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

* ***Revision***

MARCH 15, 2019
9:30 A.M.

AUDIT COMMITTEE Jimmy Shumock, Chair

Roll Call
Approve: Minutes
6 Report: KPMG Report on USA Intercollegiate Athletics, Year Ended September 30, 2018

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE Jim Yance, Chair

Roll Call
* Approve: Revised Agenda
Approve: Minutes
7 Report: Endowment and Investment Performance
* **7.A** Recommendation to Approve: Revision of Building and Program Naming Guidelines and Minimum Gift Levels for Named Endowments Policy
8 Recommendation to Approve: Naming of the Department of Mechanical Engineering
* **8.A** Recommendation to Approve: Naming of the Football Field in Hancock Whitney Stadium
9 Report: Development and Alumni Relations

HEALTH AFFAIRS COMMITTEE Steve Furr, M.D., Chair

Roll Call
Approve: Minutes
10 Report: USA Health and College of Medicine

ACADEMIC AND STUDENT AFFAIRS COMMITTEE Steve Furr, M.D., Vice Chair

Roll Call
* Approve: Revised Agenda
Approve: Minutes
11 Recommendation to Approve: Students with Talents and Abilities
~~**12** Report: Research and Economic Development~~

BUDGET AND FINANCE COMMITTEE Tom Corcoran, Chair

Roll Call
Approve: Minutes
13 Report: Quarterly Financial Statement, Three Months Ended December 31, 2018
14 Report: Series 2019 Bond Issue
15 Recommendation to Approve: Deposit of Series 2019 Bond Proceeds

EXECUTIVE COMMITTEE Ken Simon, Chair

Roll Call
Approve: Minutes
16 Recommendation to Approve: Amended Bylaws of the Board of Trustees
17 Recommendation to Approve: Board of Trustees Self-Evaluation

COMMITTEE OF THE WHOLE Ken Simon, Chair

Roll Call
Approve: Minutes
18 Recommendation to Approve: Commendation of Mr. William J. Fulford III
19 Approve: Executive Session

BOARD OF TRUSTEES
MARCH 15, 2019
1:00 P.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***
* **7.A** Approve: Revision of Building and Program Naming Guidelines and Minimum Gift Levels for Named Endowments Policy
11 Approve: Students with Talents and Abilities
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UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

FRIDAY, MARCH 15, 2019:

9:30 a.m.	**Committee Meetings (Consecutive)**	**Administration Bldg., Rm. 130**
1:00 p.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

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

AUDIT COMMITTEE:

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

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**

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**

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**

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*

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
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UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Board of Trustees

Date:
March 5, 2019

To:
USA Board of Trustees

From:
Arlene Mitchell
Secretary, Board of Trustees

Subject:
Meeting Minutes

Included herein are the unapproved minutes for meetings of the Board of Trustees and standing committees held on December 6 and 7, 2018, and on January 15 and 29, 2019. Please review these documents for amendment or approval at the March 15, 2019, meetings of the Board of Trustees.

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

January 15, 2019
9:30 a.m.

A special meeting of the University of South Alabama Board of Trustees was duly convened by Mr. Jimmy Shumock, Vice Chair, on Tuesday, January 15, 2019, at 9:29 a.m. in the Football Field House Team Room.

Members Present:	Alexis Atkins, Chandra Brown Stewart, Lenus Perkins, Jimmy Shumock, Mike Windom and Jim Yance. Participating by phone were Scott Charlton, Ron Graham, Ron Jenkins, Arlene Mitchell, Margie Tuckson and Mike Windom.
Members Absent:	Tom Corcoran, Steve Furr, Kay Ivey, Ken Simon and Steve Stokes.
Administration and Others:	Terry Albano, Robbie Baker (Hancock Whitney), Lynne Chronister, Patrick Dungan (NAA), Angela Dunn (Hancock Whitney), Joel Erdmann, Jim Estabrook (Hancock Whitney), Monica Ezell, Mike Haskins, Guy Helmsing (Hancock Whitney), David Johnson, John Smith, Margaret Sullivan, Tony Waldrop and Scott Weldon.
Media:	Megan Gannon (WPMI), Katarina Luketich (WKRG), Bri MacNaught (WALA), Richard Narramore (*Vanguard*) and Creg Stephenson (*al.com*).

The meeting came to order and the attendance roll was called. Mr. Shumock turned to President Waldrop, who thanked the Board for their support of the on-campus stadium project and conveyed enthusiasm for the opportunity to name the stadium for an organization with roots in the Gulf Coast region. Mr. Shumock called on Mr. Weldon for comments. Mr. Weldon advised that the University had entered into a revenue-sharing agreement with Hancock Whitney Bank, the provisions of which would include funding for the University to complete construction of the stadium and stadium naming rights for Hancock Whitney Bank for 10 years through the end of the 2029 football season with an option to extend the agreement an additional 10 years. He thanked Hancock Whitney's Regional Vice President Mr. Robbie Baker, Mobile Market President Mr. Guy Helmsing and Relationship Manager Ms. Angela Dunn. Mr. Baker made brief remarks and introduced Hancock Whitney Chairman Mr. Jim Estabrook and other bank executives. Mr. Shumock called for remarks from Mr. Yance, who shared how development meetings with leaders in the community led him to reconnect with former fellow USA classmate Mr. Jim Estabrook. He credited Mr. Albano for devising a stadium funding plan that would be mutually beneficial for the University and a financial institution.

Upon the reading of the following resolution by President Waldrop, Mr. Shumock noted President Waldrop was steadfast in his belief that students should not be asked to contribute toward funding of the stadium. He moved for approval of the resolution, Mr. Yance seconded, and the Board voted unanimously to approve the resolution:

RESOLUTION
NAMING OF THE UNIVERSITY OF SOUTH ALABAMA ON-CAMPUS FOOTBALL STADIUM

WHEREAS, the University of South Alabama is constructing an on-campus football stadium with a seating capacity of approximately 25,000 and an estimated total cost of $75 million, and

WHEREAS, the University has committed that the funding for the stadium, and resulting debt service on bonded indebtedness incurred to construct the stadium, will come from a combination of athletics department, auxiliary enterprises, and public/private funding, and

WHEREAS, the University further commits that no funding for the stadium will be derived from tuition, fees or other levies placed on students, and

WHEREAS, the University believes it is in its best interest to secure funds through the awarding of naming rights for the stadium, and

WHEREAS, the University and the Hancock Whitney Corporation have successfully negotiated a revenue-sharing arrangement related to certain University financial services to be placed with Hancock Whitney, and

WHEREAS, Hancock Whitney will provide this funding to the University for the stadium annually over the period of the agreement in exchange for naming rights to the stadium, and

WHEREAS, this arrangement will be in effect for a 10-year period, anticipated to begin with the 2020 football season and extending through the 2029 football season,

THEREFORE, BE IT RESOLVED, that the University of South Alabama Board of Trustees hereby declares that the University of South Alabama's new on-campus football stadium will be known as the "Hancock Whitney Stadium," and the naming will extend through the initial ten (10) football seasons in which the stadium is occupied.

Mr. Yance and Mr. Shumock reiterated the University's thanks to Hancock Whitney partners. There being no further business, the meeting was adjourned at 9:44 a.m.

Attest to: Respectfully submitted:

_____ _____
James A. Yance James H. Shumock, Vice Chair

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

December 7, 2018
10:30 a.m.

A meeting of the University of South Alabama Board of Trustees was duly convened by Judge Ken Simon, Chair *pro tempore*, on Friday, December 7, 2018, at 10:34 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Chandra Brown Stewart, Steve Furr, Ron Graham, Ron Jenkins, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Ken Simon, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance. Participating by phone was Alexis Atkins.
Members Absent:	Scott Charlton, Tom Corcoran and Kay Ivey.
Administration and Others:	Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Paul Frazier, Happy Fulford, Bill Guess, Charlie Guest, Mike Haskins, Melva Jones, Zorrya Kelley (BSU), Don Langham, John Marymont, Abe Mitchell, Mike Mitchell, Grace Newcombe (SGA), Matthew Reichert (Faculty Senate), Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.
Media:	Jake Cannon and Katarina Luketich (WKRG); Mike Corry, Cassie Fambro and Alyssa Newton (WPMI); Dale Liesch (*Lagniappe*); Asha Staples and Joshua Harlan (WALA); and Creg Stephenson (*al.com*).

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

Chairman Simon called for consideration of the minutes of the August 31 and November 10, 2018, meetings of the Board of Trustees, **ITEM 1**. On motion by Mr. Shumock, seconded by Mr. Graham, the minutes were adopted unanimously.

Chairman Simon announced that the Executive Committee would serve as an *ad hoc* committee to develop a board self-assessment process, in accordance with SACSCOC (Southern Association of Colleges and Schools Commission on Colleges) standards.

Chairman Simon called for presentation of **ITEM 2**, the President's Report. President Waldrop recognized Honorary Trustee Mr. Abe Mitchell, Black Student Union President Ms. Zorrya Kelley, and Trustee Emeritus Mr. Don Langham. He introduced Chief Diversity and Inclusion Officer Dr. Paul Frazier. Dr. Frazier conveyed enthusiasm for the opportunities ahead in his new role. President Waldrop thanked Dr. Coleman for leading the search efforts.

President Waldrop advised that Provost Johnson was nominated to serve as Vice Chair of the Executive Council for SACSCOC. He said a vote to confirm the appointment would take place the following week.

President Waldrop advised that award-winning author and USA writer-in-residence Mr. Frye Gaillard would deliver the keynote address at Fall Commencement on December 15. He noted 1,429 students were eligible to participate.

President Waldrop presented photos commemorating the December 4 groundbreaking ceremony for the Fanny Meisler Trauma Center at USA Health University Hospital.

President Waldrop called on Dr. Smith for a report on annual campus-wide disaster drills. Dr. Smith introduced Department of Safety and Environmental Compliance Director Mr. Bill Guess, who shared specifics on a disaster drill simulating a plane crash in the Delta complex on November 19. He stated upwards of 180 participants representing various departments and academic programs, such as Housing, Maintenance, Transportation Services, the College of Nursing, the Department of Emergency Medical Services and the Pat Capps Covey College of Allied Health Professions, joined in the exercise. Photos of the mock mass-casualty incident were shown.

President Waldrop announced Mr. Fulford would retire from his role as Executive Director of the Office of Governmental Relations at the end of January 2019. Mr. Fulford reflected on his career and received a round of applause. Trustees and President Waldrop thanked Mr. Fulford for his service.

Chairman Simon called for presentation of **ITEM 3,** a report from Faculty Senate President Dr. Matthew Reichert. Dr. Reichert advised of annual awards for excellence given in November. He talked about work by senators over the semester to improve upon the tenure and promotion and chair review policies, and to establish a third instructor rank. He conveyed appreciation for the opportunity to participate in a recent President's Council leadership retreat and said he looked forward to leading the procession at Fall Commencement.

Chairman Simon called for presentation of **ITEM 4**, a report from Student Government Association (SGA) President Ms. Grace Newcombe. Ms. Newcombe shared information on SGA programming over the semester, such as the Homecoming-based fundraiser for USA Health Children's & Women's Hospital; the semi-annual parking ticket forgiveness day/personal supplies drive benefitting the Mulherin Home, Mars Hill Church community efforts and Panama City for hurricane relief; and a statewide drive sponsored by the Alabama University Student Presidents Council to collect and distribute school supplies. She and Dr. Mitchell answered questions about efforts to help students experiencing food or housing insecurity, and those without resources to travel home for the holidays.

Chairman Simon called for consideration of consent agenda **ITEMS 9, 10, 12, 13, 14, 16, 17** and **18**, as follows, noting each resolution had been unanimously recommended for Board approval by the respective committee that met on December 6 (for copies of policies and other authorized documents, refer to **APPENDIX A**). On motion by Ms. Mitchell, seconded by Mr. Shumock, the Board voted unanimously to approve the resolutions:

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

WHEREAS, the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) 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. ("USAJAF"), the Board of Trustees of the University of South Alabama ("University") shall approve the USAJAF slate of officers and directors, and

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

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

WHEREAS, the Nominating Committee of the Board of Directors and the Board of Directors of USAJAF have nominated Mr. Rick Jones for a three-year term representing football, 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. Rick Jones as a member of the Board of Directors of the USAJAF with a three-year term beginning December 2018 and ending December 2021.

RESOLUTION
USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS
FOR AUGUST, SEPTEMBER AND OCTOBER 2018

WHEREAS, the medical staff appointments and reappointments for August, September and October 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.

RESOLUTION
USA HOSPITALS MEDICAL STAFF BYLAWS AND RULES AND REGULATIONS
REVISIONS OF OCTOBER 30, 2018

WHEREAS, revisions to USA Hospitals Medical Staff Bylaws and Rules and Regulations, approved at the October 30, 2018 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
FINANCIAL ASSISTANCE POLICY FOR USA HEALTH UNIVERSITY HOSPITAL
AND USA HEALTH CHILDREN'S & WOMEN'S HOSPITAL

WHEREAS, the University of South Alabama (the University) provides patient care through its hospital facilities, USA Health University Hospital and USA Health Children's & Women's Hospital, and

WHEREAS, the University is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the IRC) and is also a hospital organization as that term is defined under Section 501(r) of the IRC, and

WHEREAS, the Patient Protection and Affordable Care Act (ACA) includes requirements with which hospital organizations must comply to maintain their 501(c)(3) tax-exempt status, and those requirements are set forth in Section 501(r) of the IRC, and

WHEREAS, Section 501(r) of the IRC requires hospital organizations to establish written financial assistance and emergency medical care policies, limit amounts charged for medically necessary care of individuals eligible for assistance, and make reasonable efforts to determine whether individuals are eligible for assistance before engaging in extraordinary collection actions, and

WHEREAS, the Financial Assistance Policy (FAP) must describe all financial assistance available, identify the method for determining the amount generally billed to individuals who have insurance, verify eligible individuals are not charged more than amounts generally billed to individuals who have insurance, and inform and notify residents of the community about the Financial Assistance Policy, and

WHEREAS, USA Health Finance and Administration recommends adoption of the attached proposed Financial Assistance Policy for USA Health hospital facilities that incorporates the requirements of the Affordable Care Act,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees hereby adopts said Financial Assistance Policy for eligible patients of USA Health University Hospital and USA Health Children's & Women's Hospital.

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 and college dean, and by the Provost and Senior Vice President for Academic Affairs and the President,

THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees approves sabbatical awards as follows on this date, December 7, 2018, for Fall 2019 – Spring 2020.

NAME	DISCIPLINE	TIME PERIOD
David T. Allison	Earth Sciences	Fall 2019
Huybrechts F. Bindele	Mathematics & Statistics	Fall 2019
Kara K. Burns	Art History	Fall 2019
Sarah Koon-Magnin	Political Science & Criminal Justice	Spring 2020
Mara V. Kozelsky	History	Academic Year 2019-20
J. Todd McDonald	Computer Science	Academic Year 2019-20
Becky R. McLaughlin	English	Fall 2019

RESOLUTION
FACULTY EMERITUS

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

ACADEMIC AFFAIRS:

James L. Aucoin, Ph.D., Professor of Communication
Robert E. Barletta, Ph.D., Associate Professor of Chemistry
Charles H. Brown, Ph.D., Professor of Psychology (Posthumous)
John S. Carter, Ph.D., Professor of Mathematics
Michael V. Doran, Ph.D., Professor of Computer Science
Greg L. Gruner, Ph.D., Professor of Music
Kenneth L. Heck, Ph.D., Professor of Marine Science
Elise Labbé-Coldsmith, Ph.D., Professor of Psychology
Diane H. Roe, Instructor of Chemistry
Cindy L. Stanfield, Ph.D., Associate Professor of Biomedical Sciences

COLLEGE OF MEDICINE:

Charles Rodning, M.D., Ph.D., F.I.C.S., F.A.C.S., Professor of Surgery
June E. Ayling, Ph.D., Professor of Pharmacology,

and

WHEREAS, in recognition of their contributions to the University through extraordinary accomplishments in teaching and in the generation of new knowledge through research and scholarship; 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, depart-

mental chair and college dean, the Provost and Senior Vice President for Academic Affairs or the Vice President for Medical Affairs, and the President have duly recommended the aforementioned faculty retirees be appointed to the rank of Professor Emeritus, Associate Professor Emeritus or Instructor 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, Associate Professor Emeritus or Instructor 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 significant contributions and dedicated service to the University of South Alabama, conveys its deep appreciation to these individuals.

RESOLUTION
DEAN EMERITUS

WHEREAS, Dr. Debra C. Davis has retired from the University of South Alabama as Dean of the College of Nursing, and

WHEREAS, in recognition of her 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. Davis 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. Debra C. Davis 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 her significant contributions and dedicated service to the University of South Alabama, conveys its deep appreciation to Dr. Davis.

Chairman Simon called for a report from the Audit Committee. Mr. Shumock, Committee Chair, stated, at a meeting on December 6, KPMG partners delivered results of the financial audit for the year ended September 30, 2018, and reported an unmodified opinion on the University's financial statements; Mr. Weldon discussed the Alabama Department of Examiners of Public Accounts compliance report for the year ended September 30, 2017, which did not contain new findings; and Mr. Berry gave a presentation on risk assessment and risk management initiatives of the Office of Internal Audit.

Chairman Simon called for a report from the Development, Endowment and Investments Committee. Mr. Yance, Committee Chair, stated, at a meeting on December 6, endowment performance for the fiscal year ended September 30, 2018, and since inception was reported; the Committee approved investing in Commonfund's new private equity secondary's fund, Gerber Taylor's international fund and J.P. Morgan's emerging market fund, and releasing Oakmark's global select fund and American Fund's capital world growth and income fund; and Mr. Matt Kinnear with Gerber Taylor gave a performance overview and discussed market trends and expectations. He gave a recap of the endowment results presented on December 6, noting a

return of 6.89 percent for 2018 versus the relative index of 6.81 percent and investment earnings of just over $10 million for the period, and of approximately $81 million since inception of the endowment.

Mr. Yance reviewed information presented on December 6 related to the Upward & Onward Campaign; South's $255,476 contribution to the 2018 United Way of Southwest Alabama; recent groundbreaking events; fundraising efforts for the MacQueen Alumni Center and the on-campus stadium; alumni and donor outreach activities; and the upcoming USA Day of Giving and South Fund drives. As to the Upward & Onward Campaign, he reported approximately $127.3 million raised through November 30, 2018, or 85 percent of the $150 million goal, of which approximately $19.2 million was secured in fiscal year 2018 and close to $3.8 million had been raised in the first two months of fiscal year 2019. He thanked Campaign Co-Chairs Angelia and Steve Stokes and the Development and Alumni Relations team for their hard work.

Chairman Simon called for a report from the Health Affairs Committee. On behalf of Dr. Furr, Committee Chair, Dr. Stokes, Vice Chair, stated, at a meeting on December 6, Dr. Marymont introduced USA Health Mitchell Cancer Institute (MCI) Interim Director Dr. Rod Rocconi and Department of Pathology Chair Dr. Guillermo Herrera, and reported on the College of Medicine's accreditation review and preliminary report by the LCME (Liaison Committee on Medical Education); and Mr. Bailey introduced USA Health Chief Medical Officer Dr. Michael Chang.

Chairman Simon called for a report from the Academic and Student Affairs Committee. On behalf of Drs. Charlton and Furr, Committee Chair and Vice Chair, Mr. Windom stated, at a meeting on December 6, the Committee voted unanimously to recommend Board approval of **ITEM 19** as follows. On motion by Ms. Mitchell, seconded by Mr. Shumock, the Board voted unanimously to approve the resolution:

RESOLUTION
TENURE

WHEREAS, in accordance with University policy, faculty applications for tenure have been reviewed by the respective faculty peers, departmental chair and college dean, and by the Provost and Senior Vice President for Academic Affairs or the Vice President for Medical Affairs, and the President, and the following individuals are hereby recommended for tenure,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves and grants tenure to the following individuals.

PAT CAPPS COVEY COLLEGE OF ALLIED HEALTH PROFESSIONS:
Nancy A. Rice Effective February 1, 2019

COLLEGE OF MEDICINE:
Rebecca M. Sugg Effective January 7, 2019

Mr. Windom reported that, on December 6, Provost Johnson introduced Department of Hospitality and Tourism Management Chair Dr. Robert Thompson and Department of Psychology Chair Dr. Jack Shelley-Tremblay; Dr. Coleman presented information on the new

SACSCOC standard requiring board self-evaluation; Dr. Mitchell shared information on the Office of Multicultural Student Affairs' iLead Leadership Institute and JagROOTS mentoring program; Dr. Smith introduced Chief Aull for a report on campus safety and IACLEA (International Association of Campus Law Enforcement Administrators) accreditation of the USA Police Department, as well as Chief Compliance Officer Mr. Chris Hansen to discuss his new role and compliance activities in progress; and Ms. Chronister reviewed research data for 2017-2018.

Chairman Simon called for a report from the Budget and Finance Committee. Mr. Yance, Committee Vice Chair, stated, at a meeting on December 6, Mr. Weldon discussed USA's 2018 Financial Report and presented **ITEM 26** as follows, which he said received the Committee's unanimous recommendation. On motion by Mr. Shumock, seconded by Mr. Graham, the Board voted unanimously to approve the resolution:

RESOLUTION
CREATION OF SINGLE-MEMBER, LIMITED-LIABILITY COMPANIES
FOR THE SUPPORT OF BILLING AND COLLECTIONS
FOR THE UNIVERSITY OF SOUTH ALABAMA

WHEREAS, pursuant to Title 16, Chapter 55 of the Code of Alabama 1975, as amended (the "Enabling Law"), the University of South Alabama (the "University") was established for the purpose of providing a state institution of higher learning within Mobile County, and

WHEREAS, in furtherance of the purposes for which the University was established, the University owns and operates an academic medical center enterprise which consists of: (i) two hospitals (a) USA Health University Hospital, a tertiary care hospital which includes a level one trauma center, a burn unit, and state-of-the-art facilities for internal medicine, surgery and cardiovascular diagnostic and treatment techniques, and (b) USA Health Children's & Women's Hospital, a facility specializing in pediatric services, which include pediatric oncology, pediatric intensive care and neonatal intensive care, as well as obstetric, including high risk obstetrics, and gynecological services; (ii) USA Health Mitchell Cancer Institute, a comprehensive cancer research/treatment center; and (iii) USA Health Physicians Group, a multispecialty group practice of faculty physicians, and

WHEREAS, as a result of the increasing complexity of health care billing and payment practices, including that of insurance providers making a consolidated payment to a single entity which may have several providers and locations, which, in turn, makes allocation of the payment among providers and locations difficult and time-consuming, University management has determined that operational efficiencies could be attained through the formation of single-member, limited-liability companies organized for the purpose of supporting the University, including, but not limited to, activities such as billing and collection, and

WHEREAS, based on the foregoing, University management has determined that limited-liability companies should be formed, each with the University as its sole member, and each with its own federal tax identification number, and

WHEREAS, there is currently a need for at least nine limited-liability companies with a possibility of the need for additional companies in the future, and

WHEREAS, each limited-liability company created would be under the full and complete control of the University of South Alabama Board of Trustees,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby authorizes the President of the University and the Vice President for Finance and Administration to establish single-member, limited-liability companies as deemed necessary by management, each of which would have the University as the single member and be organized solely to support the University's mission and operations.

Mr. Yance reported that Mr. Weldon also presented **ITEM 27** as follows and the Committee voted unanimously to recommend Board approval of the resolution. On motion by Mr. Shumock, seconded by Mr. Perkins, the Board voted unanimously to approve the resolution:

A RESOLUTION AUTHORIZING THE ISSUANCE OF UNIVERSITY FACILITIES REVENUE BONDS, SERIES 2019

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

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

(1) it is necessary, advisable, and in the interest of the University and the public that the University design, acquire, construct, install, furnish and equip a new football stadium, intramural fields and related capital improvements, equipment and assets on the campus of the University (herein called the "2019 Improvements"); and

(2) it is necessary, advisable, and in the interest of the University and the public that the University issue as additional parity bonds under Article VIII of the Indenture (as hereinafter defined) one or more series of fixed rate bonds hereinafter collectively described as the "Series 2019 Bonds" in order to pay for: (i) the costs of the 2019 Improvements, (ii) capitalized interest respecting the Series 2019 Bonds, (iii) the costs and expenses of issuing the Series 2019 Bonds, and (iv) the premium for a municipal bond insurance policy (a "Bond Insurance Policy"), if obtained, respecting some or all of the maturities of the Series 2019 Bonds; and

(3) the University has engaged The Frazer Lanier Company Incorporated as lead underwriter for the Series 2019 Bonds (in said capacity, the "Lead Underwriter") and Hancock Whitney Investment Services, Inc., as co-managing underwriter for the Series 2019 Bonds (together with the Lead Underwriter, the "Underwriters"), along with PFM Financial Advisors LLC as financial advisor to the University for the Series 2019 Bonds (the "Financial Advisor"); and

(4) the University has engaged the Underwriters and the Financial Advisor to work with officers and representatives of, and counsel to, the University to cause the Series 2019 Bonds to be sold at such time as the President and the Vice President for Finance and Administration, on the advice of the Financial Advisor and the Under-

writers, determine to be in the best interest of the University, and has determined to authorize and approve the sale and delivery of the Series 2019 Bonds at a future time upon satisfaction of certain conditions and requirements hereinafter set forth.

(b) Series 2019 Bonds to be Issued as Additional Bonds Under the Indenture; Special Findings Under Section 8.2(b) of the Indenture. The Series 2019 Bonds shall be issued as additional parity bonds under Article VIII of the Indenture hereinafter referred to. In accordance with the provisions of Section 8.2(b) of the Indenture, the Board hereby finds and declares as follows:

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

(2) the Series 2019 Bonds shall be designated "Series 2019" if issued in only one series, "Series 2019-A" and "Series 2019-B", if issued in two series, and "Series 2019-A", "Series 2019-B" and Series "2019-C", if issued in three series;

(3) the persons to whom the Series 2019 Bonds are to be delivered are set forth in Section 6 hereof;

(4) the Series 2019 Bonds are to be issued by sale in accordance with, and at the sale price determined as set forth in, Section 2 and Section 10 hereof;

(5) (a) the only bonds that have previously been issued by the University under the Indenture are its (i) $31,680,000 original principal amount University Tuition Revenue Refunding and Capital Improvement Bonds, Series 1996, dated February 15, 1996 (herein called the "Series 1996 Bonds"), which were issued under and pursuant to the Trust Indenture dated as of February 15, 1996 further described in Section 2 hereof, (ii) $7,055,000 original principal amount University Tuition Revenue Refunding Bonds, Series 1996B, dated October 15, 1996 (herein called the "Series 1996B Bonds"), which were issued under and pursuant to the First Supplemental Trust Indenture dated as of October 15, 1996, (iii) $40,130,000.70 original principal amount University Tuition Revenue Bonds, Series 1999, dated March 1, 1999 (herein called the "Series 1999 Bonds"), which were issued under and pursuant to the Second Supplemental Trust Indenture dated as of October 15, 1999, (iv) $51,080,000 original principal amount Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, dated March 15, 2004 (herein called the "Series 2004 Bonds"), which were issued under and pursuant to the Fourth Supplemental Trust Indenture dated March 15, 2004, (v) $100,000,000 original principal amount University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, dated December 1, 2006 (herein called the "Series 2006 Bonds"), which were issued under and pursuant to the Fifth Supplemental Trust Indenture dated as of December 1, 2006, (vi) $112,885,000 original principal amount University Facilities Revenue Capital Improvement Bonds, Series 2008, dated September 1, 2008 (herein called the "Series 2008 Bonds"), which were issued under and pursuant to the Sixth Supplemental University Facilities Revenue Trust Indenture dated as of September 1, 2008,

$29,750,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010 (herein called the "Series 2010 Bond"), which was issued under and pursuant to the Seventh Supplemental University Facilities Revenue Trust Indenture dated as of June 16, 2010, (viii) $25,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-A, dated January 4, 2012 (herein called the "Series 2012-A Bond"), which was issued under and pursuant to an Eighth Supplemental University Facilities Revenue Trust Indenture dated as of January 4, 2012 (herein called the "Eighth Supplemental Indenture"), (ix) $7,740,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2012-B, dated January 4, 2012 (herein called the "Series 2012-B Bond"), which was issued under and pursuant to the Eighth Supplemental Indenture, (x) $32,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013 (herein called the "Series 2013-A Bond"), which was issued under and pursuant to the Ninth Supplemental University Facilities Revenue Trust Indenture dated June 28, 2013 (herein called the "Ninth Supplemental Indenture"), (xi) $8,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013 (herein called the "Series 2013-B Bond"), which was issued under and pursuant to the Ninth Supplemental Indenture, (xii) $10,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013 (herein called the "Series 2013-C Bond"), which was issued under and pursuant to the Ninth Supplemental Indenture, (xiii) $41,245,000 original principal amount University Facilities Revenue Refunding Bond, Series 2014-A, dated March 14, 2014 (herein called the "Series 2014-A Bond"), which was issued under and pursuant to the Tenth Supplemental University Facilities Revenue Trust Indenture dated March 14, 2014, (xiv) $6,000,000 original principal amount University Facilities Revenue Capital Improvement Bond, Series 2015, dated June 15, 2015 (herein called the "Series 2015 Bond"), which was issued under and pursuant to the Eleventh Supplemental University Facilities Revenue Trust Indenture dated June 15, 2015, (xv) $85,605,000 original principal amount University Facilities Refunding Revenue Bonds, Series 2016, dated September 14, 2016 (herein called the "Series 2016 Bonds"), which were issued under and pursuant to the Twelfth Supplemental University Facilities Revenue Trust Indenture dated as of September 1, 2016, (xvi) $20,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-B, dated December 7, 2016 (herein called the "Series 2016-B Bond"), which was issued under and pursuant to a Thirteenth Supplemental University Facilities Revenue Trust Indenture dated December 7, 2016 (herein called the "Thirteenth Supplemental Indenture"), (xvii) $35,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-C, dated December 7, 2016 (herein called the "Series 2016-C Bond"), which was issued under and pursuant to the Thirteenth Supplemental Indenture, (xviii) $45,000,000 original principal amount University Facilities Revenue Refunding Bond, Series 2016-D, dated December 7, 2016, which was issued under and pursuant to the Thirteenth Supplemental Indenture (herein called the "Series 2016-D Bond") and (xix) $38,105,000 original principal amount University Facilities Revenue Bonds, Series 2017, dated June 15, 2017, which were issued under and pursuant to

the Fourteenth Supplemental Indenture dated June 15, 2017 (herein called the "Series 2017 Bonds" and, together with the Series 1999 Bonds, the Series 2010 Bond, the Series 2012-A Bond, the Series 2012-B Bond, the Series 2013-A Bond, the Series 2013-B Bond, the Series 2013-C Bond, the Series 2014-A Bond, the Series 2015 Bond, the Series 2016 Bonds, the Series 2016-B Bond, the Series 2016-C Bond, and the Series 2016-D Bond, the "Outstanding Bonds"); and (b) in Article VIII of the Indenture, the University has reserved the right to issue additional bonds, secured by a pledge of the Pledged Revenues on a parity with the Outstanding Bonds and with such additional bonds as shall have thereafter been issued thereunder, upon compliance with the applicable provisions of said Article VIII;

(6) the Outstanding Bonds are the only bonds heretofore issued under the Indenture that are at this time and upon issuance of the Series 2019 Bonds outstanding under the Indenture; and

(7) the Series 2019 Bonds will be issued for the purposes described in in paragraph (2) of Section 1 hereof.

The Trustee is hereby requested to authenticate and deliver the Series 2019 Bonds to the purchasers specified in Section 6 hereof upon payment of the purchase price designated therein.

Section 2. Authorization of the Series 2019 Bonds. For the purposes specified in Section 1 of this resolution, the Board does hereby authorize to be issued by the University up to three series of its University Facilities Revenue Bonds to be dated their date of initial issuance (herein collectively called the "Series 2019 Bonds"), under such terms, conditions and provisions to be set out in the Fifteenth Supplemental University Facilities Revenue Trust Indenture dated the date of issuance of the Series 2019 Bonds (herein called the "Fifteenth Supplemental Indenture"), between the University and The Bank of New York Mellon Trust Company, N.A., as trustee (herein called the "Trustee"), which is supplemental to the University Facilities Revenue Trust Indenture between the University and the Trustee dated as of February 15, 1996 (the said Trust Indenture, as heretofore supplemented and amended and as further supplemented and amended by the said Fifteenth Supplemental Indenture, herein called the "Indenture"), which terms, conditions and provisions shall be in accordance with the following (herein called the "Plan of Finance"):

(a) The Series 2019 Bonds shall bear interest at fixed rates, payable semiannually.

(b) The aggregate principal amount of the Series 2019 Bonds allocable to the payment of the costs of the 2019 Improvements may not exceed the sum of $75,000,000. Such maximum principal amount includes estimated amounts for the following components of the plan of financing:

Estimated 2019 Improvements costs funded with proceeds	$67,560,000
Costs of issuance (including, without Limitation, legal, financial advisory,	

rating fees, Bond Insurance Policy, if any, printing, and other costs)	$1,500,000
Contingency (includes potential original issue discount of up to 1.5% of principal issued and general contingency ($1,125,000), along with capitalized interest through not later than October 1, 2020)	$5,940,000
Total	**$75,000,000**

(c) The amount for each cost component specified in Section 2(b) above may vary so long as the maximum principal amount allocable to the 2019 Improvements is not exceeded by more than ten percent (10%).

(d) No maturity of the Series 2019 Bonds may bear interest at a rate exceeding 6.0%.

(e) The true interest cost on the Series 2019 Bonds (taking into account any original issue discount or original issue premium) may not exceed 5.6%.

(f) The Series 2019 Bonds shall be sold at a price not less than 98.5% of the total principal amount thereof.

(g) The Series 2019 Bonds shall have a final maturity not later than October 1, 2049, and shall have a weighted average maturity of not longer than 23.0 years.

(h) The Series 2019 Bonds shall be sold to the Underwriters as described in Section 6 hereof.

(i) The Series 2019 Bonds shall be sold by March 15, 2019, and issued and delivered not later than April 15, 2019.

(j) Any period of time during which interest on the Series 2019 Bonds is paid from proceeds of the Series 2019 Bonds (otherwise known as a "capitalized interest period") may not be for longer than from the issuance of the Series 2019 Bonds through October 1, 2020.

Section 3. Source of Payment of the Series 2019 Bonds. The principal of and the interest on the Series 2019 Bonds shall be payable from Pledged Revenues as defined in the Indenture. The Series 2019 Bonds shall not represent or constitute obligations of any nature whatsoever of the State of Alabama (herein called the "State") and shall not be payable out of moneys appropriated to the University by the State. The agreements, covenants and representations contained in this resolution, in the Series 2019 Bonds and in the Indenture do not and shall never constitute or give rise to any personal or pecuniary liability or charge against the general credit of the University, and in the event of a breach of any such agreement, covenant or representation, no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the

University shall arise therefrom. Neither the Series 2019 Bonds nor the pledge or any agreement contained in the Indenture or in this resolution shall be or constitute an obligation of any nature whatsoever of the State, and neither the Series 2019 Bonds nor any obligations arising from the aforesaid pledge or agreements shall be payable out of any moneys appropriated to the University by the State. Nothing contained in this section shall, however, relieve the University from the observance and performance of the several covenants and agreements on its part herein contained and contained in the Indenture.

Section 4. Series 2019 Bonds Payable at Par. All remittances of principal of and interest on the Series 2019 Bonds to the holders thereof shall be made at par without any deduction or exchange or other cost, fees or expenses. The bank at which the Series 2019 Bonds shall at any time be payable shall be considered by acceptance of its duties under the Indenture to have agreed that it will make or cause to be made remittances of principal of and interest on the Series 2019 Bonds, out of the moneys provided for that purpose, in bankable funds at par without any deduction for exchange or other cost, fees or expenses. The University will pay to such bank all reasonable charges made and expenses incurred by it in making such remittances in bankable funds at par.

Section 5. Authorization of Fifteenth Supplemental Indenture. In connection with the issuance of the Series 2019 Bonds, the Board does hereby authorize and direct the President of the University to execute and deliver, for and in the name and behalf of the University, to The Bank of New York Mellon Trust Company, N.A., as Trustee under the aforesaid Indenture, the Fifteenth Supplemental Indenture in substantially the form presented to the meeting at which this resolution is adopted and attached as Exhibit I to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution), updated to reflect the final pricing terms of, and the final number of series of, the Series 2019 Bonds as reflected in the Certificate of Compliance (hereinafter defined) and as also herein permitted and, further, to contain provisions required by the provider of any Bond Insurance Policy if bond insurance is procured by the University for some or all of the Series 2019 Bonds, and does hereby authorize and direct the Secretary of the Board, the Vice Chair of the Board and the Chair Pro Tempore of the Board to affix to the Fifteenth Supplemental Indenture the corporate seal of the University and to attest the same.

Section 6. Sale of the Series 2019 Bonds. (a) The Series 2019 Bonds shall be sold to The Frazer Lanier Company Incorporated and to Hancock Whitney Investment Services, Inc., as underwriters for the Series 2019 Bonds. In connection with the sale of the Series 2019 Bonds to the Underwriters, the Board does hereby authorize and direct the President and the Vice President for Finance and Administration of the University to execute and deliver, for and in the name and behalf of the University, a Bond Purchase Agreement with the Underwriters, the form of which is presented to the meeting at which this resolution is adopted and attached as Exhibit II to the minutes of said meeting (which such Bond Purchase Agreement is hereby adopted in all respects as if set out in full in this resolution), updated to reflect the final pricing terms of, and the final number of series of, the Series 2019 Bonds as reflected in the Certificate of Compliance and as also herein permitted. The Series 2019 Bonds shall bear such date, shall mature at such times and in such manner, shall bear such rate or rates of interest, shall be payable at such place, shall be in such denomination, shall be in such number of series, shall bear such numbers, and shall be in such form and contain such provisions as shall be set out in the said Bond Purchase Agreement and the Fifteenth Supplemental Indenture authorized in Section 5 above.

(b) The Vice President for Finance and Administration is hereby authorized to cause the University to obtain a Bond Insurance Policy for some or all of the maturities of the Series 2019 Bonds if such officer or the Financial Advisor determines, at or around the sale of the Series 2019 Bonds, that the estimated present value of the premium of such policy will be less than the present value of the estimated or expected interest savings on the Series 2019 Bonds as a result of such policy.

Section 7. Preliminary Official Statement; Official Statement. (a) The Board does hereby authorize and direct the President and the Vice President for Finance and Administration to cause to be finalized and circulated by the Underwriters a Preliminary Official Statement respecting the Series 2019 Bonds, the form of which is attached hereto as Exhibit III, with such modifications to reflect (i) material information concerning the University and its operations as of the time the said document is to be circulated for consideration by prospective investors in the Series 2019 Bonds, (ii) preliminary principal amounts and relevant preliminary pricing information for the Series 2019 Bonds, (iii) information respecting a Bond Insurance Policy and the provider thereof if bond insurance is procured by the University for some or all of the maturities of the Series 2019 Bonds, and (iv) such other material information concerning the Series 2019 Bonds, all as such officers, either independently or upon consultation with the Underwriters, bond counsel to the University and/or the Financial Advisor, shall determine necessary or desirable for inclusion in the Preliminary Official Statement. The President and the Vice President for Finance and Administration are hereby authorized to cause the Preliminary Official Statement to be "deemed final" as of its date within the meaning of Rule 15c2-12(b)(1) promulgated by the U.S. Securities Exchange Commission (the "Rule") and thereafter circulated to prospective investors in the Series 2019 Bonds.

(b) The Board does hereby authorize and direct the President and the Vice President for Finance and Administration to execute, for and in the name and behalf of the University, an Official Statement with respect to the Series 2019 Bonds dated the date of sale of the Series 2019 Bonds, in substantially the form of the Preliminary Official Statement circulated to prospective investors in the Series 2019 Bonds in connection with the sale of the Series 2019 Bonds, with such changes as shall be necessary to conform to the provisions of this resolution and reflect the final pricing terms of the Series 2019 Bonds, to include information respecting a Bond Insurance Policy and the provider thereof if bond insurance is procured by the University for some or all of the maturities of the Series 2019 Bonds (if not included in the Preliminary Official Statement circulated by the Underwriters prior to sale of the Series 2019 Bonds), and the other terms approved in accordance with the provisions of this resolution, and to reflect such other changes as shall be approved by the President or the Vice President for Finance and Administration and acceptable to the Underwriters. The Board does hereby declare that the Official Statement so executed by the President or the Vice President for Finance and Administration shall be the Official Statement of the University with respect to the Series 2019 Bonds.

Section 8. Authorization of Continuing Disclosure Agreement. The President of the University is hereby authorized and directed to execute and deliver, on behalf of the University, a Continuing Disclosure Agreement for the benefit of the beneficial owners of the Series 2019 Bonds, in substantially the form presented to the meeting at which this resolution is adopted (which form shall be attached as Exhibit IV to the minutes of said meeting and which is hereby adopted in all respects as if set out in full in this resolution). The said Continuing Disclosure Agreement is to be entered into contemporaneously with the issuance of the Series 2019 Bonds in order to assist the Underwriters of the Series 2019 Bonds in complying with the Rule. The rights of enforcement of the said Continuing

Disclosure Agreement shall be as provided therein, and in no event shall a default by the University thereunder constitute a default hereunder or under the Indenture.

Section 9. Execution and Delivery of the Series 2019 Bonds. If the Series 2019 Bonds are successfully sold and delivered as herein contemplated, the Board does hereby authorize the President of the University to execute the Series 2019 Bonds, in the name and on behalf of the University, by manually signing each said bond, and does hereby authorize the Secretary of the Board, the Vice Chair of the Board and the Chair Pro Tempore of the Board to cause the corporate seal of the University to be imprinted or impressed on each of the Series 2019 Bonds and to attest the same by signing the Series 2019 Bonds, and the President of the University is hereby authorized and directed to deliver the Series 2019 Bonds, subsequent to their execution as provided herein and in the Indenture, to the Trustee under the Indenture, and to direct the Trustee to authenticate all the Series 2019 Bonds and to deliver them to the Underwriters, upon payment to the University of the purchase price therefor.

Section 10. Designated Officials. Each of the President of the University and the Vice President for Finance and Administration is herein designated a "Designated Officer". Each of the following members of the Board is hereby designated as a "Designated Board Member" for purposes of this resolution:

Name	Office
Kenneth O. Simon	Chair Pro Tempore
James H. Shumock	Vice Chair
E. Thomas Corcoran	Chairman of the Budget and Finance Committee

Any Designated Board Member, together with any Designated Officer, are hereby authorized to approve the remaining details of the Plan of Finance. When the details of the Plan of Finance have been approved by a Designated Board Member and a Designated Officer, the designees shall execute, in the name and on behalf of the Board and the University, respectively, a certificate evidencing such approval (herein called the "Certificate of Compliance") in substantially the form set forth on Exhibit V hereto, and shall file a copy of such certificate with the Secretary of the Board, and such certificate shall be maintained in the records of the Board by the Secretary of the Board. The Certificate of Compliance may be executed in counterparts.

Section 11. Application of Proceeds. The entire proceeds derived by the University from the sale of the Series 2019 Bonds, less and except the underwriter's discount to be retained by the Underwriters and the premium for any Bond Insurance Policy obtained for the Series 2019 Bonds to be wired directly by the Underwriters to the provider thereof, shall be paid to the Trustee under the Indenture, which is thereupon authorized and directed to apply and disburse such moneys for the purposes herein described and as shall be specified in Section 1.6 of the Fifteenth Supplemental Indenture once updated to reflect the terms of the Certificate of Compliance, or as otherwise directed pursuant to a written order from the President or the Vice President for Finance and Administration.

Section 12. Resolution Constitutes Contract; Severability. The provisions of this resolution shall constitute a contract between the University and the holders of the Series 2019 Bonds. The various provisions of this resolution are hereby declared to be severable. In the event any provision hereof shall be held invalid by a

court of competent jurisdiction, such invalidity shall not affect any other portion of this resolution.

Section 13. General Authorization. The President of the University, the Vice President for Finance and Administration of the University, the Secretary of the Board, the Vice Chair of the Board and the Chair Pro Tempore of the Board are hereby authorized to execute such further agreements, certifications, instruments or other documents, containing such terms as such officer shall approve (subject to the limitations described in this resolution and the Certificate of Compliance executed and filed as provided in Section 10 hereof), and to take such other actions as any of them may deem appropriate or necessary, for the consummation of the transactions covered by this resolution and to the end that the Series 2019 Bonds may be executed, issued and delivered. The Secretary of the Board, the Vice Chair of the Board and the and the Chair Pro Tempore of the Board are hereby authorized and directed to affix the official seal of the Board to such instruments and to attest the same.

In accordance with the provisions of the Alabama Open Meetings Act, Chairman Simon made a motion to convene an executive session for an anticipated duration of 30 minutes for the purpose of discussing a contested case hearing with Ms. Jean Tucker, Senior University Attorney, for which Ms. Tucker had submitted the required written declaration for the minutes. Dr. Stokes seconded and the Board voted unanimously at 11:22 a.m. to convene an executive session, as recorded below:

AYES:
Ms. Atkins (phone)
Ms. Brown Stewart
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 and there being no further business, the meeting was adjourned at 11:59 a.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:

139 Hillcrest Road
Mobile, Alabama 36608
Parcel Number/Key Number: R02-28-05-21-2-000-011.XXX (Key # 00522321)
R02-28-05-21-2-000-012.XXX (Key # 01709903)

APPRAISAL INFORMATION:

No appraisal was obtained. The property was purchased at a price in line with comparable properties listed in the surrounding area.

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, Mobile, AL 36688 ("Buyer's Address"), hereby agrees to buy and **Leo L. & Sandra Crain** ("Seller"), whose principal address is 8515 Lamhatty Lane North, Daphne, Alabama 36526 ("Seller's Address"), hereby agrees to sell for the consideration and upon the terms hereinafter set forth, the real estate described as:

PARCEL A: R02-28-05-21-2-000-011.XXX (Key #00522321)

That certain parcel of land bounded by a line beginning at a point 25ft. East of the West line of Section 21, Township 4 south, Range 2 West, and 1,036.16 ft, South of the south line of Tanner-Williams Hwy for a point of beginning; thence run South 104.36 ft. to a point, thence run due East 392.72 ft to a point, thence run North 104.36 ft. to a point, thence run due West 392.72 ft. to the point of beginning.

PARCEL B: R02-28-05-21-2-000-012.XXX (Key #1709903)

That certain parcel of land bounded by a line beginning at a point 25ft. East of the West line of Section 21, Township 4 South, Range 2 West, and 1140.52 ft. South of the South line of the Tanner-Williams Hwy. for the beginning point; run thence due South 104.36 ft., thence due East 392.72 ft., thence due North 104.36 ft., thence due West 392.72 ft. to the point of beginning.

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 ***FIVE HUNDRED THIRTY-NINE THOUSAND AND NO/100 DOLLARS ($539,000.00)*** (the "Purchase Price") and shall be payable on the day of Closing ("Closing Date") by cash, cashier's check, certified check or wire transfer. Seller 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 (the "Deed").

Buyer agrees to pay other 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.

ARTICLE II - Closing

2.1 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 by or before January 18, 2019.

2.2 The Closing shall occur at the offices of Anders, Boyett, and Brady or such other location as may be agreed to in writing by Purchaser and Seller.

ARTICLE III - Possession

3.1 Seller and Buyer acknowledge and agree that until the Closing date, Seller shall have possession of the Property and shall continue to pay any and all expenses incurred by Seller 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 IV - Deed and Other Documents

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

4.2 Seller shall execute and deliver with the Deed such other documents as may be required by any governmental entity or by the title insurance company as a condition to the

issuance of its policy of title insurance in accordance with Article V, including, but not limited to:

(a) The standard affidavit required by the title insurance company for the removal of the standard preprinted exceptions from the title insurance policy; and

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

ARTICLE V - Title Insurance

5.1 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, a standard form ALTA owner's commitment with extended coverage or comparable form, insuring access to the Property and such other endorsements as Buyer may request (the "Policy"), insuring Buyer in the total amount of the Purchase Price, fee simple title to the Premises subject only to (a) the lien for real estate taxes not yet due and payable; (b) exceptions approved in writing by Buyer; and/or (c) such liens as are to be released and discharged at the Closing. Seller agrees to provide to Buyer and the Title Insurance Company all title information in Seller's possession relating to the Property together with a copy of the most recent tax bills relating to the Property.

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

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

5.4 If the title insurance commitment or report shows any exceptions to title other than

those referred to in Article 5.1 above, Buyer shall notify Seller in writing of the defects in title within ten (10) days after receipt of the title commitment (with copies of all documents referred to therein). Seller shall then have ten (10) days after receipt of such notice in which to cure such defects and furnish to Buyer satisfactory proof that such defects have been cured. Seller agrees to use 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 VI - Taxes and Assessments

6.1 Seller shall pay or credit against the Purchase Price all unpaid real estate taxes, including penalties and interest, for all tax years preceding the Closing Date, and shall credit a portion of such taxes for the tax year in which the Closing is held, prorated through the Closing Date. The proration of such taxes shall be based on a 365-day year and on the most recently available rate and valuation and the amount so computed and adjusted shall be final.

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

ARTICLE VII - Utility Charges

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

ARTICLE VIII - Risk of Loss

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

ARTICLE IX - Conditions to Closing

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

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

(b) 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 V 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) Title to property with satisfaction of all existing mortgages and/or liens free and clear of all encumbrances.

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

ARTICLE X - Notices

10.1 Unless otherwise provided herein, all notices shall be in writing and shall be deemed effective upon the earlier of either (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 8515 Lamhatty Lane North, Daphne, Alabama 36526, and to Buyer at 775 N. University Boulevard, Suite 150, Mobile, AL 36608 (facsimile 251-460-1765).

ARTICLE XI - Representations and Warranties

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

(a) All covenants, conditions, restrictions, easements and similar matters affecting the Property have been complied with.

(b) 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.

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

11.3 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.

11.4 All of the representations, warranties and covenants made by Seller in Article XI 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 XI 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 - Acceptance

13.1 In the event this Contract is not signed simultaneously by both parties, it shall be considered to be an offer made by the party first executing it. In such event this offer shall expire at 12:00pm NOON, Friday, October 19, 2018 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 XIV – Broker Commissions

14.1 To the extent allowed by law, each party agrees to indemnify and hold the other party harmless from any cost, expense or liability (including reasonable attorney's fees) for any compensation, commissions or charges claimed by any real estate broker or agent employed or claiming to represent or to have been employed by the indemnifying party in connection with the negotiation of this transaction.

Signed by Buyer this 15th day of October, 2018.

BUYER:

UNIVERSITY OF SOUTH ALABAMA

By: G Scott Weldon

G. Scott Weldon

Vice President, Finance and Administration

Signed by Seller this 19th day of October, 2018.

SELLERS:

Leo L. & Sandra Crain

By: Leo L. Crain

Leo L. Crain

By: Sandra Crain

Sandra Crain

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 **Leo L. & Sandra Crain** ("Seller"), whose principal address is 8515 Lamhatty Lane North, Daphne, Alabama 36526.

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

1. The Closing date of the transaction shall be extended to January 31, 2019 unless otherwise extended by the provisions of the "Contact" or by agreement in writing by the parties.

2. Buyer represents to Seller its satisfaction of all conditions to closing as stated in Article IX of the Contract.

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 15th day of January, 2019.

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

By: Robert K. Davis

Robert K. Davis
University Treasurer

Signed by Seller this 16th day of January, 2019.

SELLER:
Leo L. & Sandra Crain

By: Leo L Crain

Print Name: LEO CRAIN

By: Sandra E. Crain

Print Name: SANDRA E CRAIN

UNIVERSITY OF SOUTH ALABAMA

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

PROPERTY ADDRESS:

142 & 150 West Drive
Mobile, Alabama 36608
Parcel Number/Key Number: R02-28-05-21-2-000-031.001 (Key # 03020536)
R02-28-05-21-2-000-031. (Key # 00522526)
R02-28-05-21-2-000-031.01 (Key # 00522535)
R02-28-05-21-2-000-032. (Key # 00522544)

APPRAISAL INFORMATION:

No appraisal was obtained. The property was purchased at a price well below listed sale price.

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, Mobile, AL 36688 ("Buyer's Address"), hereby agrees to buy and **Rachel & Earnest L. Quinley Sr., Yvonne Morrison, Rebecca Elmore, and Wanda Morrison** ("Seller"), hereby agrees to sell for the consideration and upon the terms hereinafter set forth, the real estate described as:

PARCEL A: 02-28-05-21-2-000-031.001 (Key #03020536)

W 1/2 LOTS 18 & 19 BLK 5 WESTERN HILLS MBK 3/390-1
#SEC 21 T4S R2W #MP28 05 21 2 000

PARCEL B: R02-28-05-21-2-000-031 (Key #00522526)

ALL OF LOT 20 BLK 5 OF WESTERN HILLS MBK 3 N S PG 3900-1 SUBJ TO ROW EASEMNT OVER & ACROSS N 20 FT OF SD PPTY EXT FROM TH W/L OF W DR WLY A DIS OF 400 FT TO TH W TERMINUS OF SD EASEMNT
#SEC 21 T4S R2W #MP28 05 21 2 000

PARCEL C: R02-28-05-21-2-000-031.01 (Key #00522535)

LOT 21 BLK 5 WESTERN HILLS NEWMANS DIV MBK 3 P 390
#SEC 21 T4S R2W #MP28 05 21 2 000

PARCEL D: R 02-28-05-21-2-000-032 (Key #00522544)

LOT 22 BLK 5 NEWMANS SUB OF WESTERN HILLS MBK 3 PGS 390 THRU 391
#SEC 21

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 ***SIX HUNDRED SIXTY-EIGHT THOUSAND AND NO/100 DOLLARS ($668,000.00)*** (the "Purchase Price") and shall be payable on the day of Closing ("Closing Date") by cash, cashier's check, certified check or wire transfer. Seller 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 (the "Deed"). Seller's costs of these items shall not exceed Three Thousand Four Hundred and no/100 dollars ($3,400.00). Buyer agrees to pay other 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.

ARTICLE II - Closing

2.1 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 by or before January 25, 2019.

2.2 The Closing shall occur at the offices of Anders, Boyett, and Brady or such other location as may be agreed to in writing by Purchaser and Seller.

ARTICLE III - Possession

3.1 Seller and Buyer acknowledge and agree that until the Closing Date, Seller shall have possession of the Property and shall continue to pay any and all expenses incurred by Seller 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 Closing. In the event that the Buyer has not removed the contingencies enumerated herein thirty (30) days prior to the Closing Date, Seller will have the option to extend the Closing Date up to 30 days so Seller may fully vacate the home located at 142 West Drive.

ARTICLE IV - Deed and Other Documents

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

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

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

ARTICLE V - Title Insurance

5.1 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, a standard form ALTA owner's commitment with extended coverage or comparable form, insuring access to the Property and such other endorsements as Buyer may request (the "Policy"), insuring Buyer in the total amount of the Purchase Price, fee simple title to the Premises subject only to (a) the lien for real estate taxes not yet due and payable; (b) exceptions approved in writing by Buyer; and/or (c) such liens as are to be released and discharged at the Closing. Seller agrees to provide to Buyer

and the Title Insurance Company all title information in Seller's possession relating to the Property together with a copy of the most recent tax bills relating to the Property.

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

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

5.4 If the title insurance commitment or report shows any exceptions to title other than those referred to in Article 5.1 above, Buyer shall notify Seller in writing of the defects in title within ten (10) days after receipt of the title commitment (with copies of all documents referred to therein). Seller shall then have ten (10) days after receipt of such notice in which to cure such defects and furnish to Buyer satisfactory proof that such defects have been cured. Seller agrees to use 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 VI - Taxes and Assessments

6.1 Seller shall pay or credit against the Purchase Price all unpaid real estate taxes, including penalties and interest, for all tax years preceding the Closing Date, and shall credit a portion of such taxes for the tax year in which the Closing is held, prorated through the Closing Date. The proration of such taxes shall be based on a 365-day year and on the most recently available rate and valuation and the amount so computed and adjusted shall be final.

6.2 Seller shall pay any special assessments which (a) are a lien on the Property on

the Closing Date, whether such assessments are past due, then due or thereafter to become due or (b) are not a lien but are then known and will be payable in whole or in part after the Closing Date.

ARTICLE VII - Utility Charges

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

ARTICLE VIII - Risk of Loss

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

ARTICLE IX - Conditions to Closing

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

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

(b) 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 V

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, at its election, (a) request that Seller fully remediate all such waste, material or substance, or (b) terminate this Contract without penalty. In the event that Buyer elects to request remediation by Seller, remediation will be at Seller's expense and to Buyer's reasonable satisfaction, or, alternatively, Seller may choose to terminate this Contract without further penalty.

(f) Removal of Hazards. Prior to Closing, Seller shall remove from the Property all toxic or hazardous waste, gardening supply inventory, and materials or substances such as fertilizers which may or may not be considered hazardous.

(g) Title to property with satisfaction of all existing mortgages and/or liens free and clear of all encumbrances.

(h) Seller is authorized to demolish any and all existing structures upon the property to the best of Seller's capabilities. Any structures not demolished prior to Closing shall remain with the property and become possession of the Buyer.

(i) Removal of Contents. Prior to Closing Seller shall remove all contents inside and within 25 feet around the perimeter of the main warehouse building.

ARTICLE X - Notices

10.1 Unless otherwise provided herein, all notices shall be in writing and shall be deemed effective upon the earlier of either (a) personal delivery (b) facsimile or (c) deposit in the U.S. Mail, marked Certified or Registered, return receipt requested, with postage prepaid to Sellers at 900 Hillcrest Road, Suite A-5, Mobile, Alabama 36695, (facsimile 251-639-4018) and to Buyer at 775 N. University Boulevard, Suite 150, Mobile, AL 36608 (facsimile 251-460-

1765).

ARTICLE XI - Representations and Warranties

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

(a) All covenants, conditions, restrictions, easements and similar matters affecting the Property have been complied with.

(b) 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) No event has occurred with respect to the Property which would constitute a violation of any applicable environmental law, ordinance or regulation.

(f) The execution and delivery of this Contract has been duly authorized and validly executed and delivered by Seller, and will not (i) constitute or result in the breach of or default under any oral or written agreement to which Seller is a party or which affects the Property; (ii) constitute or result in a violation of any order, decree or injunction with respect to which either Seller and/or the Property is/are bound; (iii) cause or entitle any party to have a right to accelerate or declare a default under any oral or written agreement to which Seller is a party or which affects the Property;

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

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

11.3 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.

11.4 All of the representations, warranties and covenants made by Seller in Article XI 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 XI 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 XII - Miscellaneous

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

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

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

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

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

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

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

12.8 Time is of the essence hereof.

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

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

ARTICLE XIII - Acceptance

13.1 In the event this Contract is not signed simultaneously by both parties, it shall be considered to be an offer made by the party first executing it. In such event this offer shall expire at 12:00pm NOON, Thursday, December 6, 2018 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 XIV – Broker Commissions

14.1 Seller shall be solely responsible for, and shall pay in cash at Closing, and only if Closing shall occur, a real estate commission to Berkshire Hathaway HomeServices Cooper & Co. Inc., REALTORS ("Listing Company") but only pursuant to the terms of any separate written agreement to which Seller is a party. Seller represents and warrants to Purchaser, and Purchaser represents and warrants to Seller, that, except as provided in the preceding sentence, no commissions are due and owing any real estate broker or salesperson (other than the Listing Company) in connection with this transaction arising out of its actions. To the extent allowed by law, Seller and Purchaser hereby each agree to indemnify, defend and hold the other harmless from and against any claim for any real estate commission or similar fee arising out of its actions concerning the purchase and sale of the Property as contemplated by this Agreement.

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

The selling company is:	The listing company is:
USA Properties	**Berkshire Hathaway HomeServices Cooper & Co. Inc., REALTORS**
TWO BLOCKS MAY BE CHECKED ☐ and is an Agent of the Seller ☒ and is an Agent of the Buyer ☐ and is an Agent of both Seller and Buyer acting as a limited ☐ and is assisting the ☐ Buyer ☐ Seller as a transaction broker. Buyer(s) initials: RJO ____	TWO BLOCKS MAY BE CHECKED ☒ and is an Agent of the Seller ☐ and is an Agent of the Buyer ☐ and is an Agent of both Seller and Buyer acting as a limited ☐ and is assisting the ☐ Buyer ☐ Seller as a transaction broker. Seller(s) initials: [signature] [signature] [signature] ____ [signature]

The selling company is:	The listing company is:
	David Cooper agent of the Sellers

Signed by Buyer this 30th day of November, 2018.

Signed by Sellers this 4th day of December, 2018.

BUYER:

UNIVERSITY OF SOUTH ALABAMA

By: Robert K. Davis

Robert K. Davis

University Treasurer

SELLER:

By: Rachel Quinley

Rachel Quinley

By: Ernest L Quinley, Sr.

Earnest L. Quinley Sr.

By: Yvonne Morrison

Yvonne Morrison

By: Rebecca Elmore

Rebecca Elmore

By: Wanda Morrison

Wanda Morrison

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

AUDIT COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

AUDIT COMMITTEE

December 6, 2018
1:30 p.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, December 6, 2018, at 1:33 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Ron Graham, Ron Jenkins and Jimmy Shumock. Participating by phone was Alexis Atkins.
Member Absent:	Scott Charlton.
Other Trustees:	Chandra Brown Stewart, Tom Corcoran, 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, Paul Frazier, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Mike Mitchell, Grace Newcombe (SGA), Mark Peach and Ashley Willson (KPMG), Matthew Reichert (Faculty Senate), Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Shumock called for consideration of the minutes of the meeting held on August 30, 2018. On motion by Mr. Graham, seconded by Capt. Jenkins, the Committee voted unanimously to adopt the minutes.

Mr. Shumock called on Mr. Weldon, who introduced KPMG partners Ms. Ashley Willson and Mr. Mark Peach for presentation of the audit reports and letters for the year ended September 30, 2018, **ITEM 5**. Mr. Peach and Ms. Willson delivered required communications related to internal controls, significant accounting estimates, and significant accounting policies and disclosures, with emphasis on GASB (Government Accounting Standards Board) 75 pertaining to financial reporting of postemployment benefits other than pensions. Mr. Peach stated KPMG issued an unmodified opinion on the University's financial statements. He and Ms. Willson reviewed audit results for component entities of the University, including the USA Research and Technology Corporation and the USA Health Care Authority.

Mr. Shumock asked Mr. Weldon to address **ITEM 6**, the Alabama Department of Examiners of Public Accounts compliance audit for the fiscal year ended September 30, 2017. Mr. Weldon stated the audit did not report any findings. He advised of one recurring finding related to the application of e-Verify regulations and gave background on the matter.

Mr. Shumock called upon Mr. Berry for a report on the activities of the Office of Internal Audit, **ITEM 7**. Mr. Berry updated the Committee on the process ongoing over approximately eight months to identify areas of risks, rate them for significance, and categorize them by higher education

industry standards. He said risk assessment training and processing of survey results was continuing as well, and stated this work represented a first step of enterprise risk management.

There being no further business, the meeting was adjourned at 2:01 p.m.

Respectfully submitted:

_____
James H. Shumock, Chair

UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE ATHLETICS DEPARTMENT

Statement of Revenues and Expenditures

Year Ended September 30, 2018

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

UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE ATHLETICS DEPARTMENT

Year ended September 30, 2018

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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, 2018 (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 University'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, 2018 after considering the University management's post closing reclassification and elimination entries. We compared all amounts on the Statement to the general ledger after consideration of the reclassification and elimination entries discussed above, noting agreement.

(b) We compared actual Athletics Department revenues and expenditures per the University's general ledger for the year ended September 30, 2018 to 2018 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 2018 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, Coaching Salaries, Benefits and Bonuses Paid by the University and Support Staff Administrative Compensation, Benefits and Bonuses Paid By the University: These line items had unfavorable budget variances due to the fact the University does not budget for these accounts.

KPMG LLP is a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

(c) We also compared actual Athletics Department revenues and expenditures per the University's 2018 general ledger to actual Athletics Department revenues and expenditures per the University's 2017 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 2017 amounts. No revenue categories that exceeded 10% of revenues had variances of more than 10% compared to the prior year; therefore, no variance explanation is required. One expense category exceeded 10% of expenditures, and had variances of more than 10% compared to the prior year. We obtained the following explanation from management:

Coaching Salaries, Benefits, and Bonuses Paid by the University: This line item had unfavorable variances due to overlapping of salaries paid to the new and old coaches and staff of Football and Men's Basketball.

(d) 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.

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

(i.) Ticket Sales – We obtained a detail of ticket sales revenue and agreed the detail for Men's Football, Men's Baseball, Men's Basketball, Women's Softball, and Women's Basketball per the University's 2018 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 (document numbers J0158362, F0916304, F0916831 and F0917419) 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.) Direct Institutional Support – We obtained the supporting schedules for 2018 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.

(iv.) Indirect Institutional Support – Athletic Facilities Debt Service – We obtained supporting schedules for 2018 indirect institutional support related to Athletics. We compared the total amount of indirect debt service related to Athletics to the Statement, noting no exceptions.

(v.) Contributions – We obtained a listing of 2018 contributions received by the University and agreed the listing to the 2018 general ledger and to the Statement without exception. We noted that the University did not receive any individual contributions in excess of 10% of total contributions.

(vi.) Conference Distributions (Non Media or Bowl), including all tournament revenues – We obtained a detail of conference distributions and agreed the detail to the 2018 general ledger and to the Statement without exception. We selected 100% of the total dollar amount of the remittances from the Sunbelt conference for testing and compared amounts to check copies, wire remittances, or other supporting documentation for each of the amounts received, noting no exceptions.

(vii.) Other Operating Revenue – we obtained a detail of other operating revenue and agreed the detail to the 2018 general ledger and to the Statement without exception. In addition, we agreed a sample of five items (document numbers J0148591, J0154693, F0916311, F0915972 and F0916072) which make up approximately 3% of the total dollar amount of other operating revenue, to supporting documentation as applicable, nothing no exceptions.

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

(i.) Athletic Student Aid – We obtained a detail of the students receiving athletic student aid during 2018, recalculated its mathematical accuracy and compared total amounts to the 2018 general ledger and to the Statement, noting agreement. As the University uses the NCAA Compliance Assistance Software, we selected 10% of the student athletes (29 student athletes) (student numbers J00599423, J00472583, J00549619, J00487852, J00483779, J00598510, J00552218, J00482338, J00487798, J00616546, J00598046, J00612356, J00567795, J00575517, J00495097, J00523707, J00604458, J00607042, J00612768, J00600698, J00618446, J00618495, J00421294, J00574483, J00554872, J00567134, J00608131, J00602142, and J00606535) 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 two of the twenty-nine 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. No other exceptions were noted.

(ii.) Coaching Salaries, Benefits, and Bonuses Paid by the University and Support Staff Administrative Compensation, Benefits, and Bonuses Paid by the University – We selected ten coaches – Assistant Men's Baseball Coach (employee ID J00575682), Men's Basketball Head Coach (employee ID J00642355), Men's Basketball Assistant Coach (employee ID J00642647), Women's Basketball Assistant Coach (employee ID J00619367), Men's Football Head Coach (employee ID J00492399), Football Assistant Coach (employee ID J00634371), Men's Football Assistant Coach (employee ID J00634372), Women's Soccer Head Coach (employee ID J00611585), Women's Volleyball Head Coach (employee ID J00450162), and Women's Softball Head Coach(employee ID J00214405) and ten athletic administrators - (employee IDs J00271705, J00443842, J00645759, J00502060, J00524008, J00069081, J00532114, J00623085, J00262984, and J00302318). 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.

(iii.) All Other Expenditures – We selected sixty-one individual vouchers from the 2018 fiscal year within the following expenditure categories: team travel; sports equipment, uniforms, and supplies; game expenses; direct facilities, maintenance and rentals; and other operating expenses. We inspected invoice copies and direct pay requests or purchase orders (where applicable) for the expenditures on the vouchers in the table below, which comprise approximately 2% of the expenditures not included in the categories listed in (f)(i.), and (f)(ii), noting that amounts per the vouchers agreed to the invoice

copies and direct pay request or purchase order without exception.

	Voucher no.
1	J0152330
2	I1297154
3	I1295017
4	J0152330
5	I1309829
6	Z0189963
7	J0151340
8	Z0180570
9	B0006095
10	J0150709
11	I1364152
12	I1318771
13	J0147712
14	I1325380
15	I1325665
16	J0157926
17	I1374739
18	I1300338
19	J0153184
20	J0147156
21	I1296850
22	I1359591
23	J0157926
24	I1381570
25	B0005716
26	I1310369
27	I1373852
28	J0154707
29	I1318059
30	B0005916
31	J0153184
32	J0147842
33	J0157803
34	I1296208
35	J0158751
36	J0158751
37	J0158347
38	I1372388
39	J0146217
40	I1386496
41	Z0187629
42	I1307837
43	I1299200
44	F0918712
45	F0918558
46	F0918558
47	F0918394

	Voucher no.
48	F0918394
49	F0918024
50	F0918024
51	F0918024
52	F0917921
53	F0917921
54	F0917914
55	F0917567
56	F0917567
57	F0917335
58	F0917335
59	F0917250
60	F0917216
61	F0917216

(g) 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 calculation of Revenue Distribution Equivalencies Report from NCAA Compliance Assistance Software or equivalent supporting equivalency calculations from the institution, noting no exceptions.

(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 without exception.

(c) For Pell Grants, we agreed the total number of Division I student-athletes who, during the 2017-18 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 without exception.

(h) 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 prepared by University management, noting agreement.

(b) Total University Debt - We compared the total outstanding University debt to supporting debt schedules provided by University management and to the University's 2018 audited financial statements, noting agreement.

(c) Fair Value of Athletics Dedicated Endowments - We obtained the athletic dedicated endowment schedule from the Athletic Department and compared the total fair value in the schedule to the University's general ledger, noting agreement.

(d) Fair Value of University Endowments - We compared the total fair value of University endowments to the University's general ledger, noting agreement.

(e) Total Athletic Related Capital Expenditures – We compared total Athletics Department related capital expenditures for the year ended September 30, 2018 to a supporting schedule prepared by University management, noting agreement.

* * * * * * *

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, 2018 (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 14, 2019

Exhibit A

UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIAT
ATHLETIC DEPARTMENT

Statement of Revenues and Expenditures

Year Ended September 30, 2018

(Unaudited)

NCAA Descriptior	Not Related To Team	Men's Baseball	Men's Basketball	Men's Golf	Men's Tennis	Men's Track	Men's Football	Women's Basketball	Women's Golf	Women's Soccer	Women's Tennis	Women's Track	Women's Volleyball	Women's Softball	Total
Operating Revenues:															
Ticket Sales	$ —	60,160	94,006	—	—	—	483,736	3,915	—	—	—	—	—	17,204	659,021
Student Fees	—	228,470	97,916	65,277	58,749	502,634	6,628,944	97,916	45,694	182,776	52,222	548,328	104,443	163,193	8,776,562
Direct Institutional Support	3,677,949	1,123,703	1,671,318	252,387	305,024	—	740,339	1,323,996	280,121	569,899	383,410	—	749,166	782,905	11,860,217
Indirect Institutional Support – Athletic Facilities Debt Service	1,367,857	—	—	—	—	—	—	—	—	—	—	—	—	—	1,367,857
Guarantees	—	20,000	110,000	—	—	—	625,000	35,500	—	—	—	—	8,000	1,000	799,500
Contributions	743,409	200,027	4,850	312,140	1,775	5,644	36,327	2,081	3,025	16,133	1,925	—	6,172	8,557	1,342,065
In-Kind Donations	601,658	—	—	—	—	—	—	—	—	—	—	—	—	—	601,658
NCAA Distributions	—	67,969	29,130	19,420	17,478	149,533	225,270	29,130	13,594	54,376	15,536	163,127	31,072	48,550	864,185
Conference Distributions (Non Media or Bowl)	—	81,404	34,888	23,258	20,933	179,090	269,798	34,888	16,281	65,124	18,607	195,371	37,213	58,146	1,035,001
Program, Novelty, Parking and Concession Sales	3,519	11,972	—	—	—	—	109,471	—	—	—	—	—	—	768	125,730
Royalties, Licensing, Advertisement and Sponsorships	192,779	100,985	153,515	—	—	—	310,571	—	—	—	—	—	—	6,670	764,520
Athletics Restricted Endowment and Investments Income	23,685	—	—	—	—	—	—	—	—	—	—	—	—	—	23,685
Other Operating Revenue	724,675	587	—	27,400	—	32,265	—	—	34,730	1,300	—	—	—	—	820,957
Total Operating Revenues	7,335,531	1,895,277	2,195,623	699,882	403,959	869,166	9,429,456	1,527,426	393,445	889,608	471,700	906,826	936,066	1,086,993	29,040,958
Operating Expenditures:															
Athletic Student Aid	268,846	343,649	405,284	147,529	161,759	345,051	2,664,877	507,667	181,905	447,804	268,110	519,006	423,773	333,604	7,018,864
Guarantee Expenses	—	11,000	41,500	—	—	—	150,000	4,500	—	2,500	—	—	—	1,000	210,500
Coaching Salaries, Benefits, and Bonuses Paid by the University	—	555,498	870,331	104,527	92,564	163,387	2,705,713	459,525	83,715	174,220	89,155	133,036	175,110	299,727	5,906,508
Support Staff Administrative Compensation, Benefits, and Bonuses Paid by the University	3,544,758	57,435	80,075	8,345	10,774	5,280	1,134,167	71,731	8,407	4,062	9,778	4,320	—	45,899	4,985,031
Recruiting	13,316	39,171	47,103	7,107	1,157	3,039	198,825	38,031	3,561	5,477	3,132	2,487	19,582	18,977	400,965
Team Travel	104,258	254,829	222,351	30,693	47,835	77,095	732,779	147,076	25,551	82,710	39,491	63,077	62,933	163,459	2,054,137
Sports Equipment, Uniforms, and Supplies	959,719	124,750	85,283	17,108	41,280	33,352	816,603	63,211	19,781	33,925	29,837	27,288	15,981	85,589	2,353,707
Game Expenses	19,958	48,640	113,115	600	4,845	5,299	390,892	81,832	300	18,960	4,930	4,336	16,014	17,837	727,558
Fundraising, Marketing, and Promotions	341,384	—	200	—	—	—	925	—	—	—	—	—	—	—	342,509
Spirit Groups	291,734	—	—	—	—	—	—	—	—	—	—	—	—	—	291,734
Athletic Facilities Debt Service, Leases and Rental Fees	1,520,857	—	—	—	—	—	170,000	—	—	—	—	—	—	—	1,690,857
Direct Facilities, Maintenance, and Rentals	266,212	102,044	10,553	294,506	—	323	329,124	957	525	21	—	265	990	2,357	1,007,877
Medical Expense and Medical Insurance	259,894	—	—	—	—	—	346,064	—	—	—	—	—	5	—	605,963
Membership and Dues	93,197	206	2,349	5,610	540	492	6,926	—	4,405	485	—	403	510	175	115,298
Student-Athlete Meals (Non-Travel)	1,650	17,724	33,566	229	2,131	8,686	85,904	21,473	181	8,995	663	7,107	297	5,290	193,896
Other Operating Expenses	847,921	70,053	91,016	92,883	20,133	6,525	593,014	55,524	79,600	33,232	6,445	5,339	42,159	44,763	1,988,607
Total Operating Expenditures	8,533,704	1,624,999	2,002,726	709,137	383,018	648,529	10,325,813	1,451,527	407,931	812,391	451,541	766,664	757,354	1,018,677	29,894,011
Net	$ (1,198,173)	270,278	192,897	(9,255)	20,941	220,637	(896,357)	75,899	(14,486)	77,217	20,159	140,162	178,712	68,316	(853,053)

Excess Transfers to University	$ —
Conference Realignment Expenses	$ —
Total Athletics Related Debt	$ 17,328,949
Total University Debt	$ 393,631,000
Fair Value of Athletics Dedicated Endowments	$ 1,218,391
Fair Value of University Endowments	$ 178,520,450
Total Athletics Related Capital Expenditures	$ 88,379

See accompanying Independent accountants' report on applying agreed-upon procedures and notes to statement of revenues and expenditures.

UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE ATHLETICS DEPARTMENT

Notes to Statement of Revenues and Expenditures

Year ended September 30, 2018

(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.

(4) Capitalization of Assets

Equipment is capitalized if the individual item equals or exceeds $5,000. Buildings additions are capitalized per the policies of the University.

(5) Athletics Facility Related Debt

Future principal payments due through maturity dates are as follows as of September 30, 2018:

	Principal
Years ending September 30:	
2019	$ 635,922
2020	695,209
2021	729,710
2022	765,211
2023	802,800
Thereafter	13,700,097
	$ 17,328,949

(6) Contributions

The Department has not received any individual contributions exceeding 10% of the total contributions for the year ended September 30, 2018.

(7) Pledges Dedicated to Athletics

The University does not have any pledges at September 30, 2018 that support athletics.

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE

December 6, 2018
2:11 p.m.

A meeting of the Development, Endowment and Investments Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Jim Yance, Chair, on Thursday, December 6, 2018, at 2:11 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Chandra Brown Stewart, Tom Corcoran, Ron Jenkins, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance.
Other Trustees:	Ron Graham, Arlene Mitchell, Lenus Perkins, Jimmy Shumock and Ken Simon. Participating by phone was Alexis Atkins.
Administration and Others:	Terry Albano, Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Paul Frazier, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, Matt Kinear (Gerber Taylor), John Marymont, Mike Mitchell, Grace Newcombe (SGA), Norman Pitman, Matthew Reichert (Faculty Senate), Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, 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 August 30, 2018. On motion by Mr. Windom, seconded by Dr. Stokes, the Committee voted unanimously to adopt the minutes.

Mr. Yance called on Mr. Albano to present endowment and investment performance for the fiscal year ended September 30, 2018, **ITEM 8**. Mr. Albano advised of a 6.89 percent return vs. the relative index of 6.81 percent, an outperformance by eight basis points; an endowment market value of approximately $155.5 million; and investment earnings and appreciation of just over $10 million. Charts reflecting manager performance and asset allocation were presented. Mr. Pitman detailed market conditions impacting manager underperformance, as well as a recommendation to replace managers. Mr. Albano stated annualized performance since inception was 5.42 percent versus the index of 4.49 percent, or an outperformance of close to one percent. He reported investment earnings and appreciation of approximately $81.2 million over the life of the endowment.

Mr. Yance called for a motion to invest in Commonfund's new private equity secondary's fund, Gerber Taylor's international fund and J.P. Morgan's emerging market fund, and to release Oakmark's global select fund and American Fund's capital world growth and income fund. On motion by Dr. Stokes, seconded by Capt. Jenkins, the Committee voted unanimously to adopt the recommendation.

Mr. Albano discussed a resolution acknowledging the Board's annual evaluation of investment policies, **ITEM 9**, as per SACSCOC (Southern Association of Colleges and Schools Commission

on Colleges) requirements (for copies of resolutions, policies and other authorized documents, refer to **APPENDIX A** of the minutes of the Board of Trustees meeting held on December 7, 2018). Mr. Albano stated change of the policies was not being recommended. Mr. Yance suggested that the resolution be deferred for consideration by the Board of Trustees on December 7.

Mr. Albano introduced Mr. Matt Kinear of the investment management firm Gerber Taylor. Mr. Kinear gave an overview on the University's portfolio and discussed market expectations.

Mr. Yance called for a report on the activities of the Division of Development and Alumni Relations, **ITEM 11**. Dr. Stokes, Upward & Onward Campaign Co-Chair, reported 85 percent of the $150 million goal met following the third year of a five-year campaign, and said development efforts were being expanded to assist Athletics with funding of the on-campus stadium. Ms. Sullivan advised of approximately $19.2 million raised in fiscal year 2018 and close to $3.8 million secured in the first two months of fiscal year 2019, of which she noted $2.5 million was contributed by the Mobile County Commission to support the Center for Academic Success at the new stadium complex. She reported nearly $127.3 million raised overall, noting more than $3.8 million had been contributed by South employees. She stated the 2019 South Fund annual employee drive would launch in January and the second annual USA Giving Day would take place on February 14. She said groundbreaking ceremonies were recently held for the MacQueen Alumni Center and Fanny Meisler Trauma Center at USA Health University Hospital. She discussed the United Way of Southwest Alabama's annual drive, advising of President Waldrop's role as Chair and $255,000 raised by more than 2,200 USA employees.

Mr. Yance revisited **ITEM 9**, a resolution acknowledging the Board's annual evaluation of investment policies, and called for a motion recommending to the Board that the policies not be changed. On motion by Mr. Corcoran, seconded by Mr. Yance, the motion was approved unanimously.

Mr. Yance called upon Dr. Erdmann, who presented a resolution to approve Mr. Rick Jones as a Jaguar Athletic Fund Director for a three-year term beginning December 2018, **ITEM 10.** On motion by Mr. Windom, seconded by Mr. Corcoran, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

There being no further business, the meeting was adjourned at 2:25 p.m.

Respectfully submitted:

_____
James A. Yance, Chair



University of South Alabama Endowment Investment Performance Review/Analysis

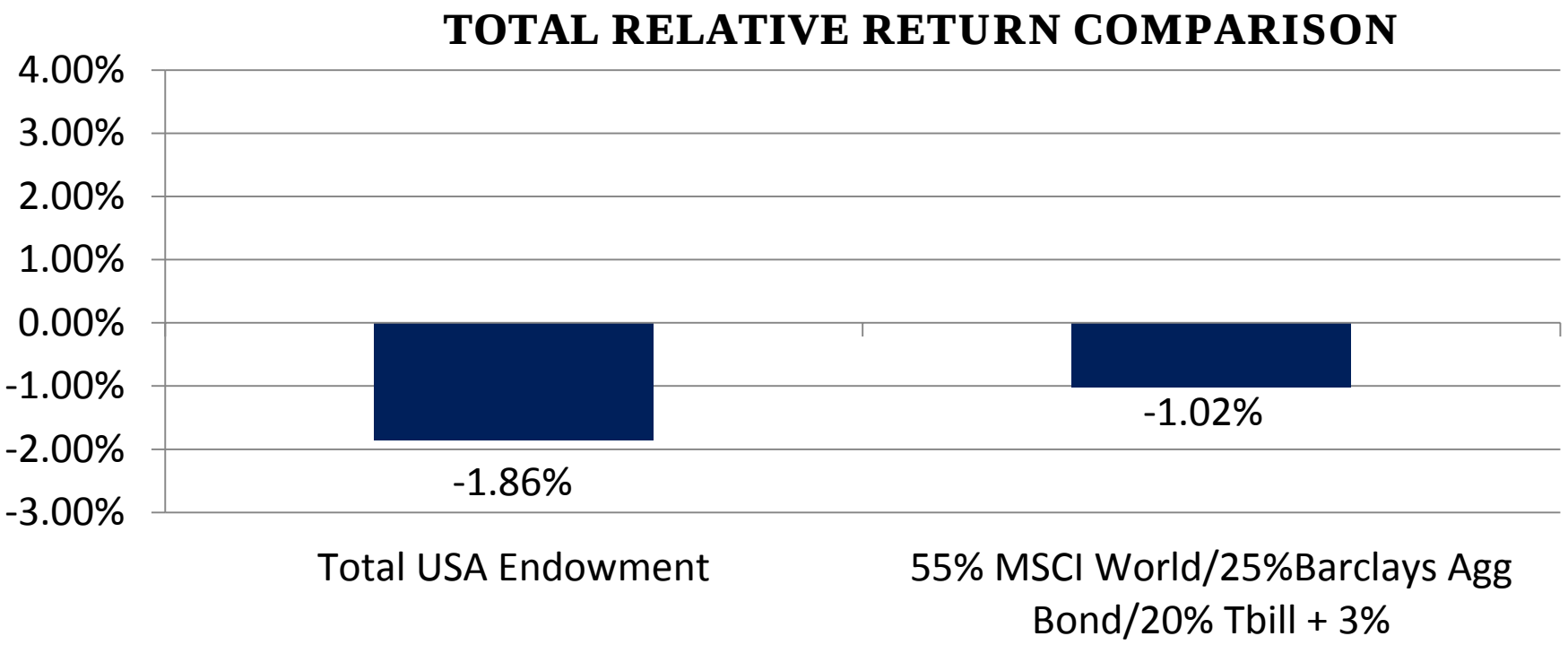
Fiscal Year 2019

UNIVERSITY OF SOUTH ALABAMA

Total USA Endowment

October 1, 2018 — February 28, 2019

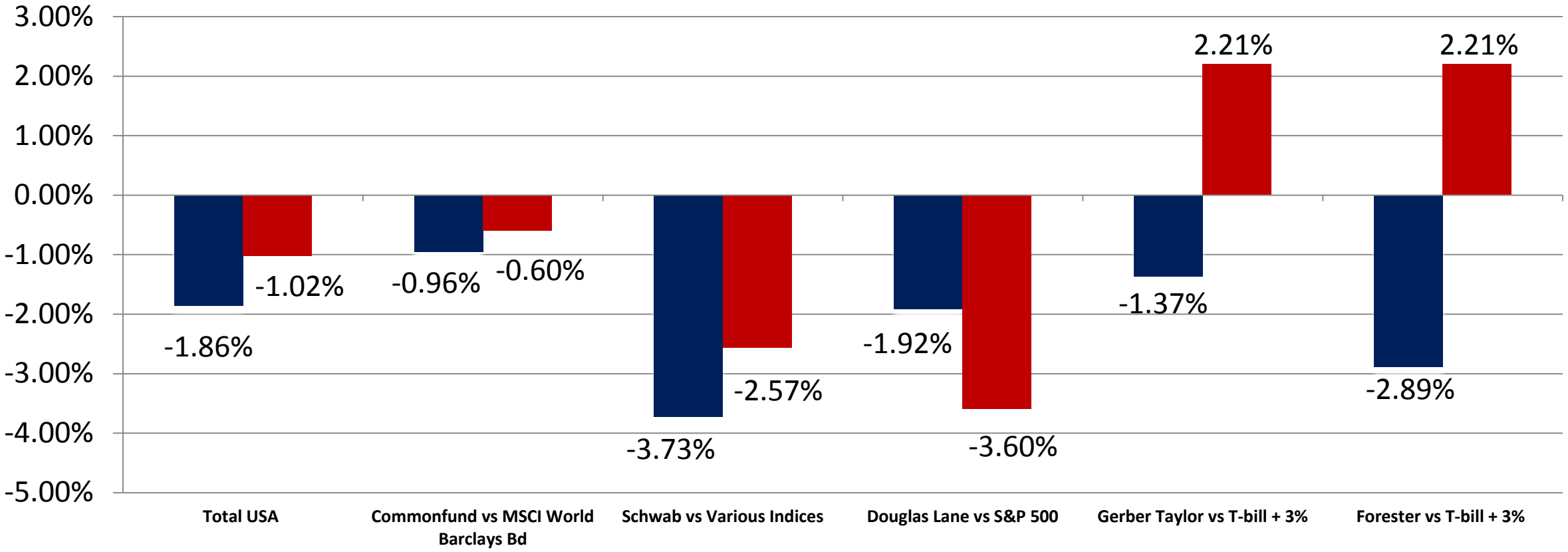
Total Fund Performance



Underperformance: (0.84) %

Total USA Endowment

October 1, 2018 — February 28, 2019
Total Fund Performance



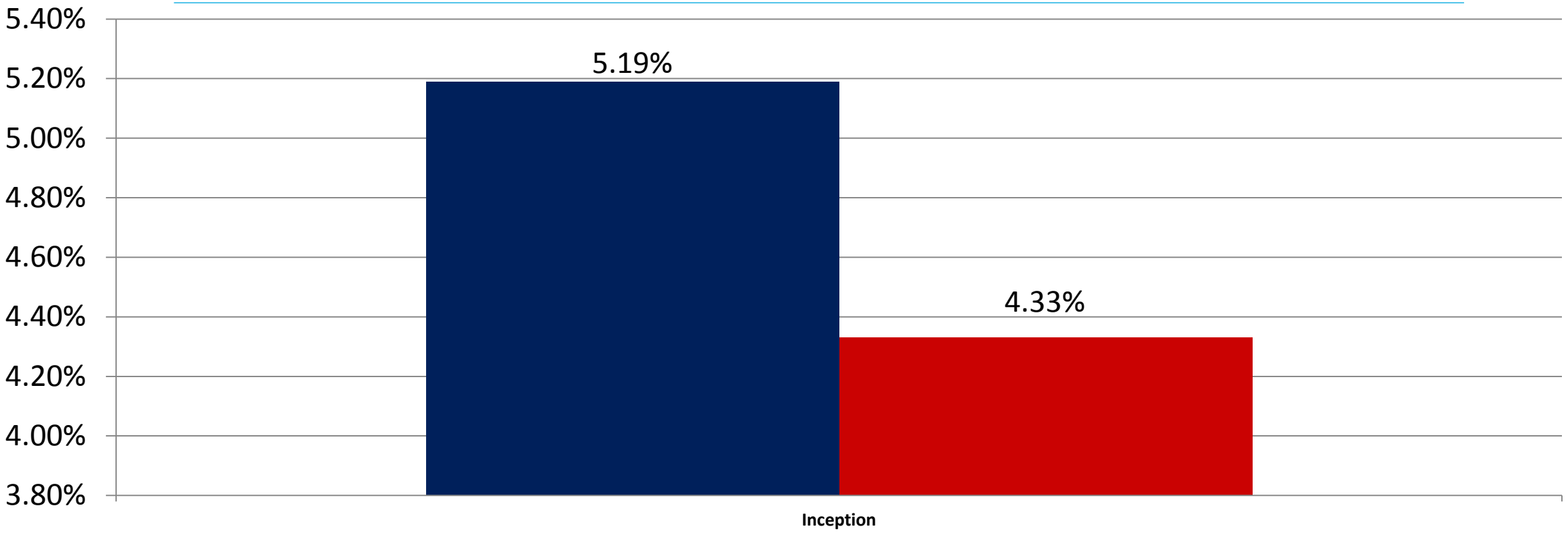
Total USA Endowment

Asset Allocation Breakdown

Manager	Money Market	Large Cap Equity	Small Cap Equity	International	Fixed	Private Equity	Hedge	Total	%
Schwab	$ 1,848	$ 7,717,720	$ 4,534,338	$ 8,657,723	$ 5,749,071	$ -	$ -	$ 26,660,699	18%
Doug Lane	$ 28,962	$ 5,570,311	$ -	$ -	$ -	$ -	$ -	$ 5,599,273	4%
Common Fund	$ -	$ 38,628,495	$ -		$ 33,130,338	$ -	$ -	$ 71,758,833	49%
Gerber Taylor	$ -	$ -	$ -	$ 5,529,191	$ -	$ -	$ 32,150,460	$ 37,679,651	26%
Common Fund PE	$ -	$ -	$ -	$ -	$ -	$ 2,340,679	$ -	$ 2,340,679	2%
JP Morgan PE	$ -	$ -	$ -	$ -	$ -	$ 412,778	$ -	$ 412,778	0%
Forester	$ -	$ -	$ -	$ -	$ -	$ -	$ 987,593	$ 987,593	1%
Total	**$ 30,810**	**$ 51,916,526**	**$ 4,534,338**	**$ 14,186,914**	**$ 38,879,409**	**$ 2,753,457**	**$ 33,138,054**	**$ 145,439,507**	**100%**
%	0%	36%	3%	10%	27%	2%	23%	100%	
Policy %		25-55%	3-8%	5-15%	15-35%	0-10%	10-30%	100%	

Total USA Endowment

Annualized Inception to Date Performance



Outperformance: 0.86%

Total USA Endowment

Presentation Summary

1. **Fiscal Year To Date: Underperforming by (0.84) %: (1.86) % vs (1.02) %**
2. **One out of five managers have outperformed FYTD.**

RESOLUTION

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

WHEREAS, the Board of Trustees approved in 2017 revisions to the University's Building and Program Naming Guidelines and Minimum Gift Levels for Named Endowments Policy, originally established in 2004, and

WHEREAS, there is a need to clarify the language pertaining to the approval process for naming of facilities and streets to accurately reflect the intent of the naming guidelines and policy, and

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

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

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Development and Alumni Relations

Date:
February 28, 2019

To:
Tony Waldrop
President

From:

Margaret Murray Sullivan
Vice President
Development and Alumni Relations

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

It is a pleasure for me to recommend presentation of the attached resolution requesting a minor revision to the Board approved Building and Program Naming Guidelines and Minimum Gift Levels for Named Endowments Policy that went into effect September 8, 2017.

Specifically, the revision refers to Specific Gift Naming Opportunities for Facilities, Portions of Facilities and Streets, on page 5 of the document. The Board of Trustees will maintain final approval of naming of streets and significant portions of building. The University President will maintain approval of naming of rooms and other areas of buildings. The revision clarifies the intent of the Policy.

With approval from the Board of Trustees of this minor revision, the intent of the Guidelines and Policy will be clearly set forth. Thank you for your consideration of the attached revision.

UNIVERSITY OF SOUTH ALABAMA

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

General Policy

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

Specific Gift Naming Opportunities for University Operational Units or Positions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Introduction

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

determine any conflicts such rights may have with other sources of funding for the construction of the facility.

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

Buildings

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

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

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

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

Portions of Facilities and Streets

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

Recommended Minimums for University Facilities or Portions Thereof

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

Facilities and Spaces

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

Classrooms, Laboratories, Offices, and Other Internal Facility Spaces

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

Additional Procedures

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

Special Provisions for Estate Gifts

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

Relationship Between Naming Opportunity and Gift Beneficiary

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

Termination of Names Associated with Facilities

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

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

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

RESOLUTION

NAMING OF THE DEPARTMENT OF MECHANICAL ENGINEERING

WHEREAS, the University of South Alabama College of Engineering is nationally recognized as a leader in engineering education, and

WHEREAS, Mr. William B. "Bill" Burnsed, Jr., is a devoted graduate of the College of Engineering who credits his long, successful career as an engineer and entrepreneur to the preparation he received as a student, and

WHEREAS, as an alumnus, Mr. Burnsed has distinguished himself by demonstrating extraordinary commitment to the University of South Alabama through volunteer service and philanthropy, and

WHEREAS, Mr. Burnsed has provided generous financial support to the College of Engineering and various other University projects, including the Julian and Kim MacQueen Alumni Center and Hancock Whitney Stadium, and

WHEREAS, Mr. Burnsed has supported engineering students by providing significant financial aid through the William B. Burnsed and Amy Burnsed Barter Scholarship Endowment Fund, and

WHEREAS, Mr. Burnsed has made a transformational gift to enhance the College of Engineering's ability to provide the highest-quality instruction, conduct innovative research, and support the community, and

WHEREAS, the University of South Alabama wishes to recognize Mr. Burnsed for exemplary philanthropy and service,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees expresses its deep gratitude to Mr. Bill Burnsed for his generous investment in providing a transformational gift to the USA College of Engineering and declares that the Department of Mechanical Engineering in the USA College of Engineering will hereafter be known as the *William B. Burnsed, Jr., Department of Mechanical Engineering*.

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Development and Alumni Relations

Date:
February 18, 2019

To:
Dr. Tony Waldrop
President

From:
Margaret Murray Sullivan
Vice President
Development and Alumni Relations

Subject:
William B. Burnsed, Jr. Resolution

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

This resolution commends the philanthropy of William B. Burnsed, Jr., whose generous support to the College of Engineering will allow the College of Engineering to provide the highest quality instruction, conduct innovative research, and provide valuable service to the community.

With your support, this resolution by the Board of Trustees will be a fitting and effective way of recognizing and appreciating the extraordinary generosity of Mr. William B. Burnsed, Jr., and will declare that the Department of Mechanical Engineering in the USA College of Engineering will hereafter be known as the William B. Burnsed, Jr. Department of Mechanical Engineering.

MMS/sc

RESOLUTION

NAMING OF THE FOOTBALL FIELD IN HANCOCK WHITNEY STADIUM

WHEREAS, the University of South Alabama's mission of education, health care, research and service has seen significant advancement over more than four decades as a result of the friendship, advocacy and philanthropy of Mr. Abraham A. Mitchell, and

WHEREAS, Mr. Mitchell's outstanding devotion to furthering the work of the University of South Alabama has led to expanded access to a university education, an elevated standard of health care in the region, accelerated discovery and campuses that are attractive and sustaining, and

WHEREAS, USA students, faculty and staff learn, work, compete and celebrate in state-of-the art facilities made possible by the exceptional generosity of Abraham A. Mitchell, and that of Arlene Mitchell and the late Mayer Mitchell, which include the Mitchell Center, the Mitchell College of Business and its Joseph and Rebecca Mitchell Learning Resource Center, the USA Health Mitchell Cancer Institute, and other facilities of USA Health and the USA College of Medicine, and

WHEREAS, the extraordinary philanthropy of the Mitchell family will continue to sustain and enhance the University and support its faculty, students and patients for decades to come, and

WHEREAS, the remarkable contributions of Abraham A. Mitchell through endowments supporting the Mitchell College of Business, the USA Health Mitchell Cancer Institute, the USA College of Medicine and the Mitchell-Moulton Scholarship Initiative have had a profound and lasting impact, and

WHEREAS, Mr. Mitchell has served as an invaluable advisor and colleague to administrators, faculty and staff of the University, encouraging, challenging and promoting their successes in the interest of the University and the people it serves, and

WHEREAS, Mr. Mitchell has decided to broaden the transformative impact of his giving with an extraordinary $5 million commitment to aid in constructing Hancock Whitney Stadium and providing the Jaguar Athletics football program with a state-of-the-art home field, which he has graciously consented to have used as a challenge match to attract additional philanthropic support,

THEREFORE, BE IT RESOLVED, the Board of Trustees conveys heartfelt gratitude for the stalwart friendship and visionary generosity of Mr. Abraham A. Mitchell and for the deep and enduring progress his giving continues to perpetuate at the University of South Alabama, and

BE IT FURTHER RESOLVED that, in honor of this long and lasting friendship between Mr. Mitchell and the University of South Alabama, the football field in Hancock Whitney Stadium will hereafter be known as *Abraham A. Mitchell Field*.

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Development and Alumni Relations

Date:
February 27, 2019

To:
Dr. Tony Waldrop
President

From:
Margaret Murray Sullivan
Vice President
Development and Alumni Relations

Subject:
Abraham A. Mitchell Field Resolution

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

This resolution commends the longstanding friendship and philanthropy of Abraham A. Mitchell, whose generous support of the USA football program will fund construction of Hancock Whitney Stadium.

With your support, this resolution by the Board of Trustees will be a fitting and effective way of recognizing and appreciating the extraordinary generosity of Abraham A. Mitchell and will declare that the football field in Hancock Whitney Stadium will hereafter be known as Abraham A. Mitchell Field.

MMS/kp

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

HEALTH AFFAIRS COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

HEALTH AFFAIRS COMMITTEE

December 6, 2018
2:25 p.m.

A meeting of the Health Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Dr. Steve Stokes, Vice Chair, on Thursday, December 6, 2018, at 2:25 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Chandra Brown Stewart, Arlene Mitchell and Steve Stokes. Participating by phone was Alexis Atkins.
Members Absent:	Scott Charlton and Steve Furr.
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, Michael Chang, Lynne Chronister, Joel Erdmann, Monica Ezell, Paul Frazier, Happy Fulford, Mike Haskins, Guillermo Herrera, David Johnson, Melva Jones, John Marymont, Mike Mitchell, Grace Newcombe (SGA), Matthew Reichert (Faculty Senate), Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Dr. Stokes called for consideration of the minutes of the meeting held on August 30, 2018. On motion by Ms. Mitchell, seconded by Ms. Brown Stewart, the Committee voted unanimously to adopt the minutes.

On motion by Dr. Stokes, seconded by Ms. Brown Stewart, the Committee voted unanimously to recommend Board approval of **ITEM 12**, a resolution authorizing the USA Hospitals medical staff appointments and reappointments for August, September and October 2018 (for copies of resolutions, policies and other authorized documents, refer to the minutes of the Board of Trustees meeting held on December 7, 2018).

Dr. Stokes called on Mr. Bailey to address **ITEM 13**, a resolution to approve revisions to the USA Hospitals Medical Staff Bylaws and Rules and Regulations. Mr. Bailey stated the changes would make possible the creation of a USA Health credentialing board to better regulate the review and approval process. On motion by Dr. Stokes, seconded by Ms. Mitchell, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Stokes asked Mr. Bailey to explain **ITEM 14**, a resolution to adopt a financial assistance policy for eligible patients of USA Health University Hospital and USA Health Children's & Women's Hospital. Mr. Bailey advised that the 501(r) internal revenue code required hospitals to use layman's terms in policy language, provide policies in three alternate languages, and offer a sliding pay scale to help patients with financial difficulty. On motion by Dr. Stokes, seconded

by Ms. Brown Stewart, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Stokes called on Dr. Marymont for presentation of **ITEM 15**, a report on the activities of USA Health and the College of Medicine (COM). Dr. Marymont thanked the Trustees who attended the groundbreaking ceremony for the Fanny Meisler Trauma Center on December 5. He recognized the State of Alabama and Mr. Bert Meisler for generous philanthropy that made possible the expansion of the Trauma Center and creation of an emergency medicine residency program.

Dr. Marymont reported on the LCME (Liaison Committee on Medical Education) accreditation review held over October 21 to 24, 2018, for which he noted the COM had worked for more than one year to prepare. He stated the LCME draft report recently received contained minor findings as compared to the types of results that have caused renowned programs to be placed on probation. He said the final decision from LCME was anticipated in February 2019. He underscored that South Alabama's College of Medicine (COM) was the finest medical program he had been affiliated with and he credited COM educators, students and management for academic excellence.

Dr. Marymont commented on the success of the 2018 Celebrate Hope benefit which generated in excess of $300,000 for the Mitchell Cancer Institute (MCI).

Dr. Marymont introduced Interim MCI Director Dr. Rod Rocconi and Department of Pathology Chair Dr. Guillermo Herrera. Each made brief remarks on the goals for their units. Mr. Bailey recognized members of USA Health's senior leadership and introduced USA Health Chief Medical Officer Dr. Michael Chang, who talked about the appeal of joining a rapidly growing health system. Chairman Simon expressed enthusiasm for the talented individuals being recruited.

There being no further business, the meeting was adjourned at 2:44 p.m.

Respectfully submitted:

_____
Steven H. Stokes, M.D., Vice Chair

on behalf of:

_____
Steven P. Furr, M.D., Chair

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

December 6, 2018
2:44 p.m.

A meeting of the Academic and Student Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Mike Windom on Thursday, December 6, 2018, at 2:44 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Ron Graham, Lenus Perkins, Margie Tuckson and Mike Windom. Participating by phone was Alexis Atkins.
Members Absent:	Scott Charlton and Steve Furr.
Other Trustees:	Chandra Brown Stewart, Tom Corcoran, Ron Jenkins, Arlene Mitchell, Jimmy Shumock, Ken Simon, Steve Stokes and Jim Yance.
Administration and Others:	Zeke Aull, Javon Averett, Owen Bailey, Robert Berry, Brianna Burrell, Lynne Chronister, Angela Coleman, Joel Erdmann, Monica Ezell, Paul Frazier, Happy Fulford, Chris Hansen, Mike Haskins, David Johnson, Melva Jones, John Marymont, K. J. Means, Shay Mims, Mike Mitchell, Grace Newcombe (SGA), Matthew Reichert (Faculty Senate), Rod Rocconi, Jack Shelley-Tremblay, John Smith, Margaret Sullivan, Robert Thompson, Jean Tucker, Jarmora Valrie, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Windom called for consideration of the minutes of the meeting held on August 30, 2018. On motion by Mr. Perkins, seconded by Ms. Tuckson, the Committee voted unanimously to adopt the minutes.

Mr. Windom called on Dr. Johnson for presentation of **ITEM 16**, a resolution authorizing sabbatical awards for Fall 2019 through Spring 2020 (for copies of resolutions, policies and other authorized documents, refer to **APPENDIX A** of the minutes of the Board of Trustees meeting held on December 7, 2018). On motion by Ms. Tuckson, seconded by Mr. Perkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Windom asked Provost Johnson and Dr. Marymont to address **ITEM 17**, a resolution awarding emeritus status to retired faculty who served the Division of Academic Affairs and the College of Medicine, and expressing the Board's gratitude for their contributions to the University. On motion by Mr. Perkins, seconded by Mr. Graham, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Windom called for presentation of **ITEM 18**, a resolution conferring the rank of Dean Emeritus to retired College of Nursing Dean Dr. Debra Davis. Dr. Johnson talked about Dr. Davis' distinguished career and shared insight on the recommendation process. On motion by Mr. Perkins, seconded by Ms. Tuckson, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Windom called for discussion on **ITEM 19**, a resolution authorizing the awarding of tenure to faculty as set forth. Provost Johnson and Dr. Marymont shared background on each candidate. On motion by Mr. Perkins, seconded by Ms. Tuckson, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Windom called for a report on the activities of the Division of Academic Affairs, **ITEM 20**. Provost Johnson introduced Department of Hospitality and Tourism Management Chair Dr. Robert Thompson and Department of Psychology Chair Dr. Jack Shelley-Tremblay.

Dr. Johnson called on Dr. Coleman, who discussed a new SACSCOC (Southern Association of Colleges and Schools Commission on Colleges) standard that required institutional boards to conduct regular self-evaluation. Dr. Coleman talked about common self-evaluation practices and presented a suggested timeframe for developing and implementing a process.

Mr. Windom called for a report on the activities of the Division of Student Affairs, **ITEM 21**. Dr. Mitchell discussed the Office of Multicultural Student Affairs' (OMSA) support of approximately 500 students and shared specifics on OMSA's iLead Leadership Institute and JagROOTS, a mentoring program. He recognized OMSA Director Ms. Jarmora Valrie and Graduate Assistant Mr. Javon Averett for their good work, and introduced iLead participants Mr. K. J. Means, Ms. Brianna Burrell and Ms. Shay Mims. Questions were answered about community mentoring opportunities available through OMSA's Collegiate 100 and Women of Excellence enrichment programs.

Mr. Windom called on Dr. Smith for presentation of **ITEM 22**, a report on campus safety. Dr. Smith introduced USA Police Chief Mr. Zeke Aull, who discussed 2017 Clery crime statistics, noting a marked decrease in crimes reported compared to 2015 and 2016 data. Chief Aull attributed the improvement to campus partnerships focused on safety and technology; for instance, use of license plate recognition and surveillance systems and the LiveSave mobile app. He discussed mental health first aid and CIT (crisis intervention team) training provided to numerous law enforcement agencies, and announced the department recently underwent an accreditation review by IACLEA (International Association of Campus Law Enforcement Administrators) and was notified accreditation would be awarded. Dr. Smith commended Chief Aull and his team for their accomplishments.

Dr. Smith introduced Chief Compliance Officer Mr. Chris Hansen for a report, **ITEM 23**. Mr. Hansen stated his first months at USA were spent meeting people who deal with compliance and regulatory risk. He said the insights gained prompted two projects that would soon launch – implementation of an enhanced ethics and reporting hotline and formation of a compliance committee for USA Health. He stated plans for a campus compliance committee in the future and talked about his role and responsibilities in conjunction with those of the Office of Internal Audit.

Mr. Windom called on Ms. Chronister to discuss research activity for fiscal year 2018, **ITEM 24**. Ms. Chronister reported 323 proposals funded and awards totaling close to $61.2 million, an increase of approximately $4.2 million from 2017. She pointed out that $2.3 million in external awards supported post doctoral fellows and graduate and undergraduate students. She presented an analysis of awards by funding source and by funding purpose, and advised of 35 invention

disclosures; four patents awarded; one start-up company formed; one new license agreement – the University's first trademark license agreement – and a total of 19 active license agreements.

There being no further business, the meeting was adjourned at 3:28 p.m.

Respectfully submitted:

_____
Michael P. Windom

on behalf of:

_____
Scott A. Charlton, M.D., Chair

RESOLUTION

STUDENTS WITH TALENTS AND ABILITIES

WHEREAS, the Code of Alabama 1975 Section 16-64-2 establishes the requirements for qualification as a resident student for the purposes of admission and tuition at public institutions of higher education, and

WHEREAS, this same section of the Code allows Boards of Trustees of said institutions to authorize resident tuition rates to apply to those non-resident students receiving a partial or full scholarship award in recognition of a particular talent or ability, provided such students possess the talent or ability at the time of initial enrollment and they maintain continuous scholarship eligibility, and

WHEREAS, attracting talented out-of-state students who contribute to the local and state economy during their education and who, in many cases, remain in Alabama and continue to contribute as residents is in the interest of the state of Alabama, and

WHEREAS, the attached memo and supporting document outline the parameters of the proposed authorization,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama authorizes the aforementioned resident tuition as set forth herein.

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Academic Affairs

Date:
March 11, 2019

To:
Dr. Tony Waldrop

From:
Dr. David Johnson

Subject:
Residency – Talent and Ability Clause for OOS students on Scholarships

This memo and the attached documents serve as a request for your approval of a modification to our residency requirements. I recommend, with Board of Trustees' approval, that the university offer in-state residency for tuition purposes to all out-of-state undergraduate students awarded a scholarship for academic merit at the time of admission, effective with the freshman class beginning Fall 2019 and as outlined in the attached documents. As this modification will require Board approval, we would ask that you allow us to present the request at their March meeting.

Thank you for your consideration.

GDJ/bv

Approved _____

Disapproved _____

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Enrollment Services

Date:
March 7, 2019

To:
Dr. David Johnson

From:
Christopher A. Lynch

Subject:
Residency – Talent and Ability Clause for OOS students on Scholarships

The Alabama state residency policy allows for Alabama state colleges/universities to offer in-state residency for tuition purposes to students with a specific "Talent and Ability" (Alabama Code, Section 16-64-2). At least four state universities in Alabama (University of North Alabama, University of Montevallo, Jacksonville State University, and University of West Alabama) use the Talent and Ability clause to provide in-state residency to out-of-state students who have been awarded an academic scholarship.

I recommend, with Board of Trustees' approval, that the University of South Alabama adopt a similar model, by using the Talent and Ability clause. USA would offer in-state residency for tuition purposes, to all out-of-state students awarded a scholarship for academic merit at time of admissions, effective with the freshman class beginning Fall 2019. This request does not include the new scholarships offered by Global USA. OOS student scholarship levels will be changed to the same levels as in-state awards since these students will no longer be paying out-of-state tuition. OOS students will be eligible to receive admissions scholarships with at least a 23 ACT composite test score and a 3.0 high school GPA. These scholarships and the in-state residency will remain in effect and be renewable for up to four years if these out-of-state students maintain a 3.0 GPA or higher.

OOS Freshmen Revenue/Cost:

Scholarship	Current Tuition Revenue minus cost of Scholarship	Proposed Tuition Revenue minus Cost of Scholarship*	Proposed Net Revenue compared to Current Net Revenue*
Year 1	$896,540	$1,065,960	($309,820)
Year 2	$896,540	$1,362,060	($154,960)
Year 3	$896,540	$1,658,160	$11,140

OOS Transfer Awards

Scholarship	Current Tuition Revenue minus cost of Scholarship	Proposed Tuition Revenue minus Cost of Scholarship*	Proposed Net Revenue compared to Current Net Revenue*
OOS Community College	$33,480	$16,740	($16,740)
OOS PTK	$62,960	$31,480	($31,480)
Grand Total	$96,440	$48,220	($48,220)

*Conservatively assumes no change in # of awards.

Benefits:

- Increased University student enrollment
- Opportunities to grow in Florida, Mississippi, Georgia, Louisiana, Texas, Illinois, and Tennessee
- Increased regional and national visibility
- Increased revenue
- Increased out-of-state student retention

Thank you for your consideration.

Approved: _____

Disapproved: _____

CURRENT OUT-OF -STATE SCHOLARHIPS AWARD LEVELS

Level	Test Score (ACT)	GPA	Annual Amount
USA Presidential Scholarship: Non-Resident	33-36	3.0	Resident Tuition1 + $3000 Towards Non-Resident Tuition
USA Provost's Scholarship: Non-Resident	32	3.0	Resident Tuition1 + $3000 Towards Non-Resident Tuition
USA Dean's Scholarship: Non-Resident	30-31	3.0	Resident Tuition[1] + $3000 Towards Non-Resident Tuition
USA Faculty Scholarship: Non-Resident	28-29	3.0	$10,000
USA University Scholarship: Non-Resident	24-27	3.0	$7,000
USA Achievement Scholarship: Non-Resident	23	3.0	$5,000

Terms and Conditions apply and can be found in JagSPOT once awarded

PROPOSED OUT-OF -STATE SCHOLARHIPS AWARD LEVELS

Level	Test Score (ACT)	GPA	Annual Amount - Same as current in-state award levels
USA Presidential Scholarship: Non-Resident	33-36	3.0	$9,870 + $2,000 for Housing/Dining
USA Provost's Scholarship: Non-Resident	32	3.0	$9,870
USA Dean's Scholarship: Non-Resident	30-31	3.0	$8,000
USA Faculty Scholarship: Non-Resident	28-29	3.0	$5,000
USA University Scholarship: Non-Resident	24-27	3.0	$3,500
USA Achievement Scholarship: Non-Resident	23	3.0	$2,500

Terms and Conditions apply and can be found in JagSPOT once awarded

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

BUDGET AND FINANCE COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

BUDGET AND FINANCE COMMITTEE

December 6, 2018
3:28 p.m.

A meeting of the Budget and Finance Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Tom Corcoran, Chair, on Thursday, December 6, 2018, at 3:28 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Tom Corcoran, Ron Graham, Arlene Mitchell, Lenus Perkins, Steve Stokes and Jim Yance.
Other Trustees:	Chandra Brown Stewart, Ron Jenkins, Jimmy Shumock, Ken Simon, Margie Tuckson, and Mike Windom. Participating by phone was Alexis Atkins.
Administration and Others:	Owen Bailey, Robert Berry, Lee Birchall (Bradley Arant), Lynne Chronister, Joel Erdmann, Monica Ezell, Paul Frazier, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Josh McCoy (PFM), Mike Mitchell, Grace Newcombe (SGA), Matthew Reichert (Faculty Senate), Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Corcoran called for consideration of the minutes of the meeting held on August 30, 2018. On motion by Mr. Yance, seconded by Mr. Perkins, the Committee voted unanimously to adopt the minutes.

Mr. Corcoran called for remarks from Mr. Weldon on the University of South Alabama 2018 Financial Report, **ITEM 25**. Mr. Weldon reported a decline in net position of approximately $700,000 as compared to an approximate $47 million increase in net position at the end of 2017. He stated the chief reasons for this difference were the decline in enrollment, onset of amortization for Cerner electronic health records system, transfer of start-up funding and operational support for the USA Health Care Authority, and implementation of GASB (Governmental Accounting Standards Board) 75 that required public universities to report the employer portion of unfunded liability for postemployment benefits excluding pensions. He noted GASB 75 would not have an impact on actual cash.

Mr. Corcoran asked Mr. Weldon to address **ITEM 26**, a resolution authorizing the creation of new billing entities for USA Health (for copies of resolutions, policies and other authorized documents, refer to **APPENDIX A** of the minutes of the Board of Trustees meeting held on December 7, 2018). Mr. Weldon explained the growing complexity of health care billing and said, much like USA HealthCare Management LLC formed some years prior, the proposed billing entities, each created as a LLC (limited liability company) with a unique federal tax ID number and billing code, would simplify billing and the application of cash receipts. He gave assurances of transparent financial reporting and the Board's full authority to govern the entities. On motion by Mr. Corcoran, seconded by Ms. Mitchell, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Corcoran called for presentation of **ITEM 27**, a resolution outlining certain parameters for the issuance of Series 2019 bonds, the proceeds of which would fund construction of an on-campus stadium. Mr. Weldon anticipated a bond closing in February if market conditions were favorable. He said the bond parameters were intentionally broad to cover unknowns, such as results of the final bids expected to be issued in January 2019 and the possibility that taxable bonds would be issued for the percentage of the stadium identified as private business use under IRS regulations. He introduced Mr. Lee Birchall of Bradley Arant and Mr. Josh McCoy of PFM for additional remarks. On motion by Mr. Corcoran, seconded by Dr. Stokes, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

There being no further business, the meeting was adjourned at 3:43 p.m.

Respectfully submitted:

_____
E. Thomas Corcoran, Chair

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

Basic Financial Statements

Three Months Ended December 31, 2018 and 2017

Unaudited

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

Quarterly Financial Statements

Three Months Ended December 31, 2018 and 2017

Contents

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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, 2018 and 2017, the University had total assets and deferred outflows of $1,258,308,000 and $1,259,754,000, respectively; total liabilities and deferred inflows of $1,222,309,000 and $1,208,499,000, respectively; and net position of $35,999,000 and $51,255,000, respectively. Net position increased $237,000 for the three months ended December 31, 2018 compared to an increase of $15,123,000 for the three months ended December 31, 2017. 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, 2018 and 2017 follow (in thousands):

Condensed Schedules of Net Position

	2018	2017
Assets:		
Current	$ 202,849	$ 216,603
Capital and other noncurrent assets	968,087	975,874
Deferred outflows	87,372	67,277
	1,258,308	1,259,754
Liabilities:		
Current	153,516	158,838
Noncurrent	966,805	1,006,900
Deferred inflows	101,988	42,761
	1,222,309	1,208,499
Net position:		
Net investment in capital assets	345,678	314,026
Restricted, nonexpendable	58,495	50,191
Restricted, expendable	68,200	69,884
Unrestricted	(436,374)	(382,846)
	$ 35,999	$ 51,255

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

	2018	2017
Operating revenues:		
Tuition and fees, net	$ 53,682	$ 52,444
Patient service revenues, net	110,679	98,161
Federal, state and private grants and contracts	7,731	6,779
Other	19,006	18,642
	191,098	176,026
Operating expenses:		
Salaries and benefits	135,781	120,739
Supplies and other services	63,952	61,540
Other	15,665	14,154
	215,398	196,433
Operating loss	(24,300)	(20,407)
Nonoperating revenues (expenses):		
State appropriations	27,768	26,821
Net investment income (loss)	(7,257)	4,226
Other, net	(1,722)	2,880
Net nonoperating revenues	18,789	33,927
Income (loss) before capital contributions and grants and additions to endowment	(5,511)	13,520
Capital contributions and grants and additions to endowment	5,748	1,603
Increase in net position	237	15,123
Beginning net position, before cumulative effect of change in accounting principle	35,762	265,819
Cumulative effect of change in accounting principle	—	(229,687)
Beginning net position, as adjusted	35,762	36,132
Ending net position	$ 35,999	$ 51,255

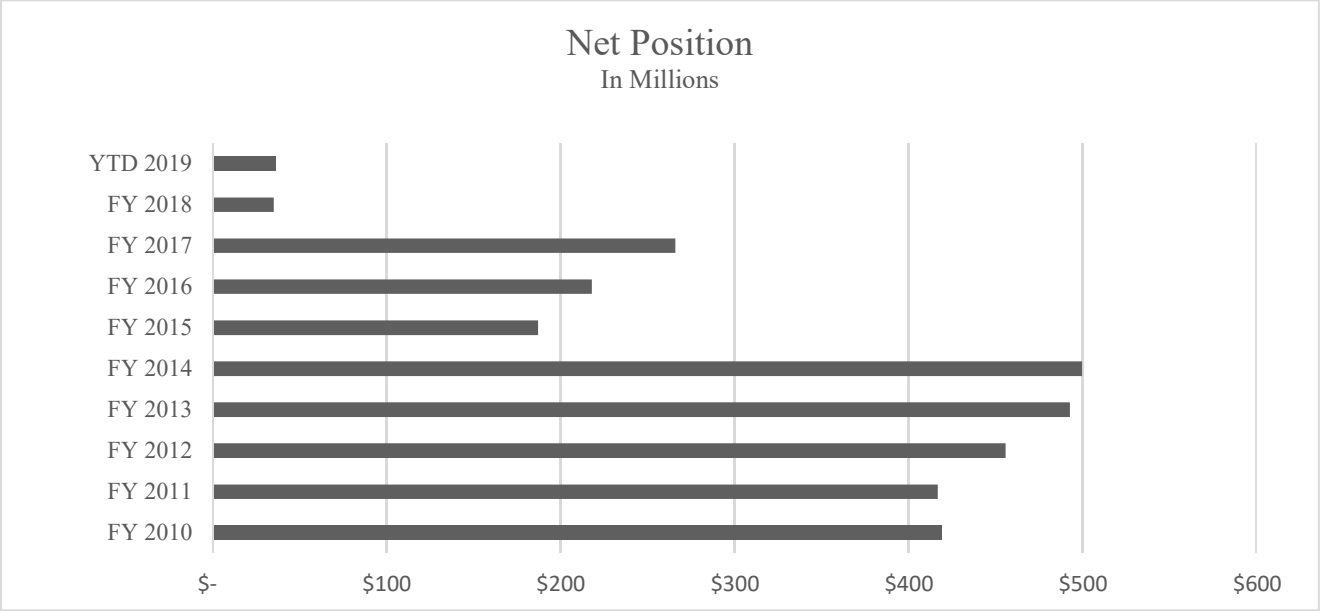
Analysis of Financial Position and Results of Operations

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: total 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 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 net 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.

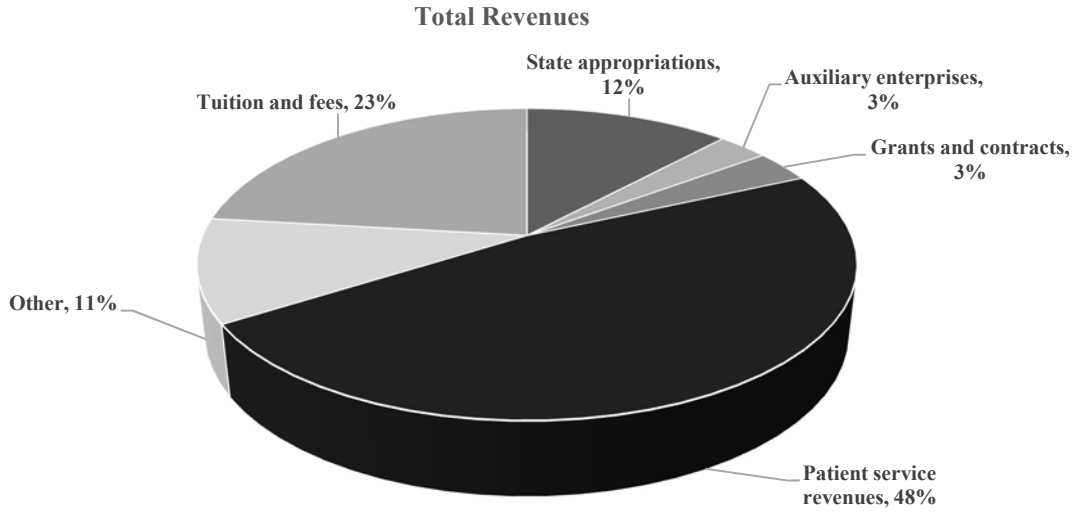
During the fiscal year ending September 30, 2018, the University adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This statement updated the reporting guidance for governmental institutions that provide other postemployment benefits by requiring the recognition of the University's proportionate share of the net OPEB liability, based on an actuarial valuation, and the OPEB expense in the financial statements. The adoption of the provisions of GASB No. 75 resulted in a restatement of beginning unrestricted net position at October 1, 2017 by decreasing unrestricted net position $229,687,000 (see note 12 for further discussion).

Statements of Revenues, Expenses, and Changes in Net Position

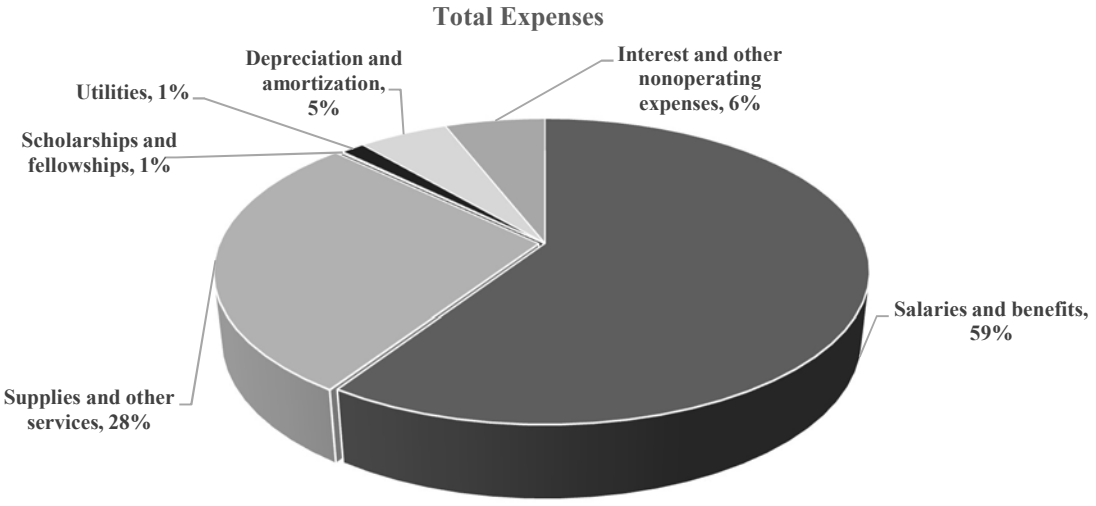
Changes in total University net position are based on the activity presented in the statements of revenues, expenses, and changes in net position. The purpose of the statements is to present the changes in net position resulting from operating and nonoperating revenues earned by the University, and operating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

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 48% 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 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, significant construction projects that remain in progress include a football stadium and major upgrades of infrastructure on the University's main campus.

In February 2019, the University will issue new revenue bonds with a face value of approximately $66,000,000. The proceeds, along with internal contributions from the University, will finance a new football stadium and intramural field.

The University's bond credit rating is A1 (Stable) as rated by Moody's Investors Service and A+ (Stable) as rated by Standard and Poor's Global Ratings. Neither rating changed during 2018 or 2017. Moody's Investors Service and Standard and Poor's Global Ratings affirmed their ratings in conjunction with their assessment of the upcoming Series 2019 Bond issuances.

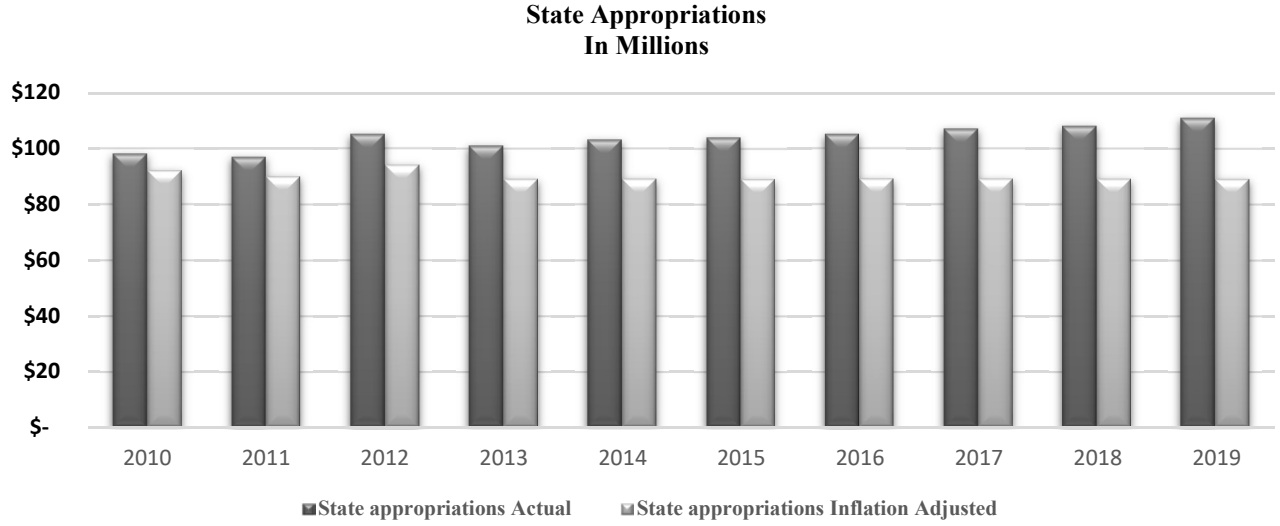
Economic Outlook

Tuition and fee rates have increased over the past ten years and, until the previous two years, student enrollment has generally increased. The University did experience a decline in enrollment of approximately 5% from Fall 2016 to Fall 2017 and an additional decline of 6% between Fall 2017 and Fall 2018, with both declines primarily resulting from a decrease in international student enrollment. Further decline in enrollment is possible in 2019. Tuition rate increases of approximately 5% were approved and became effective for academic year 2018-2019.

State appropriations in the amounts of approximately $108,268,000 and $107,332,000 were authorized and received for the fiscal years ended September 30, 2018 and 2017, respectively.

A state appropriation in the amount of $111,074,000, representing an increase of approximately 2.5%, has been authorized for the fiscal year ending September 30, 2019. While no announcement has been made or is anticipated, the University is aware that reductions in the 2019 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 2019 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, 2018 and 2017

(In thousands)

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	$ 48,659	$ 48,995
Investments	14,555	15,389
Net patient receivables	41,358	45,145
Accounts receivable	86,986	91,987
Notes receivable, net	2,366	1,064
Prepaid expenses, inventories and other	8,925	14,023
Total current assets	202,849	216,603
Noncurrent assets		
Restricted cash and cash equivalents	6,633	22,262
Restricted investments	187,270	203,783
Investments	25,267	14,134
Accounts receivable	3,299	1,708
Notes receivable, net	6,009	11,573
Other noncurrent assets	21,371	26,455
Capital assets, net	718,238	695,959
Total noncurrent assets	968,087	975,874
Deferred outflows	87,372	67,277
Total assets and deferred outflows	1,258,308	1,259,754
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	56,613	49,365
Unrecognized revenues	74,490	73,525
Deposits	3,282	2,871
Current portion of other long-term liabilities	3,310	3,310
Current portion of long-term debt	15,821	29,767
Total current liabilities	153,516	158,838
Noncurrent liabilities		
Long-term debt, less current portion	366,260	374,428
Net pension liability	296,654	336,477
Net OPEB liability	259,678	238,060
Other long-term liabilities, less current portion	44,213	57,935
Total noncurrent liabilities	966,805	1,006,900
Deferred inflows	101,988	42,761
Total liabilities and deferred inflows	1,222,309	1,208,499
Net position		
Net investment in capital assets	345,678	314,026
Restricted, nonexpendable		
Scholarships	28,685	24,788
Other	29,810	25,403
Restricted, expendable		
Scholarships	20,105	19,959
Other	48,095	49,925
Unrestricted	(436,374)	(382,846)
Total net positon	$ 35,999	$ 51,255

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, 2018 and 2017

(In thousands)

	2018	2017
Revenues		
Operating revenues		
Tuition and fees (net of scholarship allowances)	$ 53,682	$ 52,444
Patient service revenues (net of provision for bad debts)	110,679	98,161
Federal grants and contracts	4,025	3,105
State grants and contracts	1,803	1,515
Private grants and contracts	1,903	2,159
Auxiliary enterprises (net of scholarship allowances)	6,815	7,369
Other operating revenues	12,191	11,273
Total operating revenues	191,098	176,026
Expenses		
Operating expenses		
Salaries and benefits	135,781	120,739
Supplies and other services	63,952	61,540
Scholarships and fellowships	264	139
Utilities	3,203	4,416
Depreciation and amortization	12,198	9,599
Total operating expenses	215,398	196,433
Operating loss	(24,300)	(20,407)
Nonoperating revenues (expenses)		
State appropriations	27,768	26,821
Net investment income (loss)	(7,257)	4,226
Interest on indebtedness	(2,641)	(3,257)
Other nonoperating revenues	4,641	7,593
Other nonoperating expenses	(3,722)	(1,456)
Net nonoperating revenues	18,789	33,927
Income (loss) before capital contributions and additions to endowment	(5,511)	13,520
Capital contributions and grants	2,040	339
Additions to endowment	3,708	1,264
Increase in net position	237	15,123
Net position		
Beginning of period, before cumulative effect of change in accounting principle	35,762	265,819
Cumulative effect of change in accounting principle (note 1)	-	(229,687)
Beginning balance, as adjusted	35,762	36,132
End of period	$ 35,999	$ 51,255

See accompanying notes to basic financial statements.

University of South Alabama

Statements of Cash Flows

Three Months Ended December 31, 2018 and 2017

(in thousands)

	2018	2017
Cash flows from operating activities:		
Receipts related to tuition and fees	$ 13,202	$ 16,427
Receipts from and on behalf of patients and third-party payers	107,829	86,950
Receipts from grants and contracts	8,866	8,601
Receipts related to auxiliary enterprises	1,326	2,221
Payments to suppliers and vendors	(63,719)	(69,570)
Payments to employees and related benefits	(140,686)	(131,940)
Payments for scholarships and fellowships	(70)	(139)
Other operating receipts	12,506	13,792
Net cash used in operating activities	(60,746)	(73,658)
Cash flows from noncapital financing activities:		
State appropriations	18,512	17,881
Endowment gifts	3,708	1,264
Agency funds received	542	545
Agency funds disbursed	(425)	0
Student loan program receipts	1,171	564
Student loan program disbursements	(1,142)	(1,009)
Other nonoperating revenues	4,147	7,209
Other nonoperating expenses	(2,516)	(1,456)
Net cash provided by noncapital financing activities	23,997	24,998
Cash flows from capital and related financing activities:		
Capital gifts and grants	2,040	339
Purchases of capital assets	(10,340)	(10,961)
Principal payments on capital debt	(11,308)	(8,523)
Interest payments on capital debt	(4,742)	(4,834)
Net cash used in capital and related financing activities	(24,350)	(23,979)
Cash flows from investing activities:		
Interest and dividends and realized gains (losses) on investments	595	2,642
Proceeds from sales of investments	26,891	17,146
Purchases of investments	(1,020)	(7,701)
Net cash provided by investing activities	26,466	12,087
	(34,633)	(60,552)
Cash and cash equivalents (unrestricted and restricted):		
Beginning of period	89,925	131,809
End of period	$ 55,292	$ 71,257

University of South Alabama

Statements of Cash Flows

Three Months Ended December 31, 2018 and 2017

(in thousands)

	2018	2017
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (24,300)	$ (20,407)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	12,198	9,599
Changes in operating assets and liabilities, net:		
Student receivables	(53,542)	(47,594)
Net patient service receivables	2,483	(10,568)
Grants and contracts receivables	1,597	2,799
Other receivables	(7,901)	(6,433)
Prepaid expenses, inventories and other	120	(400)
Accounts payable and accrued liabilities	(6,897)	(14,348)
Unrecognized revenue	15,496	13,694
Net cash used in operating activities	$ (60,746)	$ (73,658)

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, 2018

(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*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus,* and GASB Statement No. 80, *Blending Requirements for Certain Component Units,* 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), Gulf Coast TotalCare (Gulf Coast) and the University of South Alabama Foundation for Research and Commercialization (FRAC). These entities are considered component units of the University under the provisions of GASB Statements No. 14, 39 and 61, but 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 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 unit have been eliminated in consolidation.

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, 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, HCM, SAMSF, the Corporation and HCA is maintained and managed in its General Liability Trust Fund for which the University, as defined by GASB Statement No. 14, 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 the formation of the University of South Alabama Health Care Authority. The HCA is a public corporation created under and pursuant to the provisions of the State of Alabama University Authority Act of 2016 and employs physicians and staff of certain physician practice groups as determined appropriate by the University. Operations commenced on August 1, 2017. Since inception, HCA's operations have been partially funded by the University. Total support during the period August 1, 2017 (since inception) through September 30, 2018 amounted to $8,953,000 and support for the quarterly period ended December 31, 2018 amounted to $1,925,000. Due to the significance of the relationship between the University and HCA, the HCA is considered a component unit of the University.

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.

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 at the time of purchase 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 net 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. At December 31, 2018, the University had two hedging derivative instruments, interest rate swaps, in effect. In accordance with hedge accounting, the changes in fair values of the interest rate swaps are reported as changes in deferred inflows and outflows of resources and the fair values of the interest rate swaps are recognized in other long-term liabilities and deferred inflows and outflows of resources on the statements of net position since the interest rate swaps were deemed effective.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources consist of employer contributions to the Teacher's Retirement System of Alabama and the Public Education Employees Health Insurance Plan subsequent to the plans' measurement dates, changes in proportion and differences between employer contributions and proportionate share of contributions related to the OPEB plan, changes in actuarial and other assumptions related to the pension plan and the loss on the defeasement of certain bond amounts.

Deferred inflows of resources consist of the proportionate share of the differences between expected and actual experience related to the pension plan, net difference between projected and actual earnings on pension and OPEB plan investments, changes of assumptions in OPEB plan, changes in proportion and differences between employer contributions and proportionate share of contributions in pension plan, fair values of interest rate swaps and gain on the refunding of certain bond amounts.

Bond Premiums, Discounts and Debt Extinguishment Costs

Bond premiums, discounts, and debt extinguishment costs associated with the issuance of certain bond series are capitalized and amortized over the life of the respective bond series on a straight-line basis in accordance with generally accepted accounting principles.

Accounts Receivable

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

Inventories

The University's inventories primarily consist of medical supplies and pharmaceuticals. 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, 2018 and 2017 was $273,000 and $234,000, respectively.

Unrecognized Revenues

Student tuition, fees, and dormitory rentals are initially recorded as unrecognized revenues and then recognized over the applicable portion of each school term.

Cost Sharing Multiple-Employer Pension Plan

Employees of the University are covered by a cost sharing multiple-employer defined benefit pension plan (the Plan) administered by the Teachers' Retirement System of Alabama (TRS). The TRS financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized as expenses when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the GASB. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

Postemployment Benefits Other Than Pensions (OPEB)

Employees of the University are covered by a cost sharing multiple-employer other post employment benefit plan administered by the Alabama Retired Education Employees Health Care Trust (Trust). The Trust's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan. In accordance with GASB, the Trust is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

Classification 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.

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.

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 2017 basic financial statements have been reclassified in order to conform to the 2018 classification.

Recently Adopted Accounting Pronouncements

In fiscal year 2018, the University adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* which updated the reporting guidance for governmental institutions that provide other postemployment benefits by requiring the recognition of the University's proportionate share of the net OPEB liability, based on an actuarial valuation, and the OPEB expense in the basic financial statements. The statement also enhanced financial statement note disclosures. The adoption of the provisions of GASB No. 75 resulted in a restatement of beginning unrestricted net position at October 1, 2017 by decreasing unrestricted net position $229,687,000 (see note 12 for further discussion).

(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, 2018 and 2017, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately $11.4 billion and $10.8 billion, respectively. The University's cash and cash equivalents, including restricted cash and cash equivalents, totaled $55,292,000 and $71,257,000 at December 31, 2018 and 2017, respectively.

At December 31, 2018, restricted cash and cash equivalents consist of $6,633,000 related to unspent proceeds from the issuance of University bonds for capital purchases as outlined in the bond indenture.

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.

(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, 2018 and 2017 (in thousands):

	2018	2017
U.S. federal agency notes	$ 66,548	$ 67,119
Commingled equity funds	75,328	87,762
Commingled fixed income funds	38,010	38,204
Marketable equity securities	11,659	9,131
Real estate	275	308
Private equity	2,956	1,479
Managed income alternative investments (low-volatility multi-strategy funds of funds)	32,316	29,303
	$ 227,092	$ 233,306

At December 31, 2018 and 2017, restricted investments consist of endowment funds and funds related to the collateral requirements of the interest rate swaps.

At December 31, 2018 and 2017, $15,068,000 and $22,533,000, 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.

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

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.

(5) Noncurrent Liabilities

A summary of the University's noncurrent liability activity for the period ended December 31, 2018 follows (in thousands):

	Beginning balance	Additions	Reductions	Ending balance	Less amounts due within one year	Noncurrent liabilities
Long-term debt:						
Bonds payable	$ 370,201	$ 49	$ (10,364)	$ 359,886	$ 10,845	$ 349,041
Notes payable	5,160	—	(214)	4,946	873	4,073
Capital lease obligations	18,270	—	(1,021)	17,249	4,103	13,146
Total long-term debt	393,631	49	(11,599)	382,081	15,821	366,260
Other noncurrent liabilities						
Net pension liability	296,654	—	—	296,654	—	296,654
Net OPEB liability	256,178	3,500	—	259,678	—	259,678
Other long-term liabilities	53,047	16	(5,540)	47,523	3,310	44,213
Total other noncurrent liabilities	605,879	3,516	(5,540)	603,855	3,310	600,545
Total noncurrent liabilities	$ 999,510	$ 3,565	$ (17,139)	$ 985,936	$ 19,131	$ 966,805

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

	Beginning balance	Additions	Reductions	Ending balance	Less amounts due within one year	Noncurrent liabilities
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
Net OPEB liability	—	238,060	—	238,060	—	238,060
Other long-term liabilities	65,849	48	(4,652)	61,245	3,310	57,935
Total other noncurrent liabilities	402,326	238,108	(4,652)	635,782	3,310	632,472
Total noncurrent liabilities	$ 814,624	$ 238,764	$ (13,411)	$ 1,039,977	$ 33,077	$ 1,006,900

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 current portion of other long-term liabilities and accounts payable and accrued liabilities.

During 2017, the University entered into a note payable for a period of ten years payable monthly at $19,000 This agreement commenced in November 2016 to finance improvements of the HVAC system. The amount outstanding on the note at December 31, 2018 and 2017 is $1,775,000 and $2,001,000, respectively.

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. The total amount available under the line of credit was $30,000,000 and interest on the outstanding amounts accrued at the rate of 65% of the LIBOR plus 77 basis points. The amount outstanding at December 31, 2017 was $50,000, and was reported as current portion of long-term debt in the statement of net position. The line of credit matured June 10, 2018.

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. The total amount available under the line of credit was $5,000,000 and interest on the outstanding amounts accrued at the rate of the London InterBank Offered Rate (LIBOR) plus 1.00%. In July 2018, the University converted the line of credit into a term loan for a period of five years, with monthly payments of $63,000 and interest accruing at the fixed rate of 3.85% per annum. The amount outstanding at December 31, 2018 and 2017 is $3,171,000 and $3,434,000, respectively, and is reported as long-term debt (and current portion thereof) in the statements of net position.

(6) Bonds Payable

Bonds payable consisted of the following at December 31, 2018 and 2017 (in thousands):

	2018	2017
Capital Appreciation Series 1999 Bonds, 4.70% to 5.25%, paid in full in November 2018	$ —	$ 7,176
University Facilities Revenue and Capital Improvement Bonds, Series 2008, 3.00% to 5.00%, paid in full in August 2018	—	2,850
University Facilities Revenue and Capital Improvement Bonds, Series 2010, 3.81%, payable through August 2030	20,482	21,820
University Facilities Revenue Capital Improvement Bonds, Series 2012-A, 2.92% payable through August 2032	18,842	19,950
University Facilities Revenue Capital Improvement Bonds, Series 2012-B, 2.14% paid in full as of February 2018	—	1,365
University Facilities Revenue Capital Improvement Bonds, Series 2013-A, 2.83% payable through August 2033	25,589	26,944
University Facilities Revenue Capital Improvement Bonds, Series 2013-B, 2.83% payable through August 2033	6,397	6,736
University Facilities Revenue Capital Improvement Bonds, Series 2013-C, 2.78% payable through August 2028	7,112	7,722
University Facilities Revenue Refunding Bonds, Series 2014-A, variable rate payable at 68% of LIBOR plus 0.73%, 2.40% at December 31, 2018, payable through March 2024	39,030	39,670
University Facilities Revenue Capital Improvement Bonds, Series 2015, 2.47% payable through August 2030	4,500	4,875
University Facilities Revenue Refunding Bonds, Series 2016, 3.00% to 5.00% payable through November 2037	83,020	85,605
University Facilities Revenue Refunding Bonds, Series 2016-B, variable rate payable at 68% of one-month LIBOR plus 0.72%, 2.39% at December 31, 2018, 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%, 2.44% at December 31, 2018, 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

	2018	2017
University Facilities Revenue Refunding Bonds, Series 2016-D, variable rate payable at 68% of one-month LIBOR plus 0.83%, 2.50% at December 31, 2018, 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	36,230	37,410
	341,202	362,123
Plus unamortized premium	20,497	21,557
Less unaccreted discount	—	(8)
Less unamortized debt extinguishment costs	(1,813)	(1,922)
	$ 359,886	$ 381,750

Substantially all student tuition and fee and auxiliary revenues secure University bonds. Additionally, security for all bonds includes USA Health Children's and Women's Hospital revenues in an amount not exceeding $10,000,000. Capital Appreciation Series 1999 Bonds were paid in full in November 2018. Series 2008 Bonds were paid in full 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 were paid in full in February 2018. 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 Bonds began 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 became redeemable as of December 2017. The Series 2017 Bonds 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 were called in December 2018. Neither the assets of the escrow trust account nor the defeased indebtedness were included in the accompanying statements of net position. The loss on the defeasement of the Series 2008 Bonds of $7,859,000 was recorded as a deferred outflow and is being amortized over the remaining life of the Series 2016 Bonds.

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 refunded the remaining outstanding Series 2006 Bonds. The gain on the refunding of the Series 2006 Bonds of $4,539,000 was recorded as a deferred inflow of resources and is being amortized over the remaining life of the Series 2016-B, C & D 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 financed a new residence hall on the campus of the University and are supporting ongoing infrastructure improvement projects.

Approximately $6,633,000 and $22,052,000 of proceeds from the issuance of the Series 2017 Bonds remained unspent at December 31, 2018 and 2017, respectively, and is included in restricted cash and cash equivalents on the statements of net position. These funds are restricted for capital purposes as outlined in the bond indenture.

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.

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, 2018 (in thousands):

	Debt service on notes and bonds		
	Principal	**Interest**	**Total**
2019	$ 10,768	$ 6,982	$ 17,750
2020	17,420	9,495	26,915
2021	18,184	9,062	27,246
2022	18,986	8,612	27,598
2023	19,504	8,145	27,649
2024-2028	93,889	33,287	127,176
2029-2033	95,562	19,037	114,599
2034-2037	71,835	5,361	77,196
Subtotal	346,148	$ 99,981	$ 446,129
Plus (less):			
Unamortized bond premium	20,497		
Unamortized debt extinguishment costs	(1,813)		
Total	$ 364,832		

(7) Capital Lease Obligations

The University has entered into various capital leases as a method of financing medical equipment, computer software and hardware, a heat recovery system and other office equipment.

Future minimum capital lease payments at December 31, 2018, are as follows (in thousands):

Year ending September 30:		
2019	$	4,546
2020		5,220
2021		5,070
2022		3,334
2023		111
		18,281
Less amounts representing interest		(1,032)
Net minimum lease payments	$	17,249

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

(8) Derivative Transactions – Interest Rate Swaps

The University is a party to two derivatives with Wells Fargo Bank, the counterparty. 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 Series 2014-A Bonds.

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 Series 2016-B, C and D Bonds (see note 6).

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 Series 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 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 contra liability (other long-term liabilities) 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 inflow 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, 2018 and 2017, 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 as of September 30, 2018 and 2017. The counterparty was rated A+ and AA- by Standard & Poor's Ratings Services as of September 30, 2018 and 2017, respectively.

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.

(9) Patient Service Revenues

USA Health, a division of the University, which includes two hospitals and a cancer treatment center, 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 Health University Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2012.

USA Health Children's & Women's Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2016.

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 Health University Hospital's and USA Health Children's & Women's Hospital's Blue Cross cost reports have been audited by Blue Cross through September 30, 2016. The settlement process changed in April 2017 and future settlements will be based on outpatients for the periods prior to April 2017. Blue Cross Cost findings are no longer required and it is not anticipated that settlements will occur for 2018 and future periods.

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 basis for payments to USA Health under these agreements include discounts from established charges and prospectively determined daily and case rates.

(10) 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 form further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status, and eligibility for retirement.

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.

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 12.24% and 12.01% of annual pay for Tier 1 members as of September 30, 2018 and 2017, respectively, and 11.01% and 10.82% of annual pay for Tier 2 members, respectively. 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 to the pension plan from the University were $22,951,000 and $23,664,000 for the fiscal years ended September 30, 2018 and 2017, respectively.

Pension Liabilities, Pension Expenses, Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At December 31, 2018 and 2017, the University reported a liability of $296,654,000 and $336,477,000, respectively, for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2016. 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 the measurement date of September 30, 2017, the University's proportion of contributions to the pension plan was 3.018313%, which was a 0.089735 percentage point decrease from its proportion measured as of September 30, 2016.

For the fiscal years ended September 30, 2018 and 2017, the University recognized pension expense of approximately $16,792,000 and $27,051,000, respectively, which is included in salaries and benefits on the statements of revenues, expenses, and changes in net position.

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, 2017 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, 2017. The auditors' report dated April 4, 2018 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, 2017 along with supporting schedules is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

(11) Other Employee Benefits

Other Pension Plans

Certain 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. The plan is administered by the University and the plan assets are held in annuity contracts and custodial accounts. The annuity contracts are with, and the custodial account assets are invested through investment options offered by, Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) and Variable Annuity Life Insurance Company (VALIC). Under this

plan, contributions by eligible employees are matched equally by the University up to a maximum of 3% of current annual pay. The University contributed $551,000 and $643,000 for fiscal years 2018 and 2017, respectively, representing 241 and 270 employees, respectively, participating in this Plan.

All employees of HCM working at least half time are eligible to participate in a defined contribution pension plan. The plan is administered by HCM and the plan assets are held in annuity contracts and custodial accounts. The annuity contracts are with, and the custodial account assets are invested through investment options offered by, TIAA-CREF and 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 $4,703,000 and $4,468,000 in fiscal years 2018 and 2017, respectively, representing 1,369 and 1,345 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 thirty-six months; at which time they become 100% vested in the plan.

Employees of the HCA participate in a combined deferred compensation plan/money purchase pension plan arrangement. The arrangement covers all eligible employees, and participation by eligible employees is optional. Under this plan, administered by HCA, contributions by eligible nonphysician employees are matched equally by HCA up to a maximum of 5% of current annual pay. Contributions by eligible physician employees up to the 457(b) deferred compensation plan limit are matched at a 25% rate by HCA. Physician employees of HCA also have the option to participate in a second money purchase pension plan. This plan is funded entirely by pre-tax deductions from the participating physicians' salaries.

Compensated Absences

Regular University employees accumulate vacation and sick leave and hospital and clinical employees accumulate paid time off (PTO). 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 $12,079,000 and $12,825,000 at December 31, 2018 and 2017, 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.

(12) Other Post-Employment Benefit Plans

Retirees of the University are covered by the Public Education Employees Health Insurance Plan (PEEHIP), which is a cost sharing multiple-employer defined benefit OPEB plan administered by the TRS.

Plan Description

The Alabama Retiree Health Care Funding Act of 2007 authorized and directed the Public Education Employees Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the PEEHIP. The PEEHIP was established in 1983 pursuant to the provisions of the Code of Alabama 1975, Title 16, Chapter 25A to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions and to fund benefits related to the plan. The responsibility for the general

administration and operation of the PEEHIP is vested in its Board, which consists of 15 trustees. Title 16-Chapter 25 of the code of Alabama grants the authority to establish and amend the benefit terms to the PEEHIP Board. Effective for the year ended September 30, 2018, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* required the reporting of the net OPEB liability and the OPEB expense in the financial statements as well as enhanced financial statement note disclosures.

Benefits Provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees or active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO). In addition to or in lieu of the basic hospital medical plan or HMO, the PEEHIP offers four optional plans: Hospital Indemnity, Cancer, Dental, and Vision. Also, PEEHIP members (only active and non-Medicare eligible) may elect the Supplemental Plan as their hospital medical coverage instead of the PEEHIP Hospital Medical Plan. This Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer.

Effective January 1, 2017, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the United Healthcare Group Medicare Advantage plan for PEEHIP retirees. The Medicare Advantage Prescription Drug (MAPD) plan is fully insured by United Healthcare and members are able to have all of their Medicare Part A, Part B, and Part D in one convenient plan.

Contributions

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage.

Total employer contributions to the OPEB plan from the University were $7,728,000 for the fiscal year ended September 30, 2018.

OPEB Liabilities, OPEB Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018 and 2017, the University reported a liability of $259,678,000 and $238,060,000, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2016. The University's proportion of the net OPEB liability was based on a projection of the University's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date of

September 30, 2017, the University's proportion of contributions to the OPEB plan was 3.449076%, which was a 0.485263% percentage point increase from its proportion measured as of September 30, 2016.

For the fiscal year ended September 30, 2018, the University recognized OPEB expense of approximately $21,731,000, which is included in salaries and benefits on the statement of revenues, expenses, and changes in net position.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the Alabama Retired Education Employees' Health Care Trust's financial statements for the fiscal year ended September 30, 2017. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2017. Additional financial and actuarial information is available at www.rsa-al.gov.

(13) Risk Management

The University, HCM, SAMSF and HCA participate in the PLTF and the University, HCM, SAMSF, the Corporation and HCA participate in the GLTF. Both funds are administered by an independent trustee. These trust funds are revocable and use contributions by the University and HCA, together with earnings thereon, to pay liabilities arising from the performance of its employees, trustees and other individuals acting on behalf of the University and HCA. Any risk related to the payment claims is the responsibility of the PLTF and GLTF. If the trust funds are ever terminated, appropriate provision for payment of related claims will be made and any remaining balance may 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.

The University, HCM and HCA each participate in a separate self-insured health plan, administered by unaffiliated entities. Contributions by the University and its employees, together with earnings thereon, 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, 2018, SAMSF had total assets of $12,704,000, net assets of $10,828,000, and total revenues of $1,735,000. 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. SAMSF reimburses the University for certain administrative expenses and other related support services.

(15) Commitments and Contingencies

Grants and Contracts

At September 30, 2018 and 2017, the University had been awarded approximately $18,442,000 and $20,465,000, 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, 2018 and 2017.

In connection with RCO participation in the Alabama Medicaid Agency's Health Home Regional Care Organization Program, HCM established a $1,689,000 irrevocable standby letter of credit with Hancock Bank. The Alabama Medicaid Agency was the beneficiary of this letter of credit. HCM was released from the letter of credit subsequent to 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 appealed the factual and legal contentions in, and the calculation of the monetary liabilities and interest asserted in and associated with two findings. Management believes there will be no liability to the University beyond the amount currently accrued in the basic financial statements. The other findings were resolved to the US Department of Education's satisfaction.

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 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, 2018 and 2017, no amounts were payable pursuant to these agreements.

(16) Recently Issued Accounting Pronouncements

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 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. Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* was issued in March 2018 to enhance note disclosure for debt agreements. This statement is effective for the University beginning with the fiscal year September 30, 2019. In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* which will be effective beginning with fiscal year September 30, 2021. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 90, *Majority Equity Interests,* was issued in August 2018. Effective for the University beginning with the fiscal year ending September 30, 2020, this statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method, with certain exceptions, if a government holding of the equity interest meets the definition of an investment.

The effect of the implementation of GASB Statement Nos. 83, 84, 87, 88, 89 and 90 on the University has not yet been determined.

RESOLUTION

RATIFICATION OF INITIAL DEPOSITORY FOR CAPITALIZED INTEREST ACCOUNT FOR SERIES 2019 BONDS

WHEREAS, the University of South Alabama ("the University") issued its $47,750,000 initial principal amount University Facilities Revenue Bonds, Series 2019-A, dated February 7, 2019, and its $18,440,000 Taxable University Facilities Revenue Bonds, Series 2019-B, dated February 7, 2019, (collectively, the "Series 2019 Bonds"), and

WHEREAS, The Series 2019 Bonds were issued under a University Facilities Revenue Trust Indenture dated February 15, 1996, between the University and The Bank of New York Mellon Trust Company, N.A., as trustee, as supplemented and amended and as further supplemented and amended by a Fifteenth Supplemental Indenture dated February 7, 2019, (the "Fifteenth Supplemental Indenture") between the University and the said trustee, and

WHEREAS, the said Fifteenth Supplemental Indenture establishes a special account (the "Capitalized Interest Account") for holding amounts borrowed as capitalized interest to be used to pay maturing installments of interest on the Series 2019 Bonds through April 1, 2020, and

WHEREAS, the University has selected Hancock Whitney Bank to serve as the initial depository for the Capitalized Interest Account,

THEREFORE, BE IT RESOLVED, by the University of South Alabama Board of Trustees that the actions of the University in causing the initial depository of the Capitalized Interest Account to be Hancock Whitney Bank are hereby ratified and affirmed.

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Finance and Administration

Date:
February 18, 2019

To:
President
Tony G. Waldrop

From:
G. Scott Weldon
Vice President for Finance and Administration

Subject:
Agenda Item for March 15, 2019, Board of Trustees Meeting
Ratifying Initial Depository for Capitalized Interest Account
2019 Stadium Bond Issue

Attached is a resolution for consideration by the Board of Trustees concerning the initial capitalized interest depository bank for the 2019 Stadium Bond Issue. Our original Parameters Resolution established a special capitalized interest account with the University's trustee, Bank of New York. This resolution ratifies and affirms that the new capitalized interest account will now be opened with Hancock Whitney Bank.

With your consent, this item will be presented to the Board of Trustees for discussion and approval. Further, I recommend the adoption of the resolution by the Board of Trustees.

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

EXECUTIVE COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

EXECUTIVE COMMITTEE

January 29, 2019
1:30 p.m.

A meeting of the Executive Committee of the University of South Alabama Board of Trustees was duly convened by Jimmy Shumock, Vice Chair, on Tuesday, January 29, 2019, at 1:31 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Tom Corcoran, Arlene Mitchell, Jimmy Shumock and Jim Yance. Participating by phone was Ken Simon.
Members Absent:	Chandra Brown Stewart and Steven Furr.
Other Trustee:	Participating by phone was Ron Jenkins.
Administration and others:	Angela Coleman, Monica Ezell, David Johnson, Matthew Reichert (Faculty Senate), John Smith, Jean Tucker and Tony Waldrop.

The meeting came to order and the attendance roll was called. Chairman Simon made opening remarks on the SACSCOC (Southern Association of Colleges and Schools Commission on Colleges) standard that institutional boards engage in regular self-evaluation and the charge to the Executive Committee to develop such a process and a corresponding policy considering the strategic plan. Mr. Shumock referenced a document prepared by Dr. Coleman that outlined an array of board responsibilities and trustee expectations that might be evaluated, a proposed assessment plan, and data collection. He noted self-evaluation would also serve to document compliance with new legislation, which Dr. Johnson said involved implementation of a statewide plan for education, under which higher education boards would be expected to voluntarily provide training to new members.

Following a thorough discussion and consensus on a course of action, Chairman Simon made a motion that the Executive Committee recommend to the Board in March a proposed self-evaluation plan, policy and survey instrument. Mr. Corcoran seconded and the Committee voted unanimously to approve the motion. A schedule for finalizing self-assessment materials ahead of the March 15 Board meeting was decided as well.

There being no further business, the meeting was adjourned at 2:06 p.m.

Attest to: Respectfully submitted:

_____ _____
Kenneth O. Simon, Chair *pro tempore* James H. Shumock, Vice Chair

RESOLUTION
AMENDED BYLAWS OF THE BOARD OF TRUSTEES

WHEREAS, Article VIII of the Bylaws of the University of South Alabama Board of Trustees provides that "the bylaws may be amended or repealed at any meeting of the Board by eight members of the Board voting in favor of same, but no such action shall be taken unless notice of the substance of such proposed adoption, amendment or repeal shall have been given at a previous meeting or notice in writing of the substance of the proposed change shall have been served upon each member of the Board at least thirty (30) days in advance of the final vote upon such change. However, by unanimous consent of the entire Board, the requirements for such notice may be waived," and

WHEREAS, a copy of the proposed amended bylaws was mailed to each member of the Board on February 13, 2019, and

WHEREAS, the proposed amended bylaws (a copy of which is attached hereto and incorporated by reference herein) are presented for the Board's consideration of approval, a vote of eight members being necessary to adopt such amendments, and

WHEREAS, the foregoing actions comply with the notice requirements of Article VIII, pertaining to amendment of the bylaws, and

WHEREAS, the Board, after due consideration and deliberation, has determined that the proposed amendments are in the best interest of the efficient operation of the Board in carrying out its role and responsibilities to the University,

THEREFORE, BE IT RESOLVED, the Board of Trustees approves and adopts the Bylaws of the Board of Trustees as amended.

B Y L A W S
OF THE BOARD OF TRUSTEES
OF THE UNIVERSITY OF SOUTH ALABAMA

PREAMBLE

The Legislature of the State of Alabama vested full management and control over the University of South Alabama in a Board of Trustees pursuant to Act No. 157, Acts of Alabama, 1963, Secondary Extraordinary Session, stating at that time: "The Governor and the State Superintendent of Education, by virtue of their respective offices, and the [T]rustees appointed from the senatorial districts of the state, enumerated in Section 16-55-2, are constituted a public body corporate under the name of the University of South Alabama to carry into effect the purposes expressed in this article and to establish a state institution of higher learning."(Code of Alabama, 1975, Section 16-55-1). For the purpose of providing a definitive and orderly form of governance, and in order to continue to carry out the purposes required of the Board of Trustees of the University of South Alabama, in the establishment and continuation of a state institution of higher learning, the Board of Trustees hereby does promulgate and adopt these Bylaws.

ARTICLE I
THE BOARD OF TRUSTEES

The entire management and control over the University of South Alabama (hereinafter referred to as the "University") shall be vested in the Board of Trustees of the University of South Alabama (hereinafter referred to as the "Board"); however, upon general or specific authorization or delegation made or provided for in these Bylaws, the Board may exercise such management and control through the officers, officials, committees and agents as it may deem fit and appropriate, all in accordance with state law. The Board acts as a body politic and no individual member of the Board shall have the authority to act for the Board or for the University.

Section 1. **Composition of Board.** Consistent with the 2014 amendatory language to Sections 16-55-2 , Code of Alabama 1975, the Board shall consist of **three** members from Mobile County; **five** members from the state at large; **two** members from the United States at large; the Governor, who shall be *ex officio* President of the Board; and **one** member from each of the following state senatorial districts, or combinations thereof, as those districts existed in 1963: (1) Sixteenth and Seventeenth Districts comprising Monroe and Wilcox Counties, and Butler, Conecuh, and Covington Counties, respectively; (2) Nineteenth and Twentieth Districts comprising Choctaw, Clarke, and Washington Counties, and Marengo and Sumter Counties, respectively; (3) Twenty-first District comprising Baldwin and Escambia Counties; (4) Twenty-third, Twenty-fifth, and Thirtieth Districts comprising Dale and Geneva Counties, Coffee and Crenshaw Counties, and Dallas and Lowndes Counties, respectively; and (5) Thirty-fifth District comprising Henry and Houston Counties.

Section 2. **Election and Term of Office.** The Governor, as an *ex officio* Trustee, serves his or her term of office in correspondence with his or her term of office as Governor of the State of Alabama. In accordance with the statute regarding the University of South Alabama, the Trustees are appointed by the Governor, by and with the advice and consent of the State Senate, and, for those appointed or reappointed after the effective date of the 2014 amendment to said statute, hold office for a term of six years, and until their successors shall be appointed and qualified. Any Trustee appointed to serve a twelve-year term before the effective date of the 2014 amendment will continue to serve for the remainder of that term. As terms expire after that date,

appointments to fill positions on the Board shall be for six-year terms. There are three classes of board members, so that, after the transition to all Trustees serving six-year terms, one-third of the members of the Board is appointed every two years. Vacancies occurring in the office of Trustee, from death or resignation, and the vacancies regularly occurring by expiration of the term shall be filled by the Governor, and the appointee holds office until the next meeting of the Legislature. Successors to those Trustees whose terms expire during an interim shall hold office for a full term, unless they are rejected by the Senate. Neither the existence nor continuation of a vacancy in the office of the Trustee shall serve to impair or hinder any provisions of these Bylaws or the validity of the operation and actions by the Board by virtue of that vacancy alone.

Section 3. **Compensation of Trustees.** No Trustee shall receive any pay or emolument other than his or her actual expenses incurred in the discharge of duties as a Trustee; such expenses shall be paid or reimbursed from university funds, upon the authorization of the President of the University (hereinafter referred to as the "President").

Section 4. **Primary Functions of the Board.** The Board acts as a public body corporate, and no individual member of the Board has the authority to act for the Board or the University. Communications to the Board shall be directed to the Board through the President or Chair *pro tempore*, except as otherwise provided herein. The Board of Trustees, as a public body corporate, has all rights, privileges, and authority necessary to promote the purpose of its creation, which is to establish and provide for the maintenance and operation of a state university in Mobile County. In accordance with such powers, the Board of Trustees shall have the power to organize the institution by appointment of instructors and faculty members, and such executive and administrative officers and employees, as may be necessary to operate the University, which the Board hereby delegates to the President; the Board may remove any faculty members or employees in its discretion, and shall have the power and authority to fix salaries or compensation, increase or reduce same at its discretion, all of which duty the Board hereby delegates to the President. The Board may prescribe courses of instruction, rates of tuition and fees, confer such academic and honorary degrees as are usually conferred by institutions of like character, and may do all else necessary and considered in the best interest of the institution to carry out the purposes of the institution. As a body that holds the public trust and is responsible for institutional governance, the Board will engage in periodic self-evaluation.

Section 5. **Emeritus Status.** The Board, in its sole discretion, may recognize any Trustee who has served with distinction as Trustee Emeritus following said Trustee's term of service. The Trustee must have provided distinguished and meritorious service, outstanding leadership, and exceptional contributions to the University over a period of years. Any Trustee so recognized as Trustee Emeritus shall have no voting rights and will remain Trustee Emeritus at the pleasure of the Board of Trustees. Such designation shall confer no responsibilities, duties, rights, privileges, or benefits, but shall constitute recognition of service and experience and will publicly acknowledge that person as particularly suited for counsel and advice to the Board. The Board encourages the availability of those who have been awarded Trustee Emeritus status for such counsel and advice and may request special services of them.

Section 6. **Honorary Trustee.** The Board, in its sole discretion, may recognize as an Honorary Trustee any individual who has demonstrated a sustained and extraordinary commitment to the mission of the University. Election of an Honorary Trustee shall occur at any regular meeting of the Board and, because of the prestige of this position, shall occur on very rare occasions. Honorary Trustees shall have no voting rights and will maintain this designation at the pleasure of the Board. Such designation shall confer no responsibilities, duties, rights, privileges, or benefits, but shall constitute recognition of service with distinction to the University. It will also publicly acknowledge that person as particularly suited for counsel and advice to the Board.

Section 7. **Removal of a Trustee.** Under the laws of the State of Alabama, the Board of Trustees has no power to remove one of its members. Section 60 of the Constitution of Alabama, which provides that "[no] person convicted of embezzlement of the public money, bribery, perjury, or other infamous crime, shall be eligible to the legislature, or capable of holding any office of trust or profit in this state" sets forth the constitutional grounds and procedure for removing a Trustee.

ARTICLE II
MEETINGS OF THE BOARD OF TRUSTEES

Section 1. **Annual and Regular Meetings.** The Board shall hold a regular annual meeting each year at the University on the first Monday in June, unless the Board, in regular session, shall determine to hold its annual meeting at some other time and place. Each year at the

annual meeting, the Board shall schedule its regular meetings to be held during the ensuing year, and may designate one such meeting as the annual meeting of the Board. This schedule of meetings then will be recommended to the Governor for approval. The Chair *pro tempore* may cancel or change the date, place or time of a scheduled regular or annual meeting and will provide advance notice of such changes or cancellation. In any event, the Board shall meet at least once in each year.

Section 2. **Special Meetings.** In addition, other than the annual and regularly scheduled meetings of the Board, special meetings of the Board may be assembled, as follows: Special meetings may be called by the Chair *pro tempore* of the Board or the Governor by written notice mailed to each Trustee at least ten (10) days in advance of the date of the meeting; and a special meeting shall be called by the Chair *pro tempore* or the Governor upon application in writing of any three or more members of the board. No special meeting shall be held on a date less than ten (10) days subsequent to the Chair *pro tempore's* or Governor's notice of the meeting, except in case of an emergency, which the Chair *pro tempore* or Governor shall specify in his or her notice to the Board of Trustees.

Section 3. **Adjourned Meetings.** At any meeting, the Board may continue in session as long as it may deem proper for the welfare of the institution**.** Any session may be adjourned, as provided in *Roberts Rules of Order*, as last revised, and continued at a future time with proper notice to all members.

Section 4. **Quorum.** Seven members of the Board of Trustees shall constitute a quorum, but a smaller number may adjourn from day to day until a quorum is present. A majority of those present shall govern unless a greater number is required hereunder. Members of the Board of Trustees may participate in a meeting of the Board or committee by means of telephone conference, video conference, or similar communications equipment by means of which all persons participating in the meeting may hear each other at the same time. Participation by such means shall constitute presence in person at a meeting for all purposes. However, a majority of a quorum of the members of the Board of Trustees, or, in the event of a meeting of only the executive committee, a majority of a quorum of the executive committee of the Board of Trustees, must be physically present at the location noticed and called for the meeting in order to conduct any business or deliberation. Members of the Board of Trustees and any committees of the board

may not utilize electronic communications or otherwise conduct meetings except as in compliance with the Alabama Open Meetings Act. No Trustee for whom a conflict of interest exists shall vote on such matter before the Board.

Section 5. **Agenda.** The President shall mail to each member of the Board notice of the time and place of any meeting, which shall include an agenda for the meeting, at least ten (10) days prior to the time of meeting. The development and preparation of the agenda for Board meetings shall be vested in the President**,** who shall place such items on the agenda as are needed for the ongoing operation of the institution and/or that require the approval of the Board. Members of the Board desiring to place any item or items on the agenda for meetings shall inform the President in writing not less than fifteen (15) days prior to the meeting concerning such items, and the President shall include the items in the agenda to be mailed out to the members of the Board in accordance with the foregoing. Any item not included on the agenda mailed to members prior to a meeting may be considered upon the approval of a majority of those present and voting; provided, however, that any discussion or action upon the election of officers of the Board and/or the appointment and/or termination, including a contract renewal, of the President of the University, must be specifically identified on the agenda that was mailed at least ten (10) days prior to the time of meeting. The agenda that is approved by the Board at the commencement of the Board meeting shall be considered the official agenda. The omission of an item from the official agenda shall not invalidate otherwise valid actions by the Board.

Section 6. **Minutes.** Minutes of all meetings of the Board and its committees shall be prepared and distributed promptly to all members of the Board under the direction of the Secretary of the Board. Upon approval by the Board or committee, such minutes shall be maintained permanently and in an accessible manner in the Office of the President under the direction of the Secretary of the Board.

Section 7. **Public Admission to Meetings.** All meetings of the Board of Trustees shall be open to the public, except that the Board may declare an executive session as authorized by law. Formal action by the Board resulting from any executive session discussions shall be taken by the Board in an open meeting and made a part of the official minutes.

Section 8. **Rules of Order.** Rules of order shall be in accordance with *Robert's Rules of Order*, as last revised, which are the normal governing parliamentary procedure rules. The Chair of the meeting will determine all questions concerning such rules.

Section 9. **Meeting Attendance.** Inasmuch as the Board of Trustees has determined that meeting attendance is crucial to the most efficient management of the University and operation of the Board, the names of all Trustees who do not attend at least half the meetings scheduled each Board year will be reported to the Chair *pro tempore* at the next annual meeting of the Board, and the Chair *pro tempore* will then take the actions he or she deems appropriate.

ARTICLE III
OFFICERS

The Board shall have the following officers and any other officers it may elect from time to time. Such officers shall have the powers and shall perform the duties as are set forth herein, together with those which may be authorized and delegated by the Board from time to time. The terms of office for the Chair *pro tempore*, Vice Chair, and Secretary will be three years, with elections held at the annual meeting of the Board corresponding with the expiration of those terms. If a vacancy occurs during the term of any such office, an election to complete the term of that office will be held at the next meeting of the Board.

Section 1. **President of the Board.** The Governor of the State of Alabama shall be *ex officio* President of the Board. The President may call special meetings of the Board upon the conditions set forth herein.

Section 2. **Chair *Pro Tempore*.** Upon adoption of these Bylaws and thereafter, the Board of Trustees shall elect from its membership a Chair *pro tempore* for a three-year term, commencing immediately following the annual meeting at which the election is held. Such officer may not be elected for successive terms. He or she shall preside at all Board meetings and call special meetings of the Board upon the conditions set forth herein. The Chair *pro tempore* shall serve as chair of the Executive Committee, and shall appoint such committees as may be authorized by the Board, or as he or she may deem desirable, fill vacancies which will occur on such committees, and give final approval to the agenda for the Board meeting.

Section 3. **Vice Chair.** Concurrent with the time of election of the Chair *pro tempore* for the term set forth for the Chair pro tempore in Section 2, the Board shall elect from its membership a Vice Chair. In the absence of the Chair *pro tempore*, the Vice Chair shall assume those duties. The Vice Chair shall serve on the Executive Committee.

Section 4. **The Secretary.** Concurrent with the time of election of the Chair *pro tempore* and for the term set forth for the Chair pro tempore in Section 2, the Board shall elect a Secretary. Through the Office of the President of the University, the Secretary shall be responsible for the preparation and distribution of notices of Board meetings and agendas. In addition, he or she shall attend Board meetings and make, record, and retain complete records and minutes of all official actions of the Board and its committees. The Secretary shall be the custodian of the corporate seal and affix the seal to documents as executed on behalf of the Board and shall attest to the same and certify any action of the Board. The Secretary shall serve on the Executive Committee.

Section 5. **Removal from Office.** Any officer of the Board may be removed from his or her office for cause by a two-thirds vote of the full Board of Trustees.

ARTICLE IV
COMMITTEES

Organization. The Board may create such committees as it deems proper, and may assign to such committees any authority, duty or responsibility desired by the Board; provided, however, that all committees, except the Executive Committee, are advisory to the full Board. The committees of the Board shall consist of the standing committees created herein and other committees created by the Board from time to time. The standing committees shall have the powers, duties and responsibilities set forth herein, or subsequently assigned by the Board through adoption and approval of amendments to these Bylaws. Vacancies in committee memberships shall be filled in the same manner as when appointments originally were made. Committee members and the chair and the vice chair of the committees shall be appointed by the Chair *pro tempore* for terms concurrent with the term of the Chair *pro tempore*.

Method of Operation. The committees and subcommittees shall meet upon the call of the President, the Chair *pro tempore*, or the chair of the committee or subcommittee. Unless otherwise provided, actions taken by such committees are not binding upon the Board, but shall be advisory, except those actions undertaken by the Executive Committee, as authorized in Article IV, Section I, herein. All recommendations and actions of the committees shall be reported to the Board of Trustees.

Committee Participation. The President of the University is vested with the responsibility of providing notice of all committee meetings to the members of the committees. The Chair *pro tempore* will serve as an *ex officio* member on each committee. The President and the Chair *pro tempore* may participate in all meetings but shall have no vote, except that the Chair *pro tempore* shall have a vote on the Executive Committee and any other committee when he or she is a member of the committee. All committees assist and support the Board, President, faculty, and staff in carrying out their responsibilities. Committees may request through the Office of the President any information necessary or appropriate to their deliberations. All committee reports and recommendations shall be submitted for consideration and are advisory in nature until they have been approved by the full Board. Any Board member may attend any committee meeting.

Section 1. **Executive Committee.** The Chair *pro tempore* shall appoint an Executive Committee consisting of seven (7) members of the Board, subject to the approval of the Board, with terms concurrent with the term of the Chair *pro tempore*, who serves as chair of the Executive Committee. The majority of the Executive Committee constitutes a quorum. With notice from the President or the Chair *pro tempore*, the Executive Committee may meet at any time. The Executive Committee has the power to transact all business of the Board in the interim between meetings of the Board and may perform all duties and transact all business necessary for the well-being of the University, including, but not limited to, matters related to real estate, personnel, investments and athletics. However, action by the full Board is required to amend these Bylaws, remove officers of the Board, select or remove the President of the University, issue bonded indebtedness on behalf of the University, or as otherwise determined by the full Board. The Executive Committee shall serve a dual role as Governance Committee responsible for trustee matters including, but not limited to, service, honorary designations, efficiency, educational

development, travel, and periodic Board self-evaluation. Minutes of the Executive Committee shall be submitted to all members of the Board.

Section 2. **Budget and Finance Committee.** The Budget and Finance Committee shall be responsible for the review and study of budget requests; recommending comprehensive budgets; review and study of real estate transactions and matters related to facilities construction and infrastructure maintenance; and submitting such reports and recommendations to the Executive Committee of the Board and/or the full Board, as deemed necessary and appropriate.

Section 3. **Audit Committee.** The Audit Committee shall be responsible for the oversight and integrity of the financial statements and other financial reports; performance of the University's internal and external audit functions; selection of an external auditor; assurance that the University is performing self-assessment of operating risks and evaluations of internal controls on a regular basis; the study and review of all reports and other correspondence from external auditors; and the submission of audit reports and recommendations to the Board of Trustees. The Executive Director of Internal Audit shall be accountable to the Board of Trustees through the Audit Committee, and shall make reports to the Audit Committee as appropriate.

Section 4. **Long-Range Planning Committee.** The Long-Range Planning Committee shall be responsible for long range plan recommendations; review of new and existing academic programs; academic planning and organization; mission statement and statements of role and scope; review of planning for new facilities; and other matters which may be referred to it by the President or the Board.

Section 5. **Health Affairs Committee.** The Health Affairs Committee shall be responsible for providing guidance to and receiving reports from staff and administrative personnel responsible for the University of South Alabama Hospitals and Clinics. It will consider and make recommendations requiring Board action relating to the Hospitals and Clinics and the College of Medicine. In addition to committee members designated as provided in these Bylaws, the committee includes, as non-voting *ex officio* members, the President, the Vice President for Medical Affairs, Dean of the College of Medicine, the President of the Medical Staff of the University of South Alabama Medical Center and the Chief Executive Officer of USA Health.

Section 6. **Academic and Student Affairs Committee.** The Academic and Student Affairs Committee shall be responsible for receiving and reviewing information relevant to issues involving academic affairs and student affairs at the University.

Section 7. **Development, Endowment and Investments Committee.** The Development, Endowment and Investments Committee shall be responsible for establishing policies and guidelines to oversee the University's Development and Alumni Relations programs, invest and manage the University's endowment and other investment funds, and for submitting such reports and recommendations to the Executive Committee of the Board and/or the full Board of Trustees, as deemed necessary and appropriate.

Section 8. **Evaluation and Compensation Committee**. The Evaluation and Compensation Committee shall be responsible for conducting periodic performance reviews of the President and recommending to the Board an appropriate compensation package for the President.

ARTICLE V
PRESIDENT AND DUTIES

Appointment of the President of the University as Chief Executive Officer of the Institution. The President shall be selected by the Board of Trustees and serve at the pleasure of the Board but may be removed only by a vote of eight members of the Board. The Board of Trustees is responsible for conducting periodic evaluations of the performance of the President.

The President is the chief educational and administrative officer of the University. Unless excused by the Chair *pro tempore*, he or she shall attend and participate in all meetings of the Board and may make recommendations on matters before the Board. The President does not vote on Board matters. The President shall be responsible for the execution of the policies of the Board and the Executive Committee and performing all those matters necessary to carry out the ends and purposes for which the University was established. The President shall have all authority necessary to conduct the programs of the University, including the authority to award degrees, add officers to the University which he or she deems necessary, delegate authority among subordinates and all other authority which shall, from time to time, be delegated by the Board of Trustees to the President. Prior to appointment of vice presidents, the President shall notify the Board of his or

her intention to appoint such officers to the University. The President reports to the Board on the current operations of the University and directs, coordinates and implements the planning, development and appraisal of all activities of the University of South Alabama.

ARTICLE VI
CONFLICT OF INTEREST

Members of the Board of Trustees ("Trustees") of the University of South Alabama have an affirmative obligation to act at all times in the best interests of the University. This policy serves to define the term "conflict of interest" to assist members of the Board in identifying and disclosing such conflicts, and to minimize the impact of such conflicts on the actions of the University whenever possible.

Fiduciary duty. Each Trustee has a fiduciary duty to conduct himself or herself without conflict to the interests of the University. When acting within his or her capacity as a Trustee, he or she must subordinate personal, business, third-party, and other interests to the welfare and best interests of the University.

Conflict of interest. A "conflict of interest" is any transaction or relationship which presents, or may present, a conflict between a Trustee's obligations to the University and his or her personal, business, or other interests. A conflict of interest may arise in any circumstance that may compromise the ability of a Trustee to make unbiased and impartial decisions on behalf of the University. Such circumstances may involve family relationships,[1] business transactions, professional activities, or personal affiliations.

Further, Alabama Code §13A-10-62 (1975) provides:

> (a) A public servant commits the crime of failing to disclose a conflict of interest if he exercises any substantial discretionary function in connection with a government contract, purchase, payment or other pecuniary transaction without advance public disclosure of a known potential conflicting interest in the transaction.

[1]Family relationships include spouse, child, grandchild, parent, grandparent, sibling, niece, nephew, aunt, uncle, cousin, in-laws and step relations, as well as any person living in the household of a Trustee.

(b) A "potential conflicting interest" exists, but is not limited to, when the public servant is a director, president, general manager or similar executive officer, or owns directly or indirectly a substantial portion of any non-governmental entity participating in the transaction.
(c) Public disclosure includes public announcement or notification to a superior officer or the attorney general.
(d) Failing to disclose a conflict of interest is a Class A misdemeanor.

Disclosure. The Board of Trustees recognizes that conflicts of interest are not uncommon, and that not all conflicts of interest are necessarily harmful to the University. However, the Board requires full disclosure of all actual and potential conflicts of interest. Each Trustee shall disclose any and all facts that may be construed as a conflict of interest, both through an annual completion of a Statement of Disclosure, and completion of an amended Statement of Disclosure whenever such actual or potential conflict occurs.

Process. Any actual or potential conflicts which are presented in a Statement of Disclosure or amended Statement of Disclosure will be evaluated for action, as needed, by the Chair p*ro tempore* of the Board of Trustees. The Chair *pro tempore,* or Vice Chair if evaluating a possible conflict of the Chair *pro tempore,* of the Board may either handle the evaluation on his or her own or refer it to the Board for further consideration. Additional information from a Trustee may be sought at any time. A Trustee whose potential conflict is under review may not debate, vote, or otherwise participate in the evaluation of the conflict. If a conflict is being evaluated or has been found to exist, the Trustee shall recuse himself or herself from any discussion or voting regarding transactions involving the area of conflict.

Resolution. If it is determined that an actual or potential conflict of interest does exist, an appropriate remedy shall be determined. Such remedy may include, but is not limited to, the following:

- Waive the conflict of interest as unlikely to affect the Trustee's ability to act in the best interests of the organization.

- Determine that the Trustee should be recused from all deliberation and decision-making related to the particular transaction or relationship that gives rise to the conflict of interest.

Policy regarding Trustees doing business with the University. A conflict of interest exists any time a Trustee seeks to enter into a business relationship with the University. Similar conflicts may arise through family members or through organizations in which a Trustee serves in a leadership, employment, or ownership capacity.

Such conflicts do not necessarily preclude business relationships with the University. The following procedure is designed to resolve conflicts of interest whenever a Trustee or a member of his or her family (see footnote number 1) has an ownership interest in, is a director, officer, or key individual of an entity which intends to enter into a business relationship with the University:

- The Trustee must promptly disclose the intent to enter into a business relationship with the University to the Chair *pro tempore* of the Board of Trustees.

- The Trustee must recuse himself or herself from all deliberation, debate and voting related to the contemplated business relationship.

- The Chair *pro tempore* or the Board, if the issue is referred by the Chair *pro tempore*, must determine without the presence or participation of the Trustee under review that the transaction is fair and in the best interest of the University.

- If the business relationship under consideration is approved, the Trustee may not participate in any process by which his or her performance as a vendor or recipient is evaluated, or in any such evaluation of a related party.

Notwithstanding the foregoing, contracts or proposals for purchases of goods, property, or services will not be awarded to organizations in which a Trustee either:

1) holds an interest of ten percent (10%) or greater, or

2) serves as a director or senior executive officer,

if a substantial part of the contract or proposal involves the quality of performance (i.e. possibly requiring enforcement of a performance bond or filing suit for non-performance). Also, no Trustee shall advocate or attempt to influence the employment by the University of any member of his or her family.

ARTICLE VII
OFFICIAL CORPORATE SEAL

The official corporate seal of the University of South Alabama shall be circular in form, encircled as follows:



ARTICLE VIII
AMENDMENT OR REPEAL OF BYLAWS

After the adoption of these Bylaws, they may be amended or repealed at any meeting of the Board by eight members of the Board voting in favor of same, but no such action shall be taken unless notice of the substance of such proposed adoption, amendment or repeal was given at a previous meeting or notice in writing of the substance of the proposed change was served upon each member of the Board at least thirty (30) days in advance of the final vote upon such change. However, by unanimous consent of the entire Board, the requirements for such notice may be waived. The Chair *pro tempore* may appoint an ad hoc committee which may meet from time to time to consider Bylaw amendments.

15th Edition, March 15, 2019

RESOLUTION

BOARD OF TRUSTEES SELF-EVALUATION

WHEREAS, the Board of Trustees of the University of South Alabama holds the public trust, is responsible for institutional governance, and plays a critical role in the success of the University, and

WHEREAS, the Southern Association of Colleges and Schools Commission on Colleges has approved new Principles of Accreditation requiring the governing boards of its accredited institutions to periodically evaluate their responsibilities and expectations, and

WHEREAS, the Board of Trustees of the University of South Alabama agrees that such evaluation is appropriate and that it will provide valuable information that will assist the Board in meeting its responsibilities, and

WHEREAS, the attached materials, as recommended by the Executive Committee, define the responsibilities and expectations of the Board of Trustees and provide a plan for a periodic self-evaluation process,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama authorizes this plan for conducting periodic self-evaluation.

Plan for Board Self-Evaluation

The proposed assessment plan covers a 24 month period of time. The upcoming cycle would include:

- Collection of data via survey in March/April 2019
- Preparation of a summary of data in May 2019
- Review of summary by Trustees in May/June 2019
- Discussion of summary by Trustees at a retreat in June or July to include discussing whether the data/information is useful in establishing new goals and/or outcomes 2019
- Preparation of a summary of Trustees' discussion including any goals or outcomes in August 2019
- Development of responses to any identified goals or outcomes (e.g., an action plan and/or specific committee work plans), to achieve goals or outcomes in September 2019
- Work on action plans/committee work September 2019 through March 2021
- Collection of data/information in March/April 2021
- Preparation of a summary of data in May 2021
- Review of summary by Trustees in May/June 2021
- Discussion of summary by Trustees in June/July 2021 to include discussion of Board's advancement and progress on previously establish goals and/or outcomes.

Primary data collection includes:

For each board responsibility, survey Trustees perceptions of the degree to which each Trustee feels the board is meeting its responsibilities. (See attachment A)

For each Trustee expectation, survey Trustees perceptions of the extent to which each Trustee feels he or she is meeting the expectations of a Trustee. (See attachment B)

Secondary data collection includes:

- Documents, policies, and other materials that demonstrate the Board has met its responsibilities and expectations (e.g., Board review and approval of the mission).

Responsibilities of the Board

Below are 7 categories (Bobowick & Schwartz, 2018) of Board responsibilities which may be evaluated by the Board.

1. Mission and Strategy
    a. Review and approve the mission
    b. Charge the president with the task of leading a strategic planning process, participate in the process, approve the strategic plan, and monitor its progress.
2. Leadership and Shared Governance
    a. Maintain an effective working relationship with president
3. Institutional Sustainability
    a. Exercise fiduciary oversight to include financial stability, audits, budget, etc.
4. Quality of Educational Experience
    a. Oversee the performance of the institution in meeting academic goals
5. Board Performance
    a. Select and regularly evaluate the president
    b. Define and address potential conflict of interest
    c. Protect institution from undue influence from external persons/bodies
6. Board Priorities
    a. Focus on issues of strategic importance to the institution
7. Governance Policies and Practices
    a. Ensure the currency of board governance policies and practices
    b. Establish and maintain a clear distinction between governance/policy making and administration
    c. Have appropriate processes for dismissal of board members

Expectations of Trustees

Below are 8 expectations of Trustees, which may be evaluated by the board, developed from a review of statements of Trustee expectations at other universities and from the AGB.

1. Be an informed, active participant in all meetings
2. Adhere to high ethical standards (conflict of interest, confidentiality, filing of disclosure statements, etc.)
3. Demonstrate understanding of the difference between governance and administration
4. Learn how the institution functions particularly as related to committee assignment
5. Commit to serving the institution as a whole not one unit, cause, or project
6. Support the philanthropic efforts of the institution
7. Use expertise and/or personal networks to help advance the institution
8. Be an engaged participant in all board training and/or professional development

Reference

Bobowick, Marla J., and Merrill P.Schartz. *Assessing Board Performance: A Practical Guide for College, University , System, and Foundation Boards*. AGB Press, 2018.

Attachment A

Assessment of Board Responsibilities

21 survey items to assess a Board member's agreement about the extent to which the Board is meeting its responsibilities.

14 items are Likert-scale items to be answered using a scale of agreement (Strongly Disagree, Disagree, Unsure, Agree, Strongly Agree).

7 items will be open ended response items.

Item #	Mission and Strategic Direction
1	The Board participates in developing the University's Strategic Plan.
2	The Board periodically monitors the University's current strategic plan.
3	The Board makes connections between its work and the strategic direction of the University.
4	The Board reviews the extent to which the University is achieving the goals set out in the institution's strategic plan.
5	(OPEN ENDED RESPONSE ITEM) If you like, please make any additional comments about the Board's strengths and/or weaknesses with regard to its role in guiding the mission and strategic direction of the University.
	Governance
6	Trustees understand the Board's governance responsibilities.
7	Trustees distinguish between matters of governance and matters of administration.
8	(OPEN ENDED RESPONSE ITEM) If you like, please make any additional comments about the Board's strengths and/or weaknesses with regard to governance of the University.
	Fiduciary Responsibility
9	The Board receives adequate information to make informed financial decisions.
10	The Board monitors the financial health of the institution.

11	(OPEN ENDED RESPONSE ITEM) If you like, please make any additional comments about the Board's strengths and/or weaknesses with regard to meeting its fiduciary responsibilities.
	CEO
12	The Board conducts an effective evaluation of the President.
13	(OPEN ENDED RESPONSE ITEM) If you like, please make any additional comments about the Board's strengths and/or weaknesses with regard to conducting an effective evaluation of the CEO.
	Board Functioning/Logistics
14	The agenda for Board meetings is well planned.
15	The Board cultivates an environment where conflicts of interest can be effectively managed.
16	The Board cultivates an environment where ethical concerns can be addressed.
17	The Board cultivates an environment where external influences can be addressed.
18	The current Board membership has members with the expertise and skills needed to effectively meet its responsibilities.
19	(OPEN ENDED RESPONSE ITEM) If you like, please make any additional comments about the Board's strengths and/or weaknesses related to Board functioning or the logistics of Board meetings.
	Other
20	(OPEN ENDED RESPONSE ITEM) If you like, please make any additional comments about the Board's strengths and/or weaknesses that you would like the Board to consider as part of its self-evaluation.
21	(OPEN ENDED RESPONSES ITEM) Are there policies, areas of the Board's work, or Board actions about which you would like more information?

Attachment B

Assessment of Board Member Expectations

10 survey items to assess Trustees' agreement about the extent to which they meet Trustee expectations using a Liker-scale of (Strongly Disagree, Disagree, Neither Disagree or Agree, Agree, Strongly Agree).

1 open ended response item.

Item #	Item
1	I am knowledgeable about the ethical standards to which I am expected to adhere.
2	I am an engaged participant in all Board training and/or professional development.
3	I am an informed participant in all meetings.
4	I am an active participant in all meetings.
5	I am committed to serving the institution as a whole not one unit, cause, or project.
6	I can articulate the difference between governance and administration.
7	I can articulate examples of Board governance.
8	I am knowledgeable about the institution and its functions as related to my committee assignment(s).
9	I support the philanthropic efforts of the institution.
10	I use my expertise and/or personal networks to help advance the institution.
11	(OPEN ENDED RESPONSE ITEM) Please share any additional thoughts you have about Trustee expectations or any needs for Trustee professional development.

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

COMMITTEE OF THE WHOLE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

COMMITTEE OF THE WHOLE

December 6, 2018
3:43 p.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, December 6, 2018, at 3:43 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Chandra Brown Stewart, Tom Corcoran, Ron Graham, Ron Jenkins, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Ken Simon, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance. Participating by phone was Alexis Atkins.
Members Absent:	Scott Charlton, Steve Furr and Kay Ivey.
Administration and Others:	Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Paul Frazier, Happy Fulford, Mike Haskins, David Johnson, Melva Jones, John Marymont, Mike Mitchell, Grace Newcombe (SGA), Matthew Reichert (Faculty Senate), Rod Rocconi, John Smith, Margaret Sullivan, Jean Tucker, 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 Committee of the Whole and Long-Range Planning Committee held on August 30, 2018, as well as the minutes of an Executive Committee meeting held on September 13, 2018. On motion by Mr. Shumock, seconded by Chairman Simon, the minutes were approved unanimously.

In accordance with the provisions of the Alabama Open Meetings Act, Chairman Simon made a motion to convene an executive session for an anticipated duration of 30 minutes for the purpose of discussing good name and character, trade negotiations, a contested case hearing, and pending or imminent litigation with Ms. Jean Tucker, Senior University Attorney. He added Ms. Tucker had submitted the required written declaration for the minutes (for copies of policies and other authorized documents, refer to **APPENDIX A**). Mr. Windom seconded and the Committee voted unanimously at 3:45 p.m. to convene an executive session following a brief recess, as recorded below:

AYES:
Ms. Atkins (phone)
Ms. Brown Stewart
Mr. Corcoran
Mr. Graham
Capt. Jenkins
Ms. Mitchell
Mr. Perkins
Mr. Shumock
Chairman Simon
Dr. Stokes

Ms. Tuckson
Mr. Windom
Mr. Yance

Following the executive session and there being no further business, the meeting was adjourned at 4:45 p.m.

Respectfully submitted:

_____
Kenneth O. Simon, Chair *pro tempore*

RESOLUTION

COMMENDATION OF MR. WILLIAM J. FULFORD III

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

WHEREAS, Mr. William J. "Happy" Fulford III faithfully and honorably served the University of South Alabama during a career that spanned nearly 38 years, and

WHEREAS, Mr. Fulford earned two degrees from the University, a Bachelor of Science in marketing in 1972 and a Master of Education in educational leadership in 1993, and

WHEREAS, Mr. Fulford began working at South in 1981 as its first director of Alumni Affairs, and also served as the University's first director of Development and first executive director of Governmental Relations, and

WHEREAS, the University has benefited tremendously because of Mr. Fulford's efforts, which included the battle to secure Grant's Pass revenues, legislation to provide funding for indigent care, the annual state earmark for the USA Health Mitchell Cancer Institute, restructuring of Board of Trustees terms and areas of representation, and work with Senator Richard Shelby to obtain funding for Shelby Hall, and

WHEREAS, Mr. Fulford was successful in advocating for higher education and the University of South Alabama due to his longstanding relationships, institutional knowledge, and straightforward and honest approach, and

WHEREAS, Mr. Fulford's contacts in Montgomery and Washington, D.C., are impressive and extensive, as he could bend the ear of a legislator about a bill as easily as his presence once stopped the U.S. Attorney General's motorcade, and

WHEREAS, as a first-generation college student, Mr. Fulford understood the lasting impact of higher education and was a founding member of the Higher Education Partnership, which represents Alabama's four-year, public universities, and

WHEREAS, Mr. Fulford served his country in the United States Army Reserve, retiring as a colonel and having been a commander of the 482nd Replacement Detachment and the 1184th Transportation Terminal Battalion and a veteran of Desert Storm, and

WHEREAS, upon his retirement, Mr. Fulford no longer has to keep political secrets from his wife, Sherri, who directed governmental affairs for an unnamed state university to the north, and can now focus on boating aimlessly around Lake Martin,

THEREFORE, BE IT RESOLVED that the Board of Trustees expresses its heartfelt appreciation to Mr. William J. Fulford for his voluminous contributions to the University of South Alabama and offers its best wishes to him and Sherri in their future endeavors.