidisciplinary approach to cancer care and provides a wide array of patient care services south of town.

UAB Health Centers – including five neighborhood clinics in Birmingham and a new one in Hoover, Alabama. For the convenience of our patients, UAB also has locations in Huntsville, Montgomery, Selma, and Tuscaloosa.

Callahan Eye Foundation Hospital – offering the latest ophthalmic microsurgery, corneal transplantation, and the state of Alabama's only emergency department dedicated to treating trauma to the eye.

Affiliates

UAB Medical West – a medical center to provide quality health care to west Jefferson County.

Baptist Health Montgomery – hospitals and healthcare programs serving the Montgomery, Alabama region.

Viva Health – licensed HMO that provides commercial health insurance coverage for employees of the UA System and for other employers in Alabama.

Insurance Coverage

Alabama law requires that all State departments and agencies maintain fire and extended coverage insurance with the State Insurance Fund to the extent of at least 75% of the actual value on all buildings and contents. UAB maintains 100% coverage on its facilities through the State Insurance Fund. Insurable values are reviewed and updated annually.

UAB and the University of Alabama Health Services Foundation are participants in UAB Professional Liability Trust Fund, which provides protection against claims and expenses arising out of the performance of professional services in the rendering of patient care, based on actuarial computation.

UAB is also a participant in the Comprehensive General Liability Self-Insurance Trust Fund, which is administered by the University System. This Trust Fund provides protection against general liability claims.

Boiler and machinery coverage, comprehensive automobile liability coverage, fidelity notes and other policies are maintained with various insurance companies qualified under Alabama law to assume respective risks undertaken.

Retirement Plans

Most employees participate in the Teachers' Retirement System of Alabama ("TRS"), a cost-sharing, multiple-employer public retirement system. Certain employees also participate in an optional 403(b) plan (403(b) Plan). TRS is a defined benefit plan and the 403(b) Plan is a defined contribution plan.

The Teachers' Retirement System of Alabama was established as of September 15, 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.

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in post-retirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS members who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life unless there is a return to full-time employment with a TRS or Employees' Retirement System ("ERS") agency, or to temporary employment in excess of specified limits. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 1 members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life unless there is a return to full-time employment with a TRS or ERS agency, or to temporary employment in excess of specified limits. Service and disability retirement benefits are based on a guaranteed minimum or a 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 5 of the last 10 years) for each year of service. Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Pre-retirement death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status and eligibility for retirement.

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 members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

Tier 2 covered members of the TRS contribute 6% of earnable compensation to the TRS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 7% of earnable compensation.

UAB's contractually required contribution rate for the year ended September 30, 2015 was 11.71% of annual pay for Tier 1 members and 11.05% of annual pay for Tier 2 members. UAB's contribution rate for the year ended September 30, 2014 was 11.71% of annual pay for Tier 1 members and 11.08% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. The contribution requirements for fiscal years 2015, 2014, and 2013, respectively, were approximately \$143,414,000, \$147,975,000 and \$138,146,000, which consisted of \$87,868,000, \$90,532,000 and \$79,253,000 from UAB and \$55,546,000, \$57,443,000 and \$58,893,000 from employees.

At September 30, 2015, UAB reported a liability of \$1,107,275,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2013. UAB's proportion of the collective net pension liability was based on each employer's share of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2014, UAB's proportion was 12.19%, which was a decrease of 0.39% from its proportion measured as of September 30, 2013. For the year ended September 30, 2015, UAB recognized pension expense of \$76,616,000.

Certain employees also participate in an optional 403(b) plan (403(b) Plan), which is a defined contribution plan. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. All full-time regular monthly employees are eligible to participate from the date of employment. UAB contributes a matching amount of up to 5% of total salaries for participating employees. UAB's contribution is funded as it accrues and, along with that of the employee, is immediately and fully vested. The contributions for 2015 and 2014, respectively, excluding employee amounts not eligible for matching, were approximately \$40,581,000 and \$37,935,000 which included approximately \$20,291,000 and \$18,967,000 each from UAB and its employees.

Additional Financing

The University does not anticipate issuing debt within the next two years.

APPENDIX B

Financial Statements of The University of Alabama at Birmingham for the Fiscal Year Ended September 30, 2015

2015 Financial Report

The University of Alabama at Birmingham

UAB is an equal education opportunity institution, and an equal employment opportunity employer.

This report is published by the UAB Vice President for Financial Affairs and Administration. Obtain additional copies by writing:

Vice President for Financial Affairs and Administration
The University of Alabama at Birmingham
Birmingham, Alabama 35294

Contents

Introduction to UAB

Vision

To be an internationally renowned research university — a first choice for education and health care.

Mission

To be a research university and academic health center that discovers, teaches and applies knowledge for the intellectual, cultural, social and economic benefit of Birmingham, the state and beyond.

The University of Alabama at Birmingham (UAB) became an autonomous campus within The University of Alabama System in 1969 and, in the four decades since, has grown into a world-renowned research university and medical center, occupying 100 city blocks in Alabama's largest metropolitan area. UAB is the state's largest single-site employer with more than 23,000 employees.

Fall 2015 welcomed UAB's highest-performing class ever academically, with an average ACT of 25 (top 21 percent nationally) and average high school GPA of 3.66. The Honors College enrolled its largest-ever class (an 18 percent increase to 1,260) and its incoming freshmen averaged a 4.14 GPA and 30.4 ACT. More students than ever are living on campus (2,586), including 70 percent of freshmen, and represent 21 countries.

UAB's FY15 funding from NIH (with contracts) is projected to top $225 million, a 20% increase since FY13 ($188 million), putting the University 22nd nationally (10th among public universities). Several individual schools also rank highly in NIH funding, such as Dentistry, which is 1st nationally.

In the Center for World University Rankings—which is based on factors such as quality of education, faculty publications, influence, citations in peer-reviewed journals, number of patents, and broad impact—UAB ranks 146th globally (top 1 percent) and 70th in the U.S., among only 8 universities in the Southeast (and the only Alabama university) to make the global top 150.

UAB Hospital is the largest hospital in Alabama (and 3rd largest public hospital in the U.S.) and was recently named among "100 Great Hospitals" by Becker's Hospital Review. UAB is home to the state's only level 1 adult trauma center and a world Comprehensive Transplant Institute, which has done the second most kidney transplants in the history of medicine and is currently conducting the longest-ever kidney transplant chain at a single site. UAB Medicine treats more than a million patients annually.

The information included in this introduction (pages 2-8) does not include data related to component units of UAB that are discussed in the notes to the financial statements.

2015 Overview

As a globally respected academic medical center, UAB excels at translating research into leading-edge patient care. UAB's Comprehensive Cancer Center, among the first eight such centers to be designated by the National Cancer Institute (NCI) in the early 1970s, remains the only one in Alabama and a five-state region. The Center's Wallace Tumor Institute houses an Advanced Imaging Facility and the most powerful cyclotron at any U.S. academic medical center.

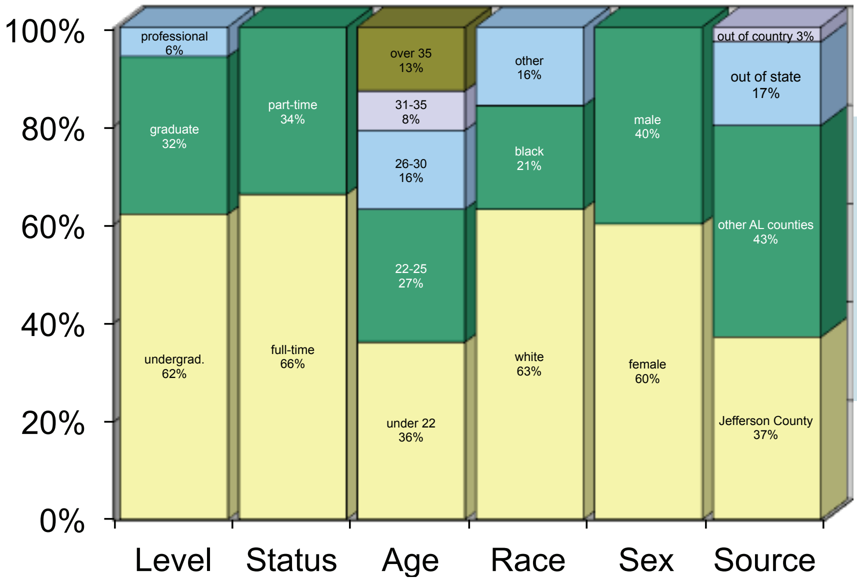
Students are active participants in a robust research enterprise beginning in their freshman year. UAB now offers new undergraduate programs in biomedical sciences and public health and is developing new BS degrees in Informatics, Immunology and Cancer Biology. In 2014-15, UAB produced the most finalists and winners of prestigious national honors and scholarships in its history (51), including the university's third Rhodes Scholar, the most at an Alabama university since the year 2000.

Graduate programs also continue to garner national recognition. In the latest U.S. News & World Report "Best Graduate Schools" issue, UAB has nine programs in the top 20, including its master's in health administration that ranks second in the nation.

UAB remains among only 51 universities—and the only one in Alabama—classified by the Carnegie Foundation for both "Very High Research Activity" and "Community Engagement."

UAB has an economic impact on Alabama that exceeds $5 billion annually and is key in growing a tech and knowledge-based economy for Alabama. The Alabama Drug Discovery Alliance (ADDA), a fruitful partnership with Southern Research, has roughly 18 potential new treatments in the pipeline. Innovation Depot, in which UAB is a founding partner, is the largest business incubator in the Southeast, with 100 start-up companies and a $1.3 billion economic impact over the past five years.

Highlights



Student Profile

Total 18,698*

As of Fall 2014

*Excludes Advanced Professionals

Student Financial Aid

In fiscal year 2015, 73.9% of UAB's students received student financial aid from UAB. Financial aid disbursements of $220.7 million were provided from the following sources:

Federal Government	
Student Loans	$ 138,571,243
Grants	18,500,205
Work-Study	1,276,038
Subtotal Federal	$ 158,347,486
State Government	$ 150,185
University	
Loans	$ 333,211
Scholarships	61,822,519
Subtotal University	$ 62,155,730
Total	$ 220,653,401

Student Headcount

Enrollment for the fall semester of the 2014-2015 school year is outlined in the following table.

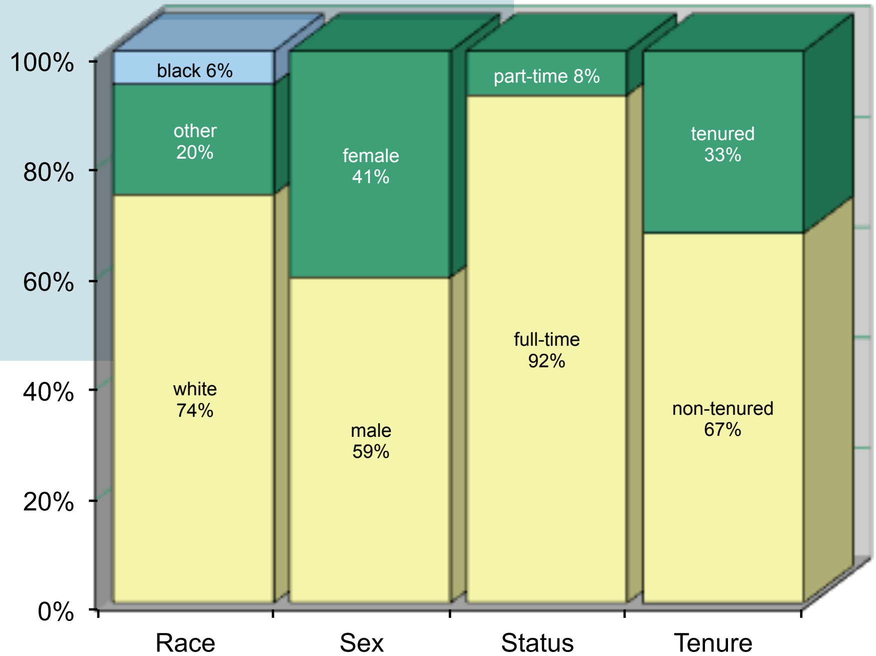
FALL 2014	UNDERGRADUATE	GRADUATE	FIRST PROFESSIONAL / ADVANCED PROFESSIONAL*	TOTAL
SCHOOL OF ARTS AND SCIENCES	6,157	538	15	6,710
SCHOOL OF BUSINESS	2,233	446		2,679
SCHOOL OF EDUCATION	932	793	1	1,726
SCHOOL OF ENGINEERING	913	472	2	1,387
UNCLASSIFIED		225		225
SUBTOTAL	10,235	2,474	18	12,727
ACADEMIC HEALTH CENTER:				
SCHOOL OF MEDICINE			1,705	1,705
SCHOOL OF DENTISTRY	20	1	327	348
SCHOOL OF OPTOMETRY			220	220
SCHOOL OF NURSING	606	1,819		2,425
SCHOOL OF HEALTH PROFESSIONS	691	922	15	1,628
SCHOOL OF PUBLIC HEALTH	127	354	9	490
JOINT HEALTH SCIENCES		342	88	430
SUBTOTAL, ACADEMIC HEALTH CENTER	1,444	3,438	2,364	7,246
TOTAL ENROLLMENT	11,679	5,912	2,382	19,973

*Includes 1,107 first professionals and 1,275 advanced professionals.

Faculty Profile

Total 2,436

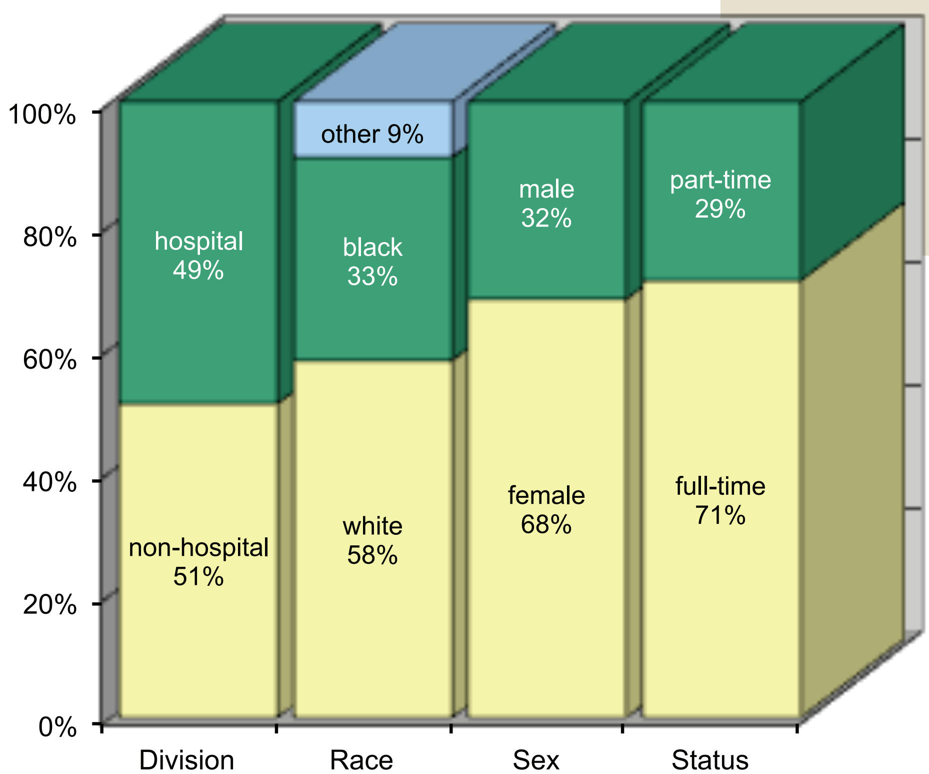
As of Fall 2014



Staff Profile

Total 17,766

As of Fall 2014



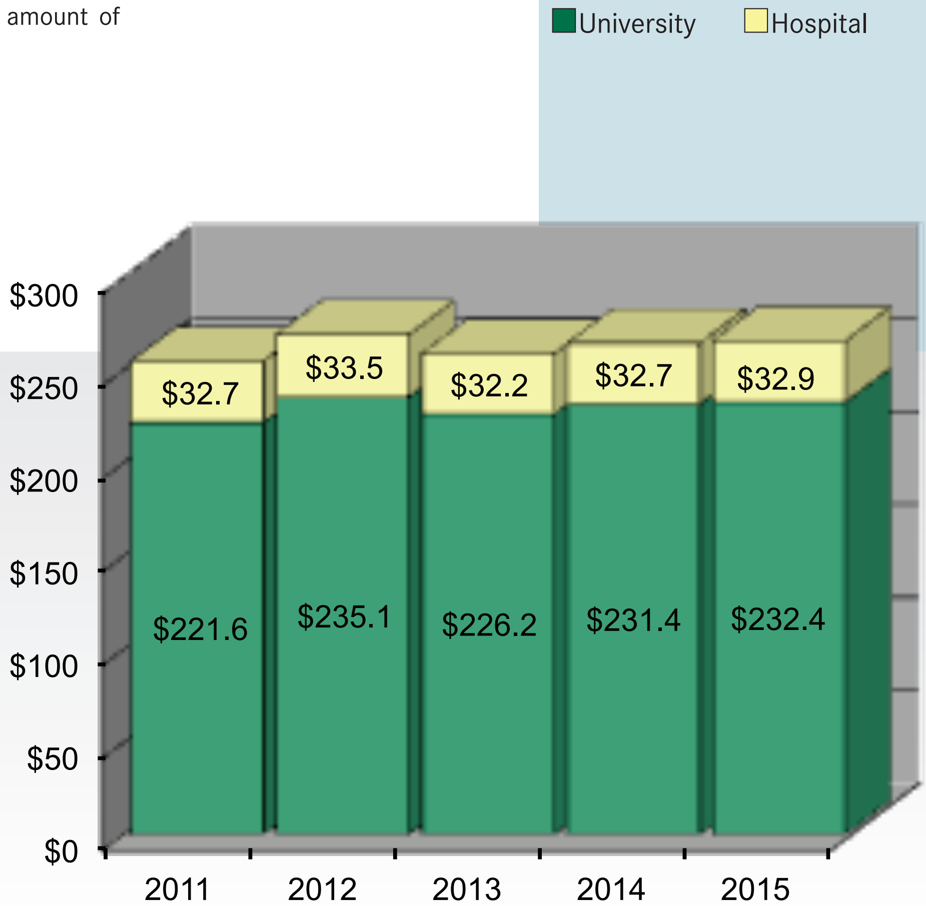
State Appropriations

State appropriations for UAB are made by the Alabama State Legislature based upon a process which involves requests from the Board of Trustees of The University of Alabama, and budget recommendations by the Alabama Commission on Higher Education and the Governor. State funds are appropriated annually from the Educational Trust Fund (ETF) to UAB. For the fiscal year ended September 30, 2015, UAB received direct funding from the ETF in the amount of $265,293,488.

Appropriations Received

Fiscal years ended September 30

(Dollars in millions)



Sponsored Grants and Contracts

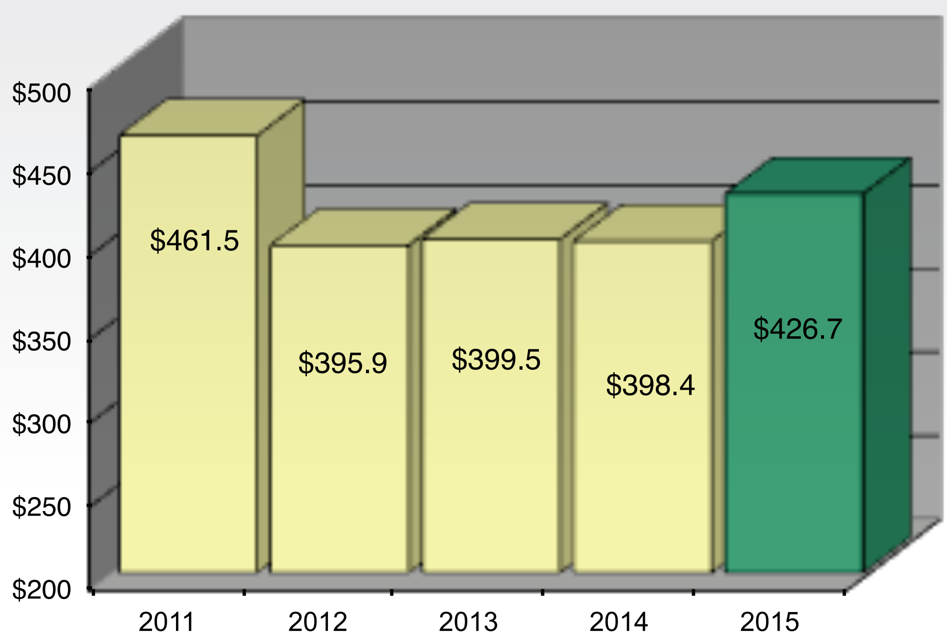
During fiscal year 2015, UAB received $426.7 million in sponsored grants and contracts revenues (including $77.1 million of indirect cost recovery). Various federal agencies provided the majority of support for these projects, with the National Institutes of Health (NIH) being the primary sponsor. Nonfederal funding sources include state agencies, local governmental agencies, and a wide variety of private sponsors.

Revenues from grants and contracts (including indirect cost recovery) increased from $398.4 million during 2014 to $426.7 million during 2015, an increase of 7.1% for the period. Revenues from grants and contracts were higher in fiscal year 2011 due to federal funding received under the American Recovery and Reinvestment Act (ARRA). UAB received approximately $26.8 million in ARRA funds during the year ending September 30, 2011. These funds dropped to approximately $500,000 for the year ending September 30, 2012. UAB did not receive any ARRA funds during the years ending September 30, 2015, 2014 and 2013.

Grants and Contracts Revenues

Fiscal years ended September 30

(Dollars in millions)



Hospital

The University of Alabama Hospital (the "Hospital") is a 1,157-bed quaternary and tertiary care medical facility and part of the UAB Health System. The Hospital includes North Pavilion, Women and Infant Center, Jefferson Tower, Hillman Building, Spain Wallace Building, Quarterback Tower, North Wing, Spain Rehabilitation Center, West Pavilion, Russell Ambulatory Center, Medical Education Building, Highlands and the Center for Psychiatric Medicine. Other clinical facilities in the UAB Academic Health Center include Smolian Psychiatric Clinic, Engel Psychiatric Day Treatment Center, Lurleen B. Wallace Tumor Institute, and the 1917 Clinic. The Hospital also has strong ties with other governmental and private nonprofit institutions located within and adjacent to the UAB campus, including Veterans Affairs Medical Center and Children's Hospital. Other healthcare facilities in the UAB Health System include The Kirklin Clinic, the Callahan Eye Hospital, Medical West and Baptist Health (located in Montgomery, Alabama).

Hospital Awards and Accolades

Six UAB Medicine specialties are among the nation's top 50 in the 16 categories evaluated at over 4,700 U.S. hospitals this year by U.S. News and World Report. The rankings appear in the 2015-16 annual "America's Best Hospitals" special edition issue. UAB Hospital has been named by Becker's Hospital Review among the 2015 "100 Great Hospitals in America," a compilation of some of the most prominent, forward-thinking and focused healthcare facilities in the nation. UAB is the only Alabama hospital in 2015 to make the list. UAB Hospital was also recognized as the first Baby-Friendly hospital in the Birmingham area. In September 2015, the Hospital was fully reaccredited by The Joint Commission.

Operations

The Hospital has continued to experience strong growth from operations in fiscal year 2015. Inpatient discharges increased 6.3% and adjusted patient discharges increased 8.8%. Operating room cases increased 4.5% over fiscal year 2014. Also emergency room visits increased 8.8% during fiscal year 2015. As a result of volume increases, as well as contract improvements and ongoing revenue cycle improvements, patient service revenue net of allowances for contractual discounts, charity care and bad debt expense, increased $122 million or 10.1% in fiscal year 2015. The Hospital had an increase in net position of $53.3 million in fiscal year 2015.

Selected Hospital operating statistics are outlined below:

	2015	2014
Beds in service	1,157	1,157
Patient discharges	48,877	45,965
Adjusted patient discharges	79,982	73,500
Patient days	346,983	333,394
Adjusted patient days	567,663	532,537
Operating room cases	33,427	31,996
Emergency department visits	103,743	95,342
Patient origin:		
Jefferson County	47.3%	47.8%
Other Alabama counties	47.1%	46.3%
Out of state	5.6%	5.9%

Management's Responsibility for Financial Reporting

The accompanying financial statements of the University of Alabama at Birmingham (UAB) for the years ended September 30, 2015 and 2014 were prepared by UAB's management in conformity with accounting principles generally accepted in the United States of America.

The management of UAB is responsible for the integrity and objectivity of these financial statements, which are presented on the accrual basis of accounting and, accordingly, include some amounts based upon judgment. Other financial information in the annual report is consistent with that in the financial statements. The system of internal accounting controls is designed to help ensure that the financial reports and the books of account properly reflect the transactions of the institution, in accordance with established policies and procedures as implemented by qualified personnel.

The Board of Trustees of The University of Alabama, through its Audit and Finance Committees, monitors the financial and accounting operations of the institution, including the review and discussion of periodic financial statements and the evaluation and adoption of budgets. The Board of Trustees of The University of Alabama, through its Audit Committee, monitors the basis of engagement and reporting of independent auditors.

G. Allen Bolton, Jr.

G. Allen Bolton, Jr.
Vice President for Financial Affairs
and Administration

Stephanie Mullins

Stephanie Mullins
UAB Interim Chief Financial Officer

pwc

Independent Auditor's Report

To the Board of Trustees of The University of Alabama:

We have audited the accompanying financial statements of The University of Alabama at Birmingham ("UAB"), a campus of The University of Alabama System, which is a component unit of the State of Alabama, as of and for the years ended September 30, 2015 and 2014, and the related notes to the financial statements, which consist of the statements of net position and the related statements of revenues, expenses, and changes in net position and of cash flows of UAB and the statements of net position and of revenues, expenses and changes in net position of the Southern Research Institute ("SRI"), UAB's discretely presented component unit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We did not audit the financial statements of SRI, UAB's discretely presented component unit, as of January 2, 2015 and January 3, 2014 and for the years then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for SRI, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to UAB's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the UAB's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based upon our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of UAB and its discretely presented component unit at September 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of UAB are intended to present the financial position, the changes in financial position and, where applicable, the cash flows of only that portion of the business-type activities of the financial reporting entity of The University of Alabama System that is attributable to the transactions of UAB. They do not purport to, and do not, present fairly the financial position of The University of Alabama System as of September 30, 2015 and 2014, its changes in financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Notes 1 and 11 to the basic financial statements, in the year ended September 30, 2015, UAB adopted new accounting guidance related to the manner in which it accounts for pensions. As described within the notes to the financial statements, UAB adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, effective October 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

The accompanying management's discussion and analysis on pages 11 through 17 and the required supplementary information on page 58 and 59 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise UAB's basic financial statements. The introductory information on pages 2 through 8 and the management's report on page 9 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

PricewaterhouseCoopers LLP

January 25, 2016

PricewaterhouseCoopers LLP, 569 Brookwood Village, Suite 851, Birmingham, AL 35209
T: (205)252 8400, F: (205)252 7776, www.pwc.com/us

Management's Discussion and Analysis (Unaudited)

The objective of management's discussion and analysis is to help readers of UAB's financial statements better understand the financial position and operating activities for the fiscal years ended September 30, 2015 and 2014. UAB's financial statements present the financial position, changes in financial position, and the cash flows of the University, the University of Alabama Hospital (the Hospital), and UAB's blended component units. Condensed financial information of UAB's reportable segments is presented at Note 22. GASB Statement No. 14, *The Financial Reporting Entity* (GASB Statement No. 14), as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34* (GASB Statement No. 61), requires governmental entities to include in their financial statements as component units, organizations that are legally separate entities for which the governmental entity, as a primary organization, is financially accountable. Southern Research Institute (SRI) is a discretely presented component unit of UAB. Blended component units include Hospital Management LLC (LLC), Triton Health Systems, L.L.C. (Triton), Alabama Care Plan (ACP), and UAB Research Foundation (UABRF). The following discussion and analysis provides an overview of UAB's financial activities. This discussion should be read in conjunction with the financial statements and notes to the financial statements.

Financial Overview

UAB's financial position remained strong, as assets totaled $4.11, $4.07, and $3.90 billion at September 30, 2015, 2014, and 2013, respectively. Increases of $40 million or 1% from 2014 to 2015 were primarily due to continued growth in accounts receivable and pledges receivable related to the fundraising campaign launched in FY2014, offset by decreases in investment assets. Increases of $161 million or 4% from 2013 to 2014 were primarily due to increases in investment assets, the continued growth in accounts receivable and the growth in pledges receivable related to the fundraising campaign launched during the year.

Total liabilities increased $1.1 billion or 80% from September 30, 2014 to September 30, 2015. This increase relates to the implementation of GASB Statement No. 68, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27* (GASB 68). GASB 68 requires UAB to record a pension liability for its proportionate share of the collective net pension liability held by the Teachers' Retirement System of Alabama (TRS). At September 30, 2015, UAB reported a pension liability of $1.1 billion. At September 30, 2014, UAB had not recorded a share of this liability.

Total liabilities increased $15.6 million or 1% from September 30, 2013 to September 30, 2014. The increase relates to growth in accounts payable and accrued liabilities, offset by reductions in bonds payable related to annual principal payments.

The change in net position reflects the operating, nonoperating and other activity of UAB, which results from revenues, expenses, and gains and losses, and is summarized for the years ended September 30, 2015, 2014, and 2013, as follows:

	2015	2014	2013
TOTAL OPERATING REVENUES	$2,757,271,163	$2,528,819,107	$2,405,991,627
TOTAL OPERATING EXPENSES	2,971,735,542	2,819,301,958	2,674,554,826
NET OPERATING LOSS	(214,464,379)	(290,482,851)	(268,563,199)
TOTAL NONOPERATING INCOME, CAPITAL, ENDOWMENT AND OTHER ACTIVITIES	276,164,537	435,218,951	410,964,015
INCREASE IN NET POSITION	$61,700,158	$144,736,100	$142,400,816

A majority of UAB's endowment funds are invested in common investment pools established by The Board of Trustees of The University of Alabama (the Board). The funds are invested to maximize total return over the long term, with an appropriate level of risk. Any short term reduction in the fair value of the endowment portfolio will not have a meaningful immediate impact on the portion of investment income available to support current year operating expenses since such distributions are made pursuant to The University of Alabama System's (the System) spending rate policy.

Statements of Net Position

The statement of net position presents the financial position of UAB at the end of the fiscal year, and includes all assets, deferred outflows, liabilities, and deferred inflows recorded on the accrual basis of accounting. The changes in net position are indicators of whether the overall financial condition of UAB has improved or worsened during the year. A summarized comparison of UAB's assets, deferred outflows, liabilities, deferred inflows, and net position at September 30, 2015, 2014, and 2013, is as follows:

	2015	2014	2013
ASSETS AND DEFERRED OUTFLOW OF RESOURCES			
Capital Assets, Net	$1,543,382,487	$1,534,728,580	$1,524,883,924
Other Assets	2,561,775,690	2,531,149,355	2,379,708,092
TOTAL ASSETS	4,105,158,177	4,065,877,935	3,904,592,016
Deferred outflow from debt refundings	12,166,509	11,970,051	12,958,289
Deferred outflow from pension obligations	84,999,000		
TOTAL DEFERRED OUTFLOW OF RESOURCES	97,165,509	11,970,051	12,958,289
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$4,202,323,686	$4,077,847,986	$3,917,550,305
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION			
Current Liabilities	448,846,513	429,071,009	390,353,766
Noncurrent Liabilities	2,011,660,998	937,973,766	961,097,310
TOTAL LIABILITIES	2,460,507,511	1,367,044,775	1,351,451,076
Deferred inflow from debt refundings	213,206	241,400	273,518
Deferred inflow from pension obligations	113,748,000		
TOTAL DEFERRED INFLOW OF RESOURCES	113,961,206	241,400	273,518
Net Position	1,627,854,969	2,710,561,811	2,565,825,711
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	$4,202,323,686	$4,077,847,986	$3,917,550,305

At September 30, 2015, the major categories of current assets consist primarily of cash and cash equivalents, short-term investments, and accounts receivable, which totaled $1.27 billion of the $1.33 billion and increased $136.3 million or 12.0% from 2014. The increase is a result of growth in short term investments.

At September 30, 2014, the major categories of current assets consist primarily of cash and cash equivalents, short-term investments, and accounts receivable, which totaled $1.13 billion of the $1.19 billion and increased $125.2 million or 12.4% from 2013. The increase is a result of growth in short term investments.

At September 30, 2015, total current liabilities of $448.8 million consist primarily of accounts payable, accrued payroll and related benefits, and unearned revenue, which totaled $405.6 million, compared to $387.1 million at September 30, 2014, an increase of $18.6 million or 4.8% from 2014.

At September 30, 2014, total current liabilities of $429.1 million consist primarily of accounts payable, accrued payroll and related benefits, and unearned revenue, which totaled $387.1 million, compared to $357.4 million at September 30, 2013, an increase of $29.7 million or 8.3% from 2013.

UAB's endowment and life income investments decreased $20.2 million to $405.4 million from September 30, 2014 to September 30, 2015. This decrease resulted from net investment losses at the end of the year, offset by the establishment of the new endowment funds through gifts and the creation of Board-designated quasi-endowments. UAB's endowment funds consist of both permanent and quasi-endowments.

UAB's endowment and life income investments increased $32.3 million to $425.6 million from September 30, 2013 to September 30, 2014. This increase resulted from net investment gains and by the establishment of new endowment funds through gifts and the creation of Board-designated quasi-endowments.

Permanent endowment funds are those funds received from donors with the requirement that the principal remain unspent and invested in perpetuity to produce income to be expended for the purposes specified by the donor. Quasi-endowments consist of restricted or unrestricted funds that have been set aside by actions of the Board to produce income for an established purpose until the time the Board reverses its action. Endowment income supports scholarships, fellowships, professorships, research efforts, and other programs and activities of UAB.

At September 30, 2015, 2014, and 2013 respectively, UAB's investment in the Professional Liability Trust Fund (PLTF) and other long-term investments totaled approximately $48.6, $52.8, and $50.4 million. The $4.2 million decrease from September 30, 2014 to September 30, 2015 is a result of net investment losses at the end of the year. The $2.4 million increase from September 30, 2013 to September 30, 2014 is a result of growth in investment values at September 30, 2014.

Upon implementation of GASB 68 during fiscal year 2015, UAB recorded deferred outflows from pension obligations of $85.0 million and deferred inflows from pension obligations of $114.0 million at September 30, 2015. These balances were not previously recorded in the financial statements.

At September 30, 2015, deferred outflows from debt refundings were $12.2 million and deferred inflows from debt refundings were $0.2 million. The increase of $0.2 million in deferred outflows is the result of a bond refunding during fiscal year 2015, net of the annual amortization of these balances. At September 30, 2014, these amounts were $11.9 million in deferred outflows from debt refundings and $0.2 million in deferred inflows from debt refundings. These changes from 2013 to 2014 are related to the annual amortization of these balances. At September 30, 2013, $12.9 million in bond deferred refunding amounts were recorded as deferred outflows of resources and $0.3 million in bond deferred refunding amounts were recorded as deferred inflows of resources.

Capital and Debt Activities

An aspect of UAB's continued growth is an emphasis on the expansion and maintenance of capital assets. UAB continues to implement its long-range capital plan.

Capital assets primarily include land, buildings, fixed equipment systems, and inventoried equipment. The original costs of capital assets increased approximately $124.1 million and $66.5 million from September 30, 2014 to September 30, 2015 and from September 30, 2013 to September 30, 2014, respectively. This increase consists primarily of capital expenditures and capital additions totaling $147.2 million (offset primarily by $23 million in disposals) and $143.1 million (offset primarily by $77 million in disposals) in 2015 and 2014, respectively. Capital additions are comprised primarily of renovation and new construction of student, research and health care facilities, as well as additions to improve information technology systems. Annual additions were funded with capital funds, grants, gifts of $19.0 million and $24.7 million, debt proceeds of $25.6 million and $40.2 million, and the remainder by UAB funds designated for capital purchases in 2015 and 2014, respectively.

The primary capital project in process at September 30, 2015 is the replacement of Hill University Center. Capital projects in process at September 30, 2014 included construction of a new residence hall and the replacement of Hill University Center.

UAB's long-term debt related to capital assets, consisting of bonds and capital leases, totaled $908.6, $939.4, and $956.1 million at September 30, 2015, 2014, and 2013, respectively. The decrease in debt during 2015 and 2014 consisted primarily of the principal payments made in accordance with the debt instruments.

Net Position

Net position represents the residual interest in UAB's assets and deferred outflows after liabilities and deferred inflows are deducted. UAB's net position at September 30, 2015, 2014, and 2013, is summarized as follows:

	2015	2014	2013
NET INVESTMENT IN CAPITAL ASSETS	$677,862,629	$694,763,792	$696,323,637
RESTRICTED			
Nonexpendable	285,371,572	297,300,148	273,651,082
Expendable	276,376,346	238,570,638	212,482,294
UNRESTRICTED	388,244,422	1,479,927,233	1,383,368,698
TOTAL NET POSITION	$1,627,854,969	$2,710,561,811	$2,565,825,711

Net position invested in capital assets represent UAB's capital assets, net of accumulated depreciation and outstanding principal of debt in excess of related bond proceeds attributable to the acquisition, construction, or improvement of those assets. The $16.9 million decrease in 2015 reflects the decrease in unexpended bond proceeds in excess of the growth in capital assets net of annual depreciation expense. The balance remained relatively flat from September 30, 2013 to September 30, 2014, with a decrease of $1.6 million related to the annual depreciation of capital assets, offset by the use of bond proceeds attributable to the acquisition, construction and improvement of capital assets.

Restricted nonexpendable net position includes UAB's permanent endowment funds and annuity and life income assets that will ultimately become pure endowment funds. The $11.9 million decrease in 2015 relates to the decrease in fair values of investments and contributions at the end of the year. The $23.6 million increase in 2014 results primarily from the increase in fair values of investments and contributions.

Restricted expendable net position is subject to externally imposed restrictions governing its use. Restricted expendable net position includes UAB's assets whose use is restricted by an external restriction. The $37.8 million increase in 2015 and the $26.1 million increase in 2014 result primarily from gifts.

Unrestricted net position includes UAB's assets whose use is not restricted by an external entity. Unrestricted net position decreased $1.1 billion or 73.8% in 2015 due to the implementation of GASB 68 and the recording of the $1.1 billion pension liability. Unrestricted net position increased $96.6 million or 7.0% in 2014.

Although unrestricted net position is not subject to externally imposed restrictions, UAB has designated available unrestricted net position to be used for academic and research programs as well as capital projects.

Statements of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents UAB's results of operations, as well as the nonoperating revenues and expenses. Annual state appropriations are classified as nonoperating revenues according to governmental accounting standards, even though the state-appropriated funds are used to support the operations of UAB. Without the nonoperating revenues, in particular the state appropriations and private gifts, UAB would not be able to cover its costs of operations. A summarized comparison of UAB's revenues, expenses and changes in net position for the years ended September 30, 2015, 2014, and 2013 is presented on the following page:

	2015	2014	2013
OPERATING REVENUES			
Student tuition and fees, net	$169,249,316	$161,170,368	$146,183,606
Grants and contracts	398,214,165	371,578,206	373,172,028
Sales and services	2,131,411,413	1,940,550,998	1,846,805,110
Other revenues	58,396,269	55,519,535	39,830,883
REVENUES SUPPORTING CORE ACTIVITIES	2,757,271,163	2,528,819,107	2,405,991,627
OPERATING EXPENSES			
Operating expenses	2,971,735,542	2,819,301,958	2,674,554,826
OPERATING LOSS	(214,464,379)	(290,482,851)	(268,563,199)
NONOPERATING REVENUES (EXPENSES)			
State educational appropriations	265,293,488	264,072,721	258,429,840
Grants and contracts	28,451,597	26,863,696	26,282,921
Gifts	54,203,316	43,981,418	32,067,976
Investment income (loss)	(64,196,326)	83,662,716	87,382,279
Interest expense	(30,644,143)	(29,451,270)	(30,895,769)
Loss on asset disposition, net	(231,544)	(4,930,045)	(5,265,734)
Capital state appropriations	5,292,219	30,754,632	8,680,247
Capital gifts and grants	4,398,406	8,293,498	4,507,902
Endowment gifts	14,930,217	17,026,885	9,568,250
Net other nonoperating (expense) revenue	(1,332,693)	(5,055,300)	20,206,103
NET NONOPERATING REVENUES AND OTHER CHANGES	276,164,537	435,218,951	410,964,015
INCREASE IN NET POSITION	61,700,158	144,736,100	142,400,816
Net position, beginning of year as previously reported	2,710,561,811	2,565,825,711	2,423,424,895
Adoption of GASB 68	(1,144,407,000)		
Net Position, beginning of year as restated as of October 1, 2014	1,566,154,811	2,565,825,711	2,423,424,895
NET POSITION, END OF YEAR	$1,627,854,969	$2,710,561,811	$2,565,825,711

Figures A and A1 are graphic illustrations of revenues by source (both operating and nonoperating), which are used to fund UAB's operating activities for the years ended September 30, 2015 and 2014, respectively.

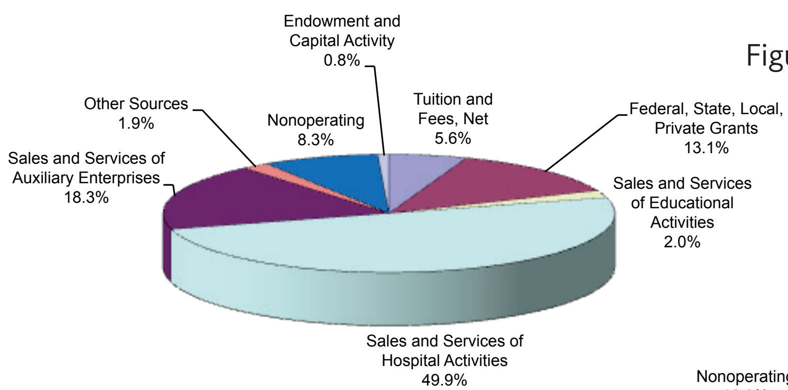
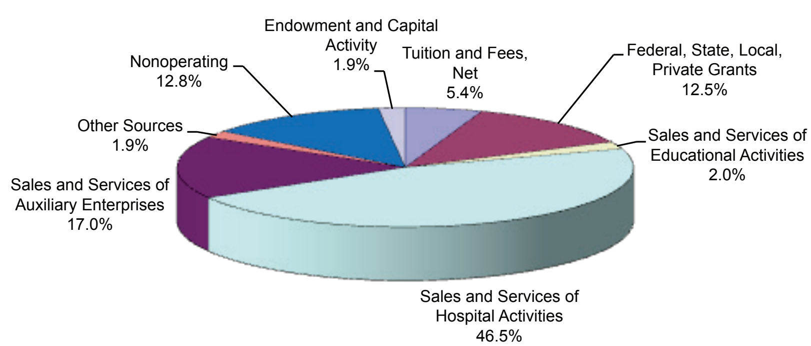


Figure A: Revenue Streams 2015

Figure A1: Revenue Streams 2014



Gross tuition and fees revenue increased by $12.5 million and $19.5 million in 2015 and 2014, respectively. Tuition rates increased 4% in 2015 and 6% in 2014. Total student headcount of 19,973 and 19,824 increased by 149 and 541 or 0.8% and 2.8% in 2015 and 2014, respectively.

UAB recognized $73.2, $68.6, and $46.1 million in gift revenue (composed partially of $4.1, $7.6, and $4.4 million and $14.9, $17.0, and $9.6 million in capital and endowment gifts, respectively) for the years ended September 30, 2015, 2014, and 2013, respectively.

UAB receives state educational appropriations and capital funding from the State of Alabama. UAB recognized educational appropriations and capital funding from the State of Alabama totaling $270.6, $294.8, and $267.1 million, of which $265.3, $264.1, and $258.4 million was primarily from the Educational Trust Fund (ETF), which is included as nonoperating revenue in 2015, 2014, and 2013, respectively. The remaining $5.3, $30.8, and $8.7 million represents Public School and College Authority funds and other state capital funds in 2015, 2014 and 2013, respectively.

Net hospital sales and service revenue totaled $1.52 billion, $1.38 billion, and $1.28 billion, an increase of 9.9% and 7.8% from 2014 to 2015 and 2013 to 2014, respectively. This increase results from increased volume, contract improvements, and ongoing revenue-cycle improvement activities.

UAB receives grant and contract revenue from federal, state, local, and private agencies. These funds are used to further the mission of UAB: research, education, and public service. In addition to the funds received in exchange for services performed, UAB received $0.33, $0.65, and $0.06 million in 2015, 2014, and 2013, respectively, in funds to be used to acquire capital assets. Figures B and B1 are illustrations of the breakout of the funding sources for grant and contract revenue for the years ended September 2015 and 2014, respectively.

Figure B: Grants and Contract Revenues

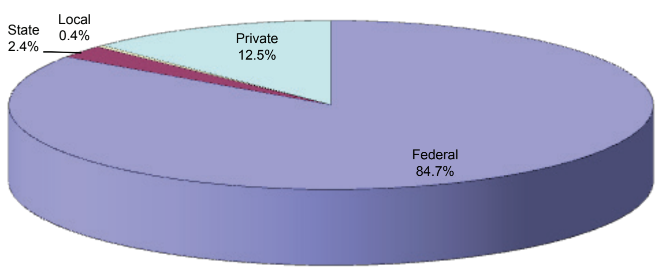
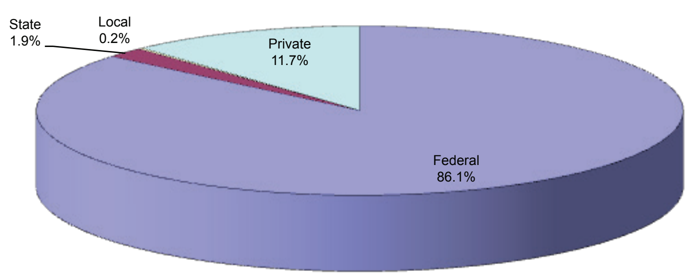


Figure B1: Grants and Contract Revenues



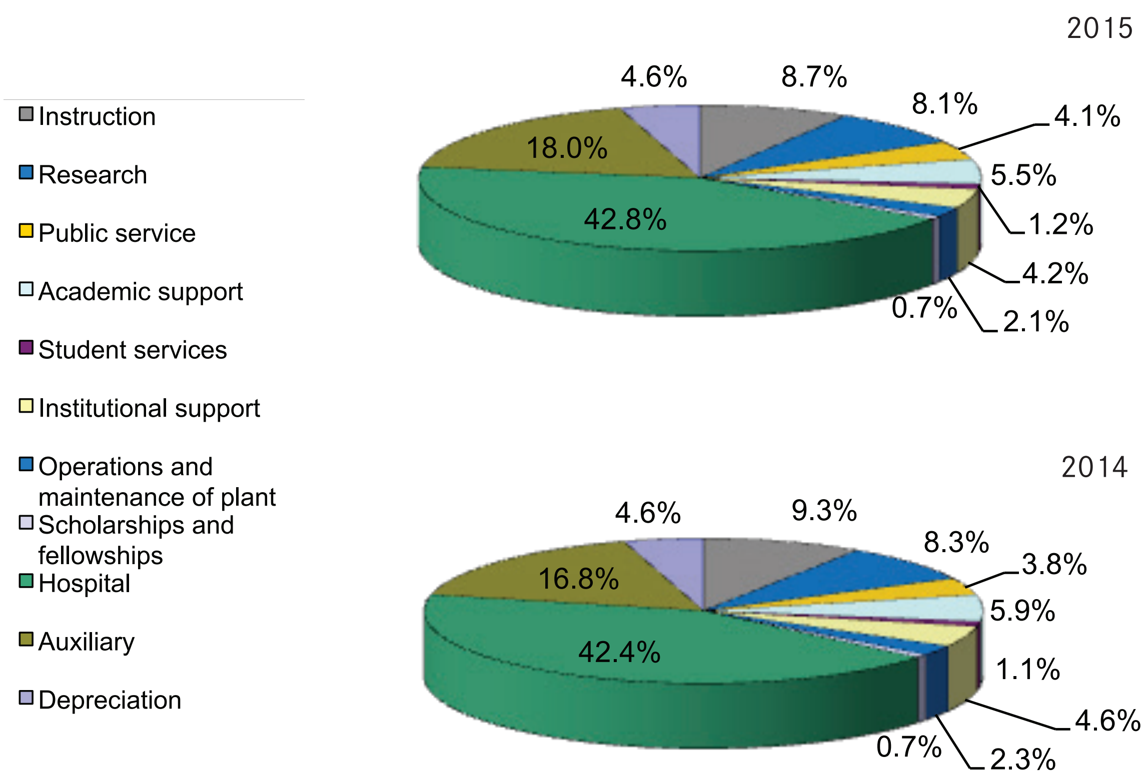
Net investment income decreased $147.9 million and $3.7 million from 2014 to 2015 and 2013 to 2014, respectively. The decreases are a result of decreases in the fair value of investments.

A comparative summary of UAB's operating expenses for the years ended September 30, 2015, 2014, and 2013, is as follows:

	2015	2014	2013
Salaries, Wages, and Benefits	$1,390,766,703	$1,380,369,207	$1,327,917,671
Supplies and Services	1,422,828,210	1,288,371,950	1,227,334,700
Depreciation	137,027,585	129,547,649	98,303,065
Scholarships and Fellowships	21,113,044	21,013,152	20,999,390
	$2,971,735,542	$2,819,301,958	$2,674,554,826

Salaries, wages, and benefits increased $10.4 million or 0.8% during 2015 and $52.5 million or 4.0% during 2014. These increases are primarily due to the growth of UAB's salary base and rising benefit costs. Supplies and services expenses increased $134.5 million or 10.4% and $61.0 million or 5.0% during 2015 and 2014, respectively. This increase is primarily attributable to UAB's continued growth.

In addition to their natural classification, it is also informative to review operating expenses by function. Graphic illustrations of UAB's operating expenses by function for the years ended September 30, 2015 and 2014, respectively, are presented as follows:



Statements of Cash Flows

The statement of cash flows presents the significant sources and uses of cash. UAB's cash, primarily held in demand deposit accounts, is minimized by sweeping available cash balances into investment accounts on a daily basis.

	2015	2014	2013
Net Cash Used In Operating Activities	$(128,984,849)	$(164,743,273)	$(179,888,501)
Net Cash Used In Capital and Related Financing Activities	(196,379,304)	(145,181,642)	(15,544,611)
Net Cash Provided By Noncapital Financing Activities	341,930,501	345,440,094	326,613,818
Net Cash Used In Investing Activities	(113,957,362)	(2,707,331)	(60,852,837)
Net (Decrease) Increase In Cash And Cash Equivalents	(97,391,014)	32,807,848	70,327,869
Cash and Cash Equivalents, Beginning Of Year	371,960,135	339,152,287	268,824,418
Cash and Cash Equivalents, End Of Year	$274,569,121	$371,960,135	$339,152,287

UAB used $129.0, $164.7, and $179.8 million of cash for operating activities, offset by $341.9, $345.4, and $326.6 million of cash provided by noncapital financing activities in 2015, 2014 and 2013, respectively. Noncapital financing activities, as defined by the GASB, include state educational appropriations and gifts received for other than capital purposes that are used to support operating expenses.

Cash of $196.4, $145.2, and $15.5 million in 2015, 2014 and 2013, respectively, was used for capital and related financing activities, primarily purchases of capital assets and principal and interest payments on long-term debt, partially offset by sources that included bond proceeds, gifts, and grants and contracts for capital purposes. Cash used in investing activities totaled $114.0, $2.7, and $60.9 million in 2015, 2014 and 2013, respectively.

Economic Factors That Will Affect The Future

As a labor-intensive organization, UAB faces competitive pressures related to attracting and retaining faculty and staff.

The State of Alabama appropriates money each year to UAB for operating costs and nonoperating cash requirements, including capital expenditures. Because the State is mandated by its Constitution to operate with a balanced budget, the State occasionally has reduced its appropriations, through a process known as "proration," when its annual revenues are not expected to meet budgeted appropriations. During the year ending September 30, 2011, the State implemented proration. As the State could implement proration in future years, UAB continues implementing cost-saving measures in order to balance its own budget.

Private gifts are an important part of the fundamental support of UAB. Economic pressures affecting donors may also affect the future level of support UAB receives from corporate and individual giving. In October 2013, UAB launched its largest fundraising campaign to date known as "Give something change everything." The fundraising goal is $1 billion and will run through 2018.

During fiscal year 2015, 74% of UAB students received financial aid, including $158.3 million of Federal Financial Aid. In recent years, financial aid reform and reauthorization of existing aid programs have been topics in legislative sessions. Management is monitoring proposed future legislation in order to respond in a manner to assist current and future students.

The Hospital faces significant challenges in a dynamic healthcare sector and volatile economic environment. The demand for health care services and the cost of providing them are increasing significantly while the revenues to support these services are diminishing. In addition to cost increases such as rising salary and benefit costs, the Hospital also faces additional costs associated with new technologies, the education and training of health care professionals and provision of care for a disproportionate share of the medically underserved in Alabama. In recent years, federal legislation has been enacted to slow future rate increases in Medicare and Medicaid and reduce medical education and disproportionate share funding. Management is committed to staying abreast of pertinent issues; implementing appropriate management actions and continuing to provide quality care for all patients.

These financial statements are designed to provide a general overview of the University of Alabama at Birmingham and to demonstrate UAB's accountability. Questions concerning any information provided in this report or requests for additional information should be addressed to the Office of the Vice President for Financial Affairs and Administration, The University of Alabama at Birmingham, AB 1030, 1720 2ND AVE S, BIRMINGHAM AL 35294-0106.

The University of Alabama at Birmingham
Statements of Net Position

September 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 248,272,848	$ 331,194,282
Short term investments	685,513,907	521,161,680
Accounts receivable, net	334,200,375	279,342,066
Loans receivable, current portion	2,637,651	2,473,999
Pledges receivable, current portion	19,163,293	13,530,960
Inventories	17,341,148	18,322,119
Other current assets	26,013,396	22,024,960
Total current assets	**1,333,142,618**	**1,188,050,066**
Noncurrent Assets:		
Cash and cash equivalents designated for capital activities	25,647,600	40,228,737
Restricted cash and cash equivalents	648,673	537,116
Investments for capital activities	679,164,557	768,598,367
Endowment and life income investments	405,437,955	425,625,236
Investment in Professional Liability Trust Fund	48,615,182	52,839,465
Other long-term investments	18,076,824	19,312,548
Loans receivable, net	14,049,787	14,943,681
Pledges receivable	36,938,307	20,135,528
Capital assets, net	1,543,382,487	1,534,728,580
Other noncurrent assets	54,187	878,611
Total noncurrent assets	**2,772,015,559**	**2,877,827,869**
Total Assets	**$ 4,105,158,177**	**$ 4,065,877,935**
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflow from debt refundings	12,166,509	11,970,051
Deferred outflow from pension obligations	84,999,000	
Total Deferred Outflow of Resources	**$ 97,165,509**	**$ 11,970,051**
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 300,851,972	$ 286,733,632
Deposits	9,121,344	10,024,334
Unearned revenue-grants	25,474,095	23,655,869
Unearned revenue-other	79,301,319	76,680,686
Long-term debt, current portion	34,097,783	31,976,488
Total current liabilities	**448,846,513**	**429,071,009**
Noncurrent Liabilities		
Federal advances-loan funds	14,371,308	14,559,124
Long-term debt, noncurrent portion	874,533,980	907,466,173
Pension liability	1,107,275,000	
Other noncurrent liabilities	15,480,710	15,948,469
Total noncurrent liabilities	**2,011,660,998**	**937,973,766**
Total Liabilities	**$ 2,460,507,511**	**$ 1,367,044,775**
DEFERRED INFLOW OF RESOURCES		
Deferred inflow from debt refundings	213,206	241,400
Deferred inflow from pension obligations	113,748,000	
Total Deferred Inflow of Resources	**$ 113,961,206**	**$ 241,400**
NET POSITION		
Net investment in capital assets	677,862,629	694,763,792
Restricted		
Nonexpendable	285,371,572	297,300,148
Expendable	276,376,346	238,570,638
Unrestricted	388,244,422	1,479,927,233
Total Net Position	**$ 1,627,854,969**	**$ 2,710,561,811**

See accompanying notes to financial statements.

The University of Alabama at Birmingham Statements of Revenues, Expenses, and Changes in Net Position

Years Ended September 30, 2015 and 2014

	2015	2014
Operating Revenues		
Tuition and fees	$ 226,080,561	$ 213,508,162
Less: scholarship allowance	(56,356,037)	(51,781,171)
Less: bad debt expense	(475,208)	(556,623)
Tuition and fees, net	169,249,316	161,170,368
Grants and contracts:		
Federal	332,836,851	316,141,798
State	10,314,365	7,678,988
Local	1,517,304	910,231
Private	53,545,645	46,847,189
Sales and services:		
Educational activities	60,916,483	59,147,027
Hospital, net of bad debt expense of $213,771,766 and $247,495,640	1,515,127,206	1,378,598,120
Other auxiliary enterprises, net of scholarship allowance of $2,876,928 and $3,178,403	555,367,724	502,805,851
Other operating revenues	58,396,269	55,519,535
Total operating revenues	**2,757,271,163**	**2,528,819,107**
Operating Expenses		
Salaries, wages and benefits	1,390,766,703	1,380,369,207
Supplies and services	1,422,828,210	1,288,371,950
Depreciation	137,027,585	129,547,649
Scholarships and fellowships	21,113,044	21,013,152
Total operating expenses	**2,971,735,542**	**2,819,301,958**
Operating loss	**(214,464,379)**	**(290,482,851)**
Nonoperating Revenues (Expenses)		
State educational appropriations	265,293,488	264,072,721
Federal grants and contracts	28,304,839	26,767,145
State grants and contracts	115,969	96,551
Private grants and contracts	30,789	
Gifts	54,203,316	43,981,418
Investment (loss) income	(64,196,326)	83,662,716
Interest expense	(30,644,143)	(29,451,270)
Loss on asset dispositions, net	(231,544)	(4,930,045)
Net other nonoperating expense	(1,332,693)	(5,055,300)
Net nonoperating revenues	**251,543,695**	**379,143,936**
Income before other revenues, expenses, gains, and losses	**37,079,316**	**88,661,085**
Other Changes in Net Position		
Capital and endowment activities		
State capital funds	5,292,219	30,754,632
Capital grants and contracts	328,772	653,356
Capital gifts	4,069,634	7,640,142
Endowment gifts	14,930,217	17,026,885
Net other changes in net position	24,620,842	56,075,015
Increase in net position	**61,700,158**	**144,736,100**
Net Position, beginning of year as previously reported	**2,710,561,811**	**2,565,825,711**
Adoption of GASB 68	**(1,144,407,000)**	
Net Position, beginning of year as restated as of October 1, 2014	**1,566,154,811**	**2,565,825,711**
Net Position, end of year	**$ 1,627,854,969**	**$ 2,710,561,811**

See accompanying notes to financial statements.

The University of Alabama at Birmingham
Statements of Cash Flows

Years Ended September 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Student tuition and fees	$ 169,363,822	$ 161,049,083
Grants and contracts	397,357,860	372,584,257
Receipts from sales and services of:		
Educational activities	59,771,671	59,721,908
Patient services	1,493,494,050	1,364,628,527
Auxiliary enterprises, net	34,767,339	32,208,514
Premium and administrative fees collected	523,097,933	478,403,219
Payment to employees and related benefits	(1,197,347,390)	(1,208,073,177)
Payment for contract labor	(222,941,090)	(167,784,313)
Payment to suppliers	(1,416,396,865)	(1,287,314,322)
Payment for scholarships and fellowships	(21,113,044)	(21,013,152)
Other receipts	50,960,865	50,846,183
Net cash used in operating activities	**(128,984,849)**	**(164,743,273)**
Cash flows from capital and related financing activities		
Proceeds from issuance of capital debt	36,703,017	
State capital funds	5,292,219	30,754,632
Capital grants and contracts	311,232	938,849
Private gifts	2,903,083	5,363,699
Proceeds from sale of capital assets	1,301,121	158,538
Purchases of capital assets	(142,583,094)	(120,805,268)
Principal payments on capital debt	(67,021,224)	(28,404,283)
Interest payments on capital debt	(33,285,658)	(33,187,809)
Net cash used in capital and related financing activities	**(196,379,304)**	**(145,181,642)**
Cash flows from noncapital financing activities		
State educational appropriations	265,293,488	264,072,721
Private gifts	47,864,971	47,470,963
Student direct lending receipts	135,941,130	133,843,950
Student direct lending disbursements	(136,484,916)	(132,819,504)
Other deposits	30,406,634	29,819,198
Deposits (to) from affiliates	(1,090,806)	3,052,766
Net cash provided by noncapital financing activities	**341,930,501**	**345,440,094**
Cash flows from investing activities		
Interest and dividends from investments, net	57,433,031	52,568,839
Proceeds from (issuances of) notes receivable	172,700	(381,845)
Proceeds from sales and maturities of investments	98,509,353	29,209,437
Investments in system pooled investment funds	(270,072,446)	(41,959,528)
Purchases of investments		(42,144,234)
Net cash used in investing activities	**(113,957,362)**	**(2,707,331)**
Net (decrease) increase in cash and cash equivalents	**(97,391,014)**	**32,807,848**
Cash and cash equivalents, beginning of year	**371,960,135**	**339,152,287**
Cash and cash equivalents, end of year	**$ 274,569,121**	**$ 371,960,135**
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (214,464,379)	$ (290,482,851)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	137,027,585	129,547,649
Pension expense	76,616,000	
Changes in assets and liabilities:		
Accounts receivable, net	(48,829,259)	(22,487,918)
Prepaid expenses and other assets	(6,519,218)	(1,682,966)
Accounts payable and accrued liabilities	7,972,970	13,165,765
Pension obligations	(84,999,000)	
Unearned revenue	4,210,452	7,197,048
Net cash used in operating activities	**$ (128,984,849)**	**$ (164,743,273)**

See accompanying notes to financial statements.

The University of Alabama at Birmingham
Statements of Cash Flows (continued)

Years Ended September 30, 2015 and 2014

	2015	2014
Supplemental noncash activities information		
Capital assets acquired included in accounts payable	$ 12,949,689	$ 10,835,577
Interest capitalized	1,568,225	4,266,422
Capital assets acquired through donations		1,900,000
Capital assets acquired through capital lease	943,971	11,977,740

See accompanying notes to financial statements.

Southern Research Institute
A Discretely Presented Component Unit
Statements of Net Position

January 2, 2015 and January 3, 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,209,023	$ 175,262
Investments	45,801,195	55,483,638
Restricted cash and investments	11,414,279	11,258,073
Funds held by trustee		547,236
Accounts receivable, net	13,517,190	13,796,467
Other receivables	22,502,617	2,410,282
Materials and supplies, net	923,199	1,041,835
Prepayments and other current assets	1,541,946	1,250,613
Total current assets	**96,909,449**	**85,963,406**
Noncurrent Assets:		
Capital assets:		
Land and improvements	8,086,347	8,009,676
Buildings and major plant equipment	70,626,838	75,618,971
Laboratory equipment and fixtures	63,091,569	53,656,662
Office furniture and equipment	2,480,925	2,487,449
Intangible assets, net	1,957,006	1,809,705
	146,242,685	141,582,463
Less accumulated depreciation	76,940,647	70,316,524
	69,302,038	71,265,939
Construction-in-progress	476,933	4,249,626
Total capital assets, net	69,778,971	75,515,565
Total noncurrent assets	**69,778,971**	**75,515,565**
Total Assets	**$ 166,688,420**	**$ 161,478,971**
DEFERRED OUTFLOW OF RESOURCES		
Accumulated change in fair value of interest rate swap	563,516	732,578
Total Deferred Outflow of Resources	**$ 563,516**	**$ 732,578**
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 3,497,750	$ 5,031,433
Accrued liabilities	16,796,398	8,098,373
Unearned contract revenue	2,955,368	3,594,576
Current maturities of long-term debt and capital lease obligations	560,000	480,000
Note payable	1,849,029	1,250,747
Total current liabilities	**25,658,545**	**18,455,129**
Noncurrent Liabilities:		
Long-term debt and capital lease obligations	17,840,000	18,400,000
Derivative instrument - interest rate swap	563,516	732,578
Postretirement benefits	947,362	947,620
Total noncurrent liabilities	**19,350,878**	**20,080,198**
Total Liabilities	**$ 45,009,423**	**$ 38,535,327**
NET POSITION		
Net investment in capital assets	51,378,971	57,182,801
Restricted		
Expendable	11,414,279	11,258,073
Unrestricted	59,449,263	55,235,348
Total Net Position	**$ 122,242,513**	**$ 123,676,222**

See accompanying notes to financial statements.

Southern Research Institute
A Discretely Presented Component Unit
Statements of Revenues, Expenses, and Changes in Net Position
January 2, 2015 and January 3, 2014

	2015	2014
Operating Revenues		
Contract revenues	$ 65,326,361	$ 67,063,914
Intellectual property revenues, net of direct expenses	16,551,805	5,507,147
Total operating revenues	**81,878,166**	**72,571,061**
Operating Expenses		
Salaries, wages and benefits	44,282,420	43,701,039
Supplies and services	31,448,080	33,718,079
Depreciation and amortization	8,064,463	6,810,380
Total operating expenses	**83,794,963**	**84,229,498**
Operating loss	**(1,916,797)**	**(11,658,437)**
Nonoperating Revenues (Expenses)		
Contributions	97,552	135,093
Investment income (loss)	2,961,079	8,106,195
Interest expense	(588,610)	(582,727)
Loss on disposal of assets	(1,880,472)	(1,602,035)
Net nonoperating revenues (expenses)	**589,549**	**6,056,526**
Loss before other revenues, expenses, gains and losses	**(1,327,248)**	**(5,601,911)**
Other Changes in Net Position		
Environmental cleanup	78,016	-
Loss from discontinued operations	(184,477)	(20,958)
Net other changes in net position	**(106,461)**	**(20,958)**
(Decrease) increase in net position	**(1,433,709)**	**(5,622,869)**
Net Position, beginning of year	**123,676,222**	**129,299,091**
Net Position, end of year	**$ 122,242,513**	**$ 123,676,222**

See accompanying notes to financial statements.

The University of Alabama at Birmingham Notes to Financial Statements

September 30, 2015

(1) Summary of Significant Accounting Policies

The University of Alabama at Birmingham (UAB) is one of three campuses of The University of Alabama System (the System), which is a discretely presented component unit of the State of Alabama (the State). The financial statements of UAB are intended to present the financial position, changes in financial position, and the cash flows of only that portion of the business-type activities of the financial reporting entity of the System that is attributable to the transactions of UAB. The System is recognized as an organization exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) of the Internal Revenue Code.

UAB, as a public institution, prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* (GASB Statement No. 35), establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following three net position categories:

- **Net Investment in Capital Assets:**

  Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

- **Restricted:**

  Nonexpendable: Net position subject to externally imposed stipulations that they be maintained permanently by UAB. Such assets include UAB's permanent endowment funds.

  Expendable: Net position whose use by UAB is subject to externally imposed stipulations that can be fulfilled by actions of UAB pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted:**

  The net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management. Substantially all of the unrestricted net position is designated for academic and research programs and initiatives and capital programs.

UAB reports as a business type activity, as defined by GASB Statement No. 35. Business type activities are those financed in whole or in part by fees charged to external parties for goods or services.

UAB policy states that operating activities as reported by the statement of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 35.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The estimates susceptible to significant changes include those used in determining the allowance for contractual adjustments and uncollectible accounts, valuation of investments, accruals related to compensated absences, allowance for self insurance, estimated amounts due to or from third-party payors, and reserves for general and professional liability claims. Although some variability is inherent in these estimates, management believes that the amounts provided are adequate.

Scope of Statements

UAB is principally comprised of a university (the University) and the University of Alabama Hospital (the Hospital) which are UAB's reportable segments as defined by GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis-For State and Local Governments: Omnibus an Amendment of GASB Statements No. 21 and No. 34.* UAB's financial statements present the financial position, changes in financial position, and the cash flows of the University, the Hospital, and UAB's blended component units. Condensed financial information of UAB's reportable segments is presented at Note 22. GASB Statement No. 14, *The Financial Reporting Entity* (GASB Statement No. 14), as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* (GASB Statement No. 61), requires governmental entities to include in their financial statements as a component unit, organizations that are legally separate entities for which the governmental entity, as a primary organization, is financially accountable.

The by-laws and corporate charter of the Southern Research Institute (SRI) allow UAB to appoint a majority of the board of directors and UAB is financially accountable for SRI. Therefore, management has determined that SRI is a discretely presented component unit of UAB under GASB Statements No. 14 and No. 61. SRI reports financial results under principles prescribed under the GASB. SRI offers research and technology services to support industry and federal government agencies primarily in the areas of drug design and evaluation, environmental controls, materials engineering, and chemical and biological defense. The activities of SRI are maintained using a fiscal calendar year-end that ends prior to UAB's fiscal year-end of September 30. The financial results of SRI are discretely presented in the accompanying financial statements.

The by-laws and corporate charters of the UAB Research Foundation (UABRF) allow UAB to appoint a majority of the board of directors and allow UAB to impose its will on the entity. UABRF operates for the exclusive benefit of UAB. The by-laws of the Alabama Care Plan (ACP) allow UAB to appoint a majority of the members of the Member Board, as defined, which operates in a consultory capacity with the ACP Board of Directors. The by-laws allow the ACP Member Board certain operational and financial protective rights. Additionally, Triton Health Systems, LLC (Triton) and UAB Hospital Management LLC (LLC) have governing bodies that are substantively the same as the governing body of UAB and there is a financial benefit or burden relationship with UAB and these entities. Therefore, management has determined that UABRF, Triton, ACP and LLC (the Blended Component Units) constitute blended component units of UAB under GASB Statements No. 14 and 61. The Blended Component Units report financial results under principles prescribed under the GASB.

Triton was formed to advance the educational and research mission of UAB and to educate and train physicians and other health care professionals. Triton is owned 99% by UAB and 1% by The UAB Educational Foundation (UABEF). UABRF was organized exclusively for charitable, scientific, and educational purposes in order to benefit UAB. The LLC was organized for the exclusive purpose of supporting UAB in connection with the management, administration, and operation of the Hospital, including, without limitation, providing management, administrative, and staffing services to the Hospital. ACP was formed in September 2014 to apply to become certified by the Alabama Medicaid Agency as a probationary regional care organization (RCO), with the goal of being eligible to become a fully certified RCO by October 2016. ACP's members are the University of Alabama for the University of Alabama Hospital, St. Vincent's Health System, and Triton. UABRF, ACP, and the LLC maintain a September 30 year-end. The activities of Triton are maintained using a fiscal calendar year-end that ends prior to UAB's fiscal year-end of September 30. However, interfund cash transactions during the period from January 1 through September 30 have been eliminated. Since Triton qualifies as a major component unit under GASB Statement No. 61, condensed financial information is presented at Note 23. Separate financial statements are available for Triton, ACP, and UABRF by contacting UAB.

Implementation of New Standard

During the year ended September 30, 2015, UAB adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* (GASB 68), and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* (GASB 71). These statements revise existing standards for employer financial statements relating to measuring and reporting pension liabilities for multi-employer cost-sharing pension plans provided by UAB to its employees. UAB is required to recognize a liability equal to its proportionate share of the Teachers' Retirement System of Alabama Plan's net pension liability. The implementation of GASB 68 and GASB 71 resulted in an adjustment to net position of approximately $1.14 billion as of October 1, 2014 (refer to Note 11). The standards were not applied retroactively to the 2014 financial statements because the Teachers' Retirement System of Alabama Plan did not provide the necessary information.

Other significant accounting policies are as follows:

Cash and cash equivalents: For purposes of the statement of cash flows, UAB considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents representing assets of UAB's endowment, life income, and other long-term investments are included in noncurrent investments.

Investments: UAB accounts for its investments, other than land and other real estate held as investments by endowments, in accordance with the provisions of GASB Statement No. 31, *Accounting and Reporting for Certain Investments and For External Investment Pools* (GASB 31) (see Note 4). Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at their fair value. UAB invests certain amounts in a commingled investment pool sponsored by the System. The value of the investments in the pools is determined by the System and based on UAB's proportionate share of the net asset value of the investment pools. Fair value for the investment pools is provided by the System, based on the fair value of the underlying investment securities held by each investment pool. Fair value of the underlying securities held in each investment pool is based on quoted market prices or dealer quotes, where available, or determined using net asset values provided by underlying investment partnerships or companies, which primarily invest in readily marketable securities. Certain real estate and non-readily marketable securities held in the System-sponsored Endowment Fund and Prime Fund are carried at cost (Note 4). Investments carried at cost are subject to review for impairment.

UAB accounts for its land and other real estate held as investments by endowments in accordance with GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments.* Investments are reported in four categories in the statement of net assets. Investments recorded as endowment and life income investments are those invested funds considered by management to be of long duration. Other long-term investments include amounts resulting from UAB's equity investment in other entities, as discussed in Note 4 and Note 19. Investments for capital projects are included in noncurrent assets. All other investments are included as short-term investments.

Inventories: Inventories are carried at the lower of cost or market. Inventories consist primarily of medical supplies and pharmaceuticals.

Accounts receivable: Accounts receivable consist primarily of patient receeivables, tuition charged to students and amounts due from federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to UAB's contracts and grants.

Capital assets: All capital assets are carried at cost on date of acquisition (or in the case of gifts, at fair value on the date of donation), less accumulated depreciation (or in the case of assets leased under capital leases, net of accumulated amortization). UAB computes depreciation for buildings and building improvements (15-40 years) and for fixed equipment systems (3-20 years) using a component method. Depreciation of land improvements (40 years), library collection (10 years), and inventoried equipment (3-20 years) is computed on a straight-line basis. The Hospital uses guidelines established by the American Hospital Association to assign useful lives to inventoried equipment.

Capital assets acquired under capital leases are amortized over the shorter of the lives of the respective leases or the estimated useful lives of the assets. Capital assets acquired through federal grants and contracts in which the federal government retains a reversionary interest are capitalized and depreciated. Interest costs, net of any related investment earnings, for certain assets acquired with the proceeds of tax-exempt borrowings are capitalized as a component of the cost of acquiring those assets. The University has identified a misclassification error between buildings and fixed equipment systems of $199,629 and equipment and fixed equipment systems in the amount of $40,891,634 as of September 30, 2014 and 2013 and has revised the previously reported amounts for those asset categories in Note 7 accordingly.

Computer software capitalization, which is included as inventoried equipment, includes the costs of software and implementation. Implementation costs include consulting expenses and allocation of internal salaries and fringes for the core implementation team.

Pledges: UAB receives gift pledges and bequests of financial support. Revenue is recognized when a pledge representing an unconditional promise to give is received and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Pledges are recorded at their gross, undiscounted amount. Endowment pledges do not meet eligibility requirements and are not recorded as assets until the related gift is received in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions (GASB Statement No. 33).*

Endowment spending: The State Legislature adopted the Alabama Uniform Prudent Management of Institutional Funds Act (UPMIFA), effective January1, 2009, which permits the Board of Trustees of the University of Alabama (the "Board") to appropriate an amount of realized and unrealized endowment appreciation as the Board determines to be prudent. UPMIFA prescribes guidelines for the expenditure of donor-restricted endowment funds in the absence of overriding, explicit donor stipulations. UPMIFA focuses on the entirety of a donor-restricted endowment fund, that is, both the original gift amount(s) and net appreciation. UPMIFA eliminates UMIFA's historic-dollar-value threshold, an amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending, explicitly requiring consideration of the duration and preservation of the fund.

UAB's policy is to retain the endowment realized and unrealized appreciation within an endowment after the spending rate distributions in a manner consistent with the standards of prudence prescribed by UPMIFA. The Board approved a spending rate for the fiscal years September 30, 2015 and 2014 of 5% of a moving three-year average of the market (unit) value.

Unearned revenue: Unearned revenue consists primarily of student fees related predominantly to future fiscal years and amounts received from grant and contract sponsors that have not yet been earned under the terms of the agreements and, therefore, have not yet been included in the net position.

Federal refundable loans: Certain loans to students are administered by UAB with funding primarily supported by the federal government. UAB's statement of net position includes both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed upon termination of the program.

Compensated absences: UAB accrues annual leave for employees at rates based upon length of service and job classification. UAB accrues compensatory time based upon job classification and hours worked. These amounts are included in accounts payable and accrued liabilities.

Student tuition and fees: Student tuition and residence fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Grant and contract revenue: UAB receives grant and contract revenue from governmental and private sources. UAB recognizes revenue associated with the sponsored programs in accordance with GASB Statement No. 33, based on the terms of the individual grant or contract.

Hospital revenue: Net patient service revenue is reported at the Hospital's estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive revenue adjustments due to revenue 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.

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its estimated rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Auxiliary enterprise revenue: Auxiliary enterprise revenues primarily represent revenues generated by intercollegiate athletics and parking as well as subscriber premiums.

Other revenue: Other revenue represents primarily revenues generated by UAB for activities such as intellectual property income and the University of Alabama Health Services Foundation, P.C. (HSF) revenues.

Equity investments: Investments in affiliated companies where UAB can exercise significant influence and for which UAB's ownership interest is 50% or less are accounted for using the equity method. The investment in the Professional Liability Trust Fund (PLTF) also is accounted for using the equity method. See Notes 4 and 19.

Nonoperating revenues (expenses): Nonoperating revenues and expenses include State educational appropriations, Federal Pell grants, private gifts for other than capital purposes, investment income, net unrealized appreciation or depreciation in the fair value of investments, interest expense, and loss on asset dispositions.

(2) Related Parties

UAB is affiliated with the UABEF, HSF, UAB Health System (UABHS), and the Valley Foundation (VF). UAB is not financially accountable for HSF, VF, UABEF, and UABHS; therefore, they do not constitute component units under the provisions of GASB Statement No. 14. These entities are not required to be presented as component units under GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, or by GASB Statement No. 61, both of which amend GASB 14.

UABEF provides funds and certain facilities to UAB for its educational and scientific functions and provides support for UAB athletic programs. UABEF has 13 board members, including seven outside members not affiliated with UAB. UABEF leases certain facilities to UAB, with rental expense of approximately $2,433,000 for the year ended September 30, 2015 and $2,409,000 for the year ended September 30, 2014. In December 2014, UABEF changed its fiscal year-end from September 30th to June 30th. UABEF made contributions to UAB which totaled approximately $3,590,000 for the nine months ended June 30, 2015 and $9,097,000 for the year ended September 30, 2014. UABEF's total assets were approximately $53,777,000 and $53,574,000 at June 30, 2015 and September 30, 2014, respectively. UABEF's total liabilities were approximately $16,743,000 and $17,578,000 at June 30, 2015 and September 30, 2014, respectively.

HSF's primary purpose is to provide a group medical practice for physicians who are members of the regular faculty of the School of Medicine at UAB and serve on the University of Alabama Hospital's medical staff. It is governed by a 19-member board of directors, 16 of whom are not affiliated with UAB. An affiliation agreement (the Agreement) documents the relationship between HSF and UAB. The University's other operating revenues include approximately $33,485,000 and $31,351,000 of funding from HSF in 2015 and 2014, respectively, which is used to support the educational and research activities of UAB. These funds were paid by HSF pursuant to its tax-exempt purpose and in recognition of the mutual benefit derived by the two organizations from the enhancement and continued development of UAB's programs. The funds were negotiated with HSF as part of UAB's budget development process. In the normal course of business, HSF purchases various services from the Hospital, aggregating approximately $19,264,000 and $11,197,000 in 2015 and 2014, respectively, and the Hospital purchases various services from HSF, aggregating approximately $40,089,000 and $34,633,000 for the years ended September 30, 2015 and 2014, respectively. As a result of these transactions, the Hospital had a net payable to HSF of approximately $108,000 and $1,169,000, respectively, at September 30, 2015 and September 30, 2014.

During 2009, the Hospital entered into an operating agreement with HSF whereby HSF began leasing two floors of the UAB Women and Infants' Facility when construction was completed in February 2010. HSF reimbursed the Hospital for construction costs of this space as they were incurred on a square-footage basis. Total reimbursements are being amortized as rent revenue on a straight-line basis over a period equal to the 90 year total lease term, commencing on February 20, 2010 when the building was placed into service. The Hospital had received reimbursements from HSF totaling approximately $13,582,000 and $13,745,000, which is included in the accompanying statement of net position as unearned revenue-other for the years ended September 30, 2015 and 2014, respectively. Approximately $163,000 was recognized as rent revenue during each of the years ended September 30, 2015 and 2014.

The Board and HSF's board have entered into an agreement under which UAB and HSF have established a common management group, the UAB Health System to provide management for their existing and future health care delivery operations. The UAB Health System Board of Directors is composed of 18 members, of whom nine are appointed by the Board. For the fiscal years ended September 30, 2015 and 2014, respectively, UAB contributed approximately $8,100,000 and $8,221,000 to the UAB Health System Board to support Health System administrative functions. In addition, the Health System periodically makes payments on behalf of the Hospital for which it is reimbursed. The Hospital had a net receivable from the Health System of approximately $84,000 and $3,091,000 for the years ended September 30, 2015 and 2014, respectively.

In March 2014, the Hospital assumed operations of the outpatient clinics in The Kirklin Clinic and entered into an agreement with HSF to lease the land and the building known as The Kirklin Clinic. The initial term of the lease, which is cancellable by either party upon proper written notice and without penalty, is five years, with automatic one-year renewals thereafter.

VF's primary purpose is to provide a group medical practice for physicians who are faculty members in the UAB School of Medicine Huntsville program. It is governed by a 17-member board of directors, consisting of three nonvoting members and 14 voting members, of whom seven are affiliated with UAB. VF's total assets were approximately $10,340,000 (unaudited) and $10,157,000 (unaudited) and total liabilities were approximately $1,432,000 (unaudited) and $1,427,000 (unaudited) at September 30, 2015 and 2014, respectively.

The Hospital received premium revenue (capitation fees) of approximately $64,599,000 and $61,862,000 from Triton during the years ended September 30, 2015 and 2014.

The Hospital purchased $197,971,000 and $155,786,000 in management, administrative, and staffing services from the LLC during the years ended September 30, 2015 and 2014, respectively. Payment for contract labor as reported on the Statements of Cash Flows includes amounts paid to employees of the LLC and HSF.

(3) Cash and Cash Equivalents

The Board approves, by resolution, all banks or other financial institutions utilized as depositories for UAB funds. Prior to approval, each proposed depository must provide evidence of its designation by the Alabama state treasurer as a qualified public depository under the Security for Alabama Funds Enhancement Act (SAFE). From time to time, the Board may request that the depository provide evidence of its continuing designation as a qualified public depository. In the past, the bank pledged collateral directly to each individual public entity. Under the mandatory SAFE program, each qualified public depository (QPD) is required to hold collateral for all its public deposits on a pooled basis in a custody account established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the state treasurer, who would use the SAFE pool collateral or other means to reimburse the loss.

As of September 30, 2014, the System sponsored a short-term investment pool for the System entities to invest operating cash reserves. The Short-Term Fund was invested in a treasury obligation money market fund managed by Federated. As of October 1, 2014, the Short-Term Fund became part of the Short Term Liquidity Pool. Refer to Note 4 for additional information related to the Short Term Liquidity Pool. As of September 30, 2014, the University had approximately $138,200,000 in the Short-Term Fund, all of which was invested in the money market fund. The assets held in the money market fund are presented in cash and cash equivalents and restricted cash and cash equivalents. As of September 30, 2015 and 2014, respectively, UAB had cash and cash equivalents totaling $274,569,121 and $371,960,135.

(4) Investments

The Board has the responsibility for the establishment of the investment policy and the oversight of the investments for the System and related entities. In order to facilitate System-wide investment objectives and achieve economies of scale, the Board has established three distinct investment pools based primarily on the projected investment time-horizons for System funds. These investment pools are the Endowment Fund, Long Term Reserve Pool and the Short Term Liquidity Pool (collectively, the “System Pools”). Pursuant to Board investment policies, each System or related entity may include all or a portion of their investments within the System sponsored investment pools. These investment funds are considered ‘internal’ investment pools under GASB Statement No. 31, with the assets pooled on a market value basis. Separately managed funds that are resident with each entity are to be invested consistent with the asset mix of the corresponding System investment pool.

UAB applies the same investment policies for separately held investments as those of the System Pools.

The following disclosures relate to both the System Pools, which include the investments of other System entities and other affiliated entities, and the UAB-specific investment portfolio.

Endowment Fund

The purpose of the Endowment Fund is to pool endowment and similar funds to support the System campuses, the Hospital and related entities in carrying out their respective missions over a perpetual time frame. Accordingly, the primary investment objectives of the Endowment Fund are to preserve the purchasing power of the principal and provide a stable source of perpetual financial support to the endowment beneficiaries. To satisfy the long-term rate of return objective, the Endowment Fund relies on a total return strategy in which investment returns are achieved through both capital appreciation and natural income. Asset allocation targets are established to meet return objectives while providing adequate diversification in order to minimize investment volatility. As discussed in Note 1, certain investments within the Endowment Fund are valued at cost, unless impaired. UAB’s portion of investments in the Endowment Fund which are measured at cost totaled approximately $48,500,000 and $42,700,000 at September 30, 2015 and 2014, respectively.

Long Term Reserve Pool

The Long Term Reserve Pool is a longer-term fund used as an investment vehicle to manage operating reserves with a time horizon of seven to ten years. This fund has an investment objective of growth and income and is invested in a diversified asset mix of liquid and semi-liquid securities. This fund is not currently invested in long-term lockup funds with illiquid assets. As discussed in Note 1, certain investments in the Long Term Reserve Pool are valued at cost, unless impaired. UAB’s portion of investments which are measured at cost totaled approximately $1,500,000 at September 30, 2015 and $6,600,000 at September 30, 2014.

Short Term Liquidity Pool

The Short Term Liquidity Pool serves as an investment vehicle to manage operating reserves with a time horizon of two to six years. This fund is also used to balance the other funds when looking at the System’s entire asset allocation of operating reserves relative to its investment objectives. The Short Term Liquidity Pool has an investment objective of income with preservation of capital and is invested in intermediate term fixed income securities. System policy states that at least one of the Short Term Liquidity Pool investment managers must be a large mutual fund providing daily liquidity.

Short-Term Fund

As of October 1, 2014, the Short-Term Fund became part of the Short Term Liquidity Pool. As of September 30, 2014, the Short-Term Fund contained the short-term operating reserves of the various System entities. Because of the different income and disbursement requirements of each entity, consolidation of these funds reduced daily cash fluctuations and minimized the amount of short-term cash reserves needed. Assets held in the Short-Term Fund were invested with the primary objective of stability of principal and liquidity. Such investments were restricted to high quality, liquid, money market funds and other fixed income obligations with a maturity of one year or less. Refer to Note 3 for additional information related to the Short-Term Fund.

At the September 2014 Investment Committee meeting of the Board of Trustees of The University of Alabama, the committee approved the consolidation of three working capital pools to two and a name change for these investment pools. The Intermediate Fund was renamed the Short Term Liquidity Pool and the Prime Investment Fund was renamed the Long Term Reserve Pool. The Short-Term Fund became part of the Short Term Liquidity Pool. These changes became effective as of October 1, 2014.

Although the investment philosophy of the Board is to minimize the direct ownership of investment vehicles, preferring ownership in appropriate investment fund groups, there are certain direct investments that are held in the name of the Board. All other investments in the System Pools are classified as commingled funds.

The composition of investments, by investment type, for the System Pools at September 30, 2015 is as follows:

September 30, 2015

	ENDOWMENT FUND	LONG TERM RESERVE POOL	SHORT TERM LIQUIDITY POOL	SHORT TERM FUND
Receivables:				
Accrued Income Receivables	$ 732,281	$ 928,183	$ 2,875,267	$
TOTAL RECEIVABLES	**732,281**	**928,183**	**2,875,267**	
Cash Equivalents:				
Money Market Funds	45,827,694	53,715,774	107,786,001	
TOTAL CASH EQUIVALENTS	**45,827,694**	**53,715,774**	**107,786,001**	
Equities:				
U.S. Common Stock	91,674,908	78,549,689		
U.S. Preferred Stock				
Non-U.S. Stock	6,733,725	7,331,290		
TOTAL EQUITIES	**98,408,633**	**85,880,979**		
Fixed Income Securities:				
U.S. Government Obligations	11,925,085	17,681,310	233,056,868	
Mortgage Backed Securities			155,032,472	
Collarteralized Mortgage Obligations			22,197,142	
Corporate Bonds	22,370,872	32,050,655	185,111,586	
Non-U.S. Bonds	2,573,773	3,857,095	67,420,921	
TOTAL FIXED INCOME SECURITIES	**36,869,730**	**53,589,060**	**662,818,989**	
Commingled Funds:				
U.S. Equity Funds		52,678,292		
Non-U.S. Equity Funds	196,196,151	299,302,691		
U.S. Bond Funds	59,672,727	55,754,545	208,669,176	
Non-U.S. Bond Funds	27,041,898	33,568,513		
Hedge Funds	448,537,456	528,911,449		
Private Equity Funds	77,314,663			
Real Estate Funds	121,833,226	67,950,890		
TOTAL COMMINGLED FUNDS	**930,596,121**	**1,038,166,380**	**208,669,176**	
TOTAL FUND INVESTMENTS	**1,111,702,178**	**1,231,352,193**	**979,274,166**	
TOTAL FUND ASSETS	**1,112,434,459**	**1,232,280,376**	**982,149,433**	
TOTAL FUND LIABILITIES	**(138,496)**	**(100,561)**	**(320,823)**	
AFFILIATED ENTITY INVESTMENT IN FUNDS	**(145,926,518)**	**(72,859,331)**	**(76,155,181)**	
TOTAL NET ASSET VALUE	**$ 966,369,445**	**$ 1,159,320,484**	**$ 905,673,429**	**$**

The composition of investments, by investment type, for the System Pools at September 30, 2014 is as follows:

September 30, 2014

	ENDOWMENT FUND	LONG TERM RESERVE POOL	SHORT TERM LIQUIDITY POOL	SHORT TERM FUND
Receivables:				
Accrued Income Receivables	$ 1,003,301	$ 881,205	$ 3,704,124	$
TOTAL RECEIVABLES	**1,003,301**	**881,205**	**3,704,124**	
Cash Equivalents:				
Money Market Funds	57,886,211	40,085,105	89,200,493	176,466,706
TOTAL CASH EQUIVALENTS	**57,886,211**	**40,085,105**	**89,200,493**	**176,466,706**
Equities:				
U.S. Common Stock	91,626,275	64,167,500		
U.S. Preferred Stock	1,081,641	970,703		
Non-U.S. Stock	9,122,500	7,016,834		
TOTAL EQUITIES	**101,830,416**	**72,155,037**		
Fixed Income Securities:				
U.S. Government Obligations	16,426,862	14,060,742	356,983,685	
Mortgage Backed Securities			107,336,734	
Collarteralized Mortgage Obligations			36,037,561	
Corporate Bonds	32,525,648	25,320,584	243,885,772	
Non-U.S. Bonds	4,717,740	3,586,194	86,740,041	
TOTAL FIXED INCOME SECURITIES	**53,670,250**	**42,967,520**	**830,983,793**	
Commingled Funds:				
U.S. Equity Funds	70,497,226	90,049,678		
Non-U.S. Equity Funds	299,154,328	277,766,811		
U.S. Bond Funds	59,672,727	44,754,545	88,967,993	
Non-U.S. Bond Funds	62,211,203	61,965,572		
Hedge Funds	237,682,807	196,514,795		
Private Equity Funds	67,605,100			
Real Estate Funds	136,647,983	90,219,359		
TOTAL COMMINGLED FUNDS	**933,471,374**	**761,270,760**	**88,967,993**	
TOTAL FUND INVESTMENTS	**1,146,858,251**	**916,478,422**	**1,009,152,279**	**176,466,706**
TOTAL FUND ASSETS	**1,147,861,552**	**917,359,627**	**1,012,856,403**	**176,466,706**
TOTAL FUND LIABILITIES	**(254,559)**	**(175,311)**	**(566,898)**	
AFFILIATED ENTITY INVESTMENT IN FUNDS	**(147,147,272)**	**(56,162,298)**	**(106,232,340)**	
TOTAL NET ASSET VALUE	**$ 1,000,459,721**	**$ 861,022,018**	**$ 906,057,165**	**$ 176,466,706**

The composition of investments, by investment type, of UAB's separately held investments, and UAB's interest in the System Pools, at September 30, 2015 and 2014 is as follows:

	2015	2014
Cash and cash equivalents:		
Commercial paper	$ 100,000	$ 100,000
Money market funds	543,707	1,017,428
TOTAL CASH AND CASH EQUIVALENTS	**643,707**	**1,117,428**
Equities:		
Common stock	196,753	39,389,694
Equity investment in partnerships	48,615,182	52,839,465
TOTAL EQUITIES	**48,811,935**	**92,229,159**
Fixed Income Securities:		
U.S. government obligations	5,511,003	48,026,721
Corporate bonds	15,923,291	15,607,631
TOTAL FIXED INCOME SECURITIES	**21,434,294**	**63,634,352**
Commingled Funds:		
U.S. equity funds	10,978,603	12,491,458
Non-U.S. equity funds	7,068,191	8,225,868
U.S. bond funds	3,867,067	3,988,420
Non-U.S. bond funds	1,109,981	1,307,721
Liquid alternatives	5,220,313	5,421,225
Private equity funds	1,298,809	1,790,980
Real estate funds	2,473,407	3,173,244
TOTAL COMMINGLED FUNDS	**32,016,371**	**36,398,916**
REAL ESTATE	**159,600**	**159,600**
Portion of System Pooled Investments:		
Endowment Fund	374,410,146	389,954,734
Long Term Reserve Pool	761,784,071	592,982,140
Short Term Liquidity Pool	597,548,301	611,060,967
Short-Term Fund		138,238,607
Total Portion of System Pooled Investments	**1,733,742,518**	**1,732,236,448**
Total Cash and Investments	**1,836,808,425**	**1,925,775,903**
Less Short-Term Fund		138,238,607
TOTAL INVESTMENTS	**$ 1,836,808,425**	**$ 1,787,537,296**

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk and foreign currency risk, may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates.

Credit Risk

Fixed income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation, and/or adverse political developments. Certain fixed income securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have significant credit risk.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond-rating agencies, for example Moody's Investors Service (Moody's) or Standard and Poor's (S&P). The lower the rating, the greater the chance—in the rating agency's opinion—that the bond issuer will default, or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Board policy recognizes that a limited amount of credit risk, properly managed and monitored, is prudent and provides incremental risk adjusted return over its benchmark. Credit risk in each investment pool is managed primarily by diversifying across issuers and limiting the amount of portfolio assets that can be invested in non-investment grade securities. Fixed income holdings in a single entity (excluding obligations of the U.S. government and its agencies) may not exceed 5% of a manager's portfolio measured at market value. At least 95% of these fixed income investments must be in investment grade securities (securities with ratings of BBB- or Baa3) or higher. However, multi-strategy fixed income managers may have up to 20% of their investments in non-investment grade securities. Securities of foreign entities denominated in U.S. dollars are limited to 10% of a manager's portfolio. Securities denominated in currencies other than U.S. dollars are not permissible unless part of a multi-strategy fixed income account where the limitation is 20% of the manager's portfolio.

The investment policy recognizes that credit risk is appropriate in balanced investment pools such as the Endowment Fund and Long Term Reserve Pool, which are tracked against the Barclays Government Credit Index for U.S. investments and the Citigroup WGBI Index for international investments benchmarks for the fixed income portion of these pools. Fixed income investments within the Endowment Fund and Long Term Reserve Pool include corporate and U.S. treasury and/or agency bonds with a minimum BBB- rating and an average duration of four years. In addition, approximately $1,350,000 and $1,512,000 in the Endowment Fund and Long Term Reserve Pool, at September 30, 2015 and 2014, respectively, is invested in unrated fixed income securities, excluding fixed income commingled funds. Fixed income commingled funds were approximately $275,600,000 and $326,600,000 in the Endowment Fund and Long Term Reserve Pool, at September 30, 2015 and 2014, respectively.

The Short Term Liquidity Pool is benchmarked against the 1-3 Year Barclays Government Credit Index with funds invested with four separate fund managers. Fixed income investments include corporate, mortgage backed, asset backed, collateralized mortgage and U.S. treasury and/or agency bonds with an average minimum rating of BB or higher. For September 30, 2015 and 2014, approximately $86,671,000 and $64,912,000, respectively, was invested by the Short Term Liquidity Pool in unrated fixed income securities, excluding commingled bond funds and money market funds. Fixed income commingled funds and commercial paper totaled approximately $316,500,000 and $178,200,000 at September 30, 2015 and 2014, respectively.

The credit risk for fixed and variable income securities, for the System Pools, at September 30, 2015 and 2014 is as follows:

September 30, 2015 and 2014

	ENDOWMENT FUND		LONG TERM RESERVE POOL		SHORT TERM LIQUIDITY POOL		SHORT TERM FUND	
	2015	2014	2015	2014	2015	2014	2015	2014
Fixed or Variable Income Securities								
U.S. Government Obligations	$ 11,925,084	$ 16,426,862	$ 17,681,310	$ 14,060,742	$ 233,056,868	$ 356,983,685	$	$
Other U.S. and Non-U.S. Denominated:								
AAA					76,994,388	48,981,389		
AA	5,308,729	6,632,713	7,818,545	5,082,925	56,012,019	83,143,881		
A	10,171,266	16,894,747	14,500,606	13,410,517	99,306,842	151,341,278		
BBB	8,504,328	12,850,553	12,154,468	9,766,791	77,043,546	84,810,054		
BB	410,273		634,058		21,027,641	29,352,911		
B					8,654,442	8,810,464		
C and < C					4,052,387	2,648,442		
Unrated	550,050	865,375	800,073	646,545	86,670,856	64,911,689		
Commingled Funds:								
U.S. Bond Funds: Unrated	59,672,727	59,672,727	55,754,545	44,754,545	208,669,176	88,967,993		
Non-U.S. Bond Funds: Unrated	27,041,898	62,211,203	33,568,513	61,965,572				
Money Market Funds: Unrated	45,827,694	57,886,211	53,715,774	40,085,105	107,786,001	89,200,493		176,466,706
TOTAL	**$ 169,412,049**	**$ 233,440,391**	**$ 196,627,892**	**$ 189,772,742**	**$ 979,274,166**	**$ 1,009,152,279**	**$**	**$ 176,466,706**

The credit risk for fixed and variable income securities of UAB's separately held investments at September 30, 2015 and 2014 is as follows:

September 30, 2015 and 2014

	2015	2014
Fixed or Variable Income Securities		
U.S. Government Obligations	$ 5,511,003	$ 48,026,721
Other U.S. and Non U.S. Denominated:		
AAA	15,923,291	15,607,631
AA		
A		
BBB		
BB		
B		
CCC		
CC		
Unrated		
Commingled Funds:		
U.S. Bond Funds: Unrated	3,867,067	3,988,420
Non-U.S. Bond Funds: Unrated	1,109,981	1,307,721
Money Market Funds: Unrated	543,707	1,017,428
Commercial Paper: Unrated	100,000	100,000
TOTAL	**$ 27,055,049**	**$ 70,047,921**

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the corporate failure of the custodian, the investment securities may not be returned.

Investment securities in the System Pools and UAB's separately held investments are registered in the Board's name by the custodial bank as an agent for the System. Other types of investments (e.g. open-ended mutual funds, money market funds) represent ownership interests that do not exist in physical or book-entry form. As a result, custodial credit risk is remote.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

As previously mentioned, credit risk in each investment pool and UAB's separately held portfolio is managed primarily by diversifying across issuers and limiting the amount of portfolio assets that can be invested in non-investment grade securities. As of September 30, 2015 and 2014, there was no investment in a single issuer that represents 5% or more of total investments held by any single investment manager of the System Pools or UAB's separately held investment portfolio except for investments issued by the U.S. government and money market fund investments.

Interest Rate Risk

Interest rate risk is the risk that the value of fixed income securities will decline because of changing interest rates. The prices of fixed income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in price of a security resulting from a 100 basis point (1 percentage point) change in the level of interest rates. It is not a measure of time. The Board does not have a specific policy relative to interest rate risk. As such, there are no restrictions on weighted average maturity for each portfolio as they are managed relative to the investment objectives and liquidity demands of the investors.

The information presented does not take into account the relative weighting of the portfolio components to the total portfolio. The effective durations for fixed or variable income securities, for the System Pools at September 30, 2015 and 2014 are as follows:

September 30, 2015 and 2014

	ENDOWMENT FUND		LONG TERM RESERVE POOL		SHORT TERM LIQUIDITY POOL	
	2015	2014	2015	2014	2015	2014
U.S. Government Obligations	7.3	7.1	7.2	6.5	1.7	3.2
Corporate Bonds	4.4	3.8	4.4	3.8	2.0	1.9
Commingled Bond Funds	2.4	2.3	2.1	2.2	2.7	2.8
Non-U.S. Bonds					2.0	1.9

While the Board does not have a specific policy relative to interest rate risk, UAB has historically invested funds outside of the investment pools in fixed income and variable income securities with short maturity terms.

The effective durations for fixed or variable income securities for UAB's separately held investments at September 30, 2015 and 2014 are as follows:

September 30, 2015 and 2014

	2015	2014
Commingled Bond Funds	2.6	3.1
U.S. Government Obligations		0.6

Investments may also include mortgage pass through securities and collateralized mortgage obligations that may be considered to be highly sensitive to changes in interest rates due to the existence of prepayment or conversion features. At September 30, 2015 and 2014, the fair market values of these investments in the System Pools are as follows:

September 30, 2015 and 2014

	SHORT TERM LIQUIDITY POOL	
	2015	2014
Mortgage Backed Securities	$ 155,032,472	$ 107,336,734
Collateralized Mortgage Obligations	22,197,142	36,037,561
TOTAL	**$ 177,229,614**	**$ 143,374,295**

Mortgage Backed Securities. These securities are issued by the Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae) and Federal Home Loan Mortgage Association (Freddie Mac) and include short embedded prepayment options. Unanticipated prepayments by the obligees of the underlying asset reduce the total expected rate of return.

Collateralized Mortgage Obligations. Collateralized mortgage obligations (CMOs) generate a return based upon either the payment of interest or principal on mortgages in an underlying pool. The relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates. In falling interest rate environments, the underlying mortgages are subject to a higher propensity of prepayments. In a rising interest rate environment, the opposite is true.

At September 30, 2015 and 2014, the effective durations for these securities held in the System Pools are as follows:

September 30, 2015 and 2014

	SHORT TERM LIQUIDITY POOL	
	2015	2014
Mortgage backed securities	1.1	1.3
Collateralized mortgage obligations	0.9	1.0

There are no mortgage backed securities or CMOs in UAB's separately held investments at September 30, 2015 and 2014.

Foreign Currency Risk

The strategic asset allocation policy for the Endowment Fund, the Long Term Reserve Pool, and UAB's separately held investments includes an allocation to non-United States equity and fixed income securities. Each international equity manager must hold a minimum of 30 individual stocks with equity holdings in a single company remaining below 8% of the investment manager's portfolio, measured at market value. Currency hedging of foreign bonds and stocks is allowed under System policy. As of September 30, 2015 and 2014, all foreign investments in the System Pools and UAB's separately held investments are denominated in U.S. dollars and are in international commingled funds, which in turn invest in equity securities and bonds of foreign issuers except for approximately $67.4 million and $86.7 million of foreign bonds denominated in U.S. dollars and held by the Short Term Liquidity Pool at September 30, 2015 and 2014, respectively.

Securities Lending

Board policies permit security lending as a mechanism to augment income. Loans of the securities are required to be collateralized by cash, letters of credit or securities issued or guaranteed by the U.S. Government or its agencies. The collateral must equal at least 102% of the current market value of the loaned securities. Securities lending contracts must state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and acceptable investment of the collateral.

At September 30, 2015 and 2014, there were no securities on loan from the investment pools.

Joint Ventures

UAB accounts for its ownership of the PLTF as a joint venture, using the equity method in the amount of approximately $48,620,000 and $52,840,000 at September 30, 2015 and 2014, respectively. See Note 19 for further discussion of the PLTF.

(5) Accounts Receivable

The composition of accounts receivable at September 30, 2015 and 2014 is summarized as follows:

		2015		2014
Patient care	$	322,921,280	$	317,171,578
Receivables from sponsoring agencies		63,272,058		59,548,780
Student accounts		26,928,717		25,414,127
Other		58,963,793		31,969,258
	$	**472,058,848**	**$**	**434,103,743**
Less: Provision for doubtful accounts from patient care		134,980,641		152,833,331
Less: Provision for doubtful accounts from student accounts		1,507,683		774,293
Less: Provision for doubtful accounts other		1,370,149		1,154,053
Total accounts receivable	**$**	**334,200,375**	**$**	**279,342,066**

(6) Loans and Pledges Receivable

The composition of loans and pledges receivable at September 30, 2015 and 2014, is summarized in the following table.

The principal repayment and interest rate terms of federal and university loans vary considerably. The allowance for doubtful accounts only applies to University-funded notes and the University portion of federal student loans, since the University is not obligated to fund the federal portion of uncollected student loans. Federal loan programs are funded principally with federal advances to UAB under the Perkins and various health professions loan programs.

Pledges for permanent endowments do not meet eligibility requirements, as defined by GASB Statement No. 33, until the related gift is received. Due to uncertainties with regard to their realization and valuation, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met.

LOANS RECEIVABLE:		**2015**		**2014**
Federal loan program	$	16,101,806	$	16,982,788
University loan funds		2,132,448		2,092,549
Other		1,241,004		1,226,687
Total loans receivable		19,475,258		20,302,024
Less allowance for doubtful accounts		2,787,820		2,884,344
Total loans receivable, net		16,687,438		17,417,680
Less: current portion		2,637,651		2,473,999
Total loans receivable outstanding, noncurrent	**$**	**14,049,787**	**$**	**14,943,681**
GIFT PLEDGES OUTSTANDING:				
Operations	$	47,427,041	$	25,981,904
Capital		8,674,559		7,684,584
Total gift pledges		56,101,600		33,666,488
Less: current portion		19,163,293		13,530,960
Total gift pledges, noncurrent	**$**	**36,938,307**	**$**	**20,135,528**

(7) Capital Assets

Capital assets activity for the years ended September 30, 2015 and 2014 is summarized below:

Net interest costs capitalized for the University and Component Units in 2015 and 2014, respectively, were approximately $1,568,000 and $4,266,000 (net of $191,000 and $577,000 investment earnings in 2015 and 2014, respectively). There were no net interest costs capitalized in 2015 or 2014 for the Hospital.

September 30, 2015

	BEGINNING BALANCE	ADDITIONS	SALES/RETIREMENTS/ TRANSFERS	ENDING BALANCE
UNIVERSITY AND COMPONENT UNITS				
Capital assets not being depreciated				
Land	$ 77,062,960	$	$	$ 77,062,960
Construction in progress	36,896,860	28,989,710	20,478,771	45,407,799
	113,959,820	**28,989,710**	**20,478,771**	**122,470,759**
Capital assets being depreciated				
Land Improvements	26,548,899	1,965,900		28,514,799
Buildings	1,324,306,753	65,128,788	2,395,702	1,387,039,839
Fixed Equipment Systems	84,253,630	1,537,459		85,791,089
Equipment	359,069,698	22,103,769	8,160,183	373,013,284
Library Materials	100,240,733	4,146,786		104,387,519
	1,894,419,713	**94,882,702**	**10,555,885**	**1,978,746,530**
Total Capital Assets	2,008,379,533	123,872,412	31,034,656	2,101,217,289
Less: Accumulated Depreciation	1,086,682,317	72,670,169	9,690,861	1,149,661,625
Total Net Capital Assets	**$ 921,697,216**	**$ 51,202,243**	**$ 21,343,795**	**$ 951,555,664**
HOSPITAL				
Capital assets not being depreciated				
Land	$ 19,044,954	$	$	$ 19,044,954
Construction in progress	21,191,657	3,931,612	17,880,372	7,242,897
	40,236,611	**3,931,612**	**17,880,372**	**26,287,851**
Capital assets being depreciated				
Land Improvements	656,874			656,874
Buildings	853,351,238	23,829,722		877,180,960
Fixed Equipment Systems	10,002,839			10,002,839
Equipment	361,699,309	33,934,799	12,540,005	383,094,103
	1,225,710,260	**57,764,521**	**12,540,005**	**1,270,934,776**
Total Capital Assets	1,265,946,871	61,696,133	30,420,377	1,297,222,627
Less: Accumulated Depreciation	652,915,507	64,357,416	11,877,119	705,395,804
Total Net Capital Assets	**$ 613,031,364**	**$ (2,661,283)**	**$ 18,543,258**	**$ 591,826,823**
TOTAL UAB				
Capital assets not being depreciated				
Land	$ 96,107,914	$	$	$ 96,107,914
Construction in progress	58,088,517	32,921,322	38,359,143	52,650,696
	154,196,431	**32,921,322**	**38,359,143**	**148,758,610**
Capital assets being depreciated				
Land Improvements	27,205,773	1,965,900		29,171,673
Buildings	2,177,657,991	88,958,510	2,395,702	2,264,220,799
Fixed Equipment Systems	94,256,469	1,537,459		95,793,928
Equipment	720,769,007	56,038,568	20,700,188	756,107,387
Library Materials	100,240,733	4,146,786		104,387,519
	3,120,129,973	**152,647,223**	**23,095,890**	**3,249,681,306**
Total Capital Assets	3,274,326,404	185,568,545	61,455,033	3,398,439,916
Less: Accumulated Depreciation	1,739,597,824	137,027,585	21,567,980	1,855,057,429
Total Net Capital Assets	**$ 1,534,728,580**	**$ 48,540,960**	**$ 39,887,053**	**$ 1,543,382,487**

September 30, 2014

	BEGINNING BALANCE	ADDITIONS	SALES/RETIREMENTS/ TRANSFERS	ENDING BALANCE
UNIVERSITY AND COMPONENT UNITS				
Capital assets not being depreciated				
Land	$ 75,091,788	$ 2,262,863	$ 291,691	$ 77,062,960
Construction in progress	21,458,729	38,500,258	23,062,127	36,896,860
	96,550,517	**40,763,121**	**23,353,818**	**113,959,820**
Capital assets being depreciated				
Land Improvements	25,777,821	771,078		26,548,899
Buildings	1,284,007,795	43,203,934	2,904,976	1,324,306,753
Fixed Equipment Systems	83,522,628	731,002		84,253,630
Equipment	350,229,176	22,133,056	13,292,534	359,069,698
Library Materials	96,740,340	3,500,393		100,240,733
	1,840,277,760	**70,339,463**	**16,197,510**	**1,894,419,713**
Total Capital Assets	1,936,828,277	111,102,584	39,551,328	2,008,379,533
Less: Accumulated Depreciation	1,031,910,019	68,011,875	13,239,577	1,086,682,317
Total Net Capital Assets	**$ 904,918,258**	**$ 43,090,709**	**$ 26,311,751**	**$ 921,697,216**
HOSPITAL				
Capital assets not being depreciated				
Land	$ 19,044,954	$	$	$ 19,044,954
Construction in progress	13,920,348	8,423,480	1,152,171	21,191,657
	32,965,302	**8,423,480**	**1,152,171**	**40,236,611**
Capital assets being depreciated				
Land Improvements	624,729	32,145		656,874
Buildings	842,900,609	10,450,629		853,351,238
Fixed Equipment Systems	10,002,839			10,002,839
Equipment	384,484,960	37,568,622	60,354,273	361,699,309
	1,238,013,137	**48,051,396**	**60,354,273**	**1,225,710,260**
Total Capital Assets	1,270,978,439	56,474,876	61,506,444	1,265,946,871
Less: Accumulated Depreciation	651,012,773	61,533,684	59,630,950	652,915,507
Total Net Capital Assets	**$ 619,965,666**	**$ (5,058,808)**	**$ 1,875,494**	**$ 613,031,364**
TOTAL UAB				
Capital assets not being depreciated				
Land	$ 94,136,742	$ 2,262,863	$ 291,691	$ 96,107,914
Construction in progress	35,379,077	46,923,738	24,214,298	58,088,517
	129,515,819	**49,186,601**	**24,505,989**	**154,196,431**
Capital assets being depreciated				
Land Improvements	26,402,550	803,223		27,205,773
Buildings	2,126,908,404	53,654,563	2,904,976	2,177,657,991
Fixed Equipment Systems	93,525,467	731,002		94,256,469
Equipment	734,714,136	59,701,678	73,646,807	720,769,007
Library Materials	96,740,340	3,500,393		100,240,733
	3,078,290,897	**118,390,859**	**76,551,783**	**3,120,129,973**
Total Capital Assets	3,207,806,716	167,577,460	101,057,772	3,274,326,404
Less: Accumulated Depreciation	1,682,922,792	129,545,559	72,870,527	1,739,597,824
Total Net Capital Assets	**$ 1,524,883,924**	**$ 38,031,901**	**$ 28,187,245**	**$ 1,534,728,580**

(8) Long-Term Debt

Long-term debt activity for the years ended September 30, 2015 and 2014 is summarized as follows:

A portion of UAB's long term debt has been issued with variable interest rates. The interest rates are determined in accordance with the individual related indenture of the related outstanding debt. UAB's bonds are collateralized by pledged revenues as defined in the applicable indentures.

September 30, 2015

	BEGINNING BALANCE	NEW DEBT	PRINCIPAL REPAYMENT	ENDING BALANCE
UNIVERSITY				
Leases Payable, 3.19% due annually through 2019 and 4.47% due monthly through 2020	$ 374,299	$ 220,556	$ 76,821	$ 518,034
Birmingham General Revenue Bonds Series 2005A, 4.0% to 5.0% due annually from 2007 through 2021	25,950,000		5,120,000	20,830,000
Birmingham General Revenue Bonds Series 2005B, 4.0% to 4.5% due annually through 2028	39,905,000		37,355,000	2,550,000
Birmingham General Revenue Bonds Series 2010A, 2.0% to 4.5% due annually through 2041	52,595,000		1,470,000	51,125,000
Birmingham General Revenue Bonds Series 2010B, 1.0% to 5.8% due annually through 2041	52,425,000		1,415,000	51,010,000
Birmingham General Revenue Bonds Series 2010C, 2.0% to 4.0% due annually through 2028	24,482,229		2,881,218	21,601,011
Birmingham General Revenue Bonds Series 2013A-1, 1.1.% due annually through 2020	19,195,000		1,550,000	17,645,000
Birmingham General Revenue Bonds Series 2013A-2, 2.25% to 5.0% due annually through 2043	72,595,000			72,595,000
Birmingham General Revenue Bonds Series 2013B, 1.99% due annually through 2029	45,190,000		2,840,000	42,350,000
Birmingham General Revenue Bonds Series 2013C, 1.0% to 1.45% due annually through 2019	3,095,000		540,000	2,555,000
Birmingham General Revenue Bonds Series 2013D-1, 1.97% due annually through 2023	20,425,000		1,030,000	19,395,000
Birmingham General Revenue Bonds Series 2013D-2, 4.0% to 5.0% due annually through 2043	78,325,000			78,325,000
Birmingham General Revenue Bonds Series 2015A, 2.0% to 5.0% due annually through 2028		32,560,000		32,560,000
	$ 434,556,528	$ 32,780,556	$ 54,278,039	**$ 413,059,045**
Less (Plus): unamortized bond discount (premium)				(4,887,624)
TOTAL UNIVERSITY DEBT				**$ 417,946,669**
Less: current portion				20,795,496
TOTAL UNIVERSITY DEBT, NONCURRENT				**$ 397,151,173**
HOSPITAL				
Lease Payable, 2.0% to 3.75% due monthly through 2020	$ 12,293,799	$ 723,415	$ 2,765,403	$ 10,251,811
Birmingham Hospital Revenue Bonds Series 2006A, 4.0% due annually through 2041	240,375,000		6,305,000	234,070,000
Birmingham Hospital Revenue Bonds Series 2008A, 4.0% to 5.75% due annually through 2025	96,970,000		2,250,000	94,720,000
Birmingham General Revenue Bonds Series 2010C, 2.0% to 4.0% due annually through 2018	977,771		228,782	748,989
Birmingham Hospital Revenue Bonds Series 2012A, 2.57% due annually through 2027	18,286,000		1,194,000	17,092,000
Birmingham Hospital Revenue Bonds Series 2012B, variable interest rate (0.01% at September 30, 2015), due annually through 2042	65,000,000			65,000,000
Birmingham Hospital Revenue Bonds Series 2012C, variable interest rate (0.01% at September 30, 2015), due annually through 2042	65,000,000			65,000,000
	$ 498,902,570	**$ 723,415**	**$ 12,743,185**	**$ 486,882,800**
Less (Plus): unamortized bond discount (premium)				(3,802,294)
TOTAL HOSPITAL DEBT				**$ 490,685,094**
Less: current portion				13,302,287
TOTAL HOSPITAL DEBT, NONCURRENT				**$ 477,382,807**
TOTAL UAB	**$ 933,459,098**	**$ 33,503,971**	**$ 67,021,224**	**$ 899,941,845**
Less (Plus): unamortized bond discount (premium)				**(8,689,918)**
TOTAL UAB DEBT				**$ 908,631,763**
Less: current portion				**34,097,783**
TOTAL UAB DEBT, NONCURRENT				**$ 874,533,980**

September 30, 2014

UNIVERSITY	BEGINNING BALANCE	NEW DEBT	PRINCIPAL REPAYMENT	ENDING BALANCE
Lease Payable, 3.19% due annually through 2019	$	$ 374,299	$	$ 374,299
Birmingham General Revenue Bonds Series 1993B, variable rate interest(0.2% at September 30, 2013), due annually through 2014	1,100,000		1,100,000	
Birmingham General Revenue Bonds Series 2002, 3.0% to 3.8%, due annually through 2014	1,205,000		1,205,000	
Birmingham General Revenue Bonds Series 2003A, 3.4% to 4.5% due annually through 2030	2,760,000		2,760,000	
Birmingham General Revenue Bonds Series 2005A, 4.0% to 5.0% due annually from 2007 through 2021	30,870,000		4,920,000	25,950,000
Birmingham General Revenue Bonds Series 2005B, 4.0% to 4.5% due annually through 2028	42,255,000		2,350,000	39,905,000
Birmingham General Revenue Bonds Series 2010A, 2.0% to 4.5% due annually through 2041	53,270,000		675,000	52,595,000
Birmingham General Revenue Bonds Series 2010B, 1.0% to 5.8% due annually through 2041	52,605,000		180,000	52,425,000
Birmingham General Revenue Bonds Series 2010C, 2.0% to 4.0% due annually through 2028	27,303,164		2,820,935	24,482,229
Birmingham General Revenue Bonds Series 2013A-1, 1.1.% due annually through 2021	19,195,000			19,195,000
Birmingham General Revenue Bonds Series 2013A-2, 2.25% to 5.0% due annually through 2044	72,595,000			72,595,000
Birmingham General Revenue Bonds Series 2013B, 1.99% due annually through 2030	45,190,000			45,190,000
Birmingham General Revenue Bonds Series 2013C, 1.0% to 1.45% due annually through 2020	3,095,000			3,095,000
Birmingham General Revenue Bonds Series 2013D-1, 1.97% due annually through 2024	20,425,000			20,425,000
Birmingham General Revenue Bonds Series 2013D-2, 4.0% to 5.0% due annually through 2044	78,325,000			78,325,000
	$ 450,193,164	$ 374,299	$ 16,010,935	$ **434,556,528**
Less (Plus): unamortized bond discount (premium)				(1,983,334)
TOTAL UNIVERSITY DEBT				**$ 436,539,862**
Less: current portion				19,361,454
TOTAL UNIVERSITY DEBT, NONCURRENT				**$ 417,178,408**

HOSPITAL	BEGINNING BALANCE	NEW DEBT	PRINCIPAL REPAYMENT	ENDING BALANCE
Lease Payable, 3.75% due monthly through 2020	$ 3,163,342	$ 11,977,740	$ 2,847,283	$ 12,293,799
Birmingham Hospital Revenue Bonds Series 2004A, 5.0% due annually through 2014	5,200,000		5,200,000	
Birmingham Hospital Revenue Bonds Series 2006A, 4.0% due annually through 2041	241,180,000		805,000	240,375,000
Birmingham Hospital Revenue Bonds Series 2008A, 4.0% to 5.75% due annually through 2025	99,125,000		2,155,000	96,970,000
Birmingham General Revenue Bonds Series 2010C, 2.0% to 4.0% due annually through 2018	1,201,836		224,065	977,771
Birmingham Hospital Revenue Bonds Series 2012A, 2.57% due annually through 2027	19,448,000		1,162,000	18,286,000
Birmingham Hospital Revenue Bonds Series 2012B, variable interest rate (0.04% at September 30, 2014), due annually through 2042	65,000,000			65,000,000
Birmingham Hospital Revenue Bonds Series 2012C, variable interest rate (0.04% at September 30, 2014), due annually through 2042	65,000,000			65,000,000
	$ 499,318,178	**$ 11,977,740**	**$ 12,393,348**	**$ 498,902,570**
Less (Plus): unamortized bond discount (premium)				(4,000,229)
TOTAL HOSPITAL DEBT				**$ 502,902,799**
Less: current portion				12,615,034
TOTAL HOSPITAL DEBT, NONCURRENT				$ **490,287,765**

TOTAL UAB	**$ 949,511,342**	**$ 12,352,039**	**$ 28,404,283**	**$ 933,459,098**
Less (Plus): unamortized bond discount (premium)				(5,983,563)
TOTAL UAB DEBT				**$ 939,442,661**
Less: current portion				31,976,488
TOTAL UAB DEBT, NONCURRENT				$ **907,466,173**

Maturities and interest on notes, leases, and bonds payable for the next five years and in the subsequent five-year incremental periods are presented in the table below. Future interest payments for variable rate debt are computed by applying the rate in effect at September 30, 2015.

UNIVERSITY							
	FISCAL YEAR		PRINCIPAL		INTEREST		TOTAL
	2016	$	20,795,496	$	15,145,726	$	35,941,222
	2017		20,222,863		14,371,900		34,594,763
	2018		20,889,421		13,713,229		34,602,650
	2019		19,601,007		13,052,371		32,653,378
	2020		20,150,258		12,405,074		32,555,332
	2021-2025		89,805,000		52,794,154		142,599,154
	2026-2030		77,100,000		38,135,492		115,235,492
	2031-2035		58,980,000		25,456,369		84,436,369
	2036-2040		52,775,000		13,389,194		66,164,194
	2041-2044		32,740,000		2,567,480		35,307,480
TOTAL UNIVERSITY		**$**	**413,059,045**	**$**	**201,030,989**	**$**	**614,090,034**

HOSPITAL							
	FISCAL YEAR		PRINCIPAL		INTEREST		TOTAL
	2016	$	13,302,287	$	17,488,795	$	30,791,082
	2017		13,845,923		16,940,436		30,786,359
	2018		14,442,969		16,345,970		30,788,939
	2019		13,182,915		15,752,441		28,935,356
	2020		12,642,706		15,111,696		27,754,402
	2021-2025		72,526,000		64,825,689		137,351,689
	2026-2030		80,245,000		55,741,043		135,986,043
	2031-2035		92,855,000		49,855,509		142,710,509
	2036-2040		118,095,000		25,123,235		143,218,235
	2041-2044		55,745,000		1,369,207		57,114,207
TOTAL HOSPITAL		**$**	**486,882,800**	**$**	**278,554,021**	**$**	**765,436,821**

TOTAL UAB							
	FISCAL YEAR		PRINCIPAL		INTEREST		TOTAL
	2016	$	34,097,783	$	32,634,521	$	66,732,304
	2017		34,068,786		31,312,336		65,381,122
	2018		35,332,390		30,059,199		65,391,589
	2019		32,783,922		28,804,812		61,588,734
	2020		32,792,964		27,516,770		60,309,734
	2021-2025		162,331,000		117,619,843		279,950,843
	2026-2030		157,345,000		93,876,535		251,221,535
	2031-2035		151,835,000		75,311,878		227,146,878
	2036-2040		170,870,000		38,512,429		209,382,429
	2041-2044		88,485,000		3,936,687		92,421,687
TOTAL UAB		**$**	**899,941,845**	**$**	**479,585,010**	**$**	**1,379,526,855**

During fiscal year 2015, Standard & Poor's Ratings Services revised its outlook to positive from stable and affirmed its AA- rating on UAB's general revenue bonds.

See Note 10 for information regarding the pledged revenues, which collateralize certain outstanding debt.

The University defeased certain indebtedness during fiscal year 2015 by depositing funds in escrow trust accounts sufficient to provide for the subsequent payment of principal and interest on the defeased indebtedness. Under the trust agreements, all funds deposited in the trust accounts are invested in obligations of the U.S. government. Neither the assets of the trust accounts nor the defeased indebtedness are included in the accompanying statement of net assets as of September 30, 2015 and 2014. The principal outstanding on the defeased indebtedness at September 30, 2015 was approximately $34,910,000, which all related to the University. There was no principal outstanding on the defeased indebtedness at September 30, 2014.

The Hospital Revenue Bonds Series 2012B and 2012C bonds include a demand obligation feature that allows the bondholder to tender the bonds back to the Hospital at any date. The Hospital has obtained letters of credit ("LOC") for each of the Series 2012B and 2012C bonds to repay any tendered amounts in the event the remarketing agent is unable to resell the bonds in the allotted time (7 days from the notice of intent to tender). The LOC for the 2012B bond expires on August 3, 2018 and the LOC for the 2012C bond expires on July 30, 2017. Under the terms of the 2012B LOC, no principal amounts are due during the remarketing period, which is 367 days following the date of any draw on the LOC. Thereafter, any amount drawn is payable in quarterly installments over a two-year period. Under the terms of the 2012C LOC, no principal amounts are due for one year subsequent to the date of any draw on the LOC. Thereafter, any amount drawn converts to a term loan that is payable in quarterly installments over a two-year period.

In March 2015, the University issued $32,560,000 in Series 2015A General Revenue Bonds. The bonds pay interest at varying rates of 2.0% to 5.0% with principal due annually through October 1, 2027. The proceeds of this offering are being used for the purposes of advance refunding Series 2005B General Revenue Bonds; and paying costs and expenses associated with this issue. These bonds were issued at a premium of $4,143,017 resulting in total cash received of $36,703,017.

The undiscounted cash flows required to service principal and interest under the Series 2005B General Revenue Bonds as of September 30, 2015, would have been $46.4 million compared to undiscounted cash flow requirements of $41.7 million under the new bonds. The economic gain to UAB of the bond refinancing in fiscal year 2015 was calculated to be approximately $4.7 million using an effective interest rate of 4.45% applied to the old and 2.20% applied to the new bond cash flow requirements.

The UAB general revenue bonds and the Hospital Revenue Trust Indentures are subject to certain covenants with the most restrictive being those on the Hospital's 2012B series issuance. These covenants, among other things, require the Hospital to ensure pledged revenues are sufficient for debt service coverage by a ratio of 1.15x tested quarterly on a rolling four quarter basis. Based on pledged revenues received in fiscal year 2015 of $1.5 billion, the projected maximum annual debt service requirement of 1.15 is covered approximately 7.8 times by pledged revenues. UAB and the Hospital are in compliance with all covenants as of September 30, 2015.

(9) Other Noncurrent Liabilities

The activity with respect to other noncurrent liabilities for the year ended September 30, 2015 and 2014, is as follows for UAB:

September 30, 2015

		BEGINNING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE
Federal advances - loan funds	$	14,559,124	$	212,380	$	(400,196)	$	14,371,308
Unearned revenue		13,892,510				(228,421)		13,664,089
Other noncurrent liabilities		2,055,959				(239,338)		1,816,621
Total advances federal loans and other noncurrent liabilities	**$**	**30,507,593**	**$**	**212,380**	**$**	**(867,955)**	**$**	**29,852,018**

September 30, 2014

		BEGINNING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE
Federal advances - loan funds	$	14,727,477	$	200,863	$	(369,216)	$	14,559,124
Unearned revenue		14,120,932				(228,422)		13,892,510
Other noncurrent liabilities		2,301,951		109		(246,101)		2,055,959
Total advances federal loans and other noncurrent liabilities	**$**	**31,150,360**	**$**	**200,972**	**$**	**(843,739)**	**$**	**30,507,593**

(10) Pledged Revenues

Pledged revenues for 2015 and 2014, as defined by the Series 2006A, 2008A, 2012A, 2012B and 2012C Hospital Revenue Trust Indentures, are as follows:

HOSPITAL BONDS		2015		2014
Total pledged revenues	$	1,539,411,704	$	1,398,810,758

Pledged revenues for 2015 and 2014, as defined by the Series 2005A, 2005B, 2010A, 2010B, 2010C, 2013A, 2013B, 2013C, 2013D and 2015A General Revenue Trust Indentures, are as follows:

UNIVERSITY BONDS		2015		2014
Tuition fees	$	226,080,561	$	213,508,162
Indirect cost recovery		77,112,629		75,033,940
Sales and service of educational activities		60,916,483		59,147,027
Auxiliary sales and service		32,830,327		31,380,641
Endowment and investment income		34,558,101		33,292,859
Other sources		54,609,646		50,607,828
TOTAL PLEDGED REVENUES	**$**	**486,107,747**	**$**	**462,970,457**

(11) Employee Benefits

Retirement and Pension Plans

Most employees of the University, the Hospital, and UABRF participate in the Teachers' Retirement System of Alabama (TRS), a cost-sharing, multiple-employer public retirement system. Certain employees also participate in an optional 403(b) plan (403(b) Plan). TRS is a defined benefit plan and the 403(b) Plan is a defined contribution plan.

General Information about the Pension Plan

Plan Description. The Teachers' Retirement System of Alabama, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, under the provisions of Act 419 of the Legislature of 1939 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control. The TRS Board of Control consists of 15 trustees. The plan is administered by the Retirement Systems of Alabama (RSA). Title 16-Chapter 25 of the Code of Alabama grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS members who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life unless there is a return to full-time employment with a TRS or Employees' Retirement System (ERS) agency, or to temporary employment in excess of specified limits. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 1 members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life unless there is a return to full-time employment with a TRS or ERS agency, or to temporary employment in excess of specified limits. Service and disability retirement benefits are based on a guaranteed minimum or a 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 5 of the last 10 years) for each year of service. Members are eligible for disability retirement if they have 10 years of creditable 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.

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 members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

Tier 2 covered members of the TRS contribute 6% of earnable compensation to the TRS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 7% of earnable compensation.

UAB's contractually required contribution rate for the year ended September 30, 2015 was 11.71% of annual pay for Tier 1 members and 11.05% of annual pay for Tier 2 members. UAB's contribution rate for the year ended September 30, 2014 was 11.71% of annual pay for Tier 1 members and 11.08% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. The contribution requirements for fiscal years 2015, 2014, and 2013, respectively, were approximately $143,414,000, $147,975,000 and $138,146,000, which consisted of $87,868,000, $90,532,000 and $79,253,000 from UAB and $55,546,000, $57,443,000 and $58,893,000 from employees.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2015, UAB reported a liability of $1,107,275,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2013. UAB's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2014, UAB's proportion was 12.19%, which was a decrease of 0.39% from its proportion measured as of September 30, 2013.

For the year ended September 30, 2015, UAB recognized pension expense of $76,616,000. At September 30, 2015, UAB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		83,022,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions		30,726,000
Employer contributions subsequent to the measurement date	84,999,000	
Total	**$ 84,999,000**	**$ 113,748,000**

$84,999,000 reported as deferred outflows of resources related to pensions resulting from UAB contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2016	$ (27,903,000)
2017	(27,903,000)
2018	(27,903,000)
2019	(27,904,000)
2020	(2,135,000)
Thereafter	0

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of September 30, 2013 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Investment rate of return*	8.00%
Projected salary increases	3.5% - 8.25%

**Net of pension plan investment expense*

The actuarial assumptions used in the actuarial valuation as of September 30, 2013, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

Mortality rates for TRS were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA projected to 2015 and set back one year for females.

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	25.00%	5.00%
U.S. Large Stocks	34.00%	9.00%
U.S. Mid Stocks	8.00%	12.00%
U.S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	**100.00%**	

**Includes assumed rate of inflation of 2.50%.*

Discount rate. The discount rate used to measure the total pension liability was 8%. 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, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan 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.

Sensitivity of UAB's proportionate share of the net pension liability to changes in the discount rate. The following table presents UAB's proportionate share of the net pension liability calculated using the discount rate of 8%, as well as what UAB's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	**Current Rate (8.00%)**	**1% Increase (9.00%)**
UAB's proportionate share of collective net pension liability	$ 1,508,452,000	$ 1,107,275,000	$ 767,248,000

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2014. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2014. The auditor's report dated May 1, 2015 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of September 30, 2014 along with supporting schedules is also available. The additional financial and actuarial information is available at www.rsa-al.gov

Other Retirement Plans

Certain employees also participate in an optional 403(b) plan (403(b) Plan), which is a defined contribution plan. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. All full-time regular monthly employees are eligible to participate from the date of employment. UAB contributes a matching amount of up to 5% of total salaries for participating employees. UAB's contribution is funded as it accrues and, along with that of the employee, is immediately and fully vested. The contributions for 2015 and 2014, respectively, excluding employee amounts not eligible for matching, were approximately $40,581,000 and $37,935,000 which included approximately $20,291,000 and $18,967,000 each from UAB and its employees.

The University, the Hospital, LLC and UABRF total salaries and wages for fiscal years 2015 and 2014, respectively, were approximately $1,038,222,000 and $1,016,856,000. Total salaries and wages during fiscal years 2015 and 2014 for covered employees participating in TRS were approximately $754,457,000 and $773,118,000, respectively. Total salaries and wages during fiscal years 2015 and 2014 for covered employees participating in the 403(b) Plan were approximately $428,869,000 and $398,918,000, respectively.

Triton sponsors a 401(k) plan covering substantially all employees who have completed at least six months of service. Information regarding this benefit is presented in Triton's annual report.

The LLC sponsors a voluntary 403(b) retirement plan for eligible employees. The 403(b) plan is a voluntary, defined-contribution, tax-deferred as well as Roth after tax plan governed by Internal Revenue Code 403(b). Eligible employees can choose between both TIAA and VALIC for investments. Employees are vested after 3 years of employment. Eligibility for matching is for all full-time and part-time regular, twelve-hour shift, and weekend staff employees.

Compensated Absences

Certain UAB employees accumulate vacation and sick leave at varying rates depending upon their years of continuous service and their payroll classification, subject to maximum limitations. Upon termination of employment, employees are paid all unused accrued vacation at their regular rate of pay up to a designated maximum number of days. In accordance with GASB Statement No. 16, Accounting for Compensated Absences, the financial statements include accruals of approximately $78,572,000 and $77,372,000 as of September 30, 2015 and 2014, respectively, for accrued vacation pay and salary-related payments associated with vacation pay. There is no such accrual recognized for sick leave benefits because there is no terminal cash benefit available to employees for accumulated sick leave.

(12) Other Postemployment Benefits

UAB offers other postemployment health care benefits (OPEB) to all employees who officially retire from UAB. Health care benefits are offered through the Alabama Retired Education Employees Health Core Trust Plan (PEEHIP) with TRS or certain retired employees may elect to continue to participate in UAB's group health plan until they are eligible for Medicare by paying the full cost of the plan premium. Retired employees age 65 or older who are eligible for Medicare must enroll in the Medicare Coordinated Plan under which Medicare is the primary insurer and UAB's health care plan becomes the secondary insurer. Despite the availability of the UAB plan, most retirees elect to participate in the PEEHIP with TRS, in which case the retirees pay a portion of the PEEHIP premium, with UAB paying an allocation towards the cost of retiree coverage.

Certain retirees may also elect to continue their basic term life insurance coverage and accidental death and dismemberment insurance up to certain maximum amounts. The retirees pay the full amount of the premiums in such cases. Retirees are not eligible for tuition assistance benefits themselves. However, their unmarried dependent children may qualify in some cases.

PEEHIP is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Public Education Employees Health Insurance Board. PEEHIP offers a basic hospital/medical plan that provides basic medical coverage for up to 365 days of care during each hospital confinement. The basic hospital/medical plan also provides for physicians' benefits, outpatient care, prescription drugs, and mental health benefits. Major medical benefits under the basic hospital/medical plan are subject to a lifetime contract maximum of $1,000,000 for each covered individual. The financial report for PEEHIP can be obtained by contacting TRS. The Code of Alabama 1975, Section 16-25-A-8 provides authority to set the contribution requirements for retirees and employers. The required contribution rates of retirees are as follows as of September 30, 2015 and 2014:

Retired Member Rates

- Individual Coverage/Non-Medicare Eligible - $151
- Family Coverage/Non-Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - $391
- Family Coverage/Non-Medicare Eligible Retired Member and Dependent Medicare Eligible - $250
- Individual Coverage/Medicare Eligible Retired Member - $10
- Family Coverage/Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - $250
- Family Coverage/Medicare Eligible Retired Member and Dependent Medicare Eligible - $109

The required contribution rates of the employer were $370 and $356 per employee per month in the years ended September 30, 2015 and 2014, respectively. 100% of 2015 and 2014 contributions were paid in 2015 and 2014, respectively. UAB contributed $19,793,000 and $18,081,000 to PEEHIP in 2015 and 2014, respectively. The required contribution rate is determined by PEEHIP in accordance with State statute.

The UAB Plan is considered a single-employer plan and consists of hospital benefits, major medical benefits, a prescription drug program and a basic term life insurance up to an established maximum policy limit. The health care benefits cover medical and hospitalization costs for retirees and their dependents. The portion of the UAB plan related to health care may be amended by the approval of the President of UAB upon recommendation from the Benefits Committee. The portion of the UAB plan related to the life insurance may be amended by the System.

Employees included in the actuarial valuation include active employees, retirees and disabled employees enrolled in the medical plan and retirees not enrolled in the medical plan with retiree life insurance. Expenditures for postretirement health care benefits are paid monthly on a pay-as-you-go basis.

In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, UAB accrued an additional $4,392,898 and $3,065,896 in retiree healthcare and benefit expense during the years ended September 30, 2015 and 2014, respectively.

The UAB Plan does not issue a stand-alone financial report.

UAB's annual retiree health and life insurance benefit expense and related information for the years ended September 30, 2015 and 2014 is as follows:

		2015		2014		2013
Annual required contributions	$	8,052,020	$	6,800,515	$	9,194,860
Interest on obligations for retiree benefits		1,642,495		1,427,882		1,127,669
Adjustment to annual required contribution		(1,251,505)		(1,087,980)		(859,231)
Annual retiree benefit costs		8,443,010		7,140,417		9,463,298
UAB Contributions		(4,050,112)		(4,074,521)		(5,174,531)
Increase in obligations for retiree benefits		4,392,898		3,065,896		4,288,767
Obligations for retiree benefits, beginning of year		23,464,212		20,398,316		16,109,549
Total obligations for retiree benefits, end of year	**$**	**27,857,110**	**$**	**23,464,212**	**$**	**20,398,316**

The annual retiree benefit cost, percentage of the annual retiree benefit cost contributed to the retiree benefit plan and the net obligation for retiree benefits for UAB for year ended September 30, 2015 and 2014 are as follows:

		2015		2014		2013
Annual retiree benefit cost	$	8,443,010	$	7,140,417	$	9,463,298
Percentage of annual cost contributed		47.97%		57.06%		54.68%
Net obligation to the retiree benefit plan	$	27,857,110	$	23,464,212	$	20,398,316

Funded Status

Actuarial valuations represent a long-perspective and involve estimates of the value of report amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, investment return and health care cost trends. Actuarially determined amounts are subject to periodic revisions as actual rates are compared with past expectations and new estimates are made about the future.

The funded status of the plan as of October 1, 2014, 2013 and 2012 was as follows:

		2015		2014		2013
Actuarial accrued liability	$	49,061,930	$	47,438,259	$	46,446,404
Actuarial value of plan assets						
Unfunded actuarial accrued liability	$	49,061,930	$	47,438,259	$	46,446,404
Funding ratio		Zero		Zero		Zero
Covered payroll	$	873,791,461	$	889,980,309	$	967,667,454
Unfunded actuarial accrued liability as a percentage of covered payroll		5.61%		5.33%		4.80%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based upon the plan as understood by UAB and plan members, and include types of benefits provided at the time of each valuation and the historical cost pattern of sharing of benefit costs between UAB and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant actuarial methods and assumptions used in the valuation were:

- actuarial valuation date, October 1, 2013
- actuarial cost method-projected unit cost method;
- assumed return on investment of 7% per year, based on the estimated return on UAB's assets expected to be used to finance benefits;
- health care cost trend rate 7.5% and 9.5% for the years ended September 30, 2014 and September 30, 2013, respectively, reduced by increments to an ultimate rate of 5.0% over years through 2019;
- amortization of the initial unfunded actuarial liability over 30 years on a level percent of pay method with payroll growth rate of 3.25%

(13) Federal Direct Student Loan Program

The Federal Direct Student Loan Program (FDSLP) was established under the Higher Education Act of 1965, as amended in the Student Loan Reform Act of 1993. The FDSLP enables an eligible student or parent to obtain a loan to pay for the student's cost of attendance directly through the university rather than through private lenders. UAB began participation in the FDSLP on July 1, 1994. As a university qualified to originate loans, UAB is responsible for handling the complete loan process, including funds management, as well as promissory note functions. UAB is not responsible for collection of these loans. During the years ended September 30, 2015 and 2014, respectively, UAB disbursed approximately $136,485,000 and $132,820,000 under the FDSLP.

(14) Grants and Contracts

At September 30, 2015 and 2014, UAB had been awarded approximately $425,062,000 and $406,573,000 in grants and contracts, respectively, which had not been expended. These awards, which represent commitments of sponsors to provide funds for specific research, training, and service projects, have not been reflected in the financial statements.

(15) Net Patient Service Revenue

The Hospital has agreements with governmental and other third-party payors that provide for reimbursement to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at established rates for services 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, the Hospital is reimbursed for both its 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. The Hospital generally is reimbursed for certain retroactively settled items at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits by the Medicare fiscal intermediary. The Hospital's cost reports have been audited and settled for all fiscal years through 2009. Revenue from the Medicare program accounted for approximately 26% of the Hospital's net patient service revenue for the years ended September 30, 2015 and 2014.

Section 302 of the Tax Relief and Health Care Act of 2006 authorized a permanent program involving the use of third-party recovery audit contractors ("RACs") to identify Medicare overpayments and underpayments made to providers. As of September 30, 2015, the Hospital reported claims in various stages of review based on the requests received by the RACs during the fiscal year. Payment recoveries resulting from RAC reviews are appealable through administrative and judicial processes, and the Hospital intends to pursue the reversal of adverse determinations, where appropriate. The Hospital cannot predict with certainty the impact of the Medicare RAC program on our future results of operations or cash flows.

Blue Cross–Inpatient services rendered to Blue Cross subscribers are paid at a prospectively determined per diem rate. Outpatient services are reimbursed at a prospectively determined rate or under a cost reimbursement methodology. The method of reimbursement is determined by the procedures that are performed. For outpatient services reimbursed under a cost reimbursement methodology, the Hospital is reimbursed at a tentative rate with a final settlement determined after submission of annual cost reports by the Hospital and audits thereof by Blue Cross. The Hospital's Blue Cross cost reports have been audited and settled for all fiscal years through 2014. Revenue from the Blue Cross program accounted for approximately 33% and 32% of the Hospital's net patient service revenue for each of the years ended September 30, 2015 and 2014, respectively.

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. The Hospital is designated as a Disproportionate Share Hospital (DSH) and receives payments under the Medicaid DSH program. The Hospital participates in the Alabama Medicaid Plan and therefore, also receives supplemental payments based on formulas established by the Alabama Medicaid Agency. The net benefit associated with the Hospital's essential provider designation, totaling approximately

$40,304,000 and $60,581,000 in 2015 and 2014, respectively, is included in net patient service revenue in the accompanying statements of revenues, expenses, and changes in net position. There can be no assurance that the Hospital will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified.

Revenue from the Medicaid program accounted for approximately 14% and 15% of the Hospital's net patient service revenue for the years ended September 30, 2015 and 2014, respectively.

Other—The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The bases for payments to the Hospital under these agreements include discounts from established charges, capitation, and prospectively determined daily and case rates.

The composition of Hospital operating revenue follows:

	2015	2014
Gross Patient Service Revenue	$ 5,779,150,092	$ 5,175,425,934
Less Provision for Contractual and Other Adjustments	(4,235,689,398)	(3,720,591,599)
Less Provision Bad Debts	(213,771,766)	(247,495,640)
Net Patient Service Revenue	$ 1,329,688,928	$ 1,207,338,695
Capitation Revenue	64,599,138	61,861,843
Other Operating Revenue	120,865,899	110,489,630
TOTAL HOSPITAL SALES REVENUE	**$ 1,515,153,965**	**$ 1,379,690,168**

(16) Charity Care

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services, and supplies and equivalent service statistics. The following information measures the level of charity care provided during the years ended September 30, 2015 and 2014:

	2015	2014
Approximate charges forgone, based on established rates	$ 148,365,000	$ 267,860,000
Percentage of charity charges to total charges	2.6%	5.2%

(17) Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2015 and 2014 follows:

	2015	2014
Other	44%	43%
Medicare	21	19
Blue Cross	26	31
Medicaid	9	7
	100%	**100%**

(18) Construction Commitments and Financing

UAB has contracted for the construction and renovation of several facilities. At September 30, 2015 and 2014, the estimated remaining cost to complete the construction and renovation of these facilities was approximately $138,060,000 and $164,339,000, respectively, which is expected to be financed from private gifts, grants, bond proceeds, and UAB reserves.

(19) Risk Management and Self-Insurance

UAB manages risks related to medical malpractice, general liability, and employee health care through a combination of self-insurance, risk pooling arrangements, and commercial insurance coverage.

UAB's medical malpractice liability is managed by PLTF, a professional liability trust fund. PLTF functions as a risk-sharing vehicle for UAB and more than ten nongovernmental organizations. PLTF covers liabilities of the covered parties, including UAB, arising from reported claims, claims that are incurred but not reported, and future costs of handling these claims. The liabilities are generally based on present value actuarial valuations discounted using interest rates from 2% to 5%. The discount rate used in both 2015 and 2014 was 2%. The associated risks of claims are subject to aggregate limits, with excess liability coverage provided by independent insurers to protect participants against losses should a claim arise that exceeds PLTF coverage limits. Although UAB is the sponsor of PLTF, it is not the predominant participant in the fund.

The PLTF's policy committee establishes the premium rate of participants based on recommendations from consulting actuaries and considering the assumption of risk from the PLTF's date of inception. Premiums paid to the PLTF are provided by UAB, HSF, and other participants. In addition, certain legal and administrative services are provided to the PLTF by the System.

The PLTF agreement requires 10% of all PLTF assets to be held in liquid assets. At September 30, 2015 and 2014, the PLTF was in compliance with the agreement.

As discussed in Note 4, UAB accounts for its ownership of the PLTF as a joint venture and it is not included in the table below.

General liability is subject to various claims and aggregate limits, with excess liability coverage provided by an independent insurer. General liability and employee health care 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. The general liability liabilities are generally based on actuarial valuations and are reported at present value. The discount rate used for the general liability was 2% in both 2015 and 2014.

Changes in the total self-insured liabilities for the years ended September 30, 2015 and 2014 are presented as follows for UAB:

SELF INSURED LIABILITIES		**2015**		**2014**
Balance, beginning of year	$	10,760,082	$	12,678,140
Claims incurred and changes in estimates		67,127,630		68,801,814
Claim payments		(71,293,448)		(70,719,872)
BALANCE, END OF YEAR	**$**	**6,594,264**	**$**	**10,760,082**

(20) Commitments and Contingencies

UAB has sovereign immunity and is, therefore, in the opinion of UAB counsel, immune to ordinary tort actions including those based on medical malpractice or general injury to patients. Consequently, while UAB is sometimes named as defendant in malpractice actions and other actions for injuries arising in the Hospital, it has consistently been dismissed from those lawsuits on the basis of the sovereign immunity doctrine. That doctrine also protects UAB from vicarious liability arising from the negligence of its employees. To the extent that UAB employees are sued in their individual capacity for action related to their official duties within the line and scope of their employment, UAB has defended those actions and paid for any resulting costs through its self-insured trust fund. While UAB is not aware of any impending threat to this doctrine, UAB is a named insured under the terms of the PLTF and GLTF and excess insurance purchased from commercial companies (Note 19). There are some exceptions to the sovereign immunity doctrine, most notably federal court cases arising under the federal constitution or federal statutes.

UAB is engaged in various legal actions in the ordinary course of business. Management does not believe the ultimate outcome of these actions will have a material adverse effect on the financial statements. However, the settlement of legal actions is subject to inherent uncertainties and it is possible that such outcomes could differ materially from management's current expectations.

Amounts received or receivable from grantor agencies are subject to audit and adjustments by such agencies, principally the United States Government. Any disallowed claims, including amounts already collected, may constitute a liability of UAB. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although UAB expects any such amounts to be immaterial.

(21) Operating Expenses by Function

Total operating expenses by functional classification for the years ended September 30, 2015 and 2014 are as follows for UAB:

September 30, 2015	SALARIES, WAGES, AND BENEFITS	SUPPLIES AND SERVICES	DEPRECIATION AND AMORTIZATION	SCHOLARSHIPS AND FELLOWSHIPS	TOTAL
Instruction	$ 225,208,641	$ 32,847,200			$ 258,055,841
Research	152,006,517	87,564,449			239,570,966
Public service	88,401,259	34,254,836			122,656,095
Academic support	129,372,304	32,700,285			162,072,589
Student services	18,541,691	15,835,378			34,377,069
Institutional support	76,205,152	49,802,271			126,007,423
Operations and maintenance of plant	25,747,844	37,970,000			63,717,844
Scholarships and fellowships				$ 21,113,044	21,113,044
Hospital	630,244,947	641,932,018			1,272,176,965
Auxiliary	45,038,348	489,921,773			534,960,121
Depreciation			$ 137,027,585		137,027,585
TOTAL OPERATING EXPENSES	**$ 1,390,766,703**	**$ 1,422,828,210**	**$ 137,027,585**	**$ 21,113,044**	**$ 2,971,735,542**

September 30, 2014	SALARIES, WAGES, AND BENEFITS	SUPPLIES AND SERVICES	DEPRECIATION AND AMORTIZATION	SCHOLARSHIPS AND FELLOWSHIPS	TOTAL
Instruction	$ 233,956,542	$ 27,633,957			$ 261,590,499
Research	151,644,912	83,629,509			235,274,421
Public service	74,533,051	33,547,414			108,080,465
Academic support	134,006,011	32,803,526			166,809,537
Student services	17,969,305	13,063,610			31,032,915
Institutional support	82,624,333	48,314,229			130,938,562
Operations and maintenance of plant	26,477,886	37,678,533			64,156,419
Scholarships and fellowships				$ 21,013,152	21,013,152
Hospital	614,939,849	581,718,276			1,196,658,125
Auxiliary	44,217,318	429,982,896			474,200,214
Depreciation			$ 129,547,649		129,547,649
TOTAL OPERATING EXPENSES	**$ 1,380,369,207**	**$ 1,288,371,950**	**$ 129,547,649**	**$ 21,013,152**	**$ 2,819,301,958**

(22) Segment Reporting

As discussed in Note 1, UAB's two significant identifiable activities that have bonds outstanding where revenue is pledged in support of the bonds are the University and the Hospital.

Condensed financial statement information related to the University and Hospital for the years ended September 30, 2015 and 2014 is as follows:

UNIVERSITY		**2015**		**2014**
CONDENSED STATEMENT OF NET POSITION				
Current assets	$	522,564,725	$	519,658,171
Capital assets, net		946,494,158		915,828,035
Other assets		685,847,628		741,663,379
TOTAL ASSETS	**$**	**2,154,906,511**	**$**	**2,177,149,585**
DEFERRED OUTFLOW OF RESOURCES	**$**	**60,708,661**	**$**	**1,246,237**
Current liabilities		273,151,122		260,555,985
Long-term debt		397,151,173		417,178,408
Other noncurrent liabilities		746,944,307		14,559,124
TOTAL LIABILITIES	**$**	**1,417,246,602**	**$**	**692,293,517**
DEFERRED INFLOW OF RESOURCES	**$**	**75,468,206**	**$**	**241,400**
Net investment in capital assets		561,599,546		568,042,231
Restricted nonexpendable		285,143,473		297,072,049
Restricted expendable		246,232,165		207,707,232
Unrestricted		(370,074,821)		413,039,393
TOTAL NET POSITION	**$**	**722,900,363**	**$**	**1,485,860,905**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION				
Tuition and fees, net	$	169,249,316	$	161,726,991
Grant and contract revenue		398,214,165		371,578,206
Sales and services, auxiliary		60,916,483		59,147,027
Other operating revenues		87,439,973		81,988,468
Salaries, wages, and benefits		(734,150,282)		(740,643,936)
Supplies and services		(313,813,430)		(298,043,044)
Depreciation expense		(71,757,776)		(67,433,531)
Scholarships and fellowships		(21,090,496)		(20,996,700)
OPERATING LOSS		**(424,992,047)**		**(452,676,519)**
State appropriations		232,426,422		231,434,224
Investment (loss) income		(30,769,550)		46,022,323
Interest expense		(11,299,065)		(9,692,564)
Gifts		54,123,625		43,908,566
Other nonoperating revenues		30,714,768		24,860,074
LOSS BEFORE OTHER CHANGES IN NET POSITION		**(149,795,847)**		**(116,143,896)**
Capital gifts		4,060,318		7,632,715
Endowment gifts		14,930,217		17,026,885
Other		5,620,991		31,407,988
Intergovernmental transfers		119,362,779		122,292,258
(DECREASE) INCREASE IN NET POSITION		**(5,821,542)**		**62,215,950**
Net position, beginning of year as previously reported		1,485,860,905		1,423,644,955
Adoption of GASB 68		(757,139,000)		
Net position, beginning of year as restated as of October 1, 2014		728,721,905		1,423,644,955
NET POSITION, END OF YEAR	**$**	**722,900,363**	**$**	**1,485,860,905**
CONDENSED STATEMENT OF CASH FLOWS				
Net cash provided by (used in):				
Operating activities	$	(357,687,132)	$	(366,658,346)
Noncapital financing activities		408,346,523		434,921,003
Capital and related financing activities		(121,225,447)		(69,203,819)
Investing activities		183,834		31,224,786
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(70,382,222)**		**30,283,624**
Cash and cash equivalents, beginning of year		155,664,086		125,380,462
CASH AND CASH EQUIVALENTS, END OF YEAR	**$**	**85,281,864**	**$**	**155,664,086**

HOSPITAL		2015		2014
CONDENSED STATEMENT OF NET POSITION				
Current assets	$	572,512,579	$	443,931,810
Capital assets, net		591,826,823		613,031,364
Other assets		545,761,493		585,006,921
TOTAL ASSETS	**$**	**1,710,100,895**	**$**	**1,641,970,095**
DEFERRED OUTFLOW OF RESOURCES	**$**	**36,456,848**	**$**	**10,723,815**
Current liabilities		124,790,616		95,716,250
Long-term debt		477,382,807		490,287,765
Other noncurrent liabilities		388,366,088		13,892,510
TOTAL LIABILITIES	**$**	**990,539,511**	**$**	**599,896,525**
DEFERRED INFLOW OF RESOURCES	**$**	**38,493,000**	**$**	
Net investment in capital assets		111,201,578		120,852,379
Restricted nonexpendable		128,099		128,099
Restricted expendable		30,144,181		30,863,407
Unrestricted		576,051,374		900,953,500
TOTAL NET POSITION	**$**	**717,525,232**	**$**	**1,052,797,385**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION				
Operating revenues	$	1,515,153,965	$	1,379,690,168
Operating expenses		(1,272,299,509)		(1,196,774,573)
Depreciation expense		(64,357,416)		(61,533,684)
OPERATING INCOME		**178,497,040**		**121,381,911**
State appropriations		32,867,066		32,638,497
Investment (loss) income		(34,969,677)		38,068,249
Interest expense		(19,345,079)		(19,758,706)
Gifts		79,691		72,852
Other nonoperating revenues, net		(526,672)		(719,068)
INCOME BEFORE OTHER CHANGES IN NET POSITION		**156,602,369**		**171,683,735**
Capital gifts		9,316		7,427
Intergovernmental transfers		(104,615,838)		(108,423,337)
INCREASE IN NET POSITION		**51,995,847**		**63,267,825**
Net position, beginning of year as previously reported		1,052,797,385		989,529,560
Adoption of GASB 68		(387,268,000)		
Net position, beginning of year as restated as of October 1, 2014		665,529,385		989,529,560
NET POSITION, END OF YEAR	**$**	**717,525,232**	$	**1,052,797,385**
CONDENSED STATEMENT OF CASH FLOWS				
Net cash provided by (used in):				
Operating activities	$	229,670,427	$	164,858,250
Noncapital financing activities		(51,669,081)		(75,711,988)
Capital and related financing activities		(75,049,140)		(74,069,763)
Investing activities		(154,961,576)		8,052,154
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(52,009,370)**		**23,128,653**
Cash and cash equivalents, beginning of year		53,320,903		30,192,250
CASH AND CASH EQUIVALENTS, END OF YEAR	**$**	**1,311,533**	**$**	**53,320,903**

(23) Major Component Unit Reporting

As discussed in Note 1, Triton is included in UAB's financial statements as a blended component unit. Triton financial information for the years ended December 31, 2014 and 2013 is included in UAB's financial statements and presented as follows:

TRITON HEALTH SYSTEMS, LLC		2015		2014
CONDENSED STATEMENT OF NET POSITION				
Current assets	$	222,557,532	$	211,227,778
Capital assets, net		4,463,866		5,271,542
Other assets		16,786,400		16,270,397
TOTAL ASSETS	**$**	**243,807,798**	**$**	**232,769,717**
Current liabilities		65,631,314		64,815,520
Other noncurrent liabilities		1,815,628		2,054,965
TOTAL LIABILITIES	**$**	**67,446,942**	**$**	**66,870,485**
Net investment in capital assets		4,463,866		5,271,542
Restricted nonexpendable		100,000		100,000
Unrestricted		171,796,990		160,527,690
TOTAL NET POSITION	**$**	**176,360,856**	**$**	**165,899,232**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION				
Operating revenues	$	610,785,030	$	561,946,151
Operating expenses		(577,844,749)		(519,672,094)
Depreciation and amortization expense		(912,393)		(580,434)
OPERATING INCOME		**32,027,888**		**41,693,623**
Investment income (loss)		1,542,901		(395,064)
Income tax expense		(3,300,733)		(7,262,547)
INCOME BEFORE OTHER CHANGES IN NET POSITION		**30,270,056**		**34,036,012**
Distributions to members		(19,808,432)		(19,226,160)
INCREASE IN NET POSITION		**10,461,624**		**14,809,852**
Net position, beginning of year		165,899,232		151,089,380
NET POSITION, END OF YEAR	**$**	**176,360,856**	**$**	**165,899,232**
CONDENSED STATEMENT OF CASH FLOWS				
Net cash provided by (used in):				
Operating activities	$	1,863,292	$	37,597,745
Noncapital financing activities		(19,808,432)		(19,226,160)
Capital and related financing activities		(104,717)		(1,908,060)
Investing activities		40,820,381		(41,934,274)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**22,770,524**		**(25,470,749)**
Cash and cash equivalents, beginning of year		150,163,385		175,634,134
CASH AND CASH EQUIVALENTS, END OF YEAR	**$**	**172,933,909**	**$**	**150,163,385**

(24) Recently Issued Pronouncements

The GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72), in February 2015. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes and enhanced disclosures regarding fair value financial instruments, including the categorization of investment fair value measurements into Levels 1, 2 and 3. This Statement is effective for financial statements for periods beginning after June 15, 2015. UAB is evaluating whether there will be any material impact from its adoption of GASB 72.

The GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73), in June 2015. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement is effective for fiscal years beginning after June 25, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, which are effective for fiscal years beginning after June 15, 2016. UAB is evaluating whether there will be any material impact from its adoption of GASB 73.

The GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74), in June 2015. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for financial statements for fiscal years beginning after June 15, 2015. UAB is evaluating whether there will be any material impact from its adoption of GASB 74.

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions* (GASB 75), in June 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. This Statement is effective for fiscal years beginning after June 15, 2017. UAB is evaluating whether there will be any material impact from its adoption of GASB 75.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76), in June 2015. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). This Statement supercedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* This Statement is effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. UAB is evaluating whether there will be any material impact from its adoption of GASB 76.

(25) Subsequent Events

In November 2015, UAB announced the formation of the UAB Athletics Foundation (UABAF), a 501(c)3 organization that will support the UAB Athletics Department in its quest for excellence in all programs. UABAF is composed of 24 board members who will be responsible for helping build loyalty and philanthropic support for the UAB athletic program and support the staff in coordinating, developing and improving a superior intercollegiate athletics program. UABAF will encourage alumni and friends to generously support the Athletics Department and contribute to scholarship funding for UAB's student-athletes. UABAF will also support the construction, improvement and renovation of first class, high-quality athletic facilities for UAB's teams through strategic philanthropic initiatives set forth by the Athletics Department.

UABAF was chartered on November 4, 2015 with a fiscal year end of September 30 and will be presented as a blended component unit within the University's financial statements for the year ended September 30, 2016. UABAF will be included as a blended component unit because the Foundation operates as an extension of the UAB Athletics Department and it almost exclusively benefits the University.

In December 2015, UAB announced a 30 year partnership with IUP 2 LLC (IUP) to increase access for international students to the UAB campus. IUP is a leader among the global higher education community in international student recruitment, with expertise in international marketing, recruiting and academic and cultural acclimatization activities designed to prepare international students for life in the U.S. and the rigors of a U.S.-based higher educational experience. Under this partnership, UAB will establish a new international student center located on campus and shall develop and offer a range of academic preparatory courses and English language programs, defined as the INTO UAB Programs, which when successfully completed, will enable qualified international students to progress to undergraduate degree programs. The formal business structure that will support the INTO UAB Programs will be a joint, for-profit venture between IUP and the UABEF with UAB providing the actual educational services.

The University of Alabama at Birmingham

Required Supplementary Information

September 30, 2015 and 2014

Required Supplementary Information

The following required supplementary information relates to UAB's single-employer other postemployment benefit plan (OPEB).

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based upon the plan as understood by UAB and plan members, and include types of benefits provided at the time of each valuation and the historical cost pattern of sharing of benefit costs between UAB and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant actuarial methods and assumptions used in the valuation were :

- actuarial valuation date, October 1, 2013
- actuarial cost method-projected unit cost method;
- assumed return on investment of 7% per year, based on the estimated return on UAB's assets expected to be used to finance benefits;
- health care cost trend rate 7.5% and 9.5% for the years ended September 30, 2014 and 2013, respectively, reduced by increments to an ultimate rate of 5.0% over years through 2019;
- amortization of the initial unfunded actuarial liability over 30 years on a level percent of pay method with payroll growth rate of 3.25%;

Schedule of Funding Progress

RETIREE HEALTH AND LIFE INSURANCE PLAN

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	(Deficit)	Funded Ratio	Annual Covered Payroll	(Deficit)/Covered Payroll
October 1, 2014	None	$ 49,061,030	$ (49,061,030)	Zero	$ 873,791,461	-5.6%
October 1, 2013	None	$ 47,438,259	$ (47,438,259)	Zero	$ 889,980,309	-5.3%
October 1, 2012	None	$ 46,446,404	$ (46,446,404)	Zero	$ 967,667,454	-4.8%
October 1, 2011	None	$ 44,358,077	$ (44,358,077)	Zero	$ 921,253,387	-4.8%
October 1, 2010	None	$ 52,061,639	$ (52,061,639)	Zero	$ 887,356,263	-5.9%
October 1, 2009	None	$ 51,649,871	$ (51,649,871)	Zero	$ 838,331,004	-6.2%
October 1, 2008	None	$ 53,920,021	$ (53,920,021)	Zero	$ 838,658,508	-6.4%

Required Supplementary Information

The following required supplementary information relates to UAB's participation in the Teachers' Retirement System of Alabama.

Schedule of UAB's Proportionate Share of the Net Pension Liability
Teachers' Retirement Plan of Alabama

	2015
Proportion of the net pension liability	12.188512%
Proportionate share of the net pension liability	$1,107,275,000
Covered-employee payroll during the measurement period	$783,289,000
Proportionate share of the net pension liability as a percentage of covered-employee payroll	141.36%
Plan fiduciary net position as a percentage of the total pension liability	71.01%

Schedule of UAB's Contributions
Teachers' Retirement Plan of Alabama

	2015
Contractually required contribution	$84,999,000
Contributions in relation to the contractually required contribution	$84,999,000
Contribution deficiency (excess)	0
Covered-employee payroll	$770,432,000
Contributions as a percentage of covered-employee payroll	11.03%

Notes to Schedules

Covered-employee payroll: The total payroll of those employees participating in the pension plan (not just pensionable payroll).

Measurement period: For fiscal year 2015, the measurement period is October 1, 2013 - September 30, 2014.

The University of Alabama at Birmingham Administration

As of September 30, 2015

Ray L Watts, M.D.
President

Linda C. Lucas
Provost

Louis Dale
Vice President for Equity and Diversity

Will Ferniany
CEO, UAB Health System

Shirley Salloway Kahn
Senior Vice President for Development, Alumni, and External Relations

Richard B. Marchase
Vice President for Research and Economic Development

G. Allen Bolton, Jr.
Vice President for Financial Affairs and Administration

Curtis A. Carver, Jr.
Vice President for Information Technology and Chief Information Officer

Selwyn M. Vickers, M.D.
Senior Vice President for Medicine and Dean, School of Medicine

Robert E. Palazzo
Dean, College of Arts and Sciences

Doreen C. Harper
Dean, School of Nursing

Eric P. Jack
Dean, Collat School of Business

Harold P. Jones
Dean, School of Health Professions

J. Iwan Alexander
Dean, School of Engineering

Max Michael III
Dean, School of Public Health

Lori L. McMahon
(Effective October 1, 2015)
Dean, Graduate School

Kelly K. Nichols, O.D.
Dean, School of Optometry

Michael S. Reddy, D.M.D.
Dean, School of Dentistry

Deborah L. Voltz
Dean, School of Education

Shannon Blanton
Dean, UAB Honors College

John M. Meador, Jr.
Dean, UAB Libraries

The Board of Trustees of The University of Alabama

As of September 30, 2015

APPENDIX C

Summary of the Indenture

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. Neither such summary nor the other summaries of matters contained in the Indenture and referred to under "INTRODUCTION," "THE BONDS," and "SECURITY AND SOURCE OF PAYMENT" purport to be complete in every detail and are expressly made subject to the exact provisions of the Indenture. For details of all terms and conditions, prospective purchasers are referred to the Indenture, copies of which may be obtained from the Office of the Vice President for Financial Affairs and Administration of UAB, 1020 Administration Building, 701 20th Street South, Birmingham, Alabama, 35294-0110.

Defined Terms

The following terms (in addition to terms defined elsewhere in this Official Statement) have the following meanings when used in the summary:

"**Additional Bonds**" means bonds, notes and other evidences of indebtedness issued under the Indenture on a parity, as respects the pledge of Pledged Revenues, with the bonds offered pursuant to this Official Statement and the Outstanding Parity Bonds (as defined in this Official Statement).

"**Annual Debt Service Requirement**" means, as of any time, the amount of principal maturing and interest becoming due with respect to the then outstanding Bonds in a Bond Year; provided, that for purposes of this definition, (a) principal shall be deemed to mature on the Mandatory Redemption Date on which it is scheduled for redemption under any Mandatory Redemption Provision, (b) principal maturing and interest becoming due with respect to bonds in a Bond Year which is (i) refunded out of the proceeds of Additional Bonds or other indebtedness permitted by the Indenture or (ii) paid out of any funds of the Board other than Pledged Revenues will be disregarded, and (c) calculations will be made in accordance with the provisions summarized below under "Additional Bonds - Special Computational Provisions."

"**Auditor**" means (a) an Independent Auditor or (b) an employee of the State (but not of the Board) whose official duties include the audit of books, records and accounts of municipal and other public corporations.

"**Balloon Bonds**" means Bonds, 25% or more of the original principal of which matures during any one Bond Year, if such maturing principal amount is not required to be amortized below such percentage by a Mandatory Redemption Provision prior to such Bond Year. A Put Bond will be deemed to mature on the stated maturity date thereof and not on a date on which such Put Bond is subject to the purchase at the option of the Holder thereof.

"**Bond Fund**" means the General Revenue Bond Principal and Interest Fund created in the Indenture.

"**Bond Year**" means the period beginning on October 2 of one calendar year and ending on October 1 of the next succeeding calendar year.

"**Bonds**" means the Series 2005A Bonds, the Series 2010 Bonds, the Series 2013 Bonds, the Series 2015 Bonds, the Bonds offered pursuant to this Official Statement and any Additional Bonds hereafter issued under the terms of the Indenture.

"**Capital Appreciation Bonds**" means any of the Bonds that provide for the addition to the principal due thereon of all or any part of the accrued and unpaid interest thereon.

"**Capital Improvements**" means improvements, extensions and additions to the facilities of the Board located at UAB that are properly chargeable to fixed capital funds by generally accepted accounting practice and includes real estate (and easements and other interests therein) on, under or over which any such improvements, extensions or additions are, or are proposed to be, located.

"**Chief Financial Officer**" means the Vice President for Financial Affairs and Administration of UAB or other chief financial officer of UAB.

"**Commitment Indebtedness**" means the obligation of the Board to repay amounts disbursed pursuant to a commitment from a financial institution to pay, refinance or purchase Bonds when due, when tendered or when required to be purchased and the obligation of the Board to pay interest payable on amounts disbursed for such purposes, plus any fees payable to such financial institution for, under or in connection with such commitment or in the event of any disbursement pursuant to such commitment or in connection with the enforcement by such financial institution of rights under such commitment.

"**Compounded Amount**" means, for any date with respect to a Bond, the amount set forth in the Original Indenture or any supplemental Indenture (as the case may be) pursuant to which such Bond is issued as the Compounded Amount for such Bond on such date.

"**Contributions**" means gifts, grants, bequests, legacies, donations and contributions heretofore and hereafter made to or for the account of the Board, irrespective of whether such gifts, grants, bequests, legacies, donations and contributions were or are designated or earmarked by the donor for a specific purpose or not.

"**Cross-over Date**," with respect to Cross-over Refunding Bonds, means the date on which the principal portion of the Cross-over Refunded Bonds is anticipated to be paid or redeemed from the proceeds of such Cross-over Refunding Bonds.

"**Cross-over Refunded Bonds**" means Bonds refunded by Cross-over Refunding Bonds.

"**Cross-over Refunding Bonds**" means Bonds issued for the purpose of refunding other Bonds if the proceeds of such Cross-over Refunding Bonds are irrevocably deposited in escrow to secure the payment on the applicable Cross-over Date of the Cross-over Refunded Bonds, and the earnings on such escrow deposit are required to be applied to pay interest on either or both of such Cross-over Refunding Bonds or such Cross-over Refunded Bonds until the Cross-over Date.

"**Eligible Certificates**" means interest bearing certificates of deposit that are issued by the Trustee or by any bank or trust company organized under the laws of the United States of America or any state thereof and (in the case of an issuer of such certificates having, at the time of issue, combined capital, surplus and undivided profits of less than $15,000,000) that are collaterally secured by a pledge of Federal Securities (a) having at any date of calculation a market value (taking account of any accrued interest thereon) not less than the principal of and the accrued interest on the certificates of deposit secured thereby, (b) deposited and pledged with any Federal Reserve Bank or with any bank or trust company organized under the laws of the United States of America or any state thereof, and having combined capital, surplus and undivided profits of not less than $15,000,000, and (c) for which a receipt signed by the bank or trust company having custody of such collateral securities and containing a sufficient description thereof has been furnished to the Trustee.

"**Eligible Investments**" means any of the following: (a) Federal Securities; (b) Eligible Certificates; (c) Federally Guaranteed Securities; (d) any debt securities (whether or not constituting Federally Guaranteed Securities) issued by the Bank for Cooperatives, any Federal Intermediate Credit Bank, any Federal Home Loan Bank, the Export-Import Bank of the United States, any Federal Land Bank, the Federal Financing Bank, the Federal National Mortgage Association or the Government National Mortgage Association; (e) debt securities (whether general obligations or limited or special obligations) of any state, territory or possession of the United States of America and of any political subdivision of any such state, territory or possession, but only if such securities are rated, at the time of acquisition, not lower than "A" by Moody's Investors Service and Standard & Poor's Corporation, or by one of such rating agencies if such securities are rated by only one of such agencies; (f) commercial paper of a corporation incorporated under the laws of any state of the United States of America, but only if such commercial paper is rated, at the time of acquisition, not lower than "prime one" (or the equivalent thereof) by Moody's Investors Service and Standard & Poor's Corporation, or by one of such rating agencies if such commercial paper is rated by only one of such agencies; (g) participation certificates in Federal Securities; and (h) money market funds or similar funds, but only if all of the assets of such funds consists of securities, obligations or investments of the types described in the preceding clauses (a) to (g), inclusive, of this sentence.

"**Federal Securities**" means any securities that are direct general obligations of the United States of America and any securities with respect to which payment of the principal thereof and the interest thereon is unconditionally guaranteed by the United States of America.

"**Federally Guaranteed Securities**" means any debt securities issued by an entity controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States of America.

"**Fiscal Year**" means the period beginning on October 1 of one calendar year and ending on September 30 of the next succeeding calendar year, or such other period of 365 days as may hereafter be established by resolution of the Board as the fiscal year of the Board.

"**Holder**" means the person in whose name a Bond is registered on the books of the Trustee pertaining to the Bonds.

"**Independent**" means having no interest, direct or indirect, in the Board and, in the case of an individual, not being a member, officer or employee of the Board and, in the case of a firm, not having a partner, director, officer or employee who is a member, officer or employee of the Board. An arms-length contract with the Board for the performance of services shall not be regarded as creating an interest in or an employee relationship with the Board.

"**Independent Auditor**" means an independent certified public accountant, or firm thereof, regularly engaged in the auditing of financial records.

"**Major Bank**" means (a) any Federal Reserve Bank or branch thereof, (b) the Trustee, and (c) any bank or trust company organized under the laws of the United States of America or any state thereof and having combined capital, surplus and undivided profits of not less than $50,000,000.

"**Mandatory Redemption Date**" means the date specified for the redemption of Bonds pursuant to a Mandatory Redemption Provision.

"**Mandatory Redemption Provision**" means any provisions that may be set forth in a Supplemental Indenture for mandatory redemption of any Bonds at a Redemption Price equal to the principal amount or Compounded Amount thereof.

"**Maximum Annual Debt Service Requirement**" means, as of any date of determination, the maximum Annual Debt Service Requirement during the then current or any succeeding Bond Year.

"**Put Bonds**" means Bonds that are required to be purchased on behalf of the Board, at the option of the holders thereof, prior to their respective maturities; provided, however, that if no such option is thereafter exercisable, such Bond shall no longer be considered a Put Bond.

"**Supplemental Indenture**" means any agreement supplemental to the Indenture entered into in accordance with the Indenture.

Bond Fund

The Indenture creates a special trust fund, the Bond Fund, to provide for the payment of principal of and interest on the Bonds as they mature and for the payment of the principal of any Bonds called pursuant to any Mandatory Redemption Provision. Subject to provisions for credits (e.g., capitalized interest) the Board is required to pay into the Bond Fund (but solely from Pledged Revenues) no later than the last business day next preceding any date on which interest or principal comes due (whether by maturity or Mandatory Redemption Provision) the amount of such interest or principal, as the case may be. Credits on amounts required to be transferred into the Bond Fund and referable to the principal of and the interest on Bonds subject to a Mandatory Redemption Provision are provided in the case of the purchase of Bonds subject to such provisions by the Trustee (for which Bond Fund moneys may be applied) or by the Board and surrendered to the Trustee. The Trustee is the depository, custodian and disbursing agent of the Bond Fund. Moneys on deposit in the Bond Fund may be invested in Federal Securities, and interest on any such investment shall become a part of the Bond Fund.

Additional Bonds

General Provisions. In the Indenture the Board has reserved the right, subject to certain conditions, to issue under the Indenture Additional Bonds on a parity with the Bonds. Additional Bonds may be issued for any of the following purposes: (a) to refund other Bonds outstanding under the Indenture; (b) to acquire, by construction, purchase or otherwise, Capital Improvements or to refund any obligations of the Board issued for such purpose; or (c) to borrow money for any other lawful purpose. The Board further reserves the right to provide separate or special security, in the form of bond insurance, letters of credit or other credit or liquidity enhancement for any such series of Additional Bonds or portion of such series without providing the same or similar security for other bonds and to provide special debt service reserve or similar funds for the benefit of such series of Additional Bonds or portions thereof.

Special Financial Conditions. As a condition to the issuance of Additional Bonds, the Board must furnish to the Trustee a certificate dated the date of issuance of such Additional Bonds signed by the Chief Financial Officer certifying that the amount of Pledged Revenues received by the Board during each of the two Fiscal Years next preceding the date of the issuance of the Additional Bonds then proposed to be issued was not less than 200% of the Maximum Annual Debt Service Requirement immediately following the issuance of the then proposed Additional Bonds.

Special Computational Provisions. In any calculation of the Annual Debt Service Requirement made for the purpose of applying the financial test for the issuance of Additional Bonds summarized above or for any purpose under the Indenture, the following provisions apply:

(a) In the case of Balloon Bonds, it shall be assumed that such Balloon Bonds are payable on a level annual debt service basis over the longer of (i) the stated original term of such Balloon Bonds or (ii) the useful life of the Capital Improvements (if any) financed by such Balloon Bonds.

(b) If the terms of any Bonds (whether outstanding or proposed to be issued) are such that interest thereon for any future period of time is expressed to be calculated at a varying rate per annum, a formula rate or a fixed rate per annum based on a varying index, interest on such bonds (herein called "Variable Rate Bonds") for such period (the "Determination Period") shall be computed by assuming that the rate of interest applicable to the Determination Period is equal to the average rate of interest (calculated in the manner in which the rate of interest for the Determination Period is expressed to be calculated) which would have been in effect during a 12 month period ending within 90 days immediately preceding the date on which such calculation is made.

(c) Interest on Bonds to the extent provision is made for payment thereof by capitalization of interest shall be disregarded.

(d) The conversion to a fixed rate of the interest rate applicable to a Variable Rate Bond shall not be deemed to be a new issue of Additional Bonds, but such fixed rate shall be applied in all computations from the date of conversion.

(e) Commitment Indebtedness shall be disregarded in any such computation until funding occurs, and thereafter only to the extent of debt service with respect to Bonds held by the obligee of, and evidencing, such indebtedness.

(f) The principal of and interest on Bonds (including, without limitation, Cross-over Refunding Bonds and Cross-over Refunded Bonds) shall be excluded from such calculation to the extent that amounts in cash or Federal securities are on deposit in an irrevocable escrow (whether or not such escrow and the amount held thereunder comply with the provisions of the Indenture summarized under "SUMMARY OF THE INDENTURE—Termination of the Indenture") and such amounts (including, where appropriate, the earnings or other increments to accrue on such Federal Securities) are required to be applied and are sufficient to pay such principal or interest, as the case may be.

(g) In the case of Balloon Bonds to which paragraph (a) above applies, debt service with respect to such Bonds for future periods shall be calculated on the assumption that such Bonds are being issued simultaneously with such calculations.

Particular Covenants of the Board

The Indenture contains the following covenants of the Board, among others:

Maintenance of Books and Records; Annual Audits. The Board will maintain complete books and records pertaining to the Pledged Revenues. The Board will at the end of each Fiscal Year cause an audit of its books with respect to UAB for such Fiscal Year to be made by an Auditor. The Board will cause such Auditor making such an audit to deliver an audit report with respect thereto within 150 days following the close of the Fiscal Year, and each such report, in addition to whatever other matters may be required to be included therein under generally accepted accounting principles, shall include (unless provided in a separate report by such Auditor) a statement in reasonable detail of the Pledged Revenues during such Fiscal Year. Immediately upon receipt of each such audit report (and any such separate report), the Board will furnish a copy thereof to the Trustee (and to Moody's Investors Service and Standard & Poor's Corporation) and, upon written request, to the original purchasers of any series of the Bonds from the Board and to any Holder of at least $100,000 in aggregate principal amount of the Bonds.

Maintenance of Pledged Revenues. The Board agrees that, so long as the principal of or the interest on any of the Bonds remains unpaid or until payment thereof shall have been provided for, the Board will during each Fiscal Year levy and collect General Fees against students enrolled at UAB in such amounts as will, when added to gross income from other sources constituting Pledged Revenues, produce Pledged Revenues during such Fiscal Year not less than 200% of the Annual Debt Service Requirement referable to such Fiscal Year. For purposes of this covenant, in computing the Annual Debt Service Requirement, principal and interest maturing or subject to a Mandatory Redemption Provision on October 1 shall be deemed to be payable on the preceding September 30.

Events of Default

Any of the following constitutes a default under the Indenture by the Board:

(a) Failure by the Board to pay the principal of, the interest on or the premium (if any) on any Bond as and when the same shall become due as therein provided (whether such shall become due by maturity, or otherwise);

(b) Failure by the Board to perform and observe any of the agreements and covenants on its part contained in the Indenture (other than those referred to in the foregoing clause (a)) after 30 days' written notice to it of such failure made by the Trustee or by the Holders of not less than 25% in principal amount of the Bonds then outstanding, unless during such period or any extension thereof the Board has commenced and is diligently pursuing appropriate corrective action; and

(c) Determination by a court having jurisdiction that the Board is insolvent or bankrupt, or appointment by a court having jurisdiction of a receiver of the Board or for a substantial part thereof, or approval by a court of competent jurisdiction of any petition for reorganization of the Board or rearrangement or readjustment of the obligations of the Board under any provisions of the bankruptcy laws of the United States of America or the State of Alabama.

Remedies on Default. In the event of default, the Trustee shall have the following rights and remedies:

(a) **Acceleration**. The Trustee may, by written notice to the Board, declare the principal of all the Bonds forthwith due and payable, but if the Board makes good that default and every other default under the Indenture (except the principal declared payable) with interest on all overdue payments of principal and interest, and makes reimbursement of all reasonable expenses of the Trustee, then the Holders of a majority in principal amount of the then outstanding Bonds may, by written notice to the Trustee, waive such default and its consequences.

(b) **Mandamus and Other Remedies**. The Trustee shall have the right of mandamus or other lawful remedy in any court of competent jurisdiction to enforce its rights and the rights of the Holders of the Bonds against the Board and any officers, agents or employees of the Board including but not limited to the right to require the Board and its officers, agents or employees to perform and observe all of its or their duties under Section 16-3-28 of the Code of Alabama of 1975, as amended.

Note: For possible limitations on remedies, see "SECURITY AND SOURCE OF PAYMENT—Remedies" and "RISK FACTORS—Limitation on Remedies Upon Default".

Application of Moneys Received. Any moneys received by the Trustee pursuant to any right given to it or action taken by it after default of the Board, together with all other funds held by it under the Indenture shall, after payment of all proper costs, expenses and liabilities and all liens and charges on the Pledged Revenues prior to the lien or charge of the Indenture which in the opinion of the Trustee it is advisable to pay, be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, such moneys shall be applied:

First – To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, with interest on overdue installments of interest, and, if the amount available shall not be sufficient to pay in full any particular installment plus said interest thereon, then to the payment ratably, according to the amounts due on such installments and with respect to said interest, to the person entitled thereto, without any discrimination or privilege.

Second – To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture) by maturity, by the operation of any Mandatory Redemption Provision or otherwise, with interest on overdue installment of principal, and, if the amount available shall not be sufficient to pay in full all such principal (and premium, if any), together with such interest, then to the payment of such principal, premium (if any) and interest ratably, without any discrimination or privilege.

Third – The surplus, if any, into the Bond Fund, or in the event the Bonds have been fully paid, to the Board or to whomsoever may be entitled thereto.

(b) If the principal of all the Bonds shall have become or been declared due and payable, all such moneys shall be applied as follows:

First – To the payment of the principal and interest due and unpaid upon the Bonds (with interest on overdue principal and interest) without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege; provided, however, that if the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded, then, subject to the provisions of this paragraph (b) in the event that the principal of all the Bonds shall later become or be declared due and payable, such moneys shall be applied in accordance with the provisions of paragraph (a) above.

Second – The surplus, if any, to the Board or to whomsoever may be entitled thereto.

Remedies Vested in Trustee; Limitation on Bondholders Suits. All remedies under the Indenture are vested exclusively in the Trustee for the equal and pro rata benefit of all the Holders of the Bonds, unless the Trustee refuses or neglects to act within a reasonable time after written request so to act addressed to the Trustee by the Holders of 25% in principal amount of the outstanding Bonds, accompanied by indemnity satisfactory to the Trustee, in which event the Holder of any of the Bonds may thereupon so act in the name and behalf of the Trustee or may so act in his own name in lieu of action by or in the name and behalf of the Trustee. Except as above provided, no Holder of any of the Bonds shall have the right to enforce any remedy under the Indenture, and then only for the equal and pro rata benefit of the Holders of all the Bonds.

Notwithstanding any other provision of the Indenture, the right of the Holder of any Bond, which is absolute and unconditional, to receive payment of the principal of and the interest on such Bond on or after the due date thereof, but solely from the Pledged Revenues as therein expressed, or to institute suit for the enforcement of such payment on or after such due date, or the obligation of the Board, which is also absolute and unconditional, to pay, but solely from said revenues, the principal of and the interest on the Bonds to the respective Holders thereof at the time and place in said Bonds expressed, shall not be impaired or affected without the consent of such Holder; provided, however, that no Holder shall be entitled to take any action or institute any such suit to enforce the payment of Bonds, whether for principal or interest, if and to the extent that the taking of such action or the institution or prosecution of any such suit or the entry of judgment therein would under applicable law result in a surrender, impairment, waiver or loss of the charge upon the Pledged Revenues created in the Indenture, or any part thereof, as security for the Bonds held by any other Holder.

Modification of the Indenture

Supplemental Indentures Without Bondholder Consent. The Board and the Trustee may, at any time and from time to time and without the consent of the Holders of any of the Bonds, enter into such Supplemental Indentures as shall not be inconsistent with the terms and provisions of the Indenture, for any one or more of the following purposes:

(a) To add to the covenants and agreements of the Board therein contained other covenants and agreements thereafter to be observed and performed by the Board, provided that such other covenants and agreements shall not either expressly or impliedly limit or restrict any of the obligations of the Board contained in the Indenture;

(b) To cure any ambiguity or to cure, correct or supplement any defect or incorrect provision contained in the Indenture or in any Supplemental Indenture or to make any provisions with respect to matters arising under the Indenture or any Supplemental Indenture for any other purpose if such provisions are necessary or desirable and are not inconsistent with the provisions of the Indenture or any Supplemental Indenture and do not adversely affect the interest of the Holders of the Bonds;

(c) To subject to the pledge of the Indenture additional revenues or to identify more precisely any of the revenues of the Board subject thereto;

(d) To cause the Indenture to comply with the provisions of the Trust Indenture Act of 1939 or such other federal securities laws as may hereafter be applicable to the Indenture; or

(e) To provide for the issuance of Additional Bonds, including, without limitation, any provisions for Bonds, in accordance with the provisions summarized under "SUMMARY OF THE INDENTURE—Additional Bonds."

Supplemental Indentures Requiring Bondholders' Consent. The Board and the Trustee may, at any time and from time to time, with the written consent of the Holders of not less than a majority in aggregate principal amount of the Bonds outstanding, enter into such Supplemental Indentures as shall be deemed necessary or desirable by the Board and the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided that, without the written consent of the Holder of each Bond affected, no reduction in the principal amount of, rate of interest on, or the premium payable upon the redemption of, any Bond shall be made; and provided further that, without the written consent of the Holders of all the Bonds, none of the following shall be permitted:

(a) An extension of the maturity of any installment of principal of or interest on any Bond;

(b) The creation of a lien or charge on the Pledged Revenues ranking prior to or on a parity with the lien or charge thereon created by the Indenture;

(c) A change in any Mandatory Redemption Provision;

(d) The establishment of preferences or priorities as between the Bonds (but only with respect to the security provided for all Bonds); or

(e) A reduction in the aggregate principal amount of Bonds the Holders of which are required to consent to such Supplemental Indenture.

Termination of the Indenture

Whenever the entire indebtedness secured by the Indenture, including all proper charges of the Trustee thereunder, shall have been fully paid, then the estate, rights and powers of the Trustee thereunder and all obligations of the Board thereunder will thereupon cease, and the Indenture will be deemed terminated and discharged. For purposes of the Indenture, any of the Bonds will be deemed to have been paid when there shall have been irrevocably deposited with the Trustee for payment thereof the entire amount (principal, interest and premium, if any) due or to be due thereon until and at maturity, and, further, any of the callable Bonds will also be deemed to have been paid when the Board shall have deposited with the Trustee the following: the applicable redemption price of such Bond, including the interest that will accrue thereon to the earliest date on which it may, under the terms of the Indenture, be redeemed, and evidence of compliance with all provisions of the Indenture for the call of such Bonds.

In addition, the Bonds will, for all purposes of the Indenture, be deemed fully paid if there shall be filed with the Trustee a trust agreement making provision for the retirement of such Bonds by creating for that purpose an irrevocable trust fund sufficient to provide for payment and retirement of such Bonds (including payment of the interest that will mature thereon until and on the dates they are retired, as such interest becomes due and payable) either by redemption prior to their respective maturities, by payment at their respective maturities or by payment of part thereof at their respective maturities, which said trust fund will consist of (a) Federal Securities which are not subject to redemption prior to their respective maturities at the option of the issuer and which, if the principal thereof and the interest thereon are paid at their respective maturities, will produce funds sufficient so to provide for payment and retirement of all the Bonds, or (b) both cash and such Federal Securities which together will produce funds sufficient for such purpose, or (c) cash sufficient for such purpose.

The Trustee

The Trustee is not liable under the Indenture except for its own non-compliance with the provisions thereof, its willful misconduct or its gross negligence. The Indenture also contains other broad exculpatory clauses in favor of the Trustee.

All sums expended by the Trustee under the Indenture will be secured by the Indenture, will bear interest at the prime rate of the Trustee from the date of payment thereof, and will be entitled to priority of payment over the principal of or the interest (or premium, if any) on any of the Bonds. The Board will reimburse the Trustee on demand for all sums so expended by the Trustee, together with interest at said rate.

The Trustee may, in its own name and at any time, institute or intervene in any suit or proceeding for the enforcement of all rights of action (including the right to file proof of claims in connection with any reorganization, bankruptcy, receivership or like proceeding) under the Indenture or under any of the Bonds, without the necessity of joining as parties to such suit or proceeding any Holders of the Bonds and without the necessity of possessing any of such Bonds or producing same in any trial or other proceedings related to such rights of action.

The Trustee may resign and be discharged of the trusts created by the Indenture upon written notice specifying date of such resignation, such notice to be given by United States registered or certified mail to the Board and to the Holders of the Bonds. Unless the effective date of such resignation coincides with the appointment by the Holders of the Bonds of a successor Trustee, such date will be at least 30 days after the date on which notice to the Board and the Holders of the Bonds shall have been mailed. The Trustee may at any time be removed by a written instrument signed by the Holders of a majority in principal amount of the Bonds then outstanding. So long as no event of default has occurred and is continuing under the Indenture, the Trustee may be removed for cause (including, but not limited to, maintaining non-competitive fees) at any time by an instrument in writing signed by the Board and delivered to the Trustee. The foregoing notwithstanding, the Trustee may not be removed by the Board unless written notice of the delivery of such instrument or instruments signed by the Board is mailed to the Holders of all Bonds outstanding under the Indenture, which notice indicates the Trustee will be removed and replaced by the successor trustee named in such notice, such removal and replacement to become effective on the 90^{th} day next succeeding the date of such notice, unless the Holders of not less than 10% in aggregate principal amount of the Bonds then outstanding under the Indenture shall object in writing to such removal and replacement. If the Trustee should resign or be removed, it will be reimbursed for all its proper prior expenses reasonable under the circumstances.

APPENDIX D

Proposed Opinion of Bond Counsel for
Series 2016-A Bonds and Series 2016-B Bonds

[Closing Date]

Holders of the Bonds referred to below

Re: $__________[*] University of Alabama at Birmingham General Revenue Bonds, Series 2016-__, issued by The Board of Trustees of The University of Alabama

We have acted as bond counsel in connection with the issuance of the above-referenced bonds (the "Bonds") by The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama (the "Board"). The Bonds are issued pursuant to a General Revenue Trust Indenture dated as of August 15, 1989, as amended and supplemented (the "Indenture"), between the Board and U.S. Bank National Association, as trustee (the "Trustee"). Additional bonds may be issued pursuant to the Indenture, secured on a parity with the Bonds, subject to the terms and conditions set forth in the Indenture. Capitalized terms not otherwise defined in this opinion have the meaning assigned in the Indenture.

The Board operates educational facilities in Birmingham, Alabama through its division, The University of Alabama at Birmingham ("UAB").

The Bonds are limited obligations of the Board payable solely out of the Pledged Revenues, as defined in the Indenture, which generally consist of revenues derived from the operation of UAB, exclusive of certain revenues specified in the Indenture.

Pursuant to the Indenture the Board has pledged and assigned the Pledged Revenues as security for the payment of the Bonds on a parity with (i) all outstanding bonds heretofore issued pursuant to, and secured by, the Indenture (the "Outstanding Parity Bonds") and (ii) all Additional Bonds hereafter issued under the terms of the Indenture.

In connection with the issuance of the Bonds we have acted as counsel to the Board.

We have examined executed counterparts of the Indenture and such certificates, proceedings, proofs and documents as we have deemed necessary in connection with the opinions hereinafter set forth.

As to various questions of fact material to our opinion, we have relied upon the representations made in the Indenture and upon certificates of certain public officials and officers of the Board and the Trustee.

Based on the foregoing and upon such investigation as we have deemed necessary, we are of the opinion that:

1. The Board has been duly organized and is validly existing as a public corporation and instrumentality of the State of Alabama under Section 264 of the Constitution of Alabama of 1901, as amended, and Chapter 47 of Title 16 of the Code of Alabama of 1975.

2. The Board has power and authority to enter into and perform its obligations under the Indenture and to issue and deliver the Bonds. The execution, delivery and performance by the Board of its obligations under the Indenture and the issuance and delivery of the Bonds have been duly authorized by all requisite action of the Board, and the Bonds have been duly executed and delivered by the Board.

3. The Bonds constitute valid and binding special obligations of the Board, payable solely out of the Pledged Revenues.

[*] Preliminary; subject to change.

4. The Indenture constitutes a valid and binding obligation of the Board and is enforceable against the Board in accordance with the terms of the Indenture.

5. The Indenture creates a valid pledge and assignment of the Pledged Revenues for the security of the Bonds on a parity with all Outstanding Parity Bonds and any Additional Bonds hereafter issued under the terms of the Indenture.

6. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the Board comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

7. Under existing law, interest on the Bonds is exempt from State of Alabama income taxation.

We express no opinion regarding federal tax consequences arising with regard to the Bonds other than the opinions expressed in paragraph 6 above.

The rights of the holders of the Bonds and the enforceability thereof and of the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and general principles of equity, including the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

BALCH & BINGHAM LLP

By:____

APPENDIX E

Summary of the Continuing Disclosure Agreement

SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT

The Continuing Disclosure Agreement will be entered into by the Board, acting through its operating division UAB. The following is a summary of the proposed form of the Continuing Disclosure Agreement. It is expected that the executed Continuing Disclosure Agreement will conform to this summary in all material respects; however, in the event of conflict between the executed version of the Continuing Disclosure Agreement and this summary, the executed version will control.

This summary is being provided in the form of excerpts from the proposed Continuing Disclosure Agreement. Section references in these excerpts correspond to the sections of the proposed form of the Continuing Disclosure Agreement.

Excerpts from the proposed form of Continuing Disclosure Agreement:

Section 1. Definitions

Capitalized terms not otherwise defined in this Agreement shall have the meaning assigned in the Indenture. In addition, the terms set forth below shall have the meaning assigned unless the context clearly otherwise requires:

"**Board**" means The Board of Trustees of The University of Alabama, a public corporation and instrumentality of the State of Alabama.

"**Bonds**" means the bonds issued by the Board that are identified in the recitals to this Agreement.

"**EMMA**" means the MSRB's Electronic Municipal Market Access System (EMMA) established pursuant to the Rule.

"**Indenture**" means the indenture identified in the recitals to this Agreement pursuant to which the Bonds are being issued.

"**MSRB**" means the Municipal Securities Rulemaking Board.

"**Official Statement**" means the Official Statement dated __________, 2016 with respect to the Bonds.

"**Rule**" means Rule 15c2-12 adopted by the Securities and Exchange Commission, as the same may be amended from time to time.

"**Trustee**" means U.S. Bank National Association, as trustee under the Indenture.

Section 2. Purpose and Beneficiaries of this Agreement

This Agreement is entered into by the Board for the benefit of the holders of the Bonds in order to assist the underwriter or underwriters for the Bonds in complying with the requirements of the Rule. For purposes of the Rule and the continuing disclosure undertakings by the Board for UAB in connection with the issuance of the Bonds, the "obligated person" for continuing disclosure will be UAB, and not any other operating division of the Board.

Section 3. Annual Financial Information

(a) Within 210 days after the end of each fiscal year, the Board shall file with the MSRB the following information:

(1) ***Audited Financial Statements***. The audited financial statements of UAB for such fiscal year. The audited financial statements shall be prepared on a basis consistent with the accounting and auditing standards used to prepare the financial statements attached as APPENDIX B to the Official Statement, as such standards may be modified from time to time under generally accepted accounting and auditing standards applicable to the Board.

(2) ***Annual Financial Information.*** To the extent not included in the audited financial statements of UAB:

(i) The amount of Pledged Revenues during such fiscal year, presented in a manner substantially consistent with presentation thereof in the front portion of the Official Statement under the heading "PLEDGED REVENUES AND DEBT SERVICE COVERAGE"; and

(ii) The enrollment of UAB for the most recently completed academic year, presented in a manner substantially consistent with presentation thereof in APPENDIX A of the Official Statement under the heading "Student Enrollment".

(b) If any amendment is made to this Agreement, the annual information for the year in which such amendment is made shall contain a description of the reasons for such amendment and its impact on the type of information being provided.

Section 4. Event Disclosure

(a) In a timely manner not in excess of 10 business days after the occurrence of the event, the Board shall file with the MSRB notice of the occurrence of any of the following events affecting the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to rights of the holders of the Bonds, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar events affecting the Board;

(13) the consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) In a timely manner the Board shall file with the MSRB notice of failure to make a filing, on or before the date specified in this Agreement, of annual information required by Section 3 of this Agreement.

Section 5. Consequences of Failure to File

If the Board fails to comply with any provision of this Agreement, the holder of any Bond may seek mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an event of default under the Indenture or any other financing document related to the issuance of the Bonds. The sole remedy under this Agreement shall be an action to compel performance.

Section 6. Amendment

This Agreement may be amended by the Board if the amendment is required by, or consistent with, changes to, or interpretations of, the Rule made by governmental authority after the Bonds are issued.

Section 7. Termination

This Agreement shall terminate when (i) all Bonds have been paid or defeased in accordance with the terms of the Indenture or (ii) the continuing disclosure obligation of the Rule is no longer applicable to the Bonds.

Section 8. Filing

(a) The Board shall make the information filings required or permitted by this Agreement with the MSRB through the MSRB's Electronic Municipal Market Access System (EMMA).

(b) All documents provided to the MSRB pursuant to this Agreement shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(c) Information about the filing system and requirements of EMMA is available at www.emma.msrb.org.

Section 9. Additional Information

The Board may, in its sole discretion, file with the MSRB additional notices with information not required by this Agreement or the Rule. Such additional filings may be discontinued by the Board at any time in its sole discretion.

Section 10. No Indirect Beneficiaries

This Agreement is for the benefit of the underwriter or underwriters for the Bonds and the holders of the Bonds and shall not create rights or benefits for any other person or entity.

Section 11. Agent for Filings

The Board may appoint an agent for purposes of making the filings required or permitted by this Agreement, but no such appointment, or failure of such agent to perform, shall relieve the Board of its responsibilities under this Agreement.

Section 12. Governing Law

This Agreement shall be governed by the laws of the State of Alabama.

Dated: ______________.

[Execution by Board]

APPENDIX F

Book-Entry Only System

BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX F concerning The Depository Trust Company ("DTC") and the Book-Entry System has been obtained from sources the Board and the Underwriter believe to be reliable, but neither the Board nor the Underwriter take responsibility for the accuracy or completeness thereof. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities in the name of Cede & Co., DTC's partnership nominee ("Cede") or such other nominee as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. The Bonds will be issued as fully-registered securities in the name of Cede & Co., as nominee of DTC, as registered owner of the Bonds. Purchasers of such Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as all of the Bonds are in the custody of DTC, references to bondholders, holders or owners shall mean DTC or its nominee.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, the National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede, or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede's consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price (as appropriate) and interest payments on the Bonds will be made by the Trustee to Cede or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Board or Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Board or the Underwriter, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price (as appropriate) and interest to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

APPENDIX G

Series 2016-A Notice of Sale and Official Bid Form

NOTICE OF SALE

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA

$22,810,000
University of Alabama at Birmingham
General Revenue Bonds,
Series 2016-A

The Board of Trustees of The University of Alabama (the "Board") invites bids for the purchase from it of University of Alabama at Birmingham General Revenue Bonds, Series 2016-A (the "Bonds"), which bids will be publicly read at the offices of Protective Securities, a Division of ProEquities, Inc., 2801 Highway 280 South, Birmingham, Alabama, at 10:00 A.M. (Birmingham time) on November 15, 2016.

This Notice of Sale is being delivered simultaneously with, and is a part of, the Board's Preliminary Official Statement dated November 4, 2016 (the "Preliminary Official Statement") with respect to the Bonds. The Preliminary Official Statement is hereby incorporated by reference and made a part of this Notice. The Bonds are being issued by the Board for the benefit of its operating division The University of Alabama at Birmingham ("UAB") for the purposes described in the Preliminary Official Statement.

The Preliminary Official Statement and the information contained therein have been deemed final by the Board as of its date within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, with permitted omissions, but are subject to change without notice and to completion or amendment in the final Official Statement.

Source of Payment and Security

The source of payment and security for the Bonds is described in the Preliminary Official Statement. The Bonds are limited obligations of the Board payable solely out of the "Pledged Revenues" described in the Preliminary Official Statement. The Bonds are being delivered pursuant to, and are secured by, a General Revenue Trust Indenture dated as of August 15, 1989, as amended and supplemented (the "Indenture") between the Board and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds are not obligations or debts of the State of Alabama, nor are the faith and credit of the State pledged therefor, and neither the principal of nor the interest on the Bonds will be paid out of any moneys provided for or appropriated to or on behalf of the Board by the State of Alabama.

Form of Delivery of Bonds

Unless the successful bidder chooses delivery in loan form, as described below under "Delivery in Loan Form", the Bonds will be issued and delivered in electronic form through the DTC book entry system, as described in the Preliminary Official Statement, in denominations of $5,000 and multiples thereof.

Payment Terms

Except as otherwise provided with respect to delivery of the Bonds in loan form, as described below under "Delivery in Loan Form", the Bonds shall have the following payment terms.

Aggregate Principal Amount. The aggregate principal amount of the Bonds will be $22,810,000, subject to adjustment as provided below under the heading "*Adjustment of Principal Amount and Annual Payments*"**.**

Interest Payment Dates. Interest on the Bonds will be payable semiannually on the dates identified in the Preliminary Official Statement. The interest rate or rates for the Bonds are to be specified by the bidder, subject to the terms of this Notice. Interest will be calculated on the basis of a 360-day year with 12 months of 30 days each.

Principal Amortization. Principal on the Bonds will be payable on the dates and in the amounts set forth in the following table, subject to adjustment as provided below under the heading "*Adjustment of Principal Amount and Annual Payments*":

Maturity Date (October 1)	**Principal Amount Payable**
2020	$ 2,910,000
2021	3,000,000
2022	3,120,000
2023	3,245,000
2024	3,375,000
2025	3,510,000
2026	3,650,000
Aggregate Principal Amount:	$22,810,000

Serial or Term Bonds. Bidders may provide that all the Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds. If the successful bidder designates principal amounts to be combined into one or more term bonds, each such term bond shall be subject to scheduled mandatory redemption commencing on October 1 of the first year that has been combined to form such term bond and continuing on October 1 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth in the table above, as adjusted in accordance with the provisions described below under the heading "*Adjustment of Principal Amount and Annual Payments*." Scheduled mandatory redemption requirements for any term bond may not overlap any other maturity or scheduled mandatory redemption requirement. Term bonds to be redeemed in any year by scheduled mandatory redemption shall be redeemed at par and shall be selected by lot from among the term bonds of the same maturity. The Board may receive a credit against scheduled mandatory redemption requirements as described in the Preliminary Official Statement under the heading "THE BONDS – Redemption – *Mandatory Redemption of Term Bonds*".

Adjustment of Principal Amount and Annual Payments. The aggregate principal amount and annual amortization requirements for the Bonds may be changed prior to the time bids are to be received. Such changes, if any, will be communicated by Thomson Municipal Market Monitor (www.tm3.com), IPREO and/or Bloomberg News not later than 1:00 P.M. (Birmingham time) on the last business day prior to the bid opening.

In addition, the aggregate principal amount and the annual amortization requirements are subject to adjustment by the Board after the receipt and opening of the bids, provided that any such adjustment will not cause the aggregate principal amount or the amount of any annual amortization requirement to increase or decrease by more than 20% of the amount specified in the table above (as adjusted prior to the sale by notice as provided above). The interest rates bid by the successful bidder shall not be subject to adjustment. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount. The final aggregate principal amount and annual amortization requirements will be communicated to the successful bidder by 3:00 P.M. (Birmingham time) on the day of the sale. The successful bidder may not withdraw its bid as a result of any adjustments made within the limits specified.

Optional Redemption. The Series 2016-A Bonds will not be subject to optional redemption prior to maturity.

Bids to Specify Interest Rates and Aggregate Purchase Price

Bidders must offer to purchase all Bonds. A bid for less than all Bonds will be disqualified.

Bidders must offer to purchase the Bonds at an aggregate purchase price not less than 100.0% nor greater than 120.0% of the aggregate principal amount of the Bonds.

Bidders must specify a fixed rate of interest for each maturity of Bonds; provided, however, that (i) a rate of 0.0% may not be specified for any maturity and (ii) the interest rate for any maturity may not exceed 5.0%. All Bonds of the same maturity must bear the same rate of interest.

Special Terms or Covenants Not Permitted

No bidder will be allowed to specify pricing or other contractual terms other than interest rates and purchase price. For example, a bid that specifies a provision requiring indemnification for increased costs or a change in the interest rate based on tax law changes or rating changes will be disqualified. Similarly, a bid that specifies a financial covenant not already included in the Indenture will be disqualified.

Form of Bid

Any bid for the purchase of the Bonds must be submitted by one of the following methods:

(a) On the Official Bid Form (attached as ***Exhibit A***) physically delivered to the Board at the following place no later than the following date and time:

Place: Protective Securities, a Division of ProEquities, Inc.
2801 Highway 280 South
Birmingham, Alabama 35223
205-268-3099
Contact: Rory Hartley

Date: November 15, 2016

Time: 10:00 A.M. (Birmingham time)

Bids submitted using the Official Bid Form should be delivered in a sealed envelope labeled as follows:

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA

University of Alabama at Birmingham
General Revenue Bonds,
Series 2016-A

(b) In electronic form via *PARITY*, in the manner described below, no later than 10:00 a.m. (Birmingham time) on November 15, 2016. To the extent any instructions or directions set forth in *PARITY* conflict with this Notice, the terms of this Notice shall control. For further information about *PARITY*, potential bidders may contact Protective Securities, a Division of ProEquities, Inc., the Financial Advisor, at (205) 268-3099, or *PARITY* at (212) 849-5021.

Every bid must be unconditional and irrevocable.

Bidders are requested to supply an estimate of the true interest cost for the Bonds resulting from their bids, computed as prescribed below under the caption "Award, Delivery and Payment," which estimate shall not be binding on the Board. Each bid must be in accordance with the terms and conditions set forth in this Notice.

No Good Faith Deposit

The successful bidder will not be required to deliver a good faith deposit.

Right to Reject Bids; Waive Irregularities

The Board reserves the right to reject any and all bids for the Bonds and to waive any irregularity or informality in any bid.

Award, Delivery and Payment

Date and Time of Award. If satisfactory bids are received, the Bonds will be awarded not later than 12:00 noon (Birmingham time) on the date on which bids are opened and any adjustment of annual principal amounts will be announced not later than 3:00 P.M. (Birmingham time) on the same business day.

Basis for Award. The Bonds will be awarded to the bidder whose bid states the lowest true interest cost to the Board therefor; provided that, if two or more bids are submitted that name the same lowest true interest cost for the Bonds the Board will select the successful bidder by lot. The true interest cost will be that annual interest rate which when compounded semiannually and used to discount all payments of the principal and interest payable on the Bonds under such proposal to the date of the Bonds results in an amount equal to the aggregate purchase price.

Successful Bidder's Obligations With Respect to Initial Offering Price. Within one hour after notification of the award (or, if the principal amount and annual payments are adjusted, within one hour after notice of such adjustment), the successful bidder must confirm to the Board in writing the initial offering price for each maturity of the Bonds. The "initial offering price" is the price at which the bidder reasonably expects (as of the sale date) to offer the Bond to the public. The "public" does not include bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers. The initial offering prices and resulting yields specified by the successful bidder will be included in the final Official Statement for the Bonds. In addition, prior to delivery the successful bidder must provide a certificate substantially in the form provided in ***Exhibit B***.

The successful bidder may specify one or more maturities as "not reoffered" if the successful bidder certifies that it purchased the specified Bonds for its own account (or the account of a related party) without any present intention of reoffering such Bonds to any other investor. If Bonds are not reoffered, the final Official Statement will nevertheless include the pertinent pricing information with respect to such Bonds (the price and yield at which the successful bidder purchased to hold).

CUSIP Numbers. The successful bidder shall cooperate in good faith with the Board and its financial adviser in the assignment of CUSIP numbers for the Bonds. The Board shall pay the cost of obtaining CUSIP numbers.

Date of Delivery and Form of Payment. Delivery of the Bonds is expected to occur on November 29, 2016. On the date of delivery the successful bidder shall pay the purchase price for the Bonds in immediately available federal funds. Any expense of providing federal funds shall be borne by the purchaser.

Documentation Required for Delivery and Payment. The sale and delivery of the Bonds is subject to receipt by the Board and successful bidder of the following documents:

(i) *Opinion of Bond Counsel.* The approving opinion of Balch & Bingham LLP, Birmingham, Alabama, bond counsel, substantially in the form provided in the Preliminary Official Statement.

(ii) *Final Official Statement.* The Board will provide the successful bidder for the Bonds such reasonable number of printed copies of the Official Statement as such bidder may request. Delivery shall be within the time period required by Rule 15c2-12. Up to 100 printed copies of the final Official Statement will be furnished without cost to the successful bidder and further copies, if desired, will be made available at the successful bidder's expense.

(iii) *Continuing Disclosure Agreement.* A continuing disclosure agreement in the form described in the Preliminary Official Statement.

(iv) *Successful Bidder's Certification With Respect to Initial Offering Price.* The successful bidder must, prior to the delivery of the Bonds, deliver a certificate with respect to the initial offering price substantially in the form provided in ***Exhibit B***. If the successful bidder has specified one or more maturities as "not reoffered", it may instead certify with respect to the specified bonds that it is purchasing such Bonds for its own account (or the account of a related party) without any present intention of reoffering such Bonds to any other investor.

(v) *Standard Closing Papers.* Standard closing and delivery papers, including (A) the customary no-litigation certificate; (B) a certificate of authorized officers of the Board to the effect that, to the best of their knowledge, information and belief the Preliminary Official Statement used in connection with the Bonds did not on the date of sale, and the final Official Statement does not on the date of delivery, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein contained, in light of the circumstances under which they were made, not misleading; (C) a certificate of the Board stating that, on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a manner that would cause interest on the Bonds to be includible in gross income for purposes of federal income taxation; and (D) an opinion of bond counsel with respect to information included in the Official Statement substantially as described in the Official Statement under the heading "LEGAL MATTERS".

Delivery in Loan Form

Request by Bidder. A bidder may request delivery of the Bonds in loan form. The request must be made when the bid is submitted. Bidders requesting delivery in loan form must deliver their bid on the Official Bid Form and may not use the *PARITY* system.

Modification of Bidding Requirements. A bidder requesting delivery in loan form is subject to the terms and conditions specified in this Notice, with the following modifications:

(i) The bid must specify a single fixed interest rate for the loan that will apply to the entire principal amount of the Bond. Interest will be paid semiannually, as described above and in the Preliminary Official Statement, and will be calculated on the basis of a 360-day year with 12 months of 30 days each.

(ii) The principal amount of the Bond will be paid in annual installments (due October 1) corresponding to the amortization requirements set forth above. The aggregate principal amount and annual installment payments are subject to adjustment as described above under *"Adjustment of Principal Amount and Annual Payments"*.

Modification of Delivery Requirements and Documentation. If delivery is in loan format, the delivery requirements and documentation will be modified as follows:

(i) The Bonds will be delivered as a single, typewritten bond payable to the successful bidder.

(ii) The Bond will not be subject to the DTC book entry system and will not have a CUSIP number.

(iii) The Board, the successful bidder and the Trustee will enter into a direct payment agreement that will provide for payment of debt service by the Board directly to the successful bidder. The bond documents will require that any transferee of the Bond enter into a similar agreement.

(iv) In lieu of the certification otherwise required with respect to the initial offering price, the direct payment agreement will include a representation by the successful bidder that (A) it is a financial institution with knowledge and experience in financial matters and is capable of evaluating the merits and risks of making the loan, (B) it is making the loan to the Board, and purchasing the Bond as evidence of such loan, for its own account, provided that it reserves the right to sell or transfer the Bond or sell participation interests or similar interests to other financial institutions with similar knowledge and experience, and (C) it does not intend to reoffer the Bond to the public.

(v) No final Official Statement will be delivered with respect to the Bond.

(vi) The Bond will not be rated.

(vii) Although the loan will be exempt from Rule 15c2-12, the Board will covenant and agree to provide continuing disclosure substantially in the form now provided with respect to its outstanding bonds issued under the Indenture that are subject to the Rule.

At the request of the successful bidder, the Board will omit one or more of these features for delivery in loan form if the request is made in a timely manner and does not (a) increase the Board's cost of delivery of the Bond, (b) cause a delay in delivery of the Bond, or (c) impose additional pricing or contractual terms. See "Special Terms or Covenants Not Permitted" above.

Right to Modify or Amend

The Board reserves the right to modify or amend this Notice. Notice of any such modification or amendment shall be given not later than 1:00 P.M. (Birmingham time) on the last business day prior to the bid opening through Thomson Municipal Market Monitor (www.tm3.com), IPREO and/or Bloomberg News.

The Board also reserves the right to postpone the receipt of bids. Notice of any such postponement will be delivered in the same manner as notice of modification or amendment.

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA FOR AND ON BEHALF OF THE UNIVERSITY OF ALABAMA AT BIRMINGHAM

By: /s/ G. Allen Bolton, Jr.
Vice President for Financial Affairs and Administration

Dated: November 4, 2016.

EXHIBIT A

OFFICIAL BID FORM

The Board of Trustees of The University of Alabama

$22,810,000
University of Alabama at Birmingham
General Revenue Bonds,
Series 2016-A
Dated: Date of Delivery

The Board of Trustees of The University of Alabama,
on behalf of The University of Alabama at Birmingham
Birmingham, Alabama

Ladies and Gentlemen:

We offer to purchase all of the $22,810,000 aggregate principal amount of your University of Alabama at Birmingham General Revenue Bonds, Series 2016-A (the "Bonds"), more particularly described in your Notice of Sale dated November 4, 2016, which is incorporated herein and made a part hereof, at a purchase price of $______________ (which may not be less than 100.0% or greater than 120.0%). This offer is for the Bonds bearing interest at the following annual rates (each maturity must have a single fixed rate of interest; a rate of 0.0% may not be specified for any maturity; the interest rate for any maturity may not exceed 5.0%):

Interest Rates Before Designation of Term Bonds

Year of Maturity (October 1)	Principal Amount	Interest Rate
2020	$ 2,910,000	____________
2021	3,000,000	____________
2022	3,120,000	____________
2023	3,245,000	____________
2024	3,375,000	____________
2025	3,510,000	____________
2026	3,650,000	____________
Aggregate Principal Amount:	$22,810,000	

Designation of Term Bonds

One or more serial maturities shall be combined into one or more term bonds as follows:

Term Bond Maturity (October 1)	Year of First Mandatory Redemption	Principal Amount of Term Bond	Interest Rate
____________	____________	____________	____________
____________	____________	____________	____________
____________	____________	____________	____________

Request for Loan Form

☐ (Check box if delivery in loan form requested.)

We request that the Bonds be delivered in loan form, as described in the Notice of Sale. Note: If this box is not checked, the Bonds will be delivered in electronic form through the DTC book entry system, and the provisions described in the Notice of Sale under the heading "Delivery in Loan Form" will not apply.

General

This bid is made subject to all the provisions of the aforesaid Notice of Sale, and the terms thereof are expressly made a part of this bid.

For information purposes only, we compute the true interest cost reflected by this bid to be _____________%.

We represent that we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the Bonds are awarded pursuant to this bid.

Respectfully submitted,

[NAME OF FIRM]

By: ____
Name: ____
Title: ____
Contact information:
Telephone: ______________________________
Email: ______________________________
Facsimile: ______________________________

ACCEPTED, this the __ day of _____________, 2016.

The Board of Trustees of The University of Alabama,
on behalf of The University of Alabama at Birmingham

By: ____________________________________
Name: ____________________________________
Title: ____________________________________

Note: Bids submitted using the Official Bid Form should be delivered in a sealed envelope labeled as follows:

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA

University of Alabama at Birmingham
General Revenue Bonds,
Series 2016-A

EXHIBIT B

INITIAL OFFERING PRICE CERTIFICATE

The Board of Trustees of The University of Alabama

$22,810,000
University of Alabama at Birmingham
General Revenue Bonds,
Series 2016-A
Dated: Date of Delivery

This certificate is being delivered in connection with the issuance of the above-referenced bonds (the "Bonds") by The Board of Trustees of The University of Alabama (the "Board"). The Bonds are described in that certain Official Statement dated ________, 2016 (the "Official Statement"). Capitalized terms not otherwise defined herein shall have the meaning assigned in the Official Statement. [Successful Bidder] (the "Purchaser") does hereby certify that:

1. As of ______________, 2016, the date on which the Purchaser was awarded the purchase of the Bonds after a competitive sale (the "Sale Date"), the Purchaser reasonably expected to offer and sell the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices or yields stated in the Official Statement (the "Initial Offering Prices"). All Bonds have been offered to the general public at the Initial Offering Prices.

2. The Purchaser believes that the Initial Offering Price for each maturity of the Bonds did not exceed fair market value as of the Sale Date.

3. At least 10% of each maturity of the Bonds has been sold to the general public at the Initial Offering Price for that maturity [except for the following Bonds:*].

Dated: _____________________________.

[Full Name of Purchaser]

By:____
Authorized Representative

____

*Note: Bonds and explanation for exception to be specified. Explanation must be reasonably acceptable to the Board and its bond counsel.

APPENDIX H

Series 2016-B Notice of Sale and Official Bid Form

NOTICE OF SALE

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA

$93,730,000
University of Alabama at Birmingham
General Revenue Bonds,
Series 2016-B

The Board of Trustees of The University of Alabama (the "Board") invites bids for the purchase from it of University of Alabama at Birmingham General Revenue Bonds, Series 2016-B (the "Bonds"), which bids will be publicly read at the offices of Protective Securities, a Division of ProEquities, Inc., 2801 Highway 280 South, Birmingham, Alabama, at 10:00 A.M. (Birmingham time) on November 15, 2016.

This Notice of Sale is being delivered simultaneously with, and is a part of, the Board's Preliminary Official Statement dated November 4, 2016 (the "Preliminary Official Statement") with respect to the Bonds. The Preliminary Official Statement is hereby incorporated by reference and made a part of this Notice. The Bonds are being issued by the Board for the benefit of its operating division The University of Alabama at Birmingham ("UAB") for the purposes described in the Preliminary Official Statement.

The Preliminary Official Statement and the information contained therein have been deemed final by the Board as of its date within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, with permitted omissions, but are subject to change without notice and to completion or amendment in the final Official Statement.

Source of Payment and Security

The source of payment and security for the Bonds is described in the Preliminary Official Statement. The Bonds are limited obligations of the Board payable solely out of the "Pledged Revenues" described in the Preliminary Official Statement. The Bonds are being delivered pursuant to, and are secured by, a General Revenue Trust Indenture dated as of August 15, 1989, as amended and supplemented (the "Indenture") between the Board and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds are not obligations or debts of the State of Alabama, nor are the faith and credit of the State pledged therefor, and neither the principal of nor the interest on the Bonds will be paid out of any moneys provided for or appropriated to or on behalf of the Board by the State of Alabama.

Form of Delivery of Bonds

Unless the successful bidder chooses delivery in loan form, as described below under "Delivery in Loan Form", the Bonds will be issued and delivered in electronic form through the DTC book entry system, as described in the Preliminary Official Statement, in denominations of $5,000 and multiples thereof.

Payment Terms

Except as otherwise provided with respect to delivery of the Bonds in loan form, as described below under "Delivery in Loan Form", the Bonds shall have the following payment terms.

Aggregate Principal Amount. The aggregate principal amount of the Bonds will be $93,730,000, subject to adjustment as provided below under the heading "*Adjustment of Principal Amount and Annual Payments*"**.**

Interest Payment Dates. Interest on the Bonds will be payable semiannually on the dates identified in the Preliminary Official Statement. The interest rate or rates for the Bonds are to be specified by the bidder, subject to the terms of this Notice. Interest will be calculated on the basis of a 360-day year with 12 months of 30 days each.

Principal Amortization. Principal on the Bonds will be payable on the dates and in the amounts set forth in the following table, subject to adjustment as provided below under the heading "*Adjustment of Principal Amount and Annual Payments*":

Maturity Date (October 1)	Principal Amount Payable
2027	$ 3,795,000
2028	3,985,000
2029	4,185,000
2030	4,395,000
2031	4,610,000
2032	4,845,000
2033	5,035,000
2034	5,240,000
2035	5,450,000
2036	5,665,000
2037	5,890,000
2038	6,125,000
2039	6,370,000
2040	6,625,000
2041	6,890,000
2042	7,170,000
2043	7,455,000
Aggregate Principal Amount:	$93,730,000

Serial or Term Bonds. Bidders may provide that all the Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds. If the successful bidder designates principal amounts to be combined into one or more term bonds, each such term bond shall be subject to scheduled mandatory redemption commencing on October 1 of the first year that has been combined to form such term bond and continuing on October 1 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth in the table above, as adjusted in accordance with the provisions described below under the heading "*Adjustment of Principal Amount and Annual Payments*." Scheduled mandatory redemption requirements for any term bond may not overlap any other maturity or scheduled mandatory redemption requirement. Term bonds to be redeemed in any year by scheduled mandatory redemption shall be redeemed at par and shall be selected by lot from among the term bonds of the same maturity. The Board may receive a credit against scheduled mandatory redemption requirements as described in the Preliminary Official Statement under the heading "THE BONDS – Redemption – *Mandatory Redemption of Term Bonds*".

Adjustment of Principal Amount and Annual Payments. The aggregate principal amount and annual amortization requirements for the Bonds may be changed prior to the time bids are to be received. Such changes, if any, will be communicated by Thomson Municipal Market Monitor (www.tm3.com), IPREO and/or Bloomberg News not later than 1:00 P.M. (Birmingham time) on the last business day prior to the bid opening.

In addition, the aggregate principal amount and the annual amortization requirements are subject to adjustment by the Board after the receipt and opening of the bids, provided that any such adjustment will not cause the aggregate principal amount or the amount of any annual amortization requirement to increase or decrease by more than 20% of the amount specified in the table above (as adjusted prior to the sale by notice as provided above). The interest rates bid by the successful bidder shall not be subject to adjustment. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount. The final aggregate principal amount and annual amortization requirements will be communicated to the successful bidder by 3:00 P.M. (Birmingham time) on the day of the sale. The successful bidder may not withdraw its bid as a result of any adjustments made within the limits specified.

Optional Redemption. The Bonds maturing after October 1, 2026 shall be subject to redemption prior to maturity, at the option of the Board, as a whole or in part, in Authorized Denominations, on October 1, 2026, or on any date thereafter, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest to the redemption date.

Bids to Specify Interest Rates and Aggregate Purchase Price

Bidders must offer to purchase all Bonds. A bid for less than all Bonds will be disqualified.

Bidders must offer to purchase the Bonds at an aggregate purchase price not less than 100.0% nor greater than 120.0% of the aggregate principal amount of the Bonds.

Bidders must specify a fixed rate of interest for each maturity of Bonds; provided, however, that (i) a rate of 0.0% may not be specified for any maturity and (ii) the interest rate for any maturity may not exceed 5.0%. All Bonds of the same maturity must bear the same rate of interest.

Special Terms or Covenants Not Permitted

No bidder will be allowed to specify pricing or other contractual terms other than interest rates and purchase price. For example, a bid that specifies a provision requiring indemnification for increased costs or a change in the interest rate based on tax law changes or rating changes will be disqualified. Similarly, a bid that specifies a financial covenant not already included in the Indenture will be disqualified.

Form of Bid

Any bid for the purchase of the Bonds must be submitted by one of the following methods:

(a) On the Official Bid Form (attached as ***Exhibit A***) physically delivered to the Board at the following place no later than the following date and time:

Place: Protective Securities, a Division of ProEquities, Inc.
2801 Highway 280 South
Birmingham, Alabama 35223
205-268-3099
Contact: Rory Hartley

Date: November 15, 2016

Time: 10:00 A.M. (Birmingham time)

Bids submitted using the Official Bid Form should be delivered in a sealed envelope labeled as follows:

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA

University of Alabama at Birmingham
General Revenue Bonds,
Series 2016-B

(b) In electronic form via *PARITY*, in the manner described below, no later than 10:00 a.m. (Birmingham time) on November 15, 2016. To the extent any instructions or directions set forth in *PARITY* conflict with this Notice, the terms of this Notice shall control. For further information about *PARITY*, potential bidders may contact Protective Securities, a Division of ProEquities, Inc., the Financial Advisor, at (205) 268-3099, or *PARITY* at (212) 849-5021.

Every bid must be unconditional and irrevocable.

Bidders are requested to supply an estimate of the true interest cost for the Bonds resulting from their bids, computed as prescribed below under the caption "Award, Delivery and Payment," which estimate shall not be binding on the Board. Each bid must be in accordance with the terms and conditions set forth in this Notice.

No Good Faith Deposit

The successful bidder will not be required to deliver a good faith deposit.

Right to Reject Bids; Waive Irregularities

The Board reserves the right to reject any and all bids for the Bonds and to waive any irregularity or informality in any bid.

Award, Delivery and Payment

Date and Time of Award. If satisfactory bids are received, the Bonds will be awarded not later than 12:00 noon (Birmingham time) on the date on which bids are opened and any adjustment of annual principal amounts will be announced not later than 3:00 P.M. (Birmingham time) on the same business day.

Basis for Award. The Bonds will be awarded to the bidder whose bid states the lowest true interest cost to the Board therefor; provided that, if two or more bids are submitted that name the same lowest true interest cost for the Bonds the Board will select the successful bidder by lot. The true interest cost will be that annual interest rate which when compounded semiannually and used to discount all payments of the principal and interest payable on the Bonds under such proposal to the date of the Bonds results in an amount equal to the aggregate purchase price.

Successful Bidder's Obligations With Respect to Initial Offering Price. Within one hour after notification of the award (or, if the principal amount and annual payments are adjusted, within one hour after notice of such adjustment), the successful bidder must confirm to the Board in writing the initial offering price for each maturity of the Bonds. The "initial offering price" is the price at which the bidder reasonably expects (as of the sale date) to offer the Bond to the public. The "public" does not include bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers. The initial offering prices and resulting yields specified by the successful bidder will be included in the final Official Statement for the Bonds. In addition, prior to delivery the successful bidder must provide a certificate substantially in the form provided in ***Exhibit B***.

The successful bidder may specify one or more maturities as "not reoffered" if the successful bidder certifies that it purchased the specified Bonds for its own account (or the account of a related party) without any present intention of reoffering such Bonds to any other investor. If Bonds are not reoffered, the final Official Statement will nevertheless include the pertinent pricing information with respect to such Bonds (the price and yield at which the successful bidder purchased to hold).

CUSIP Numbers. The successful bidder shall cooperate in good faith with the Board and its financial adviser in the assignment of CUSIP numbers for the Bonds. The Board shall pay the cost of obtaining CUSIP numbers.

Date of Delivery and Form of Payment. Delivery of the Bonds is expected to occur on November 29, 2016. On the date of delivery the successful bidder shall pay the purchase price for the Bonds in immediately available federal funds. Any expense of providing federal funds shall be borne by the purchaser.

Documentation Required for Delivery and Payment. The sale and delivery of the Bonds is subject to receipt by the Board and successful bidder of the following documents:

(i) *Opinion of Bond Counsel.* The approving opinion of Balch & Bingham LLP, Birmingham, Alabama, bond counsel, substantially in the form provided in the Preliminary Official Statement.

(ii) *Final Official Statement.* The Board will provide the successful bidder for the Bonds such reasonable number of printed copies of the Official Statement as such bidder may request. Delivery shall be within the time period required by Rule 15c2-12. Up to 100 printed copies of the final Official Statement will be furnished without cost to the successful bidder and further copies, if desired, will be made available at the successful bidder's expense.

(iii) *Continuing Disclosure Agreement.* A continuing disclosure agreement in the form described in the Preliminary Official Statement.

(iv) *Successful Bidder's Certification With Respect to Initial Offering Price.* The successful bidder must, prior to the delivery of the Bonds, deliver a certificate with respect to the initial offering price substantially in the form provided in ***Exhibit B***. If the successful bidder has specified one or more maturities as "not reoffered", it may instead certify with respect to the specified bonds that it is purchasing such Bonds for its own account (or the account of a related party) without any present intention of reoffering such Bonds to any other investor.

(v) *Standard Closing Papers.* Standard closing and delivery papers, including (A) the customary no-litigation certificate; (B) a certificate of authorized officers of the Board to the effect that, to the best of their knowledge, information and belief the Preliminary Official Statement used in connection with the Bonds did not on the date of sale, and the final Official Statement does not on the date of delivery, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein contained, in light of the circumstances under which they were made, not misleading; (C) a certificate of the Board stating that, on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a manner that would cause interest on the Bonds to be includible in gross income for purposes of federal income taxation; and (D) an opinion of bond counsel with respect to information included in the Official Statement substantially as described in the Official Statement under the heading "LEGAL MATTERS".

Delivery in Loan Form

Request by Bidder. A bidder may request delivery of the Bonds in loan form. The request must be made when the bid is submitted. Bidders requesting delivery in loan form must deliver their bid on the Official Bid Form and may not use the *PARITY* system.

Modification of Bidding Requirements. A bidder requesting delivery in loan form is subject to the terms and conditions specified in this Notice, with the following modifications:

(i) The bid must specify a single fixed interest rate for the loan that will apply to the entire principal amount of the Bond. Interest will be paid semiannually, as described above and in the Preliminary Official Statement, and will be calculated on the basis of a 360-day year with 12 months of 30 days each.

(ii) The principal amount of the Bond will be paid in annual installments (due October 1) corresponding to the amortization requirements set forth above. The aggregate principal amount and annual installment payments are subject to adjustment as described above under *"Adjustment of Principal Amount and Annual Payments"*.

Modification of Delivery Requirements and Documentation. If delivery is in loan format, the delivery requirements and documentation will be modified as follows:

(i) The Bonds will be delivered as a single, typewritten bond payable to the successful bidder.

(ii) The Bond will not be subject to the DTC book entry system and will not have a CUSIP number.

(iii) The Board, the successful bidder and the Trustee will enter into a direct payment agreement that will provide for payment of debt service by the Board directly to the successful bidder. The bond documents will require that any transferee of the Bond enter into a similar agreement.

(iv) In lieu of the certification otherwise required with respect to the initial offering price, the direct payment agreement will include a representation by the successful bidder that (A) it is a financial institution with knowledge and experience in financial matters and is capable of evaluating the merits and risks of making the loan, (B) it is making the loan to the Board, and purchasing the Bond as evidence of such loan, for its own account, provided that it reserves the right to sell or transfer the Bond or sell participation interests or similar interests to other financial institutions with similar knowledge and experience, and (C) it does not intend to reoffer the Bond to the public.

(v) No final Official Statement will be delivered with respect to the Bond.

(vi) The Bond will not be rated.

(vii) Although the loan will be exempt from Rule 15c2-12, the Board will covenant and agree to provide continuing disclosure substantially in the form now provided with respect to its outstanding bonds issued under the Indenture that are subject to the Rule.

At the request of the successful bidder, the Board will omit one or more of these features for delivery in loan form if the request is made in a timely manner and does not (a) increase the Board's cost of delivery of the Bond, (b) cause a delay in delivery of the Bond, or (c) impose additional pricing or contractual terms. See "Special Terms or Covenants Not Permitted" above.

Right to Modify or Amend

The Board reserves the right to modify or amend this Notice. Notice of any such modification or amendment shall be given not later than 1:00 P.M. (Birmingham time) on the last business day prior to the bid opening through Thomson Municipal Market Monitor (www.tm3.com), IPREO and/or Bloomberg News.

The Board also reserves the right to postpone the receipt of bids. Notice of any such postponement will be delivered in the same manner as notice of modification or amendment.

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA FOR AND ON BEHALF OF THE UNIVERSITY OF ALABAMA AT BIRMINGHAM

By: /s/ G. Allen Bolton, Jr.
Vice President for Financial Affairs and Administration

Dated: November 4, 2016.

EXHIBIT A

OFFICIAL BID FORM

The Board of Trustees of The University of Alabama

$93,730,000
University of Alabama at Birmingham
General Revenue Bonds,
Series 2016-B
Dated: Date of Delivery

The Board of Trustees of The University of Alabama,
on behalf of The University of Alabama at Birmingham
Birmingham, Alabama

Ladies and Gentlemen:

We offer to purchase all of the $93,730,000 aggregate principal amount of your University of Alabama at Birmingham General Revenue Bonds, Series 2016-B (the "Bonds"), more particularly described in your Notice of Sale dated November 4, 2016, which is incorporated herein and made a part hereof, at a purchase price of $_______________ (which may not be less than 100.0% or greater than 120.0%). This offer is for the Bonds bearing interest at the following annual rates (each maturity must have a single fixed rate of interest; a rate of 0.0% may not be specified for any maturity; the interest rate for any maturity may not exceed 5.0%):

Interest Rates Before Designation of Term Bonds

Year of Maturity (October 1)	Principal Amount	Interest Rate
2027	$ 3,795,000	______
2028	3,985,000	______
2029	4,185,000	______
2030	4,395,000	______
2031	4,610,000	______
2032	4,845,000	______
2033	5,035,000	______
2034	5,240,000	______
2035	5,450,000	______
2036	5,665,000	______
2037	5,890,000	______
2038	6,125,000	______
2039	6,370,000	______
2040	6,625,000	______
2041	6,890,000	______
2042	7,170,000	______
2043	7,455,000	______
Aggregate Principal Amount:	$93,730,000	

Designation of Term Bonds

One or more serial maturities shall be combined into one or more term bonds as follows:

Term Bond Maturity (October 1)	Year of First Mandatory Redemption	Principal Amount of Term Bond	Interest Rate
________________	________________	________________	________________
________________	________________	________________	________________
________________	________________	________________	________________

Request for Loan Form

☐ (Check box if delivery in loan form requested.)

We request that the Bonds be delivered in loan form, as described in the Notice of Sale. Note: If this box is not checked, the Bonds will be delivered in electronic form through the DTC book entry system, and the provisions described in the Notice of Sale under the heading "Delivery in Loan Form" will not apply.

General

This bid is made subject to all the provisions of the aforesaid Notice of Sale, and the terms thereof are expressly made a part of this bid.

For information purposes only, we compute the true interest cost reflected by this bid to be ______________%.

We represent that we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the Bonds are awarded pursuant to this bid.

Respectfully submitted,

[NAME OF FIRM]

By: ________________________________
Name: ________________________________
Title: ________________________________
Contact information:
Telephone: ________________________
Email: ________________________
Facsimile: ________________________

ACCEPTED, this the __ day of ______________, 2016.

The Board of Trustees of The University of Alabama,
on behalf of The University of Alabama at Birmingham

By: ________________________________
Name: ________________________________
Title: ________________________________

Note: Bids submitted using the Official Bid Form should be delivered in a sealed envelope labeled as follows:

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA

University of Alabama at Birmingham
General Revenue Bonds,
Series 2016-B

EXHIBIT B

INITIAL OFFERING PRICE CERTIFICATE

The Board of Trustees of The University of Alabama

$93,730,000
University of Alabama at Birmingham
General Revenue Bonds,
Series 2016-B
Dated: Date of Delivery

This certificate is being delivered in connection with the issuance of the above-referenced bonds (the "Bonds") by The Board of Trustees of The University of Alabama (the "Board"). The Bonds are described in that certain Official Statement dated ________, 2016 (the "Official Statement"). Capitalized terms not otherwise defined herein shall have the meaning assigned in the Official Statement. [Successful Bidder] (the "Purchaser") does hereby certify that:

1. As of ______________, 2016, the date on which the Purchaser was awarded the purchase of the Bonds after a competitive sale (the "Sale Date"), the Purchaser reasonably expected to offer and sell the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices or yields stated in the Official Statement (the "Initial Offering Prices"). All Bonds have been offered to the general public at the Initial Offering Prices.

2. The Purchaser believes that the Initial Offering Price for each maturity of the Bonds did not exceed fair market value as of the Sale Date.

3. At least 10% of each maturity of the Bonds has been sold to the general public at the Initial Offering Price for that maturity [except for the following Bonds:*].

Dated: ______________________________.

[Full Name of Purchaser]

By:____
Authorized Representative

____

*Note: Bonds and explanation for exception to be specified. Explanation must be reasonably acceptable to the Board and its bond counsel.