

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

FREDERICK P. WHIDDON ADMINISTRATION BUILDING
SUITE 130, BOARD ROOM

MARCH 1, 2018
1:30 P.M.

* *Revision*

AUDIT COMMITTEE Jimmy Shumock, Chair

- Roll Call
- Approve: [Minutes](#)
- 6 Report: [KPMG Report on USA Intercollegiate Athletics, Year Ended September 30, 2017](#)
- 7 Report: [Alabama Department of Examiners of Public Accounts Compliance Report, Year Ended September 30, 2016](#)

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE Jim Yance, Chair

- Roll Call
- Approve: [Minutes](#)
- 8 Report: [Endowment and Investment Performance](#)
- 9 Report: [Development and Alumni Relations](#)
- 10 Recommendation to Approve: [Director of the Jaguar Athletic Fund, Inc.](#)
- 11 Recommendation to Approve: [Naming of the Trauma Center at the University of South Alabama Medical Center](#)

HEALTH AFFAIRS COMMITTEE Steve Furr, Chair

- Roll Call
- Approve: [Minutes](#)
- 12 Recommendation to Approve: [USA Hospitals Medical Staff Credentials for November and December 2017, and January 2018](#)
- 13 Recommendation to Approve: [Cooke-Scott Scholarships - College of Medicine](#)
- 14 Report: [USA Health and College of Medicine](#)

ACADEMIC AND STUDENT AFFAIRS COMMITTEE Steve Furr, Vice Chair

- Roll Call
- Approve: [Minutes](#)
- 15 Report: [Academic Affairs](#)
- 16 Report: [Student Affairs](#)
- 17 Report: [Annual Review of Research Activity](#)

BUDGET AND FINANCE COMMITTEE Tom Corcoran, Chair

- Roll Call
- * Approve: [Revised Agenda](#)
- Approve: [Minutes](#)
- 18 Report: [Quarterly Financial Statements, Three Months Ended December 31, 2017](#)
- * 19 Recommendation to Approve: [Directors of the USA Foundation for Research and Commercialization](#)
- 20 Recommendation to Approve: [Authorization of President to Execute Contract for Construction of Simulation Bldg.](#)
- * ~~21 Recommendation to Approve: [Amended Bylaws of the University of South Alabama Health Care Authority](#)~~
- * ~~22 Recommendation to Approve: [Indebtedness of the University of South Alabama Health Care Authority](#)~~

EVALUATION AND COMPENSATION COMMITTEE Mike Windom, Chair

- Roll Call
- 23 Report: [Evaluation of the University President](#)

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

- ~~Roll Call~~
- ~~Approve: [Minutes](#)~~
- ~~24 Approve: [Executive Session](#)~~

BOARD OF TRUSTEES

MARCH 2, 2018
10:30 A.M.

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

CONSENT AGENDA

- 10 Approve: [Director of the Jaguar Athletic Fund, Inc.](#)
- 12 Approve: [USA Hospitals Medical Staff Credentials for November and December 2017, and January 2018](#)
- 13 Approve: [Cooke-Scott Scholarships - College of Medicine](#)
- * 19 Approve: [Directors of the USA Foundation for Research and Commercialization](#)

AUDIT COMMITTEE Jimmy Shumock, Chair

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE Jim Yance, Chair

- 11 Approve: [Naming of the Trauma Center at the University of South Alabama Medical Center](#)

HEALTH AFFAIRS COMMITTEE Steve Furr, Chair

ACADEMIC AND STUDENT AFFAIRS COMMITTEE Steve Furr, Vice Chair

BUDGET AND FINANCE COMMITTEE Tom Corcoran, Chair

- 20 Approve: [Authorization of President to Execute Contract for Construction of Simulation Building](#)
- * 21 Approve: [Authorization of the President to Award and Execute Contract for Construction of the University of South Alabama Alumni Center](#)
- * ~~21 Approve: [Amended Bylaws of the University of South Alabama Health Care Authority](#)~~
- * ~~22 Approve: [Indebtedness of the University of South Alabama Health Care Authority](#)~~

EVALUATION AND COMPENSATION COMMITTEE Mike Windom, Chair

OTHER

- * 22 Approve: [Executive Session](#)

UNIVERSITY OF SOUTH ALABAMA BOARD OF TRUSTEES



THURSDAY, MARCH 1, 2018:

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

Administration Bldg., Rm. 130

FRIDAY, MARCH 2, 2018:

10:30 a.m. Board of Trustees Meeting

Administration Bldg., Rm. 130

BOARD OF TRUSTEES

STANDING COMMITTEES 2016-2019

EXECUTIVE COMMITTEE:

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

DEVELOPMENT, ENDOWMENT & INVESTMENTS CTE.:

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

ACADEMIC AND STUDENT AFFAIRS COMMITTEE:

Katherine Alexis Atkins
Scott A. Charlton, M.D., **Chair**
Steven P. Furr, M.D., **Vice Chair**
William Ronald Graham
Lenus M. Perkins
Margie Malone Tuckson
Michael P. Windom

EVALUATION AND COMPENSATION COMMITTEE:

Katherine Alexis Atkins
E. Thomas Corcoran
Steven P. Furr, M.D.
Arlene Mitchell
James H. Shumock, **Vice Chair**
Michael P. Windom, **Chair**

AUDIT COMMITTEE:

Katherine Alexis Atkins, **Vice Chair**
Scott A. Charlton, M.D.
William Ronald Graham
Robert D. Jenkins III
James H. Shumock, **Chair**

HEALTH AFFAIRS COMMITTEE:

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

BUDGET AND FINANCE COMMITTEE:

E. Thomas Corcoran, **Chair**
William Ronald Graham
Arlene Mitchell
Lenus M. Perkins
Steven H. Stokes, M.D.
James A. Yance, **Vice Chair**

LONG-RANGE PLANNING COMMITTEE:

Chandra Brown Stewart, **Chair**
Robert D. Jenkins III
Lenus M. Perkins
James H. Shumock
Steven H. Stokes, M.D.
Michael P. Windom, **Vice Chair**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**AGENDA
MINUTES**

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

* *Revision*

**MARCH 1, 2018
1:30 P.M.**

AUDIT COMMITTEE Jimmy Shumock, Chair

Roll Call

Approve: Minutes

6 Report: KPMG Report on USA Intercollegiate Athletics, Year Ended September 30, 2017

7 Report: Alabama Department of Examiners of Public Accounts Compliance Report, Year Ended September 30, 2016

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE Jim Yance, Chair

Roll Call

Approve: Minutes

8 Report: Endowment and Investment Performance

9 Report: Development and Alumni Relations

10 Recommendation to Approve: Director of the Jaguar Athletic Fund, Inc.

11 Recommendation to Approve: Naming of the Trauma Center at the University of South Alabama Medical Center

HEALTH AFFAIRS COMMITTEE Steve Furr, Chair

Roll Call

Approve: Minutes

12 Recommendation to Approve: USA Hospitals Medical Staff Credentials for November and December 2017, and January 2018

13 Recommendation to Approve: Cooke-Scott Scholarships - College of Medicine

14 Report: USA Health and College of Medicine

ACADEMIC AND STUDENT AFFAIRS COMMITTEE Steve Furr, Vice Chair

Roll Call

Approve: Minutes

15 Report: Academic Affairs

16 Report: Student Affairs

17 Report: Annual Review of Research Activity

BUDGET AND FINANCE COMMITTEE Tom Corcoran, Chair

Roll Call

* Approve: Revised Agenda

Approve: Minutes

18 Report: Quarterly Financial Statements, Three Months Ended December 31, 2017

* 19 Recommendation to Approve: Directors of the USA Foundation for Research and Commercialization

* 20 Recommendation to Approve: Authorization of President to Execute Contract for Construction of Simulation Bldg.

* ~~21 Recommendation to Approve: Amended Bylaws of the University of South Alabama Health Care Authority~~

* ~~22 Recommendation to Approve: Indebtedness of the University of South Alabama Health Care Authority~~

EVALUATION AND COMPENSATION COMMITTEE Mike Windom, Chair

Roll Call

23 Report: Evaluation of the University President

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

~~Roll Call~~

~~Approve: Minutes~~

~~24 Approve: Executive Session~~

BOARD OF TRUSTEES

**MARCH 2, 2018
10:30 A.M.**

Roll Call

* Approve: Revised Agenda

1 Approve: Minutes

2 Report: University President

3 Report: Faculty Senate President

4 Report: Student Government Association President

5 Present: Certificates of Appreciation

CONSENT AGENDA

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

12 Approve: USA Hospitals Medical Staff Credentials for November and December 2017, and January 2018

13 Approve: Cooke-Scott Scholarships - College of Medicine

* 19 Approve: Directors of the USA Foundation for Research and Commercialization

AUDIT COMMITTEE Jimmy Shumock, Chair

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE Jim Yance, Chair

11 Approve: Naming of the Trauma Center at the University of South Alabama Medical Center

HEALTH AFFAIRS COMMITTEE Steve Furr, Chair

ACADEMIC AND STUDENT AFFAIRS COMMITTEE Steve Furr, Vice Chair

BUDGET AND FINANCE COMMITTEE Tom Corcoran, Chair

20 Approve: Authorization of President to Execute Contract for Construction of Simulation Building

* 21 Approve: Authorization of the President to Award and Execute Contract for Construction of the University of South Alabama Alumni Center

* ~~21 Approve: Amended Bylaws of the University of South Alabama Health Care Authority~~

* ~~22 Approve: Indebtedness of the University of South Alabama Health Care Authority~~

EVALUATION AND COMPENSATION COMMITTEE Mike Windom, Chair

OTHER

* 22 Approve: Executive Session

Date:
February 20, 2018

To:
USA Board of Trustees

From: 
Arlene Mitchell
Secretary, Board of Trustees

Subject:
Meeting Minutes

Included herein are the unapproved minutes of meetings of the Board of Trustees and standing committees held on November 30, 2017. Please review these documents for amendment or approval at the March 1 and 2 meetings of the Board of Trustees.

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

**November 30, 2017
2:00 p.m.**

A meeting of the University of South Alabama Board of Trustees was duly convened by Judge Ken Simon, Chair *pro tempore*, on Thursday, November 30, 2017, at 2:02 p.m. in the Student Center Ballroom.

Members Present: Alexis Atkins, Chandra Brown Stewart, Scott Charlton, Tom Corcoran, Steve Furr, Ron Graham, Kay Ivey, Ron Jenkins, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Ken Simon, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance.

Administration and Others: Owen Bailey, Abbie Baxter, Robert Berry, Lynne Chronister, Sam Dean, Chelsia Douglas (AASA), Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Abe Mitchell, Mike Mitchell, Harold Pardue, Bill Richards, Maxey Roberts (USA Foundation), 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. In his opening remarks, **ITEM 1**, Judge Simon welcomed Alabama Governor Kay Ivey, *ex officio* President and Chair of the Board, to campus and introduced new Trustees Ms. Margie Tuckson, Mr. Ron Graham and Mr. Lenus Perkins.

Judge Simon turned to Governor Ivey to make comments, **ITEM 2**. Governor Ivey talked about the impact of South Alabama as an economic driver for the region and the importance of the University's mission in meeting the needs of Alabama citizens.

Chairman Simon called for consideration of the minutes of the September 8, 2017, meeting of the Board of Trustees, **ITEM 3**. On motion by Mr. Corcoran, seconded by Mr. Shumock, the minutes were approved unanimously.

Chairman Simon called for presentation of **ITEM 4**, the President's Report. President Waldrop recognized Honorary Trustee Mr. Abe Mitchell and African-American Student Association President Ms. Chelsia Douglas. He shared information on USA's comprehensive hurricane response plan. He invited Trustees and guests to attend the Holiday Concert on December 1, as well as Fall Commencement on December 9, adding that the keynote speaker would be neuroscientist and nationally recognized expert on sport-related concussions Dr. Kevin Guskiewicz, Dean of the College of Arts and Sciences at the University of North Carolina at Chapel Hill. He announced that Mr. Christian Pearsall, a triple-major student in the Honors Col-

lege, was named a finalist for a prestigious Rhodes Scholarship – the first in South’s history. He gave an update on the search for a Chief Diversity Officer.

President Waldrop called on Dr. Smith, who reported on the search for a Chief Compliance Officer; Dr. Johnson, who introduced the new Dean of the Graduate School/Associate Vice President for Academic Affairs, Dr. Harold Pardue; and Ms. Chronister, who discussed the Department of Hospitality and Tourism Management’s partnership with the City of Mobile to provide training for participants of the Youth Empowered for Success (YES) program.

President Waldrop called on Dr. Marymont, who reported on the *A Night Honoring Heroes* event held on October 10. He said the event, a benefit for the USA Medical Center’s Level 1 Trauma Center, honored local first responders, had 600 guests and raised \$270,000. He recognized USA Foundation (USAF) Managing Director Ms. Maxey Roberts, noting the USAF was the event’s premier sponsor. Following a video featuring Saraland police officer and Trauma Center patient Ms. Jackie Tucker, Dr. Marymont invited Governor Ivey forward to accept a *Heroes* medallion for her support of USA Health initiatives that benefit Gulf Coast citizens. Governor Ivey expressed gratitude for the gesture, and for an enjoyable and informative visit to campus. She left the meeting at 2:35 p.m.

Chairman Simon called for a report from Faculty Senate President Dr. Elizabeth VandeWaa, **ITEM 5**, and a report from Student Government Association (SGA) President Mr. Carl Thomas, **ITEM 6**. Both gave an overview on the various projects and events sponsored by their organizations.

Chairman Simon called for consideration of consent agenda **ITEMS 9, 11, 13, 14, 15, 18, 19, 20, 27** and **28** as follows, noting all were unanimously recommended for Board approval by the respective committees that met previously (for copies of policies and other authorized documents, refer to **APPENDIX A**). On motion by Mr. Shumock, seconded by Mr. Perkins, the resolutions were approved unanimously:

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

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

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

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

**RESOLUTION
DIRECTOR OF THE JAGUAR ATHLETIC FUND, INC.**

WHEREAS, pursuant to the Amended Bylaws of the Jaguar Athletic Fund, Inc. ("JAF"), the Board of Trustees of the University of South Alabama ("University") shall approve the JAF slate of officers and directors, and

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

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

WHEREAS, the Nominating Committee of the Board of Directors and the Board of Directors of the JAF have nominated Mr. Ray Kennedy for a three-year term pending the approval of the University Board of Trustees,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama does hereby approve Mr. Ray Kennedy as a member of the Board of Directors of the JAF with a three-year term beginning December 2017 and ending December 2020.

**RESOLUTION
USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS FOR AUGUST,
SEPTEMBER AND OCTOBER 2017**

WHEREAS, the Medical Staff appointments and reappointments for August, September and October 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
OCTOBER 17, 2017**

WHEREAS, revisions to the USA Hospitals Medical Staff Bylaws and Rules and Regulations, approved at the October 17, 2017, Medical Staff meeting and attached hereto, are recommended for approval by the Medical Executive Committees, General Medical Staff 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
USA HOSPITALS NOMINATION OF MEDICAL STAFF OFFICERS, 2018 AND 2019 CALENDAR YEARS**

WHEREAS, the following slate of officers approved at the General Medical Staff meeting on October 17, 2017, are recommended for approval by the Medical Executive Committees, General Medical Staff and the Executive Committee of the University of South Alabama Hospitals,

USA Children's & Women's Hospital

Chair, Medical Executive Committee	Allen Perkins, M.D.
Chair-elect/Secretary, Medical Executive Committee	Craig Sherman, M.D.

USA Medical Center

Chair, Medical Executive Committee	Sabrina Bessette, M.D.
Chair-elect/Secretary, Medical Executive Committee	Edward Panacek, M.D.

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

**RESOLUTION
SABBATICAL AWARDS**

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

THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees approves said Sabbatical Awards for Fall 2018 – Spring 2019.

NAME	DISCIPLINE	TIME PERIOD
E. Claire Cage	History	Spring 2019
Jorg Feldvoss	Mathematics and Statistics	Fall 2018
Jeannette Fresne	Music	Spring 2019
Rebecca M. Giles	Leadership and Teacher Education	Fall 2018
Lesley A. Gregoricka	Sociology/Anthropology/Social Work	Spring 2019
Ellen B. Harrington	English	Spring 2019
Matthew A. Johnson	Visual Arts	Fall 2018
Christina Lindeman	Visual Arts	Spring 2019
David A. Nelson	Mechanical Engineering	Spring 2019
Roberto Robles-Valencia	Modern and Classical Languages and Literature	Academic Year 2018-2019
Steven Trout	English	Fall 2018
Bin Wang	Mathematics and Statistics	Spring 2019

**RESOLUTION
PROFESSORS EMERITUS**

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

ACADEMIC AFFAIRS:

Keith G. Blackwell, Ph.D., Associate Professor of Meteorology
Paul A. Dagenais, Ph.D., Professor of Speech Pathology and Audiology
Donald E. DeVore, Ph.D., Professor of History
Nader Entessar, Ph.D., Professor of Political Science and Criminal Justice
Douglas W. Haywick, Ph.D., Associate Professor of Geology
Marjorie Icenogle, Ph.D., Professor of Management

Robert E. Moore, Ph.D., Associate Professor of Speech Pathology and Audiology
Daniel E. Rogers, Ph.D., Professor of History
Marjorie E. Scaffa, Ph.D., Professor of Occupational Therapy
Michael P. Spector, Ph.D., Professor of Biomedical Sciences
Julio F. Turrens, Ph.D., Professor of Biomedical Sciences
Gregory A. Waselkov, Ph.D., Professor of Anthropology
William V. Wojciechowski, M.S., Associate Professor of Cardiorespiratory Care

COLLEGE OF MEDICINE:

John W. Foster, Ph.D., Professor of Microbiology and Immunology
Ivan F. McMurtry, Ph.D., Professor of Pharmacology
Frank S. Pettyjohn, M.D., Professor of Emergency Medicine
John C. Schultz, M.D., Professor of Internal Medicine
Barry A. Warner, D.O., Associate Professor of Internal Medicine

and,

WHEREAS, in recognition of their contributions to the University through extraordinary accomplishments in teaching and in the generation of new knowledge through research and scholarship; in serving to positively inspire students; and, regarding those with clinical backgrounds, for dedication to the treatment and healing of patients; all for which, in accordance with University policy, the respective faculty committees, Departmental Chair, College Dean, the Provost and Senior Vice President for Academic Affairs, the Vice President for Medical Affairs, and the President have duly recommended the aforementioned faculty retirees be appointed to the rank of Professor Emeritus or Associate Professor Emeritus,

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

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

**RESOLUTION
DEAN EMERITUS**

WHEREAS, Dr. Richard J. Wood has retired from the University of South Alabama as Dean of the University Libraries, and

WHEREAS, in recognition of his honorable and distinguished service to the University through extraordinary accomplishments in administrative leadership and scholarship, for which, in accordance with University policy, the Faculty Senate, the Provost and Senior Vice President for Academic Affairs, and the President have duly recommended Dr. Wood be appointed to the rank of Dean Emeritus,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby appoints Dr. Richard J. Wood to the rank of Dean Emeritus with the rights and privileges thereunto appertaining, and

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

**RESOLUTION
ADOPTION OF AFFILIATION AGREEMENTS**

WHEREAS, the University of South Alabama Foundation for Research and Commercialization, the USA Research and Technology Corporation, the Jaguar Athletic Fund, Inc., the University of South Alabama College of Medicine-Medical Alumni Association, Inc., and The University of South Alabama National Alumni Association were each established as non-profit, educational and charitable organizations ("Organizations") for the purposes of serving the University of South Alabama ("University") and promoting the mission of the University pursuant to their respective Articles of Incorporation, by furthering the mission of the University through support of its academic programs, scientific research and development initiatives, and enhancement of the University's educational and training opportunities, and

WHEREAS, the University and the Organizations anticipate that the University will continue to provide the Organizations with specified services and facilities with which to carry out their responsibilities in exchange for the development, financial, and other service, support, and assistance the Organizations shall provide the University, and

WHEREAS, the Board of Trustees of the University wishes to define the arrangements concerning services, facilities, premises, and activities as set forth in the affiliation agreements between the University of South Alabama and each of the above-referenced Organizations, attached hereto,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University does hereby approve and adopt the attached affiliation agreements between the University of South Alabama and the following 501(c)(3) organizations -- the University of South Alabama Foundation for Research and Commercialization, the USA Research and Technology Corporation, the Jaguar Athletic Fund, Inc., the University of South Alabama College of Medicine-Medical Alumni Association, Inc., and The University of South Alabama National Alumni Association.

**RESOLUTION
EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES**

WHEREAS, the Bylaws of the University of South Alabama Board of Trustees provide for the appointment by the Chair *pro tempore* of an Executive Committee, subject to the approval of the Board, for terms concurrent with the term of the Chair *pro tempore*, who shall serve as Chair of the Executive Committee,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama approves the appointment of the following Trustees to serve on the Executive Committee with terms concurrent with the term of the current Chair *pro tempore*:

Chandra Brown Stewart
E. Thomas Corcoran
Steven P. Furr, M.D.
Arlene Mitchell
James H. Shumock

Kenneth O. Simon
James A. Yance

Chairman Simon called for a report from the Audit Committee. Mr. Shumock, Committee Chair, said KPMG partners Ms. Eileen McGinn and Ms. Ashley Willson discussed the results of the financial audit for fiscal year 2016-2017 at an earlier meeting of the Committee. He stated KPMG rendered an unmodified opinion on the University's financial statements. He added that a plan for strengthening processes related to internal control assessment and verification was discussed, and would include technology functions.

Chairman Simon called for a report from the Development, Endowment and Investments Committee. Mr. Yance, Committee Chair, stated endowment performance was discussed at an earlier meeting of the Committee and he shared a summary. He explained **ITEM 10** as follows, noting the Committee voted unanimously to recommend approval by the Board of Trustees. On motion by Mr. Corcoran, seconded by Mr. Perkins, the resolution was approved unanimously:

**RESOLUTION
CHANGES TO ENDOWMENT SPENDING POLICY**

WHEREAS, it shall be the policy of the University of South Alabama Board of Trustees to preserve and maintain the real purchasing power of the principal of the endowment funds, and

WHEREAS, the current spending policy will be determined by the President and the Development, Endowment and Investments Committee, and approved by the Board of Trustees, and

WHEREAS, the current spending policy rate is five percent of the three-year moving average of the net assets of each endowment, and

WHEREAS, the inception to date investment return does not support the current spending policy, and

WHEREAS, to preserve and maintain the real purchasing power of the principal of the endowment funds, a change is recommended to amend the current spending policy to four and one-half percent of the five-year moving average of the net assets of each endowment, and

WHEREAS, it is important to establish a time frame for the periodic review of the spending policy,

THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees authorizes the change of the current endowment spending policy to four and one-half percent of the five-year moving average of the net assets of each endowment, and

BE IT FURTHER RESOLVED that the University will establish a policy to review the spending policy every five years.

Chairman Simon called for a report from the Academic and Student Affairs Committee. Dr. Charlton, Committee Chair, said Provost Johnson presented **ITEM 21** as follows at an earlier meeting of the Committee and the Committee voted unanimously to recommend approval by the

Board of Trustees. He moved for the approval of the resolution, Dr. Stokes seconded and the resolution was approved unanimously:

**RESOLUTION
MBA PROGRAM FEE**

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

WHEREAS, the Mitchell College of Business has identified the need to implement a program fee of \$3,000, distributed over the course of the program, to enable the restructuring of the MBA program by adding services to enhance graduate employability and connectivity to the business community, and

WHEREAS, additional revenues would be allocated to expenditures directly benefiting the students in the program that include a statistics lab, accounting lab, job placement/post-graduation employment activities, networking activities, and graduate assistantships, and

WHEREAS, the program fee would not add unreasonable costs to the program nor impair competitiveness, but would add significant value to the program, and

WHEREAS, after review of an analysis of program costs and of the new design of the MBA program, the Dean of the Mitchell College of Business, Provost and Senior Vice President of Academic Affairs, and the President have recommended approval of the proposed MBA program fee increase,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama approves the MBA program fee increase to be effective with the 2018 fall semester.

Dr. Charlton further reported that Provost Johnson introduced new Radiologic Sciences Chair Mr. Dale Smith and discussed the *Strategic Plan for Alabama's Public Universities*; Dr. Mitchell gave an overview of the Office of Veterans Affairs and introduced Coordinator Mr. Joshua Missouri; Dr. Smith and Chief Aull addressed campus safety, specifically, lighting and surveillance camera enhancements and Clery crime statistics; and Ms. Chronister shared an overview of the Department of Marine Sciences' research program as a prime example of research program development.

As to a report on the activities of the Division of Academic Affairs, Provost Johnson introduced Dr. Abbie Baxter, Professor in the College of Education and Professional Studies' Department of Leadership and Teacher Education. Dr. Baxter presented information on *PASSAGE USA*, a two-year certificate program designed for young adults with intellectual disabilities.

Chairman Simon called for a report from the Budget and Finance Committee. Mr. Corcoran, Committee Chair, said Mr. Weldon discussed the *University of South Alabama 2017 Financial Report* for the fiscal year ended September 30, 2017, at an earlier meeting of the Committee. He reported an increase in net position of approximately \$48 million versus the increase in net position of approximately \$26 million in 2016.

Chairman Simon called for a report from the Health Affairs Committee. Dr. Furr, Committee Chair, said Mr. Bailey gave an update on the October 1 “Go-Live” launch of USA Health’s new electronic clinical and financial records system at an earlier meeting of the Committee.

As called by Dr. Furr to introduce **ITEM 16** resolutions, Dr. Marymont advised that the Department of Pathology desired to honor the late Dr. William A. Gardner, Jr., and the late Dr. J. Allan Tucker, Jr., for outstanding contributions and recommended the naming of the departmental library for Dr. Gardner and resident office suite for Dr. Tucker. Dr. Charlton shared perspective on his time as a South Alabama medical student under the direction of Dr. Gardner. He said this was a fitting tribute, and he read and moved for the approval of the resolution. Ms. Mitchell seconded and the resolution was approved unanimously:

**RESOLUTION
NAMING OF THE UNIVERSITY OF SOUTH ALABAMA
DEPARTMENT OF PATHOLOGY LIBRARY**

WHEREAS, Dr. William A. Gardner, Jr., served as the Louise Lenoir Locke Professor and Chair of Pathology from 1981 to 2002 and as interim dean of the College of Medicine and vice president for medical affairs from 1997 to 1998, and

WHEREAS, Dr. Gardner sponsored numerous international exchanges with students and medical professionals and, during his tenure at USA, he received a Fulbright Award to teach prostatic pathology and other fields of medicine in the Slovak Republic from 1996 to 1997, and

WHEREAS, Dr. Gardner was a recognized researcher and writer, with numerous books, articles, reviews and abstracts primarily dedicated to prostate cancer, and

WHEREAS, Dr. Gardner’s extensive research of prostate cancer and his forward-thinking style led to many advances in the field, and

WHEREAS, known for his thought-provoking and entertaining presentations and lectures, Dr. Gardner was held in the highest regard by those he taught as an outstanding teacher, physician, leader, mentor and friend,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees gratefully acknowledges Dr. Gardner for the high standards he set in the field of pathology and for the many contributions he made to the University of South Alabama Department of Pathology by naming the USA Department of Pathology Library in memory of William A. Gardner, Jr., M.D.

Dr. Furr invited Ms. Tucker to make remarks. Ms. Tucker shared that Dr. Gardner inspired the Tuckers to come to Mobile and Dr. Tucker to join the University, and the fondness they felt for the University led them to stay. She conveyed gratitude for the opportunities that allowed Dr. Tucker to grow as a scholar and teacher. Dr. Furr read the resolution and moved for its approval. Mr. Graham seconded and the resolution was approved unanimously:

**RESOLUTION
NAMING OF THE UNIVERSITY OF SOUTH ALABAMA
DEPARTMENT OF PATHOLOGY RESIDENT OFFICE SUITE**

WHEREAS, Dr. J. Allan Tucker, Jr., answered the higher calling of academic medicine and set a high standard for excellence by demonstrating the important role physicians play as mentors for medical students and residents, and

WHEREAS, Dr. Tucker joined the medical faculty in the USA Department of Pathology in 1991 as an associate professor and served in many leadership roles during his 25-year career with USA Health, including director of the Health Services Foundation Anatomic Pathology Laboratories and chief of surgical pathology, director of the pathology residency program and vice chair of pathology, ultimately serving as the Louise Lenoir Locke Professor and Chair of Pathology from 2003 until he stepped down in 2015, and

WHEREAS, Dr. Tucker was noted for his many unique gifts that were guided by his insight, intellect, and dedication to the field of pathology and electron microscopy on a national and international scale, which were rivaled only by his wit, thoughtfulness and generosity to others, and

WHEREAS, as an outstanding teacher and a compassionate physician, Dr. Tucker had a profound positive impact on students, residents, faculty and staff alike, and

WHEREAS, Dr. Tucker was an enthusiastic medical educator in the field of pathology, who readily shared his medical knowledge interwoven with his witty stories to effectively share with others his passion for medicine along with his curiosity of how the human body functioned to the finest detail, and

WHEREAS, medical students, residents and faculty on numerous occasions bestowed honors upon Dr. Tucker for his stellar teaching, including Best Basic Science Professor, Best Senior Rotation, and a Faculty Recognition Award for Best Pathology Housestaff Teacher,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees gratefully acknowledges Dr. Tucker for the high ideals he set for others and for the enduring, meaningful contributions he made to the University of South Alabama Department of Pathology Graduate Medical Education Program by naming the USA Department of Pathology Resident Office Suite in memory of J. Allan Tucker, Jr., M.D.

Concerning a report on USA Health and the College of Medicine (COM), Dr. Marymont shared news that the COM program outperformed all but 13 schools in the nation in terms of the average Step 2 score among recent graduates, placing the University in the 90th percentile, an outcome he attributed to a redesign of the program five years prior. Among the prestigious schools outperformed were Stanford, Yale, Duke, Johns Hopkins, the Mayo Clinic and Baylor. Mr. Bailey reported that the Arnold Luterman Regional Burn Center was recently ranked first in the nation by Vizient for patient outcomes among academic medical centers with burn centers, outperforming several prominent providers, including Johns Hopkins, Brigham & Women's Hospital, Barnes-Jewish Hospital, the University of Vermont Medical Center and the University of Texas Medical Branch. He recognized Dr. Steven Kahn, Director of the Arnold Luterman Regional Burn Center, and Dr. Bill Richards, Chair of the Department of Surgery, for their influence on successful patient outcomes. Dr. Richards made brief remarks relating excellence in teaching with these achievements.

USA Board of Trustees
November 30, 2017
Page 11

Chairman Simon asked Mr. Yance to review USA's positive standing among Ivy League institutions for endowment performance; thanked Ms. Ezell for conscientious coordination of Board meetings and functions; and invited everyone to a welcome reception for new Trustees Tuckson, Graham and Perkins.

There being no further business, the meeting was adjourned at 3:26 p.m.

Attest to:

Respectfully submitted:

Arlene Mitchell, Secretary

Kenneth O. Simon, Chair *pro tempore*

APPENDIX A



UNIVERSITY OF SOUTH ALABAMA

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

PROPERTY ADDRESS:

171 Lyons Park Avenue
Mobile, Alabama 36604
Parcel Number 02-29-07-25-0-004-069

APPRAISAL INFORMATION:

Appraised By: M.D. Bell and Company
Date of Appraisal: 07/17/2017
Appraised Value: \$50,000.00

CONTRACTS RELATED TO THE PURCHASE:

Attached as Exhibit "A"

PURCHASE TERMS:

Cash Purchase

SOURCES OF FUNDS USED IN THE PURCHASE:

Unrestricted Funds

USA PROPERTIES

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

REAL ESTATE PURCHASE CONTRACT

The **University of South Alabama** ("Buyer"), a public body corporate, whose principal address is 307 University Boulevard North, AD-170, Mobile, AL 36688 ("Buyer's Address"), hereby agrees to buy and **M P T Inc** ("Seller"), whose principal address is 629 Chelsea Drive East, Mobile, Alabama 36608 ("Seller's Address"), hereby agrees to sell for the consideration and upon the terms hereinafter set forth, the real estate commonly known as:

171 Lyons Park Avenue, Mobile, Alabama 36604

Parcel: R02 29 07 25 0 004 069

FROM NW COR OF SPRING HILL AVE & LYONS PARK AVE RUN TH NLY ALG W/L OF LYONS PARK AVE 500 FT TO POB OF PPTY HEREIN DESC TH CONT NLY ALG SAID W/L 50 FT TO PT TH WITH AN INT ANG OF 90 DEG 17 MIN 10 SEC RUN WLY 150 FT TO PT TH WITH AN INT ANG OF 89 DEG 42 MIN 50 SEC RUN SLY 50 FT TO PT TH WITH AN INT ANG OF 90 DEG 17 MIN 10 SEC RUN ELY 150 FT TO POB #SEC 25 T4S R1W #MP29 07 25 0 004

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

ARTICLE I - Purchase Price and Condition of Property

1.1 The purchase price for the Property shall be **THIRTY SIX THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$36,500.00)** (the "Purchase Price") and shall be payable on the day of Closing ("Closing Date") by cash, cashier's check, certified check or wire transfer. Seller shall pay the cost of acquiring a current title insurance policy for the benefit of Buyer, and the cost of document preparation, including a general warranty deed. Buyer agrees to pay all closing and settlement costs. Property taxes shall be prorated as of the Closing date.

1.2 Seller agrees that the proceeds of this sale shall be used to satisfy any and all outstanding mortgages and/or liens that exist on the Property at the Closing of this transaction (the "Closing") before any remaining proceeds from the sale are given to Seller.

1.3 Seller understands that Buyer desires to buy the land only without any dwelling or structure of any kind located upon it. Seller hereby agrees, at Seller's expense, to have the current structure demolished with all debris associated therewith, including the structure's slab, removed from the Property to Buyer's reasonable satisfaction prior to Closing.

ARTICLE II – Earnest Money

2.1 Buyer agrees to deliver earnest money in the amount of Nine Thousand and No/100 Dollars (\$9,000.00) to the Seller upon execution of this Real Estate Purchase Contract (the "Contract"), said earnest money to be returned to Buyer in full if the Closing of this transaction does not occur by the time specified herein due to Seller's failure to demolish the current structure on the property as described in section 1.3. If the Closing should not occur for any reason other than Seller's failure to demolish the structure, Buyer's earnest money will be returned to Buyer.

ARTICLE III - Closing

3.1 Unless otherwise extended by the provisions of the "Contract" or by agreement in writing by the parties, the Closing of this transaction shall be held within thirty days (30) days of the signing of this contract.

3.2 The Closing shall be held at the title insurance company of Buyer's choosing.

ARTICLE IV - Possession

4.1 Seller and Buyer acknowledge and agree that until the Closing date, Seller shall have possession of the Property and shall continue to pay any and all expenses incurred by Seller such as yard maintenance and agrees to indemnify and hold Buyer harmless from any and all costs associated with same. Seller shall be responsible for insuring the property during the period of

Seller's possession. Buyer shall bear no responsibility for risk of loss prior to the time that Seller vacates the property.

ARTICLE V - Deed and Other Documents

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

5.2 Seller shall execute and deliver with the Deed such other documents as may be required by any governmental entity or by the title insurance company as a condition to the issuance of its policy of title insurance in accordance with Article VI, including, but not limited to:

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

ARTICLE VI - Title Insurance

6.1 Buyer shall order a title insurance commitment or preliminary title report issued by the title company of Buyer's choosing (referred to as "Title Insurance Company") in which the Title Insurance Company commits that upon delivery and recordation of the Deed and other documents provided for in this Contract, it will issue, at its usual rate, an ALTA form B owner's policy with extended coverage or comparable form, insuring access to the Property and such other endorsements as Buyer may request (the "Policy"), insuring Buyer in the total amount of the

Purchase Price, fee simple title to the Premises subject only to (a) the lien for real estate taxes not yet due and payable; (b) exceptions approved in writing by Buyer; and/or (c) such liens as are to be released and discharged at the Closing. Seller agrees to provide to Buyer and the Title Insurance Company all title information in Seller's possession relating to the Property together with a copy of the most recent tax bills relating to the Property.

6.2 Without limiting the foregoing or being limited thereby, the standard exceptions for parties in possession, mechanics' and materialmen's liens and matters which would be disclosed by an accurate survey shall be eliminated from said Policy.

6.3 Seller shall bear all costs and expenses incurred in connection with the issuance of said title commitment, Policy and any endorsements thereto which are required to conform the Policy to the terms and conditions of this Contract.

6.4 If the title insurance commitment or report shows any exceptions to title other than those referred to in Article 6.1 above, Buyer shall notify Seller in writing of the defects in title within ten (10) days after receipt of the title commitment (with copies of all documents referred to therein). Seller shall then have ten (10) days after receipt of such notice in which to cure such defects and furnish to Buyer satisfactory proof that such defects have been cured. Seller agrees to use its best efforts to cure such defects. If Seller fails or is unable to cure such title defects within such ten (10) day period or to obtain title insurance which will give affirmative coverage to Buyer against loss as a result of such title defects, Buyer shall have the option, to be exercised in its sole discretion, to (i) proceed with Closing of this transaction subject to such title defects, or (ii) terminate this Contract.

ARTICLE VII - Taxes and Assessments

7.1 Seller shall pay or credit against the Purchase Price all unpaid real estate taxes, including penalties and interest, for all tax years preceding the Closing Date, and shall credit a portion of such taxes for the tax year in which the Closing is held, prorated through the Closing

Date. The proration of such taxes shall be based on a 365-day year and on the most recently available rate and valuation and the amount so computed and adjusted shall be final.

7.2 Seller shall pay any special assessments which (a) are a lien on the Property on the Closing Date, whether such assessments are past due, then due or thereafter to become due or (b) are not a lien but are then known and will be payable in whole or in part after the Closing Date.

ARTICLE VIII - Utility Charges

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

ARTICLE IX - Risk of Loss

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

ARTICLE X - Conditions to Closing

10.1 Buyer's obligation to close this transaction is subject to the following conditions and covenants:

(a) Easements. Buyer may obtain at or prior to Closing all other easements or licenses deemed necessary by Buyer upon terms and conditions acceptable to Buyer. Seller agrees to reasonably cooperate with Buyer in obtaining any such easements or licenses.

(b) Survey. Buyer may obtain, at Buyer's sole cost, a certified ALTA survey, being a legal description, made by a licensed surveyor, showing the area, dimensions and location of the Property to the nearest monuments, streets, alleys or property, the location of all improvements, utilities and encroachments, the location of all proposed and recorded easements against or appurtenant to the Property. If a survey is obtained and discloses any condition rendering the Property unusable, in

Buyer's sole judgment, for the intended purpose of Buyer, Buyer may terminate this Contract for Purchase with no penalty.

(c) Title Insurance. Buyer shall have obtained from Seller a satisfactory title insurance commitment or preliminary title report in accordance with Article VI above.

(d) Seller's Performance. Seller shall have performed all terms, covenants and obligations required of Seller hereunder.

(e) Environmental Audit and Testing. Buyer, at Buyer's expense, may obtain a current satisfactory Phase I or Phase II Environmental Audit of the Property and any other environmental testing which Buyer deems reasonably necessary to evaluate potential environmental risks. If such audit or tests reveal the existence of any toxic or hazardous waste, material or substance on, under or surrounding the Property, Buyer may terminate this Contract.

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

(g) Demolition by Seller of all existing structures upon the property and removal of all debris associated therewith, to Buyer's reasonable satisfaction.

ARTICLE XI - Notices

11.1 Unless otherwise provided herein, all notices shall be in writing and shall be deemed effective upon the earlier of either (a) personal delivery (b) facsimile or (c) deposit in the U.S. Mail, marked Certified or Registered, return receipt requested, with postage prepaid to Seller at 629 Chelsea Drive East, Mobile, Alabama 36608 and to Buyer at 775 N. University Blvd., Suite 150, Mobile, Alabama 36608.

ARTICLE XII - Representations and Warranties

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

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

or result in the breach of or default under any oral or written agreement to which Seller is a party or which affects the Property; (ii) constitute or result in a violation of any order, decree or injunction with respect to which either Seller and/or the Property is/are bound; (iii) cause or entitle any party to have a right to accelerate or declare a default under any oral or written agreement to which Seller is a party or which affects the Property; and or (iv) violate any provision of any municipal, state or federal law, statutory or otherwise, to which either Seller or the Property may be subject.

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

12.3 Except as is expressly provided in this Contract, Buyer acknowledges that neither Seller nor any agent, attorney, employee or representative of Seller has made any representations as to the physical nature or condition of the Property.

12.4 All of the representations, warranties and covenants made by Seller in Article XII and elsewhere in this Contract shall survive the Closing for a period of two (2) years. Unless Buyer delivers notice to Seller of a breach of representation, warranty or covenant contained in Article XII or elsewhere in this Contract within two (2) years of the Closing Date, the representation, warranty or covenant shall be of no further force or effect.

ARTICLE XIII - Miscellaneous

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

13.2 This Contract constitutes the entire agreement between the parties and there are no representations, oral or written, relating to the Property or to this transaction which have not been incorporated herein. Any agreement hereafter made shall be ineffective to change, modify or

discharge this Contract in whole or in part unless such agreement is in writing and signed by the party against whom enforcement of any change, modification or discharge is sought.

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

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

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

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

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

13.8 Time is of the essence hereof.

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

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

ARTICLE XIV - Acceptance

14.1 In the event this Contract is not signed simultaneously by both parties, it shall be considered to be an offer made by the party first executing it. In such event this offer shall expire **Friday, December 1, 2017 at 12:00pm NOON**, Central Daylight Time following the offer unless one copy of this Contract, executed by the party to whom this offer had been made, shall have been mailed (in accordance with Article XI hereof) or personally delivered to the party making the offer.

ARTICLE XV – Broker Agency Disclosure: 34-27-8-(c)

The listing company is:	The selling company is:
USA Properties	USA Properties
<u>TWO BLOCKS MAY BE CHECKED</u>	<u>TWO BLOCKS MAY BE CHECKED</u>
<input type="checkbox"/> and is an Agent of the Seller <input checked="" type="checkbox"/> and is an Agent of the Buyer <input type="checkbox"/> and is an Agent of both Seller and Buyer acting as a limited dual consensual agent <input checked="" type="checkbox"/> and is assisting the <input type="checkbox"/> Buyer <input checked="" type="checkbox"/> Seller as a transaction broker.	<input type="checkbox"/> and is an Agent of the Seller <input checked="" type="checkbox"/> and is an Agent of the Buyer <input type="checkbox"/> and is an Agent of both Seller and Buyer acting as a limited dual consensual agent <input checked="" type="checkbox"/> and is assisting the <input type="checkbox"/> Buyer <input checked="" type="checkbox"/> Seller as a transaction broker.
Seller(s) initials: <u>pth</u>	Buyer(s) initials: <u>214</u>

15.1 Both Buyer and Seller represents and warrants USA Properties is understood to be an Agent of the Buyer and strictly assisting Seller as a transaction broker. Buyer represents that the Seller is in no way obligated for any payment of commission to USA Properties with regards to the execution of this transaction.

Signed by Buyer this 27th day of November, 2017.

BUYER:

UNIVERSITY OF SOUTH ALABAMA

By: Robert K. Davis

Robert K. Davis
University Treasurer

Signed by Seller this 30th day of November, 2017.

SELLER:

M P T, INC.

By: Patricia T. Hooks

Print Name: PATRICIA T. Hooks

REAL ESTATE PURCHASE CONTRACT ADDENDUM #1

This Addendum is to be attached and made a part of the Real Estate Purchase Contract ("Contract") between The **University of South Alabama** ("Buyer"), a public body corporate, whose principal address is 307 University Boulevard North, AD-170, Mobile, AL 36688 and **M P T Inc** ("Seller"), whose principal address is 629 Chelsea Drive East, Mobile, Alabama 36608 .

The following terms are incorporated into and made a part of the Contract:

1. The Closing of the transaction shall take place no later than January 31, 2018.
2. Buyer agrees to pay all 2018 property taxes associated with the property.

Except as revised and amended by this Addendum, all other terms, provision, covenants, and agreements contained in the Contract shall remain in full force and effect.

Signed by Buyer this 19th day of
December, 2017.

Accepted Rejected and Countered
per attached Addendum ___ by Seller this
20th day of December, 2017.

BUYER:
UNIVERSITY OF SOUTH ALABAMA

By: Robert K. Davis

Robert K. Davis
University Treasurer

SELLER:
M P T, Inc

By: Patricia T. Hooks

Print Name: PATRICIA T. Hooks



UNIVERSITY OF SOUTH ALABAMA

DONOR GIFT FORM

This agreement made this 22nd day of January, 2018 between MPT, Inc. hereinafter called the DONOR and the UNIVERSITY OF SOUTH ALABAMA, a public body corporate, hereinafter called the UNIVERSITY. It is agreed by and between the DONOR and the UNIVERSITY as follows:

1. Gift Agreement:

The DONOR hereby agrees to sell to the University property at 171 Lyons Park Mobile, AL for a discounted value. This discounted value is estimated at \$22,500. Donor will hereby receive this amount as gift credit in University gift recognition societies.

2. Donor Recognition:

The DONOR'S gift will be recognized in the University's Honor Roll of Donors and the appropriate Donor Recognition Club.

Name to be listed in Honor Roll of Donors: Dr. and Mrs. Charles D. Terry

The DONOR understands that the name format referenced above will supersede the name format requested in any prior agreements.

3. Other Information Related to the Gift:

With this gift, the donor will also receive special appreciation and recognition plaques on a Donor Wall of the DONOR's choosing at USA Children's and Women's Hospital.

The exact name to be used on the Donor Wall is:

Dr. and Mrs. Charles D. Terry

The DONOR understands that the name format referenced above will supersede the name format requested in any prior agreements.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in duplicate on the day and year first above written.

UNIVERSITY OF SOUTH ALABAMA

DONOR

By: Margaret M. Sullivan
Margaret Murray Sullivan
Vice President
Development & Alumni Relations

By: Patricia T. Hooks
MPT, Inc.

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

COMMITTEE OF THE WHOLE

November 30, 2017

11:18 a.m.

A meeting of the Committee of the Whole of the University of South Alabama Board of Trustees was duly convened by Judge Ken Simon, Chair *pro tempore*, on Thursday, November 30, 2017, at 11:18 a.m. in the Student Center Ballroom.

Members Present: Alexis Atkins, Chandra Brown Stewart, Scott Charlton, Tom Corcoran, Steve Furr, Ron Graham, Ron Jenkins, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Ken Simon, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance.

Member Absent: Kay Ivey.

Administration and Others: Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Mike Mitchell, 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 the minutes of meetings of the Executive Committee and Long-Range Planning Committee held on September 7, 2017. On motion by Mr. Shumock, seconded by Capt. Jenkins, the minutes were approved unanimously.

Chairman Simon called for consideration of **ITEM 28**, a resolution authorizing Chairman Simon, Mr. Shumock, Ms. Mitchell, Ms. Brown Stewart, Mr. Corcoran, Dr. Furr and Mr. Yance as members of the Executive Committee (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on November 30, 2017). On motion by Mr. Corcoran, seconded by Mr. Shumock, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

In accordance with the provisions of the Alabama Open Meetings Act, Chairman Simon moved to hold an executive session for an approximate duration of 30 minutes for the purpose of discussing pending or imminent litigation and preliminary negotiations in trade competition. He added Ms. Tucker, Senior University Attorney, had submitted the required written declaration for the minutes. Ms. Mitchell seconded and the Board voted unanimously at 11:20 a.m., as recorded below, to convene an executive session at 11:25 a.m.:

AYES:

Ms. Atkins
Ms. Brown Stewart
Dr. Charlton
Mr. Corcoran
Dr. Furr
Mr. Graham
Capt. Jenkins
Ms. Mitchell
Mr. Perkins
Mr. Shumock
Chairman Simon
Dr. Stokes
Ms. Tuckson
Mr. Windom
Mr. Yance

Following the executive session, Chairman Simon announced that discussion during the executive session was limited to pending or imminent litigation. There being no further business, the meeting was adjourned at 12:01 p.m.

Respectfully submitted:

Kenneth O. Simon, Chair *pro tempore*

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**AUDIT
COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

AUDIT COMMITTEE

November 30, 2017

9:30 a.m.

A meeting of the Audit Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Jimmy Shumock, Chair, on Thursday, November 30, 2017, at 9:36 a.m. in the Student Center Ballroom.

Members Present: Alexis Atkins, Scott Charlton, Ron Graham, Ron Jenkins and Jimmy Shumock.

Other Trustees: Chandra Brown Stewart, Tom Corcoran, Steve Furr, Arlene Mitchell, Lenus Perkins, Ken Simon, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance.

Administration and Others: Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Eileen McGinn and Ashley Willson (KPMG), Mike Mitchell, 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 on Mr. Weldon, who introduced Ms. Eileen McGinn and Ms. Ashley Willson for presentation of **ITEM 7**, the KPMG audit reports for the year ended September 30, 2017. Ms. McGinn credited the finance staff with efficient methods and provided an overview on the audit findings, noting an unmodified opinion on the financial statements. She and Ms. Willson delivered the required communications.

Mr. Shumock called for consideration of the minutes of the meeting held on September 7, 2017. On motion by Dr. Charlton, seconded by Capt. Jenkins, the minutes were adopted unanimously.

With reference to a previous discussion on the possible engagement of KPMG to conduct an audit on internal controls, Mr. Shumock, citing best practices, advised that the Audit Committee, internal auditors, accounting staff and KPMG would collaborate to develop a risk assessment matrix and risk prevention procedures involving the technology, finance and operations processes of the University and USA Health. He said progress would be reported to the Board on a regular basis. Mr. Corcoran suggested that a comprehensive summary on insurance coverage be provided as well.

There being no further business, the meeting was adjourned at 9:58 a.m.

Respectfully submitted:

James H. Shumock, Chair



**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT**

Statement of Revenues and Expenditures

Year Ended September 30, 2017

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

**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT**

Year ended September 30, 2017

Table of Contents

	Page
Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Exhibit A – Statement of Revenues and Expenditures	6
Notes to Statement of Revenues and Expenditures	7



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

Independent Accountants' Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by management of the University of South Alabama (the University), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenditures for the University of South Alabama Intercollegiate Athletics Department (the Athletics Department) for the year ended September 30, 2017 (the Statement) is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15. The University's management is responsible for the Statement and the Statement's compliance with those requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

Statement of Revenues and Expenditures – Agreed-Upon Procedures

- (a) We obtained the Statement as prepared by management and shown in Exhibit A. We verified the mathematical accuracy of the Statement and compared the amounts on the Statement to corresponding amounts in the University's general ledger for the year ended September 30, 2017 after considering eliminating entries between the University and the Jaguar Athletic Fund. We compared all amounts on the Statement to the general ledger, noting agreement.
- (b) We compared actual Athletics Department revenues and expenditures per the University's general ledger for the year ended September 30, 2017 to 2017 budgeted amounts for any revenues or expenditures that were over 10% of total revenues or expenditures, respectively, and inquired of Athletics Department management as to variances greater than 10% as compared to 2017 budgeted amounts, and obtained the following explanations from management.

Revenues

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

Expenses

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

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

We also compared actual Athletics Department revenues and expenditures per the University's 2017 general ledger to actual Athletics Department revenues and expenditures per the University's 2016 general ledger for any revenues or expenditures that were over 10% of total revenues or expenditures, respectively, and inquired of Athletics Department management as to variances greater than 10% as



compared to 2016 amounts. No revenue or expense categories exceeded 10% of revenues or expenditures, respectively, and had variances of more than 10% compared to the prior year; therefore, no variance explanation is required.

- (c) University management provided a summary of the University's internal control unique to the Athletics Department. We read the summary documents that include information regarding the general control environment and internal control procedures unique to intercollegiate athletics which assist in ensuring that recorded revenues and expenditures in the Statement are complete and accurate and expenditures are properly authorized.
- (d) We performed the following procedures on operating revenues as presented in Exhibit A:
 - (i.) Ticket sales – We obtained a detail of ticket sales revenue and agreed the detail for Football, Men's Baseball, Basketball, Women's Softball, and Basketball per the University's adjusted 2017 general ledger and the Statement to the related ticket sales registers, noting that the adjusted general ledger and ticket sales registers agreed without exception. In addition, we agreed a sample of four items to supporting documentation as applicable, noting no exceptions.
 - (ii.) Student fees – In accordance with the internal allocation approved by University management, the University has an all inclusive rate per semester hour. Athletics receives fees equal to the prior year actual amounts, plus or minus growth in total credit hours multiplied by change in tuition. We recalculated the University's allocation of total student fees to Athletics to within management's 1% acceptable tolerable range.
 - (iii.) Guarantees – We obtained a detail of revenue guarantees paid to the University during 2017 noting that revenue guarantees related principally to Men's Basketball and Football. We agreed the detail to the 2017 general ledger and to the Statement without exception. We obtained copies of signed agreements or other supporting documentation with Louisiana Tech, University of Mississippi, and Louisiana State University, and noted that the terms of the contracts or other supporting documentation supported the revenue recorded on the Statement. The amounts examined comprised 93% of the total 2017 guarantees.
 - (iv.) Contributions – We obtained a listing of 2017 contributions received by the University and agreed the listing to the 2017 general ledger and to the Statement without exception. Other than one contribution from the Jaguar Athletic Fund, we noted that the University did not receive any individual contributions in excess of 10% of total contributions.
 - (v.) Direct state or other government support – We noted that there were no direct state or other government support amounts related to Athletics received in fiscal year 2017.
 - (vi.) Direct institutional support – We obtained the supporting schedules for 2017 direct institutional support related to Athletics. Additionally, we recalculated the total institutional support based on management's methodology to within management's 2% acceptable tolerable range.
 - (vii.) NCAA/conference distributions, including all tournament revenues – We obtained a detail of NCAA and conference distributions and agreed the detail to the 2017 general ledger and to the Statement and selected 63% and 100%, respectively, of the total dollar amount of the remittances from the NCAA and Sunbelt Conference for testing. We compared amounts to examined check copies, wire remittances, or other supporting documentation for each of the amounts received, noting no exceptions.



(e) We performed the following procedures on operating expenditures, as presented in Exhibit A:

- (i.) Athletics student aid – We obtained a detail of the students receiving athletic student aid during 2017, recalculated its mathematical accuracy and compared total amounts to the 2017 general ledger and to the Statement, noting agreement. As the University uses the NCAA Compliance Assistance Software, we selected 10% of the student athletes (31 student athletes) (student numbers J00600405, J00592036, J00501144, J00547573, J00590685, J0090194, J00554652, J00593472, J0052865, J00526055, J00601314, J00573766, J00598877, J00566042, J00553398, J00584647, J00523728, J00553131, J00477616, J00563692, J00456663, J00514140, J00582147, J00472153, J00495872, J00578201, J00573341, J00481001, J00586320, J00496181, J00458240) and compared those individual student's financial aid awards to their student accounts to ensure that the student account appropriately reflected the student aid, and that the awards did not exceed the student's cost of attendance. For eight of the thirty-one student athletes, the award letter was not properly updated for financial aid received during the academic year or the aid award letter was not provided to us for review. For one of the thirty-one student athletes, the financial aid received was \$106 more than the cost of attendance due to the student graduating during the financial aid award year. No other exceptions were noted.
- (ii.) Guarantees – We obtained a detail of 2017 guarantee expenditures and agreed the detail to the 2017 general ledger and to the Statement without exception. We obtained individual contracts with Alabama Agricultural and Mechanical for \$350,000, Oklahoma State University for \$300,000, Auburn University at Montgomery for \$1,500, San Diego State University for \$300,000 and Jacksonville University for \$25,000 and agreed amounts per the contracts to the general ledger, noting no exceptions.
- (iii.) Coaching/support staff/administrative salaries, benefits, and bonuses – We selected ten coaches – Baseball Head Coach (employee ID J00378227), Men's Basketball Head Coach (employee ID J00493724), Women's Basketball Head Coach (employee ID J00213427), Men's and Women's Cross Country and Track and Field Head Coach (employee ID J00102541), Football Head Coach (employee ID J00230847), Football Assistant Coach (employee ID J00555009), Football Assistant Coach (employee ID J00555388), Men's Golf Head Coach (employee ID J00086554), Women's Soccer Head Coach (employee ID J00611585), and Softball Head Coach (employee ID J00214405), and ten athletic administrators - (employee IDs J00271705, J00015348, J00550322, J00523132, J00229237, J00599896, J00406288, J00347708, J00118018 and J00616708). For each of the employees, we compared the employee's wages per the payroll register to supporting documentation in the employee's personnel file. For one of the ten coaches, there was not a signed contract provided to us for review. No other exceptions were noted.
- (iv.) All other expenditures – We selected twenty-three individual vouchers from the 2017 fiscal year within the following expenditure categories: recruiting; team travel; equipment, uniforms, and supplies; game expenses; fund-raising, marketing, and promotions; direct facilities, maintenance and rentals; spirit groups; medical expense and medical insurance; membership and dues; student athlete meals; athletic facilities debt service, leases, and rental fees; bowl expenses; and other. We examined invoice copies and direct pay requests or purchase orders (where applicable) for the expenditures on the vouchers in the table below, which comprise approximately 5% of the expenditures not included in the categories listed in (e)(i.), (e)(ii.), and (e)(iii.) noting that amounts per the vouchers agreed to the invoice copies



and direct pay request or purchase order without exception. However, two team travel invoices and one equipment, uniforms, and supplies invoice were not classified correctly. These items were later reclassified to the correct expense categories on the Statement.

	<u>Voucher no.</u>
1	I1283944
2	I1260971
3	I1232703
4	J0140797
5	I1204594
6	I1247143
7	I1211441
8	I1221268
9	I1276544
10	I1293515
11	I1234650
12	I1185292
13	I1163628
14	Z0172633
15	I1208060
16	I1205221
17	I1205223
18	I1288397
19	I1291762
20	I1282056
21	I1210077
22	I1263902
23	J0134298

(f) Additional Minimum Agreed-Upon Procedures:

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

Baseball Squad List = 46; NCAA Reporting = 35

Football Squad List = 149; NCAA Reporting System = 126

Men's Basketball Squad List = 16; NCAA Reporting System = 17

Women's Softball Squad List = 23; NCAA Reporting System = 24

Women's Track Indoor Squad List = 38; NCAA Reporting System = 37

Men's Track Outdoor Squad List = 46; NCAA Reporting = 45

Women's Track Outdoor Squad List = 44; NCAA Reporting System = 42

Men's CrossCountry Squad List = 10; NCAA Reporting = 11



- (b) We obtained the University's sports sponsorship and demographics forms report and validated that the countable sports reported met the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. We obtained documentation from the NCAA Membership Financial Reporting System and verified that the University properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.
 - (c) For Pell Grants, we agreed the total number of Division I student-athletes who, during the 2016-17 academic year, received a Pell Grant award and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the University's student financial aid records, of all student-athlete Pell Grants.
- (g) Minimum Agreed-Upon Procedures Program for Other Reporting Items
- (a) Total Athletics Related Debt - We compared the total annual maturities and total outstanding athletic-related debt to supporting debt schedules and the University's general ledger, noting agreement.
 - (b) Total Institutional Debt - We compared the total outstanding institutional debt to supporting debt schedules provided by the University to the University's audited financial statements, noting agreement.
 - (c) Value of Athletics Dedicated Endowments - We obtained the athletic dedicated endowment schedule from the Athletic Department and compared the total fair market value in the schedule to supporting University documentation and the general ledger, noting agreement.
 - (d) Value of Institutional Endowments - We compared the total fair market value of institutional endowments to the University's general ledger, noting agreement.
 - (e) Total Athletic Related Capital Expenditures – We obtained a schedule of athletic related capital expenditures made by athletics and the institution during the reporting period. These expenses were agreed to the general ledger.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Statement of Revenues and Expenditures for the University of South Alabama Intercollegiate Athletics Department for the year ended September 30, 2017 (Exhibit A). Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

KPMG LLP

January 12, 2018

UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT

Statement of Revenues and Expenditures

Year ended September 30, 2017

(Unaudited)

NCAA description	Nonprogram specific	Baseball	Men's Basketball	Men's Golf	Men's Tennis	Men's Track	Football	Women's Basketball	Women's Golf	Soccer	Women's Tennis	Women's Track	Volleyball	Softball	Total
Operating revenues:															
Ticket sales	\$ —	62,500	87,342	—	—	—	637,773	2,630	—	—	—	—	—	24,441	814,686
Student fees	—	219,833	106,776	69,090	62,809	628,094	6,964,107	87,933	31,405	163,304	62,809	559,003	113,057	150,743	9,218,963
Guarantees	—	19,000	175,000	—	—	—	2,450,000	—	—	—	—	—	—	—	2,644,000
Contributions	1,165,176	53,049	5,000	15,160	950	8,695	1,820	6,260	715	8,474	950	—	3,050	5,720	1,275,019
Direct institutional support	4,262,381	1,007,039	1,427,454	203,180	233,969	—	626,350	1,193,409	257,543	587,685	329,302	—	628,709	688,972	11,445,993
NCAA distributions	—	112,043	54,421	35,214	32,012	320,124	403,356	44,817	16,006	83,232	32,012	284,910	57,622	76,830	1,552,599
Conference distributions (Nonmedia or Bowl)	—	90,062	43,744	28,305	25,732	257,319	324,222	36,025	12,866	66,903	25,732	229,014	46,317	61,757	1,247,998
Program sales, concessions, novelty sales, and parking	2,041	7,468	—	—	—	—	121,546	—	—	—	—	—	—	518	131,573
Royalties, licensing, advertisements, and sponsorships	197,958	106,195	156,372	—	—	—	314,064	—	—	—	—	—	—	2,150	776,739
Endowment and investment income	27,669	—	—	—	—	—	—	—	—	—	—	—	—	—	27,669
Other	1,011,115	96	194	22,701	—	31,200	—	8,899	33,700	—	—	—	—	15,553	1,123,458
Bowl Revenues	—	—	—	—	—	—	435,180	—	—	—	—	—	—	—	435,180
Total operating revenues	6,666,340	1,677,285	2,056,303	373,650	355,472	1,245,432	12,278,418	1,379,973	352,235	909,598	450,805	1,072,927	848,755	1,026,684	30,693,677
Operating expenditures:															
Athletic student aid	281,869	343,454	422,405	131,946	142,314	349,377	2,427,408	463,676	153,298	440,032	232,842	526,250	436,301	298,310	6,649,482
Guarantees	—	10,693	56,389	—	—	—	1,250,000	5,500	—	—	—	—	11,981	1,200	1,335,763
Coaching salaries, benefits, and bonuses paid by the University	—	522,310	695,971	89,844	84,518	159,239	2,102,512	443,903	79,733	201,059	88,308	130,287	167,627	307,422	5,072,733
Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities	3,302,075	51,046	64,931	9,969	13,063	5,544	1,032,650	68,844	9,869	2,954	10,311	4,536	—	45,821	4,621,713
Recruiting	4,635	47,243	33,724	2,566	584	2,924	136,511	35,853	—	20,352	8,830	2,392	17,895	12,219	325,728
Team travel	49,789	234,613	307,303	33,779	46,466	90,257	724,524	202,024	34,352	70,639	48,426	73,847	112,035	150,600	2,178,654
Equipment, uniforms, and supplies	673,154	101,928	37,669	25,114	30,388	30,536	635,796	31,782	17,150	62,356	24,984	25,066	74,927	1,795,422	
Game expenses	—	55,826	124,842	300	4,625	660	459,462	75,633	—	9,407	7,005	540	14,355	30,591	783,246
Fundraising, marketing, and promotion	343,193	—	—	—	—	—	—	—	—	—	—	—	—	—	343,193
Direct facilities, maintenance, and rentals	516,809	3,718	12,701	10,037	—	206	318,639	40	704	19	—	169	1,135	2,329	866,306
Spirit groups	392,270	—	—	—	—	—	—	—	—	—	—	—	—	—	392,270
Athletic facilities debt service, leases, and rental fees	159,500	—	—	—	—	1,052	240,000	—	—	—	—	861	—	—	401,413
Medical expense and medical insurance	203,697	—	3,000	—	—	—	186,514	2,450	—	—	—	—	—	—	395,661
Student athlete meals	902	18,378	23,756	23	1,512	9,692	52,144	14,859	329	7,066	—	—	—	—	147,390
Membership and dues	102,776	200	50	24,147	540	135	9,363	1,200	4,324	695	1,135	7,930	2,246	4,608	153,445
Other	1,094,566	118,257	39,862	18,920	16,127	18,690	314,334	36,864	36,578	37,285	28,281	15,291	10,604	14,560	1,800,219
Bowl expenses	—	—	—	—	—	—	686,614	—	—	—	—	—	—	—	686,614
Total operating expenditures	7,125,035	1,507,666	1,822,623	346,645	340,137	668,312	10,586,471	1,382,628	336,437	851,854	449,690	787,197	799,995	944,562	27,949,252
Revenue in excess of expenses	\$ (458,695)	169,619	233,680	27,005	15,335	577,120	1,691,947	(2,655)	15,798	57,744	1,115	285,730	48,760	82,122	2,744,625
Other Reporting:															
Excess transfers to Institution and conference realignment expenses	\$ —														
Total athletic related debt	\$ 17,990,580														
Total institutional debt	\$ 412,298,000														
Value of athletic dedicated endowments	\$ 1,172,552														
Value of institutional endowments	\$ 178,634,586														
Total athletic related capital expenditures	\$ 540,319														

See accompanying independent accountants' report on applying agreed upon procedures.

**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT**

Notes to Statement of Revenues and Expenditures

Year ended September 30, 2017

(1) Summary of Significant Accounting Policies and Reporting Practices

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

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

(2) Financial Aid

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

(3) Booster Activities

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

Report on the

University of South Alabama

Mobile, Alabama

October 1, 2015 through September 30, 2016

Filed: December 15, 2017



Department of Examiners of Public Accounts

50 North Ripley Street, Room 3201

P.O. Box 302251

Montgomery, Alabama 36130-2251

Website: www.examiners.alabama.gov

Ronald L. Jones, Chief Examiner



Ronald L. Jones
Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

P.O. Box 302251, Montgomery, AL 36130-2251
50 North Ripley Street, Room 3201
Montgomery, Alabama 36104-3833
Telephone (334) 242-9200
FAX (334) 242-1775

Honorable Ronald L. Jones
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Sir:

Under the authority of the *Code of Alabama 1975*, Section 41-5-21, I submit this report on the results of the examination of the University of South Alabama, Mobile, Alabama, for the period October 1, 2015 through September 30, 2016.

Sworn to and subscribed before me this
the 29 day of November, 2017.

Kelly D. Matthews
Notary Public

Respectfully submitted,

Phillipe Walker

Phillipe J. Walker
Examiner of Public Accounts

rb

Table of Contents

	<i>Page</i>
Summary	A
Contains items pertaining to state compliance, University operations and other matters.	
Comments	B
Contains information pertaining to University operations, compliance and other matters.	
Additional Information	1
Exhibit #1 Board Members and Officials – a listing of the University Board members and officials.	2



Department of
Examiners of Public Accounts

SUMMARY

**University of South Alabama
October 1, 2015 through September 30, 2016**

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

The firm of KPMG, LLP conducted the financial audit of the University for the fiscal year ended September 30, 2016.

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

STATUS OF PRIOR YEAR FINDING

- ◆ 2015-001 The University has requested an opinion from the Alabama Attorney General's Office on the applicability of the *Code of Alabama 1975*, Section 31-13-15(b) to all employees. An opinion has not yet been rendered.

Tests performed during the audit did not disclose any significant instances of noncompliance with applicable state laws and regulations.

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



Department of
Examiners of Public Accounts

COMMENTS

**University of South Alabama
October 1, 2015 through September 30, 2016**

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

Additional Information

Board Members and Officials
October 1, 2015 through September 30, 2016

Board Members		Term Expires
Hon. Robert Bentley, Governor	President, Ex-Officio	
Hon. Michael Sentence, State Superintendent of Education	Member, Ex-Officio	
Hon. Thomas R. Bice, Ed.D., State Superintendent of Education	Member, Ex-Officio	Retired March 31, 2016
Hon. Kenneth O. Simon	Chair Pro Tempore	2019
Hon. James H. Shumock	Vice-Chair	2021
Hon. Arlene Mitchell	Secretary	2021
Hon. Steven P. Furr, M.D.	Member	2017
Hon. Bettye R. Maye	Member	2017
Hon. Bryant Mixon	Member	2017
Hon. John M. Peek	Member	2017
Hon. Steven H. Stokes, M.D.	Member	2017
Hon. Chandra B. Stewart	Member	2019
Hon. Robert D. Jenkins, III	Member	2019
Hon. William Sandy Stimpson	Member	2019
Hon. Michael P. Windom	Member	2019

Board Members and Officials
October 1, 2015 through September 30, 2016

Board Members		Term Expires
Hon. Scott A. Charlton, M.D.	Member	2021
Hon. E. Thomas Corcoran	Member	2021
Hon. James A. Yance	Member	2021

Officials

Dr. Tony G. Waldrop	President
Mr. Scott Weldon	Vice-President for Finance and Administration
Ms. Traci Jones	Health Systems Chief Financial Officer

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**DEVELOPMENT,
ENDOWMENT
AND INVESTMENTS
COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE

**November 30, 2017
9:58 a.m.**

A meeting of the Development, Endowment and Investments Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Jim Yance, Chair, on Thursday, November 30, 2017, at 9:58 a.m. in the Student Center Ballroom.

Members Present: Chandra Brown Stewart, Tom Corcoran, Ron Jenkins, Steve Stokes, Mike Windom and Jim Yance.

Other Trustees: Alexis Atkins, Scott Charlton, Steve Furr, Ron Graham, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Ken Simon and Margie Tuckson.

Administration and Others: Terry Albano, Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Mike Mitchell, Norman Pitman, 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 September 7, 2017. On motion by Mr. Windom, seconded by Mr. Corcoran, the minutes were adopted unanimously.

Mr. Yance called for presentation of **ITEM 8**, a report on endowment and investment performance. Among the statistics presented for the period October 1, 2016, through September 30, 2017, Mr. Albano reported a performance of 12.48 percent vs. the relative index of 10.62 percent, an outperformance of 1.86 percent, and investment earnings of approximately \$17 million. He reported, since inception, a return of 5.34 percent vs. the relative index of 4.36 percent, an outperformance of .98 percent, and earnings of approximately \$71 million. He shared the positive ranking of South compared to Ivy League schools for fiscal year performance.

Mr. Yance presented **ITEM 9**, a resolution acknowledging the annual evaluation of the University's endowment and non-endowment investment policies (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on November 30, 2017). He noted revisions were not recommended. On motion by Mr. Corcoran, seconded by Mr. Windom, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Yance called on Mr. Weldon for presentation of **ITEM 10**, a resolution authorizing the endowment spending policy be adjusted to four and one-half percent of the five-year moving average of the net assets of each endowment, as well as creation of a policy to review the spending policy every five years. Mr. Weldon stated, in recent years, many universities have reduced their annual spending rates based on historical endowment returns. On motion by Mr. Corcoran, seconded by Mr. Windom, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Yance asked Dr. Erdmann to present **ITEM 11**, a resolution approving the appointment of Mr. Ray Kennedy as a member of the Jaguar Athletic Fund (JAF) Board of Directors with a three-year term from December 2017 to December 2020. Dr. Erdmann reviewed the vetting process for JAF directors and described Mr. Kennedy as a loyal Jag supporter. On motion by Mr. Windom, seconded by Capt. Jenkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Yance called for a report on the activities of the Division of Development and Alumni Relations, **ITEM 12**. Dr. Stokes, Upward & Onward Campaign Co-Chair, reported \$105.3 million in gifts and pledges through November 27, or 70.2 percent of the \$150 million campaign goal, and remarked on a potential \$5 million gift for the hospitals. He acknowledged a Mitchell-Moulton Scholarship Initiative fund-raising impact of approximately \$15.2 million, inclusive of matching fund expectancies. He said a new database and software system would be implemented in late spring for enhanced fundraising capabilities, and he urged everyone to help identify prospective donors. He reported South was the largest contributor to the annual United Way drive, with 2,341 staff raising more than \$245,000. Ms. Sullivan called this a testament to the University's deep commitment to the community. She shared additional campaign highlights, noting close to 40,000 gifts from nearly 26,000 donors as of November 13, and addressed fundraising totals by strategic priority. She recognized Dr. Stokes for a substantial gift to the *Angelia & Steven Stokes Endowed Chair of Environmental Resiliency*.

Dr. Stokes advised of a recent article in the *Dothan Eagle* pertaining to red snapper research funded by the state, in which South Alabama and Marine Sciences Chair Dr. Sean Powers were prominently recognized.

There being no further business, the meeting was adjourned at 10:15 a.m.

Respectfully submitted:

James A. Yance, Chair



University of South Alabama Endowment Investment Performance Review/Analysis

Fiscal Year 2018



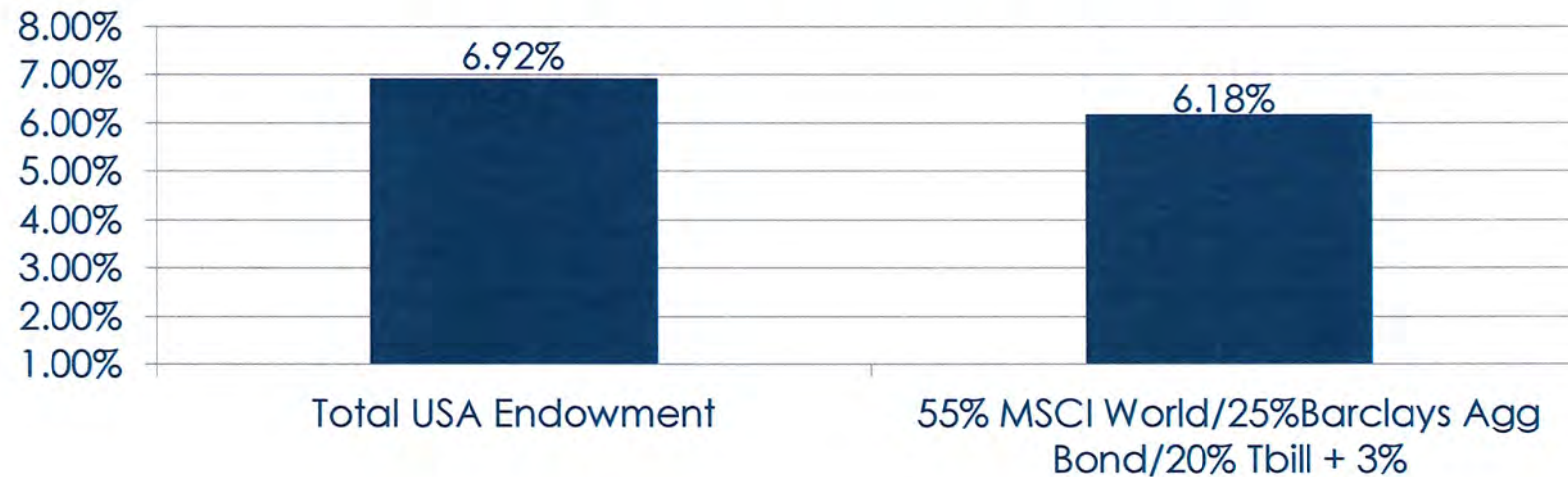
UNIVERSITY OF
SOUTH ALABAMA

Total USA Endowment

October 1, 2017 — January 31, 2018

Total Fund Performance

TOTAL RELATIVE RETURN COMPARISON

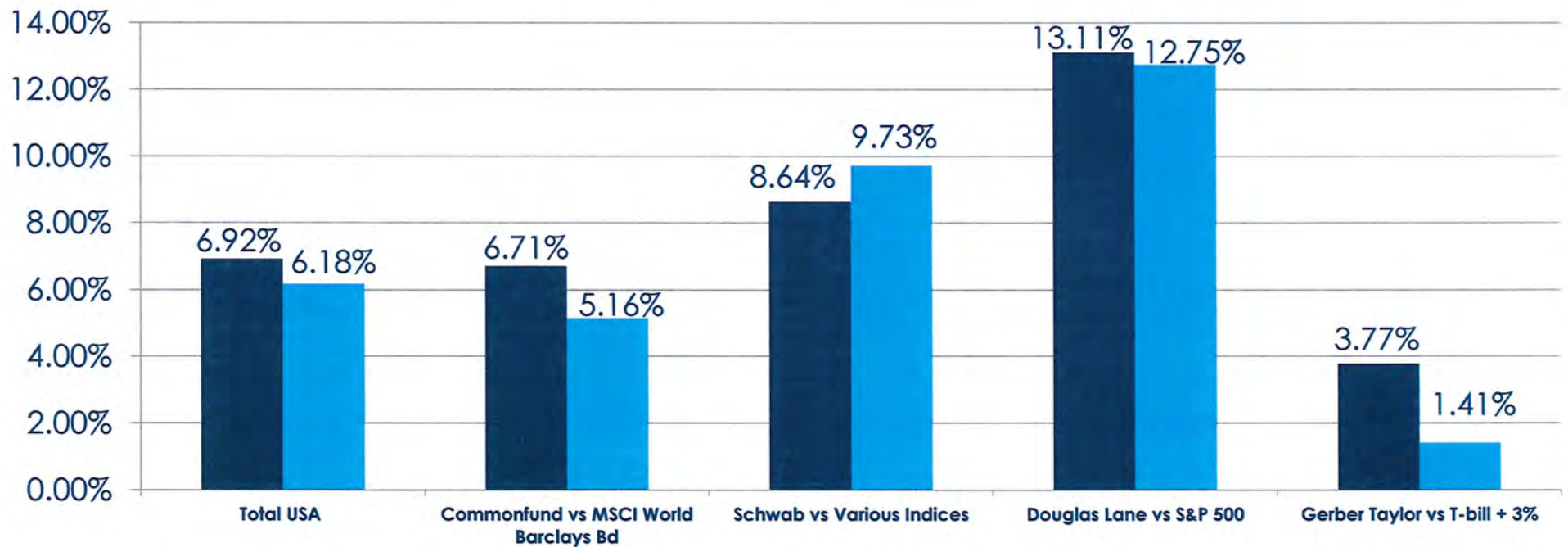


Outperformance: 0.74%



Total USA Endowment

October 1, 2017 – January 31, 2018
Total Fund Performance



Total USA Endowment

Asset Allocation Breakdown

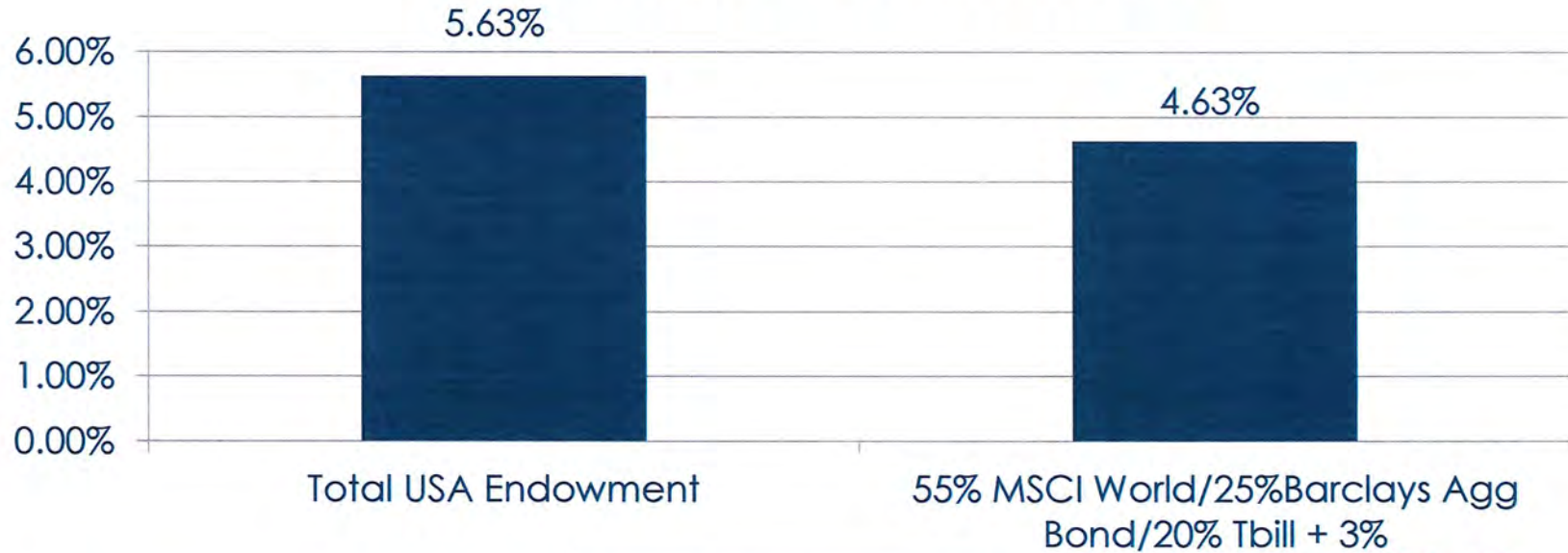
Manager	Money Market	Large Cap Equity	Small Cap Equity	International	Fixed	Hedge	Total	%
Private Advisors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,006,613	\$ 1,006,613	1%
Schwab	\$ 1,686	\$ 7,658,354	\$ 7,740,140	\$ 19,878,795	\$ 5,768,977	\$ -	\$ 41,047,952	26%
Doug Lane	\$ 133,620	\$ 9,207,824	\$ -	\$ -	\$ -	\$ -	\$ 9,341,444	6%
Common Fund	\$ -	\$ 47,130,784	\$ -		\$ 32,555,313	\$ -	\$ 79,686,097	50%
Gerber Taylor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,674,030	\$ 27,674,030	17%
Total	\$ 135,306	\$ 63,996,962	\$ 7,740,140	\$ 19,878,795	\$ 38,324,290	\$ 28,680,643	\$ 158,756,136	100%
%	0%	40%	5%	13%	24%	18%	100%	
Policy %		25-55%	0-8%	5-15%	15-35%	10-30%	100%	

Total USA Endowment

Since Inception

Total Annualized Fund Performance

TOTAL RELATIVE RETURN COMPARISON



Outperformance: 1.00%



Total USA Endowment

Presentation Summary

- 1. Fiscal Year To Date: Outperforming by 0.74%: 6.92% vs 6.18%**
- 2. Three out of four managers have outperformed FYTD.**



Douglas C. Lane & Associates
REGISTERED INVESTMENT ADVISOR

University of South Alabama Endowment

January 31, 2018



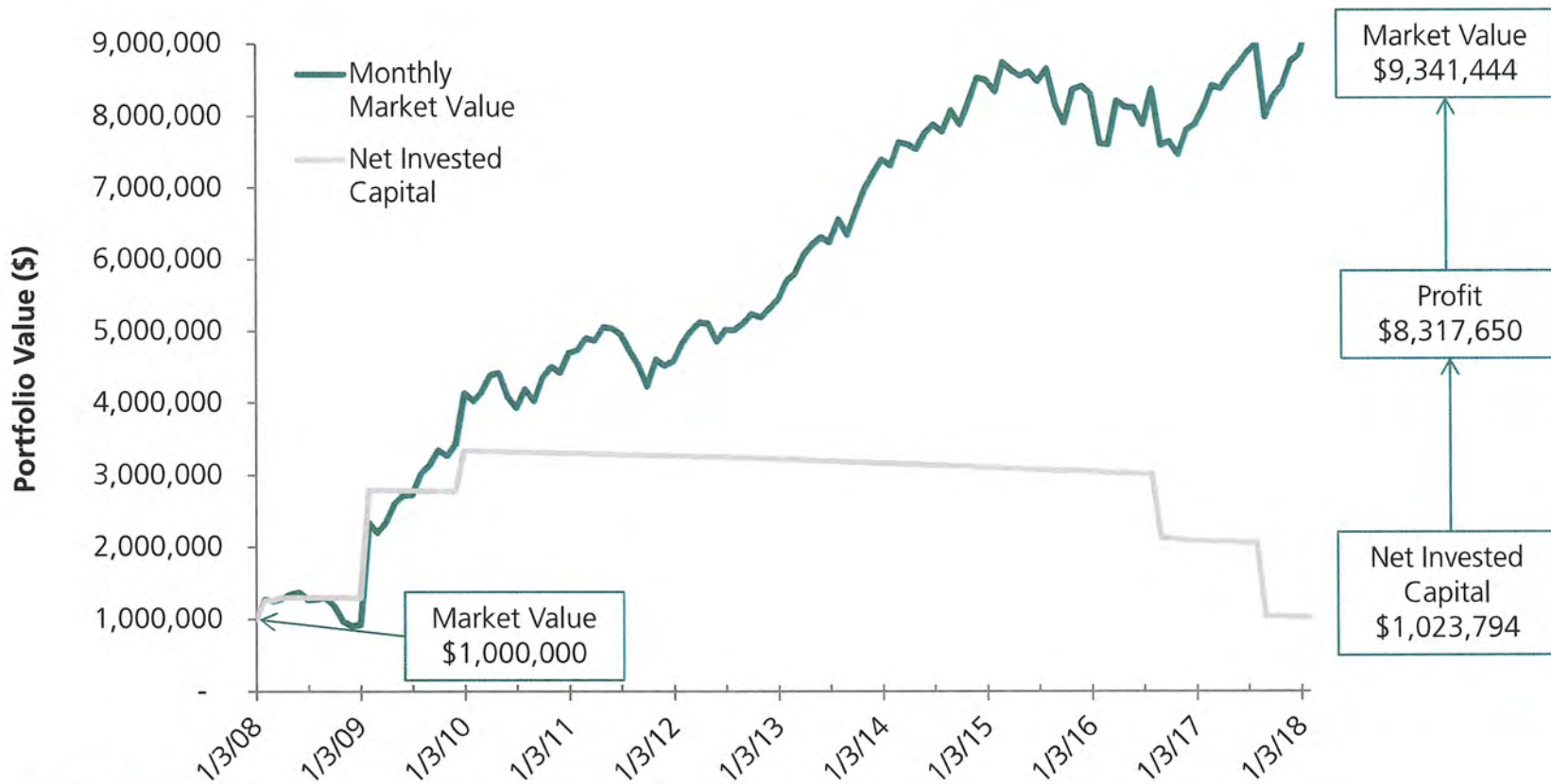
777 Third Avenue, 38th Floor
New York, NY 10017-1424

Telephone: 212-262-7670
Fax: 212-262-2801

Email: mvetto@dclainc.com
Website: www.dclainc.com

USA and DCLA - Relationship History

From 1/3/08 to 1/31/18



Performance Summary

		FY17 All Periods Ending 9/30/17				FY18 YTD 10/1/17 - 1/31/18
CUMULATIVE		One Year	Three Years	Five Years	Since Inception (1/3/08)	
UNIVERSITY OF SOUTH ALABAMA ENDOWMENT						
	Total (Gross of Fees)	22.67%	34.89%	106.61%	170.16%	13.31%
	Total (Net of Fees)	21.54%	31.97%	98.78%	151.44%	13.11%
<i>S&P 500 INDEX</i>		18.61%	36.07%	94.44%	115.01%	12.75%
ANNUALIZED		One Year	Three Years	Five Years	Since Inception (1/3/08)	YTD 10/1/17 1/31/18
UNIVERSITY OF SOUTH ALABAMA ENDOWMENT						
	Total (Gross of Fees)	22.67%	10.49%	15.62%	10.74%	13.31%
	Total (Net of Fees)	21.54%	9.69%	14.73%	9.93%	13.11%
<i>S&P 500 INDEX</i>		18.61%	10.81%	14.22%	8.18%	12.75%

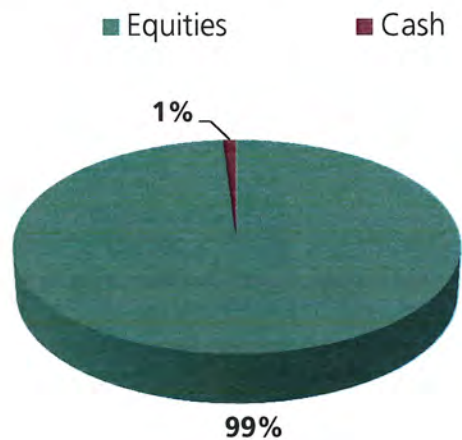
Performance – Cumulative Excess Returns

USA Portfolio (Total, Net of Fees) vs. S&P 500 Index: 1/3/08 to 1/31/18



USA Portfolio Summary: 1/31/18

Total Portfolio Value: \$9,341,444



Annual Income \$117,298

Dividend Yield 1.26%

Top 10 Holdings

Shares	Security	Cost	Market Value
315	ALPHABET INC CAP STK CL A/C	\$113,919	\$369,943
1,700	IAC INTERACTIVECORP	119,850	246,449
1,300	FACEBOOK INC CL A	85,372	242,957
1,000	ILLUMINA INC	37,268	232,640
1,000	THERMO FISHER SCIENTIFIC	42,906	224,110
2,600	PAYPAL HOLDINGS INC	91,920	221,832
3,200	CERNER CORP	33,572	221,216
1,300	MASTERCARD INC CL A	22,769	219,700
1,750	VISA INC CL A	26,428	217,403
4,600	GENERAL MOTORS CO	146,635	195,086
TOTAL		720,639	2,391,336

Current Portfolio Positioning: 1/31/18

	Cost	Market Value	Percent of USA Equity Portfolio	Percent of S&P 500
INFORMATION TECHNOLOGY	\$902,337	\$2,264,156	25	24
FINANCIALS	1,203,774	1,637,176	18	15
CONSUMER DISCRETIONARY	1,090,409	1,446,351	16	12
HEALTH CARE	492,659	1,431,384	16	14
INDUSTRIALS	597,847	1,345,465	15	10
CONSUMER STAPLES	337,332	518,273	6	8
ENERGY	125,031	215,276	2	6
BASIC MATERIALS	64,299	179,502	2	3
REITS	36,093	170,241	2	3
TELECOMMUNICATIONS	-	-	0	2
UTILITIES	-	-	0	3
TOTAL	\$4,849,783	\$9,207,824	100	100

88% (Information Technology, Financials, Consumer Discretionary, Health Care, Industrials)

12% (Consumer Staples, Energy, Basic Materials, REITS, Telecommunications, Utilities)

75% (Information Technology, Financials, Consumer Discretionary, Health Care, Industrials)

25% (Consumer Staples, Energy, Basic Materials, REITS, Telecommunications, Utilities)

Current Investment Themes and Ideas

Digital/Mobile/Social (18%)

Use of big data is disrupting virtually every industry
"Mobile First" mindset is increasingly ubiquitous



Google



Economy, Rates & Regulation (16%)

Continuing solid US economic growth and credit quality
Potential for rising interest rates and less onerous regulation



JPMORGAN CHASE & CO.



Digital Payments (9%)

Long runway for conversion of PCE¹ from paper to digital
Growing market opportunity in PSP, BSB, G2C, etc.

VISA



Consumer/Retail/Housing (8%)

U.S. consumer strength drives discretionary spending growth
Retail landscape undergoing significant change



ESTÉE LAUDER

Next-Gen Healthcare (8%)

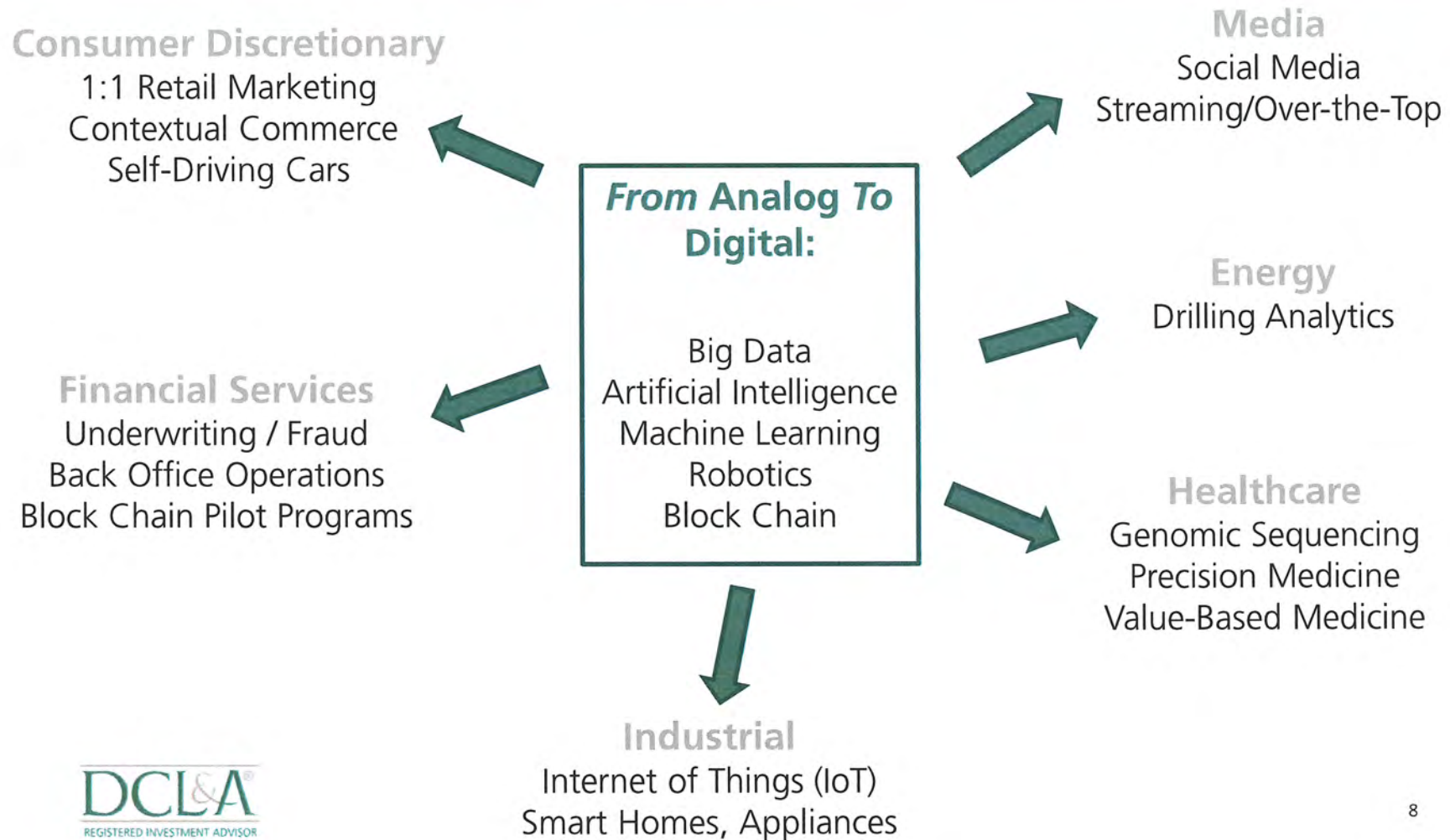
Precision medicine enabling new treatment paradigms
Shift from volume-based to value-based medicine



illumina[®]



Pervasive Reach Of Innovation



Investment Outlook: Cautious Optimism; Selectivity Required

➤ **Fundamental Backdrop is Encouraging**

- ✓ 'Synchronized' global economic growth
- ✓ US at full employment; consumer/corporate confidence is building
- ✓ Corporate profits are improving; tax reform is stimulative

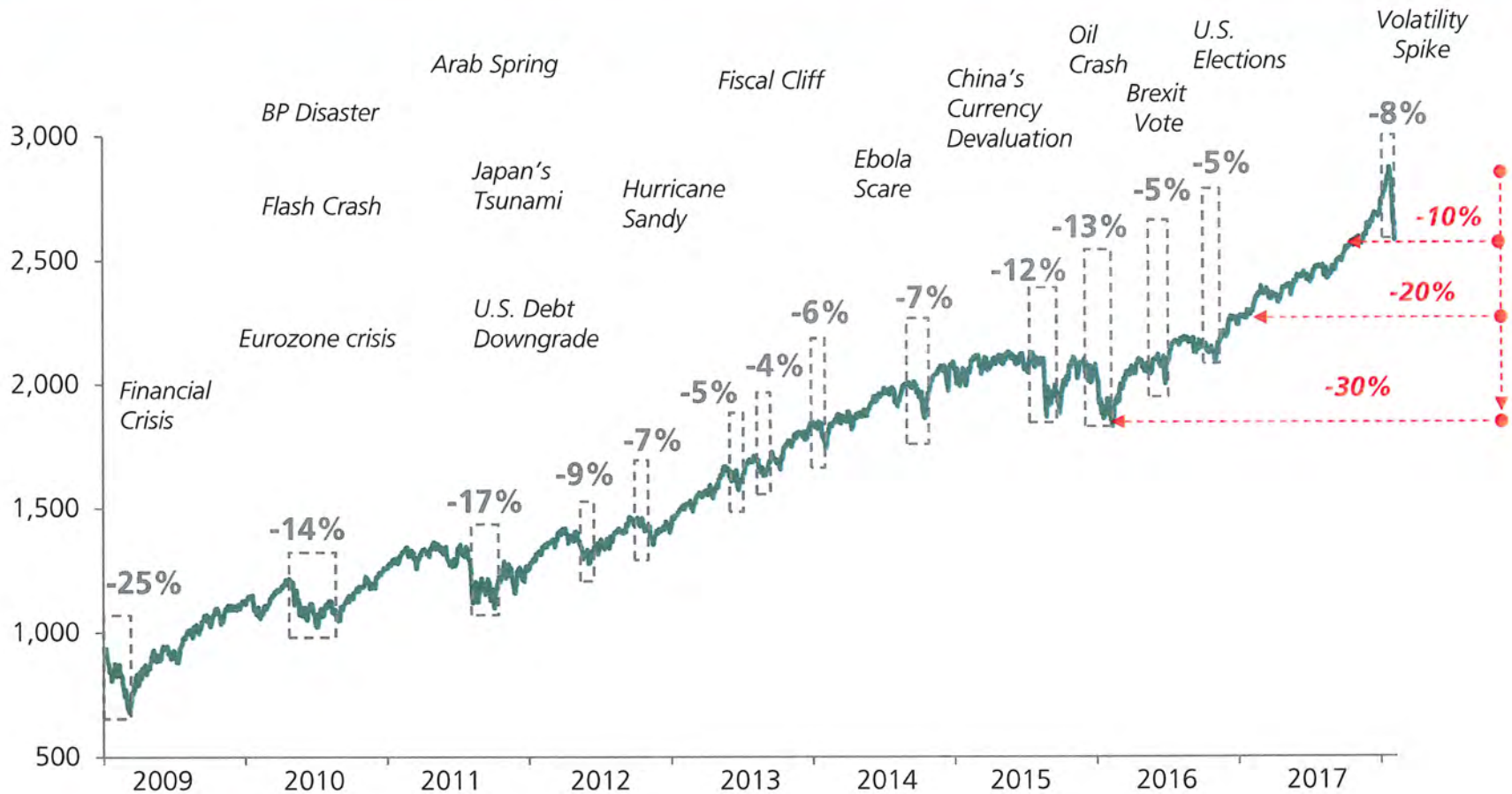
➤ **Stock Market Indices Are Elevated**

- ✓ Many valuations have expanded, though opportunities persist

➤ **Key Risk Factors**

- ✓ Inflation; tighter monetary policy; potential Fed missteps
- ✓ Renewed market volatility
- ✓ Exogenous events – geopolitical or otherwise

Notable S&P 500 Pullbacks: 1/1/09 – 2/9/18



S&P 500 Index Rolling 10-Year Total Return

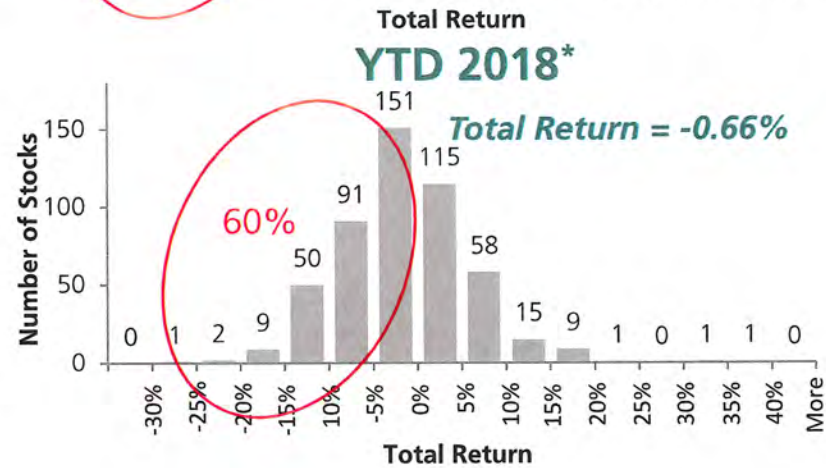
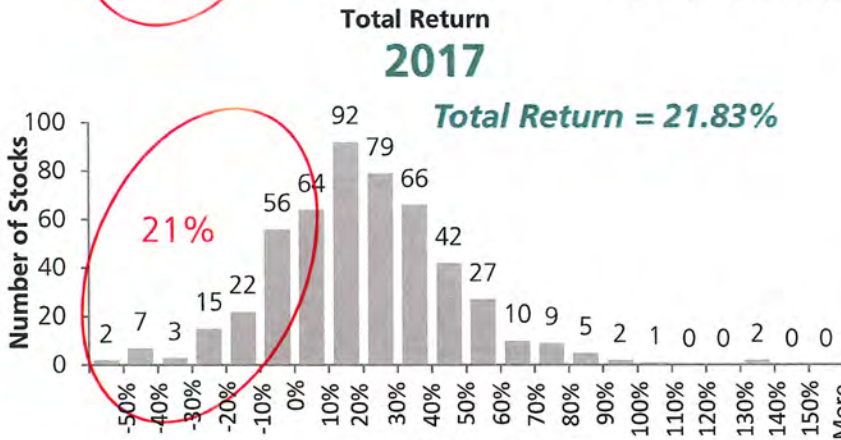
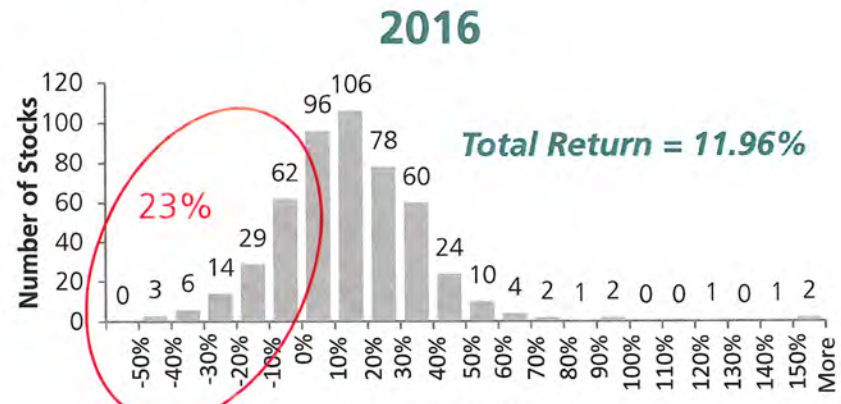
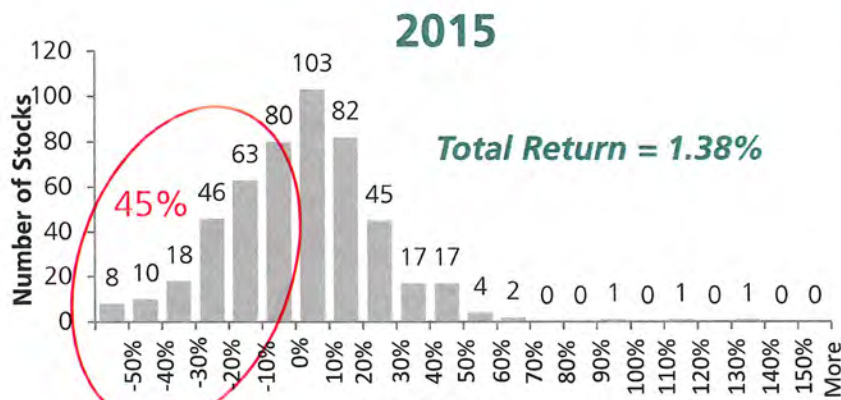
From December 1935 to December

2017



The Advantage Of Individual Security Selection

Distribution of S&P 500 Returns



RESOLUTION

DIRECTOR OF THE JAGUAR ATHLETIC FUND, INC.

WHEREAS, pursuant to the amended bylaws of the Jaguar Athletic Fund, Inc. (“JAF”), the Board of Trustees of the University of South Alabama (“University”) shall approve the JAF slate of officers and directors, and

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

WHEREAS, the Nominating Committee of the JAF Board of Directors and the JAF Board of Directors have nominated Mr. Justin Labrato for a three-year term representing track and field/cross country pending the approval of the Board of Trustees of the University,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama does hereby approve Mr. Justin Labrato as a member of the JAF Board of Directors with a three-year term beginning April 2018 and ending April 2021.




REC'D
Office of the President

JAN 31 2018

University of South Alabama

January 29, 2018

TO: Dr. Tony Waldrop 
University President

FROM: Dr. Joel Erdmann
Director of Athletics

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

This is to request the attached Resolution be presented to the USA Board of Trustees for consideration at its next meeting on March 2, 2018.

The intent of the Resolution is for the University of South Alabama Board Of Trustees to ratify the newly elected JAF Board member.

JWE/els

Attachment





Department of Athletics

Dear Dr. Erdmann and JAF Board Members,

The purpose of this letter is to formally recommend Mr. Justin Labrato to the JAF Board representing our track & field program. Mr. Labrato is a former athlete and has remained a faithful alum to our athletics department for many years and is eager to become a JAF board member!

Mr. Labrato is of the highest moral character, he consistently supports the track & field program and would make a fine addition to the JAF Board.

I hope you will consider him.

Sincerely,

Paul T. Brueske, Head Track & Field Coach
Go Jags!

Graduation • Citizenship • Championships

University of South Alabama • 6001 USA Drive South • Suite 35 • Mobile, Alabama 36688
Office: (251) 460-7121 • Fax: (251) 460-6505





4451 Bayou Boulevard
Pensacola, Florida 32503
850-475-4602

To the Jaguar Athletic Fund Board of Directors:

I wanted to send you a quick letter of interest for me being considered to take a spot on the JAF Board of Directors to represent Track & Field and Cross Country. It would be an honor and pleasure to serve on the JAF Board of Directors, if elected.

I ran Track and Cross Country at South Alabama from 1994-1998, currently serve on the USA National Alumni Association Board of Directors and have been a USA Football ticketholder since the 1st football season.

Please contact me at (850) 206-5201 if you have any questions or concerns.

Thank you

Sincerely,

A handwritten signature in black ink, appearing to read "Justin Labrato".

Justin Labrato, CPA

VP/COO – Gulf Coast Medical Group

4451 Bayou Boulevard

Pensacola, FL 32503

Justin Heath Labrato, CPA
6055 Marie Drive, Gulf Breeze, FL 32563
justinlabrato@gmail.com - (850) 206-5201

Experience:

Ascension Medical Group/ Gulf Coast - Vice President (Sacred Heart and Providence Medical Groups) – Pensacola, FL

Oct 2017 – Present

I am the Chief Operating Officer for 130+ Medical Clinic Locations on the Gulf Coast that is comprised of 500+ Providers and 1,000+ staff (from Apalachicola, Florida to Moss Point, Mississippi).

Sacred Heart Medical Group - Vice President/ Chief Operating Officer- Pensacola, FL

Nov 2012 – Oct 2017

I was the Chief Operating Officer for 100+ Medical Clinic Locations on the Gulf Coast that is comprised of 350+ Providers and 700+ staff (from Apalachicola, Florida to Foley, Alabama). I also served as the CFO, Vice President of Operations and Finance, and Interim President for portions of this time.

Sacred Heart Health System - Controller/ Executive Director – Pensacola, FL

Mar 2001 – Nov 2012

During this time I served as the Manager of Corp Accounting, Manager of Medical Group Accounting, Director of Accounting, Admin Dir of Finance, Exec Dir of Finance and Controller for Sacred Heart.

Verizon Wireless – Partnership Administrator – Alpharetta, GA

Nov 1999 – Mar 2001

Arthur Andersen & Co. – Auditor – Atlanta, GA

Sept 1998 – Nov 1999

Education:

University of South Alabama

Bachelor's Degree, Accounting - 1998

Certified Public Accountant

State of Georgia

Volunteer Experience:

University of South Alabama Alumni Association Board Member – 2017

Escambia Community Clinics, Inc – Treasurer – 2012 - 2017

RESOLUTION

**NAMING OF THE TRAUMA CENTER
AT THE UNIVERSITY OF SOUTH ALABAMA MEDICAL CENTER**

WHEREAS, the University of South Alabama Medical Center is the only Level 1 trauma center in the region and provides lifesaving care to the most critically ill and injured patients in the Gulf Coast community, and

WHEREAS, Mr. Herbert A. Meisler and his late wife, Fanny, have long-supported trauma care in this community, as demonstrated through their gift to establish the *Ripps-Meisler Endowed Chair* in the College of Medicine, and

WHEREAS, Mr. and Mrs. Meisler have supported a wide range of projects at the University of South Alabama, investing in its long-term success through substantial charitable gifts, including the provision of necessary funding to name the student services center *Meisler Hall*, the establishment of the *Fanny and Bert Meisler Endowed Professorship in Jewish Studies*, and the giving of extensive support to the University's athletic programs, and

WHEREAS, Mr. Meisler has made a transformational gift to the University in memory of Mrs. Meisler that will enable the Medical Center to expand its trauma center, giving USA's physicians and medical professionals the facilities they need to continue providing the highest quality of care to the most vulnerable patients at the most critical of times, and

WHEREAS, expansion of the trauma center will result in nearly double the number of beds dedicated to trauma care and have a profound impact on the health care of this city and region, and

WHEREAS, the University of South Alabama recognizes Mr. Meisler and his family for their exemplary philanthropy and service to the community across a broad spectrum of local non-profit organizations and projects over the course of many years,

THEREFORE, BE IT RESOLVED, the Board of Trustees expresses its deep gratitude to Mr. Herbert A. Meisler for his remarkable philanthropy, visionary leadership and extraordinary generosity in providing his transformational gift and declares that the trauma center at the USA Medical Center will hereafter be known as the *Fanny Meisler Trauma Center*.

Date:
February 16, 2018

To:
Tony Waldrop
President

fw

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

Subject:
Herbert Meisler 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 Mr. Bert Meisler, whose generous gift will name the Fanny Meisler Trauma Center at the University Medical Center.

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

REC'D
Office of the President

FEB 16 2018

University of South Alabama

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**HEALTH AFFAIRS
COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

HEALTH AFFAIRS COMMITTEE

**November 30, 2017
10:15 a.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, November 30, 2017, at 10:15 a.m. in the Student Center Ballroom.

Members Present: Alexis Atkins, Chandra Brown Stewart, Scott Charlton, Steve Furr, Arlene Mitchell and Steve Stokes.

Other Trustees: Tom Corcoran, Ron Graham, Ron Jenkins, Lenus Perkins, Jimmy Shumock, Ken Simon, Margie Tuckson, Mike Windom and Jim Yance.

Administration and Others: Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Mike Mitchell, 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. Dr. Furr called for consideration of the minutes of the meeting held on September 7, 2017. On motion by Dr. Charlton, seconded by Ms. Brown Stewart, the Committee voted unanimously to adopt the minutes.

Dr. Furr addressed **ITEM 13**, a resolution authorizing the USA Hospitals medical staff appointments and reappointments for August, September and October 2017 (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on November 30, 2017). On motion by Ms. Mitchell, seconded by Ms. Brown Stewart, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Furr presented **ITEM 14**, a resolution authorizing revisions to the USA Hospitals Medical Staff Bylaws and Rules and Regulations as recommended. On motion by Ms. Mitchell, seconded by Ms. Brown Stewart, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Furr introduced **ITEM 15**, a resolution authorizing medical staff officers as set forth for the calendar years 2018 and 2019. On motion by Ms. Atkins, seconded by Ms. Mitchell, 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 16** resolutions authorizing the naming of the Department of Pathology Resident Office Suite for the late Dr. J. Allan Tucker, Jr., and the Department of Pathology Library for the late Dr. William A. Gardner, Jr. Dr. Marymont shared insight on the exceptional contributions of Drs. Tucker and Gardner to the medical profession and to the University of South Alabama, including the distinguished service of each as Chair of the Department of Pathology. On motion by Ms. Brown Stewart, seconded by Ms. Mitchell, the Committee voted unanimously to recommend approval of the resolutions by the Board of Trustees.

Dr. Furr called on Dr. Marymont to address **ITEM 17**, a report on the activities of the Division of USA Health and the College of Medicine. Dr. Marymont recognized the entire Unity project team for outstanding efforts on the successful planning and transition to a comprehensive electronic patient records system. He introduced Mr. Bailey, who talked about the complexities surrounding the October 1 “Go-Live” implementation of Cerner Millennium software, which made possible a “one patient, one record” approach to clinical and financial information management. He detailed execution aspects, such as having a substantial on-site support presence to help 3,800 employees, and explained expectations going forward.

Mr. Shumock remarked that he enjoyed the *A Night Honoring Heroes* event in October.

There being no further business, the meeting was adjourned at 10:26 a.m.

Respectfully submitted:

Steven P. Furr, M.D., Chair

RESOLUTION

**USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS
FOR NOVEMBER AND DECEMBER 2017 AND JANUARY 2018**

WHEREAS, the Medical Staff appointments and reappointments for November and December 2017 and January 2018 for the University of South Alabama Hospitals are recommended for Board approval by the Medical Executive Committees and the Executive Committee of the University of South Alabama Hospitals,

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

Date:


February 9, 2018

To:

Tony G. Waldrop, Ph.D.
President



From:

Owen Bailey 
CEO

Subject:

Board Meeting Documents

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

Resolution – University of South Alabama Hospitals Medical Staff
Appointments and Reappointments for November and
December, 2017 and January 2018.

- Credentials Report – November and December, 2017 and
January 2018

OB/kh

Attachments

REC'D
Office of the President

FEB 09 2018

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
 MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
 FOR BOARD OF TRUSTEE APPROVAL
 November 2017, December 2017, January 2018

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
Ambrose, Michael R., MD	NA	NA	NA	Reappt.	Active	Emergency Med.	NA	NA	NA
Appelbaum, Alan H., MD	New Appt.	Contract/Locums	Radiology	New Appt.	Contract/Locums	Radiology	NA	NA	NA
Ashbee, Susan J., MD	Reappt.	Courtesy	Pediatrics	NA	NA	NA	NA	NA	NA
Awan, Farida N., MD	Reappt.	R&F Physician	Pediatrics	NA	NA	NA	NA	NA	NA
Awobuluyi, Marc T., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Babston, Michael W., DMD-MD	New Appt.	Courtesy	Surgery	NA	NA	NA	NA	NA	NA
Bath, Amanpreet K., MD	NA	NA	NA	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Batten, Lynn A., MD	Reappt.	Active	Pediatrics	Reappt.	Consult/Assoc.	Pediatrics	Reappt.	Active/Consult/Ass	Pediatrics
Bentley, James Randy, MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Berry, Michael A., MD	NA	NA	NA	Reappt.	Refer & Follow	Internal Medicine	NA	NA	NA
Bhadkamkar, Sanjyot S., CRNP	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine
Bloss, Michael F., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Blunck, Joshua T., MD	NA	NA	NA	New Appt.	Consult/Assoc.	Radiology	NA	NA	NA
Bonetti, Renee W., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Boudreaux, Michael C., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
Breslin, Jeanette W., MD	New Appt.	R&F Physician	Pediatrics	NA	NA	NA	NA	NA	NA
Burns, Rhoda E., MD	New Appt.	R&F Physician	Pediatrics	NA	NA	NA	NA	NA	NA
Caldemeyer, Karen S., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Cavazos, Cristina, MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Chason, Danielle N., CRNP	Reappt.	Allied	Neurosurgery	Reappt.	Allied	Neurosurgery	Reappt.	Allied	Neurosurgery
Clark, Shawn B., MD	Reappt.	Consult/Assoc.	Neurosurgery	Reappt.	Consult/Assoc.	Neurosurgery	NA	NA	NA
Clemens, Elizabeth H., MD	Reappt.	Active	Anesthesiology	Reappt.	Active	Anesthesiology	NA	NA	NA
Coleman, Anthony L., PCT	NA	NA	NA	Reappt.	Allied	Internal Medicine	NA	NA	NA
Cordina, Steve M., MD	Reappt.	Active	Neurology	Reappt.	Active	Neurology	Reappt.	Active	Neurology
Davis, Jennifer J., CRNP	New Appt.	Allied	Surgery	New Appt.	Allied	Surgery	New Appt.	Allied	Surgery
De Andres, Kweni Cruz, RN	NA	NA	NA	New Appt.	Allied	Internal Medicine	NA	NA	NA
Diehl, Anastasio P., RN	New Appt.	Allied	OBGYN	New Appt.	Allied	OBGYN	NA	NA	NA
Dinofer, David S., MD	New Appt.	Contract/Locums	Radiology	New Appt.	Contract/Locums	Radiology	NA	NA	NA
Dixon, Janie M., RN	NA	NA	NA	Reappt.	Allied	Internal Medicine	NA	NA	NA
Drummond, Paula S., MD	New Appt.	R&F Physician	Pediatrics	NA	NA	NA	NA	NA	NA
Engeriser, Jason L., MD	Reappt.	Consult/Assoc.	Psychiatry	Reappt.	Consult/Assoc.	Psychiatry	NA	NA	NA
Fagan, Karen A., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Fagbongbe, Eniola O., MD	Reappt.	Courtesy	OBGYN	Reappt.	Courtesy	OBGYN	NA	NA	NA
Faliszek, James E., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Flotte, Edward R., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Neurosurgery	NA	NA	NA
Fouty, Brian W., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Fox, Stephen G., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA

**UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEE APPROVAL
November 2017, December 2017, January 2018**

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Franks, Ronald D., MD	Reappt.	Consult/Assoc.	Psychiatry	Reappt.	Consult/Assoc.	Psychiatry	Reappt.	Consult/Assoc.	Psychiatry
Frego, Jennifer H., CRNP	Reappt.	Allied	Pediatrics	NA	NA	NA	Reappt.	Allied	Pediatrics
Gauriloff-Rothenberg, Jane B., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Geatrakas, Christina, MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Gore, Lisa D., CRNP	Reappt.	Allied	Pediatrics	NA	NA	NA	Reappt.	Allied	Pediatrics
Gremse, David A., MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics
Hall, Tanzell L., RN	NA	NA	NA	Reappt.	Allied	Internal Medicine	NA	NA	NA
Harris, Charmaine D., RN	NA	NA	NA	Reappt.	Allied	Internal Medicine	NA	NA	NA
Harris, Curtis N., MD	Reappt.	Active	Surgery	Reappt.	Active	Surgery	Reappt.	Active	Surgery
Henderson, Bret T., MD	New Appt.	Consult/Assoc.	OBGYN	NA	NA	NA	NA	NA	NA
Higgins, Tina G., CRNP	New Appt.	Allied	OBGYN	NA	NA	NA	New Appt.	Allied	OBGYN
Holladay, Laurel A., CRNP	Reappt.	Allied	Pediatrics	NA	NA	NA	Reappt.	Allied	Pediatrics
Huffmaster, Candace Elizabeth,	NA	NA	NA	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery
Hughes, Bethany C., PA	Reappt.	Allied	Pediatrics	NA	NA	NA	Reappt.	Allied	Pediatrics
Hughes, Jr., Douglas E., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Jackson, Michelle S., MD	NA	NA	NA	New Appt.	Consult/Assoc.	Internal Medicine	New Appt.	Consult/Assoc.	Internal Medicine
Jones, Sondra R., LPN	Reappt.	Allied	Pediatrics	NA	NA	NA	Reappt.	Allied	Pediatrics
Kahn, Andrea G., MD	Reappt.	Active	Pathology	Reappt.	Active	Pathology	Reappt.	Active	Pathology
Kenyherz, Gregory E., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Kirk, Jessica L., MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics
Kirk, Jessica L., MD	Reappt.	Active	Ped. Emerg. Med.	NA	NA	NA	NA	NA	NA
Laughlin, Brittney B., DO	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Lett, Lana J., Hearing Screener	New Appt.	Allied	Surgery	NA	NA	NA	NA	NA	NA
Marri, Preethi Reddy, MD	New Appt.	Active	Pediatrics	New Appt.	Active	Pediatrics	New Appt.	Active	Pediatrics
Martinsen, Angela M., PA	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine
McCollum, Jeffery S., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	NA	NA	NA
McDonnell, Kevin M., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
McGrath, Margaret A., MD	Reappt.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
McMahon, Amanda M., Dental	Reappt.	Allied	Surgery	NA	NA	NA	NA	NA	NA
Moon, David M., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Moore, Margaret T., MD	New Appt.	R&F Physician	Pediatrics	NA	NA	NA	NA	NA	NA
Morais, Joshua D., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Murray, Valerie C., RN	NA	NA	NA	Reappt.	Allied	Internal Medicine	NA	NA	NA
Nicholson, Torrence L., MD	Reappt.	R&F Physician	Family Medicine	Reappt.	R&F Physician	Family Medicine	NA	NA	NA
Nimityongskul, Prasit, MD	Reappt.	Active	Orthopaedics	Reappt.	Active	Orthopaedics	Reappt.	Active	Orthopaedics
Omar, Bassam A., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Orr, Elizabeth M., MD	New Appt.	R&F Physician	Pediatrics	NA	NA	NA	NA	NA	NA
Otto, Tara M., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Parada-Orrego, Sandra, MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Park, Elizabeth A., MD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology

**UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
 MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
 FOR BOARD OF TRUSTEE APPROVAL
 November 2017, December 2017, January 2018**

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Patterson, Scott B., DO	New Appt.	Active	Surgery (Pediatric)	New Appt.	Active	Surgery (Pediatric)	New Appt.	Active	Surgery (Pedicatric)
Patterson, Scott B., DO	New Appt.	Active	Surgery (Trauma)	New Appt.	Active	Surgery (Trauma)	New Appt.	Active	Surgery (Trauma)
Paul, Marc H., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Pierce, Jennifer Y., MD	New Appt.	Active	OBGYN	New Appt.	Active	OBGYN	New Appt.	Active	OBGYN
Pitts, Denise M., RN	NA	NA	NA	Reappt.	Allied	Internal Medicine	NA	NA	NA
Polk, Nicole, RN	NA	NA	NA	Reappt.	Allied	Internal Medicine	NA	NA	NA
Rausch, Robert O., MD	New Appt.	Contract/Locums	Radiology	New Appt.	Contract/Locums	Radiology	NA	NA	NA
Rimawi, Bassam H., MD	New Appt.	Active	OBGYN	New Appt.	Active	OBGYN	New Appt.	Active	OBGYN
Rizk, Botros, MD	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN
Rogers, Carey B., RN	Reappt.	Allied	OBGYN	Reappt.	Allied	OBGYN	Reappt.	Allied	OBGYN
Rosner, Hilary L., CRNP	New Appt.	Allied	Pediatrics	NA	NA	NA	New Appt.	Allied	Pediatrics
Rulnick, Adam D., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Rusyniak, Walter G., MD	Reappt.	Active	Neurosurgery	Reappt.	Active	Neurosurgery	Reappt.	Active	Neurosurgery
Sansaricq, Jean A., MD	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN	NA	NA	NA
Sawyer, Emily C., CRNP	NA	NA	NA	Reappt.	Allied	Emergency Med.	NA	NA	NA
Silver, Frederick M., MD	Reappt.	Active	Surgery	Reappt.	Active	Surgery	Reappt.	Active	Surgery
Simon, Liliana, MD	Reappt.	Contract/Locums	Pediatrics	NA	NA	NA	NA	NA	NA
Snypes, Stephen R., MD	Reappt.	Active	Anesthesiology	Reappt.	Active	Anesthesiology	NA	NA	NA
Sokol, Joshua R., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Sonken, Ronald S., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Steger, Lisa A., Oral Surgery Assist.	Reappt.	Allied	Surgery	NA	NA	NA	NA	NA	NA
Strong, Benjamin W., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Taylor, Brentley R., MD	New Appt.	Active	Surgery	New Appt.	Active	Surgery	NA	NA	NA
Trenier, Taylor A., Hearing Screener	New Appt.	Allied	Surgery	NA	NA	NA	NA	NA	NA
Trimmier, Marirose C., MD	Reappt.	Active	Family Medicine	Reappt.	Active	Family Medicine	Reappt.	Active	Family Medicine
Varner, Stephen T., MD	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN	Reappt.	Active	OBGYN
Wallender, Aaron C., DDS, MD	New Appt.	Active	Surgery	NA	NA	NA	NA	NA	NA
Wong, William J., MD	NA	NA	NA	Reappt.	Consult/Assoc.	Radiology	NA	NA	NA
Yan, Weisi, MD, PhD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology
Yoder, Dwight A., MD	New Appt.	R&F Physician	Pediatrics	New Appt.	R&F Physician	Pediatrics	NA	NA	NA
Zayek, Michael M., MD	Reappt.	Active	Pediatrics	Reappt.	Courtesy	Pediatrics	Reappt.	Active/Courtesy	Pediatrics

**UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEE APPROVAL
November 2017, December 2017, January 2018**

NAME	USACWH			USAMC			AMBULATORY CARE		
Change Requests									
Berry, Michael A., MD	NA	NA	NA	Chg'ed Status	Refer & Follow	Internal Medicine	NA	NA	NA
Cordina, Steve M., MD	Added Priv.	Active	Neurology	Added Priv.	Active	Neurology	Added Priv.	Active	Neurology
Daniels, Larkin J., MD	Deleted Priv.	Courtesy	Surgery	Add/Del. Priv.	Courtesy	Surgery	NA	NA	NA
Donnellan, Kimberly D., MD	Chg'ed Status	Courtesy	Surgery	Chg'ed Status	Courtesy	Surgery	NA	NA	NA
Fouty, Brian W., MD	Add/Del. Priv.	Active	Internal Medicine	Add/Del. Priv.	Active	Internal Medicine	Add/Del. Priv.	Active	Internal Medicine
Gibbs, Leticia M., CRNP	Name Change	Allied	Family Medicine	Name Change	Allied	Family Medicine	Name Change	Allied	Family Medicine
Harris, Charmaine D., RN	NA	NA	NA	Name Change	Allied	Internal Medicine	NA	NA	NA
Hunter, III, John D., MD	NA	NA	NA	Added Priv.	Active	Surgery	Added Priv.	Active	Surgery
Keel, Christopher E., DO	NA	NA	NA	Added Priv.	Consult/Assoc.	Surgery	NA	NA	NA
Laughlin, Brittney B., DO	Added Priv.	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Liles, Joe Spencer, MD	NA	NA	NA	Added Priv.	Active	Surgery	Added Priv.	Active	Surgery
Nelson, Linsay Walsh, CRNA	Name Change	Allied	Anesthesiology	Name Change	Allied	Anesthesiology	NA	NA	NA
Omar, Bassam A., MD	NA	NA	NA	Added Priv.	Active	Internal Medicine	Added Priv.	Active	Internal Medicine
Parnell, Katelyn Braswell, MD	Name Change	Courtesy	OBGYN	NA	NA	NA	NA	NA	NA
Polk, Nicole D., RN	NA	NA	NA	Added Priv.	Allied	Internal Medicine	NA	NA	NA
Quindlen, Eugene A., MD	Chg'ed Status	Consult/Assoc.	Neurosurgery	Chg'ed Status	Consult/Assoc.	Neurosurgery	Chg'ed Status	Consult/Assoc.	Neurosurgery
Richards, William O., MD	Added Priv.	Active	Surgery	Added Priv.	Active	Surgery	Added Priv.	Active	Surgery
Rider, Jr., Paul F., MD (1)	Added Priv.	Active	Surgery	Added Priv.	Active	Surgery	Added Priv.	Active	Surgery
Rider, Jr., Paul F., MD (2)	Added Priv.	Active	Surgery	Added Priv.	Active	Surgery	Added Priv.	Active	Surgery
Sansaricq, Jean A., MD	Add/Del. Priv.	Active	OBGYN	Add/Del.	Active	OBGYN	NA	NA	NA
Trimmier, Marirose C., MD	Added Priv.	Active	Family Medicine	Added Priv.	Active	Family Medicine	Added Priv.	Active	Family Medicine
Vaner, Stephen T., MD	Added Priv.	Active	OBGYN	Added Priv.	Active	OBGYN	Added Priv.	Active	OBGYN
Willen, Bryce L., DO	Added Priv.	Active	Pediatrics	NA	NA	NA	Added Priv.	Active	Pediatrics
Retired/Resigned									
Name	Reason	Date	Dept.	Reason	Date	Dept.			
Andrews, LaShonda, RN	Resigned	11/1/2017	Pediatrics	NA	NA	NA			
Ashikyan, Oganess, MD	Resigned	10/6/2017	Radiology	Resigned	10/6/2017	Radiology			
Balesh, Eli R., MD	Resigned	10/19/2017	Radiology	Resigned	10/19/2017	Radiology			
Bass, Jr., John B., MD	NA	NA	NA	Deceased	12/15/2017	Internal Medicine			
Brewer, Justin F., PA	Resigned	10/6/2017	Orthopaedics	Resigned	10/6/2017	Orthopaedics			
Bright, Karen L., RN	NA	NA	NA	Resigned	11/14/2017	Internal Medicine			
De La Cruz Pena, Julia D., MD	Resigned	12/18/2017	Pediatrics	NA	NA	NA			
Dow, Melody A., Hearing Screener	Resigned	11/9/2017	Surgery	NA	NA	NA			
Greenwell, Audrey Dawn, RN	Resigned	10/18/2017	Pediatrics	NA	NA	NA			
Horn, Leah K., Hearing Screener	Resigned	11/7/2017	Surgery	NA	NA	NA			
McVay, Karen A., CCC-SLP	Resigned	10/20/2017	Surgery	Resigned	10/20/2017	Surgery			
Miller, Kathryn, Hearing Screener	Resigned	11/9/2017	Surgery	NA	NA	NA			

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
 MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
 FOR BOARD OF TRUSTEE APPROVAL
 November 2017, December 2017, January 2018

NAME	USACWH			USAMC			AMBULATORY CARE		
<u>Name</u>	<u>Reason</u>	<u>Date</u>	<u>Dept.</u>	<u>Reason</u>	<u>Date</u>	<u>Dept.</u>			
Scherer, III, L. R., MD	Resigned	12/29/2017	Suregery	Resigned	12/29/2017	Surgery			
Tan, Marcus, MD	Resigned	12/14/2017	Surgery	Resigned	12/14/2017	Surgery			
Thompson, Lee W., MD	Resigned	10/10/2017	Surgery	Resigned	10/10/2017	Surgery			

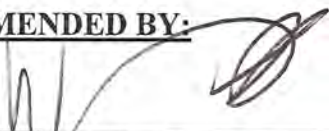
UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEES APPROVAL

November 2017, December 2017, and January 2018

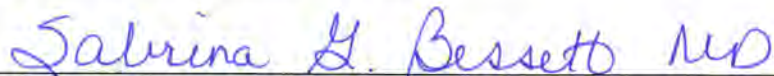
LEGEND:

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:



Robert A. Perkins, M.D., Chair of Medical Executive Committee or Chair Elect
USA Children's & Women's Hospital



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



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

RESOLUTION

**COOKE-SCOTT SCHOLARSHIPS
COLLEGE OF MEDICINE**

WHEREAS, the University of South Alabama (“USA”) and the South Alabama Medical Science Foundation (“SAMSF”) hold funds/assets for the USA College of Medicine Cooke-Scott Chair of Neuroscience valued at more than \$1.4 million, and

WHEREAS, the Cooke-Scott Chair of Neuroscience was created in December 2003 by a resolution of the Board of Trustees combining gifts from the Cooke and Ogg estates to support neuroscience research, and, with the Ogg gift, to honor the donor’s brother, Mr. C.F. Scott, and

WHEREAS, the cash amount of the corpus for the Cooke-Scott Chair of Neuroscience came from the Cooke estate, which also provided that the gift could be used by the College of Medicine to broadly support undergraduate scholarships for medical students planning careers in neurosciences, and

WHEREAS, the cash realized from the sale of the real estate bequest from the Ogg estate to SAMSF will be transferred by SAMSF to USA, pursuant to a resolution of the SAMSF Board of Directors in 2003, to be added to the corpus of the Cooke-Scott fund, and

WHEREAS, the College of Medicine has never identified a faculty person to occupy the Cooke-Scott Chair of Neuroscience, but has identified a significant need for additional scholarship monies to support recruitment and retention of medical students, and

WHEREAS, recruitment and retention of medical students planning careers focused on the neurosciences, such as the treatment and/or prevention of neurological, neurosurgical, or neurodevelopmental disorders or mental illness, would meet the broad intent of both the Cooke and Ogg bequests,

NOW, THEREFORE BE IT RESOLVED that the Board of Trustees of the University of South Alabama approves the termination of the Cooke-Scott Chair of Neuroscience and, consistent with the intent of the above-referenced bequests, the designation of funds heretofore dedicated to the Cooke-Scott Chair of Neuroscience be made available to instead create and fund Cooke-Scott Scholarships for medical students in the College of Medicine.

Date:

February 20, 2018

To:

Dr. Tony Waldrop
University President



From:

JVM

John V. Marymont, M.D., M.B.A.
Vice President Medical Affairs
Dean, College of Medicine

Subject:

University of South Alabama Board of Trustees Meeting
Cooke-Scott Scholarships College of Medicine Resolution for
Consideration

This is to request the attached Resolution be presented to the USA Board of Trustees for consideration at its next meeting on March 2, 2018.

The intent of the Resolution is to change the Cook-Scott Chair of neurosciences to the Cook-Scott Scholarships in the College of Medicine.

JVM/gkr

Attachment

REC'D
Office of the President

FEB 19 2018

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**ACADEMIC AND
STUDENT AFFAIRS
COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

November 30, 2017

10:26 a.m.

A meeting of the Academic and Student Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Dr. Scott Charlton, Chair, on Thursday, November 30, 2017, at 10:26 a.m. in the Student Center Ballroom.

Members Present: Alexis Atkins, Scott Charlton, Steve Furr, Ron Graham, Lenus Perkins and Mike Windom.

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

Administration and Others: Zeke Aull, Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Bobette Fisher, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Joshua Missouri, Mike Mitchell, Dale Smith, John Smith, Margaret Sullivan, Carl Thomas (SGA), Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop, Scott Weldon, Jenny Wilcutt and Bob Wood.

The meeting came to order and the attendance roll was called. Dr. Charlton called for consideration of the minutes of the meeting held on September 7, 2017. On motion by Mr. Windom, seconded by Mr. Perkins, the Committee voted unanimously to adopt the minutes.

Dr. Charlton called upon Provost Johnson to address **ITEM 18**, a resolution authorizing sabbatical awards for the 2018 Fall semester through the 2019 Spring semester (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on November 30, 2017). On motion by Mr. Windom, seconded by Mr. Perkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Provost Johnson presented **ITEM 19**, a resolution conveying emeritus status to retired faculty as set forth and expressing the Board's appreciation for the service of each. On motion by Mr. Windom, seconded by Ms. Atkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Provost Johnson presented **ITEM 20**, a resolution designating retired Dean of the University Libraries Dr. Richard Wood as *Dean Emeritus*. On motion by Mr. Windom, seconded by Ms. Atkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Charlton called for presentation of **ITEM 21**, a resolution authorizing a \$3,000 program fee to support enhancement of the M.B.A. program, to become effective with students entering the program in the 2019 fall semester. Provost Johnson said all proceeds would benefit M.B.A students directly

and the fee would be assessed as students matriculate through the program. He introduced Dean Wood to answer questions. On motion by Ms. Mitchell, seconded by Mr. Windom, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Charlton called for a report on the activities of the Division of Academic Affairs, **ITEM 22**. Provost Johnson introduced Department of Radiologic Sciences Chair Mr. Dale Smith. He also discussed the document *Strategic Plan for Alabama's Public Universities* and its eventual use, together with similar plans drafted by other educational sectors in the state, to develop a unified plan for all education in the state of Alabama.

Dr. Charlton called for a report on the activities of the Division of Student Affairs, **ITEM 23**. Dr. Mitchell shared an overview on services administered through the Office of Veterans Affairs and introduced Veterans Affairs Coordinator Mr. Joshua Missouri. Mr. Missouri recognized staff members Ms. Jenny Wilcutt and Ms. Bobette Fisher, and answered questions regarding educational benefits and availability of mental health treatment.

Dr. Charlton called for a report on campus safety, **ITEM 24**. Dr. Smith talked about efforts over seven years to improve lighting, expand surveillance cameras at campus entrances and address overgrown shrubbery and trees. He said the total cost for lighting and surveillance enhancements through the current year would exceed \$1.7 million. Campus Police Chief Mr. Zeke Aull said evening walking tours with faculty and students had been effective for assessing safety needs. He presented Clery crime statistics for the period 2011-2016, noting an overall decrease in crimes reported from 2015 to 2016. He talked about ongoing opportunities to engage students in safety dialogue and provide mental health first aid and crisis diffusion training to area law enforcement.

Dr. Charlton called for a report on the activities of the Division of Research and Economic Development, **ITEM 25**. By way of an overview on research growth within the Department of Marine Sciences, Ms. Chronister demonstrated factors significant to research program development. She stated, with the help of seed gifts from the Stokeses totaling approximately \$1.6 million, the program was able to secure federal and state grants and contracts totaling approximately \$16.5 million over a five-year period.

Chairman Simon asked Dr. Finan to comment on the Mitchell Cancer Institute's recruitment of nationally renowned melanoma and immunotherapy researcher Dr. Art Frankel, named the Arlene and Mayer Mitchell Chair in Medical Oncology. He thanked Ms. Mitchell for establishing the endowment that funds Dr. Frankel's work. Brief discussion took place on the implications of instrumentation on research growth and opportunities for expanding instrumentation.

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

Respectfully submitted:

Scott A. Charlton, M.D., Chair

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**BUDGET AND
FINANCE
COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

BUDGET AND FINANCE COMMITTEE

November 30, 2017

11:11 a.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, November 30, 2017, at 11:11 a.m. in the Student Center Ballroom.

Members Present: Tom Corcoran, Ron Graham, Arlene Mitchell, Lenus Perkins, Steve Stokes and Jim Yance.

Other Trustees: Alexis Atkins, Chandra Brown Stewart, Scott Charlton, Steve Furr, Ron Jenkins, Jimmy Shumock, Ken Simon, Margie Tuckson and Mike Windom.

Administration and Others: Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Finan, Happy Fulford, Gerald Gattis, Mike Haskins, Pam Henderson, David Johnson, Melva Jones, John Marymont, Mike Mitchell, 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. Corcoran called for consideration of the minutes of the meeting held on September 7, 2017. On motion by Mr. Yance, seconded by Dr. Stokes, the minutes were adopted unanimously.

Mr. Corcoran called for presentation of **ITEM 26**, the *University of South Alabama 2017 Financial Report*. Prior to discussing the financial report, Mr. Weldon recognized retiring Associate Vice President for Finance and Administration-Human Resources Ms. Pam Henderson and welcomed Human Resources Executive Director Mr. Gerald Gattis to the role of Assistant Vice President for Finance and Administration-Human Resources. He then reported an increase in net position of approximately \$48 million for 2017, as compared to the approximate \$26 million increase in net position in 2016. He stated the difference was due primarily to an improvement in investment income.

Mr. Corcoran asked Ms. Tucker to address **ITEM 27** resolutions authorizing adoption of affiliation agreements between the University and entities that exist to support the advancement of the Institution -- the USA Foundation for Research and Commercialization; USA Research and Technology Corporation; Jaguar Athletic Fund, Inc.; USA National Alumni Association; and USA College of Medicine Medical Alumni Association, Inc. (for copies of resolutions, policies and other

Budget and Finance Committee
November 30, 2017
Page 2

authorized documents, refer to the minutes of the Board of Trustees meeting held on November 30, 2017). Ms. Tucker noted that, unlike the agreements adopted five years previously, language was inserted that would require an affirmative act in order to terminate an affiliation. She stated the agreements are necessary for Southern Association of Colleges and Schools Commission on Colleges compliance. On motion by Ms. Mitchell, seconded by Dr. Stokes, the Committee voted unanimously to recommend approval of the resolutions by the Board of Trustees.

There being no further business, the meeting was adjourned at 11:18 a.m.

Respectfully submitted:

E. Thomas Corcoran, Chair

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

Basic Financial Statements

Three Months Ended December 31, 2017 and 2016

Unaudited

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

Quarterly Financial Statements

Three Months Ended December 31, 2017 and 2016

Contents

Management's Discussion and Analysis	1-6
Unaudited Quarterly Financial Statements	
Statements of Net Position.....	7
Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows.....	9-10
Notes to Financial Statements.....	11-35

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of 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 has been prepared by University management and should be read in conjunction with the financial statements and notes thereto, which follow.

Financial Highlights

At December 31, 2017 and 2016, the University had total assets and deferred outflows of \$1,251,381,000 and \$1,191,506,000, respectively; total liabilities and deferred inflows of \$970,439,000 and \$954,085,000, respectively; and net position of \$280,942,000 and \$237,421,000, respectively. Net position increased \$15,123,000 for the three months ended December 31, 2017 compared to an increase of \$19,427,000 for the three months ended December 31, 2016. An overview of each statement is presented herein along with financial analysis of the transactions impacting each statement.

Condensed financial statements for the University at and for the three months ended December 31, 2017 and 2016 follow (in thousands):

Condensed Schedules of Net Position

	2017	2016
Assets		
Current	\$ 251,292	\$ 226,532
Capital and other noncurrent assets	941,185	912,726
Deferred outflows	58,904	52,248
	1,251,381	1,191,506
Liabilities		
Current	158,838	165,011
Noncurrent	768,840	751,404
Deferred inflows	42,761	37,670
	970,439	954,085
Net position:		
Net investment in capital assets	314,026	291,530
Restricted, nonexpendable	50,191	49,981
Restricted, expendable	69,884	56,350
Unrestricted	(153,159)	(160,440)
	\$ 280,942	\$ 237,421

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis

**Condensed Schedules of Revenues, Expenses,
and Changes in Net Position**

	2017	2016
Operating revenues:		
Tuition and fees	\$ 52,444	\$ 53,316
Patient service revenues	98,161	90,635
Federal, state and private grants and contracts	6,779	6,763
Other	18,642	22,254
	176,026	172,968
Operating expenses:		
Salaries and benefits	120,739	118,749
Supplies and other services	61,540	51,027
Other	14,154	13,007
	196,433	182,783
Operating loss	(20,407)	(9,815)
Nonoperating revenues (expenses):		
State appropriations	26,821	26,821
Investment income (loss)	4,226	(1,013)
Other, net	2,880	724
Net nonoperating revenues (expenses)	33,927	26,532
Income before capital contributions and grants and additions to endowment	13,520	16,717
Capital contributions and grants and additions to endowment	1,603	2,710
Increase in net position	15,123	19,427
Beginning net position	265,819	217,994
Ending net position	\$ 280,942	\$ 237,421

Analysis of Financial Position and Results of Operations

Statements of Net Position

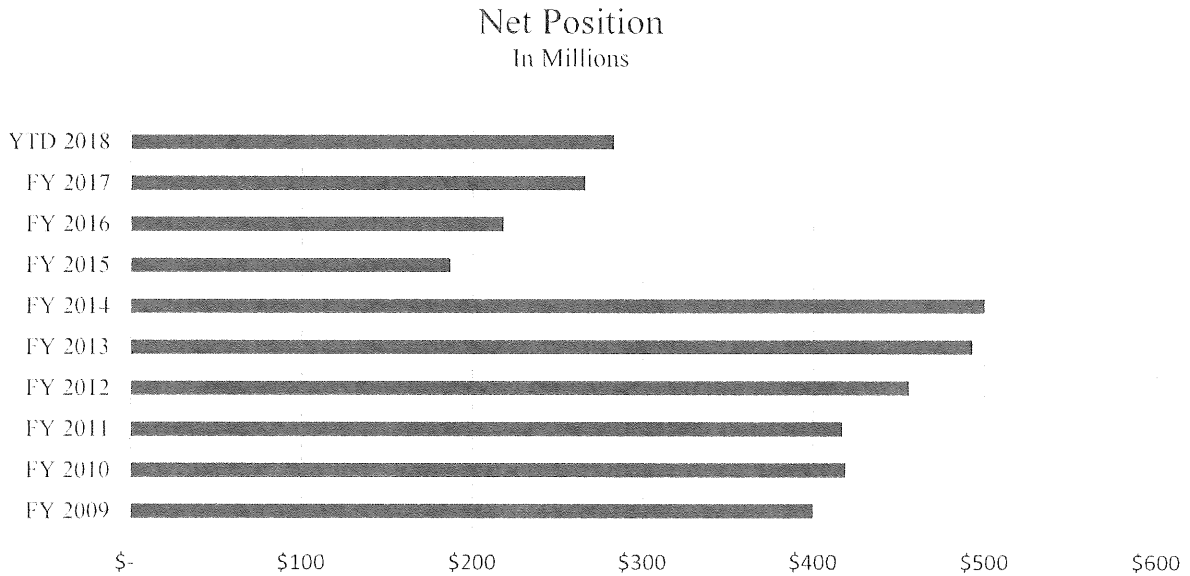
The statements of net position present the assets, deferred outflows, liabilities, deferred inflows and net position of the University as of the end of the current reporting period. Net position is displayed in three parts: net investment in capital assets net of related debt, restricted and unrestricted. Restricted net position may either be expendable or nonexpendable and are those assets that are restricted by law or by external donors. Unrestricted net position is generally designated by management for specific purposes, and is available for use by the University to meet current expenses for any purpose. 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

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis

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 net patient receivables. Noncurrent assets consist primarily of restricted cash and cash equivalents, restricted investments and capital assets.

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. In accordance with the policies of the University, the earnings from these funds may be expended, but the corpus may not be expended and must remain intact with the University in perpetuity. 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.

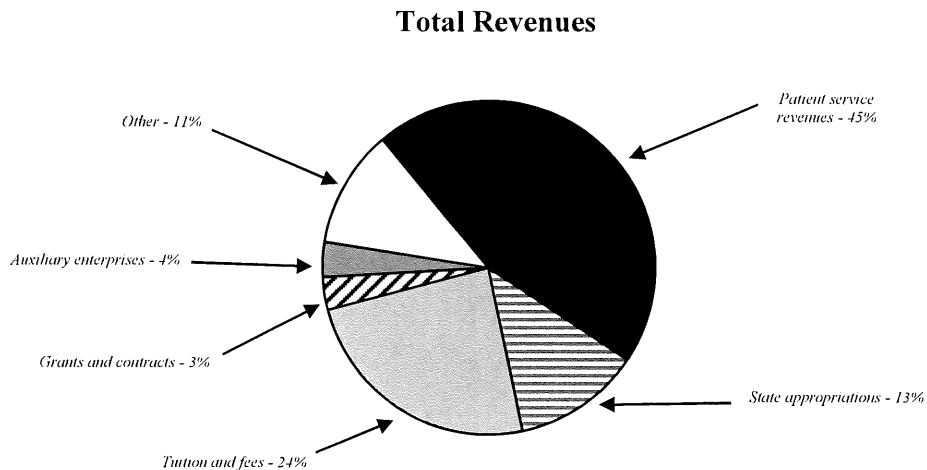
Statements of Revenues, Expenses, and Changes in Net Position

Changes in total University net position 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 changes in net position resulting from operating and nonoperating revenues earned by the University, and operating and nonoperating expenses incurred by the University, as well as any other revenues, expenses, gains, and losses earned or incurred by the University.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis

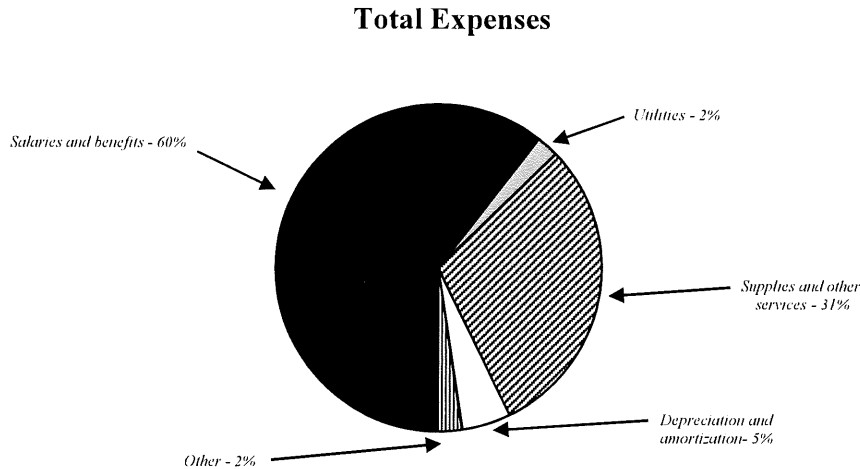
Generally, operating revenues have the characteristics of exchange transactions and are received or accrued for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid or incurred to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Nonoperating revenues have the characteristics of nonexchange transactions and are generally earned when no goods or services are provided. State appropriations are required by GASB Statement No. 34 to be classified as nonoperating revenues.

Approximately 45% of total revenues of the University are 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:



UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis

University expenses are presented using natural expense classifications. Salaries and benefits and supplies and other services 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:



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 the University of South Alabama Health System (USA Health) 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 August 2018. Neither the assets of the escrow trust account, nor the defeased indebtedness is included in the accompanying statements 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 are being used to construct 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 rating changed during 2017 or 2016.

UNIVERSITY OF SOUTH ALABAMA
 (A Component Unit of the State of Alabama)
 Management's Discussion and Analysis

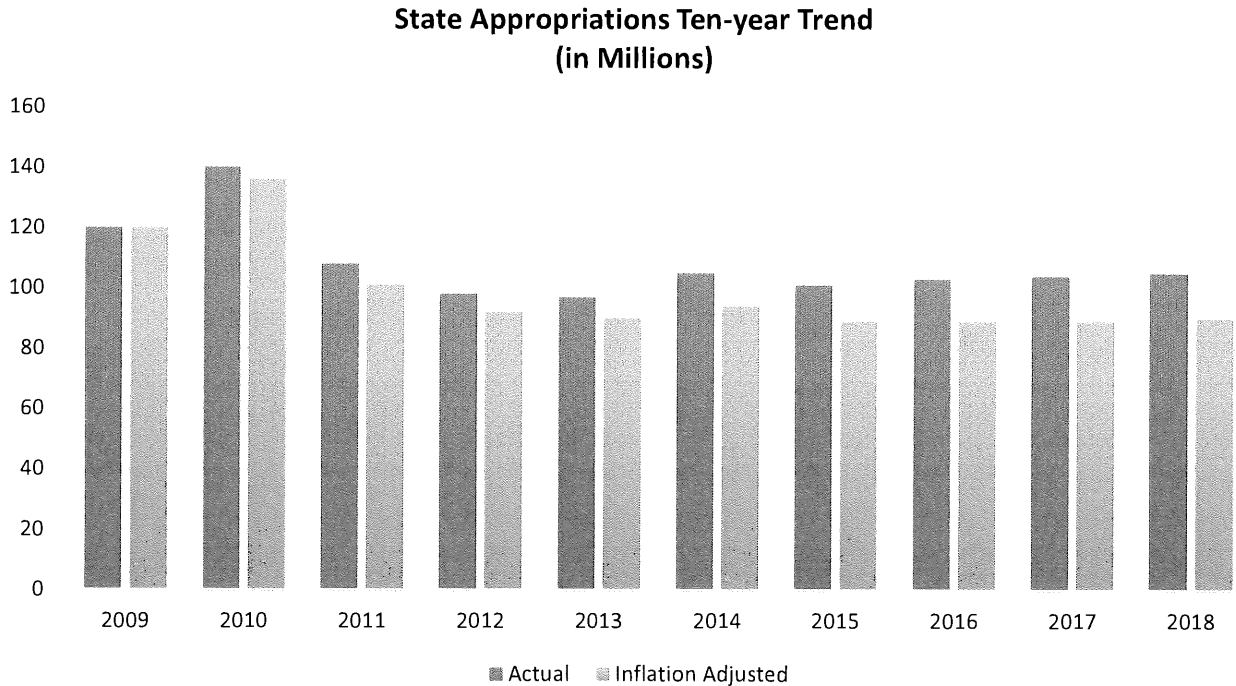
Economic Outlook

Tuition revenues and enrollment have generally increased in recent years. However, there was a decrease in tuition and enrollment as of the current reporting period due to a decline in international student enrollment of approximately 5%.

State appropriations in the amount of approximately \$107,332,000 and \$105,024,000 was authorized and received for the fiscal years ended September 30, 2017 and 2016, respectively.

A state appropriation in the amount of \$107,285,000 has been authorized for the fiscal year ending September 30, 2018, which will result in a slight decrease from the fiscal 2017 appropriation received. While no announcement has been made, the University is aware that reductions in the 2018 appropriation are possible.

The ten-year trend of state appropriations (actual and inflation-adjusted) for the University is as follows:



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 potentially have a 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 2018 beyond those unknown variables having a global effect on virtually all types of business operations.

University of South Alabama

Statements of Net Position

December 31, 2017 and 2016

(In thousands)

	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 48,995	\$ 60,669
Investments, at fair value	50,078	11,732
Net patient service receivables	60,307	48,383
Accounts receivable	76,825	93,110
Notes receivable, net	1,064	529
Prepaid expenses, inventories and other	14,023	12,109
Total current assets	<u>251,292</u>	<u>226,532</u>
Noncurrent assets		
Restricted cash and cash equivalents	22,262	2,836
Restricted investments	48,883	55,105
Investments, at fair value	134,345	149,216
Accounts receivable	1,708	2,201
Notes receivable, net	11,573	6,599
Other noncurrent assets	26,455	33,353
Capital assets (net of accumulated depreciation)	695,959	663,416
Total noncurrent assets	<u>941,185</u>	<u>912,726</u>
Deferred outflows	58,904	52,248
Total assets and deferred outflows	<u>1,251,381</u>	<u>1,191,506</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	49,365	60,264
Unrecognized revenue	73,525	75,296
Deposits	2,871	1,433
Current portion of long-term debt	29,767	24,708
Current portion of other long-term liabilities	3,310	3,310
Total current liabilities	<u>158,838</u>	<u>165,011</u>
Noncurrent liabilities		
Long-term debt	374,428	351,043
Net pension liability	336,477	329,294
Other long-term liabilities	57,935	71,067
Total noncurrent liabilities	<u>768,840</u>	<u>751,404</u>
Deferred inflows	42,761	37,670
Total liabilities and deferred inflows	<u>970,439</u>	<u>954,085</u>
Net position		
Net investment in capital assets	314,026	291,530
Restricted, nonexpendable		
Scholarships	24,788	24,240
Other	25,403	25,741
Restricted, expendable		
Scholarships	19,959	14,845
Other	49,925	41,505
Unrestricted	(153,159)	(160,440)
Total net position	<u>\$ 280,942</u>	<u>\$ 237,421</u>

See accompanying notes to basic financial statements.

University of South Alabama

Statements of Revenues, Expenses and Changes in Net Position

Three Months Ended December 31, 2017 and 2016

(In thousands)

	2017	2016
Revenues		
Operating revenues		
Tuition and fees (net of scholarship allowances)	\$ 52,444	\$ 53,316
Patient service revenues (net of provision for bad debts)	98,161	90,635
Federal grants and contracts	3,105	3,447
State grants and contracts	1,515	1,256
Private grants and contracts	2,159	2,060
Auxiliary enterprises (net of scholarship allowances)	7,369	7,161
Other operating revenues	11,273	15,093
Total operating revenues	176,026	172,968
Expenses		
Operating expenses		
Salaries and benefits	120,739	118,749
Supplies and other services	61,540	51,027
Scholarships and fellowships	139	152
Utilities	4,416	3,823
Depreciation and amortization	9,599	9,032
Total operating expenses	196,433	182,783
Operating loss	(20,407)	(9,815)
Nonoperating revenues (expenses)		
State appropriations	26,821	26,821
Investment income (loss)	4,226	(1,013)
Interest on indebtedness	(3,257)	(3,201)
Other nonoperating revenues	7,593	6,167
Other nonoperating expenses	(1,456)	(2,242)
Net nonoperating revenues	33,927	26,532
Income before capital contributions and grants and additions to endowment	13,520	16,717
Capital contributions and grants	339	313
Additions to endowment	1,264	2,397
Increase in net position	15,123	19,427
Net position		
Beginning of period	265,819	217,994
End of period	\$ 280,942	\$ 237,421

See accompanying notes to basic financial statements.

University of South Alabama

Statements of Cash Flows

Three Months Ended December 31, 2017 and 2016

(in thousands)

	2017	2016
Cash flows from operating activities:		
Receipts related to tuition and fees	\$ 16,427	\$ 16,078
Receipts from and on behalf of patients and third-party payers	86,950	92,533
Receipts from grants and contracts	8,601	8,949
Receipts related to auxiliary enterprises	2,221	1,903
Payments to suppliers and vendors	(69,570)	(52,257)
Payments to employees and related benefits	(131,940)	(122,255)
Payments for scholarships and fellowships	(139)	(153)
Other operating receipts	13,792	13,197
Net cash used in operating activities	(73,658)	(42,005)
Cash flows from noncapital financing activities:		
State appropriations	17,881	8,940
Endowment gifts	1,264	2,397
Agency funds received	545	398
Agency funds disbursed	-	(472)
Student loan program receipts	564	581
Student loan program disbursements	(1,009)	(600)
Other nonoperating revenues	4,982	10,707
Other nonoperating expenses	(1,456)	(2,242)
Net cash provided by noncapital financing activities	22,771	19,709
Cash flows from capital and related financing activities:		
Capital gifts and grants	339	314
Purchases of capital assets	(10,960)	(26,291)
Proceeds from issuance of capital debt	-	102,090
Principal payments on capital debt	(8,523)	(108,081)
Interest payments on capital debt	(2,608)	(3,560)
Net cash used in capital and related financing activities	(21,752)	(35,528)
Cash flows from investing activities:		
Interest and dividends and unrealized gains (losses) on investments	2,642	(1,107)
Proceeds from sales of investments	17,146	16,146
Purchases of investments	(7,701)	(11,208)
Net cash provided by investing activities	12,087	3,831
Net decrease in cash and cash equivalents	(60,552)	(53,993)
Cash and cash equivalents (unrestricted and restricted):		
Beginning of year	131,809	117,498
End of period	\$ 71,257	\$ 63,505

University of South Alabama

Statements of Cash Flows

Three Months Ended December 31, 2017 and 2016

(in thousands)

	<u>2017</u>	<u>2016</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (20,407)	\$ (9,815)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	9,599	9,032
Changes in operating assets and liabilities, net:		
Student receivables	(47,594)	(51,775)
Net patient service receivables	(10,568)	(486)
Grants and contracts receivables	2,799	2,729
Other receivables	(6,433)	(6,459)
Prepaid expenses, inventories and other	(400)	23
Accounts payable and accrued liabilities	(14,348)	2,125
Unrecognized revenue	13,694	12,621
Net cash used in operating activities	<u>\$ (73,658)</u>	<u>\$ (42,005)</u>

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

(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 entities discussed below as component units.

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

The University is also affiliated with the South Alabama Medical Science Foundation (SAMSF) and the Gulf Coast Regional Care Organization (RCO). These entities are not considered component units of the University under the provisions of GASB Statements No. 14, 39 and 61 because the University does not consider these entities significant enough to warrant inclusion in the University's reporting entity.

GASB Statement No. 61 and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, require 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 and No. 80. Based on these criteria, the University reports the Professional Liability Trust Fund (PLTF), General Liability Trust Fund (GLTF) and USA HealthCare Management, LLC (HCM) as blended component units. For quarterly reporting purposes, only HCM is presented as a blended component unit in the basic financial statements of the University. All significant transactions among the University and its blended component units have been eliminated in consolidation.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

Professional Liability and General Liability Trust Funds

The medical malpractice liability of the University is maintained and managed in its separate Professional Liability Trust Fund in which the University, University of South Alabama Health Services Foundation (USAHSF), HCM, SAMSF and HCA are the only participants. In accordance with the bylaws of the PLTF, the president of the University is responsible for appointing members of the PLTF policy committee. Additionally, the general liability of the University, USAHSF, HCM, SAMSF, the Corporation and HCA is maintained and managed in its General Liability Trust Fund for which the University is responsible. The PLTF and GLTF are separate legal entities which are governed by the University Board of Trustees through the University president.

USA HealthCare Management, LLC

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

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 employs physicians and staff of physician practice groups as determined appropriate by the University. Operations commenced on August 1, 2017.

University of South Alabama Foundation

The University of South Alabama 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

USA Research and Technology 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 significance 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 GASB.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

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, certificates of deposit, and any short-term investments that take on the character of cash. These investments 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) and certain private equity partnerships 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.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

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 each swaption noted above, and, as a result, the University entered into interest rate swaps. See note 5 and note 9 for further discussion.

Accounts Receivable

Patient service receivables primarily result from hospital and ambulatory patient service revenues. Accounts receivable includes amounts due from students, the federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts and patient service receivables 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 method) or market.

Capital Assets

Capital assets are recorded at cost, if purchased, or, if donated, at acquisition value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable assets 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 constructed assets are capitalized as a component of the cost of acquiring those assets. The amount of interest capitalized for the periods ended December 31, 2017 and 2016 was \$63,000 and \$127,000, respectively.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

Unrecognized Revenue

Student tuition, fees, and dormitory rentals are initially recorded as unrecognized revenue and then 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 reflects 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 for which donors or other outside sources have stipulated, as a condition of the gift instrument, that 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, 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 position 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 position is 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 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 satisfy tuition and fees and certain other student charges, the University has recorded a scholarship discount and allowance.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

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, of the endowment assets. The law also allows the University to appropriate for expenditure or accumulate to an endowment fund such amounts as the University determines to be prudent for the purposes for which the endowment fund was established. The University's endowment spending policy provides that 4.5% of the five-year invested net asset moving average value (inclusive of net realized and unrealized gains and losses), as measured at September 30, is available annually for spending. The University's policy is to retain the endowment 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; patient service revenues, net of provision for bad debts; most federal, state, and local grants and contracts; and sales and services of auxiliary enterprises, net of scholarship allowances.

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

Gifts and Pledges

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

Grants and Contracts

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

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

Patient Service Revenues

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.

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 these designations, 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, 2017 and 2016, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately \$10.8 billion and \$10.7 billion, respectively. The University had cash and cash equivalents of \$71,257,000 and \$63,505,000 at December 31, 2017 and 2016, respectively.

At December 31, 2017, restricted cash and cash equivalents consist of \$210,000 related to monies held for a capital project at HCM and \$22,052,000 related to unspent proceeds from the issuance of University bonds for capital purchases as outlined in the bond indenture.

At December 31, 2016, restricted cash and cash equivalents consist of \$2,000 related to collateral requirements of the University and \$2,834,000 related to unspent proceeds from the issuance of University bonds for capital purchases as outlined in the bond indenture.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

(4) Investments

The investments of the University are invested pursuant to the University of South Alabama "Non-endowment Cash Pool Investment Policies," 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.

Investments of the University, by type, at fair value, are as follows at December 31, 2017 and 2016 (in thousands):

	<u>2017</u>	<u>2016</u>
U.S. federal agency notes	\$ 67,119	\$ 68,014
Commingled equity funds	87,762	71,507
Commingled fixed income funds	38,204	36,666
Marketable equity securities	9,131	11,448
Real estate	308	360
Private equity	1,479	—
Managed income alternative investments (low-volatility multi-strategy funds of funds)	29,303	28,058
	<u>\$ 233,306</u>	<u>\$ 216,053</u>

At December 31, 2017 and 2016, \$22,533,000 and \$11,695,000, respectively, of cumulative appreciation in fair value of investments of donor-restricted endowments was recognized and is included in restricted expendable net position in the accompanying statements of net position.

(i) Credit Risk and Concentration of Credit Risk

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.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

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.

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.

(ii) 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.

(iii) Mortgage-Backed Securities

The University, from time to time, invests in mortgage backed securities such as the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and other government sponsored enterprises of the United States government. The University invests in these securities to increase the yield and return on its investment portfolio given the available alternative investment opportunities.

(iv) Fair Value Measurement

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

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

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 of South Alabama'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, and of investments in private capital, with fair value determined by the investment managers and primarily utilizes management assumptions and best estimates after considering internal and external factors. 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 net asset value reported by the investment managers as a practical expedient to fair value. Such investments have not been categorized within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net position.

(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, which was recorded as a liability, 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 Transactions

The objective of the transactions was 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 follows:

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-Sep-16	1-Dec-36	7,340,000

As further discussed in note 9, in December 2013, the counterparty exercised its option with respect to the 2004 swaption. The University refunded its Series 2004 Bonds, and issued the Series 2014-A variable rate bond. As a result of the exercise of the option by the counterparty, the swaption was terminated and the borrowing arising from the Series 2004 swaption of \$1,696,000 and the investment derivative (liability) of \$5,213,000 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. An

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

original borrowing arising from the 2014 swap of \$9,138,000 was recognized and reported, net of amortization in the statement of net position.

As further discussed in note 9, 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 and D variable rate bonds and terminated the Series 2006 swaption. As a result of this termination, the borrowing arising from the Series 2006 swaption of \$6,939,000 and the investment derivative of \$41,017,000 were written off and an investment loss of \$19,123,000 was recognized and reported in the statement of revenues, expenses and changes in net position. An original borrowing arising from the 2016 swap of \$48,530,000 was recognized and reported, net of amortization, in the statement of net position.

Interest on the 2006 swaption was being accreted on, and added to the borrowings through the exercise date of the option, September 1, 2016.

The change in the fair market value of the swaption derivative until the exercise date of September 1, 2016 was also reported as a component of investment income.

(6) Noncurrent Liabilities

A summary of the University's noncurrent liability activity for the period ended December 31, 2017 follows (in thousands):

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Less amounts due within one year</u>	<u>Noncurrent liabilities</u>
Long-term debt:						
Bonds payable	\$ 389,424	\$ 107	\$ (7,781)	\$ 381,750	\$ 22,235	\$ 359,515
Notes payable	5,542	—	(57)	5,485	3,711	1,774
Capital lease obligations	17,332	549	(921)	16,960	3,821	13,139
Total long-term debt	412,298	656	(8,759)	404,195	29,767	374,428
Other noncurrent liabilities						
Net pension liability	336,477	—	—	336,477	—	336,477
Other long-term liabilities	65,849	48	(4,652)	61,245	3,310	57,935
Total other noncurrent liabilities	402,326	48	(4,652)	397,722	3,310	394,412
Total noncurrent liabilities	\$ 814,624	\$ 704	\$ (13,411)	\$ 801,917	\$ 33,077	\$ 768,840

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

A summary of the University's noncurrent liability activity for the period ended December 31, 2016 follows (in thousands):

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Less amounts due within one year</u>	<u>Noncurrent liabilities</u>
Long-term debt:						
Bonds payable	\$ 367,557	\$ 100,222	\$ (112,752)	\$ 355,027	\$ 17,815	\$ 337,212
Notes payable	3,484	—	—	3,484	3,484	—
Capital lease obligations	17,771	—	(531)	17,240	3,409	13,831
Total long-term debt	<u>388,812</u>	<u>100,222</u>	<u>(113,283)</u>	<u>375,751</u>	<u>24,708</u>	<u>351,043</u>
Other noncurrent liabilities						
Net pension liability	329,294	—	—	329,294	—	329,294
Other long-term liabilities	69,429	12,119	(7,171)	74,377	3,310	71,067
Total other noncurrent liabilities	<u>398,723</u>	<u>12,119</u>	<u>(7,171)</u>	<u>403,671</u>	<u>3,310</u>	<u>400,361</u>
Total noncurrent liabilities	<u>\$ 787,535</u>	<u>\$ 112,341</u>	<u>\$ (120,454)</u>	<u>\$ 779,422</u>	<u>\$ 28,018</u>	<u>\$ 751,404</u>

Other long-term liabilities primarily consist of liabilities related to compensated absences and the fair value of derivatives. Amounts due within one year are included in accounts payable and accrued liabilities and current portion of other long-term liabilities.

During 2017, USA Health entered into a note payable for a period of ten years payable monthly at \$18,882 to finance improvements of the HVAC system. The amount outstanding on the note at December 31, 2017 is \$2,001,000.

In June 2016, the University entered into a variable interest rate revolving line of credit with Compass Bank to, among other reasons, fund certain capital improvements to various health care facilities for USA Health. The total amount available under the line of credit is \$30,000,000 and interest on the outstanding amounts is accrued at the rate of 65% of the LIBOR plus 77 basis points. The maturity date is June 10, 2018. The amount outstanding at December 31, 2017 and 2016 is \$50,000, and is reported as current portion of long-term debt in the statements of net position.

In March 2015, the University entered into a variable interest rate revolving line of credit with Compass Bank to, among other reasons, fund the acquisition of certain real property by USA Health. 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 1.00% with a maturity date of April 15, 2017. The line of credit was renewed until April 14, 2018. The amount outstanding at December 31, 2017 and 2016 is \$3,434,000, and is reported as current portion of long-term debt in the statements of net position.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

(7) Bonds Payable

Bonds payable consisted of the following at December 31, 2017 and 2016 (in thousands):

	<u>2017</u>	<u>2016</u>
University Tuition Revenue Bonds, Series 1999 Capital Appreciation, 4.70% to 5.25%, payable November 2011 through November 2018	\$ 7,176	\$ 14,028
University Facilities Revenue and Capital Improvement Bonds, Series 2008, 3.00% to 5.00%, payable through August 2018	2,850	5,565
University Facilities Revenue and Capital Improvement Bonds, Series 2010, 3.81%, payable through August 2030	21,820	23,102
University Facilities Revenue Capital Improvement Bonds, Series 2012-A, 2.92% payable through August 2032	19,950	21,025
University Facilities Revenue Capital Improvement Bonds, Series 2012-B, 2.14% payable through February 2018	1,365	2,690
University Facilities Revenue Capital Improvement Bonds, Series 2013-A, 2.83% payable through August 2033	26,944	28,261
University Facilities Revenue Capital Improvement Bonds, Series 2013-B, 2.83% payable through August 2033	6,736	7,065
University Facilities Revenue Capital Improvement Bonds, Series 2013-C, 2.78% payable through August 2028	7,722	8,315
University Facilities Revenue Refunding Bonds, Series 2014-A, variable rate payable at 68% of LIBOR plus 0.73%, 1.57% at September 30, 2017, payable through March 2024	39,670	40,285
University Facilities Revenue Capital Improvement Bonds, Series 2015, 2.47% payable through August 2030	4,875	5,250
University Facilities Revenue Refunding Bonds, Series 2016, 3.00% to 5.00% payable through November 2037	85,605	85,605
University Facilities Revenue Refunding Bonds, Series 2016-B, variable rate payable at 68% of one-month LIBOR plus 0.72%, 1.73% at December 31, 2017, payable through December 2036, pursuant to the right of the holder to cause all principal to be due after December 1, 2021	20,000	20,000
University Facilities Revenue Refunding Bonds, Series 2016-C, variable rate payable at 68% of one-month LIBOR plus 0.77%, 1.78% at December 31, 2017, payable through December 2036, pursuant to the right of the holder to cause all principal to be due after December 1, 2023	35,000	35,000

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

	<u>2017</u>	<u>2016</u>
University Facilities Revenue Refunding Bonds, Series 2016-D, variable rate payable at 68% of one-month LIBOR plus 0.83%, 1.84% at December 31, 2017, payable through December 2036, pursuant to the right of the holder to cause all principal to be due after December 1, 2026	\$ 45,000	\$ 45,000
University Facilities Revenue Bonds, Series 2017, 2.00% to 5.00%, payable through October 2037	<u>37,410</u>	<u>—</u>
	362,123	341,191
Plus unamortized premium	21,557	15,879
Less unaccreted discount	(8)	(13)
Less unamortized debt extinguishment costs	<u>(1,922)</u>	<u>(2,030)</u>
	<u>\$ 381,750</u>	<u>\$ 355,027</u>

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 Bonds, with a face value totaling \$100,000,000. Series 2008 Bonds began maturing in August 2009 and are redeemable beginning in August 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 Bonds are redeemable beginning in August 2021 and the 2012-B Bonds are 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 by the University at any time. The Series 2015 Bonds began maturing in August 2015 and are redeemable beginning in June 2020. The Series 2016-A Bonds will begin maturing in November 2018 and are redeemable beginning in November 2026. The Series 2016-B, C and D Bonds will begin maturing in December 2024 and are redeemable as of December 2017. The Series 2017 Bonds will began maturing in October 2017 and are redeemable beginning in October 2027.

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 statements of net position. The loss on the defeasement of the 2008 Bonds of \$7,859,000 is recorded as a deferred outflow and amortized over the remaining life of the 2016-A Bonds. The principal outstanding on all defeased bonds is \$93,540,000 at December 31, 2017 and 2016. The remaining undefeased portion of the Series 2008 bonds at December 31, 2017 and 2016 is \$2,850,000 and \$5,565,000, respectively, and is included in current portion of long-term debt and long-term debt on the accompanying 2017 and 2016 statements of net position.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

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 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 are financing a new residence hall on the campus of the University and supporting ongoing infrastructure improvement projects.

Approximately \$22,052,000 of proceeds from the issuance of the Series 2017 Bonds remained unspent at December 31, 2017 and is included in restricted cash and cash equivalents in the 2017 statement of net position. These funds are restricted for capital purposes as outlined in the bond indenture.

Approximately \$1,524,000, \$191,000 and \$1,119,000 of proceeds from the issuance of Series 2012, Series 2013-A and Series 2015 Bonds, respectively, remained unspent at December 31, 2016. These funds were restricted for capital purposes as outlined in the respective bond indentures. All of these remaining funds have been allocated to capital projects as of December 31, 2017.

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

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

Debt Service on Long-Term Obligations

Total debt service (which includes bonds and notes payable) by fiscal year is as follows as of December 31, 2017 (in thousands):

	Debt service on notes and bonds			
	Principal	Interest	Additional maturity	Total
2018	\$ 22,415	\$ 9,247	\$ (320)	\$ 31,342
2019	9,997	9,776	(49)	19,724
2020	16,604	9,409	—	26,013
2021	17,341	9,003	—	26,344
2022	18,106	8,580	—	26,686
2023–2027	92,529	35,828	—	128,357
2028–2032	95,230	21,983	—	117,213
2033–2037	89,349	7,875	—	97,224
2038	6,406	95	—	6,501
Subtotal	367,977	\$ 111,796	\$ (369)	\$ 479,404
Plus (less):				
Additional maturity	(369)			
Unamortized bond premium	21,557			
Unaccreted bond discount	(8)			
Unamortized debt extinguishment costs	(1,922)			
Total	\$ 387,235			

The principal amount of debt service due on bonds at December 31, 2017 and 2016, includes \$369,000 representing additional maturity value on Series 1999 Capital Appreciation Bonds. These bonds mature through 2019. Although this additional maturity is presented as principal on the debt service schedule above, it is also recognized as interest expense on an annual basis in the University's basic financial statements as it accretes.

(8) Capital Lease Obligations

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 USA Health. In July 2015, the University signed a second seven-year purchase agreement, with a \$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 USA Health. 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 USA Health. 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 USA Health. In December 2016, the University signed a five-year tax-exempt capital lease,

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

with monthly payments of \$37,000 until October 2022, to finance the acquisition of additional hospital equipment for USA Health. In October 2017, the University entered into a five-year lease for office equipment with monthly payments of \$11,000 until September 2022.

Future minimum capital lease payments at December 31, 2017, are as follows (in thousands):

Year ending December 31:		
2018	\$	4,337
2019		4,337
2020		4,005
2021		3,974
2022		1,586
		18,239
Less amounts representing interest		(1,279)
Net minimum lease payments	\$	16,960

These amounts are included in long-term debt (and current portion thereof) in the accompanying statements of net position.

(9) 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 Bonds.

As more fully described in note 5, 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. As part of the overall plan of the synthetic refunding of the 2006 Bonds, the University redeemed those bonds in December 2016 with proceeds from the 2016-B, C and D Bonds (see note 7).

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 Bonds mature. The notional amount of the swap will at all times match the outstanding principal amount of the bonds. 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

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

monthly basis a variable payment of 68% of the one-month LIBOR plus 0.25%. Conversely, the Series 2014-A Bonds bear 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 2016-B, C and D Bonds mature. The notional amount of the swap will at all times match the outstanding principal amount of the bonds. 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 other long-term liabilities on the statements of net position. The change in the fair value of the swap is reported as a deferred inflow and derivative asset on the statements 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 other long-term liabilities in the statements of net position. The change in the fair value of the swap is reported as a deferred outflow and contra liability (other long-term liabilities) on the statements of net position since the interest rate swap is a hedging derivative instrument.

The fair values 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 these Transactions

Interest rate risk. As the LIBOR rate decreases, the net payments on the swaps increase. 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 payments on the Series 2014-A and Series 2016-B, C and D Bonds. The University's exposure is limited to 0.48% and 0.54% of the notional amounts, the difference in the payment from the counterparty and the interest payment on the 2014-A and 2016-B, C and D Bonds.

Credit risk. As of December 31, 2017 and 2016, the University was not exposed to credit risk on the interest rate swaps because they had a negative fair value. However, if interest rates change and the fair value of the derivatives become 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, 2017 and 2016.

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

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

(10) Patient Service Revenues

USA Health has 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 USA Health's 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, USA Health 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. USA Health is generally paid for certain retroactively determined items at tentative rates, with final settlement determined after submission of annual cost reports by USA Health and audits by the Medicare fiscal intermediary.

USA Medical Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2012.

USA Children's & Women's Hospitals Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2013.

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, USA Health is paid at a tentative rate with final settlement determined after submission of annual cost reports by USA Health and audits thereof by Blue Cross.

USA Medical Center's and USA Children's & Women's Hospital's Blue Cross reports have been audited by Blue Cross through September 30, 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.

USA Health qualifies as a Medicaid essential provider and, therefore, also receives supplemental payments based on formulas established by the Alabama Medicaid Agency. There can be no assurance that USA Health will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified.

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

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

(11) Defined Benefit Cost Sharing Pension Plan

Employees of the University are covered by a cost sharing multiple-employer defined benefit pension plan administered by the TRS.

Plan Description

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

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after ten years of creditable service. Tier 1 TRS members who retire after age sixty with ten years or more of creditable service or with twenty-five years of services (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or formula method, with the member receiving payment under the method that yields the higher monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest three of the last ten years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age sixty-two with ten years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest five of the last ten years) for each year of service. Members are eligible for disability retirement if they have ten years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status, and eligibility for retirement.

Contributions

Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered Tier 1 members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

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

Participating employers' contractually required contribution rates were 12.01% of annual pay for Tier 1 members and 10.82% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions (excluding certain employer benefits) to the pension plan from the University were \$23,664,000 and \$23,405,000 for the fiscal years ended September 30, 2017 and 2016, respectively.

Pension Liabilities and Pension Expenses

At December 31, 2017 and 2016, the University reported a liability of \$336,477,000 and \$329,294,000, respectively, for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2015. The University's proportion of the collective net pension liability was based on the employer's shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2016, the University's proportion of contributions to the pension plan was 3.108048%, which was a decrease of 0.077423% from its proportion measured as of September 30, 2015.

For the fiscal years ended September 30, 2017 and 2016, the University recognized pension expense of approximately \$27,051,000 and \$20,116,000, respectively.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2016 as well as prior year reports. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2016. The auditors' report dated August 1, 2017 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the sum of all participating entities as of September 30, 2016 along with supporting schedules is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

(12) Other Employee Benefits

Other Pension Plans

Employees of the University also participate in a defined contribution pension plan. The defined contribution pension plan covers certain academic and administrative employees, 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. The University contributed \$643,000 and \$711,000 for fiscal years 2017 and 2016, respectively, representing 270 and 350 employees, respectively, participating in this Plan.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

All employees of HCM working at least half time are eligible to participate in a defined contribution pension plan, administered by TIAA-CREF or Variable Annuity Life Insurance Company of America (VALIC). Under this plan, contributions by eligible employees are matched equally by HCM up to a maximum of 5% of current annual pay. HCM contributed \$4,468,000 and \$3,900,000 in fiscal years 2017 and 2016, respectively, representing 1,345 and 1,425 employees, respectively, participating in this plan. University employees as of September 30, 2010, who later transfer to HCM, are immediately vested in the plan. All other employees do not vest until they have held employment with HCM for three years; at which time they become 100% vested in the plan.

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 separation of employment, employees who were hired before January 1, 2012 are paid all unused accrued vacation at their regular rate of pay up to a maximum of two times their annual accumulation rate. Employees hired after January 1, 2012 are not eligible for payment of unused accrued vacation or PTO hours upon separation of employment. The accompanying statements of net position include accruals for vacation pay and paid time off of approximately \$12,825,000 and \$8,846,000 at December 31, 2017 and 2016, respectively, which are included in other long-term liabilities. 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

As the provider of postretirement benefits to state retirees, the state is responsible for applying GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In September 2003, the State of Alabama Legislature passed legislation that requires all colleges and universities to fund the healthcare premiums of its participating retirees. In prior years, such costs have been paid by the State. Beginning in October 2003, the University was 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.

(13) Risk Management

The University, USAHSF, HCM, SAMSF and HCA participate in the professional liability trust fund and the University, USAHSF, HCM, SAMSF, the Corporation and HCA participate in the general liability trust fund. Both funds are administered by an independent trustee. These trust funds are revocable and use contributions by the University and USAHSF, 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 participating entities 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.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

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

(14) Other Related Parties and Related-Party Transactions

SAMSF is a not-for-profit corporation that exists for the purpose of promoting education and research at the University. At September 30, 2017, SAMSF had total assets of \$13,112,000, net assets of \$11,121,000, and total revenues of \$2,403,000. At September 30, 2016, SAMSF had total assets of \$13,884,000, net assets of \$10,935,000, and total revenues of \$3,544,000. SAMSF reimburses the University for certain administrative expenses and other related support services.

As of December 31, 2017, the University has recorded a noncurrent, related-party receivable from HCA that is reflected in notes receivable on the statement of net position.

As of December 31, 2017 and 2016, the University has recorded a current related-party receivable from the USA Foundation that is reflected in accounts receivable on the statements of net position.

(15) Commitments and Contingencies

Grants and Contracts

At September 30, 2017 and 2016, the University had been awarded approximately \$20,465,000 and \$25,411,000, respectively, 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, are not reflected in the accompanying basic financial statements as the eligibility requirements of the award have not been met. Advances are included in unrecognized revenue, and 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 potential adjustment from such audits will not be material.

Letters of Credit

In connection with USA Health's participation in the State of Alabama Medicaid Program, the University has established a \$55,382 irrevocable standby letter of credit with Wells Fargo. The Alabama Medicaid Agency is the beneficiary of this letter of credit. No funds were advanced under this letter during the periods ended December 31, 2017 and 2016.

In connection with RCO participation in the Alabama Medicaid Agency's Health Home Regional Care Organization Program, 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 were advanced under this letter during the periods ended December 31, 2017 and 2016.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

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, Higher Education Act programs for the 2013-2014 fiscal year and the first two months of the 2015 fiscal year. On October 10, 2017, the University received the final program review determination letter. Management is currently evaluating the letter, but believes there will be no liability to the University beyond that which is accrued in the financial statements.

Litigation

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

Rent Supplement Agreements

The University has entered into two irrevocable rent supplement agreements with the Corporation and a financial institution. The 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 December 31, 2017 and 2016, no amounts were payable pursuant to these agreements.

(16) Recently Issued 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 is effective for the current reporting period. 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 are effective for the University for the current reporting period.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
December 31, 2017

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*. This statement is effective for the University of South Alabama for the current reporting period. 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 are effective for the University of South Alabama for the current reporting period. 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 matters 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, 84, 85, 86 and 87 on the University has not yet been determined.

Statement Nos. 77, 78, 79, 80, 81, 82 and 83 do not have an impact on the University's financial statements.

RESOLUTION

**DIRECTORS OF THE UNIVERSITY OF SOUTH ALABAMA
FOUNDATION FOR RESEARCH AND COMMERCIALIZATION**

WHEREAS, pursuant to the bylaws of the University of South Alabama Foundation for Research and Commercialization (“USAFRAC”), which were approved by the Board of Trustees of the University of South Alabama (“Board”) on June 7, 2013, the Board shall elect USAFRAC directors who are not officers, employees, or trustees of the University, and

WHEREAS, the following individuals have been nominated and have agreed to serve as USAFRAC directors as follows, with terms beginning March 2018:

APPOINTMENT:

Mr. Philip Burton Four-year term expiring September 2022 (Renewable)

REAPPOINTMENT:

Hon. Victor Gaston, Ph.D. Two-year term expiring September 2020 (Renewable)

Mr. David Trent Two-year term expiring September 2020 (Renewable)

Mr. Mark Hoffman Three-year term expiring September 2021

Mr. Bill Sisson Four-year term expiring September 2022,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama does hereby elect the aforementioned individuals to serve as members of the USAFRAC Board of Directors as set forth.

FEB 15 2018

University of South Alabama

Date:
February 14, 2018

To:
Tony Waldrop
President

From:
Lynne Chronister
Vice President for Research and Economic Development

Subject:
Agenda Item for the March 2, 2018 University of South Alabama
Board of Trustee's Meeting: Foundation for Research and
Commercialization

- Resolution to Elect Officers of the University of South Alabama Foundation for Research and Commercialization (USAFRC)

Attached is the Resolution to be presented to the USA Board of Trustees meeting on March 2, 2018. The Resolution will formally elect the members of the Board of Directors for the USAFRC.

With your approval, the item will be presented to the Board of Trustees. I recommend adoption by the Board of Trustees.

LC/bu

Attachment

RESOLUTION

AUTHORIZATION OF PRESIDENT TO EXECUTE CONTRACT FOR CONSTRUCTION OF HEALTH SCIENCES SIMULATION BUILDING

WHEREAS, the University of South Alabama Simulation Program (the “Simulation Program”) was established in 2008 and is a rapidly growing inter-professional program that serves the clinical learning needs of students, faculty and professionals in the disciplines of Health Sciences to include Allied Health Professions, Medicine, and Nursing, and

WHEREAS, the Simulation Program provides multi-disciplinary simulation learning opportunities for students of the University, and

WHEREAS, the Simulation Program creates an optimal learning environment designed to improve technical skills, clinical judgment, decision-making, communication and teamwork, and

WHEREAS, the Simulation Program currently has over 35,000 student encounters per year and is growing, and

WHEREAS, the demand for the Simulation Program currently outpaces the ability of the University to meet student needs with existing facilities, and

WHEREAS, the University’s management has determined that a new Health Sciences Simulation Building of approximately 39,000 square feet (26,000 finished and 13,000 shelled) will meet the needs of the Simulation Program for the foreseeable future and will allow expansion of services offered both to students and healthcare providers in the community, and

WHEREAS, funding for the project has been identified, which includes existing funds on hand from distributions from the USA Foundation, funds generated from student fees as approved by the Board of Trustees at its June 2017 meeting, and new revenues generated from use of the facility by community providers, and

WHEREAS, new debt will not be issued for the construction of the Health Sciences Simulation Building, and

WHEREAS, sealed bids for the construction of the Health Sciences Simulation Building are anticipated to be received by the end of March 2018, and

WHEREAS, in order to meet the preferred opening of the Health Sciences Simulation Building for the 2019 Fall semester, it is necessary to begin construction prior to the June 2018 meeting of the Board of Trustees,

THEREFORE, BE IT RESOLVED, the USA Board of Trustees hereby authorizes the President of the University to carry out all necessary steps to execute a contract for the construction of a Health Sciences Simulation Building with respect to sealed bids received pursuant to state procurement and bid laws.

TO: Dr. Tony G. Waldrop *tgw*
FROM: G. Scott Weldon *Gsw*
SUBJECT: Resolution – Health Sciences Simulation Building
DATE: February 19, 2018

As more fully described in the attached resolution, the University is seeking bids for the construction of a 39,000-square-foot Health Sciences Simulation Building to be built adjacent to the Health Sciences Building. In order to ensure completion for the Fall 2019 semester, we need to award the project prior to the June Board meeting. Bids are expected to be received by the end of March.

The attached resolution authorizes the University President, on behalf of the Board of Trustees, to award and execute the contract pursuant to state bid requirements. I recommend that this resolution be presented to the Board for approval at its meeting on March 2, 2018.

GSW/cbm

Attachment

REC'D
Office of the President

FEB 19 2018

RESOLUTION

**AUTHORIZATION OF THE PRESIDENT TO
AWARD AND EXECUTE CONTRACT FOR CONSTRUCTION OF THE
UNIVERSITY OF SOUTH ALABAMA ALUMNI CENTER**

WHEREAS, the University of South Alabama National Alumni Association (the Alumni Association) wishes to construct an Alumni Center on the campus of the University of South Alabama to serve the over 75,000 alumni of the University, and

WHEREAS, this Alumni Center would serve not only as a home to the University's alumni but also as a gathering place for the entire University community, and

WHEREAS, the Alumni Association has committed to fund the construction of the Alumni Center as a contribution to the University, and

WHEREAS, the Alumni Association has actively raised funds over the past 24 months to support the construction of the Alumni Center, and

WHEREAS, the Alumni Association currently has received sufficient commitments from donors to justify moving forward with the construction of the facility within the budget established by the Alumni Association, and

WHEREAS, construction plans have been developed and approved,

THEREFORE, BE IT RESOLVED, the USA Board of Trustees hereby authorizes the President of the University to carry out all necessary steps to award and execute a contract for the construction of the University of South Alabama Alumni Center consistent with the requirements of the applicable state procurement and bid laws and subject to bids received being within the budget established by the Alumni Association.

Date:
March 1, 2018

To:
Tony Waldrop
President

cc:
Mrs. Monica Ezell

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

Subject:
Alumni Center Resolution

Attached is a resolution authorizing the University President, on behalf of the Board of Trustees, to award and execute a contract pursuant to state bid requirements for the construction of the University of South Alabama Alumni Center. This contract would be awarded only if bids were received within construction budget limitations. As more fully described in the resolution, this building will be funded by the Alumni Association and contributed to the University.

I recommend that this resolution be presented to the Board for approval at its meeting on March 2, 2018.

REC'D
Office of the President

MAR 01 2018