UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

FREDERICK P. WHIDDON ADMINISTRATION BUILDING
SUITE 130, BOARD ROOM

SEPTEMBER 7, 2017
1:30 P.M.

* *Revision*

AUDIT COMMITTEE John Peek, Chair
Roll Call
Approve: Minutes
6 Report: KPMG Auditors
7 Report: Internal Audit Quality Assessment
8 Report: Independent Audit of the USA Foundation Consolidated Financial Statements and the Disproportionate Share Hospital Funds Combined Financial Statements, June 30, 2017 and 2016

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE Jim Yance, Chair
Roll Call
Approve: Minutes
9 Report: Gerber Taylor * Endowment and Investment Performance
10 Report: Development and Alumni Relations
11 Recommendation to Approve: Revision of Building and Program Naming Guidelines and Minimum Gift Levels for Named Endowment Policy
12 Recommendation to Approve: Commendation of Patsy and Ray Kennedy

HEALTH AFFAIRS COMMITTEE Steve Furr, Chair
Roll Call
Approve: Minutes
13 Recommendation to Approve: USA Hospitals Medical Staff Credentials for May, June and July 2017
14 Report: USA Health and College of Medicine

ACADEMIC AND STUDENT AFFAIRS COMMITTEE Bettye Maye, Chair
Roll Call
Approve: Minutes
15 Recommendation to Approve: Commendation of Dr. Richard J. Wood
16 Report: Academic Affairs
17 Report: Student Affairs
18 Report: Research and Economic Development

BUDGET AND FINANCE COMMITTEE Tom Corcoran, Chair
Roll Call
Approve: Minutes
19 Report: Quarterly Financial Statements, Nine Months Ended June 30, 2017
20 Recommendation to Approve: University Total Budget for 2017-2018

LONG-RANGE PLANNING COMMITTEE Mike Windom, Chair
Roll Call
Approve: Minutes
21 Report: 2017 Scorecard

COMMITTEE OF THE WHOLE Ken Simon, Chair
Roll Call
* Approve: Revised Agenda
Approve: Minutes
* **21.A** Recommendation to Approve: Commendation of Ms. Bettye R. Maye
* **21.B** Recommendation to Approve: Commendation of Mr. John M. Peek
* **21.C** Recommendation to Approve: Commendation of The Honorable Bryant Mixon
22 Approve: Executive Session

BOARD OF TRUSTEES

SEPTEMBER 8, 2017
10:30 A.M.

Roll Call
* Approve: Revised Agenda
1 Approve: Minutes
2 Report: Board of Trustees Scholar
3 Report: University President
4 Report: Faculty Senate President
5 Report: Student Government Association President

CONSENT AGENDA
11 Approve: Revision of Building and Program Naming Guidelines and Minimum Gift Levels for Named Endowment Policy
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HEALTH AFFAIRS COMMITTEE Steve Furr, Chair

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BUDGET AND FINANCE COMMITTEE Tom Corcoran, Chair
20 Approve: University Total Budget 2017-2018
Report: Summer Infrastructure Improvements

LONG-RANGE PLANNING COMMITTEE Mike Windom, Chair

SPECIAL ACKNOWLEDGMENT
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UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

THURSDAY, SEPTEMBER 7, 2017:

1:30 p.m.	**Committee Meetings (Consecutive)**	**Administration Bldg., Rm. 130**

FRIDAY, SEPTEMBER 8, 2017:

10:30 a.m.	**Board of Trustees Meeting**	**Administration Bldg., Rm. 130**

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

STANDING COMMITTEES
2016-2019

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

AGENDA

MINUTES

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UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Office/Department/College

Date:
August 29, 2017

To:
USA Board of Trustees

From:
Arlene Mitchell Arlene Mitchell
Secretary, Board of Trustees

Subject:
Meeting Minutes

Included herein are the unapproved minutes of the Board of Trustees and standing committee meetings held on June 1 and 2, 2017. Please review these documents for amendment or approval at the September 7 and 8 meetings of the Board of Trustees.

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

June 2, 2017
10:30 a.m.

A meeting of the University of South Alabama Board of Trustees was duly convened by Judge Ken Simon, Chair *pro tempore*, on Friday, June 2, 2017, at 10:31 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Alexis Atkins, Chandra Brown Stewart, Scott Charlton, Tom Corcoran, Steve Furr, Ron Jenkins, Bettye Maye, Jimmy Shumock, Ken Simon, Mike Windom and Jim Yance.
Members Absent:	Kay Ivey, Arlene Mitchell, Bryant Mixon, John Peek and Steve Stokes.
Administration and Others:	Owen Bailey, Nicole Carr, Lynne Chronister, Josh Crownover, Chelsea Ivee Douglas (AASA), Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Andre' Green, Mike Haskins, David Johnson, Rod Kanter (Bradley Arant), Don Langham, John Marymont, Abe Mitchell, John Smith, Jean and Sandy Stimpson, Margaret Sullivan, Carl Thomas (SGA), Kathy Thompson, Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Chairman Simon called for adoption of the revised agenda. On motion by Mr. Corcoran, seconded by Mr. Windom, the revised agenda was adopted unanimously.

Chairman Simon called for consideration of **ITEM 1**, the minutes of the Board of Trustees meeting held on March 3, 2017, the special meeting of the Board of Trustees held on May 1, 2017, and the Evaluation and Compensation Committee meeting held on March 2, 2017. On motion by Mr. Shumock, seconded by Mr. Yance, the minutes were approved unanimously.

Chairman Simon called for consideration of **ITEM 2** as follows. On motion by Dr. Charlton, seconded by Mr. Shumock, the resolution was approved unanimously.

RESOLUTION
BOARD MEETING SCHEDULE
2017-2018

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 8, 2017
Thursday, November 30, 2017
Friday, March 2, 2018
Friday, June 1, 2018

FURTHER, BE IT RESOLVED that the date of June 1, 2018, be designated as the annual meeting of the University of South Alabama Board of Trustees for 2017-2018.

Chairman Simon called for presentation of **ITEM 3**, the President's Report. President Waldrop recognized Trustee Emeritus Mr. Don Langham, Honorary Trustee Mr. Abe Mitchell and the new President of the African-American Student Association, Ms. Chelsea Ivee Douglas.

President Waldrop shared details on Spring Commencement that was held on May 6, noting approximately 2,280 degree candidates and about 1,400 graduates attending. He said Ms. Merceria Ludgood, Mobile County Commissioner, and Mr. David O'Sullivan, European Union Ambassador to the United States, delivered the keynote addresses. A video featuring commencement highlights was shown.

President Waldrop asked Dr. Smith for an update on the search for a compliance officer, a position he would supervise. Dr. Smith said approximately two dozen applications had been submitted and interviews would take place in the fall in anticipation of an appointment in January 2018.

President Waldrop stated a search for a chief diversity officer would begin soon. He noted diversity officers are employed throughout the campus and said the chief diversity officer would be the central point of contact for coordinating activities.

President Waldrop advised that the search for a director of community engagement was progressing. More than 200 candidates submitted applications.

President Waldrop called upon Provost Johnson to give an update on academic searches. Provost Johnson shared details on the searches underway for a dean of the College of Nursing, a dean of the Graduate School/associate vice president for Academic Affairs, and a dean for USA's new Honors College, to be implemented in the fall.

With reference to the institutional priority of student access and success, President Waldrop asked Provost Johnson to talk about a prestigious award received from the Association of Public and Land-grant Universities (APLU) and the Coalition of Urban Serving Universities, with funding from the Bill and Melinda Gates Foundation. Provost Johnson said the award was an important acknowledgement of the Institution's work to promote academic success and improve retention and graduation rates as accomplished through South's Pathway USA program. He introduced project principal investigator Dr. Andre' Green, Associate Dean of the College of Education and Professional Studies and Executive Director of USA's Center for Integrative Studies in Science, Technology, Engineering and Mathematics (CISSTEM), who explained that the Center assisted other units seeking to secure external funding. Dr. Nicole Carr, Associate Vice President for Student Academic Success, discussed aspects of the project that focused on reducing the difficulties often experienced by transfer students. She credited CISSTEM Interim Director Dr. Kathy Thompson for her mentorship on the project, which garnered $50,000 and earned South a position among a small group of elite cohorts recognized nationally and internationally as leaders in student success.

President Waldrop called upon Dr. Erdmann for an update on athletics activities. Dr. Erdmann reported on the signing of South graduates Mr. Gerald Everett, tight end; Mr. Randy Allen, defensive end; and Mr. Josh Magee, wide receiver, with the Los Angeles Rams, Baltimore Ravens and Atlanta Falcons, respectively. He talked about the transition of Mr. Ben Hannon from the position of Director of Athletics Development to his previous position as head coach of Men's Golf. He presented a chart illustrating the upward trajectory of South's academic progress rate (APR) from 2007-2008 through 2015-2016, advising that South had the highest multi-year and the second highest single-year average APR rates among Sun Belt Conference (SBC) schools. He announced USA was the recipient of the SBC's Vic Bubas Cup, an award recognizing the most successful program in terms of competition, for a third consecutive year. He said Mr. Sean Collins, freshman athlete and McGill-Toolen graduate, would compete in the National Collegiate Athletic Association (NCAA) track and field national championship at the University of Oregon in the coming week and noted South would compete in the NCAA baseball regional championship in Hattiesburg, Mississippi, later in the day.

President Waldrop asked Ms. Chronister to talk about research partnerships. Ms. Chronister reported that South had signed an affiliation agreement with the National Institute for Aviation Research (NIAR) based at Wichita State University, the largest aviation university in the nation.

Ms. Chronister commended Mayor Stimpson for the City of Mobile's YES (Youth Empowered for Success) initiative, a job training program for local at-risk youth, and reported on a partnership coordinated by Dr. Evelyn Green, Assistant Professor in the Department of Hospitality and Tourism Management, that provided two days of job training to approximately 100 YES interns.

Chairman Simon asked Mayor Stimpson and his wife, Ms. Jean Stimpson, to join him for the presentation of **ITEM 20** as follows. Chairman Simon talked about Mayor Stimpson's dedicated service as a member of the Board of Trustees and read the resolution. Mr. Yance recognized Ms. Stimpson for her contributions to the community and made a motion to approve the resolution. Mr. Shumock seconded and the resolution was approved unanimously. Mayor Stimpson shared thoughts on the accomplishments and positive momentum of the University and on the potential to build upon partnerships for the good of Gulf Coast citizens:

RESOLUTION
COMMENDATION OF THE HONORABLE WILLIAM S. STIMPSON

WHEREAS, the Honorable William S. "Sandy" Stimpson was appointed to the Board of Trustees of the University of South Alabama in 2014, and

WHEREAS, during his tenure on the Board, Mr. Stimpson served as a member of the Audit Committee and the Long-Range Planning Committee, and

WHEREAS, Mr. Stimpson has been a vocal supporter of South, both through his trustee position and in his role of Mayor of the City of Mobile, and has been a vital link between the University and the city for successful collaborations, and

WHEREAS, the University's leadership looks forward to a continued close relationship with the city and its leadership as committed partners in expanding access to education and specialized health care, enhancing quality of life, and creating opportunities for research and innovation, and

WHEREAS, Mr. Stimpson has served the University with distinction, graciously contributing his time, energy, wisdom and guidance to the growth and development of higher education in the state of Alabama and region, and to the students, alumni, faculty and administration of the University of South Alabama,

NOW, THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees expresses its deep appreciation and gratitude to the Honorable William S. Stimpson for his devotion, service and commitment to advancing the interests of the University and its constituencies.

Chairman Simon introduced Adult Health Nursing Professor and 2017-2018 Faculty Senate President Dr. Elizabeth VandeWaa. Dr. VandeWaa reported on the activities of the Faculty Senate, **ITEM 4**, noting progress made on revisions to tenure and sabbatical policies and updating the Faculty Handbook; sustainability and recycling initiatives on campus; and improving faculty engagement and interaction through the activities of a new Faculty Mentoring Committee. She shared confidence in a fruitful year ahead working with members of the Faculty Senate Executive Committee, as well as with the Board, Administration and USA faculty.

Chairman Simon introduced former President of the African-American Student Association (AASA) and recently elected Student Government Association (SGA) President Mr. Carl Thomas. Mr. Thomas thanked the Board of Trustees, President Waldrop, Honorary Trustee Mr. Abe Mitchell and others for the privileges available to USA students and for the platform to discuss SGA objectives, **ITEM 5**. Among the activities he detailed were programs that would center on Mental Health Awareness Month; expansion of service-based learning and community outreach opportunities; expansion of the food pantry on campus; collaborations with other organizations like USA SAVE (Sexual Assault and Violence Educators); continued sponsorship of popular programs, such as parking ticket forgiveness day and the spring concert; and new programs and events celebrating the diversity of South's student body, such as Unity Fest. Chairman Simon recognized former SGA President Mr. Josh Crownover.

Chairman Simon addressed consent agenda **ITEMS 6, 7** and **9** as follows, respectively, noting all were unanimously recommended for Board approval by the respective committees that met on June 1. On motion by Dr. Charlton, seconded by Mr. Corcoran, the resolutions were approved unanimously:

RESOLUTION
USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS
FOR FEBRUARY, MARCH AND APRIL 2017

WHEREAS, the Medical Staff appointments and reappointments for February, March and April 2017 for the University of South Alabama Hospitals are recommended for Board approval by the Medical Executive Committees and the Executive Committee of the University of South Alabama Hospitals,

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

RESOLUTION
USA HOSPITALS MEDICAL STAFF BYLAWS AND RULES AND REGULATIONS
REVISIONS OF APRIL 11, 2017

WHEREAS, revisions to USA Hospitals Medical Staff Bylaws and Rules and Regulations, approved at the April 11, 2017, Medical Staff meeting and attached hereto, are recommended for approval by the Medical Staffs and the Executive Committee of the University of South Alabama Hospitals,

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

RESOLUTION
NAMING OF STUDENT RESIDENCE HALLS

WHEREAS, the University completed construction of a new residence hall in 2013 and did not officially name the residence hall at that time, and

WHEREAS, another residence hall is currently under construction and will be ready for occupancy in fall 2018, and

WHEREAS, the 2013 residence hall is currently called "New Hall," and

WHEREAS, the residence hall that will be completed in 2018 has not yet been named, and

WHEREAS, staff has recommended these two residence halls receive names in order to assist with identification, and

WHEREAS, one residence hall is recommended to be named Azalea after the prominent flowering shrub found throughout the city of Mobile, and

WHEREAS, the other residence hall is recommended to be named Camellia after the Alabama state flower,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees names the 2013 residence hall, Azalea Hall and the residence hall currently under construction, Camellia Hall.

Chairman Simon called for a report from the Health Affairs Committee. Dr. Furr, Committee Chair, said, at a meeting on June 1, Mr. Bailey introduced Health System Assistant Administrators Ms. Liz Kirby and Mr. Warren Greene, and gave updates on the University of South Alabama Health Care Authority and an agreement with physicians from the Mobile Diagnostic Center.

Chairman Simon called for a report from the Academic and Student Affairs Committee. Ms. Maye, Committee Chair, said, at a meeting on June 1, Provost Johnson presented **ITEM 10** as follows and the Committee voted unanimously to recommend Board approval. On motion by Mr. Shumock, seconded by Ms. Brown Stewart, the resolution was approved unanimously:

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 or the Vice President for Medical Affairs, and the President, and of those faculty considered, the following individuals are hereby recommended for tenure and/or promotion,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves and grants tenure and/or promotion to those individuals whose names are listed below to be effective August 15, 2017.

PAT CAPPS COVEY COLLEGE OF ALLIED HEALTH PROFESSIONS:

Tenure:
Padmamalini Thulasiraman

Promotion to Senior Instructor:
Kendra D. Hudson
Ronald E. Morgan, Jr.

Promotion to Associate Professor:
Padmamalini Thulasiraman

Promotion to Professor:
Robert B. Dale

COLLEGE OF ARTS AND SCIENCES:

Tenure:
Stephen E. Costanza
Sarah Koon-Magnin
Phillip N. Smith
Lawrence R. Tatom
Eleanor E. ter Horst

Promotion to Senior Instructor:
D. Andrew Murray
Katherine B. Rigsby

Promotion to Associate Professor:
Stephen E. Costanza
Sarah Koon-Magnin
Phillip N. Smith

Promotion to Professor
Jörg Feldvoss
Joshua D. Foster
Richard L. Hillyer
Mir Zohair Husain
Matthew A. Johnson

MITCHELL COLLEGE OF BUSINESS:

Promotion to Professor:
William E. Gillis

SCHOOL OF COMPUTING:

Tenure:
Jordan D. Shropshire

Promotion to Professor:
Jingshan Huang
Jordan D. Shropshire

COLLEGE OF EDUCATION AND PROFESSIONAL STUDIES:

Tenure:
Brooke E. Forester
Ronald A. Styron

Promotion to Associate Professor:
Brooke E. Forester

COLLEGE OF ENGINEERING:

Tenure:
Eric J. Steward
Christy W. West

Promotion to Professor:
Silas J. Leavesley
Bret M. Webb
Kevin N. West

Promotion to Associate Professor:
Eric J. Steward
Christy W. West

GLOBAL USA:

Promotion to Senior Instructor:
K. Chiméne Gecewicz

MARX LIBRARY:

Tenure:
Elizabeth R. Shepard

Promotion to Associate Librarian:
Elizabeth R. Shepard

Promotion to Senior Librarian:
Angela M. Rand

COLLEGE OF MEDICINE:

Tenure:
Jonathon Audia
Tony Waldrop

Promotion to Associate Professor:
Eduardo Calderon
Seema Singh (Joint Appointment)

Promotion to Professor:
Abu Bakr Al-Mehdi
Mikhail Alexeyev
Phillip Fields
Ajay Singh (Joint Appointment)

BAUGH BIOMEDICAL LIBRARY:

Promotion to Senior Librarian:
Luther Lemley

COLLEGE OF NURSING:

Promotion to Associate Professor:
Taralyn W. McMullan
Margaret M. Nadler
Sarah H. Roberts
Debra M. Swanzy

Ms. Maye reported that, at the Committee meeting, Provost Johnson presented **ITEM 11** as follows, noting the resolution authorized a 3.5 percent tuition increase, incremental increases in the resource fees for Health Sciences programs, and a schedule of housing and dining rates. She said the Committee voted unanimously to recommend approval by the Board of Trustees. On motion by Mr. Corcoran, seconded by Mr. Shumock, the resolution was approved unanimously:

RESOLUTION
TUITION, FEES, HOUSING AND DINING RATES, 2017-2018

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 2017-2018 education budget that provides no increase in USA's state funding, and

WHEREAS, USA has faced over $300 million in accumulated reductions in state appropriations since 2007-2008, and

WHEREAS, after extensive analysis of the University's financial needs for 2017-2018 and beyond, the University Administration and Budget Council have determined that increases in tuition, fees, housing and dining rates are necessary to maintain the standard of quality that USA students and their families desire and expect, and

WHEREAS, with the proposed tuition, fees, housing and dining rates for 2017-2018, 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, housing and dining rates for the 2017-2018 academic year as set forth in the attached schedules.

Ms. Maye stated, during the Committee meeting, Provost Johnson introduced the new Executive Director of University Libraries, Ms. Lorene Flanders; announced the College of Education had been renamed the College of Education and Professional Studies to better reflect the diversity of the programs offered; and introduced Associate Vice President for Enrollment Services

Mr. Christopher Lynch for a report on the Pathway USA program. She said Associate Dean of Students and Title IX Coordinator Dr. Krista Harrell introduced Mr. Brian Allred, Director of Campus Recreation, for a report on outdoor fitness and plans for a new Lake Fitness Trail on the north side of campus. She added Ms. Chronister introduced Dr. Carlos Montalvo, Assistant Professor of Mechanical Engineering and Director of the College of Engineering's FAST (Facility for Aerial Systems and Technology) Laboratory, for a report on simulation analysis and design and drone testing, and for a drone demonstration.

Chairman Simon called for a report from the Budget and Finance Committee. (As a quorum of the members of the Budget and Finance Committee was not present on June 1, related reports were presented to the general assembly of Trustees present on June 1). Mr. Corcoran, Committee Chair, said, on June 1, Mr. Weldon discussed the quarterly financial statements ended March 31, 2017, and noted nothing unusual or unexpected in the reports.

With reference to an in-depth discussion with Board members in March on plans to issue bonds, Mr. Corcoran stated, on June 1, Mr. Weldon and Mr. Josh McCoy of PFM provided an update on the sale of Series 2017 bonds. He reported the sale was completed and called attention to the resolution as follows and the accompanying materials, **ITEM 16**. Mr. Weldon advised that the bonds, which sold on June 1 at a premium of about $6.6 million, carried a face value of $38,105,000. He said, due to a fortunate shift in interest rates, the bonds sold at an effective interest rate of 3.19 percent. He introduced Mr. Rod Kanter of Bradley Arant to explain the particulars of the resolution. On motion by Mr. Corcoran, seconded by Ms. Atkins, the resolution was approved unanimously:

RESOLUTION
A RESOLUTION AUTHORIZING THE ISSUANCE OF THE $38,105,000 UNIVERSITY FACILITIES REVENUE BONDS, SERIES 2017

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

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

(1) it is necessary, advisable, in the interest of the University and the public that the University design, acquire, construct, install, furnish and equip various capital improvements, equipment and assets on the campus of the University including, without limitation, utility and infrastructure improvements and a new residence hall for students of the University (herein called the "2017 Improvements"); and

(2) it is necessary, advisable and in the interest of the University and the public that the University issue its $38,105,000 University Facilities Revenue Bonds, Series 2017, in order to pay for: (i) the costs of the 2017 Improvements, (ii) capitalized interest respecting the Series 2017 Bonds, (iii) the costs and expenses of issuing the said Series 2017 Bonds, and (iv) the premium for the municipal bond insurance policy respecting certain of the said Series 2017 Bonds.

(b) Series 2017 Bonds to be Issued as Additional Bonds Under the Indenture; Special Findings Under Section 8.2(b) of the Indenture. The Series 2017 Bonds shall be issued as additional parity bonds under Article VIII of the Indenture hereinafter referred to. In accordance with the provisions of Section 8.2(b) of the Indenture, the Board hereby finds and declares as follows:

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

(2) the Series 2017 Bonds shall be designated "Series 2017";

(3) the persons to whom the Series 2017 Bonds are to be delivered are set forth in Section 6 hereof;

(4) the Series 2017 Bonds are to be issued by sale in accordance with, and at the sale price set forth in, Section 6 hereof;

(5) (a) the only bonds that have previously been issued by the University under the Indenture are its (i) $31,680,000 original principal amount University Tuition Revenue Refunding and Capital Improvement Bonds, Series 1996, dated February 15, 1996 (herein called the "Series 1996 Bonds"), which were issued under and pursuant to the Trust Indenture dated as of February 15, 1996 further described in Section 2 hereof, (ii) $7,055,000 original principal amount University Tuition Revenue Refunding Bonds, Series 1996B, dated October 15, 1996 (herein called the "Series 1996B Bonds"), which were issued under and pursuant to the First Supplemental Trust Indenture dated as of October 15, 1996, (iii) $40,130,000.70 original principal amount University Tuition Revenue Bonds, Series 1999, dated March 1, 1999 (herein called the "Series 1999 Bonds"), which were issued under and pursuant to the Second Supplemental Trust Indenture dated as of October 15, 1999, (iv) $51,080,000 original principal amount Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, dated March 15, 2004 (herein called the "Series 2004 Bonds"), which were issued under and pursuant to the Fourth Supplemental Trust Indenture dated March 15, 2004, (v) $100,000,000 original principal amount University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, dated December 1, 2006 (herein called the "Series 2006 Bonds"), which were issued under and pursuant to the Fifth Supplemental Trust Indenture dated as of December 1, 2006, (vi) $112,885,000 original principal amount University Facilities Revenue Capital Improvement Bonds, Series 2008, dated September 1, 2008 (herein called the "Series 2008 Bonds"), which were issued under and pursuant to the Sixth Supplemental University Facilities Revenue Trust Indenture dated as of September 1, 2008, (vii) $29,750,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010 (herein called the "Series 2010 Bond"), which was issued under and pursuant to the Seventh Supplemental University Facilities Revenue Trust Indenture dated as of June 16, 2010, (viii) $25,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-A, dated January 4, 2012 (herein called the "Series 2012-A Bond"), which was issued under and pursuant to an Eighth Supplemental University Facilities Revenue Trust Indenture dated as of January 4, 2012 (herein called the "Eighth Supplemental Indenture"), (ix) $7,740,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-B, dated January 4, 2012 (herein called the "Series 2012-B Bond"), which was issued under and pursuant to the Eighth Supplemental Indenture, (x) $32,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28,

2013 (herein called the "Series 2013-A Bond"), which was issued under and pursuant to the Ninth Supplemental University Facilities Revenue Trust Indenture dated June 28, 2013 (herein called the "Ninth Supplemental Indenture"), (xi) $8,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013 (herein called the "Series 2013-B Bond"), which was issued under and pursuant to the Ninth Supplemental Indenture, (xii) $10,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013 (herein called the "Series 2013-C Bond"), which was issued under and pursuant to the Ninth Supplemental Indenture, (xiii) $41,245,000 original principal amount University Facilities Revenue Refunding Bond, Series 2014-A, dated March 14, 2014 (herein calledthe "Series 2014-A Bond"), which was issued under and pursuant to the Tenth Supplemental University Facilities Revenue Trust Indenture dated March 14, 2014, (xiv) $6,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015 (herein called the "Series 2015 Bond"), which was issued under and pursuant to the Eleventh Supplemental University Facilities Revenue Trust Indenture dated June 15, 2015, (xv) $85,605,000 original principal amount University Facilities Refunding Revenue Bonds, Series 2016, dated September 14, 2016 (herein called the "Series 2016 Bonds"), which were issued under and pursuant to the Twelfth Supplemental University Facilities Revenue Trust Indenture dated as of September 1, 2016, (xvi) $20,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-B, dated December 7, 2016 (herein called the "Series 2016-B Bond"), which was issued under and pursuant to a Thirteenth Supplemental University Facilities Revenue Trust Indenture dated December 7, 2016 (herein called the "Thirteenth Supplemental Indenture"), (xvii) $35,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-C, dated December 7, 2016 (herein called the "Series 2016-C Bond"), which was issued under and pursuant to the Thirteenth Supplemental Indenture, and (xviii) $45,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016, which was issued under and pursuant to the Thirteenth Supplemental Indenture (herein called the "Series 2016-D Bond" and, together with the Series 1999 Bonds, the Series 2008 Bonds, the Series 2010 Bond, the Series 2012-A Bond, the Series 2012-B Bond, the Series 2013-A Bond, the Series 2013-B Bond, the Series 2013-C Bond, the Series 2014-A Bond, the Series 2015 Bond, the Series 2016 Bonds, the Series 2016-B Bond, the Series 2016-C Bond and the Series 2016-D Bond, the "Outstanding Bonds"); and (b) in Article VIII of the Indenture, the University has reserved the right to issue additional bonds, secured by a pledge of the Pledged Revenues on a parity with the Outstanding Bonds and with such additional bonds as shall have thereafter been issued thereunder, upon compliance with the applicable provisions of said Article VIII;

(6) the Outstanding Bonds are the only bonds heretofore issued under the Indenture that are at this time and upon issuance of the Series 2017 Bonds outstanding under the Indenture; and

(7) the Series 2017 Bonds will be issued for the purposes described in in paragraph (2) of Section 1 hereof.

The Trustee is hereby requested to authenticate and deliver the Series 2017 Bonds to the purchasers specified in Section 6 hereof upon payment of the purchase price designated therein.

Section 2. Authorization of the Series 2017 Bonds. For the purposes specified in Section 1 of this resolution, the Board does hereby authorize to be issued by the University its $38,105,000 University

Facilities Revenue Bonds, Series 2017, dated their date of initial issuance (herein called the "Series 2017 Bonds"), all under the terms, conditions and provisions set out in a Fourteenth Supplemental University Facilities Revenue Trust Indenture dated the date of issuance of the Series 2017 Bonds (herein called the "Fourteenth Supplemental Indenture"), between the University and The Bank of New York Mellon Trust Company, N.A., as trustee (herein called the "Trustee"), which is supplemental to the University Facilities Revenue Trust Indenture between the University and the Trustee dated as of February 15, 1996 (the said Trust Indenture, as heretofore supplemented and amended and as further supplemented and amended by the said Fourteenth Supplemental Indenture, herein called the "Indenture"). All the provisions of the Indenture respecting the Series 2017 Bonds are hereby adopted as a part of this resolution as fully as if set out at length herein.

Section 3. Source of Payment of the Series 2017 Bonds. The principal of and the interest on the Series 2017 Bonds shall be payable solely from Pledged Revenues as defined in the Indenture. Nothing contained in this resolution, in the Series 2017 Bonds or in the Indenture shall be deemed to impose any obligation on the University to pay the principal of or the interest on the Series 2017 Bonds except from and to the extent of the Pledged Revenues. The Series 2017 Bonds shall not represent or constitute obligations of any nature whatsoever of the State of Alabama (herein called the "State") and shall not be payable out of moneys appropriated to the University by the State. The agreements, covenants and representations contained in this resolution, in the Series 2017 Bonds and in the Indenture do not and shall never constitute or give rise to any personal or pecuniary liability or charge against the general credit of the University, and in the event of a breach of any such agreement, covenant or representation, no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the University shall arise therefrom. Neither the Series 2017 Bonds nor the pledge or any agreement contained in the Indenture or in this resolution shall be or constitute an obligation of any nature whatsoever of the State, and neither the Series 2017 Bonds nor any obligations arising from the aforesaid pledge or agreements shall be payable out of any moneys appropriated to the University by the State. Nothing contained in this section shall, however, relieve the University from the observance and performance of the several covenants and agreements on its part herein contained and contained in the Indenture.

Section 4. Series 2017 Bonds Payable at Par. All remittances of principal of and interest on the Series 2017 Bonds to the holders thereof shall be made at par without any deduction or exchange or other cost, fees or expenses. The bank at which the Series 2017 Bonds shall at any time be payable shall be considered by acceptance of its duties under the Indenture to have agreed that it will make or cause to be made remittances of principal of and interest on the Series 2017 Bonds, out of the moneys provided for that purpose, in bankable funds at par without any deduction for exchange or other cost, fees or expenses. The University will pay to such bank all reasonable charges made and expenses incurred by it in making such remittances in bankable funds at par.

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

Section 6. Sale of the Series 2017 Bonds. The Series 2017 Bonds are hereby sold and awarded to Raymond James & Associates, Inc., Protective Securities, a Division of Proequities, Inc., Wells Fargo Securities, and PNC Capital Markets LLC (collectively herein called the "Underwriters"), at and for a purchase price equal to $44,588,608.57 (representing the principal amount of the Series 2017 Bonds less an underwriting discount of $105,703.43, plus original issue premium of $6,589,312). 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 Bond Purchase Agreement with the Underwriters respecting the Series 2017 Bonds, a copy of which is presented to the meeting at which this resolution is adopted and attached as Exhibit II to the minutes of said meeting (which such Bond Purchase Agreement is hereby adopted in all respects as if set out in full in this resolution). The Series 2017 Bonds shall bear such date, shall mature at such times and in such manner, shall bear such rate or rates of interest, shall be payable at such place, shall be in such denomination, shall bear such numbers and shall be in such form and contain such provisions as are set out in the said Bond Purchase Agreement and the Fourteenth Supplemental Indenture authorized in Section 5 above.

Section 7. Preliminary Official Statement; Official Statement. (a) The actions of the Underwriters in circulating, on behalf of the University, a Preliminary Official Statement dated May 17, 2017, respecting the Series 2017 Bonds, a copy of which is attached hereto as Exhibit III, are hereby ratified and affirmed, and the said Preliminary Official Statement is hereby adopted as the Preliminary Official Statement of the University. The Board hereby ratifies and affirms the actions of the President and of other officers of the University in causing the said Preliminary Official Statement to be "deemed final" as of its date within the meaning of Rule 15c2-12(b)(1) promulgated by the U.S. Securities Exchange Commission (the "Rule").

(b) The Board does hereby authorize and direct the President of the University and the Vice President for Finance and Administration to execute, for and in the name and behalf of the University, an Official Statement with respect to the Series 2017 Bonds dated the date of sale of the Series 2017 Bonds, in substantially the form of the Preliminary Official Statement, with such changes as shall be necessary to conform to the provisions of this resolution and to reflect such other changes as shall be approved by the President of the University or the Vice President for Finance and Administration and acceptable to the Underwriters. The Board does hereby declare that the Official Statement so executed by the President of the University or the Vice President for Finance and Administration shall be the Official Statement of the University with respect to the Series 2017 Bonds.

Section 8. Authorization of Continuing Disclosure Agreement. The President of the University is hereby authorized and directed to execute and deliver, on behalf of the University, a Continuing Disclosure Agreement for the benefit of the beneficial owners of the Series 2017 Bonds, in substantially the form presented to the meeting at which this resolution is adopted (which form shall be attached as Exhibit IV to the minutes of said meeting and which is hereby adopted in all respects as if set out in full in this resolution). The said Continuing Disclosure Agreement is to be entered into contemporaneously with the issuance of the Series 2017 Bonds in order to assist the Underwriters of the Series 2017 Bonds in complying with the Rule. The rights of enforcement of the said Continuing Disclosure Agreement shall be as provided therein, and in no event shall a default by the University thereunder constitute a default hereunder or under the Indenture.

Section 9. Execution and Delivery of the Series 2017 Bonds. The Board does hereby authorize the President of the University to execute the Series 2017 Bonds, in the name and on behalf of the University, by manually signing each said bond, and does hereby authorize the Secretary of the Board and the Chairman Pro Tempore of the Board to cause the corporate seal of the University to be imprinted or impressed on each of the Series 2017 Bonds and to attest the same by signing the Series 2017 Bonds, and the President of the University is hereby authorized and directed to deliver the Series 2017 Bonds, subsequent to their execution as provided herein and in the Indenture, to the Trustee under the Indenture, and to direct the Trustee to authenticate all the Series 2017 Bonds and to deliver them to the Underwriters, upon payment to the University of the purchase price therefor in accordance with the provisions of Section 6 hereof.

Section 10. Application of Proceeds. The entire proceeds derived by the University from the sale of the Series 2017 Bonds, less and except the underwriter's discount in the amount of $105,703.43 to be retained by the Underwriters and the $75,290.42 premium for the municipal bond insurance policy to be wired directly by the Underwriters to Build America Mutual Assurance Corporation, the provider thereof, shall be paid to the Trustee under the Indenture, which is thereupon authorized and directed to apply and disburse such moneys for the purposes and in the order specified in Section 1.6 of the Fourteenth Supplemental Indenture herein authorized.

Section 11. Resolution Constitutes Contract; Severability. The provisions of this resolution shall constitute a contract between the University and the holders of the Series 2017 Bonds. The various provisions of this resolution are hereby declared to be severable. In the event any provision hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this resolution.

Section 12. General Authorization. The President of the University, the Vice President for Finance and Administration of the University, and the Secretary of the Board and Chairman Pro Tempore of the Board are hereby authorized to execute such further agreements, certifications, instruments or other documents, and to take such other actions as any of them may deem appropriate or necessary, for the consummation of the transactions covered by this resolution and to the end that the Series 2017 Bonds may be executed, issued and delivered.

Chairman Simon called for a report from the Audit Committee. Mr. Shumock, Committee Vice Chair, said, at a meeting on June 1, Mr. Weldon advised that the E-Verify issue discussed at the March meeting was not yet resolved and an opinion from the Alabama Attorney General was expected at some point in the future. He said President Waldrop gave an update on the progress to implement a task force on compliance.

Chairman Simon called for a report from the Development, Endowment and Investments Committee. Mr. Yance, Committee Chair, stated, at a meeting on June 1, endowment performance was presented and the return exceeded expectations relative to the index.

Mr. Yance said the Committee heard a report from Ms. Sullivan on the *Upward & Onward* Campaign, noting that, as of March 30, 2017, South had surpassed the $100 million milestone, which was celebrated with a public announcement and the release of a video marking the achievement during the week of April 24. He emphasized the campaign was a reflection of the interest and interaction of donors and alumni who share a stake in the University. He said Annual Fund results were also discussed.

Chairman Simon called for a report from the Long-Range Planning Committee. Mr. Windom, Committee Chair, reviewed that, on May 1, the Committee met, heard a presentation by Mr. Weldon and Associate Vice President for Institutional Effectiveness Dr. Angela Coleman on a proposed 2017-2027 Campus Master Plan (Plan), and was offered the opportunity to recommend revisions. He noted a considerable amount of work by the University's Long-Range Planning Committee to develop the Plan, which addressed potential facilities projects and infrastructure needs; included input from the various campus constituencies; and received the endorsements of the Faculty Senate and the SGA. Referring to copies of the Plan on the table, he stated adoption would fulfill a SACSCoC (Southern Association of Colleges and Schools Commission on Colleges) requirement for accreditation reaffirmation and that its intended use would be as a guide for the future. He said, at a meeting on June 1, the Committee voted unanimously to recommend Board approval of **ITEM 19** as follows. On motion by Captain Jenkins, seconded by Ms. Maye, the resolution was approved unanimously:

RESOLUTION
CAMPUS MASTER PLAN, 2017-2027

WHEREAS, the University of South Alabama's continued enrollment and program growth depends on providing adequate academic, administrative, campus life, and student services facilities and the use of the Institution's land in the most effective manner, and

WHEREAS, the University seeks to gain the maximum benefit from the financial investment in the physical development of the campus, and

WHEREAS, the Southern Association of Colleges and Schools has recommended that universities establish and adhere to a campus master plan, and

WHEREAS, the University's Campus Master Plan Committee, composed of administrators, faculty, staff, and students, met monthly during the 2016-2017 academic year, gathering data and input from a varied constituency of the University community, and

WHEREAS, this committee has identified needs for new facilities, renovation of existing structures, and implementation of design standards for campus and landscape architecture and developed the 2017 Campus Master Plan, attached hereto as Exhibit A,

NOW, THEREFORE BE IT RESOLVED that the Board of Trustees of the University of South Alabama approves the 2017 Campus Master Plan, covering the 2017-2027 time frame, and authorizes the University President to accept and utilize this plan as a general guide for the maintenance and future growth of the campus.

Chairman Simon asked President Waldrop if he wished to make additional remarks. President Waldrop reflected on the Distinguished Alumni and Service Awards Gala held on June 1 and asked Ms. Sullivan to share information on the individuals honored. Ms. Sullivan recognized Ms. Karen Edwards, Director of the Office of Alumni Relations, for her involvement.

There being no further business, the meeting was adjourned at 11:44 a.m.

Attest to: Respectfully submitted:

_______________________________ _______________________________

Arlene Mitchell, Secretary Kenneth O. Simon, Chair *pro tempore*

UNIVERSITY OF SOUTH ALABAMA

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

PROPERTY ADDRESS:

563 Hunley Road
Mobile, Alabama 36608
Key Number 00489162

APPRAISAL INFORMATION:

A property appraisal was not obtained as the property was acquired by a best price offer of $100.00 submitted to the State of Alabama. The accepted purchase price was lower than the 2016 fair market value of the property as assessed and reported by The Mobile County Revenue Commission.

CONTRACTS RELATED TO THE PURCHASE:

Tax Deed issued by the State of Alabama 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

EXHIBIT "A"

450
200
650

Deed Number: 60052

2017047212 1/1
Bk: LR7545 Pg:843
Document Type: D

Mobile County, Alabama
I hereto certify this instrument filed on : 08/18/2017 01:04:10 PM
Don Davis, Probate Judge

Deed Tax:	$.00	
Mortgage Tax:	$.00	
Mineral Tax:	$.00	
No Tax:	$1.00	2017047212
Judge Fee:	$.00	Bk:LR7545
S.R. Fee:	$2.00	Pg:843
Surcharge Fee:	$.00	
Recording Fee:	$3.50	
TOTAL:	$6.50	

THE STATE OF ALABAMA

KNOW ALL MEN BY THESE PRESENTS:

THAT WHEREAS,on the 9th day of April, 2012, the Probate Court of MOBILE County rendered a decree for sale of lands hereinafter described and conveyed, for payment of State and County taxes then due from PURSE, SAM & DELMA L the owner of said lands, and for the payment of fees, costs and expenses of and under said decree, and the sale had in execution thereof.

And WHEREAS, thereafter, to-wit, on the 31st day of May, 2012, under and in pursuance of said decree, said lands were regularly offered for sale by the Tax Collector of MOBILE County for said taxes, fees, costs and expenses, and no person having bid a sufficient sum for the said lands to pay the same, said lands, were bid in for the State for the sum of said taxes, fees, costs, and expenses.

AND WHEREAS, the time allowed by law for the redeemption of said lands has elapsed since said sale, and the same not having been redeemed, the title thereto under said sale is still in the State.

And WHEREAS, said land having been entered upon the books of the State Land Commissioner, and the State Land Commissioner of the State of Alabama, with the approval of the Governor, has fixed the price of said land, and ascertained that the sum of ONE HUNDRED DOLLARS & ZERO CENTS is sufficient to cover and satisfy all claims of the State and County against said lands for or on account of taxes, interest, fees, costs and officers' fees which were due upon or have accrued against said lands, as provided by law.

And WHEREAS, application has been made to the State Land Commisioner of the State of Alabama by UNIVERSITY OF SOUTH ALABAMA to purchase said land, and sum of ONE HUNDRED DOLLARS & ZERO CENTS (100.00) therefore has been paid into the State Treasury.

NOW THEREFORE, the State Land Commissioner of the State of Alabama, by virtue of and in accordance with the authority in him vested by law, with the approval of the Governor of Alabama, and in consideration of the premises above set out, has this day granted, bargained, sold, and conveyed and by these presents does grant, bargain, sell and convey unto the said UNIVERSITY OF SOUTH ALABAMA without warranty or covenant of any kind on the part of the State, express or implied, all right and title of the State of Alabama acquired by the tax sale aforesaid in and to said lands, described as follows:

Parcel # 022804171000006

Legal DescriptionLOT 6 BLK 26 HILLSDALE HGTS MBK 10 P 183 #SEC 17 T4S R2W #MP28 04 17 1 000

lying and being situated in said County and State, to have and to hold the same, the said right and title of the State in the land aforesaid, unto UNIVERSITY OF SOUTH ALABAMA and his/her/their/its heirs, assigns and successors forever.

In testimony whereof I have hereunto set my hand and seal this the 4th day of August, 2017.

Approved
Kay Ivey
Governor of Alabama

STATE LAND COMMISSIONER OF ALABAMA
By Vernon Barnett
State Land Commissioner

THE STATE OF ALABAMA, MONTGOMERY COUNTY

I, Leah McJustice, a Notary Public in and for said County, in said State hereby certify that Revenue Commissioner Vernon Barnett, whose name is signed to the foregoing conveyance as State Land Commissioner, and who is known to me, acknowledged before me on this day that, being informed of the contents of this conveyance, he/she, in his/her capacity as such State Land Commissioner, executed the same voluntarily on the day the same bears date.

Given under my hand this the 4th day of August, 2017.

LeahMJustice, Notary Public

My Commission expires: 7-14-18

Grantor:
Alabama Department of Revenue
Property Tax Division
Gordon Persons Bldg.
50 N. RIPLEY STREET RM 4103
MONTGOMERY, ALABAMA 36104

This instrument was prepared by: Deanna Coman

Grantee:
UNIVERSITY OF SOUTH ALABAMA
307 N. UNIVERSITY BLVD., AD-170
MOBILE, AL 36688

PROPERTY ADDRESS:
563 HUNLEY RD.
MOBILE, AL 36608

Deed Number: 60052

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

AUDIT COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

AUDIT COMMITTEE

June 1, 2017
2:35 p.m.

A meeting of the Audit Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Jimmy Shumock, Vice Chair, on behalf of Mr. John Peek, Chair, on Thursday, June 1, 2017, at 2:35 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Scott Charlton, Ron Jenkins and Jimmy Shumock.
Members Absent:	Bryant Mixon and John Peek.
Other Trustees:	Alexis Atkins, Chandra Brown Stewart, Tom Corcoran, Steve Furr, Bettye Maye, Ken Simon, Mike Windom and Jim Yance.
Administration and Others:	Owen Bailey, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Mike Haskins, David Johnson, John Marymont, John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Shumock called for consideration of the minutes of the meeting held on March 2, 2017. On motion by Captain Jenkins, seconded by Dr. Charlton, the minutes were adopted unanimously.

Mr. Shumock asked for an update on the E-Verify matter reported at the March meeting. Mr. Weldon said the Administration was waiting on the Alabama Attorney General (AG) to respond to the University's request for a ruling on the proper application of E-Verify regulations. He further advised of pending litigation that may require institutions of higher education to submit fully to E-Verify rules regardless of the AG's opinion.

Mr. Shumock asked for a report on the efforts of the University's task force on compliance. President Waldrop advised that the task force recommended the hiring of a chief compliance officer for the University. He said the position had been advertised and the search was underway, adding that the individual hired for this role would exercise oversight campus-wide.

There being no further business, the meeting was adjourned at 2:37 p.m.

Respectfully submitted: On behalf of:

James H. Shumock, Vice Chair John M. Peek, Chair

KPMG

University of South Alabama 09/30/2017

Planning Report to the Audit Committee

This presentation to the Audit Committee is intended solely for the information and use of the Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties. This presentation is not intended for general use, circulation or publication and should not be published, circulated, reproduced or used for any purpose without our prior written permission in each specific instance.

September 7, 2017

Agenda

Audit plan - Scope

Scope of work	Audits of the: — University of South Alabama consolidated financial statements — Federal Financial Awards in accordance with Uniform Guidance — South Alabama Medical Science Foundation financial statements — USA Research and Technology Corporation financial statements — Gulf Coast Regional Care Organization
Applicable financial reporting framework	— U.S. Generally Accepted Accounting Principles — Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
Applicable auditing standards	— U.S. Generally Accepted Auditing Standards — *Government Auditing Standards*
Other terms of engagement	— Debt covenant compliance report — Debt agreed upon procedures report — NCAA agreed upon procedures report

KPMG

Client service team

Team member	Title	Focus
Eileen McGinn	Engagement Partner	University
Ashley Willson	Engagement Partner	Healthcare
Keith Shurbutt	Concurring Review Partner	University and Healthcare
Velencia Bell	Engagement Manager	University
Melinda Gratwick	Engagement Manager	University and Uniform Guidance
Amanda Price	Engagement Manager	Healthcare
Brad Phillips	Director	Technology Systems & Controls
Dee Rich	Partner	Exempt Organization Tax Matters

Audit plan - Materiality

- Professional standards require that we exercise professional judgment when we consider materiality and its relationship with audit risk when determining the nature, timing, and extent of our audit procedures, and when evaluating the effect of misstatements.
- Information is material if its misstatement or omission could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
- Judgments about materiality are made in light of surrounding circumstances and are affected by the size or nature of a misstatement, or a combination of both.
- Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered.

Audit plan - Deliverables and time line

01/31/2018 | 09/30/17 | 11/15/2017 | 12/31/2017

By 01/31/18
- Issue NCAA Agreed-upon procedures
- Debrief on audit process
- Plan audit approach for upcoming year-end audit
- Identify key members of the engagement team, including specialists

By 12/31/17
- Attend Audit Committee meeting and perform required communications

By 09/30/17
- Perform risk assessment procedures and identify risks
- Determine audit approach
- Evaluate entity-level controls
- Understand accounting and reporting activities
- Evaluate design and implementation of selected controls including general IT controls, where applicable.
- Coordination with Internal Audit
- Meetings with management to discuss key issues
- Perform interim substantive audit procedures

By 11/15/17
- Perform analytical or other procedures to roll forward account balances to year-end
- Perform remaining audit procedures
- Discuss key issues and deficiencies identified with management
- Review of financial statement disclosures
- Obtain written representation from management
- Issue audit opinion on consolidated financial statements

KPMG

Audit plan - Deliverables and time line (continued)

Planning and Interim Procedures

— Pre-audit planning meeting with University senior management	February 13, 2017
— Pre-audit planning meeting with Healthcare senior management	February 13, 2017
— Planning and risk assessment procedures, evaluation and compliance tests of internal controls, and interim substantive testing- University	August 7–August 31, 2017
— Planning and risk assessment procedures, evaluation and compliance tests of internal controls, and interim substantive testing- Hospital	July 10-July 24, 2017
— Single Audit fieldwork– Student Financial Aid	June 5 - 23, 2017 August 21- September 1, 2017

Final Procedures

— Final audit field work dates – University	October 16–November 17, 2017
— Final audit field work dates – Hospital	October 16- November 17, 2017
— Final Single Audit procedures	October 2 – 20, 2017
— Delivery of draft University financial statements to auditors	October 27, 2017
— Delivery of University and Single Audit reports	November 15, 2017
— Post-audit meetings with senior management	January 2018

Audit plan - Involvement of others

Financial statement audit substantive procedures

— Internal Audit- will provide direct assistance with expense testing, employee payroll testing, inventory observation related to the Medical Supplies and Bookstore, and perform price testing.

— Specialists needed to perform planned audit procedures or evaluate the audit results related to significant risks

- Information Resource Management (IRM) team will evaluate general information technology controls and certain application level controls
- Alternative investment specialist will evaluate procedures planned over the valuation of alternative investments
- Tax specialist will obtain and document an understanding of the University's tax status, considering applicable tax laws and regulations, the University's operations and/or changing in design that could cause the University to lose its tax status.
- Pension actuary will evaluate the pension and other postretirement benefit obligations
- Self-insurance actuary will evaluate the medical malpractice self-insurance liability

Risk assessment

Based on our risk assessment procedures, the following are significant risks/financial statement level risks that may result in a material misstatement (due to fraud or error) in the financial statements and our planned audit approach in response to such significant risks:

Significant Risks/financial statement level risks:

Due to Error

— Certain accounts with significant estimates which are based on management assumptions

- Valuation of self-insurance reserves
- Valuation of patient receivables

Due to Fraud

— Risk of management override of controls – *Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.*

Risk assessment (continued)

Significant audit areas	Significant estimates	Significant unusual transactions/other items	Information technology matters
— Investments — Due to/from third-party payors — Accounts receivable reserves — Professional and general liability costs and reserves — Interest Rate Swaps — GASB 68: Accounting and Financial Reporting for Pensions — GASB 72: Fair Value Measurement and Application — Net Patient Revenue — Tuition and fees	— Valuation of alternative investments — Valuation of self-insurance liability — Valuation of swaps — Valuation of General and Professional Liability Trust Funds — Valuation of patient accounts receivable — Third party settlement assets and liabilities	— Implementation of new accounting pronouncements (none expected for 2017)	— General information technology environment — Application controls relevant to the financial statement audit and audit performed in accordance with the Uniform Guidance — Revenue System Implementation

Objectives of an audit

- The objective of an audit of financial statements is to enable the auditor to express an opinion about whether the financial statements that have been prepared by management with the oversight of the Audit Committee are presented fairly, in all material respects, in conformity with generally accepted accounting principles (GAAP).
- We plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Although not absolute assurance, reasonable assurance is a high level of assurance.
- Our audit includes:
  - Performing tests of the accounting records and such other procedures as we consider necessary in the circumstances to provide a reasonable basis for our opinion.
  - Assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

KPMG's audit approach and methodology

Technology-enabled integrated audit work flow

Engagement Setup
- Tailor the eAudIT work flow to your circumstances
- Access global knowledge specific to your industry
- Team selection and timetable

Completion
- Update risk assessment
- Perform completion procedures and overall evaluation of results and financial statements
- Form and issue audit opinion on financial statements
- Obtain written representation from management
- Required Audit Committee communications
- Debrief audit process

Risk Assessment
- Understand your business and financial processes
- Identify significant risks
- Plan involvement of specialists and others including experts, internal auditors, service organizations and other auditors
- Determine audit approach
- Evaluate design and implementation of internal controls, if applicable

Testing
- Test effectiveness of internal controls, if applicable
- Perform substantive tests

KPMG independence quality controls

KPMG maintains a comprehensive system of quality controls designed to maintain our independence and to comply with regulatory and professional requirements.

— Pre-approval of all worldwide engagements by the audit engagement team through Sentinel, a KPMG independence and conflict checking system (includes services for/relationships with the audit client, its affiliates, and its affiliated persons)

— Tracking partner rotation requirements using PRS, the firm's automated partner rotation tracking system

— Automated investment tracking system used by all KPMG member firms (KICS)

— Training and awareness programs, including a required annual independence training deployed globally

— Annual independence confirmation required for all partners and employees and for all new joiners to the firm

— Compliance testing programs

— Formal disciplinary policy and process

— Annual reporting to the audit committee regarding independence

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Independence of Mind and in Appearance

— Independence consists of independence of mind and in appearance. Independence in appearance is the avoidance of circumstances that would cause a reasonable and informed third party who has knowledge of all relevant information, including safeguards applied, to reasonably conclude that the integrity, objectivity, or professional skepticism of the firm or members of the audit engagement team is compromised.

— Close personal relationships between firm personnel and audit client personnel can impact the appearance of independence or an auditor's independence of mind.

— KPMG has issued reminders and conducted training regarding KPMG's existing policies that require interactions between firm personnel and audit client personnel (including client entertainment) be directly related to a business purpose, reasonable, and infrequent (i.e., generally no more than four times a year). Additionally, firm policies prohibit the receipt or granting of any gift with a value in excess of $100 between firm and audit client personnel.

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In depth insights. In time to matter.

ACI programs

— Audit Committee Roundtable Series
  - Approximately 25 cities each Spring/Fall

— Quarterly Audit Committee Webcast
  - A quarterly Webcast providing updates and insights into issues affecting Audit Committee/board oversight—from key accounting and regulatory changes to developments in risk oversight.

— 14th Annual Audit Committee Issues Conference
  - January 8-10, 2018, San Diego, CA

Suggested publications (available for download at www.kpmg.com/aci)

— Directors Quarterly

— Global Boardroom Insights

— On the 2017 Audit Committee and Board Agendas

— Global Audit Committee Survey

Resources

— ACI Web site: www.kpmg-institutes.com/institutes/aci.html

— ACI mailbox: auditcommittee@kpmg.com

— ACI hotline: 1-877-KPMG-ACI

— *Audit Committee Insights – U.S. and International editions (biweekly electronic publications):* www.kpmginsights.com

Appendix - Responsibilities

Management is responsible for:

— Preparation and fair presentation of the financial statements, including disclosures, in conformity with generally accepted accounting principles (GAAP)

— For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

— Ensuring that the Company operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in the Company's financial statements, and for informing the auditor of any known material violations of such laws and regulations

— To provide access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, additional information that we may request from management for the purpose of the audit, and unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

— Adjusting the financial statements to correct material misstatements and affirming that the effects of any uncorrected misstatements aggregated by the auditor are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

— Providing the auditor with a letter confirming certain representations made during the audit that includes, but is not limited to, management's:

- Disclosure of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Company's financial reporting
- Acknowledgement of their responsibility for the design and implementation of programs and controls to prevent , deter, and detect fraud.

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Appendix - Responsibilities (continued)

The Audit Committee is responsible for:

- Oversight of the financial reporting process and oversight of ICOFR
- Oversight of the establishment and maintenance by management of programs and controls designed to prevent, deter, and detect fraud.

Management and the Audit Committee are responsible for:

- Setting the proper tone and creating and maintaining a culture of honesty and high ethical standards.

The audit of the financial statements does not relieve management or the Audit Committee of their responsibilities.

Appendix - Responsibilities (continued)

KPMG is responsible for:

— Planning and performing our audit, with an attitude of professional skepticism, to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error. Accordingly, there is some risk that a material misstatement of the financial statements will remain undetected. Although not absolute assurance, reasonable assurance is a high level of assurance. Our audit is not designed to detect error or fraud that is immaterial to the financial statements.

— Conducting the audit in accordance with professional standards and complying with the rules and regulations of the Code of Professional Conduct of the American Institute of Certified Public Accountants and the ethical standards of relevant CPA societies, and relevant state boards of accountancy

— Forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Audit Committee are presented fairly, in all material respects, in conformity with GAAP

— An audit of the financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting.

— Communicating to the Audit Committee all required information, including significant matters, that are in our professional judgment, relevant to the responsibilities of those charged with governance in overseeing the financial reporting process.

— Communicating to management and the Audit Committee in writing all significant deficiencies and material weaknesses in internal control identified during the audit and reporting to management in writing all deficiencies noted during our audit that, in our professional judgment, are of sufficient importance to merit management's attention. The objective of our audit of the financial statements is not to report on the Company's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements.

— Communicating to the Audit Committee circumstances that affect the form and content of the auditors' report, if any.

Appendix - Interaction with audit committee

Other matters for potential discussion with the Audit Committee include their views about:

- The appropriate person (Audit Committee Chair or full committee) for communication of audit matters during the audit
- Allocation of responsibilities between management and the Audit Committee
- Entity's objectives and strategies and related business risks that may result in material misstatements
- Areas that warrant particular attention during the audit and additional procedures to be undertaken
- The nature and extent of communications expected with the Audit Committee about misappropriations perpetrated by lower-level employees
- Significant communications with regulators, if applicable
- The attitudes, awareness, and actions concerning (a) the entity's internal controls and their importance in the entity, including oversight of effectiveness of internal controls, and (b) detection of or possibility of fraud
- Developments in financial reporting, laws, accounting standards, corporate governance, and other related matters
- Matters relevant to the audit, including, but not limited to, violations or possible violations of laws or regulations
- Significant issues discussed with management in connection with the appointment or retention of the auditor, including significant discussions regarding the application of accounting principles and auditing standards.
- Previous communications with the auditor

Appendix –
On the 2017 Higher Education Audit Committee Agenda *

Drawing on insights from our 2017 Global Audit Committee Pulse Survey as well as interactions over the last year with audit committees and senior management of higher education organizations, we have highlighted four items that audit committees should keep in mind as they consider and carry out their 2017 agendas:

I. **Monitor implementation plans and activities for major financial reporting and accounting changes on the horizon**

II. **Quality financial reporting starts with the CFO and the finance organization; maintain a sharp focus on leadership and bench strength**

III. **Refine and widen discussions about cyber risk and security**

IV. **Focus internal audit on key areas of risk and the adequacy of the institution's risk management processes**

* Full publication available on the KPMG Government Institutes website: http://www.kpmg-institutes.com/institutes/government-institute/articles/2017/03/on-the-2017-higher-education-audit-committee-agenda.html

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On the 2017 higher education audit committee agenda

Drawing on insights from our 2017 Global Audit Committee Pulse Survey as well as interactions over the last year with audit committees and senior management of colleges and universities, we've highlighted four items that audit committees should keep in mind as they consider and carry out their 2017 agendas. The sidebar below delineates a broader list of areas likely to receive attention in 2017.

2017 Higher Education Audit Committee Focus Areas

In addition to core responsibilities regarding financial reporting and internal controls – including review of external and internal auditor reports and recommendations – several risk areas will require the attention of higher education audit committees over the next year. Among those likely to receive emphasis are:

- Institutional compliance and control programs amid fast-changing, uncertain federal landscape
- Preparedness for new FASB and GASB financial reporting standards and potential expansion of OMB and Department of Education audit requirements
- Evaluating risk and mitigation trends – including proposed budget and policy changes from the new administration – under ERM programs
- Strength of IT programs: cybersecurity, data privacy and recovery, system replacements
- Campus safety and related compliance: Title IX, international students and faculty
- Global activities: impact of potential regulations, operational visibility, compliance, monitoring
- Managing conflicts of interest and related-party transactions
- Depth of resources in and succession planning for accounting, compliance and internal audit
- Measurement and verification of key non-financial metrics published by the institution
- Ensuring committee scheduling and resources are commensurate with scope and agenda
- Review of committee charter, responsibilities, effectiveness, orientation protocol

Monitor implementation plans and activities for major financial reporting and accounting changes on the horizon.

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which brings significant changes to how private, not-for-profit colleges and universities report net asset classes, expenses and liquidity in their financial statements.

The most significant change that you will notice is that the new standard reduces the number of net asset classes presented from three to two: *with donor restrictions* and *without donor restrictions*. The FASB's decision to combine the two restricted net asset classes into one net asset class is, with respect to donor-restricted endowments, more in line with changes resulting from the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which is now law in almost all states. One of the ASU's more applauded changes relates to the treatment of underwater endowments. To the extent the fair value of an individual donor-restricted endowment fund as of the balance sheet date falls below the original amount of the gift, such deficiency or underwater amount is currently reported in unrestricted net assets, creating misconceptions. However, under the ASU, the deficiency will be reported in net assets with donor restrictions. Therefore, the entire donor-restricted endowment will be presented in one net asset class, rather than spread among up to three classes currently.

The standard also requires NFPs to:

- present expenses by their functional *and* their natural classifications in one location in the financial statements or footnotes;

— present investment return net of external and direct internal expenses; and

— disclose quantitative and qualitative information about management of liquid resources and availability of financial assets to meet cash needs for general expenditures within one year of the balance sheet date.

We believe the disclosures with respect to liquidity and availability of resources may be the most time-intensive for colleges and universities to understand and implement. One of the major objectives of the standard was to improve the quality of information users have to assess an institution's liquidity and availability of resources. We recommend that when preparing these disclosures, institutions consider the following: In terms of liquidity, how is cash in excess of daily requirements managed, is there a liquidity reserve, and are there available lines of credit? In terms of availability, how should donor-restricted and board-designated resources factor into the analysis? A clear description of the assumptions used and the interaction of these and other relevant factors will enable financial statement users to better evaluate management's assessment.

The FASB anticipates that these new disclosures will evolve over time and stated that the disclosures "provide a potential starting point for an analysis of an NFP's liquidity," acknowledging that "a comprehensive analysis of liquidity requires forward-looking information about revenues, expenses, and cash flows as well as management commentary and analysis that go beyond the scope of financial statements."

In summary, we believe the ASU offers colleges and universities the opportunity to reassess their financial statements and note disclosures and consider changes that might be made to better tell their financial story. For example, institutions should be attuned to evolving industry guidance around the appropriate level and type of functional and natural expense detail to present and may want to re-evaluate their functional expense allocation methodologies well in advance of adoption. KPMG's related "Issues In-Depth" publication is available at www.kpmg-institutes.com and provides insights and illustrations we hope will be helpful as institutions implement the new standard in their financial statements no later than for the fiscal year ending in 2019.

Two long-running FASB projects resulted in the issuance of new accounting standards set out in ASU 2014-09, *Revenue From Contracts with Customers*, and ASU 2016-02, *Leases*. With respect to revenue recognition, much of the attention from colleges and universities continues to be with respect to revenue from various types of funders, but particularly government-sourced grants and contracts. Two issues have risen to the top of the list being considered: (i) characterizing grants and contracts as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and (ii) distinguishing between conditional and unconditional contributions. Although still under review by the FASB, it is currently anticipated that most governmental grants and contracts will be considered outside the scope of the new revenue standard (effective for most private institutions in fiscal 2019). Under the new lease standard (effective in fiscal 2020 for most private colleges and universities), reported assets and liabilities will increase, perhaps significantly, as lease obligations and related "right to use" assets are moved onto balance sheets. Currently most of these obligations are off-balance sheet and disclosed in the footnotes. The changes are focused principally on lessees; however, the lessor accounting model – impacting far fewer colleges and universities – remains mostly unchanged, but was updated to better align with changes in both lessee accounting and revenue recognition.

Implementation of these three new standards is not just an accounting exercise; audit committees will want to receive periodic updates on the status of implementation and assessment of impact, including possible impact on debt covenants.

Audit committees at public institutions continue to contend with various governmental accounting changes. Changes with respect to pension obligations impacted the financial statements of many public universities when the net pension liability for defined benefit pension plans began to be reported on balance sheets in 2015. In 2016, a new fair value measurement and disclosure standard similar to FASB's added more complexity to financial reporting, particularly around investments. In addition, public institutions are now preparing to report the liability for other post-employment benefits (OPEB) consistent with pension obligations, effective in fiscal 2018 for most schools and systems. The impact may be significant and will depend upon the nature of benefits provided and whether there are dedicated plan assets to offset liabilities. For public universities participating in one or more defined benefit OPEB plans, the financial statement impact of this new standard is also likely to reduce the unrestricted net position of the institution because many defined benefit OPEB plans historically have been funded on a pay-as-you-go basis. The audit committee should gain an understanding of the possible impact on debt covenants and financial ratios. Public institutions are also beginning to tackle GASB 81, *Irrevocable Split-Interest Agreements*, GASB 83, *Certain Asset Retirement Obligations*, and GASB 84, *Fiduciary Activities*, which are effective for most public institutions in fiscal 2018, 2019, and 2020, respectively. On the horizon, GASB is also expected to issue a new leasing standard later this year which, while different in some respects from the FASB model, would also eventually require most leases to be on the balance sheet.

Quality financial reporting starts with the CFO and the business office/finance organization; maintain a sharp focus on leadership and bench strength.

In our latest global pulse survey, 44% of audit committees were not satisfied that their agenda is properly focused on CFO succession planning, and another 46% were only somewhat satisfied. In addition, few were satisfied with the level of focus on talent and skills in the finance organization.

The National Association of College and University Business Officers' (NACUBO) *2016 National Profile of Higher Education Chief Business Officers* reports that nearly 60% of chief business officers (CBOs) are 55 or older and almost a quarter of those individuals are 65 or older. In light of those numbers, it is not surprising that nearly 20% of survey respondents expect to retire from their current positions within four years.

The expected high level of retirements among CBOs prompted NACUBO to add a suite of questions regarding succession planning, defined in the survey as "a process for identifying and developing people to fill key leadership positions within the organization." While more than 80% of respondents considered succession planning to be either "important" or "very important," less than 3% were employed at institutions with formal, written strategies to replace the CBO and nearly 40% were at institutions with no plan – formal or informal – in place.

The NACUBO definition of "succession planning," like many others, is associated with talent management and places emphasis on identifying and nurturing internal leaders. Yet, The Hanover Research Council's *Effective Practices for Succession Planning in Higher Education* (2010) asserts that there is "a widespread conception in higher education that external hiring, rather than the development of internal candidates, is the best way to fill senior administrative positions." In addition, Hanover suggests that the need to "balance succession planning with staff diversity concerns" can be an obstacle in the implementation of succession planning programs.

Often, an institution does not have the luxury of someone internally who is prepared to assume, even on an interim basis, the CFO position. Although large institutions may be limited in this regard, bench strength can be even more challenging at mid-sized and small colleges and universities. The audit committee should have an understanding of the required next steps if the CFO is suddenly unable to serve. A similar understanding may be appropriate for the chief internal audit executive and chief information officer (CIO).

How does the audit committee assess the finance organization's talent pipeline? Do employees have the training and resources they need to succeed? Do position descriptions exist for key roles? What are the internal and external auditors' views?

Refine and widen discussions about cyber risk and security.

Despite the intensifying focus on cybersecurity, the cyber-risk landscape remains fluid and opaque, even as expectations rise for more engaged oversight. As the cyber landscape evolves, board oversight – and the nature of the conversation – must continue to evolve. More often than not, we see college and university audit committees having responsibility with respect to the defensive elements of technology, namely cybersecurity and data privacy. Oversight here includes regular discussions with chief technology/information officers as audit committees strive to better understand trends, regulatory developments and the "what and where" of sensitive information requiring protection. It is becoming more common to see CIOs and/or chief information security officers attend every audit committee meeting.

Two particular types of hacking incidents have garnered recent attention – phishing scams and ransomware attacks. A February 11, 2017 headline *College students are the latest targets of aggressive phishing scams* from WTAE.com underscores the importance of educating students and employees. Both groups need to understand the nature and dangers of phishing scams and become more suspicious when checking (not simply opening) email. On January 18, 2017, the FBI issued a Public Service Announcement, *Employment Scam Targeting College Students Remains Prevalent,* warning of scammers recruiting students for fictitious positions. These scams often involve financial fraud and the obtaining of personal information from the student, leaving them vulnerable to identity theft. Again, education and skepticism are critical safeguards.

A January 24, 2017 Inside Higher Ed story, *Your Data Or Your Money: Hackers are locking colleges' data away and demanding payment to return it. But paying the ransom raises new issues, experts say*, addresses one of the fast-growing hacking strategies. Audit committees should gain an understanding of the institution's vulnerability – this includes an assessment of back-up files and the ability to avoid business interruption without the hostaged information.

In a July 2016 letter, the U.S. Department of Education (ED) reminded colleges and universities of their legal obligations to protect student information used in the administration of federal student financial aid programs. This important compliance requirement with respect to federal awards – which are critical to nearly all higher education institutions – dates back to 2003, but is now receiving more focused ED attention. ED considers any breach in the security of student records and information evidence of a potential lack of administrative capability. The letter states that institutions should have "at a minimum, evaluated and documented their current security posture...and have taken immediate action to remediate any identified deficiencies." The letter also informs institutions that ED is moving to include procedures in its annual audit guidance for auditors to perform "in order to assess and confirm institutions' compliance." While it is unclear what the scope of the audit procedures may ultimately entail, institutions should consider whether their information security plan has been subjected to recent review and testing. Institutions should also be cognizant that the security requirements likely encompass numerous IT systems in which student information resides, related security protocols connected to general IT and other application controls, and other business processes through which student data is processed. Accordingly, the breadth of potential policy and audit exposure could be significant.

The audit committee should help ensure that (i) cyber risk is managed as a business or enterprise risk – not simply an IT risk – and (ii) awareness of and accountability for cybersecurity permeates the institution, with a security mind-set, proper training, and preparation for incident response.

Focus internal audit on key areas of risk and the adequacy of the institution's risk management *processes*.

Internal audit is most effective when it is focused on the critical risks to the business, including key operational risks and related controls, not just compliance and financial reporting risks. Help define the scope of internal audit's coverage and, if necessary, redefine internal audit's role. Is the audit plan risk-based and flexible, and does it adjust to changing business and risk conditions? What has changed in the operating environment? What are the risks posed by a decentralized environment, including international operations? For academic medical centers, governance, risk and compliance pose unique challenges which internal audit may help address. Set clear expectations and make sure internal audit has the resources, skills, and expertise to succeed. Help maximize collaboration between internal and external auditors. As internal audit moves to a higher value-added model, it should become an increasingly valuable resource for the audit committee.

Other useful resources:

— KPMG Global Audit Committee Pulse Survey
https://boardleadership.kpmg.us/content/dam/blc/pdfs/2017/2017-global-audit-committee-pulse-survey.pdf

— On the 2016 Higher Education Audit Committee Agenda
http://www.kpmg-institutes.com/content/dam/kpmg/governmentinstitute/pdf/2016/2016-highered-agenda.pdf

— On the 2015 Higher Education Audit Committee Agenda
http://www.kpmg-institutes.com/content/dam/kpmg/governmentinstitute/pdf/2015/higher-ed-agenda.pdf

— KPMG Audit Committee Guide
https://boardleadership.kpmg.us/content/dam/blc/pdfs/2016/kpmg-audit-committee-guide-2016.pdf

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UNIVERSITY OF SOUTH ALABAMA FOUNDATION

Consolidated Financial Statements as of and for the
Years Ended June 30, 2017 and 2016, and
Independent Auditors' Report

UNIVERSITY OF SOUTH ALABAMA
FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
University of South Alabama Foundation:

We have audited the accompanying consolidated financial statements of the University of South Alabama Foundation (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2017 and 2016, and the results of its activities, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte + Touche LLP

August 10, 2017

UNIVERSITY OF SOUTH ALABAMA
FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2017 AND 2016
(Dollars in thousands)

	2017	2016
ASSETS		
CASH AND CASH EQUIVALENTS	$ 556	$ 368
INVESTMENTS AT FAIR VALUE:		
Equity securities	129,674	120,900
Timber and mineral properties	160,351	157,470
Real estate	69,186	69,070
Other	5,808	5,803
OTHER ASSETS	473	532
TOTAL	$ 366,048	$ 354,143
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 101	$ 90
Other liabilities	704	649
Total liabilities	805	739
NET ASSETS:		
Unrestricted	99,678	99,115
Temporarily restricted	95,856	84,699
Permanently restricted	169,709	169,590
Total net assets	365,243	353,404
TOTAL	$ 366,048	$ 354,143

See notes to consolidated financial statements.

UNIVERSITY OF SOUTH ALABAMA
FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017
(Dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, LOSSES, AND OTHER SUPPORT:				
Net realized and unrealized gains on investments	$ 5,054	$ 17,582	$ -	$ 22,636
Rents, royalties, and timber sales	3,786	130	8	3,924
Interest and dividends	740	1,280	4	2,024
Gifts		4	54	58
Required match of donor contributions	(16)	(37)	53	-
Interfund interest	(252)	252		-
Other income	2			2
Net assets released from program restrictions (Note 8)	8,054	(8,054)		-
Total revenues, gains, losses, and other support	17,368	11,157	119	28,644
EXPENDITURES:				
Program services:				
Faculty support	2,230			2,230
Scholarships	1,136			1,136
Other academic programs	6,405			6,405
Total program services	9,771	-	-	9,771
Management and general	1,952			1,952
Other investment expense	1,583			1,583
Depletion expense	3,414			3,414
Depreciation expense	85			85
Total expenditures	16,805	-	-	16,805
INCREASE IN NET ASSETS	563	11,157	119	11,839
NET ASSETS—Beginning of year	99,115	84,699	169,590	353,404
NET ASSETS—End of year	$ 99,678	$ 95,856	$ 169,709	$ 365,243

See notes to consolidated financial statements.

UNIVERSITY OF SOUTH ALABAMA
FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016
(Dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, LOSSES, AND OTHER SUPPORT:				
Net realized and unrealized gains (losses) on investments	$ 6,622	$ (3,806)	$ -	$ 2,816
Rents, royalties, and timber sales	3,243	130	13	3,386
Interest and dividends	1,172	956	3	2,131
Gifts		8		8
Required match of donor contributions	(8)	8		-
Interfund interest	(218)	218		-
Net assets released from program restrictions (Note 8)	8,848	(8,848)		-
Total revenues, gains, losses, and other support	19,659	(11,334)	16	8,341
EXPENDITURES:				
Program services:				
Faculty support	2,330			2,330
Scholarships	1,385			1,385
Other academic programs	6,846			6,846
Total program services	10,561	-	-	10,561
Management and general	2,040			2,040
Other investment expense	1,388			1,388
Depletion expense	3,354			3,354
Depreciation expense	86			86
Total expenditures	17,429	-	-	17,429
INCREASE (DECREASE) IN NET ASSETS	2,230	(11,334)	16	(9,088)
NET ASSETS—Beginning of year	96,885	96,033	169,574	362,492
NET ASSETS—End of year	$99,115	$ 84,699	$169,590	$353,404

See notes to consolidated financial statements.

UNIVERSITY OF SOUTH ALABAMA
FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016
(Dollars in thousands)

	2017	2016
OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 11,839	$ (9,088)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(22,636)	(2,816)
Depletion	3,414	3,354
Depreciation	85	86
Changes in operating assets and liabilities:		
Other assets	16	2
Accounts payable	11	(232)
Other liabilities	55	(52)
Net cash used in operating activities	(7,216)	(8,746)
INVESTING ACTIVITIES:		
Purchase of equity securities	(581)	(799)
Sale of equity securities	8,300	9,000
Acquisition of timberland	(560)	
Proceeds from sale of timberland	343	
Reforestation of timber property	(98)	(199)
Acquisition of building		(115)
Purchase of furniture, fixtures, and equipment		(7)
Net cash provided by investing activities	7,404	7,880
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	188	(866)
CASH AND CASH EQUIVALENTS—Beginning of year	368	1,234
CASH AND CASH EQUIVALENTS—End of year	$ 556	$ 368

See notes to consolidated financial statements.

1. ORGANIZATION

The University of South Alabama Foundation (the "Foundation") was incorporated in March 1968 for the purpose of promoting education, scientific research, and charitable purposes, and to assist in developing and advancing the University of South Alabama (the "University") in furthering, improving, and expanding its properties, services, facilities, and activities. Revenues are derived principally from investment income.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying consolidated financial statements include the accounts of the Foundation's wholly owned subsidiaries Knollwood Development, Inc.; Shubuta Timber Services, Inc.; and Brookley Bay Front Properties, LLC (hereinafter BBFP), an Alabama Limited Liability Company. All significant intercompany transactions have been eliminated in consolidation.

Net Assets—In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Foundation, the accounts of the Foundation are maintained on the accrual basis in accordance with the principles of "fund accounting." Thus, resources for various purposes are classified into funds that are in accordance with activities or objectives specified. The Foundation presents its net assets and its revenues, expenses, gains, and losses, based on the existence or absence of donor-imposed restrictions using three classifications: permanently restricted, temporarily restricted, and unrestricted. These three classifications are defined as follows:

- Permanently restricted net assets contain donor-imposed restrictions that stipulate that resources be maintained permanently, but permit the Foundation to use or expend part or all of the income derived from the donated assets for specified or unspecified purposes.

- Temporarily restricted net assets contain donor-imposed restrictions that permit the Foundation to use or expend the donated assets as specified, and are satisfied either by the passage of time or by actions of the Foundation.

- Unrestricted net assets are not restricted by donors or the donor-imposed restrictions have expired.

The Foundation considers all of its assets to be endowment assets for the support of the University. It, therefore, classifies all of its assets as "endowment funds" for purpose of required disclosures for such funds. In the absence of directions imposed by donors to utilize such funds for specific programs or purposes at the University, the Foundation classifies the net assets of such funds as "unrestricted."

Support and Expenses—Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets at the date of receipt. The Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor restriction expires; i.e., when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from program restrictions.

The Foundation sometimes receives restricted contributions that are conditional on the Foundation matching the contribution. Upon approval of the Board of Directors, such matches are reported as a reclassification of unrestricted net assets to restricted net assets.

Cash Equivalents—The Foundation considers temporary cash investments with an original maturity date of three months or less when purchased to be cash equivalents. The carrying amounts reported in the accompanying consolidated statements of financial position for cash and cash equivalents approximate their fair value.

Investments in Securities—Investments in marketable equity securities with readily determinable fair market values are maintained and administered in a common pool and are recorded at fair value based on quoted market prices of each security in the accompanying consolidated statements of financial position. Separate accounts are maintained for each fund, as applicable.

Investments in Commonfund—The Commonfund for Nonprofit Organizations ("Commonfund") is a membership corporation that operates endowment funds for the exclusive benefit of institutions eligible for membership in the Commonfund. The Foundation holds investments in the Multi-Strategy Equity Fund of the Commonfund. The objective of the Multi-Strategy Equity Fund is to offer an investment in a single fund to provide all of the strategy and manager diversification that an endowment would normally require for equity allocation. The fund is designed to add value over long periods of time and to reduce volatility.

The Foundation's units in the Multi-Strategy Equity Fund are valued at their unit values as determined by Commonfund. Commonfund generally determines the unit values of each of its funds by reference to the fair values of the underlying investments, the majority of which consists of exchange-traded equity securities. Commonfund redemptions are paid on the last day of the month, with the request or notification required by the 20th day of the month. Further information about Commonfund's valuation procedures is as follows:

In the Multi-Strategy Equity Fund, as managed by the Commonfund, equity securities listed on securities exchanges are valued at the last sale price, except for those securities reported through the National Association of Securities Dealers Automated Quotation (NASDAQ) system, for which the NASDAQ official closing price is used. In the absence of either, the current bid price is used. Unlisted securities are valued at the current bid prices obtained from reputable brokers. Certain investments held by the funds may be traded by a market maker who may also be utilized to provide pricing information used to value such investments. Investments in units of other funds within Commonfund (known as crossfund investments) are carried at the unit value of the crossfund investment.

In these funds, investments in limited partnerships and other investment funds are valued at fair value, which is generally the latest net asset value made available by the fund manager or administrator prior to the valuation date. Other securities that are not readily marketable are also valued at fair value as deemed appropriate by management of Commonfund in consultation with the respective investment manager, with consideration given to the financial condition and operating results of the issuer, meaningful third-party transactions in the private market, and other factors deemed relevant. The amounts realized upon disposition of these investments may differ from the value reflected in the consolidated financial statements and the differences could be material.

Timber—Timber and timberlands, including logging roads, are stated at fair value, based on an independent appraisal, derived from the application of the cost approach, the sales comparison approach, and the income capitalization approach, less the accumulated depletion for timber when harvested. The Foundation capitalizes timber and timberland purchases and reforestation costs and other costs associated with the planting and growing of timber, such as site preparation, seedling purchases, planting, herbicide application, and thinning of tree stands to improve growth. Timber costs, such as real estate taxes, forest management personnel salaries and fringe benefits, and other costs related to the timberlands, are expensed as incurred.

Timber sale revenues for clear-cut or lump-sum sales are recognized when legal ownership of the timber transfers to the purchaser. Timber deeds set forth the legal rights and responsibilities of the buyer, and at closing, the full amount of the sale is due and payable and recognized at that time. Revenues from thinning of tree stands to improve growth are recognized as revenue as the buyer harvests the timber that is to be thinned. Timberland depletion is calculated on a unit cost basis and recognized when the related revenue is recognized.

Mineral Properties—Mineral properties are stated at estimated fair market value as determined by independent appraisals. Depletion of mineral properties is recognized over the remaining producing lives of the properties based on total estimated production and current-period production.

Real Estate—Real estate held for investment is stated at its estimated fair value based on independent appraisals.

Common Investment Pool—On June 5, 2006, the Board of Directors of the Foundation approved the establishment of a new investment pool, which consists of (1) all marketable equity securities held by the Foundation and (2) the Foundation's interest in land and timber, consisting of approximately 55,600 acres of timberland, known as the Equitable Tract, which the Foundation acquired in 1997 with financing that was provided, in part, from the Disproportionate Share Hospital Funds (the "DSH Funds") to the Foundation's Equitable Timber Fund.

Investment Income—Investment income or loss (including gains and losses on investments, interest, dividends, rents, royalties, and timber sales) is included in the accompanying consolidated statements of activities and changes in net assets as increases or decreases in unrestricted net assets, unless the income or loss is restricted by donor or law, in which case, it is classified as temporarily or permanently restricted, as appropriate. Interfund interest is recorded at prevailing market rates on loans between funds to maintain the integrity of each fund's net assets.

Income Tax Status—The Internal Revenue Service has determined that the Foundation is a tax-exempt organization under Internal Revenue Code Section 501(c)(3).

Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Foundation's investments include marketable equity securities valued by reference to quoted market prices, investments in Commonfund portfolios valued at unit values based on the fair values of underlying investments and timberland, mineral properties, and other real estate valued by appraisals. Such assets are subject to fluctuation in value due to normal market volatility and to estimation risk in the case of assets for which quoted market values are not available. The values ultimately realized by the Foundation for all such assets may be different from the values reported and these fluctuations may impact the Foundation's consolidated financial statements.

Recent Accounting Pronouncements— In 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, "Not for Profit Entities (Topic 958.)" ASU 2016-14 amends existing guidance for financial reporting by not for profit entities with the objectives of reducing complexity and improving the utility of financial reporting for users of financial statements produced by not for profit entities. The principal changes required by ASU 2016-14 include eliminating the distinction between temporarily and permanently restricted net assets, and enhancing quantitative and qualitative disclosures related to financial performance and the entity's liquidity and use of resources. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with earlier application permitted. The Foundation management is currently evaluating the effects of the ASU on its financial statements.

In May 2015, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2015-07, *Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), Fair Value Measurement (Topic 820)*. The new guidance is effective for reporting periods beginning after December 15, 2016, and early adoption is permitted. The ASU is to be applied retrospectively in all periods presented in an entity's financial statements. The Foundation did not early adopt this guidance as of year-end. The adoption will not have a material effect on the Foundation's consolidated financial statements. The Foundation management is currently assessing the impact on the disclosures in the consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The new guidance is effective for reporting periods beginning after December 15, 2018. The ASU is to be applied retrospectively in all periods presented in an entity's financial statements. The Foundation management is currently assessing the impact on the Foundation's consolidated financial statements.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS AND OTHER INVESTMENTS

The following methods and assumptions were used by the Foundation in estimating the fair value of its investments:

- **Cash and Cash Equivalents:** The carrying amount reported in the accompanying consolidated statements of financial position for cash and cash equivalents approximates their fair value.

- **Equity Securities:** Includes investments in marketable equity securities and investments in Commonfund.

  Marketable Equity Securities: Fair values are based on quoted market prices of each security that is actively traded in a public market. The Foundation's investment in such marketable equity securities was $78,517 and $72,481 at June 30, 2017 and 2016, respectively.

  Investments in Commonfund: Fair values are based on unit values, as determined by Commonfund. As more fully described in Note 2, Commonfund determines unit values for each of its portfolios based on the fair values of the underlying assets. The Foundation's investment in Commonfund portfolios was $51,157 and $48,419 at June 30, 2017 and 2016, respectively.

- **Timber, Mineral Properties, and Real Estate:** Fair values of timberland, mineral properties, and real estate are determined by independent third-party appraisers using standard appraisal practices particular to the investment being appraised.

- **Other:** Other consists primarily of the Foundation's interest in the Stallworth Land Company (the "Company"), a timberland management company (see Note 4).

4. INVESTMENTS

Investment income includes not only realized gains (losses), but also unrealized gains (losses) in securities, timberland investments, and real estate.

Investment income for the years ended June 30, 2017 and 2016, consisted of the following:

	2017	2016
Unrealized gains	$ 17,592	$ 844
Realized gains	5,044	1,972
Net realized and unrealized gains on investments	22,636	2,816
Timber sales	3,230	2,685
Rents	624	627
Royalties	70	74
Rents, royalties, and timber sales	3,924	3,386
Interest and dividends	2,024	2,131
Total investment income	$ 28,584	$ 8,333

Investments consisted of participation in the Foundation's pooled investment funds. Investment-related expenses of $322 and $324 are included in the Foundation's management and general expenses in the accompanying consolidated statements of activities and changes in net assets for the years ended June 30, 2017 and 2016, respectively.

On June 5, 2006, the Board of the Foundation approved the establishment of a New Investment Pool, which consisted of (1) all marketable equity securities held by the Foundation and (2) the Foundation's interest in the land and timber consisting of approximately 55,600 acres of timberland known as the Equitable tract, which the Foundation acquired in 1997 with financing that was provided, in part, from the DSH Funds to the Foundation's Equitable Timber Fund. Effective June 30, 2006, upon establishment of the Pool, the interest in the Pool allocated to the DSH Funds was equal in value to the sum of (1) the value of the interest that was allocated to the DSH Funds in the Foundation's existing securities pool at June 30, 2006, and (2) the amount of the aggregate receivable in principal and interest owed by the Equitable Timber Fund to the DSH Funds at June 30, 2006. All pooled investment activity subsequent to June 30, 2006, is allocated between DSH Funds and other USAF funds based on each fund's initial share of the Pool, adjusted for subsequent contributions and distributions.

On September 28, 2010, the Foundation entered into an agreement with the University providing for the purchase from the University by the Foundation, acting through its wholly owned subsidiary BBFP, the Brookley Complex, for a purchase price of $20,000. The Foundation funded the purchase with proceeds realized by it upon the sale of equity investments from the CommonFund Multi-Equity Strategy Fund, within the New Investment Pool.

On June 4, 2015, the Board of the Foundation determined that the current value of the investment in the Brookley Complex, $23,000, would continue to be recorded as an asset of the Foundation held as a part of the New Investment Pool. Further, the Board determined that proceeds from a future sale would be used to restore to the holdings of the Foundation in the Commonfund Multi-Strategy Equity Fund the aggregate value of the investments in such fund that were sold by the Foundation to provide the funds paid to the University to acquire the Brookley Complex, and the aggregate cumulative investment return produced by the investment in the Commonfund Multi-Strategy Equity Fund over the period from the date of the sale transactions until the date on which the proceeds are returned to the fund, all as reflected in the resolution adopted on June 4, 2015.

As noted herein, at June 30, 2017, the fair market value appraisal of the Brookley Complex was $60,820. The Brookley Complex consists of 327 acres of land, with approximately 1.25 miles of waterfront on Mobile Bay, adjacent to the Mobile Airport Authority/Brookley Aeroplex, which is the location for the Airbus U.S. Manufacturing Facility for the Airbus 320 family of single-aisle aircraft. The appraised value is included in the land and land improvements—held for investment.

Real estate as of June 30, 2017 and 2016, consisted of the following property held:

	2017	2016
Land and land improvements—held for investment	$ 68,074	$ 67,935
Building and building improvements—held for investment	1,112	1,135
Total	$ 69,186	$ 69,070

Other—Investments at June 30, 2017 and 2016, include an equity interest in a timberland management company (the "Management Company"). The Management Company's primary asset consists of timberland. The Foundation's proportionate share of the fair value of the Management Company is based upon the valuation of the trustee responsible for the management of the Company and the timber valuation. The equity interest resulted from a bequest known as the Stallworth Gift, which was received through bequest and devise under the Will of N. Jack Stallworth.

The fair value hierarchy classifies the inputs to valuation techniques used to measure fair value as either observable or unobservable inputs. Observable inputs are derived from quoted market prices for investments traded on an active exchange or in dealer markets where there is sufficient activity and liquidity to allow price discovery by substantially all market participants. The Foundation's observable inputs consist of investments in exchange-traded equity securities with a readily determinable market price. Other observable inputs are fair value measurements derived either directly or indirectly from quoted market prices. Investments that are not traded on an active exchange and do not have a quoted market price are classified as unobservable. The Foundation's unobservable inputs consist of investments in timber and real estate with fair values based on independent third-party appraisals performed by qualified appraisers specializing in timber and real estate investments.

The Foundation's investment assets as of June 30, 2017 and 2016, are summarized as follows:

Description	Fair Value Measurements at June 30, 2017 Observable Inputs Based on Quoted Prices	Other Observable Inputs	Unobservable Inputs	Total
Marketable equity securities	$78,517	$51,157	$ -	$129,674
Timber and mineral properties			160,351	160,351
Real estate			69,186	69,186
Other investments			5,808	5,808
	$78,517	$51,157	$235,345	$365,019

Description	Fair Value Measurements at June 30, 2016 Observable Inputs Based on Quoted Prices	Other Observable Inputs	Unobservable Inputs	Total
Marketable equity securities	$72,481	$48,419	$ -	$120,900
Timber and mineral properties			157,470	157,470
Real estate			69,070	69,070
Other investments			5,803	5,803
	$72,481	$48,419	$232,343	$353,243

For the year ended June 30, 2017, activity in investments valued at fair value based on unobservable inputs is as follows:

	Timber and Mineral Properties	Real Estate	Other Investments	Total
Beginning balance	$157,470	$69,070	$5,803	$232,343
Net unrealized gains	5,759	157	5	5,921
Additions	560			560
Reforestation	100			100
Sale of property	(124)			(124)
Depreciation/depletion	(3,414)	(41)		(3,455)
Ending balance	$160,351	$69,186	$5,808	$235,345

For the year ended June 30, 2016, activity in investments valued at fair value based on unobservable inputs is as follows:

	Timber and Mineral Properties	Real Estate	Other Investments	Total
Beginning balance	$ 157,064	$ 66,320	$ 5,803	$ 229,187
Net unrealized gains	3,521	2,668		6,189
Additions		115		115
Reforestation	239			239
Depreciation/depletion	(3,354)	(33)		(3,387)
Ending balance	$ 157,470	$ 69,070	$ 5,803	$ 232,343

Endowment—The Foundation's endowment funds consist of individual funds established for a variety of purposes. Endowment funds include both donor-restricted endowment funds and board-designated endowment funds. Net assets associated with endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of the Law—The Foundation conducts the operations of the Foundation in accordance with the Alabama Uniform Prudent Management of Institutional Funds Act (UPMIFA), effective January 1, 2009, and continuing thereafter, unless otherwise determined by the Foundation. The Board of Directors and management of the Foundation interpret UPMIFA as obligating the Foundation to preserve, as donor-restricted assets, each original gift received by the Foundation as donor-restricted endowment funds. The Foundation, accordingly, classifies each such original gift, and any subsequent gifts, as permanently restricted. The remaining portion of any donor-restricted endowment that is not classified as permanently restricted is classified as temporarily restricted net assets, until such time as any of such remaining portion is appropriated for expenditure. In managing each endowment fund held by it, the Foundation considers, if relevant, the duration and preservation of the fund, the purposes of the Foundation and the fund, general economic conditions, any restrictions imposed by the donor, the possible effect of inflation or deflation, the expected total return from income and appreciation of investments, the other resources of the Foundation, and the investment policy of the Foundation.

Endowment net asset composition as of June 30, 2017, by type of fund is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ 79,665	$ 95,856	$ 169,709	$ 345,230
Board-Designated Endowment Funds	20,013			20,013
Total	$ 99,678	$ 95,856	$ 169,709	$ 365,243

Endowment net asset composition as of June 30, 2016, by type of fund is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ 78,589	$ 84,699	$ 169,590	$ 332,878
Board-Designated Endowment Funds	20,526			20,526
Total	$ 99,115	$ 84,699	$ 169,590	$ 353,404

Changes in endowment net assets during the year ended June 30, 2017, are as follows:

	Unrestricted	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Beginning balance	$ 78,589	$ 20,526	$ 84,699	$ 169,590	$ 353,404
Investment return:					
Investment income	4,491	35	1,410	12	5,948
Net unrealized and realized gains	4,525	529	17,582		22,636
Other income	2				2
Interfund interest	(260)	8	252		-
Total investment return	8,758	572	19,244	12	28,586
Gifts			4	54	58
Required match	(16)		(37)	53	-
Net assets released from restrictions	9,139	(1,085)	(8,054)		-
Expenditures	(16,805)				(16,805)
Net change	1,076	(513)	11,157	119	11,839
Ending balance	$ 79,665	$ 20,013	$ 95,856	$ 169,709	$ 365,243

Changes in endowment net assets during the year ended June 30, 2016, are as follows:

	Unrestricted	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Beginning balance	$ 75,134	$ 21,751	$ 96,033	$ 169,574	$ 362,492
Investment return:					
Investment income	4,388	27	1,086	16	5,517
Net unrealized and realized gains (losses)	6,734	(112)	(3,806)		2,816
Interfund interest	(224)	6	218		-
Total investment return	10,898	(79)	(2,502)	16	8,333
Gifts			8		8
Required match	(8)		8		-
Net assets released from restrictions	9,994	(1,146)	(8,848)		-
Expenditures	(17,429)				(17,429)
Net change	3,455	(1,225)	(11,334)	16	(9,088)
Ending balance	$ 78,589	$ 20,526	$ 84,699	$ 169,590	$ 353,404

5. BROOKLEY COMPLEX

In an effort to assist the University in furtherance of its tax-exempt purpose and in order to accelerate its support of the Pediatric Expansion of USA Children's and Women's Hospital, the Board of Directors authorized, in a resolution adopted May 27, 2010, the Foundation to negotiate an agreement to purchase the Brookley Center campus owned by the University. The May 27, 2010, resolution revoked the May 22, 2008, resolution as it pertained to the support of the Pediatric Expansion of USA Children's and Women's Hospital. On November 10, 2010, BBFP, an Alabama limited liability company, having as its sole member the Foundation, purchased the Brookley Complex from the University for Twenty Million Dollars ($20,000) payable in five annual installments of Four Million Dollars ($4,000). BBFP paid the University Four Million Dollars ($4,000) at closing and entered into a non-interest-bearing installment note for Sixteen Million Dollars ($16,000). The installment note was fully paid on November 10, 2014.

The intention and expectation of the Board of the Foundation, as reflected in the resolutions adopted on May 27, 2010, and September 9, 2010, was that upon BBFP's payment to the University of the purchase price, the Foundation would begin funding, consistent with the resolutions, a target distribution of not less than three percent (3%) of the average net assets of the DSH Funds. In making such distributions, the Foundation, acting in response to requests, proposals or recommendations submitted to it by the University, would seek to distribute to the University, for the benefit of the University's hospitals and clinics, and the other programs of the University that benefit such hospitals and clinics, funding for programs, activities or such other expenditures as shall be designated by the Foundation, in its sole discretion, subject to certain financial and other conditions as defined in the resolutions. During the fiscal year ended June 30, 2017, in accordance with the intent of the Board of the Foundation, as expressed in the resolutions, the Board of the Foundation approved a total distribution of DSH Funds of

$5,131, that included $3,433 for a state of the art Biplane Lab and G.I. Equipment, $1,076 for the Clinical Support Fund, and $622 for the Hospital Equipment Fund.

During the period of five years from the date of closing the transaction, and any extensions thereof, the University retains ownership of all buildings and improvements on the Brookley Complex property and an exclusive easement over all of the land. Upon the payment of the note, ownership of such buildings and improvements transfers to BBFP at the conclusion of the five-year period unless the parties agree to extend use by the University. The BBFP and the University agreed to extend the use period to November 10, 2017.

6. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2017 and 2016, temporarily restricted net assets were available for the following purposes:

	2017	2016
Instruction	$ 30,026	$ 27,066
Hospital, clinics, and related programs	42,909	36,323
College of medicine—other than instruction	14,246	12,563
Student aid	6,771	6,269
Other	1,904	2,478
Total	$ 95,856	$ 84,699

7. PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2017 and 2016, only the income from the following permanently restricted net assets was permitted to be used for the purposes indicated:

	2017	2016
Hospital, clinics, and related programs	$ 131,586	$ 131,586
Instruction	19,801	19,719
Student aid	9,260	9,233
College of medicine—other than instruction	2,138	2,137
Other	6,924	6,915
Total	$ 169,709	$ 169,590

8. NET ASSETS RELEASED FROM PROGRAM RESTRICTIONS

Expenses were incurred that met temporary purpose-related restrictions on the use of certain net assets, resulting in a reclassification of net assets from temporarily restricted to unrestricted during the years ended June 30, 2017 and 2016, as follows:

	2017	2016
Instruction	$6,893	$7,497
Student aid	1,055	1,296
Other	106	55
Total	$8,054	$8,848

9. OTHER RELATED-PARTY TRANSACTIONS

At June 30, 2017 and 2016, net assets held by the Foundation, irrevocably for the benefit, as determined by the Foundation, of the University's hospitals, clinics, and related programs (DSH Funds) were $174,497 and $167,910, respectively.

10. RETIREMENT PLANS

The Foundation sponsors a contributory defined-contribution retirement plan for certain employees. The Foundation's contributions to the retirement plan were approximately $153 and $148 for the years ended June 30, 2017 and 2016, respectively.

11. SUBSEQUENT EVENTS

The Foundation evaluated subsequent events through August 10, 2017, which represents the date the consolidated financial statements were available to be issued, and made the determination that no events occurred subsequent to June 30, 2017, that would require disclosure in or would be required to be recognized in the consolidated financial statements.

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UNIVERSITY OF SOUTH ALABAMA
FOUNDATION

Disproportionate Share Hospital Funds
Combined Financial Statements as of and
for the Years Ended June 30, 2017 and 2016, and
Independent Auditors' Report

UNIVERSITY OF SOUTH ALABAMA
FOUNDATION

DISPROPORTIONATE SHARE HOSPITAL FUNDS
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
University of South Alabama Foundation:

We have audited the accompanying combined financial statements of the Disproportionate Share Hospital Funds (the "DSH Funds") of the University of South Alabama Foundation, which comprise the combined statements of financial position as of June 30, 2017 and 2016, and the related combined statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the DSH Funds as of June 30, 2017 and 2016, and the results of its activities, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte + Touche LLP

August 10, 2017

UNIVERSITY OF SOUTH ALABAMA
FOUNDATION

DISPROPORTIONATE SHARE HOSPITAL FUNDS
COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2017 AND 2016
(Dollars in thousands)

	2017	2016
ASSETS		
INVESTMENTS:		
New Investment Pool — interest in	$ 170,356	$ 163,790
Real estate	3,700	3,700
RECEIVABLE FROM AFFILIATES	441	420
TOTAL	$ 174,497	$ 167,910
NET ASSETS		
NET ASSETS:		
Unrestricted	$ -	$ -
Temporarily restricted	42,911	36,324
Permanently restricted	131,586	131,586
Total net assets	174,497	167,910
TOTAL	$ 174,497	$ 167,910

See notes to combined financial statements.

UNIVERSITY OF SOUTH ALABAMA
FOUNDATION

DISPROPORTIONATE SHARE HOSPITAL FUNDS
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017
(Dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Net realized and unrealized gains on investments	$ 12	$ 10,832	$ -	$ 10,844
Interest and dividends		727		727
Interfund interest		159		159
Net assets released from program restrictions	5,131	(5,131)		-
Total revenues, gains, and other support	5,143	6,587	-	11,730
EXPENDITURES:				
Program Services — other academic programs	5,131			5,131
Other investment expense	12			12
Total expenditures	5,143	-	-	5,143
INCREASE IN NET ASSETS		6,587		6,587
NET ASSETS AT BEGINNING OF YEAR		36,324	131,586	167,910
NET ASSETS AT END OF YEAR	$ -	$ 42,911	$ 131,586	$ 174,497

See notes to combined financial statements.

UNIVERSITY OF SOUTH ALABAMA
FOUNDATION

DISPROPORTIONATE SHARE HOSPITAL FUNDS
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016
(Dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, (LOSSES), AND OTHER SUPPORT:				
Net realized and unrealized gains (losses) on investments	$ 12	$ (2,310)	$ -	$ (2,298)
Interest and dividends		558		558
Interfund interest		138		138
Net assets released from program restrictions	5,651	(5,651)		-
Total revenues, gains, (losses), and other support	5,663	(7,265)	-	(1,602)
EXPENDITURES:				
Program Services — other academic programs	5,651			5,651
Other investment expense	12			12
Total expenditures	5,663	-	-	5,663
DECREASE IN NET ASSETS		(7,265)		(7,265)
NET ASSETS AT BEGINNING OF YEAR		43,589	131,586	175,175
NET ASSETS AT END OF YEAR	$ -	$ 36,324	$ 131,586	$ 167,910

See notes to combined financial statements.

UNIVERSITY OF SOUTH ALABAMA
FOUNDATION

DISPROPORTIONATE SHARE HOSPITAL FUNDS
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016
(Dollars in thousands)

	2017	2016
OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 6,587	$ (7,265)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Net unrealized (gains) losses on investments	(9,718)	2,118
(Gain) loss on sale of investments	(1,126)	180
Changes in operating assets and liabilities:		
Receivable from affiliate	(21)	223
Net cash used in operating activities	(4,278)	(4,744)
INVESTING ACTIVITIES:		
Purchases of securities	(973)	(959)
Sale of securities	5,251	5,703
Net cash provided by investing activities	4,278	4,744
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS—Beginning of year		
CASH AND CASH EQUIVALENTS—End of year	$ -	$ -

See notes to combined financial statements.

1. ORGANIZATION

The University of South Alabama Foundation (the "Foundation" or "USAF") was incorporated in March 1968 for the purpose of promoting education, scientific research, and charitable purposes, and to assist in developing and advancing the University of South Alabama (the "University") in furthering, improving, and expanding its properties, services, facilities, and activities. Revenues are derived principally from investment income and contributions.

The Disproportionate Share Hospital Funds (the "DSH Funds") were matching funds disbursed by the Health Care Financing Administration of the U.S. Department of Health and Human Services to the states through their Medicaid agencies for the purpose of compensating hospitals, such as those operated by the University, that provided medical care and treatment to a disproportionate share of indigent patients in their respective areas.

Access to the DSH Funds for Alabama was made possible by the University of South Alabama Foundation Board, beginning in October 1989, when the Board of the Foundation approved the entry into the matching program. Over a one-year period, the Foundation made a monthly revolving contribution of $2 million, which yielded approximately $24 million in federal grant monies. The Board of Trustees of the University adopted a resolution in March 1990, authorizing the transfer of the DSH Funds to the Foundation to be held by it to preserve and ensure the continued viability of the University of South Alabama Hospitals ("University Hospitals") and their overall mission.

Litigation relating to the transfer of the DSH Funds was settled in November 1993, when an agreement was reached among the Department of Examiners of Public Accounts of the State of Alabama, the Board of Trustees of the University, and the Board of Directors of the Foundation, which required that all Medicaid DSH Funds received through September 30, 1994, be transferred to the Foundation and held irrevocably for the benefit, as determined by the Foundation, of the University Hospitals and clinics and the other programs of the University that benefit such hospitals and clinics. Further, the agreement recognized the Foundation as the lawfulholder and owner of the DSH Funds and that the investment and management of the DSH Funds were solely within the authority of the Foundation's Board.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying combined financial statements include the DSH Funds and Knollwood Development, Inc., a wholly owned subsidiary of the Foundation and an affiliate originally funded by DSH Funds. All significant interfund transactions have been eliminated in combination.

Net Assets—In order to ensure observance of limitations and restrictions placed on the use of the resources available to the DSH Funds, the accounts of the DSH Funds are maintained on the accrual basis in accordance with the principles of "fund accounting." Thus, resources for various purposes are classified into funds that are in accordance with activities or objectives specified. The Foundation presents its net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions, using three classifications: permanently restricted; temporarily restricted; and unrestricted. These three classifications are defined as follows:

- Permanently restricted net assets contain donor-imposed restrictions that stipulate that resources be maintained permanently, but permit the use or expenditure of part or all of the income derived from the donated assets for specified or unspecified purposes.

- Temporarily restricted net assets contain donor-imposed restrictions that permit the use or expenditure of the donated assets as specified and are satisfied either by the passage of time or by actions of the Foundation.

- Unrestricted net assets are not restricted by donors or the donor-imposed restrictions have expired.

Support—Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets at the date of receipt. Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities and changes in net assets as net assets released from restrictions.

Investments in Securities—Investments in equity securities are maintained and administered in a common pool by the Foundation. Amounts presented in these combined financial statements represent the DSH Funds' proportionate share of the Foundation's investments.

Investments in Commonfund— he Commonfund for Nonprofit Organizations ("Commonfund") is a membership corporation that operates investment funds for the exclusive benefit of institutions eligible for membership in the Commonfund. The Foundation holds investments in the Multi-Strategy Equity Fund of the Commonfund. The objective of the Multi-Strategy Equity Fund is to offer an investment in a single fund to provide all of the strategy and manager diversification that an endowment would normally require for equity allocation. The fund is designed to add value over long periods of time and to reduce volatility.

The Foundation's units in the Multi-Strategy Equity Fund are valued at their unit values as determined by Commonfund. Commonfund generally determines the unit values of each of its funds by reference to the fair values of the underlying investments, the majority of which consists of exchange-traded equity securities. Commonfund redemptions are paid on the last day of the month with the request or notification required by the 20th day of the month. Further information about Commonfund's valuation procedures follows.

In the Multi-Strategy Equity Fund, as managed by Commonfund, equity securities listed on securities exchanges are valued at the last sale price, except for those securities reported through the National Association of Securities Dealers Automated Quotation System (NASDAQ), for which the NASDAQ Official Closing Price is used. In the absence of either, the current bid price is used. Unlisted securities are valued at the current bid prices obtained from reputable brokers. Certain investments held by the funds may be traded by a market maker who may also be utilized to provide pricing information used to value such investments. Investments in units of other funds within Commonfund (known as "crossfund investments") are carried at the unit value of the crossfund investment.

In these funds, investments in limited partnerships and other investment funds are valued at fair value, which is generally the latest net asset value made available by the fund manager or administrator prior to the valuation date. Other securities that are not readily marketable are also valued at fair value as deemed appropriate by management of Commonfund in consultation with the respective investment manager, with consideration given to the financial condition and operating results of the issuer, meaningful third-party transactions in the private market, and other factors deemed relevant. The amounts realized upon disposition of these investments may differ from the value reflected in the financial statements and the differences could be material.

Investment Income—Investment income or loss (including realized and unrealized gains and losses on investments, interest, dividends, rents, royalties, and timber sales) is included in the accompanying combined statements of activities and changes in net assets as increases or decreases in unrestricted net assets, unless the income or loss is restricted by donor or law, in which case it is classified as temporarily or permanently restricted, as appropriate. Interfund interest is recorded at prevailing market rates on loans between funds to maintain the integrity of each fund's net assets.

Income Allocation—The DSH Funds participate in the New Investment Pool (the "Pool") as described in Note 4. Funds that participate in the Pool, including DSH Funds, receive a monthly allocation of income and loss experienced by the Pool. Allocations made by the Pool to its participants are based on the relative participation levels of investment in the Pool by each participating fund.

Income Tax Status—The Internal Revenue Service has determined that the Foundation is a tax-exempt organization under Internal Revenue Code Section 501(c)(3).

Estimates—The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. The DSH Funds participate in the Foundation's New Investment Pool (see Note 4). The New Investment Pool consists of the Foundation's investment in marketable securities, valued by reference to quoted market prices; investments in Commonfund portfolios valued at unit values based on the fair values of the underlying investments; and timberland, mineral properties, and other real estate valued by appraisals. Such assets are subject to fluctuation in value due to normal market volatility and to estimation risk in the case of assets for which market values are not available. The values ultimately realized by the Foundation for all such assets may be different from the values reported and these fluctuations may impact the DSH Funds' financial statements.

Recent Accounting Pronouncements—In 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, "Not for Profit Entities (Topic 958.)" ASU 2016-14 amends existing guidance for financial reporting by not for profit entities with the objectives of reducing complexity and improving the utility of financial reporting for users of financial statements produced by not for profit entities. The principal changes required by ASU 2016-14 include eliminating the distinction between temporarily and permanently restricted net assets, and enhancing quantitative and qualitative disclosures related to financial performance and the entity's liquidity and use of resources. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with earlier application permitted. The Foundation management is currently evaluating the effects of the ASU on its financial statements.

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), Fair Value Measurement (Topic 820)*. The new guidance is effective for reporting periods beginning after December 15, 2016, and early adoption is permitted. The ASU is to be applied retrospectively in all periods presented in an entity's financial statements. The Foundation did not early adopt this guidance as of year-end. The adoption will not have a material effect on the DSH Funds' financial statements. The Foundation management is currently assessing the impact on the disclosures in the combined financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The new guidance is effective for reporting periods beginning after December 15, 2018. The ASU is to be applied retrospectively in all periods presented in an entity's financial statements. Management is currently assessing the impact on the combined financial statements.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS AND OTHER INVESTMENTS

The following methods and assumptions were used by the Foundation in estimating the fair value of its investments:

- **Cash and Cash Equivalents:** The carrying amount reported in the accompanying combined statements of financial position for cash and cash equivalents approximates its fair value.

- **Equity Securities:** Includes investments in marketable securities and investments in Commonfund:

  Marketable Equity Securities: Fair values are based on quoted market prices of each security with readily determinable fair values.

  Investments in Commonfund: Fair values are based on unit values, as determined by Commonfund. As more fully described in Note 2, Commonfund determines unit values for each of its portfolios based on the fair values of the underlying assets.

- **Timberland, Mineral Properties, and Real Estate:** Fair values of timberland, mineral properties, and real estate are determined by independent third-party appraisers using standard appraisal practices particular to the investment being appraised.

4. INVESTMENTS

Investment income (loss) for the years ended June 30, 2017 and 2016, consisted of the following:

	2017	2016
Unrealized gains (losses)	$ 9,718	$ (2,118)
Realized gains (losses)	1,126	(180)
Interest and dividends	727	558
Interfund interest	159	138
	$ 11,730	$ (1,602)

Investments consisted of participation in the Foundation's pooled investment funds.

On June 5, 2006, the Board of the Foundation approved the establishment of a New Investment Pool, which consisted of (1) all marketable equity securities held by the Foundation and (2) the Foundation's interest in the land and timber consisting of approximately 55,600 acres of timberland known as the Equitable tract, which the Foundation acquired in 1997 with financing that was provided, in part, from the DSH Funds to the Foundation's Equitable Timber Fund. Effective June 30, 2006, upon establishment of the Pool, the interest in the Pool allocated to the DSH Funds was equal in value to the sum of (1) the value of the interest that was allocated to the DSH Funds in the Foundation's existing securities pool at June 30, 2006, and (2) the amount of the aggregate receivable in principal and interest owed by the Equitable Timber Fund to the DSH Funds at June 30, 2006. All pooled investment activity subsequent to June 30, 2006, is allocated between DSH Funds and other USAF funds based on each fund's initial share of the Pool, adjusted for subsequent contributions and distributions.

On September 28, 2010, the Foundation entered into an agreement with the University providing for the purchase from the University by the Foundation, acting through its wholly owned subsidiary Brookley Bay Front Properties, LLC (hereinafter BBFP), the Brookley Complex, for a purchase price of $20,000. The Foundation funded the purchase with proceeds realized by it upon the sale of equity investments from the Commonfund Multi-Equity Strategy Fund, within the New Investment Pool.

On June 4, 2015, the Board of the Foundation determined that the current value of the investment in the Brookley Complex, $23,000, would continue to be recorded as an asset of the Foundation held as a part of the New Investment Pool. Further, the Board determined that proceeds from a future sale would be used to restore to the holdings of the Foundation in the Commonfund Multi-Strategy Equity Fund the aggregate value of the investments in such fund that were sold by the Foundation to provide the funds paid to the University to acquire the Brookley Complex, and the aggregate cumulative investment return produced by the investment in the Commonfund Multi-Strategy Equity Fund over the period from the date of the sale transactions until the date on which the proceeds are returned to the fund, all as reflected in the resolution adopted on June 4, 2015.

The fair value hierarchy classifies the inputs to valuation techniques used to measure fair value as either observable or unobservable inputs. Observable fair values are derived from quoted market prices for investments traded on an active exchange or in dealer markets where there is sufficient activity and liquidity to allow price discovery by substantially all market participants. The New Investment Pool's observable inputs consist of investments in exchange-traded equity securities with a readily determinable market price. Other observable inputs are fair value measurements derived either directly or indirectly from quoted market prices. The New Investment Pool's other observable inputs are an investment in a managed fund held by a third party. Investments that are not traded on an active exchange and do not have a quoted market price are classified as unobservable. The DSH Funds' unobservable inputs consist of its interest in the New Investment Pool's timberland and real estate with fair values based on extensive independent third-party appraisals performed by qualified appraisers specializing in timber and real estate investments.

The Foundation's Investment Pool assets are summarized as follows:

	Fair Value Measurements at June 30, 2017			
Description	**Observable Inputs Based on Quoted Prices**	**Other Observable Inputs**	**Unobservable Inputs**	**Total**
New Investment Pool interest in marketable equity securities	$ 78,517	$ 51,157	$ -	$ 129,674
New Investment Pool interest in timber			112,000	112,000
New Investment Pool interest in real estate			23,000	23,000
Real estate			3,700	3,700
	$ 78,517	$ 51,157	$ 138,700	$ 268,374

Description	Fair Value Measurements at June 30, 2016			
	Observable Inputs Based on Quoted Prices	Other Observable Inputs	Unobservable Inputs	Total
New Investment Pool interest in marketable equity securities	$72,481	$48,419	$ -	$120,900
New Investment Pool interest in timber			109,100	109,100
New Investment Pool interest in real estate			23,000	23,000
Real estate			3,700	3,700
	$72,481	$48,419	$135,800	$256,700

For the year ended June 30, 2017, activity in the Foundation's Pooled Investment assets valued at fair value based on unobservable inputs is as follows:

	Investment Pool Interest in Timber	Investment Pool Interest in Real Estate	Real Estate	Total
Beginning balance	$109,100	$23,000	$3,700	$135,800
Total realized and unrealized gains	4,684			4,684
Reforestation	59			59
Depletion	(1,843)			(1,843)
Ending balance	$112,000	$23,000	$3,700	$138,700

For the year ended June 30, 2016, activity in the Foundation's Pooled Investment assets valued at fair value based on unobservable inputs is as follows:

	Investment Pool Interest in Timber	Investment Pool Interest in Real Estate	Real Estate	Total
Beginning balance	$109,600	$23,000	$3,700	$136,300
Total realized and unrealized gains	1,771			1,771
Reforestation	187			187
Depletion	(2,458)			(2,458)
Ending balance	$109,100	$23,000	$3,700	$135,800

The DSH Funds hold a proportionate interest in the value of the Foundation's Investment Pool. On June 30, 2017, the value of DSH Funds units in the Pool was $170,356 and at June 30, 2016, the value of DSH Funds units in the Pool was $163,790.

5. RELATED-PARTY TRANSACTIONS

At June 30, 2017 and 2016, receivables from affiliated entities totaled $441 and $420, respectively. These amounts are due to the DSH Funds from other entities owned by the Foundation. These receivables earn interest at a standard market rate, based on the applicable federal rates (rates used for federal tax purposes). Interest income was $159 and $138 for the years ended June 30, 2017 and 2016, respectively. As described in Note 4, effective June 30, 2006, the DSH Funds participate in the Pool of the Foundation and the DSH Funds earn a proportionate share of investment income of the Pool.

In an effort to assist the University in furtherance of its tax-exempt purpose and in order to accelerate its support of the Pediatric Expansion of USA Children's and Women's Hospital, the Board of Directors authorized, in a resolution adopted on May 27, 2010, the Foundation to negotiate an agreement to purchase the Brookley Center campus owned by the University. The May 27, 2010, resolution revoked the May 22, 2008, resolution as it pertained to the support of the Pediatric Expansion of USA Children's and Women's Hospital. On November 10, 2010, BBFP, an Alabama limited liability company, having as its sole member the Foundation, purchased the Brookley Complex from the University of South Alabama for Twenty Million Dollars ($20,000) payable in five annual installments of Four Million Dollars ($4,000). BBFP paid the University Four Million Dollars ($4,000) at closing and entered into a non-interest-bearing installment note for Sixteen Million Dollars ($16,000). The installment note was fully paid on November 10, 2014.

The intention and expectation of the Board of the Foundation, as reflected in the resolutions adopted on May 27, 2010, and September 9, 2010, was that upon BBFP's payment to the University of the purchase price, the Foundation would begin funding, consistent with the resolutions, a target distribution of not less than three percent (3%) of the average net assets of the DSH Funds. In making such distributions, the Foundation, acting in response to requests, proposals or recommendations submitted to it by the University, would seek to distribute to the University, for the benefit of the University's hospitals and clinics, and the other programs of the University that benefit such hospitals and clinics, funding for programs, activities or such other expenditures as shall be designated by the Foundation, in its sole discretion, subject to certain financial and other conditions as defined in the resolutions. During the fiscal year ended June 30, 2017, in accordance with the intent of the Board of the Foundation, as expressed in the resolutions, the Board of the Foundation approved a total distribution of DSH Funds of $5,131, that included $3,433 for a state of the art Biplane Lab and G.I. Equipment, $1,076 for the Clinical Support Fund, and $622 for the Hospital Equipment Fund.

During the period of five years from the date of closing the transaction, and any transactions therof, the University retains ownership of all buildings and improvements on the Brookley Complex property and an exclusive easement over all of the land. Upon the payment of the note, ownership of such buildings and improvements transfers to BBFP at the conclusion of the five-year period, unless the parties agree to extend use by the University. The BBFP and the University agreed to extend the use period to November 10, 2017.

6. NATURE AND AMOUNT OF TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2017 and 2016, temporarily restricted net assets of $42,911 and $36,324, respectively, were available for the support of hospitals, clinics, and related programs of the University.

7. NATURE AND AMOUNT OF PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2017 and 2016, permanently restricted net assets of $131,586 and $131,586, respectively, are restricted to investments in perpetuity, the income from which may be used for the support of hospitals, clinics, and related programs of the University.

8. ENDOWMENT

Interpretation of the Law—The University of South Alabama Foundation conducts the operations of the Foundation in accordance with the Alabama Uniform Prudent Management of Institutional Funds Act (UPMIFA), effective January 1, 2009, and continuing thereafter unless otherwise determined by the Foundation. The Board of Directors and management of the Foundation interpret UPMIFA as obligating the Foundation to preserve, as donor-restricted assets, each original gift received by the Foundation as donor-restricted endowment funds.

The Foundation, accordingly, classifies each such original gift, and any subsequent gifts, as permanently restricted. The remaining portion of any donor-restricted endowment that is not classified as permanently restricted is classified as temporarily restricted net assets, until such time as any of such remaining portion is appropriated for expenditure. In managing each endowment fund held by it, the Foundation considers, if relevant, the duration and preservation of the fund, the purposes of the Foundation and the fund, general economic conditions, any restrictions imposed by the donor, the possible effect of inflation or deflation, the expected total return from income and appreciation of investments, the other resources of the Foundation, and the investment policy of the Foundation.

9. SUBSEQUENT EVENTS

The DSH Funds evaluated subsequent events through August 10, 2017, which represents the date the combined financial statements were available to be issued, and made the determination that no events occurred subsequent to June 30, 2017, that would require disclosure in or would be required to be recognized in the combined financial statements.

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UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE

June 1, 2017
2:37 p.m.

A meeting of the Development, Endowment and Investments Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Jim Yance, Committee Chair, on Thursday, June 1, 2017, at 2:37 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Chandra Brown Stewart, Tom Corcoran, Ron Jenkins, Mike Windom and Jim Yance.
Member Absent:	Steve Stokes.
Other Trustees:	Alexis Atkins, Scott Charlton, Steve Furr, Bettye Maye, Jimmy Shumock and Ken Simon.
Administration and Others:	Terry Albano, Owen Bailey, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Mike Haskins, David Johnson, John Marymont, John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Yance called for consideration of the minutes of the meeting held on March 2, 2017. On motion by Mr. Corcoran, seconded by Capt. Jenkins, the minutes were adopted unanimously.

Mr. Yance asked Mr. Albano to address **ITEM 17**, a report on endowment and investment performance. Mr. Albano said performance since the previous report in March was outstanding, indicating a return of 7.1 percent for the period October 1, 2016, through April 30, 2017, vs. that of the relative index of 5.52 percent, or an outperformance of 1.58 percent. He said the portfolio balance at the end of this period was approximately $146.5 million. He noted all of the managers had outperformed their indices. He stated the annualized performance since inception was 5.17 percent vs. the relative index of 4.19 percent, an outperformance by almost one percent. He reminded the group that the University began the endowment with an initial investment of $5.7 million and advised that over 17 years, with net additions and subtractions of approximately $77 million, the University had accumulated investment earnings of about $64 million. He reported on asset allocation, noting compliance with investment policy guidelines.

Mr. Yance called for a report on the activities of the Division of Development and Alumni Relations, **ITEM 18**. On behalf of Dr. Stokes, Upward & Onward Campaign Co-Chair, Ms. Sullivan announced, as of the end of March 2017, the campaign had crossed the $100 million milestone. She talked about the publicity marking this achievement, which was prominent on the University's Web site the week of April 24 and included a celebration video, and credited Mr. Haskins and the Marketing and Communications team for their creative assistance. She reported, as of May 18, close to 25,000 campaign donors had contributed or pledged close to 37,000 gifts for a campaign total nearing $102 million. She presented charts showing a breakdown of the funds raised by strategic priority and detailing the $13.9 million fundraising impact of gifts and pledges eligible for matching through the Mitchell-Moulton Scholarship Initiative. She advised of Marketing and Communications' receipt of a CASE (Council for the Advancement and Support of Education) award for the promotional materials produced for the Upward & Onward campaign and introduced the milestone video. Additionally, she recognized that the Annual Fund, led by Dr. Finan, Dr. Kent and retired Mitchell College of Business Dean Dr. Carl Moore, raised $720,000 with 61 percent of South employees participating.

There being no further business, the meeting was adjourned at 2:46 p.m.

Respectfully submitted:

____

James A. Yance, Chair

GERBER TAYLOR

Presentation to:

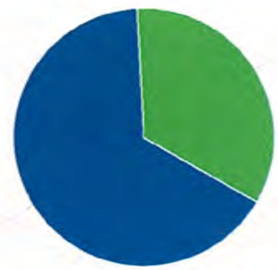
University of South Alabama

September 7, 2017

Summary of Cash Flows

	Last Month	Year-To-Date	Fiscal Year-To-Date	Inception 9/30/04
Beginning Market Value	$26,326,386	$25,488,132	$23,938,700	--
Net Cash Flow	$0	$0	$1,040,000	$17,588,000
Net Investment Change	$229,379	$1,067,634	$1,577,065	$8,967,765
Ending Market Value	$26,555,765	$26,555,765	$26,555,765	$26,555,765

Current Allocation



	Market Value	% of Portfolio	1 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Return	Since
Total Fund	$26,555,765	100.0%	0.9%	4.2%	6.4%	8.5%	3.8%	6.6%	6.3%	4.2%	6.5%	Sep-04
HFRI Fund of Funds Composite Index			*1.1%*	*4.2%*	*5.1%*	*5.9%*	*2.0%*	*3.9%*	*3.1%*	*0.9%*	*3.1%*	*Sep-04*
BBgBarc US Aggregate TR			*0.4%*	*2.7%*	*-0.3%*	*-0.5%*	*2.7%*	*2.0%*	*3.1%*	*4.4%*	*4.2%*	*Sep-04*
GT Offshore A (GTP)	$17,496,570	65.9%	0.5%	2.2%	5.0%	6.8%	3.9%	6.6%	6.6%	4.5%	6.7%	Sep-04
HFRI FOF: Conservative Index			*0.5%*	*2.1%*	*3.7%*	*4.7%*	*1.7%*	*3.6%*	*2.8%*	*0.8%*	*2.5%*	*Sep-04*
GT Offshore B (GTGH)	$9,059,195	34.1%	1.6%	8.3%	8.9%	11.9%	3.6%	6.4%	5.6%	--	5.4%	Nov-09
HFRI FOF: Strategic Index			*1.4%*	*7.0%*	*7.3%*	*8.8%*	*2.4%*	*4.7%*	*3.5%*	*1.0%*	*3.2%*	*Nov-09*
MSCI World Gross			*2.4%*	*13.7%*	*16.0%*	*16.8%*	*7.2%*	*12.3%*	*11.1%*	*5.0%*	*10.1%*	*Nov-09*

	Annualized Return (%)	Total Return (%)	Annualized Standard Deviation	Annualized Alpha (%)	Beta	R-Squared	Sharpe Ratio	Up Market Capture Ratio Annualized (%)	Down Market Capture Ratio Annualized (%)
Total Fund	6.5%	123.4%	5.9%	3.4%	1.0	0.8	0.9	122.5%	74.6%
HFRI Fund of Funds Composite Index	3.1%	47.8%	5.1%	0.0%	1.0	1.0	0.4	100.0%	100.0%
MSCI World Gross	7.7%	160.5%	15.0%	0.7%	2.3	0.6	0.4	266.9%	216.8%
BBgBarc US Aggregate TR	4.2%	69.6%	3.2%	4.3%	0.0	0.0	0.9	25.2%	-38.3%

GERBER TAYLOR

Market Outlook

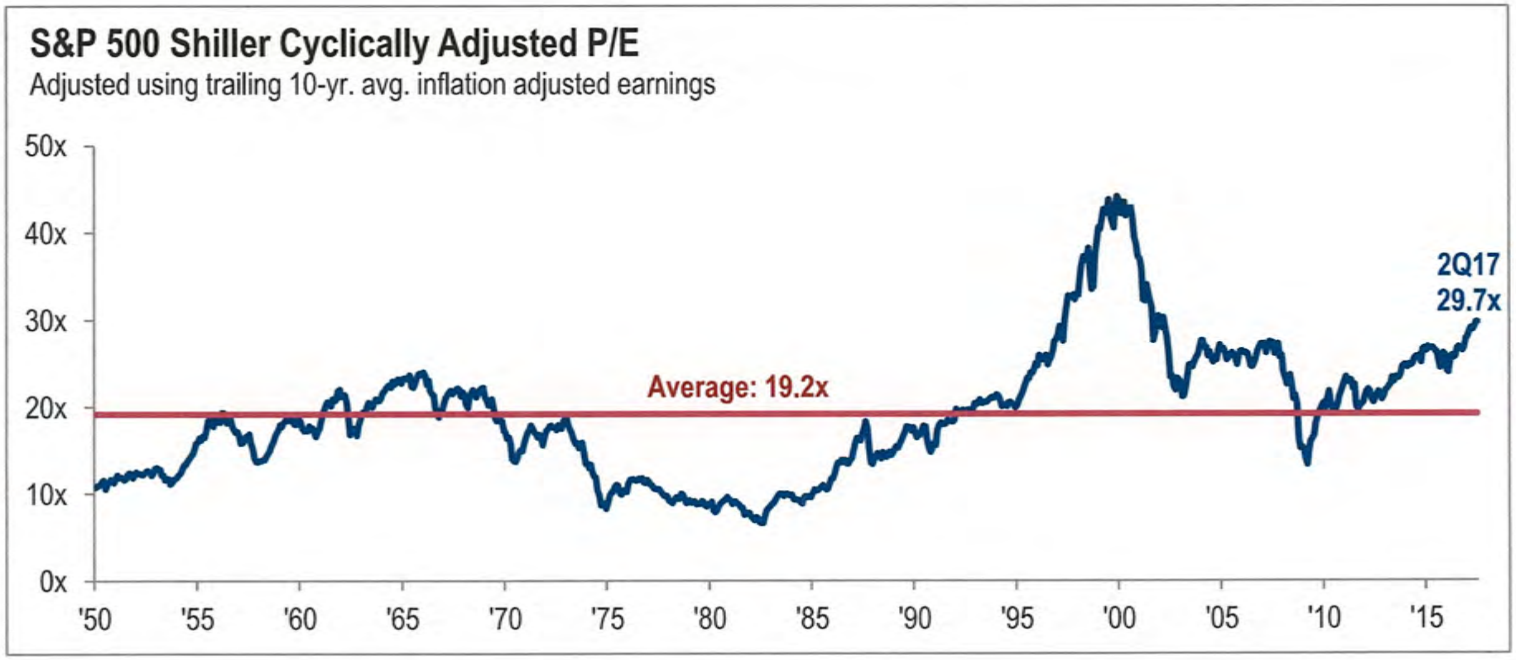
Best Guess for Strategy Attractiveness – Q3 2017

Q3 2017 Asset Class Attractiveness: "Best Guess" for 7-10 Years

Very Attractive	Attractive	Neutral	Unattractive	Very Unattractive
	Emerging Market Stocks	International Stocks	Large US Stocks	US Gov't Bonds
	Japanese Stocks	European Stocks	Small/Mid US Stocks	UK Gov't Bonds
	Japanese Yen	Asia - Ex Japan Stocks	Core Real Estate	EMU Gov't Bonds
	Closed End Equity Funds	Opportunistic Real Estate	Municipal Bonds	Japanese Gov't Bonds
	British Pound	MLPs	US REITs	Inflation Linked Bonds
		Global Long/Short	US Dollar	Corporate Bonds
		Distressed	High Yield Bonds	
		Capital Structure Arbitrage	*Emerging Markets Debt*	
		Multi-Strategy Arbitrage	*Real Estate Debt/CMBS*	
		Small Buyouts	*Real Estate Debt/RMBS*	
		Closed End Bond Funds	*Large Buyouts*	
		Event Driven	*Venture Capital*	
		Commodities		

This table attempts to identify the attractiveness of each strategy relative to its own long term average. It is not a rank ordering based on expected absolute returns. Italics indicate alternative strategies. Strategies highlighted in Green have been moved to more attractive since the prior quarter while those highlighted in Red have been moved to less attractive.

U.S. Equity Valuations



Source: Robert Shiller.

U.S. Equity Valuations

Valuation Factor	Timeframe	Valuation Level (ending 2Q17)	Current Decile within Distribution Quarterly Data
S&P 500 P/E based on 5-Year Normalized Earnings	1926-Present	23.6x	9th
S&P 500 P/E based on LTM Operating Earnings	1926-Present	23.38x	10th
Median Normalized P/E for 3000 Largest Stocks	1986-Present	26.11x	9th
S&P 500 Yield	1926-Present	2.02%	9th
DJIA Yield	1926-Present	2.33%	9th
S&P Industrial Book Value Ratio	1926-Present	4.01x	10th
DJIA Book Value Ratio	1926-Present	3.63x	10th
S&P Industrials Cash Flow Ratio	1946-Present	14.58x	10th
S&P Industrials Price to Sales Ratio	1956-Present	1.92x	10th
Total US Equity Capitalization as a % of GDP	1957-Present	145.2%	10th
Median existing home prices divided by S&P 500	1968-Present	104.24	10th
Ratio of S&P 500 to Gold	1926-Present	1.99	8th
Number of hours of work needed to buy one unit of S&P 500	1947-Present	113.9	10th

Stocks expensive on a number of metrics relative to history

Source: The Leuthold Group.

Benchmark 10-Year Treasury

Source: FactSet, as of 7.10.17.

GERBER TAYLOR

GT Partners, LP

(GT Offshore A)

Multi-Strategy Hedge

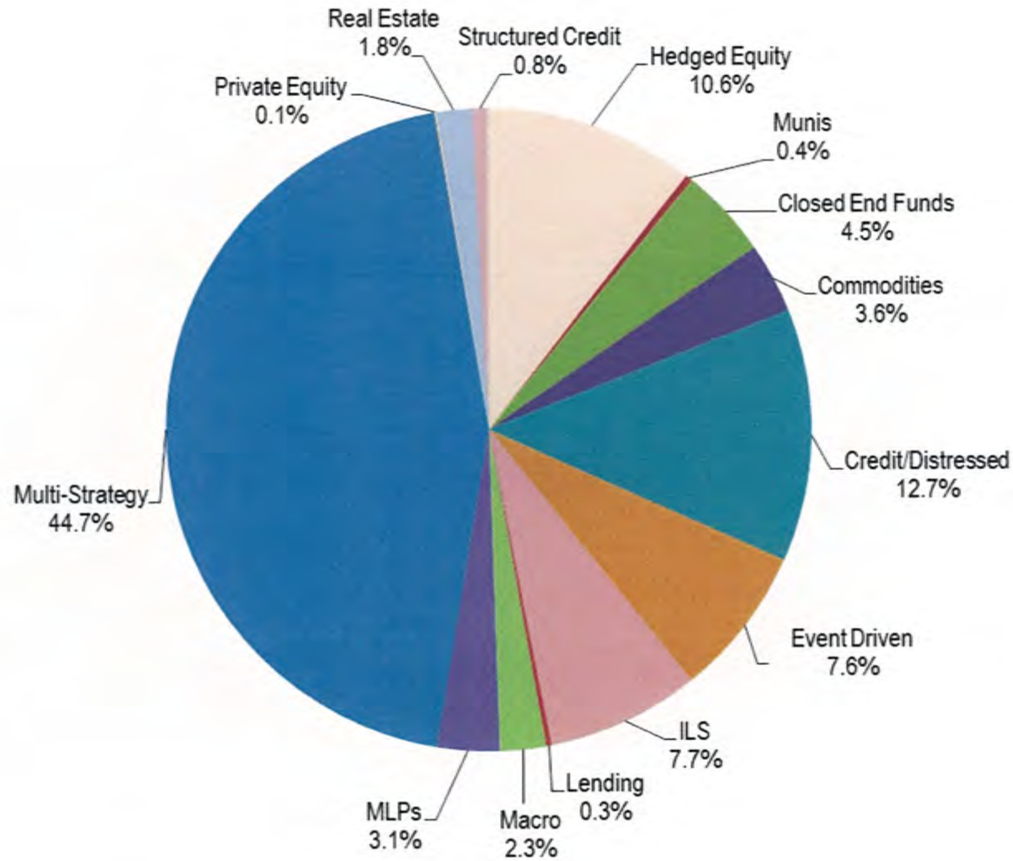
GT Partners: Overview

Goal: Generate an attractive absolute return with low market correlation.

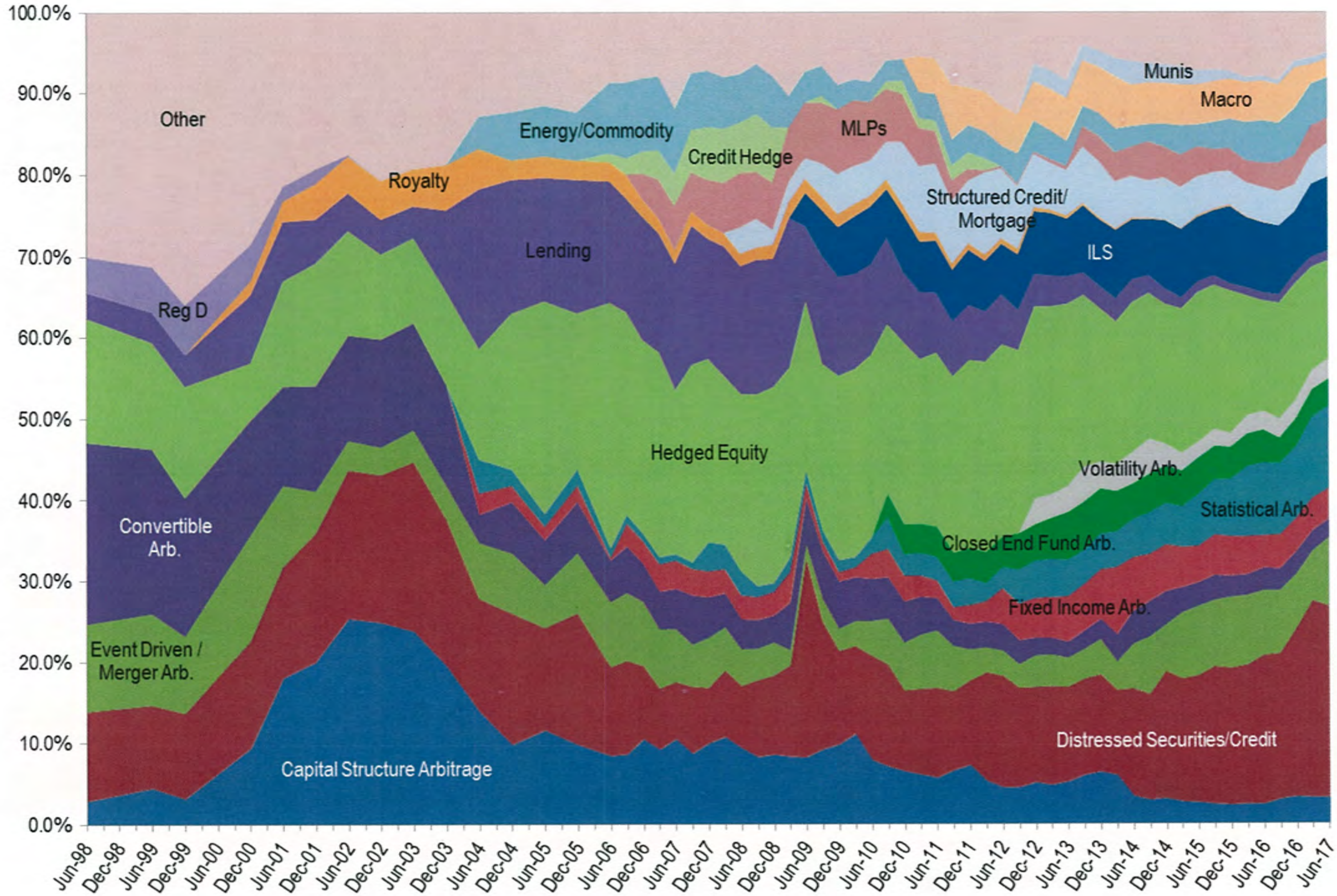
Strategy and Attributes:

- Invested with an eclectic mix of managers who are oriented toward achieving consistent, absolute rates of return with minimal market exposure and low levels of leverage
- **Strategy includes:**
  - Multi-Strategy
  - Distressed Debt
  - Event Driven
  - Insurance Linked Securities
  - Energy/Commodities
  - Hedged Equity
  - Closed End Funds
- Assets of approximately $1.8 billion
- Offshore fund available
- In 253 of the 318 months since inception, GT Partners has had positive returns (80%).

Fund Allocation as of 6/30/17



GT Partners: Historical Strategy Allocation*



*Allocation presented on a look-through basis, does not include cash.

GT Partners: Fund Allocation

	STRATEGY	ALLOCATION	CLOSED	DISCOUNTED FEE
1	Multi-Strategy	9.0%	x	
2	Multi-Strategy	8.7%	x	
3	Insurance Linked Securities	7.5%		x
4	Multi-Strategy	6.1%	x	
5	Multi-Strategy	6.0%		
6	Hedged Equity	5.8%		x
7	Event Driven	5.1%	x	
8	Multi-Strategy	5.0%		
9	Multi-Strategy	4.0%	x	x
10	Distressed	3.8%		
11	Hedged Equity	3.3%	x	
12	Distressed	3.2%	x	
13	Multi-Strategy	2.9%		
14	Multi-Strategy	2.8%	x	
15	Distressed	2.7%	x	
16	Closed End Funds	2.6%		
17	Macro	2.3%		
18	Commodities	2.2%	x	
19	Event Driven	2.0%		x
20	Real Estate	1.7%	x	

FUND DIVERSIFICATION
The five largest funds represent 37% of assets, the top ten funds represent 61% of assets and the top 20 funds represent 87% of assets.

GT Partners: Annualized Performance

Annualized Performance, June 2017 (net of all fees and expenses)

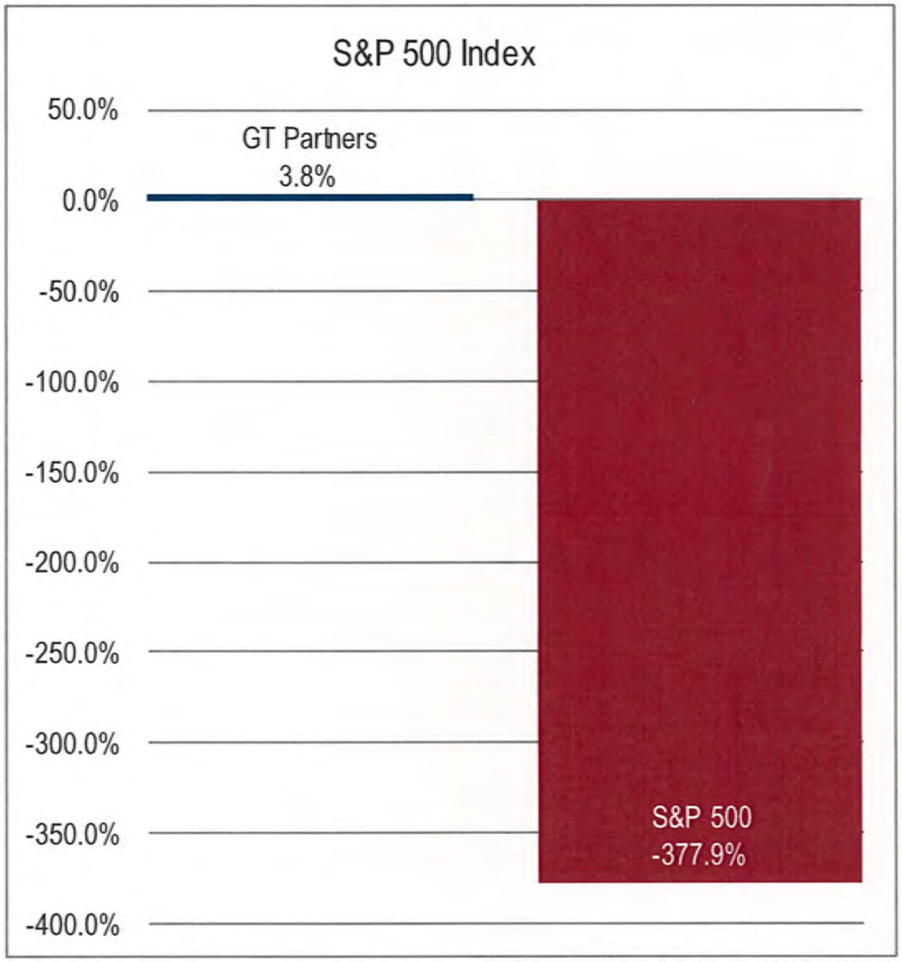
	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	25 Years	Since 1/1991
GT Partners	**1.8%**	**7.3%**	**3.9%**	**6.9%**	**5.1%**	**8.0%**	**8.6%**	**9.0%**	**9.0%**
HFRI FOF: Conservative	1.8%	5.3%	1.5%	3.7%	0.8%	3.0%	3.9%	5.3%	5.5%
S&P 500 Index	9.3%	17.9%	9.6%	14.6%	7.2%	8.3%	7.2%	9.6%	10.1%
BBgBarc US Govt/Credit	2.7%	-0.4%	2.6%	2.3%	4.6%	4.6%	5.3%	5.7%	6.1%

Composite Performance Disclosure

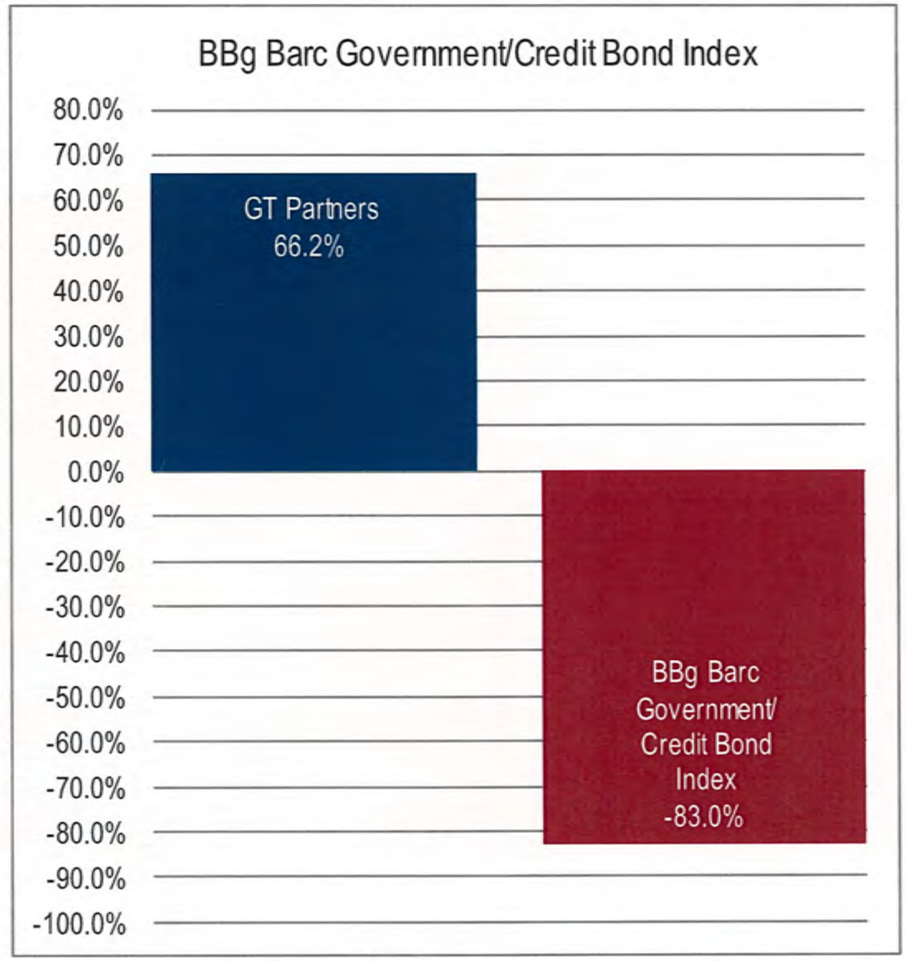
As of January 1, 2001, GT Special Situations, L.P., a fund also managed by Gerber Taylor, merged with GT Partners, L.P., and performance results after such date reflect this merger. For periods from January 1, 1993 to January 1, 2001, the performance results reflect the asset weighting composite performance of both GT Partners, L.P. (60%) and GT Special Situations, L.P. (40%). Performance results prior to 1993 include only GT Partners, L.P. No representation is made that an investor will achieve results comparable to those shown.

GT Partners Down Market Performance

January 1, 1991 to June 30, 2017



Estimated summed performance. Includes the 108 months when the S&P 500 Index had negative returns.



Estimated summed performance. Includes the 104 months when the BBg Barc Government/Credit Bond Index had negative returns.

GERBER TAYLOR

GT Global Hedge, LP

(GT Offshore B)

Hedged Equity

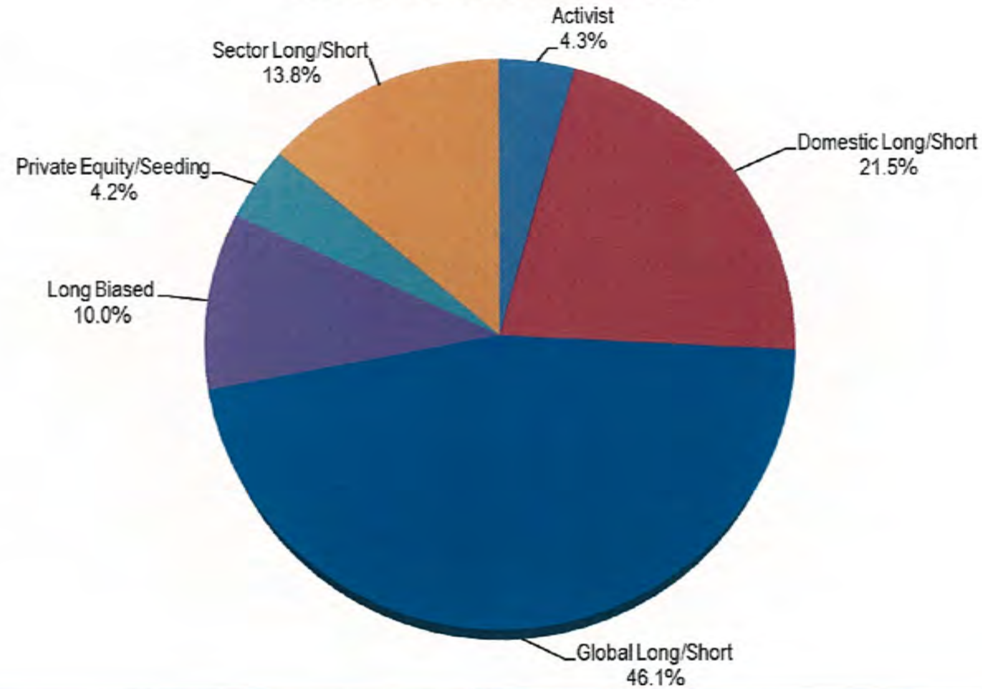
GT Global Hedge: Overview

Goal: Over the long term, generate an attractive equity-like return with lower volatility.

Strategy and Attributes:

- Invested with diverse group of global long/short stock pickers
- Invested with managers who maintain a portion of short exposure – stock shorts preferred to index shorts
- Avoidance of managers who participate in "macro" strategies or have style bias
- Net long exposure ranging from 20% to 60%
- Assets of approximately $1.4 billion
- Offshore fund available

Fund Allocation as of 6/30/17

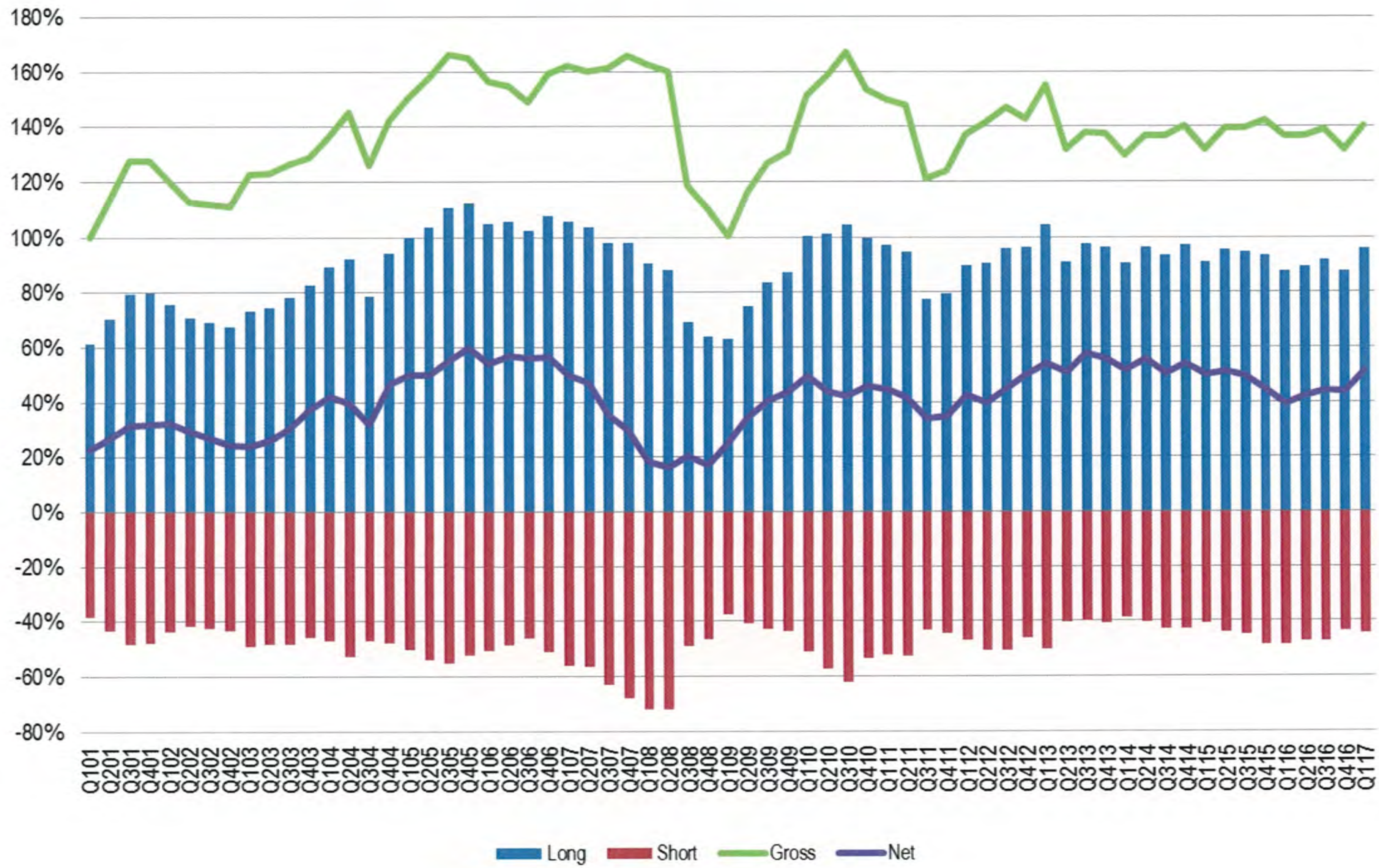


GT Global Hedge: Fund Allocation

	STRATEGY	ALLOCATION	CLOSED	DISCOUNTED FEE
1	Global Long/Short	8.0%	x	
2	Domestic Long/Short	5.9%		x
3	Domestic Long/Short	5.6%	x	x
4	Sector Long/Short	5.6%		x
5	Global Long/Short	5.5%	x	
6	Domestic Long/Short	5.4%		x
7	Global Long/Short	4.8%		
8	Long Biased	4.7%		
9	Global Long/Short	4.7%	x	
10	Global Long/Short	4.6%		
11	Domestic Long/Short	4.6%		
12	Global Long/Short	4.5%		
13	Activist	4.3%	x	x
14	Global Long/Short	3.7%		
15	Global Long/Short	3.7%	x	x
16	Global Long/Short	3.2%		x
17	Global Long/Short	3.1%		
18	Global Long/Short	2.9%	x	
19	Long Biased	2.9%		
20	Global Long/Short	2.2%		x

FUND DIVERSIFICATION
The five largest funds represent 31% of assets, the top ten funds represent 55% of assets and the top 20 funds represent 90% of assets.

GT Global Hedge: Historical Exposures



GT Global Hedge: Annualized Performance

Annualized Performance, June 2017 (net of all fees and expenses)

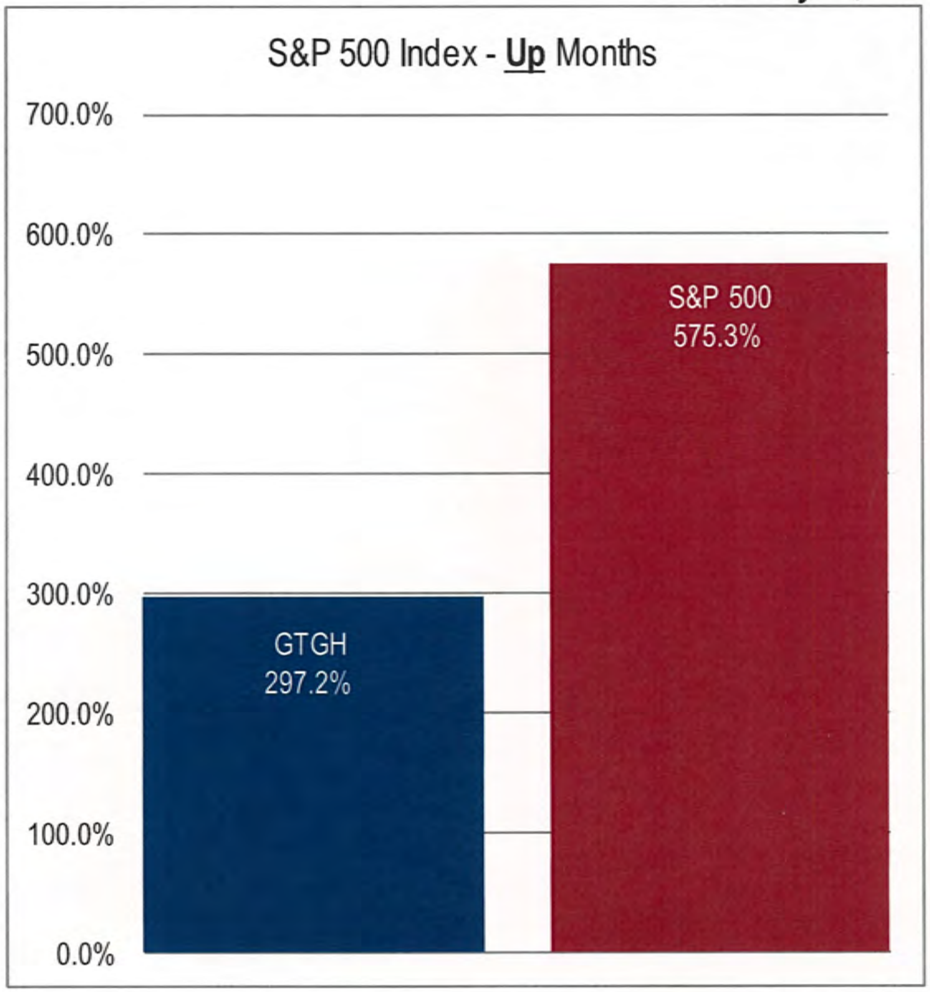
	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since 1/1995
GT Global Hedge	**6.7%**	**12.8%**	**2.7%**	**6.4%**	**4.4%**	**7.1%**	**8.9%**	**10.1%**
HFRI FOF: Strategic	5.4%	9.2%	1.8%	4.5%	0.9%	3.9%	4.5%	6.0%
S&P 500 Index	9.3%	17.9%	9.6%	14.6%	7.2%	8.3%	7.2%	9.8%
MSCI World	11.0%	18.9%	5.8%	12.0%	4.6%	7.8%	6.0%	7.6%

Composite Performance Disclosure

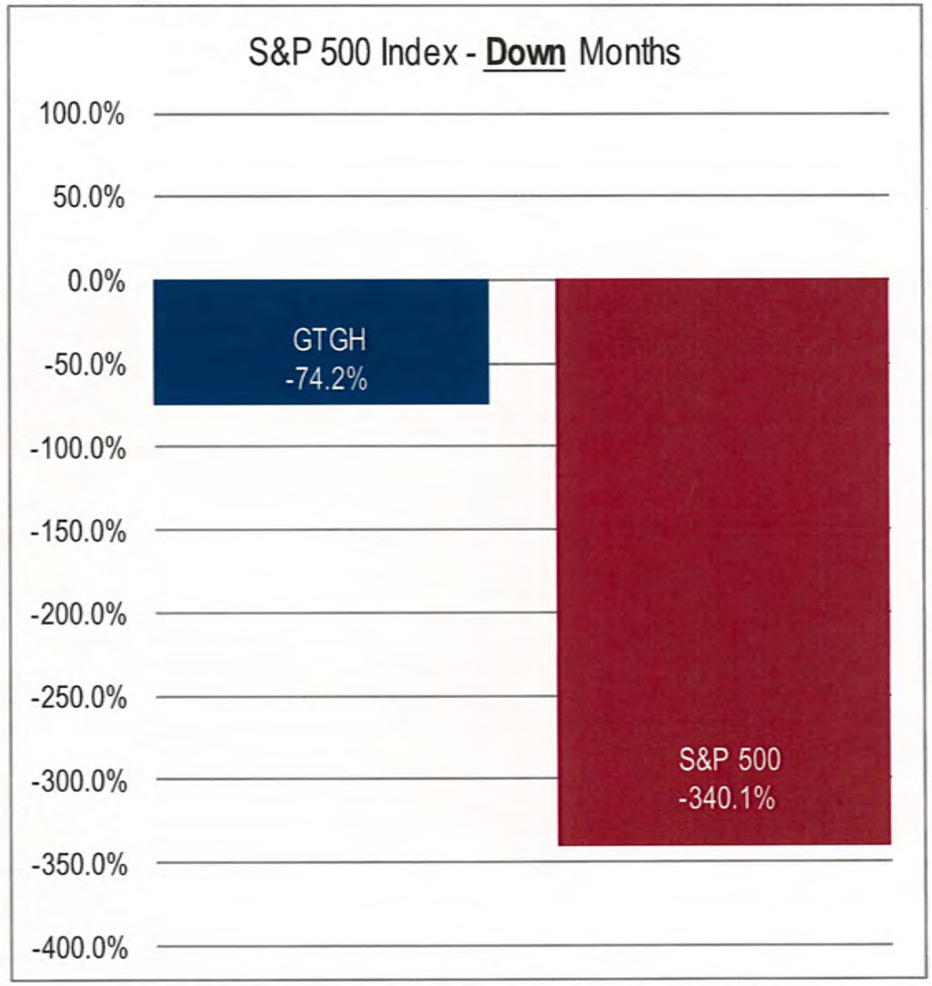
All performance statistics are calculated beginning January 1, 1995 rather than the actual start date of July 1, 1994, and are shown net of all fees and expenses. January 1, 1995 represents the point that the Fund became invested on a diversified basis with multiple managers and investors. Prior to that point, the Fund had only two managers and limited investors. If the results from inception were calculated beginning on July 1, 1994, the annualized return would be 9.4% for the Fund and 7.4% for the MSCI World Index. Performance results are pre-tax, net of applicable fees and expenses and include income reinvestment. No representation is made that an investor will achieve results comparable to those shown.

GT Global Hedge Performance in Up and Down Markets

January 1, 1995 to June 30, 2017



Estimated summed performance. Includes the 178 months when the S&P 500 Index had positive returns.



Estimated summed performance. Includes the 92 months when the S&P 500 Index had negative returns.

Firm Overview

- Founded in 1990
- $5.5 billion in assets under management
- Client base of endowments, foundations and families
- 100% Employee owned
- SEC Registered Investment Adviser

Gerber Taylor Team

Portfolio Management & Research	
Charles Gerber* 27	Jason Gowen* 22
Mike Douglass* 23	Tara Elliott* 9
Bill Ryan* 15	Sean Montesi 7
Kojo McLennon* 9	Leo Corrigan 5
Allen Hawley* 17	Will Estes 4
Alex Moore* 7	

Client Service	
Andy Taylor* 27	Warren Milnor* 18
Bill Pickens* 27	Bart Reid 16
Matt Robbins* 23	Matt Kinnear* 7
Beasley Wellford 23	Lisa Mallory 6

Due Diligence
David East* 19
Ryan Gibbs* 5
Justin Rikard 4
Ashlee Reid 6
Marie McPherson 11
Sara Kathryn Pace 9

Client Analytics
Glynn Dean 22
Mark Hicks 20
Linda Cox 19
Stacy Miller 16
Sarah Thomas 13
Steven Francomacaro 3
Christopher Moore 1

Accounting & Operations
Mary Cornpropst* 18
Simone Meeks* 15
Scott Kay 3
Erica Woodard 13
Vivian Jones 16
Janice Kruger 11
Kristi Hicks 3
Dana Czech 3

Administrative
Clarice Rowlett 22
Connie Meyer 3
Sara Negri-Whitmer 2
Beth Miller 2

* Indicates shareholder of the firm.
The number next to each name reflects years at Gerber Taylor.
Average tenure = 13 years.

Investment Committee

An experienced investment team with diverse and complementary backgrounds.

	Years with Gerber Taylor	Alternatives Experience
Charles Gerber	27	32
Mike Douglass	23	23
Allen Hawley	17	20
Alex Moore	7	17
David East	19	19

Terms and Fees

Fund	Eligible Investors: Individuals, Family Trusts, IRAs	Eligible Investors: Institutions	Minimum Investment	Subscriptions	Redemptions	Notice Period	Lock-up
GT Partners	$5 million in investments	$25 million in investments	$1,000,000	Monthly	Annual	90 days	None
GT Global Hedge	$5 million in investments	$25 million in investments	$1,000,000	Monthly	Annual	90 days	None

Fund	Management Fee	Profit Participation
GT Partners	1% of capital	1% of profits with high water mark
GT Global Hedge	1% of capital	1% of profits with high water mark

Auditor

Elliott Davis Decosimo
629 Market Street
Suite 100
Chattanooga, TN 37402

Legal Counsel

Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603

GT Partners, GT Global Hedge & Offshore Administrator

UMB Fund Services
2225 Washington Blvd.
Suite 300
Ogden, UT 84401

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- *Performance Calculation. Performance for GT Partners, LP and GT Global Hedge, LP is calculated using a time weighted return ("TWR"). Gerber Taylor believes that this methodology most accurately measures performance, as investors are free to control the timing of their inflows and outflows.*

Important Disclosures

- *Performance Net of Fees and Expenses. Performance represents returns of the Fund net of actual expenses and fees paid to Gerber Taylor by investors in the Fund. The performance results portrayed include the re-investment of income and they reflect the deduction of advisory fees and other expenses, which the investor would have paid during the period(s) shown. Actual investor results may vary depending upon different fee arrangements and timing of investments.* ***Past performance is not indicative of future results.***
- *Reference to Indices. All referenced indices or financial benchmarks are for illustrative purposes only, are unmanaged, assume reinvestment of dividends and income, and do not reflect advisory fees. Indices are provided as general indicators of performance in various sectors of the securities markets and, except as indicated, are not benchmarks of any Gerber Taylor account or investment product. Such indices may differ materially in terms of volatility or other characteristics from the portfolio in question. It is not possible to invest directly in an index. Gerber Taylor's goal in managing assets is not correlated with any specific index. There are material inherent limitations in comparisons between passive financial indices and actively managed accounts.*
- *Targeted Returns and Other Forward-Looking Statements. Return targets or objectives, if any, are used for measurement or comparison purposes and only as a guideline for prospective investors to evaluate the investment strategies of a particular investment program and accompanying information. Targeted returns reflect subjective determinations based on a variety of factors, including, among others, investment strategy, prior performance of similar products (if any), volatility measures, risk tolerance and market conditions. Any statements that involve future events or are forward-looking constitute only subjective views, outlooks, estimations or intentions, are based upon Gerber Taylor's expectations, intentions or beliefs, are subject to change due to a variety of factors, including fluctuating market and economic conditions, and involve inherent risks and uncertainties, both general and specific, many of which cannot be predicted or quantified and are beyond Gerber Taylor's or any private fund's control. Actual results could differ materially from those set forth in, contemplated by, or underlying these statements. In light of these risks and uncertainties, there can be no assurance that these statements are now or will prove to be accurate or complete in any way, and such statements should not be relied upon by investors. Gerber Taylor undertakes no obligation to revise or update targeted returns or other forward-looking statements.*
- *The returns for GT Partners and GT Global Hedge are not representative of their GT Offshore or GT Erisa equivalent. The returns from GT Offshore and GT Erisa will generally be less due to additional expenses attributable to those funds.*
- *Prior to 1/1/14, investment management and performance fees (the "Fees") were charged at the GT Partners ("GTP") and GT Global Hedge ("GTGH"), level, so the reported performance for GTP and GTGH reflected all such Fees. Effective 1/1/14, such Fees are being charged at the feeder fund level for all Gerber Taylor managed funds that invest in GTP and GTGH. As a result, beginning 1/1/14, the performance results reported for GTP and GTGH are based upon a representative client account (the "RCA") that is (i) invested directly in GTP and GTGH; (ii) incurs full Fees at that level; and (iii) has no transactions in this reporting period. It is the opinion of Gerber Taylor that this is the most representative way to demonstrate the performance of a typical investor in GTP and GTGH.*

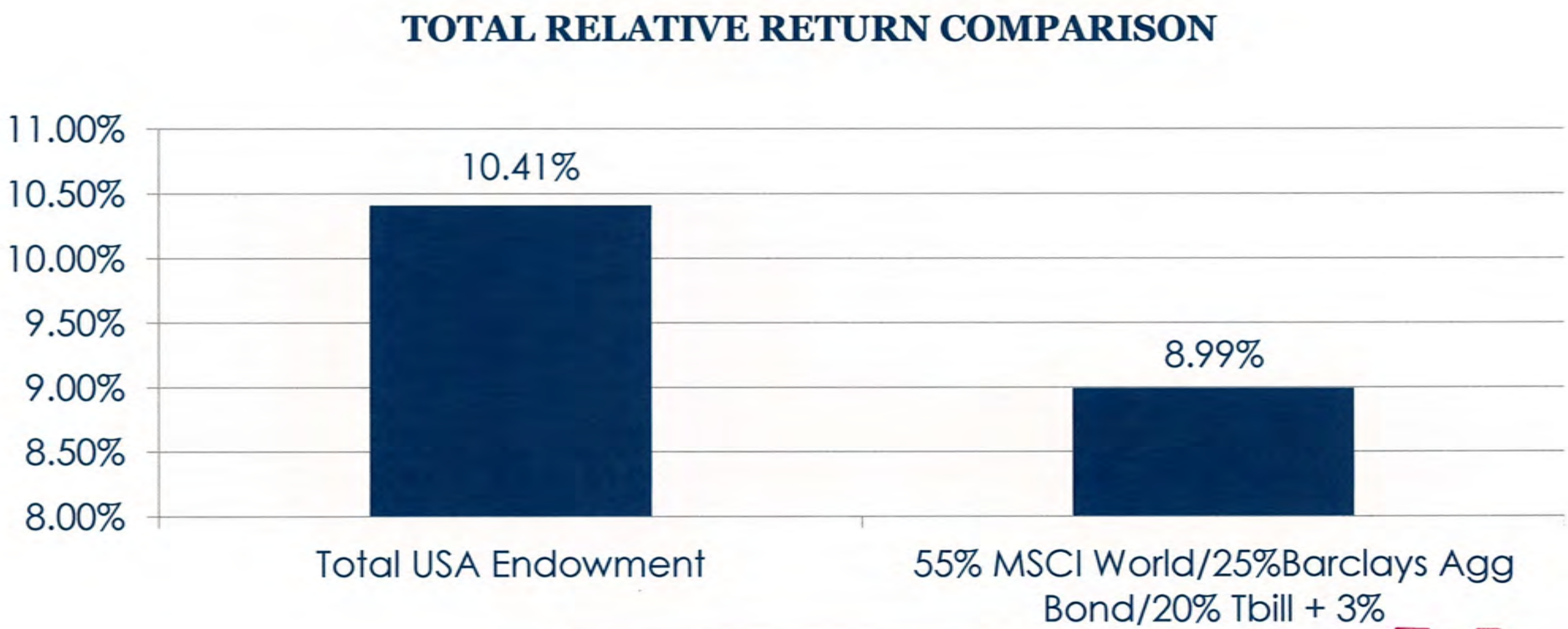
University of South Alabama Endowment Investment Performance Review/Analysis

Fiscal Year 2017

UNIVERSITY OF SOUTH ALABAMA

Total USA Endowment

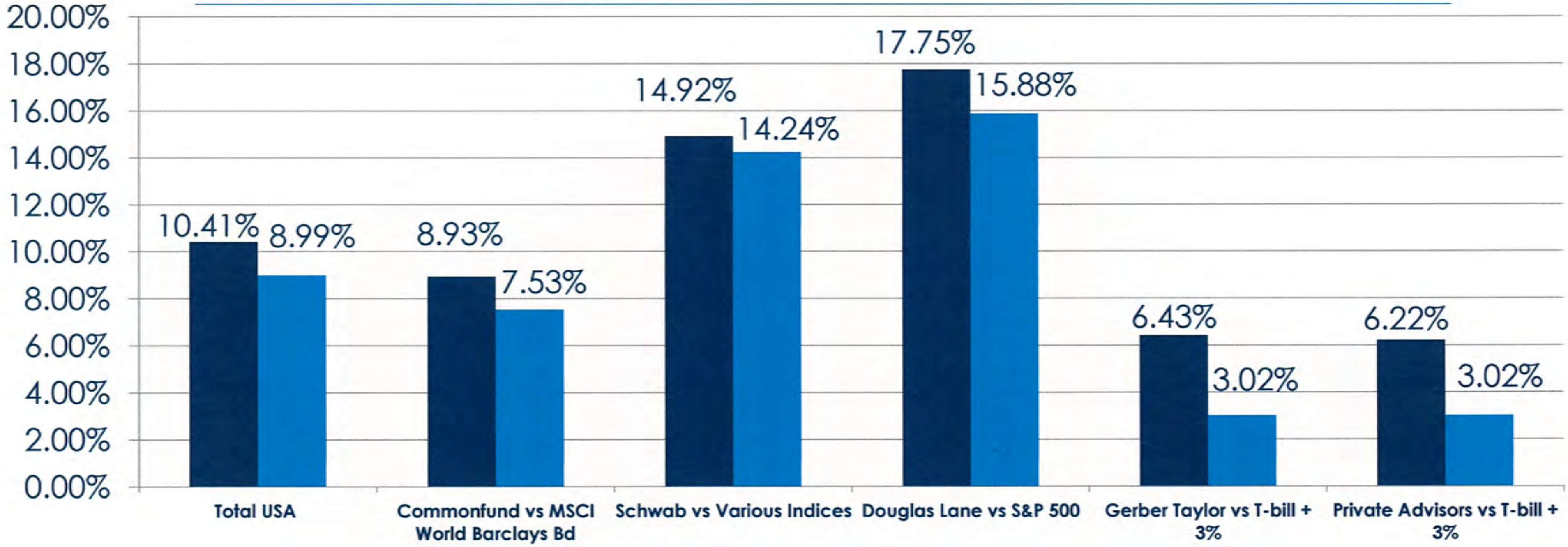
October 1, 2016 — July 31, 2017
Total Fund Performance



Outperformance: 1.42%

Total USA Endowment

October 1, 2016 — July 31, 2017
Total Fund Performance



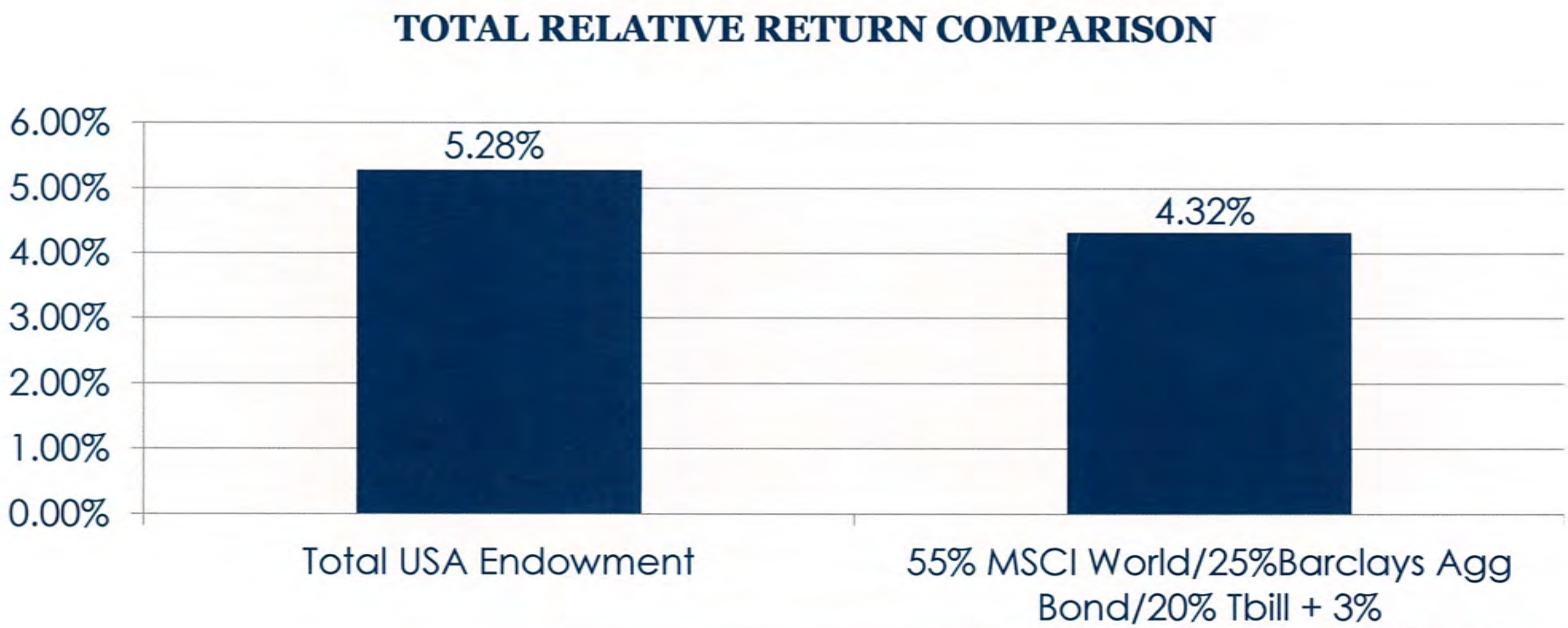
Total USA Endowment

Asset Allocation Breakdown

Manager	Money Market	Large Cap Equity	Small Cap Equity	International	Fixed	Hedge	Total
Private Advisors	$ -	$ -	$ -	$ -	$ -	$ 1,345,333	$ 1,345,333
Schwab	$ 1,682	$ 6,635,411	$ 7,030,896	$ 17,429,026	$ 5,629,269	$ -	$ 36,726,283
Doug Lane	$ 1,025,723	$ 7,974,177	$ -	$ -	$ -	$ -	$ 8,999,900
Common Fund	$ -	$ 43,002,482	$ -		$ 32,348,629	$ -	$ 75,351,111
Gerber Taylor	$ -	$ -	$ -	$ -	$ -	$ 26,556,874	$ 26,556,874
Total	$ 1,027,405	$ 57,612,069	$ 7,030,896	$ 17,429,026	$ 37,977,898	$ 27,902,206	$ 148,979,501
%	1%	39%	5%	12%	25%	19%	100%
Policy %		25-55%	0-8%	5-15%	15-35%	10-30%	100%

Total USA Endowment

Since Inception
Total Annualized Fund Performance



Outperformance: 0.96%

Total USA Endowment

Presentation Summary

1. Fiscal Year To Date: Out-performed 1.42%: 10.41% vs 8.99%

2. All managers out-perform FYTD.

3. Decreased Equity exposure $5,000,000.

RESOLUTION

REVISION OF BUILDING AND PROGRAM NAMING GUIDELINES AND MINIMUM GIFT LEVELS FOR NAMED ENDOWMENTS POLICY

WHEREAS, the Board of Trustees approved in 2004 the University's Building and Program Naming Guidelines and Minimum Gift Levels for Named Endowments Policy, and

WHEREAS, since 2004, there has been steady growth in the number of donors to the University, specifically, among those donors who have generously given to support projects through named buildings, programs, and endowments, and

WHEREAS, the value of named gift opportunities at the University has risen as a result of the increasing quality and competitiveness of its programs, and best practices for considering and conferring the naming of buildings, programs, and endowments that change over time, and

WHEREAS, the University's Office of Development and Alumni Relations recommends revision of the policy governing naming gifts to USA,

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

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Office/Department/College

Date:
August 24, 2017

To:
Tony Waldrop
President

From:
Margaret Murray Sullivan Margaret Sullivan
Vice President
Development and Alumni Relations

Subject:
Revision of the Building and Program Naming Guidelines and Minimum Gift Levels for Named Endowments Policy

It is a pleasure for me to recommend presentation of the attached resolution requesting approval of the revised Building and Program Naming Guidelines and Minimum Gift Levels for Named Endowments Policy to the Board of Trustees.

I appreciate your guidance and the collaboration of so many others during the process of drafting this revised document. With approval from the Board of Trustees, these policies will strengthen practices surrounding the solicitation, acceptance and long term stewardship of named gifts to enhance both their value and the reputation of the University of South Alabama.

UNIVERSITY OF SOUTH ALABAMA

Building and Program Naming Guidelines And Minimum Gift Levels for Named Endowments Policy

General Policy

The President of the University of South Alabama ("University" or "USA"), with approval by the University's Board of Trustees, sets minimum gift level amounts and establishes approved guidelines for gift naming opportunities. USA, in all gift naming opportunities, reserves the final right of approval for the name or names designated for any of the gift naming opportunities in the sections that follow. University approval cannot be granted until the donor's name is known or until the name(s) of the person(s) being memorialized is known. The gift levels described below are intended as guidelines for the minimum amounts needed to name the respective opportunity. In most cases, gifts greater than $5,000 may be pledged and paid over a five-year period. The selection of recipients of all endowed positions is coordinated by the offices of the Senior Vice President for Academic Affairs and the Vice President for Medical Affairs with approval of the President. Exceptions to this policy can be approved only by the University President. Except for Planned Gifts, names associated with gift naming opportunities of greater than $25,000 will be implemented upon receipt of a written pledge, receipt by the University of 50 percent of the pledge payment associated with the naming opportunity, and according to the guidelines listed below. Exceptions may be made by the University President in consultation with the chair of the Board of Trustees.

Specific Gift Naming Opportunities for University Operational Units or Positions

The dollar amounts cited in the paragraphs below are guidelines for recommended minimums. The University President may make exceptions. No University matching incentives may be applied to meet minimum funding requirements of any naming opportunity. Corporate matching funds may be used toward minimums as allowed by the matching gift organization. Except for Planned Gifts, all naming opportunities of greater than $25,000 require that 50 percent or greater of the donation be received prior to announcing the naming.

School or College: To name a school or college at USA, the minimum amount will be determined on a case-by-case basis depending on the school or college's size and the scope of its programs. In no case, however, will the minimum gift commitment be less than $10 million to establish an endowment.

Department or School within a College: To name a department or school within a college, the minimum amount will be determined on a case-by-case basis depending on the department's size and the scope of its programs. In no case, however, will the minimum gift commitment be less than $1.5 million for establishment of such an endowment.

Center or Special Program: The minimum amount required for the naming of a University-wide center or special multi-disciplinary program will be considered on a case-by-case basis and will depend on the disciplines involved and the size and scope of the programs. In no case, however, will the minimum gift commitment be less than $1 million for establishment of such an endowment. To name a discipline-specific center that is located within a college or department, a minimum gift commitment of $500,000 for an endowment is required.

Senior Academic Leadership Positions: Gifts of $2 million or more are necessary to endow a specific position such as dean, director, department chairman, Provost, etc.

Endowed Chair: To establish an endowed chair, a minimum gift commitment of $1.5 million is required. An endowed chair is among the most prestigious and meaningful gifts that can be made to an academic institution. Funds provided by an endowed chair are used to attract and retain nationally or internationally recognized scholars or researchers. An endowed chair may provide full salary or a salary supplement and fringe benefits for the recipient of the chair, for support staff, or for other expenses related to the position.

Endowed Professorship and/or Scholar: To establish a endowed professorship or scholar, a minimum gift commitment of $500,000 is required. Funds generated by an endowed professorship are used to support the salary or work of the holder, who may also use the honorary title associated with the distinguished professorship.

Endowed Visiting Professorship and/or Scholar: To establish an endowed visiting professorship or scholar, a minimum gift commitment of $500,000 for establishment of such an endowment is required.

Endowed Lectureship: To establish an endowed lectureship, a minimum gift commitment of $250,000 for establishment of an endowment is required. The annual proceeds from this endowment will be used to pay for honoraria, publicity, and the expenses of one or more members of the faculty or visiting lecturers from another institution or organization to present a lecture or series of lectures on campus.

Term Lectureship: Establishing a term lectureship without any provision for endowment requires a minimum gift commitment of $15,000, payable at the rate of $7,500 a year for a minimum of two (2) years.

Named Laboratory or Special Scholarly Program Endowment: To establish a named laboratory or special scholarly program within a college or school (not room), a minimum gift commitment of $250,000 for establishment of an endowment is required, and depending on the discipline and size and scope of the program, this amount may be significantly larger. The annual earnings from the endowment will be used for the purchase of equipment and research expenses.

Named Student Endowed Fellowship: To establish a named student endowed fellowship, a minimum gift commitment of $150,000 for establishment of an endowment is required, and depending on the discipline and size and scope of the program, this amount may be larger. A fellowship is ordinarily awarded to an outstanding student who is working toward an advanced degree in a graduate program.

Named Graduate Assistantship: To establish a named graduate assistantship endowment, a minimum commitment of $100,000 is required depending on the size and scope of the program. A named graduate assistantship endowment is awarded to a student who is working on an advanced degree in a graduate program.

Named Endowed Scholarship: To establish a named endowed scholarship, a minimum gift commitment of $10,000 for the endowment is required. An endowed scholarship may be awarded by the University to an undergraduate or graduate student on the basis of need or academic merit.

Other Named Endowed Funds: The endowed funds described above are listed because of their broad appeal to prospective donors for most colleges, schools, departments, and units of the University. Other named endowment funds may support specific areas of the University, such as the library book fund or other areas, and will require a minimum commitment of $10,000. Certain special situations not covered above may be considered for named endowments.

Specific Gift Naming Opportunities for Facilities (or Portions Thereof) and Streets,

Introduction

The University of South Alabama considers the naming of a University facility or street in honor or memory of an individual to be one of the highest distinctions that it can bestow. The term "facility" is intended to include all or portions of buildings of all types, as well as all sports facilities. It is also intended to include all outdoor areas (except for streets) that may not have physical walls but are nonetheless identifiable areas of campus landscape, such as quadrangles, gardens, lakes, recreation fields, etc. The Office of Development and Alumni Relations must consult with the University's Director of Tax Accounting prior to any solicitation of donations for naming rights of a facility to determine any conflicts such rights may have with other sources of funding for the construction of the facility.

The act of naming a University facility or street for a person is the conferral of not only a high honor but, also, a conspicuous honor. Given that a name may be on display for decades, the task of naming should not be taken lightly. The University will carefully consider each name, seek advice, and use the utmost discretion in considering such naming opportunities. In light of the importance and magnitude of this honor, the following shall apply to the naming of all facilities and streets on all campuses of the University of South Alabama, and any such naming or exceptions to this policy shall be approved by the President and the Board of Trustees.

Buildings

The process for approval by the University President and the USA Board of Trustees of the naming of any existing building in honor or memory of an individual as a result of a private gift normally will be initiated by a recommendation from the dean of the college or school, or the chief administrator of a unit to which the facility is dedicated, to the Provost or the Vice President for Medical Affairs and to the Vice President for Development and Alumni Relations (only for gift situations). Further recommendations will be forwarded to the University President, who will, if he/she concurs or if appropriate, recommend to the Board of Trustees Development, Endowment and Investments Committee for recommendation for approval to the full Board of Trustees.

Proposals to name buildings must be approved formally by the University President before a formal proposal or request is made to a donor, and no final commitment to name a building can be made without all of the above approvals. Except for Planned Gifts, for the naming of an existing building to be publicly announced, 50 percent of the pledge payment associated with the naming opportunity must be received.

Normally, all nominations to name facilities for a person who is recently deceased (one year or less) must be held for a minimum period of one year before final consideration.

Requests to name a building in honor or in memory of an individual should be accompanied with documentation of the person's achievements and contributions, including letters of recommendation, biographical summaries and media reports, and must be submitted to the Office of the Vice President for Development and Alumni Relations for review prior to submitting them to the University President.

Portions of Facilities and Streets

The naming of streets and significant portions of buildings, rooms or areas within or surrounding buildings in honor of persons, living or deceased, must be recommended by the appropriate University dean or appropriate administrator to the Provost or Vice President for Medical Affairs and the Vice President for Development and Alumni Relations. Further recommendations will be forwarded to the University President, then by him or her, to the Board of Trustees for final approval. Streets and outdoor spaces should be named only when the University can assure that the space is not a planned future construction site. The value of each space will vary in accordance with its purpose, size and visibility.

Recommended Minimums for University Facilities or Portions Thereof

(Exceptions may be approved by the University President and in consultation with the Board of Trustees.)

<u>Facilities and Spaces</u>

New and/or Existing Buildings	Minimum 50 percent of approved cost of new construction at the President's discretion; 33 percent of replacement cost or 50 percent of approved renovation cost, whichever is the lesser, at the President's discretion. To name a building holding one or more colleges or schools, a minimum gift commitment of $10 million is required.
Outdoor Spaces	$50,000 or higher
Laboratory Rooms	$50,000 or higher
Administrative Offices	$30,000
Dean's Offices	$25,000
Classrooms	$10,000
Faculty Offices	$5,000
Unique Special Purpose Rooms	To be determined on a case-by-case basis
Other	As established in approved naming plans

Classrooms, Laboratories, Offices, and Other Internal Facility Spaces

The University may name classrooms, laboratories, offices, and other internal facility spaces in recognition of a significant gift. While the above-referenced figures are guidelines, the value of each of these spaces may vary with the size and circumstance of the space. Each college and unit will establish an inventory of such spaces in keeping with the guidelines cited above. Prior to any solicitations, the inventory must be approved by the President of the University, the appropriate vice president and/or dean, and the Vice President for Development and Alumni Relations.

Additional Procedures

The Vice President for Development and Alumni Relations with the respective vice president, dean or appropriate senior administrator must review all proposed naming offers which are associated with private gifts to the University, prior to making a formal proposal or request to a donor, and recommend appropriate action to the University President.

Special Provisions for Estate Gifts

There may be circumstances in which a naming opportunity may be funded by a deferred gift as part of a donor's estate. Such opportunities will be recommended to the University President at the discretion of the Vice President for Development and Alumni Relations in consultation with the appropriate vice president, dean or appropriate senior administrator after examining such factors as the irrevocability of the gift and the degree to which the agreed upon amount is guaranteed through the estate gift vehicle. Deferred gifts for naming purposes generally will be discounted to present value to determine whether the gift meets the minimum gift level for the appropriate facility. Timing of naming must be addressed in the gift agreement and will normally follow receipt by the University of the funds from the estate. Donors of estate gifts who desire naming to be granted during their lifetimes may be required to make a current gift of at least 50 percent of the naming minimum prior to application of the naming. In these cases, gift agreements must clearly document the understanding that the naming will be altered or removed if the full naming requirements are not met when the estate portion of the gift is realized.

Relationship Between Naming Opportunity and Gift Beneficiary

In the case of existing facilities and indoor and outdoor spaces, a gift need not be tied to the purpose of the facility or space being named. The University may elect to name existing facilities for individuals, corporations or foundations for gifts to the University for other purposes which positively impact the University's mission or future.

Termination of Names Associated with Facilities

Unlike a permanent endowment, University facilities depreciate over time. Accordingly, the naming of a University building, facility or street is specific to the named facility. Where appropriate, the naming may be fixed for a term of years; otherwise, the naming will normally terminate when the building, facility or street is demolished, substantially altered, or no longer in use by the University. Where feasible, a donor recognized through the naming of a University building, facility or street that is being replaced will be provided first right of refusal to provide a naming gift for the replacement facility.

The University President and the Board of Trustees reserve the right to modify, remove or co-name any endowment, facility, program, building (or any portion thereof) and outdoor spaces should special or unusual circumstances warrant such action.

In the event of default of a pledge, all naming opportunities associated with such pledge will be revoked.

RESOLUTION

COMMENDATION OF PATSY AND RAY KENNEDY

WHEREAS, the University of South Alabama was established for the purpose of expanding access to the transforming impact of higher education among the citizens of South Alabama and during six decades has succeeded in that purpose, awarding more than 84,000 degrees, and

WHEREAS, Patsy and Ray Kennedy have distinguished themselves and the University of South Alabama through careers characterized by professionalism and achievement, as well as service to their community, fellow citizens, and alma mater, and

WHEREAS, the Kennedys have served the University of South Alabama as devoted members and volunteers of the USA National Alumni Association, including Patsy's service as founding chair of the College of Nursing Development Council and Ray's two terms as a member of the USA National Alumni Association's Board of Directors, and

WHEREAS, the impact of the Kennedys' lifelong engagement with the University is complemented and heightened by their steadfast generosity as donors whose support has furthered the progress of the Jaguar Athletic Fund, the College of Nursing, the Mitchell College of Business, and the USA National Alumni Association, and

WHEREAS, Patsy and Ray Kennedy have made an extraordinarily generous commitment through their estate plans to endow the Patsy and Ray Kennedy Endowed Scholarship Fund in the College of Nursing and the Patsy and Ray Kennedy Endowed Scholarship Fund for Children of Alumni and to support the Jaguar Athletic Fund, and

WHEREAS, the two scholarship endowments created by Patsy and Ray Kennedy will extend the opportunity to earn a University degree to nursing students and children of USA alumni far into the future in the names of alumni whose character and distinction are worthy of emulation,

THEREFORE, BE IT RESOLVED, the Board of Trustees gratefully acknowledges the profound generosity of Patsy and Ray Kennedy, whose farsighted commitment to endow two scholarships will assure generations of future students access to the educational foundation on which to build happy and productive lives, and

BE IT FURTHER RESOLVED that the Board of Trustees, the President, the faculty, administrators, staff, as well as present and future students of the University of South Alabama warmly thank Patsy and Ray Kennedy for their visionary philanthropy.

Office/Department/College

UNIVERSITY OF SOUTH ALABAMA

Date:
August 15, 2017

To:
Tony Waldrop
President

From:
Margaret Murray Sullivan
Vice President
Development and Alumni Relations

Subject:
Patsy and Ray Kennedy Resolution

It gives me great pleasure to recommend presentation of the attached resolution to the Board of Trustees.

This resolution commends the visionary philanthropy of Patsy and Ray Kennedy, whose generous estate gift will endow the Patsy and Ray Kennedy Endowed Scholarship Fund in the College of Nursing and the Patsy and Ray Kennedy Endowed Scholarship Fund for Children of Alumni, as well as provide support for the Jaguar Athletic Fund. The Kennedys have estimated the value of their estate gift to be $1 million.

With your support, this commendation by the Board of Trustees will be a fitting and effective way of recognizing and appreciating the Kennedys' extraordinary generosity.

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

HEALTH AFFAIRS COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

HEALTH AFFAIRS COMMITTEE

June 1, 2017
1:30 p.m.

A meeting of the Health Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Dr. Steve Furr, Chair, on Thursday, June 1, 2017, at 1:30 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Alexis Atkins, Chandra Brown Stewart, Scott Charlton, Steve Furr and Bettye Maye.
Members Absent:	Arlene Mitchell and Steve Stokes.
Other Trustees:	Tom Corcoran, Ron Jenkins, Jimmy Shumock, Ken Simon, Mike Windom and Jim Yance.
Administration and Others:	Owen Bailey, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Warren Greene, Mike Haskins, David Johnson, Liz Kirby, John Marymont, John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and attendance roll was called. Dr. Furr called for consideration of the minutes of the meeting held on March 2, 2017. On motion by Ms. Maye, seconded by Dr. Furr, the Committee voted unanimously to adopt the minutes.

Dr. Furr addressed **ITEM 6**, a resolution authorizing the USA Hospitals medical staff appointments and reappointments for February, March and April 2017 (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on June 2, 2017). On motion by Dr. Charlton, seconded by Ms. Atkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Furr presented **ITEM 7**, a resolution authorizing revisions to the USA Hospitals Medical Staff Bylaws and Rules and Regulations. On motion by Dr. Furr, seconded by Dr. Charlton, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Furr called on Dr. Marymont for presentation of **ITEM 8**, a report on the activities of the Division of USA Health and the College of Medicine. Dr. Marymont gave an overview on Match Day. He advised that all USA Health graduates matched, calling 2017 the best match year since 2013 and a favorable outcome considering more medical students graduate than there are residency positions available nationwide.

Mr. Bailey introduced new Health System Assistant Administrators Ms. Liz Kirby, who oversees operations involving family and internal medicine and Obstetrics and Gynecology, and Mr. Warren Greene, whose responsibilities include management of patient transport, food and nutrition services, environmental services, volunteer services, communications, security and grounds, patient relations, safety and graduate medical education for the entire Health System.

Mr. Bailey gave an update on the recently-established USA Health Care Authority (HCA), the administrative mechanism under which new physicians will be hired by the University, and shared that physicians from the Mobile Diagnostics Center had joined the HCA. Chairman Simon acknowledged the impressive momentum of and the local and statewide recognition being received by USA Health.

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

Respectfully submitted:

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Steven P. Furr, M.D., Chair

RESOLUTION

USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS FOR MAY, JUNE AND JULY 2017

WHEREAS, the Medical Staff appointments and reappointments for May, June and July 2017 for the University of South Alabama Hospitals are recommended for Board approval by the Medical Executive Committees and the Executive Committee of the University of South Alabama Hospitals,

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

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

USA Health

Date:
August 3, 2017

To:
Tony G. Waldrop, Ph.D.
President

From:
Owen Bailey

Subject:
Board Meeting Documents

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

Resolution – University of South Alabama Hospitals Medical Staff Appointments and Reappointments for May, June and July 2017

- Credentials Report – May, June and July 2017

OB/kh

Attachments

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEE APPROVAL
May 2017, June 2017, and July 2017

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

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Abraham, Gifty S., MD	NA	NA	NA	New Appt.	Contract/Moon.	Emergency Med.	NA	NA	NA
Almalouf, Philip, MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Anderson, Karen S., CNM	New Appt.	Allied	OBGYN	NA	NA	NA	NA	NA	NA
Anderson, Stephanie, MD	Reappt.	Active	Pediatrics	NA	NA	NA	Reappt.	Active	Pediatrics
Ang, Romsel, MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Ashikyan, Oganes, MD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology
Aune, Catharine V., CRNP	NA	NA	NA	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine
Bauman, Jeffery W., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Bessette, Sabrina G., MD	Reappt.	Consult/Assoc.	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Beck, Maria C., CRNP	Reappt.	R&F Allied	Family Medicine	Reappt.	R&F Allied	Family Medicine	NA	NA	NA
Bogart, Heather A., CRNP	New Appt.	Allied	Neurology	New Appt.	Allied	Neurology	New Appt.	Allied	Neurology
Bradford, Kimberly A., RN	NA	NA	NA	Reappt.	Allied	Internal Medicine	NA	NA	NA
Bradley, Kevin G., MD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology
Brewer, Jeffrey L., MD	Reappt.	Active	Orthopaedics	Reappt.	Active	Orthopaedics	Reappt.	Active	Orthopaedics
Brooks, III, William B., MD	Reappt.	Consult/Assoc.	Psychiatry	Reappt.	Consult/Assoc.	Psychiatry	NA	NA	NA
Brown, Rodney A., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Bryan Kimberly R., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Bullock-Woodall, Cassie, PA	Reappt.	Allied	Pediatrics	NA	NA	NA	Reappt.	Allied	Pediatrics
Byrd, Laurey A., RN	New Appt.	Allied	OBGYN	New Appt.	Allied	OBGYN	NA	NA	NA
Case, Brittany H., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Cash, Brooks, D., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Cason, Benton A., MD	NA	NA	NA	New Appt.	Contract/Moon.	Emergency Med.	NA	NA	NA
Chapman, Zack R., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Chennalt, Leland A., Neuro Tech	Reappt.	Allied	Neurosurgery	Reappt.	Allied	Neurosurgery	NA	NA	NA
Christensen, Stephanie S., CRNP	New Appt.	Allied	OBGYN	NA	NA	NA	NA	NA	NA
Cochran, Melissa R., CRNP	New Appt.	Allied	OBGYN	NA	NA	NA	NA	NA	NA
Cramer, Jr., Harry R., MD	New Appt.	Contract/Moon.	Radiology	New Appt.	Contract/Moon.	Radiology	NA	NA	NA
Cunningham, Erin B., CRNP	NA	NA	NA	New Appt.	Allied	Emergency Med.	NA	NA	NA
Curtiss, Rebecca V., MD	NA	NA	NA	NA	NA	NA	New Appt.	Ambulatory	Internal Medicine
Daugherty, Jr., Manuel P., MD	NA	NA	NA	Reappt.	Active	Orthopaedics	Reappt.	Active	Orthopaedics
De La Cruz Pena, Julia, MD	Reappt.	Active	Pediatrics	NA	NA	NA	NA	NA	NA
Delmas, John F., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Divittorio, Gina, MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Dixey, Laramie N., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Dobbs, Tonya R., MD	Reappt.	R&F Physician	Pediatrics	Reappt.	R&F Physician	Pediatrics	NA	NA	NA
Donahue, Mark A., MD	Reappt.	R&F Physician	Pediatrics	Reappt.	R&F Physician	Pediatrics	NA	NA	NA
Douglas, Allison B., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Eberly, Gary A., MD	Reappt.	R&F Physician	Pediatrics	NA	NA	NA	NA	NA	NA

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEE APPROVAL
May 2017, June 2017, and July 2017

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Eisenbeis, Elizabeth J., PA	Reappt.	R&F Allied	Family Medicine	Reappt.	R&F Allied	Family Medicine	NA	NA	NA
Elliot, Kimberly A., MD	Reappt.	Courtesy	Surgery	NA	NA	NA	NA	NA	NA
Evans, Gregory, MD	Reappt.	R&F Physician	Internal Medicine	Reappt.	R&F Physician	Internal Medicine	NA	NA	NA
Eyal, Fabian G., MD	Reappt.	Active	Pediatrics	Reappt.	Courtesy	Pediatrics	Reappt.	Active/Courtesy	Pediatrics
Fan, James Jiajin, PhD	NA	NA	NA	New Appt.	Allied	Radiology	NA	NA	NA
Ferrell, Haven, DA	New Appt.	Allied	Surgery	NA	NA	NA	NA	NA	NA
Foust, Anna C., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Foust, Anna C., MD	New Appt.	Active	Pediatrics	New Appt.	Active	Pediatrics	New Appt.	Active	Pediatrics
Fowlkes, Jenna M. CRNP	NA	NA	NA	New Appt.	Allied	Emergency Med.	NA	NA	NA
Freno, Daniel K., MD	NA	NA	NA	Reappt.	Contract/Moon.	Emergency Med.	NA	NA	NA
Fontana, Andre J., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Gamble, Charlotte A., CRNP	Reappt.	R&F Allied	Family Medicine	Reappt.	R&F Allied	Family Medicine	NA	NA	NA
Gelpi, Brian J., MD	Reappt.	Active	Anesthesiology	Reappt.	Active	Anesthesiology	NA	NA	NA
Gillis, Angela P., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Griffis, Chrystal M., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Gupta, Shikha, MD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology
Gupta, Sunil, MD	Reappt.	Courtesy	Surgery	Reappt.	Courtesy	Surgery	NA	NA	NA
Harmon, Charles Miles, MD	New Appt.	Active	Pediatrics	New Appt.	Active	Pediatrics	New Appt.	Active	Pediatrics
Harris, Leticia M., CRNP	Reappt.	R&F Allied	Family Medicine	Reappt.	R&F Allied	Family Medicine	NA	NA	NA
Hewes, Amelia R., MD	New Appt.	Active	OBGYN	New Appt.	Active	OBGYN	New Appt.	Active	OBGYN
Hill, Gregory A., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Holmes, Jonathan, MD	Reappt.	R&F Physician	Pediatrics	NA	NA	NA	NA	NA	NA
Honkanen, Mary H., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Israel Robert W., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Jha, Om, MD	Reappt.	Active	Pediatrics	Reappt.	Courtesy	Pediatrics	Reappt.	Active/Courtesy	Pediatrics
Johnson, Donald E., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Jones, Nathaniel L., MD	New Appt.	Active	OBGYN	New Appt.	Active	OBGYN	New Appt.	Active	OBGYN
Jones, Tracey E., CRNP	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine
Kappel, Margaret, CRNP	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine
Kaulfers, Anne-Marie D., MD	Reappt.	Active	Pediatrics	NA	NA	NA	Reappt.	Active	Pediatrics
Kelly, Amanda M., CRNP	NA	NA	NA	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine
Khushman, Moh'd, MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
King, Tiffany R., Hearing Screener	New Appt.	Allied	Surgery	NA	NA	NA	NA	NA	NA
Lambert, Marla M., MD	NA	NA	NA	NA	NA	NA	New Appt.	Ambulatory	Internal Medicine
Lammers, John E., MD	NA	NA	NA	Reappt.	Active	Internal Medicine	NA	NA	NA
Lane, Clayton G., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Leonard, Clinton, CRNP	NA	NA	NA	New Appt.	Allied	Surgery	New Appt.	Allied	Surgery
Lim, Lerna C., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Lopez, Jorge Ivan, MD	New Appt.	Active	Neurology	New Appt.	Active	Neurology	New Appt.	Active	Neurology
Luterman, Arnold, MD	Reappt.	Academic	Surgery	Reappt.	Academic	Surgery	NA	NA	NA
MacDonell, Charlotte S., MD	New Appt.	Active	Pediatrics	NA	NA	NA	New Appt.	Active	Pediatrics

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
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NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Mattei, Mary L., CRNP	Reappt.	Allied	OBGYN	Reappt.	Allied	OBGYN	Reappt.	Allied	OBGYN
May, Carmen, CRNP	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine
McAnulty, Kathleen L,. Neuro Tech	Reappt.	Allied	Neurosurgery	Reappt.	Allied	Neurosurgery	NA	NA	NA
McCall, III, Daniel T., MD	Reappt.	R&F Physician	Pediatrics	Reappt.	R&F Physician	Pediatrics	NA	NA	NA
McColgin, Sterling W., MD	New Appt.	Contract/Moon.	OBGYN	NA	NA	NA	NA	NA	NA
McCraney, Eric A., CRNP	Reappt.	R&F Allied	Family Medicine	Reappt.	R&F Allied	Family Medicine	NA	NA	NA
McDade, Carey L., MD	Reappt.	R&F Physician	Pediatrics	NA	NA	NA	NA	NA	NA
Merritt, Brandy E., MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics
Miller, Pamela L., Neuro Tech	Reappt.	Allied	Neurosurgery	Reappt.	Allied	Neurosurgery	NA	NA	NA
Minto, Laura Elizabeth, MD	Reappt.	Active	Neurology	Reappt.	Active	Neurology	Reappt.	Active	Neurology
Mizrahi, Meir, MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Moore, Monica T., CRNP	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine
Morgan, Jr., Robert V., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Mowry, Margaret H., MD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology
Murphy, Darrell A., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Muscat, David C., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Musselwhite, Charles, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Myers, Thomas C., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Narahari, Praveen, MD	Reappt.	Consult/Assoc.	Psychiatry	Reappt.	Consult/Assoc.	Psychiatry	NA	NA	NA
Naylor, Rick J., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Newburn, Constance L., RN	New Appt.	Allied	OBGYN	New Appt.	Allied	OBGYN	NA	NA	NA
Normand, Robin, CRNP	Reappt.	R&F Allied	Family Medicine	Reappt.	R&F Allied	Family Medicine	NA	NA	NA
Nwankwo, John I., MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Overstreet, Leigh A., CRNA	New Appt.	Allied	Anesthesiology	New Appt.	Allied	Anesthesiology	NA	NA	NA
Ozment, Jr., Elmo D., MD	Reappt.	R&F Physician	Family Medicine	Reappt.	R&F Physician	Family Medicine	NA	NA	NA
Paragone, Christine M., PA	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery	NA	NA	NA
Pate, David N., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Patton, William C., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	NA	NA	NA
Peevy, Keith J., MD	Reappt.	Active	Pediatrics	Reappt.	Courtesy	Pediatrics	Reappt.	Active/Courtesy	Pediatrics
Platt, Terrie L., CRNP	New Appt.	Allied	OBGYN	NA	NA	NA	NA	NA	NA
Polcari, Michael J., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Portier, James W., CRNA	NA	NA	NA	Reappt.	Allied	Anesthesiology	NA	NA	NA
Reddy Loupe, Vyshali, MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Rider, Jr., Paul F., MD	Reappt.	Active	Surgery	Reappt.	Active	Surgery	Reappt.	Active	Surgery
Riehl, John T., MD	New Appt.	Courtesy	Orthopaedics	New Appt.	Courtesy	Orthopaedics	NA	NA	NA
Roca Garcia, Maria R., MD	Reappt.	Active	Pediatrics	NA	NA	NA	Reappt.	Active	Pediatrics
Rocha, Jason R., MD	New Appt.	Courtesy	Orthopaedics	New Appt.	Courtesy	Orthopaedics	NA	NA	NA
Rodgers, Sandra Y., PCT	NA	NA	NA	New Appt.	Allied	Internal Medicine	NA	NA	NA
Rogers, IV, Charles M., MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Rogers, Helen H., MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
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NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Saenz, Naomi J., MD	New Appt.	Consult/Assoc.	Radiology	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Saitz, Marianne, DO	Reappt.	Consult/Assoc.	Psychiatry	Reappt.	Consult/Assoc.	Psychiatry	NA	NA	NA
Salisbury, Charles R., MD	New Appt.	Courtesy	Surgery	NA	NA	NA	NA	NA	NA
Schulingkamp, Amy M., CRNP	NA	NA	NA	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine
Schultz, John C., MD	NA	NA	NA	Reappt.	Academic	Internal Medicine	NA	NA	NA
Shepler, Lisa A., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Shropshire, Ali M., CRNP	NA	NA	NA	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine
Skinner, Leslie K., MD	New Appt.	R&F Physician	Pediatrics	New Appt.	R&F Physician	Pediatrics	NA	NA	NA
Sternberg, Michael L., MD	NA	NA	NA	Reappt.	Active	Emergency Med.	NA	NA	NA
Stubbs, II, Eugene, Neuro Tech	Reappt.	Allied	Neurosurgery	Reappt.	Allied	Neurosurgery	NA	NA	NA
Tacchi, Ernest J., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Tanner, Brianne B., CRNP	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine
Thompson, Kimberly A., CRNP	Reappt.	Allied	Surgery	NA	NA	NA	Reappt.	Allied	Surgery
Thompson, Marina L., MD	New Appt.	R&F Physician	Pediatrics	New Appt.	R&F Physician	Pediatrics	NA	NA	NA
Tullis, Jennifer T., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Tynes, Leslie R., CRNP	New Appt.	Allied	Neurosurgery	New Appt.	Allied	Neurosurgery	New Appt.	Allied	Neurosurgery
Vial, Sheila F., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Vierling, Jada E., CRNP	New Appt.	Allied	OBGYN	NA	NA	NA	NA	NA	NA
Walker, James L., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Walker, Jennifer D., MD	New Appt.	R&F Physician	Pediatrics	New Appt.	R&F Physician	Pediatrics	NA	NA	NA
Walker, Kathy E., CRNP	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine
Walks, Debra M., MD	Reappt.	R&F Physician	Pediatrics	Reappt.	R&F Physician	Pediatrics	NA	NA	NA
Warner, Barry A., DO	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Watson, Alyson J., PA	New Appt.	Allied	Radiology	New Appt.	Allied	Radiology	New Appt.	Allied	Radiology
Watts, Victoria Brooke, Dental Assist.	Reappt.	Allied	Surgery	NA	NA	NA	NA	NA	NA
Weaver, Katrina L., MD	New Appt.	Active	Surgery (Pediatric)	New Appt.	Active	Surgery (Pediatric)	New Appt.	Active	Surgery (Pediatric)
Weaver, Katrina L., MD	New Appt.	Active	Surgery (Trauma)	New Appt.	Active	Surgery (Trauma)	New Appt.	Active	Surgery (Trauma)
Weekley, Robert G., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Whitehurst, Jr., Richard M., MD	Reappt.	Active	Pediatrics	Reappt.	Courtesy	Pediatrics	Reappt.	Active/Courtesy	Pediatrics
Willen, Bryce L., DO	New Appt.	Active	Pediatrics	NA	NA	NA	New Appt.	Active	Pediatrics
Williamson, Amelia, RN	NA	NA	NA	Reappt.	Allied	Internal Medicine	NA	NA	NA
Wilson, Rosanne, CRNP	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine
Wolf, Laura J., CRNP	Reappt.	R&F Allied	Family Medicine	Reappt.	R&F Allied	Family Medicine	NA	NA	NA
Woodward, Amy E., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Xing, Yanming, MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Acte	Internal Medicine
Xing, Zhiqing, MD	Reappt.	Active	Orthopaedics	Reappt.	Active	Orthopaedics	Reappt.	Active	Orthopaedics
Zieman, Gregory A., MD	New Appt.	Courtesy	Surgery	NA	NA	NA	NA	NA	NA

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MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
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NAME	USACWH			USAMC			AMBULATORY CARE		
Change Requests									
Crocker, Percy Van, MD	Chg Status	Active	Surgery	Chg Status	Consult/Assoc.	Surgery	Chg Status	Consult/Assoc.	Surgery
Davis, Lorie R., CRNP	Chg Dept.	Allied	OBGYN Assess. Ctr	NA	NA	NA	NA	NA	NA
Dodson, Lindsey K., CRNA	Return LOA	Allied	Anesthesiology	Return LOA	Allied	Anesthesiology	NA	NA	NA
Huggins, Tiffany F. Mosley, RN	Name Change	Allied	Pediatrics	NA	NA	NA	NA	NA	NA
Hunter, Mary Abby, CRNP	Return LOA	Allied	Emergency Med.	Return LOA	Allied	Emergency Med.	Return LOA	Allied	Emergency Med.
Lintner, Alicia C., CRNP	Added Priv.	Allied	Surgery	Added Priv.	Allied	Surgery	Added Priv.	Allied	Surgery
Mizrahi, Meir, MD	Added Priv.	Active	Internal Medicine	Added Priv.	Active	Internal Medicine	Added Priv.	Active	Internal Medicine
Schultz, John C., MD	Chg Status	Academic	Internal Medicine	NA	NA	NA	NA	NA	NA
West, III, James L., MD	Chg Status	Courtesy	Orthopaedics	Chg Status	Courtesy	Orthopaedics	NA	NA	NA
Retired/Resigned									
Name	**Reason**	**Date**	**Dept.**	**Reason**	**Date**	**Dept.**			
Abordo, Bayani Y., MD	Resigned	6/1/2017	Psychiatry	Resigned	6/1/2017	Psychiatry			
Blair, Scott G., DO	NA	NA	NA	Resigned	6/30/2017	Emergency Med.			
Bradley, Kevin G., MD	NA	NA	NA	Resigned	6/6/2017	Emergency Med.			
Butts, Charles C., MD	NA	NA	NA	Resigned	6/30/2017	Emergency Med.			
Dagenais, Paul A., CCC-SLP	Resigned	6/1/2017	Surgery	Resigned	6/1/2017	Surgery			
Daum, Kent, OD	Resigned	5/22/2017	Surgery	Resigned	5/22/2017	Surgery			
Ford-Johnson, Nina, MD	Resigned	5/1/2017	Pediatrics	NA	NA	NA			
Gardner, Debra E., MD	Resigned	5/1/2017	Pediatrics	NA	NA	NA			
Gayle, Carla, MD	Resigned	5/22/2017	Pediatrics	Resigned	5/22/2017	Pediatrics			
Harrell, James, MD	Resigned	5/1/2017	Pediatrics	NA	NA	NA			
Ichim, Stefan, MD	Resigned	4/10/2017	Anesthesiology	Resigned	4/10/2017	Anesthesiology			
Kahn, Sabrina, PA	Resigned	4/24/2017	Internal Medicine	Resigned	4/24/2017	Internal Medicine			
Karidas, Steven J., MD	Resigned	7/26/2017	Radiology	Resigned	7/26/2017	Radiology			
Kleyn, Emile	Resigned	6/30/2017	Internal Medicine	Resigned	6/30/2017	Internal Medicine			
Patel, Ashley J., CRNA	Resigned	4/14/2017	Anesthesiology	Resigned	4/14/2017	Anesthesiology			
Price, Martha Lane, MD	Resigned	7/6/2017	Radiology	Resigned	7/6/2017	Radiology			
Quatrino, Gregroy M., MD	NA	NA	NA	Resigned	6/30/2017	Emergency Med.			
Qureshi, Ghazanfar, MD	Resigned	6/30/2017	Internal Medicine	Resigned	6/30/2017	Internal Medicine			
Sabahi, Hani S., MD	Resigned	6/30/2017	Internal Medicine	Resigned	6/30/2017	Internal Medicine			
Siddiqui, Abdul, MD	Resigned	7/5/2017	Pediatrics	NA	NA	NA			
Wells, Mary, MD	Resigned	5/1/2017	Pediatrics	NA	NA	NA			
Ying, Kan, MD	Resigned	4/18/2017	Radiology	Resigned	4/18/2017	Radiology			

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
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LEGEND:

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

RECOMMENDED BY:

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

Sabrina G. Bessette, MD

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

Owen Bailey
Chief Executive Officer & Senior Associate Vice President for Medical Affairs
USA Health

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

June 1, 2017
1:44 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, June 1, 2017, at 1:44 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Alexis Atkins, Scott Charlton, Steve Furr, Bettye Maye and Mike Windom.
Members Absent:	Bryant Mixon and John Peek.
Other Trustees:	Chandra Brown Stewart, Tom Corcoran, Ron Jenkins, Jimmy Shumock, Ken Simon and Jim Yance.
Administration and Others:	Brian Allred, Owen Bailey, Bob Charlebois, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Lorene Flanders, Happy Fulford, Krista Harrell, Mike Haskins, David Johnson, Christopher Lynch, John Marymont, Carlos Montalvo, Susan Santoli, John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Chris Vinet, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Ms. Maye called for adoption of the revised agenda. On motion by Mr. Windom, seconded by Ms. Atkins, the Committee voted unanimously to adopt the revised agenda.

Ms. Maye called for consideration of the minutes of the meeting held on March 2, 2017. On motion by Mr. Windom, seconded by Ms. Atkins, the Committee voted unanimously to adopt the minutes.

Ms. Maye called for presentation of **ITEM 9**, a resolution naming the residence hall completed in 2013 as Azalea Hall and the residence hall currently under construction as Camellia Hall (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on June 2, 2017). Dr. Smith stated the names proposed were recommended by staff members and would be prescribed until such time as these facilities could be renamed for a donor. On motion by Ms. Atkins, seconded by Mr. Windom, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Ms. Maye called upon Provost Johnson to address **ITEM 10**, a resolution authorizing the awarding of tenure and/or promotion to faculty as set forth. Provost Johnson noted that the candidates represented the Division of Academic Affairs, as well as the College of Medicine, and he shared insight on the thorough vetting processes and the criteria that must be demonstrated by faculty in order to be recommended. On motion by Ms. Atkins, seconded by Mr. Windom, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Ms. Maye asked Provost Johnson to discuss **ITEM 11**, a resolution authorizing a 3.5 percent increase in tuition and fees for the general University and the College of Medicine for the 2017-2018 academic year, as well as housing and meal plan rates, as set forth. Provost Johnson noted the recommendation included a $36 increase in resource fees for students in the College of Nursing, the Pat Capps Covey College of Allied Health Professions and the College of Medicine for 2017-2018, 2019-2020 and 2021-2022, advising that the fee, which supports simulation, standardized patient and inter-professional education programming, as well as the Baugh Biomedical Library, would enable the University to keep up with the increasing costs associated with simulation instruction and equipment needs. Dr. Smith addressed the recommended housing and dining rates, reminding the Committee that housing and dining auxiliaries are paid for solely with room rent and meal plan revenue. He observed that the recommendation included an average 3.7 percent increase in housing rates and an average 2.8 percent increase in dining rates and referred to comparative information showing that, in many cases, the new rates would remain lower than those offered by South's competitors. He reported an uptick in housing applications compared to those at the same juncture in 2016 and Dr. Chris Vinet, Assistant Vice President for Auxiliary Services, verified 156 beds had been leased from The Grove in anticipation of meeting all occupancy demands. Chairman Simon asked Mr. Carl Thomas, SGA President, if he would like to comment. Mr. Thomas acknowledged the challenge of explaining the increases to fellow students, but agreed the increases were necessary in order for USA -- the second fastest-growing institution in the state -- to continue to maintain programs and meet the expectations of students. On motion by Mr. Windom, seconded by Ms. Atkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Ms. Maye called for a report on the activities of the Division of Academic Affairs, **ITEM 12**. Provost Johnson introduced Ms. Lorene Flanders, South's new Executive Director of University Libraries, and Dr. Susan Santoli, new Chair of the Department of Leadership and Teacher Education in the College of Education and Professional Studies.

Provost Johnson advised that the College of Education had been renamed the College of Education and Professional Studies, a decision based upon a request from the College's faculty and administration.

Provost Johnson introduced Mr. Christopher Lynch to give an update on the Pathway USA program, founded out of partnerships with Bishop State Community College, Coastal Alabama Community College and Mississippi Gulf Coast Community College. Mr. Lynch noted that interest in the program had exceeded expectations with 400 students registered. He introduced Mr. Bob Charlebois, Pathway USA Transfer Coordinator, who talked about the tremendous success of the program, his role in advising transfer students and campus activities designed to attract and engage participants, such as a transfer boot camp held in April.

Ms. Maye called for a report on the activities of the Division of Student Affairs, **ITEM 13**. Dr. Krista Harrell, Associate Dean of Students and Title IX Coordinator, asserted the Division's commitment to strengthening engagement opportunities for the South Alabama community and area partners and introduced Mr. Brian Allred, Director of Campus Recreation, to discuss a new initiative to enhance outdoor activities on campus. Mr. Allred shared plans for implementation of a 1.5-mile fitness path around the Three Mile Creek lake on the north side of campus adjacent to the Glenn Sebastian Nature Trail. He thanked President Waldrop, Dr. Smith and Dr. Mitchell for their support of the project and answered questions about security and a possible collaboration with the city on extending South's Lake Fitness Trail as part of the Mobile Greenway endeavor.

Ms. Maye called for a report on the activities of the Division of Research and Economic Development, **ITEM 14**. Ms. Chronister introduced Dr. Carlos Montalvo, Assistant Professor in the Department of Mechanical Engineering and Director of South's Facility for Aerial Systems and Technology (FAST). Dr. Montalvo gave an overview of the simulation analysis and design and experimental testing conducted at the FAST Lab and shared examples of how drone research might be adapted for mainstream application, such as in the case of a mobile weather station.

There being no further business, the meeting was adjourned at 2:29 p.m.

Respectfully submitted:

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Bettye R. Maye, Chair

RESOLUTION

COMMENDATION OF DR. RICHARD J. WOOD

WHEREAS, Dr. Richard J. Wood served as Dean of the University Libraries for seventeen years, and

WHEREAS, during his tenure as Dean, Dr. Wood was involved in the design and planning of a 50,000-square-foot, four-story addition to the Marx Library, and

WHEREAS, Dr. Wood created USA's first public arts gallery in 2003, which has featured bi-monthly exhibitions and displays of works created by regional artists, and

WHEREAS, Dr. Wood was active in securing the Marx Family Library Endowment Fund and in the naming of the main library in recognition of the $3 million gift to the University by the Julien E. Marx Foundation Trust, and

WHEREAS, Dr. Wood helped facilitate the gift of historically significant documents from the McCall family to the University that are now archived in the Doy Leale McCall Rare Book and Manuscript Library, and planned and provided oversight for the move of that library to the main campus of the University, and

WHEREAS, Dr. Wood worked with the University's Office of Development and various donors to establish the Agnes Tennenbaum Holocaust Library Collection, the Vi Harper Reference Area, and the Mary Elizabeth and Charles Bernard Rodning Gallery of Art, and

WHEREAS, Dr. Wood developed and implemented the Program for the Enhancement of Teaching and Learning (PETAL) that grew into the current Innovation in Learning Center, and

WHEREAS, as a member of the Network of Alabama Academic Libraries (NAAL), Dr. Wood helped write the grant that led to the creation of the Alabama Mosaic, the online repository of digital materials about Alabama history, culture, places and people,

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

GLOBAL USA

UNIVERSITY OF SOUTH ALABAMA

Undergraduate Degree Programs

COVEY COLLEGE OF ALLIED HEALTH PROFESSIONS

Biomedical Sciences **(BSBS)**
Cardiorespiratory Care **(BSCS)**
Emergency Medical Services **(BS)**
Professional Health Sciences **(BSPHS)**
Radiologic Sciences **(BSRS)**
Speech and Hearing Sciences **(BSSHS)**

COLLEGE OF ARTS & SCIENCES

Anthropology **(BA)**
Art **(BFA/BA)**
Biology **(BS)**
Chemistry **(BS)**
Communication **(BA)**
Criminal Justice **(BA)**
Dramatic Arts **(BA)**
English **(BA)**
Foreign Language **(BA)**
Geography **(BS)**
Geology **(BS)**
History **(BA)**
International Studies **(BA)**
Mathematics/Statistics **(BS)**
Meteorology **(BS)**
Music **(BM)**
Philosophy **(BA)**
Physics **(BS)**
Political Science **(BA)**
Psychology **(BA)**
Social Work **(BSW)**
Sociology **(BS)**
Theatre Arts **(BFA)**

MITCHELL COLLEGE OF BUSINESS

Accounting **(BSBA)**
Finance **(BSBA)**
General Business **(BSBA)**
Management **(BSBA)**
Marketing **(BSBA)**

COLLEGE OF EDUCATION & PROFESSIONAL STUDIES

Early Childhood Studies **(BS)**
Educational Studies
Elementary (K-6) Education **(BS)**
Exercise Science **(BS)**
Health Education **(BS)**
Hospitality and Tourism Management **(BS)**
Instructional Design and Performance Improvement **(BS)**
Interdisciplinary Degree Program **(BA/BS)**
Leisure Studies **(BS)**
Physical Education **(BS)**
Secondary (Middle/High School) Education **(BS)**
Special Education **(BS)**

COLLEGE OF ENGINEERING

Chemical Engineering **(BSChE)**
Civil Engineering **(BSCE)**
Computer Engineering **(BSCpE)**
Electrical Engineering **(BSEE)**
Mechanical Engineering **(BSME)**

COLLEGE OF NURSING

Nursing **(BSN)**

SCHOOL OF COMPUTING

Computer Science **(BSCS)**
Cyber Assurance **(BSCA)**
Health Informatics **(BSHI)**
Information Systems **(BSIS)**
Information Technology **(BSIT)**

Mobile, Alabama

The University of South Alabama is located in the historic city of Mobile, Alabama and is part of the Gulf Coast region. This area is a major hub for international business and is a popular tourism destination. The Gulf Coast offers beautiful beaches and year-round warm weather perfect for water sports, hiking, golfing, and other outdoor activities.

The University

As a public institution established in 1963, the University of South Alabama is a dynamic and growing institution that is large enough to offer the programs you need, yet small enough to know and care about you as an individual. The institution is fully accredited and offers over 100 exceptional degree programs.

Fast Facts

- More than **16,000** students
- **100** degree programs
- Approximately **1,000** international students
- Over **80** countries represented
- Scholarships available

Admission Requirements

GPA	TOEFL	IELTS	iTEP
2.5	61	5.5	3.6

GLOBAL USA
UNIVERSITY OF SOUTH ALABAMA

English Language Center
INTENSIVE ENGLISH PROGRAM

English Language Center (ELC) is an intensive English program located on the campus of the University of South Alabama. We provide our students with:

- Comprehensive English as a Second Language (ESL) instructions with 5 levels that correspond with CERF levels A1 – C1.
- The cultural knowledge needed to function academically, socially, and professionally in the United States.
- Academic skills and study strategies that will help them achieve success in their graduate or undergraduate studies.

Each term is 8 weeks long. New terms begin in August, October, January, March and May. Students can complete all five levels of the program in one year.

UNIVERSITY OF SOUTH ALABAMA

English Language Center
southalabama.edu/esl | For more information, contact usaesl@southalabama.edu.

Special Services to Support Learning

- Peer Mentors
- Conversation Groups
- Cultural Immersion Activities
- Extensive Reading Program
- Student Services Coordinator
- University Writing Center
- JAGSuccess Tutoring

All in a supportive learning environment, with low student to faculty ratios.

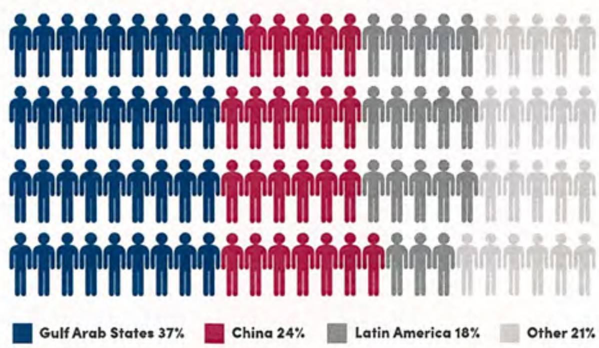
ELC Student Expenses 2017–2018

Based on four terms

ENGLISH LANGUAGE CENTER	
Tuition & Fees	$8,160
Living Expenses	$9,000
Medical Insurance	$1,926
Books	$1,400
Total Cost:	$20,486

Student Distribution

Based on Spring 2016 enrollment



15 years

Full-time instructors have Masters degrees and an average of 15 years of teaching experience.

$2,000

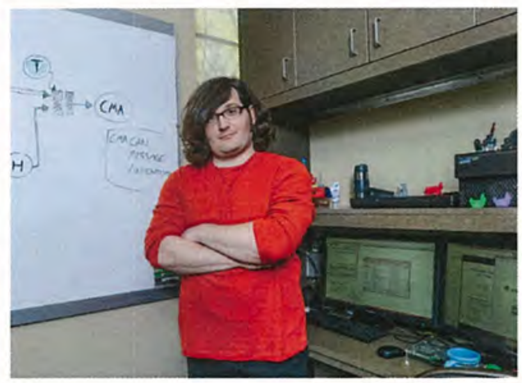
Low Tuition
*Cost per term plus books, fees, room and board.

20 Hours

Full time ELC students have 20 hours of instruction each week.

GLOBAL USA

UNIVERSITY OF SOUTH ALABAMA



International Student Expenses* 2017–2018

UNDERGRADUATE STUDENTS	
Tuition & Fees	$19,930
Living Expenses	$9,000
Medical Insurance	$1,926
Books	$1,100
Total Cost:	$31,956

GRADUATE STUDENTS	
Tuition & Fees	$16,338
Living Expenses	$9,000
Medical Insurance	$1,926
Books	$1,100
Total Cost:	$28,364

ENGLISH LANGUAGE CENTER	
Tuition & Fees	$8,160
Living Expenses	$9,000
Medical Insurance	$1,926
Books	$1,400
Total Cost:	$20,486

**Calculated based on 9 months, tuition rates vary by major*

USA Colleges and Schools

- Allied Health Professions
- Arts and Sciences
- Mitchell College of Business
- Computing
- Education and Professional Studies
- Engineering
- Medicine
- Nursing
- Pharmacy with Auburn University

UNIVERSITY OF SOUTH ALABAMA

Office of Global Outreach and International Student Programs
southalabama.edu/globalusa
For more information, contact **globalusa@southalabama.edu**








Fast Facts

- More than **16,000** students
- Approximately **1,000** international students
- **100** degree programs
- Over **80** countries represented
- Scholarships available

The University of South Alabama is located in Mobile, Alabama, nestled on the beautiful Gulf of Mexico.

Admission Requirements

GPA	TOEFL	IELTS	iTEP
2.5	61	5.5	3.6

HANNAH MURPHY

DIRECTOR, GLOBAL OUTREACH

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UNIVERSITY OF
SOUTH ALABAMA

southalabama.edu/globalusa

GlobalUSAJags   @GlobalUSAJags   @GlobalUSAJags

NAME ____________________

EMAIL ____________________

PHONE ____________________

HOME CITY & COUNTRY ____________________

GLOBAL USA

UNIVERSITY OF SOUTH ALABAMA

Global USA is the university division responsible for global engagement. Offices under Global USA assist with student visas, issues, cultural activities, scholarships, and work to ensure that international students have a safe and successful experience both inside and outside of the classroom. In other words, Global USA is your home away from home!

PARENT NAME ____________________

PARENT CONTACT ____________________

AREA OF STUDY ____________________

START DATE ____________________

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

BUDGET AND FINANCE COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

BUDGET AND FINANCE COMMITTEE

June 1, 2017
2:29 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, June 1, 2017, at 2:29 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Tom Corcoran and Jim Yance.
Members Absent:	Arlene Mitchell, Bryant Mixon and Steve Stokes.
Other Trustees:	Alexis Atkins, Chandra Brown Stewart, Scott Charlton, Steve Furr, Ron Jenkins, Bettye Maye, Jimmy Shumock, Ken Simon and Mike Windom.
Administration and Others:	Owen Bailey, Lynne Chronister, Phil Dotts (PFM), Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Mike Haskins, David Johnson, Rod Kanter (Bradley Arant), John Marymont, Josh McCoy (PFM), John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Without a quorum of the Committee members present, Chairman Simon suggested that the minutes of the Budget and Finance Committee meeting held on March 2, 2017, be suspended to the Committee of the Whole for adoption and that the reports on the quarterly financial statements for the six months ended March 31, 2017, **ITEM 15**, and the 2017 bond issue, **ITEM 16**, be presented to the general assembly of Trustees represented.

There being no further business, the meeting was adjourned at 2:31 p.m.

Respectfully submitted:

____

E. Thomas Corcoran, Chair

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

Basic Financial Statements

Nine Months Ended June 30, 2017 and 2016

Unaudited

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

Quarterly Financial Statements

Nine Months Ended June 30, 2017 and 2016

Contents

University of South Alabama

Management's Discussion and Analysis

Introduction

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

Financial Highlights

At June 30, 2017, the University had total assets and deferred outflows of $1,250,443,000 total liabilities and deferred inflows of $997,296,000 and net position of $253,147,000. The University's net position increased $35,153,000 for the nine months ended June 30, 2017 compared to an increase of $15,234,000 for the nine months ended June 30, 2016. An overview of each statement is presented below along with a financial analysis of the transactions impacting the statements.

Condensed financial statements for the University at and for the nine months ended June 30, 2017 and 2016 follow (in thousands):

Condensed Statements of Net Position

	2017	2016
Assets		
Current	$ 281,998	$ 270,873
Capital and other noncurrent assets	916,391	846,430
Deferred outflows	52,054	23,272
	1,250,443	1,140,575
Liabilities		
Current	163,913	177,027
Noncurrent	794,162	720,334
Deferred inflows	39,221	35,891
	997,296	933,252
Net position		
Net investment in capital assets	292,218	290,522
Restricted, nonexpendable	52,580	47,282
Restricted, expendable	62,893	56,926
Unrestricted	(154,544)	(187,407)
	$ 253,147	$ 207,323

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2017	2016
Operating revenues		
Net tuition and fees	$ 120,018	$ 108,425
Net patient service revenues	289,003	256,389
Other	91,456	92,260
	500,477	457,074
Operating expenses		
Salaries and benefits	357,932	348,800
Supplies and other services	163,146	145,951
Other	46,465	42,812
	567,543	537,563
Operating loss	(67,066)	(80,489)
Nonoperating revenues (expenses)		
State appropriations	80,464	78,733
Other, net	16,705	6,294
Net nonoperating revenues (expenses)	97,169	85,027
Capital gifts, grants and additions to endowment	5,050	10,696
Increase in net position	35,153	15,234
Net position		
Beginning of period	217,994	192,089
End of period	$ 253,147	$ 207,323

Analysis of Financial Position and Results of Operations

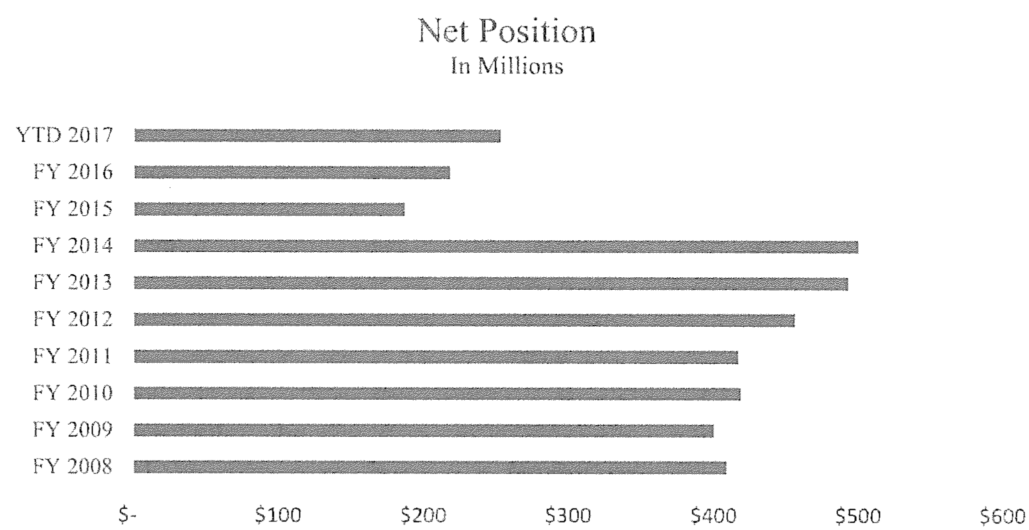
Statements of Net Position

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

University's basic financial statements, are prepared under the accrual basis of accounting, 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, investments and hospital patient accounts receivable. Current liabilities consist primarily of accounts payable, accrued liabilities and unrecognized revenue.

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



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

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

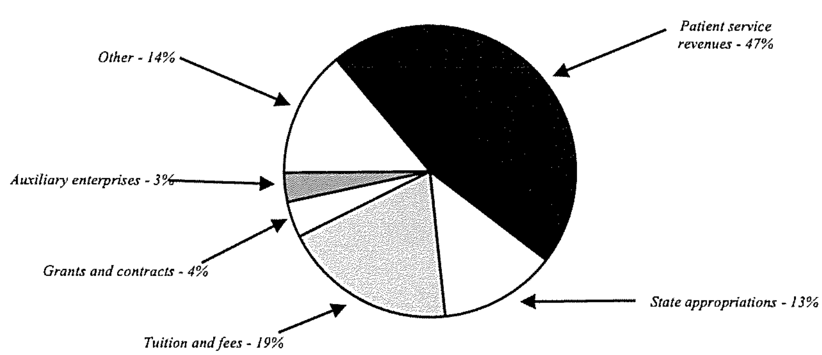
Statements of Revenues, Expenses and Changes in Net Position

Changes in total University net position as presented on the statements of net position are 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.

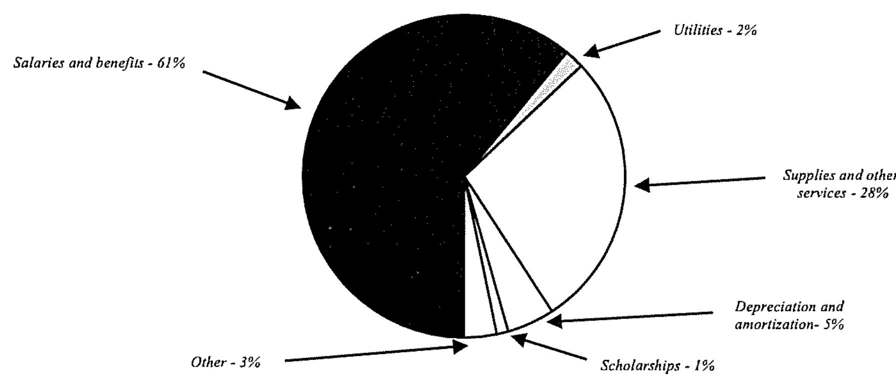
Approximately one-half of the total revenues of the University are hospital patient service revenues. The remainder consists primarily of tuition and fees, state appropriations, grants and contracts and auxiliary enterprise revenues. The following illustration presents the major sources of total University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

Total Revenues



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

Total Expenses



Capital Assets and Debt Administration

During the current period, construction and construction planning continues on a new residence hall and a major upgrade of infrastructure on the University's main campus. Additionally, several other smaller construction and renovation projects at the University and Health System remained ongoing during the current period.

In September 2016, the University issued its University Facilities Revenue Refunding Bonds, Series 2016, with a face value of $85,605,000. The proceeds from the series 2016 bonds were used to partially defease the Series 2008 bonds. The funds were deposited into escrow trust funds to provide for the subsequent repayment of the Series 2008 bonds when they are called in December 2018. Neither the assets of the escrow trust account, nor the defeased indebtedness is included in the accompanying statement of net position. At the date of refunding, the principal outstanding on all defeased bonds was $93,540,000 and the remaining undefeased portion was $5,565,000. The refunding resulted in net present value cash flow savings of approximately $15,016,000.

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

In June 2017, the University issued its University Facilities Revenue Bonds, Series 2017, with a face value of $38,105,000. The proceeds from the Series 2017 bonds will be used to build a new residence hall on the campus of the University and support ongoing infrastructure improvement projects.

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

Economic Outlook

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

Fall 2017 enrollment is unknown at this time. However, it is possible the University will experience a decrease, primarily due to declines in international enrollment.

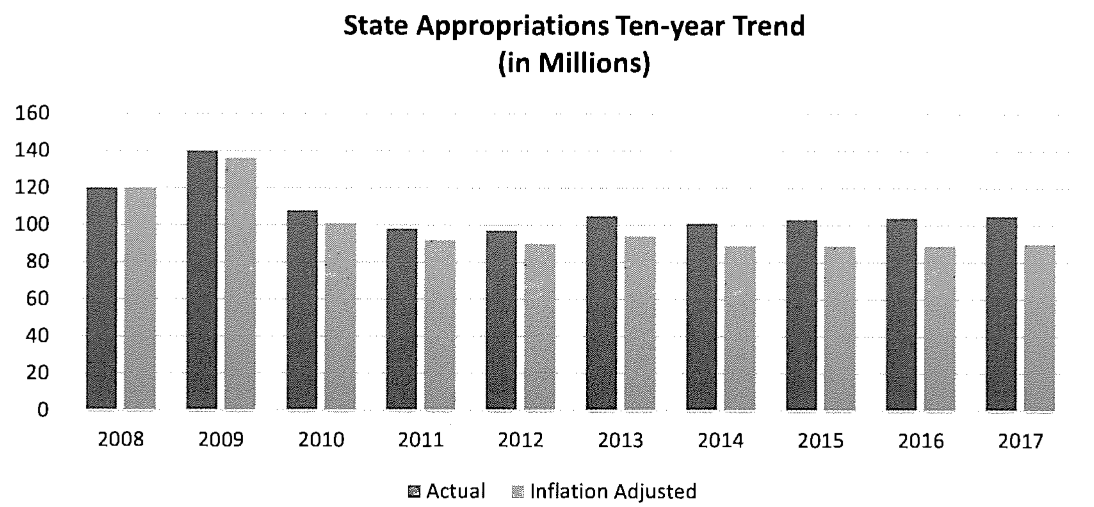
State appropriations in the amount of approximately $105,024,000 and $103,974,000 were authorized and received for the years ended September 30, 2016 and 2015, respectively.

A state appropriation in the amount of approximately $107,285,000 has been authorized and is being received for the year ending September 30, 2017. This represents a $2,261,000 increase from the fiscal 2016 appropriation received.

A state appropriation in the amount of $107,285,000 has also been authorized and will be received for the year ending September 30, 2018. There will be no change from the fiscal 2017 appropriation received.

While no announcement has been made, the University is aware that reductions in the 2017 and 2018 appropriations are possible.

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



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

Other than the issues presented above, University administration is not aware of any other currently known facts, decisions, or conditions that are expected to have a significant effect on the University's financial position or results of operations during fiscal year 2017 and 2018 beyond those unknown variables having a global effect on virtually all types of business operations.

University of South Alabama

Statements of Net Position

June 30, 2017 and 2016

(In thousands)

	2017	2016
Assets		
Current assets		
Cash and cash equivalents	$ 59,803	$ 70,437
Investments, at fair value	72,532	70,256
Net patient service receivables	51,661	35,998
Accounts receivable, affiliates	27	5
Accounts receivable, other	84,866	81,680
Notes receivable, net	539	361
Prepaid expenses, inventories and other	12,570	12,136
Total current assets	281,998	270,873
Noncurrent assets		
Restricted cash and cash equivalents	34,827	17,002
Restricted investments	52,524	61,442
Investments, at fair value	109,407	96,549
Accounts receivable	1,221	4,361
Notes receivable, net	6,674	6,053
Other noncurrent assets	32,855	21,071
Capital assets (net of accumulated depreciation)	678,883	639,952
Total noncurrent assets	916,391	846,430
Deferred outflows	52,054	23,272
Total assets and deferred outflows	1,250,443	1,140,575
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	48,698	55,709
Unrecognized revenue	83,975	94,634
Deposits	1,906	3,087
Current portion of long-term debt	26,024	22,683
Current portion of other long-term liabilities	3,310	914
Total current liabilities	163,913	177,027
Noncurrent liabilities		
Long-term debt	395,468	363,131
Net pension liability	329,294	297,734
Other long-term liabilities	69,400	59,469
Total noncurrent liabilities	794,162	720,334
Deferred inflows	39,221	35,891
Total liabilities and deferred inflows	997,296	933,252
Net position		
Net investment in capital assets	292,218	290,522
Restricted, nonexpendable		
Scholarships	26,214	22,472
Other	26,366	24,810
Restricted, expendable		
Scholarships	16,499	12,670
Other	46,394	44,256
Unrestricted	(154,544)	(187,407)
Total net positon	$ 253,147	$ 207,323

See accompanying notes to basic financial statements.

University of South Alabama

Statements of Revenues, Expenses and Changes in Net Position

Nine Months Ended June 30, 2017 and 2016

(In thousands)

	2017	2016
Revenues		
Operating revenues		
Tuition and fees (net of scholarship allowances)	$ 120,018	$ 108,425
Patient service revenues (net of provision for bad debts)	289,003	256,389
Federal grants and contracts	13,383	13,137
State grants and contracts	5,303	5,796
Private grants and contracts	6,054	6,665
Auxiliary enterprises (net of scholarship allowances)	20,277	20,412
Other operating revenues	46,439	46,250
Total operating revenues	500,477	457,074
Expenses		
Operating expenses		
Salaries and benefits	357,932	348,800
Supplies and other services	163,146	145,951
Scholarships and fellowships	6,907	5,151
Utilities	11,533	11,061
Depreciation and amortization	28,025	26,600
Total operating expenses	567,543	537,563
Operating loss	(67,066)	(80,489)
Nonoperating revenues (expenses)		
State appropriations	80,464	78,733
Investment income and gains (losses) on investments	14,463	(2,318)
Interest on indebtedness	(8,877)	(11,490)
Other nonoperating revenues	21,479	26,095
Other nonoperating expenses	(10,360)	(5,993)
Net nonoperating revenues	97,169	85,027
Income before other revenues, expenses, gains or losses	30,103	4,538
Capital gifts and grants	706	4,288
Additions to endowment	4,344	6,408
Increase in net position	35,153	15,234
Net position		
Beginning of period	217,994	192,089
End of period	$ 253,147	$ 207,323

See accompanying notes to basic financial statements.

University of South Alabama

Statements of Cash Flows

Nine Months Ended June 30, 2017 and 2016

(in thousands)

	2017	2016
Cash flows from operating activities:		
Receipts related to tuition and fees	$ 88,768	$ 78,600
Receipts from and on behalf of patients and third-party payers	285,542	241,647
Receipts from grants and contracts	27,007	46,027
Receipts related to auxiliary enterprises	14,941	16,269
Payments to suppliers and vendors	(182,667)	(150,573)
Payments to employees and related benefits	(359,675)	(350,444)
Payments for scholarships and fellowships	(6,907)	(5,151)
Other operating receipts	46,436	56,778
Net cash used in operating activities	(86,555)	(66,847)
Cash flows from noncapital financing activities:		
State appropriations	71,523	69,984
Endowment gifts	4,344	6,408
Agency funds received	1,038	646
Agency funds disbursed	(792)	(964)
Student loan program receipts	81,542	84,465
Student loan program disbursements	(81,647)	(85,033)
Other nonoperating revenues	22,643	22,678
Other nonoperating expenses	(10,360)	(5,993)
Net cash provided by noncapital financing activities	88,291	92,191
Cash flows from capital and related financing activities:		
Capital gifts and grants	706	4,288
Purchases of capital assets	(52,753)	(54,229)
Proceeds from issuance of capital debt	146,784	50
Principal payments on capital debt	(112,675)	(7,489)
Interest payments on capital debt	(7,566)	(10,293)
Net cash used in capital and related financing activities	(25,504)	(67,673)
Cash flows from investing activities:		
Interest and dividends on investments	6,704	1,975
Proceeds from sales of investments	34,119	17,818
Purchases of investments	(39,923)	(15,000)
Net cash provided by investing activities	900	4,793
Net decrease in cash and cash equivalents	(22,868)	(37,536)
Cash and cash equivalents (unrestricted and restricted):		
Beginning of year	117,498	124,975
End of period	$ 94,630	$ 87,439

University of South Alabama

Statements of Cash Flows

Nine Months Ended June 30, 2017 and 2016

(in thousands)

	2017	2016
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (67,066)	$ (80,489)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	28,025	26,600
Changes in operating assets and liabilities, net:		
Student receivables	(51,158)	(56,129)
Net patient service receivables	(3,764)	8,029
Grants and contracts receivables	3,303	20,314
Other receivables	(7,628)	40,772
Prepaid expenses, inventories and other	(438)	(9,438)
Accounts payable and accrued liabilities	(9,130)	(17)
Unrecognized revenue	21,301	(16,489)
Net cash used in operating activities	$ (86,555)	$ (66,847)

See accompanying notes to basic financial statements.

University of South Alabama
Notes to Financial Statements
June 30, 2017 and 2016

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

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 (PLTF), the General Liability Trust Fund (GLTF), the USA HealthCare Management, LLC (HCM), the USA Health Services Foundation (USAHSF) and the University of South Alabama Health Care Authority (HCA) as blended component units. For quarterly reporting purposes, only HCM and HCA are presented as blended component units in the basic financial statements of the University.

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

Professional Liability and General Liability Trust Funds

The professional medical liability of the University is maintained and managed in a separate professional liability trust fund in which the University, USAHSF, SAMSF, and HCM 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 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 2010, the University's Board of Trustees approved the formation of USA HealthCare Management, LLC. The University is the sole member of HCM, 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 Health Care Authority

In May 2017, the University's Board of Trustees approved a resolution to form the University of South Alabama Health Care Authority. The HCA is a public corporation created under and pursuant to the provisions of the University Authority Act of 2016. The HCA will employ physicians and staff of physician practice groups as determined appropriate by the University. It is anticipated that operations will commence on August 1, 2017.

University of South Alabama Foundation

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

USA Research and Technology Corporation

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

Measurement Focus and Basis of Accounting

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

Use of Estimates

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

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

Cash and Cash Equivalents

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

Investments and Investment Income

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

Derivatives

The University has adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 establishes a framework for accounting and financial reporting related to derivative instruments, requiring the fair value of derivatives to be recognized in the basic financial statements.

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

The counterparty exercised its option related to the swaptions noted above, and as a result, the University entered into interest rate swaps. See Note 5 and Note 10 for further discussion.

Accounts Receivable

Net patient service receivables primarily result from hospital and ambulatory patient service revenue. Accounts receivable from affiliates primarily represent amounts due from the USA Foundation. Accounts receivable – other includes amounts due from students, federal, 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, if donated, at acquisition 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 position.

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

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

Certain buildings are componentized for depreciation purposes.

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

Unrecognized Revenue

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

Classifications of Net Position

The University's net position is classified as follows:

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

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

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

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, net patient service revenues, sales and services of educational activities and auxiliary enterprises. Auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty and staff. While unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees, they are available for use at the discretion of the governing board to meet current expenses for any purpose. Substantially all unrestricted net assets are designated for academic and research programs and initiatives, and capital programs.

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

Scholarship Allowances and Student Financial Aid

Student tuition and fees, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses and changes in net position. Scholarship discounts and 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 discount and allowance.

Donor Restricted Endowments

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

Classification of Revenues

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

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

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 is received. Unconditional promises that are expected to be collected in future years are recorded at the present value of the estimated future cash flows.

Grants and Contracts

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

Net Patient Service Revenues

Net patient service revenues are 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.

Compensated Absences

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

Recently Adopted Accounting Pronouncements

In 2016, the University adopted the provisions of GASB Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides hierarchical guidance for determining fair value measurement for assets and liabilities for financial reporting purposes and also provides guidance for required disclosure related to fair value measurements. See Note 4 for further discussion.

Reclassifications

Certain amounts in the 2016 basic financial statements have been reclassified in order to conform to the 2017 classification.

2. Income Taxes

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

3. Cash

Pursuant to the Security for Alabama Funds Enhancement Act, funds on deposit may be placed in an institution designated as a qualified public depository (QPD) by the State of Alabama. QPD institutions pledge securities to a statewide collateral pool administered by the State Treasurer's office. Such financial institutions contribute to this collateral pool in amounts proportionate to the total amount of public fund deposits at their respective institutions. The securities are held at the Federal Reserve Bank and are designated for the State of Alabama. Additional collateral was not required for University funds on deposit with QPD institutions. At September 30, 2016, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately $10.7 billion.

4. Investments

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

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

Credit Risk and Concentration of Credit Risk

(i) Non-Endowment Cash Pool Investment Policy

The University Investment Policies limit investment in corporate bonds to securities with a minimum "A" rating, at the time of purchase, by both Moody's and Standard and Poor's. Investments in corporate paper are limited to issuers with a minimum quality rating of P-1 by Moody's, A-1 by Standard and Poor's or F-1 by Fitch.

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

(ii) Endowment Fund Investment Policy

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

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

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

Fair Value Measurements

Fair value measurements represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurements date. The University of South Alabama measures and records its investments using fair value measurement guidelines established by GASB Statement No. 72. These guidelines prioritize the inputs of valuation techniques used to measure fair value, as follows:

- Level 1: Quoted prices for identical investments in active markets,
- Level 2: Observable inputs other than quoted market prices and
- Level 3: Unobservable inputs

The level in the fair value hierarchy that determines the classification of an asset or liability depends on the lowest level input that is significant to the fair value measurement. Observable inputs are derived from quoted market prices for assets or liabilities traded on an active market where there is sufficient activity to determine a readily determinable market price. Investments that are not traded on an active exchange and do not have a quoted market price are classified as unobservable inputs. The University's assets that have unobservable inputs consist of the investment in real estate with fair value based on an independent third party appraisal performed by qualified appraisers specializing in real estate investments. Other assets included in the University's investment portfolio with unobservable inputs are the shares or units in certain partnerships or other commingled funds that do not have readily determinable fair values. For these funds, fair value is estimated using the NAV reported by the investment managers as a practical expedient to fair value. Such investments have not been categorized within the fair value hierarchy.

5. Derivative Transactions - Swaptions

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 10, 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 swaption and the investment derivative were written off and an investment loss of $2,229,000 was recognized and reported in the statement of revenues, expenses and changes in net position for the year ended September 30, 2014. A liability arising from the 2014 swap of $9,138,000 was recognized and is reported, net of amortization, in the statement of net position.

As further discussed in Note 10, in September 2016, the counterparty exercised its option with respect to the 2006 swaption. The University refunded its Series 2006 bonds, issued the Series 2016-B, C & D variable rate bonds and terminated the Series 2006 swaption. As a result of this termination, the borrowing arising from the Series 2006 swaption and the investment derivative were written off and an investment loss of $3,530,000 was recognized and reported in the statement of revenues, expenses and changes in net position for the year ended September 30, 2016. A liability arising from the 2016 swap of $48,530,000 was recognized and is reported, net of amortization, in the statement of net position.

6. Lines of Credit and Note Payable

In March 2015, the University entered into a variable interest rate revolving line of credit with Compass Bank to fund certain property acquisitions of the USA Health System. The total amount available under the line of credit is $5,000,000 and interest on the outstanding amounts accrue at the rate of the London Interbank Offered Rate (LIBOR) plus 1% with a maturity date of April 14, 2018. At June 30, 2017, approximately $3,434,000 was outstanding on the line of credit and is reported as debt in the current liabilities section in the statement of net position.

In March 2016, the University entered into a variable interest rate revolving line of credit with Compass Bank to fund certain capital improvements of the USA Health System. The total amount available under the line of credit is $30,000,000 and interest on the outstanding amounts accrue at the rate of sixty-five percent of the LIBOR plus seventy-seven basis points with a maturity date of June 10, 2018. The amount outstanding at June 30, 2017 is $50,000 and is reported as debt in the current liabilities section in the statement of net position.

The USA Health System entered into a purchase agreement, which commenced during the fiscal year ending September 30, 2017, for a term of ten years to finance Energy Conservation Measures in order to improve the HVAC system. The amount outstanding on the note at June 30, 2017 is $2,115,000.

7. Capital Leases Payable

In April 2015, the University signed a seven-year purchase agreement, with a $1,000,000 initial payment and quarterly payments thereafter of $590,000 until March 2022, as a method of financing the purchase of certain computer software and hardware for the USA Health System. In July 2015, the University signed a second seven-year purchase agreement, with $100,000 initial payment and quarterly payments thereafter of $62,000 until March 2022, as a method of financing additional laboratory software and hardware for the USA Health System. Also in July 2015, and modified in September 2016, the University signed a three-year purchase agreement, with modified monthly payments of $30,000 until February 2020, to finance the purchase of a heat recovery system for the USA Health System.

In September 2016, the University signed a six-year purchase agreement, with monthly payments of $66,000 until May 2022, as a method of financing the purchase of certain hospital equipment for the USA Health System. In December 2016, the University signed a five-year tax-exempt capital lease, with monthly payments of $37,000 until October 2022, to finance the acquisition of additional hospital equipment for the USA Health System.

8. Bonds Payable

Bonds payable consisted of the following at June 30, 2017:

University Tuition Revenue Bonds, Series 1999 Capital Appreciation, 4.70% to 5.25%, payable November 2011 through November 2018

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

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

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

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

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

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

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

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

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

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

University Facilities Revenue Refunding Bond, Series 2016-B, variable rate payable at 68% of one-month LIBOR plus 0.72%, payable through December 2036, pursuant to the right of the holder to cause all principal to be due after December 1, 2021

University Facilities Revenue Refunding Bond, Series 2016-C, variable rate payable at 68% of one-month LIBOR plus 0.77%, payable through December 2036, pursuant to the right of the holder to cause all principal to be due after December 1, 2023

University Facilities Revenue Refunding Bond, Series 2016-D, variable rate payable at 68% of one-month LIBOR plus 0.83%, payable through December 2036, pursuant to the right of the holder to cause all principal to be due after December 1, 2026

University Facilities Revenue Bonds, Series 2017, 2.00% to 5.00% payable through October 2037

Substantially all student tuition and fee and auxiliary revenues secure University bonds. Additionally, security for all bonds includes Children's and Women's Hospital revenues in an amount not exceeding $10,000,000. Series 1999 Capital Appreciation bonds began maturing in November 2011. Series 1999 bonds are not redeemable prior to maturity. Series 2006 bonds were refunded in December 2016 with the issuance of the University Facilities Revenue Refunding Bonds, Series 2016-B, C and D with a face value totaling $100,000,000. Series 2008 bonds began maturing in August 2009 and are redeemable beginning in September 2018. The 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 is redeemable at any time. The 2013-A, 2013-B and 2013-C bonds began maturing in August 2014 and are redeemable beginning in June 2023. The Series 2014-A bonds began maturing in March 2015 and are redeemable at any time. The Series 2015 bonds began maturing in August 2015 and are redeemable beginning in June 2020. The Series 2016A bonds will begin maturing in November 2018 and are redeemable in November 2026. The Series 2016B, C and D bonds will begin maturing in December 2024. The Series 2017 bonds will begin maturing in October 2017 and are redeemable beginning in October 2027.

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 Revenues

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 Health System is reimbursed for both direct and indirect medical education costs (as defined), principally based on per-resident prospective payment amounts and certain adjustments to prospective rate-per-discharge operating reimbursement payments. The Health System is generally reimbursed for certain retroactively settled items at tentative rates, with final settlement determined after submission of annual cost reports by the Health System and audits by the Medicare fiscal intermediary.

During fiscal year 2016, USA Medical Center received a final settled 2012 cost report. The USA Medical Center's 2013 cost report was amended in April 2015 and the 2014 cost report was amended in December 2015. The 2015 cost report was initially filed in February 2016 and amended in August 2016 and amended again in March 2017. The 2013, 2014 and 2015 cost reports are in the audit process. The 2016 cost report was filed in February 2017 and amended in March 2017.

During fiscal year 2016, USA Children's & Women's Hospital's 2012 cost report was reopened and resettled. The 2013 cost report was settled in October 2015 and re-opened in August 2016 per our request. The 2013, 2014 and 2015 cost reports are in the audit process. The 2016 cost report was filed in February 2017. During fiscal year 2017, an audit commenced to review the Graduate Medical Education unweighted full-time equivalent student counts for 2007, 2008 and 2009.

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

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

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

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

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

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

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

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

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

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

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

Risks Associated with this Transaction

Interest rate risk. As the LIBOR rate decreases, the net payment on the swap increases. This, however, is mitigated by the fact that a decline in the LIBOR rate will also result in a decrease of the University's interest payment on the Series 2014-A and 2016-B, C & D bonds. The University's exposure is limited to 0.48% and a weighted average of 0.79% of the notional amounts of the 2014-A and the 2016-B, C & D bonds, respectively.

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

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

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 form 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 statue. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS are required by statue 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.

Employees of HCM 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 HCM up to 5% of compensation.

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

Compensated Absences

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

Other Postretirement Employee Benefits

In 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. The University is 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

As more fully described in Note 1, the University, SAMSF and HCM participate in the PLTF and the University, SAMSF, RTC and HCM participate in the GLTF. Both funds are administered by an independent trustee. These trust funds are revocable and use contributions by the University and HCM, 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 and HCM in proportion to contributions made.

Claims and expenses are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. These liabilities are generally based on actuarial valuations and are reported at their present value.

The University and HCM participate in a self-insured health plan, administered by an unaffiliated entity. Contributions by the University and HCM 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

South Alabama Medical Science Foundation

The South Alabama Medical Science Foundation 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.

Gulf Coast Regional Care Organization

The Gulf Coast Regional Care Organization is a not-for-profit corporation that exists for the purpose of creating and operating a risk-based, community-led network to coordinate the health care of Medicaid patients in a seven-county region of southwest Alabama.

14. Commitments and Contingencies

Grants and Contracts

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

Letters of Credit

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

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

HCM Commitment

In September 2016, HCM entered into a commitment to the RCO. The commitment is to contribute cash or other assets to the RCO only upon the execution of a contract between the RCO and the Alabama Medicaid Agency to provide medical services to Medicaid patients on a capitated basis. As of the current date, that contract has not been executed, nor is it anticipated that it will be executed in the immediate future. The amount of the commitment is $6,644,000. No funds are currently advanced under this commitment.

Federal Program Review

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

Rent Supplement Agreement

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

State Bond Issue

The State of Alabama periodically makes allocations to the University from bonds issued by the State. 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 are incurred and approved by the State. There are currently no such funds available to the University.

15. Significant New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 changes accounting and financial reporting for entities which participate in plans providing postemployment benefits other than pensions and will be effective for the University's year ending September 30, 2018. In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose specific information about the agreements. This statement will be effective for the University beginning with the fiscal year ending September 30, 2017. In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement amends Statement No. 68 to exclude pensions that are not governmental pension plans and establishes requirements for the recognition and measurement of non-governmental pension plans that are offered to government employees. Also in December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial statement purposes. Both statements No. 78 and 79 will be effective for the University beginning with the fiscal year ending September 30, 2017.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*. This statement will be effective for the University of South Alabama 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 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. In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This statement will be effective for the University beginning with the fiscal year ending September 30, 2019. Statement 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for ARO's. The GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. This statement will be effective for the University beginning with the fiscal year ending September 30, 2020.

Statement 84 addresses the criteria for identifying fiduciary activities of all state and local governments. In March 2017 the GASB issued Statement No. 85, *Omnibus 2017*, which will be effective for the University beginning with the fiscal year ending September 30, 2018. The objective is to ensure consistency in the application of accounting and financial reporting requirements related to various topics, including blending component units, goodwill, fair value measurement and application, and postemployment benefits. The GASB issued Statement No. 86, *Certain Debt Extinguishment Issues,* in May 2017. This statement will be effective for the University beginning with the fiscal year ending September 30, 2018. Statement 86 addresses financial reporting for in-substance defeasance of debt and prepaid insurance on debt that is extinguished. In June 2017 the GASB issued Statement No. 87, *Leases,* which will be effective for the University beginning with the fiscal year ending September 30, 2021. This statement establishes a single model for lease accounting whereby certain leases that were previously classified as operating leases will now be reported on the statement of net position.

The effect of the implementation of GASB Statements Nos. 75, 80, 81, 82, 84, 85, 86 and 87 on the University has not yet been determined.

Statement Nos. 77, 78, 79 and 83 will not have an impact on the University's financial statements.

RESOLUTION

UNIVERSITY TOTAL BUDGET FOR 2017-2018

BE IT RESOLVED, the University of South Alabama Board of Trustees approves the 2017-2018 University of South Alabama Budget, and

BE IT FURTHER RESOLVED, the University of South Alabama Board of Trustees approves the 2017-2018 Budget as a continuation budget for 2018-2019 in order to be in compliance with bond trust indenture requirements if the budget process cannot be completed prior to beginning the 2018-2019 fiscal year.

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM
Finance and Administration

Date:
August 31, 2017

To:
President Tony G. Waldrop

From:
G. Scott Weldon GSW

Subject:
Resolution – University Budget for 2017-2018

Attached is the Resolution for the University Total Budget for 2017-2018. With your approval, we will place this item on the agenda for the September 8, 2017, Board of Trustees meeting.

GSW/cbm

Attachment

UNIVERSITY OF SOUTH ALABAMA
BUDGET
2017-2018

INDEX

UNIVERSITY OF SOUTH ALABAMA
2017-2018 BUDGET SUMMARY
TOTAL CURRENT FUNDS

	2017-2018 BUDGET			
	UNRESTRICTED	RESTRICTED	TOTAL	2016-2017 BUDGET
REVENUES:				
TUITION AND FEES	$ 167,764,277	$	$ 167,764,277	$ 162,229,277
STATE APPROPRIATIONS	107,284,718		107,284,718	107,284,718
FEDERAL GRANTS AND CONTRACTS	3,025,000	35,400,000	38,425,000	40,110,832
STATE AND LOCAL GRANTS AND CONTRACTS	509,924	6,500,000	7,009,924	7,403,938
PRIVATE GIFTS, GRANTS AND CONTRACTS	10,660,000	6,200,000	16,860,000	18,433,100
MOBILE RACING COMMISSION	10,000		10,000	25,000
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	7,441,750		7,441,750	8,677,750
USA HEALTH	531,848,359		531,848,359	491,136,075
MITCHELL CANCER INSTITUTE	17,775,126		17,775,126	21,034,461
AUXILIARY ENTERPRISES	30,614,429		30,614,429	29,054,025
OTHER SOURCES	7,271,283	6,000,000	13,271,283	13,370,467
TOTAL REVENUES	884,204,866	54,100,000	938,304,866	898,759,643
EXPENDITURES AND MANDATORY TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	110,684,027	8,400,000	119,084,027	121,731,942
RESEARCH	6,111,658	14,000,000	20,111,658	17,655,174
PUBLIC SERVICE	8,896,639	5,400,000	14,296,639	17,694,064
ACADEMIC SUPPORT	29,019,887		29,019,887	25,441,401
STUDENT SERVICES	32,018,941	1,000,000	33,018,941	32,350,211
INSTITUTIONAL SUPPORT	25,832,304		25,832,304	25,384,638
OPERATION AND MAINTENANCE OF PLANT	31,090,533		31,090,533	31,817,457
SCHOLARSHIPS	22,782,367	26,500,000	49,282,367	48,950,867
EDUCATIONAL AND GENERAL EXPENDITURES	266,436,356	55,300,000	321,736,356	321,025,754
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	21,632,949		21,632,949	19,535,337
LOAN FUND MATCHING GRANTS	150,000		150,000	150,000
TOTAL EDUCATIONAL AND GENERAL	288,219,305	55,300,000	343,519,305	340,711,091
USA HEALTH (INCLUDING DEBT SERVICE OF $9,294,106):	534,745,615		534,745,615	499,918,904
MITCHELL CANCER INSTITUTE (INCLUDING DEBT SERVICE OF $1,913,632):	25,771,965		25,771,965	26,896,503
AUXILIARY ENTERPRISES:				
EXPENDITURES	25,323,338		25,323,338	24,036,659
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	4,806,860		4,806,860	4,488,061
TOTAL AUXILIARY ENTERPRISES	30,130,198		30,130,198	28,524,720
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	878,867,083	55,300,000	934,167,083	896,051,218
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):				
RENEWALS AND REPLACEMENTS	(10,158,710)		(10,158,710)	(10,400,305)
OTHER TRANSFERS	3,284,594	1,200,000	4,484,594	7,691,880
NET INCREASE (DECREASE) IN FUND BALANCES	$ (1,536,333)	$ 0	$ (1,536,333)	$ 0

UNIVERSITY OF SOUTH ALABAMA
2017-2018 BUDGET SUMMARY
UNRESTRICTED CURRENT FUNDS

	OPERATIONS AND MAINTENANCE	COLLEGE OF MEDICINE	USA HEALTH	MITCHELL CANCER INSTITUTE	AUXILIARY ENTERPRISES	2017-2018 BUDGET	2016-2017 BUDGET
REVENUES:							
TUITION AND FEES	$ 155,643,277	$ 12,121,000	$	$	$	$ 167,764,277	$ 162,229,277
STATE APPROPRIATIONS	65,335,214	27,972,031	8,977,473	5,000,000		107,284,718	107,284,718
FEDERAL GRANTS AND CONTRACTS	925,000	2,100,000				3,025,000	3,810,832
STATE AND LOCAL GRANTS AND CONTRACTS	315,000	194,924				509,924	503,938
PRIVATE GIFTS, GRANTS AND CONTRACTS	3,610,000	7,050,000				10,660,000	9,833,100
MOBILE RACING COMMISSION		10,000				10,000	25,000
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	7,441,750					7,441,750	8,677,750
USA HEALTH			531,848,359			531,848,359	491,136,075
MITCHELL CANCER INSTITUTE				17,775,126		17,775,126	21,034,461
AUXILIARY ENTERPRISES - SALES AND SERVICES					30,614,429	30,614,429	29,054,025
OTHER SOURCES	5,721,283	1,550,000				7,271,283	7,770,467
TOTAL REVENUES	238,991,524	50,997,955	540,825,832	22,775,126	30,614,429	884,204,866	841,359,643
EDUCATIONAL AND GENERAL:							
INSTRUCTION	84,054,749	26,629,278				110,684,027	110,931,942
RESEARCH	2,951,658	3,160,000				6,111,658	5,555,174
PUBLIC SERVICE	3,000,000	5,896,639				8,896,639	9,094,064
ACADEMIC SUPPORT	24,812,437	4,207,450				29,019,887	25,441,401
STUDENT SERVICES	30,170,006	1,848,935				32,018,941	31,350,211
INSTITUTIONAL SUPPORT	22,570,772	3,261,532				25,832,304	25,384,638
OPERATION AND MAINTENANCE OF PLANT	26,674,355	4,416,178				31,090,533	31,817,457
SCHOLARSHIPS	21,614,867	1,167,500				22,782,367	21,950,867
EDUCATIONAL AND GENERAL EXPENDITURES	215,848,844	50,587,512				266,436,356	261,525,754
MANDATORY TRANSFERS FOR:							
PRINCIPAL AND INTEREST	21,232,506	400,443				21,632,949	19,535,337
LOAN FUND MATCHING GRANTS	150,000					150,000	150,000
TOTAL EDUCATIONAL AND GENERAL	237,231,350	50,987,955				288,219,305	281,211,091
USA HEALTH:							
EXPENDITURES AND MANDATORY TRANSFERS			534,745,615			534,745,615	499,918,904
MITCHELL CANCER INSTITUTE:							
EXPENDITURES AND MANDATORY TRANSFERS				25,771,965		25,771,965	26,896,503
AUXILIARY ENTERPRISES:							
EXPENDITURES					25,323,338	25,323,338	24,036,659
MANDATORY TRANSFERS FOR PRINCIPAL AND INTEREST					4,806,860	4,806,860	4,488,061
TOTAL AUXILIARY ENTERPRISES					30,130,198	30,130,198	28,524,720
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	237,231,350	50,987,955	534,745,615	25,771,965	30,130,198	878,867,083	836,551,218
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):							
RENEWALS AND REPLACEMENTS	(4,100,000)		(5,574,479)		(484,231)	(10,158,710)	(10,400,305)
OTHER TRANSFERS	803,493	(10,000)	(505,738)	2,996,839		3,284,594	5,591,880
NET INCREASE (DECREASE) IN FUND BALANCES	$ (1,536,333)	$ 0	$ 0	$ 0	$ 0	$ (1,536,333)	$ 0

UNIVERSITY OF SOUTH ALABAMA
2017-2018 BUDGET SUMMARY
RESTRICTED CURRENT FUNDS

	OPERATIONS AND MAINTENANCE	COLLEGE OF MEDICINE	MITCHELL CANCER INSTITUTE	2017-2018 BUDGET	2016-2017 BUDGET
REVENUES:					
FEDERAL GRANTS AND CONTRACTS	$ 26,800,000	$ 5,400,000	$ 3,200,000	$ 35,400,000	$ 36,300,000
STATE AND LOCAL GRANTS AND CONTRACTS	4,900,000	1,500,000	100,000	6,500,000	6,900,000
PRIVATE GIFTS, GRANTS AND CONTRACTS	4,800,000	1,200,000	200,000	6,200,000	8,600,000
OTHER	4,500,000	1,300,000	200,000	6,000,000	5,600,000
TOTAL REVENUES	41,000,000	9,400,000	3,700,000	54,100,000	57,400,000
EXPENDITURES:					
EDUCATIONAL AND GENERAL:					
INSTRUCTION	6,500,000	1,600,000	300,000	8,400,000	10,800,000
RESEARCH	4,700,000	5,600,000	3,700,000	14,000,000	12,100,000
PUBLIC SERVICE	3,200,000	2,200,000		5,400,000	8,600,000
STUDENT SERVICES	1,000,000			1,000,000	1,000,000
SCHOLARSHIPS	26,000,000	500,000		26,500,000	27,000,000
TOTAL EXPENDITURES	41,400,000	9,900,000	4,000,000	55,300,000	59,500,000
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):					
OTHER TRANSFERS	400,000	500,000	300,000	1,200,000	2,100,000
NET INCREASE (DECREASE) IN FUND BALANCES	$ 0	$ 0	$ 0	$ 0	$ 0

UNIVERSITY OF SOUTH ALABAMA
OPERATIONS AND MAINTENANCE
2017-2018 BUDGET
UNRESTRICTED CURRENT FUNDS

	2017-2018 BUDGET	2016-2017 BUDGET
REVENUES:		
TUITION AND FEES	$ 155,643,277	$ 149,897,277
ALLOCATION OF STATE APPROPRIATIONS	65,335,214	65,335,214
FEDERAL GRANTS AND CONTRACTS	925,000	910,832
STATE GRANTS AND CONTRACTS	315,000	316,349
PRIVATE GIFTS, GRANTS AND CONTRACTS	3,610,000	2,783,100
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	7,441,750	8,677,750
OTHER SOURCES	5,721,283	6,220,467
TOTAL REVENUES	238,991,524	234,140,989
EXPENDITURES AND MANDATORY TRANSFERS:		
EDUCATIONAL AND GENERAL:		
INSTRUCTION	84,054,749	84,827,286
RESEARCH	2,951,658	3,345,174
PUBLIC SERVICE	3,000,000	3,100,000
ACADEMIC SUPPORT	24,812,437	20,012,823
STUDENT SERVICES	30,170,006	29,346,069
INSTITUTIONAL SUPPORT	22,570,772	22,324,838
OPERATION AND MAINTENANCE OF PLANT	26,674,355	25,882,520
SCHOLARSHIPS	21,614,867	20,795,867
EDUCATIONAL AND GENERAL EXPENDITURES	215,848,844	209,634,577
MANDATORY TRANSFERS:		
PRINCIPAL AND INTEREST	21,232,506	19,134,894
LOAN FUND MATCHING GRANTS	150,000	150,000
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	237,231,350	228,919,471
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):		
OTHER TRANSFERS	803,493	(1,121,518)
RENEWALS AND REPLACEMENTS	(4,100,000)	(4,100,000)
NET INCREASE (DECREASE) IN FUND BALANCES	$ (1,536,333)	$ 0

UNIVERSITY OF SOUTH ALABAMA
COLLEGE OF MEDICINE
2017-2018 BUDGET
UNRESTRICTED CURRENT FUNDS

	2017-2018 BUDGET	2016-2017 BUDGET
REVENUES:		
TUITION AND FEES	$ 12,121,000	$ 12,332,000
ALLOCATION OF STATE APPROPRIATIONS	27,972,031	27,972,031
FEDERAL GRANTS AND CONTRACTS	2,100,000	2,900,000
STATE GRANTS AND CONTRACTS	194,924	187,589
PRIVATE GIFTS, GRANTS AND CONTRACTS	7,050,000	7,050,000
MOBILE RACING COMMISSION	10,000	25,000
OTHER SOURCES	1,550,000	1,550,000
TOTAL REVENUES	50,997,955	52,016,620
EXPENDITURES AND MANDATORY TRANSFERS:		
EDUCATIONAL AND GENERAL:		
INSTRUCTION	26,629,278	26,104,656
RESEARCH	3,160,000	2,210,000
PUBLIC SERVICE	5,896,639	5,994,064
ACADEMIC SUPPORT	4,207,450	5,428,578
STUDENT SERVICES	1,848,935	2,004,142
INSTITUTIONAL SUPPORT	3,261,532	3,059,800
OPERATION AND MAINTENANCE OF PLANT	4,416,178	5,934,937
SCHOLARSHIPS	1,167,500	1,155,000
EDUCATIONAL AND GENERAL EXPENDITURES	50,587,512	51,891,177
MANDATORY TRANSFERS:		
PRINCIPAL AND INTEREST	400,443	400,443
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	50,987,955	52,291,620
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):		
OTHER TRANSFERS	(10,000)	275,000
NET INCREASE (DECREASE) IN FUND BALANCES	$ 0	$ 0

UNIVERSITY OF SOUTH ALABAMA
USA HEALTH
2017-2018 BUDGET
UNRESTRICTED CURRENT FUNDS

	2017-2018 BUDGET	2016-2017 BUDGET
REVENUES:		
GROSS PATIENT REVENUES	$ 865,460,061	$ 780,420,154
CONTRACTUAL ADJUSTMENTS	376,286,463	343,402,626
OTHER ADJUSTMENTS	3,896,961	(3,748,470)
TOTAL DEDUCTIONS FROM REVENUES	380,183,424	339,654,156
NET PATIENT REVENUES	485,276,637	440,765,998
ALLOCATION OF STATE APPROPRIATIONS	8,977,473	8,977,473
MOBILE COUNTY HOSPITAL BOARD	16,400,000	15,700,000
MOBILE COUNTY INDIGENT CARE BOARD	326,583	533,004
MEDICAID DISPROPORTIONATE SHARE	21,336,209	19,485,288
OTHER REVENUES	8,508,930	14,651,785
TOTAL REVENUES	540,825,832	500,113,548
EXPENDITURES AND MANDATORY TRANSFERS:		
EXPENDITURES:		
NURSING SERVICES	111,702,744	110,028,122
PROFESSIONAL SERVICES	120,687,696	108,423,040
GENERAL DIVISION	23,453,024	23,635,334
ADMINISTRATIVE DIVISION	74,030,091	70,122,527
MEDICAL EDUCATION	19,434,961	19,766,677
AMBULATORY CLINICS	82,304,107	74,913,492
PROVISION FOR UNCOLLECTIBLE ACCOUNTS (NET OF RECOVERIES)	93,838,886	86,919,547
TOTAL EXPENDITURES	525,451,509	493,808,739
MANDATORY TRANSFERS FOR:		
PRINCIPAL AND INTEREST	9,294,106	6,110,165
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	534,745,615	499,918,904
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):		
RENEWALS AND REPLACEMENTS	(5,574,479)	(5,771,000)
OTHER TRANSFERS	(505,738)	5,576,356
NET INCREASE (DECREASE) IN FUND BALANCES	$ 0	$ 0

UNIVERSITY OF SOUTH ALABAMA
MITCHELL CANCER INSTITUTE
2017-2018 BUDGET
UNRESTRICTED CURRENT FUNDS

	2017-2018 BUDGET	2016-2017 BUDGET
REVENUES:		
GROSS PATIENT REVENUES	$ 30,189,049	$ 31,849,606
ALLOCATION OF STATE APPROPRIATIONS	5,000,000	5,000,000
OTHER REVENUES	3,289,404	4,029,639
TOTAL REVENUES	38,478,453	40,879,245
LESS: CONTRACTUAL ADJUSTMENTS	15,703,327	14,844,784
NET REVENUES	22,775,126	26,034,461
EXPENDITURES AND MANDATORY TRANSFERS:		
EXPENDITURES:		
PROFESSIONAL SERVICES	7,721,831	8,723,818
ADMINISTRATIVE DIVISION	15,487,930	15,529,139
PROVISION FOR UNCOLLECTIBLE ACCOUNTS (NET OF RECOVERIES)	648,572	1,503,346
TOTAL EXPENDITURES	23,858,333	25,756,303
MANDATORY TRANSFERS:		
PRINCIPAL AND INTEREST	1,913,632	1,140,200
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	25,771,965	26,896,503
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):		
OTHER TRANSFERS	2,996,839	862,042
NET INCREASE (DECREASE) IN FUND BALANCES	$ 0	$ 0

UNIVERSITY OF SOUTH ALABAMA
AUXILIARY ENTERPRISES
2017-2018 BUDGET
UNRESTRICTED CURRENT FUNDS

	HOUSING	FOOD SERVICES	BOOKSTORE	PUBLICATIONS	2017-2018 BUDGET	2016-2017 BUDGET
REVENUES:						
RENTAL INCOME	$ 10,414,368	$	$	$	$ 10,414,368	$ 9,943,936
SALES			9,912,000	1,542,525	11,454,525	10,667,000
COMMISSION INCOME		8,262,594			8,262,594	7,928,249
OTHER INCOME	270,442	130,000	80,000	2,500	482,942	514,840
TOTAL REVENUES	10,684,810	8,392,594	9,992,000	1,545,025	30,614,429	29,054,025
LESS: COST OF GOODS SOLD			7,657,064		7,657,064	8,028,757
NET REVENUES	10,684,810	8,392,594	2,334,936	1,545,025	22,957,365	21,025,268
EXPENDITURES:						
SALARIES AND WAGES	1,780,178	54,945	874,000		2,709,123	2,674,506
EMPLOYEE BENEFITS	357,231	21,978	254,565		633,774	671,125
OTHER EXPENDITURES	4,327,949	7,699,926	915,839	1,379,663	14,323,377	12,662,271
TOTAL EXPENDITURES	6,465,358	7,776,849	2,044,404	1,379,663	17,666,274	16,007,902
NET OPERATING INCOME	4,219,452	615,745	290,532	165,362	5,291,091	5,017,366
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):						
MANDATORY TRANSFERS:						
PRINCIPAL AND INTEREST	(4,065,643)	(450,685)	(290,532)		(4,806,860)	(4,488,061)
NON-MANDATORY TRANSFERS:						
RENEWALS AND REPLACEMENTS	(153,809)	(165,060)		(165,362)	(484,231)	(529,305)
TOTAL TRANSFERS	(4,219,452)	(615,745)	(290,532)	(165,362)	(5,291,091)	(5,017,366)
NET INCREASE (DECREASE) IN FUND BALANCES	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

UNIVERSITY OF SOUTH ALABAMA
STATE APPROPRIATIONS
EDUCATION TRUST FUND

2017-2018	2016-2017
$ 107,284,718	$ 107,284,718

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

LONG-RANGE PLANNING COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

LONG-RANGE PLANNING COMMITTEE

June 1, 2017
2:46 p.m.

A meeting of the Long-Range Planning Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Mike Windom, Chair, on Thursday, June 1, 2017, at 2:46 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Chandra Brown Stewart, Ron Jenkins, Bettye Maye, Jimmy Shumock and Mike Windom.
Other Trustees:	Alexis Atkins, Scott Charlton, Tom Corcoran, Bettye Maye, Ken Simon, and Jim Yance.
Administration and Others:	Owen Bailey, Lynne Chronister, Angela Coleman, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Mike Haskins, David Johnson, John Marymont, John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Windom called for consideration of the minutes of the meeting held on May 1, 2017. On motion by Mr. Shumock, seconded by Ms. Maye, the minutes were adopted unanimously.

As to **ITEM 19**, a resolution to approve the 2017 Campus Master Plan (Plan), covering the period 2017 to 2027, and authorizing the President to use the Plan as a general guide for the maintenance and future growth of the campus, Mr. Windom called for remarks from Mr. Weldon and Dr. Angela Coleman, Associate Vice President for Institutional Effectiveness (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on June 2, 2017). Mr. Weldon said, at the meeting on May 1, the Committee took time for a thorough review of a draft of the Plan and was given the opportunity to provide input. He noted the draft had since been finalized and he directed attention to a copy in the meeting materials. Dr. Coleman shared insight on the year-long process to develop the Plan, which involved the work of many individuals campus-wide. She advised that a master plan document, together with proactive management of the University's physical facilities, is necessary to demonstrate standards fulfilled as part of the fifth-year accreditation review South would submit to the SACSCoC (Southern Association of Colleges and Schools Commission on Colleges) in March 2019. She added that work to finalize the 2017 Scorecard was continuing and presentation would be at a future meeting. On motion by Mr. Shumock, seconded by Ms. Maye, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

There being no further business, the meeting was adjourned at 2:57 p.m.

Respectfully submitted:

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Michael P. Windom, Chair

University of South Alabama -- Scorecard 2017

Metric		Baseline	2017 Data	2018 Data	2019 Data	2020 Data	2021 Target	Progress
Student Success and Access	One (1) Year FTFT* Undergraduate Retention Rate (FactBook 2015-2016/FactBook 2016-2017)	73% 2014 Cohort	73% 2015 Cohort	78% 2016 Cohort			81%	↑
	Six (6) Year FTFT Graduation Rate (FactBook 2015-2016/FactBook 2016-2017)	35% 2009 Cohort	38% 2010 Cohort				45%	↑
	One (1) Year FTFT Undergraduate Retention Rate for Pell Eligible Students (FactBook 2015-2016/FactBook 2016-2017)	71% 2014 Cohort	69% 2015 Cohort				81%	↓
	Student/Faculty Ratio (Common Data Set 2015-2016/Common Data Set 2016-2017)	20:1 Fall 2015	20:1 Fall 2016				20:1	★
	Percent of disciplines where USA scores above national average on license/exit tests**	85%	92%				90%	★

* FTFT= First Time Full Time Undergraduates

** Includes: Social Work, Audiology, Cardiorespiratory Care, Occupational Therapy, Paramedic, Physical Therapy, Physician Assistant Studies, Speech Pathology, Medicine, Business, and Nursing (Accelerated and Traditional tracks).

Research and Graduate Education	Number of awards received from external agencies	283 FY 2015	300 FY 2016				336	↑
	Number of students funded from external grants, gifts, or contracts	AY 2015	AY 2016					↓
	- Undergraduate	208	185				251	
	- Graduate	101	99				121	
	Percentage of South Alabama projects involved in multidisciplinary sponsored research across college and department lines	6% FY 2015	13% FY 2016				15%	↑
	Develop a new graduate degree program biennially- (FactBook 2015-2016-baseline FactBook 2016-2017- added *Sport Management)	47 Fall 2015	48 Fall 2016				49	↑
	Average of peer-reviewed publications, books, and juried works to full, associate, and assistant professors in the Humanities and Arts (*English, History, Modern and Classical Languages & Literature, Music, Philosophy, Theatre & Dance, and Visual Arts)	1.75 2015 Annual Report	3.28* 2016 Annual Report				3.4	↑

*We have adjusted the definition of juried works in 2017.

University-Community	Number of unique service-learning courses	83 AY 2015	51 AY 2016				91	↓
	Attendance at Music and Theater Events at the Laidlaw Performing Arts Center	9,818 AY 2015	8,987 AY 2016				10,482	↓
	Attendance at Athletic Events	200,505 AY 2015	210,159 AY 2016				262,500	↑

University of South Alabama -- Scorecard 2017

Metric		Baseline	2017 Data	2018 Data	2019 Data	2020 Data	2021 Target	Progress
Global Engagement	The number of new non-resident international students enrolled (FactBook 2015-2016/FactBook 2016-2017)	71 Fall 2017	N/A Global USA began Spring 2017				300 Fall 2020	
	The number of countries and average number of non-resident international students per country (FactBook 2015-2016/FactBook 2016-2017)	Fall 2017	N/A Global USA began Spring 2017				Fall 2020	
	-Countries	25					60	
	-Average number of students	3					16	
	Number of students earning the global engagement certificate (established Fall 2017)	NA	N/A begins Fall 2017				5	
	Percentage of students participating in study abroad programs	1.58% AY 2015	1.95% AY 2016				3%	
	Number of formal active collaborations with foreign universities as indicated by faculty/ student exchanges or research/scholarly collaborations	10 2015	18 2016				21	

Excellence in Healthcare	Eight (8) indicators of the standardized infection rate are at or below target	5 at or below	6 at or below				8 at or below	
	80% of patients are willing to recommend facility or providers							
	Children's and Women's	85%	93%				85%	
	Medical Center*	77%	73%				80%	
	USA Physicians Group	94%	94%				95%	
	Mitchell Cancer Institute	96%	96%				97%	
	USA Medical Center-Value Based Purchasing - Achieve neutral or financial gain	Gain	Gain				Neutral/ Gain	

*Only entity in the Health System that is nationally benchmarked and restricted to Medicare- required survey questions.

Progress Icon Key

Met Target | On track to meet target | No Change | Losing ground

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

COMMITTEE OF THE WHOLE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

COMMITTEE OF THE WHOLE

June 1, 2017
2:57 p.m.

A meeting of the Committee of the Whole of the University of South Alabama Board of Trustees was duly convened by Judge Kenneth O. Simon, Chair *pro tempore*, on Thursday, June 1, 2017, at 2:57 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Alexis Atkins, Chandra Brown Stewart, Scott Charlton, Tom Corcoran, Steve Furr, Ron Jenkins, Bettye Maye, Jimmy Shumock, Ken Simon, Mike Windom and Jim Yance.
Members Absent:	Kay Ivey, Arlene Mitchell, Bryant Mixon, John Peek and Steve Stokes.
Administration and Others:	Owen Bailey, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Mike Haskins, David Johnson, John Marymont, John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Chairman Simon called for consideration of **ITEM 20**, a resolution expressing the Board's gratitude to Mobile Mayor Sandy Stimpson for advancing the interests of the University and its constituencies as a member of the Board of Trustees (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on June 2, 2017). On motion by Mr. Corcoran, seconded by Ms. Maye, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Chairman Simon called for consideration of the minutes of the Budget and Finance Committee meeting held on March 2, 2017. (Due to the lack of a quorum of the members of the Budget and Finance Committee on June 1, budget and finance items requiring action were suspended to the Committee of the Whole for approval). On motion by Mr. Corcoran, seconded by Mr. Shumock, the minutes were adopted unanimously.

Chairman Simon stated an executive session of the Committee of the Whole was needed for an approximate duration of 15 minutes for the purpose of discussing preliminary negotiations in trade competition, **ITEM 21**. He added, as per the provisions of the Alabama Open Meetings Act, Ms. Tucker, Senior University Attorney, had submitted the required written declaration for the minutes. On motion by Mr. Yance, seconded by Mr. Shumock, the Committee voted unanimously at 3:01 p.m. to convene an executive session, as recorded below:

AYES:
Ms. Atkins
Ms. Brown Stewart
Dr. Charlton
Mr. Corcoran
Dr. Furr
Capt. Jenkins
Ms. Maye
Mr. Shumock
Judge Simon
Mr. Windom
Mr. Yance

Following the executive session and there being no further business, the meeting was adjourned at 3:55 p.m.

Respectfully submitted:

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Kenneth O. Simon, Chair *pro tempore*

RESOLUTION

COMMENDATION OF MS. BETTYE R. MAYE

WHEREAS, Ms. Bettye R. Maye was appointed to the Board of Trustees of the University of South Alabama in 1993, and

WHEREAS, during her 24-year tenure as a member of the Board, Ms. Maye was a valuable member of numerous Board committees, including the Academic and Student Affairs Committee, as its chair; Executive Committee, as its secretary; Health Affairs Committee; Long-Range Planning Committee; and Budget and Finance Committee, and

WHEREAS, Ms. Maye, a longtime champion for education, has been an advocate for South in Sumter County and across West Alabama; faithful in her attendance of Board functions; and instrumental in her support for initiatives that have led to increased academic standards and enrollment, rising retention rates, and significant campus growth, and

WHEREAS, Ms. Maye supported and generously donated resources to the USA Board of Trustees Endowed Scholarship Fund, and

WHEREAS, Ms. Maye has served the University with distinction, graciously contributing her time, energy, wisdom and guidance to the growth and development of higher education in the state of Alabama and region, and to the students, alumni, faculty and administration of the University of South Alabama,

NOW, THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees expresses its deep appreciation and gratitude to Ms. Bettye R. Maye for her devotion, service and commitment to advancing the interests of the Institution and its constituencies, and

BE IT FURTHER RESOLVED that the Board of Trustees bestows upon Ms. Maye the title of Trustee *Emeritus*.

RESOLUTION

COMMENDATION OF MR. JOHN M. PEEK

WHEREAS, Mr. John M. Peek was appointed to the Board of Trustees of the University of South Alabama in 2006, and

WHEREAS, during his 11-year tenure as a member of the Board, Mr. Peek played a key role on numerous Board committees, including the Audit Committee, as its chair; Executive Committee; Academic and Student Affairs Committee; Health Affairs Committee; Long-Range Planning Committee; and Evaluation and Compensation Committee, and

WHEREAS, Mr. Peek has been an advocate for South in enrollment efforts in Covington County; has been resolute in ensuring responsible and sound fiscal practices; and has backed Board initiatives that have resulted in increased academic standards and enrollment, and in the construction and renovation of campus and health care facilities, and

WHEREAS, Mr. Peek supported and generously donated resources to the USA Board of Trustees Endowed Scholarship Fund and other philanthropic efforts to strengthen scholarships and Jaguar Athletics programs, and

WHEREAS, Mr. Peek has a special connection to the University, both as a 1987 graduate and, along with his wife Barbara, as a proud parent of three sons who attend South, and

WHEREAS, Mr. Peek has served the University with distinction, graciously contributing his time, energy, wisdom and guidance to the growth and development of higher education in the state of Alabama and region, and to the students, alumni, faculty and administration of the University of South Alabama,

NOW, THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees expresses its deep appreciation and gratitude to Mr. John Peek for his devotion, service and commitment to advancing the interests of the Institution and its constituencies, and

BE IT FURTHER RESOLVED that the Board of Trustees bestows upon Mr. Peek the title of Trustee *Emeritus*.

RESOLUTION

COMMENDATION OF THE HONORABLE BRYANT MIXON

WHEREAS, the Honorable Bryant Mixon was appointed to the Board of Trustees of the University of South Alabama in 2001, and

WHEREAS, during his 16-year tenure as a member of the Board, Sheriff Mixon served on, and thoughtfully contributed to, numerous Board committees, including the Academic and Student Affairs Committee; Audit Committee; Budget and Finance Committee; and Long-Range Planning Committee, and

WHEREAS, Sheriff Mixon has been an advocate for the University across the Wiregrass; has supported planning and budget policies that resulted in the growth of both the student body and campus facilities; and, as a longtime sheriff of Dale County, has been a proponent of ensuring proper campus security plans, and

WHEREAS, Sheriff Mixon supported and generously donated resources to the USA Board of Trustees Endowed Scholarship Fund and health care initiatives of the University, and

WHEREAS, Sheriff Mixon has served the University with distinction, graciously contributing his time, energy, wisdom and guidance to the growth and development of higher education in the state of Alabama and region, and to the students, alumni, faculty and administration of the University of South Alabama,

NOW, THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees expresses its deep appreciation and gratitude to the Honorable Bryant Mixon for his devotion, service and commitment to advancing the interests of the Institution and its constituencies, and

BE IT FURTHER RESOLVED that the Board of Trustees bestows upon Sheriff Mixon the title of Trustee *Emeritus*.