

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES  
FREDERICK P. WHIDDON ADMINISTRATION BUILDING  
SUITE 130, BOARD ROOM  
COMMITTEE MEETINGS (Consecutive)  
SEPTEMBER 3, 2015  
2:00 P.M.**

\* *Agenda/Materials Revised*

**AGENDAS**

**HEALTH AFFAIRS COMMITTEE** Dr. Steve Stokes, Chair

Roll Call

Approve: [Minutes](#)

**3** Recommendation to Approve: [USA Hospitals Credentials – May, June and July 2015](#)

**4** Report: Health System

**ACADEMIC AND STUDENT AFFAIRS COMMITTEE** Bettye Maye, Chair

Roll Call

Approve: [Minutes](#)

**5** Recommendation to Approve: [Professors Emeritus](#)

**6** Recommendation to Approve: [Distinguished Professor](#)

**7** Report: Academic Affairs

**8** Report: Student Affairs

**BUDGET AND FINANCE COMMITTEE** Tom Corcoran, Chair

Roll Call

\* Approve: [Revised Agenda](#)

Approve: [Minutes](#)

**9** Report: [Quarterly Financial Statements, Nine Months Ended June 2015](#)

**10** Report: Information Technology

**11** Recommendation to Approve: [Implementation of Infrastructure Upgrade and Improvement Project](#)

**12** Recommendation to Approve: [Architect for Residential Building](#)

\* **13** Recommendation to Approve: [University Total Budget, 2015-2016](#)

**AUDIT COMMITTEE** John Peek, Chair

Roll Call

Approve: [Minutes](#)

\* **14** Report: [KPMG Auditors](#)

**DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE** Jim Yance, Chair

Roll Call

\* Approve: [Revised Agenda](#)

Approve: [Minutes](#)

\* **15** Report: [Endowment Investment Performance](#)

\* ~~**16** Report: [Development and Alumni Relations](#)~~

**COMPENSATION COMMITTEE** Jimmy Shumock, Chair

Roll Call

\* Approve: [Revised Agenda](#)

\* **16** Report: Evaluation of the University President

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES  
SEPTEMBER 4, 2015  
10:30 A.M.**

**REVISED AGENDA**

Roll Call

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**1** Approve: [Minutes](#)

**2** Report: President's Report

Report: International Programs

~~**CONSENT AGENDA**~~

**HEALTH AFFAIRS COMMITTEE** Dr. Steve Stokes, Chair

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**ACADEMIC AND STUDENT AFFAIRS COMMITTEE** Bettye Maye, Chair

Report: Academic Affairs

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Report: Research and Economic Development

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# UNIVERSITY OF SOUTH ALABAMA

## BOARD OF TRUSTEES



### **THURSDAY, SEPTEMBER 3, 2015:**

*2:00 p.m. Committee Meetings (Consecutive)*

*Administration Bldg., Rm. 130*

### **FRIDAY, SEPTEMBER 4, 2015:**

*10:30 a.m. Board of Trustees Meeting*

*Administration Bldg., Rm. 130*

UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES

STANDING COMMITTEES  
2014-2016

**EXECUTIVE COMMITTEE:**

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

**DEVELOPMENT, ENDOWMENT & INVESTMENTS CTE.:**

Mr. James A. Yance, **Chair**  
Mr. E. Thomas Corcoran  
Capt. Robert D. Jenkins  
Hon. Kenneth O. Simon  
Dr. Steven H. Stokes  
Mr. Michael P. Windom

**ACADEMIC AND STUDENT AFFAIRS COMMITTEE:**

Ms. Bettye R. Maye, **Chair**  
Ms. Chandra Brown Stewart  
Dr. Scott A. Charlton  
Capt. Robert D. Jenkins  
Hon. Bryant Mixon  
Mr. Michael P. Windom

**HEALTH AFFAIRS COMMITTEE:**

Dr. Steven H. Stokes, **Chair**  
Ms. Chandra Brown Stewart  
Dr. Scott A. Charlton  
Ms. Bettye R. Maye  
Ms. Arlene Mitchell  
Hon. Kenneth O. Simon

**AUDIT COMMITTEE:**

Mr. John M. Peek, **Chair**  
Dr. Scott A. Charlton  
Capt. Robert D. Jenkins  
Hon. Bryant Mixon  
Hon. William S. Stimpson

**LONG-RANGE PLANNING COMMITTEE:**

Mr. James H. Shumock, **Chair**  
Ms. Chandra Brown Stewart  
Ms. Bettye R. Maye  
Hon. Bryant Mixon  
Mr. John M. Peek  
Hon. William S. Stimpson  
Mr. Michael P. Windom

**BUDGET AND FINANCE COMMITTEE:**

Mr. E. Thomas Corcoran, **Chair**  
Ms. Arlene Mitchell  
Mr. James H. Shumock  
Hon. William S. Stimpson  
Dr. Steven H. Stokes  
Mr. James A. Yance

**COMPENSATION COMMITTEE (*ad hoc*):**

Mr. James H. Shumock, **Chair**  
Mr. E. Thomas Corcoran  
Dr. Steven P. Furr  
Ms. Arlene Mitchell  
Mr. John M. Peek

**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**

**COMMITTEE MEETINGS (Consecutive)**

**SEPTEMBER 3, 2015  
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- Roll Call
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- Approve: Minutes
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- 8 Report: Student Affairs

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- Roll Call
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BOARD OF TRUSTEES**

**SEPTEMBER 4, 2015  
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**REVISED AGENDA**

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**AUDIT COMMITTEE** John Peek, Chair

**DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE** Jim Yance, Chair

**COMPENSATION COMMITTEE** Jimmy Shumock, Chair




MEMORANDUM

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UNIVERSITY OF SOUTH ALABAMA

August 25, 2015

TO: USA Board of Trustees

FROM: James H. Shumock   
Secretary, Board of Trustees

Included herein are the unapproved minutes of Board meetings held on June 4 and 5, 2015. Please review these documents for amendment or approval at the September 3 and 4 meetings of the Board of Trustees.

JHS:mgc

Attachments

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**June 5, 2015  
10:30 a.m.**

A meeting of the University of South Alabama Board of Trustees was duly convened by Dr. Steve Furr, Chair *pro tempore*, on Friday, June 5, 2015, at 10:30 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Chandra Brown Stewart, Scott Charlton, 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 and Sandy Stimpson.

Administration and Others: David Barnett, Harry Brislin, Joe Busta, Andy Byrd, Mark Calvi, Nicole Carr, Lynne Chronister, Becky Clark, James Contratto, Monica Curtis, Ken Davis, Kristin Dukes, Joel Erdmann, Mike Finan, Happy Fulford, Lisa Furr, Stan Hammack, Mike Haskins, David Johnson, Jason Kelly, Jaco Keyser, Don Langham, Daniel McCarthy, Abe Mitchell, Randy Moon, Barbara Peek, FeAunte Preyear, Ravi Rajendra (SGA), Regina and Steve Simmons, John Smith, Rob Sobol, Angelia Stokes, Justin Thomas (AASA), Julee and Tony Waldrop, Kevin West (Faculty Senate), Andrzej Wierzbicki and Graham Winkworth.

Press: Jackson Armstrong (The Prowl), Gary Arnold (WKRG-TV), Brett Dozier (WPMI-TV), Cassie Fambro (al.com), Alyssa Newton (*Vanguard*) and Chad Petri (WKRG-TV).

The meeting was called to order and the attendance roll was called. Chairman Furr called for consideration of **ITEM 1**, the minutes of the Board of Trustees meeting held on March 6, 2015, and the Executive Committee meeting held on April 24, 2015. On motion by Mr. Peek, seconded by Mr. Shumock, the minutes were approved unanimously. Judge Simon, Chair of the Presidential Search Committee, requested consideration of the minutes of the final committee meeting held on January 15, 2014. On motion by Mr. Corcoran, seconded by Mr. Yance, the minutes were approved unanimously.

Chairman Furr called for presentation of **ITEM 2**, the President's Report. President Waldrop recognized Trustee *emeritus* Mr. Don Langham, and called for remarks from Faculty Senate President Dr. Kevin West and Student Government Association President Mr. Ravi Rajendra. Each gave an update on projects and recent activities. President Waldrop recognized Mr. Justin Thomas, Vice President of the African-American Student Association. He announced the appointment of Dr. Mike Finan as Director of the Mitchell Cancer Institute (MCI). Dr. Finan conveyed excitement for his new role and thanked the Mitchell family and the Board of Trustees for their support.

As photos were viewed, President Waldrop talked about expanded spring commencement activities that took place on May 9, which included conferral of honorary doctorate degrees to speakers Dr. Richard Lapchick, Director of the DeVos Sport Business Management Program at the University of Central Florida, and to the Secretary of the United States Navy Ray Mabus. He called upon Dr. Nicole Carr, who discussed the launch of USA's Week of Welcome (WOW) that is designed to acquaint and engage students as they arrive for the new academic year. She recognized the individuals in the room who participated in the planning process. President Waldrop announced that, effective August 1, USA would become a tobacco-free campus, as was unanimously recommended by the University's Wellness Initiatives Committee, and he shared details on promotion of this undertaking among University constituents.

President Waldrop gave an update on infrastructure upgrades and he credited Mr. Randy Moon for overseeing the project. As to engagement of a consultant to examine the University's information management process, he stated the consultant's report was received recently and the Administration will take any recommendations under advisement.

President Waldrop called on Provost Johnson, who reported on the national searches being conducted to fill the positions of Dean for the Pat Capps Covey College of Allied Health Professions and the College of Education, Executive Director of the Melton Center for Innovation and Entrepreneurship at the Mitchell College of Business, and Vice President for Finance and Administration.

President Waldrop called for a report from Dr. Smith. With reference to Dr. Harrell's Title IX presentation to the Academic and Student Affairs Committee on June 4, Dr. Smith advised that the Association of College Unions International named USA's *Bro Code* program its National Collaborative Program of the Year for 2015. *Bro Code* promotes sexual assault awareness and prevention among male students. Dr. Smith introduced and discussed the involvement of Mr. James Contratto, Associate Director for Student Activities – University Programs, and Ms. FeAunte Preyear, Coordinator of USA's Victim's Advocate Program.

Dr. Smith informed Board members that Moody's Investors Service reaffirmed the University's A1 credit rating, which he attributed to the diligent efforts of Mr. Ken Davis, University Treasurer and Associate Vice President for Finance and Administration, as well as the finance staff. Judge Simon commended the Administration for maintaining high standards and avoiding pitfalls associated with leadership changes.

President Waldrop called upon Dr. Busta for a report on USA's Annual Fund. As Trustees viewed statistical graphics, Dr. Busta discussed campaign highlights and noted \$801,391 raised by 2,968 employees and 61 retirees, inclusive of matching funds. For perspective, he shared data from the campaigns of peer institutions, as well as from USA's 2003 campaign, which demonstrated steady growth over time. He described the 2015 campaign as the second largest in 12 years, and noted 453 more donors and \$137,199 more dollars raised in 2015 than in 2014. He added that 55 departments reached 100 percent participation.



President Waldrop called for a presentation from Provost Johnson. Provost Johnson reported on the opening of the USA Gulf Coast Campus (GCC) in Gulf Shores. Photos were shown of the facility, which was provided by the city of Gulf Shores. Primarily, bachelor of science degree courses in hospitality and tourism management will be offered by the School of Continuing Education and Special Programs, as will internship opportunities. Recruiting activities will take place as well and the GCC will have free access to the Gulf Shores Cultural Center. Provost Johnson answered questions about promotion of the GCC and advertising.

Provost Johnson discussed a new Ph.D. program in computing that will be offered in the 2015 fall semester. The program will be USA's 13<sup>th</sup> doctorate program and its ninth research doctorate. Provost Johnson stated the program was approved by the Alabama Commission on Higher Education (ACHE) and the Southern Association of Colleges and Schools, and he discussed enrollment figures. He said the program will concentrate on areas of global concern, including cyber security and big data management. He discussed plans for recruiting international students as well as regional prospects.

President Waldrop called for a report by Ms. Chronister. As photos were viewed, Ms. Chronister discussed outreach initiatives intended to prompt collaborative opportunities for research and student internships. Activities have included tours with business and industry frontrunners such as Austal USA, Outokumpu and Continental Motors. She talked about the University's representation at the annual Farnborough International Air Show in Paris, for which Governor Bentley expressed strong support. She introduced USA alumnus and Director of the Office of Commercialization and Industry Collaboration Dr. Andy Byrd. She discussed the University's partnership in the Alabama Cyber Research Consortium and grant prospects.

President Waldrop called for comments from Mr. Fulford. Mr. Fulford discussed the regular session of the legislature and the monitoring of bills that could impact the University; factors affecting passage of the state budget; and USA's \$105 million appropriation for 2015-2016, which includes a \$3 million special appropriation for the Mitchell Cancer Institute. He advised that a special legislative session would take place.

President Waldrop introduced Mr. Haskins, who presented a visual overview on brand development. He stated that, through a series of meetings, the unifying theme which emerged from constituent feedback was USA's story. He discussed elements of the University's advertising campaign, including ads on social media sites and street billboards, which will be synchronized with the branding process.

President Waldrop said the University experienced a banner year in sports and athlete academic performance. He asked Dr. Erdmann to share remarks. Dr. Erdmann explained the significance of the Sun Belt Conference's *Vic Bubas Cup All-Sports Award*, which was presented to USA for 2014-2015. He discussed a chart demonstrating significant improvement in USA's academic progress rate (APR) from 2007 to 2013, noting that, from the standpoint of educational outcomes and retention, the University is headed in the right direction. He compared USA's performance

with that of other Sun Belt Conference schools. He credited the head coaches for guiding the pulse for success on and off the playing field. Introduced were Track Assistant Coach David Barnett; Women's Soccer Head Coach Graham Winkworth; Women's Softball Head Coach Becky Clark; Men's Baseball Head Coach Mark Calvi; and Women's Tennis Head Coach Jaco Keyser. Each coach shared cumulative grade point averages. For their efforts, Dr. Erdmann recognized Assistant Athletics Director – Athletics Academic Services Mr. Jason Kelly and Associate Athletics Director – Internal Affairs Mr. Daniel McCarthy. On behalf of the coaches, Coach Clark thanked the Board of Trustees for its support of USA's athletic program.

Chairman Furr called for consideration of **ITEM 3** as follows. On motion by Mr. Peek, seconded by Mr. Shumock, the resolution was approved unanimously:

**RESOLUTION  
BOARD MEETING SCHEDULE 2015-2016**

**WHEREAS**, Article II, Section 1, of the Bylaws provides that the Board shall schedule annually, in advance, regular meetings of the Board to be held during the ensuing year, and may designate one of such meetings as the annual meeting of the Board,

**THEREFORE, BE IT RESOLVED** that the regular meetings of the University of South Alabama Board of Trustees shall be held on the following dates:

Friday, September 4, 2015  
Friday, December 4, 2015  
Friday, March 4, 2016  
Friday, June 3, 2016

**FURTHER, BE IT RESOLVED** that the date of June 3, 2016, be designated as the annual meeting of the University of South Alabama Board of Trustees for 2015-2016.

Chairman Furr addressed consent agenda **ITEMS 4, 6, 7, 15 and 16** as follows, respectively, noting all had received the Committees' unanimous recommendations for approval by the Board of Trustees at meetings held on June 4 (for copies of policies and other authorized documents, refer to **APPENDIX A**). He called for a vote and the resolutions were approved unanimously:

**RESOLUTION  
USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS  
FOR FEBRUARY, MARCH AND APRIL 2015**

**WHEREAS**, the Medical Staff appointments and reappointments for February, March and April 2015 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  
TENURE AND PROMOTION**

**WHEREAS**, in accordance with University policy, faculty applications for tenure and promotion have been reviewed by the respective faculty peers, departmental Chair, college Dean, and by the Senior Vice President for Academic Affairs or the Vice President for Medical Affairs, and the President, and of those faculty considered, the following individuals are hereby recommended for tenure and/or promotion,

**THEREFORE, BE IT RESOLVED**, the University of South Alabama Board of Trustees approves and grants tenure and/or promotion to those individuals whose names are listed below to be effective August 15, 2015.

**COLLEGE OF ARTS AND SCIENCES:**

**Promotion to Senior Instructor:**  
Jenny L. Faile

**Promotion to Professor:**  
Larry W. Beason  
Donald E. DeVore  
Ted L. Poston

**COLLEGE OF EDUCATION:**

**Tenure:**  
Susan F. Martin

**Promotion to Associate Professor:**  
Susan F. Martin

**Promotion to Senior Instructor:**  
Nancy B. Gaillard

**Promotion to Professor:**  
André M. Green

**COLLEGE OF MEDICINE:**

**Tenure:**  
Donna L. Cioffi  
Sarah L. Sayner  
Jon D. Simmons

**Promotion to Professor:**  
Ananthasekar Ponnambalam  
Thomas C. Rich  
Michael L. Sternberg (primary)

**Promotion to Associate Professor:**  
Tangela C. Atkinson     Donna L. Cioffi  
Shikha Gupta             Terry J. Hundley  
Samuel A. McQuiston     Sarah L. Sayner  
Abdul H. Siddiqui         Jon D. Simmons  
Ajay P. Singh (joint)       Victor G. Solodushko  
Stephen T. F. Varner

**COLLEGE OF NURSING:**

**Tenure:**  
Valorie C. Dearmon  
James L. Harris  
Alethea N. Hill

**Promotion to Professor:**  
Sharon M. Fruh

**Promotion to Associate Professor:**  
Henrietta W. Brown     Valorie C. Dearmon  
Alethea N. Hill             Theresa F. Wright

**MITCHELL CANCER INSTITUTE:**

**Promotion to Professor:**  
Rodney P. Rocconi

**MITCHELL COLLEGE OF BUSINESS:**

**Promotion to Associate Professor:**  
Alan F. Chow

**Promotion to Professor:**  
Alex P. Sharland

**SCHOOL OF COMPUTING:**

**Tenure:**  
Todd R. Andel  
Jingshan Huang

**Promotion to Professor:**  
Todd R. Andel

**Promotion to Associate Professor:**  
Jingshan Huang

**RESOLUTION  
REVISION TO RESIDENT AND NON-RESIDENT TUITION POLICY**

**WHEREAS**, the Veterans Access, Choice, and Accountability Act of 2014, Section 702, requires public colleges/universities to offer resident tuition to qualifying veterans, spouses, and dependents, and

**WHEREAS**, these changes require modifications to the Resident and Non-Resident Tuition Policy at the University of South Alabama, and

**WHEREAS**, the Board of Trustees of the University of South Alabama supports these modifications as part of the University's ongoing commitment to our service men and women, to our veterans, and to their families,

**THEREFORE, BE IT RESOLVED**, the Board of Trustees of the University of South Alabama approves and adopts the amended Resident and Non-Resident Tuition Policy as set forth in the document attached hereto.

**RESOLUTION  
UNIVERSITY OF SOUTH ALABAMA BANKING RESOLUTION**

**THEREFORE, BE IT RESOLVED** that the President and either the Vice President for Finance and Administration or the Treasurer of the University are authorized to:

1. Open and close bank, brokerage, custody, safekeeping, treasury management or other accounts in the name of the University,
2. Sell, transfer, and endorse for sale or transfer any and all securities on behalf of the University,
3. Buy securities for the account of the University,
4. Order the transfer or delivery of securities on the University to any other person,
5. Open and close Letters of Credit, Lines of Credit or extensions of credit on behalf of the University,

6. Pledge collateral, securities, or other property in the name of the University and to make withdrawals, substitutions, and exchanges in connection therewith,
7. Exercise any other rights related to securities, including signing for all releases, powers of attorney, and/or other documents in connection with securities of the University,
8. Designate individuals authorized to sign checks, drafts, notes, acceptances, and other orders for the payment of money or the withdrawal of funds for the account of the University,
9. Designate individuals authorized to endorse, negotiate, receive, or authorize the payment of the proceeds of any instruments or orders for the payment of money to the University,
10. Designate individuals authorized to make telephone transfer of funds of the University and the manner in which such funds can be transferred, and
11. Issue any other instructions for the conduct of any accounts in the name of the University,

and

**BE IT FURTHER RESOLVED** that this resolution supersedes any resolution dated prior to the date of this resolution and relating to the University's banking activities, and

**BE IT FURTHER RESOLVED**, as the individuals holding the positions of President, Vice President for Finance and Administration, and University Treasurer change from time to time, the Secretary of the University of South Alabama Board of Trustees is authorized to certify, under the corporate seal of the corporation, the names and signatures of the individuals succeeding to those positions, and

**BE IT FINALLY RESOLVED** that the Secretary of the University of South Alabama Board of Trustees is authorized to certify, under the corporate seal of the corporation, a copy of this resolution and the names and specimen signatures of the persons authorized to act on behalf of the University.

**RESOLUTION**  
**EXTENSION OF CREDIT WITH RESPECT TO THE UNIVERSITY'S PURCHASING CARD PROGRAM**

**WHEREAS**, the University of South Alabama desires to establish a purchasing card program for the purpose of providing a more efficient method of obtaining certain goods and services, and

**WHEREAS**, the University has performed extensive due diligence to identify the most appropriate provider of purchasing card services, and

**WHEREAS**, PNC Bank, N.A. has been identified as a leader in the providing of purchasing card services for institutions of higher education, and

**WHEREAS**, the University has, after that period of due diligence, selected PNC as its preferred vendor for such purchasing card services,

**THEREFORE, BE IT RESOLVED**, the University of South Alabama Board of Trustees, authorizes either the President, Vice President for Finance and Administration, University Treasurer or the Executive Vice President of the University (collectively, "an authorized representative of the University") to obtain financial services and products of any kind from PNC Bank, NA or from any other direct or indirect subsidiary of The PNC Financial Services Group, Inc., (collectively, "PNC") including but not limited to loans and other products involving the extension of credit and to execute, accept, authorize agreement to and/or deliver to or in favor of

PNC such agreements, documents and instruments, required or requested by PNC in connection with the program, and

**BE IT FURTHER RESOLVED**, to the extent allowed by law and deemed by the authorized representative to be in the best interest of the University, an authorized representative of the University shall execute and deliver to or in favor of PNC any amendments, modifications, renewals or supplements of or any of the foregoing agreements, documents or instruments, and take any other action required or deemed advisable by PNC in order to effectuate the foregoing resolution, all such other actions being hereby approved, ratified and confirmed.

Chairman Furr called for a report from the Health Affairs Committee. On behalf of Dr. Stokes, Committee Chair, Dr. Charlton called for a report on the Mitchell Cancer Institute (MCI). Dr. Finan introduced internationally renowned cancer scientist Dr. Rob Sobol and gave context on his appointment as Abraham A. Mitchell Distinguished Investigator, Point Clear Charities Professor of Oncologic Sciences, and Chief of the Molecular and Metabolic Oncology Program. Dr. Sobol thanked Dr. Finan, President Waldrop and Mr. Mitchell for the opportunity to relocate his research lab to the University of South Alabama, inclusive of a staff of researchers and existing grant funding. As a graphic overview was shown, he shared insight on lab development and his research on DNA damage and repair. Dr. Finan gave an update on long-term goals and current initiatives, including integration of the MCI and the USA Health System and creation of a relationship with HudsonAlpha Institute for Biotechnology, which is located in Huntsville, Alabama.

Chairman Furr called for a report from the Academic and Student Affairs Committee. Ms. Maye, Committee Chair, stated that, at the June 4 meeting, the Committee recommended approval of **ITEM 8** as follows. Chairman Furr called for a vote and the resolution was approved unanimously:

**RESOLUTION  
CREATION OF THE JAGUAR INVESTMENT FUND**

**WHEREAS**, student-managed investment funds have become common over the last decade as educational tools at universities, and

**WHEREAS**, the Mitchell College of Business is proposing to utilize funds it received from the generous bequest of the late Clarence M. Frenkel, Jr., made on behalf of himself and his late wife, Eleanor Ruth Frenkel, as well as from additional monies from the Mitchell Endowment for the formation of a student-managed investment fund to be called the *Jaguar Investment Fund*, and

**WHEREAS**, this student investment fund would benefit the University of South Alabama by helping recruit new students, by retaining existing students, by improving our graduates' job placements, and by increasing the prestige of the University of South Alabama and the Mitchell College of Business, and

**WHEREAS**, for the reasons outlined in the *Jaguar Investment Fund* Proposal attached hereto and incorporated herein by reference, the University believes it is in the best interest of the University and the Mitchell College of Business to create such a student-managed investment fund,

**THEREFORE, BE IT RESOLVED**, the University of South Alabama Board of Trustees, on the recommendation of the Mitchell College of Business and the Office of the Vice President for Finance and Administration after their completion of appropriate due diligence and obtaining approval of the University President, authorizes the University to found the *Jaguar Investment Fund*, and

**BE IT FURTHER RESOLVED**, the University of South Alabama Board of Trustees approves the Investment Policy Statement under which the *Jaguar Investment Fund* will operate, as outlined in the *Jaguar Investment Fund Proposal* attached hereto and incorporated by reference herein, and

**BE IT FURTHER RESOLVED** that any distributions of the fund will be made pursuant to the University's Endowment Spending Policy and administered through the Office of the Vice President for Finance and Administration, and

**BE IT FINALLY RESOLVED**, the University of South Alabama Board of Trustees expresses its deep appreciation for the generous contributions of Eleanor and Clarence Frenkel, and of Arlene Mitchell, the late Mayor Mitchell, and Abe Mitchell to establish the Mitchell Endowment, which have enabled the creation of the *Jaguar Investment Fund* in the Mitchell College of Business.

Ms. Maye reported the Committee's unanimous recommendation for approval of **ITEM 9** as follows. Chairman Furr called for a vote and the resolution was approved unanimously:

**RESOLUTION  
TUITION, HOUSING AND MEAL PLAN 2015-2016**

**WHEREAS**, the University of South Alabama is committed to maintaining high-quality educational and student services programs, and

**WHEREAS**, the Alabama Legislature has approved a 2015-2016 education budget that increases USA's state funding by \$1,553,177 or 1.5 percent from last year, and

**WHEREAS**, USA has faced accumulated reductions in state appropriations of \$285.3 million since 2007-2008, and

**WHEREAS**, the University responded to the recession and reductions in state appropriations by implementing numerous cost-cutting measures that remain in place, and

**WHEREAS**, after extensive analysis of the University's financial needs for 2015-2016 and beyond, the University Administration and Budget Council have determined that increases in tuition and fees, housing, and meals are necessary to maintain the standard of quality that USA students and their families desire and expect, and

**WHEREAS**, with the proposed tuition, housing, and meal rates for 2015-2016, as set forth in the attached schedules, such costs at the University would continue to be among the lowest in effect at peer public doctoral-level research institutions in the state of Alabama,

**THEREFORE, BE IT RESOLVED** that the Board of Trustees of the University of South Alabama approves the tuition, housing, meals, and required student fees for the 2015-2016 academic year as set forth in the attached schedules.

Ms. Maye advised that presentations were delivered to the Academic and Student Affairs Committee on admissions standards changes, the launch of the First Year Advising Center, and Title IX guidelines related to sexual harassment/violence.

Chairman Furr called for a report from the Long-Range Planning Committee. Mr. Shumock, Committee Chair, stated that, on June 4, Provost Johnson reported on the comprehensive process underway for modification of the 2014-2017 Strategic Plan. Changes include incorporation of the University's five institutional priorities and interruption of the plan term such that the succeeding plan will become effective January 2016 and cover five years.

Chairman Furr called for a report from the Budget and Finance Committee. Mr. Corcoran, Committee Chair, called for a presentation from Assistant Vice President for Facilities Management Mr. Randy Moon. As Trustees viewed supporting materials, Mr. Moon discussed infrastructure upgrades related to hot and chilled water management which have increased efficiency and resulted in a windfall of utility savings. He reported a power savings of \$594,477 and a water savings of \$135,467, for a total annual cost reduction of \$729,944. Plans for future projects include total plant automation and optimization, and linking Health Sciences' plant operations to the main campus utilities network. Mr. Moon thanked members of the Administration for believing in his vision. President Waldrop conveyed appreciation to Mr. Moon for his leadership.

Mr. Corcoran stated the Committee voted unanimously on June 4 to recommend approval of **ITEM 17** as follows. Chairman Furr called for a vote and the resolution was approved unanimously:

**RESOLUTION  
PURCHASE OF PROPERTY**

**WHEREAS**, due to the upcoming expiration of the USA Mitchell Cancer Institute's ("MCI") current lease in Fairhope for its Baldwin County operations, the University of South Alabama ("USA") has been evaluating the purchase of property in that area, and

**WHEREAS**, a certain parcel of real estate located on the north side of Fairhope Avenue containing approximately one and 75/100ths (1.75) acres of land (the "Property") has been offered for sale and is potentially appropriate for construction of a building which USA could use for its purposes, including but not limited to a location for MCI physician offices, and

**WHEREAS**, the owners of the Property, A&A Corte Family Limited Partnership and A&D Corte Family Limited Partnership (collectively, "Seller"), are willing to sell the Property to USA and have entered into an option agreement dated May 7, 2015 which provides for a purchase price of fifteen and no/100 dollars (\$15) per square foot, contingent upon the purchase price meeting appraisal ("Option Agreement"),

**THEREFORE, BE IT RESOLVED**, the Board of Trustees hereby ratifies the Option Agreement and authorizes the Vice President for Finance and Administration to exercise the Option Agreement and, after conducting due diligence measures pursuant to the Option Agreement to confirm the suitability of the Property for the purposes of the MCI and issuance of an appraisal which confirms that the purchase price represents fair market value, proceed with the purchase of the Property at a purchase price of fifteen and no/10 dollars (\$15) per square foot plus any due diligence expenses and closing costs.



Mr. Corcoran reported the Committee's unanimous recommendation for approval of **ITEM 18** as follows. Chairman Furr called for a vote and the resolution was approved unanimously:

**A RESOLUTION AUTHORIZING THE ISSUANCE OF THE  
\$6,000,000 UNIVERSITY FACILITIES REVENUE CAPITAL IMPROVEMENT BOND SERIES 2015**

**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) It is necessary, advisable, in the interest of the University and the public that the University design, acquire, construct, install, furnish and equip various capital improvements and equipment including, without limitation, a modular radiation oncology building, equipment, and furnishings; land, building, equipment and furnishings for a clinical office location in Baldwin County, Alabama; and various public capital improvements to the USA Mitchell Cancer Institute, all within the health care enterprise of the University, and various other public capital improvements on the campus of the University (the "2015 Improvements").

(2) The University has undertaken a competitive bidding process for a loan to pay the costs of the 2015 Improvements, and in connection therewith received bids on May 20, 2015, from various financial institutions including Regions Capital Advantage, Inc. (Regions Bank), Whitney Bank (d.b.a., Hancock Bank), SunTrust Bank, Trustmark National Bank, and BBVA Compass Bank.

(3) The Vice President for Finance and Administration of the University has reported that the bid submitted by Regions Capital Advantage, Inc. (herein called "RCA") is the winning bid for the proposed loan.

(4) It is necessary, advisable, in the best interest of the University to accept the bid of RCA and sell and deliver to RCA the University's \$6,000,000 University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015 (herein called the "Series 2015 Bond"), which such Series 2015 Bond shall evidence the loan hereinabove described, to pay the costs of the 2015 Improvements and a portion of the costs of issuing the Series 2015 Bond.

**(b) Series 2015 Bond to be Issued as an Additional Parity Bond Under the Indenture; Special Findings Under Section 8.2(b) of the Indenture.** The Series 2015 Bond shall be issued as an additional parity bond 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 2015 Bond shall be designated Series 2015;
- (3) RCA is the person or entity to whom the Series 2015 Bond is to be delivered;
- (4) the Series 2015 Bond is to be issued by sale in accordance with Section 6 hereof;
- (5) the sale price of the Series 2015 Bond shall be the initial face or par amount thereof (\$6,000,000);

(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 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, and (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" and, together with the Series 1999 Bonds, the Series 2006 Bonds, the Series 2008 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, and the Series 2013-C Bond, the "Outstanding Bonds"), which was issued under and pursuant to the Tenth Supplemental University Facilities Revenue Trust Indenture dated as of March 14, 2014 (herein called the "Tenth Supplemental Indenture"); 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 outstanding under the Indenture; and

(8) the Series 2015 Bond will be issued for the purposes described in Section 8 hereof.

The Trustee is hereby requested to authenticate and deliver the Series 2015 Bond to RCA.

**Section 2. Authorization of the Series 2015 Bond.** For the purposes specified in Section 1 of this resolution, the University does hereby sell its University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015, in a principal amount of \$6,000,000, to RCA, under the terms, conditions and provisions set out in an Eleventh Supplemental University Facilities Revenue Trust Indenture dated June 15, 2015, 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 Eleventh Supplemental University Facilities Revenue Trust Indenture, herein called the Indenture"). All the provisions of the Indenture respecting the Series 2015 Bond 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 2015 Bond.** The principal of and the interest on the Series 2015 Bond shall be payable solely from the Pledged Revenues as defined in the Indenture. Nothing contained in this resolution, in the Series 2015 Bond 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 2015 Bond except from and to the extent of the Pledged Revenues. The Series 2015 Bond shall not represent or constitute an obligation 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 2015 Bond 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 2015 Bond 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 2015 Bond nor any obligation 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 2015 Bond Payable at Par.** All remittances of principal of and interest on the Series 2015 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 2015 Bond 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 2015 Bond, 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 Eleventh 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, an Eleventh Supplemental University Facilities Revenue Trust Indenture dated June 15, 2015, 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 Eleventh Supplemental University Facilities Revenue Trust Indenture the corporate seal of the University and to attest the same.

**Section 6. Sale of the Series 2015 Bond.** The University does hereby sell to RCA the Series 2015 Bond at and for a price equal to the face amount of such bond (\$6,000,000). The Series 2015 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 Eleventh Supplemental University Facilities Revenue Trust Indenture authorized in Section 5 above.

**Section 7. Execution and Delivery of the Series 2015 Bond.** The Board does hereby authorize the President of the University to execute the Series 2015 Bond, in the name and on behalf of the University, by manually signing the 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 the Series 2015 Bond and to attest the same by signing the Series 2015 Bond, and the President of the University is hereby authorized to deliver the Series 2015 Bond, subsequent to its execution as provided herein and in the Indenture, to the Trustee under the Indenture, and to direct the Trustee to authenticate the Series 2015 Bond and to deliver it to RCA (as purchaser thereof).

**Section 8. Application of Proceeds.** The proceeds derived from the sale of the Series 2015 Bond after payment of the costs of issuing the same shall be deposited by the University into a special fund or account established by the University (the "2015 Improvements Account") and used to pay the costs of the 2015 Improvements.

**Section 9. Resolution Constitutes Contract; Severability.** The provisions of this resolution shall constitute a contract between the University and the holder of the Series 2015 Bond. 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 10. 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, to the end that the Series 2015 Bond may be executed and delivered, and the 2015 Improvements designed, acquired, constructed, installed, furnished and equipped, as promptly as practicable.

Chairman Furr called for a report from the Audit Committee. Mr. Peek, Committee Chair, advised that the proceedings on June 4 included adoption of the March meeting minutes. He said Mr. Mark Peach, KPMG partner, would meet with the Committee in September to discuss audit expectations for the 2014-2015 fiscal year.

Chairman Furr called for a report from the Development, Endowment and Investments Committee. Mr. Yance, Committee Chair, gave a summary on investment performance that was reported on June 4. He advised that allocation adjustments and stock elimination were effected to maintain investment policy parameters. He stated the Committee voted unanimously to recommend approval of **ITEM 20** as follows. Chairman Furr called for a vote and the resolution was approved unanimously:

**RESOLUTION  
ADJUSTMENT OF ENDOWMENT MANAGEMENT FEE**

**WHEREAS**, the University of South Alabama has an ongoing responsibility to build endowment assets to the financial benefit of the University, thereby strengthening its ability to enhance the quality of University programs, and

**WHEREAS**, the activities necessary to build and maintain the University's endowment require expenditures for such costs associated with engaging financial management services, support for fundraising activities, management of the endowed gift process, where appropriate, liquidating of real and personal property accepted as gifts, and other such business-related expenditures, and

**WHEREAS**, the University has used the mechanism of a management fee on endowment assets to provide a stable source of funding for all such business activities related to acquisition of new assets and management for the growth of assets through prudent and strategic investment, and

**WHEREAS**, increasing the management fee assessed against the endowment assets from its current rate of 1.00 percent to 1.25 percent would assist in funding development and alumni relations programming in the face of stagnant state appropriations and be consistent with best practices among universities nationally,

**THEREFORE, BE IT RESOLVED**, the Board of Trustees, on the recommendation of its Development, Endowment and Investments Committee, authorizes the University to assess an annual management fee of 1.25 percent of total assets held in the endowment as of September 30 of each year and retroactive to September 30, 2014, and

**BE IT FINALLY RESOLVED** that the President is authorized to designate the expenditure of resources generated by this management fee as appropriate through the University budgeting process.

President Waldrop and Dr. Busta joined Mr. Yance for presentation of **ITEM 21** as follows. Mr. Yance and Dr. Busta shared perspective on the significant contributions and fine character of USA donors Fanny and Bert Meisler, whose regrets for missing the meeting were shared with Trustees. College of Arts and Sciences Dean Dr. Andrzej Wierzbicki discussed the meaningful way the Meislers chose to make an impact on students and the public in founding and endowing a Jewish studies program. Mr. Yance read the resolution and moved approval. Ms. Mitchell seconded and the resolution was approved unanimously. Judge Simon stated a curriculum of this type was long overdue and attests to the excellent nature of the Meislers and to the quality of the Institution:

#### **RESOLUTION**

##### **THE FANNY AND BERT MEISLER ENDOWED PROFESSORSHIP IN JEWISH STUDIES**

**WHEREAS**, for 51 years, the University of South Alabama has vigorously pursued its mission of education and service to the Gulf Coast region, including scholarly exploration and dissemination of knowledge, and

**WHEREAS**, ensuring that our graduates leave our campus as thoughtful, committed citizens is of vital importance to the health, welfare and success of our region, state and nation, and

**WHEREAS**, Mr. and Mrs. Bert Meisler already have pursued this objective with exceptional generosity providing financial support to the University of South Alabama, thus enabling students at the University to enrich their lives through the pursuit of higher education, and

**WHEREAS**, Mr. and Mrs. Meisler have supported the University with substantial charitable gifts including a leadership role in establishing the *Ripps-Meisler Endowed Chair* in the USA College of Medicine, providing necessary funding to name the student services center *Meisler Hall*, and giving extensive support to the University's athletic programs, and

**WHEREAS**, Mr. and Mrs. Meisler have generously committed to providing philanthropic support to establish an endowed fund to invest in the continued success of the Jewish Studies Program at the University of South Alabama and to expand and deepen the University's relationship with Mobile's Jewish community, and

**WHEREAS**, a Jewish Studies program in the College of Arts and Sciences, focusing on the history, religion and culture of the Jewish people will illuminate important issues of group and national identity, diaspora, genocide and cultural survival, and will have relevance not only to those who seek a richer understanding of the Jewish experience but also to students of other dispossessed or minority groups, and

**WHEREAS**, the *Fanny and Bert Meisler Professorship in Jewish Studies Endowment Fund* represents a profound advancement of the academic programs of the University of South Alabama that will accrue to the benefit of citizens across the Gulf Coast region for generations to come,

**THEREFORE, BE IT RESOLVED**, the Board of Trustees expresses its deep gratitude to Fanny and Bert Meisler for their visionary partnership and extraordinary generosity in establishing this endowed fund and declares that this endowed professorship at the University of South Alabama will hereafter be known as *The Fanny and Bert Meisler Endowed Professorship in Jewish Studies*.

Concerning **ITEM 22** as follows, Regina and Steve Simmons were asked to join Chairman Furr and President Waldrop for the reading of the resolution. On motion by Mr. Corcoran, seconded by Mr. Shumock, the resolution was approved unanimously. Words of appreciation and admiration were exchanged for Mr. Simmons' longstanding devotion and service to the University, which included two tenures and multiple administrative roles with the Health System and the main campus. Mr. Simmons claimed it an honor to spend his career at USA and concluded his remarks with a resounding "Go Jags!"

**RESOLUTION  
COMMENDATION OF MR. STEPHEN H. SIMMONS**

**WHEREAS**, Stephen H. Simmons has faithfully served the University of South Alabama in numerous capacities over the course of four decades, both with the USA Health System and the University's main campus, and

**WHEREAS**, Mr. Simmons first joined the University in 1977, working his way from Internal Auditor, to Senior Accountant, to Manager of Hospital Accounting, to Assistant Hospital Controller, to Hospital Administrator, to Senior Hospital Administrator and finally, to Associate Vice President for Medical Financial Affairs, and

**WHEREAS**, Mr. Simmons played a leading role in the creation of a health maintenance organization that provided innumerable benefits to the USA Health System and to countless patients along the Gulf Coast, as well as developing the Medicaid Maternity Waiver Program for Mobile County, and

**WHEREAS**, the University of South Alabama Board of Trustees, on April 1, 2004, unanimously approved a resolution expressing the Board's appreciation to Mr. Simmons for his many contributions to the University, and offering its best wishes upon his recent retirement, and

**WHEREAS**, Mr. Simmons' unique skills rendered him such an essential employee that it was in the University's best interests to bring him out of retirement in 2008 to serve this institution once more, and

USA Board of Trustees  
June 5, 2015  
Page 17

**WHEREAS**, Mr. Simmons returned as Assistant Vice President for Financial Affairs and later, as Senior Associate Vice President for Financial Affairs as well as Chief Financial Officer for Athletics, with management responsibility of University computing and information systems, internal audit and risk management, the Mitchell Center, the USA Springhill campus and the Brookley Center, and, most recently, he served as Vice President for Finance and Administration, and

**WHEREAS**, Mr. Simmons is not only a master of many talents at the University, but is also a master of the art of retirement, this being his second time to do so,

**THEREFORE, BE IT RESOLVED** that the University of South Alabama Board of Trustees expresses its heartfelt admiration of Mr. Stephen H. Simmons for his untiring efforts on behalf of the University, and offers encouragement that this second retirement will provide him greater leisure than the first.

There being no further business, the meeting was adjourned at 12:20 p.m.

Attest to:

Respectfully submitted:

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James H. Shumock, Secretary

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Steven P. Furr, M.D., Chair *pro tempore*

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**



**HEALTH AFFAIRS**



**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**HEALTH AFFAIRS COMMITTEE**

**June 4, 2015  
1:30 p.m.**

A meeting of the University of South Alabama Board of Trustees Health Affairs Committee was duly convened by Dr. Scott Charlton on behalf of Dr. Steve Stokes, Chair, on Thursday, June 4, 2015, at 1:30 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Chandra Brown Stewart, Scott Charlton, Bettye Maye, Arlene Mitchell and Ken Simon.

Member Absent: Steve Stokes.

Other Trustees: Tom Corcoran, Steve Furr, Ron Jenkins, Bryant Mixon, John Peek, Jimmy Shumock and Mike Windom.

Administration and Others: Joe Busta, Lynne Chronister, Monica Curtis, Kristin Dukes, Joel Erdmann, Julie Estis (Faculty Senate), Stan Hammack, Mike Haskins, David Johnson, Ed Panacek, Ravi Rajendra (SGA), John Smith, Sam Strada, Tony Waldrop and Kevin West (Faculty Senate).

Press: Cassie Fambro (al.com) and Alyssa Newton (*Vanguard*).

The meeting came to order and the attendance roll was called. Dr. Charlton called for consideration of **ITEM 4**, a resolution authorizing the USA Hospitals medical staff appointments and reappointments for February, March and April 2015 (for copies of resolutions, policies and other authorized documents, refer to the June 5, 2015 Board of Trustees meeting minutes). On motion by Ms. Brown Stewart, seconded by Ms. Maye, the Committee voted unanimously to recommend approval by the Board of Trustees.

Dr. Charlton called for a report on the activities of the USA Health System and the Division of Health Sciences, **ITEM 5**. With regard to preparations for the Gulf Coast Regional Care Organization (GCRCO), Mr. Hammack discussed the evolving administrative responsibilities of Mr. Owen Bailey, Ms. Beth Anderson, Ms. Becky Tate, Mr. Harvey Ikner and Ms. Traci Jones, and gave insight on factors related to funding.

Dr. Strada announced the appointment of Dr. Ed Panacek as Chair of the Department of Emergency Medicine and Dr. Angus McBryde as Interim Chair of the Department of Orthopaedic Surgery. He shared a brief history on each department, discussed career highlights for both physicians, as detailed in the fact sheets distributed, and introduced Dr. Panacek for remarks. Dr. Panacek, a USA alumnus, expressed enthusiasm for the Institution's transformation over the years and for meeting the new opportunities and challenges in his new role as Chair.

Health Affairs Committee

June 4, 2015

Page 2

Dr. Charlton called for consideration of the minutes of the meeting held on March 5, 2015. On motion by Ms. Maye, seconded by Dr. Charlton, the minutes were approved unanimously.

There being no further business, the meeting was adjourned at 1:44 p.m.

Respectfully submitted:

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Scott A. Charlton, M.D.

On behalf of:

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Steven H. Stokes, M.D., Chair

**RESOLUTION**

**USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS  
FOR MAY, JUNE AND JULY 2015**

**WHEREAS**, the Medical Staff appointments and reappointments for May, June and July 2015 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.

UNIVERSITY OF SOUTH ALABAMA

STANLEY K. HAMMACK  
VICE PRESIDENT  
HEALTH SYSTEM



TELEPHONE: (251) 471-7118  
2451 FILLINGIM STREET, SUITE 2110  
MOBILE, ALABAMA 36617-2293  
FAX: (251) 471-7751

**MEMORANDUM**

**TO:** Tony G. Waldrop, Ph.D.  
President

**FROM:** Stan Hammack

**DATE:** August 5, 2015

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 May, June and July 2015**

- Credentials Report – May, June and July 2015

SKH:kh

Attachments

REC'D  
Office of the President

8/10/15

University of South Alabama



**UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK  
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS  
FOR BOARD OF TRUSTEE APPROVAL  
May 2015, June 2015, and July 2015**

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, Amanda, CRNP	Reappt.	Refer & Follow	Family Medicine	Reappt.	Refer & Follow	Family Medicine	NA	NA	NA
Anderson, Stephanie J., MD	Reappt.	Active	Pediatrics	NA	NA	NA	Reappt.	Active	Pediatrics
Aune, Catharine V., CRNP	NA	NA	NA	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine
Barnes, Matthew E., CRNP	New Appt.	Allied	Neurology	New Appt.	Allied	Neurology	New Appt.	Allied	Neurology
Batten, Kenneth Dean, MD	New Appt.	Active	Radiology	New Appt.	Active	Radiology	New Appt.	Active	Radiology
Beck, Maria, CRNP	Reappt.	Refer & Follow	Family Medicine	Reappt.	Refer & Follow	Family Medicine	NA	NA	NA
Bessette, Sabrina, MD	Reappt.	Consulting	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Consulting/Active	Internal Medicine
Bixler, Quin A., MD	New Appt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Bradford, Kimberly, RN	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine	NA	NA	NA
Braswell, Katelyn V., MD	New Appt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Brooks, Ronald M., MD	New Appt.	Active	Surgery	New Appt.	Active	Surgery	New Appt.	Active	Surgery
Brooks, III, William B., MD	Reappt.	Consulting	Psychiatry	Reappt.	Consulting	Psychiatry	NA	NA	NA
Brown, Rodney, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Brown, Russell, MD	Reappt.	Courtesy	Surgery	Reappt.	Courtesy	Surgery	NA	NA	NA
Bullock, Lesli A., CRNP	Reappt.	Allied	Orthopaedics	Reappt.	Allied	Orthopaedics	NA	NA	NA
Bullock-Woodall, Cassie, PA	Reappt.	Allied	Pediatrics	NA	NA	NA	Reappt.	Allied	Pediatrics
Butts-Wilkerson, Ashley D., MD	New Appt.	Active	Family Medicine	New Appt.	Active	Family Medicine	New Appt.	Active	Family Medicine
Cash, Brooks D., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Chapman, Zack, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Chennalt, Leland A., NPSYT	Reappt.	Allied	Neurosurgery	Reappt.	Allied	Neurosurgery	NA	NA	NA
Das, Abhijit, MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Daum, Kent, OD	Reappt.	Refer & Follow	Surgery	Reappt.	Refer & Follow	Surgery	NA	NA	NA
Dixey, Laramie, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Dobbs, Tonya R., MD	Reappt.	Refer & Follow	Pediatrics	Reappt.	Refer & Follow	Pediatrics	NA	NA	NA
Dooley, Audrea A., CRNP	NA	NA	NA	New Appt.	Allied	Internal Medicine	NA	NA	NA
Donahue, Mark A., MD	Reappt.	Refer & Follow	Pediatrics	Reappt.	Refer & Follow	Pediatrics	NA	NA	NA
Dullet, Suneet W., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New	Active	Internal Medicine
Eisenbeis, Elizabeth, PA	Reappt.	Refer & Follow	Family Medicine	Reappt.	Refer & Follow	Family Medicine	NA	NA	NA
Elliott, Kimberly A., MD	Reappt.	Courtesy	Surgery	NA	NA	NA	NA	NA	NA
Evans, Gregory, MD	Reappt.	Refer & Follow	Internal Medicine	Reappt.	Refer & Follow	Internal Medicine	NA	NA	NA
Eyal, Fabien G., MD	Reappt.	Active	Pediatrics	Reappt.	Courtesy	Pediatrics	Reappt.	Active/Courtesy	Pediatrics
Fontana, Andre J., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Ford Johnson, Nina, MD	Reappt.	Refer & Follow	Pediatrics	NA	NA	NA	NA	NA	NA
Funke, Lillian C., CNM	New Appt.	Allied	OBGYN	NA	NA	NA	New Appt.	Allied	OBGYN
Gamble, Charlotte, CRNP	Reappt.	Refer & Follow	Family Medicine	Reappt.	Refer & Follow	Family Medicine	NA	NA	NA
Gardner, Debra E., MD	Reappt.	Refer & Follow	Pediatrics	NA	NA	NA	NA	NA	NA
Gillis, Angela, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Gulati, Rashmi, MD	New Appt.	Active	Pediatrics	New Appt.	Courtesy	Pediatrics	New Appt.	Active/Courtesy	Pediatrics
Gulati, Taruna, MD	Reappt.	Active	Anesthesiology	Reappt.	Active	Anesthesiology	NA	NA	NA
Gupta, Shikha, MD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology
Gupta, Sunil, MD	Reappt.	Courtesy	Surgery	Reappt.	Courtesy	Surgery	NA	NA	NA
Harrell, James B., MD	Reappt.	Refer & Follow	Pediatrics	NA	NA	NA	NA	NA	NA

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Harris, Leticia, CRNP	Reappt.	Refer & Follow	Family Medicine	Reappt.	Refer & Follow	Family Medicine	NA	NA	NA
Hill, Gregory, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Hinton, Claire B., PA	Reappt	Allied	Surgery	Reappt.	Allied	Surgery	NA	NA	NA
Johannesmann, Daniel, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Johnson, Donald, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Jones, Brian J., MD	NA	NA	NA	New Appt.	Contract/Temp	Emergency Med.	NA	NA	NA
Kahn, Steven A., MD	New Appt.	Active	Surgery	New Appt.	Active	Surgery	New Appt.	Active	Surgery
Kaulfers, Anne-Marie D., MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics
Krueger, Margaret S., DO	New Appt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Lammers, John Eugene, MD	NA	NA	NA	Reappt.	Active	Internal Medicine	NA	NA	NA
Lamplay, Shani T., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Lane, Clayton G., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Lewis, David F., MD	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN
Liles, Joe Spencer, MD	New Appt.	Active	Surgery	New Appt.	Active	Surgery	New Appt.	Active	Surgery
Lim, Lerma, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Luterman, Arnold, MD	Reappt.	Academic	Surgery	Reappt.	Academic	Surgery	NA	NA	NA
Malozzi, Christopher, DO	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
McBryde, Jr., Angus M., MD	New Appt.	Active	Orthopaedics	New Appt.	Active	Orthopaedics	New Appt.	Active	Orthopaedics
McCall, Daniel T., III, MD	Reappt.	Refer & Follow	Pediatrics	Reappt.	Refer & Follow	Pediatrics	NA	NA	NA
McClain, Joseph M., MD	New Appt.	Active	Surgery	New Appt.	Active	Surgery	New Appt.	Active	Surgery
McCraney, Eric, CRNP	Reappt.	Refer & Follow	Family Medicine	Reappt.	Refer & Follow	Family Medicine	NA	NA	NA
McDade, Carey L., MD	Reappt.	Refer & Follow	Pediatrics	NA	NA	NA	NA	NA	NA
McDonnell, Lynne, MD	NA	NA	NA	Reappt.	Active	Emergency Med.	NA	NA	NA
McGinn, Kaitlin A., PharmD	NA	NA	NA	New Appt.	Allied	Surgery	NA	NA	NA
Merritt, Brandy E., MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics
Miller, Pamela, NPSYT	Reappt.	Allied	Neurosurgery	Reappt.	Allied	Neurosurgery	NA	NA	NA
Minto, Laura E., MD	Reappt.	Active	Neurology	Reappt.	Active	Neurology	Reappt.	Active	Neurology
Moorer, Ashley C., RN	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	NA	NA	NA
Morgan, Robert, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Mowry, Margaret H., MD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology
Murphy, Darrell, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Muscat, David, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Narahari, Praveen, MD	Reappt.	Consulting	Psychiatry	Reappt.	Consulting	Psychiatry	NA	NA	NA
Naylor, Rick, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Normand, Robin, CRNP	Reappt.	Refer & Follow	Family Medicine	Reappt.	Refer & Follow	Family Medicine	NA	NA	NA
Ozment, Elmo D., MD	Reappt.	Refer & Follow	Family Medicine	Reappt.	Refer & Follow	Family Medicine	NA	NA	NA
Paragone, Christine M., PA	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery	NA	NA	NA
Patterson, Scott B., DO	New Appt.	Active	Surgery	New Appt.	Active	Surgery	New Appt.	Active	Surgery
Patton, William C., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Peevy, Keith J., MD	Reappt	Active	Pediatrics	Reappt.	Courtesy	Pediatrics	Reappt.	Active/Courtesy	Pediatrics
Perry, Candace, MD	New Appt.	Consulting	Psychiatry	New Appt.	Consulting	Psychiatry	NA	NA	NA
Portier, James, CRNA	NA	NA	NA	Reappt.	Allied	Anesthesiology	NA	NA	NA

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Pyko, Maximilian, DO	New Appt.	Active	Radiology	New Appt.	Active	Radiology	New Appt.	Active	Radiology
Rider, Paul F., MD	Reappt.	Active	Surgery	Reappt.	Active	Surgery	Reappt.	Active	Surgery
Roca Garcia, Maria R., MD	Reappt.	Active	Pediatrics	NA	NA	NA	Reappt.	Active	Pediatrics
Rogers, IV., Charles M., MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Rogers, Helen H., MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Saitz, Marianne, DO	Reappt.	Consulting	Psychiatry	Reappt.	Consulting	Psychiatry	NA	NA	NA
Schultz, John C., MD	NA	NA	NA	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Sexton, Tyler D., MD	New Appt.	Active	Pediatrics	NA	NA	NA	New Appt.	Active	Pediatrics
Shelby, Shaketa R., RN	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	NA	NA	NA
Simpson, III, James K., MD	Reappt.	Courtesy	Internal Medicine	Reappt.	Courtesy	Internal Medicine	NA	NA	NA
Spiro, Arthur W., DO	New Appt.	Refer & Follow	Family Medicine	New Appt.	Refer & Follow	Family Medicine	NA	NA	NA
Sternberg, Michael L., MD	Reappt.	Active	Evaluation Center	Reappt.	Active	Emergency Med.	NA	NA	NA
Stewart, Regina A., CRNP	Reappt.	Allied	Surgery	NA	NA	NA	Reappt.	Allied	Surgery
Stubbs, II, Ernest, NPSYT	Reappt.	Allied	Neurosurgery	Reappt.	Allied	Neurosurgery	NA	NA	NA
Tacchi, Ernest, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Taylor, Joshua T., MD	New Appt.	Active	Surgery	New Appt.	Active	Surgery	New Appt.	Active	Surgery
Thompson, Kimberly, CRNP	Reappt.	Allied	Surgery	NA	NA	NA	Reappt.	Allied	Surgery
Tullis, Jennifer, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Van Buren, James W., MD	New Appt.	Active	Pediatrics	NA	NA	NA	New	Active	Pediatrics
Vial, Sheila, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Walks, Debra M., MD	Reappt.	Refer & Follow	Pediatrics	Reappt.	Refer & Follow	Pediatrics	NA	NA	NA
Warner, Barry A., DO	Reappt.	Consulting	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Consulting/Active	Internal Medicine
Weekley, Robert, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Wells, Mary S., MD	Reappt.	Refer & Follow	Pediatrics	NA	NA	NA	NA	NA	NA
Whitehurst, Richards M., MD	Reappt.	Active	Pediatrics	Reappt.	Courtesy	Pediatrics	Reappt.	Active/Courtesy	Pediatrics
Williamson, Amelia, RN	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine	NA	NA	NA
Wolf, Laura, CRNP	Reappt.	Refer & Follow	Family Medicine	Reappt.	Refer & Follow	Family Medicine	NA	NA	NA
Wrights, Sharienne E., MD	Reappt.	Refer & Follow	Pediatrics	Reappt.	Refer & Follow	Pediatrics	NA	NA	NA
Xing, Zhiqing, MD	Reappt.	Active	Orthopaedics	Reappt.	Active	Orthopaedics	Reappt.	Active	Orthopaedics
<b>Change Requests</b>									
Barber, IV, William H., MD	NA	NA	NA	Modified Cklist	Active	Surgery	Modified Chklist	Active	Surgery
Berg, Marion C., MD	NA	NA	NA	Mod Cklist/Add	Active	Emergency Med.	NA	NA	NA
Brevard, Sigdney B., MD	NA	NA	NA	Modified Cklist	Active	Surgery	Modified Chklist	Active	Surgery
Camp, Pamela R., CRNP	Deleted Priv.	Allied	Surgery	Deleted Priv.	Allied	Surgery	Deleted Priv.	Allied	Surgery
Chason, Danielle N., CRNP	Added Priv.	Allied	Neurosurgery	Added Priv.	Allied	Neurosurgery	Added Priv.	Allied	Neurosurgery
Clark, Michael E., MD	Request LOA	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Cordina, Steve M., MD	NA	NA	NA	Added Priv.	Active	Neurology	Added Priv.	Active	Neurology
Drake, Jeremy M., MD	NA	NA	NA	Modified Cklist	Active	Emergency Med.	NA	NA	NA
Davis, Shannon Noelle, CRNP	NA	NA	NA	Added Priv.	Allied	Surgery	Added Priv.	Allied	Surgery

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<b>Change Requests (Cont.)</b>									
Holladay, Laurel Ashley, CRNP	Deleted Priv.	Allied	Pediatrics	NA	NA	NA	Deleted Priv.	Allied	Pediatrics
Huffmaster, Candace E., CRNP	NA	NA	NA	Deleted Priv.	Allied	Surgery	Deleted Priv.	Allied	Surgery
Jones, Vanessa L., CRNP	Added Priv.	Allied	Internal Medicine	Added Priv.	Allied	Internal Medicine	Added Priv.	Allied	Internal Medicine
Maggio, Anthont R., MD	NA	NA	NA	Modified Cklist	Active	Emergency Med.	NA	NA	NA
McDonnell, Lynne A., MD	NA	NA	NA	Modified Cklist	Active	Emergency Med.	NA	NA	NA
Myers, Lori A., MD	NA	NA	NA	Modified Cklist	Active	Emergency Med.	NA	NA	NA
Ngando, George E., MD	NA	NA	NA	Modified Cklist	Active	Emergency Med.	NA	NA	NA
Panacek, Edward A., MD	NA	NA	NA	Mod Cklist/Add	Active	Emergency Med.	NA	NA	NA
Patterson, Scott B., MD	NA	NA	NA	Modified Cklist	Active	Surgery	Modified Chklist	Active	Surgery
Payne, Isaac C., DO	NA	NA	NA	Modified Cklist	Active	Emergency Med.	NA	NA	NA
Rivers, Terry N., MD	NA	NA	NA	Modified Cklist	Active	Emergency Med.	NA	NA	NA
Rodriguez, Reynaldo, DO	NA	NA	NA	Modified Cklist	Active	Emergency Med.	NA	NA	NA
Rodriguez, Reynaldo, DO	Deleted Priv.	Active	Internal Medicine	Mod Cklist/Add	Active	Internal Medicine	Del/Add/Mod Ck	Active	Internal Medicine
Seaman, Rachel T., MD	NA	NA	NA	Modified Cklist	Active	Emergency Med.	NA	NA	NA
Simmons, Jon D., MD	NA	NA	NA	Modified Cklist	Active	Surgery	Modified Chklist	Active	Surgery
Sternberg, Michael L., MD	NA	NA	NA	Modified Cklist	Active	Emergency Med.	NA	NA	NA
Stewart, Regina A., CRNP	Added Priv.	Allied	Surgery	Added Priv.	Allied	Surgery	Added Priv.	Allied	Surgery
Ul Haq, Ehtesham, MD	NA	NA	NA	Modified Cklist	Active	Emergency Med.	NA	NA	NA
Van Buren, James W., MD	Added Priv.	Active	Evaluation Center	NA	NA	NA	NA	NA	NA
<b>Retired/Resigned</b>									
<b>Name</b>	<b>Reason</b>	<b>Date</b>	<b>Dept.</b>	<b>Reason</b>	<b>Date</b>	<b>Dept.</b>			
Beals, Daniel A., MD	Resigned	4/30/2015	Surgery	Resigned	4/30/2015	Surgery			
Bramhall, Maria, CRNP	Resigned	5/22/2015	Neurology	Resigned	5/22/2015	Neurology			
Carpenter, Lawrence, MD	Resigned	5/31/2015	OBGYN	Resigned	5/31/2015	OBGYN			
Couch, John P., MD	Suspended	6/26/2015	Anesthesiology	Suspended	6/25/2015	Anesthesiology			
Day, Gwendolyn, PA	Resigned	4/23/2015	Family Medicine	Resigned	4/23/2015	Family Medicine			
Gosche, John R., MD	Resigned	4/30/2015	Surgery	Resigned	4/30/2015	Surgery			
Greiner, Francis, MD	Deceased	5/4/2015	Radiology	Deceased	5/4/2015	Radiology			
Gunter, Joseph, MD	Resigned	5/31/2015	Surgery	Resigned	5/31/2015	Surgery			
Hall, Martha, CMD	NA	NA	NA	Resigned	5/31/2015	Radiology			
Hunt, Amanda H., CRNA	Resigned	6/30/2015	Anesthesiology	Resigned	6/30/2015	Anesthesiology			
Hunt, Julie, CRNP	Resigned	5/18/2015	Family Medicine	Resigned	5/18/2015	Family Medicine			
Koonce, Cassidy J., MD	NA	NA	NA	Resigned	6/30/2015	Emergency Med.			
Madanagopal, Sudhakar, MD	Resigned	6/30/2015	Orthopaedics	Resigned	6/30/2015	Orthopaedics			
Moroni, Wendy S., CRNP	NA	NA	NA	Resigned	6/22/2015	Internal Medicine			
Ove, Roger, MD	Resigned	5/31/2015	Radiology	Resigned	5/31/2015	Radiology			



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<b>Retired/Resigned (Cont.)</b>									
<b>Name</b>	<b>Reason</b>	<b>Date</b>	<b>Dept.</b>	<b>Reason</b>	<b>Date</b>	<b>Dept.</b>			
Owens, Japonica, FPNP	Resigned	4/23/2015	Family Medicine	Resigned	4/23/2015	Family Medicine			
Pacheco, Antonio, MD	NA	NA	NA	Resigned	5/31/2015	Emergency Med.			
Richard-Hughes, Sharon, CRNP	Resigned	5/29/2015	Surgery	Resigned	5/29/2015	Surgery			
Ruan, Xiulu, MD	Suspended	6/26/2015	Anesthesiology	Suspended	6/26/2015	Anesthesiology			
Scruggs, Cailley M., CRNA	Resigned	6/30/2015	Anesthesiology	Resigned	6/30/2015	Anesthesiology			
Thames, Amilie, MD	Resigned	4/23/2015	Family Medicine	Resigned	4/23/2015	Family Medicine			
Weaver, Katrina, MD	NA	NA	NA	Resigned	6/30/2015	Emergency Med.			
Wright-Sexton, Laura A., MD	Resigned	6/30/2015	Ped/Eval Ctr	NA	NA	NA			

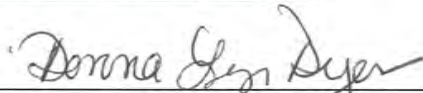
UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK  
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS  
FOR BOARD OF TRUSTEES APPROVAL

May 2015, June 2015, and July 2015

**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:**



Donna Lynn Dyess M.D., Chair of Medical Executive Committee or Chair Elect  
USA Children's & Women's Hospital



William O. Richards, M.D., Chair of Medical Executive Committee or Chair Elect  
USA Medical Center



Stanley K. Hammack  
Vice President, USA Health Systems

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**



**ACADEMIC AND  
STUDENT AFFAIRS**

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**ACADEMIC AND STUDENT AFFAIRS COMMITTEE**

**June 4, 2015  
1:44 p.m.**

A meeting of the University of South Alabama Board of Trustees Academic and Student Affairs Committee was duly convened by Ms. Bettye Maye, Chair, on Thursday, June 4, 2015, at 1:44 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Chandra Brown Stewart, Scott Charlton, Ron Jenkins, Bettye Maye, Bryant Mixon and Mike Windom.

Other Trustees: Tom Corcoran, Steve Furr, Arlene Mitchell, John Peek, Jimmy Shumock, Ken Simon and Jim Yance.

Administration and Others: Joe Busta, Nicole Carr, Lynne Chronister, Monica Curtis, Kristin Dukes, Joel Erdmann, Julie Estis (Faculty Senate), Stan Hammack, Krista Harrell, Mike Haskins, Ken Hunsader, David Johnson, Kyre Lahtinen, Catherine Preston, Ravi Rajendra (SGA), John Smith, Tony Waldrop and Kevin West (Faculty Senate).

Press: Cassie Fambro (al.com) and Alyssa Newton (*Vanguard*).

The meeting came to order and the attendance roll was called. Ms. Maye called for consideration of the minutes of the meeting held on March 5, 2015. On motion by Mr. Windom, seconded by Capt. Jenkins, the minutes were approved unanimously.

Ms. Maye called on Provost Johnson for presentation of **ITEM 6**, a resolution to approve the granting of tenure and/or promotion to faculty as set forth (for copies of resolutions, policies and other authorized documents, refer to the June 5, 2015, Board of Trustees meeting minutes). Provost Johnson said the names of the individuals recommended were listed in the materials provided to Trustees. On motion by Mr. Windom, seconded by Capt. Jenkins, the Committee voted unanimously to recommend approval by the Board of Trustees. Judge Simon inquired about the evaluation process. Provost Johnson discussed the various criteria that faculty must meet and the channels through which individuals' qualifications are reviewed. He stated a committee has been charged with examining the process for tenure and promotion and a report is expected within the year.

Provost Johnson discussed **ITEM 7**, a resolution to adopt an amended Resident and Non-Resident Tuition Policy. He noted that language specific to in-state tuition for veterans and their spouses and dependents had not been updated at the time procedural changes were effected to insure compliance with federal regulations. He said the proposed revisions would correct the disparity. The Committee voted unanimously to recommend approval by the Board of Trustees.

Provost Johnson presented **ITEM 8**, a resolution to authorize creation of the *Jaguar Investment Fund* (JIF), a student-managed investment fund administered through the Mitchell College of Business; adoption of the corresponding Investment Policy Statement, as set forth in the JIF proposal; and compliance with the University's Endowment Spending Policy. Further, the resolution conveys the Board's appreciation for the contributions of the late Eleanor and Clarence Frenkel, and of Arlene Mitchell, the late Mayer Mitchell, and Abe Mitchell, which have made the JIF possible. Provost Johnson introduced Department of Economics and Finance Chair Dr. Ken Hunsader and Assistant Professor and JIF faculty advisor Dr. Kyre Lahtinen. As the Trustees viewed a graphic outline, Drs. Hunsader and Lahtinen discussed management of the JIF. Through a two-course program, students will work as a team to make and report trades; track performance against the S & P 500; and make presentations on investment results. With emphasis on long-term growth, gains will support educational services, such as scholarships or the purchase of data and research reports for analysis. Optimism was shared that an index could be developed for comparing JIF performance with that of other student-led funds. Amid an exchange of questions and comments, Mr. Albano pledged to report JIF performance on a regular basis. On motion by Dr. Charlton, seconded by Ms. Mitchell, the Committee voted unanimously to recommend approval by the Board of Trustees.

Provost Johnson addressed **ITEM 9**, a resolution authorizing the rates of tuition, housing and the meal plan for the 2015-2016 academic year. He asserted the recommendation for a two-percent tuition increase as modest compared to the increases projected at Alabama peer institutions, and directed attention to materials showing the current and proposed rates, including total annual cost comparisons demonstrating USA students will continue to pay significantly less than students attending Auburn University, The University of Alabama, The University of Alabama at Birmingham (UAB) and Troy University. He added that, despite the adjustment, USA's competitive edge would not be jeopardized. He explained that the higher costs associated with a nursing education necessitate different tuition rates for USA's College of Nursing, which will still be less than those charged by other nursing programs. Dr. Smith specified a recommended four percent increase in housing rates and a two percent increase in meal plan rates. He said these services are self-supporting and program improvements are paid for with monies collected. Judge Simon conveyed satisfaction for the Administration's ability to limit the tuition increase to two percent.

President Waldrop advised that a one and one-half percent increase in state appropriation is expected and he echoed the point that the rates as proposed would not impede the University's appeal to prospective students. Dr. Smith credited the faculty leadership for efforts that have led to the University's growth. On motion by Mr. Windom, seconded by Capt. Jenkins, the Committee voted unanimously to recommend approval by the Board of Trustees.

Concerning **ITEM 10**, a report on the business of the Division of Academic Affairs, Provost Johnson discussed a plan to revise academic standards for admission, and explained how measures, such as raising the required high school GPA from 2.0 to 2.5, to become effective with the 2015 fall semester, and gradually phasing out conditional admission over a three-year period, would, over time, result in improved retention and six-year graduation rates, and in higher ACT composite scores. He stated the University will partner with community colleges to begin offering referral

assistance to prospective students who do not meet minimum requirements for admission. Expectations are that students who demonstrate remediation will transfer to USA. Provost Johnson maintained the strategy, founded on strong data, will enable the Institution to build stature and reach the ranks of aspirational peers, such as UAB and Georgia State University. Mr. Peek expressed concern that the proposal may have a negative impact on enrollment, and he suggested that the administration proceed with caution. Provost Johnson conveyed confidence in the plan, reiterating that long-term benefits will outweigh any immediate adverse effects. He added positive factors in other areas, such as graduate enrollment growth, will offset deficits. In the interest of students who are not committed to improving academic performance, President Waldrop recognized the detrimental effect unnecessary student debt would have on earnings potential. Figures for the upcoming fall semester show 300 students who meet parameters for conditional enrollment.

Provost Johnson introduced Dr. Nicole Carr, Executive Director of the Office of Student Academic Success and Retention, for an update on the *JagSuccess* program. Correlating positive shifts in academic performance with effective retention strategies, Dr. Carr discussed priorities for insuring student success, and the launch of *Jag Success*, a comprehensive network of support services that promotes student engagement, tracks academic performance and provides intervention assistance as necessary. *JagSuccess* resources will be located in the Academic Support Center. Dr. Carr announced the recent appointments of Mr. Ira Johnson as *JagSuccess* Assistant Director and Ms. Catherine Preston as Director of USA's First Year Advising Center. Ms. Preston shared enthusiasm for her new role, and addressed goals and staff development.

Concerning **ITEM 11**, a report on the activities of the Division of Student Affairs, on behalf of Dr. Mitchell, Dr. Smith introduced Dr. Krista Harrell, Associate Dean of Students and *Title IX* Coordinator, who gave an overview on institutional responsibilities pertaining to federal *Title IX* regulations on sexual harassment and assault on campuses. The Committee viewed a graphic presentation as Dr. Harrell detailed efforts and resources demonstrating the University's commitment to provide awareness and prevention programs that train coordinators, investigators and staff; educate students; and counsel victims.

There being no further business, the meeting was adjourned at 2:43 p.m.

Respectfully submitted:

---

Bettye R. Maye, Chair

**RESOLUTION**

**PROFESSORS EMERITUS**

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

**ACADEMIC AFFAIRS:**

Jerry Alan Bush, Ph.D., Professor of Music  
Raymond Kent Clark, Ph.D., Professor of Physics  
Scott L. Douglass, Ph.D., Professor of Civil Engineering  
Ellwood B. Hannum, Ph.D., Professor of History and Interdisciplinary Studies  
Joseph Timothy Holston, Au.D., Assistant Professor of Audiology  
Michael L. Monheit, Ph.D., Associate Professor of History  
Arifur Rahman, Ph.D., Professor of Electrical Engineering  
Robert A. Shearer, J.D., Professor of Management  
Joan Marie Sinnott, Ph.D., Associate Professor of Research in Psychology  
Xin-Min Zhang, Ph.D., Professor of Mathematics

**COLLEGE OF MEDICINE:**

Stephen T. Ballard, Ph.D., Professor of Physiology and Cell Biology  
Stephen G. Kayes, Ph.D., Professor of Medical Education  
Stephen W. Schaffer, Ph.D., Professor of Pharmacology

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, 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 Assistant 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 their extraordinary accomplishments and dedicated service to the University of South Alabama, conveys its deep appreciation to these individuals.



## MEMORANDUM

University of South Alabama


Office of Academic Affairs

August 7, 2015

REC'D  
Office of the President

AUG 21 2015

University of South Alabama

TO: Tony Waldrop  
FROM: G. David Johnson   
SUBJECT: Emeritus Recommendations

---

In accordance with recommendations by the faculties, chairs and deans of the respective disciplines and colleges I recommend that the retired University of South Alabama faculty members listed below be granted the status of *Professor Emeritus*, *Associate Professor Emeritus*, and *Assistant Professor Emeritus* as indicated, effective upon approval by you and the Board of Trustees.

- Jerry Alan Bush, Ph.D., Professor of Music
- Raymond Kent Clark, Ph.D., Professor of Physics
- Scott L. Douglass, Ph.D., Professor of Civil Engineering
- Ellwood B. Hannum, Ph.D., Professor of History and Interdisciplinary Studies
- Joseph Timothy Holston, Au.D., Assistant Professor of Audiology
- Michael L. Monheit, Ph.D., Associate Professor of History
- Arifur Rahman, Ph.D., Professor of Electrical Engineering
- Robert A. Shearer, J.D., Professor of Management
- Joan Marie Sinnott, Ph.D., Associate Professor of Research in Psychology
- Xin-Min Zhang, Ph.D., Professor of Mathematics

Thank you.

GDJ/nc



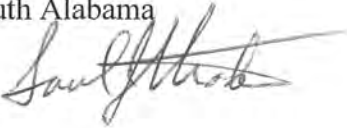
UNIVERSITY OF SOUTH ALABAMA



DEAN  
COLLEGE OF MEDICINE

TELEPHONE: (251) 460-6041  
MSB 2015 • 5851 USA DRIVE N.  
MOBILE, ALABAMA 36688-0002  
FAX: (251) 460-6073

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

FROM: Samuel J. Strada, Ph.D.   
Dean, College of Medicine

Date: July 13, 2015

SUBJECT: College of Medicine Professor Emeritus Recommendations, 2015

Below are my recommendations for the College of Medicine Professor Emeritus for 2015. These recommendations are being forwarded to you for your approval and for approval by the Board of Trustees.

**RECOMMENDED:**

**COLLEGE OF MEDICINE:**

Stephen T. Ballard, Ph.D., Professor of Physiology and Cell Biology

Stephen G. Kayes, Ph.D., Professor of Medical Education

Stephen W. Schaffer, Ph.D., Professor of Pharmacology

REC'D  
Office of the President

JUL 13 2015

University of South Alabama

**RESOLUTION**

**DISTINGUISHED PROFESSOR**

**WHEREAS**, the University of South Alabama seeks to honor exceptional faculty who have distinguished themselves in scholarly productivity throughout their professional careers, and

**WHEREAS**, Dr. J. Steven Picou is a full professor and accomplished researcher, and

**WHEREAS**, Dr. Picou has published over 150 peer-reviewed articles, book chapters, and research monographs in the areas of environmental sociology, disasters, applied sociology, social stratification, and social theory, and

**WHEREAS**, Dr. Picou has established himself, beginning with his pioneering research and original publications on the impact of the Exxon Valdez oil spill disaster in Prince William Sound, Alaska, as a world leader in the research of man-made disasters and environmental resiliency, and

**WHEREAS**, Dr. Picou was instrumental in securing funding for the Coastal Resource and Resiliency Center (CRRC) that was established in the aftermath of the 2010 Deepwater Horizon oil spill in the Gulf of Mexico and now serves as its director, and

**WHEREAS**, Dr. Picou has received over \$9 million in external funding for disaster/environmental research, and

**WHEREAS**, Dr. Picou remains an undisputed leader in his field both nationally and internationally,

**THEREFORE, BE IT RESOLVED** that the Board of Trustees of the University of South Alabama recognizes Dr. J. Steven Picou for his scholarship and bestows upon him the rank of *Distinguished Professor* for the 2015-2016 academic year.



MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF ACADEMIC AFFAIRS

REC'D  
Office of the President

JUN 24 2015

University of South Alabama

DATE: June 23, 2015

TO: Tony G. Waldrop  
President

FROM: G. David Johnson

SUBJECT: Distinguished Professor Recommendation – Dr. J. Steven Picou

A nomination to appoint Dr. J. Steven Picou as Distinguished Professor for the 2015-16 academic year is attached. I support this nomination and, subsequent to your review and approval, request that this nomination be recommended to the Board of Trustees for approval.

Per the criteria listed in the Faculty Handbook (see attached), Dr. Picou is a full professor, an accomplished researcher, and has sustained scholarly productivity for more than five years. In his career thus far, he has published over 150 peer-reviewed articles, book chapters, and research monographs in the areas of environmental sociology, disasters, applied sociology, social stratification, and social theory. During his tenure at USA, Dr. Picou has received over 9 million in external funding for disaster/environmental research. Dr. Picou has been recognized nationally and internationally within the discipline of sociology and among the broader community of scholars.

dollars

If approved, a resolution will be prepared for the Board of Trustees meeting.

Thank you.

GDJ/pbm  
attachment

Approved

Disapproved \_\_\_\_\_

### 3.3.2 Joint Appointments

An individual faculty member may be appointed to two or more academic units within the University. The terms and conditions of such appointments are normally specified at the time of original appointment in the letter(s) of appointment signed by the President. However, a joint appointment may be arranged with mutual consent subsequent to the original appointment and confirmed by new letter(s) of joint appointment. Such faculty may be awarded all rights and privileges of full-time faculty in each academic unit. Definition of teaching, research, service expectations, rights and privileges of the individual are specified in the letter(s) of appointment.

Responsibility for evaluation and consideration of salary, promotion, and tenure, also, are specified in the letter(s) of appointment. Usually, because of the weight of the duties and salary responsibilities, one academic unit is designated the primary department of appointment for the individual faculty member, and the other department(s) as the secondary department(s).

### 3.3.3 Distinguished Professor

Appointing authority is the Board of Trustees through the President of the University. Candidates for this appointment will be nominated and recommended by the dean of the college to the Senior Vice President for Academic Affairs/Vice President for Health Sciences for recommendation to the President. Reimbursement is as specified by letter of appointment. The status of Distinguished Professor as described in this section will be an honorary designation, not to be equated with the academic rank of Distinguished Professor in the Mitchell College of Business. The basic criteria for eligibility shall be a sustained scholarly productivity over a period of at least five years immediately preceding this appointment and that this productivity represents the output of original scholarship in the field of the eligible person. The status of Distinguished Professor shall be open only to those having attained the rank of full professor. The administration shall give special recognition to this honor with suitable documents and ceremonies, but no pecuniary consideration shall be given. Duration of appointment shall be for a specific year of appointment, renewed as desired by the University.

### 3.3.4 Emeritus Professor

#### Introduction

The institution may confer, at its discretion, the title of "emeritus" on any retired faculty member who, at the time of retirement, had ten or more years of honorable and distinguished service to the University of South Alabama.



## MEMORANDUM

---

UNIVERSITY OF SOUTH ALABAMA

Date: June 10, 2015

To: G. David Johnson, Provost and Senior Vice President  
for Academic Affairs

From: Andrzej Wierzbicki, Dean  
College of Arts & Sciences

A handwritten signature in blue ink that reads "A. Wierzbicki".

Re: Distinguished Professor Appointment for Dr. J. Steven Picou

I would like to recommend that the Distinguished Professor status be awarded Dr. Steve Picou, Professor of Sociology in the Department of Sociology, Anthropology, and Social Work. Through his outstanding research, teaching, and service to the field of Environmental Sociology, Dr. Picou has established himself one of the most prominent leaders in the research area of man-made disasters and environmental resiliency. Since his pioneering research and original publications on the impact of the Exxon Valdez oil spill disaster in Alaska, Dr. Picou has remained an undisputed leader in his field both nationally and internationally. His reputation in the area of Environmental Sociology has been confirmed through the scope of external funding (close to \$7,400,000), which he received in support of the Coastal Resource and Resiliency Center (CRRC) established in 2012 in the aftermath of the Deepwater Horizon oil spill in the Gulf of Mexico and which he currently directs. Recognized as an undisputed leader in his field, he was invited in 2013 by the National Academy of Sciences to serve as an advisor to the National Academy of Sciences' new Gulf of Mexico Program.

Dr. Picou has published 39 research articles, 5 books, 11 monographs, and 26 book chapters on disasters including the Exxon Valdez Oil Spill, hurricanes Katrina and Ivan, terrorist threats and events, and the BP Oil Spill. During his tenure at USA, Dr. Picou has received over \$9 million dollars in external funding for disaster and environmental research. Altogether, in his career, he has published over 150 peer-reviewed articles, book chapters, and research monographs in the areas of environmental sociology, disasters, applied sociology, social stratification, and social theory. He has received numerous awards and recognitions from national and local professional societies; most notably, he is a recipient of the 2008 William Foote Whyte Distinguished Career Award from the American Sociological Association Section on Sociological Practice and Public Sociology.

Dr. Picou is highly regarded by his Chair, as evidenced by the attached letter of Dr. Roma Hanks, Chair of his Department, his colleagues, and students for his contributions to the Department of Sociology, Anthropology, and Social Work, the College of Arts and Sciences, and the University. I strongly recommend this appointment.

# UNIVERSITY OF SOUTH ALABAMA



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COLLEGE OF ARTS AND SCIENCES  
DEPARTMENT OF SOCIOLOGY,  
ANTHROPOLOGY AND SOCIAL WORK

CENTER FOR ARCHEOLOGICAL STUDIES

CENTER FOR GENERATIONAL STUDIES

## Memo

To: Andrzej Wierzbicki, PhD  
Dean, College of Arts & Sciences

From: Roma Stovall Hanks, PhD   
Chair, Department of Sociology, Anthropology and Social Work

Re: Nomination of J. Steven Picou as Distinguished Professor of Environmental Sociology

May 31, 2015

I am writing in support of nominating J. Steven Picou for recognition as Distinguished Professor of Environmental Sociology. Dr. Picou was already an accomplished academic researcher, with publications in prominent journals of applied sociology, when he published his first article on technological disaster in 1991. Since that article, Dr. Picou has published 38 additional articles, 5 books, 11 monographs, and 26 book chapters on disasters including the Exxon Valdez Oil Spill, hurricanes Katrina and Ivan, terrorist threats and events, and the BP Oil Spill. Dr. Picou's first disaster-related grant funding as Principal Investigator (Picou, 1982-1984) was to study the Livingston Train Derailment and toxic Spill (\$178, 650). Since 1988, Dr. Picou has received over \$9million in external funding for disaster/environmental research.

Dr. Picou has been recognized nationally and internationally within the discipline of sociology and among the broader community of scholars. His awards include:

- 2001 Recipient, Distinguished Contribution Award, **American Sociological Association**, Section on Environment and Technology, August.
- 2008 Recipient, William Foote Whyte Distinguished Career Award, **American Sociological Association** Section on Sociological Practice and Public Sociology, August.
- 2008 Recipient, Olivia Rambo Glothern USA National Alumni Association Outstanding Scholar Award, September.

Dr. Picou holds membership on the National Research Council, National Academy of Sciences. He has served as President of the Mid-South Sociological Association and the Association for Applied and Clinical Sociology and as Vice-President of Alpha Kappa Delta, International Honor Society for Sociology.

His professional memberships include: American Sociological Association, Society for Applied Sociology, Mid-South Sociological Association, Rural Sociological Society, Southern Sociological Society, American Association for the Advancement of Science, Society for the Study of Social Problems, Sociological Practice Association, Association of Applied and Clinical Sociology, and International Association for Society and Natural Resources.

Dr. Steve Picou embodies academic focus, diligence, and dedication to an area of expertise. Dr. Picou is indeed a distinguished professor of environmental sociology. I hope the University of South Alabama will join those institutions that have already recognized his distinguished career.

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**



**BUDGET AND FINANCE**



**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**BUDGET AND FINANCE COMMITTEE**

**June 4, 2015  
2:57 p.m.**

A meeting of the University of South Alabama Board of Trustees Budget and Finance Committee was duly convened by Mr. Tom Corcoran, Chair, on Thursday, June 4, 2015, at 2:57 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Tom Corcoran, Arlene Mitchell, Jimmy Shumock and Jim Yance.

Members Absent: Sandy Stimpson and Steve Stokes.

Other Trustees: Chandra Brown Stewart, Scott Charlton, Steve Furr, Ron Jenkins, Bettye Maye, Bryant Mixon, John Peek, Ken Simon and Mike Windom.

Administration and Others: Harry Brislin, Joe Busta, Louis Cardinal (Thornton Farish), Kristin Dukes, Lynne Chronister, Monica Curtis, Joel Erdmann, Julie Estis (Faculty Senate), Stan Hammack, Mike Haskins, David Johnson, Rod Kanter (Hand Arendall), Ravi Rajendra (SGA), John Smith, Tony Waldrop and Kevin West (Faculty Senate).

Press: Cassie Fambro (al.com) and Alyssa Newton (*Vanguard*).

The meeting came to order and the attendance roll was called. Mr. Corcoran called for consideration of the minutes of the meeting held on March 5, 2015. On motion by Mr. Yance, seconded by Mr. Shumock, the minutes were approved unanimously.

Mr. Corcoran addressed **ITEM 13**, the quarterly financial statements for the six months ended March 31, 2015. He reported an increase in revenues and called for questions.

Concerning **ITEM 14**, a report on the activities of the Division of Research and Economic Development, Mr. Corcoran called for remarks by Ms. Chronister. Ms. Chronister advised that a new office called *USA Properties* was formed to manage the USA Technology and Research Park (TRP). She recognized Mr. Harry Brislin, TRP Director and former real estate broker. Mr. Yance asked about TRP utilization and Mr. Brislin said occupancy is 89.8 percent with five spaces available to rent. It was suggested Mr. Brislin's real estate contacts may be of help to identify prospective tenants.

Mr. Corcoran called on Dr. Smith to discuss **ITEM 15**, a resolution delegating banking authority to the President, Vice President for Finance and Administration and University Treasurer; rendering all prior banking resolutions as void; and granting signature certification authority to the Board Secretary (for copies of resolutions, policies and other authorized documents, refer to the June 5, 2015, Board of Trustees meeting minutes). Dr. Smith noted the necessity of updating banking declarations from time to time. He pointed out that the resolution would grant

authority for the Board Secretary to certify the names and signatures of individuals who succeed to positions having signature authority, as with his as Interim Vice President for Finance and Administration. On motion by Mr. Yance, seconded by Ms. Mitchell, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Corcoran asked Dr. Smith to present **ITEM 16**, a resolution authorizing the President, Vice President for Finance and Administration, the University Treasurer or the Executive Vice President to obtain financial services from PNC Bank and execute instruments on behalf of the University as set forth, such as would make possible a purchasing card program and an extension of credit. Dr. Smith acknowledged the prevalence of such provisions in corporate environments because of ease in transacting business. He said, for assurance safeguards are covered, PNC Bank requires evidence of Board approval. On motion by Mr. Shumock, seconded by Mr. Yance, the Committee voted unanimously to recommend approval by the Board of Trustees.

Dr. Smith introduced **ITEM 17**, a resolution to ratify an option agreement relative to the possible purchase of approximately 1.75 acres of land in Fairhope, Alabama, on which the University could construct a building suitable for use by the Mitchell Cancer Institute (MCI). Further, the resolution would authorize the Vice President for Finance and Administration to proceed with the purchase provided applicable due diligence and appraisal conditions are met. As the committee viewed an aerial photo of the land, Dr. Smith discussed the proposal for a new facility that would accommodate MCI physician offices and an infusion lab. He said terms include purchasing the parcel from the Corte family for \$15 per square foot. Chairman Furr inquired about the location. President Waldrop maintained that an expansion of services in Baldwin County would benefit residents and the Institution. On motion by Mr. Yance, seconded by Mr. Shumock, the Committee voted unanimously to recommend approval by the Board of Trustees.

Dr. Smith presented **ITEM 18**, a resolution authorizing the sale of \$6 million in Series 2015 University Facilities Revenue Capital Improvement Bonds to Regions Capital Advantage, Inc., with proceeds funding MCI-related construction and related furnishings and equipment as outlined, as well as miscellaneous projects on the main campus. Dr. Smith discussed that, among the bids received, Regions' proposal was most competitive, offering a fixed interest rate of 2.47 percent for a 15-year term. He called for remarks by Mr. Louis Cardinal of Thornton Parish. Mr. Cardinal discussed the bid process and results, and he detailed the advantages of negotiating the transaction with a private bank. He estimated a savings of up to \$85,000 for fees waived. He recognized the finance staff for upholding best practices that contribute to the University's financial success, as demonstrated by the A1 rating by Standard & Poor's. He shared information as to indemnity assurance. Mr. Rod Kanter of Bradley Arant detailed the legal declarations set forth in the resolution and discussed indenture and collateral provisions. He commended the internal staff for a job well done on the request for proposals. Mr. Yance restated the fortunate position of the University with regard to asset strength and exceptional

Budget and Finance Committee  
June 4, 2015  
Page 3

loan terms, and he moved for approval of the resolution. Mr. Shumock seconded and the Committee voted unanimously to recommend approval by the Board of Trustees.

There being no further business, the meeting was adjourned at 3:20 p.m.

Respectfully submitted:

---

E. Thomas Corcoran, Chair

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

**Basic Financial Statements**

**Nine Months Ended June 30, 2015 and 2014**

**Unaudited**

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

**Quarterly Financial Statements**

**Nine Months Ended June 30, 2015 and 2014**

**Contents**

Management's Discussion and Analysis .....	1
Unaudited Quarterly Financial Statements	
Statements of Net Position.....	9
Statements of Revenues, Expenses and Changes in Net Position .....	10
Statements of Cash Flows.....	11
Notes to Financial Statements.....	13

**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 June 30, 2015, the University had total assets and deferred outflows of \$1,086,795,000, total liabilities of \$573,141,000 and net position of \$513,654,000. University net position increased \$14,104,000 for the nine months ended June 30, 2015 compared to an increase of \$10,434,000 for the nine months ended June 30, 2014. 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 nine months ended June 30, 2015 and 2014 follow (in thousands):

**Condensed Statements of Net Position**

	<u>2015</u>	<u>2014</u>
<i>Assets</i>		
Current	\$ 359,083	\$ 366,404
Capital and other noncurrent assets	<u>727,654</u>	<u>689,109</u>
	<u>1,086,737</u>	<u>1,055,513</u>
Deferred outflows	<u>58</u>	<u>9,916</u>
	<u>1,086,795</u>	<u>1,065,429</u>
<i>Liabilities</i>		
Current	146,388	139,044
Noncurrent	<u>426,753</u>	<u>422,961</u>
	<u>573,141</u>	<u>576,270</u>
<i>Net Position</i>		
Net Investment in Capital Assets	222,775	227,597
Restricted, nonexpendable	43,343	38,668
Restricted, expendable	78,604	61,429
Unrestricted	<u>168,932</u>	<u>175,730</u>
	<u>\$ 513,654</u>	<u>\$ 503,424</u>

## University of South Alabama

### Management's Discussion and Analysis (continued)

#### Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2015</u>	<u>2014</u>
<i>Operating revenues</i>		
Tuition and fees	\$ 99,923	\$ 87,254
Hospital revenues, net	191,955	187,031
Other	<u>123,692</u>	<u>98,945</u>
	415,570	373,230
<i>Operating expenses</i>		
Salaries and benefits	330,579	318,158
Supplies and other services	123,603	110,713
Other	<u>40,566</u>	<u>37,165</u>
	<u>494,748</u>	<u>466,036</u>
Operating loss	(79,178)	(92,806)
<i>Nonoperating revenues</i>		
State appropriations	77,980	77,772
Other, net	<u>9,640</u>	<u>17,587</u>
Net nonoperating revenues, net	<u>87,620</u>	<u>95,359</u>
Other revenues, expenses, gains or losses	<u>5,662</u>	<u>7,881</u>
Increase in net position	14,104	10,434
<i>Net Position</i>		
Beginning of period	499,550	492,990
End of period	<u>\$ 513,654</u>	<u>\$ 503,424</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's basic financial statements, are prepared under the accrual basis of accounting,

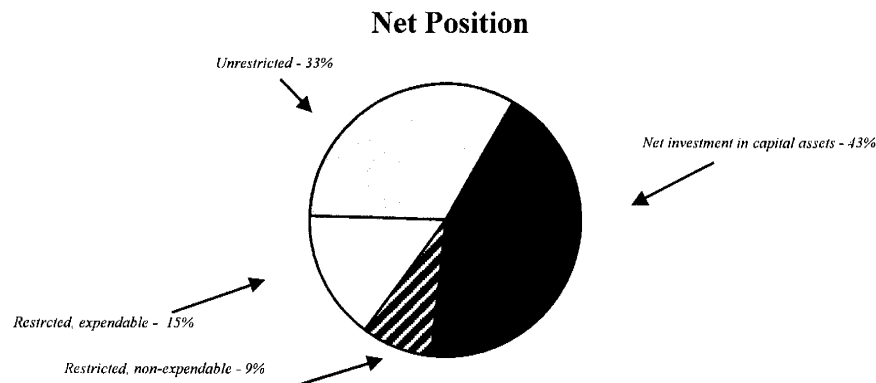
# University of South Alabama

## Management's Discussion and Analysis (continued)

whereby revenues are recognized when the service is provided and expenses are recognized when others provide the service to the University, 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 and are classified into one of four categories as shown on the following illustration, as of the end of the current reporting period:



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.

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*



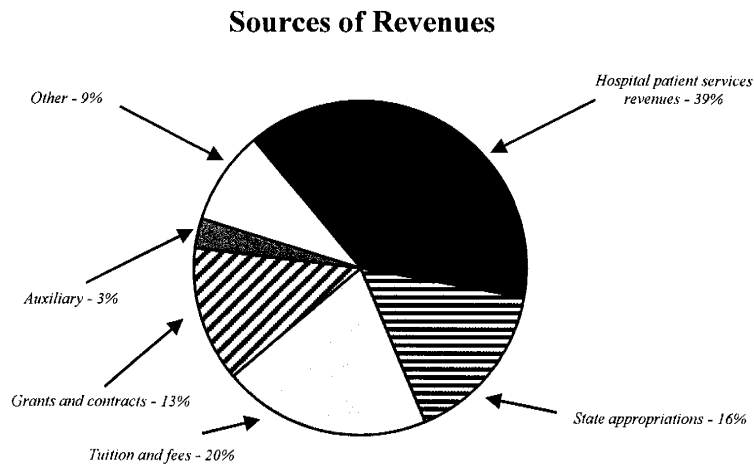
# University of South Alabama

## Management's Discussion and Analysis (continued)

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, auxiliary enterprise and other revenues. The following illustration presents the major sources of University revenues (operating, nonoperating and other) for the current period:

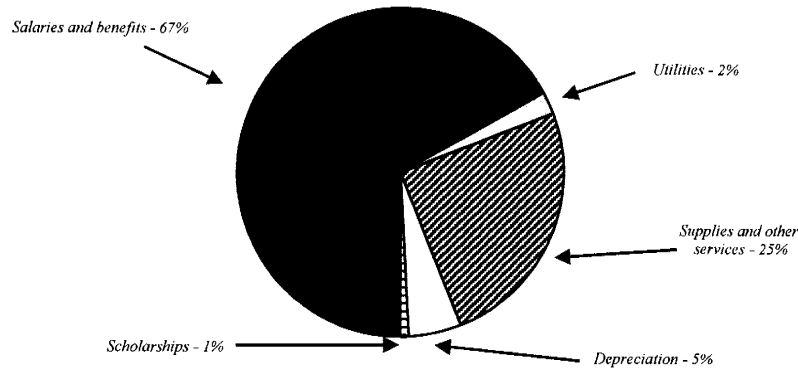


University expenses are presented using natural expense classifications. Salaries and benefits represent the majority of the University's operating expenses. The following illustration presents the major University operating expenses, including the hospitals, using natural classification for the current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

## University of South Alabama

### Management's Discussion and Analysis (continued)

#### Operating Expenses by Natural Classification



#### Capital Assets and Debt Administration

During the current period, construction and construction planning continued on the Medical Professional Office Building. Additionally, several other smaller construction and renovation projects at the University and Hospitals remained ongoing during the current period. The construction of New Hall, the renovation of the Student Center and the expansion of the USA Children's and Women's Hospital were essentially completed in fiscal 2014.

In June 2013, the University issued the University Facilities Revenue Capital Improvement Bonds, Series 2013-A, 2013-B and 2013-C, with a face value of \$50,000,000. The net proceeds of these bonds will be used to fund the construction of a new professional medical office building as well as other construction and other capital projects on the main campus of the University.

In March 2014, the University issued the University Facilities Revenue Refunding Bond, Series 2014-A, with a face value of \$41,245,000. The proceeds of this bond were used to refund the University's Series 2004 bonds in connection with the termination of the swaption, as discussed below.

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 will be used for certain capital acquisitions and improvements for the Mitchell Cancer Institute.

## University of South Alabama

### Management's Discussion and Analysis (continued)

In April 2015, The University entered into a capital lease obligation with the Cerner Corporation for various software products and services related to the health system clinical and billing information system to be used by the University Health System. This lease was recorded at its present value of \$15,632,000.

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 debt 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.

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, issued the 2014-A variable rate bond and terminated the Series 2004 swaption. As a result of this termination, 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 in 2014. A borrowing arising from the 2014 swap of \$9,138,000 was recognized and is reported, net of amortization, in the statement of net position.

In March 2015, the University established a revolving line of credit for \$5,000,000. At June 30, 2015 approximately \$1,263,000 was outstanding on this line.

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 has changed during 2014 or 2015.

#### **Economic Outlook**

While enrollment and tuition have generally increased in recent years, state appropriations prior to 2006 were relatively flat. However, in the 2008, 2007 and 2006 fiscal years, the

## University of South Alabama

### Management's Discussion and Analysis (continued)

University experienced increases of 16%, 19% and 17%, respectively. These increases were unusually high. For the 2009 fiscal year, the University's original state appropriation decreased 12.8% or approximately \$17,882,000. Additionally, in December 2008 the Governor of Alabama announced proration of 9%, or approximately \$10,967,000; and in July 2009, the Governor announced additional proration of 2%, or approximately \$2,437,000. Therefore, the total decrease in the 2009 state appropriation was approximately \$31,286,000 to \$108,451,000, or 22.4% lower than in 2008.

A state appropriation in the amount of approximately \$102,585,000 was authorized and received for the year ended September 30, 2013.

A state appropriation in the amount of approximately \$103,696,000 was authorized and received for the year ending September 30, 2014.

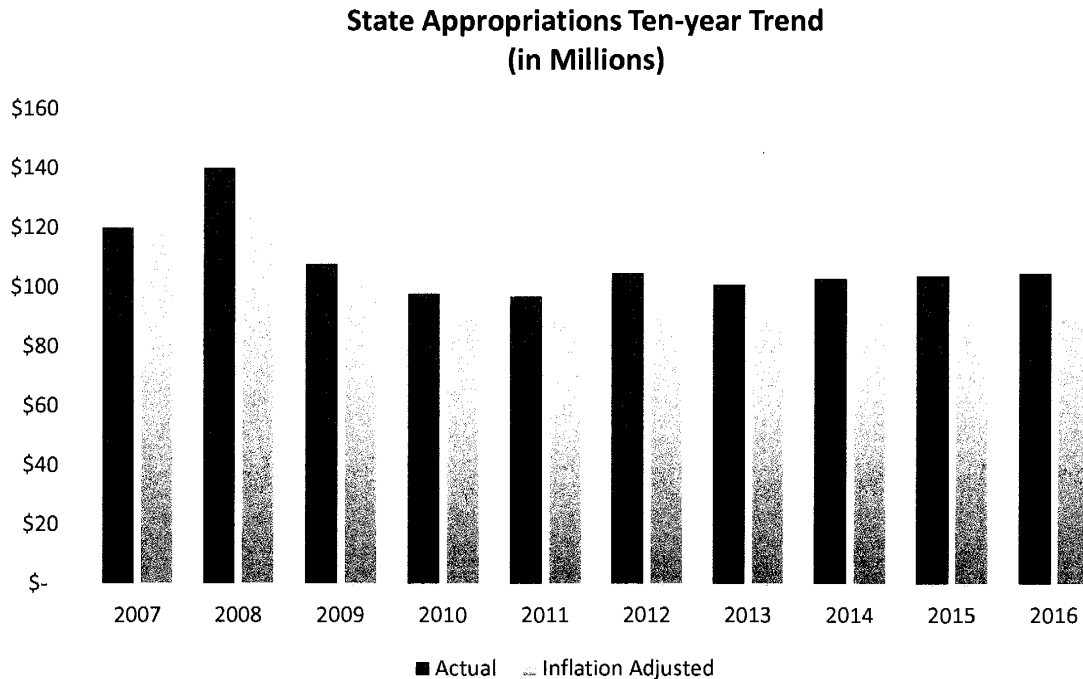
A state appropriation in the amount of approximately \$103,974,000 has been authorized and is being received for the year ending September 30, 2015.

A state appropriation in the amount of \$104,977,000 has been authorized for the year ending September 30, 2015. This represents a \$1,003,000 increase from the fiscal 2015 appropriation received. While no announcement has been made or is anticipated, the University is aware that reductions in its 2016 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 2015 beyond those unknown variables having a global effect on virtually all types of business operations.

# University of South Alabama

## Statements of Net Position

**June 30, 2015 and 2014**

*(In thousands)*

	2015	2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 81,716	\$ 59,700
Investments, at fair value	158,880	186,590
Net patient service receivables	26,283	33,107
Accounts receivable, affiliates	20,725	15,447
Accounts receivable, other	59,273	54,055
Notes receivable, net	545	6,699
Prepaid expenses, inventories and other	11,661	10,806
Total current assets	359,083	366,404
<b>Noncurrent assets</b>		
Restricted cash and cash equivalents	25,806	39,740
Restricted investments	48,824	37,299
Investments, at fair value	27,243	624
Accounts receivable	2,223	4,054
Notes receivable, net	4,900	4,668
Other noncurrent assets	27,238	27,106
Capital assets (net of accumulated depreciation)	591,420	575,618
Total noncurrent assets	727,654	689,109
<b>Deferred outflows</b>		
Total assets and deferred outflows	58	9,916
	1,086,795	1,065,429
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	44,815	49,311
Unrecognized revenue	80,732	72,532
Deposits	3,013	2,922
Current portion of long-term debt	17,828	14,279
Total current liabilities	146,388	139,044
<b>Noncurrent liabilities</b>		
Long-term debt	393,434	381,280
Other long-term liabilities	33,319	41,681
Total noncurrent liabilities	426,753	422,961
Total liabilities	573,141	562,005
<b>Net position</b>		
Net investment in capital assets	222,775	227,597
<b>Restricted, nonexpendable</b>		
Scholarships	20,938	17,165
Other	22,405	21,503
<b>Restricted, expendable</b>		
Scholarships	16,404	15,735
Other	62,200	45,694
Unrestricted	168,932	175,730
Total net position	\$ 513,654	\$ 503,424

*See accompanying notes to basic financial statements.*

# University of South Alabama

## Statements of Revenues, Expenses and Changes in Net Position

**Nine Months Ended June 30, 2015 and 2014**

*(In thousands)*

	2015	2014
<b>Revenues</b>		
Operating revenues		
Tuition and fees (net of scholarship allowances)	\$ 99,923	\$ 87,254
Patient services and other (net of contractual allowances and bad debt expense)	191,955	187,031
Federal grants and contracts	12,094	13,742
State grants and contracts	5,571	5,777
Private grants and contracts	46,838	32,913
Auxiliary enterprises (net of scholarship allowances)	14,297	13,126
Other operating revenues	44,892	33,387
Total operating revenues	415,570	373,230
<b>Expenses</b>		
Operating expenses		
Salaries and benefits	330,579	318,158
Supplies and other services	123,603	110,713
Scholarships and fellowships	4,092	3,684
Utilities	10,946	11,262
Depreciation and amortization	25,528	22,219
Total operating expenses	494,748	466,036
Operating loss	(79,178)	(92,806)
<b>Nonoperating revenues (expenses)</b>		
State appropriations	77,980	77,772
Investment income and gains (losses) on investments	3,662	9,360
Interest on indebtedness	(11,899)	(10,061)
Other nonoperating revenues	22,821	22,494
Other nonoperating expenses	(4,944)	(4,206)
Net nonoperating revenues	87,620	95,359
Income before other revenues, expenses, gains or losses	8,442	2,553
Capital appropriations	-	2,489
Capital gifts and grants	2,303	560
Additions to endowment	3,359	4,832
Increase in net position	14,104	10,434
<b>Net position</b>		
Beginning of period	499,550	492,990
End of period	\$ 513,654	\$ 503,424

*See accompanying notes to basic financial statements.*

# University of South Alabama

## Statement of Cash Flows

**Nine Months Ended June 30, 2015 and 2014**

*(in thousands)*

	2015	2014
<b>Cash flows from operating activities:</b>		
Receipts related to tuition and fees	\$ 72,518	\$ 58,638
Receipts from and on behalf of patients and third-party payers	201,752	193,230
Receipts from grants and contracts	55,193	56,109
Receipts related to auxiliary enterprises	11,629	10,877
Payments to suppliers and vendors	(136,547)	(119,747)
Payments to employees and related benefits	(337,597)	(321,657)
Payments for scholarships and fellowships	(4,092)	(3,683)
Other operating receipts	58,610	31,946
	<u>(78,534)</u>	<u>(94,287)</u>
<b>Cash flows from noncapital financing activities:</b>		
State appropriations	68,949	69,131
Endowment gifts	3,359	4,832
Agency funds received	726	701
Agency funds disbursed	(660)	(510)
Student loan program receipts	75,032	68,923
Student loan program disbursements	(75,281)	(68,915)
Other nonoperating revenues	25,423	22,550
Other nonoperating expenses	(4,944)	(6,473)
	<u>92,604</u>	<u>90,239</u>
<b>Cash flows from capital and related financing activities:</b>		
Proceeds from issuance of capital debt	21,632	41,245
Capital gifts and grants	2,303	572
Purchases of capital assets	(38,520)	(24,703)
Proceeds from sale of capital assets	3,846	3,698
Principal payments on capital debt	(7,137)	(47,590)
Interest payments on capital debt	(16,013)	(10,483)
	<u>(33,889)</u>	<u>(37,261)</u>
<b>Cash flows from investing activities:</b>		
Interest and dividends on investments	8,800	4,035
Proceeds from sales of investments	5,872	8,934
Purchases of investments	(15,580)	(93,343)
	<u>(908)</u>	<u>(80,374)</u>
Net cash used in investing activities	(908)	(80,374)
Net decrease in cash and cash equivalents	(20,727)	(121,683)
<b>Cash and cash equivalents (unrestricted and restricted):</b>		
Beginning of year	128,249	221,123
End of period	<u>\$ 107,522</u>	<u>\$ 99,440</u>



# University of South Alabama

## Statement of Cash Flows

Nine Months Ended June 30, 2015 and 2014

(in thousands)

	<u>2015</u>	<u>2014</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (79,178)	\$ (92,806)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	25,528	22,219
Changes in operating assets and liabilities, net:		
Student receivables	(46,557)	(42,652)
Net patient service receivables	4,061	(18,318)
Grants and contracts receivables	(9,622)	2,282
Other receivables	2,148	(1,837)
Prepaid expenses, inventories, and other	(1,021)	(325)
Accounts payable and accrued liabilities	(2,020)	13,016
Unrecognized revenue	28,127	24,134
Net cash used in operating activities	<u>\$ (78,534)</u>	<u>\$ (94,287)</u>

See accompanying notes to basic financial statements.

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**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), the University of South Alabama Health Services Foundation (USAHSF), the USA Research and Technology Corporation (the Corporation), and the Gulf Coast Regional Care Organization (RCO) 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. This entity is 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

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

Management, LLC is presented as a blended component unit in the basic financial statements of the University.

*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.

*University of South Alabama Health Services Foundation*

The USAHSF is a not-for-profit corporation that exists to provide a group medical practice for physicians who are faculty members of the University and to further medical education and research at the University. Because of the significance of the relationship between the University and USAHSF, USAHSF is considered a component unit of the University. The USAHSF reimburses the University for salaries, certain administrative expenses, Dean's clinical assessment and other support services. The USAHSF presents its financial statements in accordance with standards issued by the FASB.

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

*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.

In September 2010, the Corporation caused the formation of NovALtech, LLC (NovALtech). NovALtech is a single-member limited liability company that exists for the purpose of engaging in scientific research and development activities and facilitating the transfer and utilization of technology, patents, processes, copyrights, formulae and other know-how. The activities of NovALtech are included in the financial statements of the Corporation.

*Gulf Coast Regional Care Organization*

The Gulf Coast Regional Care Organization (the RCO) is a not-for-profit corporation formed in July 2014 for the purpose of creating and operating a community-led network to coordinate the health care of Medicaid patients in southwest Alabama. The sole member of the RCO is the LLC. The operations of the RCO commenced on April 1, 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. 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.

The University prepares its basic financial statements in accordance with U. S. generally accepted accounting principles, as prescribed by the GASB, including all applicable effective statements of the GASB and all statements of the FASB issued through November 30, 1989 that do not conflict with GASB pronouncements. The University has elected not to apply the provisions of any pronouncements of the FASB issued after November 30, 1989.

*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.

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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*

Investments are recorded at fair value. 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.

*Derivatives*

The University has adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB 53 establishes a framework for accounting and financial reporting related to derivative instruments, requiring the fair value of the 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 from financial statement purposes, which will accrete interest over time. In December 2013, the counterparty, Wells Fargo Banks, N.A. (Wells Fargo), exercised its option relate4d 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 Series 2006 swaption remains outstanding at the end of the current period.

In March 2014, the University entered into an interest rate swap arrangement with a counterparty. 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 plus 0.25%. The notional amount of the swap will at all times match the outstanding principal amount of the Series 2014-A bond. The change in fair value of the swap is reported as a deferred inflow on the statement of net position since the interest rate swap is a hedging g derivative.

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

*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 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.

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

*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 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.

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

*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 to 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 asset moving average value (inclusive of net realized and unrealized gains and losses), as measured at September 30, is available annually for spending. The University’s policy is to retain the endowment net interest and dividend income and net realized and unrealized appreciation with the endowment after distributions allowed by the spending policy have been made. These amounts, unless otherwise directed by the donor, are included in restricted, expendable net assets.

*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.

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



**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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 2013, the University adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. GASB Statement No. 61 amends GASB Statements No. 14 and 39 and modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 61 requires that for organizations that previously were included as component units my meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Statement No. 61 also established criteria to require inclusion based on other additional factors, such as organization board appointment, financial benefit or burden and operational management of the organization. The adoption of this statement had no financial reporting entity impact on the University's component units; however it did require additional disclosures for blended component units.

The University also adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the year ended September 30, 2014. Retroactive application of the standard was required for all prior periods presented.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows or resources and deferred inflows of resources. GASB Statement No. 65 establishes accounting and reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reports as assets and liabilities and recognizes, as outflows or resources or inflows of resources, certain items that were previously reported as assets and liabilities. The University had historically deferred certain debt financing costs related to its bond issues and was amortizing those costs over the term of the related bond issue. GASB Statement No. 65 requires that debt issuance costs, except any portion related to prepaid insurance costs, be recognized as an expense in the period incurred.

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

*Compensated Absences*

The University accrues annual leave for employees as incurred at rates based upon length of service and job 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, 2014, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately \$9,342,196,000.

**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 nonendowment cash pool investment policy is to provide guidelines by which pooled 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*

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 and Standard and Poor's.

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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.

*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.

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 borrowing arising from the 2014 swap of \$9,138,000 was

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

recognized and is reported, net of amortization, as long-term debt in the statement of net position.

As outlined in the 2008 agreement, if the counterparty exercises its option in 2016 related to the 2006 swaption, the University would, at the counterparty's option, be compelled to enter into an underlying swap. If the option is exercised, the University would begin to make payments on the notional amount, currently \$100,000,000 for the 2006 bonds of the underlying swap contract. Simultaneously, the University would call outstanding 2006 bonds and issue variable rate demand notes (VRDNs) in their place. Under the swap contract, the University would pay a fixed rate of 5.0% on the 2006 bonds to the counterparty and would receive payments based on 68% of the one-month LIBOR index plus 0.25%. Alternatively, although it is not anticipated that this option would be to the University's advantage, the University could, at its option, cash settle the swap and retain its right to refund the 2006 bonds.

If the interest rate environment is such that the counterparty chooses to not exercise its option related to the 2006 swaption, the swaption would be cancelled and the University would have no further obligation under this agreement.

*Financial statement presentation*

A swaption is considered a hybrid instrument and as such the payment by the counterparty to the University must be bifurcated into two components, a borrowing component and an embedded derivative component, and each component treated separately. The embedded derivative value of the swaption represents the fair value resulting from the fact that the fixed rate stated in the swaption is greater than the at-the-market rate. The initial value of the borrowing is the difference between the upfront payment and the fair value of the embedded derivative and represents the time value to the counterparty for holding the option, or the probability weighted, discounted values of a range of future possible outcomes. The value of the derivative and borrowings at the date of execution of this transaction are as follows:

	2004 Bonds	2006 Bonds
Embedded derivatives	\$ 918,000	3,343,000
Borrowings	1,070,000	3,997,000
	\$ 1,988,000	7,340,000

The values of the borrowings are included in long-term debt on the University's statements of net assets. Interest is being accreted, and added to the borrowings through the expiration date of the option.

The fair values of the embedded investment derivatives are reported as investment assets if the derivatives are assets or other noncurrent liabilities, depending of the fair values of the derivatives. The change in the fair market values of the derivatives is reported as a

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

component of investment income in the statements of revenues, expenses and changes in net assets.

*Risks associated with this transaction*

Certain risks are inherent to derivative transactions.

*Interest rate risk.* Interest rate risk, as a result of rising short-term interest rates causing higher interest rate payments, is effectively hedged by the University's fixed rate bonds. If the counterparty exercises its options, the underlying swaps are expected to effectively hedge the potentially higher payments on VRDNs as well. The University is also subject to interest rate risk as a result of changes in long-term interest rates, which may cause the value of fixed rate bonds or interest rate derivatives to change. If long-term interest rates fall subsequent to the execution of this transaction, the value of the swaptions will change, with negative consequences for the University.

*Market access risk.* This transaction assumes that VRDNs will be issued as a replacement of the 2006 bonds. If the University is unable to issue variable rate bonds after the counterparty exercises its right under the swaptions, the University would still be required to begin making periodic payments on the swaps, even though there are no related bonds. Alternatively, the University could choose to liquidate the swaps, which may create a substantial cash outlay.

*Basis risk.* If the counterparty exercises its option, there is a risk that the floating payments received under the swaps will not fully offset the variable rate payments due on the assumed VRDNs.

*Credit risk.* Although the underlying swap exposes the University to credit risk should the swap be executed, the swaption itself does not expose the University to credit risk. If the option is exercised on one or both issues, the University would begin to make payments on the appropriate notional amount of the underlying swap contract. In that situation, if the fair value of the swap is positive, the University would be exposed to credit risk on the swap in the amount of its fair value. As of the current date, the swap counterparty was rated Aa3 by Moody's Investors Services and AA by Standard and Poor's Rating Services.

*Termination risk.* The University may be required to terminate the swaptions or swaps under certain circumstances, such as credit downgrades or other events specified in the contracts. In the event that a position needs to be terminated, the University may owe a substantial amount of money to terminate the contracts. As of the current date, no events of termination have occurred.

## **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.

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

Interest is accrued on outstanding amounts at a rate calculated at the London Interbank Offered Rate (LIBOR) plus 1%. At March 31, 2015, approximately \$1,263,000 was outstanding on the line of credit and is reported as a note payable in the current liabilities section of the statement of net position.

**7. Capital Lease Payable**

In April 2015, The University entered into a capital lease obligation with the Cerner Corporation for various software products and services related to the health system clinical and billing information system to be used by the University Health System. This lease was recorded at its present value of \$15,632,000. That amount, along with other costs required to place the system into operation, will, once in service, be amortized over a seven-year period. The implied interest rate of the system is 3.43%.

**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 Tuition Revenue Refunding and Capital Improvement bonds, Series 2006, 5.00%, payable through June 2037.

University Facilities Revenue Capital Improvement Bonds, Series 2008, 3.00% to 5.00%, payable through August 2038.

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 of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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

Substantially all student tuition and fee revenues secure University bonds. Additionally, security for Series 2008 bonds include Children's and Women's Hospital revenues in amounts not exceeding \$10,000,000. Series 1999 Current Interest Bonds began maturing November 2002, and Series 1999 Capital Appreciation Bonds began maturing November 2011. Series 1999 Bonds are not redeemable prior to maturity. Series 2004 Bonds began maturing in March 2005 and are redeemable beginning in March 2014. 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 September 2018. Series 2010 bonds began maturing in August 2011 and are 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 was redeemable beginning in January 2015. The 2013-A, 2013-B and 2013-C Bonds began maturing in August 2014 and are redeemable beginning in June 2023. The 2014-A bonds begin maturing in March 2015 and are not redeemable.

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 a counterparty. The proceeds from each sale, totaling \$9,328,000, consist of two components, a time value and an intrinsic value. The intrinsic value of the payment is considered a borrowing and is included in long-term debt. As a result of this transaction, the counterparty has the option to compel the University to enter into swap arrangements with respect to its Series 2004 (occurred in March 2014) and 2006 bonds at their respective redemption dates. See note 5 for a complete description of this transaction.

The University defeased certain indebtedness during 1978 and 1984 by depositing funds in escrow trust accounts sufficient to provide for the subsequent payment of principal and interest on the defeased indebtedness. Neither the assets of the escrow trust accounts nor the defeased indebtedness is included in the accompanying statements of net assets.

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.

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

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

*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 Hospitals are 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 Hospitals generally are reimbursed for certain retroactively settled items at tentative rates, with final settlement determined after submission of annual cost reports by the Hospitals and audits by the Medicare fiscal intermediary. The cost report for the USA Medical Center has been audited and settled through 2008. The Medical Center cost report has, however, been reopened related to disproportionate share issues affecting all PPS acute care hospitals nation-wide. The cost report for USA Children’s and Women’s Hospital has been audited and settled through 2009.

*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 Hospitals are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospitals and audits thereof by Blue Cross. The Hospital’s Blue Cross cost reports have been audited through 2010 and settled for all fiscal years through 2009.

*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. 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 Swap**

The University is a party to a derivative 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.



**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

*Objectives of the transaction.* As noted the interest rate swap was the result of the original January 2008 synthetic advance refunding of the Series 2004 bonds. The objective of that transaction was to realize debt service savings currently from the future debt refunding and create an economic benefit to the University.

The 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 bonds bears interest on a monthly basis at 68% of the one-month LIBOR rate plus 0.73%.

*Fair value.* The interest rate swap had a negative fair value of approximately \$(9,138,000) at its inception. This amount, net of amortization, is reported as a borrowing arising from the 2014 interest rate swap as long-term debt in the statement of net position.

The change in fair value during the current period is reported as a deferred outflow/inflow and a derivative asset/liability in the statement of net position since the interest rate swap is a hedging derivative instrument.

The fair value of the interest rate swap was 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.

*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 the current date 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 become positive, the University would have a gross exposure to credit risk in the amount of the derivative's fair value. As of the current date, the counterparty is rated Aa3 by Moody's Investor Services and AA- by Standard & Poor's Ratings Services.

*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.

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**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.

Permanent employees of the University participate in TRS, a public retirement system created by an act of the State Legislature, with benefit provisions established by the Code of Alabama. Responsibility for general administration and operation of the TRS is vested in the Board of Control (currently 14 members). Benefits fully vest after 10 years of full-time, permanent employment. Vested employees may retire with full benefits at age 60 or after 25 years of service. Participating retirees may elect the maximum benefit, or may choose among four other monthly benefit options. Under the maximum benefit, participants are allowed 2.0125% of their average final salary (average of three highest years of annual compensation during the last ten years of service) for each year of service. The TRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Retirement Systems of Alabama, P.O. Box 302150, Montgomery, Alabama 36130-2150, or by calling (334) 832-4140.

All employees covered by this retirement plan must contribute 7.5% of their eligible earnings to TRS. An actuary employed by the TRS Board of Control establishes the employer-matching amount annually.

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.

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.

*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 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.

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

*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 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 Party**

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

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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.

*Letter 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.

*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 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 changes accounting and financial reporting for entities participating in certain pension plans and will be effective for the year ending September 30, 2015. Statement No. 68 requires the University to record its share, as determined by an independent actuary, of the net unfunded pension liability, and its share of the changes

**University of South Alabama**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

in the net pension liability, for all cost-sharing defined benefit plans in which it participates. In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposal of government operations and will be effective for the year ending September 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for contributions Made Subsequent to the Measurement Date*. GASB Statement No. 71 was issued as an amendment of GASB Statement No. 68 with an objective of addressing an issue regarding application of the transition provisions of Statement No. 68 relating to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 71 will be effective for the year ending September 30, 2015. In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 was issued to provide guidance for determining a fair value measurement for assets and liabilities for financial reporting purposes and will be effective for the year ending September 30, 2016.

In June 2015, the GASB issued Statements No. 73, 74, 75 and 76. Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement 68, and also amends certain provisions of Statement No. 68. Statement No. 73 will be effective for the fiscal year ending September 30, 2016. GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses accounting and financial reporting requirements for postemployment benefit plans and will have no impact on the University's financial statements. Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective for fiscal year ending September 30, 2018. Statement No. 75 addresses accounting and financial reporting requirements for other postemployment benefits and outlines note disclosure and required supplementary information for employers participating in such plans. GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, identifies the hierarchy of generally accepted accounting principles for state and local governments and will be effective for the fiscal year ending September 30, 2016.

These financial statements do not reflect the implementation of Statements No. 68, 69 and 71, which will be reflected in the financial statements of the University for the year ending September 30, 2015.

While the impact of the implementation of GASB Statement No. 68 has not yet been determined, it is expected that such implementation will have a material effect on the net position of the University.

**University of South Alabama  
Notes to Financial Statements  
June 30, 2015 and 2014**

The effect of the implementation of GASB Statements Nos. 69, 71, 72, 73, 75 and 76 on the University's financial statements has not been determined.

**RESOLUTION**

**IMPLEMENTATION OF INFRASTRUCTURE UPGRADE AND  
IMPROVEMENT PROJECT**

**WHEREAS**, the University of South Alabama was established in 1963, and

**WHEREAS**, many of the critical roofing and utility infrastructure systems, including electrical power, hot and chilled water, communication, potable water, sanitary sewer, storm drainage and natural gas are either over or approaching fifty years in age, and

**WHEREAS**, University administration recognized the need to ensure the campus roofing and utility infrastructure systems could appropriately support both existing needs and future growth on its main campus, and

**WHEREAS**, Krebs Engineering; Burns & McDonnell; Hays Cheatwood Consulting; and Goodwyn, Mills and Cawood were retained to provide engineering services related to the development of a coordinated master plan for the University's primary utility and roofing systems on the basis of their knowledge of the University's existing systems and experience in the planning and design of utility systems for other universities, and

**WHEREAS**, the utility systems included in the master plan were: hot and chilled water, electrical power, communications, potable water, sanitary sewer, storm drainage, natural gas and roofing, and

**WHEREAS**, the University's facilities staff provided these consultants copious amounts of detailed information about both the existing utility systems and anticipated future University facilities to use in the technical analysis required during the planning effort, and

**WHEREAS**, the University's facilities staff also responded to inquiries from the consultants and provided regular input and guidance to assure the finished master plan was consistent with the University's overall direction and purpose, and

**WHEREAS**, the completed plan provided the basis for the identification of improvements to each utility system required to correct existing deficiencies, as well as, utility improvements which will be necessary to support anticipated new and expanded facilities at the University's main campus, and

**WHEREAS**, University administration has recognized the need, both from a logistical and a financial standpoint, to develop a schedule to implement Phase I of the overall plan over a four- to five-year period in a fiscally responsible manner, and

**WHEREAS**, University administration has developed such a plan, Phase I, that would utilize a combination of current budgeted funding and bonded debt and would be implemented over a four- to five-year period at an estimated total cost of approximately \$25 million,



**THEREFORE, BE IT RESOLVED**, the University of South Alabama Board of Trustees, authorizes University administration to begin Phase I of the infrastructure upgrade and improvement project to begin immediately and extend through the 2019 fiscal year. It is anticipated that Phase I of the project will be funded by a combination of approximately \$5 million in budgeted funds and bonded indebtedness up to \$20 million which would be formally presented to the Board for approval in September 2016.

# UNIVERSITY OF SOUTH ALABAMA



OFFICE OF EXECUTIVE VICE PRESIDENT

TELEPHONE: (251) 460-6171  
307 UNIVERSITY BLVD., N • AD 130  
MOBILE, ALABAMA 36688-0002

TO: Tony Waldrop, President   
FROM: John Smith, Executive Vice President   
DATE: August 19, 2015  
RE: INFRASTRUCTURE IMPROVEMENT PROJECT

REC'D  
Office of the President

AUG 19 2015

University of South Alabama

Attached is a request from Scott Weldon to implement an initial project to address some of our most critical infrastructure needs. I have reviewed this recommendation with Scott and Randy Moon, Director of Facilities Management and believe it is the best option available to us. Therefore, I recommend the attached resolution for approval by our Board of Trustees.

Please let me know if I can provide you with additional information concerning this recommendation.





CAMPUS MEMORANDUM  
UNIVERSITY OF SOUTH ALABAMA

---

**Date:** August 18, 2015

**To:** John W. Smith, Executive Vice-President

**From:** Scott Weldon, Assistant Vice-President for Finance and Administration

A handwritten signature in black ink, appearing to read 'S. Weldon'.

**Subject:** Implementation of Infrastructure and Improvement Project

The University engaged the consulting firm of Krebs Engineering to, in conjunction with the University's facilities department, plan, conduct, and oversee a project to assess the status of the University's existing infrastructure and make recommendations for specific infrastructure needs. This project was recently completed and the recommendations presented to the University.

While the completion of the entire project will take a number of years, I recommend that the University implement an initial phase of the project to address the most critical elements of infrastructure need. This phase of the project, to be completed over a 4-5 year period is expected to cost approximately \$25,000,000 and will be funded by a combination of approximately \$5,000,000 in budgeted funds and up to \$20,000,000 in borrowed funds.

Attached is a resolution authorizing the project, to be presented to the Board of Trustees for their approval.

Approved:

A handwritten signature in black ink, appearing to read 'John W. Smith'.

8/19/15

**RESOLUTION**  
**ARCHITECT FOR RESIDENTIAL BUILDING**

**WHEREAS**, the University of South Alabama has a growing enrollment, and the recruitment and retention of students as well as the quality of student life are strongly enhanced by excellent residential facilities, and

**WHEREAS**, the number of students seeking residence on campus has grown significantly over the past five years, and providing additional residential buildings is most beneficial at the beginning of fall semester, and

**WHEREAS**, the fall of 2017 is the target date for a new residential building, and

**WHEREAS**, it is important to continue the architectural style initiated by the design of the two previous residence halls by the firm Williams Blackstock, and there are efficiencies to be achieved in both time and costs by continuing with the same architectural firm,



**THEREFORE, BE IT RESOLVED** that the Board of Trustees of the University of South Alabama authorizes the President to engage the firm of Williams Blackstock to design and bid this project.

# UNIVERSITY OF SOUTH ALABAMA



OFFICE OF EXECUTIVE VICE PRESIDENT

TELEPHONE: (251) 460-6171  
307 UNIVERSITY BLVD., N • AD 130  
MOBILE, ALABAMA 36688-0002

TO: Tony Waldrop, President   
FROM: John Smith, Executive Vice President   
DATE: August 19, 2015  
RE: CONSTRUCTION OF NEW RESIDENCE HALL

REC'D  
Office of the President

AUG 19 2015

University of South Alabama

For the past two years, we have been unable to accommodate all of the students requesting to live in on-campus housing. Dr. Chris Vinet, Executive Director of Housing & Dining, has recommended to me that we construct another residence hall to respond to this increased demand. Dr. Vinet recommends construction of approximately 350 additional beds. I have reviewed with Dr. Vinet the financial feasibility of constructing a new residence hall and believe the revenue and demand for student housing will be sufficient to fund construction and operation of the facility. Therefore, I recommend to you that we employ an architectural firm to design and bid another residence hall.

Please let me know if I can provide you with additional information concerning this recommendation.



MEMORANDUM  
UNIVERSITY OF SOUTH ALABAMA

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TO: Dr. John Smith, Executive Vice President  
FROM: Chris Vinet, Executive Director, Housing & Dining CV  
DATE: August 11, 2015  
RE: Recommended Residence Hall Construction for Fall 2017

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University enrollment has steadily increased over the past five years along with the demand for campus housing. Despite opening two new residence halls and increasing the total housing capacity by more than 550 beds, Housing has continued to secure overflow interim housing at the beginning of each academic year to provide accommodations to all students requesting to live on campus.

For the upcoming 2015-2016 academic year, Housing has again seen an increase in both new and returning student housing applications. Accommodating the increase in demand has required us to lease 77 beds from the Grove for the academic year.

Additional student housing is required to effectively support the University strategic plan which includes enriching the quality of student life and the living/learning environment.

I am recommending construction of new residence hall with a minimum of 350 beds, to be located in the previous Delta 2 site, and ready for occupancy no later than August 2017. The total project expense is estimated to not exceed \$20.5 million dollars. Anticipated revenue and demand for student housing will be sufficient to fund construction and operation of the facility. In order to maximize cost effectiveness, I recommend the same architectural firm (Williams Blackstock) be selected again to design this new residential facility.

**RESOLUTION**

**UNIVERSITY BUDGET FOR 2015-2016**

**BE IT RESOLVED**, the University of South Alabama Board of Trustees approves the 2015–2016 University of South Alabama Budget, and

**BE IT FURTHER RESOLVED**, the University of South Alabama Board of Trustees approves the 2015–2016 Budget as a continuation budget for 2016–2017 in order to be in compliance with bond trust indenture requirements if the budget process cannot be completed prior to beginning the 2016–2017 fiscal year.



REC'D  
Office of the President


AUG 31 2015


University of South Alabama

UNIVERSITY OF SOUTH ALABAMA  
Interim Vice President for Financial Affairs  
AD 170

## MEMORANDUM

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TO: President Tony G. Waldrop 

FROM: John W. Smith 

SUBJECT: Resolution – University Budget for 2015-2016

DATE: August 28, 2015

Attached is the Resolution for the University Total Budget for 2015-2016.

With your approval, we will place this item on the agenda for the September 4, 2015, Board of Trustees meeting.

JWS/cbm

Attachment



**UNIVERSITY OF SOUTH ALABAMA  
BUDGET  
2015-2016**

## INDEX

	<u>PAGE</u>
<b>TOTAL CURRENT FUNDS BUDGET SUMMARY</b>	<b>1</b>
<b>UNRESTRICTED CURRENT FUNDS BUDGET SUMMARY</b>	<b>2</b>
<b>RESTRICTED CURRENT FUNDS BUDGET SUMMARY</b>	<b>3</b>
<b>UNRESTRICTED CURRENT FUNDS BY OPERATING DIVISION:</b>	
<b>OPERATIONS AND MAINTENANCE</b>	<b>4</b>
<b>COLLEGE OF MEDICINE</b>	<b>5</b>
<b>HOSPITALS</b>	<b>6</b>
<b>MITCHELL CANCER INSTITUTE</b>	<b>7</b>
<b>AUXILIARY ENTERPRISES</b>	<b>8</b>
<b>SCHEDULE OF STATE APPROPRIATIONS</b>	<b>9</b>



**UNIVERSITY OF SOUTH ALABAMA  
2015-2016 BUDGET SUMMARY  
TOTAL CURRENT FUNDS**

	<b>2015-2016 BUDGET</b>			<b>2014-2015 BUDGET</b>
	<b>UNRESTRICTED</b>	<b>RESTRICTED</b>	<b>TOTAL</b>	
<b>REVENUES:</b>				
TUITION AND FEES	\$ 148,897,898	\$	\$ 148,897,898	\$ 140,531,932
STATE APPROPRIATIONS	104,976,761		104,976,761	103,973,584
FEDERAL GRANTS AND CONTRACTS	3,835,832	38,400,000	42,235,832	48,193,832
STATE AND LOCAL GRANTS AND CONTRACTS	453,938	7,250,000	7,703,938	7,267,938
PRIVATE GIFTS, GRANTS AND CONTRACTS	9,715,000	12,450,000	22,165,000	67,378,500
MOBILE RACING COMMISSION	25,000		25,000	50,000
ENDOWMENT INCOME	200,000		200,000	200,000
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	4,198,750		4,198,750	3,648,750
HOSPITALS	421,614,525		421,614,525	364,040,993
MITCHELL CANCER INSTITUTE	16,172,894		16,172,894	17,395,054
AUXILIARY ENTERPRISES	28,622,966		28,622,966	20,926,182
OTHER SOURCES	11,982,002	5,700,000	17,682,002	13,186,752
<b>TOTAL REVENUES</b>	<b>750,695,566</b>	<b>63,800,000</b>	<b>814,495,566</b>	<b>786,793,517</b>
<b>EXPENDITURES AND MANDATORY TRANSFERS:</b>				
<b>EDUCATIONAL AND GENERAL:</b>				
INSTRUCTION	108,261,409	9,300,000	117,561,409	127,312,869
RESEARCH	4,868,286	14,100,000	18,968,286	21,036,709
PUBLIC SERVICE	9,445,255	12,800,000	22,245,255	55,485,053
ACADEMIC SUPPORT	20,804,230		20,804,230	20,544,077
STUDENT SERVICES	29,731,109	950,000	30,681,109	26,191,719
INSTITUTIONAL SUPPORT	30,286,440		30,286,440	29,732,139
OPERATION AND MAINTENANCE OF PLANT	29,358,371	400,000	29,758,371	28,606,914
SCHOLARSHIPS	20,448,867	26,250,000	46,698,867	45,945,839
<b>EDUCATIONAL AND GENERAL EXPENDITURES</b>	<b>253,203,967</b>	<b>63,800,000</b>	<b>317,003,967</b>	<b>354,855,319</b>
<b>MANDATORY TRANSFERS FOR:</b>				
PRINCIPAL AND INTEREST	15,336,508		15,336,508	14,906,863
LOAN FUND MATCHING GRANTS	171,239		171,239	150,000
<b>TOTAL EDUCATIONAL AND GENERAL</b>	<b>268,711,714</b>	<b>63,800,000</b>	<b>332,511,714</b>	<b>369,912,182</b>
<b>HOSPITALS (INCLUDING DEBT SERVICE OF \$9,446,601):</b>	<b>433,787,916</b>		<b>433,787,916</b>	<b>367,250,953</b>
<b>MITCHELL CANCER INSTITUTE (INCLUDING DEBT SERVICE OF \$1,079,667):</b>	<b>25,108,148</b>		<b>25,108,148</b>	<b>22,535,514</b>
<b>AUXILIARY ENTERPRISES:</b>				
EXPENDITURES	23,069,503		23,069,503	16,540,653
<b>MANDATORY TRANSFERS FOR:</b>				
PRINCIPAL AND INTEREST	4,488,061		4,488,061	4,213,495
<b>TOTAL AUXILIARY ENTERPRISES</b>	<b>27,557,564</b>		<b>27,557,564</b>	<b>20,754,148</b>
<b>TOTAL EXPENDITURES AND MANDATORY TRANSFERS</b>	<b>755,165,342</b>	<b>63,800,000</b>	<b>818,965,342</b>	<b>780,452,797</b>
<b>OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):</b>				
DEPRECIATION - RENEWALS AND REPLACEMENTS	(5,679,941)		(5,679,941)	(12,088,275)
TRANSFER FROM RESERVES	4,651,944		4,651,944	
OTHER TRANSFERS	5,522,773		5,522,773	5,797,555
MOBILE RACING COMMISSION	(25,000)		(25,000)	(50,000)
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>



**UNIVERSITY OF SOUTH ALABAMA  
2015-2016 BUDGET SUMMARY  
RESTRICTED CURRENT FUNDS**

	<u>OPERATIONS AND MAINTENANCE</u>	<u>COLLEGE OF MEDICINE</u>	<u>MITCHELL CANCER INSTITUTE</u>	<u>2015-2016 BUDGET</u>	<u>2014-2015 BUDGET</u>
<b>REVENUES:</b>					
FEDERAL GRANTS AND CONTRACTS	\$ 28,500,000	\$ 7,500,000	\$ 2,400,000	\$ 38,400,000	\$ 44,233,000
STATE AND LOCAL GRANTS AND CONTRACTS	5,500,000	1,500,000	250,000	7,250,000	6,641,000
PRIVATE GIFTS, GRANTS AND CONTRACTS	10,400,000	1,700,000	350,000	12,450,000	14,602,000
OTHER	3,500,000	1,200,000	1,000,000	5,700,000	2,624,000
<b>TOTAL REVENUES</b>	<u>47,900,000</u>	<u>11,900,000</u>	<u>4,000,000</u>	<u>63,800,000</u>	<u>68,100,000</u>
<b>EXPENDITURES:</b>					
<b>EDUCATIONAL AND GENERAL:</b>					
INSTRUCTION	7,300,000	1,400,000	600,000	9,300,000	9,500,000
RESEARCH	4,600,000	6,600,000	2,900,000	14,100,000	16,300,000
PUBLIC SERVICE	8,900,000	3,400,000	500,000	12,800,000	15,000,000
STUDENT SERVICES	950,000			950,000	900,000
OPERATIONS AND MAINTENANCE OF PLANT	400,000			400,000	700,000
SCHOLARSHIPS	25,750,000	500,000		26,250,000	25,700,000
<b>TOTAL EXPENDITURES</b>	<u>47,900,000</u>	<u>11,900,000</u>	<u>4,000,000</u>	<u>63,800,000</u>	<u>68,100,000</u>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**UNIVERSITY OF SOUTH ALABAMA  
OPERATIONS AND MAINTENANCE  
2015-2016 BUDGET  
UNRESTRICTED CURRENT FUNDS**

	<u>2015-2016 BUDGET</u>	<u>2014-2015 BUDGET</u>
<b>REVENUES:</b>		
TUITION AND FEES	\$ 137,171,718	\$ 129,258,468
ALLOCATION OF STATE APPROPRIATIONS	63,861,395	62,869,452
FEDERAL GRANTS AND CONTRACTS	935,832	810,832
STATE GRANTS AND CONTRACTS	266,349	441,349
PRIVATE GIFTS, GRANTS AND CONTRACTS	2,665,000	2,976,500
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	4,198,750	3,648,750
OTHER SOURCES	<u>10,632,002</u>	<u>9,062,752</u>
<b>TOTAL REVENUES</b>	<u>219,731,046</u>	<u>209,068,103</u>
<b>EXPENDITURES AND MANDATORY TRANSFERS:</b>		
<b>EDUCATIONAL AND GENERAL:</b>		
INSTRUCTION	82,541,407	79,473,629
RESEARCH	2,758,286	2,576,709
PUBLIC SERVICE	3,564,121	3,466,377
ACADEMIC SUPPORT	15,969,139	15,779,890
STUDENT SERVICES	27,790,743	23,510,614
INSTITUTIONAL SUPPORT	27,078,901	26,347,386
OPERATION AND MAINTENANCE OF PLANT	23,633,617	22,265,578
SCHOLARSHIPS	<u>19,213,867</u>	<u>19,010,839</u>
<b>EDUCATIONAL AND GENERAL EXPENDITURES</b>	<u>202,550,081</u>	<u>192,431,022</u>
<b>MANDATORY TRANSFERS:</b>		
PRINCIPAL AND INTEREST	14,936,065	14,506,420
LOAN FUND MATCHING GRANTS	<u>171,239</u>	<u>150,000</u>
<b>TOTAL EXPENDITURES AND MANDATORY TRANSFERS</b>	<u>217,657,385</u>	<u>207,087,442</u>
<b>OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):</b>		
OTHER TRANSFERS	2,540,878	2,783,878
DEPRECIATION - RENEWALS AND REPLACEMENTS	<u>(4,614,539)</u>	<u>(4,764,539)</u>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<u>\$ 0</u>	<u>\$ 0</u>

**UNIVERSITY OF SOUTH ALABAMA  
COLLEGE OF MEDICINE  
2015-2016 BUDGET  
UNRESTRICTED CURRENT FUNDS**

	<b>2015-2016 BUDGET</b>	<b>2014-2015 BUDGET</b>
<b>REVENUES:</b>		
TUITION AND FEES	\$ 11,726,180	\$ 11,273,464
ALLOCATION OF STATE APPROPRIATIONS	27,340,560	27,415,687
FEDERAL GRANTS AND CONTRACTS	2,900,000	3,150,000
STATE GRANTS AND CONTRACTS	187,589	185,589
PRIVATE GIFTS, GRANTS AND CONTRACTS	7,050,000	49,800,000
MOBILE RACING COMMISSION	25,000	50,000
ENDOWMENT INCOME	200,000	200,000
OTHER SOURCES	1,350,000	1,500,000
	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>50,779,329</b>	<b>93,574,740</b>
	<hr/>	<hr/>
<b>EXPENDITURES AND MANDATORY TRANSFERS:</b>		
<b>EDUCATIONAL AND GENERAL:</b>		
INSTRUCTION	25,720,002	38,339,240
RESEARCH	2,110,000	2,160,000
PUBLIC SERVICE	5,881,134	37,018,676
ACADEMIC SUPPORT	4,835,091	4,764,187
STUDENT SERVICES	1,940,366	1,781,105
INSTITUTIONAL SUPPORT	3,207,539	3,384,753
OPERATION AND MAINTENANCE OF PLANT	5,724,754	5,641,336
SCHOLARSHIPS	1,235,000	1,235,000
	<hr/>	<hr/>
<b>EDUCATIONAL AND GENERAL EXPENDITURES</b>	<b>50,653,886</b>	<b>94,324,297</b>
	<hr/>	<hr/>
<b>MANDATORY TRANSFERS:</b>		
PRINCIPAL AND INTEREST	400,443	400,443
	<hr/>	<hr/>
<b>TOTAL EXPENDITURES AND MANDATORY TRANSFERS</b>	<b>51,054,329</b>	<b>94,724,740</b>
	<hr/>	<hr/>
<b>OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):</b>		
OTHER TRANSFERS	300,000	1,200,000
MOBILE RACING COMMISSION	(25,000)	(50,000)
	<hr/>	<hr/>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<b>\$ 0</b>	<b>\$ 0</b>
	<hr/>	<hr/>

**UNIVERSITY OF SOUTH ALABAMA  
HOSPITALS  
2015-2016 BUDGET  
UNRESTRICTED CURRENT FUNDS**

	<u>2015-2016 BUDGET</u>	<u>2014-2015 BUDGET</u>
<b>REVENUES:</b>		
GROSS PATIENT REVENUES	\$ 615,864,412	\$ 550,850,413
CONTRACTUAL ADJUSTMENTS	292,262,703	239,149,777
OTHER ADJUSTMENTS	2,364,010	2,066,394
OTHER MEDICAID ADJUSTMENTS		(15,444,761)
TOTAL DEDUCTIONS FROM REVENUES	<u>294,626,713</u>	<u>225,771,410</u>
NET PATIENT REVENUES	<u>321,237,699</u>	<u>325,079,003</u>
ALLOCATION OF STATE APPROPRIATIONS	8,774,806	8,638,445
MOBILE COUNTY HOSPITAL BOARD	15,400,000	15,307,500
MOBILE COUNTY INDIGENT CARE BOARD	533,004	533,000
MEDICAID DISPROPORTIONATE SHARE	20,921,773	8,896,462
OTHER REVENUES	<u>63,522,049</u>	<u>14,225,028</u>
<b>TOTAL REVENUES</b>	<u>430,389,331</u>	<u>372,679,438</u>
<b>EXPENDITURES AND MANDATORY TRANSFERS:</b>		
<b>EXPENDITURES:</b>		
NURSING SERVICES	106,029,799	97,639,504
PROFESSIONAL SERVICES	99,978,973	93,445,778
GENERAL DIVISION	21,469,282	19,739,615
ADMINISTRATIVE DIVISION	115,811,110	60,306,791
MEDICAL EDUCATION	18,639,121	17,810,558
PROVISION FOR UNCOLLECTIBLE ACCOUNTS (NET OF RECOVERIES)	<u>62,413,030</u>	<u>70,379,286</u>
<b>TOTAL EXPENDITURES</b>	<u>424,341,315</u>	<u>359,321,532</u>
<b>MANDATORY TRANSFERS FOR:</b>		
PRINCIPAL AND INTEREST	<u>9,446,601</u>	<u>7,929,421</u>
<b>TOTAL EXPENDITURES AND MANDATORY TRANSFERS</b>	<u>433,787,916</u>	<u>367,250,953</u>
<b>OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):</b>		
TRANSFER FROM RESERVES	3,398,585	
DEPRECIATION - DISPROPORTIONATE SHARE		(5,386,485)
DEPRECIATION - RENEWALS AND REPLACEMENTS		(42,000)
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<u>\$ 0</u>	<u>\$ 0</u>

**UNIVERSITY OF SOUTH ALABAMA  
MITCHELL CANCER INSTITUTE  
2015-2016 BUDGET  
UNRESTRICTED CURRENT FUNDS**

	<b>2015-2016 BUDGET</b>	<b>2014-2015 BUDGET</b>
<b>REVENUES:</b>		
GROSS PATIENT REVENUES	\$ 18,969,285	\$ 24,297,971
ALLOCATION OF STATE APPROPRIATIONS	5,000,000	5,050,000
OTHER REVENUES	6,477,466	4,282,589
<b>TOTAL REVENUES</b>	<u>30,446,751</u>	<u>33,630,560</u>
LESS: CONTRACTUAL ADJUSTMENTS	<u>9,273,857</u>	<u>11,185,506</u>
<b>NET REVENUES</b>	<u>21,172,894</u>	<u>22,445,054</u>
<b>EXPENDITURES AND MANDATORY TRANSFERS:</b>		
<b>EXPENDITURES:</b>		
PROFESSIONAL SERVICES	7,692,637	10,736,207
ADMINISTRATIVE DIVISION	15,604,819	10,161,248
FUNDED DEPRECIATION		1,765,216
PROVISION FOR UNCOLLECTIBLE ACCOUNTS (NET OF RECOVERIES)	731,025	1,015,752
<b>TOTAL EXPENDITURES</b>	<u>24,028,481</u>	<u>23,678,423</u>
<b>MANDATORY TRANSFERS:</b>		
PRINCIPAL AND INTEREST	<u>1,079,667</u>	<u>622,307</u>
<b>TOTAL EXPENDITURES AND MANDATORY TRANSFERS</b>	<u>25,108,148</u>	<u>24,300,730</u>
<b>OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):</b>		
TRANSFER FROM RESERVES	1,253,359	
OTHER TRANSFERS	2,681,895	1,855,676
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<u>\$ 0</u>	<u>\$ 0</u>

**UNIVERSITY OF SOUTH ALABAMA  
AUXILIARY ENTERPRISES  
2015-2016 BUDGET  
UNRESTRICTED CURRENT FUNDS**

	<u>HOUSING</u>	<u>FOOD SERVICES</u>	<u>BOOKSTORE</u>	<u>2015-2016 BUDGET</u>	<u>2014-2015 BUDGET</u>
<b>REVENUES:</b>					
RENTAL INCOME	\$ 9,737,911	\$	\$	\$ 9,737,911	\$ 9,253,967
SALES			10,745,000	10,745,000	10,260,000
COMMISSION INCOME		7,737,575		7,737,575	943,455
OTHER INCOME	252,480		150,000	402,480	468,760
<b>TOTAL REVENUES</b>	<u>9,990,391</u>	<u>7,737,575</u>	<u>10,895,000</u>	<u>28,622,966</u>	<u>20,926,182</u>
LESS: COST OF GOODS SOLD			8,084,062	8,084,062	7,812,635
<b>NET REVENUES</b>	<u>9,990,391</u>	<u>7,737,575</u>	<u>2,810,938</u>	<u>20,538,904</u>	<u>13,113,547</u>
<b>EXPENDITURES:</b>					
SALARIES AND WAGES	1,606,105	54,945	987,000	2,648,050	2,479,615
EMPLOYEE BENEFITS	329,347	21,978	345,695	697,020	618,639
OTHER EXPENDITURES	4,098,986	6,299,142	1,242,243	11,640,371	5,629,764
<b>TOTAL EXPENDITURES</b>	<u>6,034,438</u>	<u>6,376,065</u>	<u>2,574,938</u>	<u>14,985,441</u>	<u>8,728,018</u>
<b>NET OPERATING INCOME</b>	<u>3,955,953</u>	<u>1,361,510</u>	<u>236,000</u>	<u>5,553,463</u>	<u>4,385,529</u>
<b>TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):</b>					
<b>MANDATORY TRANSFERS:</b>					
PRINCIPAL AND INTEREST	(3,801,376)	(450,685)	(236,000)	(4,488,061)	(4,213,495)
<b>NON-MANDATORY TRANSFERS:</b>					
RENEWALS AND REPLACEMENTS	(154,577)	(910,825)		(1,065,402)	(172,034)
<b>TOTAL TRANSFERS</b>	<u>(3,955,953)</u>	<u>(1,361,510)</u>	<u>(236,000)</u>	<u>(5,553,463)</u>	<u>(4,385,529)</u>
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



**UNIVERSITY OF SOUTH ALABAMA  
STATE APPROPRIATIONS**

	<u>2015-2016</u> <u>APPROPRIATIONS</u>	<u>2014-2015</u> <u>APPROPRIATIONS</u>
EDUCATION TRUST FUND	\$ 104,976,761	\$ 103,423,584
GENERAL FUND	<u>0</u>	<u>550,000</u>
TOTAL APPROPRIATIONS	<u>\$ 104,976,761</u>	<u>\$ 103,973,584</u>



UNIVERSITY OF  
SOUTH ALABAMA

# Budget Highlights

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Fiscal Year  
2015 – 2016

# Operations and Maintenance



UNIVERSITY OF  
SOUTH ALABAMA

# Hospitals



UNIVERSITY OF  
SOUTH ALABAMA

• State Appropriations Increase	\$136,361
• Cerner Implementation	(\$7,661,737)
• Debt Service – Professional Office Building	(\$1,219,989)
• Fringe Benefits	(\$1,074,236)

# Mitchell Cancer Institute



- **New Salaries** (\$1,474,546)
- **Cerner Implementation** (\$1,100,000)
- **Fringe Benefits** (\$80,862)

## **Housing and Residence Life**

- Residence Hall income is based on 95% fall occupancy and 85% spring occupancy.
- A 3.0% average rate increase is budgeted for the Residence Halls.

## **Dining Services**

- The budget reflects a new contract agreement with Aramark as of January 1, 2015.

# 2015-2016 BUDGET SUMMARY TOTAL CURRENT FUNDS



UNIVERSITY OF  
SOUTH ALABAMA

## REVENUES

	<u>2015-2016</u>	<u>2014-2015</u>
Tuition and Fees	\$148,897,898	\$140,531,932
State Appropriations	104,976,761	103,973,584
Federal Grants and Contracts	42,235,832	48,193,832
State and Local Grants and Contracts	7,703,938	7,267,938
Private Gifts, Grants and Contracts	22,165,000	67,378,500
Mobile Racing Commission	25,000	50,000
Endowment Income	200,000	200,000
Sales and Services	4,198,750	3,648,750
Hospitals	421,614,525	364,040,993
Mitchell Cancer Institute	16,172,894	17,395,054
Auxiliary Enterprises	28,622,966	20,926,182
Other Sources	<u>17,682,002</u>	<u>13,186,752</u>
<b>Total Revenues</b>	<b><u>\$814,495,566</u></b>	<b><u>\$786,793,517</u></b>

# 2015-2016 BUDGET SUMMARY

## TOTAL CURRENT FUNDS



UNIVERSITY OF  
SOUTH ALABAMA

### EXPENDITURES AND MANDATORY TRANSFERS:

	<u>2015-2016</u>	<u>2014-2015</u>
<b>Educational and General:</b>		
Instruction	\$117,561,409	\$127,312,869
Research	18,968,286	21,036,709
Public Service	22,245,255	55,485,053
Academic Support	20,804,230	20,544,077
Student Services	30,681,109	26,191,719
Institutional Support	30,286,440	29,732,139
Operations and Maintenance of Plant	29,758,371	28,606,914
Scholarships	46,698,867	45,945,839
<b>Educational and General Expenditures</b>	<u>317,003,967</u>	<u>354,855,319</u>
<b>Mandatory Transfers For:</b>		
Principal and Interest	15,336,508	14,906,863
Loan Fund Matching Grants	171,239	150,000
<b>Total Educational and General</b>	<u>332,511,714</u>	<u>369,912,182</u>
<b>Hospitals (Including Debt Service of \$9,446,601):</b>	433,787,916	367,250,953
<b>Mitchell Cancer Institute (Including Debt Service of \$1,079,667):</b>	25,108,148	22,535,514
<b>Auxiliary Enterprises (Including Debt Service of \$4,488,061):</b>	<u>27,557,564</u>	<u>20,754,148</u>
<b>Total Expenditures and Mandatory Transfers</b>	<u>\$818,965,342</u>	<u>\$780,452,797</u>



# 2015-2016 BUDGET SUMMARY TOTAL CURRENT FUNDS



UNIVERSITY OF  
SOUTH ALABAMA

## OTHER TRANSFERS

	<u>2015-2016</u>	<u>2014-2015</u>
Depreciation – Renewals and Replacements	(\$5,679,941)	(\$12,088,275)
Transfer from Reserves	4,651,944	0
Other Transfers	5,522,773	5,797,555
Mobile Racing Commission	(25,000)	(50,000)
<b>Total Other Transfers</b>	<u><b>\$4,469,776</b></u>	<u><b>(\$6,340,720)</b></u>
<b>Net Increase (Decrease) in Fund Balances</b>	<u><u><b>\$0</b></u></u>	<u><u><b>\$0</b></u></u>

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**



**AUDIT**

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**AUDIT COMMITTEE**

**June 4, 2015**

**3:20 p.m.**

A meeting of the University of South Alabama Board of Trustees Audit Committee was duly convened by Mr. John Peek, Chair, on Thursday, June 4, 2015, at 3:20 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Scott Charlton, Ron Jenkins, Bryant Mixon and John Peek.

Member Absent: Sandy Stimpson.

Other Trustees: Chandra Brown Stewart, Tom Corcoran, Steve Furr, Bettye Maye, Arlene Mitchell, Jimmy Shumock, Ken Simon, Mike Windom and Jim Yance.

Administration and Others: Joe Busta, Lynne Chronister, Monica Curtis, Kristin Dukes, Joel Erdmann, Julie Estis (Faculty Senate), Stan Hammack, Mike Haskins, David Johnson, Ravi Rajendra (SGA), John Smith, Tony Waldrop and Kevin West (Faculty Senate).

Press: Cassie Fambro (al.com) and Alyssa Newton (*Vanguard*).

The meeting came to order and the attendance roll was called. Mr. Peek called for the consideration of the minutes of the meeting held on March 5, 2015. On motion by Capt. Jenkins, seconded by Dr. Charlton, and the minutes were approved unanimously.

Mr. Peek said the financial audit cycle would begin close to the time of the next Audit Committee meeting in September. He advised Mr. Mark Peach of KPMG would join for a preliminary report.

There being no further business, the meeting was adjourned at 3:21 p.m.

Respectfully submitted:

\_\_\_\_\_  
John M. Peek, Chair



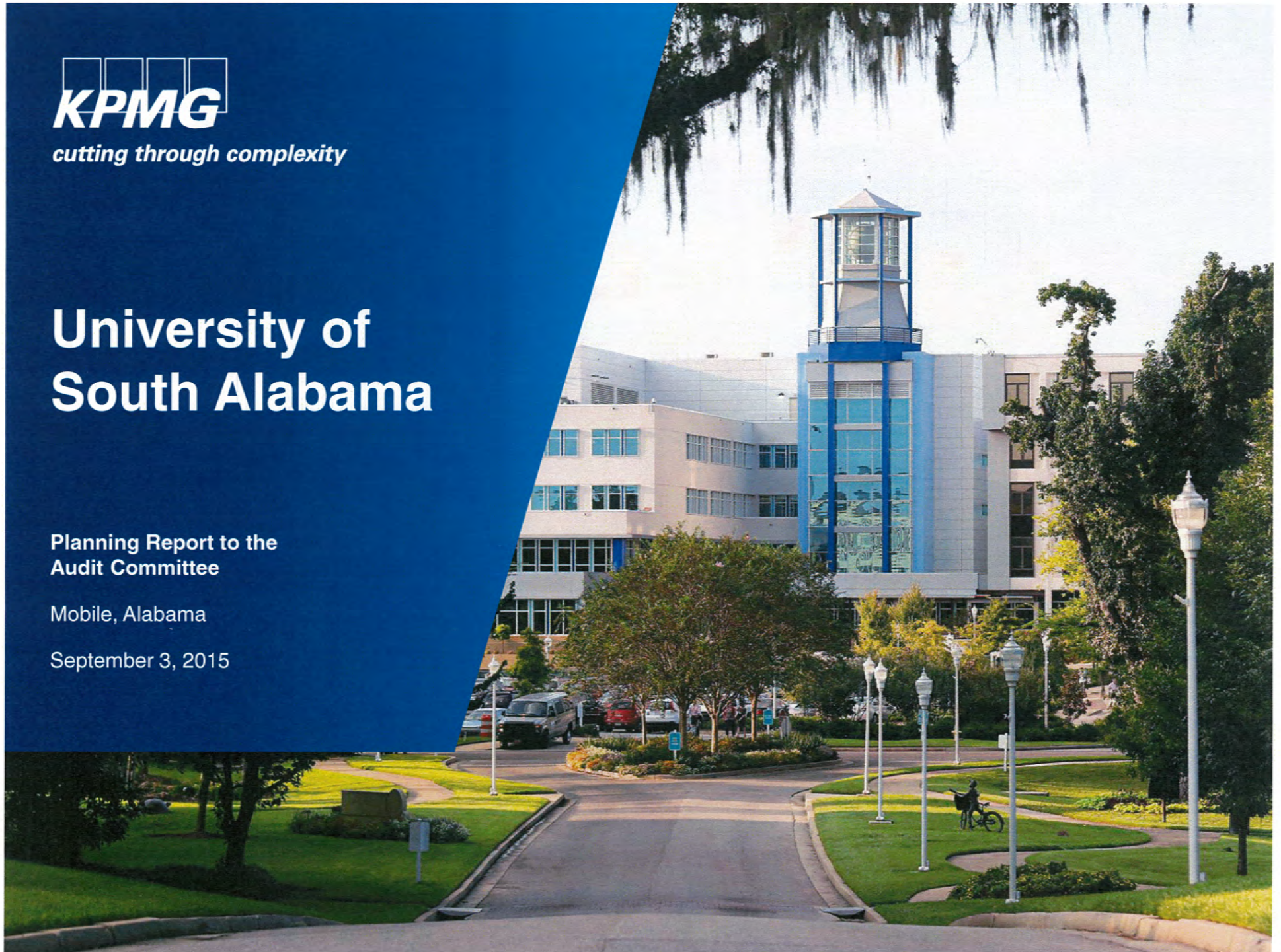
*cutting through complexity*

# University of South Alabama

**Planning Report to the  
Audit Committee**

Mobile, Alabama

September 3, 2015



# This presentation was prepared by

Mark P. Peach, Partner

[601.714.7452](tel:601.714.7452)/[mpeach@kpmg.com](mailto:mpeach@kpmg.com)

*188 East Capitol Street*

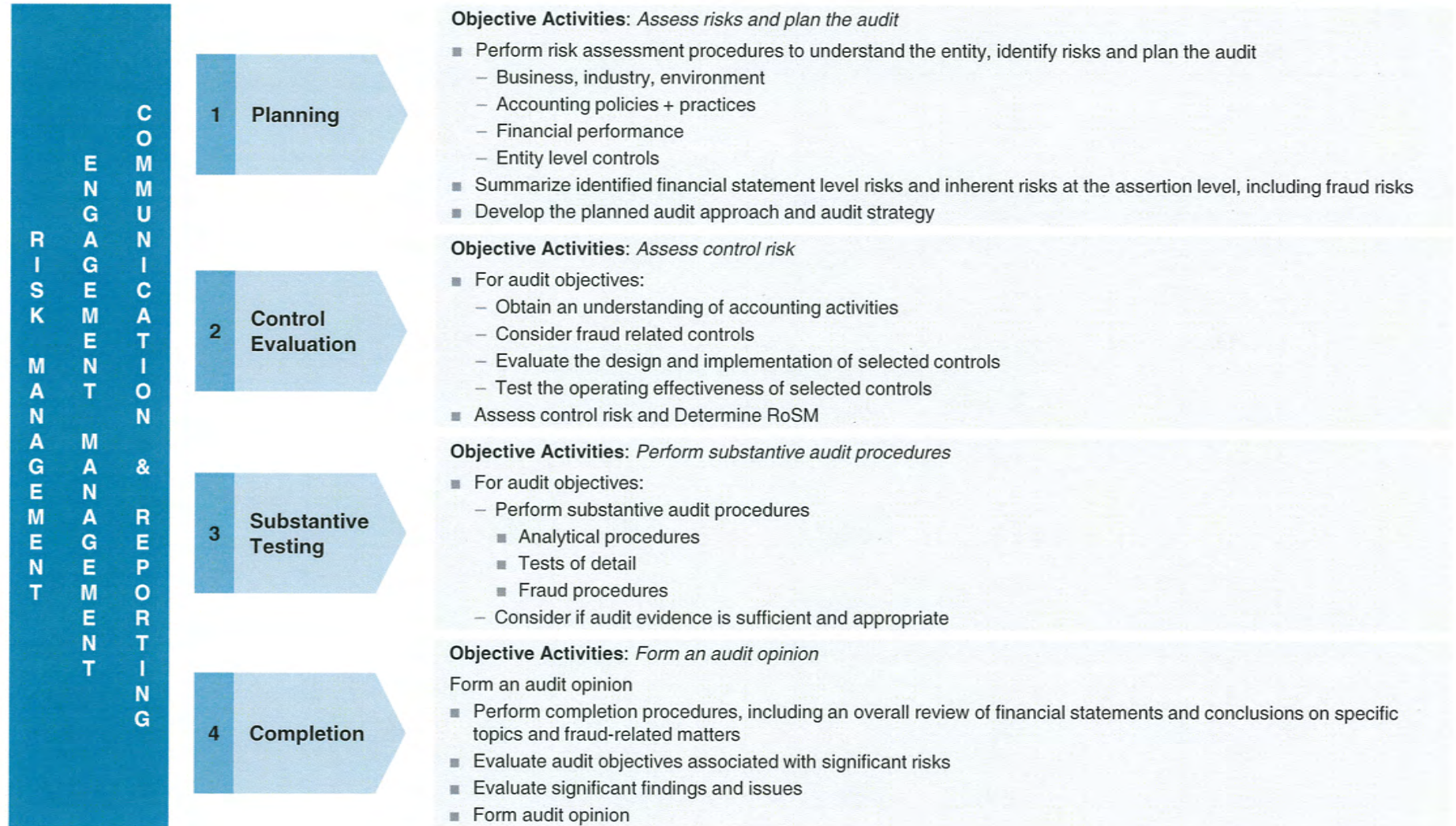
*Suite 1100*

*Jackson, Mississippi 39201*

## Core client service team

<b>Mark Peach</b>	Engagement Partner – University
<b>Jerry Johnson</b>	Engagement Partner – Healthcare
<b>Keith Shurbutt</b>	Concurring Review Partner – University
<b>Pete Ryan</b>	Concurring Review Partner – Healthcare
<b>Zach Chism</b>	Engagement Manager – University
<b>Melinda Gratwick</b>	Engagement Manager – University
<b>Henry Jeong</b>	Engagement Manager – Healthcare
<b>Brad Phillips</b>	Senior Manager – Technology Systems & Controls
<b>Dee Rich</b>	Partner – Exempt Organization Tax Matters

# Our audit process



## Engagement timeline

	Beginning	Ending
<b>Before/At Year-End</b>		
Review of Key Business Risks	August	September
Process Analysis and Interim Procedures	August	September
IT Controls Review	July	August
SAS 99 Interviews	August	September
<b>After Year-End</b>		
Final substantive procedures and analytical review	October 19	November 16
Financial statements and management letter drafts to management	–	November 11
Financial statements and management letter delivery	–	November 16
Presentation	–	December 3



# Significant areas

- Investments
- A-133 audit
- SAS No. 99
- Due to/from third-party payors
- Accounts receivable reserves
- Professional and general liability costs and reserves
- Swaptions
- New entity – Regional Care Organization
- GASB 68 – Accounting and Financial Reporting For Pensions

# Current engagement status

## ■ Interim work

- Standard client continuance risk assessment completed
- University engagement letter executed
- Internal control testing and other planning substantially completed
- Information technology testing substantially completed

## ■ Our relationship with the University

- No disagreements with management
- Full access to all books and records
- Confirmation of independence
- No nonaudit services through this date

# Discussion/questions



*cutting through complexity*

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**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**



**DEVELOPMENT,  
ENDOWMENT  
AND INVESTMENTS**

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE**

**June 4, 2015  
3:21 p.m.**

A meeting of the University of South Alabama Board of Trustees Development, Endowment and Investments Committee was duly convened by Mr. Jim Yance, Chair, on Thursday, June 4, 2015, at 3:21 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Tom Corcoran, Ron Jenkins, Ken Simon, Mike Windom and Jim Yance.

Member Absent: Steve Stokes.

Other Trustees: Chandra Brown Stewart, Scott Charlton, Steve Furr, Bettye Maye, Bryant Mixon, Arlene Mitchell, John Peek and Jimmy Shumock.

Administration and Others: Terry Albano, Joe Busta, Lynne Chronister, Monica Curtis, Kristin Dukes, Joel Erdmann, Julie Estis (Faculty Senate), Stan Hammack, Mike Haskins, David Johnson, Norman Pitman, Ravi Rajendra (SGA), John Smith, Tony Waldrop and Kevin West (Faculty Senate).

Press: Cassie Fambro (al.com) and Alyssa Newton (*Vanguard*).

The meeting came to order and the attendance roll was called. Mr. Yance called for consideration of the minutes of the meeting held on March 5, 2015. On motion by Mr. Windom, seconded by Judge Simon, the minutes were approved unanimously.

Mr. Yance addressed endowment performance, **ITEM 19**, noting a 3.66 return on investments for the period October 1, 2014, to March 31, 2015, an outperformance of the relative index. He advised of \$8.5 million withdrawn due to allocation parameters, and stated the money could render useful given indicators of volatility in the bond market. He described the equity market as void of opportunity and called for a report from Mr. Albano. Mr. Albano discussed fluctuations in the value of the U.S. dollar since portfolio inception in May 2000. He said most managers had performed extremely well. Mr. Pitman explained the underperformance of Private Advisors and Charles Schwab, and shared information on fixed income markets and the volatility in the international bond market. Mr. Albano conveyed confidence in Private Advisors and Charles Schwab given their three- and five-year results. He addressed asset allocation, noting consistency with investment guidelines. He discussed annualized performance since inception.

Mr. Yance called on Dr. Busta for discussion of **ITEM 20**, a resolution authorizing the assessment of a management fee of 1.25 percent of total endowment assets annually on September 30, and retroactive to September 30, 2014, an increase from one percent (for copies of resolutions,

policies and other authorized documents, refer to the June 5, 2015, Board of Trustees meeting minutes). Further, the resolution authorizes the President to designate the expenditure of resources generated by the management fee through the University's budgeting process. Dr. Busta said management fee proceeds fund alumni and development activities and fundraising efforts. He added that a 1.25 percent management fee is a nationwide standard. Mr. Yance agreed that increasing the fee would expand fundraising efforts and yield valuable returns. He contrasted USA's development staff of fewer than 40 employees with Auburn University's 140-member development staff. On motion by Mr. Windom, seconded by Judge Simon, the Committee voted unanimously to recommend approval by the Board of Trustees.

Dr. Busta presented **ITEM 21**, a resolution naming *The Fanny and Bert Meisler Endowed Professorship in Jewish Studies* and conveying the board's gratitude to the Meislers for their generosity and visionary partnership in establishing the endowed fund. Dr. Busta stated an outstanding professor was recruited by the College of Arts and Sciences. He called the Meislers terrific donors who have done much for the University of South Alabama over the years. On motion by Mr. Corcoran, seconded by Capt. Jenkins, the Committee voted unanimously to recommend approval by the Board of Trustees.

Chairman Furr made brief remarks about the use of a consent agenda at the June 5 board meeting.

There being no further business, the meeting was adjourned at 3:39 p.m.

Respectfully submitted:

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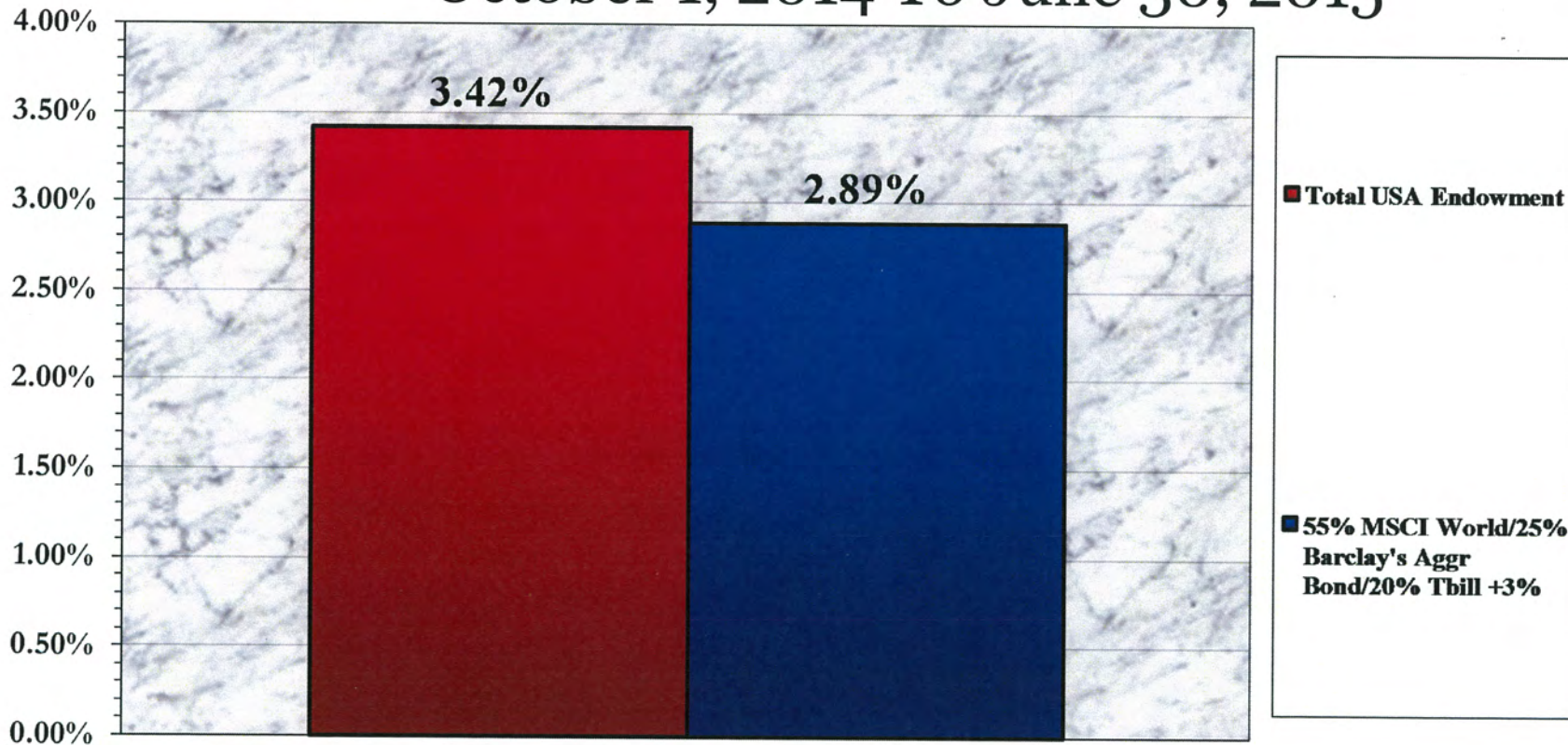
James A. Yance, Chair

University of South Alabama  
Endowment Investment Performance  
Review/Analysis

Fiscal Year 2015



# Total USA Endowment Fiscal Year 2015 October 1, 2014 To June 30, 2015



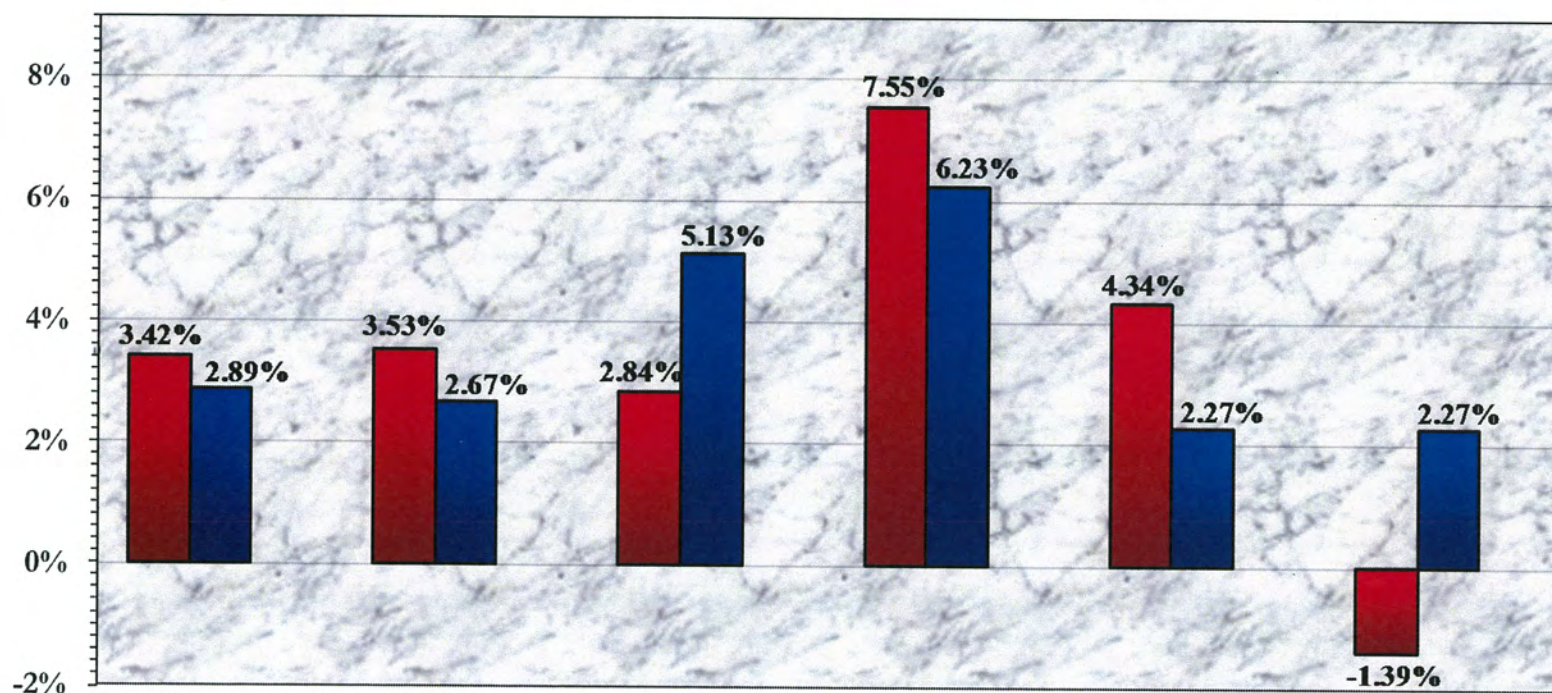
Outperformed 0.53%

Balance: \$140,801,279

# Endowment Fund Managers

## Fiscal Year 2015

### October 1, 2014 To June 30, 2015



Total USA  
Endowment

MSCI  
World/Barclays  
US Agg. Bond TR/  
T-Bill +3%

Common Fund

MSCI World/  
Barclays US  
Agg. Bond TR

Charles Schwab

MSCI Small Cap/  
MSCI EAFE NR/  
MSCI EM PR/  
Russell 2000/  
Barclays TIP/  
JPM ELMI+TR USD/  
Barclays US Agg. TR/  
S&P 500 TR

Douglas Lane

S&P 500 TR

Gerber Taylor\*

T-Bill +3%

Private Advisors

T-Bill +3%

\*Estimate

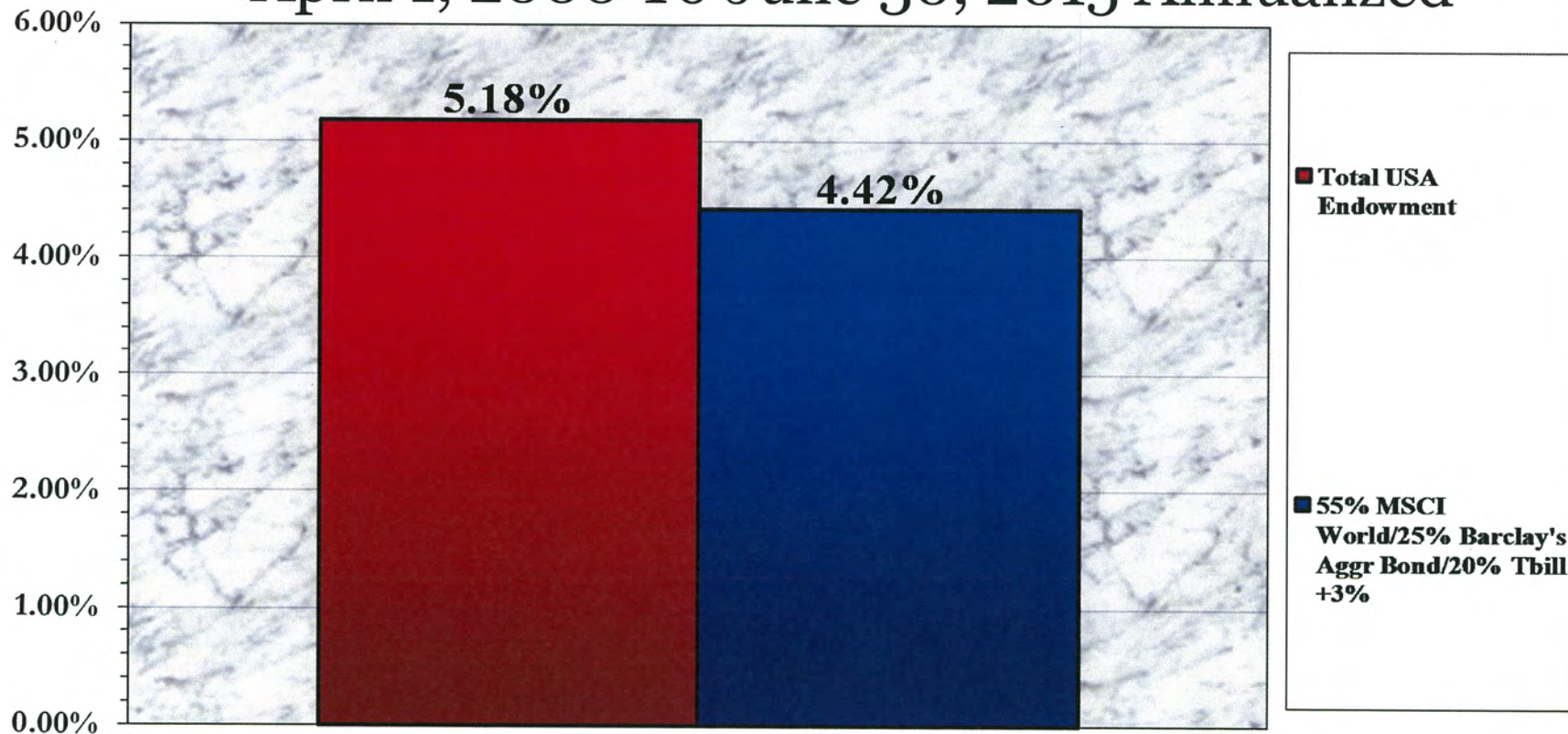
## Total USA Endowment Breakdown Fiscal Year 2015

Manager	Money Market	Large Cap Equity	Small Cap Equity	International	Fixed	Hedge	Total	%
Private Advisors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,192,864	\$ 7,192,864	5%
Schwab	\$ -	\$ 7,204,498	\$ 7,950,424	\$ 14,450,564	\$ 5,239,601	\$ -	\$ 34,845,087	25%
Doug Lane	\$ 445,463	\$ 8,029,409	\$ -	\$ -	\$ -	\$ -	\$ 8,474,871	6%
Common Fund	\$ -	\$ 35,874,520			\$ 31,549,766		\$ 67,424,287	48%
Gerber Taylor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,864,169	\$ 22,864,169	16%
<b>Total</b>	<b>\$ 445,463</b>	<b>\$ 51,108,427</b>	<b>\$ 7,950,424</b>	<b>\$ 14,450,564</b>	<b>\$ 36,789,367</b>	<b>\$ 30,057,033</b>	<b>\$ 140,801,279</b>	<b>100%</b>
<b>%</b>	<b>0%</b>	<b>36%</b>	<b>6%</b>	<b>10%</b>	<b>26%</b>	<b>21%</b>	<b>100%</b>	
<b>Policy %</b>		<b>25-55%</b>	<b>0-8%</b>	<b>5-15%</b>	<b>15-35%</b>	<b>10-30%</b>	<b>100%</b>	

\* Estimate

## Total USA Endowment Since Inception

April 1, 2000 To June 30, 2015 Annualized



Outperformed 0.76%

Balance: \$140,801,279