

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES  
FREDERICK P. WHIDDON ADMINISTRATION BUILDING  
SUITE 130, BOARD ROOM  
STANDING COMMITTEES (Consecutive Meetings)**

**JUNE 2, 2016  
1:30 P.M.**

\* *Agenda or Materials Addition/Revision*

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

Roll Call

Approve: [Minutes](#)

4 Recommendation to Approve: [USA Hospitals Credentials – February, March and April 2016](#)

5 Recommendation to Approve: [USA Hospitals Medical Staff Bylaws and Rules and Regulations, Revisions of April 19, 2016](#)

6 Report: Health System and College of Medicine

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

Roll Call

\* Approve: [Revised Agenda](#)

Approve: [Minutes](#)

\* 7 Recommendation to Approve: [Tenure and Promotion](#)

\* 8 Recommendation to Approve: [Commendation of Dr. B. Keith Harrison](#)

~~9 Recommendation to Approve: [Policy on Campus Closure](#)~~

\* 10 Recommendation to Approve: [Tuition, Housing and Meal Plan](#)

11 Report: [Academic Affairs](#)

12 Report: Student Affairs

**AUDIT COMMITTEE** John Peek, Chair

Roll Call

Approve: [Minutes](#)

13 Report: Office of Internal Audit

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

Roll Call

Approve: [Minutes](#)

14 Report: [Endowment and Investment Performance](#)

15 Recommendation to Approve: [Revision of USA's Endowment Funds Investment Policies and Guidelines](#)

16 Report: Development and Alumni Relations

**BUDGET AND FINANCE COMMITTEE** Jimmy Shumock on behalf of Tom Corcoran, Chair

Roll Call

\* Approve: [Revised Agenda](#)

Approve: [Minutes](#)

17 Report: [Quarterly Financial Statements, Six Months Ended March 31, 2016](#)

18 Report: Process Improvement Committee

19 Recommendation to Approve: [Reappointment of Directors of the USA Research and Technology Corporation](#)

\* 19.A Recommendation to Approve: [Ground Lease to the USA Research and Technology Corporation](#)

20 Recommendation to Approve: [Contract Officers](#)

\* 21 Recommendation to Approve: [Ratification of Line of Credit](#)

22 Recommendation to Approve: [2008 Bond Refunding Parameters](#)

**BOARD OF TRUSTEES**

**JUNE 3, 2016  
10:00 A.M.**

\* *Agenda or Materials Addition/Revision*

Roll Call

\* Approve: [Revised Agenda](#)

1 Approve: [Minutes](#)

2 Approve: [2016-2017 Meeting Dates](#)

3 Report: President's Report

**CONSENT AGENDA**

4 Approve: [USA Hospitals Credentials – February, March and April 2016](#)

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

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

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11 Report: Academic Affairs

12 Report: Student Affairs

**AUDIT COMMITTEE** John Peek, Chair

**BUDGET AND FINANCE COMMITTEE** Jimmy Shumock on behalf of Tom Corcoran, Chair

22 Approve: [2008 Bond Refunding Parameters](#)

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

**OTHER**

23 Approve: Election of Officers

\* 24 Approve: [Commendation of Dr. Steven P. Furr as Chair \*Pro Tempore\* Emeritus](#)  
Unveil Portrait

~~25 Approve: [Executive Session](#)~~

# UNIVERSITY OF SOUTH ALABAMA

## BOARD OF TRUSTEES



### **THURSDAY, JUNE 2, 2016:**

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

*Administration Bldg., Rm. 130*

### **FRIDAY, JUNE 3, 2016:**

10:00 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  
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**JUNE 2, 2016  
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**\* Agenda or Materials Addition/Revision**

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Roll Call  
Approve: Minutes

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- 5** Recommendation to Approve: USA Hospitals Medical Staff Bylaws and Rules and Regulations, Revisions of April 19, 2016
- 6** Report: Health System and College of Medicine

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

Roll Call  
Approve: Revised Agenda  
Approve: Minutes

- \* 7** Recommendation to Approve: Tenure and Promotion
- \* 8** Recommendation to Approve: Commendation of Dr. B. Keith Harrison
- ~~**9** Recommendation to Approve: Policy on Campus Closure~~
- \* 10** Recommendation to Approve: Tuition, Housing and Meal Plan
- 11** Report: Academic Affairs
- 12** Report: Student Affairs

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

Roll Call  
Approve: Minutes

- 14** Report: Endowment and Investment Performance
- 15** Recommendation to Approve: Revision of USA's Endowment Funds Investment Policies and Guidelines
- 16** Report: Development and Alumni Relations

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- 18** Report: Process Improvement Committee
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- 20** Recommendation to Approve: Contract Officers
- \* 21** Recommendation to Approve: Ratification of Line of Credit
- 22** Recommendation to Approve: 2008 Bond Refunding Parameters

**BOARD OF TRUSTEES**

**JUNE 3, 2016  
10:00 A.M.**

**\* Agenda or Materials Addition/Revision**

Roll Call  
Approve: Revised Agenda  
**1** Approve: Minutes  
**2** Approve: 2016-2017 Meeting Dates  
**3** Report: President's Report

**CONSENT AGENDA**

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

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

- \* 8** Approve: Commendation of Dr. B. Keith Harrison
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- 12** Report: Student Affairs

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**BUDGET AND FINANCE COMMITTEE** Jimmy Shumock on behalf of Tom Corcoran, Chair

- 22** Approve: 2008 Bond Refunding Parameters

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

**OTHER**

- 23** Approve: Election of Officers
- \* 24** Approve: Commendation of Dr. Steven P. Furr as Chair *Pro Tempore* Emeritus  
Unveil Portrait
- ~~**25** Approve: Executive Session~~

**Date:**

May 24, 2016

**To:**

USA Board of Trustees

**From:**

James H. Shumock  
Secretary, Board of Trustees



**Subject:**

Meeting Minutes

Included herein are the unapproved minutes of the Board of Trustees and standing committee meetings held on March 3 and 4, 2016. Please review these documents for amendment or approval at the June 2 and 3 meetings of the Board of Trustees.

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**March 4, 2016  
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, March 4, 2016, at 10:30 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Scott Charlton, Tom Corcoran, Steve Furr, Ron Jenkins, Bettye Maye, Arlene Mitchell, Bryant Mixon, Jimmy Shumock, Ken Simon, Sandy Stimpson, Steve Stokes, Mike Windom and Jim Yance.

Members Absent: Robert Bentley, Chandra Brown Stewart and John Peek.

Administration and Others: Beth Anderson, Owen Bailey, Gary Branch (Faulkner State), Joe Busta, Chris Buchanan, Lynne Chronister, Kristin Dukes, Joel Erdmann, Monica Ezell, Mike Finan, Margie and Josh Friedman, Happy Fulford, Charlie Guest, Mike Haskins, Dave Johnson, Melva Jones, Andi Kent, Vince Kilborn, Abe Mitchell, Ravi Rajendra (SGA), Justin Sanders, Jeb Shell (NAA), Audrey and Joe Shewmake, John Smith, Sam Strada, Elizabeth Terry, William Terry, Tony Waldrop, Scott Weldon, and Kevin West and Kelly Woodford (Faculty Senate).

Press: Bria Johnson (*Vanguard*).

The meeting was called to order and the attendance roll was called. Chairman Furr welcomed Trustees and guests, and called for adoption of the revised agenda. On motion by Mr. Yance, seconded by Mr. Shumock, the revised agenda was adopted unanimously. Dr. Furr called for consideration of **ITEM 1**, the minutes of the Board of Trustees meeting held on December 4, 2015, as well as the minutes of a Long-Range Planning Committee meeting held on December 3, 2015. On motion by Ms. Mitchell, seconded by Ms. Maye, the minutes were approved unanimously.

Chairman Furr called for presentation of **ITEM 2**, the President's Report. President Waldrop recognized Honorary Trustee Mr. Abe Mitchell. He discussed the Distinguished Alumni and Service Awards gala held on March 3. A photo was shown of the award recipients and Mr. Shumock was congratulated for being honored.

President Waldrop called upon Dr. Johnson, who gave an overview of the new *Pathway USA* program and partnerships with Faulkner State Community College and Bishop State Community College. Pathway USA will provide advice and incentives for students interested in transferring to USA once they attain an associate's degree. Dr. Johnson introduced Faulkner State Community College President Gary Branch, who conveyed enthusiasm for the collaboration and shared historical perspective on Faulkner State, as well as plans for expansion. Judge Simon

asked if the project would have a positive impact on USA's objective for improving retention. Dr. Johnson concurred. Mr. Yance added the program should strengthen growth. Dr. Johnson agreed that the yield of transfers from these community colleges should increase.

President Waldrop gave an update on USA's strategic planning process. He said a President's Leadership Team has worked to develop metrics for determining the effectiveness of the institutional objectives. He stated an update will be provided to the Board in June.

President Waldrop introduced and shared biographical information on USA's first Director of University Special Events Ms. Melva Jones. President Waldrop said the position will facilitate centralized coordination of events. Ms. Jones made brief remarks, noting it an honor to join the University of South Alabama.

President Waldrop called on Mr. Bailey, who introduced Ms. Margie Friedman, a nurse at the Hollis J. Wiseman Neonatal Intensive Care Unit (NICU) at Children's & Women's Hospital (CWH). Mr. Bailey advised Ms. Friedman had been named a Ronald McDonald House Charities *Local Hero*, one of 24 individuals selected nationwide for making a difference in the community. Also introduced was Ms. Friedman's husband, Josh. Ms. Friedman said her son's experience as a CWH patient in the NICU inspired her to enroll in USA's nursing program. Ms. Friedman also participated in the campaign that raised money for renovation of the NICU. Ms. Mitchell attested that Ms. Friedman was her inspiration for volunteering to rock babies at the NICU.

President Waldrop called for remarks from Faculty Senate President Dr. Kevin West. Dr. West addressed the state of higher education, comparing the turbulent environments being reported at other institutions to the positive campus culture at USA. He said several factors, such as enrollment and faculty applicant pool increases and open dialogue with Trustees, have helped to replace faculty concerns with feelings of optimism. He said intentional efforts to improve relationships has led to program success and growth. He encouraged Board members to continue to build constituent rapport and to be attentive to media reports on higher education. Chairman Furr and President Waldrop joined Dr. West to present a certificate of appreciation recognizing his efforts as Faculty Senate President for 2015-2016.

President Waldrop called for remarks from Mr. Ravi Rajendra, Student Government Association (SGA) President. Mr. Rajendra discussed continuing efforts to "build a better South" through student engagement projects. He said more students are buying into initiatives designed to address concerns and stimulate involvement, such as *Parking Ticket Forgiveness Day* scheduled for March 10, whereby unpaid parking violations will be waived for food donations; implementation of a pop-up bookstore in Greensboro, Alabama, stocked with SGA book drive collections; and the *Battle for the Belt* campaign designed to increase excitement for the USA vs. Troy football rivalry. He thanked Board members for their support of the SGA. Chairman Furr



and President Waldrop recognized Mr. Rajendra with a certificate of appreciation for his service as SGA President for 2015-2016.

President Waldrop welcomed Mr. Jeb Shell, President of the USA National Alumni Association.

President Waldrop gave an update on the search to fill the position of Vice President for Medical Affairs/Dean of the College of Medicine. He said three outstanding candidates visited campus recently for interviews and evaluations are progressing.

President Waldrop called on Dr. Johnson for an update on the dean search for the Pat Capps Covey College of Allied Health Professions. Dr. Johnson said, following the visits of five candidates to campus, the position was offered to and accepted by Dr. Gregory Frazer, Dean of the Rangos School of Health Sciences at Duquesne University in Pittsburgh. He said Dr. Frazer's employment would become effective on August 1.

Dr. Johnson recognized Dr. Andi Kent for her appointment as Dean of the College of Education. He shared highlights on Dr. Kent's background, including close ties with the Mobile County Public School System, with which USA has a strong partnership.

Dr. Johnson recognized Dr. Charlie Guest, Associate Vice President for Academic Affairs, for his appointment as Interim Dean of the School of Continuing Education and Special Programs. Dr. Guest also serves as USA's liaison to the Southern Association on Colleges and Schools (SACS).

President Waldrop called on Ms. Chronister for a report on the visit to campus by the U. S. Assistant Secretary of Commerce Mr. Jay Williams. She said Secretary Williams, who serves a dual role as chief administrator for the U. S. Economic Development Administration, described Mobile's manufacturing community partnership as outstanding. Mayor Stimpson agreed that the visit was engaging, as well as an indication of the great things happening in Mobile.

President Waldrop called on Mr. Fulford, who reported on the Higher Education Day rally held in Montgomery on February 25. He stated South Alabama had the largest representation of students, faculty and staff in attendance, and he thanked Mr. Windom for representing the Board of Trustees. He said three Alabama senators who are USA alumni met with the group. He gave an update on the budget process. He stated the University's funding request, which is based on USA's enrollment growth that is second in the state, was recognized in the budget expected to pass the Senate soon. He added that Alabama legislators who visit the University of South Alabama Health System are impressed by its employees.

President Waldrop called on Mr. Haskins for a report on USA's branding process. Mr. Haskins gave an overview on progress by a team of 40 individuals charged with developing a branding process. He said work was nearing completion and a formal launch is planned for March 23. He

shared excitement for the accomplishment, which was completed in a short time, and stated guidelines and training would assure consistency and quality. Artwork depicting new marketing themes was shown, as was a brief promotional video featuring “South Stories” told by USA students and employees, which will air on social media outlets. Other branding strategies include public banner displays, iHeart Radio ads, and use of brand ambassadors throughout campus and in the greater community to introduce the new face of USA. The importance of continuing the momentum of Mitchell-Moulton Scholarship Initiative promotions was asserted. As to a question about the value of television commercials, Mr. Haskins said data indicates that, to best reach USA’s target audience, on-line advertisements will be most effective and give the greatest return for the money spent. President Waldrop said he was honored to work with the branding team.

Chairman Furr announced that officer terms would end in June and he appointed Ms. Maye, Capt. Jenkins and Mr. Yance to serve with him on a Nominating Committee. He said officer elections would take place at the June 3 Annual Meeting, and noted terms would take effect immediately as per previous bylaws revisions.

Chairman Furr addressed consent agenda **ITEMS 3, 7, 15, 19** and **23** as follows, respectively, noting all had received the Committees’ unanimous recommendations for approval by the Board of Trustees at meetings held on March 3 (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 NOVEMBER AND DECEMBER, 2015, AND JANUARY 2016**

**WHEREAS**, the Medical Staff appointments and reappointments for November and December, 2015, and January 2016 for the University of South Alabama Hospitals are recommended for Board approval by the Medical Executive Committees and the Executive Committee of the University of South Alabama Hospitals,

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

**RESOLUTION**  
**HONORARY DOCTORATE DEGREE FOR CYNTHIA TUCKER HAYNES**

**WHEREAS**, the University of South Alabama seeks to honor exceptional individuals who have devoted a substantial part of their lives to the service of others and who have distinguished themselves throughout their professional careers, and

**WHEREAS**, Cynthia Tucker Haynes is a native of the state of Alabama and grew up attending schools in Monroe County during the time Alabama and its school systems were emerging from decades of segregation, and

**WHEREAS**, Ms. Haynes had a distinguished career as a journalist and columnist for the *Atlanta Journal-Constitution* for more than 20 years, and

**WHEREAS**, Ms. Haynes was awarded a highly competitive Neiman fellowship from Harvard University in 1988, and

**WHEREAS**, Ms. Haynes has achieved extraordinary distinction in her journalism career as the first woman and the first African-American to hold the position of editorial page editor of the *Atlanta Journal-Constitution*, and

**WHEREAS**, Ms. Haynes was a syndicated news columnist focusing on issues such as civil rights and the war in Iraq in her column "As I See It," which was published in more than 70 newspapers, and

**WHEREAS**, in 2007, Ms. Haynes won the Pulitzer Prize for Commentary for her work in 2006 on such columns as "Living Proof of Immigration's Marvelousness" and "Poor Little Big Man's Pity Party," and

**WHEREAS**, Ms. Haynes was named Journalist of the Year by the National Association of Black Journalists in 2006, was included in Essence magazine's "25 Most Influential of 2007" list, and has received numerous awards for her work, including the Distinguished Writing Award by the American Society of Newspaper Editors, the top newspaper columnist award by the Women's Political Caucus, and Colby College's Elijah Parish Lovejoy Journalism Award,

**THEREFORE, BE IT RESOLVED**, for her dedication and for her many contributions to the field of journalism, the Board of Trustees of the University of South Alabama is proud to bestow upon Cynthia Tucker Haynes the degree of Doctor of Humane Letters (L.H.D.), *honoris causa*.

**RESOLUTION  
PURCHASE OF PROPERTY ADJACENT TO 26 OAKLAND AVENUE**

**WHEREAS**, the Executive Committee of the Board of Trustees approved the purchase of the President's home located at 26 Oakland Avenue at its meeting on May 9, 2014, and

**WHEREAS**, an opportunity has been presented to purchase the lot adjacent to 26 Oakland Avenue (east on Bexley Lane), and

**WHEREAS**, the property would be used for much needed additional parking for official University events at 26 Oakland Avenue, and

**WHEREAS**, the University offered to purchase the property at a price of \$185,000, which represents the estimated fair market value of the property, and the University's offer has been accepted by the seller, and

**WHEREAS**, the survey of the property remains outstanding as do closing requirements, such as the provision of a title insurance policy,

**THEREFORE, BE IT RESOLVED**, the University of South Alabama Board of Trustees authorizes the purchase of land located adjacent to 26 Oakland Avenue for the price of \$185,000 and hereby delegates the authority to finalize the purchase of property for that amount to the Executive Vice President and the Vice President for Finance and Administration pending acceptance of the survey and compliance by the seller with any outstanding requirements of the Purchase Contract.

**RESOLUTION  
REVISION OF THE NON-ENDOWMENT  
CASH POOL INVESTMENT POLICY**

**WHEREAS**, the University of South Alabama Board of Trustees has established the Non-Endowment Cash Pool Investment Policy to provide investment guidelines when managing the University's operating cash, and

**WHEREAS**, the Board of Trustees delegates certain investment authority to the Development, Endowment and Investments Committee to manage the University's non-endowment cash investments, and

**WHEREAS**, the Development, Endowment and Investments Committee invests the University's non-endowment funds according to the investment policy guidelines approved by the Board of Trustees, and

**WHEREAS**, said guidelines may be amended from time to time to meet current investment conditions and objectives, and

**WHEREAS**, the Development, Endowment and Investments Committee in its meeting on March 3, 2016, reviewed said investment policies and guidelines and proposed certain changes,

**THEREFORE, BE IT RESOLVED** that the University of South Alabama Board of Trustees hereby approves changes to the investment policies and guidelines for non-endowment fund investments as recommended by the Development, Endowment and Investments Committee.

**RESOLUTION  
APPRECIATION OF THE UPWARD & ONWARD CAMPAIGN COMMITTEE  
FOR EXEMPLARY CONTRIBUTIONS**

**WHEREAS**, the teaching, research, health care, and service programs of the University of South Alabama create positive momentum locally, statewide, and nationally, and

**WHEREAS**, philanthropic support of the University's programs magnifies their beneficial effect on the quality of life, culture, economy, and health of citizens near and far, and

**WHEREAS**, the members of the University of South Alabama Upward & Onward Campaign Committee, through the Upward & Onward Campaign, have firmly established themselves among its most loyal supporters, and

**WHEREAS**, the leadership of co-chairs Dr. and Mrs. Steven H. Stokes, along with the dedicated effort of 38 committee representatives, have agreed to serve the University and the Upward & Onward Campaign to assist with attracting gifts and matching funds, and

**WHEREAS**, this exemplary commitment to the mission of the University will go far to persuade potential students, employees, donors, and collaborators that the University of South Alabama is a trustworthy and able partner, and

**WHEREAS**, the extraordinary impact the Upward & Onward Campaign will make on the progress of the University and its corresponding impact within our community and across the nation deserves the gratitude, commendation, and support of the Board of Trustees,

**THEREFORE, BE IT RESOLVED**, the Board of Trustees of the University of South Alabama does hereby thank the leadership team of the Upward & Onward Campaign for exceptional commitment to the advancement of the University of South Alabama.

Chairman Furr called for a report from the Health Affairs Committee. Dr. Stokes, Committee Chair, advised that, at a meeting on March 3, the Committee voted unanimously to recommend Board approval of **ITEM 4** as follows. He called for comments from Dr. Finan, who discussed the formation of a cancer consortium with The University of Alabama at Birmingham's (UAB) Comprehensive Cancer Center, as was recommended by the Mitchell Cancer Institute's (MCI) Executive Advisory Committee to more efficiently achieve the goal of becoming a designated comprehensive cancer center by the National Cancer Institute (NCI). The benefits of sharing UAB's resources and infrastructure, and of participating in joint research projects and publishing joint papers, were recognized. Currently, 42 NCI-designated comprehensive cancer centers exist nationally, including M. D. Anderson. Judge Simon asked how this model might inspire other such collaborations. Dr. Finan and Ms. Chronister cited examples of existing collaborative work. Dr. Furr called for a vote and the resolution was approved unanimously:

**RESOLUTION  
DECLARATION OF AGREEMENT FOR A CANCER CONSORTIUM  
BETWEEN THE UNIVERSITY OF ALABAMA AT BIRMINGHAM (UAB)  
AND UNIVERSITY OF SOUTH ALABAMA**

**WHEREAS**, the University of South Alabama, by and through its USA Mitchell Cancer Institute, (USA), and The University of Alabama at Birmingham, by and through its UAB Comprehensive Cancer Center, (UAB), mutually desire to enter into a cancer research consortium partnership, as defined in the attached, aimed at future designation by the U.S. National Cancer Institute (NCI) as an NCI Consortium Cancer Center, and

**WHEREAS**, such a consortium partnership will have tangible and intangible benefits of high value for the citizens of the State of Alabama and beyond, and

**WHEREAS**, the Board of Trustees, at its September 13, 2013, meeting approved the continued discussion and investigation by USA and UAB of the development of a "Cancer Research Consortium Partnership," as defined by the NCI, and

**WHEREAS**, after further discussion, the administrative officials of USA and UAB developed and endorse the attached Declaration of Agreement for a Cancer Consortium between The University of Alabama at Birmingham and the University of South Alabama,

**THEREFORE, BE IT RESOLVED** that the Board of Trustees of the University of South Alabama hereby approves and adopts the Declaration of Agreement for a Cancer Consortium between The University of Alabama at Birmingham and the University of South Alabama, as attached hereto.

Chairman Furr called for a report from the Academic and Student Affairs Committee. Ms. Maye, Committee Chair, stated that, at a meeting on March 3, the Committee heard a report from Dr. Smith on postponing residence hall construction for one year; from Drs. Darleen Dempster and

Krista Harrell on USA's SafeZone program, which promotes non-threatening and inclusive environments for LGBTQ (lesbian, gay, bisexual, transgender, questioning) students; and from Mr. Shumock on the work of a committee studying the feasibility of constructing a football stadium on campus.

Ms. Maye called upon Dr. Johnson for presentation of **ITEM 9**, a report on the activities of the Division of Academic Affairs. Dr. Johnson advised that a recent graduate of USA's Honors Program participated in one of the major scientific studies of our time. He introduced Associate Professor and Chair of the Department of Physics Dr. Justin Sanders to give additional information. Dr. Sanders reported on an exciting discovery announced in February relating to gravitational wave astronomy. He introduced USA alumnus and Louisiana State University graduate student Mr. Chris Buchanan, who gave an overview on gravitational wave science and the LIGO (Laser Interferometer Gravitational-Wave Observatory) scientific collaboration, a 20-year study in which more than 1,000 scientists, 90 universities and research institutions, and 250 undergraduate and graduate students participated worldwide, including himself. He talked about the sensitivity of equipment that could detect particles as small as 1/1000<sup>th</sup> of the width of a proton, scientific implications, and long-term funding of the project by the National Science Foundation, which totals \$1.1 billion thus far. He expressed pride for the positive things going on at his alma mater, adding that undergraduate research opportunities at South Alabama exceed those offered at many institutions.

Chairman Furr called for a report from the Budget and Finance Committee. Mr. Corcoran, Committee Chair, stated that, at a Committee meeting on March 3, Mr. Weldon presented the quarterly financial statements for the three months ended December 31, 2015. He said the Committee voted unanimously to recommend Board approval of **ITEM 13** and **ITEM 14** as follows. Chairman Furr called for a vote and the resolutions were approved unanimously:

**RESOLUTION  
ALLOCATION OF LAND  
FOR CONSTRUCTION OF UNIVERSITY ALUMNI CENTER**

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

**WHEREAS**, USANAA exists to provide support to the University with a vision of providing comprehensive programs, services, and resources to benefit the University, its alumni, students and friends, and

**WHEREAS**, USANAA has historically had a presence on the University's main campus the current location of which is Alumni Hall, and

**WHEREAS**, USANAA believes its mission of support to the University can be better served having a larger home for the USANAA, on the University's campus, in and from which to conduct its many activities, and

**WHEREAS**, USANAA proposes to build such a facility on University land, set aside for same by the University as indicated on the Boundary Survey attached hereto and incorporated herein as Exhibit A, solely with funds of and donated to USANAA, and

**WHEREAS**, upon completion of the facility which will be built to specifications approved by the University, USANAA will donate the facility to the University for use by the USANAA and the University, and

**WHEREAS**, the University by and through its Board of Trustees agrees this is a worthy use of campus property and is in the best interest of the University in that it supports the mission of the University,

**THEREFORE, BE IT RESOLVED**, the University of South Alabama Board of Trustees approves and authorizes the set aside of the campus property as indicated on Exhibit A for the construction by USANAA, solely with funds of USANAA, of an alumni center in and from which to operate its activities in support of the University of South Alabama, and its faculty, alumni and students, to be gifted to the University at completion of its construction to the specifications approved by the University and for which the University will bear no cost.

#### **RESOLUTION HEALTH SYSTEM LINE OF CREDIT**

**WHEREAS**, the University of South Alabama Health System (the Health System), after a thorough evaluation and planning process, has identified a number of capital improvement projects that are required in order to maintain current revenues and enhance future revenues of the Health System, and

**WHEREAS**, the Health System has invested and is investing in a new unified electronic health record system to improve patient care and enhance future revenues of the Health System, and

**WHEREAS**, those projects are requiring a substantial outlay of cash over and above normal operating needs, and

**WHEREAS**, Health System management is cognizant of maintaining adequate levels of cash reserves to meet on-going anticipated operating needs, and

**WHEREAS**, University management desires to fund such capital outlays in the most economical and efficient manner and in a way that will better match debt service requirements with the enhanced revenues resulting from those capital projects funded, and

**WHEREAS**, University management believes that the most prudent manner to fund those expenditures over the next twenty-four months is through the establishment of a line of credit that would meet immediate capital funding needs while not burdening the University with an excessive debt service requirement, and with the intent to convert this line of credit to permanent financing at, or near, the end of the twenty-four month period, and

**WHEREAS**, University management believes that a line of credit in an amount of up to \$30 million would be sufficient to cover the costs for the projects previously noted, and

**WHEREAS**, the University will issue a Request For Proposal for the line of credit to insure a competitive environment,

**THEREFORE, BE IT RESOLVED** that the University of South Alabama Board of Trustees authorizes the establishment of an unsecured line of credit of up to \$30 million for Health System use with an

option to renew annually and with the intent to convert said line of credit to permanent financing within 24 months, and

**BE IT FURTHER RESOLVED** that the University of South Alabama Board of Trustees authorizes the President and the Vice President for Finance and Administration of the University of South Alabama to execute, attest, acknowledge and deliver any documents required, and to take all actions necessary on behalf of the University of South Alabama to carry out the actions authorized by this resolution.

Chairman Furr called for a report from the Audit Committee. On behalf of Mr. Peek, Committee Chair, Dr. Charlton said that, at a Committee meeting on March 3, Mr. Weldon presented the results of a compliance audit on intercollegiate athletics conducted by KPMG for the fiscal year ended September 30, 2015. He stated the report was clean and without exceptions.

Chairman Furr called for a report from the Development, Endowment and Investments Committee. Mr. Yance, Committee Chair, said that, at a Committee meeting on March 3, Upward & Onward Campaign Co-Chair Dr. Stokes discussed campaign statistics, noting \$84.4 million raised as of February 29. He added that a meeting of the campaign leadership team would take place later in the afternoon. He said a report on endowment performance was given. For the first quarter of fiscal year 2015-2016, the return of 2.18 percent underperformed the relative index of 3.04 percent by .86 percent. The annualized performance since inception was 4.79 percent versus an index of 3.89 percent, an outperformance of .9 percent. Mr. Yance said allocations continue to fall within the parameters of investment guidelines. As to adding private equity as an asset class and engaging a hedge fund manager, he said meetings with prospective investment firms are scheduled on March 29 and in May, respectively.

Concerning **ITEM 5** as follows, Chairman Furr, President Waldrop and Mr. Bailey were joined by the family of the late Dr. Jeff Terry, a Mobile urologist who served as a USA clinical faculty member and as staff physician at CWH. Mr. Bailey said the loss of Dr. Terry had impacted the University family in a significant way. He attributed USA's growth to the talents of skilled individuals such as Dr. Terry. Ms. Mitchell remarked that Dr. Terry had been a dear friend to her family and she read the resolution unanimously recommended for approval by the Health Affairs Committee on March 3. Chairman Furr called for the vote and the resolution was approved unanimously. Family members Mrs. Elizabeth Terry and Dr. William Terry expressed appreciation for Dr. Terry's remembrance:

**RESOLUTION**  
**NAMING OF USA CHILDREN'S & WOMEN'S HOSPITAL OPERATING ROOM**  
**IN HONOR OF DR. WILLIAM JEFFERSON TERRY**

**WHEREAS**, the University of South Alabama Children's & Women's Hospital exists to provide citizens of the northern Gulf Coast advanced and lifesaving health services of the highest quality, and



**WHEREAS**, Dr. William Jefferson Terry served USA Children's & Women's Hospital and its patients as a caring and compassionate physician whose unparalleled expertise as the first pediatric urologist in the State of Alabama, served to distinguish him and this hospital where he practiced as uniquely qualified to help pediatric urology patients, and

**WHEREAS**, Dr. Terry's vision of a good physician encompassed caring for his community, his patients, and his profession through vigorous advocacy as an active member of the Medical Association of the State of Alabama, including a term as its president; the Southeastern Delegation to the American Medical Association; and the State Board of Medical Examiners who made frequent trips to Washington, D.C., to seek positive change in cooperation with legislators and regulatory officials, and

**WHEREAS**, Dr. Terry was for many years a profoundly esteemed member of the community at USA Children's & Women's Hospital, revered by fellow physicians, nurses, staff, and patients and remains an example of the highest aspirations of health care professionals, and

**WHEREAS**, naming an operating room at USA Children's & Women's Hospital will honor Dr. Terry and serve as a lasting tribute to his legacy of compassionate care and excellence in his field,

**THEREFORE, BE IT RESOLVED**, the University of South Alabama Board of Trustees gratefully acknowledges the outstanding service, dedication, and leadership of Dr. Terry to the practice of medicine and to his patients and declares that the new operating room will now be known as the *Dr. William Jefferson Terry Operating Room*, and

**BE IT FURTHER RESOLVED** that the Board of Trustees, the President, the faculty, administrators, staff, and students of the University of South Alabama honor and remember Dr. Terry for his commitment and service to USA Children's & Women's Hospital and to the University.

Dr. Strada joined President Waldrop and Chairman Furr for the presentation of **ITEM 16** as follows. Chairman Furr read the resolution, which the Budget and Finance Committee unanimously recommended for Board approval on March 3, and he called for the vote. The resolution was approved unanimously. An artist's rendering of the *Judith Susan and Samuel Joseph Strada Patient Care Center* was shown. Dr. Strada stated he was humbled and he thanked the Board for honoring his late wife, Judy. He recognized family members and close friends in attendance and talked about the meaningful way the University had impacted his life:

**RESOLUTION  
NAMING OF THE JUDITH SUSAN AND SAMUEL JOSEPH STRADA  
PATIENT CARE CENTER**

**WHEREAS**, the University of South Alabama Board of Trustees approved plans on June 7, 2013, to construct a medical office building to enhance clinical activities and patient care experiences within the USA Physicians Group practice and other USA health care affiliates, and

**WHEREAS**, this 133,000-square-foot building will be completed this summer and will contain 153 patient exam rooms, 16 nurses stations and seven educational conference rooms, and

**WHEREAS**, the University's departments of pediatrics, obstetrics and gynecology, orthopaedics, orthopaedic rehabilitation, neurology and neurosurgery, mammography center, and medical and surgical on-

cology will utilize this clinic space to provide leading-edge patient care, conduct research, and provide education of students, resident physicians and fellows, and

**WHEREAS**, Judith Susan Strada, the late wife of Dr. Strada, moved to Mobile in 1983 and became an active member of the community and her church, and continued to serve the areas of primary and secondary education as a volunteer for the next 30 years, and

**WHEREAS**, Judy Strada served as a model of excellence for others through her love of family, community and education, and

**WHEREAS**, Judy Strada demonstrated great strength and courage in all aspects of her life, always providing hope and encouragement to those who knew her, and

**WHEREAS**, Dr. Samuel Joseph Strada, in his role as a faculty member and Dean of the University of South Alabama College of Medicine, has made significant contributions to patient care through medical education in Alabama and the nation, and

**WHEREAS**, Dr. Strada joined the University of South Alabama as Professor and Chair of Pharmacology in 1983 and has provided leadership in the USA College of Medicine for the past 33 years, including 12 years as Senior Associate Dean and more than 10 years as Dean, and is recognized as a successful dean, leader in academic medicine, professor, researcher, keynote speaker, active member of the community and avid South Alabama Jaguar fan, and

**WHEREAS**, both Judy and Sam Strada, as individuals and as a couple, have served as examples for others through their deep commitment to family and their firm belief in the transformative experience of education,

**THEREFORE, BE IT RESOLVED**, the Board of Trustees authorizes the President and the USA Health System Administration to recognize both Judith Susan Strada and Dr. Samuel J. Strada for their collective, indelible impact on the advancement of medicine, as well as their generosity to the community and service to education, by naming the USA Physicians Group new medical office building the *Judith Susan and Samuel Joseph Strada Patient Care Center*.

Dr. Stokes joined Chairman Furr and President Waldrop for the presentation of **ITEM 8** as follows, as did close friends and associates of Dr. Allan Tucker, retiree and longtime Professor and Chair of the Department of Pathology. Dr. Stokes, noting the Tuckers could not be present, read the resolution, which received the unanimous recommendation for Board approval by the Academic and Student Affairs Committee on March 3. Chairman Furr called for a vote and the resolution was approved unanimously. Board members and guests honored Dr. Tucker with applause:

**RESOLUTION  
COMMENDATION OF DR. J. ALLAN TUCKER**

**WHEREAS**, the University of South Alabama seeks to honor exceptional administrators and faculty who have devoted a substantial part of their careers to serving and teaching others, and who have distinguished themselves throughout their professional careers, and

**WHEREAS**, Dr. J. Allan Tucker joined the USA faculty in 1991 as an associate professor of pathology and, in 2003, was named the Louise Lenoir Locke Professor and Chair of Pathology, a position he held until his retirement in February, and

**WHEREAS**, Dr. Tucker, throughout his tenure, held positions integral to the success of the University, College of Medicine and its students and resident physicians, including Chief of Surgical Pathology, Director of Anatomic Pathology, Director of the Pathology Residency Program, Director of the Health Services Foundation Anatomic Pathology Laboratories and Faculty Representative for the University of South Alabama Foundation Board, and

**WHEREAS**, Dr. Tucker is beloved by his students, having been honored 19 times by senior medical students with a scarlet graduation honor sash to signify teaching excellence; named as a member of the Gold Humanism Honor Society by the USA College of Medicine Class of 2016 for demonstrating excellence in clinical care, leadership, compassion and dedication to service; and selected by students to give the farewell charge during Honors Convocation numerous times, most recently in May 2015, and

**WHEREAS**, Dr. Tucker received numerous awards and honors, including the Best Basic Science Professor Award, Best Senior Rotation and a Faculty Recognition Award for best pathology housestaff teacher, and

**WHEREAS**, Dr. Tucker has provided physician leadership at both University hospitals, having served as a longstanding member of the USA Medical Center and USA Children's & Women's Hospital Medical Executive Committees, with both committees recently honoring Dr. Tucker for his many years of faithful service by recognizing him as a member of their respective Honorary Physician staffs, an honor granted in perpetuity, and

**WHEREAS**, Dr. Tucker's integrity, intellect, affability and respect for others have made him a valued academic collaborator and also a colleague who has served with distinction on numerous University committees that have helped shape the University's future, including the Faculty Committee on Appointments, Promotions and Evaluations; Faculty Assembly of the College of Medicine; College of Medicine Long Range Planning Committee; Health Services Foundation Board; and search committees for University President, Senior Vice President for Academic Affairs, College of Medicine Dean, Director of the Mitchell Cancer Institute and Chairs of Surgery, Pediatrics, and Obstetrics and Gynecology, and

**WHEREAS**, Dr. Tucker's insight, intellect, and dedication to the field of pathology and electron microscopy on a national and international level are rivaled only by his wit, thoughtfulness and generosity to others,

**THEREFORE, BE IT RESOLVED** that the Board of Trustees expresses its appreciation to Dr. J. Allan Tucker for his many contributions and years of service to the University of South Alabama and for his unyielding commitment to the medical students and residents he has educated.

Mr. Vince Kilborn, local attorney and philanthropist, joined Chairman Furr, President Waldrop and Drs. Busta and Finan for presentation of **ITEM 21** as follows, which was recommended unanimously for Board approval by the Development, Endowment and Investments Committee on March 3. Dr. Busta introduced Kilborn family members, close friends and associates, and he read the resolution. Dr. Furr called for a vote and the resolution was approved unanimously. Mr. Kilborn called it his honor to be a part of the positive momentum taking place at USA and he

credited the Mitchell family for inspiring his gift, an expression he described as an opportunity to give back to the community:

**RESOLUTION  
COMMENDATION OF VINCENT KILBORN  
FOR THE CREATION OF THE VINCENT F. KILBORN III ENDOWMENT**

**WHEREAS**, the existence of a comprehensive academic center for cancer research and treatment has been a long-standing vision for the advancement of the northern Gulf Coast region, and

**WHEREAS**, the USA Mitchell Cancer Institute represents the fulfillment of that vision by providing leading edge diagnosis and treatment of cancer to Gulf Coast citizens and advancing the global forefront of research toward better strategies for preventing, treating, and curing cancer, and

**WHEREAS**, Mr. Kilborn desires to further advance the progress of the USA Mitchell Cancer Institute and other USA health care affiliates and their outreach to the citizens of Alabama through the creation of the Vincent F. Kilborn III Endowment as a means of assuring in perpetuity the resources to support the operations of a state-of-the-art medical office building in Fairhope, Alabama,

**THEREFORE, BE IT RESOLVED**, the University of South Alabama Board of Trustees gratefully acknowledges the enduring faithfulness of Mr. Vincent Kilborn in committing \$1,500,000 to establish the Vincent F. Kilborn III Endowment, and

**BE IT FURTHER RESOLVED** that the Board of Trustees, the President, the faculty, administrators, staff, and students of the University of South Alabama warmly thank Mr. Vincent Kilborn for his commitment to and support of the University, its health care affiliates, and, especially, the USA Mitchell Cancer Institute.

Chairman Furr, President Waldrop and Dr. Busta were joined by Mr. and Mrs. Joseph Shewmake for presentation of **ITEM 22** as follows, which was unanimously recommended for Board approval by the Development, Endowment and Investments Committee on March 3. Dr. Busta shared biographical information on the Shewmakes and read the resolution. Chairman Furr called for a vote and the resolution was approved unanimously. Mr. Shewmake expressed gratitude for the Board's recognition and for the opportunity to help students and families realize their educational pursuits:

**RESOLUTION  
COMMENDATION OF AUDREY AND JOSEPH SHEWMAKE**

**WHEREAS**, the University of South Alabama was conceived and established to expand access to the life altering experience of higher education to the residents of South Alabama and has succeeded in that mission, awarding more than 80,000 degrees in 53 years, and

**WHEREAS**, Audrey and Joseph Shewmake credit the development of their respective successful business careers to the strong foundation gained through university education and wish to extend similar opportunities to future generations of students through endowed scholarships, and

**WHEREAS**, this altruistic motive has inspired Mr. and Mrs. Shewmake to provide the means of establishing two scholarship endowments: the Joe and Audrey Shewmake Computing and Math Scholarship

Endowment Fund and the Joe and Audrey Shewmake Endowed Scholarship Endowment Fund through generous provisions for the University through their estate plans, and

**WHEREAS**, this extraordinary generosity of Audrey and Joseph Shewmake will enable the University to offer full tuition scholarships to two talented students each year in perpetuity, and

**WHEREAS**, naming the endowments in honor of Audrey Shewmake, who built a successful career at Blue Cross and Blue Shield, and Joseph Shewmake, an esteemed alumnus of the Department of Mathematics who achieved a notable career in information technologies at International Paper, will offer examples capable of encouraging persistence and inspiring excellence among generations of scholarship recipients,

**THEREFORE, BE IT RESOLVED**, the Board of Trustees gratefully acknowledges the selfless and profound generosity of Audrey and Joseph Shewmake in assuring the means of endowing two scholarships through their estate plans to give future students the educational foundation for happy and productive lives, and

**BE IT FURTHER RESOLVED** that the Board of Trustees, the President, the faculty, administrators, staff, and students of the University of South Alabama warmly thank Audrey and Joseph Shewmake for their farsighted generosity.

President Waldrop advised of Judge Simon's commitment to deliver one of two Spring Commencement addresses on May 7. Judge Simon expressed enthusiasm for the good things happening at the University. He added it is remarkable to see USA students and alumni working hard to make a positive difference in the world.

There being no further business, the meeting was adjourned at 12:31 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*

# APPENDIX A



UNIVERSITY OF SOUTH ALABAMA

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

**PROPERTY ADDRESS:**

2674 Josephine Street  
Mobile, Alabama 36607  
Key Number 00766950

**APPRAISAL INFORMATION:**

No appraisal was obtained as the property was acquired via payment of State and County taxes due. The Mobile County Revenue Commission reported a 2015 Fair Market Value of \$2,200.00 for the property.

**CONTRACTS RELATED TO THE PURCHASE:**

Attached as “**Exhibit A**”

**PURCHASE TERMS:**

Cash Purchase

**SOURCES OF FUNDS USED IN THE PURCHASE:**

Unrestricted Funds

USA PROPERTIES

775 N. University Blvd. | Suite 150 | Mobile, Alabama 36608-4548  
TEL: (251) 460-6100 | FAX: (251) 461-1765 | SouthAlabama.edu

STATE OF ALABAMA  
COUNTY OF MOBILE

**DEED**

KNOW ALL MEN BY THESE PRESENTS, that for a sales price of Four Hundred Twenty-Seven Dollars and Forty-Seven Cents (\$427.47), MBI, LLC, an Alabama limited liability company (the "Grantor"), does hereby, subject to matters of record in the Probate Court of Mobile County, Alabama, GRANT, BARGAIN, SELL, and CONVEY unto the University of South Alabama, a public body corporate of the state of Alabama (the "Grantee") the real property in Mobile County, Alabama, described as follows:

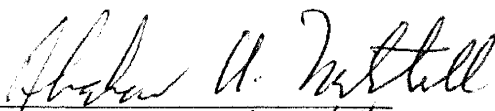
LOT 1 DIV B MILLVILLE TRT DBK 121/512 LESS & EXC THAT PT  
INTO MOBILE ST #SEC 23 T4S R1W #MP29 07 23 0 002

TOGETHER WITH ALL AND SINGULAR the rights, tenements, hereditaments, privileges, easements and appurtenances thereunto belonging or in anywise appertaining.

TO HAVE AND TO HOLD said property unto the Grantee, and unto the Grantee's successors and assigns, forever.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 7<sup>th</sup>  
day of APRIL, 2016.

MBI, LLC

Signature:   
Printed Name: ABRAHAM A. MITCHELL  
Title: MEMBER



STATE OF ALABAMA  
COUNTY OF MOBILE

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Abraham A. Mitchell, whose name as Member of MBI, LLC, an Alabama limited liability company, is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this date that, being informed of the contents of said conveyance, and with full authority, he/she executed the same voluntarily for and as the act of said company on the date the same bears date.

Given under my hand and seal on this the 7<sup>th</sup> day of April, 2016.

  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: CYNTHIA S LEONARD  
NOTARY PUBLIC  
ALABAMA STATE AT LARGE  
MY COMMISSION EXPIRES:  
2-4-20

Address of Grantor:  
3800 AIRPORT BLUE SUITE 301  
MOBILE, AL 36608

Address of Grantee:  
AD 140  
307 University Boulevard North  
Mobile, AL 36688-0002

Property Address:  
2674 Josephine Street  
Mobile, AL 36607

This Instrument Prepared By:  
Kristin Daniels Dukes, Esq.  
AD 140  
307 University Boulevard North  
Mobile, AL 36688-0002



UNIVERSITY OF SOUTH ALABAMA

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

**PROPERTY ADDRESS:**

Lot 2, Cornell Addition to Oakland Avenue  
Mobile County, Alabama

**APPRAISAL INFORMATION:**

In lieu of an appraisal, a fair market valuation was compiled by Harry Brislin,  
Director of USA Properties.

**CONTRACTS RELATED TO THE PURCHASE:**

Attached as “**Exhibit A**”

**PURCHASE TERMS:**

Cash Purchase

**SOURCES OF FUNDS USED IN THE PURCHASE:**

Unrestricted Funds

USA PROPERTIES

775 N. University Blvd. | Suite 150 | Mobile, Alabama 36608-4548  
TEL: (251) 460-6100 | FAX: (251) 461-1765 | SouthAlabama.edu

## REAL ESTATE PURCHASE CONTRACT

The **University of South Alabama** ("Buyer"), an Alabama public body corporate, whose principal address is 307 University Boulevard, Administration Building, Room 170, Mobile, Alabama 36688 ("Buyer's Address"), hereby agrees to buy and **Edward D. Cornell**, ("Seller"), whose principal address is 22 Oakland Avenue, Mobile, Alabama 36608 ("Seller's Address"), hereby agrees to sell for the consideration and upon the terms hereinafter set forth, the real estate illustrated in **Exhibit "A"** and described as:

*PROPOSED LOT 3 of BEG SW COR LOT 8 BLK 1 MARSTON PL DBK 156/403 RUN N 29 DEG 07 MIN W ALG W/L OF LOT 8 DIS OF 322.5 FT TH N 89 DEG 45 MIN E ALG S/S OF 20 FT LN 180 FT TH S 48.4 FT TH E 46.5 FT TH N*

TOGETHER WITH all rights, privileges, tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining (the "Property").

### ARTICLE I - PURCHASE PRICE AND OTHER COSTS

- 1.1 The purchase price for the Property shall be **ONE HUNDRED SIXTY THOUSAND DOLLARS AND NO/100 (\$160,000.00)** (the "Purchase Price") and shall be payable on the day of closing ("Closing Date") by cash, cashier's check, certified check or wire transfer. Seller agrees to pay all costs associated with issuance of an owner's policy of title insurance and all documentation preparation fees, including preparation of the general warranty deed. Property taxes shall be prorated as of the Closing date.

### ARTICLE II - CLOSING

- 2.1 Unless otherwise extended by the provisions of this Real Estate Purchase Contract (the "Contract") or by agreement in writing by the parties, the closing of this transaction (the "Closing") shall be held within thirty (30) days following the final approval of the contract by the University of South Alabama Board of Trustees and no later than February 29, 2016.
- 2.2 A further period of five (5) days shall be allowed for closing if the closing is delayed by title defects which can be readily corrected to Buyer's satisfaction.
- 2.3 The Closing shall be held at the Title Insurance Company as defined in Article V.

### ARTICLE III - POSSESSION

- 3.1 Seller and Buyer acknowledge and agree that until the closing date, Seller shall have possession of the Property and shall continue to pay any and all expenses incurred by Seller and agrees to indemnify and hold Buyer harmless from any and all costs associated with same.
- 3.2 Seller hereby represents and warrants there are no outstanding mortgages and/or liens on the Property. Seller agrees that the proceeds of this sale shall be used to satisfy any and all outstanding mortgages and/or liens that exist on the Property at Closing before any remaining proceeds from the sale are given to Seller.

### ARTICLE IV - DEED AND OTHER DOCUMENTS

- 4.1 Seller shall convey the Property to Buyer by recordable General Warranty Deed (the "Deed"), conveying good and marketable title of record to the Property, in fee simple, free and clear of all liens and encumbrances except for a lien of real property taxes not yet due and payable, any liens and encumbrances which do not interfere with Buyer's intended use of the Property, including existing easements, and other exceptions approved in writing by Buyer.
- 4.2 Seller shall execute and deliver with the Deed such other documents as may be

required by any governmental entity or by the title insurance company as a condition to the issuance of its policy of title insurance in accordance with Article V, including, but not limited to:

- (a) The standard affidavit required by the Title Insurance Company for the removal of the standard preprinted exceptions from the title insurance policy; and
- (b) A Certificate of Non-Foreign Status or other evidence satisfactory to Buyer and the title insurance company confirming that Buyer is not required to withhold or pay to the Internal Revenue Service any part of the "amount realized" as such term is defined in the Internal Revenue Code of 1986, as amended, and the regulations promulgated pursuant thereto.

#### **ARTICLE V – TITLE INSURANCE**

- 5.1 Within three (3) days after the effective date of this Contract as defined in Article 12.7 (the "Effective Date"), Seller shall order a title insurance commitment or preliminary title report issued by The Guarantee Title Company, LLC or another title insurance company acceptable to Buyer (referred to as "Title Insurance Company") in which the Title Insurance Company commits that upon delivery and recordation of the Deed and other documents provided for in this Contract, it will issue, at its usual rate, an ALTA form B owner's policy with extended coverage or comparable form, insuring access to the Property and such other endorsements as Buyer may request (the "Policy"), insuring Buyer in the total amount of the Purchase Price, fee simple title to the Premises subject only to:
  - (a) the lien for real estate taxes not yet due and payable;
  - (b) exceptions approved in writing by Buyer; and/or
  - (c) such liens as are to be released and discharged at the Closing. Seller agrees to provide to Buyer and the Title Insurance Company all title information in Seller's possession relating to the Property together with a copy of the most recent tax bills relating to the Property.
- 5.2 Without limiting the foregoing or being limited thereby, the standard exceptions for parties in possession, mechanics' and materialmen's liens and matters which would be disclosed by an accurate survey shall be eliminated from said Policy.
- 5.3 Seller shall bear all costs and expenses incurred in connection with the issuance of said title commitment, Policy and any endorsements thereto which are required for the Policy to conform to the terms and conditions of this Contract.
- 5.4 If the title insurance commitment or report shows any exceptions to title other than those referred to in Section 5.1 above, Buyer shall notify Seller in writing of the defects in title within ten (10) days after receipt of the title commitment (with copies of all documents referred to therein). Seller shall then have ten (10) days after receipt of such notice in which to cure such defects and furnish to Buyer satisfactory proof that such defects have been cured. Seller agrees to use best efforts to cure such defects.

If Seller fails or is unable to cure such title defects within such ten (10) day period or to obtain title insurance which will give affirmative coverage to Buyer against loss as a result of such title defects, Buyer shall have the option, to be exercised in its sole discretion, to (i) proceed with Closing of this transaction subject to such title defects, or (ii) terminate this Contract.

## ARTICLE VI – TAXES AND ASSESSMENTS

- 6.1 Seller shall pay or credit against the Purchase Price all unpaid real estate taxes, including penalties and interest, for all tax years preceding the Closing Date, and shall credit a portion of such taxes for the tax year in which the Closing is held, prorated through the Closing Date. The proration of such taxes shall be based on a 365-day year and on the most recently available rate and valuation and the amount so computed and adjusted shall be final.
- 6.2 Seller shall pay any special assessments which:
- (a) are a lien on the Property on the Closing Date, whether such assessments are past due, then due or thereafter to become due or;
  - (b) are not a lien but are then known and will be payable in whole or in part after the Closing Date.

## ARTICLE VII – UTILITY CHARGES

- 7.1 Seller shall pay or credit on the Purchase Price all unpaid utility charges and all charges for services of any type furnished to the Property by all governmental agencies, public utilities and/or private utilities through the Closing Date.

## ARTICLE VIII – RISK OF LOSS

- 8.1 The risk of loss, damage or destruction to the Property and any improvements thereon through condemnation, fire or otherwise shall be borne by Seller until the Closing.

## ARTICLE IX – CONDITIONS TO CLOSING

- 9.1 Buyer's obligation to close this transaction is subject to the following conditions and covenants:
- (a) **Easements.** Buyer may obtain at or prior to Closing all other easements or licenses deemed necessary by Buyer upon terms and conditions acceptable to Buyer. Seller agrees to reasonably cooperate with Buyer in obtaining any such easements or licenses.
  - (b) **Title Insurance.** Buyer shall have obtained from Seller a satisfactory title insurance commitment or preliminary title report in accordance with Article V above.
  - (c) **Environmental Audit and Testing.** Buyer, at Buyer's expense, may obtain a current satisfactory Phase I or Phase II Environmental Audit of the Property and any other environmental testing which Buyer deems reasonably necessary to evaluate potential environmental risks. If such audit or tests reveal the existence of any toxic or hazardous waste, material or substance on, under or surrounding the Property, Buyer may terminate this Contract.
  - (d) **Appraisal.** Buyer, at Buyer's expense, shall obtain an appraisal on the property. If the appraised value is less than the total purchase price stated in the contract of sale, the Buyer may, at Buyer's sole option, declare this offer null and void, and Buyer will be entitled to a return of all deposits. Thereafter, neither the Buyer, the Seller, nor any brokers shall have any further rights, obligations, or liabilities under this contract.
  - (e) **Approvals.** This contract is subject to the approval of the University of

South Alabama Board of Trustees. Upon full receipt of Title Insurance and Appraisal, Buyer shall have thirty (30) days in which to obtain approval of the University of South Alabama Board of Trustees. Should the approval be denied, the Buyer may, at Buyer's sole option, declare this offer null and void, and Buyer shall be entitled to the return of all deposits. Thereafter, neither the Buyer, the Seller, nor any brokers shall have any further rights, obligations, or liabilities under this contract.

9.2 Seller's obligation to close this transaction is subject to the following conditions and covenants:

- (a) **Survey.** Seller shall provide to Buyer, at Seller's sole cost, a certified ALTA survey, being a legal description, made by a licensed surveyor, showing the area, dimensions and location of the Property to the nearest monuments, streets, alleys or property, the location of all improvements, utilities and encroachments, the location of all proposed and recorded easements against or appurtenant to the Property. If a survey is obtained and discloses any condition rendering the Property unusable, in Buyer's sole judgment, for the intended purpose of Buyer, Buyer may terminate this Contract for Purchase with no penalty.
- (b) **Title Insurance.** Seller shall provide Buyer a satisfactory title insurance commitment or preliminary title report in accordance with Article V above.
- (c) **Subdivision.** Seller to obtain approval from the Planning Commission or Planning and Zoning Commission having jurisdiction over the Property to divide the Property into the real estate proposed for purchase. Seller shall make application to said Commission at Seller's sole expense within fourteen (14) days from the Date of Acceptance and shall diligently pursue such application.

In the event Seller has not obtained the above described approval to subdivide within sixty (60) days of the date of this Agreement; or said Commission denies such application; or fails to grant permission to subdivide the Property into at least the proposed real estate contemplated for purchase set forth in this contract, Buyer may, upon written notice to the other, terminate this Agreement in which event all deposit sums shall be returned to the Buyer.

- (d) Satisfaction of all existing mortgages and/or liens.

#### ARTICLE X - NOTICES

10.1 Unless otherwise provided herein, all notices shall be in writing and shall be deemed effective upon the earlier of either: (i) personal delivery or (ii) deposit in the U.S. Mail, marked Certified or Registered, return receipt requested, with postage prepaid to Seller at "Seller's Address", and to Buyer at "Buyer's Address".

**Seller's Address:**  
University of South Alabama  
c/o USA Properties  
775 N. University Blvd., Suite 150  
Mobile, AL 36608

**Buyer's Address:**  
B. D. Powell  
22 Oakland Ave.  
Mobile, AL 36608

#### ARTICLE XI - REPRESENTATIONS AND WARRANTIES

11.1 Seller represents, warrants and covenants to Buyer as to the following matters, and shall be deemed to remake all of the following representations, warranties and

covenants as of the Closing Date:

- (a) All covenants, conditions, restrictions, easements and similar matters affecting the Property have been complied with.
- (b) The continued compliance with all legal requirements relating to the Property is not dependent on facilities located at any other property; and compliance by any other property with any legal requirements applicable to the other property is not dependent on the Property.
- (c) There is no pending or threatened litigation, arbitration, administrative action or examination, claim, or demand whatsoever relating to the Property or the furnishings and equipment contained in the premises and sold as part of this Agreement. No attachments, execution proceedings, liens, assignments or insolvency proceedings are pending, threatened or contemplated against Seller, the Property or the furnishings and equipment contained in the premises and sold as part of this Agreement. Seller is not contemplating the institution of insolvency proceedings.
- (d) Seller has no knowledge of any pending or contemplated eminent domain, condemnation, or other governmental or quasi-governmental taking of any part or all of the Property.
- (e) Seller has not been notified of any possible future improvements by any public authority, any part of the cost of which might be assessed against any part of the Property.
- (f) To the best of Seller's knowledge, Seller:
  - (i) has not used the Property for the storage, treatment, generation, production or disposal of any toxic or hazardous waste, material or substance nor does Seller have knowledge of such use by others;
  - (ii) has not caused or permitted and has no knowledge of the release of any toxic or hazardous waste, material or substance on or off site of the Property;
  - (iii) has not received any notice from any governmental authority or other agency concerning the removal of any toxic or hazardous waste, material or substance from the Property; and
  - (iv) has disclosed to Buyer the location of all underground storage tanks on the Property (if any).
- (g) No event has occurred with respect to the Property which would constitute a violation of any applicable environmental law, ordinance or regulation.
- (h) The execution and delivery of this Contract has been duly authorized and validly executed and delivered by Seller, and will not:
  - (i) constitute or result in the breach of or default under any oral or written agreement to which Seller is a party or which affects the Property;
  - (ii) constitute or result in a violation of any order, decree or injunction with respect to which either Seller and/or the Property is/are bound;
  - (iii) cause or entitle any party to have a right to accelerate or declare a default under any oral or written agreement to which Seller is a party

or which affects the Property; and or

- (iv) violate any provision of any municipal, state or federal law, statutory or otherwise, to which either Seller or the Property may be subject.

11.2 As an inducement to Seller to enter into this Contract, Buyer represents that Buyer has the right, power and authority to purchase the Property in accordance with the terms and conditions of this Contract and that Buyer has validly executed and delivered this Contract.

#### **ARTICLE XII – MISCELLANEOUS**

12.1 This Contract shall inure to the benefit of and bind the parties hereto, their respective heirs, executors, administrators, personal and/or legal representatives, successors and assigns.

12.2 This Contract constitutes the entire agreement between the parties and there are no representations, oral or written, relating to the Property or to this transaction which have not been incorporated herein. Any agreement hereafter made shall be ineffective to change, modify or discharge this Contract in whole or in part unless such agreement is in writing and signed by the party against whom enforcement of any change, modification or discharge is sought.

12.3 The headings of the Articles hereof have been inserted for convenience only and shall in no way modify or restrict any provisions hereof or be used to construe any such provisions.

12.4 If two or more persons constitute the Seller, the word "Seller" shall be construed as if it reads "Sellers" throughout this Contract.

12.5 This Contract shall be construed, interpreted and enforced in accordance with the laws of the State of Alabama. The parties agree and acknowledge that the only forum for any claim against Seller pursuant to this Agreement is the Alabama State Board of Adjustment.

12.6 This Contract may be executed in multiple counterparts, each of which shall be considered to be an original document.

12.7 The Effective Date shall be the date of the last execution hereof.

12.8 Time is of the essence hereof.

12.9 Any condition or right of termination, cancellation or rescission granted by this Contract to Seller or Buyer may be waived by such party provided such waiver is in writing.

12.10 If the time period or date by which any right, option or election provided under this Contract must be exercised, or by which any act required hereunder must be performed, or by which the closing must be held, expires or occurs on a Saturday, Sunday, or legal or bank holiday, then such time period or date shall be automatically extended through the close of business on the next regularly scheduled business day.

#### **ARTICLE XIII – EARNEST MONEY**

13.1 Buyer deposits One Thousand Five Hundred Dollars (\$1,500.00) as earnest money to be deposited immediately by the Seller Broker upon acceptance of this offer and to be applied against the purchase price at closing. If the offer/counteroffer is not



accepted, the earnest money shall be returned to Buyer without Seller's signature. If for any reason the transaction is not consummated or if there is a disagreement involving to whom the earnest money should be disbursed, Broker is required by law to obtain a written agreement signed by Buyer and Seller before disbursement of earnest money. If such written agreement signed by Buyer and Seller cannot be obtained, Broker may interplead such funds into court, with Broker's attorney's fees and costs for the interpleader action to be deducted therefrom. In the event of Buyer's default, Seller may elect to retain such deposit as liquidated damages or as part payment of the purchase price and pursue Seller's available remedies against the Buyer. In the event of Seller's default, buyer may pursue available remedies against the Seller.

**ARTICLE XIV - ACCEPTANCE**

14.1 In the event this Contract is not signed simultaneously by both parties, it shall be considered to be an offer made by the party first executing it. In such event this offer shall expire at midnight Central Daylight Time on the third business day following the offer unless one copy of this Contract, executed by the party to whom this offer had been made, shall have been mailed (in accordance with Article X hereof) or personally delivered to the party making the offer.

**ARTICLE XV - COMMISSIONS**

15.1 Any commissions due to Buyer's agent associated with sale of the Property shall be governed by a signed separate commission co-brokerage agreement between Seller's agent and Buyer's agent.

**ARTICLE XVI - AGENCY DISCLOSURE**

The listing company **LLB&B Inc. Real Estate** is:  
(Two blocks may be checked)

- An agent of the seller.
- An agent of the buyer.
- An agent of both the seller and the buyer and is acting as a limited consensual dual agent.
- Assisting the \_\_\_ buyer \_\_\_ seller as a transaction broker.

SELLER(S) INITIALS ML \_\_\_\_\_

The selling company, **USA Properties** is:  
(Two blocks may be checked)

- An agent of the seller.
- An agent of the buyer.
- An agent of both the seller and the buyer and is acting as a limited consensual dual agent.
- Assisting the \_\_\_ buyer \_\_\_ seller as a transaction broker.

BUYER(S) INITIALS RD \_\_\_\_\_

**IN WITNESS WHEREOF**, the parties hereto have executed this Lease as of the day and year first above written.

**BUYER:**

**SELLER:**

Robert H. Davis  
University of South Alabama, an Alabama  
public body corporate  
Robert H. Davis  
Print Name  
Union Trust  
Title  
12/14/15  
Date

Edward D. Cornell  
Edward D. Cornell  
EDWARD D. CORNELL  
Print Name  
\_\_\_\_\_  
Title  
12/29/15  
Date

12/29/15 ✕ Countered - see Addendum 2

## CO-BROKERAGE AGREEMENT

THIS COMMISSION CO-BROKERAGE AGREEMENT ("Agreement") is made and entered into this 15<sup>th</sup> day of December, 2015 (the "Effective Date"), by and between **LL&B Inc. Real Estate**, whose address is 3315-A Old Shell Rd., Mobile, AL 36607 ("Listing Broker"), and **USA Properties**, whose address is 775 N. University Blvd., Mobile, AL 36608 ("Cooperating Broker"), in the manner following:

### 1. PURPOSE AND AGENCY

Listing Broker has listed a certain property known as:

*PROPOSED LOT 3 of BEG SW COR LOT 8 BLK 1 MARSTON PL DBK 156/403 RUN N 29 DEG 07 MIN W  
ALG W/L OF LOT 8 DIS OF 322.5 FT TH N 89 DEG 45 MIN E ALG S/S OF 20 FT LN 180 FT TH S 48.4 FT  
TH E 46.5 FT TH N*

(the "Listed Property"). The parties acknowledge that Listing Broker represents the Seller or Landlord. Cooperating Broker has a prospective buyer/tenant interested in the Listed Property and is acting in the transaction contemplated as Exclusive Agent of the Buyer/Tenant.

### 2. COMMISSION SPLIT

Listing Broker agrees to pay Cooperating Broker a brokerage commission equivalent to 2.2% of the total commission earned, providing the sale/lease transaction of the Listed Property closes as contemplated with Cooperating Broker's client identified as University of South Alabama, whom Cooperating Broker is representing in the capacity indicated in Section 1 above; and provided Broker's client pays the commission due Broker under its agreement with its client. Cooperating Broker acknowledges that the payment or division of commissions does not affect or change the agency relationships between the parties and the division of commission referenced in Section 2 above is solely for economic adjustment purposes.

### 3. PAYMENT

All co-brokered commissions due Cooperating Broker under the terms and conditions of this Agreement will be paid at closing by the title company from the proceeds of the sale. The parties understand that this Agreement has been entered into solely for the purpose of dividing fees.

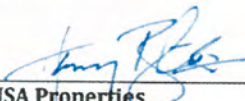
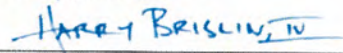
### 4. MODIFICATION OF AGREEMENT

No modification of any of the terms of this Agreement shall be valid or binding upon the parties unless said modification is in writing and signed by the parties.


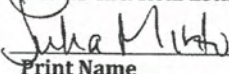
### 5. BINDING OF PARTIES

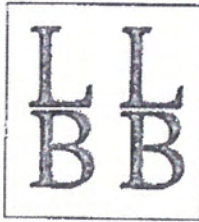
This Agreement shall not be binding upon Listing Broker without Cooperating Broker's signed Acceptance. THE PARTIES HEREBY ACKNOWLEDGE that as of the Effective Date, they have willingly executed and entered into this Agreement as written. Listing Broker further acknowledges that its client has also been provided with a copy of this Agreement.

LISTING BROKER:

  
\_\_\_\_\_  
USA Properties  
  
\_\_\_\_\_  
Print Name  
12/15/15  
\_\_\_\_\_  
Date

COOPERATING BROKER:

  
\_\_\_\_\_  
LL&B Inc. Real Estate  
  
\_\_\_\_\_  
Print Name  
12/29/15  
\_\_\_\_\_  
Date



PURCHASE AGREEMENT ADDENDUM# 1

This Addendum is to be attached and made part of the Purchase Agreement

DATED: December 15, 2015

PROPERTY LOCATION: 0 Bexley Lane

BETWEEN: (PURCHASER) The University of South Alabama

AND: (SELLER) Edward D. and Teresa R. Cornell

Sellers to respond to this offer no later than December 31, 2015, at 5:00pm.

*Ed Cornell*  
SELLER

*Robert H. Davis*  
BUYER

SELLER  
12/17/15  
DATE

BUYER  
12/18/15  
DATE



PURCHASE AGREEMENT ADDENDUM# 2

This Addendum is to be attached and made part of the Purchase Agreement

DATED: December 15, 2015

PROPERTY LOCATION: 0 Bexley Lane

BETWEEN: (PURCHASER) The University of South Alabama

AND: (SELLER) Edward D. and Teresa R. Cornell

In the event any provisions of this addendum conflict in whole or in any part with the terms of the contract, the provisions of this addendum will control. All other provisions of the contract are to remain the same.

1. Purchase price to be \$195,000.
2. Proper legal description of this parcel will be determined upon completion of survey and planning approval process.
3. Closing to take place at Guarantee Title 30 days following the City's approval of the subdivision but no later than March 15, 2016.
4. This sale is subject to Bank approval of release of this parcel from the existing mortgage to Sellers' satisfaction.
5. Sellers will provide Owners' Title Policy, prepared by Guarantee Title.

This counter offer shall expire on Monday January 4, 2016  
at 5:00 PM

E. D. Cornell 12/29/15      Robert A. Davis  
SELLER      BUYER

\_\_\_\_\_  
SELLER

\_\_\_\_\_  
BUYER

\_\_\_\_\_  
DATE

1/4/16  
\_\_\_\_\_  
DATE

\* 01/04/16

COUNTERED - PLEASE ADDENDUM# 3

UNIVERSITY OF SOUTH ALABAMA

USA PROPERTIES



775 N. UNIVERSITY BLVD, SUITE 150  
MOBILE, ALABAMA 36688-4536  
TELEPHONE: (251) 460-6354  
FAX: (251) 461-1365

<sup>15</sup> PURCHASE AGREEMENT ADDENDUM #3

R(4)

This addendum is to be part of and incorporated into the Real Estate Purchase Contract dated December 29, 2015 between University of South Alabama ("Buyer") and Edward D. and Teresa R. Cornell ("Seller") and relating to the Property described as 0 Bexley Lane.

In the event any provisions of this Addendum conflict in whole or in any part with the terms of the above referenced Real Estate Purchase Contract, the provisions of this Addendum will control. All other provisions of the contract are to remain the same.

1. The purchase price shall be \$175,000.00.
2. All other terms are acceptable.

This counteroffer shall expire Friday, January 8, 2016 at 3:00pm.

*Countered. See Addendum #4 for changes.*

SELLER:

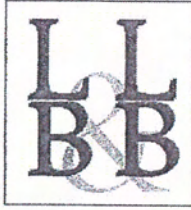
BUYER:

*Edward D. Cornell*  
\_\_\_\_\_  
Edward D. and Teresa R. Cornell

*Robert K. Davis*  
\_\_\_\_\_  
University of South Alabama

*1/1/16*  
\_\_\_\_\_  
Date

*1/4/16*  
\_\_\_\_\_  
Date



PURCHASE AGREEMENT ADDENDUM # 4

This Addendum is to be attached and made part of the Purchase Agreement

DATED: DECEMBER 15, 2015

PROPERTY LOCATION: 0 BEXLEY LANE

BETWEEN: (PURCHASER) THE UNIVERSITY OF SOUTH ALABAMA

AND: (SELLER) EDWARD D. AND TERESA R. CORNELL

In the event any provisions of this addendum conflict in whole or in any part with the terms of the contract, the provisions of this addendum will control. All other provisions of the contract are to remain the same.

Sales price to be \$185,000.

This Addendum shall expire on January 8, 2016 at 5:pm if not accepted in writing.

The above Addendum is hereby  accepted  countered as per attached Addendum # \_\_\_\_\_

ACCEPTED BY:

Edward D. Cornell  
SELLER

Robert K. Davis  
BUYER

\_\_\_\_\_  
SELLER

\_\_\_\_\_  
BUYER

\_\_\_\_\_  
DATE

1/7/16  
DATE





UNIVERSITY OF SOUTH ALABAMA

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

**PROPERTY ADDRESS:**

+/- 76,500 square feet located on the NWC of Courthouse Dr. and Fairhope Ave.  
Fairhope, Alabama 36532

**APPRAISAL INFORMATION:**

Appraised By: Madeleine L. Downing of Gaylord C. Lyon & Co., Inc.  
Date of Appraisal: June 2, 2015  
Appraised Value: \$15.00/psf or \$1,148,000

**CONTRACTS RELATED TO THE PURCHASE:**

Attached as “**Exhibit #1**”

**PURCHASE TERMS:**

Cash Purchase

**SOURCES OF FUNDS USED IN THE PURCHASE:**

Bank Financing

USA PROPERTIES

775 N. University Blvd. | Suite 150 | Mobile, Alabama 36608-4548  
TEL: (251) 460-6100 | FAX: (251) 461-1765 | SouthAlabama.edu

STATE OF ALABAMA)

BALDWIN COUNTY)

REAL ESTATE OPTION AGREEMENT

THIS AGREEMENT made this 1<sup>TH</sup> day of May, 2015, by and between A&A Corte Family Limited Partnership, an Alabama Limited Partnership and the owner of a fifty percent (50%) undivided interest in the Property (as hereinafter described) and A&D Corte Family Limited Partnership, an Alabama Limited partnership and the owner of a fifty percent (50%) undivided interest in the Property (collectively, the "Sellers" and individually, the "Seller"), and the UNIVERSITY OF SOUTH ALABAMA, a public body corporate of the state of Alabama (the "Purchaser").

WHEREAS, Sellers are the owner of a certain parcel of real estate situated in Baldwin County, Alabama, located on the north side of Fairhope Avenue containing approximately one and 64/100ths (1.64) acres of land, as graphically described on Exhibit "A" hereto, and to be more particularly described in the survey discussed in Section 4.2 hereof (the "Property"); and,

WHEREAS, Purchaser desires to acquire from Sellers an option to purchase the Property on the terms hereinafter set forth;

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1.0 Option.

1.1 Purchaser shall have the exclusive right and option to acquire the Property from Sellers for the period ending six (6) months following the Effective Date hereof (as hereinafter defined) (the "Option"). Provided, however, in the event Purchaser enters into a real estate option agreement, or like agreement, in connection with any other real property located in the City of Fairhope, Alabama ("Secondary Option"), Sellers shall have the right, in their sole and absolute discretion, to terminate this Agreement. Purchaser shall notify Sellers within one (1) business day of entering into a Secondary Option.

1.2 Purchaser may exercise its right to buy and acquire the Property at any time during the Option, by delivering notice of such exercise to Sellers in accordance with Section 13 hereof. Purchaser's exercise of its right to buy and acquire the Property shall constitute full and complete satisfaction of the conditions contained in Section 5.0 hereof.

1.3 In the event that Purchaser does not exercise its right to buy and acquire the Property, in consideration hereof, Purchaser shall pay to Sellers the sum of Ten and no/100



Dollars (\$10.00), and deliver to Sellers copies of the product of its investigation of the Property, to include all surveys, engineering and approvals, if any. Sellers shall be entitled to retain ownership of all such deliverables free from and against any claim, demand or cause of action related to the work of any such agent, contractor or subcontractor on, or in connection with the Property. Upon such delivery, this Agreement shall terminate without further obligation of the parties to one another.

2.0 Purchase Price.

2.1 The "Purchase Price" of the Property shall be an amount equal to the products of (a) fifteen and no/100 Dollars (\$15.00), multiplied by (b) the square feet of land comprising the Property, as set forth in the survey described in Section 4.2 hereof.

2.2 The Purchase Price shall be paid to the Sellers in cash or by cashier's check at Closing.

3.0 Closing.

3.1 The "Closing" of the transaction contemplated hereby shall occur thirty (30) days after Purchaser's delivery of its notice of exercise of the Option; provided however, Sellers shall have the right to extend the Closing until January 4, 2016, by delivering their joint notice of such extension to Purchaser within ten (10) days of Purchaser's exercise of the Option, and otherwise in accordance with Section 13 hereof.

3.2 The Closing shall occur at the offices of the title company identified by Sellers to Purchaser, or such other location as may be agreed to in writing by Purchaser and Sellers. At Closing, Sellers shall convey the Property to Purchaser by statutory warranty deed with standard covenants of title contained in a statutory warranty deed, subject only to exceptions approved by Purchaser in writing. Sellers further agree to deliver at Closing such other documentation and information as may be required by Data Quick, the "Title Company" identified by Sellers.

3.3 Sellers shall surrender possession of the Property to Purchaser at Closing.

4.0 Title Insurance and Survey. No later than five (5) days, of the Effective Date, Sellers shall order a title insurance commitment to be issued by the Title Company no later than twenty-five (25) days of the Effective Date. Purchaser shall obtain a survey of the Property in accordance herewith. In the event that either the title insurance commitment or the survey reveals matters objectionable to Purchaser, Sellers, in Sellers' sole and absolute discretion, shall have the option, but not the obligation, to cause such matters to be cured prior to Closing.

4.1 The title insurance commitment shall be issued to Purchaser, committing to insure good and marketable fee simple title to the Property in the amount of the Purchase Price, insuring over all printed exceptions, and including affirmative coverage over the gap

period between the effective date thereof and the Closing, zoning and access to Fairhope Avenue from and to the Property at a location acceptable to Purchaser, and subject only to those exceptions as are approved in writing by Purchaser.

4.2 The survey shall be prepared by Preble-Rish, Inc., provided that the proposed fees of Preble-Rish, Inc. are comparable to local firms providing similar services and shall (i) locate all easements of record affecting the Property, (ii) set forth the acreage and square footage of the Property, (iii) include a metes and bounds description of the Property, (iv) disclose that no portion of the Property constitutes "wetlands" within the jurisdiction of the U.S. Army Corps of Engineers or applicable authority of the State of Alabama, (v) provide that no portion of the Property is located within a flood plain, flood prone area or special flood hazard area as indicated on any map or plats issued or, controlled by FEMA, the Federal Insurance Association, or any federal, state or local agency, (vi) disclose all encroachments on or from the Property, (vii) locate all improvements existing on the Property, and (viii) be certified to the Purchaser and the Title Company. The survey shall commence no later than five (5) days of the date, upon which Purchaser receives notice, in any form, that the Property will satisfy the appraisal requirement contained in Section 5.12 hereof, and shall be completed no later than thirty (30) days from Commencement thereof.

5.0 **Conditions.** Sellers understand that Purchaser will not be able to use the Property unless certain conditions or facts are satisfied or verified during the Option and continue to exist at Closing. Those facts and conditions are:

5.1 That potable water, gravity-fed sanitary sewer, gas, electricity, telephone, cable television and other utilities exist at the boundary of the Property, with sufficient capacity (and, with regard to sanitary sewer, sufficient depth) to provide timely service to a medical clinic and related offices and facilities within the Property;

5.2 That federal, state or local laws or regulations regarding the retention, detention or treatment of stormwater on the Property as a condition to its development do not, in the sole and exclusive discretion of Purchaser, impede the use of the Property as a medical clinic and related parking or other impervious surfaces;

5.3 That Purchaser will be able to obtain all permits necessary from applicable federal, state and local authorities for ingress and egress to the Property from Fairhope Avenue;

5.4 That the Property will be zoned or approved to permit the development of not less than a single story, ten thousand (10,000) square foot medical clinic thereon;

5.5 That Purchaser's development plans for the Property will have been accepted and approved by all relevant federal, state and local agencies or authorities claiming to have jurisdiction over any aspect of such development;

5.6 That Purchaser shall be able to procure from all relevant governmental agencies or authorities, for the usual and customary fees, all permits necessary for the development and construction of its contemplated development on the Property;

5.7 That Purchaser's soil tests, borings and civil engineering studies confirm that the Property is suitable for Purchaser's contemplated development thereon, on an economically feasible basis and without the necessity of excavating unsuitable soils or importing structural fill material; and,

5.8 That there does not exist, nor has there existed, over, beneath or on the Property, any hazardous substance, pollutants or contaminants, as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), or hazardous waste as defined by the Resource Conservation and Recovery Act, as amended ("RCRA"), or other similar applicable federal or state laws or regulations.

5.9 That there exists on the Property no fish or wildlife protected as endangered species, or items of archaeological significance, as described under applicable laws, regulations or other promulgations and as administered by any agency or authority that may claim jurisdiction over the Property.

5.10 That the exercise of this Option and purchase of the Property be approved by the Board of Trustees of the University of South Alabama. This Option shall be submitted to the Board of Trustees of the University of South Alabama for consideration at its next meeting immediately following the Effective Date.

5.11 That no other impediment exists which would prevent Purchaser from utilizing the Property for Purchaser's intended use.

5.12 That the Property shall appraise at an amount that equals or exceeds fifteen and no/00 Dollars (\$15.00) per square feet. Said appraisal shall be ordered by Purchaser no later than five (5) days following the Effective Date and shall be completed no later than forty-five (45) days of the Effective Date.

#### **6.0 Sellers' Further Agreements.**

6.1 Sellers shall cooperate fully with Purchaser's pursuit of the satisfaction of the conditions set forth in Section 5, above, including Sellers' written consent to any development or land use applications or approvals as may be requested by any agency or authority claiming jurisdiction over any aspect of development of the Property. Provided, however, Sellers shall not be required to authorize any final action which would permanently change, alter or amend the nature, use or designation of Property, including, without limitation, a change of the zoning or subdivision of the Property.

6.2 Purchaser, at its sole expense, shall be responsible for the extension of the utilities described in Section 5.1 hereof to the Property. Additionally, Purchaser shall be

responsible for all related cost and expense, including, without limitation, tap-on fees, security deposits and charges for utilities used.

7.0 **Sellers Representations and Warranties.** Each Seller hereby represents and warrants (and Sellers' satisfaction of each such representation and warranty shall be a condition precedent to Closing) as follows:

- a. Sellers are the sole owner of the Property;
- b. The Property is not the subject of any outstanding agreement with any party pursuant to which any such party may acquire an interest therein;
- c. Sellers have received no notice of taking or condemnation, actual or proposed, with respect to the Property;
- d. Between the date hereof and Closing, Sellers shall not sell, transfer, convey, option or mortgage the Property, or any part thereof, or take any other action, or permit any action to be taken by any other person, that might affect title to the Property or otherwise impair the value of the Property to Purchaser;
- e. Sellers have all requisite power and authority to execute and deliver this Agreement and carry out their respective obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by Sellers and constitutes Sellers' legal, valid and binding obligation enforceable against each Seller in accordance with its terms. The consummation by Sellers of the sale of the Property is not in violation of or in conflict with nor does it constitute a default under the terms or provisions of any agreement or instrument to which either Seller is a party, or by which such Seller is bound, or of any provision of applicable law, ordinance, rule or regulation of any governmental authority or of any provision of any applicable order, judgment, or decree of any court, arbitrator or governmental authority;
- f. No default or breach exists under any document, covenant, condition, restriction, right-of-way or easement affecting the Property or any appurtenance thereto;
- g. There is no litigation or proceeding pending or threatened against either Seller which relates to the Property, nor have Sellers received notice of any violation of any law, ordinance, order or regulation against or affecting the Property;
- h. All general real estate and ad valorem taxes assessed or imposed against the Property will have been paid prior to Closing (excepting only ad valorem taxes for the year in which Closing occurs that have not been billed prior to Closing), and Sellers shall furnish evidence of such payment to Purchaser and the Title Company;

i. The Property is zoned B-2 in accordance with the Zoning Ordinance of the City of Fairhope, Alabama.

j. Sellers have not caused there to exist, nor to the best of Sellers' knowledge does there exist, over, beneath or on the Property any hazardous substance, pollutants or contaminants, as defined by CERCLA, or hazardous waste as defined by RCRA, or other similar applicable federal or state laws and regulations; and,

k. Sellers are able to convey title to the Property in fee simple, good and marketable of record, and, in fact, free and clear of any and all liens, conditional sales agreements, covenants, conditions, mortgages, security interest, leases, restrictions, options, claims, unrecorded easements or servitudes or other encumbrances or exceptions of any kind, other than those expressly approved in writing by Purchaser; provided however, Sellers shall retain all rights owned by them to oil, gas or minerals existing under the Property. Notwithstanding the foregoing, title to the Property shall not at Closing be subject to the rights of any third parties to enter upon the surface of the Property in connection with any reserved rights or to enter upon the subsurface of the Property in any manner that could or would compromise the structural integrity of any improvements to be constructed on the Property.

All of the foregoing representations and warranties shall be deemed to be true as of the Effective Date and, as a condition of Closing, shall be true on the Closing date. In the event that any of the foregoing representations or warranties should not be true during the period commencing on the Effective Date and ending on the Closing date, Sellers, in Sellers' sole and absolute discretion, shall have the option, but not the obligation, to cause such matters to be cured prior to Closing.

#### **8.0 Development of the Property.**

8.1 Purchaser agrees that the architectural design of development of the Property shall be subject to review and approval by Seller for substantial conformity with the design and exterior building materials of other developed property in the vicinity. No later than one hundred and twenty (120) days following the Effective Date hereof, Purchaser shall provide Sellers with renderings of proposed construction (the "Improvements") as well as a list of potential exterior building materials from which Purchaser shall choose for construction, (hereinafter collectively referred to as the "Design Elements"). Seller shall review Purchaser's submissions for conformity with nearby developments on other property formerly owned by Sellers, including the Shoppes at Fairhope Village and the Fairhope Satellite Courthouse located at 1100 Fairhope Avenue. It is understood and agreed that the Improvements shall be designed so that each façade receives equal articulation and that no exterior elevation is considered secondary to any other, subject to necessary exceptions for service or delivery areas. Sellers shall respond to Purchaser's submission within thirty (30) days after receipt of any such request. If Sellers do not approve the submission, the response will include an explanation of the reason(s) for the disapproval. Once an item had been reviewed and approved by Sellers in accordance herewith, the improvements related thereto shall be constructed by Purchaser in a timely manner as required by Section 8.2, below, and

that said construction shall be pursuant to and substantially in accordance with the approved Design Elements. Purchaser shall not substantially modify or deviate from any approved Design Elements without the prior written authorization of Sellers. Purchaser agrees that the landscaping of the Property shall be commensurate with that of other properties in the vicinity.

8.2 Purchaser acknowledges and agrees that a material component of the consideration received by Sellers for this Agreement is Purchaser's timely construction of the Improvements. In furtherance thereof, Purchaser covenants and agrees as follows:

(a) Purchaser shall commence construction of the Improvements within twelve (12) months of Closing; and

(b) Purchaser shall diligently pursue said construction and will complete construction of the Improvements in a timely manner.

PROVIDED HOWEVER, such time obligation shall be extended for delays caused by war, acts of terror, weather, fire, or other acts of God. Purchaser shall notify Sellers in writing of any delays caused by such and diligently pursue completion of the project in a timely manner.

9.0 Proration of State, County and City Ad Valorem Taxes. All city, state and county ad valorem taxes on the Property for the calendar year in which the Closing date occurs shall be prorated between the Sellers and the Purchaser as of such Closing date on the basis of the most recent ascertainable taxes for the Property and promptly re-prorated upon the issuance of final tax billings. Notwithstanding the foregoing, Purchaser shall be responsible for all taxes levied, imposed or assessed after Closing and shall be responsible for any real property taxes or assessments resulting from any change or proposed change in the use, classification or zoning of the Property (i.e., "roll-back taxes"), regardless of when levied or assessed.

10.0 Costs and Fees. Sellers shall be responsible for the cost of the title insurance described in Section 4.1, above and for the costs associated with preparation of the deed. Purchaser shall be responsible for all other costs associated with its investigation of the Property and all other costs associated with the consummation of the transaction contemplated hereby. Each party shall be responsible for its own attorney's fees.

11.0 Access.

11.1 Between the date hereof and until the transactions contemplated hereby have been consummated, Purchaser and Purchaser's agents and employees shall have the right to enter onto the Property for the purpose of inspecting same, and making soil tests, engineering studies and surveys; provided, however, that such activities shall not physically damage the Property.

11.2 Purchaser shall restore the Property to its original condition after any and all inspections.

11.3 To the maximum extent permitted under Alabama law, Purchaser hereby indemnifies, protects, defends and holds Sellers and the Property free and harmless from and against any and all costs, losses, liabilities, damages, lawsuits, judgments, actions, proceedings, penalties, demands, attorneys' fees, mechanic's liens, or expenses of any kind or nature whatsoever, arising out of or resulting from (i) any entry and/or activities upon the Property by Purchaser, Purchaser's agents, contractors and/or subcontractors, and/or the contractors and subcontractors of such agents, or (ii) from the enforcement of this agreement of indemnity or the assertion by Purchaser of any defense to its obligations hereunder; provided that in no event shall Purchaser have to indemnify Sellers for Purchaser's mere discovery of any pre-existing adverse condition at the Property.

11.4 Prior to any entry upon the Property by Purchaser's agents, contractors, subcontractors or employees, Purchaser shall deliver to Sellers documentation which evidences that Purchaser is self-insured for purposes of commercial general liability with a per occurrence limit of at least **ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00)**.

12.0 **Design and Engineering Services.** Purchaser will utilize the firm(s) of its own choosing to provide design and engineering services in connection with the development of the Property.

13.0 **Notices.** All notices or requests required or authorized hereunder shall be in writing and shall be delivered or mailed to the respective parties hereto as follows (unless notified in writing to the contrary of a change in such address):

To Seller:

Mr. Angelo A. Corte  
A&A Corte Family Limited Partnership  
23100 State Hwy 181  
Fairhope, AL 36532  
(251) 421-2031  
aacorte@ymail.com

Mr. Angelo A. Corte  
A&D Corte Family Limited Partnership  
23100 State Hwy 181  
Fairhope, AL 36532  
(251) 421-2031  
aacorte@ymail.com

To Purchaser:

Dr. Michael Finan  
USA Mitchell Cancer Institute  
1660 Springhill Avenue  
Mobile, Alabama 36604  
(251) 445-9840  
mfinan@health.southalabama.edu

With a copy to:

Mr. James E. Spafford  
MBI, LLC  
Suite 301  
3800 Airport Boulevard  
Mobile, Alabama 36608  
jes3800@aol.com

The effective date of any such notice served by recognized overnight carrier or U.S. mail shall be the date of deposit therewith. If the last day on which to give such notice falls

on a Saturday, Sunday or holiday, then such notice may be given in the above manner on the next succeeding business day.

14.0 **1031 Exchange.** At no additional expense to Purchaser. Sellers shall have the right to transact the purchase herein as part of a like-kind exchange under IRC Code Section 1031 or related provisions.

15.0 **Brokerage Commission.** Purchaser and Sellers represent each to the other that, excepting NAI Mobile, LLC and Jim Spafford of MBI, LLC, who shall be paid solely by Purchaser to the extent that any commission is paid, no real estate broker, real estate agent or intermediary has been employed by either of them in connection with the transactions contemplated herein. To the extent allowed by law, Purchaser and Sellers shall indemnify and hold the other harmless from and against the claims of any and all brokers, agents and other intermediaries claiming to have had any dealings, negotiations or consultations with the indemnifying party in connection with this Agreement or the sale of such Property by Sellers to Purchaser.

16.0 **Binding Effect.** This Agreement shall inure to the benefit of, and shall be binding upon, each of the parties hereto, and their respective heirs, successors and assigns.

17.0 **Survival.** Each and every provision of this Agreement shall survive the Closing and shall not be merged, nullified or otherwise affected by such Closing.

18.0 **Time of the Essence.** Time is of the essence as to all matters covered in this Agreement.

19.0 **Assignment.** Subject to Sellers' approval, Purchaser shall have the right to assign its rights hereunder to any entity with which it is affiliated and, upon such assignment, Sellers shall deal exclusively with such assignee.

20.0 **Entire Agreement.** This Agreement and the documents referred to in this Agreement, constitute the entire agreement between the parties, and there are no other conditions, covenants or agreements which shall be binding between the parties. This Agreement may not be modified or amended unless such amendment is set forth in a writing that is signed by each of the parties hereto.

21.0 **Governing Law.** This Agreement shall be governed by and shall be interpreted in accordance with the laws of the State of Alabama. Seller recognizes that the Alabama Board of Adjustment has jurisdiction over certain claims which may arise out of this Agreement. Claims which are not within the purview of the ABA will be brought in the applicable court of competent jurisdiction.

22.0 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute the same Agreement.



23.0 **Calendar Days.** Unless otherwise expressly designated, all references to "days" herein shall mean calendar days. In the event any date described in this Agreement relative to the performance of actions hereunder by Purchaser or Sellers falls on a Saturday, Sunday or legal holiday, such date shall be deemed postponed until the next business day thereafter.

24.0 **Effective Date.** This Agreement shall be effective only if executed and delivered by all parties hereto on or before May 7<sup>th</sup>, 2015 (the "Effective Date").

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officer or agent as of the day and year first above written.

SELLERS:

PURCHASER:

A&A Corte Family Limited Partnership

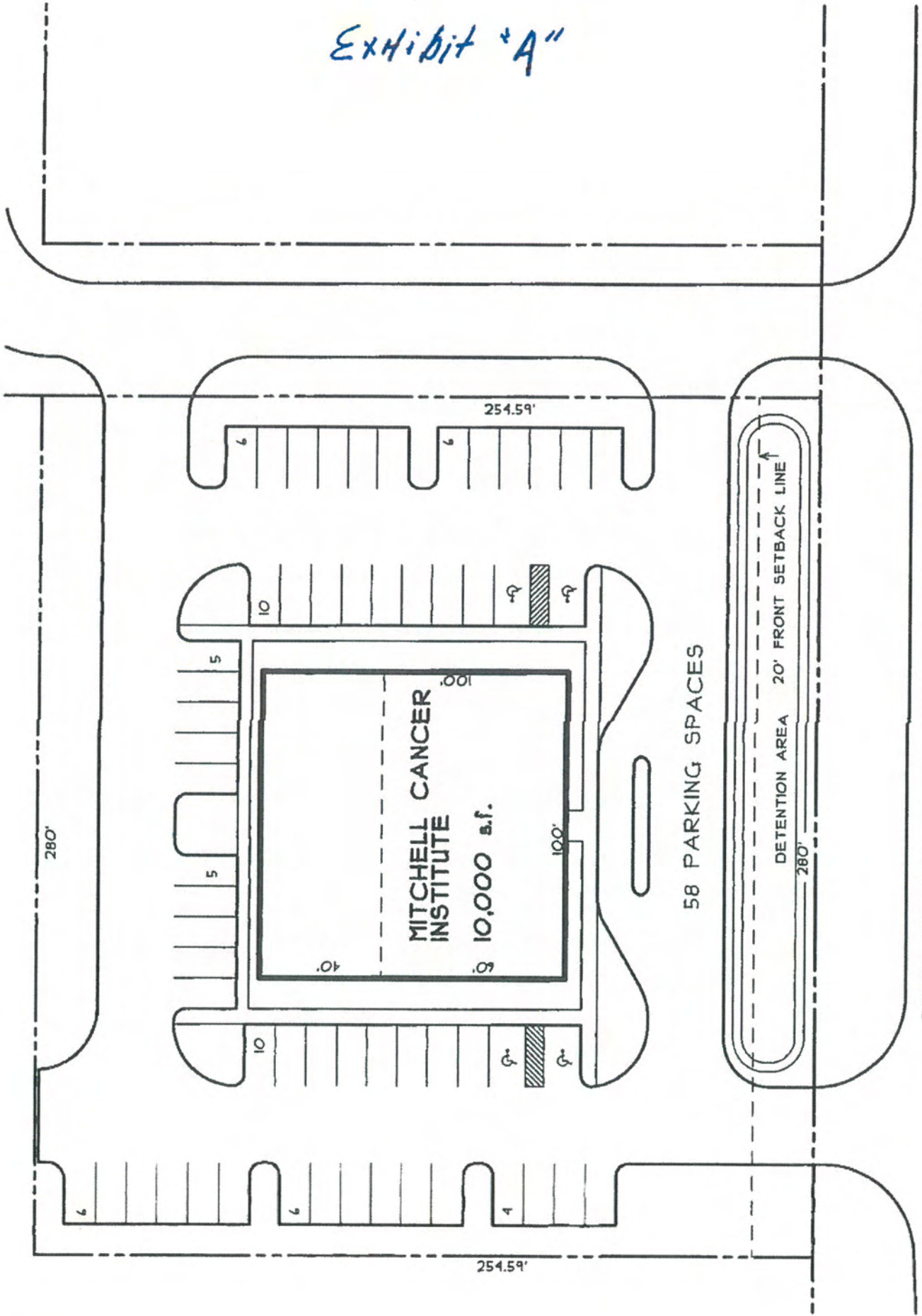
University of South Alabama

*A. & A. Corte Family Limited Partnership*  
By: Angela A. Corte By: Steve Simmons  
Its: GENERAL PARTNER Its: Vice President for Finance and Administration

A&D Corte Family Limited Partnership

*A. & D. Corte Family Limited Partnership*  
By: Angela A. Corte  
Its: GENERAL PARTNER

Exhibit "A"



**SITE PLAN**  
SCALE 1" = 40'-0"  
**FAIRHOPE AVENUE (HWY #48)**  
Area=1.64 acres MCI site

Addendum to  
Real Estate Option Agreement

The undersigned parties, A&A Corte Family Limited Partnership, A&D Corte Family Limited Partnership and University of South Alabama, hereby agree that the "Property" as such term is used in the Real Estate Option Agreement between the parties dated May 7, 2015 is a parcel consisting of 1.75 acre, more or less, as reflected on Exhibit "A," as attached hereto. The Purchase Price of the Property shall be calculated in accordance with Section 2.1 of the Real Estate Option Agreement.

A&A Corte Family Limited Partnership

University of South Alabama

<p><u>A &amp; A Corte Family Limited Partnership</u> By: <u>Angelos D. Corte</u> Its: <u>General Partner</u> Date: <u>06-12-15</u></p>	<p><u>Steve Simmons</u> By: <u>Steve Simmons</u> Its: <u>Vice President for Finance and Administration</u> Date: <u>5-29-15</u></p>
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A&D Corte Family Limited Partnership

A & D Corte Family Limited Partnership  
By: Angelos D. Corte  
Its: General Partner  
Date: 06-12-15

ADDENDUM TO CONTRACT

Property: Lot 1A of the Resubdivision of Lot 1 of Planters Plaza Subdivision

Sellers: A & D Corte Family Limited Partnership and A & A Corte Family Limited Partnership

Buyer: University of South Alabama, a public body corporate of the State of Alabama

Contract /Option is herein amended as follows:

-Sales price is \$ 1,147,485.00

-Property being conveyed is Lot 1A of the Resubdivision of Lot 1 of Planters Plaza Subdivision, Baldwin County, Al

-No real estate commission owed at time of closing

-Contract conditions have been satisfied

Robert K. Davis

Buyer

Angelo A. Corte

Seller

Hilly Ann Bayett

Witness

Dated: Nov 10, 2015



UNIVERSITY OF SOUTH ALABAMA

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

**PROPERTY ADDRESS:**

207 North Catherine Street  
Mobile, Alabama 36604

**APPRAISAL INFORMATION:**

Appraised By: Jefferson L. Sims & Madeleine L. Downing  
Gaylord C. Lyon & Co., Inc.  
Date of Appraisal: August 27, 2013  
Appraised Value: \$2,600,000

**CONTRACTS RELATED TO THE PURCHASE:**

Attached as “**Exhibit #1**”

**PURCHASE TERMS:**

Cash Purchase

**SOURCES OF FUNDS USED IN THE PURCHASE:**

Bank Financing

USA PROPERTIES

775 N. University Blvd. | Suite 150 | Mobile, Alabama 36608-4548  
TEL: (251) 460-6100 | FAX: (251) 461-1765 | SouthAlabama.edu

**CONTRACT FOR THE SALE AND  
PURCHASE OF REAL ESTATE**

The undersigned Seller agrees to sell, and the undersigned Buyer agrees to buy, the herein described property on the terms and conditions stated below:

**1. PROPERTY ADDRESS AND/OR DESCRIPTION:**

See Exhibit "A" attached hereto and fully incorporated herein by reference for full description (hereinafter the "Property"), being further identified as 207 N. Catherine St., Mobile, AL 36604.

**2. PRICE:** The purchase price for the Property shall be TWO MILLION, ONE HUNDRED EIGHTY THOUSAND, FIVE HUNDRED FORTY DOLLARS AND NO/100s (\$2,180,540.00). A credit of ONE HUNDRED FIVE THOUSAND, FIVE-HUNDRED DOLLARS AND NO/100s (\$105,500.00) from the previously agreed-upon selling price for the correction or remediation of ADA issues has been applied to the aforesaid purchase price. Buyer shall deposit Earnest Money of TEN-THOUSAND DOLLARS AND NO/100s (\$10,000.00) with a closing agent agreeable to Buyer and Seller upon execution of this contract.

**3. TITLE:** Buyer shall obtain a title insurance commitment on the Property from an attorney or title company agreeable to Buyer to determine if the title to the Property is merchantable. Reasonable time shall be allowed for the examination of title and the preparation of the title certificate or opinion or commitment. Should examination of title reveal defects which reasonably can be cured, the Seller, at Seller's sole and absolute discretion, may elect to cure same as expeditiously as reasonably possible, or may elect to cancel this contract and return Buyer its earnest money. Further, if the examination of title reveals title defects, Buyer shall have the option of being released from further liability under this contract with a full return of Buyer's Earnest Money or allowing Seller, if Seller elects to do so in Seller's sole discretion, at Seller's expense, a reasonable time to cure the defects as set forth in the preceding sentence and then close the sale pursuant to this contract. If there are no title defects, or Seller cures any such title defects, Seller shall execute and tender unto Buyer a Statutory Warranty Deed conveying insurable title to the Property in accordance with the terms hereof, subject only to all prior conveyances, reservations and exceptions of oil, gas and other minerals that appear of record; all rights of way and easements for public or private roadways and/or utilities now in full force and effect; zoning ordinances, restrictive covenants and/or building set back lines, if any, applicable to the above described property; current year ad valorem taxes due and payable on October 1; any portion of subject property lying within the right of way of a public road; any other matters of record affecting the above described lands; any matters not of record affecting the above described lands which would be shown on an accurate survey and inspection of the property; and any matters shown as exceptions on the title insurance commitment.

**4. PROPERTY TO BE SOLD "AS IS":** Buyer has already performed numerous

inspections of the Property and is familiar with the condition thereof. Buyer and Seller will do a final inspection prior to closing to make sure that all normal facility systems are operational and safe to use. In the event that all normal facility systems are not found to be operational and safe, Seller has the option of either making reasonable and requested repairs at its expense or terminating this Agreement and refunding Buyer's Earnest Money. Following inspection and any post-inspection repairs, the Property and all improvements and fixtures and equipment forming part of the Property are being sold "AS IS, WHERE IS" with no express or implied warranties of any sort, other than the roof warranty described below which will be delivered by Seller to Buyer and the warranties with respect to title which will be contained within the statutory warranty deed. IN PARTICULAR, ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY DISCLAIMED.

5. **TRANSACTIONS AT CLOSING:** The following transactions shall take place at Closing:

5.1 **Deeds.** A Statutory Warranty Deed to the Property, in a form generally utilized in Mobile County, Alabama, shall be prepared by Seller's attorney and executed and delivered by Seller to Buyer.

5.2 **Recording Tax.** Buyer shall pay all recording, deed, and transfer taxes assessed against the Statutory Warranty Deed and any mortgage upon recordation under applicable law.

5.3 **Taxes.** All Ad Valorem Taxes accruing or assessed with respect to the Property for the current tax year shall be pro-rated as of the closing date, with the Seller's pro-rated portion to be credited to Buyer, who shall be responsible for payment of the current tax year ad valorem taxes. All unpaid or delinquent Ad Valorem Taxes for prior tax years shall be paid by Seller at or prior to closing.

5.4 **Mortgages and Other Liens.** All mortgages and other liens on the Property, if any, shall be paid by Seller at or prior to Closing.

5.5 **Payment.** Buyer shall pay to Seller an amount equal to the Purchase Price, plus or minus any adjustments for prepaid Earnest Money, taxes, approved expenses or otherwise as provided for in this contract.

5.6 **Closing Statement.** Buyer or Buyer's closing agent shall prepare and Seller shall execute and deliver to Buyer, for the benefit of both parties, a closing statement at closing.

5.7 **Other Documents.** Buyer or Buyer's closing agent shall prepare and Seller and Buyer shall deliver unto each other such other documents as are customary and/or necessary to complete the transaction, including a fully executed W-9.

6. **NO BROKERS:** The parties recognize that no broker, finder or other intermediary brought about the transaction described herein, and no commissions are due or payable. The parties acknowledge that Seller has worked with Jim Spafford on this transaction but no real estate commissions shall be due to Jim Spafford.

7. **NOTICES:** All notices, requests, demands, instructions, or other communications called for hereunder or contemplated hereby shall be in writing and shall be deemed to have been given (i) if mailed by registered or certified mail, return receipt requested, addressed to the parties at the addresses set forth below, two (2) days after the date of such mailing; or (ii) if personally delivered or sent by Federal Express, Express Mail or similar expedited delivery service, upon delivery to the parties at the addresses set forth below. Any party may change the address to which notices are to be given hereunder by giving notice in the manner herein provided.

**Seller:**  
Board of Water and Sewer  
Commissioners of the City of Mobile  
4725-A Moffett Road  
Mobile, AL 36618  
Tel. No. (251) 694-3152  
Attention: Charles Hyland  
[chyland@mawss.com](mailto:chyland@mawss.com)

**Buyer:**  
University of South Alabama  
307 University Boulevard N.  
Administration Bldg. Room 170  
Mobile, AL 36688  
Tel. No. (251) 414-8138  
Attention: Ken Davis  
[kdavis@southalabama.edu](mailto:kdavis@southalabama.edu)

**With copy to:**  
The Atchison Firm, P.C.  
3030 Knollwood Drive  
Mobile, AL 36693  
Attention: Chris Arledge  
Tel. No. (251) 665-7200  
[chris.arledge@atchisonlaw.com](mailto:chris.arledge@atchisonlaw.com)

**With copy to:**  
Jim Spafford  
3800 Airport Blvd., Ste. 301  
Mobile, AL 36608  
Tel. No. (251) 344-3800, Ext. 126  
[JES3800@aol.com](mailto:JES3800@aol.com)

8. **CLOSING:** The sale is to be closed within thirty (30) days from the date of the signing of a contract for purchase and sale between USA and the City of Mobile pursuant to section 16(e) below, unless extended by mutual consent of the parties or by other terms or obligations of this contract, at a location mutually agreeable to the parties. Notwithstanding the foregoing, if said contract for purchase and sale between USA and the City of Mobile pursuant to section 16(e), below, is not executed within three (3) months from the last date of execution of this contract by a party hereto, Seller shall have the option to terminate this contract, and if such contract between USA and the City of Mobile is not executed within six (6) months from the last date of execution of this contract by a party hereto this contract shall automatically terminate, and upon such termination Buyer's earnest money shall be refunded and neither party shall have any further obligation to the other.



9. **DAMAGE BY FIRE OR OTHER HAZARD AND RISK OF LOSS:** Seller and Buyer agree that risk of loss shall remain with Seller until such time as the transaction contemplated by this contract is closed, and, prior to closing, if subject property or any improvements situated thereon are damaged by fire or other hazard covered by Seller's self-insurance, Seller shall be entitled to the self-insurance proceeds therefor. If the Property is destroyed or materially damaged by fire or other hazard prior to closing Buyer may declare the contract void and shall be entitled to the return of its Earnest Money or Buyer may elect to complete this transaction in accordance with this contract provided Seller, at Seller's option and sole discretion, has reasonably restored the Property at Seller's expense prior to closing. In the event Seller cannot or will not restore the property to the reasonable satisfaction of Buyer prior to closing then this contract shall be void and Buyer's Earnest Money shall be returned.
10. **CLOSING COSTS:** All closing costs shall be paid by Buyer, except for the following items to be paid by Seller: a) the owner's title policy, to be issued in form and content reasonably acceptable to Buyer, b) the cost of preparation of the Statutory Warranty Deed which shall be prepared by Seller's attorney, c) the termite inspection, if any, and d) any taxes and liens on the property that are not to be pro-rated pursuant to this contract.
11. **ENFORCEABILITY:** It is agreed by the parties that the amount of damages due to a breach of this contract by either party would be difficult to ascertain and/or to prove. In the event of a breach of this contract by Seller, Buyer's sole remedy shall be the return of its Earnest Money and payment to Buyer by Seller of liquidated damages in the amount of ten-thousand dollars and no/100s (\$10,000.00) to serve as compensation to Buyer for Seller's breach and not as punishment for Seller's breach, upon the payment and return of which this contract shall be null and void. In the event of a breach of this contract by Buyer, Seller shall be entitled to retain Buyer's Earnest Money as liquidated damages to serve as compensation for Buyer's breach and not as punishment for Buyer's breach, which shall be Seller's sole remedy under this contract and upon the receipt of which this contract shall be null and void.
12. **TIME OF THE ESSENCE:** Time shall be of the essence with respect to the performance by the parties of their respective obligations hereunder.
13. **WHOLE CONTRACT – NO ORAL MODIFICATIONS:** This contract is a complete integration of and supersedes any and all prior understandings, writings, proposals, representations, and/or agreements, both oral and written, between the parties to this contract or their representatives with respect to its subject matter. This contract may be amended only by written instrument executed by both parties hereto and approved by their respective Boards or Boards of Trustees.
14. **BENEFIT OF CONTRACT:** This contract shall be binding on and inure to the benefit of the parties and their respective heirs, successors and assigns; provided neither party shall assign this contract without prior written consent of the other party and any purported assignment

without such consent shall be void.

15. **GOVERNING LAW:** This contract shall be governed by and construed in accordance with the laws of the State of Alabama and it is expressly agreed and stipulated that this contract shall be deemed to have been executed and performable by all parties in Mobile County, Alabama. Any actions arising under this contract shall lie in a court of competent jurisdiction in Mobile County, Alabama.

16. **SPECIAL PROVISIONS:**

(a) Seller will provide Buyer with a copy of the current roof warranty which is still in effect on Seller's human resources building located on the Property.

(b) Seller will provide Buyer with a copy of all service contracts on the Property and, to the extent reasonable, assist Buyer with assumption of any such contracts Buyer desires to continue after closing if allowed by the terms of such contract(s).

(c) Current water and sewer service to the Property is provided by and will continue to be provided by Seller itself. The parties hereby agree that all interior water and sewer points of service, meters and backflow preventers will be moved by Seller at Seller's expense back to the property lines along the public rights-of-way along Center Street, Lambert Street and Catherine Street, as the case may be, so that all water and sewer lines within the interior of the Property shall become the property of Buyer at closing, and Seller's responsibility for maintenance and operation of same will not extend beyond the meters and points of service along the public rights-of-way. Upon execution of this Agreement Seller will begin the process of moving back the points of service, meters and backflow preventers as described above. Seller agrees to repair any damage caused by the move of the points of service, meters and backflow preventers.

(d) This contract shall not be binding until executed by both parties.

(e) Prior to the Closing, Seller will make reasonable and good faith efforts to secure the consent of the City of Mobile to allow Seller to assign the remainder of that certain 20 year lease to a strip of land referred to in said lease as "Lease Site I" lying on the North side of the Property between the Property and St. Stephens Road to Buyer and to assist in negotiations for the City of Mobile to sell the same to Buyer. This Contract is contingent upon a purchase and sale agreement being executed between the City of Mobile and Buyer for the above referenced "Lease Site I" prior to closing of the transaction between Buyer and Seller. Notwithstanding the foregoing, if said contract for purchase and sale between USA and the City of Mobile pursuant to this section 16(e) is not executed within three (3) months from the last date of execution of this contract by a party hereto, Seller shall have the option to terminate this contract, and if such contract between USA and the City of Mobile is not executed within six (6) months from the last date of execution of this contract by a party hereto this contract shall automatically terminate, and upon such termination Buyer's earnest money shall be refunded and neither party shall have

any further obligation to the other.

**17. MISCELLANEOUS PROVISIONS:**

(a) All headings herein are inserted only for convenience and ease of reference and shall not be considered in construction or interpretation of any provision of this contract.

(b) Seller and Buyer have both negotiated and are both responsible for the terms and conditions set forth in this contract. Therefore, in any construction of this contract, it shall not be construed against any party.

(c) Nothing in this contract shall be construed to create in any third party or in favor of any third party any rights, licenses, powers, privileges or remedies. Nothing in this contract shall be construed to create, impose, or give rise to any duty of a party hereto to a non-party to this contract.

(d) In no event shall either party or any of its board members, directors, trustees, officers, staff, agents, attorneys, servants or employees be liable to the other party for any indirect, special, consequential, or incidental damages or lost profits or punitive damages, arising out of or related to this contract, or to the performance of or breach of any provision hereof. Any damages, if otherwise recoverable, shall be limited to the amount of Earnest Money paid pursuant hereto.

(e) Nothing in this contract shall be construed to limit in any way any immunity or limitations on damages afforded to either party or any of its board members, directors, trustees, officers, staff, agents, attorneys, servants or employees, pursuant to federal or state constitutional, statutory, or common law, and nothing in this contract may be construed to limit any defense available to either party or any of its board members, directors, trustees, officers, staff, agents, attorneys, servants or employees at law or in equity.

(f) The provisions of this contract are severable. In the event any provision hereof is held invalid or unenforceable to any extent by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

(g) The parties' obligations under this contract are subject to, and neither party shall be liable for, delays or failure to perform caused by or due to fire, flood, water, weather events, labor disputes, power outages, civil disturbances, court rulings, or any other cause beyond the party's reasonable control.

(h) The date of this contract is deemed to be the last date of execution by a party hereto.

18. Buyer and Seller acknowledge that they have executed this contract on several counterparts each to be considered an original, that each has read and understands this contract,

and hereby acknowledges receipt of a copy of this document.

**BUYER:**

UNIVERSITY OF SOUTH ALABAMA

By: W. B. B. B. B.  
Its: Contract Officer  
Date: 2/4/16

**SELLER:**

BOARD OF WATER AND SEWER  
COMMISSIONERS OF THE CITY  
OF MOBILE

By: Charles C. Hylton, Jr.  
Its: Director  
Date: 2/15/16

**CONVEY DEED TO:**

UNIVERSITY OF SOUTH ALABAMA

**EXHIBIT "A"**

MAWSS Catherine St. Facility – 207 N. Catherine St.

Tract 1:

Lots 1 and 2, Mobile Area Water and Sanitary Sewer Business/Operations Site Subdivision, as per map or plat thereof recorded in Map Book 78, Page 100, of the records in the Office of the Judge of Probate of Mobile County, Alabama.

Tract 2:

Commence at the Southwest intersection of North Catherine Street and St. Stephens Road in the City of Mobile, Mobile County, Alabama, thence run South 00 degrees, 23 minutes 02 seconds East a distance of 214.12 feet to the Southeast corner of Mobile Area Water and Sanitary Sewer Business/Operations Site Subdivision, as per map or plat thereof recorded in Map Book 78, Page 100, of the records in the Office of the Judge of Probate of Mobile County, Alabama, said point being the point of beginning; thence continue Southerly along the West ROW line of North Catherine Street 321 feet, more or less, to the Northwest intersection of Center Street and North Catherine Street; thence run Northwesterly along the North ROW line of Center Street 590 feet, more or less, to the Northeast intersection of Center Street and Lambert Street; thence run Northerly along the East ROW line of Lambert Street 346, more or less, feet to the Southwest corner of said Mobile Area Water and Sanitary Sewer Business/Operations Site Subdivision; thence run Easterly and Southeasterly along the South line of said Mobile Area Water and Sanitary Sewer Business/Operations Site Subdivision 579.2 feet, more or less, to the point of beginning.

**RESOLUTION**

**BOARD MEETING SCHEDULE  
2016-2017**

**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 9, 2016

Friday, December 2, 2016

Friday, March 3, 2017

Friday, June 2, 2017

**FURTHER, BE IT RESOLVED** that the date of June 2, 2017, be designated as the annual meeting of the University of South Alabama Board of Trustees for 2016-2017.

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**



**HEALTH AFFAIRS**

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**HEALTH AFFAIRS COMMITTEE**

**March 3, 2016  
2:18 p.m.**

A meeting of the Health Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Dr. Steve Stokes, Chair, on Thursday, March 3, 2016, at 2:18 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Scott Charlton, Bettye Maye (arr. 2:20 p.m.), Arlene Mitchell, Ken Simon and Steve Stokes.

Member Absent: Chandra Brown Stewart

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

Administration and Others: Beth Anderson, Owen Bailey, Joe Busta, Lynne Chronister, Kristin Dukes, Monica Ezell, Mike Finan, Stan Hammack, Mike Haskins, David Johnson, Traci Jones, Mike Mitchell, John Smith, Sam Strada, Tony Waldrop, Scott Weldon, and Kevin West and Kelly Woodford (Faculty Senate).

Press: Alyssa Newton (*Vanguard*).

The meeting came to order and attendance roll was called. Dr. Stokes moved for the approval of the minutes of the meeting held on December 3, 2015. Dr. Charlton seconded and the minutes were approved unanimously.

Dr. Stokes moved for the approval of **ITEM 3**, a resolution authorizing the USA Hospitals medical staff appointments and reappointments for November and December 2015 and January 2016 (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on March 4, 2016). Dr. Charlton seconded and the Committee voted unanimously to recommend approval by the Board of Trustees.

Dr. Stokes called for presentation of **ITEM 4**, a resolution to adopt the Declaration of Agreement for a cancer consortium between The University of Alabama at Birmingham (UAB) and the University of South Alabama. Dr. Finan talked about the collaborative history of the two institutions and he detailed the significant benefits that development of a consortium with UAB would make possible as a means for USA to more efficiently achieve designation as a comprehensive cancer center by the National Cancer Institute. On motion by Dr. Charlton, seconded by Judge Simon, the Committee voted unanimously to recommend approval by the Board of Trustees.



Dr. Stokes called for presentation of **ITEM 5**, a resolution authorizing the naming of the *Dr. William Jefferson Terry Operating Room* at Children's & Women's Hospital (CWH) in honor of the late Dr. Jeff Terry, a local urologist who served as a USA clinical faculty member and as staff physician at CWH. Mr. Bailey said Dr. Terry, the only practicing pediatric urologist in the region, was a well-respected member of the University community who cared deeply about the children he treated. He projected a naming ceremony would take place in April. Chairman Furr shared additional biographical information on Dr. Terry. On motion by Ms. Mitchell, seconded by Ms. Maye, the Committee voted unanimously to recommend approval by the Board of Trustees.

Dr. Stokes called for presentation of **ITEM 6**, a report on the activities of the Health System and the College of Medicine. Mr. Hammack introduced Ms. Traci Jones, Health System Controller, who gave an overview of the USA Health System's implementation of Cerner information system software, an undertaking coined the *unity Project*. Ms. Jones identified the key goals of the unity Project: (1) to streamline the complexities of the Health System's information systems, (2) to reduce spending, and (3) to improve operational efficiency. A chart was shown to demonstrate potential cost savings of \$4.8 million in the first seven years of use and an additional \$1.8 million saved every year thereafter. Ms. Jones said the testing phase was progressing and the staff would begin training in May for full implementation effective on July 1. Judge Simon asked about information security. Mss. Anderson and Jones agreed the unity Project would provide superior data security, as well as improved access of records by patients.

Dr. Finan provided an update on the project to construct a Mitchell Cancer Institute (MCI) medical office building in Fairhope, Alabama. An aerial photo of the land was shown, as were drawings of the facility. He said MCI services currently conducted from space rented at Thomas Hospital will relocate to the new building. He made brief remarks on the work of MCI's Executive Advisory Board and shared enthusiasm for the Health Systems new information system.

Discussion took place about advertising of services and clinical trials under way.

There being no further business, the meeting was adjourned at 2:45 p.m.

Respectfully submitted:

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Steven H. Stokes, M.D., Chair

**RESOLUTION**

**USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS  
FOR FEBRUARY, MARCH AND APRIL 2016**

**WHEREAS**, the Medical Staff appointments and reappointments for February, March and April 2016 for the University of South Alabama Hospitals are recommended for Board approval by the Medical Executive Committees and the Executive Committee of the University of South Alabama Hospitals,

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

# 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

REC'D  
Office of the President

MAY 09 2016

University of South Alabama

## MEMORANDUM

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

**FROM:** SKH Stan Hammack

**DATE:** May 5, 2016

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 February, March and April 2016**

- Credentials Report – February, March and April 2016

### **Resolution – University of South Alabama Hospitals Medical Staff Bylaws Revisions of April 19, 2016**

- Proposed Changes to University of South Alabama Medical Staff Bylaws Revisions
- University of South Alabama Hospitals Medical Staff Meeting Minutes – April 19, 2016

SKH:kh

Attachments



**UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK  
 MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS  
 FOR BOARD OF TRUSTEE APPROVAL  
 February 2016, March 2016, and April 2016**

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
Amonett, Charles R., RN	Reappt.	Allied	Internal Medicine	Reappt.	All	Internal Medicine	NA	NA	NA
Andrews, LaShonda D., RN	New Appt.	Allied	Pediatrics	NA	NA	NA	NA	NA	NA
Awobuluyi, Marc, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Baranano, Eduardo, MD	NA	NA	NA	Reappt.	Honorary	Surgery	NA	NA	NA
Baskovich, Brett, MD	Reappt.	Active	Pathology	Reappt.	Active	Pathology	Reappt.	Active	Pathology
Bass, Jr., John B., MD	NA	NA	NA	Reappt.	Academic	Internal Medicine	NA	NA	NA
Bassam, Bassam A, MD	Reappt.	Active	Neurology	Reappt.	Active	Neurology	Reappt.	Active	Neurology
Berg, Marion C., MD	NA	NA	NA	Reappt.	Active	Emergency Med.	NA	NA	NA
Bettis, Shanetta Renea, RN	New Appt.	Allied	Pediatrics	NA	NA	NA	NA	NA	NA
Beville, Lindsey C., PA	Reappt.	Allied	Surgery	NA	NA	NA	NA	NA	NA
Bloss, Michael, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Bolton, III, Wilburn D., MD	NA	NA	NA	Reappt.	Active	Emergency Med.	NA	NA	NA
Bolton, III, Wilburn D., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Bonetti, Renee, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Borcicky, David J., DPM	Reappt.	Allied	Orthopaedics	Reappt.	Allied	Orthopaedics	NA	NA	NA
Boudreaux, Carole W., MD	Reappt.	Active	Pathology	Reappt.	Active	Pathology	Reappt.	Active	Pathology
Boudreaux, Michael C., CRNA	New Appt.	Allied	Anesthesiology	New Appt.	Allied	Anesthesiology	NA	NA	NA
Bright, Andrew C., MD	NA	NA	NA	Reappt.	Active	Surgery	Reappt.	Active	Surgery
Brocato, Brian, MD	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN
Brown, Candra S., PCT	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine	NA	NA	NA
Bulczak, Dariusz, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Caldemeyer, Karen, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Catranis, Theodore N., MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Cavazos, Cristina, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Cheeseman, Kaci M., PA	Reappt.	Refer & Follow	Internal Medicine	Reappt.	Refer & Follow	Internal Medicine	NA	NA	NA
Chen, Tao, MD	Reappt.	Refer & Follow	Anesthesiology	Reappt.	Refer & Follow	Anesthesiology	NA	NA	NA
Chromiak, Stephen Blaise, MD	Reappt.	Refer & Follow	Family Medicine	Reappt.	Refer & Follow	Family Medicine	NA	NA	NA
Clarke, Ronald W., MD	Reappt.	Active	OBGYN	NA	NA	NA	NA	NA	NA
Collins, Charmaine D., RN	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	NA	NA	NA
Cordina, Steve M., MD	New Appt.	Active	Neurology	New Appt.	Active	Neurology	New Appt.	Active	Neurology
Correa, Kristin E., DMD	Reappt.	Allied	Surgery	NA	NA	NA	NA	NA	NA
Crotwell, William A., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Cunningham, Jennifer A., MD	Reappt.	Active	OBGYN	NA	NA	NA	NA	NA	NA
Cunningham, Thelma D., RN	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine	NA	NA	NA
Damrich, Michael, MD	Reappt.	Active	Surgery	Reappt.	Active	Surgery	NA	NA	NA
Davis, Charles Seth, CRNP	Reappt.	Refer & Follow	Pediatrics	Reappt.	Refer & Follow	Pediatrics	NA	NA	NA

**UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK  
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS  
FOR BOARD OF TRUSTEE APPROVAL  
February 2016, March 2016, and April 2016**

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Davis, Mark, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Dees, Daniel D., MC	Reappt.	Active	Neurology	Reappt.	Active	Neurology	Reappt.	Active	Neurology
Dubuc, Tammy E., PharmD	Reappt.	Refer & Follow	Internal Medicine	Reappt.	Refer & Follow	Internal Medicine	NA	NA	NA
Duffy, Robert Lamar, MD	Reappt.	Active	Family Medicine	Reappt.	Active	Family Medicine	Reappt.	Active	Family Medicine
Falkos, Sheryl A., MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics
Faliszek, James, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Fenley, Roselee R., RN	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine	NA	NA	NA
Fox, Stephen, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Gaffin, Daniel S., DPM	Reappt.	Allied	Orthopaedics	Reappt.	Allied	Orthopaedics	NA	NA	NA
Gaudet, Alyssa B., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Gauriloff-Rothenberg, Jane, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Geatrakas, Christina, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Glasser, James G., MD	Reappt.	Active	Surgery	Reappt.	Active	Surgery	Reappt.	Active	Surgery
Gloin, Alexandra V., PA	New Appt.	Allied	Radiology	New Appt.	Allied	Radiology	New Appt.	Allied	Radiology
Goslings, Sophia M., MD	Reappt.	Active	Pediatrics	NA	NA	NA	Reappt.	Active	Pediatrics
Greenwell, Audrey Dawn, RN	New Appt.	Allied	Pediatrics	NA	NA	NA	NA	NA	NA
Hall, Tanzell L., RN	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	NA	NA	NA
Handwenger, Adam J., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Haygood, Mark A., DO	Reappt.	Consult/Assoc.	Psychiatry	Reappt.	Consult/Assoc.	Psychiatry	NA	NA	NA
Hudgens, Russell A., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Hughes, Bethany C., PA	New Appt.	Allied	Pediatrics	NA	NA	NA	New Appt.	Allied	Pediatrics
Hughes, Jr., Douglas, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Hundley, Olivette G., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Hundley, Olivette G., MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics
Jardine, James, MD	Reappt.	Refer & Follow	OBGYN	Reappt.	Refer & Follow	OBGYN	NA	NA	NA
Jones, Sondra R., LPN	New Appt.	Allied	Pediatrics	NA	NA	NA	NA	NA	NA
Kenyherz, Gregory, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Kil, Whoon Jong, MD	New Appt.	Active	Radiology	New Appt.	Active	Radiology	New Appt.	Active	Radiology
Klepczyk, Lisa C., MD	New Appt.	Contract/Locums	Radiology	New Appt.	Contract/Locums	Radiology	NA	NA	NA
Kohaut, Edward C., MD	Reappt.	Active	Pediatrics	NA	NA	NA	Reappt.	Active	Pediatrics
Koulianos, George T., MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Laurini, Javier A., MD	Reappt.	Active	Pathology	Reappt.	Active	Pathology	Reappt.	Active	Pathology
Lawrence, III, James M., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	NA	NA	NA
Lawrence, III, James M., MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	NA	NA	NA
Lightner, Jr., Joel E., MD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology
McDell, Angela R., RN	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine	NA	NA	NA
McDonnell, Kevin, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
McMahon, Amanda M., DA	New Appt.	Allied	Surgery	NA	NA	NA	NA	NA	NA

**UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK  
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS  
FOR BOARD OF TRUSTEE APPROVAL  
February 2016, March 2016, and April 2016**

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Michalski, Joseph P., MD	NA	NA	NA	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Moon, David M., MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Morais, Joshua, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Naman, Michelle K., MD	Reappt.	Active	Pediatrics	NA	NA	NA	NA	NA	NA
Naylor, Cynthia L., Neuro Tech	Reappt.	Allied	Neurosurgery	Reappt.	Allied	Neurosurgery	NA	NA	NA
Ochoa, Juan G., MD	Reappt.	Active	Neurology	Reappt.	Active	Neurology	Reappt.	Active	Neurology
Otto, Tara, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Panayiotou, Hercules, MD	NA	NA	NA	Reappt.	Active	Internal Medicine	NA	NA	NA
Parada-Orrego, Sandra, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Park, Elizabeth A., MD	New Appt.	Active	Radiology	New Appt.	Active	Radiology	New Appt.	Active	Radiology
Paul, Marc, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Persick, Peggy, RN	New Appt.	Allied	Pediatrics	NA	NA	NA	NA	NA	NA
Quatrino, Gregory M., MD	NA	NA	NA	New Appt.	Contract/Locums	Emergency Med.	NA	NA	NA
Rather, Lydia G., PharmD	Reappt.	Refer & Follow	Internal Medicine	Reappt.	Refer & Follow	Internal Medicine	NA	NA	NA
Revels, Tim S., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Rice, Holley P., PharmD	Reappt.	Refer & Follow	Internal Medicine	Reappt.	Refer & Follow	Internal Medicine	NA	NA	NA
Richerson, Jason M., MD	NA	NA	NA	Reappt.	Active	Emergency Med.	NA	NA	NA
Richerson, Jason M., MD	Reappt.	Active	Evaluation Center	NA	NA	NA	NA	NA	NA
Richerson, Jason M., MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics
Ringhoffer, Carolyn, MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Rodriguez, Reynaldo, DO	NA	NA	NA	Reappt.	Active	Emergency Med.	NA	NA	NA
Rodriguez, Reynaldo, DO	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Rodriguez-Feo, John A., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Rulnick, Adam, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Scalici, Jennifer, MD	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN
Scott, Byron C., MD	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery	NA	NA	NA
Scott, William W., MD	Reappt.	Active	Neurosurgery	Reappt.	Active	Neurosurgery	Reappt.	Active	Neurosurgery
Sevilla Saez-Benito, Mirium M., MD	Reappt.	Consult/Assoc.	Psychiatry	Reappt.	Consult/Assoc.	Psychiatry	NA	NA	NA
Siddiqui, Abdul H., MD	Reappt.	Active	Pediatrics	NA	NA	NA	Reappt.	Active	Pediatrics
Siegel, Jonathan, MD	Reappt.	Courtesy	Internal Medicine	Reappt.	Courtesy	Internal Medicine	NA	NA	NA
Simon, Liliana, MD	New Appt.	Contract/Locums	Pediatrics	NA	NA	NA	NA	NA	NA
Sims, Carrie N., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Sivanandam, Hari K., MD	Reappt.	Active	Evaluation Center	NA	NA	NA	NA	NA	NA
Smith, Dusty, MD	NA	NA	NA	Reappt.	Refer & Follow	Surgery	NA	NA	NA
Snyper, Stephen R., MD	New Appt.	Active	Anesthesiology	New Appt.	Active	Anesthesiology	NA	NA	NA
Sokol, Joshua, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Sonken, Ronald, MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Speirs, Lauren E., CRNP	Reappt.	Allied	Pediatrics	NA	NA	NA	Reappt.	Allied	Pediatrics



**MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS  
FOR BOARD OF TRUSTEE APPROVAL  
February 2016, March 2016, and April 2016**

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
<b><u>Retired/Resigned</u></b>									
<b><u>Name</u></b>	<b><u>Reason</u></b>	<b><u>Date</u></b>	<b><u>Dept.</u></b>	<b><u>Reason</u></b>	<b><u>Date</u></b>	<b><u>Dept.</u></b>			
Bunch, Dennise C., RN	Resigned	2/17/2016	Radiology	Resigned	2/17/2016	Radiology			
Cho, Derrick H., MD	Resigned	3/10/2016	Neurosurgery	Resigned	3/10/2016	Neurosurgery			
Courtney, James V., MD	Resigned	3/28/2016	Radiology	Resigned	3/28/2016	Radiology			
Ellingwood, Kenneth E., MD	Resigned	2/4/2016	Radiology	Resigned	2/4/2016	Radiology			
Hart, James F., DO	Resigned	3/1/2016	Psychiatry	Resigned	3/1/2016	Psychiatry			
Jernigan, Tayler, DA	Resigned	1/7/2016	Surgery	NA	NA	NA			
Kays, Arlene, RN	Resigned	3/28/2016	OBGYN	Resigned	3/28/2016	OBGYN			
Kii, Whoon Jong, MD	Resigned	4/1/2016	Radiology	Resigned	4/1/2016	Radiology			
Plessala, Kirby, MD	Resigned	2/4/2016	OBGYN	Resigned	2/4/2016	OBGYN			
Ronderos, Juan, MD	Resigned	3/30/2016	Neurosurgery	Resigned	3/30/2016	Neurosurgery			
Smith, Susannah M., CRNP	NA	NA	NA	Resigned	2/12/2016	Internal Medicine			
Teplick, Richard, MD	Resigned	3/30/2016	Family Medicine	Resigned	3/30/2016	Family Medicine			
Walker, Jr., Albert B., MD	Resigned	2/18/2016	Pediatrics	NA	NA	NA			
Yang, Shih-Hsin Eddy, MD	Resigned	4/1/2016	Radiology	Resigned	4/1/2016	Radiology			



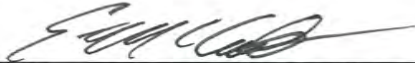
UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK  
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS  
FOR BOARD OF TRUSTEES APPROVAL

February 2016, March, 2016, and April 2016

**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

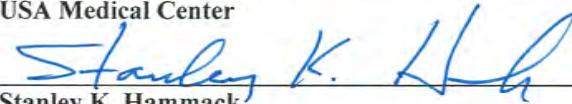
**RECOMMENDED BY:**



Charles E. McCathran, 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

**RESOLUTION**

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

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

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

**Proposed Changes to University of South Alabama Hospitals Medical Staff Bylaws  
Revisions approved at the USA Hospitals General Medical Staff Meeting on April 19, 2016**

**Underlines are additions - Strikethroughs are ~~deletion~~**

Section 3.03 The Consulting/Associate Physician Staff

The Consulting/Associate Staff shall consist of recognized Specialists who do not wish to admit patients to USA Hospitals but are available to provide consultations to other members of the Medical Staff. This category shall not be construed to preclude other members of the Medical Staff from providing consultations to the extent to which they are qualified.

All members of the Consulting/Associate Staff shall be notified of the member's own specific requirements for Focused Professional Practice Evaluation (FPPE) monitoring and subsequent requirements for the Ongoing Professional Practice Evaluation (OPPE). If any staff member has a low volume of FPPE activity during their provisional first year period on Consulting Staff, the practitioner will remain in FPPE review until FPPE activity can be obtained. When this practitioner is due to apply for reappointment, the Combined Credentials Committee will determine whether the practitioner should be given the privilege requested due to continued pendency of the FPPE or should remain in FPPE monitoring status due to the contractual arrangements or medical staff coverage needs. The Combined Credentials committee will make its recommendation to the MEC accordingly.

The members of the Consulting/Associate Staff:

- A. Shall not have admitting privileges
- B. May perform surgical or invasive procedures and/or otherwise treat inpatients or outpatients within their scope of practice in accordance with granted privileges
- C. Shall provide appropriate Back-up coverage.
- D. Subject to Focused Professional Practice Evaluation (FPPE) per specialty during provisional period and then subject to Ongoing Professional Practice Evaluation (OPPE)
- E. May not vote
- F. May serve on Medical Staff committees
- G. May not hold office

**UNIVERSITY OF SOUTH ALABAMA HOSPITALS**  
**MEDICAL STAFF MEETING MINUTES**  
**April 19, 2016**

The meeting of the University of South Alabama Hospitals Medical Staff was held in the Atlantis Room at USA Children's and Women's Hospital on Tuesday, April 19, 2016. Mr. Owen Bailey, Chief Operating Officer of USA Health, called the meeting to order at 7:00 p.m. A roster of attendees is available in the Medical Staff Credentials Office.

Mr. Bailey welcomed everyone and spoke briefly about the reorganization of the common oversight of the outpatient world. The reorganization warranted several new administrative leadership roles that were filled by existing and new employees. Each leader was introduced along with a description of their role with USA Health. Mr. Bailey then introduced new physicians that were in attendance with each speaking briefly about their specialty.

Mr. Bailey shared that the new Professional Office Building (POB) has been officially named Judith Susan and Samuel Joseph Strada Patient Care Center, which is scheduled to open later this summer. He took the opportunity to congratulate USA Medical Center for the best ever survey with The Joint Commission.

William O. Richards, MD, chair of the USA Medical Center Medical Staff presented the proposed revisions to the Medical Staff Bylaws for review and approval, which was granted.

Ms. Beth Anderson, Administrator of USA Medical Center, expounded on the fantastic survey by The Joint Commission. Reporting that the surveyors were impressed with our focus on quality and outcomes. She also reported that the Stroke Certification survey was completed in January. Appreciation was expressed for the many people that helped make these surveys a success. Ms. Anderson reported that moving the helicopter pad to the front of the hospital is the first step in the new outpatient surgical renovation project. The next phase will be to move the Pathology Department to the Moorer Building. Construction of the new outpatient project could start in the next four to five months. Ms. Anderson shared information about quality scorecards and outcomes. Emergency Department throughput will be an area of focus going forward. She reiterated the USA Medical Center is a Tier 1 Hospital with the Blue Cross Blue Shield scorecard. She also shared the Medical Center plans to add additional beds.

Mr. Bailey reported on ongoing construction projects at USA Children's and Women's Hospital in the NICU, 2<sup>nd</sup> Floor Women's Tower, Mother/Baby area, and Women's Oncology area. He announced that the seventh operating room will open on May 2, 2016 and will be named in honor of William J. Terry, Sr., MD. He spoke of the recently acquired MAWSS property that will be used for additional parking and Unity training. Mr. Bailey also shared that USA Children's and Women's Hospital will host the third annual Local Goodness, a signature fundraiser event, at the Alabama Cruise Terminal on Sunday, May 1<sup>st</sup>.

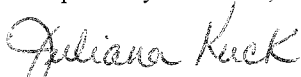
Mr. Danny Rickert, CEO of Gulf Coast Regional Care Network (GCRCN), reported on the progress of the Regional Care Organization (RCO). Part of the readiness review is the adequate network with hospitals and physicians and the GCRCN is currently in the contract phase. The financial solvency criteria has been met. A recent meeting with Medicaid went extremely well and we should know by early May if we are a Full Risk RCO. Medicaid is still anticipating going live on October 1, 2016. However, there is a possibility of this date being deferred until early 2017. Mr. Rickert shared that there is a second RCO being considered for this region called the Alabama Healthcare Advantage, a probationary RCO, and is being backed by Centene.

Mr. Bailey added that Alabama is getting recognized as a great solution, but the next few weeks are very critical. He also mentioned that Ronald Franks, MD is chairing the Governor's Task Force.

Dr. Samuel Strada, Dean of the College of Medicine, announced that 73 graduates were successfully matched on March 19, 2016. He reported that the initial process for recruiting a new Orthopedic Surgery Department Chair has begun with four individuals to be interviewed. In closing, he thanked Angus McBryde, MD for serving as Interim Chair.

With no further business, the meeting was adjourned at 7:35 p.m.

Respectfully submitted,



Juliana Kuck  
Medical Credentialing Coordinator

**UNIVERSITY OF SOUTH ALABAMA**

**BOARD OF TRUSTEES**



**ACADEMIC AND  
STUDENT AFFAIRS**

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**ACADEMIC AND STUDENT AFFAIRS COMMITTEE**

**March 3, 2016  
2:45 p.m.**

A meeting of the Academic and Student Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Ms. Bettye Maye, Chair, on Thursday, March 3, 2016, at 2:45 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

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

Member Absent: Chandra Brown Stewart.

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

Administration and Others: Joe Busta, Lynne Chronister, Darleen Dempster, Kristin Dukes, Kristin Dukes, Mike Finan, Stan Hammack, Krista Harrell, Mike Haskins, David Johnson, Mike Mitchell, John Smith, Sam Strada, Tony Waldrop, Scott Weldon, and Kevin West and Kelly Woodford (Faculty Senate).

Press: 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 December 3, 2015. On motion by Mr. Windom, seconded by Dr. Charlton, the minutes were adopted unanimously.

Ms. Maye called upon Dr. Johnson for presentation of **ITEM 7**, a resolution to award an honorary doctorate degree to Pulitzer Prize-winning journalist Ms. Cynthia Tucker Haynes (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on March 4, 2016). Dr. Johnson discussed Ms. Tucker Haynes' background, as well as the process for vetting a candidate's qualifications for eligibility to be awarded an honorary doctorate degree. On motion by Mr. Windom, seconded by Captain Jenkins, the Committee voted unanimously to recommend approval by the Board of Trustees.

Ms. Maye called for the presentation of **ITEM 8**, a resolution expressing the Board's appreciation to Dr. Allan Tucker, retired Professor and Chair of the Department of Pathology, for his many contributions and years of service to the University, and for his commitment to the education of medical students and residents. President Waldrop advised of Dr. Tucker's retirement in February, and Mr. Yance described Dr. Tucker as an outstanding individual and physician, reminding the group of Dr. Tucker's service on the USA Foundation Board of Directors as faculty representative. On

motion by Mr. Windom, seconded by Captain Jenkins, the Committee voted unanimously to recommend approval by the Board of Trustees.

As to a report on the activities of the Division of Academic Affairs, **ITEM 9**, Ms. Maye called on Mr. Shumock for an update on the work of a committee to determine the feasibility of constructing a stadium on the campus. Mr. Shumock said stadiums at other campuses had been toured and meetings to evaluate stadium amenities and finance aspects had been held, with involvement by USA's two consultants. He said a proposal on stadium appearance and costs from the architectural and finance firms is progressing and those factors would drive the decision on whether to move forward with constructing a stadium. Chairman Furr thanked Mr. Shumock for his efforts. Mr. Shumock said he had enjoyed the process. Ms. Maye asked about the schedule for receiving the report. Mr. Shumock said the information is expected within the next couple of months. Brief discussion took place about changes in the Sun Belt Conference.

Ms. Maye called for a report on the activities of the Division of Student Affairs, **ITEM 10**. Dr. Smith gave an update on campus housing, noting previous discussion on the possibility of constructing a new residence hall. He said, although a building design is complete, the Administration has evaluated needs and agrees construction can be delayed for one year. If necessary to cover residency for the 2016-2017 academic year, he stated beds could be leased from The Grove. He noted housing as a self-supporting operation and stressed the prudence of not exceeding the demand.

Dr. Mitchell introduced Dr. Krista Harrell, Associate Dean of Students and Title IX Coordinator, and Dr. Darlene Dempster, Prevention Coordinator and Associate Director of USA's Counseling and Testing Services, for a report on *SafeZone*, a program to educate faculty and staff on ways to be more inclusive of the LGBTQ (lesbian, gay, bisexual, transgender, questioning) student community. Dr. Dempster detailed aspects of SafeZone, which provides areas designated as a "Safe Place" for individuals to feel comfortable regardless of orientation and without fear of being judged or ridiculed. Dr. Harrell asserted the importance of SafeZone with regard to retention, noting that students and faculty make decisions on enrollment and employment on the basis of provisions that promote a tolerant campus environment. She expressed appreciation for the support of USA's leadership and questions from Trustees were addressed.

There being no further business, the meeting was adjourned at 3:12 p.m.

Respectfully submitted:

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Bettye R. Maye, Chair

## 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 Provost and Senior Vice President for Academic 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, 2016.

#### COLLEGE OF ARTS AND SCIENCES:

**Tenure:**

Benjamin D. Hill  
Rebecca A. Mindock  
W. Matthew Reichert  
Kimberly Zlomke

**Promotion to Professor:**

Jeannette Fresne  
Romulus Godang  
Mara V. Kozelsky  
Alexandra C. Stenson  
Richard L. Ward

**Promotion to Associate Professor:**

Benjamin D. Hill  
Rebecca A. Mindock  
W. Matthew Reichert  
Kimberly Zlomke

#### COLLEGE OF ENGINEERING:

**Tenure:**

Edmund A. Spencer

**Promotion to Associate Professor:**

Edmund A. Spencer

#### COLLEGE OF MEDICINE:

**Tenure:**

Mary Burtnick  
Xiangming Zha

**Promotion to Professor:**

Sidney Brevard  
Hamayan Imran  
Ehab Molokhia  
Bassam Omar  
Richard Whitehurst



**COLLEGE OF MEDICINE continued:**

**Promotion to Associate Professor:**

Robert Barrington  
Mary Burtnick  
Anne-Marie Kaulfers  
Paul Rider  
Jeffrey Sosnowski  
Xiangming Zha

**COLLEGE OF NURSING:**

**Promotion to Senior Instructor:**

Cindy A. Herf

**Promotion to Associate Professor:**

Katherine A. Bydalek  
Tricia K. Huey  
Leigh A. Minchew

**MITCHELL CANCER INSTITUTE:**

**Tenure:**

Eun-Young (Erin) Ahn  
Seema Singh

**Promotion to Professor:**

Ajay Singh

**Promotion to Associate Professor**

Eun-Young (Erin) Ahn  
Seema Singh  
Jennifer Scalici

**MITCHELL COLLEGE OF BUSINESS:**

**Tenure:**

Charles T. Grant  
Gwendolyn P. Pennywell

**Promotion to Associate Professor:**

Gwendolyn P. Pennywell

**PAT CAPPS COVEY COLLEGE OF ALLIED HEALTH PROFESSIONS:**

**Tenure:**

Robert B. Dale  
Tara M. Davis

**Promotion to Associate Professor:**

Tara M. Davis  
Terrence J. Ravine

**SCHOOL OF COMPUTING:**

**Tenure:**

Stephen M. Campbell

**Promotion to Associate Professor:**

Stephen M. Campbell

**MEMORANDUM**  
OFFICE OF ACADEMIC AFFAIRS

**Date:**  
April 25, 2016

**To:**  
Tony G. Waldrop

**From:**  
G. David Johnson



**Subject:**  
Faculty Tenure and Promotion Recommendations, 2016

**Recommend Awarding Tenure:**

Stephen M. Campbell – Information Systems and  
Technology  
Robert B. Dale – Physical Therapy  
Tara M. Davis – Speech Pathology and Audiology  
Charles T. Grant – Accounting  
Benjamin D. Hill – Psychology  
Rebecca A. Mindock – Music  
Gwendolyn P. Pennywell – Finance  
W. Matthew Reichert – Chemistry  
Edmund A. Spencer – Electrical and Computer  
Engineering  
Kimberly Zlomke – Psychology

**Recommend Promotion to Senior Instructor:**

Cindy A. Herf – Community Mental Health

**Recommend Promotion to Associate Professor:**

Katherine A. Bydalek – Adult Health Nursing  
Stephen M. Campbell – Information Systems and  
Technology  
Tara M. Davis – Speech Pathology and Audiology  
Benjamin D. Hill – Psychology  
Tricia K. Huey – Maternal Child Nursing  
Leigh A. Minchew – Maternal Child Nursing  
Rebecca A. Mindock – Music  
Gwendolyn P. Pennywell – Finance  
Terrence J. Ravine – Biomedical Sciences  
W. Matthew Reichert – Department of Chemistry  
Edmund A. Spencer – Electrical and Computer  
Engineering  
Kimberly Zlomke – Department of Psychology

REC'D  
Office of the President

MAY 03 2016

**Memorandum**  
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**Recommend Promotion to Professor:**

Jeannette Fresne – Music  
Romulus Godang – Physics  
Mara V. Kozelsky – History  
Alexandra C. Stenson – Chemistry  
Richard Ward – Communication

All portfolios and recommendations with accompanying rationales are available for your review. Upon your final action, a resolution for the Board of Trustees will be forwarded.

Approved \_\_\_\_\_



Disapproved \_\_\_\_\_

GDJ/pbm

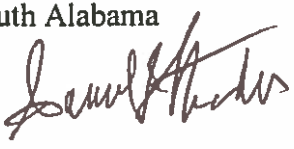
UNIVERSITY OF SOUTH ALABAMA

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: April 25, 2016

SUBJECT: College of Medicine Faculty Promotion and Tenure  
Recommendations, 2016

Below are my recommendations for the College of Medicine promotion and tenure for 2016. The recommendations are being forwarded to you for your approval and for approval by the Board of Trustees.

**RECOMMENDED:**

**COLLEGE OF MEDICINE:**

**Tenure:**

Dr. Mary Burtnick  
Dr. Xiangming Zha

**Promotion to Associate Professor:**

Dr. Robert Barrington  
Dr. Mary Burtnick  
Dr. Anne-Marie Kaulfers  
Dr. Paul Rider  
Dr. Jeffrey Sosnowski  
Dr. Xiangming Zha

**Promotion to Professor:**

Dr. Sidney Brevard  
Dr. Hamayan Imran  
Dr. Ehab Molokhia  
Dr. Bassam Omar  
Dr. Richard Whitehurst

REC'D  
Office of the President

APR 29 2016

University of South Alabama



## MEMORANDUM

DATE: April 28, 2016

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

*Approved*  
*TGW*

FROM: Michael A. Finan, M.D.  
Abraham A. Mitchell Chair  
Director, Mitchell Cancer Institute

*MAF*

SUBJECT: Promotion Recommendations

This is to recommend the academic promotion of the following MCI faculty:

Ajay Singh, Ph.D. to Professor, Oncologic Sciences (with tenure)

Erin Ahn, Ph.D. to Associate Professor, Oncologic Sciences (with tenure)

Seema Singh, Ph.D. to Associate Professor, Oncologic Sciences (with tenure)

Jennifer Scalici, M.D. to Associate Professor, Interdisciplinary Clinical Oncology (non-tenured)

The Mitchell Cancer Institute FCAPE Committee has reviewed the promotion packages and has unanimously recommended approval.

MAF/sda

**RESOLUTION**

**COMMENDATION OF DR. B. KEITH HARRISON**

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

**WHEREAS**, Dr. B. Keith Harrison has served in numerous capacities at USA over the course of three decades, including Professor of Engineering, Chair of Chemical Engineering, Graduate Coordinator of Chemical Engineering, Director of Engineering Graduate Studies, Associate Dean of Engineering, Interim Dean of Engineering, Dean of the Graduate School, and Associate Vice President for Academic Affairs, and

**WHEREAS**, during his tenure as Dean of the Graduate School for 11 years, he provided leadership for graduate education at the University and was instrumental in initiating five new doctoral programs and four master's programs, and

**WHEREAS**, Dr. Harrison initiated and headed the Office of Post-Doctoral Education, and

**WHEREAS**, in 2008, Dr. Harrison and his wife, Leora, established the *B. Keith Harrison Endowed Scholarship in Chemical Engineering* and, in 2010, pledged an additional \$1 million to support deserving students studying chemical engineering,

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

**RESOLUTION**

**TUITION, HOUSING AND FEES SCHEDULES  
2016-2017**

**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 2016-2017 education budget that increases USA's state funding by \$2,307,957 or 2.3 percent from last year, and

**WHEREAS**, USA has faced over \$300 million in accumulated reductions in state appropriations 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 2016-2017 and beyond, the University Administration and Budget Council have determined that increases in tuition and fees, as well as housing and meal plan rates, 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 2016-2017, 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, required student fees, and housing and meal plan rates for the 2016-2017 academic year as set forth in the attached schedules.

# University of South Alabama

## Tuition & Fees, 2016-2017

3.0% Increase

Student Classification	Current*	Proposed*	Change
	<u>2015-2016</u>	<u>2016-2017</u>	
Undergraduate In-State	\$293	\$302	\$9
Graduate In-State	\$395	\$407	\$12

Non-resident rate is twice the resident rate

Student Classification	Current full academic year tuition plus fees	Proposed full academic year tuition & fees	Change in full academic year tuition
	<u>2015-2016</u>	<u>2016-2017</u>	
Undergraduate In-State	\$8,790	\$9,060	\$270
Graduate In-State	\$9,480	\$9,768	\$288

Note: Based on 30 undergraduate and 24 graduate hours over two semesters per academic year

Non-resident rate is twice the resident rate

### Web Course per-Hour Tuition

3.0% Increase

Undergraduate	\$386	\$398	\$12
Graduate	\$469	\$483	\$14

### College of Medicine

3.0% Increase

College of Medicine	\$28,236	\$29,083	\$847
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\*This rate reflects a general Arts & Sciences major



**UNIVERSITY OF SOUTH ALABAMA**  
**2016-2017 Proposal**

In-State Tuition Rate*	Undergraduate		Graduate	
	Current Tuition	3.0% Increase	Current Tuition	3.0% Increase
College of Arts and Sciences College of Education School of Continuing Education	\$293	\$302	\$395	\$407
Pat Capps Covey College of Allied Health Professions Mitchell College of Business School of Computing	\$308	\$317	\$416	\$428
College of Engineering	\$312	\$321	\$420	\$433
College of Nursing	\$328	\$348**	\$446	\$469**

Out-of-State Tuition Rate	Undergraduate		Graduate	
	Current Tuition	2 times the in-state rate	Current Tuition	2 times the in-state rate
College of Arts and Sciences College of Education School of Continuing Education	\$586	\$604	\$790	\$814
Pat Capps Covey College of Allied Health Professions Mitchell College of Business School of Computing	\$616	\$634	\$832	\$856
College of Engineering	\$624	\$642	\$840	\$866
College of Nursing	\$656	\$696***	\$892	\$938***

Web Course Tuition Rate	Undergraduate		Graduate	
	Current Tuition	3.0% Increase	Current Tuition	3.0% Increase
College of Arts and Sciences College of Education School of Continuing Education	\$386	\$398	\$469	\$483
Pat Capps Covey College of Allied Health Professions Mitchell College of Business School of Computing	\$400	\$412	\$491	\$506
College of Engineering	\$405	\$417	\$495	\$510
College of Nursing	\$420	\$443**	\$521	\$547**

\*Includes Study Abroad/Study Away (Outside the State of Alabama)

\*\*2016-2017 College of Nursing In-State/Web Tuition Rate:  
Undergraduate tuition rate is an increase of 3% plus \$10 per credit hour over the 2015-2016 rate.  
Graduate tuition rate is an increase of 3% plus \$10 per credit hour over the 2015-2016 rate.

\*\*\*2016-2017 College of Nursing Out-of-State Tuition Rate:  
Undergraduate tuition rate is an increase of 3% plus \$20 per credit hour over the 2015-2016 rate.  
Graduate tuition rate is an increase of 3% plus \$20 per credit hour over the 2015-2016 rate.

# 2016-2017 Cost of Attendance

Full Time Undergraduate Resident (30 hours/year)  
for a typical first-time Freshman Arts & Sciences Major

University of South Alabama @ 3.0% Increase	
EXPENSE	2016-2017 COST
Tuition & Fees	\$9,060
Room*	\$4,970
Board**	\$3,490
Books	\$1,100
Parking Permit	Included in Tuition & Fees
<b>TOTAL</b>	<b>\$18,620</b>

\*Room: New Hall two bed w/ private bath

\*\*Board: Unlimited meals with \$175 bonus bucks

Auburn University @ 3.0% Increase (approved)	
EXPENSE	2016-2017 COST
Tuition & Fees	\$10,696
Room*	\$6,500
Board**	\$3,980
Books	\$1,100
Parking Permit	\$160
<b>TOTAL</b>	<b>\$22,436</b>

\*Room: The Village - 2 bedroom with bath

\*\*Board: 15 meals per week

University of Alabama @ 3.0% Increase (tentative proposal)	
EXPENSE	2016-2017 COST
Tuition & Fees	\$11,060
Room*	\$7,100
Board**	\$3,916
Books	\$1,100
Parking Permit	\$320
<b>TOTAL</b>	<b>\$23,496</b>

\*Room: Blount Hall- 2 bed with private bath

\*\*Board: Unlimited meals with required \$325 dining dollars

University of Alabama at Birmingham @ 3.0% Increase (tentative proposal)	
EXPENSE	2016-2017 COST
Tuition & Fees	\$9,884
Room*	\$5,900
Board**	\$3,640
Books	\$1,100
Parking Permit	\$130
<b>TOTAL</b>	<b>\$20,654</b>

\*Room: Blazer Hall - 2 bedroom with 2 bath suite

\*\* Board: Blazer 2 plan- 12 meals/week w/ \$300 flex dollars

Troy University @ 3.1% Increase (tentative proposal)	
EXPENSE	2016-2017 COST
Tuition & Fees	\$10,150
Room*	\$4,560
Board**	\$3,490
Books	\$1,100
Parking Permit	\$75
<b>TOTAL</b>	<b>\$19,375</b>

\*Room: Newman Center 2 bed/2 person suite


\*\*Board: 14 meals per week plus \$350 Flex Dollars

DATE: May 18, 2016

REC'D  
Office of the President

TO: Tony G. Waldrop

MAY 19 2016

FROM: G. David Johnson 

University of South Alabama

RE: Premium Tuition Increase

After review of current program costs, tuition analysis, as well as the attached recommendation from Dr. Debra Davis, Dean for the College of Nursing, I agree with the recommendation to increase the premium tuition for the College of Nursing. This increase will allow us to hire five additional full-time faculty members which will decrease our reliance on part-time faculty within these programs. I also request that two of these positions be tenure-track, which will include a higher research expectation for performance.

Below is a schedule of the requested increase amounts per credit hour.

**Current**

	<u>In-State</u>	<u>Out-of-State</u>	<u>Web</u>
Undergraduate	\$20	\$40	\$20
Graduate	\$30	\$60	\$30

**Proposed**

	<u>In-State</u>	<u>Out-of-State</u>	<u>Web</u>
Undergraduate	\$30	\$60	\$30
Graduate	\$40	\$80	\$40

This premium tuition increase will be in addition to any other approved institutional increase for Academic Year 2016-17. I request that you approve the inclusion of these increases in the tuition recommendations presented to the Board of Trustees at their June 2016 meeting.

Thank you for consideration of this request.

Approved  5-19-16

Disapproved \_\_\_\_\_

**Date:**

May 16, 2016

**To:**

Dr. Davis Johnson

**From:**

*Debra*  
Dr. Debra C. Davis

**Subject:**

Amended request for 5 faculty lines

In March of 2016, I sent you a memo requesting five new faculty lines for the CON. The purpose of this memo is to amend the request to confirm that two of the five positions will be dedicated to hiring tenure-track faculty with research expectations. One position will be assigned to the Adult Health Nursing department and one to the Maternal Child Nursing Department.

The salary for these positions will need to be competitive in order to recruit faculty with research qualifications. Please see the attached information published by the American Association of Colleges of Nursing which reflects 2015-16 calendar year salaries for faculty employed in institutions with an academic health center. I would expect that we will need to offer salaries at the 50<sup>th</sup> percentile.

I also request that the tuition for nursing students be increased to cover the salary and fringe benefits for all five of the new positions.



MEMORANDUM  
UNIVERSITY OF SOUTH ALABAMA

COPY

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

FROM: Debra C. Davis, PhD, RN *Davis*  
Dean, College of Nursing

DATE: April 6, 2016

RE: Request for additional faculty lines

The purpose of this memo is to request five new faculty lines for the College of Nursing. Specifically, one instructor position for the Maternal Child Health department, one assistant professor for the Community Mental Health department, and three assistant professor positions for the Adult Health department. I request that these be approved for the fall of 2016 or as soon as possible and be funded by O&M.

The college currently has 97 full-time faculty lines and all are filled except for a position for an Associate Dean for Research, Development, and Evaluation. As per Institutional Research reports, over the past five years the credit hours per full-time faculty has increased from 307 to 321 credit hours per faculty despite our increasing the number of full-time positions within the college (see attached Table 4). The percent of instruction taught by part-time faculty also continues to increase when clinical hour equivalent (CHE) credit hours are included.

As our enrollment in the Master's and Doctor of Nursing Practice programs grows (see attached Table 1), so has our reliance on part-time faculty. In addition, some of the full-time faculty continue to teach overloads in order for all our courses to be covered. In the fall of 2015, the college employed 113 part-time faculty which was almost double the number hired for the fall of 2014 (n=69). The majority of part-time faculty are hired to teach in the graduate programs which are taught online. The department chairs are challenged to find enough qualified faculty each semester to cover courses and they are further challenged by the time that it takes to ensure that these part-time faculty are appropriately oriented to teaching online and are sufficiently supervised. For example, Dr. Valorie Dearmon, chair of the Adult Health Nursing department reports a concern with the quality of instruction within the Dual Role (Family Nurse Practitioner and Adult Gerontological Nurse Practitioner) specialty option offered by her department because of the ratio of full-time to part-time instructors.

Dr. Dearmon is requesting three assistant professors for this specialty option. In the fall of 2015, she had five full-time faculty and 37 part-time faculty teaching in the specialty courses for the dual track. There were 251 students enrolled in the dual role track. For the fall of 2016, we anticipate that enrollment in the

master's level (500 level) courses will remain about the same as 2015. Enrollment in the DNP (600 level) Residency courses for the track will increase from 6 students to 36 or more. It is during the residency courses that students complete their doctoral scholarly projects. The college prefers for full-time faculty to direct these projects in order to maintain academic rigor. The cost to hire the three assistant professors is \$82,000 per faculty per year plus fringe benefits.

Dr. Todd Harlan, chair of Community Mental Health Nursing is requesting a position for an assistant professor to teach in the Nursing Informatics track offered by his department. The Nursing Informatics track has approximately 39 student enrolled and has grown in enrollment each year. Dr. Harlan and one part-time faculty teach in the track. Dr. Harlan's preparation is in Public Health Nursing and Adult Health Nursing. The part-time faculty has academic and experiential preparation in nursing informatics and therefore has a significant role in the program. The part-time faculty is finishing her DNP degree in May of this year and is seeking full-time employment. Hiring a full-time faculty for the track would free up Dr. Harlan to teach other courses for which he is better prepared. The cost would be \$82,000 per year plus fringe benefits for an assistant professor.

Dr. Jacqueline Lollar, chair of Maternal Child Health Nursing, is requesting an instructor position for her department. The instructor is needed to teach undergraduate courses and would cost \$70,000 per year plus fringe benefits. Dr. Lollar reports great difficulty in recruiting and retaining qualified faculty to teach in undergraduate clinical courses. She also needs to reduce faculty overloads for the department.

In the fall semester, Dr. Lollar typically will have 22 clinical sections to cover. In the spring semester, she will need coverage for 20 sections and in the summer term coverage for 30 sections. Within her department are six full-time faculty who teach in these clinical sections and she relies on approximately 5 to 7 part-time faculty to cover multiple sections for the program.


Dr. Lollar is unable to increase the number of students in each section because of Alabama Board of Nursing regulations. We feel strongly that we must accommodate all of our students who maintain continuous enrollment in the college, therefore, we do not close courses because of the hardship it would create for the students.


The baccalaureate and master's programs are being reviewed this year by our accrediting body, the Commission on Collegiate Nursing Education (CCNE). A report documenting compliance with all accreditation standards is due June 1, 2016. As part of this report we must provide evidence that our faculty are sufficient in number to accomplish the mission, goals, and expected program outcomes and that the faculty are academically and experientially prepared for the areas in which they teach. At present, I believe we are "in the box" with respect to compliance with this accreditation requirement, however, we are "just barely" in the box. A commitment from the university for these new faculty lines would assist us to document for CCNE that we are in compliance with this key element. The new faculty lines will also allow us to maintain current enrollment in our programs.

Thank you for your consideration.



UNIVERSITY OF SOUTH ALABAMA

TO: Tony Waldrop, President 

FROM: John Smith, Executive Vice President 

DATE: May 3, 2016

RE: PROPOSED ROOM AND BOARD RATES 2016-2017

Dr. Chris Vinet, Executive Director of Housing and Dining, has proposed an average increase of 2.1% for room rates and an average increase of 2.5% for board rates for the fall and spring semesters. There will be no increase for summer rates. As you know, Housing and Dining are self-supported auxiliaries and most cover their own operating costs and debt service. More than \$2.4 million of facilities improvements are planned for summer 2016 and these rates are needed to fund these improvements and planned future improvements.

Even with the proposed increase, USA will remain very competitive with other universities in the state and the local market. A rate comparison with other universities is attached. Please let me know if you have questions or need additional information concerning this recommendation.

JWS/bjs

cc: Dr. David Johnson, Provost & Sr. vice President for Academic Affairs  
Mr. Scott Weldon, Vice President for Finance & Administration

REC'D  
Office of the President

MAY 19 2016

University of South Alabama

OFFICE OF EXECUTIVE VICE PRESIDENT

AD 130 | 307 University Boulevard, N. | Mobile, Alabama 36688-0002

TEL: (251) 460-6171 | southalabama.edu

EO/AA Employer – minorities/females/veterans/disabilities/sexual orientation/gender identity

**Date:**

April 15, 2016

**To:**

Dr. John Smith

**From:**

Dr. Chris Vinet

**Subject:**

Housing & Dining Proposed Rate Increase for 2016-2017

With the largest number of students residing on campus in University history this past fall, Housing has maintained a 94.5% annualized occupancy for the 2015-2016 academic year. For 2016-2017, Housing applications for returning students have increased and applications for new students are consistent with numbers received this same time last year.

Increases in operating expenses are anticipated for the upcoming year and we continue to endeavor to increase reserves for future improvements. More than \$2.4 million dollars of facilities improvements are planned in summer 2016.

The recommended rate structure for 2016-2017 is attached and an average rate increase of 2.1% for room and 2.5% for board is proposed. In an effort to reduce cost as much as possible, we again recommend no increase in summer session rates.

With the proposed increase, USA would continue to remain very competitive within the state of Alabama and the Gulf Coast region. I have attached the rate proposal and comparison for your review. Please let me know if you would like additional information regarding this proposal.



## 2016 - 2017 Proposed Semester Room Rates

Residence Hall		2015-2016 Current Rate	2016-2017 Proposed Rate	Difference
BETA	Two Bedroom Apartment for Four	\$1,925	\$1,925	\$0
	Two Bedroom Apartment for Two	\$2,750	\$2,825	\$75
	Studio Apartment for Two	\$2,210	\$2,320	\$110
	Private Apartment	\$2,750	\$2,825	\$75
GAMMA	Suite for Two	\$2,600	\$2,600	\$0
	Two Bedroom Apartment for Two	\$2,750	\$2,825	\$75
	Studio Apartment for Two	\$2,210	\$2,320	\$110
	Private Apartment	\$2,750	\$2,825	\$75
DELTA	Two Person Room (D3-5)	\$1,925	\$1,925	\$0
	Large Private Room (D3-5)	\$2,485	\$2,485	\$0
	Private Room (D3-5)	\$2,400	\$2,485	\$85
	Two Person Room w/ kitchenette (D6)	\$2,210	\$2,285	\$75
	Private Room w/ kitchenette (D6)	\$2,485	\$2,485	\$0
EPSILON	Two Person Room	\$2,400	\$2,485	\$85
NEW HALL	Two Person Room	\$2,400	\$2,485	\$85
STOKES	Suite for Two	\$2,750	\$2,825	\$75

## Housing Comparison Semester Rates

### **USA (2015-2016)**

Two person room	\$1,925 - \$2,400
Private room/suite	\$2,485 - \$2,750
Two person room with kitchenette	\$2,210
Private room with kitchenette	\$2,485
Two person apartment	\$2,750
Four person apartment/quad suite	\$1,925

### **USA (2016-2017 Proposed average increase --2.1%)**

Two person room	\$1,925 - \$2,485
Private room/suite	\$2,485 - \$2,825
Two person room with kitchenette	\$2,285
Private room with kitchenette	\$2,485
Two bedroom apartment/suite	\$2,825
Four person apartment/quad suite	\$1,925

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### **Auburn University (2015-2016)**

Two person room	\$2,850 - \$3,250
Private room/suite	\$3,600 - \$3,950
Two bedroom apartment	\$4,400 - \$5,200
Private apartment	\$4,400 - \$5,400

### **University of Alabama (2015-2016)**

Two person room	\$2,800 - \$3,550
Private room/suite	\$3,250
Private apartment	\$4,925
Four person apartment	\$4,400

### **University of Alabama at Birmingham (2015-2016)**

Two person room	\$2,950
Private room	\$3,105 - \$3,860
Two person apartment	\$4,170 - \$4,500
Four person apartment	\$3,235
Private apt	\$4,400

### **Troy University (2015-2016)**

Two person room	\$1,875 - \$2,600
Private room	\$2,015 - \$3,250
Two person apartment	\$2,835
Quad suite	\$1,775- \$2,045

## 2016 - 2017 Proposed Semester Meal Plan Rates

<u>Meal Plan Type</u>	<u>2015-2016 Current Rate</u>	<u>2016-2017 Proposed Rate</u>	<u>Difference</u>
All Access Pass with \$175 Bonus Bucks	\$1,700	\$1,745	\$45
All Access Pass with \$300 Bonus Bucks	\$1,800	\$1,860	\$60
All Access Pass with \$450 Bonus Bucks	\$1,950	\$1,985	\$35
7 Meals Per Week with \$100 Bonus Bucks	\$840	\$860	\$20
Block 25 with \$1000 Bonus Bucks	\$1,000	\$1,000	\$0
Block 50 with \$1300 Bonus Bucks	\$1,300	\$1,300	\$0

## Dining Comparison Meal Plans

### **USA (2015-2016)**

Freshmen/Sophomore	\$1,700 - \$1950
Junior/Senior/Graduate	\$840 - \$1,950

### **USA (2016-2017 *Proposed average increase – 2.5%*)**

Freshmen/Sophomore	\$1,745 - \$1985
Junior/Senior/Graduate	\$860 - \$1,985

### **Auburn University (2015-2016)**

Residential	\$995
Commuter dining fee	\$300

### **University of Alabama (2015-2016)**

Freshmen residential*	\$2,040
Upperclass residential*	\$845-\$2,040
Commuter dining fee (9+ credit hours)	\$325

### **University of Alabama at Birmingham (2015-2016)**

Freshmen residential*	\$1,975
Upperclass residential*	\$425-\$1,975
Commuter dining fee (12+ credit hours)	\$225

### **Troy University (2015-2016)**

Residential w/o kitchen	\$1,744
Residential with kitchen	\$300
Commuter dining fee (9+credit hours)	\$300

*\*Includes required dining fee for all residential and commuter students*

# University of South Alabama-- 2016 Scorecard

	Metric	Baseline	2021 Target	2017 Data	2018 Data	2019 Data	Progress
<b>Student Success and Access</b>	One (1) Year FTFT* Undergraduate Retention Rate	73%	81%				
	Six (6) Year FTFT Graduation Rate	35%	45%				
	One (1) Year FTFT Undergraduate Retention Rate for Pell Eligible Students	71%	81%				
	Student/Faculty Ratio	20:1	20:1				
	Percent of disciplines where USA scores above national average on license/exit tests**	85%	90%				
<b>Research and Graduate Education</b>	Number of awards received from external agencies	283	336				
	Number of students funded from external grants, gifts, or contracts - Undergraduate	208	251				
	- Graduate	101	121				
	Percentage of South Alabama projects involved in multidisciplinary research across college and department lines	6%	15%				
	Develop a new graduate degree program bi-annually	NA	2				
Ratio of peer-reviewed publications, books, and juried works to full, associate, and assistant professors in the Humanities and Arts	1.75	1.9					
<b>Global Engagement</b>	The number of non-resident international students enrolled	855	1,500				
	The diversity of countries from which non-resident international students originate	76	85				
	Number of students earning the global engagement certificate (established Fall 2017)	NA	5				
	Percentage of students participating in study abroad programs	1.58%	3%				
	Number of students transferring in from foreign universities with articulated transfer agreements	34	110				
	Number of active collaborations with foreign universities as indicated by faculty/student exchanges or research/scholarly collaborations	10	21				
<b>University-Community Engagement</b>	Number of unique service-learning courses	83	91				
	Attendance at Music and Theater Events at the Laidlaw Performing Arts Center	9,818	10,482				
	Attendance at Athletic Events	200,505	262,500				





# University of South Alabama-- 2016 Scorecard

	Metric	Baseline	2021	2017	2018	2019	Progress
			Target	Data	Data	Data	
<b>Excellence in Healthcare</b>	Eight (8) indicators of the standardized infection rate are at or below target	5 of 8 are below	all 8 at or below				
	80% of patients are willing to recommend facility or providers - Children's and Women's	85%	85%				
	- Medical Center	77%	80%				
	- HSF	94%	95%				
	- Mitchell Cancer Institute	95%	95%				
	Value Based Purchasing - Achieve neutral or financial gain	Loss	Neutral/ Gain				
	Number of faculty in the Colleges of Allied Health, Nursing, and Medicine engaged in interprofessional and collaborative endeavors across health-related professional groups, including academic/practice partnerships, resulting in increased scholarly production	33%	50%				

\*FTFT=First Time Full Time Undergraduates

\*\* Includes: Social Work, Audiology, Cardiorespiratory Care, Occupational Therapy, Paramedic, Physical Therapy, Physician Assistant Studies, Speech Pathology, Business - ETS Undergraduate, MBA, CPA, Medicine, and Nursing.

### Progress Icon Key

	Met Target		Making progress but below target
	On track to meet target		Losing ground

**UNIVERSITY OF SOUTH ALABAMA**

**BOARD OF TRUSTEES**



**AUDIT**

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**AUDIT COMMITTEE**

**March 3, 2016**

**3:12 p.m.**

A meeting of the Audit Committee of the University of South Alabama Board of Trustees was duly convened by Dr. Scott Charlton on behalf of Mr. John Peek, Chair, on Thursday, March 3, 2016, at 3:12 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

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

Members Absent: John Peek and Sandy Stimpson.

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

Administration and Others: Joe Busta, Lynne Chronister, Kristin Dukes, Monica Ezell, Mike Finan, Stan Hammack, Mike Haskins, David Johnson, Mike Mitchell, John Smith, Sam Strada, Tony Waldrop, Scott Weldon, and Kevin West and Kelly Woodford (Faculty Senate).

Press: Alyssa Newton (*Vanguard*).

The meeting came to order and the attendance roll was called. Dr. Charlton called for consideration of the minutes of the meetings held on September 3 and December 3, 2015. On motion by Sheriff Mixon, seconded by Capt. Jenkins, the minutes were adopted unanimously.

Dr. Charlton called upon Mr. Weldon for presentation of the KPMG report on intercollegiate athletics for the fiscal year ended September 2015, **ITEM 17**. Mr. Weldon stated the report, which examines compliance with National Collegiate Athletic Association (NCAA) regulations, is conducted annually to fulfill NCAA bylaws requirements. He said the report did not yield findings or exceptions.

There being no further business, the meeting was adjourned at 3:14 p.m.

Respectfully submitted:

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Scott A. Charlton, M.D.

On behalf of:

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John M. Peek, Chair



**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**



**DEVELOPMENT,  
ENDOWMENT  
AND INVESTMENTS**

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE**

**March 3, 2016  
3:14 p.m.**

A meeting of the Development, Endowment and Investments Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Jim Yance, Chair, on Thursday, March 3, 2016, at 3:14 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

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

Other Trustees: Scott Charlton, Steve Furr, Bettye Maye, Arlene Mitchell, Bryant Mixon, and Jimmy Shumock.

Administration and Others: Terry Albano, Joe Busta, Lynne Chronister, Kristin Dukes, Mike Finan, Mike Finan, Stan Hammack, Mike Haskins, David Johnson, Mike Mitchell, Norman Pitman, John Smith, Sam Strada, Tony Waldrop, Scott Weldon, and Kevin West and Kelly Woodford (Faculty Senate).

Press: 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 December 3, 2015. On motion by Mr. Corcoran, seconded by Mr. Windom, the minutes were approved unanimously.

Mr. Yance addressed **ITEM 18**, a report on endowment and investment performance, noting a slight underperformance and market volatility. He called on Mr. Albano, who reported an endowment total of \$140.2 million for the first quarter ended December 31, 2015. He said performance for the period was 2.18 percent versus the relative index of 3.04 percent, an underperformance of .86 percent. He advised all managers had outperformed their respective indexes with the exception of Private Advisors. He reminded the Committee of the decision to release Private Advisors of its management responsibilities, which Mr. Pitman affirmed would reflect on the portfolio effective June 1. Mr. Pitman discussed changes in the bond market and Mr. Albano stated, with volatility, opportunities can emerge. He said additional investments of between \$2 million and \$3 million are being explored. He detailed a chart showing allocations by manager and discussed annualized performance since inception, noting a return of 4.79 percent versus the relative index of 3.89 percent, an outperformance of .9 percent. He conveyed confidence in the University's long-term investment plan and gave an update on due diligence efforts relating to private equity as an asset class and replacement of Private Advisors,

adding that interviews with private equity managers are scheduled on March 29 and interviews with hedge funds managers would take place in May.

Mr. Albano presented **ITEM 19**, a resolution authorizing changes to the investment policies and guidelines for non-endowment fund investments (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on March 4, 2016). He said the revisions address the addition of a policy for long-term investing of operating cash, which cannot exceed 30 percent of the total portfolio or include fixed income. Further, it allows the Administration to establish a line of credit. On motion by Mr. Corcoran, seconded by Judge Simon, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Yance called for presentation of **ITEM 20**, a report on the activities of the Division of Development and Alumni Relations. Dr. Stokes, Upward & Onward Campaign Co-Chair, shared campaign highlights, including \$84.4 million raised towards the \$150 million campaign goal as of February 29, as well as 17,501 donors and 23,168 gifts. He stated the campaign team was fully engaged to meet goals identified by the Development staff for the next six months. He said 14 regional receptions were scheduled, the first of which took place in Salt Lake City, Utah, on February 18. He invited participation at the afternoon leadership team meeting and said another meeting would follow on September 30, 2016, to coincide with the USA vs. San Diego State home football game.

Mr. Yance asked Dr. Busta to address **ITEM 21**, a resolution honoring Mr. Vincent Kilborn for his gift of \$1.5 million to establish the Vincent F. Kilborn III Endowment fund and for his support of the University of South Alabama and its health care affiliates, particularly, the Mitchell Cancer Institute (MCI). Dr. Busta spoke about Mr. Kilborn's enthusiasm to make a difference and noted the endowment would provide unrestricted funding for the MCI program in Fairhope, Alabama. On motion by Mr. Corcoran, seconded by Capt. Jenkins, the Committee voted unanimously to recommend approval by the Board of Trustees.

Dr. Busta presented **ITEM 22**, a resolution honoring Audrey and Joseph Shewmake for their \$2.4 million estate gift, half of which will endow math and computing scholarships while the remaining half will be unrestricted endowment funds used for general scholarship needs. He shared biographical information on the Shewmakes, noting Mr. Shewmake as a USA graduate. He said the couple believed in the impact of higher education to improve lives. On motion by Mr. Windom, seconded by Dr. Stokes, the Committee voted unanimously to recommend approval by the Board of Trustees.

Dr. Busta introduced **ITEM 23**, a resolution expressing appreciation to the Upward & Onward Campaign leadership team for exceptional commitment to the advancement of the University of

Development, Endowment and Investments Committee

March 3, 2016

Page 3

South Alabama. He gave insight on the scope of responsibilities asked of team members. On motion by Capt. Jenkins, seconded by Mr. Windom, the Committee voted unanimously to recommend approval by the Board of Trustees.

There being no further business, the meeting was adjourned at 3:33 p.m.

Respectfully submitted:

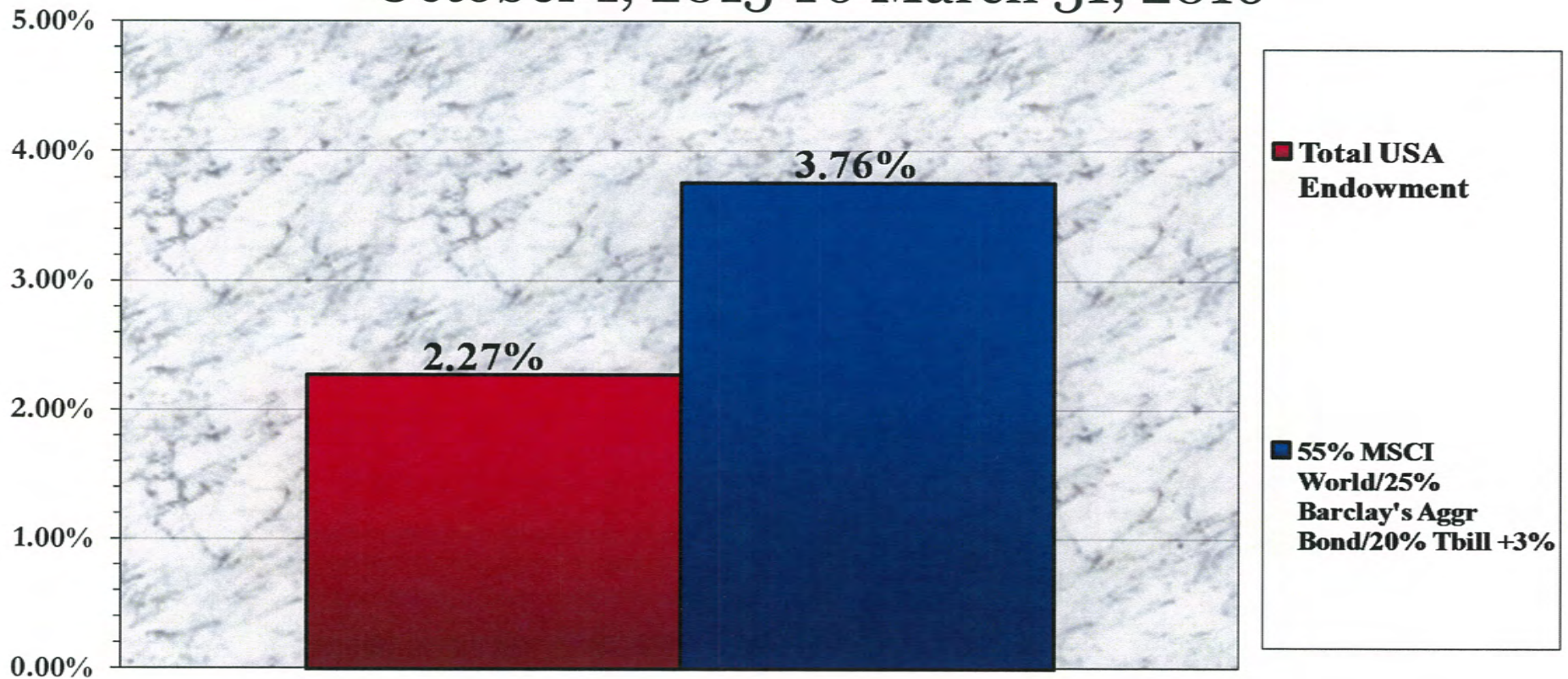
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James A. Yance, Chair

University of South Alabama  
Endowment Investment Performance  
Review/Analysis

Fiscal Year 2016

# Total USA Endowment Fiscal Year 2016 October 1, 2015 To March 31, 2016



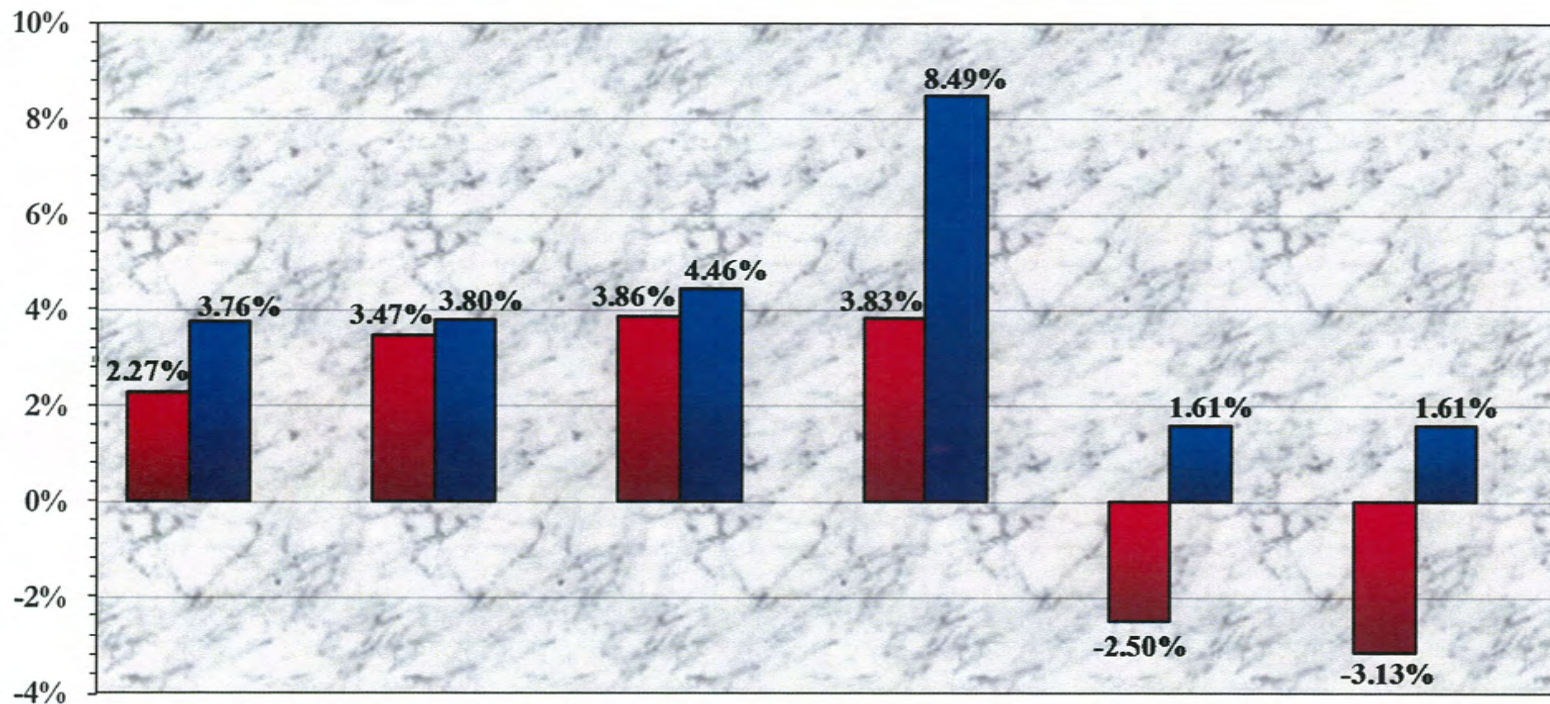
Underperformed (1.49)%

Balance: \$140,409,923

# Endowment Fund Managers

## Fiscal Year 2016

### October 1, 2015 To March 31, 2016



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%

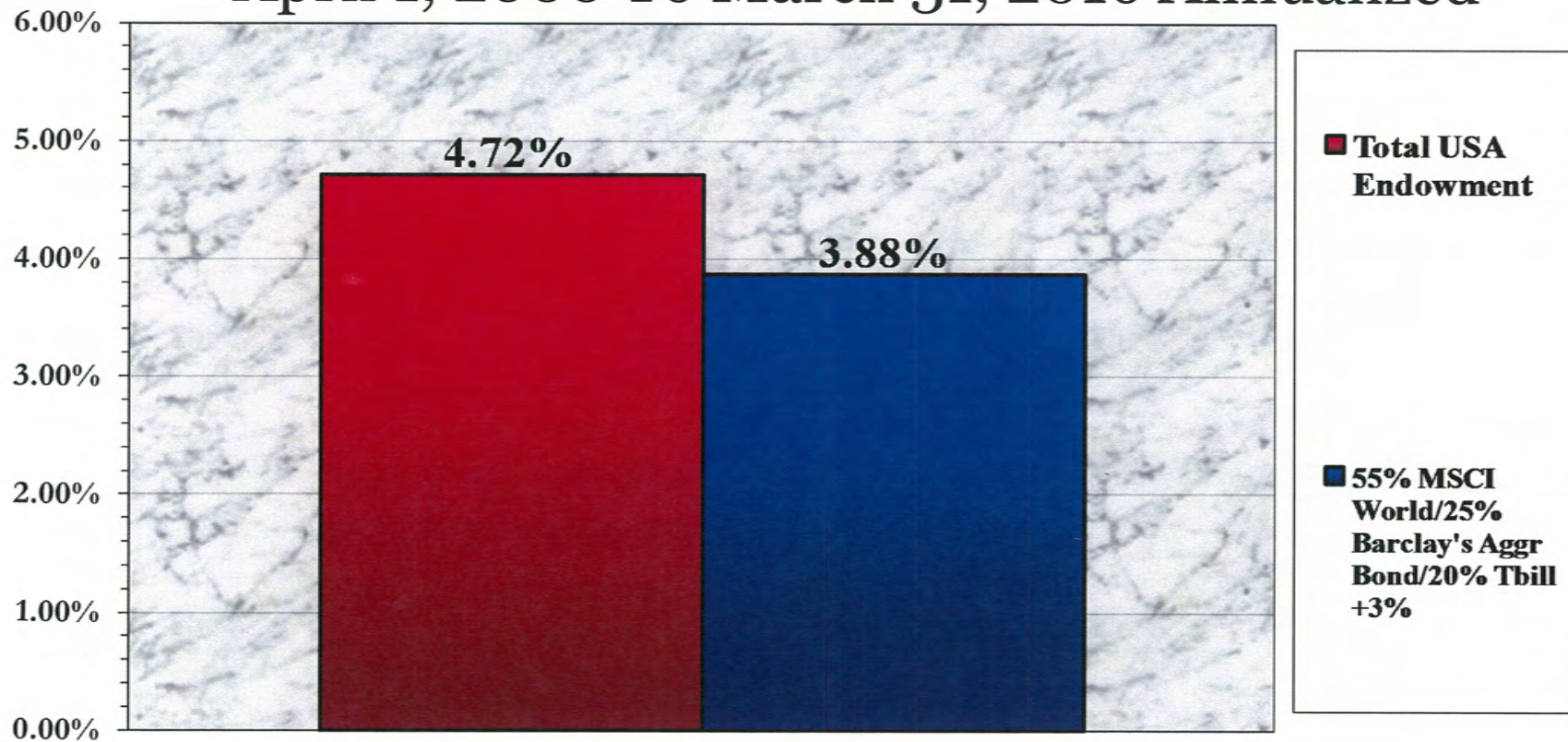
## Total USA Endowment Breakdown Fiscal Year 2016

Manager	Money Market	Large Cap Equity	Small Cap Equity	International	Fixed	Hedge	Total	%
Private Advisors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,764,417	\$ 6,764,417	5%
Schwab	\$ -	\$ 7,441,630	\$ 6,064,900	\$ 16,270,207	\$ 5,260,768	\$ -	\$ 35,037,505	25%
Doug Lane	\$ 495,518	\$ 7,709,719	\$ -	\$ -	\$ -	\$ -	\$ 8,205,237	6%
Common Fund	\$ -	\$ 34,949,659	\$ -	\$ -	\$ 32,845,531	\$ -	\$ 67,795,190	48%
Gerber Taylor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,607,574	\$ 22,607,574	16%
<b>Total</b>	<b>\$ 495,518</b>	<b>\$ 50,101,008</b>	<b>\$ 6,064,900</b>	<b>\$ 16,270,207</b>	<b>\$ 38,106,299</b>	<b>\$ 29,371,991</b>	<b>\$ 140,409,923</b>	<b>100%</b>
<b>%</b>	<b>0%</b>	<b>36%</b>	<b>4%</b>	<b>12%</b>	<b>27%</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>	



# Total USA Endowment Since Inception

April 1, 2000 To March 31, 2016 Annualized



Outperformed 0.84%

Balance: \$140,409,923

**RESOLUTION**

**REVISION OF USA'S ENDOWMENT FUNDS INVESTMENT POLICIES  
AND GUIDELINES**

**WHEREAS**, the University of South Alabama's Board of Trustees has established the Endowment Funds Investment Policies and Guidelines to provide an investment guideline when managing endowment investments, and

**WHEREAS**, the University's Board of Trustees delegates certain investment authority to the Development, Endowment and Investments Committee to manage the University's endowment investments, and

**WHEREAS**, the Development, Endowment and Investments Committee invests endowment funds on behalf of the University according to the investment policy guidelines approved by the Board of Trustees, and

**WHEREAS**, said guidelines may be amended from time to time to meet current investment conditions and objectives, and

**WHEREAS**, investment in private equity provides opportunities to pursue higher, long-term returns and greater diversification not available through traditional asset classes, and

**WHEREAS**, the Development, Endowment and Investments Committee reviewed said investment policies and guidelines and, after extensive analysis, proposes to include private equity as an investment allocation within the endowment portfolio,

**THEREFORE, BE IT RESOLVED** that the University of South Alabama Board of Trustees hereby approves changes to the investment policies and guidelines for endowment fund investments, as recommended by the Development, Endowment and Investments Committee.

MAY 18 2016

**MEMORANDUM**

Financial Affairs

University of South Alabama

**Date:**

May 17, 2016

**To:**

President  
Tony G. Waldrop



**From:**

G. Scott Weldon, V.P. for Finance and Administration *GSW*

**Subject:**

Agenda Item for June 3, 2016, Board of Trustees Meeting  
Amend Endowment Investment Policy to include Private  
Equity

At our December 2015 Board meeting Private Equity was introduced as a possible addition to the University's endowment. After extensive analysis and evaluation we are recommending adding Private Equity as an investment class for the University's Endowment with a target weight of 5%. This recommended change will require amending our Endowment Policies and Guidelines.

The attached resolution acknowledges this change and with, your approval, this item will be presented to the Development, Endowment and Investments Committee and the Board of Trustees for final approval. Further, I recommend the adoption of the resolution by the Board of Trustees.

Attachment  
tka

## **Endowment Funds Investment Policies and Guidelines**

The Endowment Committee of the Board of Trustees of the University of South Alabama shall be responsible for recommending investment policies and guidelines for approval by the Board of Trustees, implementation of such policies and guidelines and selection of qualified investment professionals including Investment Consultant(s), Investment Manager(s), and Funds Custodian(s). The Endowment Committee will oversee investment activities, monitor investment performance and ensure the prudent control of the Endowment Funds of the University. The Endowment Committee will make periodic reports to the Board of Trustees.

### **I. Purpose of the Endowment Funds**

The University of South Alabama Endowment Funds exist to provide revenue while preserving principal to fund those projects which have been endowed for specific purposes, i.e., scholarships, professorships, program enhancements, student loans, etc.

### **II. Purpose of the Investment Policy**

This investment policy is set forth by the Board of Trustees of the University of South Alabama in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding of all involved parties of the investment goals and objectives of Endowment Funds assets.
3. Offer guidance and limitations to Investment Manager(s) regarding the investment of Endowment Funds assets.
4. Establish a basis of evaluating investment results.
5. Manage Endowment Funds assets according to prudent standards as established in the laws of the State of Alabama.
6. Establish the relevant investment horizon for which the Endowment Funds assets will be managed.

In general, the purpose of this policy is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

### **III. Delegation of Authority**

The Board of Trustees of the University of South Alabama is responsible for directing and monitoring the investment management of the University's Endowment Funds assets. As such, the Board of Trustees is authorized to delegate certain authority to professional experts in various fields. These include, but are not limited to:

1. Investment Management Consultant(s). The consultant may assist the Board of Trustees in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
2. Investment Manager(s). The investment manager has discretion to purchase or sell, in the University's name, the specific securities that will be used to meet the Endowment Funds investment objectives.
3. Funds Custodian(s). The custodian will physically (or through securities owned by the Fund) collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets, owned, purchased or sold as well as movement of assets into and out of the Endowment Funds accounts.

With the exception of specific limitations described in these statements, managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications which they deem appropriate. All expenses for such experts must be customary and reasonable, and will be borne by the Endowment Funds as deemed appropriate and necessary.

### **IV. Assignment of Responsibility**

#### **A. Responsibility of the Board of Trustees of the University of South Alabama**

The Board of Trustees is responsible for the management of the assets of the Endowment Funds. The Board of Trustees shall discharge its duties in good faith like an ordinary prudent person in a like position would exercise under similar circumstances and in a manner the Trustees reasonably believe to be in the best interest of the University. The Board of Trustees will supervise the Endowment Committee and assigns the following authority and responsibilities to the Endowment Committee on behalf of the Board of Trustees.

#### **B. Responsibility of the Endowment Committee**

The specific authority and responsibilities of the Endowment Committee relating to the

investment management of Endowment Funds assets include:

1. Projecting the Endowment Funds financial needs, and communicating such needs to the Investment Manger(s) on a timely basis.
2. Determining the Endowment Funds risk tolerance and investment horizon, and communicating these to the appropriate parties.
3. Establishing reasonable and consistent investment objectives, policies, time frames and guidelines which will direct the investment of the Endowment Funds assets.
4. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s), Investment Consultant(s), and Custodian(s).
5. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to policy guidelines and monitor investment objectives progress.
6. Developing and enacting proper control procedures: For example, replacing Investment Manager(s) due to fundamental changes in the investment management process, or failure to comply with established guidelines.
7. Making direct investments in cases in which selection of an investment manager is not appropriate.
8. Recommending an endowment spending policy to the Board of Trustees for approval.
9. Reporting periodically to the Board of Trustees Endowment Committee actions and recommendations and investment performance of the Endowment Funds.

**C. Responsibility of the Investment Manager(s)**

The Endowment Funds will be managed primarily by external investment advisory organizations; both commingled vehicles and separate accounts may be used. The investment manager(s) have discretion, within the guidelines set forth in this policy statement and any additional guidelines provided them, to manage the assets in each portfolio to achieve the investment objectives. Managers will normally manage only one type of investment in each fund. For example, equities and fixed income will not be combined in a balanced fund with one manager.

Each Investment Manager must acknowledge, in writing, their acceptance of responsibility as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under their jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Each Investment Manager will be provided with a copy of this statement of investment objectives and policies. In turn, as part of the investment management contract that will govern their

portfolio, the Investment Manager is expected to provide a written statement of the firm's expectations, stated in terms of the objectives and comparative benchmarks that will be used to evaluate performance and the allowable securities that can be used to achieve these objectives. These statements will be consistent with the statement of investment objectives and policies and will be incorporated as appendices. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy or sell individual securities, and to alter asset allocation with the annual guidelines established by the Endowment Committee.
2. Reporting, on a timely basis, quarterly investment performance results.
3. Providing monthly valuation of the investment portfolio based on the previous month's closing prices.
4. Communicating any major changes in economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objectives progress of the Endowment Funds investment management.
5. Informing the Endowment Committee regarding any qualitative change in the investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
6. Providing the Endowment Committee with proof of liability and fiduciary insurance coverage.
7. Acknowledging in writing an ability and agreement to invest within the guidelines set forth in the investment policy.
8. Meeting with the Endowment Committee at least annually.
9. Voting proxies on behalf of the Endowment Funds and communicating such voting records on a timely basis. In cases in which the University desires to vote proxies related to specific topics, it will so notify Manager(s).
10. The Board of Trustees may from time to time request that the Investment Manager(s) allocate commissions to those brokerage firms providing other investment management services to the University. Good execution and commission prices are primary considerations in routing business to the said brokerage firms. If at any time any Investment Manager believes that any policy guideline inhibits investment performance, it is their responsibility to communicate this to the Endowment Committee.

## V. General Investment Principles

1. Investments shall be made solely in the interest of the purposes of the University of South Alabama.
2. The Endowment Funds shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person in a like position would exercise under similar circumstances in a manner the Board of Trustees reasonably believe to be in the best interest of the University.
3. Investment of the Endowment Funds shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. The Board of Trustees may employ one or more investment managers of varying styles and philosophies to attain the Endowment Funds objectives.
5. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

## VI. Investment Objectives

In order to meet its needs, the investment strategy of the University of South Alabama Endowment Funds is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. The total Endowment Funds shall be monitored for return relative to objectives, consistency of investment philosophy, and investment risk. The Endowment Funds results shall be evaluated on a rolling five-year basis against a market benchmark weighted 40 percent in favor of the S&P 500 Index, 5% Russell 2000 Index, 12% MSCI EAFE (US Dollar) Index, 23 percent toward the Barclay's Capital US Aggregate Bond Index and 20 percent Treasury-bill rate plus 3 percent.

## VII. Portfolio Composition and Risk

- A. To achieve its investment objective, the Endowment Funds assets are considered as divided into three parts a fixed income component, a fixed income alternative component, an equity component and a private equity component. The Endowment Funds long-term commitment to these funds shall be as follows:

	<u>Range</u>	<u>Long-term neutral</u>
Fixed Income	15-35%	25%
Equity	35-75%	50%
<b><i>Private Equity</i></b>	<b><i>0-10%</i></b>	<b><i>5%</i></b>
Fixed Income Alternative	10-30%	20%
Cash	0-5%	0%



The purpose of dividing the Endowment Funds in this manner is to ensure that the overall asset allocation among major asset classes remains under the regular scrutiny of the Endowment Committee and is not allowed to become the residual of separate manager decisions. Over the long run, the allocation among the major asset classes may be the single most important determinant of the endowment funds investment performance.

- B. The purpose of the fixed income fund is to provide a hedge against deflation, to reduce the overall volatility of returns of the Endowment Funds, in order to produce current income in support of spending needs.
- C. The percentage of total Endowment Funds assets allocated to the fixed-income fund at any time should be sufficient to provide that neither the current income nor the capital value or the total Endowment Funds declines by an intolerable amount during an extended period of deflation. The fixed-income fund should normally represent approximately 15-35 percent of total Endowment Funds assets at market value. Although the actual percentage will fluctuate with market conditions, levels outside this range should be closely monitored by the Endowment Committee.
- D. The purpose of the equity fund is to provide appreciation of principal that more than offsets inflation and to provide a growing stream of current income. It is recognized that the pursuit of this objective could entail the assumption of greater market variability and risk than investment in fixed-income securities. Equity and equity-substitute investments are broadly defined as common stocks, high-yield bonds, reorganization securities, private equity, venture capital, leveraged buyout investments, equity real estate, reorganization securities, exchange traded index funds, etc. **Investments made in such less liquid equity investments should be made through funds offered by professional investment managers.**
- E. The purpose of the fixed income alternative component is to provide the Endowment a source of returns with low correlation to equity markets and volatility of one third to one half that of the U.S. equity market, while still achieving equity-like returns of Treasury Bills plus 2-8% over time. The Fixed Income Alternative should normally represent approximately 10-30 percent of total Endowment Funds.
- F. Any assets not committed to the fixed-income fund or fixed income alternative shall be allocated to the equity fund and the private equity fund. The equity fund should normally represent approximately 35-75 percent of total Endowment Funds assets at market value. The private equity fund should normally represent approximately 0-10 percent of total Endowment Fund assets at market value. Although the actual percentage of equities will vary with market conditions, levels outside these ranges should be closely monitored by the Investment Committee.
- G. The Endowment includes investments in several categories, and the Endowment Committee targets allocations for the following:

	<b>Long-Term Strategic</b>	
<b>Asset Class</b>	<b>Target (%) of Endowed Funds</b>	<b>Range</b>
<b><i>DOMESTIC EQUITY</i></b>	<b>42%</b>	<b>30-60%</b>
Large/Mid-Cap	35%	25-55%
Small Cap	5%	3-8%
High Yield Debt	2%	0-5%
<b><i>INTERNATIONAL STOCKS</i></b>	<b>10%</b>	<b>5-15%</b>
Developed Markets	6%	3-10%
Emerging Markets	4%	0-6%
<b><i>PRIVATE EQUITY</i></b>	<b>5%</b>	<b>0-10%</b>
<b><i>TOTAL EQUITY COMPONENT</i></b>	<b>57%</b>	<b>35-75%</b>
<b><i>ALTERNATIVE INVESTMENTS</i></b>	<b>20%</b>	<b>10-30%</b>
Absolute Return	15%	12-20%
Long/Short Equity	5%	0-10%
<b><i>TOTAL ALTERNATIVE COMPONENT</i></b>	<b>20%</b>	<b>10-30%</b>
<b><i>Fixed Income Component</i></b>	<b>23%</b>	<b>15-35%</b>
U.S. Core Bonds	16%	12-20%
Global Bonds	4%	0-7%
TIPS	2%	0-5%
Emerging Markets Debt	1%	0-2%
<b><i>TOTAL FIXED INCOME COMPONENT</i></b>	<b>23%</b>	<b>15-35%</b>
<b><i>CASH AND EQUIVALENTS</i></b>	<b>0%</b>	<b>0-5%</b>

- H. Within the equity fund, certain investments can be included, with Endowment Committee approval, to provide a hedge against unanticipated, rapidly accelerating inflation. These include cash, real estate and oil and gas investments. While the Endowment Committee recognizes the argument for having a separate allocation to inflation-hedging assets, at this time, these investments are evaluated primarily as equity-substitutes. The Endowment Committee will periodically review the adoption of an inflation-hedging fund allocation separate from the equity allocation.
- I. Within the equity fund, in addition to cash reserves held by managers, there is normally an investment in cash or short-term instruments. Although the Endowment Committee has not adopted a cash allocation, new gifts to the endowment and endowment income in excess of budgetary distributions generate

cash inflow to the Endowment Fund. The level of cash should be closely monitored by the committee.

- J. The Endowment committee may change any of the above ratios; however, it is anticipated that these changes will be infrequent.
- K. The Endowment Funds investments shall be diversified both by asset class (e.g., equities and fixed-income securities) and within asset classes (e.g., within equities by economic sector, geographic area, industry, quality, and size). The purpose of diversification is to provide reasonable assurance that no single security or class of securities shall have a disproportionate impact on the endowment funds aggregate results. Equity securities in any single industry will not exceed 20 percent, nor will equity securities in any single company exceed 10 percent of the market value of the endowment's allocation to equities.

### **VIII. Spending Policy**

It shall be the policy of the University of South Alabama Board of Trustees to preserve and maintain the real purchasing power of the principal of the Endowment Funds. The current spending policy of the University will be determined annually by the President and the Endowment Committee and approved by the Board of Trustees. The spending guideline is based on an expected total return over the long-term less expected inflation.

### **IX. Volatility of Returns**

The Board of Trustees understands that in order to achieve its objectives for Endowment Funds assets, the Funds will experience volatility of returns and fluctuations of market value. The Board will tolerate volatility as measured against the risk/return analysis of the appropriate market indices. The indices used as a measure of an investment manager's performance will be used to measure the allowable volatility (risk).

### **X. Liquidity**

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Vice President for Financial Affairs will periodically provide Investment Manager(s) with an estimate of expected net cash flow. The Vice President will notify the Investment Consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves. Because of the infrequency of cash outflows and overall marketability of Endowment Funds assets, the Board of Trustees does not require the maintenance of a dedicated cash or cash equivalent reserve.

### **XI. Marketability of Assets**

The Board of Trustees requires that all Endowment Funds allocated to cash equivalents, fixed income securities or equity securities be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Endowment Funds, with minimal impact on market price. The Board of Trustees recognizes that opportunities

may exist in illiquid assets and will allow Investment Managers overseeing Private Equity or Fixed Income Alternatives to invest in securities that may be less liquid and could present a risk of illiquidity.

## **XII. Investment Guidelines**

### **A. Allowable Assets**

1. Cash Equivalents
  - Treasury Bills
  - Money Market Funds
  - Common Fund Short Term Investment Fund
  - Commercial Paper
  - Banker's Acceptance
  - Repurchase Agreements
  - Certificates of Deposits
  
2. Fixed Income Securities
  - U.S. Government and Agency Securities
  - Corporate Notes and Bonds
  - Mortgage Backed Bonds
  - Preferred Stock
  - Fixed Income Securities of Foreign Governments and Corporations
  - Collateralized Mortgage Obligations
  
3. Fixed Income Alternatives
  - Arbitrage (merger, event, convertible, equity and fixed income arbitrage and pairs trading)
  - Event investing (restructurings, spin-offs, etc.)
  - Distressed securities
  - Long Short equities (U.S., global and sector funds)
  - Market neutral equities
  - Short-biased equities
  - Macro investing
  
4. Equity Securities
  - Common Stocks
  - Convertible Notes and Bonds
  - Convertible Preferred Stocks
  - American Depository Receipts (ADRs) of Non-U.S. Companies

- Exchange traded index funds

5. **Private Equity**

6. Mutual Funds

- Mutual Funds which invest in securities as allowed in this statement.

**Other Assets:**

**Derivative Securities: options and future contracts**

In general, the use of derivative securities by the Investment Manager shall be discouraged, unless such an opportunity presents itself that the use of the sophisticated securities would provide substantial opportunity to increase investment returns at an appropriately equivalent level of risk to the remainder of the total portfolio. Also, derivative securities may be used by the Investment Manager in order to hedge certain risks to the portfolio. The approval and use of derivative securities will not be allowed unless the Endowment Committee is confident that the Investment Manager(s) thoroughly understands the risks being taken, has demonstrated expertise in their usage of such securities, and has guidelines in place for the use and monitoring of derivatives.

**Real Estate:** Investments may also include equity real estate, held in the form of professionally managed, income producing commercial and residential property. Such investments may be made only through professionally managed, income producing commercial and residential property. Such investments may not exceed 10% of the total endowment fund. Such investment may be made only through professionally managed pooled real estate investment funds, as offered by leading real estate managers with proven track records of superior performance over time.

(Is now covered under the derivative section)

The Endowment will avoid highly leveraged strategies and managers who provide insufficient transparency of their actions for adequate monitoring of the risks they are taking.

**B. Guidelines for Fixed Income Investments and Cash Equivalents**

1. Investment in fixed income securities shall be restricted to only investment grade bonds rated BAA or higher.
2. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's.
3. Investment in fixed income securities within the fixed income portfolio shall be restricted to only investment grade bonds rated BAA or higher.

Any investment in below investment grade bonds shall be considered an equity or fixed income alternative investment.

**C. Guidelines for Fixed Income Alternatives**

1. Fixed Income alternative investments will be defined as any strategy using a partnership or offshore investment company structure that may or may not be subject to SEC registration, investing primarily in marketable securities and/or subject to a performance fee. These strategies would generally have absolute, as opposed to relative, return objectives driven more by manager skill and market inefficiency than market direction. Use of leverage, short selling and/or derivatives may or may not be employed as part of the investment approach. The endowment will employ a manager of manager's approach to investing in fixed income alternative investments.

**D. Limitations on Manager Allocations**

1. No more than 5% of the Endowment Fund assets shall be allocated to an individual Investment Manager.
2. No more than 25% of the Endowment Fund assets shall be allocated to a "Fund of Funds" or multi-manager fund.

**XIII. Investment Manager Performance Review and Evaluation**

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Board of Trustees for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Board of Trustees intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason including the following:

1. Investment performance which is significantly less than anticipated, given the discipline employed and risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed annually regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

#### **XIV. Investment Policy Review**

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Board of Trustees will review investment policy at least annually.

##### **Investment Manager Selection**

1. The Endowment Committee will decide on guidelines for the desired investment philosophy, asset mix, and performance objectives of the new manager.
2. The Endowment Committee will employ, if appropriate, Investment Consultant(s) to identify potential managers.
3. Potential managers will be reviewed by the Endowment Committee in some or all of the following areas with the importance of each category determined by the Endowment Committee:

##### **Organization**

- Experience of firm
- Assets under management
- Ownership
- Number of professionals
- Fees and minimum account size

##### **Performance**

- One, three and five-year comparisons
- Up/down market comparisons
- Risk/return graphs

##### **Securities Summary – Equities**

- Yield
- Profit/earnings
- Quality
- Growth
- Beta

##### **Securities Summary – Fixed Income**

- Quality
- Maturity
- Duration
- Government/non-government
- Investment decision-making process
- Top down/bottom up
- Quantitative/qualitative/traditional
- Expected performance characteristics

##### **Securities Summary – Fixed Income Alternative**

- Arbitrage (merger, event, convertible, equity and fixed income arbitrage and pairs trading)
- Event investing (restructurings, spin-offs, etc.)
- Distressed securities
- Long Short equities (U.S., global and sector funds)
- Market neutral equities
- Short-biased equities
- Macro investing

**Skill Set Analysis**

- Market timing
- Sector diversification
- Security selection
- Security consideration

4. Final selection of a new manager resides with the Endowment Committee.



**UNIVERSITY OF SOUTH ALABAMA**

**BOARD OF TRUSTEES**



**BUDGET AND FINANCE**

**UNIVERSITY OF SOUTH ALABAMA  
BOARD OF TRUSTEES**

**BUDGET AND FINANCE COMMITTEE**

**March 3, 2016  
2:00 p.m.**

A meeting of the Budget and Finance Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Tom Corcoran, Chair, on Thursday, March 3, 2016, at 2:04 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

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

Member Absent: Sandy Stimpson.

Other Trustees: Scott Charlton, Steve Furr, Ron Jenkins, Bryant Mixon, Ken Simon and Mike Windom.

Administration and Others: Harry Brislin, Joe Busta, Lynne Chronister, Kristin Dukes, Monica Ezell, Mike Finan, Stan Hammack, Mike Haskins, David Johnson, Mike Mitchell, John Smith, Sam Strada, Tony Waldrop, Scott Weldon, and Kevin West and Kelly Woodford (Faculty Senate).

Press: Alyssa Newton (*Vanguard*).

The meeting came to order and the attendance roll was called. Mr. Corcoran called on Dr. Busta to address **ITEM 13**, a resolution authorizing campus property to be set aside for the National Alumni Association (NAA) to fund and build an alumni center subject to University specifications, which will be made a gift to the University upon the completion of construction (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on March 4, 2016). Dr. Busta stated the property, located along South Drive and Campus Drive near Moulton Tower and Alumni Plaza, is a busy area of the campus. He said a lead gift of \$2 million had been identified for the project, which is expected to cost \$4.5 million. On motion by Mr. Shumock, seconded by Ms. Mitchell, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Corcoran asked Mr. Weldon to present **ITEM 14**, a resolution authorizing the President and Vice President for Finance and Administration to execute an unsecured line of credit of up to \$30 million for use by the USA Health System with an option to renew annually and with the intent to convert the line of credit to permanent financing within 24 months. Mr. Weldon said capital is needed to complete projects over a course of two years, including construction of a medical office building, construction of an operating room at the Medical Center, and implementation of

a comprehensive electronic records system for the USA Health System. He discussed the plan for issuing a request for proposals with finance terms that would allow the University the flexibility to restructure the debt service based on how capital needs evolve. He said the Administration is confident in moving forward despite interest rate unknowns. On motion by Mr. Shumock, seconded by Ms. Mitchell, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Corcoran called for consideration of the minutes of the meeting held on December 3, 2015. On motion by Mr. Yance, seconded by Mr. Shumock, the minutes were approved unanimously.

Mr. Corcoran asked Mr. Weldon to discuss **ITEM 11**, the quarterly financial statements for the three months ended December 31, 2015. Mr. Weldon said the financial results communicated in the report were as expected. He pointed out an approximate \$3 million increase in the University's net position of \$14 million, as compared to \$17 million reported for the first quarter of fiscal year 2014-2015. He said the salary supplement given in December 2015, which totaled close to \$5 million, accounted for the difference.

Mr. Corcoran called for presentation of **ITEM 15**, a resolution authorizing the purchase of land adjacent to 26 Oakland Avenue for the price of \$185,000 and delegating authority for finalizing the purchase to the Executive Vice President and the Vice President for Finance and Administration, pending acceptance of the survey and compliance by the seller to complete all requirements of the purchase contract. Dr. Smith advised the Committee that the University was approached about acquiring the property. A diagram of the lot was shown. Dr. Smith stated the land would be used for guest parking for events hosted at the President's Home. With regard to fair market value, real estate professional Mr. Harry Brislin, Director of the USA Technology and Research Park, advised that the negotiated price was reasonable. On motion by Mr. Yance, seconded by Mr. Shumock, the Committee voted unanimously to recommend approval by the Board of Trustees.

Mr. Corcoran asked President Waldrop to present **ITEM 16**, a resolution authorizing the naming of the *Judith Susan and Samuel Joseph Strada Patient Care Center* in recognition of the vast contributions of College of Medicine Dean Dr. Sam Strada and his late wife, Judy, to the advancement of medicine, education and the community. President Waldrop discussed the process of identifying a name for the USA Physicians Group new medical office building. He said the naming was a fine way to honor the Stradas for their service. On motion by Mr. Yance, seconded by Mr. Shumock, the Committee voted unanimously to recommend approval by the Board of Trustees.

Budget and Finance Committee  
March 3, 2016  
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There being no further business, the meeting was adjourned at 2:18 p.m.

Respectfully submitted:

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E. Thomas Corcoran, Chair

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

**Basic Financial Statements**

**Three Months Ended March 31, 2016 and 2015**

**Unaudited**

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

**Quarterly Financial Statements**

**Six Months Ended March 31, 2016 and 2015**

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# University of South Alabama

## Management's Discussion and Analysis

### Introduction

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

### Financial Highlights

At March 31, 2016, the University had total assets and deferred outflows of \$1,074,196,000, total liabilities and deferred inflows of \$876,375,000 and net position of \$197,821,000. University net position increased \$2,769,000 for the six months ended March 31, 2016 compared to an increase of \$16,274,000 for the six months ended March 31, 2015. An overview of each statement is presented below along with a financial analysis of the transactions impacting the statement.

Condensed financial statements for the University at and for the six months ended March 31, 2016 and 2015 follow (in thousands) (Note: The condensed financial statements at and for the six months ended March 31, 2015 do not reflect the impact of the implementation of GASB Statement No. 68):

### Condensed Statements of Net Position

	<u>2016</u>	<u>2015</u>
<i>Assets</i>		
Current	\$ 219,083	\$ 312,117
Capital and other noncurrent assets	832,161	715,330
Deferred outflows	<u>22,952</u>	<u>448</u>
	<u>1,074,196</u>	<u>1,027,895</u>
<i>Liabilities</i>		
Current	123,414	105,838
Noncurrent	717,070	406,233
Deferred inflows	<u>35,891</u>	<u>-</u>
	<u>876,375</u>	<u>512,071</u>
<i>Net Position</i>		
Net Investment in Capital Assets	282,379	228,868
Restricted, nonexpendable	46,216	42,040
Restricted, expendable	45,514	60,408
Unrestricted	<u>(176,288)</u>	<u>184,508</u>
	<u>\$ 197,821</u>	<u>\$ 515,824</u>

# University of South Alabama

## Management's Discussion and Analysis (continued)

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

	<u>2016</u>	<u>2015</u>
<i>Operating revenues</i>		
Tuition and fees	\$ 71,993	\$ 66,904
Patient service revenues, net	142,355	139,897
Other	<u>86,582</u>	<u>70,031</u>
	300,930	276,832
<i>Operating expenses</i>		
Salaries and benefits	233,915	217,595
Supplies and other services	89,423	80,796
Other	<u>28,719</u>	<u>27,977</u>
	<u>352,057</u>	<u>326,368</u>
Operating loss	(51,127)	(49,536)
<i>Nonoperating and other revenues</i>		
State appropriations	52,488	51,987
Other, net	<u>8,813</u>	<u>9,837</u>
Net nonoperating revenues, net	<u>61,301</u>	<u>61,824</u>
Other revenues, expenses, gains or losses	<u>(7,405)</u>	<u>3,986</u>
Increase in net position	2,769	16,274
<i>Net Position</i>		
Beginning of period	<u>195,052</u>	<u>499,550</u>
End of period	<u>\$ 197,821</u>	<u>\$ 515,824</u>

### Analysis of Financial Position and Results of Operations

#### *Statements of Net Position*

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



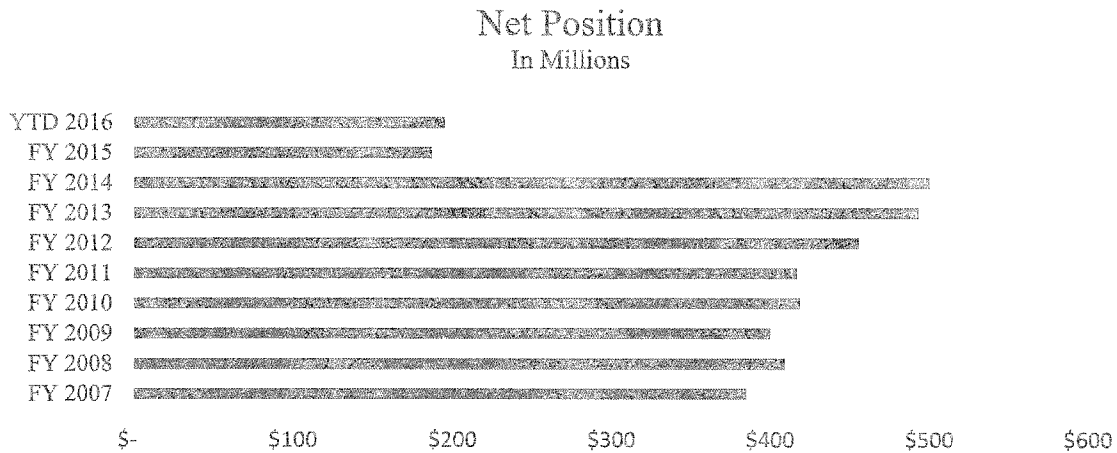
# University of South Alabama

## Management's Discussion and Analysis (continued)

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

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

Net position represents the residual interest in the University's assets after liabilities are deducted 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.

# University of South Alabama

## Management's Discussion and Analysis (continued)

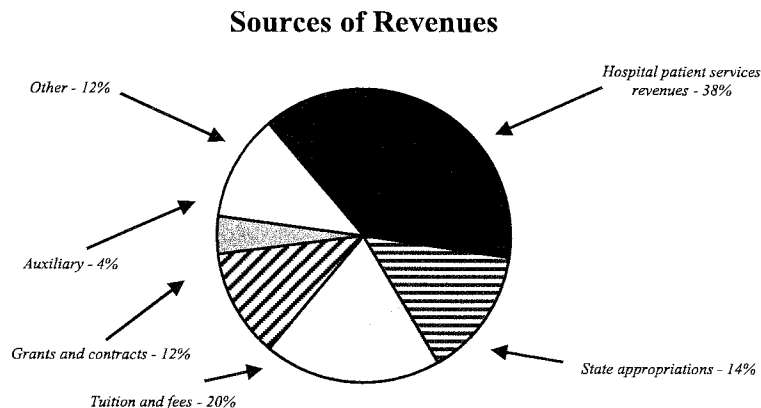
Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the University's unrestricted net position has been designated for various academic and research programs and initiatives as well as capital projects. Also included in unrestricted net position at March 31, 2016 is the impact of the net pension liability recorded pursuant to the requirements of GASB Statement No. 68. The impact is not reflected in unrestricted net position as of March 31, 2015.

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

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

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

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

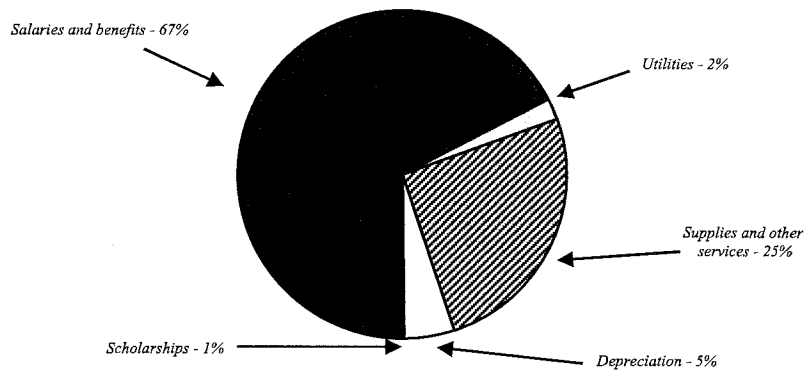


# University of South Alabama

## Management's Discussion and Analysis (continued)

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

### 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. Also during the current period, the University began a multi-year infrastructure improvement project. Additionally, several other smaller construction and renovation projects at the University and Hospitals remained ongoing during the current period.

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 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 exercise of the option related to the 2004 swaption, as discussed below and in Note 10.

## University of South Alabama

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

In June 2015, the University issued the University Facilities Revenue Capital Improvement Bond Series 2015 with a face value of \$6,000,000. The proceeds of this bond are being used for certain capital acquisitions and improvements for the Mitchell Cancer Institute.

In April 2015, The University entered into two capital lease obligations 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. These leases were recorded at their present value of \$15,632,000 and \$1,594,000.

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 March 31, 2016 approximately \$3,434,000 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 2015 or 2016.

## **University of South Alabama**

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

#### **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 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 was authorized and received for the year ending September 30, 2015.

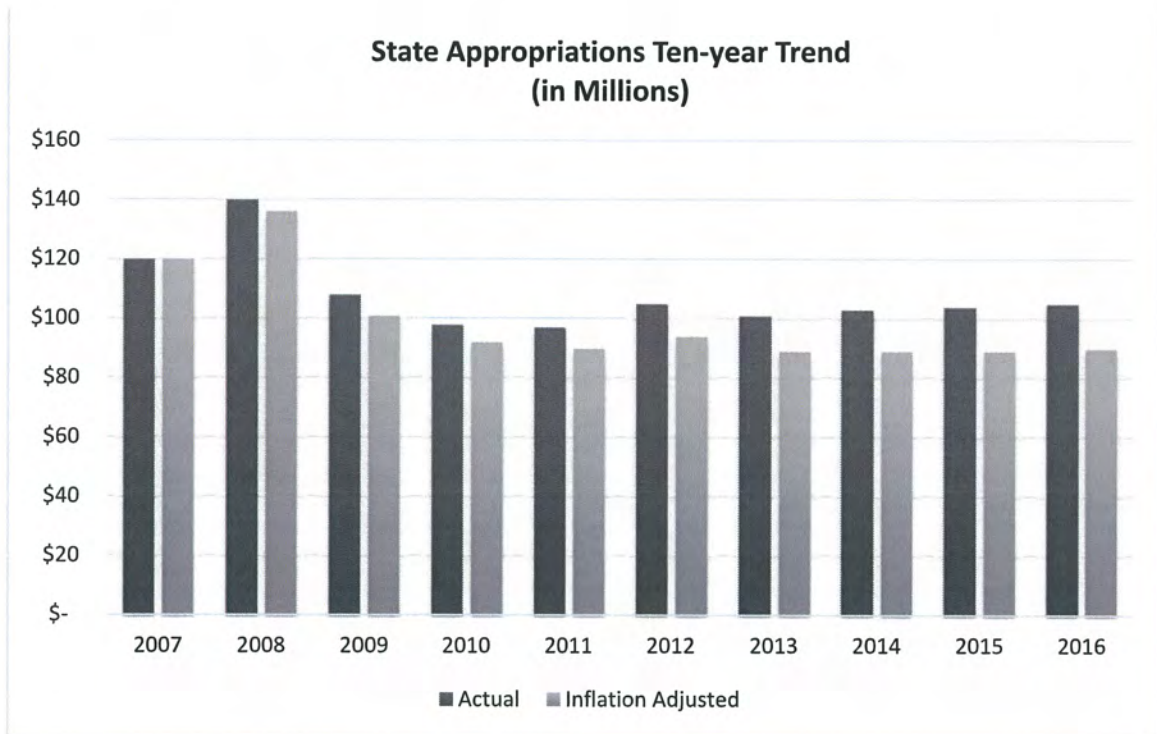
A state appropriation in the amount of \$104,977,000 has been authorized and is being received for the year ending September 30, 2016. This represents a \$1,003,000 increase from the fiscal 2015 appropriation received.

A state appropriation in the amount of \$107,285,000 has been authorized for the year ending September 30, 2017. This represents a \$2,308,000 increase from the fiscal 2016 appropriation received.

## University of South Alabama

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

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



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 2016 beyond those unknown variables having a global effect on virtually all types of business operations.

# University of South Alabama

## Statements of Net Position

March 31, 2016 and 2015

(In thousands)

	2016	2015
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 62,161	\$ 103,971
Investments, at fair value	74,270	141,548
Net patient service receivables	30,816	28,080
Accounts receivable, affiliates	21,538	14,436
Accounts receivable, other	18,620	12,882
Notes receivable, net	906	392
Prepaid expenses, inventories and other	10,772	10,808
Total current assets	<u>219,083</u>	<u>312,117</u>
Noncurrent assets		
Restricted cash and cash equivalents	15,014	32,998
Restricted investments	58,597	47,619
Investments, at fair value	97,406	24,811
Accounts receivable	2,364	2,588
Notes receivable, net	5,683	5,057
Other noncurrent assets	23,223	27,629
Capital assets (net of accumulated depreciation)	629,874	574,628
Total noncurrent assets	<u>832,161</u>	<u>715,330</u>
<b>Deferred outflows (1)</b>	<u>22,952</u>	<u>448</u>
Total assets and deferred outflows	<u>1,074,196</u>	<u>1,027,895</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	45,063	37,935
Unrecognized revenue	52,614	49,660
Deposits	2,158	2,814
Current portion of long-term debt	23,579	15,429
Total current liabilities	<u>123,414</u>	<u>105,838</u>
Noncurrent liabilities		
Long-term debt	376,582	375,049
Net pension liability (1)	297,734	-
Other long-term liabilities	42,754	31,184
Total noncurrent liabilities	<u>717,070</u>	<u>406,233</u>
<b>Deferred inflows (1)</b>	<u>35,891</u>	<u>-</u>
Total liabilities and deferred inflows	<u>876,375</u>	<u>512,071</u>
<b>Net position</b>		
Net investment in capital assets	282,379	228,868
Restricted, nonexpendable		
Scholarships	22,088	20,223
Other	24,128	21,817
Restricted, expendable		
Scholarships	9,119	14,695
Other	36,395	45,713
Unrestricted (1)	(176,288)	184,508
Total net position	<u>\$ 197,821</u>	<u>\$ 515,824</u>

See accompanying notes to basic financial statements.

(1) The Statement of Net Position at March 31, 2015 does not reflect the impact of the implementation of GASB Statement No. 68. See Footnote 1.

# University of South Alabama

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

**Six Months Ended March 31, 2016 and 2015**

*(In thousands)*

	2016	2015
<b>Revenues</b>		
Operating revenues		
Tuition and fees (net of scholarship allowances)	\$ 71,993	\$ 66,904
Patient services and other (net of contractual allowances and bad debt expense)	142,355	139,897
Federal grants and contracts	9,250	7,584
State grants and contracts	3,157	3,360
Private grants and contracts	31,855	28,961
Auxiliary enterprises (net of scholarship allowances)	15,410	10,235
Other operating revenues	26,910	19,891
Total operating revenues	300,930	276,832
<b>Expenses</b>		
Operating expenses		
Salaries and benefits	233,915	217,595
Supplies and other services	89,423	80,796
Scholarships and fellowships	4,670	3,683
Utilities	6,797	7,293
Depreciation and amortization	17,252	17,001
Total operating expenses	352,057	326,368
Operating loss	(51,127)	(49,536)
<b>Nonoperating revenues (expenses)</b>		
State appropriations	52,488	51,987
Investment income and gains (losses) on investments	(7,708)	3,776
Interest on indebtedness	(7,898)	(7,942)
Other nonoperating revenues	16,521	17,270
Other nonoperating expenses	(3,916)	(3,267)
Net nonoperating revenues	49,487	61,824
Income before other revenues, expenses, gains or losses	(1,640)	12,288
Capital gifts and grants	1,126	1,666
Additions to endowment	3,283	2,320
Increase in net position	2,769	16,274
<b>Net position</b>		
Beginning of period (1)	195,052	499,550
End of period (1)	\$ 197,821	\$ 515,824

See accompanying notes to basic financial statements.

(1) The net position at September 30, 2014 and March 31, 2015 does not reflect the impact of the implementation of GASB Statement No. 68. See Footnote 1.



# University of South Alabama

## Statement of Cash Flows

**Six Months Ended March 31, 2016 and 2015**

*(in thousands)*

	2016	2015
<b>Cash flows from operating activities:</b>		
Receipts related to tuition and fees	\$ 57,351	\$ 49,402
Receipts from and on behalf of patients and third-party payers	143,100	141,772
Receipts from grants and contracts	43,220	37,115
Receipts related to auxiliary enterprises	13,436	9,332
Payments to suppliers and vendors	(95,121)	(90,128)
Payments to employees and related benefits	(243,058)	(224,220)
Payments for scholarships and fellowships	(4,670)	(3,683)
Other operating receipts	41,576	42,891
	(44,166)	(37,519)
<b>Cash flows from noncapital financing activities:</b>		
State appropriations	34,992	34,475
Endowment gifts	3,283	2,320
Agency funds received	362	407
Agency funds disbursed	(697)	(520)
Student loan program receipts	65,970	63,196
Student loan program disbursements	(66,713)	(63,449)
Other nonoperating revenues	17,562	14,946
Other nonoperating expenses	(3,916)	(3,267)
	50,843	48,108
<b>Cash flows from capital and related financing activities:</b>		
Capital gifts and grants	1,126	1,666
Purchases of capital assets	(37,363)	(13,244)
Proceeds from sale of capital assets	-	3,846
Proceeds from issuance of capital debt	2,171	1,263
Principal payments on capital debt	(7,191)	(6,395)
Interest payments on capital debt	(7,585)	(7,679)
	(48,842)	(20,543)
<b>Cash flows from investing activities:</b>		
Interest and dividends on investments	5,131	5,161
Proceeds from sales of investments	4,251	37,492
Purchases of investments	(15,004)	(23,979)
	(5,622)	18,674
Net decrease in cash and cash equivalents	(47,787)	8,720
<b>Cash and cash equivalents (unrestricted and restricted):</b>		
Beginning of year	124,962	128,249
End of period	\$ 77,175	\$ 136,969

# University of South Alabama

## Statement of Cash Flows

Six Months Ended March 31, 2016 and 2015

(in thousands)

	<u>2016</u>	<u>2015</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
<b>Operating loss</b>	\$ (51,127)	\$ (49,536)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	17,252	17,001
Changes in operating assets and liabilities, net:		
Student receivables	4,443	970
Net patient service receivables	931	2,264
Grants and contracts receivables	(692)	(2,091)
Prepaid expenses, inventories, and other	126	(168)
Accounts payable and accrued liabilities	(8,014)	(10,278)
Unrecognized revenue	(5,610)	(3,517)
Other	(1,475)	7,836
Net cash used in operating activities	<u>\$ (44,166)</u>	<u>\$ (37,519)</u>

See accompanying notes to basic financial statements.

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

**1. Summary of Significant Accounting Policies**

*Reporting Entity*

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

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

GASB Statement No. 61 amends GASB Statements No. 14 and No. 39, and provides criteria for determining whether organizations should be reported as component units based on the nature and significance of their relationship with the primary government. Such criteria include the appointment of a voting majority of the board of the organization, the ability to impose the will of the primary government on the organization and the financial benefits/burden between the primary government and the potential component unit. The statement also clarifies reporting and disclosure requirements for those organizations. Based on these criteria, the University reports the University of South Alabama Foundation (USA Foundation), 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**  
**March 31, 2016 and 2015**

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**  
**March 31, 2016 and 2015**

*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**  
**March 31, 2016 and 2015**

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 related to the Series 2004 swaption, and as a result, the University entered into an interest rate swap. As a result of the exercise of the option, the Series 2004 swaption was terminated. The 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 derivative.

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

*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**  
**March 31, 2016 and 2015**

*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. Also included in unrestricted net position at March 31, 2016 is the impact of the net pension liability recorded pursuant to the requirements of GASB Statement No. 68. See footnote number 11.

*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**  
**March 31, 2016 and 2015**

*Donor Restricted Endowments*

The University is subject to the “Uniform Prudent Management of Institutional Funds Act (UPMIFA)” of the Code of Alabama. This law allows the University, unless otherwise restricted by the donor, to spend net appreciation, realized and unrealized, on the endowment. The law also allows the University to appropriate for expenditure or accumulate to an endowment fund such amount as the University determines to be prudent for the purposes for which the endowment was established. The University’s endowment spending policy provides that 5% of the three-year invested net 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

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

In 2016, the University will adopt the provisions of GASB Statement Nos. 72, 73, and 76. GASB Statement No. 72, *Fair Value Measurement an Application*, provides hierarchical guidance for determining a fair value measurement for assets and liabilities for financial reporting purposes and also provides guidance for required disclosures related to fair value measurement. 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 and defined contribution pension plans that are not within the scope of Statement No. 68 and, with certain modifications, extends the accounting and reporting approach established in Statement No. 68 to all pensions. Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* identifies the hierarchy of generally accepted accounting principles for entities, reduces the GAAP hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment of a transaction is not specified within a source of authoritative GAAP. None of these statements are expected to materially impact the University's financial statements.

*Compensated Absences*

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

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**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, 2015, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately \$9,690,174,000.

**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. 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

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

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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 any remaining 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.

*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.

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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. Interest is accrued on outstanding amounts at a rate calculated at the London Interbank Offered Rate (LIBOR) plus 1%. At March 31, 2016, approximately \$3,434,000 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

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clinical and billing information system to be used by the University Health System. These leases were recorded at their present value of \$15,632,000 and \$1,594,000. Those amounts, 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 capital lease 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 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 all bonds include Children's and Women's Hospital revenues in amounts not exceeding \$10,000,000. Series 1999 Current Interest Bonds began maturing

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November 2002, and Series 1999 Capital Appreciation Bonds began maturing November 2011. Series 1999 Bonds are not redeemable prior to maturity. Series 2006 Bonds begin maturing in December 2024 and are redeemable beginning in December 2016. Series 2008 Bonds began maturing in August 2009 and are redeemable beginning 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 is redeemable at any time. The Series 2015 bond began maturing in August 2015 and is redeemable beginning in June 2020.

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 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:

*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. During fiscal year 2015, USA



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Medical Center received a final settles 2010 and 2011 cost report. USA Medical Center's 2012 and 2013 cost reports are not settled. Audit work on 2012 was ongoing during fiscal year 2015, but no settlements were received. The 2013 cost report was amended and the 2014 cost report was filed.

*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 Blue Cross retroactive settlements for USA Medical Center and USA Children's and Women's hospital for 2013 were issued in October 2014. 2014 cost reports were filed timely during 2015 and USA Medical Center has been audited and was settled in July 2015. The 2014 cost report for USA Children's and Women's Hospital has been audited but not settled. The settlement due is fully reserved, and repayment is due to begin in November 2015.

*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.

*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.

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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.

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**11. Employee Benefits**

*Retirement and Pension Plans*

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

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

Tier 1 covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Tier 1 certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

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

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

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

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

*Compensated Absences*

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

*Other Postretirement Employee Benefits*

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

**12. Risk Management**

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

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

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

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

**13. Other Related Parties**

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

The University of South Alabama Foundation for Research and Commercialization (FRAC) is a not-for-profit corporation that exists for the purpose of centralizing the development, support, and operation of certain research and commercialization efforts of the entire University.

**14. Commitments and Contingencies**

*Grants and Contracts*

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

*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.

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*Federal Program Review*

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

*Litigation*

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

*Rent Supplement Agreement*

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

*State Bond Issue*

From time to time, the State of Alabama makes 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 are reflected as revenue in the accompanying financial statements to the extent they have been incurred and approved by the State. At the current date, there are no outstanding commitments from the state.

**15. Significant New Accounting Pronouncements**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 changes accounting and financial reporting for entities which participate in plans providing postemployment benefits other than pensions and will be effective for the University's year ending September 30, 2018. In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statements requires governments that enter into tax abatement agreements to disclose specific information about the agreements. This statement will be effective for the University beginning with the fiscal year ending September 30, 2017. In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement amends Statement No. 68 to exclude pensions that are not governmental pension

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**Notes to Financial Statements**  
**March 31, 2016 and 2015**

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

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

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

**RESOLUTION**

**REAPPOINTMENT OF DIRECTORS OF THE  
USA RESEARCH AND TECHNOLOGY CORPORATION**

**WHEREAS**, pursuant to the Amended Bylaws of the USA Research and Technology Corporation (“Corporation”), the Board of Trustees of the University of South Alabama (“University”) shall elect directors of the Corporation who are not officers, employees or trustees of the University, and

**WHEREAS**, the Board of Directors of the Corporation is authorized to nominate new directors consistent with the aforesaid for consideration and confirmation by the Board of Trustees of the University, and

**WHEREAS**, Mr. Joseph Adamo and Mr. Donald Langham were elected to serve as directors for four-year terms which conclude in June 2016 but continue to serve pursuant to the Corporation’s Amended Bylaws, which provide that directors hold office until their successors have been duly elected and qualified, and

**WHEREAS**, the Board of Directors of the Corporation has nominated for consideration and confirmation by the Board of Trustees of the University Mr. Joseph Adamo and Mr. Donald Langham for additional four-year terms beginning September 2016, and these individuals have agreed to serve in this capacity if elected,

**THEREFORE, BE IT RESOLVED**, the Board of Trustees of the University of South Alabama does hereby elect as Directors of the USA Research and Technology Corporation Mr. Joseph Adamo and Mr. Donald Langham, both for four-year terms beginning September 2016.



**MEMORANDUM**

Office of Research and Economic  
Development

**Date:**

May 19, 2016

**To:**

Monica Ezell  
Executive Assistant

**From:**

  
Lynne J. Chronister  
Vice President for Research and Economic Development

**Subject:**

Resolution for June 6, 2016 Board of Trustees

Please find attached a request for approval of a Resolution to extend the membership of two members of the Research and Technology Corporation Board of Directors. The request is for a four year extension for Mr. Joseph Adamo and Mr. Donald Langham.

REC'D  
Office of the President

MAY 20 2016

**RESOLUTION**

**GROUND LEASE OF UNIVERSITY PARCEL  
TO THE USA RESEARCH AND TECHNOLOGY CORPORATION**

**WHEREAS**, the University of South Alabama (“University”) owns certain real property which it utilizes to further its mission, and

**WHEREAS**, the USA Research and Technology Corporation (“Corporation”), a not-for-profit, supporting organization of the University, was incorporated to further the educational and scientific mission of the University, to promote the University and its schools and departments, to promote the development of and to facilitate funding for the infrastructure and services in Mobile, Alabama, and to attract high-technology and scientific enterprises, and

**WHEREAS**, in order for said Corporation to fulfill its above-stated mission, it is recommended that the University lease that portion of the land on the Springhill Avenue campus of the University of South Alabama identified as Subject Property on the attached picture and map to the Corporation for support of the development and operation of the Corporation for the sum of ONE DOLLAR AND NO/100 (\$1.00) per annum, and a term of approximately 29 years with two options to renew, each for a term of 10 years, and

**WHEREAS**, should said Corporation cease to exist for any reason, the land will revert to the University consistent with the terms of the lease, and

**WHEREAS**, the University has determined that leasing the real property described above is in the best interest of the University in that it will allow the University to continue and enhance its valued missions of education, research, and service,

**THEREFORE, BE IT RESOLVED** that the Board of Trustees of the University of South Alabama authorizes the President of the University to proceed with finalizing a land lease agreement with USA Research and Technology Corporation for the lease of a portion of the University of South Alabama Springhill Avenue campus identified above as Subject Property for the support of the development and operation of the Corporation.



**SUBJECT PROPERTY SHADED IN RED**

1.23 acres of the NORTHEAST CORNER of Spring Hill Avenue & N. Lafayette Street

**Date:**

May 23, 2016

**To:**

President  
Tony G. Waldrop



**From:**

G. Scott Weldon, V.P. for Finance and Administration *GSW*

**Subject:**

Agenda Item for June 3, 2016, Board of Trustees Meeting  
Land lease to USA Research and Technology Corporation

Attached is a resolution for consideration by the Budget and Finance Committee concerning a lease of a parcel of land on the Springhill Avenue campus of the University of South Alabama. The resolution calls for leasing the land to the USA Research and Technology Corporation to enable the Corporation to fulfill its mission. Further, the lease will allow the University to continue and enhance its missions of education, research, and service. Terms are \$1.00 per year for twenty-nine years, with two options to renew for ten years each. The land will revert to the University if the Corporation ceases to exist. With your approval, this item will be presented to the Budget and Finance Committee and the Board of Trustees for final approval. Further, I recommend the resolution's adoption by the Board of Trustees.

Attachment

REC'D  
Office of the President

MAY 25 2016

**RESOLUTION**  
**CONTRACT OFFICERS**

**WHEREAS**, since the inception of the University of South Alabama, the President of the University has been authorized to sign general contractual agreements and documents for and on behalf of the Board of Trustees, and

**WHEREAS**, other individuals and positions in the University have, from time to time, been given authority by the Board of Trustees to sign such contractual agreements and documents on behalf of the Board of Trustees,

**THEREFORE, BE IT RESOLVED**, the University of South Alabama Board of Trustees reaffirms the authority of the President of the University of South Alabama to sign and enter into contractual instruments, agreements, grants, and other similar legal documents for and on behalf of the University of South Alabama and its Board of Trustees, as well as, delegate signature authority to other University officials as he/she sees fit for contracts that are on templates pre-approved by the University Attorneys, and

**BE IT FURTHER RESOLVED** that the University of South Alabama Board of Trustees also authorizes and approves the positions of Executive Vice President; Vice President for Finance and Administration; Vice President for Medical Affairs; Vice President for Health Systems; University Treasurer; Chief Operating Officer, USA Health; Chief Financial Officer, USA Health; and Assistant Vice President for Hospital Financial Affairs as contracting officers of the University of South Alabama with all necessary power, responsibilities, authorities, and obligations to enter into contractual instruments, agreements, grants, and other similar legal documents for and on behalf of the University of South Alabama and its Board of Trustees.

**Date:**

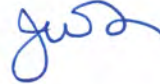
May 18, 2016

**To:**

Tony G. Waldrop,  
Ph.D., President

**From:**

Jean Walker Tucker  
Senior University Attorney



**Subject:** Contract Authority

The University of South Alabama has restructured many University positions and divisions resulting in the need to amend the list of positions designated as contract officers by the Board of Trustees. Therefore, I am submitting the attached resolution for recommendation to the Board of Trustees at its next meeting. The resolution provides updates on the position titles which continue to have contract authority and adds positions to be newly appointed as contract officers to better address the evolving needs of the University.

JWT/tb

Enclosure

REC'D  
Office of the President

MAY 23 2016

University of South Alabama

**Date:**

May 23, 2016

**To:**

President  
Tony G. Waldrop

**From:**

G. Scott Weldon *GSW*  
Vice President for Finance and Administration

**Subject:**

\$30-Million Line of Credit  
Ratifying, Affirming and Authorizing Documents

At its March 4, 2016, meeting, the Board of Trustees approved a \$30-million Line of Credit for various capital improvement projects designed to upgrade patient service and enhance revenues. We have undertaken a competitive-bid process and determined that the proposal from Compass Bank provided the lowest interest and best financing terms for the University. We are now ready to finalize the Line of Credit documents and ask the Board to ratify and affirm its prior authorization to execute the loan agreement and promissory note.

The attached resolution acknowledges this and, with your approval, this item will be presented to the Budget and Finance Committee and the Board of Trustees for approval. I recommend the adoption of the resolution by the Board of Trustees.

tka

Attachment

REC'D  
Office of the President

MAY 23 2016

University of South Alabama

## RESOLUTION

### RATIFYING, AFFIRMING AND AUTHORIZING 2016 LINE OF CREDIT AND RELATED DOCUMENTS

**WHEREAS**, the Board of Trustees (the “Board”) has determined that it is necessary, wise, and in the public interest that certain public capital improvements be made to various public health care facilities of the University including, without limitation, public building improvements, hardware and software equipment, and various other public capital improvements and equipment for the University (collectively, the “2016 Improvements”), and

**WHEREAS**, the Board heretofore determined that the University finance the 2016 Improvements through the establishment of an unsecured line of credit of up to \$30 million (the “2016 Line of Credit”), and pursuant to a resolution adopted March 4, 2016, the Board authorized and directed officers of the University to undertake a competitive bidding process to obtain the 2016 Line of Credit, and

**WHEREAS**, the University received proposals from three financial institutions in response to the said competitive bid process, and has determined that the proposal offered by Compass Bank (as reflected in the Loan Agreement and the Promissory Note described below) provides the lowest rate of interest and the best overall financing terms to the University for the 2016 Line of Credit, and

**WHEREAS**, the Board hereby seeks to ratify and affirm its prior authorization respecting the 2016 Line of Credit and to authorize and direct the President of the University and the Vice President for Finance and Administration to execute the Loan Agreement and the Promissory Note to effectuate the 2016 Line of Credit,

**NOW, THEREFORE, BE IT RESOLVED**, that the Board does hereby authorize and direct the President of the University and the Vice President for Finance and Administration to execute and deliver, for and in the name and behalf of the University, a Loan Agreement (the “Loan Agreement”) in substantially the form presented to the meeting at which this resolution is adopted and which is 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 a Promissory Note (the “Promissory Note”) in substantially the form presented to the meeting at which this resolution is adopted and which is attached as Exhibit II to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution), and, further, does hereby authorize the Secretary of the Board to affix the seal of the University to the Loan Agreement and Promissory Note, and

**FURTHER RESOLVED**, that the Board does hereby authorize and direct the President of the University, the Vice President for Finance and Administration, and the Secretary of the Board to execute and seal such other agreements, certifications, instruments, notices, directions, and documents as shall be necessary or desirable in connection with the Loan Agreement and the Promissory Note and the transactions contemplated thereby.



**EXHIBIT I**  
**FORM OF LOAN AGREEMENT**

## LOAN AGREEMENT

THIS LOAN AGREEMENT (“this Agreement”) is dated June \_\_, 2016 and is between COMPASS MORTGAGE CORPORATION (the “Lender”) and UNIVERSITY OF SOUTH ALABAMA (the “Borrower”).

### RECITALS:

**WHEREAS**, Borrower desires to establish a non-revolving line of credit with Lender in the amount of up to THIRTY MILLION AND NO/100THS DOLLARS (\$30,000,000.00); and

**WHEREAS**, Lender is willing to provide Borrower with a non-revolving line of credit on the terms and conditions hereinafter set forth.

**NOW THEREFORE**, in consideration of the premises and the mutual covenants contained herein, Lender and Borrower agree as follows:

1. **The Line of Credit.** On the date hereof Lender shall establish a non-revolving line of credit (the “Line of Credit”) for the Borrower in the amount of up to THIRTY MILLION AND NO/100 DOLLARS (\$30,000,000.00). The Line of Credit (a) will be evidenced by a promissory note (which promissory note, together with any renewals, extensions, and modifications thereof, is hereinafter referred to as the “Line of Credit Note”) being executed of even date herewith and incorporated herein by reference, (b) will bear interest at the rate set forth therein calculated on the basis of an assumed 360 day year, (c) will be due and payable in monthly installments of accrued but unpaid interest as set forth in the Line of Credit Note, and (d) unless extended by the Borrower and the Lender, will mature on the date specified therein. Amounts repaid may not be reborrowed.

2. **Requests for Advances; Honoring of Advances by Lender.**

(a) The Line of Credit Note shall constitute a “draw-down loan” as described in § 1.150-1(c)(4) of the regulations promulgated under the Internal Revenue Code of 1986, as amended. Lender will, from time to time, at the request of the Borrower as hereinafter set forth, make advances on the Line of Credit (each, an “Advance”), except that no Advance will be made with respect thereto if there has been an Event of Default (as hereinafter defined) which is continuing or if, after such Advance, the outstanding principal balance of the Line of Credit would exceed \$30,000,000.00.

(b) Advances under the Line of Credit will be made by Lender into the depository account of Borrower with Lender described on Exhibit B hereto (the “Depository Account”). The Depository Account may be changed from time to time pursuant to a written instrument between Lender and an Authorized Borrower Representative. On the date of execution and delivery of this Agreement and the Line of Credit Note, the Lender shall honor an initial Advance (the “Initial Advance”) of \$50,000. Each Advance under the Line of Credit, other than the Initial Advance, shall be requested in writing by providing Lender a requisition executed by an Authorized Borrower Representative in the form as Exhibit A to this Agreement (an “Advance Requisition”). An Advance, other than the Initial Advance, shall be deemed properly requested upon delivery by Borrower to Lender of the Advance Requisition for such Advance. An Advance shall be made no more than two times per month, and the minimum advance amount, other than the Initial Advance, will be \$25,000. The Lender shall honor the Initial Advance on date of execution and delivery of this Agreement and the Line of Credit Note, and each request for any subsequent Advance properly submitted through delivery of an Advance Requisition by depositing the amount of such Advance into the Depository Account in same day funds not later than 12:00 noon, Alabama time, on the first Business Day immediately following the Business Day on which the request

such Advance is received by the Lender. An Advance shall be deemed honored by the Lender on such as the full amount of such Advance is deposited into the Depository Account and available for withdrawal by the Borrower. As used herein, "Authorized Borrower Representative" shall mean the President of the University, the Vice President for Finance and Administration, the Treasurer, and any other officer of the University authorized in writing by any of the foregoing to act as an Authorized Borrower Representative; and "Business Day" shall mean each day other than a Saturday, a Sunday, or any holiday on which Lender or Borrower is closed for business.

3. **Conditions Precedent.** Upon the execution and delivery of this Agreement and the Line of Credit Note, Lender shall have received the following from Borrower:

(a) A duly signed copy of this Agreement and the Line of Credit Note, and a certified copy of the resolution of the governing body of the Borrower authorizing the Borrower to enter into the Line of Credit; and

(b) a Tax Certificate and Agreement of even date herewith (the "Tax Agreement"), a rebate instruction letter, a duly executed IRS Form 8038-G, and such other certificates, notices, agreements and other instruments as Lender may deem necessary to verify and confirm the tax-exempt status of the Line of Credit Note (all of the foregoing, collectively, the "Tax Covenants").

Notwithstanding any other provision of this Agreement, Lender shall have no obligation to make the Initial Advance unless and until it has received the items described in this Section 3.

4. **Representations.** Borrower represents to Lender as of the date hereof and as of the date of each Advance, that:

(a) Organization. Borrower is a public body corporate and an instrumentality of the State of Alabama. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engage. Borrower maintains an office at 307 University Blvd., A.D. 170, Mobile, Alabama 36688. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

(b) Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower now does business: "USA Health".

(c) Authorizations. Borrower's execution, delivery and performance of this Agreement and all the documents and instruments executed in connection therewith, have been duly authorized by all necessary action by Borrower, do not require consent or approval of any person, regulatory authority, or governmental body, and do not conflict with, or result in a of, or constitute a default under any agreement or other instrument binding upon Borrower or any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties. Borrower has the power and authority to enter into the Line of Credit Note and all other documents or instruments in connection with the Line of Credit. Borrower has the further

power and authority to own and to hold all of Borrower's assets and properties, and to carry on Borrower's business as presently conducted.

(d) Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclose Borrower's financial condition as of the date of the statement and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

(e) Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute, legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

(f) Litigation and Claims. No litigation, claims, investigations, administrative proceedings or similar actions (including those for unpaid taxes) against Borrower is pending or, to the actual knowledge of Borrower, threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing

(g) Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes assessments and other government charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

(h) Binding Effect. This Agreement, the Line of Credit Note, and all other documents or instruments executed by Borrower in connection with the Line of Credit are binding upon the Borrower, as well as upon its successors and assigns, and are legally enforceable in accordance with their respective terms.

(i) Commercial Purposes. Borrower intends to use the Line of Credit proceeds solely for its institutional purposes.

(j) Investment Company Act. Borrower is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(k) Public Utility Holding Company Act. Borrower is not a "holding company", or a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(l) Regulations T and U. Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T and U of the Board of Governors of the Federal Reserve System).

(m) Information. All information previously furnished, or which is now being furnished, by Borrower to Lender for the purposes of, or in connection with, this Agreement or transaction contemplated by this Agreement is, and all information furnished by or on behalf of Borrower to Lender in the future will be, true and accurate in every material respect on the date as

of which such information is dated or certified, and no such information is or will be incomplete omitting to state any material fact the omission of which would cause the information to be misleading.

(n) Claims and Defenses. There are no defenses or counterclaims, offsets or other adverse claims, demands or actions of any kind, personal or otherwise, that Borrower could assert with respect to the Line of Credit Note, the Line of Credit, or this Agreement or any document or instrument executed in connection therewith.

(o) Tax-Exempt Status. All facts and representations stated in the Tax Covenants is true and correct in all material respects on the date of this Agreement, and the Borrower is not aware of any fact or circumstances not disclosed in the Tax Covenants that could have an adverse effect on the tax-exempt status of the Line of Credit Note.

5. **Affirmative Covenants.** For so long as (i) any portion of any of the Line of Credit remains unsatisfied; (ii) Lender has any obligation to make advances under the Line of Credit; or (iii) all renewals, extensions, or modifications of the indebtedness referred to in the foregoing clauses, or any part thereof (all of the foregoing is hereinafter referred to as the "Obligations") have not been satisfied, Borrower will (unless Lender shall otherwise consent in writing) do each of the following:

(a) Financial Statements. Borrower shall deliver to Lender (i) on the earlier to occur of (a) one hundred fifty (150) days after the close of each fiscal year of Borrower or (ii) five (5) days after receipt of the same form Borrower's certified public accountants, a copy of the Borrower's audited financial statement, prepared in accordance with United States generally accepted accounting principles and audited in accordance with the standards applicable to financial audits contained in the Governmental Auditing Standards issued by the Comptroller General of the United States, consisting of a Statement of Net Position; Statement of Revenues, Expenses, and Changes in Financial Position; and a Statement of Cash Flows; (ii) within ninety (90) days of the end of each fiscal quarter of Borrower, a copy of Borrower's internally prepared financial statements, prepared in accordance with GAAP; (iii) fifteen days of the filing of the same, copies of all tax returns filed by Borrower with any governmental agency; and (iv) any such other information concerning the business, properties or financial condition of Borrower as Lender shall reasonably request in writing

(b) Repayment. Borrower will repay the Line of Credit in accordance with the terms of the Line of Credit Note and the terms of this Agreement.

(c) Tax Returns. Borrower will file, within the time required to be filed, as extended by any applicable extensions granted to Borrower, all tax returns required to be filed by Borrower with any governmental agency;

(d) Notice of Default. Borrower will, immediately upon becoming aware of the existence of any condition or event that constitutes a default or would become a default or an Event of Default hereunder, provide Lender with written notice specifying the nature and period of existence thereof and the action which Borrower is taking or proposes to take with respect thereto.

(e) Notices of Claims and Litigation. Borrower will notify Lender of Borrower's actual knowledge of (i) any material adverse change in its financial condition or business, (ii) any default under any material agreement, contract or other instrument to which Borrower is a party under which any of its properties are bound, or any acceleration of the maturity of any or liability owing by Borrower, (iii) any material adverse claim against or affecting Borrower and

(iv) the commencement of, or any material determination in, any litigation with any third party or any proceeding before any governmental entity affecting Borrower at such time as Borrower reasonable determines the same could have a materially adverse impact upon its financial or ability to timely pay debt service on the Line of Credit Note.

(f) Financial Records. Borrower will maintain complete and accurate books and records of its transactions in accordance with generally accepted accounting practices and, after not less than two Business Days' prior written notice from Lender, give representatives of Lender access during normal business hours of the Borrower to examine and take written notes from any and all books, records and documents in Borrower's possession that are not subject to confidentiality agreements or other limitations on disclosure to third parties; provided, such access shall in no way interfere with the administrative or business operations of Borrower.

(g) Additional Information. Borrower will furnish such additional information and statements as Lender may reasonably request from time to time.

(h) Insurance. Borrower will maintain reasonable fire and other risk insurance, public liability insurance, and other insurance with respect to Borrower's properties and operations as it reasonably deems fit for its normal and customary operations.

(h) Performance. Perform and comply, in a timely manner, with all material terms, conditions and provisions set forth in this Agreement and in any document or instrument executed in connection with this Agreement.

(j) Loan Proceeds. Borrower will use all Advances of the Line of Credit solely for 2016 Improvements as defined in the Tax Agreement.

(k) Performance. Perform and comply, in a timely manner, with all material terms, conditions and provisions set forth in this Agreement and in any document or instrument executed in connection with this Agreement.

(l) Operations. Borrower will maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel and will conduct its business affairs in a reasonable and prudent manner.

(m) Compliance with Governmental Requirements. Borrower will comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, including without limitation, the Americans with Disabilities Act.

(n) Change of Location. Borrower will immediately notify Lender in writing of any additions to or changes in the primary location of Borrower's businesses (*i.e.*, the campus of the University of South Alabama located in Mobile, Alabama).

(o) Tax-Exempt Status. Borrower will comply with the Tax Covenants and will take such actions as are necessary to ensure that interest on the Line of Credit Note remains exempt from federal income taxation.

(p) Maintenance of Pledged Revenues. Capitalized terms used in this paragraph and not otherwise defined in this Agreement shall have the meanings assigned in that certain University Facilities Revenue Trust Indenture dated as of February 15, 1996, as between Borrower and The

Bank of New York Mellon Trust Company, N.A., as trustee, as the same may be amended or supplemented from time to time (the "Base Indenture"). The Borrower agrees that, so long as principal of or the interest on any of the Bonds remain unpaid or until payment thereof shall been provided for, the Borrower will during each Fiscal Year levy and collect Pledged other than those constituting Children's and Women's Hospital Revenues, in such amounts as will, when added to the Children's and Women's Hospital Pledged Revenues to be collected during such Fiscal Year, produce Pledged Revenues during such Fiscal Year not less than the Annual Debt Service Requirement referable to such Fiscal Year, plus the interest due under the Line of Credit during such Fiscal Year. Anything in the foregoing to the contrary notwithstanding, whether express or implied, Lender hereby acknowledges and agrees that nothing in this Loan Agreement or in the Line of Credit Note gives Lender any lien, claim, or other interest in the Pledged Revenues or any other revenues or assets of the Borrower.

6. **Negative Covenants.** For so long as any of the Obligations remain outstanding, Borrower shall not do any of the following:

(a) Continuity of Operations. Borrower will not engage in any business activities substantially different than those in which Borrower is presently engaged.

(b) Agreements. Borrower will not enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

(c) Use of Proceeds. Borrower will not use any proceeds of the Line of Credit for any purpose other than 2016 Improvements as defined in the Tax Agreement and will not cause or permit any event or circumstance within Borrower's control that will have any adverse effect on the tax-exempt status of the Line of Credit Note.

7. **Events of Default.** An "Event of Default" shall exist if any one or more of the following events (herein collectively called "Events of Default") occurs and is continuing:

(a) Payment Default. Borrower shall fail to pay the Obligations or any part thereof when due.

(b) False Statement. Any material representation made by Borrower under or in this Agreement or any document relating hereto or in any certificate or statement furnished or made respecting the financial condition of Borrower to Lender in connection with the Line of Credit proves to be untrue or inaccurate in any material respect as of the date on which such representation is made.

(c) Covenant Breach. Default in the performance of, or breach of, any of the covenants or agreements of Borrower contained in this Agreement or in any document relating hereto (other than a breach of a payment covenant) occurs and continues for more than twenty (20) days after written notice of default by Lender to Borrower or, if said default cannot be cured within twenty (20) days, if Borrower fails to commence curing said default within twenty (20) days after written notice of default by Lender to Borrower or fails to diligently pursue curing said default.

(d) Default in Favor of Third Party. Default occurs in the payment of any material indebtedness or liability of Borrower, whether to Lender or some other party, or default occurs in respect of any note, loan agreement or credit agreement relating to any such indebtedness or liability and such default continues for more than the period of grace, if any, specified therein or

any such indebtedness or liability becomes due before its stated maturity by acceleration of the maturity thereof or becomes due by its terms and is not promptly paid or extended.

(e) Invalidity of Loan Documents. In the event that this Agreement or any document relating hereto ceases to be a legal, valid and binding agreement enforceable against Borrower in accordance with the respective terms thereof or in any way is terminated or becomes or is declared ineffective or inoperative or in any way whatsoever ceases to give or provide the respective liens, security interests, rights, titles, interests, remedies, powers of privileges intended to be created thereby.

(f) Insolvency. Borrower (i) applies for or consent to the appointment of a receiver, trustee, custodian, intervenor or liquidator of itself or of all or a substantial part of its assets, (ii) files a voluntary petition in bankruptcy, admits in writing that it is unable to pay its debts as they become due or generally does not pay its debts as they become due, (iii) makes a general assignment for the benefit of creditors, (iv) files a petition or answer seeking reorganization or an arrangement with creditors or takes advantage of any bankruptcy, receivership, or insolvency laws, or (v) files an answer admitting the material allegations of, or consents to, or defaults in answering, a petition filed against Borrower in any bankruptcy, reorganization or insolvency proceeding;

(g) Involuntary Proceedings. If an involuntary petition or complaint is filed seeking bankruptcy or reorganization of Borrower or the appointment of a receiver, custodian, trustee, intervenor or liquidator of Borrower, or of all or substantially all of the assets of Borrower and such petition or complaint is not dismissed within thirty (30) days of the filing thereof, or an order, order for relief, judgment or decree is entered by any court of competent jurisdiction or other competent authority approving a petition or complaint seeking reorganization of Borrower or appointing a receiver, custodian, trustee, intervenor or liquidator of Borrower, or of all or substantially all of the assets of Borrower.

(h) Judgment. If any final and non-appealable judgment(s) for the payment of money in excess of the sum of \$10,000.00 in the aggregate is rendered against Borrower, and such judgment or judgments are not satisfied or discharged at least ten (10) days prior to the date on which any of assets of the Borrower could be lawfully sold to satisfy such judgment.

(i) Adverse Change. Any event or any change in facts occurs that causes or will cause a material adverse effect on the properties, business, prospects, or condition (financial or otherwise) of Borrower.

(j) Base Indenture Default. If a default or event of default shall occur under the Base Indenture.

(k) Taxability of Line of Credit. Any event or circumstance within Borrower's control that has an adverse effect on the tax-exempt status of the Line of Credit Note; provided, however, that such event or circumstance shall not constitute an Event of Default if the Borrower compensates the Lender in accordance with the provisions of the Line of Credit Note.

8. **Remedies.** If an Event of Default occurs and is continuing, then Lender may exercise any one or more of the following rights and remedies, and any other remedies provided in this Agreement or in any document relating hereto as Lender, in its sole discretion, may deem necessary or appropriate:

(a) declare the Obligations to be forthwith due and payable, whereupon the same forthwith become due and payable without presentment, demand, protest, notice of default, notice



of acceleration or of intention to accelerate or other notice of any kind, all of which Borrower hereby expressly waives, anything contained herein or in any of the document relating hereto to contrary notwithstanding,

(b) refuse to honor any request for additional Advances under the Line of Credit Note, and/or

(c) reduce any claim to judgment, and/or without notice of default or demand, pursue and enforce any of Lender's rights and remedies hereunder or under any document relating hereto, or otherwise provided under or pursuant to any applicable law or agreement, provided however, that if any Event of Default specified in subparagraphs (f), or (g) of Section 7 above occurs, the Obligations shall thereupon become due and payable concurrently therewith, and Lender's obligations to lend will immediately terminate hereunder, without any further action by Lender and without presentment, demand, protest, notice of default, notice of acceleration or of intention to accelerate or other notice of any kind, all of which Borrower hereby expressly waive.

9. **Right to Perform.** If Borrower fails to perform any covenant, duty, or agreement contained herein or in any document relating hereto, Lender may perform or attempt to perform such covenant, duty or agreement on behalf of Borrower. In such event, Borrower will, at the request of Lender, promptly pay any amount expended by Lender in such performance or attempted performance to Lender, together with interest on any such amount from the date of such expenditure until the same is paid, at the rate of interest of three percent (3.00%) in excess of the non-default interest rate applicable to the Loan. Notwithstanding the foregoing, it is expressly understood that Lender does not assume:

(a) any liability or responsibility for the performance of any duties of Borrower hereunder or under any document relating hereto, or

(b) any other control over the management and affairs of Borrower.

10. **No Oral Modifications, Etc.** Neither this Agreement nor any provision hereof may be changed, modified, waived, discharged or terminated orally, except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought. Any such change, waiver, modification, discharge or termination shall operate only to the extent specified therein and shall not extend beyond any particular matter specifically set forth therein.

11. **Further Assurances.** Borrower shall from time to time upon request of Lender execute and deliver to Lender such other documents and instruments as Lender shall reasonably request.

12. **Assignment by Lender.** The Lender may from time to time enter into a participation agreement or agreements with one or more participants pursuant to which such participant or participants shall be given participation in the Line of Credit Note, and such participants may from time to time similarly grant to other participants sub-participation in the Line of Credit; provided, Borrower shall not be required to remit payments of debt service on the Line of Credit Note to anyone other than the single registered holder of the Line of Credit Note. Lender covenants and agrees that any assignment or transfer by Lender of the Loan Agreement or Line of Credit Note shall be done strictly in accordance with federal and state securities laws, and, without limiting the generality of the foregoing portion of this sentence, only to an "accredited investor" as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), or a "qualified institutional buyer" under Rule 144A of the Securities Act. On the date of its receipt of the Line of Credit Note Lender shall deliver to Borrower a letter in the form of Exhibit B hereto.

13. **Binding Effect.** This Agreement, the Line of Credit Note and any and all documents or instruments executed in connection with the Line of Credit shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors, assigns and legal representatives; provided, however, that Borrower may not, without the written consent of Lender, assign any rights, powers, duties or obligations of any said documents

14. **Offset.** Borrower hereby grants to Lender the right of offset, to secure the Line of Credit Note and the obligations of Borrower under this Agreement upon any and all moneys, securities or other property of Borrower, and the proceeds therefrom, now or hereafter held or received or in transient to Lender or any of its agents from or for the account of Borrower, whether for safe keeping, custody, pledge, transmission, collection, or otherwise, and also upon any and all deposits, whether general, specific, or special, and credits of Borrower, and any and all claims of Borrower, against Lender existing at any time.

15. **WAIVER OF JURY TRIAL.** BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREES THAT:

(a) BORROWER, NOR ITS LEGAL REPRESENTATIVES, SUCCESSORS OR ASSIGNS, SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, CROSS-CLAIM OR OTHER ACTION OR PROCEEDING ARISING FROM OR BASED UPON THIS LOAN AGREEMENT OR ANY OF THE DOCUMENTS EXECUTED IN CONNECTION THEREWITH.

(b) BORROWER, NOR ITS LEGAL REPRESENTATIVES, SUCCESSORS OR ASSIGNS, SHALL SEEK TO CONSOLIDATE ANY CLAIM AS TO WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY CLAIM IN WHICH A JURY TRIAL HAS NOT BEEN OR CANNOT BE WAIVED.

(c) THE PROVISIONS OF THIS SECTION 15 HAVE BEEN FULLY NEGOTIATED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS.

(d) NEITHER LENDER NOR ANY OFFICER, EMPLOYEE, ATTORNEY, AGENT OR OTHER REPRESENTATIVE OF LENDER HAS IN ANY WAY AGREED WITH OR REPRESENTED TO BORROWER OR ANY OF THE OTHER OBLIGORS THAT THE PROVISIONS OF THIS SECTION 15 WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

(e) THIS SECTION 15 IS A MATERIAL INDUCEMENT FOR LENDER TO ENTER INTO THE LOAN AND OTHER TRANSACTIONS EVIDENCED OR SECURED BY THIS LOAN AGREEMENT AND THE LOAN DOCUMENTS.

16. **Headings.** Section headings and numbers are for convenience of reference only and shall in no way affect the interpretation of this Agreement.

17. **Invalid Provisions.** If any provision of this Agreement, the Line of Credit Note or any other instrument or document executed in connection with the Line of Credit is held to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions of the instrument in which such provision was located shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from the document.

18. **Non-waiver, Modifications, etc.** Neither any failure nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights of Lender hereunder and all rights of Lender under any document relating hereto shall be in addition to all other rights provided by law. All modifications, consents, amendments or waivers of any provision of this Agreement or of any document relating hereto, or consent to any departure therefrom, shall be effective only if the same are in writing signed by the party against whom enforcement of such modification, consent, amendment, or waiver is sought and then will be effective only in the specific instance and for the purpose for which given. No notice or demand given in any case will constitute a waiver of the right to take other action in the same, similar or other instances without such notice or demand.

19. **Notices.** Any notices or other communications required or permitted to be given by this Agreement or any other documents and instruments referred to herein must be

(a) given in writing and personally delivered or mailed by prepaid United States mail, or

(b) made by courier, overnight delivery service or telecopier or telex delivered or transmitted, to the party to whom such notice of communication is directed as follows: to Borrower at 307 University Blvd., AD 170, Mobile, Alabama 36688 or to Lender at 701 South 32<sup>nd</sup> Street, Birmingham, Alabama 35233, Attn. Payment Center. Any such notice or other communication shall be deemed to have been given on the day it is received. Any party may change its address for purposes of this Agreement by giving notice of such change to the other parties pursuant to this paragraph.

20. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Alabama, and if any provision of this Agreement or of any document relating hereto is held to be illegal, invalid or unenforceable under present or future laws during the term of this Agreement, such provisions shall be fully severable and the remaining provisions of such document shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from such document.

21. **Relationship Between Borrower and Lender.** The relationship between Borrower and Lender is, and shall at all times remain, solely that of borrower and lender, and Lender neither undertakes nor assumes any responsibility or duty to Borrower to review, inspect, supervise, pass judgment upon, or inform Borrower of any matter in connection with any phase of the businesses, operations, or condition, either financial or otherwise, of Borrower. There is not and shall not be deemed to be a fiduciary relationship between Lender and Borrower and nothing contained in this Agreement or in any document relating hereto shall be deemed to create a partnership or joint venture between Lender and Borrower. Borrower will rely entirely upon their own judgment with respect to such matters, and any review, inspection, supervision, exercise of judgment, or information supplied to Borrower by Lender in connection with any such matter is for the protection of Lender, and neither Borrower nor any third party is entitled to rely thereon.

22. **Entire Agreement.** This Agreement and the documents referred to herein embody the entire agreement between the parties and supersede all prior or contemporaneous agreements and understandings, if any, relating to the subject matter hereof and thereof.

23. **Survival of Representations.** All representations made by Borrower in this Agreement or any document relating hereto shall survive the execution and delivery thereof and the making of the loan described herein.

24. **No Third Party Beneficiaries.** The parties do not intend the benefits of this Agreement to inure to the benefit of any third party nor shall this Agreement be construed to make or render Lender liable to any materialman, supplier, contractor, subcontractor, purchaser or lessee of any property owned by Borrower or for debts or claims accruing to any such persons against Borrower. Notwithstanding anything contained herein or in any document relating hereto, neither any such document nor any conduct or course of conduct by any or all of the parties hereto, before or after signing, shall be construed as creating any right, claim or cause of action against Lender, or any of its officers, directors, agents or employees, in favor of any materialman, supplier, contractor, subcontractor, purchaser or lessee of any property owned by Borrower or in favor of any other person or entity.

25. **Time is of the Essence.** Time is of the essence in the performance of this Agreement.

*[Signatures on following page.]*

**IN WITNESS WHEREOF**, the undersigned have executed this Agreement, or caused this Agreement to be executed by its duly authorized officer as of the date first written above.

**BORROWER:**

**UNIVERSITY OF SOUTH ALABAMA**

By: \_\_\_\_\_

G. SCOTT WELDON

As its: Vice President for Finance and Administration

**LENDER:**

**COMPASS MORTGAGE CORPORATION**

By: \_\_\_\_\_

As its: \_\_\_\_\_

**EXHIBIT A**

**FORM OF ADVANCE REQUISITION**

**Requisition No. \_\_\_\_\_**

TO: Compass Mortgage Corporation, as Lender under that certain Loan Agreement dated June \_\_\_\_, 2016 between Compass Mortgage Corporation and the University of South Alabama (the "Loan Agreement")

The undersigned, as an Authorized Borrower Representative of the University of South Alabama, hereby certifies as follows:

1. on the date hereof, the undersigned has requested an Advance in the amount of \$\_\_\_\_\_;
2. the amount to be advanced hereunder shall be used solely for payment of 2016 Improvements as defined in the Tax Agreement;
3. the total amount of Advances heretofore honored by Lender, together with the amount of the Advance requested hereunder, does not exceed \$30,000,000; and
4. no Event of Default has occurred and is continuing under the Loan Agreement.

All capitalized terms used herein and not otherwise defined herein shall have the meaning given to them in the Loan Agreement.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

By: \_\_\_\_\_

Title: \_\_\_\_\_

University of South Alabama

APPROVED FOR ADVANCE:

COMPASS MORTGAGE CORPORATION By: \_\_\_\_\_

Its: \_\_\_\_\_

## EXHIBIT B

### LENDER LETTER

June \_\_\_\_\_, 2016

University of South Alabama  
Mobile, Alabama

Compass Mortgage Corporation, a corporation under the laws of the State of \_\_\_\_\_ (the "Bank"), has agreed to make a non-revolving line of credit of up to \$30,000,000 to the University of South Alabama (the "University"), and in connection therewith to acquire the University's Promissory Note in a maximum principal amount of \$30,000,000 (the "Note"). The Note is an unsecured obligation of the University. In connection with the said line of credit and the Note, the Bank hereby certifies to, and agrees with, the University as follows:

- (a) On the date hereof the Bank has received physical possession of the Note.
- (b) The Bank has sufficient knowledge and experience in financial and business matters, including the acquisition and ownership of governmental obligations similar to the Note, to be able to evaluate the merits and risks of making the said line of credit available to the University as evidenced by the Note.
- (c) The Bank is an "accredited investor" as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), or a "qualified institutional buyer" under Rule 144A of the Securities Act, and is able to bear the economic risks of the Note.
- (d) The Bank understands that no official statement, prospectus, offering circular or other comparable disclosure document is being provided with respect to the Note. The Bank has made its own inquiry and analysis with respect to the Note and material factors affecting the payment of the Note.
- (e) The Bank understands that the Note is unsecured and is not registered under federal or state securities laws, is not listed on any stock or other securities exchange, and carries no rating from any rating agency.
- (f) The Bank is providing the said line of credit and acquiring the Note in the ordinary course of its lending business for its own loan portfolio with no present view toward resale or distribution to any entity other than an affiliate of the Bank. The Bank reserves the right to sell, transfer or dispose of the Note or interests therein in accordance with its own judgment and in compliance with all applicable federal and state securities laws then in effect. Any person to whom the Bank sells, transfers or disposes of the Note or an interest therein will also be an "accredited investor" as defined in Rule 501 of Regulation D under the Securities Act or a "qualified institutional buyer" as defined under Rule 144A of the Securities Act.

**COMPASS MORTGAGE CORPORATION**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**EXHIBIT II**  
**FORM OF PROMISSORY NOTE**



Bank Affiliates own or control in the aggregate more than five percent (5%) of any class of voting securities or of the equity capital of the fund (it being understood that the ownership of fifteen percent (15%) or more of the ownership interest in an entity shall be deemed control of the entity, and that each general partner shall have control over the partnership). This does not apply to deposits made into any bank accounts for the benefit or the Borrower.

To the extent the proceeds of this loan will be used to purchase securities (regardless of whether such purchase is conducted through BBVA Securities Inc. or through another broker-dealer): (1) no securities of a Bank Affiliate (including those underwritten by a Bank Affiliate) shall be purchased during an issuance or underwriting period, or in a way that would transfer loan proceeds to a Bank Affiliate; (2) no securities shall be purchased where a Bank Affiliate is selling them as principal (even in the open market); and (3) Borrower agrees to promptly notify Lender of any violation of this provision.

Failure to comply with the foregoing Transactions with Affiliates requirements at any time during the term of this Agreement, including renewals and extensions thereof, shall be deemed an Event of Default and subject to the default provisions and remedies available to Lender.

**PREPAYMENT.** Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Compass Mortgage Corporation, Alabama Processing Center, 701 South 32nd Street, Birmingham, AL 35233.

**LATE CHARGE.** If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

**LENDER'S RIGHTS.** Upon the occurrence of an Event of Default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount.

**GOVERNING LAW.** This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Alabama without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Alabama.

**COLLATERAL.** This loan is unsecured.

**LINE OF CREDIT.** This Note evidences a non-revolving line of credit. Advances under this Note, as well as directions for payment from Borrower's accounts, may be requested orally or in writing by Borrower or by an Authorized Borrower Representative. Lender may, but need not, require that all oral requests be confirmed in writing. Borrower agrees to be liable for all sums either: (a) advanced in accordance with the instructions of an Authorized Borrower Representative, or (b) credited to the Borrower's Depository Account. The aggregate unpaid amount reflected by the Lender's notations on its internal records (whether on computer or otherwise) shall be deemed rebuttably presumptive evidence of the principal amount remaining outstanding and unpaid on this Note. No failure of the Lender so to record any Advance or payment shall limit or otherwise affect the obligation of the Borrower hereunder with respect to any Advance, and no payment of principal by the Borrower shall be affected by the failure of the Lender so to record the same.

**DRAW-DOWN PROVISIONS.** This Note is issued as a "draw-down loan" as described in § 1.150-1(c)(4) of the Regulations promulgated under the Code. On each date during the period commencing on the date of this Note and ending on the Maturity Date (the "Draw-Down Period") on which the Lender makes any advance under the non-revolving line of credit evidenced by this Note in accordance with Section 1 of the Loan Agreement, the aggregate dollar amount of such advance on that date shall constitute an "Advance" under the Loan Agreement. Each Advance will increase the outstanding principal amount of this Note. Notwithstanding any other provision in the Loan Agreement or this Note, the outstanding principal amount of this Note may not exceed \$30,000,000, and (2) no additional Advances may be made after the expiration of the Draw-Down Period.

**AMENDMENTS.** This Note constitutes the entire understanding and agreements of the parties as to the matters set forth in this Note. No alteration or amendment of this Note shall be effective unless given in writing and signed by the party or parties sought to be bound by the alteration or amendment.

**SEVERABILITY.** If a court of competent jurisdiction finds any provision of this Note to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Note. Unless otherwise required by law, the illegality, invalidity, or enforceability of any provision of this Note shall not affect the legality, validity or enforceability of any other provision of this Note.

**ADDITIONAL PROVISIONS.** Notwithstanding any other provisions of this Note to the contrary: (a) Lender's Remedies. Lender also may exercise any and all remedies available to it. Lender's rights are cumulative and may be exercised together, separately, and in any order; (b) No Assignment. Borrower agrees not to assign any of Borrower's rights or obligations under this Note; (c) Prepayments. The terms "prepayment" and "early payment" mean any payment that exceeds the combined amount of interest, principal due, and charges due as of the date Lender receives that payment. The amount of this excess will be applied to the outstanding principal balance; (d) Final Payment. Borrower agrees that, if Borrower owes any late charges, collection costs or other amounts under this Note or any related documents, Borrower's final payment under this Note will include all of these amounts, as well as all unpaid principal and accrued interest; (e) Loan Fees. Borrower agrees that all loan fees and other prepaid finance charges are fully earned as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of an Event of Default).

**JURISDICTION.** Any legal action or proceeding brought by Lender or Borrower against the other arising out of or relating to the loan evidenced by this instrument (a "Proceeding") shall be instituted in the federal court for or the state court sitting in the county where Lender's office that made this Loan is located, unless for proceedings before the State Board of Adjustments, in which case shall proceed in Montgomery, Alabama.

**BUSINESS PURPOSE.** The Borrower agrees to use the proceeds of this Note solely for business purposes and not any personal, family or household purpose.

**CHANGE IN INITIAL INTEREST RATE.** If this Note evidences an extension of credit with a variable rate and an initial interest rate is stated, the initial rate stated on this Note when it is signed may differ from the actual rate due to changes in the Index before closing.

**CONSTRUCTION OF DOCUMENTS.** In the event of any conflict within the provisions of this Note and the Loan Agreement the provisions of this Note shall control. The parties hereto agree and acknowledge that no rule of construction permitting or requiring any claimed ambiguities to be resolved against the drafting party shall be employed in the interpretation of this Note or any of the other documents referred to or executed in connection with this Note.

**TO GRANT FURTHER ASSURANCES.** The Borrower will, upon reasonable request, execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectually the purpose of this Note or the Loan Agreement, and in particular (without in any way limiting the generality of the foregoing) to transfer to any successor holder all rights and benefits of the Lender under this Note or the Loan Agreement. No failure to request such further instruments or further acts shall be deemed, a waiver of any right to the execution and delivery of such instruments or the doing of such acts or be deemed to affect the interpretation of any provision of this Note or the Loan Agreement.

**SUCCESSOR INTERESTS.** The terms of this Note shall be binding upon Borrower, and upon Borrower's successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

**GENERAL PROVISIONS.** If any part of this Note cannot be enforced, this fact will not affect the rest of this Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor, and take any other action deemed necessary by Lender without the consent of or notice to anyone.

**PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.**

**BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS NOTE.**

**THIS NOTE IS GIVEN UNDER SEAL AND IT IS INTENDED THAT THIS NOTE IS AND SHALL CONSTITUTE AND HAVE THE EFFECT OF A SEALED INSTRUMENT ACCORDING TO LAW.**

**BORROWER:**

**UNIVERSITY OF SOUTH ALABAMA**

By: \_\_\_\_\_ (Seal)  
G. SCOTT WELDON, Vice President for Finance and Administration

**RESOLUTION AUTHORIZING THE ISSUANCE  
OF FACILITIES REVENUE REFUNDING BONDS OF  
THE UNIVERSITY OF SOUTH ALABAMA**

**WHEREAS**, it is desirable and appropriate for the University of South Alabama (the “University”) to issue its Facilities Revenue Refunding Bonds from time to time for the purpose of refunding and paying certain of its prior outstanding bonds and thereby achieving an overall interest expense savings to the University; and

**WHEREAS**, in order to manage the University’s refunding opportunities in the most efficient manner possible and to permit the University to take advantage of changing market conditions, it is desirable and appropriate to authorize the officers of the University to arrange for the issuance of refunding bonds without further approval of the Board of Trustees of the University (the “Board”), subject to the limitations expressed in this resolution.

**THEREFORE BE IT RESOLVED** by the Board as follows:

**Section 1. Findings.**

The following bonds of the University are currently outstanding:

- (i) University Tuition Revenue Bonds, Series 1999 Capital Appreciation;
- (ii) University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006;
- (iii) University Facilities Revenue and Capital Improvement Bonds, Series 2008 (the “Series 2008 Bonds”);
- (iv) University Facilities Revenue and Capital Improvement Bonds, Series 2010;
- (v) University Facilities Revenue Capital Improvement Bond, Series 2012-A;
- (vi) University Facilities Revenue Capital Improvement Bond, Series 2012-B;
- (vii) University Facilities Revenue Capital Improvement Bond, Series 2013-A;
- (viii) University Facilities Revenue Capital Improvement Bond, Series 2013-B;
- (ix) University Facilities Revenue Capital Improvement Bond, Series 2013-C;
- (x) University Facilities Revenue Refunding Bond, Series 2014-A; and
- (xi) University Facilities Revenue Capital Improvement Bond, Series 2015.

The Series 2008 Bonds are currently outstanding in the principal amount of \$101,715,000. The Series 2008 Bonds were issued under the terms of a Trust Indenture dated as of February 15, 1996 (the "Original Indenture") between the University and the Bank of New York Mellon Trust Company, N.A. (as successor trustee, the "Trustee") and a Sixth Supplemental Trust Indenture dated as of September 1, 2008. The Original Indenture, as heretofore amended and supplemented, and as further amended and supplemented by the Supplemental Indenture provided for in Section 6 of this resolution, is herein referred to as the "Indenture."

**Section 2. Authorization of Bonds.** The University is hereby authorized to issue its revenue bonds for the purpose of refunding any or all of the Series 2008 Bonds. The said bonds shall be issued under the terms, conditions and provisions set out in the Original Indenture, as heretofore supplemented, and as further supplemented by the Supplemental Indenture provided for in Section 6 of this resolution. The bonds herein authorized (the "Bonds") may be issued at such time or times and in such series as may be most advantageous to the University, subject to the provisions of Section 12 of this resolution.

All the provisions of the Original Indenture, as applicable to the Bonds, are hereby adopted as a part of this resolution as if set out at length herein.

**Section 3. Bonds to be Issued as Additional Parity Bonds; Special Findings.** The Bonds shall be issued as additional parity bonds under Article VIII of the Original Indenture.

In accordance with the provisions of Section 8.2(b) of the Original Indenture, the Board hereby finds and declares as follows:

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

(b) The Bonds shall be designated as "Facilities Revenue Refunding Bonds" and shall include a series designation reflecting the calendar year in which such Bonds are issued, and to provide any further identification of the Bonds as is appropriate.

(c) The persons to whom the Bonds are to be delivered are set forth in Sections 7 and 9 hereof.

(d) All of the Bonds are to be issued by sale in accordance with Section 7 hereof.

(e) The sale price of the Bonds shall be as set forth in Sections 7 and 12 hereof.

(f) The only parity bonds that have previously been issued by the University under the Indenture and that are currently outstanding are those bonds listed in Section 1 above.

(g) The Series 2008 Bonds are to be refunded from proceeds of the Bonds, subject to the determinations and conditions set forth in Sections 11 and 12 hereof.

The Trustee is hereby requested to authenticate and deliver the Bonds to the purchaser(s) chosen as provided in Section 12 hereof upon payment of the purchase price designated therein.

**Section 4. Source of Payment of the Bonds.** The principal of and the interest on the Bonds shall be payable from Pledged Revenues as described and provided for in the Indenture.

Nothing contained in this resolution, in the Bonds, in the Indenture, or in the Supplemental Indenture hereinafter authorized shall be deemed to impose any obligations on the University to pay the principal of or the interest on the Bonds except from the Pledged Revenues. Neither the Bonds, nor the pledge or any agreement contained in the Indenture, in any supplement to the Indenture or in this resolution shall be or constitute an obligation of any nature whatsoever of the State of Alabama, and neither the Bonds nor any obligation arising from the aforesaid pledge or agreements shall be payable out of any moneys appropriated to the University by the State of Alabama. The agreements, covenants or representations contained in this resolution, in the Bonds, in the Indenture, and in any supplement to 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. 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.

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

**Section 6. Authorization of Supplemental Indenture.** The Board does hereby authorize and direct the President or the Vice President for Finance and Administration of the University to approve, execute and deliver, for and in the name and behalf of the University, to the Trustee, a supplement to the Indenture with respect to the Bonds (the "Supplemental Indenture"), and does hereby authorize and direct the Secretary of the Board to affix the official seal of the University to said Supplemental Indenture and to attest the same. The Supplemental Indenture shall be consistent with the provisions of the Original Indenture applicable to the issuance of Additional Bonds (as defined in the Original Indenture) and shall specify the terms of the Bonds.

**Section 7. Sale of the Bonds.** The Bonds may be sold as an underwritten public sale, or by a private placement with one or more banks or other institutional purchasers, as determined under Section 12 hereof. If the Bonds are sold to the public, the Board does hereby authorize and direct the President or the Vice President for Finance and Administration of the University to approve, execute and deliver, for and in the name and behalf of the University, a Bond Purchase Agreement with respect to the Bonds between the University and an underwriter or underwriters (the "Underwriter") approved under Section 12 of this resolution. If the Bonds are sold by private placement, the Board does hereby authorize the President or the Vice President for Finance and Administration of the University to approve, execute and deliver, for and on behalf of the University, a Placement Agreement with the purchaser(s) of the Bonds approved under Section 12 of this resolution.

**Section 8. Authorization of Official Statements.** If the Bonds are to be sold to the public, the Board does hereby authorize and direct the Underwriter to prepare and distribute, for and in the name and on behalf of the University, a Preliminary Official Statement and a final Official Statement with respect to the Bonds issued under this resolution. The Board does hereby further authorize and direct the President or the Vice President for Finance and Administration of the University to execute and deliver, for and on behalf of the University, such final Official Statement and does hereby declare that the Official Statement so executed by the President or the Vice President for Finance and Administration of the University shall be the Official Statement of the University with respect to the Bonds covered by such Official Statement.

**Section 9. Execution and Delivery of Bonds.** The Board does hereby authorize and direct the President of the University to execute the Bonds, in the name and on behalf of the University, by causing his signature or a facsimile thereof to be placed or imprinted on the Bonds, and does hereby authorize and direct the Secretary of the Board to cause a facsimile of the official seal of the University to be imprinted on the Bonds and to attest the same by causing his signature or a facsimile thereof to be placed or imprinted on the Bonds, all in the manner provided in the Indenture. The President or the Vice President for Finance and Administration of the University is hereby further authorized and directed to deliver the Bonds, subsequent to their execution as provided herein to the Trustee, and to direct the Trustee to authenticate all the Bonds and to deliver them to the Underwriter or other purchaser, upon payment to the University of the purchase price therefor in accordance with the provisions of Sections 7 and 12 hereof.

**Section 10. Application of Proceeds.** The entire proceeds derived by the University from the sale of the Bonds shall be paid to the Trustee under the Indenture. The Trustee is thereupon authorized and directed to apply and disburse such moneys for the purposes and in the order specified in the Supplemental Indenture.

**Section 11. Redemption of Series 2008 Bonds; Authorization of Escrow Trust Agreement.** The Series 2008 Bonds to be refunded by the Bonds shall be called for redemption on the first date permitted for the call and redemption of such Series 2008 Bonds subsequent to the date of issuance of the Bonds, at and for a redemption price equal to 100% of the principal amount of each Series 2008 Bond so redeemed, plus accrued interest. The President or the Vice



President for Finance and Administration of the University is separately authorized to direct the Trustee to mail and/or publish notice of such redemption as required under the terms of the Indenture. Any such redemption notice mailed or published prior to the date of issuance of the Bonds shall provide that the call of the affected Series 2008 Bonds for redemption is contingent upon the issuance and sale of the Bonds.

Pursuant to Section 6.1(a) of the Indenture, the Board hereby confirms that the University is not in default under said Indenture.

The Board hereby authorizes and directs the President or the Vice President for Finance and Administration of the University to approve, execute and deliver in the name and on behalf of the University an Escrow Trust Agreement or Agreements, between the University and the Trustee, if necessary or desirable, with respect to the Series 2008 Bonds to provide for the escrow and investment of proceeds of the Bonds until the redemption date of the Series 2008 Bonds.

**Section 12. Authorization to Approve Certain Matters.** The Board has determined that it is in the best interest of the University to authorize the issuance of the Bonds for the purposes described in this resolution and subject to the limitations of this resolution without a further meeting or approval of the full Board. The Board does hereby authorize the President Pro Tempore and the Chairman of the Budget and Finance Committee of the Board:

(a) to determine when and if any Bonds shall be issued and to approve the schedule of issuance for the Bonds; provided that no Bonds shall be issued under the authority of this resolution after June 3, 2017;

(b) to approve the principal amount of the Bonds to be issued in each series and the designation of the Bonds as tax-exempt or taxable Bonds; provided that the aggregate principal amount of the Bonds issued to refund the Series 2008 Bonds shall not exceed the amount necessary to pay the principal and interest on the refunded Series 2008 Bonds (taking into account any original issue premium or discount), to realize the savings available to the University in the manner chosen by the University, and to pay the costs of issuing the Bonds;

(c) to determine which of the Series 2008 Bonds are to be refunded and redeemed by the Bonds; provided that any such refunding shall result in a minimum net present value savings of at least 3%;

(d) to determine whether the Bonds are to be sold to the public or are to be privately placed with one or more banks or other financial institutions, and the terms of either form of sale;

(e) to approve the forms of Supplemental Indenture, Bond Purchase Contract (if the Bonds are sold to the public), Placement Agreement (if the Bonds are privately placed with a bank or financial institution), Preliminary Official Statement, Official Statement and Escrow Agreement to be delivered in connection with the Bonds;

(f) to approve the final form and pricing details of the Bonds, including the interest rates to be borne by such Bonds, the principal maturities thereof and any original issue discount or premium with respect to the Bonds; provided that the net interest cost of any series of Bonds shall not exceed 5%;

(g) to approve the expenses of issuing the Bonds;

(h) to approve the purchase price of the Bonds to be paid by the initial purchaser(s) thereof; provided that such purchase price shall be at least 98% of the principal amount of the Bonds (without regard to initial issue premium or discount);

(i) to select and retain a financial advisor to the University and Bond Counsel to the University, for the issuance of the Bonds; and

(j) to take such other steps and to execute and approve such other documents as may be necessary or appropriate to cause the Bonds to be issued, sold and delivered consistent with the provisions of this resolution and the Indenture.

The approval by the President Pro Tempore and the Chairman of the Budget and Finance Committee of the Board of the items listed above may be conclusively evidenced by a certificate signed by either of them and delivered at the time of issuance of the Bonds.

**Section 13. Resolution Constitutes Contract.** The provisions of this resolution shall constitute a contract between the University and each holder of the Bonds.

**Section 14. Severability.** The various provisions of this resolution are hereby declared to be severable. If 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 15. General Authorization.** The President of the University, the Vice President for Finance and Administration and the Secretary of the Board are hereby authorized to execute such further certifications or other documents and to take such other action as any of them may deem appropriate or necessary for the consummation of the matters covered by this resolution, to the end that the Bonds may be executed and delivered at the times and on the terms most advantageous to the University.

**Date:**

May 23, 2016

**To:**

President  
Tony G. Waldrop

**From:**

G. Scott Weldon *GSW*  
Vice President for Finance and Administration

**Subject:**

2008 Bond Advance Refunding

Over the last several months the interest-rate environment has become very favorable creating a significant savings opportunity to advance refund our 2008 Bonds. Due to the fluctuation in the market, we recommend starting the refunding process so we are prepared to issue refunding bonds if interest rates remain at the current level.

The attached resolution acknowledges this process and, with your approval, this item will be presented to the Budget and Finance Committee and the Board of Trustees for approval. This resolution also authorizes the Board of Trustees to delegate final approval to the Chair Pro Tempore and the Chair of the Budget and Finance Committee. I recommend the adoption of the resolution by the Board of Trustees.

tka

Attachment

REC'D  
Office of the President

MAY 23 2016

**RESOLUTION**

**COMMENDATION OF DR. STEVEN P. FURR  
AS CHAIR *PRO TEMPORE* EMERITUS**

**WHEREAS**, Dr. Steven P. Furr has served faithfully as a member of the Board of Trustees of the University of South Alabama since his appointment in 2006, and

**WHEREAS**, Dr. Furr served as Chair Pro Tempore of the Board of Trustees from 2013 to 2016 and previously served the Board as Vice Chair from 2010 to 2013, and

**WHEREAS**, Dr. Furr and his wife, Lisa, are loyal supporters of the University and, over the years, have contributed generously to the mission of the University of South Alabama, and

**WHEREAS**, the Furr's substantial gifts have included support for USA Children's & Women's Hospital, Moulton Tower and Alumni Plaza, the Jaguar Athletic Fund, the 50<sup>th</sup> Anniversary Annual Fund, the USA Mitchell Cancer Institute and for the USA Board of Trustees Scholarship, which Dr. Furr was instrumental in creating in 2014, and

**WHEREAS**, Dr. Furr serves on the Steering Committee for *Upward & Onward*, the University's \$150-million fundraising campaign that aims to elevate and accelerate every aspect of the University of South Alabama, and

**WHEREAS**, Dr. Furr earned his undergraduate degree in 1976 and medical degree in 1981 from the University, giving him unique insight in decision-making and leadership, and

**WHEREAS**, Dr. Furr's leadership has been critical to the University's progress, as demonstrated through his service on the Board of Trustees Executive Committee, Long-Range Planning Committee, Bylaws Committee, and on the Health Affairs Committee, for which he served as chair, and

**WHEREAS**, we trust the positive results of Dr. Furr's tenure as Board Chairman will be realized for years to come, as made possible by initiatives he championed, including revisions to state legislation that broadened Board representation through term modification and district expansion, and

**WHEREAS**, Dr. Furr, through his wisdom, guidance, humor and philanthropy, has played a prominent role in advancing the interests of all University of South Alabama constituencies,

**THEREFORE, BE IT RESOLVED** that the Board of Trustees of the University of South Alabama expresses its sincere appreciation to Dr. Steven P. Furr for his many contributions and invaluable service to the Board, to the entire University community, and to the people of the state of Alabama, all of whom have benefited from his wisdom, dedication, service and generosity, by conferring upon him the honorary title of Chair Pro Tempore Emeritus of the University of South Alabama Board of Trustees.