

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES
FREDERICK P. WHIDDON ADMINISTRATION BUILDING
SUITE 130, BOARD ROOM**

**MARCH 2, 2017
1:30 P.M.**

* *Addition/Revision*

HEALTH AFFAIRS COMMITTEE Steve Furr, Chair

- Roll Call
- Approve: [Minutes](#)
- 5 Recommendation to Approve: [USA Hospitals Medical Staff Credentials for November and December 2016, and January 2017](#)
- 6 Report: USA Health and College of Medicine

ACADEMIC AND STUDENT AFFAIRS COMMITTEE Bettye Maye, Chair

- Roll Call
- Approve: [Minutes](#)
- 7 Recommendation to Approve: [Dean and Professor Emeritus](#)
- 8 Report: Academic Affairs
- 9 Report: Student Affairs
- 10 Report: Research and Economic Development

BUDGET AND FINANCE COMMITTEE Tom Corcoran, Chair

- Roll Call
- Approve: [Minutes](#)
- 11 Report: [Quarterly Financial Statements, Three Months Ended December 31, 2016](#)
- 12 Report: Series 2017 Bond Issue

AUDIT COMMITTEE John Peek, Chair

- Roll Call
- Approve: [Minutes](#)
- 13 Report: [KPMG Report on USA Intercollegiate Athletics, Year Ended September 30, 2016](#)
- 14 Report: [Alabama Department of Examiners of Public Accounts Compliance Report, Year Ended September 30, 2015](#)
- 15 Report: Internal Audit

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE Jim Yance, Chair

- Roll Call
- Approve: [Minutes](#)
- 16 Report: [Endowment and Investment Performance](#)
- 17 Report: [Development and Alumni Relations](#)
- 18 Recommendation to Approve: [Director of the Jaguar Athletic Fund, Inc.](#)

* **EVALUATION AND COMPENSATION COMMITTEE** Jimmy Shumock, Chair

- Roll Call
- 18.A Recommendation to Approve: President's Contract Extension

~~**COMMITTEE OF THE WHOLE** — Ken Simon, Chair~~

- ~~Roll Call~~
- ~~19 Approve: Executive Session~~

BOARD OF TRUSTEES

**MARCH 3, 2017
10:30 A.M.**

- Roll Call
- * Approve: [Revised Agenda](#)
- 1 Approve: [Minutes](#)
- 2 Report: President's Report
- 3 Report: Faculty Senate President's Report
- 4 Report: Student Government Association President's Report
- * 4.A Present: Certificates of Appreciation

CONSENT AGENDA

- 5 Approve: [USA Hospitals Medical Staff Credentials for November and December 2016, and January 2017](#)
- 7 Approve: [Dean and Professor Emeritus](#)
- 18 Approve: [Director of the Jaguar Athletic Fund, Inc.](#)

HEALTH AFFAIRS COMMITTEE Steve Furr, Chair

ACADEMIC AND STUDENT AFFAIRS COMMITTEE Bettye Maye, Chair

BUDGET AND FINANCE COMMITTEE Tom Corcoran, Chair

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UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES



THURSDAY, MARCH 2, 2017:

1:30 p.m. Committee Meetings (Consecutive)

Administration Bldg., Rm. 130

FRIDAY, MARCH 3, 2017:

10:30 a.m. Board of Trustees Meeting

Administration Bldg., Rm. 130



BOARD OF TRUSTEES

STANDING COMMITTEES 2016-2019

EXECUTIVE COMMITTEE:

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

DEVELOPMENT, ENDOWMENT & INVESTMENTS CTE.:

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

ACADEMIC AND STUDENT AFFAIRS COMMITTEE:

Bettye R. Maye, **Chair**
Scott A. Charlton, **Vice Chair**
Katherine Alexis Atkins
Steven P. Furr
Bryant Mixon
John M. Peek
Michael P. Windom

EVALUATION AND COMPENSATION COMMITTEE:

James H. Shumock, **Chair**
Michael P. Windom, **Vice Chair**
E. Thomas Corcoran
Steven P. Furr
Arlene Mitchell
John M. Peek

AUDIT COMMITTEE:

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James H. Shumock, **Vice Chair**
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HEALTH AFFAIRS COMMITTEE:

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

BUDGET AND FINANCE COMMITTEE:

E. Thomas Corcoran, **Chair**
James A. Yance, **Vice Chair**
Arlene Mitchell
Bryant Mixon
Steven H. Stokes

LONG-RANGE PLANNING COMMITTEE:

Michael P. Windom, **Chair**
Chandra Brown Stewart, **Vice Chair**
Robert D. Jenkins III
Bettye R. Maye
James H. Shumock

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**AGENDA
MINUTES**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES
FREDERICK P. WHIDDON ADMINISTRATION BUILDING
SUITE 130, BOARD ROOM**

MARCH 2, 2017

1:30 P.M.

* *Addition/Revision*

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Roll Call

Approve: Minutes

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Roll Call

Approve: Minutes

7 Recommendation to Approve: Dean and Professor Emeritus

8 Report: Academic Affairs

9 Report: Student Affairs

10 Report: Research and Economic Development

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Roll Call

Approve: Minutes

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DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE Jim Yance, Chair

Roll Call

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17 Report: Development and Alumni Relations

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Roll Call

18.A Recommendation to Approve: President's Contract Extension

~~**COMMITTEE OF THE WHOLE** Ken Simon, Chair~~

~~Roll Call~~

~~**19** Approve: Executive Session~~

BOARD OF TRUSTEES

MARCH 3, 2017

10:30 A.M.

Roll Call

* Approve: Revised Agenda

1 Approve: Minutes

2 Report: President's Report

3 Report: Faculty Senate President's Report

4 Report: Student Government Association President's Report

* **4.A** Present: Certificates of Appreciation

CONSENT AGENDA

5 Approve: USA Hospitals Medical Staff Credentials for November and December 2016, and January 2017

7 Approve: Dean and Professor Emeritus

18 Approve: Director of the Jaguar Athletic Fund, Inc.

HEALTH AFFAIRS COMMITTEE Steve Furr, Chair

ACADEMIC AND STUDENT AFFAIRS COMMITTEE Bettye Maye, Chair

BUDGET AND FINANCE COMMITTEE Tom Corcoran, Chair

AUDIT COMMITTEE John Peek, Chair

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE Jim Yance, Chair

* **EVALUATION AND COMPENSATION COMMITTEE** Jimmy Shumock, Chair

* **18.A** Approve: President's Contract Extension

Date:
February 21, 2017

To:
USA Board of Trustees

From: Arlene Mitchell *Arlene Mitchell*
Secretary, Board of Trustees

Subject:
Meeting Minutes

Included herein are the unapproved minutes of the Board of Trustees and standing committee meetings held on December 1 and 2, 2016. Please review these documents for amendment or approval at the March 2 and 3 meetings of the Board of Trustees.

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

**December 2, 2016
10:30 a.m.**

A meeting of the University of South Alabama Board of Trustees was duly convened by Judge Ken Simon, Chair *pro tempore*, on Friday, December 2, 2016, at 10:32 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Alexis Atkins, Tom Corcoran, Steve Furr, Ron Jenkins, Bettye Maye, Arlene Mitchell, Bryant Mixon, John Peek, Jimmy Shumock, Ken Simon, Steve Stokes, Mike Windom and Jim Yance.

Members Absent: Robert Bentley, Scott Charlton and Chandra Brown Stewart.

Administration and Others: Beth Anderson, Joe Busta, Josh Crownover (SGA), Mike Diehl (SunTrust), Phil Dotts (PFM), Joel Erdmann, Monica Ezell, Mike Finan, Sam Fisher (Faculty Senate), Greg Frazer, Happy Fulford, Charlie Guest, Mike Haskins, Bree and Richard Hayes, Holly Hudson, Andi Kent, Vince Kilborn, Kim and Julian MacQueen, John Marymont, Abe Mitchell, Mike Mitchell, Sean Powers, Christopher Puto, Janie Shores, John Smith, Angelia Stokes, Sam Strada, Carl Thomas (AASA), Jean Tucker, Margaret Sullivan, Tony Waldrop, Scott Weldon and Doug Whitmore (NAA).

The meeting came to order and the attendance roll was called. Chairman Simon called for adoption of the revised agenda, noting an executive session would take place prior to adjournment and Mayor Stimpson would be honored for his service at a future meeting. On motion by Mr. Yance, seconded by Mr. Shumock, the revised agenda was adopted unanimously.

Chairman Simon called for consideration of **ITEM 1**, the minutes of the Board of Trustees meeting held on September 9, 2016, as well as the minutes of the Evaluation and Compensation Committee and the Committee of the Whole meetings that were held on September 8, 2016. On motion by Ms. Mitchell, seconded by Mr. Shumock, the minutes were approved unanimously.

Chairman Simon talked about the Holiday Concert held on December 1 and commended the Music Department for its efforts. He called for presentation of **ITEM 2**, the President's Report. President Waldrop recognized Honorary Trustee Mr. Abe Mitchell and African-American Student Association President Mr. Carl Thomas. He introduced Spring Hill College (SHC) President Dr. Christopher Puto, who discussed his background and shared perspective on a new cross-registration partnership between the University of South Alabama and Spring Hill College, designed to broaden educational access. He congratulated the Board for the impressive progress of South Alabama, noting USA was in its infancy when he graduated from SHC in 1964. He

credited the provosts and registrars of both institutions for facilitating the components of the partnership and stated the citizens of the city of Mobile would benefit from this collaboration.

President Waldrop called for a report from Mr. Fulford. Mr. Fulford discussed the new Leadership South engagement program, for which middle-management employees are selected to participate in a series of activities over a 12-month course to broaden their knowledge of the Institution's operations and community opportunities. He said a gathering of the first class in November included a tour of USA facilities. He likened the program to the Leadership Alabama initiative.

President Waldrop called upon Provost Johnson for an update on the national search for filling the position of Vice President for Development and Alumni Relations. Dr. Johnson, Search Committee Chair, reported that eight to ten semifinalists had been selected from a qualified pool of candidates and said the interview process would commence soon.

President Waldrop discussed plans for Fall Commencement on December 9, noting more than 1,500 students were expected to have completed graduation requirements over the summer and fall terms. He said USA alumnus William "Dean" Lee, retired U.S. Coast Guard Vice Admiral, would deliver the keynote address. He shared biographical information on Vice Admiral Lee and invited Trustees and guests to attend graduation exercises.

With reference to a recent meeting of the Association of Public and Land Grant Universities, at which President Waldrop noted campus climate was a primary topic among attending presidents and chancellors, he reported on a series of meetings at USA with student groups arranged by Drs. Mitchell and Harrell aimed at gaining useful insight. He said, overall, the feedback from students was positive and he called for additional remarks from Dr. Mitchell. Dr. Mitchell advised that the discussions involved students representing USA's College Women Student Leaders; the African-American Student Association and the Office of Multicultural Student Affairs; the Muslim Student Association and the Council of International Student Organizations; and the Lesbian/Gay/Bisexual/Transgender/Questioning student community. He said all groups echoed a desire for more opportunities to engage in conversations on what is happening in the world. Chairman Simon asked if students had access to public speakers. Dr. Mitchell said visiting speakers are coordinated by the various student organizations. He added the students conveyed they would like more collaboration among the organizations to share speakers who might cover topics of mutual interest. President Waldrop stated the students also expressed they want greater diversity among the faculty and leadership. He commented on a series of student leadership dinners hosted recently at the President's home and Mr. Crownover agreed that the interaction of smaller groups was more meaningful.

President Waldrop called for remarks from Dr. Erdmann, who reported on a project that would combine two objectives – establishing a centralized space in which to chronicle the history and accomplishments of Jaguar Athletics and refreshing the appearance of the concourse at the

Mitchell Center, a facility he noted was approaching 20 years in age. He said USA contracted with Nashville branding consultant Advent and collaborated with USA's Facilities Management and Renovations staff to add exhibits and graphics featuring team histories, student-athlete honors and donor recognition throughout the concourse, as well as renovate the existing Hall of Fame area. He pointed out the continuity of color, font and style as represented in photos depicting the updates, which included a mannequin display of the teams' uniforms.

Concerning the strategic priority of global engagement, President Waldrop called on Director of International Education Ms. Holly Hudson for a report on USA's Study Abroad program. Ms. Hudson discussed the growth of the Study Abroad program, attributing much of the unit's success to the Administration's commitment of \$100,000 to broaden scholarship opportunities for students. She presented charts detailing a 263 percent increase in enrollment over four years -- from 62 students enrolled in 2012-2013 to 225 students enrolled in 2015-2016; the top study abroad destinations; types of programs; student diversity; and program highlights for the 2015-2016 academic year. She expressed excitement about an Award of Excellence in the Field of Study Abroad received from the Institute of International Education (IIE), advising that South's program was among the first of 400 partner institutions in the United States and among 12 of 700 partner institutions internationally to meet generation study abroad commitment criteria, and answered questions.

President Waldrop called on Dr. Guest, who introduced Dr. Greg Frazer, new dean of the Pat Capps Covey College of Allied Health Professions. Dr. Frazer conveyed enthusiasm for his new role at South.

Chairman Simon called upon Dr. Fisher for presentation of **ITEM 3**, a report by the President of the Faculty Senate. Dr. Fisher observed the end of the Fall semester and advised that the productivity of the faculty over the term was good. He expressed appreciation for opportunities to meet with the University's leadership to discuss goals and challenges for improved mutual understanding. He explained the importance of sabbaticals for faculty and communicated a desire to work on ways to expand sabbatical opportunities. He said, overall, the faculty are content, but stressed compensation continues to be a critical topic. He offered the faculty's cooperation in helping the Administration identify innovative ways to enhance compensation.

Chairman Simon called upon Mr. Crownover for presentation of **ITEM 4**, a report by the President of the Student Government Association (SGA). Mr. Crownover expressed appreciation for the positivity of the student body and thanked the leadership team for promoting a constructive campus environment. He detailed a variety of successful SGA outreach programs and collaborations, including the University's second Parking Ticket Forgiveness Day held on November 30, which serviced in excess of 200 students and collected donations of more than 400 cleaning supply items for Penelope House; the Jags 4 Jags student meal donation program, a collaboration with the Division of Student Affairs and USA Dining Services that logged more than 200 meal donations thus far for the year; the Homecoming canned food drive, which collected

donations of more than four tons of food for Feeding the Gulf Coast to distribute to area families; the launch of The Buzz “app,” a platform hosted by USA Today that alerts subscribers to USA news and announcements; and the Dear World event cosponsored with Jaguar Productions and held in November, which encouraged students to engage, share and inspire one another.

Chairman Simon addressed consent agenda **ITEMS 6, 11, 12, 13, 19, 20** and **25** as follows, respectively, noting all were unanimously recommended for Board approval by the respective committees that met on December 1 (for copies of policies and other authorized documents, refer to **APPENDIX A**). On motion by Mr. Corcoran, seconded by Ms. Mitchell, the items were approved unanimously:

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

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

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

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama hereby acknowledges the current year annual evaluation of both policies by the Development, Endowment and Investments Committee.

**RESOLUTION
SABBATICAL AWARDS**

WHEREAS, in accordance with University policy, proposals for Sabbatical Awards have been reviewed and recommended by the respective faculty committees, Departmental Chair, College Dean, the Provost and Senior Vice President for Academic Affairs, and by the President,

THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees approves said Sabbatical Awards on this date, December 2, 2016, for the 2017-2018 academic year.

<u>NAME</u>	<u>DISCIPLINE</u>	<u>TIME PERIOD</u>
T. Allan Hillman	Philosophy	Fall 2017
Mir Zohair Husain	Political Science and Criminal Justice	Academic Year 2017-18
John W. McCreddie	Biology	Spring 2018
Nutan T. Mishra	Mathematics and Statistics	Fall 2017
Mark Moberg	Sociology, Anthropology and Social Work	Spring 2018
Margarita Skiadas	Visual Arts	Spring 2018

**RESOLUTION
PROFESSORS EMERITUS**

WHEREAS, the following faculty members have retired from the University of South Alabama:

ACADEMIC AFFAIRS:

Isabel Z. Brown, Ph.D., Associate Professor of Spanish
Francis M. Donovan, Jr., Ph.D., Professor of Mechanical Engineering
Donald Epley, Ph.D., Professor of Marketing
William David Gartman, Ph.D., Professor of Sociology
Elizabeth T. Kennedy, Ph.D., Associate Professor of Physical Therapy
Herbert E. Longenecker, Jr., Ph.D., Professor of Information Systems
Clarence L. Mohr, Ph.D., Professor of History
Charles W. Newell, Ed.D., Associate Professor of Radiologic Sciences
Donna Retzlaff-Roberts, Ph.D., Professor of Management
Adel A. Sakla, Ph.D., Associate Professor of Electrical Engineering
Mark A. Segal, J.D., Professor of Accounting
Daniel S. Silver, Ph.D., Professor of Mathematics
Julie Sneath, Ph.D., Professor of Marketing
Susan G. Williams, Ph.D., Professor of Mathematics

COLLEGE OF MEDICINE:

Bantval S. Baliga, Ph.D., Associate Professor of Pediatrics
Eugene A. Cioffi, Ph.D., Associate Professor of Pharmacology
Charles R. Hamm, Jr., M.D., Professor of Pediatrics

BAUGH BIOMEDICAL LIBRARY:

Judith F. Burnham, M.S., Senior Librarian

and,

WHEREAS, in recognition of their contributions to the University through extraordinary accomplishments in teaching and in the generation of new knowledge through research and scholarship, and for serving as consistently inspiring influences to students, and

WHEREAS, in accordance with University policy, the respective faculty committees, Departmental Chair, College Dean, the Provost and Senior Vice President for Academic Affairs, the Vice President for Medical Affairs, and the President have duly recommended the aforementioned faculty retirees,

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

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

**RESOLUTION
DEANS EMERITUS**

WHEREAS, the following deans have retired from the University of South Alabama or have reverted to faculty status:

Dr. Richard L. Hayes, Dean, College of Education
Dr. Samuel J. Strada, Dean, College of Medicine
Dr. Richard E. Talbott, Dean, Pat Capps Covey College of Allied Health Professions

and,

WHEREAS, in recognition of their honorable and distinguished service to the University through extraordinary accomplishments in administrative leadership, teaching and in the generation of new knowledge through research and scholarship, and for serving as consistently inspiring influences to students, and

WHEREAS, in accordance with University policy, the Faculty Senate, the Provost and Senior Vice President for Academic Affairs, and the President have duly recommended the aforementioned former deans,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby appoints these individuals to the rank of Dean Emeritus with the rights and privileges thereunto appertaining, and

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

**RESOLUTION
USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS
FOR AUGUST, SEPTEMBER AND OCTOBER 2016**

WHEREAS, the Medical Staff appointments and reappointments for August, September and October 2016 for the University of South Alabama Hospitals are recommended for Board approval by the Medical Executive Committees and the Executive Committee of the University of South Alabama Hospitals,

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

**RESOLUTION
USA HOSPITALS MEDICAL STAFF BYLAWS AND RULES AND REGULATIONS
REVISIONS OF OCTOBER 19, 2016**

WHEREAS, revisions to USA Hospitals Medical Staff Bylaws and Rules and Regulations, approved at the October 19, 2016, Medical Staff meeting and attached hereto, are recommended for approval by the Medical Staffs and the Executive Committee of the University of South Alabama Hospitals,

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

**RESOLUTION
SECURED EQUIPMENT FINANCING AGREEMENT
FOR A LINEAR ACCELERATOR**

WHEREAS, the Board of Trustees ("Board") has determined that it is necessary, wise, and in the public interest that the University acquire a linear accelerator ("Linear Accelerator") for use in the Mitchell

Cancer Institute or other parts of the University's hospital activities and, in connection therewith, obtain financing to cover the price thereof, and

WHEREAS, based on proposals from financial institutions to loan funds to the University to acquire the Linear Accelerator, the University has determined that the proposal offered by Regions Bank, as reflected in the Financing Agreement described below, provides the lowest rate of interest and the best overall financing terms to the University, and

WHEREAS, the obligation of the University to repay funds made available under the Financing Agreement shall be a general obligation of the University secured by a foreclosable first lien security interest in the Linear Accelerator, and

WHEREAS, the Board hereby seeks to authorize and direct the President of the University and the Vice President for Finance and Administration to execute the Financing Agreement, the counterparty to which shall be Regions Capital Advantage, Inc., or another subsidiary of Regions Bank, the bill of sale described in the Financing Agreement, and such other documents, instruments, debt instruments, certificates, directives, and agreements as shall be necessary or desirable in connection with the Financing Agreement and to evidence the University's general obligation pledge to repay amounts made available to obtain the Linear Accelerator under the Financing Agreement and the lender's first lien foreclosable security interest in the Linear Accelerator,

NOW, THEREFORE, BE IT RESOLVED that the Board does hereby authorize and direct the President of the University and the Vice President for Finance and Administration to execute and deliver, for and in the name and behalf of the University, a Secured Equipment Financing Agreement ("Financing Agreement") in substantially the form presented to the meeting at which this resolution is adopted and which is attached as Exhibit I hereto (which form is hereby adopted in all respects as if set out in full in this resolution), a Funding Agreement ("Funding Agreement") in substantially the form presented to the meeting at which this resolution is adopted and which is attached as Exhibit II hereto (which form is hereby adopted in all respects as if set out in full in this resolution) respecting the deposit of proceeds to be made available to the University to acquire the Linear Accelerator from December 7, 2016, until such date as the Linear Accelerator is actually purchased and acquired, and a bill of sale as described in the Financing Agreement respecting the foreclosable first lien security interest in the Linear Accelerator ("Bill of Sale"), and, further, does hereby authorize the Secretary of the Board to affix the seal of the University to the Financing Agreement, the Funding Agreement, and to the Bill of Sale and attest the same, and

FURTHER RESOLVED that the payment obligations of the University under the Financing Agreement shall be a general obligation of the University secured by a foreclosable first lien security interest in the Financing Agreement, and the Board does hereby authorize and direct the President of the University and the Vice President for Finance and Administration to sign a promissory note or other debt instrument ("Debt Instrument") evidencing the general obligation pledge of the University to repay amounts owed under the Financing Agreement and the Secretary of the Board to attest any such instrument and affix the seal of the University to the same, and

FURTHER RESOLVED that the Board does hereby authorize and direct the President of the University, the Vice President for Finance and Administration, and the Secretary of the Board to execute and seal such other agreements, certifications, instruments, notices, directions, UCC financing statements, and documents as shall be necessary or desirable in connection with the Financing Agreement and the transactions contemplated thereby and, further, in connection with the Funding Agreement, any Debt Instrument and the foreclosable first lien security interest in the Linear Accelerator granted by the University to secure its obligations under the Financing Agreement.

Chairman Simon called for a report from the Development, Endowment and Investments Committee. Mr. Yance, Committee Chair, stated, at a meeting on December 1, endowment managers made annual reports and overall performance was presented. He said the return for fiscal year 2015-2016 was 8.01 percent vs. the benchmark of 8.21 percent, a slight underperformance of 0.20 percent. He stated long-term performance continues to be strong with a return of 4.92 percent vs. a 4.02 benchmark, an outperformance against the relative index by 90 basis points. He said earnings throughout the life of the endowment totaled \$53 million. He acknowledged the Board's annual evaluation of the University's investment policies, as is required by the Southern Association of Colleges and Schools (SACS), noting changes to the policies are not recommended at the present time.

Mr. Yance stated Dr. Stokes, *Upward & Onward* Campaign Co-Chair, and Ms. Sullivan reported campaign highlights. He said at the end of fiscal year 2016, a total of \$93.8 million in commitments had been secured, or 62.6 percent of the \$150 million overall campaign goal. He complimented Dr. Busta, Ms. Sullivan, the Development staff, and Angelia and Steve Stokes for this significant accomplishment. He noted \$2.7 million in pledges for the Alumni Center thus far. He said the staff of the Division of Development and Alumni Relations continue in their diligent efforts to guide the campaign forward. He shared results of the United Way drive that ended in October 2016, noting approximately \$270,000 raised by 2,629 faculty and staff.

Chairman Simon called for a report from the Audit Committee. Mr. Peek, Committee Chair, said, at a Committee meeting on December 1, KPMG representatives Ms. Eileen McGinn and Ms. Valencia Bell were in attendance and results of the financial audit covering fiscal year 2015-2016 were presented. He advised of the unqualified opinion delivered by KPMG on the University's financial statements and said complimentary remarks were made about the Administration's high standard of cooperation and efficiency in providing information to KPMG. He said the audit report did not show any disputes with management and the KPMG team conveyed satisfaction with the University's financial practices.

Chairman Simon called for a report from the Academic and Student Affairs Committee. Ms. Maye, Committee Chair, said, at a meeting on December 1, Provost Johnson recognized Dr. Angela Coleman for her new role as liaison to the Southern Association of Colleges and Schools Commission on Colleges; introduced Drs. Heather Hall and Elizabeth Adams as USA's first Provost Faculty Fellows; and gave updates on searches under way for filling the positions of Associate Vice President for Academic Affairs/Dean of the Graduate School and Executive Director of Libraries. She said Ms. Chronister reviewed research activity for 2016; highlighted the research projects of Drs. Allen Perkins and Sean Powers that received federal funding; shared technology transfer data; and advised a University proposal resulted in Mobile being named as a "TechHire" city by the federal government. She stated the Committee heard reports from Dr. Mitchell; the Associate Director of Student Organizations and Leadership, Ms. Brigette Soderlind; and the President of Alpha Epsilon Delta its award-winning Mega Musical Chairs philanthropy project, as well as from Dr. Mitchell and Assistant Dean of Students Dr. Andrea

Agnew on the implementation of a faculty portal for student disability accommodations management. She said Dr. Smith recognized Dr. Chris Vinet for her promotion to Assistant Vice President for Auxiliary Services and introduced USA Chief of Police Mr. Zeke Aull for the annual presentation of Clery crime statistics for 2015 and a report on the Mental Health First Aid Program and Crisis Intervention Team training USA Police have facilitated for area law enforcement.

Chairman Simon called for a report from the Health Affairs Committee. Dr. Furr, Committee Chair, said, at a meeting on December 1, Mr. Bailey announced the retirements of long-standing USA Health administrators Ms. Beth Anderson and Mr. Bill Bush. He asked Ms. Anderson to stand for recognition. He said Dr. Marymont gave an overview of the College of Medicine's Early Acceptance Program.

Chairman Simon called for a report from the Budget and Finance Committee. Mr. Corcoran, Committee Chair, said, at a committee meeting on December 1, Mr. Weldon discussed the University's Financial Report for 2016 and the audited financial statements for the year ended September 30, 2016. He stated the highlight of the presentation was the University's increase in net position by \$25.9 million, as compared to a \$9.2 million increase in 2015.

Mr. Corcoran noted, at the Committee meeting, Dr. Smith presented **ITEM 24** as follows. He noted the new residence hall would accommodate 370 beds and the final cost of the project would be between \$21 and \$23 million. Consistent with the Committee's unanimous recommendation, he offered a motion for Board approval. Ms. Maye seconded and the resolution was approved unanimously:

**RESOLUTION
AWARD OF GENERAL CONTRACTOR FOR RESIDENTIAL BUILDING**

WHEREAS, the University of South Alabama has a growing enrollment, and

WHEREAS, the quality of student life is strongly enhanced by excellent residential facilities, and

WHEREAS, the recruitment of students is strongly enhanced by high-quality residential facilities,
and

WHEREAS, the number of students seeking residence on campus has grown significantly over the past several years, and

WHEREAS, the target date for a new residence hall is the fall of 2018, and

WHEREAS, the University of South Alabama Board of Trustees approved the architectural firm for this project on September 4, 2015, and

WHEREAS, a request for bids for a general contractor for the project was issued and received and opened on November 15, 2016, and

WHEREAS, the University received bids from six qualified bidders, and

WHEREAS, the construction firm of Don Gordon Construction, Inc., was the lowest bidder, with a total bid construction price of \$18,103,000.00, and

WHEREAS, the construction will be funded with room rent revenue,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama hereby awards the construction contract for its new residence hall to Don Gordon Construction, Inc.

Mr. Corcoran reported Dr. Erdmann presented **ITEM 24.A** as follows at the December 1 Committee meeting. He said the project would cost approximately \$8 million and the facility would be used by all athletics programs, but primarily by the football team. As per the Committee's unanimous recommendation, he made a motion for approval. Mr. Shumock seconded and the resolution was approved unanimously:

**RESOLUTION
CONSTRUCTION OF A COVERED PRACTICE FACILITY**

WHEREAS, the athletics program at the University of South Alabama (USA) has a proud history of excellence in competition and academics in 17 NCAA Division I programs, and

WHEREAS, USA strives to provide athletics facilities which enhance student success, and

WHEREAS, the weather in Mobile has a high frequency of lightning and heavy rain which prohibits outdoor practice for the teams, and

WHEREAS, construction of a covered practice facility offers the opportunity to provide uninterrupted practice and training sessions for programs and student-athletes and will enhance their competitive ability and the recruitment of prospective student-athletes, and

WHEREAS, the construction drawings, technical specifications, and other requisite documentation are being completed and bid packages for construction of the building will be sent to contractors as soon as practicable, with a bid date set for the requisite time after package distribution, and

WHEREAS, the new covered practice facility will be funded entirely with revenues generated by the Athletics Department, and

WHEREAS, this facility could, when scheduling permits, be used by other departments and student organizations,

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama hereby authorizes the USA President to award to and execute contract(s) for this construction project with the successful lowest responsible bidder(s) consistent with the applicable laws and within the budgetary constraints of the University.

Mr. Corcoran said, at the Committee meeting, Mr. Weldon discussed a request for proposals for Series 2016 B, C and D revenue refunding bonds in an aggregate amount of \$100 million,

ITEM 26. He said the bonds would be variable-rate, private placement bonds and proceeds would be used to refund the University's 2006 bonds. He stated the transaction would be budget-neutral for the University and, as per the Committee's unanimous recommendation, he made a motion for Board approval. Mr. Shumock seconded and the resolution was approved unanimously. Mr. Corcoran introduced SunTrust Bank Senior Vice President and former President of the USA National Alumni Association Mr. Mike Diehl. Mr. Diehl conveyed enthusiasm for the partnership between SunTrust Bank and the University and he complimented Mr. Weldon and the finance team for their efforts:

RESOLUTION
A RESOLUTION AUTHORIZING THE ISSUANCE OF THE
\$20,000,000 UNIVERSITY FACILITIES REVENUE REFUNDING BOND, SERIES 2016-B
\$35,000,000 UNIVERSITY FACILITIES REVENUE REFUNDING BOND, SERIES 2016-C
\$45,000,000 UNIVERSITY FACILITIES REVENUE REFUNDING BOND, SERIES 2016-D

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

Section 1. (a) Findings. The Board has determined and hereby finds and declares that the following facts are true and correct:

(1) The University has heretofore issued its \$100,000,000 original principal amount University Tuition Refunding and Capital Improvement Bonds, Series 2006, dated December 1, 2006, presently outstanding in the aggregate principal amount of \$100,000,000 (the "Series 2006 Bonds") and maturing on June 1 of the following years and in the following amounts:

Year	Principal Amount Maturing
2024	\$5,600,000
2025	5,885,000
2026	6,190,000
2027	6,505,000
2028	6,840,000
2029	7,190,000
2030	7,560,000
2031	7,945,000
2032	8,355,000
2033	8,785,000
2034	9,235,000
2035	9,705,000
2036	10,205,000

(2) The University has determined it is necessary, wise and in the best interest of the Institution and the public to redeem and retire the Series 2006 Bonds on December 9, 2016, and at its meeting on September 15, 2016, adopted a resolution (herein called the "Call Resolution") calling the Series 2006 Bonds for redemption and payment on December 9, 2016, notice of which such call was delivered by the Trustee to the holders of the Series 2006 Bonds on November 9, 2016.

(3) The University has undertaken a competitive bidding process for loans to refinance the Series 2006 Bonds, and in connection therewith received bids on November 1, 2016, from various financial institutions including BBVA Compass Bank, Iberia Bank, Raymond James, Regions Bank, JPMorgan, Wells Fargo, Deutsche Bank, and STI Institutional & Government, Inc. (SunTrust Bank).

(4) The Vice President for Finance and Administration of the University has reported that the bid submitted by STI Institutional & Government, Inc., (herein called "SunTrust Bank") presents the lowest proposed rate of interest and cost of funds to the University for the refinancing of the Series 2006 Bonds and, accordingly, is the recommended winning bid.

(5) It is necessary, advisable, and in the best interest of the University to accept the bid of SunTrust Bank and sell and deliver to SunTrust Bank the University's \$20,000,000 University Facilities Revenue Refunding Bond, Series 2016-B (herein called the "Series 2016-B Bond"), \$35,000,000 University Facilities Revenue Refunding Bond, Series 2016-C (herein called the "Series 2016-C Bond"), and \$45,000,000 University Facilities Revenue Refunding Bond, Series 2016-D (herein called the "Series 2016-D Bond" and, together with the Series 2016-B Bond and the Series 2016-C Bond, the "Series 2016 Bonds") to pay the principal portion of the redemption price of the Series 2006 Bonds.

(b) Series 2016 Bonds to be Issued as Additional Bonds Under the Indenture; Special Findings Under Section 8.2(b) of the Indenture. The Series 2016 Bonds shall be issued as additional parity bonds under Article VIII of the Indenture hereinafter referred to. In accordance with the provisions of Section 8.2(b) of the Indenture, the Board hereby finds and declares as follows:

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

(2) the Series 2016-B Bond shall be designated Series 2016-B, the Series 2016-C Bond shall be designated Series 2016-C, and the Series 2016-D Bond shall be designated Series 2016-D;

(3) SunTrust Bank is the person or entity to whom the Series 2016 Bonds are to be delivered;

(4) the Series 2016 Bonds are to be issued by sale in accordance with Section 6 hereof;

(5) the sale price of the Series 2016-B Bond shall be the initial par amount thereof (\$20,000,000), the sale price of the Series 2016-C Bond shall be the initial par amount thereof (\$35,000,000), and the sale price of the Series 2016-D Bond shall be the initial par amount thereof (\$45,000,000);

(6) (a) the only bonds that have previously been issued by the University under the Indenture are its (i) \$31,680,000 original principal amount University Tuition Revenue Refunding and Capital Improvement Bonds, Series 1996, dated February 15, 1996 (herein called the "Series 1996 Bonds"), which were issued under and pursuant to the Trust Indenture dated as of February 15, 1996, further described in Section 2 hereof, (ii) \$7,055,000 original principal amount University Tuition Revenue Refunding Bonds, Series

1996B, dated October 15, 1996 (herein called the "Series 1996B Bonds"), which were issued under and pursuant to the First Supplemental Trust Indenture dated as of October 15, 1996, (iii) \$40,130,000.70 original principal amount University Tuition Revenue Bonds, Series 1999, dated March 1, 1999 (herein called the "Series 1999 Bonds"), which were issued under and pursuant to the Second Supplemental Trust Indenture dated as of October 15, 1999, (iv) \$51,080,000 original principal amount Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, dated March 15, 2004 (herein called the "Series 2004 Bonds"), which were issued under and pursuant to the Fourth Supplemental Trust Indenture dated March 15, 2004, (v) \$100,000,000 original principal amount University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, dated December 1, 2006 (herein called the "Series 2006 Bonds"), which were issued under and pursuant to the Fifth Supplemental Trust Indenture dated as of December 1, 2006, (vi) \$112,885,000 original principal amount University Facilities Revenue Capital Improvement Bonds, Series 2008, dated September 1, 2008 (herein called the "Series 2008 Bonds"), which were issued under and pursuant to the Sixth Supplemental University Facilities Revenue Trust Indenture dated as of September 1, 2008, (vii) \$29,750,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010 (herein called the "Series 2010 Bond"), which was issued under and pursuant to the Seventh Supplemental University Facilities Revenue Trust Indenture dated as of June 16, 2010, (viii) \$25,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-A, dated January 4, 2012 (herein called the "Series 2012-A Bond"), which was issued under and pursuant to an Eighth Supplemental University Facilities Revenue Trust Indenture dated as of January 4, 2012 (herein called the "Eighth Supplemental Indenture"), (ix) \$7,740,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-B, dated January 4, 2012 (herein called the "Series 2012-B Bond"), which was issued under and pursuant to the Eighth Supplemental Indenture, (x) \$32,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013 (herein called the "Series 2013-A Bond"), which was issued under and pursuant to the Ninth Supplemental University Facilities Revenue Trust Indenture dated June 28, 2013 (herein called the "Ninth Supplemental Indenture"), (xi) \$8,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013 (herein called the "Series 2013-B Bond"), which was issued under and pursuant to the Ninth Supplemental Indenture, (xii) \$10,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013 (herein called the "Series 2013-C Bond"), which was issued under and pursuant to the Ninth Supplemental Indenture, (xiii) \$41,245,000 original principal amount University Facilities Revenue Refunding Bond, Series 2014-A, dated March 14, 2014 (herein called the "Series 2014-A Bond"), which was issued under and pursuant to the Tenth Supplemental University Facilities Revenue Trust Indenture dated March 14, 2014, (xiv) \$6,000,000 University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015 (herein called the "Series 2015 Bond"), which was issued under and pursuant to the Eleventh Supplemental University Facilities Revenue Trust Indenture dated June 15, 2015, and (xv) \$85,605,000 University Facilities Refunding Revenue Bonds, Series 2016, dated September 14, 2016 (herein called the "Series 2016 Bonds" and, together with the Series 1999 Bonds, the Series 2010 Bond, the Series 2012-A Bond, the Series 2012-B Bond, the Series 2013-A Bond, the Series 2013-B Bond, the Series 2013-C Bond, the Series 2014-A Bond, and the Series 2015 Bond, the "Outstanding Bonds"), which was issued under and pursuant to the Twelfth Supplemental University Facilities Revenue Trust Indenture dated as of March 14, 2014; and (b) in Article VIII of the

Indenture, the University has reserved the right to issue additional bonds, secured by a pledge of the Pledged Revenues on a parity with the Outstanding Bonds and with such additional bonds as shall have thereafter been issued thereunder, upon compliance with the applicable provisions of said Article VIII;

(7) the Outstanding Bonds are the only bonds heretofore issued under the Indenture that are at this time and upon issuance of the Series 2016 Bonds outstanding under the Indenture; and

(8) the Series 2016 Bonds will be issued for the purposes described in Section 8 hereof.

The Trustee is hereby requested to authenticate and deliver the Series 2016 Bonds to SunTrust Bank.

Section 2. Authorization of the Series 2016 Bonds. For the purposes specified in Section 1 of this resolution, the University does hereby sell to SunTrust Bank the University's (i) University Facilities Revenue Refunding Bond, Series 2016-B, dated December 7, 2016, in a principal amount of \$20,000,000, (ii) University Facilities Revenue Refunding Bond, Series 2016-C, dated December 7, 2016, in a principal amount of \$35,000,000, and (iii) University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016, in a principal amount of \$45,000,000, under the terms, conditions and provisions set out in an Thirteenth Supplemental University Facilities Revenue Trust Indenture dated December 7, 2016, between the University and The Bank of New York Mellon Trust Company, N.A., as trustee (herein called the "Trustee"), which is supplemental to the University Facilities Revenue Trust Indenture between the University and the Trustee dated as of February 15, 1996 (the said Trust Indenture, as heretofore supplemented and amended and as further supplemented and amended by the said Thirteenth Supplemental University Facilities Revenue Trust Indenture, herein called the "Indenture"). All the provisions of the Indenture respecting the Series 2016 Bonds are hereby adopted as a part of this resolution as fully as if set out at length herein.

Section 3. Source of Payment of the Series 2016 Bonds. The principal of and the interest on the Series 2016 Bonds shall be payable solely from the Pledged Revenues as defined in the Indenture. Nothing contained in this resolution, in the Series 2016 Bonds or in the Indenture shall be deemed to impose any obligation on the University to pay the principal of or the interest on the Series 2016 Bonds except from and to the extent of the Pledged Revenues. The Series 2016 Bonds shall not represent or constitute obligations of any nature whatsoever of the State of Alabama (the "State") and shall not be payable out of moneys appropriated to the University by the State. The agreements, covenants and representations contained in this resolution, in the Series 2016 Bonds and in the Indenture do not and shall never constitute or give rise to any personal or pecuniary liability or charge against the general credit of the University, and in the event of a breach of any such agreement, covenant or representation, no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the University shall arise therefrom. Neither the Series 2016 Bonds nor the pledge or any agreement contained in the Indenture or in this resolution shall be or constitute an obligation of any nature whatsoever of the State, and neither the Series 2016 Bonds nor any obligations arising from the aforesaid pledge or agreements shall be payable out of any moneys appropriated to the University by the State. Nothing contained in this section shall, however, relieve the University from the observance and performance of the several covenants and agreements on its part herein contained and contained in the Indenture.

Section 4. Series 2016 Bonds Payable at Par. With respect to each of the Series 2016 Bonds, all remittances of principal of and interest on such bond to the holder thereof shall be made at par without any deduction for exchange or other cost, fees or expenses. The bank at which the Series 2016 Bonds shall at any time be payable shall be considered by acceptance of its duties under the Indenture to have agreed that it

will make or cause to be made remittances of principal of and interest on the Series 2016 Bonds, out of the moneys provided for that purpose, in bankable funds at par without any deduction for exchange or other cost, fees or expenses. The University will pay to such bank all reasonable charges made and expenses incurred by it in making such remittances in bankable funds at par.

Section 5. Authorization of Thirteenth Supplemental University Facilities Revenue Trust Indenture. The Board does hereby authorize and direct the President of the University to execute and deliver, for and in the name and behalf of the University, to The Bank of New York Mellon Trust Company, N.A., as Trustee under the aforesaid Indenture, a Thirteenth Supplemental University Facilities Revenue Trust Indenture dated December 7, 2016, in substantially the form presented to the meeting at which this resolution is adopted and attached as Exhibit I to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution), and does hereby authorize and direct the Secretary of the Board to affix to the Thirteenth Supplemental University Facilities Revenue Trust Indenture the corporate seal of the University and to attest the same.

Section 6. Sale of the Series 2016 Bonds. The University does hereby sell to SunTrust Bank (i) the Series 2016-B Bond at and for a price equal to the initial principal amount of such bond (\$20,000,000), (ii) the Series 2016-C Bond at and for a price equal to the initial principal amount of such bond (\$35,000,000), and (iii) the Series 2016-D Bond at and for a price equal to the initial principal amount of such bond (\$45,000,000). With respect to each of the Series 2016 Bonds, such bond shall bear such date, shall mature in annual installments at such times and in such manner, shall bear such rate of interest, shall be payable at such place, shall be in such denomination, and shall be in such form and contain such provisions as are set out in the Thirteenth Supplemental University Facilities Revenue Trust Indenture authorized in Section 5 above.

Section 7. Execution and Delivery of the Series 2016 Bonds. The Board does hereby authorize the President of the University to execute the Series 2016 Bonds, in the name and on behalf of the University, by manually signing each said bond, and does hereby authorize the Secretary of the Board to cause the corporate seal of the University to be imprinted or impressed on each of the Series 2016 Bonds and to attest the same by signing the Series 2016 Bonds, and the President of the University is hereby authorized to deliver the Series 2016 Bonds, subsequent to their execution as provided herein and in the Indenture, to the Trustee under the Indenture, and to direct the Trustee to authenticate the Series 2016 Bonds and to deliver them to SunTrust Bank (as purchaser thereof).

Section 8. Application of Proceeds. The entire proceeds derived from the sale of the Series 2016 Bonds shall be remitted directly to the Trustee for deposit into the Bond Fund created under the Indenture for payment of the redemption price of the Series 2006 Bonds on December 9, 2016 (the "Redemption Date"). The University shall also remit and pay to the Trustee such amounts as shall be necessary to cover accrued interest on the Series 2006 Bonds to the Redemption Date and any other amounts necessary to cause sufficient funds to be on deposit in the said Bond Fund immediately upon issuance of the Series 2016 Bonds to redeem and pay the Series 2006 Bonds on the Redemption Date.

Section 9. Call of Series 2006 Bonds for Redemption. (a) The Board does hereby ratify and affirm the Call Resolution, a copy of which is attached as Exhibit II to the minutes of the meeting at which this resolution is adopted, and the actions of the Trustee in causing notice of the call of the Series 2006 Bonds for payment on the Redemption Date to be delivered to the holders of the Series 2006 Bonds. If, for whatever reason, the Series 2016 Bonds are not issued and delivered on December 7, 2016, the President of the University and the Vice President for Finance and Administration are each hereby authorized and directed to direct the Trustee on behalf of the University to rescind the Call Resolution.

(b) In the event that for any reason whatsoever the Call Resolution is rescinded as aforesaid, the Board does hereby find and declare that the University does elect to redeem and pay, and does hereby call for redemption and payment, the Series 2006 Bonds on such date as is 30 days following receipt by the University of funds sufficient to pay the redemption price of the Series 2006 Bonds (such date, the "Alternate Redemption Date"), the redemption of the Series 2006 Bonds to be effected at and for a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date set for redemption, and the Trustee is hereby authorized and directed to cause written notice of such redemption and payment of the Series 2006 Bonds to be given in the manner and at the times and to the persons required pursuant to the Indenture, and to take all such other actions as shall be necessary or desirable in order to cause the Series 2006 Bonds to be redeemed and paid on such Alternate Redemption Date.

Section 10. Resolution Constitutes Contract; Severability. The provisions of this resolution shall constitute a contract between the University and the holders of the Series 2016 Bonds. The various provisions of this resolution are hereby declared to be severable. In the event any provision hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this resolution.

Section 11. General Authorization. The President of the University, the Vice President for Finance and Administration of the University, and the Secretary of the Board are hereby authorized to execute such further agreements, certifications, instruments or other documents, and to take such other actions as any of them may deem appropriate or necessary, for the consummation of the transactions covered by this resolution and to the end that the Series 2016 Bonds may be executed, issued and delivered, and the Series 2006 Bonds redeemed and retired on the Redemption Date or, if applicable pursuant to Section 9(b) hereof, the Alternate Redemption Date.

Chairman Simon called on Captain Jenkins for comments. Captain Jenkins encouraged Trustees and guests to visit the well-maintained student dining hall and meet the exceptional employees, whom he credited for making the facility a success. He said it is gratifying to see what the University does for its students. Chairman Simon echoed Capt. Jenkins' remarks in relation to the appearance and operation of the USA Mitchell Center.

Chairman Simon called on Ms. Sullivan, who announced a gift from Angelia and Steve Stokes for funding of an endowed chair for USA's Center for Environmental Resiliency. As Dr. and Mrs. Stokes and Dr. Sean Powers, Professor and Chair of the Department of Marine Sciences, joined her, she conveyed appreciation for the generosity of the Stokeses in creating a \$1 million endowment and making the initial payment that would allow the search for a chair to move forward. Dr. and Mrs. Stokes presented their check totaling \$500,000. Dr. Powers expressed gratitude, noting that the addition of a chair would bolster a presence for the Center. He explained the mission of the Center for Environmental Resiliency is employment of multidisciplinary efforts to find solutions for environmental problems. He stated previous gifts from the Stokes were used on research projects that perpetuated an additional \$1.3 million in extramural funding. He projected continued investments, together with having a chair in place, would be a recipe for success that would propel USA's Center for Environmental Resiliency to the forefront as a leader.

Chairman Simon asked Mr. Windom to present **ITEM 7.A** as follows. Mr. Windom noted the University's good fortune of having friends who help the Institution advance priorities. He

reminded Board members of Mr. Vince Kilborn's recognition at the March meeting for a gift of \$1.5 million for the USA Mitchell Cancer Institute (MCI) Fairhope clinic and of the groundbreaking ceremony that followed in April. Dr. Finan discussed construction progress and detailed the clinical services that would be available to Baldwin County residents. He expressed thanks to Mr. Kilborn and the Kilborn family for their support. Mr. Windom read the resolution and, on motion by Capt. Jenkins, seconded by Mr. Yance, the resolution was approved unanimously. Mr. Kilborn introduced family members and friends, thanked the Board of Trustees and credited the Mitchell family, who he called the heart of the MCI, for their support. He said it was an honor to be involved and give back to the community. Mr. Windom recognized Mr. Kilborn's friend, The Honorable Janie Shores, for her service as the first female member of Alabama's Supreme Court:

**RESOLUTION
NAMING OF THE USA MITCHELL CANCER INSTITUTE, KILBORN CLINIC**

WHEREAS, the University of South Alabama (USA) has listed Excellence in Health Care as one of its five institutional priorities, and

WHEREAS, USA provides a unique academic and clinical environment to foster interdisciplinary education, treatment and research relating to causes, diagnoses, treatment and prevention of disease, including cancer, and be the region's leader in patients' access to care, and

WHEREAS, the USA Board of Trustees approved plans in June 2015 to design and construct an 11,000-square-foot medical office building to enhance clinical activities and patient care experiences for residents of Baldwin County, and

WHEREAS, this building will be completed this summer and will contain eight patient exam rooms, 15 infusion stations, a radiation vault, and patient education rooms, and

WHEREAS, the University's Mitchell Cancer Institute will utilize the clinic space to provide leading-edge patient care, conduct clinical trials, and provide education, and

WHEREAS, Mr. Vincent F. Kilborn III desires to further advance the progress of the USA Mitchell Cancer Institute and other USA health care affiliates and their outreach to the citizens of Alabama in their fight against cancer, and

WHEREAS, Mr. Kilborn has committed \$1,500,000 to create the Vincent F. Kilborn III Endowment as a means of assuring the resources to support the operations of a state-of-the-art medical office building in perpetuity,

THEREFORE, BE IT RESOLVED, the Board of Trustees authorizes the President and the Administration of USA Health to recognize Vincent F. Kilborn III for his dedication to the USA Mitchell Cancer Institute, his devotion toward hope and healing, and his generosity to the Fairhope community by naming the new free-standing, medical office building in Fairhope *Mitchell Cancer Institute, Kilborn Clinic*.

Chairman Simon asked Captain Jenkins to present **ITEM 8** as follows. Capt. Jenkins said the USA National Alumni Association was one of many engines that drive the University and stated he was

delighted to read the resolution of commendation recognizing Kim and Julian MacQueen for their gift of \$2 million for construction of an Alumni Center on campus. Following the reading of the resolution, Mr. MacQueen said it was a great honor to be in attendance and have the opportunity to give back to his alma mater, which provided him a profound and enlightening college experience in 1968 and opened a door to dialogue between different and diverse people. He said he looked forward to what the Alumni Center can do to unify people and be a focal point for discourse. On motion by Mr. Windom, seconded by Mr. Peek, the resolution was approved unanimously:

**RESOLUTION
COMMENDATION OF KIM AND JULIAN MACQUEEN**

WHEREAS, the University of South Alabama has, in pursuit of its educational mission, built a diverse body of alumni more than 74,000 strong, who are capable of providing support in many forms, including philanthropy and advocacy locally, nationally, and internationally for the advancement of the progress of the University, and

WHEREAS, the National Alumni Association (USANAA) was founded in 1974 with the sole mission to support and positively influence the goals of the University of South Alabama through an active relationship among the University, its alumni, students and friends, and

WHEREAS, the beneficial impact of the USANAA will be immeasurably heightened by the advanced quality of engagement that a state-of-the-art alumni center at the heart of campus will promote for alumni who will gather there to celebrate, work, and advocate in the community and among current and future students for whom this alumni center will foster an expectation of lifelong engagement with the University, and

WHEREAS, Kim and Julian MacQueen credit the University and its experimental college program of the early 1970s with giving Mr. MacQueen the opportunity of learning about the Bahá'í Faith, upon which he has built a successful business, Innisfree Hotels, which reflects his commitment to a workplace culture that celebrates diversity, creativity, dignity and principled corporate citizenship, and

WHEREAS, Mr. and Mrs. MacQueen desire to honor the significant role that the University has played in shaping their lives and to further the work of the USANAA through an extraordinarily generous gift to establish an alumni center,

THEREFORE, BE IT RESOLVED, the Board of Trustees gratefully acknowledges the selfless and profound generosity of Kim and Julian MacQueen for their commitment of \$2,000,000 for the USANAA's new alumni center, a place that will bring the history and traditions of the University to life and instill the USA spirit in future generations of students, and

BE IT FURTHER RESOLVED that the Board of Trustees, the President, the faculty, administrators, staff, and students of the University of South Alabama warmly thank Kim and Julian MacQueen for their commitment and support of the University and the University of South Alabama National Alumni Association.

Chairman Simon asked Dr. Stokes to present **ITEM 9** as follows. Dr. Stokes said it was his honor to participate in the recognition of Dr. Busta. He stated Jackie and Joe Busta had been an integral part of the University community for 14 years and called the retirement of USA family members bittersweet. He shared insight on Dr. Busta's talent of communicating with individuals and

his ability to portray a vision of what can be accomplished, and read the resolution. Dr. Busta thanked President Waldrop and the late President Gordon Moulton for their support. He credited the staff of the Division of Development and Alumni Relations for their efforts and dedication. He mentioned the importance of relationships and expressed gratitude for having had the opportunity to engage with many people and make a difference. On motion by Mr. Peek, seconded by Ms. Maye, the resolution was approved unanimously:

**RESOLUTION
COMMENDATION OF DR. JOSEPH F. BUSTA, JR.**

WHEREAS, the University of South Alabama seeks to honor exceptional individuals who have provided outstanding leadership and service to the University and have distinguished themselves throughout their professional careers, and

WHEREAS, Dr. Joseph F. Busta, Jr., spent nearly 40 years in support of higher education and has loyally served the University of South Alabama for 14 years as its first Vice President for Development and Alumni Relations, and

WHEREAS, Dr. Busta, through determination, advocacy and the support of his staff, created a culture of philanthropy among South alumni, friends, faculty and staff to advance the mission of the University, and

WHEREAS, the University's active alumni base vastly expanded under Dr. Busta's leadership, growing from a mostly local club to a strong and vibrant national organization with chapters across the state and country and nearly 6,000 members, and

WHEREAS, total giving under Dr. Busta's leadership reached nearly \$200 million from 120,000 gifts, including the University's first comprehensive campaign and a successful 50th Anniversary Campaign that resulted in 50,000 gifts, and

WHEREAS, development efforts during Dr. Busta's service have enabled the University to expand its general endowment fund to nearly \$140 million and create more than 360 new endowments, funding endowed professorships, chairs and hundreds of named scholarships, and

WHEREAS, significant funds have been raised to construct or enhance buildings and facilities, including the renovations of Stanky Field and the Mitchell College of Business, improvements at USA Children's & Women's Hospital, construction support for the USA Mitchell Cancer Institute, and the creation of Moulton Tower and Alumni Plaza, and

WHEREAS, in addition to his dedication to the University, Dr. Busta has served in roles supporting and advancing the state and Gulf Coast, including active participation in Leadership Alabama and Sunrise Rotary; serving on the boards of directors of the Business Council of Alabama, the Mobile Arts & Sports Authority and the Mobile Symphony; and serving on the boards and leadership of the Mobile Opera, the Alabama School of Mathematics and Science, and United Way of Southwest Alabama, and

WHEREAS, Dr. Busta has created a solid foundation for advancing philanthropy at the University of South Alabama and now will be able to spend more time creating works of beauty in his woodworking shop and works of fiction in a fishing boat,

THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees expresses its deep appreciation to Dr. Joseph F. Busta, Jr., for his many contributions to the University of South Alabama and wishes him and his wife, Jackie, the best upon his retirement.

Chairman Simon asked Mr. Shumock to present **ITEM 14** as follows. Mr. Shumock recalled meeting Dr. Hayes on the golf course and suggested retirement would give him more opportunities to play. He stated it was a pleasure to participate in the recognition of Dr. Hayes, and he read the resolution and offered a motion for Board approval. Mr. Yance seconded and the resolution was approved unanimously. Dr. Hayes told the group he is often asked two questions – what does he miss most about being a dean and what has he been doing since retiring. He advised of his involvement in the building of a new home and said the process reminded him of the demands he faced as a dean. He stated he would miss the talented faculty, the bright and committed students, supportive administrators, the alumni community, and members of the greater educational community, and he thanked everyone for the honor. Chairman Simon shared, in a recent meeting, the Governor complimented the University for the outstanding job USA's College of Education is doing to train teachers and make a difference in the public schools. Dr. Hayes thanked the new dean, Dr. Andi Kent, for continuing the tradition of excellence:

**RESOLUTION
COMMENDATION OF DR. RICHARD L. HAYES**

WHEREAS, Dr. Richard L. Hayes served as Dean of the College of Education for 11 years, and

WHEREAS, during his tenure as Dean, he implemented successful partnerships with area schools to support student teaching, internship supervision, early engagement in field-based learning experiences, and the mentoring of new teachers, and

WHEREAS, he established the *USA Center for Integrative Studies in Science, Technology, Engineering, and Mathematics*, and

WHEREAS, Dr. Hayes helped create new doctoral programs in Clinical and Counseling Psychology and in Educational Leadership, and helped to secure initial accreditation by the American Psychological Association for the Clinical and Counseling Psychology doctoral program and from the Council for Accreditation of Counseling and Related Educational Programs for the Clinical Mental Health and School Counseling graduate programs, and

WHEREAS, Dr. Hayes, in efforts to expand exchange programs with international universities, brokered collaborative agreements between USA and universities in South Korea, China, the Netherlands, Costa Rica, Scotland, Finland, Thailand, and Spain, among many other accomplishments,

THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees expresses its appreciation to Dr. Richard L. Hayes for his many contributions and offers its best wishes upon his retirement.

Chairman Simon welcomed Dr. Sam Strada for the presentation of **ITEM 21** as follows. Ms. Mitchell, noting the friendship of the Mitchell and Strada families for many years, said she was honored to read the commendation recognizing Dr. Strada. Dr. Strada shared heartfelt words

about his time at the University of South Alabama. He said his 33-year tenure at the University constituted 75 percent of his professional career and emphasized the special place USA holds for him. He discussed friendships with members of the Board and University presidents, past and present, and expressed his thanks to them. He said he had been blessed with wonderful colleagues in the College of Medicine and throughout the University. He shared his affinity for USA sports and said he would count on the Jags to one day make it to the college World Series. He offered his help if ever needed by the University. On motion by Mr. Shumock, seconded by Ms. Maye, the resolution was approved unanimously:

**RESOLUTION
COMMENDATION OF DR. SAMUEL J. STRADA**

WHEREAS, Dr. Samuel Joseph Strada, dean emeritus of the University of South Alabama College of Medicine, retired this past October following more than three decades of service to the University and the USA College of Medicine, and

WHEREAS, Dr. Strada began his career at the USA College of Medicine in 1983 when he was recruited as chair and professor of the Department of Pharmacology, and later was named senior associate dean for the USA College of Medicine in 1994, and

WHEREAS, Dr. Strada served as dean for the USA College of Medicine from 2007 to 2016, and

WHEREAS, during his career at USA, Dr. Strada also served as acting director of the graduate program in basic medical sciences, assistant dean for admissions and acting chair of psychiatry, and

WHEREAS, Dr. Strada is an avid Jags supporter, serving during his career at USA as chair of the Athletics Council and as Faculty Athletics Representative from 1990-1997, and

WHEREAS, throughout his lengthy career at USA, Dr. Strada has made significant contributions to medical education and research in the state of Alabama, as well as the nation, and

WHEREAS, Dr. Strada was instrumental in the creation of the Auburn University Harrison School of Pharmacy at USA, the Office of Technology Development, the Office of Research Compliance and Assurance and the USA Technology and Research Park, and

WHEREAS, a scientist by training, Dr. Strada published more than 200 articles and abstracts, earning national recognition for his research on cellular signaling mechanisms, and

WHEREAS, Dr. Strada has received numerous awards including USA's Medical Alumni Association Distinguished Service Award, the Friend of Pharmacy Award from Auburn University's Harrison School of Pharmacy, the Distinguished Alumni Achievement Award from the University of Missouri at Kansas City, and the GoDaddy Bowl Champion of Life Award, and

WHEREAS, earlier in 2016, the University of South Alabama Board of Trustees honored Dr. Strada and his late wife, Judy, by naming the new clinical care building the Strada Patient Care Center,

THEREFORE, BE IT RESOLVED, the USA Board of Trustees gratefully acknowledges Dr. Strada for his 33 years of service and leadership to the USA College of Medicine, the University of South Alabama, and the field of academic medicine, and

BE IT FURTHER RESOLVED that the USA Board of Trustees, the President, and the faculty, staff and students of the University hereby express sincere appreciation to Dr. Samuel J. Strada for his many contributions and offer best wishes upon his retirement.

Mr. Peek commented on the remarkable transformation of the campus over the years and acknowledged the work of the previous and current administrations to achieve extraordinary growth and beautification.

Chairman Simon called for a motion to convene an executive session for an approximate duration of 30 minutes for the purpose of discussing pending or imminent litigation with Ms. Tucker, Senior University Attorney, and good name and character. He noted Ms. Tucker had submitted the required written declaration for the minutes. On motion by Mr. Shumock, seconded by Mr. Corcoran, the Board voted unanimously to convene an executive session at 12:02 p.m.

Following the executive session and there being no further business, the meeting was adjourned at 1:20 p.m.

Attest to:

Respectfully submitted:

Arlene Mitchell, Secretary

Kenneth O. Simon, Chair *pro tempore*

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



HEALTH AFFAIRS

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

HEALTH AFFAIRS COMMITTEE

**December 1, 2016
3:34 p.m.**

A meeting of the Health Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Dr. Steve Furr, Chair, on Thursday, December 1, 2016, at 3:34 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Chandra Brown Stewart, Steve Furr, Bettye Maye, Arlene Mitchell and Steve Stokes.

Member Absent: Scott Charlton.

Other Trustees: Alexis Atkins, Tom Corcoran, Ron Jenkins, Bryant Mixon, John Peek, Jimmy Shumock, Ken Simon and Jim Yance.

Administration and Others: Beth Anderson, Garry Adkins, Owen Bailey, Bill Bush, Lynne Chronister, Josh Crownover (SGA), Joel Erdmann, Monica Ezell, Mike Finan, Sam Fisher (Faculty Senate), Happy Fulford, Mike Haskins, David Johnson, John Marymont, Mike Mitchell, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.

The meeting came to order and attendance roll was called. Dr. Furr expressed thanks to the individuals who serve as *ex officio* members. He called for consideration of the minutes of the meeting held on September 8, 2016. On motion by Ms. Brown Stewart, seconded by Ms. Maye, the Committee voted unanimously to adopt the minutes.

Dr. Furr addressed **ITEM 19**, a resolution authorizing the USA Hospitals medical staff appointments and reappointments for August, September and October 2016 (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 2, 2016). He recognized the late Drs. Angus McBryde and Robert Zarzour for their extraordinary contributions and called for a vote. The Committee voted unanimously to recommend approval by the Board of Trustees.

Dr. Furr introduced **ITEM 20**, a resolution to approve revisions to the USA Hospitals Medical Staff Bylaws and Rules and Regulations as submitted. He asked Mr. Bailey if particular aspects needed to be addressed. Mr. Bailey said the proposed changes were routine. On motion by Ms. Brown Stewart, seconded by Dr. Stokes, the Committee voted unanimously to recommend approval by the Board of Trustees.

Dr. Furr called for presentation of **ITEM 22**, a report on the activities of the Division of USA Health and the College of Medicine. Mr. Bailey gave an update on USA Health's transition to an electronic records system via the implementation of Cerner software, a project named "unity" to signify the bringing together of processes in one system. He stated the project was a total conversion encompassing complex financial and clinical components and a major step forward. He expressed pride for the hard work of the USA Health team and recognized Acting Chief Information Officer and leader of the unity initiative Mr. Garry Adkins, as well as Ms. Beth Anderson for her role. He advised of the necessity to postpone implementation, stressing the importance of being precise and moving in a deliberate manner for patient safety. He said meetings, activities and extensive training are occurring daily to ensure a smooth transition at the right time, which he anticipated would be in early Spring of 2017 following a test run planned for January. He complimented Cerner for being a proactive partner.

Mr. Bailey recognized USA Health's Chief Financial Officer Mr. Bill Bush and Administrator of the USA Medical Center Ms. Beth Anderson for their retirements after serving long and distinguished careers at USA. He described the important contributions made by each and expressed sincere thanks for their service and dedication and said their absence would be palpable. He added Ms. Anderson would continue to work in a limited role for a while longer. Mr. Bush and Ms. Anderson shared heartfelt words of appreciation and affinity for the Institution and their USA family. Mr. Bailey said receptions honoring Ms. Anderson and Mr. Bush would be held soon.

Mr. Yance shared additional words of admiration about his friend and orthopedic physician the late Dr. Bob Zarzour.

Dr. Marymont presented an overview of the College of Medicine's Early Acceptance Program (EAP), which allows graduating high school students who meet EAP admissions criteria to enter USA and earn a position in the College of Medicine once undergraduate requirements and additional EAP criteria are completed. He talked about the program's origin, mission, minimum qualifications for undergraduate admission, and requirements for acceptance into the College of Medicine. He stated approximately 45 students are interviewed, of which 15 Alabama residents and three out-of-state students are accepted. He said, from 2013 to 2016, the average ACT score of entering classes was 31; 60 EAP students were admitted; 33 students completed EAP requirements; and 29 students out of 33 entered the College of Medicine, noting four chose other medical schools. He added the average undergraduate GPA score was 3.92 and the average MCAT score was in the 80th percentile. Dr. Furr observed that, with qualifications such as theirs, the students could have chosen most any medical school, such as Tulane or Emory, and selection of USA's College of Medicine by the vast majority is a strong testament of the quality of the program. Provost Johnson noted the EAP undergraduate program has helped the University attract students who may not have otherwise considered USA.

Health Affairs Committee
December 1, 2016
Page 3

Dr. Marymont presented **ITEM 21**, a resolution honoring Dr. Sam Strada for 33 years of service to the University and conveying best wishes to Dr. Strada for his retirement, and shared highlights of Dr. Strada's career. The Committee voted unanimously to recommend approval by the Board of Trustees

There being no further business, the meeting was adjourned at 3:52 p.m.

Respectfully submitted:

Steven P. Furr, M.D., Chair

RESOLUTION

**USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS
FOR NOVEMBER AND DECEMBER 2016 AND JANUARY 2017**

WHEREAS, the Medical Staff appointments and reappointments for November and December 2016 and January 2017 for the University of South Alabama Hospitals are recommended for Board approval by the Medical Executive Committees and the Executive Committee of the University of South Alabama Hospitals,

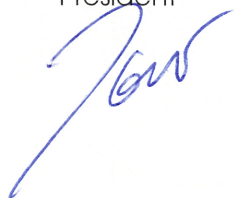
THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama approves the appointments and reappointments as submitted.

Date:

February 2, 2017

To:

Tony G. Waldrop, Ph.D.
President



From:

Owen Bailey

OB

Subject:

Board Meeting Documents

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

Resolution – University of South Alabama Hospitals Medical Staff
Appointments and Reappointments for November and
December, 2016 and January 2017

- Credentials Report – November and December, 2016 and
January 2017

OB/kh

Attachments

REC'D
Office of the President

FEB 03 2017

**UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEE APPROVAL
November 2016, December 2016, January 2017**

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

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Allen, Peter C., RN	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine	NA	NA	NA
Bailey, Lisa, CRNP	Reappt.	Allied	Pediatrics	NA	NA	NA	Reappt.	Allied	Pediatrics
Barnett, Cody B., MD	Reappt.	Courtesy	Internal Medicine	Reappt.	Courtesy	Internal Medicine	NA	NA	NA
Beeker, Thaddeus A. Beeker, MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Benjamin, Regina M., MD	Reappt.	Refer & Follow	Family Medicine	Reappt.	Refer & Follow	Family Medicine	NA	NA	NA
Beverly, Brenda, CCC-SLP	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery
Bhowmick, Samar K., MD	Reappt.	Active	Pediatrics	NA	NA	NA	Reappt.	Active	Pediatrics
Blair-Elortegui, Judy V., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Brannon, Betty C., CRNP	New Appt.	Refer & Follow	Family Medicine	New Appt.	Refer & Follow	Family Medicine	NA	NA	NA
Buckley, Stacie L., CMD	NA	NA	NA	Reappt.	Allied	Radiology	NA	NA	NA
Butler, Thomas W., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Butts, Charles C., MD	NA	NA	NA	Reappt.	Contract/Locum	Emergency Med.	NA	NA	NA
Carter, James E., MD	Reappt.	Active	Pathology	Reappt.	Active	Pathology	Reappt.	Active	Pathology
Cartledge, Hollie, CRNP	Reappt.	Allied	Pediatrics	NA	NA	NA	Reappt.	Allied	Pediatrics
Cobb, Michael L., MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Cohen-Colson, Mary E., MD	Reappt.	Consult/Assoc.	Psychiatry	Reappt.	Consult/Assoc.	Psychiatry	NA	NA	NA
Courtney, Angle C., CRNA	New Appt.	Allied	Anesthesiology	New Appt.	Allied	Anesthesiology	NA	NA	NA
Chung, Allison, Pharm D.	Reappt.	Allied	Pediatrics	NA	NA	NA	NA	NA	NA
Culpepper, Roy M., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Currier, Joseph M., Ph.D.	Reappt.	Allied	Psychiatry	Reappt.	Allied	Psychiatry	Reappt.	Allied	Psychiatry
Dagenais, Paul, Ph.D., CCC-SLP	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery
Dodson, Lindsey K., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Estrada, Benjamin, MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics
Finan, Michael A., MD	Reappt.	Active	Gynecology	Reappt.	Active	Gynecology	Reappt.	Active	Gynecology
Ghelani, Kinjal J., MD	New Appt.	Consult/Assoc.	Psychiatry	New Appt.	Consult/Assoc.	Psychiatry	NA	NA	NA
Gonner, Jacqueline, CRNP	Reappt.	Allied	Pediatrics	NA	NA	NA	Reappt.	Allied	Pediatrics
Gosche, John R., MD	New Appt.	Active	Surgery	New Appt.	Active	Surgery	New Appt.	Active	Surgery
Graf, Jr., Curtis, MD	Reappt.	Active	Surgery	NA	NA	NA	NA	NA	NA
Green, Tami, CRNP	Reappt.	Allied	Pediatrics	NA	NA	NA	Reappt.	Allied	Pediatrics
Hancock, Mary Jane, CRNP	NA	NA	NA	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine
Hopper, Hal, RTT	NA	NA	NA	Reappt.	Allied	Radiology	NA	NA	NA
Hoven, Angelia, CMD	NA	NA	NA	Reappt.	Allied	Radiology	NA	NA	NA
Hudson, Kendra D., CCC-SLP	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery
Hunter, Mary B., CRNP	NA	NA	NA	Reappt.	Allied	Emergency Med.	NA	NA	NA
Johnson, George Michael, DPM	NA	NA	NA	Reappt.	Allied	Orthopaedics	NA	NA	NA
Kellam, Michael E., DMD	Reappt.	Courtesy	Surgery	Reappt.	Courtesy	Surgery	NA	NA	NA
Kothandapani, Virupaksha, Ph.D.	NA	NA	NA	Reappt.	Refer & Follow	Psychiatry	NA	NA	NA

**UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
 MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
 FOR BOARD OF TRUSTEE APPROVAL
 November 2016, December 2016, January 2017**

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Kyriazis, Dimitris, MD	Reappt.	Active	Surgery	Reappt.	Active	Surgery	NA	NA	NA
Mannion, Melissa L., MD	Reappt.	Refer & Follow	Pediatrics	Reappt.	Refer & Follow	Pediatrics	NA	NA	NA
McDaniel, Mark A., MD	Reappt.	Refer & Follow	Family Medicine	Reappt.	Refer & Follow	Family Medicine	NA	NA	NA
McGowin, Alinda, MD	NA	NA	NA	Reappt.	Cons/Assoc.	Surgery	NA	NA	NA
Meadows, Terri, CRNP	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery
Mobley, Norma, MD	Reappt.	Active	Pediatrics	NA	NA	NA	NA	NA	NA
Molokhia, Ehab A., MD	Reappt.	Active	Family Medicine	Reappt.	Active	Family Medicine	Reappt.	Active	Family Medicine
Moore, Jeremy Clint, DO	New Appt.	Consult/Assoc.	Psychiatry	New Appt.	Consult/Assoc.	Psychiatry	NA	NA	NA
Neese, Forrest L., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Ngando, George E., MD	NA	NA	NA	Reappt.	Active	Emergency Med.	NA	NA	NA
Panacek, Edward A., MD	Reappt.	Active	Evaluation Center	NA	NA	NA	NA	NA	NA
Panacek, Edward A., MD	NA	NA	NA	Reappt.	Active	Emergency Med.	NA	NA	NA
Parker, Jr., Cecil L., MD	NA	NA	NA	Reappt.	Refer & Follow	Internal Medicine	NA	NA	NA
Parlee, Brandi L., CRNP	NA	NA	NA	New Appt.	Allied	Surgery	New Appt.	Allied	Surgery
Patel, Ashley, J., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Pettway, Kimberly, RN	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine	NA	NA	NA
Polski, Jacek M., MD	Reappt.	Active	Pathology	Reappt.	Active	Pathology	Reappt.	Active	Pathology
Prutzman, Kelley D., RN	NA	NA	NA	Reappt.	Allied	Surgery	NA	NA	NA
Rettig, Kenneth, MD	Reappt.	Active	Pediatrics	NA	NA	NA	Reappt.	Active	Pediatrics
Rice, Terri, RN	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery	NA	NA	NA
Richards, William O., MD	Reappt.	Active	Pediatric Surgery	Reappt.	Active	Pediatric Surgery	Reappt.	Active	Pediatric Surgery
Richards, William O., MD	Reappt.	Active	Surgery	Reappt.	Active	Surgery	Reappt.	Active	Surgery
Rifai, Aref, MD	Reappt.	Active	Surgery	NA	NA	NA	NA	NA	NA
Rivers, Terry N., MD	NA	NA	NA	Reappt.	Active	Emergency Med.	NA	NA	NA
Rodning, Charles B., MD	Reappt.	Academic	Surgery	Reappt.	Academic	Surgery	NA	NA	NA
Rodning, Kai J., MD	Reappt.	Active	Anesthesiology	Reappt.	Active	Anesthesiology	NA	NA	NA
Saucier, Erin S., MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Savells, Katherine, MD	Reappt.	Active	Pediatrics	NA	NA	NA	NA	NA	NA
Scalse, Michael J., PharmD	NA	NA	NA	Reappt.	Allied	Internal Medicine	NA	NA	NA
Sharma, Kamal P., MD	New Appt.	Active	Pediatrics	New Appt.	Active	Pediatrics	New Appt.	Active	Pediatrics
Smith, Royshanda C., MD	Reappt.	Active	OBGYN	NA	NA	NA	NA	NA	NA
Smith, Timothy S., RN	Reappt.	Allied	Orthopaedics	Reappt.	Allied	Orthopaedics	NA	NA	NA
Smithgall, Sean E., PharmD	New Appt.	Allied	Family Medicine	New Appt.	Allied	Family Medicine	NA	NA	NA
Starke, Monica E., MD	Reappt.	Active	Anesthesiology	Reappt.	Active	Anesthesiology	NA	NA	NA
Taylor, William R., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Tengsupakul, Supatida, MD	New Appt.	Active	Pediatrics	NA	NA	NA	New Appt.	Active	Pediatrics
Terry, Jr., William, MD	Reappt.	Consult/Assoc.	Surgery	Reappt.	Consult/Assoc.	Surgery	NA	NA	NA
Todd, Mary A., RN	Reappt.	Allied	OBGYN	Reappt.	Allied	OBGYN	NA	NA	NA
Tucker, Elisabeth Dunning, MD	New Appt.	Contract/Locum	OBGYN	New Appt.	Contract/Locum	OBGYN	NA	NA	NA
West, Jr., James D., MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Wilson, Felicia, MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics

**UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEE APPROVAL
November 2016, December 2016, January 2017**

NAME	USACWH			USAMC			AMBULATORY CARE		
<u>Change Requests</u>									
Cole-Guerrero, Kimberly A., DO	Name Change	Active	Pediatrics	Name Change	Active	Pediatrics	Name Change	Active	Pediatrics
Davis, Virginia A., PA	Added Privs.	Allied	Evaluation Center	NA	NA	NA	NA	NA	NA
Fox, Shaketa R. Shelby, RN	Name Change	Allied	Internal Medicine	Name Change	Allied	Internal Medicine	NA	NA	NA
Hanes, II, Charles R., MD	Added/Deleted	Active	OBGYN	NA	NA	NA	Added/Deleted	Active	OBGYN
	Chg to Active						Chg to Active		
Maurtua-Neumann, Paola J., MD	LOA	Active	Pediatrics	NA	NA	NA	LOA	Active	Pediatrics
Maurtua-Neumann, Paola J., MD	Reinstate from LOA	Active	Pediatrics	NA	NA	NA	Reinstate from LOA	Active	Pediatrics
Sabahi, Hani S., MD	Name Change	Active	Internal Medicine	Name Change	Active	Internal Medicine	Name Change	Active	Internal Medicine
Taylor, William R., MD	LOA	Active	Internal Medicine	LOA	Active	Internal Medicine	LOA	Active	Internal Medicine
Taylor, William R., MD	LOA-Returning	Active	Internal Medicine	LOA-Returning	Active	Internal Medicine	LOA-Returning	Active	Internal Medicine
Taylor-Overholts, Tracey L., CRNP	NA	NA	NA	Name Change	Allied	Emergency Med.	Name Change	Allied	Emergency Med.
<u>Retired/Resigned</u>									
<u>Name</u>	<u>Reason</u>	<u>Date</u>	<u>Dept.</u>	<u>Reason</u>	<u>Date</u>	<u>Dept.</u>			
Allen, Amanda L., CRNP	Resigned	11/2/2016	Family Medicine	Resigned	11/2/2016	Family Medicine			
Armstrong, Cinderesa, CRNP	Resigned	11/17/2016	Internal Medicine	Resigned	11/17/2016	Internal Medicine			
Bennett, Donna C., MD	Resigned	12/26/2016	OBGYN	Resigned	12/26/2016	OBGYN			
Clements, Lloyd S., MD	Resigned	11/15/2016	Evaluation Center	NA	NA	NA			
Davis, Mark C., MD	Resigned	12/18/2016	Radiology	Resigned	12/18/2016	Radiology			
Grindley, Natoya, MD	Resigned	12/31/2016	Pediatrics	NA	NA	NA			
Klepczyk, Lisa C., MD	Resigned	12/28/2016	Radiology	Resigned	12/28/2016	Radiology			
LeDoux, John F., MD	NA	NA	NA	Resigned	10/12/2016	Internal Medicine			
Massey, Clara V., MD	Retired	10/10/2016	Internal Medicine	Retired	10/10/2016	Internal Medicine			
McGraw, Sonja L., RTT	NA	NA	NA	Resigned	12/23/2016	Radiology			
Panter, Anna K., CRNA	Resigned	12/26/2016	Anesthesiology	Resigned	12/26/2016	Anesthesiology			
Pitcock, James K., MD	Resigned	12/31/2016	Surgery	NA	NA	NA			
Rutledge, III, Guy L., MD	Resigned	10/12/2016	Orthopaedics	Resigned	10/12/2016	Orthopaedics			
Simons, Brenda W., CRNP	Retired	10/18/2016	Pediatrics	NA	NA	NA			
Sims, Carrie, CRNA	Resigned	10/6/2016	Anesthesiology	Resigned	10/6/2016	Anesthesiology			
Van Buren, James W., MD	Resigned	12/27/2016	Evaluation Center	NA	NA	NA			
Van Buren, James W., MD	Resigned	12/27/2016	Pediatrics	NA	NA	NA			
Wansley, Miranda H., RN	Resigned	10/10/2016	Internal Medicine	Resigned	10/10/2016	Internal Medicine			

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

November 2016, December 2016, and January 2017

LEGEND:

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

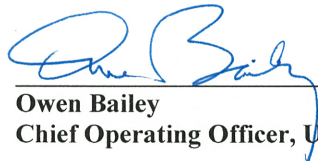
RECOMMENDED BY:



Benjamin Estrada, M.D., Chair of Medical Executive Committee or Chair Elect
USA Children's & Women's Hospital



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



Owen Bailey
Chief Operating Officer, USA Health System

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**ACADEMIC AND
STUDENT AFFAIRS**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

**December 1, 2016
2:56 p.m.**

A meeting of the Academic and Student Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Ms. Bettye Maye, Chair, on Thursday, December 1, 2016, at 2:56 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Steve Furr, Bettye Maye, Bryant Mixon and John Peek.

Members Absent: Scott Charlton and Mike Windom.

Other Trustees: Alexis Atkins, Chandra Brown Stewart, Tom Corcoran, Ron Jenkins, Arlene Mitchell, Jimmy Shumock, Ken Simon, Steve Stokes and Jim Yance.

Administration and Others: Andrea Agnew, Zeke Aull, Owen Bailey, Lynne Chronister, Angela Coleman, Josh Crownover (SGA), Laventrice Davis, Joel Erdmann, Monica Ezell, Mike Finan, Sam Fisher (Faculty Senate), Happy Fulford, Mike Haskins, Ally Heng, David Johnson, John Marymont, Mike Mitchell, John Smith, Brigette Soderlind, Ashley Suggs, Margaret Sullivan, Jean Tucker, Chris Vinet, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Ms. Maye called for adoption of the minutes of the meeting held on September 8, 2016. On motion by Mr. Peek, seconded by Sheriff Mixon, the minutes were adopted unanimously.

Ms. Maye called for consideration of **ITEM 11**, a resolution to approve sabbatical awards for the 2017-2018 academic year (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 2, 2016). Provost Johnson gave a summary of the sabbatical process, which includes agreement by the academic units to cover the teaching needs of the department during the time faculty members are engaged in sabbatical leave. On motion by Mr. Peek, seconded by Sheriff Mixon, the Committee voted unanimously to recommend approval by the Board of Trustees. Provost Johnson answered questions about sabbatical expectations and support, class coverage and reasons why faculty participation among the colleges can vary.

Ms. Maye called for presentation of **ITEM 12**, a resolution granting emeritus status to retired faculty as set forth and conveying the Board's appreciation for the accomplishments and dedication of each

to the University. Provost Johnson stated the 18 individuals had distinguished careers at South and each was recommended by their respective academic unit. On motion by Sheriff Mixon, seconded by Mr. Peek, the Committee voted unanimously to recommend approval by the Board of Trustees.

Ms. Maye asked the Committee to consider **ITEM 13**, a resolution awarding emeritus status to retired deans as set forth and conveying the Board's appreciation for the accomplishments and dedication of each to the University. Provost Johnson said a policy was passed recently allowing the University to recognize deans who have stepped down from their administrative roles and who have performed their responsibilities in an exemplary manner. He stated USA's first candidates, Dr. Richard Hayes - College of Education; Dr. Sam Strada -- College of Medicine; and Dr. Richard Talbott -- Pat Capps Covey College of Allied Health Professions, were nominated and the Faculty Senate voted they be recommended. On motion by Mr. Peek, seconded by Sheriff Mixon, the Committee voted unanimously to recommend approval by the Board of Trustees.

Ms. Maye called for consideration of **ITEM 14**, a resolution expressing the Board's appreciation to Dr. Richard Hayes for contributions to the University and offering best wishes upon for his retirement. Provost Johnson advised that deans are eligible for a commendation upon full retirement from the University. He said Dr. Hayes retired in August following an 11-year tenure as dean and added Dr. Hayes was instrumental in a number of positive changes in the College of Education, including new degree programs, new accreditations and a research center. On motion by Mr. Peek, seconded by Dr. Furr, the Committee voted unanimously to recommend approval by the Board of Trustees.

Ms. Maye called upon Provost Johnson for presentation of **ITEM 15**, a report on the activities of the Division of Academic Affairs. Provost Johnson recognized Associate Vice President for Institutional Effectiveness Dr. Angela Coleman for her new role as liaison to the Southern Association of Colleges and Schools Commission on Colleges, the University's regional accrediting agency. He gave information on South's new Provost Faculty Fellows program, a leadership initiative for which faculty may apply to serve in the Provost's office on a half-time basis to broaden their knowledge of the University's administrative components. He introduced Provost Faculty Fellows Dr. Heather Hall, Associate Dean of the College of Nursing, and Dr. Elizabeth Adams, Associate Professor in the Pat Capps Covey College of Allied Health Professions' Department of Speech Pathology and Audiology.

Provost Johnson gave updates on active searches. He advised three candidates had been interviewed for the position of Graduate Dean and Associate Vice President of Academic Affairs and negotiations with the preferred candidate are pending. He said, should the process stall, the search would continue next semester. He stated four candidates had been interviewed for the position of Executive Director of Libraries and said the search committee would meet in the coming week to

develop recommendations. He expressed optimism that the position would be filled later in the month.

Ms. Maye asked Ms. Chronister to present the annual review of research activity, **ITEM 16**. Ms. Chronister conveyed enthusiasm for sponsored funding in 2016 totaling just over \$64 million, an approximate nine percent increase over each of the preceding four years. She emphasized 43 percent of the total dollars awarded was for research. She shared data on proposals generated for fiscal years 2015 and 2016, pointing out that the increase in sponsored funding, despite eight fewer proposals submitted in 2016, was indicative of proposals that were well-constructed and competitive. She added that funding results for 2016 suggest a trend in higher award amounts. Graphs showing the upward trajectory of proposals funded and dollars awarded over a five-year period were presented. Ms. Chronister gave information on awards received by Dr. Allen Perkins, Chair of the Department of Family Practice, for \$2.3 million from the Health Resources and Services Administration and by Dr. Sean Powers, Chair of the Department of Marine Sciences, for \$1.3 million from the National Fish and Wildlife Foundation. She discussed positive strides made by the city of Mobile and South Alabama over the last couple of years as partners to cultivate an entrepreneurial community, or “innovation ecosystem,” and presented data reflective of the University’s strong impact in terms of growth in invention disclosures, patent awards, spin-off companies, new license agreements and total active license agreements from 2015 to 2016. She talked about South’s participation with the community to develop a regional innovation ecosystem focused on the creation of technology companies and other new business, and added resources, such as access to co-working space, acceleration programs, and the technology-based Innovation PortAL incubator, are available to stimulate entrepreneurship. She advised of Mobile’s designation as a “TechHire” community and expressed pride that the University took part in submitting the proposal and would continue to support the endeavor.

Ms. Maye called on Dr. Mitchell for a report on the activities of the Division of Student Affairs, **ITEM 17**. Dr. Mitchell introduced South’s Associate Director of Student Organizations and Leadership Ms. Brigitte Soderlind, who reported USA’s Alpha Epsilon Delta (AED) Pre-Health Honor Society was recognized by the ACUI (Association of College Unions International) for excellence in the category “Student-Driven Program of the Year.” She called upon AED President Ms. Ally Heng to provide additional information. Ms. Heng talked about AED’s annual Mega Musical Chairs competition which raises money for charitable causes and raises consciousness on the international problems of adversity and exploitation. She reported close to \$6,000 was raised in 2015 for Camp Kesem, a no-cost camp for children of parents with cancer, and coverage of the event by three media outlets and two newspaper articles. She said, in 2016, Mega Musical Chairs became part of the USA National Alumni Association’s JaguarsCare service project and was awarded South Alabama’s Outstanding Student Program of the Year. She invited Trustees and guests to participate in Mega Musical Chairs on April 8, 2017.

Dr. Mitchell discussed automation upgrades to the processes of the Office of Student Disability Services, which assists more than 700 students with special needs who attend classes. He said the first phase, involving creation of a student portal for online requests for accommodations, began three years ago and is complete. He stated work on the second phase, implementation of a faculty portal, began in 2016. He called upon Assistant Dean of Students Dr. Andrea Agnew, who shared insight on the scope of accommodations coordinated by the Student Disability Services (SDS) team in 2015-2016. She introduced SDS coordinators Mr. Laventrice Davis and Ms. Ashley Suggs and explained the benefits of the “Accommodate” disability management system’s faculty module, which include the ability of the faculty to view lists of students with disabilities who are enrolled in their courses, as well as accommodations, and upload exams to be proctored in the SDS testing center. She said the pilot phase began in Spring 2016 and full implementation was complete in the fall semester. She stated faculty will be asked to provide feedback on the system in Spring 2017 and helpful resources, such as articles, research and information on ways to engage with special needs students, are available through the faculty portal. Ms. Maye asked about capabilities to accommodate all types of disabilities. Dr. Agnew gave information on disability categories most often addressed.

Ms. Maye called on Dr. Smith, who recognized Dr. Chris Vinet for her expanded responsibilities and promotion from Executive Director of Housing and Dining to Assistant Vice President for Auxiliary Services. He said Dr. Vinet joined the University in 2009.

Dr. Smith introduced USA Chief of Police Mr. Zeke Aull for presentation of **ITEM 18**, a report on campus safety and to talk about a law enforcement training program that has garnered national attention. Chief Aull presented a chart showing Clery crime statistics for the period 2010-2015. He noted a steady decrease in crime despite a slight uptick in offenses reported for 2015, primarily due to burglary. He said a positive aside was the burglary perpetrators were apprehended and prosecuted. He shared optimism that the report for 2016 would reflect a continued decline in crime. He said a number of factors were significant in the reduction of crime on campus, such as the working relationships between Campus Police and the students, faculty and staff; shifting of resources where needs were greatest; and use of the LiveSafe mobile “app.”

Chief Aull discussed a Mental Health First Aid Program and Crisis Intervention Team (CIT) training developed by USA Police and presented to local, state and national law enforcement branches to address an upsurge in incidents involving mental health. He said the onset of mental illness is often demonstrated between the ages of 18 to 24 and noted mental health training of law enforcement has been insufficient. He stated grant funding from the Deepwater Horizon settlement made this resource possible and the demand for classes has been tremendous. Chairman Simon asked about research opportunities for psychology or criminal justice students. Chief Aull said psychology faculty are involved in the training and discuss topics such as suicide prevention. Mr. Peek asked for an update on efforts to curtail crime at The Grove. Chief Aull said strategies at The Grove included

Academic and Student Affairs Committee
December 1, 2016
Page 5

partnering with the management and reinforcing patrols in the vicinity. Dr. Smith thanked Chief Aull for his leadership.

There being no further business, the meeting was adjourned at 3:34 p.m.

Respectfully submitted:

Bettye R. Maye, Chair

RESOLUTION

DEAN AND PROFESSOR EMERITUS

WHEREAS, Dr. Benjamin Keith Harrison, Professor of Chemical Engineering and Dean of the Graduate School, has retired from the University of South Alabama, and

WHEREAS, in recognition of Dr. Harrison's honorable and distinguished service to the University through extraordinary accomplishments in administrative leadership, teaching and the generation of new knowledge through research and scholarship, and for serving as a consistently inspiring influence to students, and

WHEREAS, in accordance with University policy, the Faculty Senate, the Provost and Senior Vice President for Academic Affairs, and the President have duly recommended the aforementioned individual,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby appoints Dr. Benjamin Keith Harrison to the rank of Dean and Professor Emeritus with the rights and privileges thereunto appertaining, and

BE IT FURTHER RESOLVED that the Board of Trustees of the University of South Alabama, in recognition of his extraordinary accomplishments and dedicated service to the University of South Alabama, conveys its deep appreciation to Dr. Harrison.

Date:

February 15, 2017

To:

Tony Waldrop

Approved
JW

From:

G. David Johnson

Subject:

Dean and Professor Emeritus Recommendation

I recommend that Dr. Benjamin Keith Harrison be granted the status of *Dean and Professor Emeritus* effective upon approval by you and the Board of Trustees.

Thank you.

GDJ/njc

REC'D
Office of the President

FEB 17 2017

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**BUDGET AND
FINANCE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

BUDGET AND FINANCE COMMITTEE

December 1, 2016

3:52 p.m.

A meeting of the Budget and Finance Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Tom Corcoran, Chair, on Thursday, December 1, 2016, at 3:52 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Tom Corcoran, Arlene Mitchell, Bryant Mixon, Steve Stokes and Jim Yance.

Other Trustees: Alexis Atkins, Chandra Brown Stewart, Steve Furr, Ron Jenkins, Bettye Maye, John Peek, Jimmy Shumock and Ken Simon.

Administration and Others: Owen Bailey, Lynne Chronister, Josh Crownover (SGA), Mike Diehl (SunTrust), Phil Dotts (PFM), Joel Erdmann, Monica Ezell, Mike Finan, Sam Fisher (Faculty Senate), Happy Fulford, Mike Haskins, David Johnson, Rod Kanter (Bradley Arant), John Marymont, Mike Mitchell, Randy Moon, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Corcoran called for adoption of the revised agenda. On motion by Ms. Mitchell, seconded by Mr. Yance, the revised agenda was adopted unanimously. Mr. Corcoran called for consideration of the minutes of the meeting held on September 8, 2016. On motion by Dr. Stokes, seconded by Mr. Yance, the minutes were approved unanimously.

Mr. Corcoran called upon Mr. Weldon to present the University of South Alabama 2016 Financial Report, **ITEM 23**. Mr. Weldon stated USA received an unqualified opinion from KPMG for the fiscal year ended September 30, 2016. He advised the University's net position increased by \$25.9 million, as compared to the \$9.2 million increase in 2015 and \$6.6 million increase in 2014. He said the primary reason for this improvement was a turn-around in financial markets. He added USA Health's Ambulatory Services group, which operated previously within the USA Health Services Foundation, was transferred to the University in July 2016. He noted, in this situation, accounting regulations require an organization to report its activity from the beginning of the fiscal year.

Mr. Corcoran asked Dr. Smith to address **ITEM 24**, a resolution authorizing the award of a construction contract for a new residence hall to Don Gordon Construction, Inc. (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 2, 2016). With reference to previous discussions on the need for a new

residence hall, Dr. Smith suggested the time was right to move forward with construction. He talked about the bid process, noting Don Gordon Construction, Inc., submitted the lowest of six bids at just over \$18 million. He presented exhibits demonstrating the proposed site next to New Hall where Delta II was demolished; the building facade; and a double-occupancy floor plan with private bedrooms and approximately 370 beds. He said the new residence hall would be marketed to freshmen and possible names for the facility are being considered. As to the demand for additional housing on campus, he noted 100 beds leased from The Grove to cover needs in the 2016 Fall semester and said the number of housing applications received thus far for 2017 are above the norm. He discussed plans for renovating the Deltas from double- to single-occupancy when the new residence hall opens to address requests often made by upperclassmen who want privacy. He said the Housing and Dining system is financially sound and can afford to pay for the project, adding that approximately \$500,000 in debt service will have been completed in 2019. He advised costs would be funded internally for the first few months and a recommendation on a bond issue would be made in March or June 2017. He estimated the total cost of the facility, inclusive of furnishings, site-work and architects fees, would be between \$21 and \$23 million, and reiterated Housing and Dining is a self-supporting operation and tuition and state funds would not be used for such projects. Brief discussion took place on planning for circumstances which may negatively impact enrollment and housing. Mr. Corcoran called for a vote. On motion by Dr. Stokes, seconded by Ms. Mitchell, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Corcoran called on Dr. Erdmann for presentation of **ITEM 24.A**, a resolution authorizing the President to award and execute contracts(s) for construction of a covered practice facility with the successful lowest responsible bidder(s) consistent with applicable laws and within the University's budgetary constraints. Dr. Erdmann advised lightning is the primary reason practices are interrupted and having a covered facility would reduce disruption. He said the facility proposed is an open-air, pavilion-style structure that would be used primarily for afternoon football practices in the fall, but other teams and University groups would have access. He noted peer institutions and conferences have similar facilities. He estimated the cost at \$8 million, noting construction of an enclosed facility would add \$8 to \$10 million to the cost. He said funding would be accomplished internally through adjustments in the Athletics operating budget and the generation of external funds by way of the Jaguar Athletic Fund, and he noted an annual debt service of approximately \$600,000. He stated the location proposed is east of the existing practice fields and he asked Mr. Randy Moon to discuss the physical attributes of the facility. Mr. Moon said the facility would be about 450 feet long and would include a 15-yard lineman practice area, a walkway on one side for observation and one end zone in addition to the field. He said the roof and wall panels would be insulated to control heat and added the enclosing of the structure and addition of air conditioning would be possible if desired at a later time. He stated synthetic turf would be installed and the roof height would allow kickoff and field goal practice. Dr. Stokes asked what wind speed the structure could sustain and Mr. Moon stated the facility could withstand 190 mph winds. On motion by Mr. Yance, seconded by Dr. Stokes, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Corcoran asked Mr. Weldon to discuss **ITEM 25**, a resolution authorizing the lease of a linear accelerator for the USA Mitchell Cancer Institute. Mr. Weldon stated the equipment would be housed at the USA Mitchell Cancer Institute's (MCI) Fairhope clinic and acquisition would involve a 70-month capital lease at an approximate cost of \$2.1 million. He credited Mr. Albano for negotiating a favorable interest rate of 1.88 percent. Judge Simon asked about the implications for the Eastern Shore. Dr. Finan detailed the oncology services currently offered at the Fairhope clinic. He said an oversight advisory committee for the Eastern Shore voiced overwhelming support for radiation oncology. He explained between 60 and 70 percent of cancer patients need radiation therapy and referrals to competing radiation oncologists located in facilities where chemotherapy is also offered has caused some MCI patients to move to the competition. He said a financial analysis and conservative estimates show good potential for the MCI to recapture most patients and have them be treated at the Fairhope clinic. He talked about the superiority of the equipment compared to that of competitors and said upgrades are possible. He estimated the building would be open in June 2017, the equipment would arrive shortly thereafter, and full implementation would be possible in three months. Mr. Weldon said the debt service would not begin until the equipment is fully operational. Dr. Finan advised the longevity of the linear accelerator is a minimum of 12 years. Ms. Mitchell asked about private funding. Dr. Finan said existing private donations were put into an endowment, but discussions on the use of future donations to support equipment or operational needs were held in recent weeks. Mr. Weldon clarified a capital lease provides that the equipment will belong to the University at the end of the 70-month term. Dr. Finan complimented Mr. Weldon and Mr. Albano for their efforts on the acquisition and added funding would be through the MCI operations budget. On motion by Dr. Stokes, seconded by Mr. Yance, the Committee voted to recommend approval by the Board of Trustees.

Mr. Corcoran called for presentation of **ITEM 26**, a resolution authorizing the refunding of Series 2006 bonds. Mr. Weldon reminded the Committee of authorization in September to issue a request for proposals (RFP) for a \$100 million variable-rate, private placement bond issue, the proceeds of which would be used to refund the Series 2006 bonds in the same amount. He noted this transaction was tied to a decision by Wells Fargo to exercise its option related to the swaption transaction. He explained the threefold objective for the refunding: (1) minimize the incremental interest cost, (2) spread the maturities so as to minimize refunding risk, and (3) minimize the maximum annual debt service so as to reduce the impact on the University's borrowing ability. He said RFPs were issued to 12 institutions and eight proposals were received from regional and international banks. He stated, based on thorough analysis by Mr. Albano and the University's financial advisors and bond attorneys, the Administration recommends awarding the entire refunding to SunTrust Bank, whose proposal offered the lowest interest rates and did not require up-front fees or additional restrictive covenants be placed on the University. He explained the particulars of the bond issue in three series and noted the transaction would not impact the University's budget. He stressed this was a very favorable outcome that enabled the University to minimize its financial risk. He introduced Mr. Phil Dotts representing PFM, Inc., Mr. Rod Kanter representing Bradley Arant and Mr. Mike Diehl

representing SunTrust Bank, noting also Mr. Diehl's affiliation with the USA National Alumni Association. Mr. Dotts shared insight on the proposals submitted and SunTrust's interest. Mr. Weldon discussed factors related to a potential termination of the swap, noting the University would continue to monitor interest rates and financial markets to determine the feasibility of terminating the swap entirely or in part. He credited Mr. Dotts, Mr. Kanter and Mr. Albano for their diligent efforts. Mr. Peek shared concerns about taking on debt that involves minimal progress toward principal reduction. Mr. Weldon concurred, stating he and others from the Administration agree the due diligence on debt structure would be improved going forward. He added, if the swap were to be terminated, the variable-rate bonds could be refunded with fixed rate bonds with a normal amortization schedule. Mr. Peek inquired about the interest rate and Mr. Weldon stated the rate was currently just above one percent. On motion by Ms. Mitchell, seconded by Mr. Yance, the Committee voted unanimously to recommend approval by the Board of Trustees.

There being no further business, the meeting was adjourned at 4:37 p.m.

Respectfully submitted:

E. Thomas Corcoran, Chair

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

Basic Financial Statements

Three Months Ended December 31, 2016 and 2015

Unaudited

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

Quarterly Financial Statements

Three Months Ended December 31, 2016 and 2015

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University of South Alabama

Management's Discussion and Analysis

Introduction

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

Financial Highlights

At December 31, 2016, the University had total assets and deferred outflows of \$1,191,506,000, total liabilities and deferred inflows of \$954,085,000 and net position of \$237,421,000. University net position increased \$19,427,000 for the three months ended December 31, 2016 compared to an increase of \$13,657,000 for the three months ended December 31, 2015. An overview of each statement is presented below along with a financial analysis of the transactions impacting the statement.

Condensed financial statements for the University at and for the three months ended December 31, 2016 and 2015 follow (in thousands):

Condensed Statements of Net Position

	<u>2016</u>	<u>2015</u>
<i>Assets</i>		
Current	\$ 232,602	\$ 273,787
Capital and other noncurrent assets	906,656	825,036
Deferred outflows	<u>52,248</u>	<u>22,842</u>
	<u>1,191,506</u>	<u>1,121,665</u>
<i>Liabilities</i>		
Current	165,011	159,073
Noncurrent	751,404	717,992
Deferred inflows	<u>37,670</u>	<u>35,891</u>
	<u>954,085</u>	<u>912,956</u>
<i>Net Position</i>		
Net Investment in Capital Assets	319,549	258,219
Restricted, nonexpendable	49,981	44,599
Restricted, expendable	56,350	61,509
Unrestricted	<u>(188,459)</u>	<u>(155,618)</u>
	<u>\$ 237,421</u>	<u>\$ 208,709</u>

University of South Alabama

Management's Discussion and Analysis (continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2016</u>	<u>2015</u>
<i>Operating revenues</i>		
Tuition and fees	\$ 56,316	\$ 49,531
Hospital revenues, net	90,635	69,747
Other	<u>29,017</u>	<u>39,425</u>
	172,968	158,703
<i>Operating expenses</i>		
Salaries and benefits	118,749	118,459
Supplies and other services	51,027	44,795
Other	<u>13,007</u>	<u>12,649</u>
	<u>182,783</u>	<u>175,903</u>
Operating loss	(9,815)	(17,200)
<i>Nonoperating revenues (expenses)</i>		
State appropriations	26,821	26,244
Other, net	<u>(289)</u>	<u>1,815</u>
Net nonoperating revenues (expenses), net	<u>26,532</u>	<u>28,059</u>
Capital gifts, grants and additions to endowment	<u>(2,710)</u>	<u>2,798</u>
Increase in net position	19,427	13,657
<i>Net Position</i>		
Beginning of period	<u>217,994</u>	<u>195,052</u>
End of period	<u>\$ 237,421</u>	<u>\$ 208,709</u>

Analysis of Financial Position and Results of Operations

Statements of Net Position

The statements of net position present the assets, liabilities and net position of the University as of the end of the current reporting period. The net position is displayed in three parts, net investment in capital assets net of related debt, restricted and unrestricted. Restricted net position may either be expendable or nonexpendable and are those assets that are restricted by law or by an external donor. Unrestricted net position, while it is generally designated for specific purposes, is available for use by the University to meet current expenses for any purposes. The statements of net position, along with all of the

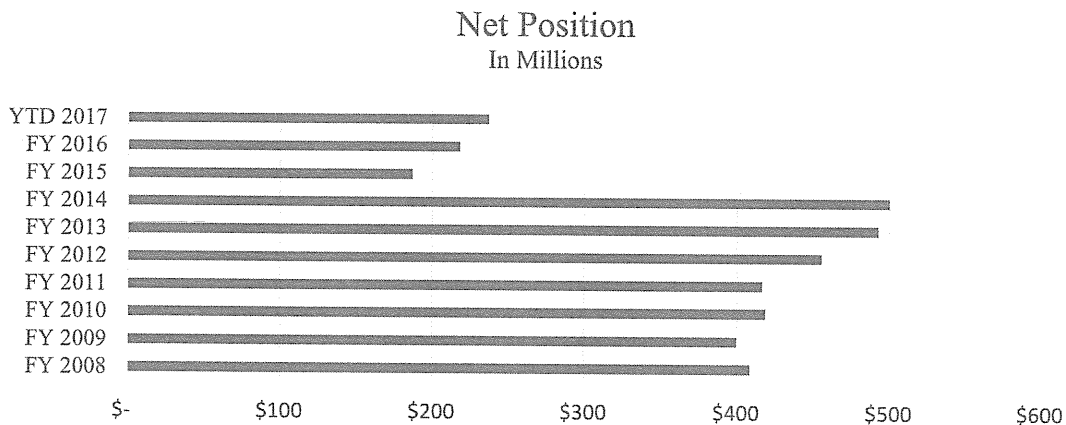
University of South Alabama

Management's Discussion and Analysis (continued)

University's basic financial statements, are prepared under the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is exchanged.

Assets included in the statements of net position are classified as current or noncurrent. Current assets consist primarily of cash and cash equivalents, operating investments and hospital patient accounts receivable. Current liabilities consist primarily of accounts payable, accrued liabilities and unrecognized revenue.

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



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

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

University of South Alabama

Management's Discussion and Analysis (continued)

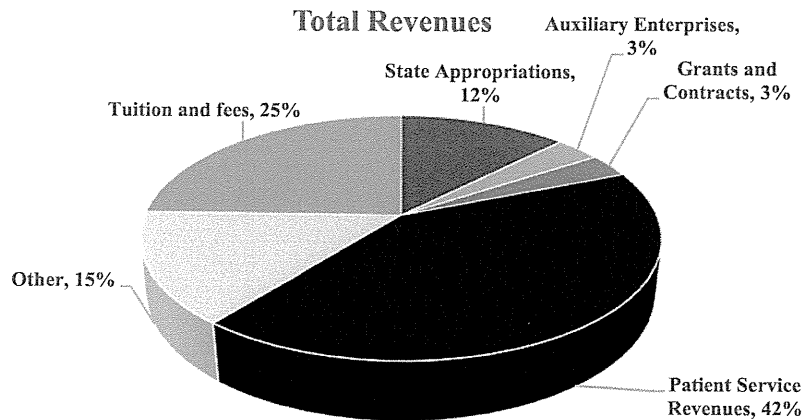
Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the University's unrestricted net position has been designated for various academic and research programs and initiatives as well as capital projects.

Statements of Revenues, Expenses and Changes in Net Position

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

Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided. GASB Statement No. 34 requires that state appropriations be classified as nonoperating.

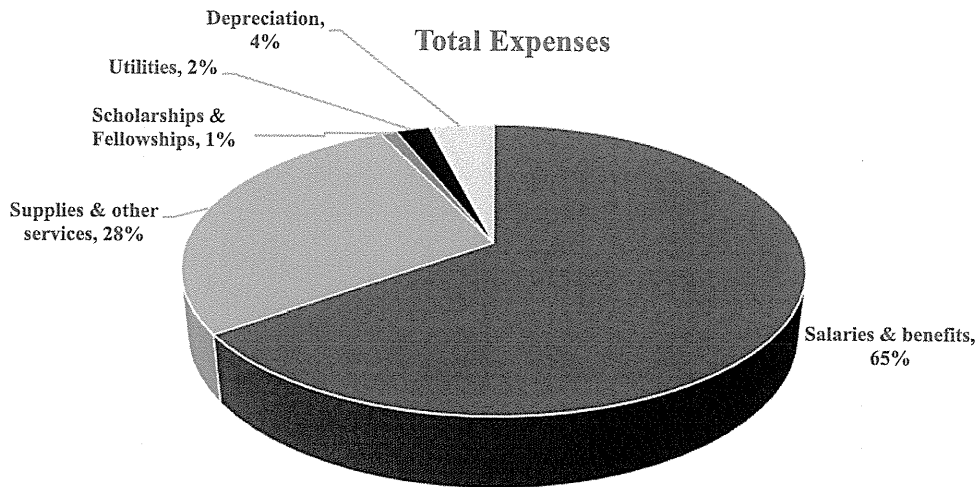
Approximately one-half of the operating revenues of the University are hospital patient care revenues. The remainder consists primarily of tuition and fees, grants and contracts, and auxiliary enterprise revenues. The following illustration presents the major sources of total University revenues (operating, nonoperating and other) for the current period:



University of South Alabama

Management's Discussion and Analysis (continued)

University expenses are presented using natural expense classifications. Salaries and benefits represent the majority of the University's operating expenses. The following illustration presents the University's operating expenses, including the hospitals, using natural classifications for the current period:



Capital Assets and Debt Administration

During the current period, construction and construction planning continued on a new professional medical office building, a medical office building in Fairhope, Alabama and a major upgrade of infrastructure on the University's main campus. Additionally, several other smaller construction and renovation projects at the University and Hospitals remained ongoing during the current period.

In June 2015, the University issued the University Facilities Revenue Capital Improvement Bond, Series 2015, with a face value of \$6,000,000. The proceeds of this bond are being used to fund the acquisition of certain property and the construction of certain facilities to be used by the USA Mitchell Cancer Institute.

In September 2016, the University issued its University Facilities Revenue Refunding Bonds, Series 2016, with a face value of \$85,605,000. The proceeds from the series 2016 bonds were used to partially defease the Series 2008 bonds. The funds were deposited into escrow trust funds to provide for the subsequent repayment of the Series 2008 bonds when

University of South Alabama

Management's Discussion and Analysis (continued)

they are called in December 2018. Neither the assets of the escrow trust account, nor the defeased indebtedness is included in the accompanying statement of net position. At the date of refunding, the principal outstanding on all defeased bonds was \$93,540,000 and the remaining undefeased portion was \$5,565,000. The refunding resulted in net present value savings of approximately \$15,016,000.

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

In order to realize debt service savings currently from future debt refunding, in January 2008, the University entered into a synthetic advance refunding of the outstanding Series 2004 and 2006 bonds. This transaction was effected through the sale of two swaptions by the University to the counterparty and resulted in an up-front payment to the University totaling \$9,328,000 in exchange for selling the counterparty the option to enter into an interest rate swap with respect to the Series 2004 and 2006 bonds. A portion of this payment was considered a borrowing and was included in the long-term liabilities of the University. The fair value component of the refunding associated with the swaps was considered an investment derivative and, as such, the change in the fair value component was reflected as a component of investment income (loss) in 2016 and 2015.

In December 2013, the counterparty exercised its option with respect to the 2004 swaption and forced the University into an underlying swap. The University refunded its Series 2004 bonds, and issued the 2014-A variable rate bond. As a result of the exercise of the option by the counterparty, the swaption was terminated and the borrowing arising from the Series 2004 swaption of \$1,696,000 and the investment derivative of \$5,213,000 were written off and an investment loss of \$2,229,000 was recognized. A liability arising from the 2014 swap of \$9,138,000 was recognized and is being amortized over the remaining term of the bond.

In September 2016, the counterparty exercised its option with respect to the 2006 swaption and forced the University into an underlying swap. As a result of the exercise of the option by the counterparty, the swaption was terminated and the borrowing arising from the Series 2006 swaption of \$6,939,000. The investment derivative of \$34,078,000 were written off and an investment loss of \$3,530,000 was recognized. A liability arising from the 2016 swap of \$48,530,000 was recognized and is being amortized over the remaining term of the bond.

University of South Alabama

Management's Discussion and Analysis (continued)

The University's bond credit rating is A1 as rated by Moody's Investors Services and A+ as rated by Standard and Poor's Rating Services. Neither rate changed during the first quarter of 2017.

Economic Outlook

While enrollment and tuition have both increased in recent years, state appropriations since 2010 have remained relatively flat.

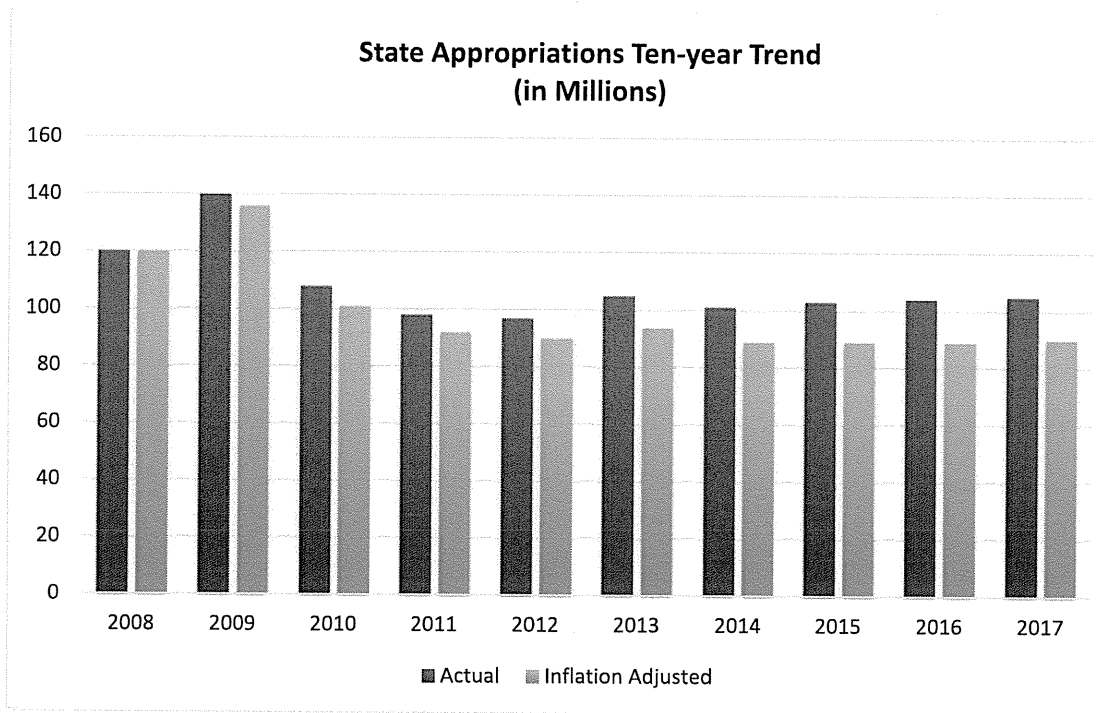
State appropriations in the amount of approximately \$105,024,000 and \$103,974,000 were authorized and received for the years ended September 30, 2016 and 2015, respectively.

A state appropriation in the amount of approximately \$107,285,000 has been authorized and is being received for the year ending September 30, 2017. This represents a \$2,261,000 increase from the fiscal 2016 appropriation received. While no announcement has been made, the University is aware that reductions in the 2017 appropriation are possible.

State appropriations (actual and adjusted for inflation) for the last ten years are illustrated below:

University of South Alabama

Management's Discussion and Analysis (continued)



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

Other than the issues presented above, University administration is not aware of any other currently known facts, decisions, or conditions that are expected to have a significant effect on the University's financial position or results of operations during fiscal year 2017 beyond those unknown variables having a global effect on virtually all types of business operations.

University of South Alabama

Statements of Net Position

December 31, 2016 and 2015

(In thousands)

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 60,669	\$ 51,920
Investments, at fair value	11,732	88,797
Net patient service receivables	48,383	29,995
Accounts receivable, affiliates	37	22,372
Accounts receivable, other	93,073	70,064
Notes receivable, net	6,599	473
Prepaid expenses, inventories and other	12,109	10,166
Total current assets	232,602	273,787
Noncurrent assets		
Restricted cash and cash equivalents	2,836	16,427
Restricted investments	55,105	55,038
Investments, at fair value	149,216	103,225
Accounts receivable	2,201	2,355
Notes receivable, net	529	5,270
Other noncurrent assets	33,353	23,240
Capital assets (net of accumulated depreciation)	663,416	619,481
Total noncurrent assets	906,656	825,036
Deferred outflows	52,248	22,842
Total assets and deferred outflows	1,191,506	1,121,665
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	60,264	50,116
Unrecognized revenue	75,296	87,350
Deposits	1,433	2,466
Current portion of long-term debt	24,708	18,227
Other current liabilities	3,310	914
Total current liabilities	165,011	159,073
Noncurrent liabilities		
Long-term debt	351,043	367,687
Net pension liability	329,294	297,734
Other long-term liabilities	71,067	52,571
Total noncurrent liabilities	751,404	717,992
Deferred inflows	37,670	35,891
Total liabilities and deferred inflows	954,085	912,956
Net position		
Net investment in capital assets	319,549	258,219
Restricted, nonexpendable		
Scholarships	24,240	21,404
Other	25,741	23,195
Restricted, expendable		
Scholarships	14,845	12,519
Other	41,505	44,298
Unrestricted	(188,459)	(150,926)
Total net position	\$ 237,421	\$ 208,709

See accompanying notes to basic financial statements.

University of South Alabama

Statements of Revenues, Expenses and Changes in Net Position

Three Months Ended December 31, 2016 and 2015

(In thousands)

	2016	2015
Revenues		
Operating revenues		
Tuition and fees (net of scholarship allowances)	\$ 53,316	\$ 49,531
Patient services and other (net of contractual allowances and bad debt expense)	90,635	69,747
Federal grants and contracts	3,447	3,644
State grants and contracts	1,256	1,636
Private grants and contracts	2,060	14,692
Auxiliary enterprises (net of scholarship allowances)	7,161	7,203
Other operating revenues	15,093	12,250
Total operating revenues	172,968	158,703
Expenses		
Operating expenses		
Salaries and benefits	118,749	118,459
Supplies and other services	51,027	44,795
Scholarships and fellowships	152	270
Utilities	3,823	3,688
Depreciation and amortization	9,032	8,691
Total operating expenses	182,783	175,903
Operating loss	(9,815)	(17,200)
Nonoperating revenues (expenses)		
State appropriations	26,821	26,244
Investment income and gains (losses) on investments	(1,013)	3,395
Interest on indebtedness	(3,201)	(3,810)
Other nonoperating revenues	6,167	3,949
Other nonoperating expenses	(2,242)	(1,719)
Net nonoperating revenues	26,532	28,059
Income before other revenues, expenses, gains or losses	16,717	10,859
Capital gifts and grants	313	963
Additions to endowment	2,397	1,835
Increase in net position	19,427	13,657
Net position		
Beginning of period	217,994	195,052
End of period	\$ 237,421	\$ 208,709

See accompanying notes to basic financial statements.

University of South Alabama

Statement of Cash Flows

Three Months Ended December 31, 2016 and 2015

(in thousands)

	2016	2015
Cash flows from operating activities:		
Receipts related to tuition and fees	\$ 16,078	\$ 11,984
Receipts from and on behalf of patients and third-party payers	92,533	71,434
Receipts from grants and contracts	8,949	18,817
Receipts related to auxiliary enterprises	1,903	2,878
Payments to suppliers and vendors	(52,257)	(45,134)
Payments to employees and related benefits	(122,255)	(147,845)
Payments for scholarships and fellowships	(153)	(270)
Other operating receipts	13,197	26,034
	(42,005)	(62,102)
Net cash used in operating activities		
Cash flows from noncapital financing activities:		
State appropriations	8,940	17,496
Endowment gifts	2,397	1,835
Agency funds received	398	-
Agency funds disbursed	(472)	(369)
Student loan program receipts	581	1,149
Student loan program disbursements	(600)	(1,047)
Other nonoperating revenues	10,707	27,946
Other nonoperating expenses	(2,242)	(1,718)
	19,709	45,292
Net cash provided by noncapital financing activities		
Cash flows from capital and related financing activities:		
Capital gifts and grants	314	962
Purchases of capital assets	(26,291)	(18,441)
Proceeds from issuance of capital debt	102,090	-
Principal payments on capital debt	(108,081)	(5,316)
Interest payments on capital debt	(3,560)	(2,703)
	(35,528)	(25,498)
Net cash used in capital and related financing activities		
Cash flows from investing activities:		
Interest and dividends on investments	7,068	2,266
Proceeds from sales of investments	7,971	-
Purchases of investments	(11,208)	(16,573)
	3,831	(14,307)
Net cash provided by (used in) investing activities		
Net decrease in cash and cash equivalents	(53,993)	(56,615)
Cash and cash equivalents (unrestricted and restricted):		
Beginning of year	117,498	124,962
End of period	\$ 63,505	\$ 68,347

University of South Alabama

Statement of Cash Flows

Three Months Ended December 31, 2016 and 2015

(in thousands)

	<u>2016</u>	<u>2015</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (9,815)	\$ (17,200)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	9,032	8,691
Changes in operating assets and liabilities, net:		
Student receivables	(51,775)	(49,419)
Net patient service receivables	(486)	1,752
Grants and contracts receivables	2,729	(551)
Other receivables	(6,459)	(31,396)
Prepaid expenses, inventories, and other	23	731
Accounts payable and accrued liabilities	2,125	(3,836)
Unrecognized revenue	12,621	29,126
Net cash used in operating activities	<u>\$ (42,005)</u>	<u>\$ (62,102)</u>

See accompanying notes to basic financial statements.

University of South Alabama
Notes to Financial Statements
December 31, 2016 and 2015

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

The University is also affiliated with the South Alabama Medical Science Foundation and the Gulf Coast Regional Care Organization. These entities are not considered a component unit of the University under the provisions of GASB Statement Nos. 14, 39 and 61.

GASB Statement No. 61 requires the University, as the primary government, to include in its basic financial statements, as a blended component unit, organizations that, even though they are legally separate entities, meet certain requirements as defined by GASB Statement No. 61. Based on these criteria, the University reports the Professional Liability Trust Fund, the General Liability Trust Fund and the USA HealthCare Management, LLC as blended component units. For quarterly reporting purposes, only the USA HealthCare Management, LLC is presented as a blended component unit in the basic financial statements of the University.

University of South Alabama
Notes to Financial Statements
December 31, 2016 and 2015

Professional Liability and General Liability Trust Funds

The medical malpractice liability of the University is maintained and managed in a separate professional liability trust fund (the PLTF) in which the University, USAHSF, SAMSF, and USA HealthCare Management, LLC are the only participants. In accordance with the bylaws of the trust fund, the president of the University is responsible for appointing members of the trust fund policy committee. Additionally, the general liability of the University is maintained and managed in a general liability trust fund (the GLTF) for which the University is responsible, as defined by GASB Statement No. 14. The PLTF and GLTF are separate legal entities which are governed by the University Board of Trustees through the University president.

USA HealthCare Management, LLC

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

University of South Alabama Foundation

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

USA Research and Technology Corporation

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

University of South Alabama
Notes to Financial Statements
December 31, 2016 and 2015

Measurement Focus and Basis of Accounting

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

Use of Estimates

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

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

Cash and Cash Equivalents

Cash and cash equivalents are defined as petty cash, demand accounts and any short-term investments that take on the character of cash. These investments generally, but not always, have maturities of less than three months and include repurchase agreements and money market accounts.

Investments and Investment Income

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

Derivatives

The University has adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 establishes a framework for

University of South Alabama Notes to Financial Statements December 31, 2016 and 2015

accounting and financial reporting related to derivative instruments, requiring the fair value of derivatives to be recognized in the basic financial statements.

The University entered into two interest rate swaptions in January 2008, the Series 2004 swaption and the Series 2006 swaption. As a result of entering into the swaptions, the University received up-front payments. Swaptions are considered hybrid instruments which are required to be bifurcated into the fair value of the derivative and a piece that reflects a borrowing for financial statement purposes, which will accrete interest over time.

In December 2013, the counterparty, Wells Fargo Bank, N. A. (Wells Fargo), exercised its option related to the Series 2004 swaption, and as a result, the University entered into an interest rate swap. As a result of the exercise of the option, the Series 2004 swaption was terminated. The resulting derivative is a “receive-variable, pay-fixed” interest rate swap. The University pays the counterparty a fixed semi-annual payment based on an annual rate of 4.9753% and receives on a monthly basis a variable payment of 68% of the one-month London Interbank Offered Rate (LIBOR) plus 0.25%. The change in the fair value of the swap is reported as a deferred inflow and derivative asset on the statement of net position since the interest rate swap is a hedging derivative.

In September 2016, the counterparty, Wells Fargo Bank, N. A. (Wells Fargo), exercised its option related to the Series 2006 swaption, and as a result, the University entered into an interest rate swap. As a result of the exercise of the option, the Series 2006 swaption was terminated. The resulting derivative is a “receive-variable, pay-fixed” interest rate swap. The University pays the counterparty a fixed semi-annual payment based on an annual rate of 5% and receives on a monthly basis a variable payment of 68% of the one-month London Interbank Offered Rate (LIBOR) plus 0.25%. The change in the fair value of the swap is reported as a deferred inflow and derivative asset on the statement of net position since the interest rate swap is a hedging derivative.

Accounts Receivable

Accounts receivable primarily result from net patient service revenue. Accounts receivable from affiliates primarily represent amounts due from USAHSF for salaries, and certain administrative and other support services. Accounts receivable – other includes amounts due from students, the federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University’s grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories

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

Capital Assets

Capital assets are recorded at cost, if purchased, or at fair value at date of donation. Depreciation is provided over the useful life of each class of depreciable asset using the straight-line method. Major renewals and renovations are capitalized. Costs for repairs and

University of South Alabama
Notes to Financial Statements
December 31, 2016 and 2015

maintenance are expensed when incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the gain or loss, if any, is included in nonoperating revenues (expenses) in the statements of revenues, expenses, and changes in net assets.

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

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

Certain buildings are componentized for depreciation purposes.

Interest costs for certain assets constructed are capitalized as a component of the cost of acquiring those assets.

Unrecognized Revenue

Student tuition, fees, and dormitory rentals are deferred and recognized over the applicable portion of each school term.

Classifications of Net Position

The University's net position is classified as follows:

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

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

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

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, net patient service revenue, sales and services of educational activities and auxiliary enterprises. Auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff. While unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees, they

University of South Alabama
Notes to Financial Statements
December 31, 2016 and 2015

are available for use at the discretion of the governing board, to meet current expenses for any purpose. Substantially all unrestricted net assets are designated for academic and research programs and initiatives, and capital programs.

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

Scholarship Allowances and Student Financial Aid

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

Donor Restricted Endowments

The University is subject to the "Uniform Prudent Management of Institutional Funds Act (UPMIFA)" of the Code of Alabama. This law allows the University, unless otherwise restricted by the donor, to spend net appreciation, realized and unrealized, on the endowment. The law also allows the University to appropriate for expenditure or accumulate to an endowment fund such amount as the University determines to be prudent for the purposes for which the endowment was established. The University's endowment spending policy provides that 5% of the three-year invested net assets moving average value (inclusive of net realized and unrealized gains and losses), as measured at September 30, is available annually for spending. The University's policy is to retain the endowment net interest and dividend income and net realized and unrealized appreciation with the endowment after distributions allowed by the spending policy have been made. These amounts, unless otherwise directed by the donor, are included in restricted, expendable net position.

Classification of Revenues

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

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

University of South Alabama
Notes to Financial Statements
December 31, 2016 and 2015

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

Gifts and Pledges

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

Grants and Contracts

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

Net Patient Service Revenue

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

Recently Adopted Accounting Pronouncements

In 2016, the University adopted the provisions of GASB Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides hierarchical guidance for determining fair value measurement for assets and liabilities for financial reporting purposes and also provides guidance for required disclosure related to fair value measurements

Compensated Absences

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

University of South Alabama
Notes to Financial Statements
December 31, 2016 and 2015

Reclassifications

Certain amounts in the 2015 basic financial statements have been reclassified in order to conform to 2016 classification.

2. Income Taxes

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

3. Cash

Pursuant to the Security for Alabama Funds Enhancement Act, funds on deposit may be placed in an institution designated as a qualified public depository (QPD) by the State of Alabama. QPD institutions pledge securities to a statewide collateral pool administered by the State Treasurer's office. Such financial institutions contribute to this collateral pool in amounts proportionate to the total amount of public fund deposits at their respective institutions. The securities are held at the Federal Reserve Bank and are designated for the State of Alabama. Additional collateral was not required for University funds on deposit with QPD institutions. At September 30, 2016, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately \$10,674,000,000.

4. Investments

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

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

Credit Risk and Concentration of Credit Risk

- (i) Non-Endowment Cash Pool Investment Policy

The University Investment Policies limit investment in corporate bonds to securities with a minimum "A" rating, at the time of purchase, by both Moody's

University of South Alabama
Notes to Financial Statements
December 31, 2016 and 2015

and Standard and Poor's. Investments in corporate paper are limited to issuers with a minimum quality rating of P-1 by Moody's, A-1 by Standard and Poor's or F-1 by Fitch.

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

(ii) Endowment Fund Investment Policy

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

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

Interest Rate Risk

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

5. Derivative Transactions - Swaption

In January 2008, the University entered into a synthetic advance refunding of the outstanding Series 2004 and 2006 bonds with a counterparty. This transaction was effected through the sale of two swaptions by the University to the counterparty. The transactions resulted in an up-front payment to the University totaling \$9,328,000 in exchange for selling the counterparty the option to enter into an interest rate swap with respect to the Series 2004 and 2006 bonds in 2014 and 2016, respectively.

Objective of the derivative transaction

The objective of this transaction is to realize debt service savings currently from future debt refunding and create an economic benefit to the University.

**University of South Alabama
Notes to Financial Statements
December 31, 2016 and 2015**

Terms

A summary of the transactions is as follow:

Issue	Date of Issue	Option Expiration Date	Effective Date of Swap	Termination Date	Payment Amount
Series 2004 bonds	2-Jan-08	16-Dec-13	15-Mar-14	15-Mar-24	\$ 1,988,000
Series 2006 bonds	2-Jan-08	1-Sep-16	1-Dec-16	1-Dec-36	7,340,000

As further discussed in note 8, in December 2013, the counterparty exercised its option with respect to the 2004 swaption. The University refunded its Series 2004 bonds, issued the Series 2014-A variable rate bond and terminated the Series 2004 swaption. As a result of this termination, the borrowing arising from the Series 2004 and the investment derivative were written off and an investment loss of \$2,229,000 was recognized and reported in the statements of revenues, expenses and changes in net position for the year ended September 30, 2014. A liability arising from the 2014 swap of \$9,138,000 was recognized and is reported, net of amortization, in the statement of net position.

As further discussed in note 8, in September 2016, the counterparty exercised its option with respect to the 2006 swaption. As a result of the exercise of the option by the counterparty, the swaption was terminated, the borrowing arising from the Series 2006 swaption of \$6,939,000 and the investment derivative of \$34,078,000 were written off, and an investment loss of \$3,530,000 was recognized and reported in the statement of revenues, expenses and changes in net position for the year ended September 30, 2016. An original borrowing arising from the 2016 swap of \$48,530,000 was recognized and is reported, net of current year amortization, in the statement of net position.

6. Line of Credit

In March 2015, the University entered into a variable rate revolving line of credit with Compass Bank for the purpose of funding certain property acquisitions of the University's health system. There is no cost to the University for the maintenance of the line of credit. Interest is accrued on outstanding amounts at a rate calculated at the London Interbank Offered Rate (LIBOR) plus 1%. At December 31, 2016, approximately \$3,433,789 was outstanding on the line of credit and is reported as debt in the current liabilities section of the statement of net position.

In March 2016, the University entered into a variable interest rate revolving line of credit with Compass Bank to fund certain capital improvements of the USA Health System. The total amount available under the line of credit is \$30,000,000 and interest on the outstanding amounts accrue at the rate of sixty-five percent of the London Interbank

University of South Alabama
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Offered Rate (LIBOR) plus seventy-seven basis points with a maturity date of June 10, 2018. The amount outstanding at December 31, 2016 is \$50,000 and is reported as debt in the current liabilities section of the statement of net position.

7. Capital Lease Payable

In April 2015, the University signed a seven-year purchase agreement as a method of financing the purchase of certain computer software and hardware for the USA Health System. In July 2015, the University also signed a second seven-year purchase agreement as a method of financing additional laboratory software and hardware for the USA Health System. In September 2016, the University signed a six-year purchase agreement as a method of financing the purchase of certain hospital equipment for the USA Health System.

8. Bonds Payable

Bonds payable consisted of the following at the end of the current period:

University Tuition Revenue Bonds, Series 1999 Capital Appreciation, 4.7% to 5.25%, payable November 2011 through November 2018.

University Facilities Revenue Capital Improvement Bonds, Series 2008, 3.00% to 5.00%, payable through November 2018.

University Facilities Revenue Capital Improvement Bond, Series 2010, 3.81%, payable through August 2030.

University Facilities Revenue Capital Improvement Bond, Series 2012-A, 2.92%, payable through August 2032.

University Facilities Revenue Capital Improvement Bond, Series 2012-B, 2.14%, payable through February 2018.

University Facilities Revenue Capital Improvement Bond, Series 2013-A, 2.83% payable through August 2033.

University Facilities Revenue Capital Improvement Bond, Series 2013-B, 2.83% payable through August 2033.

University Facilities Revenue Capital Improvement Bond, Series 2013-C, 2.78% payable through August 2025.

University Facilities Revenue Refunding Bond, Series 2014-A, variable rate payable at 68% of LIBOR plus 0.73%, payable through March 2024.

University Facilities Revenue Capital Improvement Bond, Series 2015, 2.47% payable through August 2030.

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University Facilities Revenue Refunding Bonds, Series 2016, 3.00% to 5.00% payable through November 2037.

University Facilities Revenue Refunding Bond, Series 2016-B, variable rate payable at 68% of LIBOR plus 0.72%, payable through December 2036

University Facilities Revenue Refunding Bond, Series 2016-C, variable rate payable at 68% of LIBOR plus 0.77%, payable through December 2036

University Facilities Revenue Refunding Bond, Series 2016-D, variable rate payable at 68% of LIBOR plus 0.83%, payable through December 2036

Substantially all student tuition and fee and auxiliary revenues secure University bonds. Additionally, security for all bonds include Children's and Women's Hospital revenues in an amount not exceeding \$10,000,000. Series 1999 Capital Appreciation Bonds began maturing in November 2011. Series 1999 Bonds are not redeemable prior to maturity. Series 2006 Bonds begin maturing in December 2024 and are redeemable beginning in December 2016. Series 2008 Bonds began maturing in August 2009 and are redeemable beginning in September 2018. The Series 2010 Bond began maturing in August 2011 and is redeemable beginning in February 2020. The 2012-A and 2012-B Bonds began maturing in August 2013. The 2012-A Bond is redeemable beginning in August 2021. The 2012-B Bond is redeemable at any time. The 2013-A, 2013-B and 2013-C Bonds began maturing in August 2014 and are redeemable beginning in June 2023. The Series 2014-A bond began maturing in March 2015 and is redeemable at any time. The Series 2015 bond began maturing in August 2015 and is redeemable beginning in June 2020. The Series 2016A bonds will begin maturing in November 2018 and are redeemable in November 2026. The Series 2016B, C and D bonds will begin maturing in December 2024.

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

The University is subject to restrictive covenants related to certain note and bonds payable. As of the end of the current period, management believes the University was in compliance with such financial covenants.

9. Net Patient Service Revenue

The Hospitals have agreements with governmental and other third-party payers that provide for reimbursement at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospitals' billings at established rates for services and amounts reimbursed by third-party payers.

University of South Alabama
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A summary of the basis of reimbursement with major-third party payers follows:

Medicare – Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Additionally, the Health System is reimbursed for both direct and indirect medical education costs (as defined), principally based on per-resident prospective payment amounts and certain adjustments to prospective rate-per-discharge operating reimbursement payments. The Health System is generally reimbursed for certain retroactively settled items at tentative rates, with final settlement determined after submission of annual cost reports by the Health System and audits by the Medicare fiscal intermediary.

During fiscal year 2016, USA Medical Center received a final settled 2012 cost report. The USA Medical Center amended its 2013 cost report and it is still not audited or settled and we have received no status update on the report. The 2014 cost report was amended in December 2015. The 2015 cost report was initially filed in February 2016 and amended in August 2016. Both the 2014 and 2015 cost reports are in the audit process. The 2016 cost report was filed in February 2016

During fiscal year 2016, USA Children's & Women's Hospital's 2012 cost report was reopened and resettled. The 2013 cost report was settled in October 2015 and re-opened in August 2016 per our request. The 2013, 2014 and 2015 cost reports are in the audit process.

Blue Cross – Inpatient services rendered to Blue Cross subscribers are paid at a prospectively determined per diem rate. Outpatient services are reimbursed under a cost reimbursement methodology. For outpatient services, the Health System is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Health System and audits thereof by Blue Cross. The 2014 Blue Cross settlement for USA Children's & Women's Hospital was filed and reserved in 2015. It was repaid in installments during 2016. The 2015 Cost Finding was prepared and filed in 2016 with the anticipated settlement being fully reserved. As of September 30, 2016, the 2015 Cost Finding was not completed by BCBS. For 2016, the BCBS Retro Reserve is estimated to be a payable and reserved in the Retro Settlement Account. The Blue Cross 2015 retroactive settlement for USA Medical Center was filed in 2016 and a settlement was received in October 2016.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at all-inclusive prospectively determined per diem rates. Outpatient services are reimbursed based on an established fee schedule.

The Hospitals qualify as Medicaid essential providers and, therefore, also receive supplemental payments based on formulas established by the Alabama Medicaid Agency.

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There can be no assurance that the Hospitals will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified.

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

10. Derivative Transaction – Interest Rate Swaps

The University is a party to two derivatives with Wells Fargo Bank, the counterparty. As more fully described in note 5, in December 2013, Wells Fargo exercised its option with respect to the synthetic advance refunding of the Series 2004 bonds to enter into an interest rate swap agreement with the University with an effective date of March 15, 2014. The resulting derivative is a “receive-variable, pay-fixed” interest rate swap. As part of the overall plan of the synthetic refunding of the 2004 bonds, the University redeemed those bonds in April 2014 with proceeds from the 2014-A bond.

In September 2016, Wells Fargo exercised its option with respect to the synthetic advance refunding of the Series 2006 bonds to enter into an interest rate swap agreement with the University with an effective date of September 1, 2016. The resulting derivative is a “receive-variable, pay-fixed” interest rate swap.

Objective of the transactions. As noted, both interest rate swaps were the result of the original January 2008 synthetic advance refunding of the Series 2004 and Series 2006 bonds. The objective of these transactions was to realize debt service savings currently from future debt refunding and create an economic benefit to the University.

The 2014 swap will terminate in March 2024, when the 2014-A bond matures. The notional amount of the swap will at all times match the outstanding principal amount of the bond. Under the swap, the University pays the counterparty a fixed semi-annual payment based on an annual rate of 4.9753% and receives on a monthly basis a variable payment of 68% of the one-month London Interbank Offered Rate (LIBOR) plus 0.25%. Conversely, the Series 2014-A bond bears interest on a monthly basis at 68% of the one-month LIBOR rate plus 0.73%.

The 2016 swap will terminate in December 2036, when the 2006 bond matures. The notional amount of the swap will at all times match the outstanding principal amount of the bond. Under the swap, the University pays the counterparty a fixed semi-annual payment based on an annual rate of 5% and receives on a monthly basis a variable payment of 68% of the one-month London Interbank Offered Rate (LIBOR) plus 0.25%. Conversely, the Series 2016-B, C and D bonds bear a weighted interest on a monthly basis at 68% of the one-month LIBOR rate plus 0.79%.

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Fair value. The 2014 interest rate swap had a negative fair value of approximately \$(9,138,000) at its inception. This amount, net of any amortization, is reported as a borrowing arising from the 2014 interest rate swap as a long-term liability in the amount of \$6,854,000 in the 2016 statement of net position. The change in the fair value of the swap, \$609,000, at September 30, 2016, is reported as a deferred inflow and derivative asset on the statement of net position since the interest rate swap is a hedging derivative instrument.

The 2016 interest rate swap had a negative fair value of approximately \$(48,530,000) at its inception. This amount, net of any amortization, is reported as a borrowing arising from the 2016 interest rate swap as a long-term liability in the amount of \$40,849,000 the 2016 statement of net position. The change in the fair value of the swap, \$637,000, at September 30, 2016, is reported as a deferred inflow and derivative asset on the statement of net position since the interest rate swap is a hedging derivative instrument.

The fair value of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement.

Risks Associated with this Transaction

Interest rate risk. As the LIBOR rate decreases, the net payment on the swap increases. This, however, is mitigated by the fact that a decline in the LIBOR rate will also result in a decrease of the University's interest payment on the Series 2014-A bond. The University's exposure is limited to 0.48% of the notional amount, the difference in the payment from the counterparty and the interest payment on the 2014-A bond.

Credit risk. As of September 30, 2016, the University was not exposed to credit risk on the interest rate swap because it had a negative fair value. However, if interest rates change and the fair value of the derivative becomes positive, the University would have a gross exposure to credit risk in the amount of the derivative's fair value. The counterparty was rated Aa2 by Moody's Investor Services and AA – by Standard & Poor's Ratings Services as of September 30, 2016.

Termination risk. The University may be required to terminate the swap based on certain standard default and termination events, such as failure to make payments, breach of agreement, and bankruptcy. As of the current date, no events of termination have occurred.

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11. Employee Benefits

Retirement and Pension Plans

Employees of the University are covered by two pension plans: a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement System of the State of Alabama (TRS), and a defined contribution pension plan.

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after ten years of creditable service. TRS members who retire after age sixty with ten years or more creditable service or with twenty-five years of services (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or formula method, with the member receiving payment under the method that yields the higher monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest three of the last ten years) for each year of service. Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age sixty-two with ten years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest five of the last ten years) for each year of service. Members are eligible for disability retirement if they have ten years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated 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.

Tier 1 covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Tier 1 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.

The defined contribution pension plan covers certain academic and administrative employees employed prior to October 1, 2009, and participation by eligible employees is optional. Under this plan, administered by Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF), contributions by eligible employees are matched equally by the University up to a maximum of 3% of current annual pay.

University of South Alabama
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Employees of the LLC may, at their option, participate in a defined contribution plan. Under this plan, eligible employees may make contributions to the plan which are matched, dollar-for-dollar, by the LLC up to 5% of compensation.

In 2015, the University adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. GASB Statement No. 68 changes accounting and financial reporting for entities participating in a cost sharing plan. GASB Statement No. 68 required the University to record its share, as determined by an independent actuary, of the net unfunded pension liability, and its share of the changes in the net pension liability. The adoption of the provisions of GASB Statement No. 68 required that the University book its share of unfunded net pension liability and therefore resulted in a \$313,737,000 decrease in unrestricted net position.

Compensated Absences

Regular University employees accumulate vacation and sick leave and hospital and clinical employees accumulate paid time off. These are subject to maximum limitations, at varying rates depending upon their employee classification and length of service. Upon termination of employment, employees that were hired before 1/1/2012 are paid all unused accrued vacation and paid time off at their regular rate of pay up to a maximum of two times their annual accumulation rate. No accrual is recognized for sick leave benefits since no terminal cash benefit is available to employees for accumulated sick leave.

Other Postretirement Employee Benefits

In September 2003, the State of Alabama Legislature passed legislation that requires all colleges and universities to fund the healthcare premiums of its participating retirees. In prior years, such costs have been paid by the State. Beginning in October 2003, the University has been assessed a monthly premium by the Public Education Employees' Health Insurance Plan (PEEHIP) based on the number of retirees in the system and an actuarially determined premium.

12. Risk Management

The University, USAHSF, SAMSF and the LLC participate in the professional liability trust fund and the University and the HSF, SAMSF, RTC and LLC participates in the general liability trust fund. Both funds are administered by an independent trustee. These trust funds are revocable and use contributions by the University, USAHSF and the LLC, together with earnings thereon, to pay liabilities arising from the performance of its employees, trustees and other individuals acting on behalf of the University. If the trust funds are ever terminated, appropriate provision for payment of related claims will be made and any remaining balance will be distributed to the University, USAHSF and the LLC in proportion to contributions made.

Claims and expenses are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims

University of South Alabama
Notes to Financial Statements
December 31, 2016 and 2015

that have been incurred but not reported and the future costs of handling claims. These liabilities are generally based on actuarial valuations and are reported at their present value.

The University and LLC participate in a self-insured health plan, administered by an unaffiliated entity. Contributions by the University and the LLC and their employees, together with earnings thereon, are used to pay liabilities arising from healthcare claims. It is the opinion of University administration that plan assets are sufficient to meet future plan obligations.

13. Other Related Parties

The South Alabama Medical Science Foundation (SAMSF) is a not-for-profit corporation that exists for the purpose of promoting education and research at the University. SAMSF reimburses the University for certain administrative expenses and other related support services.

14. Commitments and Contingencies

Grants and Contracts

The University had been awarded certain amounts in grants and contracts for which resources had not been received and for which reimbursable expenditures had not been made for the purposes specified. These awards, which represent commitments of sponsors to provide funds for research or training projects, have not been reflected in the accompanying basic financial statements as the eligibility requirements of the award have not been met. Advances include amounts received from grant and contract sponsors which have not been earned under the terms of the agreements and, therefore, have not yet been included in revenues in the accompanying basic financial statements. Federal awards are subject to audit by Federal agencies. The University's management believes any adjustment from such audits will not be material.

Letters of Credit

In connection with the Hospitals' participation in the State of Alabama Medicaid Program, the University has established a \$77,000 irrevocable standby letter of credit with Wells Fargo Bank. The Alabama Medicaid Agency is the beneficiary of this letter of credit. No funds are currently advanced under this letter.

In connection with the establishment of the RCO, the LLC has established a \$1,689,000 irrevocable standby letter of credit with Hancock Bank. The Alabama Medicaid Agency is the beneficiary of this letter of credit. No funds are currently advanced under this letter.

HCM Commitment

In September 2016, the HCM entered into a commitment to the RCO. This letter commits the HCM to contribute cash or other assets to the RCO only upon the execution of a contract between the RCO and the Alabama Medicaid Agency to provide medical services to

University of South Alabama
Notes to Financial Statements
December 31, 2016 and 2015

Medicaid patients on a capitated basis. The amount of the commitment is \$6,644,000. No funds are currently advanced under this commitment.

Federal Program Review

In November 2014, the University was the subject of a program review conducted by the U.S. Department of Education. The program review assessed the University's administration of Title IV, HEA programs for the 2013-2014 fiscal year and the first two months of the 2015 fiscal year. A draft report has been subsequently received by the University and a response to this draft has been sent to the U.S. Department of Education. No final report has been issued. Management believes that there will be no liability to the University beyond what which is reported in the financial statements.

Litigation

Various claims have been filed against the University alleging discriminatory employment practices and other matters. University administration and legal counsel are of the opinion the resolution of these matters will not have a material effect on the financial position or the statement of revenues, expenses, and changes in net assets of the University.

Rent Supplement Agreement

The University has entered into two irrevocable rent supplement agreements with the Corporation and a financial institution. These agreements require that, in the event the Corporation fails to maintain a debt service coverage ratio of one to one with respect to all of its outstanding indebtedness, the University will pay to the Corporation any and all rent amounts necessary to cause the Corporation's net operating income to be equal to the Corporation's annual debt service obligations. As of the end of the current period, no amounts were payable pursuant to these agreements.

State Bond Issue

The State of Alabama has made allocations to the University from bonds issued in prior years. Pursuant to the allocations, funds are available to the University for certain future construction costs. The allocations have been reflected as revenue in the accompanying financial statements to the extent they have been incurred and approved by the State.

15. Significant New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 changes accounting and financial reporting for entities which participate in plans providing postemployment benefits other than pensions and will be effective for the University's year ending September 30, 2018. In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose specific information about the agreements. This statement will be effective for the University beginning with the fiscal year ending September 30, 2017. In December 2015, the GASB issued Statement No. 78, *Pensions*

University of South Alabama
Notes to Financial Statements
December 31, 2016 and 2015

Provided through Certain Multiple-Employer Defined Benefit Pension Plans. This statement amends Statement No. 68 to exclude pensions that are not governmental pension plans and establishes requirements for the recognition and measurement of non-governmental pension plans that are offered to government employees. Also in December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial statement purposes. Both statements No. 78 and 79 will be effective for the University beginning with the fiscal year ending September 30, 2017. In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*. This statement will be effective for the University of South Alabama (USA) beginning with the fiscal year ending September 30, 2017. Statement 80 amends the blending requirements for financial statement presentation and requires the blending of a component unit that is incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements* and Statement No. 82, *Pension Issues*. Both statements will be effective for the University of South Alabama (USA) beginning with the fiscal year ending September 30, 2017. Statement No. 81 changes the reporting requirements for gifts given to the University in which USA is a beneficiary of a split-interest agreement. Statement No. 82 was issued to address certain issues that have been raised from Statements No. 67, 68 and 73 and clarifies the presentation of payroll-related measures in the required supplementary information, the selection of assumptions and treatment of deviations from the guidance, and the classification of payments made by employers to satisfy employee contribution requirements.

The effect of the implementation of GASB Statements Nos. 75, 80, 81 and 82 on the University has not yet been determined.

Statement Nos. 77, 78, and 79 will not have an impact on the University's financial statements.

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



AUDIT

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

AUDIT COMMITTEE

December 1, 2016

2:39 p.m.

A meeting of the Audit Committee of the University of South Alabama Board of Trustees was duly convened by Mr. John Peek, Chair, on Thursday, December 1, 2016, at 2:39 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Ron Jenkins, Bryant Mixon, John Peek and Jimmy Shumock.

Member Absent: Scott Charlton.

Other Trustees: Alexis Atkins, Chandra Brown Stewart, Tom Corcoran, Steve Furr, Bettye Maye, Arlene Mitchell, Ken Simon, Steve Stokes and Jim Yance.

Administration and Others: Owen Bailey, Valencia Bell and Eileen McGinn (KPMG), Lynne Chronister, Josh Crownover (SGA), Joel Erdmann, Monica Ezell, Mike Finan, Sam Fisher (Faculty Senate), Happy Fulford, Mike Haskins, David Johnson, John Marymont, Mike Mitchell, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Peek called for consideration of the minutes of the meeting held on September 8, 2016. On motion by Sheriff Mixon, seconded by Mr. Shumock, the minutes were adopted unanimously.

Mr. Peek introduced Ms. Eileen McGinn and Ms. Valencia Bell for presentation of **ITEM 10**, the KPMG audit reports for the year ended September 30, 2016. Ms. McGinn acknowledged the hard work of Mr. Weldon, Ms. Stokley and budget staff members to complete the audit process by November 15 and she gave an overview of the responsibilities of University management, the Audit Committee and the auditors. She addressed KPMG's role relative to fraud and advised that the audit team did not have concerns about USA's fraud-reporting environment. She delivered the required communications, among which she noted the management fully cooperated and granted full access to all books and records; no disagreements with management; KPMG's status as an independent agent; and the existence of two passed audit differences. Mr. Peek asked for clarification on the passed audit differences and Ms. McGinn explained that they were offsetting items that netted to \$347,000 and were the result of an under-recognition of the loss on valuation of the swaption transaction that occurred in 2008 and of not deferring a portion of the loss on the subsequent refunding transaction that took place in September 2016. Due to the relative immaterial impact of those amounts, as well as the short timeframe for concluding the audit, she advised the University would post these entries in the first quarter of

fiscal year 2017-2018 rather than showing adjustments to the September 30, 2016, financial statements. She added KPMG does not have lingering concerns about the controls regarding this activity.

Mr. Yance asked if the net assets and liabilities reported reflected the University's share of the underfunded pension liability for the Retirement Systems of Alabama. Ms. McGinn and Mr. Weldon affirmed the posting of this information. Mr. Weldon added this was the second year of meeting this reporting requirement.

Ms. McGinn said KPMG gave an unqualified opinion on the University's financial statements. She stated material weaknesses in internal controls were not identified. She said the A-133 audit relating to federal funding, which includes examination of research and development, student financial aid and Medicaid support, was completed with no findings. In closing, she discussed that the financial statements also reflect implementation of GASB 72, a new requirement of the Governmental Accounting Standards Board which regards disclosure of fair values on investments. Mr. Weldon cautioned the Audit Committee to expect a new standard similar to GASB 68 that would deal with underfunded health insurance liability.

There being no further business, the meeting was adjourned at 2:56 p.m.

Respectfully submitted:

John M. Peek, Chair



**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT**

Statement of Revenue and Expenditures

Year ended September 30, 2016

(With Report of Independent Accountants on
Applying Agreed-Upon Procedures Thereon)

**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT**

Year ended September 30, 2016

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KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201-2127

Report of Independent Accountants on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by management of the University of South Alabama (the University), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenditures for the University of South Alabama Intercollegiate Athletics Department (the Athletics Department) for the year ended September 30, 2016 (the Statement) is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15. The University's management is responsible for the Statement and the Statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of the University. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

Statement of Revenues and Expenditures – Agreed-Upon Procedures

- (a) We obtained the Statement as prepared by management and shown in Exhibit A. We verified the mathematical accuracy of the Statement and compared the amounts on the Statement to corresponding amounts in the University's general ledger for the year ended September 30, 2016 after considering eliminating entries between the University and the Jaguar Athletic Fund. All amounts on the Statement agreed to the general ledger.
- (b) We compared actual Athletics Department revenues and expenditures per the University's general ledger for the year ended September 30, 2016 to 2016 budgeted amounts for any revenues or expenditures that were over 10% or total revenues or expenditures, respectively, and inquired of Athletics Department management as to variances greater than \$1 million or 10% as compared to prior year budgeted amounts. We also compared actual Athletics Department revenues and expenditures per the University's 2016 general ledger to actual Athletics Department revenues and expenditures per the University's 2015 general ledger for any revenues or expenditures that were over 10% or total revenues or expenditures, respectively, and inquired of Athletics Department management as to variances greater than \$1 million or 10% as compared to 2015 amounts. Management provided explanations for all variances which exceeded the identified scope (see Exhibit B for explanations).
- (c) University management provided a summary of the University's internal control unique to the Athletics Department. We read the summary documents that include information regarding the general control environment and internal control procedures unique to intercollegiate athletics which assist in ensuring that recorded revenues and expenditures in the Statement are complete and accurate and expenditures are properly authorized.



- (d) We performed the following procedures on operating revenues as presented in Exhibit A:
- (i.) Ticket sales – We obtained a detail of ticket sales revenue and agreed the detail for Men’s Football, Men’s Baseball, Men’s Basketball, Women’s Softball, Women’s Soccer, and Women’s Basketball per the University’s adjusted 2016 general ledger and the Statement to the related ticket sales registers, noting that the adjusted general ledger and ticket sales registers agreed to within a difference of \$58. In addition, we agreed a sample of four items to supporting documentation as applicable, noting no exceptions.
 - (ii.) Student fees – In accordance with the internal allocation approved by University management, the University has an all inclusive rate per semester hour. Athletics receives fees equal to the prior year actual amounts, plus or minus growth in total credit hours multiplied by change in tuition. We recalculated the University’s allocation of total student fees to Athletics to within management’s 1% acceptable tolerable range.
 - (iii.) Guarantees – We obtained a detail of revenue guarantees paid to the University during 2016 noting that revenue guarantees related principally to Men’s Basketball and Men’s Football. We agreed the detail to the 2016 general ledger and to the Statement without exception. We obtained copies of signed agreements or other supporting documentation with University of Alabama Birmingham, Mississippi State University, the Gazelle Group Inc., and Grand Canyon University, and noted that the terms of the contracts or other supporting documentation supported the revenue recorded on the Statement. The amounts examined comprised 94% of the total current year guarantees.
 - (iv.) Contributions – We obtained a listing of 2016 contributions received by the University and agreed the listing to the 2016 general ledger and to the Statement without exception. We noted that the University did not receive any individual contributions in excess of 10% of total contributions.
 - (v.) Direct state or other government support – We noted that there were no direct state or other government support amounts related to Athletics received in fiscal year 2016.
 - (vi.) Direct institutional support – We obtained the supporting schedules for 2016 direct institutional support related to Athletics. Additionally, we recalculated the total institutional support based on management’s methodology to within management’s 1% acceptable tolerable range.
 - (vii.) NCAA/conference distributions, including all tournament revenues – We obtained a detail of NCAA and conference distributions and agreed the detail to the 2016 general ledger and to the Statement and selected 95% and 89%, respectively, of the total dollar amount of the remittances from the NCAA and Sunbelt Conference for testing. We compared amounts to examined check copies, wire remittances, or other supporting documentation for each of the amounts received, noting no exceptions.
 - (viii.) Program sales, concessions, novelty sales, and parking – We obtained a detail of program sales, concessions, novelty sales, and parking and agreed the detail to the 2016 general ledger and to the Statement, noting no exceptions. We agreed a sample of three revenue receipts to bursar receipt, journal entry, or other supporting documentation as applicable without exception.
 - (ix.) Royalties, licensing, advertisements and sponsorships – We obtained a detail of royalties, licensing, advertisements and sponsorships and agreed the detail to the 2016 general ledger and to the Statement. We agreed a sample of four revenue receipts to bursar receipt, journal entry, and other supporting documentation as applicable without exception. The amounts tested constitute 10% of the revenue for this line item on the Statement. We verified that revenue



related to these contractual agreements was recognized appropriately in fiscal year 2016 in accordance with the agreements, noting no exceptions.

- (x.) Other – We obtained a detail of 2016 other income received by the Athletics Department and agreed it to the 2016 general ledger and to the Statement without exception. We agreed a sample of five items to deposit receipts, journal entry, or other supporting documentation as necessary without exception.
- (e) We performed the following procedures on operating expenditures, as presented in Exhibit A:
 - (i.) Athletics student aid – We obtained a detail of the students receiving athletic student aid during 2016, recalculated its mathematical accuracy and agreed total amounts to the 2016 general ledger and to the Statement without exception. As the University uses the NCAA Compliance Assistance Software, we selected 10% of the student athletes (31 student athletes). (student numbers J00449616, J00520403, J00558623, J00521550, J00503664, J00527577, J00539880, J00458730, J00587015, J00573144, J00553398, J00497509, J00523876, J00584416, J00553131, J00513405, J00512176, J00556348, J00565835, J00442983, J00495872, J00531748, J00409773, J00553899, J00574483, J00468416, J00496181, J00560673, J00424939, J00527617, and J00495104) and compared those individual student’s financial aid awards to their student accounts to ensure that the student account appropriately reflected the student aid, and that the awards did not exceed the student’s cost of attendance, noting no exceptions.
 - (ii.) Guarantees – We obtained a detail of 2016 guarantee expenditures and agreed the detail to the 2016 general ledger and to the Statement without exception. We obtained individual contracts with Southern University for \$8,500, Auburn University at Montgomery for \$5,000, Spring Hill College for \$2,000 and \$6,000 and Nicholls State University for \$250,000 and agreed amounts per the contracts to the general ledger, noting no exceptions.
 - (iii.) Coaching/support staff/administrative salaries, benefits, and bonuses – We selected ten coaches – Men’s Basketball Asst. Coach (employee ID J00505122), Football Asst. Coach (employee ID J00555009), Head Women’s Golf Coach (employee ID J00574700) Head Baseball Coach (employee ID J00378227), Women’s Basketball Asst. Coach (employee ID J00497500), Head Football Coach (employee ID J00230847), Head Women’s Tennis Coach (employee ID J00093576), Asst. Football Coach (employee ID J00249680), Head Women’s Softball Coach (employee ID J00214405), and Head Volleyball Coach (employee ID J00450162), and ten athletic administrators – (employee ID J00464149, J00443842, J00406288, J00106778, J00417362, J00262984, J00304260, J00523132, J00271705, and J00042303). For each of the employees, we compared the employee’s wages per the payroll register to supporting documentation in the employee’s personnel file, noting no exceptions.
 - (iv.) All other expenditures – We selected fifty-three individual vouchers from the 2016 fiscal year within the following expenditure categories: recruiting; team travel; equipment, uniforms, and supplies; game expenses; fund-raising, marketing, and promotions; direct facilities, maintenance and rentals; spirit groups; medical expense and medical insurance; membership and dues; student athlete meals; athletic facilities debt service, leases, and rental fees; and other. We examined invoice copies and direct pay requests or purchase orders (where applicable) for the expenditures on the vouchers in the table below, which comprise approximately 12% of the expenditures not included in the categories listed in (e)(i.), (e)(ii.), and (e)(iii.) noting that amounts per the vouchers agreed to the invoice copies and direct pay request or purchase order without exception.



<u>Number</u>	<u>Voucher no.</u>	<u>Number</u>	<u>Voucher no.</u>
1	I1161118	28	I1075748
2	I1134504	29	I1053154
3	I1057885	30	I1084953
4	I1161853	31	Z0160452
5	I1152744	32	I1091025
6	J0125007	33	I1134011
7	I1052845	34	I1091619
8	I1152103	35	I1060825
9	J0120417	36	J0119976
10	I1148024	37	I1135992
11	I1134962	38	I1095950
12	I1128891	39	I1042790
13	ZA162194	40	I1043630
14	I1056900	41	I1046498
15	I1067083	42	I1072028
16	I1094219	43	J0124973
17	I1091779	44	J0123315
18	I1045680	45	I1107301
19	I1143728	46	I1069187
20	J0131646	47	I1049099
21	I1047269	48	I1053128
22	I1046196	49	I1071447
23	I1048336	50	J0124390
24	I1151650	51	I1114874
25	I1109786	52	I1113614
26	I1054197	53	I1145431
27	I1066094		

(f) Additional Minimum Agreed-Upon Procedures:

- (a) We compared and agreed the sports reported in the NCAA Membership Financial Reporting System by the Athletics Department to the equivalent grant award for countable players total stated in the Athletics Department's squad list. Discrepancies below between the University squad listing and the NCAA Membership Financial Reporting System are due to information reported on the squad listing being based on the participants on the roster as of the first day of practice and the NCAA Membership Financial Reporting System being based on the first day of competition.

Football Squad List = 150; NCAA Reporting System = 121

Women's Basketball Squad List Equivalent Award = 16; NCAA Reporting System = 14

Women's Softball Squad List = 25; NCAA Reporting System = 23

Women's Track Indoor Squad List = 39; NCAA Reporting System = 42

Women's Track Outdoor Squad List = 41; NCAA Reporting System = 42

Women's Volleyball Squad List = 18; NCAA Reporting System = 17



- (b) We obtained the University's sports sponsorship and demographics forms report and validated that the countable sports reported met the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. We ensured that the University properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

* * * * *

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenues and Expenditures for the University of South Alabama Intercollegiate Athletics Department for the year ended September 30, 2016 (Exhibit A). Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is solely for the information and use of management of the University and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 13, 2017

**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT**

Exhibit A

Statement of Revenues and Expenditures

Year ended September 30, 2016

(Unaudited)

NCAA description	Nonprogram specific	Men's Baseball	Men's Basketball	Men's Golf	Men's Tennis	Men's Track	Men's Football	Women's Basketball	Women's Golf	Women's Soccer	Women's Tennis	Women's Track	Women's Volleyball	Women's Softball	Total
Operating revenues:															
Ticket sales	\$ 4,944	60,080	127,286	—	—	—	474,060	2,624	—	—	—	—	—	33,831	702,825
Student fees	—	221,777	101,384	57,028	57,028	627,313	6,930,808	88,711	50,692	145,739	57,028	595,631	107,720	133,066	9,173,925
Guarantees	150,000	2,500	100,000	—	—	—	150,000	28,500	—	—	—	—	3,800	—	434,800
Contributions	1,984,854	32,278	15,300	12,200	3,200	9,940	50,050	1,350	5,200	3,455	1,950	—	4,534	12,292	2,135,703
Direct institutional support	4,437,439	838,851	1,353,876	236,826	234,919	—	621,861	1,114,154	201,911	549,387	325,301	—	549,386	—	11,061,043
NCAA distributions	—	64,275	29,383	16,528	16,528	181,807	222,208	25,710	14,691	42,238	16,528	172,625	24,804	31,219	872,305
Conference distributions (Nonmedia or Bowl)	—	96,459	44,096	24,804	24,804	272,841	333,473	38,584	22,048	63,387	24,804	259,062	46,852	57,875	1,309,089
Program sales, concessions, novelty sales, and parking	—	3,789	—	—	—	—	118,881	—	—	—	—	—	—	—	123,015
Royalties, licensing, advertisements, and sponsorships	34,873	159,000	202,150	—	—	75	9,207	—	—	—	—	—	—	—	405,305
Endowment and investment income	4,522	—	—	—	—	—	—	—	—	—	—	—	—	—	4,522
Other	841,466	22,089	70	32,950	—	26,110	200	—	8,650	—	—	—	—	30,358	961,893
Total operating revenues	7,458,098	1,501,098	1,973,545	380,336	336,479	1,118,086	8,910,748	1,299,633	303,192	804,206	424,711	1,027,318	743,711	903,264	27,184,425
Operating expenditures:															
Athletic student aid	281,639	321,626	429,807	149,931	151,003	347,006	2,441,814	434,125	143,555	423,588	231,865	479,285	402,893	266,856	6,504,993
Guarantees	—	14,500	18,325	—	—	—	250,000	5,800	—	—	—	—	—	2,500	291,125
Coaching salaries, benefits, and bonuses paid by the University	—	475,931	674,989	90,552	84,499	152,554	2,002,128	442,996	78,882	213,581	80,622	124,817	172,569	290,336	4,884,456
Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities	3,288,434	46,493	70,764	7,569	7,644	4,949	1,007,399	83,555	7,385	1,551	7,533	4,049	—	46,162	4,583,487
Recruiting	(471)	65,594	90,911	4,138	1,869	3,272	232,446	46,675	4,874	30,349	2,677	29,796	—	—	532,567
Team travel	12,155	177,762	305,697	35,636	51,626	75,003	666,274	121,519	24,061	82,169	66,032	61,366	75,366	92,189	1,846,855
Equipment, uniforms, and supplies	309,771	77,240	87,611	24,773	22,175	32,303	571,643	44,370	21,457	31,412	23,136	26,429	22,192	82,312	1,376,824
Game expenses	56,272	61,586	108,634	19,181	5,275	985	439,438	78,684	300	—	5,400	806	14,149	—	830,985
Fundraising, marketing, and promotion	352,348	—	—	—	—	—	—	—	—	—	—	—	—	—	352,348
Direct facilities, maintenance, and rentals	1,863,131	13,910	4,177	480	616	281	272,628	2,294	434	556	167	230	2,188	2,423	2,163,515
Spirit groups	364,105	—	—	—	—	—	—	—	—	—	—	—	—	—	364,105
Athletic facilities debt service, leases, and rental fees	123,500	—	—	4,320	—	3,300	40,000	—	5,070	—	—	2,700	—	—	178,890
Medical expense and medical insurance	108,157	—	529	—	—	495	311,150	5,368	—	—	—	—	—	—	426,104
Student athlete meals	—	14,985	9,706	876	816	10,733	30,305	13,191	—	—	1,704	8,781	—	7,542	98,639
Membership and dues	117,418	435	1,285	1,198	20	385	8,807	1,553	922	390	—	315	510	355	133,593
Other	964,801	88,147	89,056	22,854	17,083	9,686	355,323	34,776	12,101	27,272	27,991	7,925	32,429	208,700	1,898,144
Total operating expenditures	7,841,260	1,358,209	1,891,491	361,508	342,626	640,952	8,629,355	1,314,906	299,041	828,602	446,547	719,785	752,092	1,041,883	26,468,257
Revenue in excess of expenses	\$ (383,162)	142,889	82,054	18,828	(6,147)	477,134	281,393	(15,273)	4,151	(24,396)	(21,836)	307,533	(8,381)	(138,619)	716,168

See accompanying report of independent accountants on applying agreed-upon procedures.

**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT**

Notes to Statement of Revenues and Expenditures

Year ended September 30, 2016

(1) Summary of Significant Accounting Policies and Reporting Practices

The accompanying statement of revenues and expenditures (the Statement) includes revenue, expense, and transfer accounts of the University of South Alabama Intercollegiate Athletics Department (the Department), which oversees the University of South Alabama's (the University) intercollegiate athletics program. The Statement was prepared in accordance with the accrual basis of accounting.

Included in the Statement are allocations made by the University to the Department, in accordance with the University's practice of allocations.

(2) Financial Aid

The Statement includes athletic financial aid awards for students participating in athletic programs. Financial aid awarded to athletic participants on the basis of other criteria, such as need or academic excellence, is not reflected in the Statement.

(3) Booster Activities

The revenues and expenditures of the Jaguar Athletic Fund are recorded in the Statement. The University has no other outside booster clubs.

**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT**

Supplemental Schedule

Year ended September 30, 2016

(unaudited)

Variance Analysis – September 30, 2016 Actual Revenues/Expenses vs. September 30, 2015 Actual Revenues/ Expenses

We compared current year actual revenues and expenses that were greater than 10% of total revenues and expenses in the Statement to prior year amounts. As agreed, for the current year revenue or expense line items that met the aforementioned threshold, we identified variances of greater than 10% or \$1,000,000 as compared to prior year amounts and obtained explanations from University officials regarding the reasons for the variations.

Revenues

There were no categories that exceed 10% of total revenues; therefore, no variance explanation is required.

Expenses

There were no categories that exceed 10% of total expenses; therefore, no variance explanation is required.

No procedures were performed with respect to the University officials' representations as to the reason for variances.

**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT**

Supplemental Schedule

Year ended September 30, 2016

(unaudited)

Variance Analysis – September 30, 2016 Actual Revenues/Expenses vs. September 30, 2016 Budgeted Revenues/ Expenses

We compared actual revenues and expenses that were greater than 10% of total revenues and expenses in the Statement to the corresponding 2016 budgeted revenues and expenses. As agreed, for the revenue or expense line items that met the aforementioned threshold, we identified actual-to-budget variances of greater than 10% or \$1,000,000 and obtained explanations from University officials regarding the reasons for the variations.

Revenues

Student Fees and Direct Institutional Support: These line items had favorable budget variances due to the fact the University does not budget for these accounts.

Expenses

Athletic Student Aid: These line items had unfavorable budget variances due to the University not budgeting for these accounts.

No procedures were performed with respect to the University officials' representations as to the reason for variances.

Report on the
University of South Alabama
Mobile, Alabama
October 1, 2014 through September 30, 2015

Filed: January 13, 2017



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Ronald L. Jones, Chief Examiner



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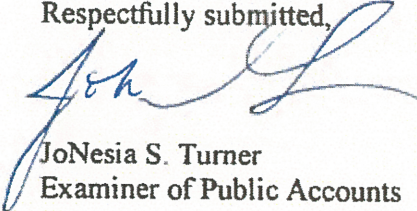
Dear Sir:

Under the authority of the *Code of Alabama 1975*, Section 41-5-21, I submit this report on the results of the examination of the University of South Alabama, Mobile, Alabama, for the period October 1, 2014 through September 30, 2015.

Sworn to and subscribed before me this
the 15th day of December, 2016.

Sandra E Shirley
Notary Public

Respectfully submitted,


JoNesia S. Turner
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

**University of South Alabama
October 1, 2014 through September 30, 2015**

The University of South Alabama (the "University") is a public institution of higher learning and awards baccalaureate, masters, doctor of philosophy and doctor of medicine degrees. The University offers studies in ten colleges: Allied Health Professions, Arts and Sciences, Business, Education, Engineering, Medicine, Nursing, Computing, Continuing Education and Special Programs, and Graduate School. A joint pharmacy program between the University and Auburn University has also been established. The University owns and operates the University of South Alabama Medical Center, University of South Alabama Children's and Women's Hospital, and University of South Alabama Mitchell Cancer Institute. Additional information on the history of the University is included in the Comments section of this report.

The firm of KPMG, LLP conducted the financial audit of the University for the fiscal year ended September 30, 2015.

This report presents the results of an examination of the University and a review of compliance by the University with applicable laws and regulations of the State of Alabama in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5-14.

Findings are numbered and reported by the fiscal year in which the finding originally occurred.

The following instance of noncompliance with state laws and regulations and other matters was found during the examination as shown on the Schedule of State Compliance and Other Findings and is summarized below.

- ◆ 2015-001 The University may not have complied with the *Code of Alabama 1975*, Section 31-13-15(b) in regards to E-Verify regulations of employment.

The following officials/employees were invited to an exit conference: Scott Weldon, Vice-President for Finance and Administration and Polly Stokley, Assistant Vice-President for Finance and Administration. The following individuals attended the exit conference: Scott Weldon, Vice-President for Finance and Administration and Polly Stokley, Assistant Vice-President for Finance and Administration. Representing the Department of Examiners of Public Accounts was: JoNesia Turner, Examiner.



Department of
Examiners of Public Accounts

COMMENTS

**University of South Alabama
October 1, 2014 through September 30, 2015**

The University of South Alabama (the "University") was created in May 1963 by act of the Alabama Legislature. The Board of Trustees held their first meeting in October 1963. In April 1964, the University moved from 154 St. Louis Street to its present location at 307 University Boulevard. The first classes began June 1964. In 1968, the University was admitted membership in the Southern Association of Colleges and Schools. The University established a medical school in 1969, which was supported by the Alabama Legislature. Mobile General Hospital was transferred to the University in 1970 and was later renamed University of South Alabama Medical Center. The University's first doctoral program was established in 1978. The University of South Alabama Children's and Women's Hospital was established in 1983. The University established a campus in Baldwin County in 1984. Relocation of the Providence Hospital in 1987 led to the acquisition of the former Providence Hospital, now known as the University of South Alabama Springhill Avenue Campus. The University acquired Doctors Hospital and Knollwood Park Hospital in 1990. The former Doctors Hospital currently houses the University of South Alabama Children's and Women's Hospital. In 2002, the University of South Alabama Cancer Research Institute, now known as the USA Mitchell Cancer Institute was established. In 2005, the University and Infirmity Health System announced a strategic health care alliance to enhance health care in the region and provide innovative cancer treatment and research through the University of South Alabama Cancer Research Institute. As part of this alliance, the University agreed to acquire 6.7 acres from Infirmity Health System as a site for a new Cancer Research facility. In 2006, the University of South Alabama Cancer Research Institute became the University of South Alabama Mitchell Cancer Institute and in late fiscal year 2008, the Institute moved into a new facility on the property formerly owned by the Infirmity Health System and contiguous with the Mobile Infirmity and University of South Alabama Children's and Women's Hospital. In 2006, the Infirmity Health System began leasing the former Knollwood Park Hospital from the University and purchased the property in 2013.

*Schedule of State Compliance
and Other Findings*

Schedule of State Compliance and Other Findings
For the Year Ended September 30, 2015

Ref. No.	Finding/Noncompliance
2015-001	<p><u>Audit Finding:</u> The <i>Code of Alabama 1975</i>, Section 31-13-15(b) states, "Effective April 1, 2012, every business entity or employer in this state shall enroll in E-Verify and thereafter, according to the federal statutes and regulations governing E-Verify, shall verify the employment eligibility of the employee through E-Verify." During the test of payroll, it was noted that none of the 11 employees who required employment eligibility verification were verified through E-Verify. Upon further investigation, it was discovered the University only verifies the employment eligibility of employees who are being paid from federally awarded contracts which include the E-verify requirement.</p> <p><u>Recommendation:</u> The University should ensure compliance with the <i>Code of Alabama 1975</i>, Section 31-13-15(b) and E-Verify all employees hired after April 1, 2012.</p>

Additional Information

Board Members and Officials
October 1, 2014 through September 30, 2015

Board Members		Term Expires
Hon. Robert Bentley, Governor	President, Ex-Officio	
Hon. Thomas R. Bice, Ed.D., State Superintendent of Education	Member, Ex-Officio	
Hon. Steven P. Furr, M.D.	Chair Pro Tempore	2017
Hon. Kenneth O. Simon	Vice-Chair	2019
Hon. James H. Shumock	Secretary	2021
Hon. Bryant Mixon	Member	2017
Hon. Bettye R. Maye	Member	2017
Hon. John M. Peek	Member	2017
Hon. Steven H. Stokes, M.D.	Member	2017
Hon. Chandra B. Stewart	Member	2019
Hon. Robert D. Jenkins, III	Member	2019
Hon. William Sandy Stimpson	Member	2019
Hon. Michael P. Windom	Member	2019
Hon. James A. Yance	Member	2021

Board Members and Officials
October 1, 2014 through September 30, 2015

Board Members		Term Expires
Hon. Scott A. Charlton, M.D.	Member	2021
Hon. E. Thomas Corcoran	Member	2021
Hon. Arlene Mitchell	Member	2021
<u>Officials</u>		
Dr. Tony G. Waldrop	President	
Mr. Scott Weldon	Vice-President for Finance and Administration	
Mr. William Bush	Assistant Vice-President for Hospital Financial Affairs	

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**DEVELOPMENT,
ENDOWMENT
AND INVESTMENTS**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE

December 1, 2016

1:30 p.m.

A meeting of the Development, Endowment and Investments Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Jim Yance, Committee Chair, on Thursday, December 1, 2016, at 1:37 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Chandra Brown Stewart, Tom Corcoran, Ron Jenkins, Steve Stokes (arrived at 1:43) and Jim Yance.

Member Absent: Mike Windom.

Other Trustees: Alexis Atkins, Steve Furr, Bettye Maye, Arlene Mitchell, Bryant Mixon, John Peek, Jimmy Shumock and Ken Simon.

Administration and Others: Terry Albano, Owen Bailey, Lynne Chronister, Josh Crownover (SGA), Richard Egelhof (J.P. Morgan), Joel Erdmann, Monica Ezell, Mike Finan, Sam Fisher (Faculty Senate), Happy Fulford, Mike Haskins, David Johnson, Matt Kinnear (Gerber/Taylor), John Marymont, Mike Mitchell, Norman Pitman, John Smith, Margaret Sullivan, Jean Tucker, Tom Van Zant (Commonfund), Matt Vetto (Douglas C. Lane & Associates), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Yance called for adoption of the revised agenda. On motion by Capt. Jenkins, seconded by Ms. Brown Stewart, the revised agenda was adopted unanimously. Mr. Yance called for consideration of the minutes of the meeting held on September 8, 2016. On motion by Ms. Brown Stewart, seconded by Mr. Corcoran, the minutes were adopted unanimously.

As to the annual presentations by investment managers, **ITEM 5**, Mr. Albano introduced managers Mr. Matt Vetto representing Douglas C. Lane & Associates, Mr. Matt Kinnear representing Gerber/Taylor, Mr. Tom Van Zant representing Commonfund and Mr. Richard Egelhof representing J.P. Morgan. Each manager presented an overview on investment performance, shared market perspective, and responded to questions and comments from Trustees. Mr. Yance, Mr. Albano and Mr. Pitman reviewed expectations for private equity investments and returns.

Mr. Albano discussed the results of the total endowment, comparing the return of 8.01 percent for the fiscal year ended September 30, 2016, to that of the relative index at 8.21 percent, a slight underperformance by 21 basis points. He noted a one percent reduction in underperformance against the relative index over the last two months of the fiscal year and reported an endowment value of approximately \$138.5 million at the end of the 2016 fiscal year. He said the return on international, small cap and fixed income investments was 11.09 percent vs. the relative index of 12 percent, an underperformance by 91 basis points. Mr. Pitman shared insight on three mutual funds on the Administration's "watch list" for potential investment. Mr. Albano addressed a chart showing asset distribution among the managers and by class, and noted allocations are within investment policy parameters. As to annualized performance since inception, he reported a 4.92 percent return vs. a relative index return of 4.02 percent, an outperformance by 90 basis points. He stated, for the first month of fiscal year 2017, the return of -1.09 outperformed the relative index of -1.20 by 11 basis points. Brief discussion took place on options for reinvesting available cash and market climate.

With regard to **ITEM 6**, a resolution acknowledging the annual evaluation of USA's endowment and non-endowment investment policies, as required by the Southern Association of Colleges and Schools (SACS), Mr. Yance and Mr. Albano stated changes to the policies are not recommended at the present time. (For copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 2, 2016). On motion by Mr. Corcoran, seconded by Capt. Jenkins, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Yance called for presentation of **ITEM 7**, a report on the activities of the Division of Development and Alumni Relations. Dr. Stokes, *Upward & Onward* Campaign Co-Chair, asked Ms. Sullivan to make campaign remarks on his behalf. Ms. Sullivan reported a positive end to fiscal year 2016 with 22,587 donors pledging 29,687 gifts totaling \$93.8 million, or 62 percent raised toward the campaign goal of \$150 million. She presented a chart categorizing campaign contributions by strategic priority and added, as of November 28, just over \$2 million in commitments toward the \$15.7 million goal for fiscal year 2017 had been reached. She talked about recent activities and strategies planned for 2017 to sustain the positive momentum, including the engagement of an outside consultant and dean interaction with campaign volunteers. She credited Angelia and Steve Stokes for their dedication as campaign co-chairs. Dr. Stokes stressed the importance of growing the alumni base through national solicitation. Ms. Sullivan commented on the 2016 United Way drive that ended in October, noting record contributions from USA employees totaling more than \$260,800. Mr. Yance commended Dr. and Mrs. Stokes, Ms. Sullivan and the staff of the Division of Development and Alumni Relations for their outstanding efforts.

Mr. Yance asked Ms. Sullivan to address **ITEM 7.A**, a resolution authorizing the naming of the new medical office building in Fairhope as *Mitchell Cancer Institute, Kilborn Clinic*, in recognition of Mr. Vince Kilborn for dedication to the Mitchell Cancer Institute, devotion to hope and healing, and generosity to the Fairhope community. Ms. Sullivan reminded the Committee of Board approval in June 2015 to construct a medical office building in Fairhope and of Mr. Kilborn's \$2 million gift to establish an endowment for the ongoing support of the programs offered at the facility, which include cancer treatment, infusion and radiation therapy. She said construction of the approximately 11,000-square-foot building is proceeding and is expected to be complete in July 2017. On motion by Dr. Stokes, seconded by Mr. Corcoran, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Yance called for presentation of **ITEM 8**, a resolution expressing thanks to Kim and Julian MacQueen for their commitment and support of the University and the University of South Alabama National Alumni Association. Ms. Sullivan talked about the passion of the MacQueens for the proposed new Alumni Center on campus and about their commitment of \$2 million to the project. She said Mr. MacQueen attributed the personal principles upon which he founded a successful business to the positive educational experience he gained as a student at South Alabama, and added Mr. MacQueen envisioned the Alumni Center as an environment for fostering fair engagement and diversity. On motion by Ms. Brown Stewart, seconded by Mr. Corcoran, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Yance called for consideration of **ITEM 9**, a resolution expressing appreciation to Dr. Joe Busta, retired Vice President for Development and Alumni Relations, for service to the University and conveying best wishes to Dr. Busta and his wife, Jackie. President Waldrop discussed highlights of Dr. Busta's career at South. On motion by Mr. Corcoran, seconded by Dr. Stokes, the Committee voted unanimously to recommend approval by the Board of Trustees.

There being no further business, the meeting was adjourned at 2:39 p.m.

Respectfully submitted:

James A. Yance, Chair

University of South Alabama Endowment Investment Performance Review/Analysis

Fiscal Year 2017



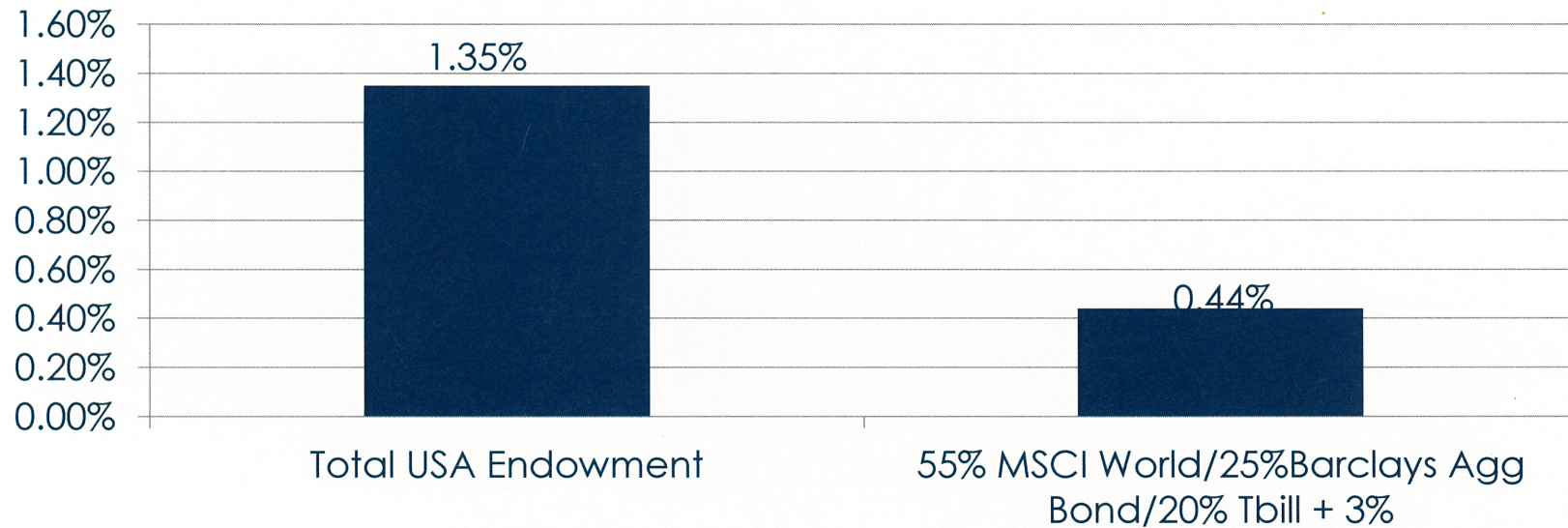
UNIVERSITY OF
SOUTH ALABAMA

Total USA Endowment

October 1, 2016 – December 31, 2016

Total Fund Performance

TOTAL RELATIVE RETURN COMPARISON



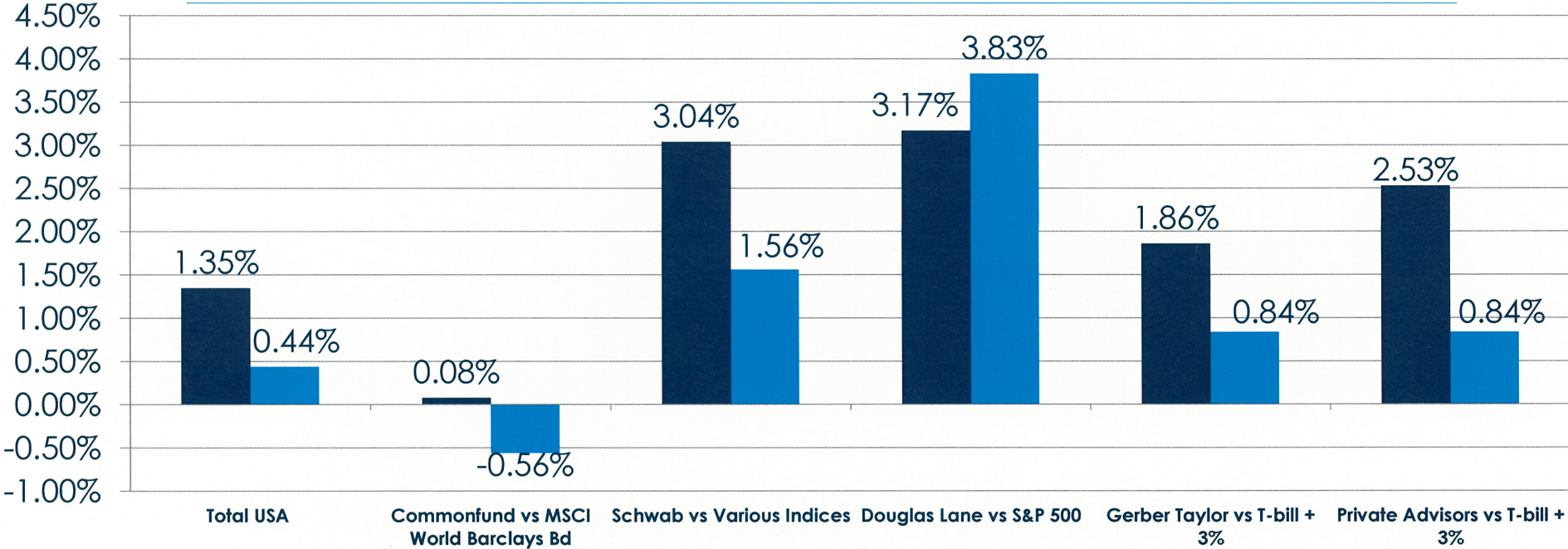
Outperformance: .91%



Total USA Endowment

October 1, 2016 – December 31, 2016

Total Fund Performance



Total USA Endowment

Asset Allocation Breakdown

Manager	Money Market	Large Cap Equity	Small Cap Equity	International	Fixed	Hedge	Total	%
Private Advisors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,927,357	\$ 2,927,357	2%
Schwab	\$ 6	\$ 7,291,730	\$ 7,616,691	\$ 14,468,926	\$ 5,370,784	\$ -	\$ 34,748,136	25%
Doug Lane	\$ 133,246	\$ 7,752,353	\$ -	\$ -	\$ -	\$ -	\$ 7,885,598	6%
Common Fund	\$ -	\$ 38,118,510	\$ -	\$ -	\$ 31,111,413	\$ -	\$ 69,229,923	49%
Gerber Taylor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,418,811	\$ 25,418,811	18%
Total	\$ 133,251	\$ 53,162,592	\$ 7,616,691	\$ 14,468,926	\$ 36,482,197	\$ 28,346,168	\$ 140,209,825	100%
%	0%	38%	5%	10%	26%	20%	100%	
Policy %		25-55%	0-8%	5-15%	15-35%	10-30%	100%	

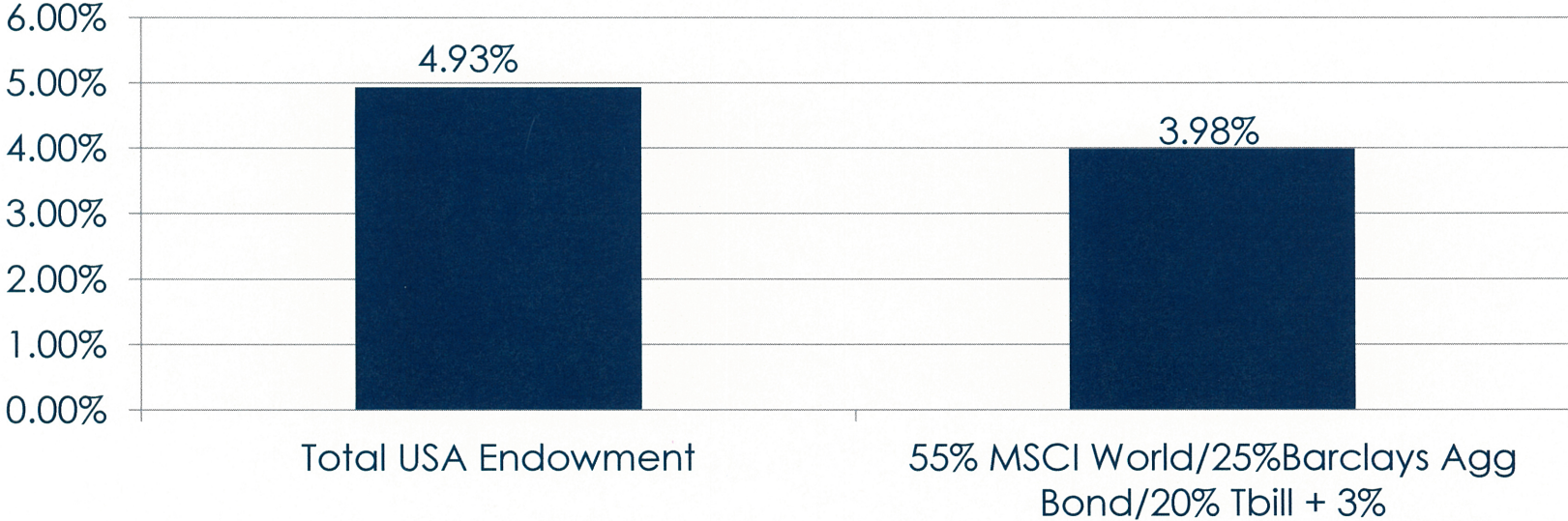


Total USA Endowment

Since Inception

Total Annualized Fund Performance

TOTAL RELATIVE RETURN COMPARISON



Outperformance: .95%



Total USA Endowment

Presentation Summary

- 1. First Quarter Fiscal Year: Out-performed .91%: 1.35% vs .44%**
- 2. All managers out-performed with exception of Douglas Lane. Douglas Lane's performance has improved since 12/31/2016.**
- 3. Investing up to \$5,000,000 into endowment.**





**Division of Development and Alumni Relations
 Campaign Fundraising Report
 as of February 15, 2017**

Upward & Onward Campaign

Progress toward \$150 Million

Number of Donors:	23,534
Number of Gifts:	31,927
Quiet Phase:	\$75,690,322
Public Phase:	\$22,926,769
Campaign Progress:	\$98,617,091

Progress by Priority

	<u>Progress</u>
Student Access & Success	\$39,279,228
Enhancement of Research & Graduate Education	\$16,009,877
Global Engagement	\$1,540,070
Excellence in Healthcare	\$18,651,175
University/Community Engagement	\$6,448,189
Priority Category Pending	\$16,688,552
Campaign Progress	\$98,617,091

Mitchell-Moulton Scholarship Initiative

Progress toward \$50 Million

	<u>Count</u>	<u>Amount</u>
New Gifts	4,211	\$4,593,504
Gift Matches	4,192	\$4,446,684
New Pledges	2,773	\$2,272,478
Pledge Match Expectancies	2,773	\$2,272,478
Campaign Progress		\$13,585,145



Division of Development and Alumni Relations
 Upward and Onward Campaign Fundraising Report
as of February 15, 2017

I. Comprehensive Fundraising Results

Campaign Period	Priority						Planning Number† or Fundraising Goal	Total Progress	Total Progress %
	(1) Student Access and Success	(2) Enhancement of Research and Graduate Education	(3) Global Engagement	(4) Excellence in Healthcare	(5) University/Community Engagement	Priority Category Pending			
Quiet Phase* 5/1/13 to 9/30/15	\$34,599,776	\$12,061,491	\$1,500,380	\$9,565,125	\$2,763,162	\$15,200,389	\$55,000,000	\$75,690,322	137.62%
Public Phase 10/1/15 to 9/23/16	\$4,679,452	\$3,948,387	\$39,690	\$9,086,050	\$3,685,027	\$1,488,163	\$95,000,000	\$22,926,769	24.13%
Total	\$39,279,228	\$16,009,877	\$1,540,070	\$18,651,175	\$6,448,189	\$16,688,552	\$150,000,000	\$98,617,091	65.74%

*Quiet Phase Amount Raised

<i>Amount Publicly Announced</i>	\$73,129,165
<i>Adjustment</i>	<u>\$2,561,157</u>
<i>Actual</i>	\$75,690,322

*Adjustment made for accuracy to comply with final defined giving priority guidelines

† The **Planning Number** was developed at the beginning of the campaign planning phase in May 2013 as a conservative estimate for the amount that would be raised during the quiet phase of the campaign. It was calculated off of the previous 10-year fund-raising period.



Division of Development and Alumni Relations
 Upward and Onward Campaign Fundraising Report
 as of February 15, 2017

II. Results Toward Priority

Priority Designation Types	Quiet Phase			Public Phase			Total		
	Planning Number	Actual 5/1/13 to 9/30/15	% Projected Raised	Goal	Raised 10/1/15 to 2/15/17	% Goal Raised	Goal	Total Progress	Total % Raised
PRIORITY 1 - STUDENT ACCESS AND SUCCESS									
<ul style="list-style-type: none"> • Mitchell-Moulton Scholarship Initiative (\$1.375M Mitchell deferred) • Leadership and Honors Scholarships • Student Academic Advising • Academic Facilities and Equipment 	N/A	\$34,599,776	N/A	\$56M	\$4,679,452	8.36%	N/A	\$39,279,228	70.14%
PRIORITY 2 - ENHANCEMENT OF RESEARCH AND GRADUATE EDUCATION									
<ul style="list-style-type: none"> • (\$9.375M = Mitchell-MCOB deferred gift) • Graduate Assistantships and Fellowships • Graduate and Medical Scholarships • Faculty Chairs and Professorships • Research Equipment and Instrumentation • Research Centers • Program Gifts to COM 	N/A	\$12,061,491	N/A	\$10M	\$3,948,387	39.48%	N/A	\$16,009,877	160.10%
PRIORITY 3 - GLOBAL ENGAGEMENT									
<ul style="list-style-type: none"> • Study Abroad Programs and Scholarships • International Student Support/Travel Support • Multicultural Programs and Events 	N/A	\$1,500,380	N/A	\$3M	\$39,690	1.32%	N/A	\$1,540,070	51.34%
PRIORITY 4 - EXCELLENCE IN HEALTHCARE									
<ul style="list-style-type: none"> • Endowed Chairs, Fellowships, Research Support, MCI • Equipment and Renovation, USA Medical Center • Equipment and Renovation, USA CWH 	N/A	\$9,565,125	N/A	\$18.5M	\$9,086,050	49.11%	N/A	\$18,651,175	100.82%
PRIORITY 5 - UNIVERSITY-COMMUNITY ENGAGEMENT									
<ul style="list-style-type: none"> • Internships • Center for Service and Civic Engagement • K-12 Outreach Programs • USA Alumni Center • Athletic Facilities 	N/A	\$2,763,162	N/A	\$7.5M	\$3,685,027	49.13%	N/A	\$6,448,189	85.98%
PRIORITY CATEGORY PENDING									
<ul style="list-style-type: none"> • Academic Programs: (\$14.25M = Mitchell-MCOB deferred gift) (AH, AS, EN, SoC, ED, Cont. ED, NU & MCOB) \$530K • Athletic Programs: \$117K • Faculty Awards & Sch- available to Under & Grad students: \$70K • Univ. Programs: (Stud Affairs, Rec. Center, Pubs, Etc.) \$400K • Where the Need is Greatest: \$137K • Designation Underdetermined \$1.04M (\$1M deferred gift) 	N/A	\$15,200,389	N/A	\$0	\$1,488,163	N/A	N/A	\$16,688,552	N/A
PRIORITY PROGRESS SUMMARY	\$55M	\$75,690,322	138%	\$95M	\$22,926,769	24.13%	\$150M	\$98,617,091	65.74%

RESOLUTION

DIRECTOR OF THE JAGUAR ATHLETIC FUND, INC.

WHEREAS, pursuant to the Amended Bylaws of the Jaguar Athletic Fund, Inc. (“USAJAF”), the Board of the Trustees of the University of South Alabama (“University”) shall approve the USAJAF slate of Officers and Directors, and

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

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

WHEREAS, the Nominating Committee of the Board of Directors and the Board of Directors of USAJAF have nominated Ms. Farish Beard for a three-year term pending the approval of the Board of Trustees of the University,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama does hereby approve Ms. Farish Beard as a member of the Board of Directors of the USAJAF with a three-year term beginning March 2017 and ending March 2020.



Department of Athletics

February 7, 2017

TO: Dr. Tony Waldrop
University President

FROM: Dr. Joel Erdmann
Director of Athletics

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

This is to request the attached Resolution be presented to the USA Board of Trustees for consideration at its next meeting on March 3, 2017.

The intent of the Resolution is for the University of South Alabama Board of Trustees to ratify the newly elected JAF Board of Director – Farish Beard.

Attachment



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