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

JUNE 5, 2019
1:30 P.M.

AUDIT COMMITTEE Jimmy Shumock, Chair
Roll Call
Approve: Minutes
6 Report: Internal Audit

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE Jim Yance, Chair
Roll Call
Approve: Minutes
7 Report: Endowment and Investment Performance
8 Recommendation to Approve: Recognition of Mr. Jim Fuchs, Ms. Alexis Atkins and Budweiser-Busch Distributing Co., Inc.
9 Report: Development and Alumni Relations

HEALTH AFFAIRS COMMITTEE Scott Charlton, M.D.
Roll Call
Approve: Minutes
10 Recommendation to Approve: USA Hospitals Medical Staff Bylaws and Rules and Regulations Revisions
11 Report: USA Health and College of Medicine

ACADEMIC AND STUDENT AFFAIRS COMMITTEE Scott Charlton, M.D., Chair
Roll Call
Approve: Minutes
12 Recommendation to Approve: Professor Emeritus
13 Recommendation to Approve: Tenure and Promotion
14 Recommendation to Approve: Tuition, Fees, and Housing and Dining Rates
15 Report: Academic Affairs
16 Report: Student Affairs
17 Report: Research and Economic Development

BUDGET AND FINANCE COMMITTEE Tom Corcoran, Chair
Roll Call
Approve: Minutes
18 Report: Quarterly Financial Statement, Six Months Ended March 31, 2019
19 Report: Payment Plan – Tuition, Fees, and Housing and Dining Rates
20 Recommendation to Approve: Procurement of Athletics Travel Services
21 Recommendation to Approve: Contract Officers

EVALUATION AND COMPENSATION COMMITTEE Mike Windom, Chair
Roll Call
22 Report: Evaluation of the University President

COMMITTEE OF THE WHOLE Jimmy Shumock, Vice Chair
Roll Call
Approve: Committee of the Whole Minutes and Executive Committee Minutes
23 Recommendation to Approve: 2019-2020 Board Meeting Schedule
24 Approve: Executive Session

BOARD OF TRUSTEES
JUNE 6, 2019
10:30 A.M.

Roll Call
1 Approve: Minutes
2 Approve: 2019-2020 Board Meeting Schedule
3 Report: University President
4 Report: Faculty Senate President
5 Report: Student Government Association President

CONSENT AGENDA
10 Approve: USA Hospitals Medical Staff Bylaws and Rules and Regulations Revisions
12 Approve: Professor Emeritus
20 Approve: Procurement of Athletics Travel Services
21 Approve: Contract Officers

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14 Approve: Tuition, Fees, and Housing and Dining Rates

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EVALUATION AND COMPENSATION COMMITTEE Mike Windom, Chair

NOMINATING COMMITTEE Jim Yance, Chair
Approve: Election of Officers

SPECIAL ACKNOWLEDGEMENT
8 Approve: Recognition of Mr. Jim Fuchs, Ms. Alexis Atkins and Budweiser-Busch Distributing Co., Inc.
Approve: Commendation of Mr. Kenneth O. Simon as Chair *Pro Tempore* Emeritus
Unveil: Portrait

OTHER
Discussion: Board of Trustees Self-Evaluation

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

WEDNESDAY, JUNE 5, 2019:

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

THURSDAY, JUNE 6, 2019:

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

BOARD OF TRUSTEES

STANDING COMMITTEES
2016-2019

EXECUTIVE COMMITTEE:

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

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**

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

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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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Unveil: Portrait

OTHER
Discussion: Board of Trustees Self-Evaluation

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Board of Trustees

Date:
May 27, 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 March 15, 2019. Please review these documents for amendment or approval at the June 5 and 6, 2019, meetings.

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

March 15, 2019
1:00 p.m.

A meeting of the University of South Alabama Board of Trustees was duly convened by Judge Ken Simon, Chair *pro tempore*, on Friday, March 15, 2019, at 1:00 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Alexis Atkins, Chandra Brown Stewart, Tom Corcoran, Steve Furr, Ron Graham, Ron Jenkins, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Ken Simon, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance. Participating by phone was Scott Charlton.
Member Absent:	Kay Ivey.
Administration and Others:	Owen Bailey, Robert Berry, Bill Burnsed, Lynne Chronister, Deborah Cobb, Joel Erdmann, Monica Ezell, Happy and Sherri Fulford, Gerald Gattis, Mike Haskins, Dave Johnson, Zorrya Kelley (BSU), Nick Lawkis, Abe Mitchell, Mike Mitchell, Jim Moore (NAA), Grace Newcombe (SGA), Sean Powers, Bob Shipp, John Smith, Tina Stalmach, Margaret Sullivan, Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.
Media:	Guy Turnbow (WALA).

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

Chairman Simon called for consideration of the minutes of the December 7, 2018, and January 15, 2019, meetings of the Board of Trustees, **ITEM 1**. On motion by Mr. Shumock, seconded by Mr. Corcoran, the minutes were adopted unanimously.

Chairman Simon announced the appointment of Dr. Furr, Dr. Stokes and Mr. Yance to serve on a Nominating Committee for recommending a slate of officers for an election at the annual meeting on June 6, 2019. He asked Mr. Yance to chair the committee.

Chairman Simon called for presentation of **ITEM 2**, the President's Report. President Waldrop recognized Honorary Trustee Mr. Abe Mitchell and Black Student Union (BSU) President Ms. Zorrya Kelley. He encouraged Trustees to peruse a South Alabama fact card and share it within the community.

President Waldrop called for a report from Mr. Haskins, who advised that the Office of Marketing and Communications' Creative Services team, comprised of Director Ms. Diana Nichols, Assistant Director Ms. Marie Katz and Videographer Mr. James Palomo, was recognized recently with awards from the Council for the Advancement and Support of Education (CASE) and the local chapter of the Advertising Federation for projects in 2018 that included the holiday

greetings video, rebranding of the USA National Alumni Association (NAA), design of a brochure for the Housing Department and design of the Viewbook for the Admissions Department.

President Waldrop advised of the appointment of Mr. Nick Lawkis as Interim Executive Director of Governmental Relations effective with the retirement of Mr. Fulford on February 1, 2019. Mr. Lawkis expressed appreciation for the opportunity and talked about his role and recent activities of the Office of Governmental Relations.

President Waldrop announced the implementation of an Employee of the Quarter program for the main campus and called on Mr. Weldon for comments. Mr. Weldon credited the Department of Human Resources for developing the program and he introduced Director of Fringe Benefits Ms. Tina Stalmach, who explained the nominations criteria, selection process and benefits to be awarded to recipients, which include a designated parking spot for the quarter and a $500 cash award. President Waldrop recognized Marx Library Supervisor Ms. Deborah Cobb as the inaugural Employee of the Quarter. Ms. Cobb conveyed gratitude, acknowledged her Marx Library colleagues for their teamwork, and was presented a certificate of appreciation.

President Waldrop called on Ms. Chronister, who introduced Angelia & Steven Stokes Endowed Chair in Environmental Resiliency/Department of Marine Sciences Professor and Chair Dr. Sean Powers and founding Chair of the Department of Marine Sciences/Professor Emeritus Dr. Bob Shipp. She advised that Drs. Powers and Shipp were the recipients of a Governor's proclamation honoring them for extensive research on the ecology of marine life and contributions impacting commercial and recreational fishery decisions, and further declaring artificial reef zones in the Gulf of Mexico named for them. Drs. Powers and Shipp made brief remarks on the positive momentum of South's program and efforts to improve management of red snapper harvesting.

Chairman Simon commented on the Distinguished Alumni and Service Awards Gala held the previous evening. He expressed pride for the accomplishments of the alumni and thanked the NAA for presenting an outstanding and inspiring event.

Chairman Simon called for presentation of **ITEM 3,** a report from Faculty Senate President Dr. Elizabeth VandeWaa. Dr. VandeWaa congratulated former Senate President Dr. Matthew Reichert for his transition to the role of Assistant Vice President for Research. She advised she would fill in as Senate President until new officers were elected in April. She reviewed several policies for which work by the Senate was ongoing; stated Chief Diversity Officer Dr. Paul Frazier was helping the Senate with language for a new policy related to the hiring of tenure-track faculty and chairs; said new guidelines for governing the movement of policies through review channels were being developed; and advised of informational presentations by speakers at Senate meetings.

Chairman Simon called for presentation of **ITEM 4**, a report from Student Government Association (SGA) President Ms. Grace Newcombe. Ms. Newcombe shared that SGA elections would take place in April. She recognized SGA Vice President Mr. Shaun Holloway, Treasurer Mr. Caleb Santa Cruz, Chief Justice Mr. Jordan Griffin and Attorney General Mr. Broderick Morrissette and conveyed pride in the accomplishments of the SGA during the year. She talked

about recent and upcoming activities, for instance, the biannual Parking Ticket Forgiveness Day which collected in excess of 1,200 items from over 400 students for Prodisee Pantry; the Jags4Jags drive which collected 120 meal donations for students in need; the securing of priority registration for veterans and their dependents; passage of a resolution condemning antisemitism on campus; and student participation in Higher Education Day.

Ms. Newcombe introduced BSU President Ms. Zorrya Kelley, who discussed BSU achievements over 2018-2019, such as, sponsorship of drives to collect donations benefitting storm victims; expansion of scholarships in association with the Black Girls Rock event; enrichment programming offered through the Outreach branch; events focused on mental health awareness; and sponsorship of birthday parties for child residents of the Sybil H. Smith Family Village.

Chairman Simon presented certificates of appreciation to Ms. Newcombe and Ms. Kelley in recognition of their service as student organization presidents, **ITEM 5**.

Chairman Simon called for consideration of consent agenda **ITEMS 7.A,** and **15**, as follows, which were unanimously recommended for Board approval by the respective committee that met earlier in the day. On motion by Ms. Mitchell, seconded by Mr. Shumock, the Board voted unanimously to approve the resolutions:

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.

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.

Chairman Simon called on President Waldrop for introduction of **ITEM 11** as follows. President Waldrop recognized Mr. Jim Moore, NAA Vice President, and thanked him for the encouragement he and his wife, Dianne, gave the Administration to pursue amendments to the tuition policy as explained in the resolution and supporting materials. Mr. Moore predicted this authorization would result in the University being more competitive and he thanked all involved for their consideration. On motion by Mr. Shumock, seconded by Ms. Atkins, the Board voted unanimously to approve the resolution:

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.

Chairman Simon called for a report from the Audit Committee. Mr. Shumock, Committee Chair, stated, at a meeting held earlier in the day, Mr. Weldon discussed the KPMG report on

South's intercollegiate athletics program for the year ended September 30, 2018, which did not include significant exceptions or findings. He added that the Committee received regular updates from Mr. Berry on the work taking place in the Office of Internal Audit.

Chairman Simon called for a report from the Development, Endowment and Investments Committee. Mr. Yance, Committee Chair, reviewed endowment performance as was reported by Mr. Albano and Mr. Pitman at a meeting held earlier in the day. He advised that the fiscal year return of -1.86 percent through February 28, 2019, underperformed the relative index of -1.02 percent by 84 basis points and noted a 5.19 percent annualized performance since inception vs. the relative index of 4.33 percent, an outperformance of close to one percent.

Among the Upward & Onward Campaign results and various activities reported earlier by Ms. Sullivan and Dr. Stokes, Campaign Co-Chair, Mr. Yance shared that approximately $8.2 million had been raised in fiscal year 2019 as of March 11, 2019, for a total of approximately $132 million secured throughout the campaign. He noted that a new gift to be addressed later in the meeting would position the campaign at 92 percent of the $150 million campaign goal achieved. He shared that the second annual USA Giving Day held February 14, 2019, raised $314,390. He noted plans under way for the inaugural Alumni Reunion Weekend to occur in conjunction with the USA vs. UAB football game to be played at Hancock Whitney Stadium in September 2020.

Chairman Simon called for a report from the Health Affairs Committee. Dr. Furr, Committee Chair, stated, at an earlier meeting, Mr. Bailey informed the Committee that the College of Medicine recently received notification that full accreditation was granted by the LCME (Liaison Committee on Medical Education) and he reviewed the rigorous review process involved. He said Mr. Bailey also advised of a new, in-demand residency program in emergency medicine that would begin with a class of six students during the summer of 2019. He introduced Mr. Bailey for an announcement. Mr. Bailey reported on the passing of former Chair and Distinguished Professor of Neurosurgery Dr. Eugene Quindlen.

Chairman Simon called for a report from the Academic and Student Affairs Committee. Dr. Furr, Committee Vice Chair, stated, at an earlier meeting, Ms. Chronister advised of the appointment of Assistant Professor of Chemistry Dr. Matthew Reichert as South's new Assistant Vice President for Research. He added that Dr. Reichert had stepped down as Faculty Senate President.

Chairman Simon called for a report from the Budget and Finance Committee. Mr. Corcoran, Committee Chair, stated, at an earlier meeting, Mr. Weldon discussed the quarterly financial statements ended December 31, 2018, which reported an approximate $200,000 increase in net position as compared to an approximate $15 million increase in net position reported the previous year. He said Mr. Weldon stated this variance was mainly due to the negative turn in the market value of South's investments and the three percent salary supplement paid in December. He added that Mr. Albano reported on the Series 2019 bond issue that closed in February 2019.

Chairman Simon shared that, at an earlier meeting of the Executive Committee, Dr. Coleman presented **ITEM 16** as follows as it pertained to SACSCOC (Southern Association of Colleges and

Schools Commission on Colleges) regulations requiring institutional boards to engage in periodic self-evaluation. He recommended a roll-call vote and, on motion by Mr. Corcoran, seconded by Dr. Stokes, Board members voted unanimously to approve the resolution as reflected below:

AYES:

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

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.

Chairman Simon called for a vote on **Item 17** as follows and Board members voted unanimously to approve the resolution:

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.

Chairman Simon invited Mr. Fulford and his wife, Sherri, to come forward and Ms. Atkins read **ITEM 18** as follows. On motion by Mr. Windom, seconded by Mr. Shumock, the Board voted unanimously to approve the resolution. Mr. Fulford thanked Ms. Fulford for her support, reflected on the University's progress and said it had been a privilege to serve.

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.

Chairman Simon invited Mr. Bill Burnsed to come forward and Ms. Tuckson read **ITEM 8** as follows. On motion by Mr. Shumock, seconded by Mr. Graham, the Board voted unanimously to approve the resolution. Mr. Burnsed shared biographical details and talked about the meaning of an education. He said he was glad he could help others achieve their educational pursuits.

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*.

Chairman Simon invited Mr. Abe Mitchell to come forward and Mr. Shumock read **ITEM 8.A** as follows. On motion by Mr. Windom, seconded by Capt. Jenkins, the Board voted unanimously to approve the resolution. Mr. Yance talked about the benefits Hancock Whitney Stadium would make possible for the University and conveyed enthusiasm for the designation of Abraham A. Mitchell Field, adding that Mr. Mitchell had been keenly involved in various aspects of the stadium project. Mr. Mitchell encouraged participation in the *100 Days | 100 Donors Mitchell Match Campaign*, emphasizing that he would match gifts ranging from $500 to $250,000. He shared appreciation for donors supporting his challenge to give:

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*.

There being no further business, the meeting was adjourned at 2:17 p.m.

Attest to:

_____
Arlene Mitchell, Secretary

Respectfully submitted:

_____
Kenneth O. Simon, Chair *pro tempore*

RESOLUTION

2019-2020 BOARD MEETING SCHEDULE

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

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

Friday, September 13, 2019

Thursday, December 5, 2019

Friday, March 6, 2020

Friday, June 5, 2020, and

FURTHER, BE IT RESOLVED that the date of June 5, 2020, be designated as the annual meeting of the University of South Alabama Board of Trustees for 2019-2020.

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

AUDIT COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

AUDIT COMMITTEE

March 15, 2019
9:30 a.m.

A meeting of the Audit Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Jimmy Shumock, Chair, on Friday, March 15, 2019, at 9:34 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Alexis Atkins, Ron Graham, Ron Jenkins and Jimmy Shumock.
Member Absent:	Scott Charlton.
Other Trustees:	Chandra Brown Stewart, Tom Corcoran, Steve Furr, Arlene Mitchell, Lenus Perkins, Ken Simon, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance.
Administration and Others:	Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Haskins, David Johnson, Nick Lawkis, Mike Mitchell, Grace Newcombe (SGA), John Smith, Margaret Sullivan, Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Shumock called for consideration of the minutes of the meeting held on December 6, 2018. On motion by Ms. Atkins, seconded by Capt. Jenkins, the Committee voted unanimously to adopt the minutes.

Mr. Shumock called on Mr. Weldon to discuss the KPMG report on the intercollegiate athletics department for the year ended September 30, 2018, **ITEM 6**. Mr. Weldon stated this annual report, a requirement of the National Collegiate Athletics Association (NCAA) bylaws, addressed compliance with agreed-upon procedures of the NCAA. He said the report did not contain significant exceptions.

There being no further business, the meeting was adjourned at 9:36 a.m.

Respectfully submitted:

_____
James H. Shumock, Chair

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE

March 15, 2019
9:36 a.m.

A meeting of the Development, Endowment and Investments Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Jim Yance, Chair, on Friday, March 15, 2019, at 9:36 a.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:	Alexis Atkins, Steve Furr, Ron Graham, Arlene Mitchell, Lenus Perkins, Jimmy Shumock and Ken Simon.
Administration and Others:	Terry Albano, Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Haskins, David Johnson, Nick Lawkis, Mike Mitchell, Grace Newcombe (SGA), Norman Pitman, John Smith, Margaret Sullivan, Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Yance called for adoption of the revised agenda. On motion by Dr. Stokes, seconded by Ms. Tuckson, the revised agenda was adopted unanimously. Mr. Yance called for consideration of the minutes of the meeting held on December 6, 2018. On motion by Mr. Windom, seconded by Mr. Corcoran, the Committee voted unanimously to adopt the minutes.

Mr. Yance called on Mr. Albano and Mr. Pitman to present endowment and investment performance for the 2019 fiscal year through February 28, **ITEM 7**. Mr. Albano reported that the investment return of -1.86 percent underperformed the relative index of -1.02 percent by 84 basis points. Mr. Pitman shared market insight in context with manager performance. Mr. Albano reviewed asset allocation and advised of an annualized performance since inception of 5.19 percent vs. the index of 4.33 percent, an outperformance by 86 basis points. He stated the Committee would receive updates on fundraising and investment progress related to the Hancock Whitney partnership.

Mr. Yance asked Ms. Sullivan to discuss **ITEM 7.A**, a resolution authorizing adoption of a revised *Building and Program Naming Guidelines and Minimum Gift Levels for Named Endowments Policy* (to view approved resolutions, policies and other authorizations, refer to the minutes of the Board of Trustees meeting held on March 15, 2019). Ms. Sullivan explained that language pertaining to authority to name buildings, streets and portions of facilities was modified slightly to more accurately reflect the intent of the guidelines. On motion by Dr. Stokes, seconded by Mr. Corcoran, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

As to **ITEM 8**, a resolution recognizing USA alumnus Mr. Bill Burnsed for a significant gift to the College of Engineering and authorizing the naming of the *William B. Burnsed, Jr., Department of Mechanical Engineering*, Ms. Sullivan shared background details on Mr. Burnsed and his contributions to the University. On motion by Dr. Stokes, seconded by Mr. Corcoran, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Ms. Sullivan introduced **ITEM 8.A**, a resolution conveying gratitude to Mr. Abe Mitchell for his longstanding leadership and philanthropic support benefitting the University of South Alabama and authorizing the football field at Hancock Whitney Stadium be named *Abraham A. Mitchell Field*. Ms. Sullivan advised that Mr. Mitchell's recent $5 million gift would help fund construction of Hancock Whitney Stadium and be used as a challenge match to attract additional giving. On motion by Mr. Windom, seconded by Capt. Jenkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Yance called for an update on the activities of the Division of Development and Alumni Relations, **ITEM 9**. Ms. Sullivan reported approximately $8.2 million raised for the Upward & Onward Campaign in fiscal year 2019 through March 11, and approximately $132 million secured throughout the campaign. She stated 10,820 new donors had been identified since inception of the campaign in 2013; $86 million had been committed to endowments supporting students and faculty; and the recent South Fund employee drive closed with a 60 percent participation rate. Concerning the second annual USA Giving Day held February 14, she reported $314,390 raised by 1,048 donors, constituting a 9.5 percent increase in donor participation and a 65 percent increase in online gifts. Dr. Stokes, Campaign Co-Chair, said the campaign was progressing ahead of schedule and he credited the Development team for the positive momentum. He said Mr. Mitchell's gift advanced the campaign to 92 percent of the $150 million campaign goal achieved. He mentioned the possibility of Blue Cross and Blue Shield of Alabama expanding scholarships for medical students interested in serving rural areas. He encouraged the South Alabama community to remain engaged and contact the Development staff about potential donors.

There being no further business, the meeting was adjourned at 9:50 a.m.

Respectfully submitted:

_____
James A. Yance, Chair



University of South Alabama Endowment Investment Performance Review/Analysis

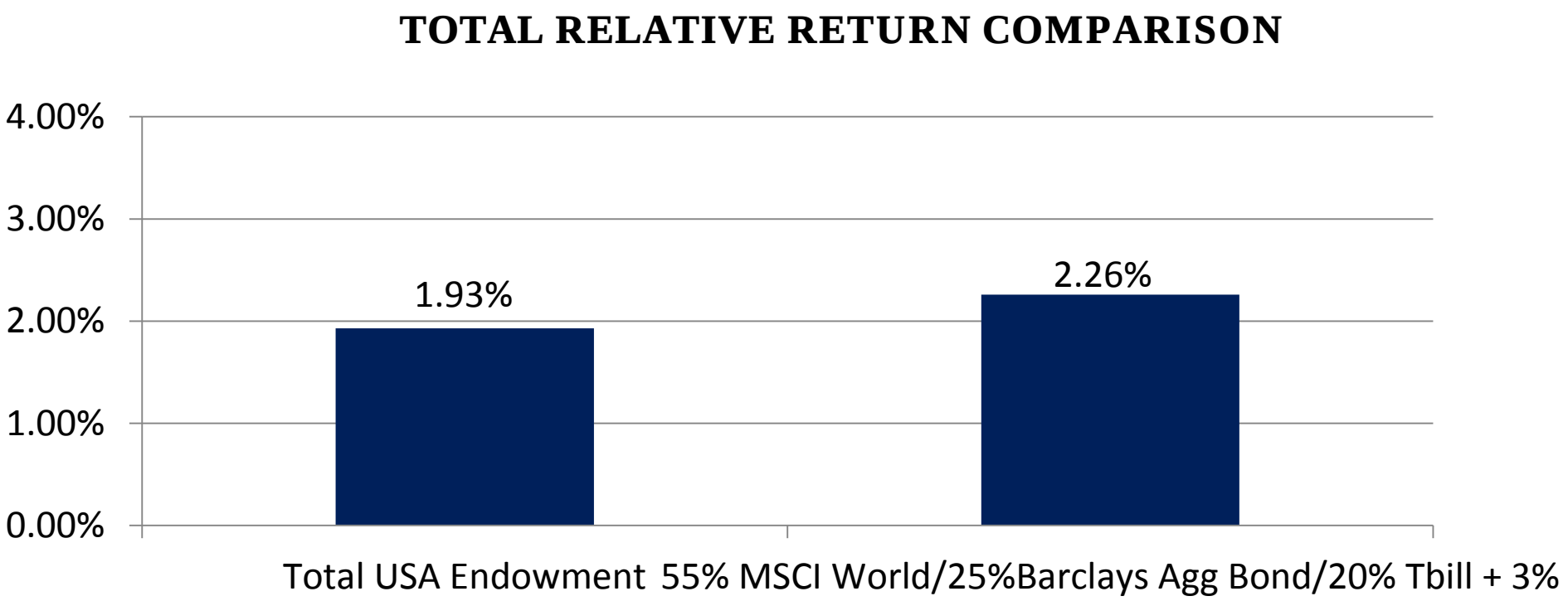
Fiscal Year 2019

UNIVERSITY OF SOUTH ALABAMA

Total USA Endowment

October 1, 2018 — April 30, 2019

Total Fund Performance

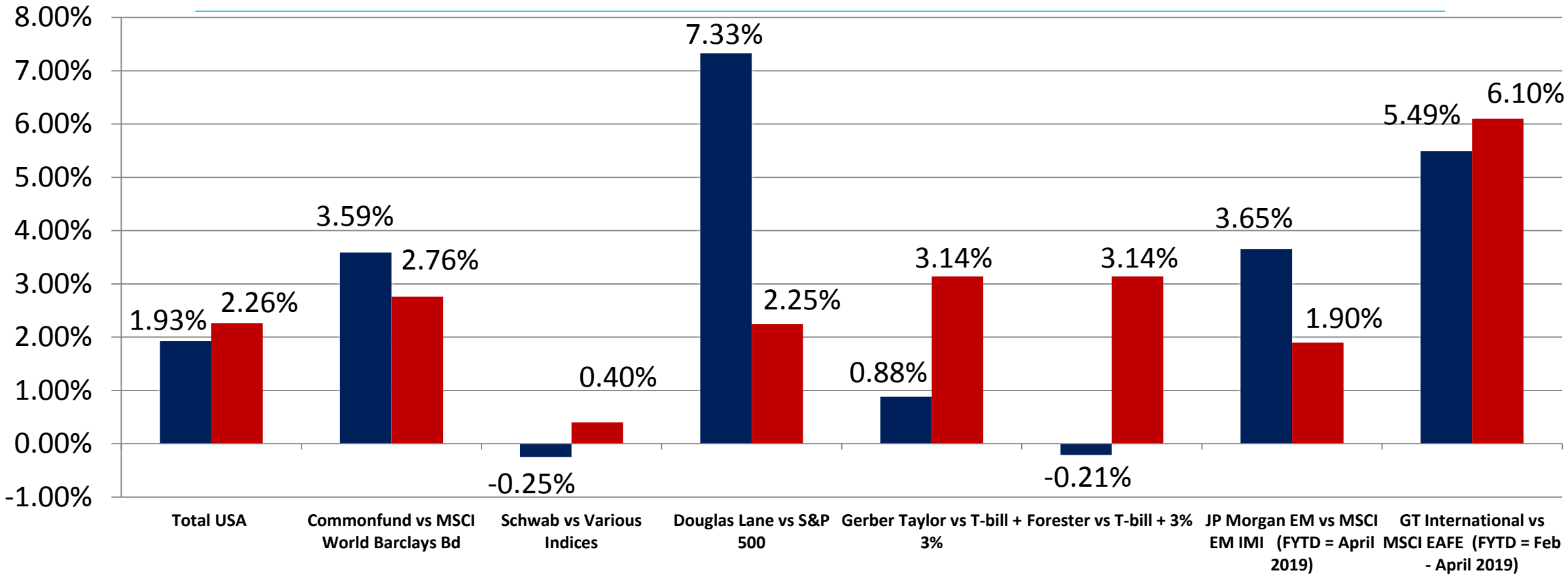


Underperformance: (0.33) %

Total USA Endowment

October 1, 2018 — April 30, 2019

Total Fund Performance



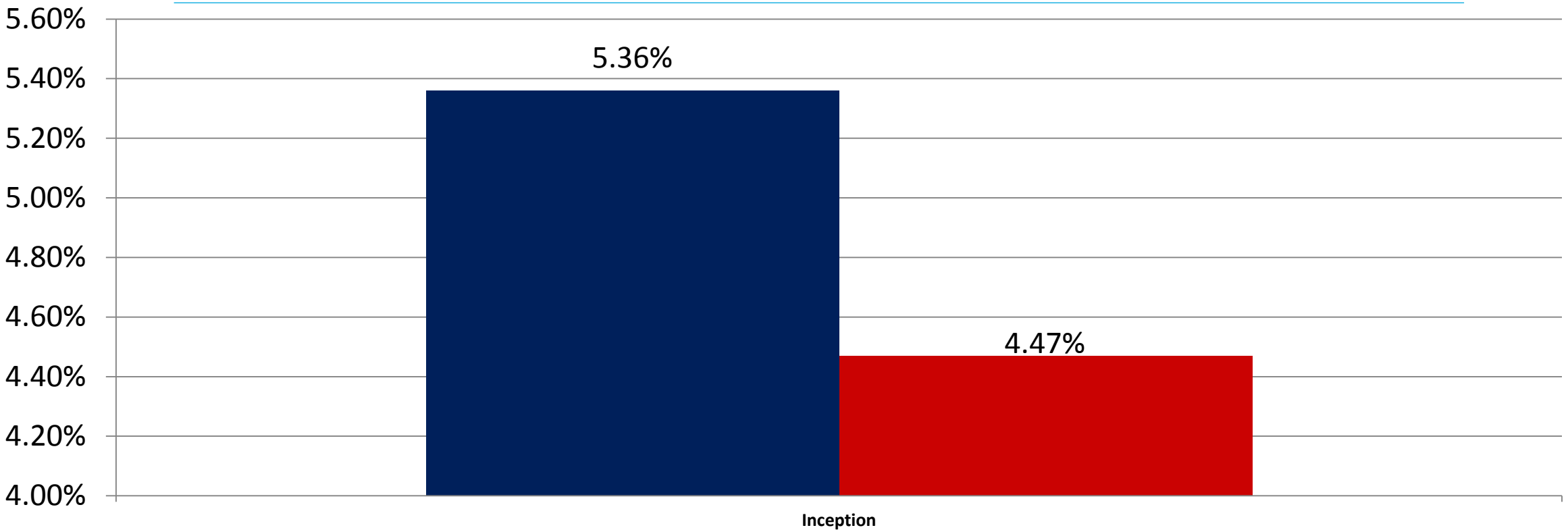
Total USA Endowment

Asset Allocation Breakdown

Manager	Money Market	Large Cap Equity	Small Cap Equity	International	Fixed	Private Equity	Hedge	Total	%
Schwab	$ 1,964	$ 8,186,501	$ 4,545,033	$ 9,054,605	$ 5,835,929	$ -	$ -	$ 27,624,032	17%
Doug Lane	$ 50,932	$ 6,076,453	$ -	$ -	$ -	$ -	$ -	$ 6,127,385	4%
Common Fund	$ -	$ 30,195,871	$ -		$ 20,646,471	$ -	$ -	$ 50,842,342	32%
Gerber Taylor	$ -	$ -	$ -	$ 5,696,652	$ -	$ -	$ 30,962,978	$ 36,659,630	23%
Common Fund PE	$ -	$ -	$ -	$ -	$ -	$ 2,205,116	$ -	$ 2,205,116	1%
JP Morgan PE	$ -	$ -	$ -	$ -	$ -	$ 412,778	$ -	$ 412,778	0%
JP Morgan EM	$ -	$ -	$ -	$ 3,109,643	$ -	$ -	$ -	$ 3,109,643	2%
Hancock Whitney	$ 5,269,896	$ 12,044,702	$ 2,972,496	$ -	$ 9,897,826	$ -	$ -	$ 30,184,920	19%
Forester	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,014,911	$ 1,014,911	1%
Total	**$ 5,322,792**	**$ 56,503,527**	**$ 7,517,529**	**$ 17,860,899**	**$ 36,380,225**	**$ 2,617,894**	**$ 31,977,889**	**$ 158,180,757**	**100%**
%	3%	36%	5%	11%	23%	2%	20%	100%	
Policy %		25-55%	3-8%	5-15%	15-35%	0-10%	10-30%	100%	

Total USA Endowment

Annualized Inception to Date Performance



Outperformance: 0.89%

Total USA Endowment

Presentation Summary

1. **Fiscal Year To Date: Underperforming by (0.33) %: 1.93% vs 2.26%**

2. **Three out of seven managers have outperformed FYTD.**

University of South Alabama

June 5, 2019

Your Primary Contacts:

Jacob J. Hartl, CFA
VP, Senior Portfolio Manager
Phone: 228-822-4374
Email: Jacob.hartl@hancockwhitney.com

Eric Knoll
VP, Institutional Trust
Phone: 251-665-1670
Email: Eric.knoll@hancockwhitney.com

Angela Dunn, CPA
VP, Middle Market Banking
Phone: 251-665-1667
Email: Angela.Dunn@hancockwhitney.com



Disclosure

Investment products and services, such as brokerage, advisory accounts, annuities, and insurance are offered through Hancock Whitney Investment Services, Inc., a registered broker/dealer, member of FINRA/SIPC and an SEC-Registered Investment Advisor.

Hancock Whitney Bank offers other investment products, which may include asset management accounts as part of its Wealth Management Services.

Hancock Whitney Bank and Hancock Whitney Investment Services Inc. are both wholly owned subsidiaries of Hancock Whitney Corporation.

Investment and Insurance products:

ARE NOT BANK GUARANTEED	ARE NOT A DEPOSIT	MAY LOSE VALUE	ARE NOT FDIC INSURED	ARE NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Investment expertise comes from an experienced asset management team

An Experienced Asset Management Team

The investment expertise and experience of our Asset Management Team rivals many leading wealth management firms. Our asset management team is made up of:



48 Dedicated Investment Professionals

Professionals focused on research, sector analysis, security selection, manager due diligence and portfolio design



17 Chartered Financial Analysts

Members of our team have earned the Chartered Financial Analyst® (CFA) designation - the highest distinction in the investment management profession



30 Years Of Experience

A highly tenured leadership team with an average of 30 years of investment experience

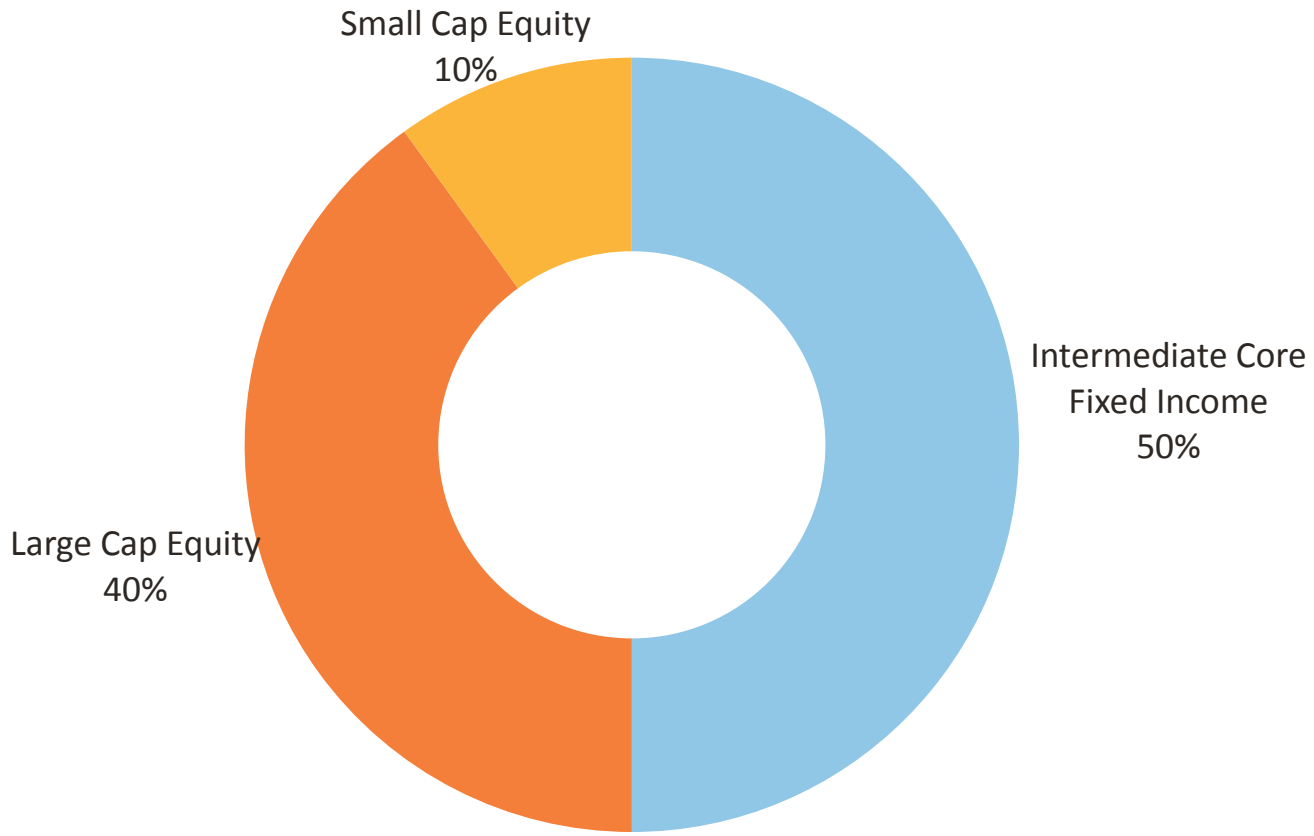


$9 Billion Under Management

As of Q4 2018, the team manages over $9 billion for high net worth and institutional clients

Target Endowment Allocation

Asset Class	Market Value	%
Intermediate Core Fixed Income	$ 15,000,000	50%
Large Cap Equity	$ 12,000,000	40%
Small Cap Equity	$ 3,000,000	10%
Total	**$ 30,000,000**	**100%**



HANCOCK WHITNEY

Fixed Income Strategy
Core Intermediate Taxable

Fixed Income Process

Economic Overview	
Economy	Fiscal Policy
Inflation	Political Environment
Monetary Policy	Federal Reserve
Yield Curve Shape	



Sector Analysis	
Relative Value	Technical Imbalances
Supply/Demand	Historical Spreads



Security Selection	
Credit Quality	Duration
Liquidity	Supply
Maturity	Pricing



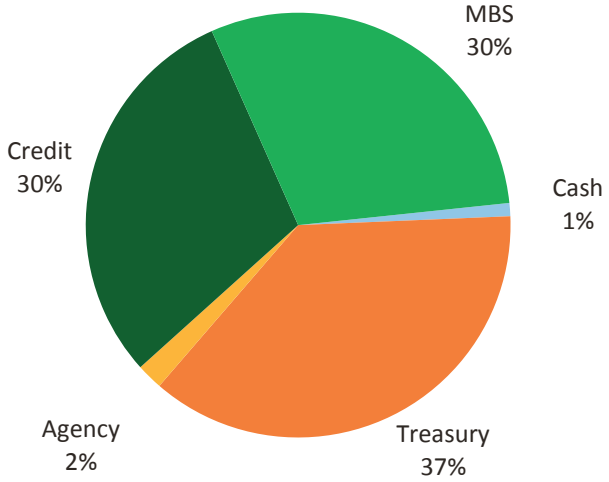
Portfolio Structure/Composition	
Average Duration	Average Income
Average Maturity	Average Quality
Barbell/Ladder	

Top Down Investment Approach

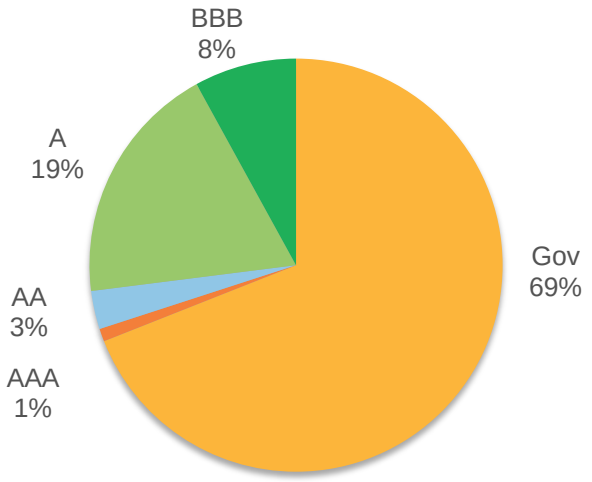
- Portfolio construction is an ongoing process guided by current economic and market conditions and tempered by portfolio objectives and stated constraints.
- **Core Fixed Income Strategy:**
  - Focuses on core domestic fixed income securities with a concentration on investment grade bonds of intermediate-term duration.
  - Four primary market sectors: U.S. Treasury, U.S. Agency, Agency Mortgage Back securities and Investment-grade Corporate securities.

Core Intermediate Taxable Fixed Income

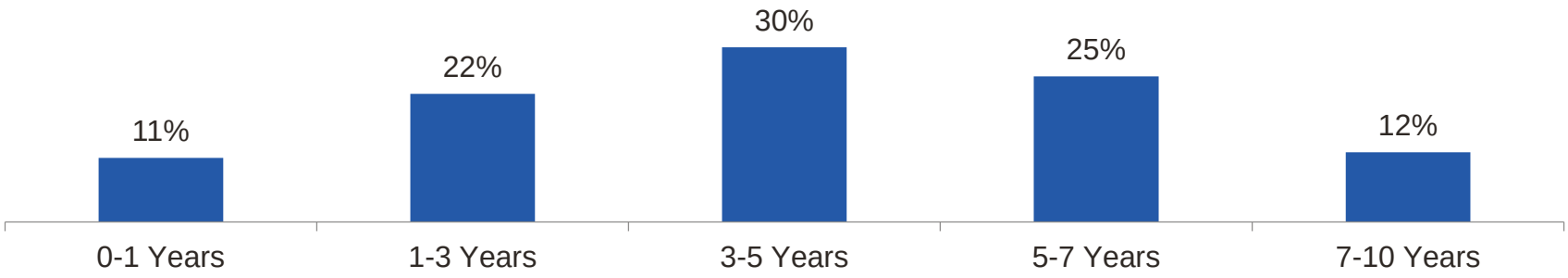
Sector Diversification



Quality Allocation



Maturity Schedule



Effective Maturity:	**4.55 Years**	**Average Quality:**	**AA**
Effective Duration:	**3.90 Years**	**Average Yield to Maturity**	**2.71%***

*Average Yield to Maturity is an estimate only and is subject to change based on market conditions

HANCOCK WHITNEY

Large Cap Leaders

Large Cap Leaders

Investment Strategy

- The Large Cap Leaders Strategy focuses on companies with a demonstrated ability to sustain competitive advantage through constant innovation.
- Hancock Whitney utilizes a disciplined and systematic method for identifying candidates for purchase: candidates are stocks of companies who display a degree of superiority in a combination of earnings growth, earnings quality, balance sheet strength, and value.
- The Large Cap Leaders strategy portfolio will have return, style, and volatility characteristics which align closely with the benchmark: the S&P500 Index, a core large capitalization index of US companies.
- Portfolio construction focuses on the ability to control exposure to active risk (relative to the benchmark) utilizing constraints on exposure to sector, style, and market factors.

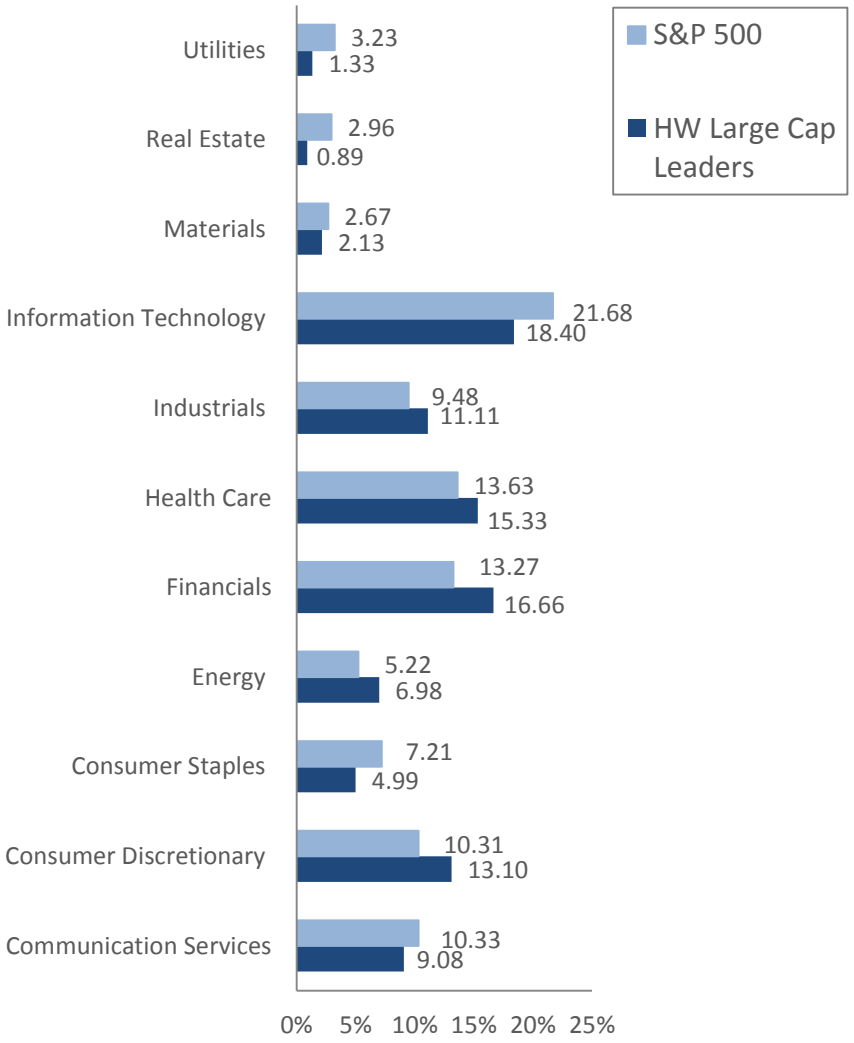
Investment Process



HANCOCK WHITNEY

Large Cap Leaders (as of 4/30/19)

Sector Diversification



Portfolio Characteristics

CHARACTERISTICS	Portfolio	S&P 500
Average Market Cap[1]	$134,053.80	$53,268.09
Weighted Market Cap[1]	$255,785.31	$246,677.96
P/E Ratio	19.58	20.31
P/B Ratio	3.52	3.20
Beta since inception	1.08	1.00
Standard Deviation[2]	11.63	10.85
Sharpe Ratio[2]	1.02	1.21

[1]Millions. [2]Annualized.

Holdings are subject to change. The top holdings, as well as other data, are as of the period indicated, and should not be considered a recommendation to purchase, hold, or sell any particular security. There is no assurance that any of the securities noted will remain in a portfolio at the time you receive this fact sheet. Actual holdings and percentage allocation in individual client portfolios may vary and are subject to change. It should not be assumed that any of the holdings discussed were, or will prove to be, profitable, or that the investment recommendations or decisions we make in the future will be profitable. A list of all securities held in this strategy in the prior year is available upon request.

HANCOCK WHITNEY

Large Cap Leaders

Leading Contributors and Detractors For period 12/31/2018 – 4/30/2019			
5 Highest	**Avg. Weight**	**Total Return**	**Contr.**
Apple Inc.	5.87	27.76	1.57
Amazon.com, Inc.	5.59	28.27	1.57
Veeva Systems Inc.	2.34	56.59	1.19
Facebook, Inc. Class A	2.52	47.53	1.11
Microsoft Corporation	3.09	29.13	0.85
5 Lowest			
AbbVie, Inc.	1.68	-11.64	-0.22
Biogen Inc.	0.79	-23.82	-0.16
Pfizer Inc.	1.53	-6.18	-0.10
CME Group Inc.	1.66	-4.49	-0.09
Humana Inc.	0.61	-10.66	-0.06

Top 10 Holdings (%)	
Apple Inc.	5.98
Amazon.com, Inc.	5.75
Microsoft Corporation	3.22
Visa Inc. Class A	2.96
Facebook, Inc. Class A	2.79
Intuitive Surgical, Inc.	2.54
Veeva Systems Inc Class A	2.51
JPMorgan Chase & Co.	2.51
Exxon Mobil Corporation	2.49
T-Mobile US, Inc.	2.48

Holdings subject to change

Regional Small Cap

Regional Small Cap

Investment Strategy

- The Regional Small Cap Strategy invests in under-valued small cap stocks generally not covered by Wall Street analysts. The portfolio typically consists of 70 to 100 equally-weighted stocks from firms based in and around the South's Gulf Coast region.
- Hancock Whitney uses quantitative analysis to screen for under-valued small cap stocks with a strong probability of earnings surprise, favorable earnings momentum, positive estimate revisions, and strong cash flow.
- Portfolio sector and industry weightings are derived from the individual stock selection process, which uses both quantitative and qualitative analysis, with heavy emphasis placed on fundamental analysis. The fundamental analysis focuses on company specific and external environment issues that are relevant to the stock decision.
- In addition to our own research, the Regional Small Cap strategy utilizes Tulane University's BURKENROAD REPORTS for individual company research. The BURKENROAD REPORTS is an educational program on investment research in which selected students at Tulane University's A.B. Freeman School of Business participate.

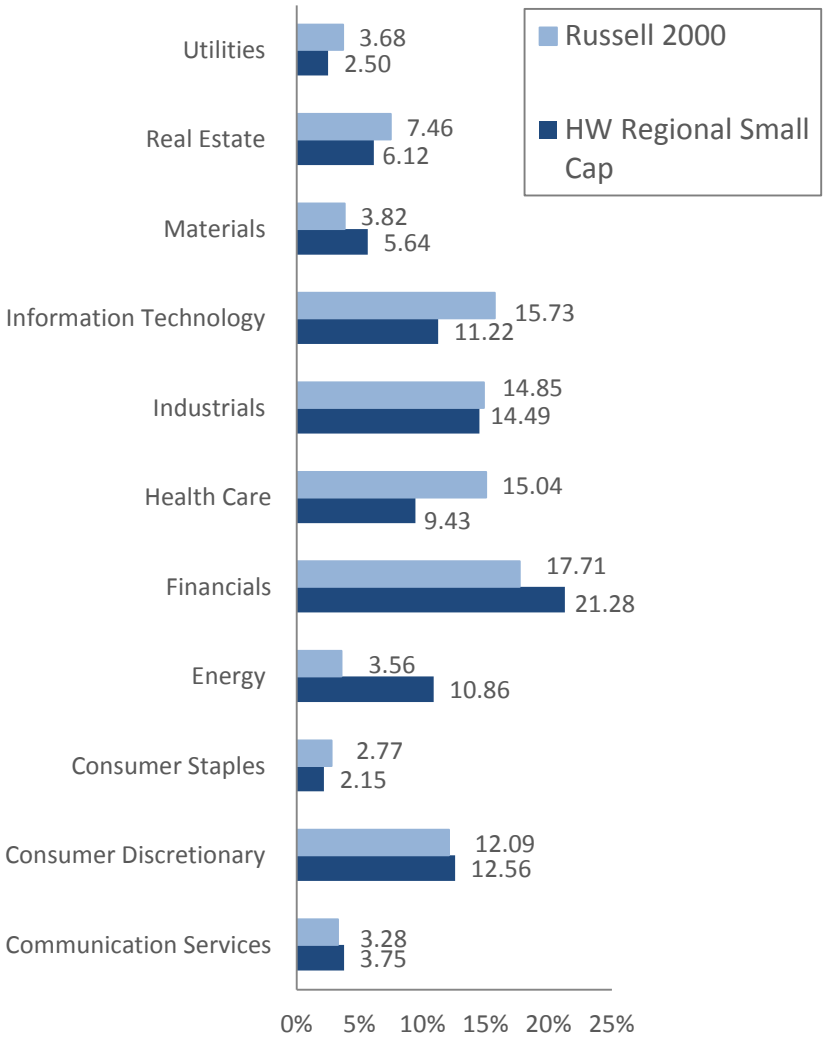
Investment Process



HANCOCK WHITNEY

Regional Small Cap (as of 4/30/19)

Sector Diversification



Portfolio Characteristics

CHARACTERISTICS	Portfolio	S&P 500
Average Market Cap[1]	$3,637.75	$1,253.17
Weighted Market Cap[1]	$3,804.92	$2,512.15
P/E Ratio	17.59	18.19
P/B Ratio	1.86	2.07
Beta since inception	1.07	1.00
Standard Deviation[2]	17.14	18.53
Sharpe Ratio[2]	0.55	0.47

[1]Millions. [2]Annualized.

Holdings are subject to change. The top holdings, as well as other data, are as of the period indicated, and should not be considered a recommendation to purchase, hold, or sell any particular security. There is no assurance that any of the securities noted will remain in a portfolio at the time you receive this fact sheet. Actual holdings and percentage allocation in individual client portfolios may vary and are subject to change. It should not be assumed that any of the holdings discussed were, or will prove to be, profitable, or that the investment recommendations or decisions we make in the future will be profitable. A list of all securities held in this strategy in the prior year is available upon request.

HANCOCK WHITNEY

Regional Small Cap

Leading Contributors and Detractors For period 12/31/2018 – 4/30/2019			
5 Highest	**Avg. Weight**	**Total Return**	**Contr.**
Gray Television, Inc.	1.85	58.96	0.88
TopBuild Corp.	1.57	58.29	0.74
Cirrus Logic, Inc.	1.71	43.40	0.61
Match Group, Inc.	1.61	41.22	0.57
Alamo Group Inc.	1.86	34.40	0.57
5 Lowest			
Universal Insurance Holdings, Inc.	1.52	-21.04	-0.35
Tailored Brands, Inc.	0.39	-42.30	-0.27
National Beverage Corp.	1.27	-21.97	-0.26
GameStop Corp. Class A	0.95	-29.08	-0.26
Exterran Corp.	0.93	-19.66	-0.17

Top 10 Holdings (%)	
Gray Television, Inc.	1.96
FirstCash, Inc.	1.94
Tech Data Corporation	1.94
Kforce Inc.	1.89
Cirrus Logic, Inc.	1.89
Primerica, Inc.	1.89
International Bancshares Corp	1.88
United Community Banks, Inc.	1.87
Chart Industries, Inc.	1.85
Alamo Group Inc.	1.85

Holdings subject to change

Your Team

Trust and Asset Management Team

Jacob Hartl, CFA
Vice President
Senior Portfolio Manager

Jacob Hartl is Senior Portfolio Manager for Hancock Whitney Bank and serves as fund manager for the Hancock Horizon Quantitative Long Short Fund. He also serves as a senior analyst for U.S. equity strategies covering financial and healthcare sectors and manages discretionary portfolios for high net worth individuals and institutional clients. He has been in the financial industry for 19 years, with 10 years as a member of the Hancock Whitney team. Prior to joining Hancock Whitney, Jacob served as a portfolio manager for SunTrust Bank in their Private Wealth Management Group. In addition to portfolio management responsibilities involving equities, bonds and alternative investments, he was a member of the investment group's fixed income strategy committee. His experience also includes analytic and asset allocation responsibilities in Morgan Keegan's Investment Management Consulting Group. He received his B.S. in Finance and his M.B.A. from Arkansas State University, and holds the Chartered Financial Analyst designation.

Eric Knoll
Vice President
Institutional Trust

Eric Knoll is a trust relationship manager at Hancock Whitney Bank, where he is responsible for managing client relationships. Eric has been in the banking industry for 22 years, with 2 years as a member of the Hancock Whitney team. Prior to joining Hancock Whitney, Eric worked for U.S. Bank, BNY Mellon and Regions Financial Corporation. Eric has a Bachelor's of Business Administration from George Washington University and a Masters of Business Administration from Mercer University.

RESOLUTION

RECOGNITION OF MR. JIM FUCHS, MS. ALEXIS ATKINS AND BUDWEISER-BUSCH DISTRIBUTING CO., INC.

WHEREAS, the University of South Alabama is a leading comprehensive public university recognized for educational, research and health care excellence, as well as for its positive intellectual, cultural and economic impact on those it serves, and

WHEREAS, Jaguar Athletics is an integral component of the University, and contributes to the University mission by advancing academic and athletic excellence among student-athletes, enlivening campus life, engaging alumni and friends throughout the nation and supporting economic development for the Gulf Coast region, and

WHEREAS, Mr. Jim Fuchs, Ms. Alexis Atkins and Budweiser-Busch Distributing Co., Inc., are ardent supporters of Jaguar Athletics, distinguishing themselves by becoming the football program's first corporate donors in 2008 and providing visionary leadership for the business community across the region, and

WHEREAS, Mr. Fuchs, Ms. Atkins and Budweiser-Busch Distributing Co., Inc., have generously committed $1 million to assist the University of South Alabama in building the state-of-the-art Hancock Whitney Stadium, a facility that will expand and enhance awareness of the University of South Alabama and the City of Mobile, as well as the competitiveness of the Jaguar Athletics program, and

WHEREAS, Ms. Atkins has distinguished herself through dedicated service to the University of South Alabama as a member of the Board of Trustees, past president of the USA National Alumni Association, and board member of the Jaguar Athletic Fund, and has promoted the progress of the University's fundraising campaigns as a volunteer leader and generous donor,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees commends and thanks Mr. Jim Fuchs, Ms. Alexis Atkins and Budweiser-Busch Distributing Co., Inc., for their loyal support of the University and the USA Jaguars football program, and

BE IT FURTHER RESOLVED that, in recognition of the exemplary partnership between the University of South Alabama and Mr. Fuchs, Ms. Atkins and Budweiser-Busch Distributing Co., Inc., the south terrace of Hancock Whitney Stadium will be known as the *Michelob Ultra Terrace*.

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Development and Alumni Relations

Date:
May 1, 2019

To:
Dr. Tony Waldrop
President

From:
Margaret Murray Sullivan
Vice President
Development and Alumni Relations

Subject:
Budweiser Terrace Resolution

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

This resolution commends the philanthropy of Jim Fuchs, Alexis Atkins and Budweiser-Busch Distributing Co., Inc., 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 generosity of Jim Fuchs, Alexis Atkins and Budweiser-Busch Distributing Co., Inc., and will declare that the south terrace of Hancock Whitney Stadium will hereafter be known as the Budweiser Terrace.

MMS/kp

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

HEALTH AFFAIRS COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

HEALTH AFFAIRS COMMITTEE

March 15, 2019
9:50 a.m.

A meeting of the Health Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Dr. Steve Furr, Chair, on Friday, March 15, 2019, at 9:50 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Alexis Atkins, Chandra Brown Stewart, Steve Furr, Arlene Mitchell and Steve Stokes.
Member Absent:	Scott Charlton.
Other Trustees:	Tom Corcoran, Ron Graham, Ron Jenkins, Lenus Perkins, Jimmy Shumock, Ken Simon, Margie Tuckson, Mike Windom and Jim Yance.
Administration and Others:	Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Haskins, David Johnson, Nick Lawkis, Mike Mitchell, Grace Newcombe (SGA), John Smith, Margaret Sullivan, Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Dr. Furr called for consideration of the minutes of the meeting held on December 6, 2018. On motion by Dr. Stokes, seconded by Ms. Atkins, the Committee voted unanimously to adopt the minutes.

Dr. Furr called on Mr. Bailey to report on the activities of USA Health and the College of Medicine (COM), **ITEM 10**. Mr. Bailey noted that Match Day for medical students was occurring simultaneous to the meeting. On Dr. Marymont's behalf, he gave an update on the LCME's (Liaison Committee on Medical Education) review of the COM program, advising that notification of full accreditation was received in February. He talked about the importance of LCME accreditation; described the exhaustive preparation process, for which he credited Department of Medical Education Professor Dr. Susan LeDoux for her leadership role; and shared that the LCME team was complimentary of the South's program and had issued only minor recommendations. It was noted that the accreditation reviews take place every eight years.

Mr. Bailey provided information about a new residency program in emergency medicine. He said the three-year program, which took two years to develop, was approved in January to begin in July with a class of six students. He added the program would address a significant lack of available emergency physicians in the state and noted that, with an enrollment of 18 students in three-years' time, Alabama's emergency room physicians in training would increase by 60 percent. He acknowledged Department of Emergency Medicine Chair Dr. Ed Panacek and his team for their efforts and advised that 400 applications had been received over a four-week period – a demonstration of the high demand for emergency physician training.

There being no further business, the meeting was adjourned at 9:55 a.m.

Respectfully submitted:

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

RESOLUTION

USA HOSPITALS MEDICAL STAFF BYLAWS AND RULES AND REGULATIONS REVISIONS

WHEREAS, revisions to the USA Hospitals Medical Staff Bylaws and Rules and Regulations, attached hereto as approved at the April 29, 2019, Medical Staff meeting that was held electronically via email, are recommended for Board 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.

Description of Proposed Changes to USA Hospitals Medical Staff Bylaws/Rules and Regulations Approved at the USA Health Hospitals General Medical Staff Meeting held on April 25, 2019

Medical Staff Bylaws

1) **ARTICLE XIII – APPOINTMENTS**
Section 13.01- Submission of Application
Revised to reflect current practice of completing a privilege checklist every appointment cycle instead of every other appointment cycle.
Rationale: This wording change will match the current reappointment practice.

2) **ARTICLE XXIX – History and Physical Examination**
Section 29.01 – Content
Revised to specify the minimal essential elements required for an admission or pre procedures physical examination.
Rationale: Revision needed based on the Joint Commission survey action plan requirement.

Medical Staff Rules and Regulations

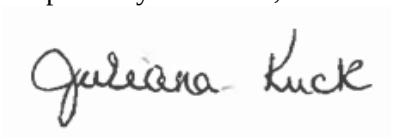
1) **3.2.2 Progress notes**
Added on the day of discharge the discharge summary could be considered the daily progress note when completed on the day of discharge.
Rationale: Encouraging timely completion of the discharge summary and minimizing documentation requirements on the day of patient discharge.

UNIVERSITY OF SOUTH ALABAMA HOSPITALS
MEDICAL STAFF MEETING MINUTES
April 25, 2019

The meeting of the University of South Alabama Hospitals Medical Staff was held electronically via email on Thursday, April 25, 2019.

This meeting was for the purpose of voting on proposed revisions of the Medical Staff Bylaws/Rules and Regulations. An email from Michael Chang, MD, Chief Medical Officer was sent to all Medical Staff Active members eligible to vote. Included in the email were the proposed revisions and a description of those revisions for review and consideration. It was requested that the recipients review the revisions and cast an approve/not approve vote via a return email to sender. The proposed revisions were approved.

Respectfully submitted,



Juliana Kuck
Medical Staff Credentialing Coordinator

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

USA Health

Date:
May 2, 2019

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

From:
Owen Bailey
CEO

Subject:
Board Meeting Documents

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

Resolution – University of South Alabama Hospitals Medical Staff Bylaws and Rules and Regulations Revisions of April 25, 2019

- Proposed Changes to University of South Alabama Hospitals Medical Staff Bylaws and Rules and Regulations
- University of South Alabama Hospitals Medical Staff Meeting Minutes – April 25, 2019

OB/kh

Attachments

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

ACADEMIC AND STUDENT AFFAIRS COMMITTEE

March 15, 2019
9:55 a.m.

A meeting of the Academic and Student Affairs Committee of the University of South Alabama Board of Trustees was duly convened by Dr. Steve Furr, Vice Chair, on Friday, March 15, 2019, at 9:55 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Alexis Atkins, Steve Furr, Ron Graham, Lenus Perkins, Margie Tuckson and Mike Windom.
Member Absent:	Scott Charlton.
Other Trustees:	Chandra Brown Stewart, Tom Corcoran, Ron Jenkins, Arlene Mitchell, Jimmy Shumock, Ken Simon, Steve Stokes and Jim Yance.
Administration and Others:	Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Haskins, David Johnson, Nick Lawkis, Mike Mitchell, Grace Newcombe (SGA), Matthew Reichert, John Smith, Margaret Sullivan, Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

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

Dr. Furr called on Ms. Chronister, who announced the appointment of Dr. Matthew Reichert as Assistant Vice President for Research subsequent to a national search. Dr. Reichert talked about his new role and the advancement of the University's research program. Chairman Simon presented a plaque to Dr. Reichert in recognition of his service as Faculty Senate President for most of the 2018-2019 academic year. He said Dr. VandeWaa would assume her former position as Faculty Senate President for the remainder of the academic year.

Dr. Furr asked Dr. Johnson to address **ITEM 11**, a resolution authorizing resident tuition as set forth (to view approved resolutions, policies and other authorizations, refer to the minutes of the Board of Trustees meeting held on March 15, 2019). Dr. Johnson explained the recommendation to revise the tuition policy such that domestic, out-of-state students who receive scholarships for qualifying academic achievement might be classified as resident students for tuition purposes. He noted the recommendation was consistent with Alabama statute and other institutions had adopted similar tuition plans. He outlined the implications, such as improved recruitment rates, growth of the pool of high-achieving students, and a positive economic impact for the state. He conveyed confidence that, within two years, the University would be able to recruit the 90 additional out-of-state students needed to offset the revenue differential. On motion by Mr. Perkins, seconded by Mr. Windom, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Furr called for consideration of the minutes of the meeting held on December 6, 2018. On motion by Mr. Windom, seconded by Mr. Perkins, the Committee voted unanimously to adopt the minutes.

There being no further business, the meeting was adjourned at 10:06 a.m.

Respectfully submitted:

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

on behalf of:

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

RESOLUTION

PROFESSOR EMERITUS

WHEREAS, Dennis W. Fell, MD, PT, Professor of Physical Therapy, has retired from the University of South Alabama, and

WHEREAS, in recognition of Dr. Fell's contributions to the University through extraordinary teaching technique and in the generation of new knowledge through research and scholarship; in serving to positively inspire students; and through dedication to the treatment and healing of patients, all for which, in accordance with University policy, the applicable faculty committee, Chair of the Department of Physical Therapy, Dean of the Pat Capps Covey College of Allied Health Professions, Provost and Senior Vice President for Academic Affairs, and President have duly recommended that he be appointed to the rank of Professor Emeritus,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby appoints Dr. Dennis W. Fell to the rank of Professor Emeritus with the rights and privileges thereunto appertaining, and

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

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Academic Affairs

Date:
May 2, 2018

To:
Tony Waldrop

From:
G. David Johnson

Subject:
Emeritus Recommendations

In accordance with recommendations by the faculty, chairs and deans of the respective disciplines and colleges I recommend that the retired University of South Alabama faculty member listed below be granted the status of *Professor Emeritus, appropriate for their respective rank at retirement* effective upon approval by you and the Board of Trustees.

- Dennis W. Fell, Professor of Physical Therapy (Professor Emeritus)

Thank you,

GDJ/rmh

RESOLUTION

TENURE AND PROMOTION

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

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves and grants tenure and/or promotion to the following individuals effective August 15, 2019.

PAT CAPPS COVEY COLLEGE OF ALLIED HEALTH PROFESSIONS:

Promotion to Associate Professor:
Inna Shokolenko

Promotion to Professor:
Brenda Beverly

COLLEGE OF ARTS AND SCIENCES:

Tenure:
Donald Beebe
Kara Burns
Susan Fitzsimmons
Alma Hoffmann
Jeffrey Krause
John Lehrter
David Messenger
Hosik Min
William Peterson

Promotion to Associate Professor:
Donald Beebe
Kara Burns
Alma Hoffman
Jeffrey Krause
Hosik Min
William Peterson

Promotion to Senior Instructor:
Jacob Dasinger

Promotion to Professor:
Benjamin Hill
Kimberly Zlomke

MITCHELL COLLEGE OF BUSINESS:

Tenure:
Ermanno Affuso
Amelia Baldwin
John Cummings
Gregory Prescott

Promotion to Associate Professor:
Ermanno Affuso
John Cummings
Gregory Prescott

COLLEGE OF EDUCATION AND PROFESSIONAL STUDIES:

Tenure:
Hank Bounds
Ryon McDermott

Promotion to Associate Professor:
Ryon McDermott

COLLEGE OF MEDICINE:

Tenure:
Ssang-Taek Lim
Michael T. Lin

Promotion to Professor:
Anthony G. Martino

Promotion to Associate Professor:
Sabrina G. Bessette
Ramachandra Bhat
William Bogan Brooks, III
Jason Luke Engeriser
Ssang-Taek Lim
Michael T. Lin

COLLEGE OF NURSING:

Promotion to Associate Professor:
John Elkins
Ashley Marass

Promotion to Senior Instructor:
Jeanene Cockrell

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

OFFICE OF ACADEMIC AFFAIRS

Date:
April 19, 2019

To:
Tony G. Waldrop

From:
G. David Johnson



Subject:
Faculty Tenure and Promotion Recommendations, 2019

Recommend Awarding Tenure:

Donald Beebe – Earth Sciences
David Messenger – History
Jeffrey Krause – Marine Sciences
John Lehrter – Marine Sciences
William Peterson – Music
Hosik Min – Sociology/Anthropology/Social Work
Kara Burns – Visual Arts
Susan Fitzsimmons – Visual Arts
Alma Hoffmann – Visual Arts
Amelia Baldwin – Accounting
Gregory Prescott – Accounting
Ermanno Affuso – Economics and Finance
John Cummings – Economics and Finance
Ryon McDermott –Counseling and Instructional Sciences
Hank Bounds – Leadership and Teacher Education

Recommend Promotion to Senior Instructor:

Jacob Dasinger – Mathematics and Statistics
Jeanene Cockrell – Community Mental Health Nursing

Recommend Promotion to Associate Professor

Inna Shokolenko – Biomedical Sciences
Donald Beebe – Earth Sciences
Jeffrey Krause – Marine Sciences
William Peterson – Music
Hosik Min – Sociology/Anthropology/Social Work
Kara Burns – Visual Arts
Alma Hoffman – Visual Arts
Gregory Prescott – Accounting
Ermanno Affuso – Economics and Finance
John Cummings – Economics and Finance
Ryon McDermott– Counseling and Instructional Sciences
John Elkins - Community Mental Health Nursing
Ashley Marass – Maternal Child Nursing

Recommend Promotion to Professor:

Brenda Beverly – Speech Pathology
Benjamin Hill – Psychology
Kimberly Zlomke - Psychology

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

Approved _____

Disapproved_____

GDJ/lat

UNIVERSITY OF SOUTH ALABAMA

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

FROM: John V. Marymont
Vice-President for Medical Affairs and Dean of the College of Medicine

Date: April 30, 2019

SUBJECT: College of Medicine Faculty Promotion and Tenure Recommendations, 2019

I recommend the awarding of promotion and tenure to College of Medicine faculty as specified below. Information for each faculty member is being forwarded for your review. With your approval, I request presentation of the recommendation to the Board of Trustees at the June meeting.

Promotion to Professor:
Dr. Anthony M. Martino

Promotion to Associate Professor:
Dr. Sabrina G. Bessette
Dr. Ramachandra Bhat
Dr. William Bogan Brooks, III
Dr. Jason Luke Engeriser
Dr. Ssang-Taek Lim
Dr. Michael T. Lin

Tenure:
Dr. Ssang-Taek Lim
Dr. Michael T. Lin

VICE PRESIDENT FOR MEDICAL AFFAIRS I DEAN, COLLEGE OF MEDICINE
CSAB 170 | 5795 USA Drive N. | Mobile, Alabama 36688-0002
TEL: (251) 341-3030 | FAX: (251) 341-3994

RESOLUTION

TUITION, FEES, AND HOUSING AND DINING RATES 2019-2020

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

WHEREAS, it has been determined that USA can maintain educational objectives and standards for excellence in its RN to BSN program while implementing a decrease in the tuition per credit hour for that program, which is hereby recommended, and

WHEREAS, the University continues to maintain outstanding educational and student services programs, and after extensive analysis of the financial needs of the University in 2019-2020 and beyond, the University Administration and Budget Council have determined that increases in charges for housing and dining fees are necessary, and

WHEREAS, student housing must address continuing maintenance, renovation, and technology needs in order to ensure high-quality on-campus accommodations,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama approves the RN to BSN program tuition reduction and the recommended housing and dining rates for the 2019-2020 academic year as set forth in the attached schedules.

University of South Alabama

2019-2020 Tuition & Fees

Web Course per-Hour Tuition

32% Tuition Decrease

Student Classification	Current tuition	Proposed tuition	Change
	2018-2019	**2019-2020**	
Nursing - RN to BSN	$482	$328	**($154)**

2019-2020 Cost of Attendance

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

University of South Alabama @ 0% Tuition Increase (proposed)	
EXPENSE	**2019-2020 COST**
Tuition & Fees	$10,070
Room*	$5,300
Board**	$3,700
Books	$1,200
Parking Permit (processing/mailing)	$5
TOTAL	**$20,275**

*Room: Camellia Hall - 2 bed w/ private bath

**Board: Unlimited meals with $175 bonus bucks

Auburn University @ 2.0% Tuition Increase	
EXPENSE	**2019-2020 COST**
Tuition & Fees	$11,492
Room*	$9,800
Board**	$3,980
Books	$1,200
Parking Permit	$180
TOTAL	**$26,652**

*Room: The Village - 2 bed with bath

**Board: 15 meals per week

University of Alabama @ 0% Tuition Increase	
EXPENSE	**2019-2020 COST**
Tuition & Fees	$11,590
Room*	$7,700
Board**	$4,636
Books	$1,200
Parking Permit	$320
TOTAL	**$25,446**

*Room: Blount Hall- 2 bed with private bath

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

University of Alabama at Birmingham @ 0% Tuition Increase	
EXPENSE	**2019-2020 COST**
Tuition & Fees	$11,160
Room*	$6,400
Board**	$4,200
Books	$1,200
Parking Permit	$80
TOTAL	**$23,040**

*Room: Blazer Hall - 2 bed with 2 bath suite

**Board: Blazer 2 plan- 150 meals per semester w/ $300 flex dollars

Troy University @ 0% Tuition Increase	
EXPENSE	**2019-2020 COST**
Tuition & Fees	$11,310
Room*	$4,592
Board**	$3,593
Books	$1,200
Parking Permit	$100
TOTAL	**$20,795**

*Room: Newman Center 2 bed with bath suite

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

Tuition and Fees Analysis
Years 2018-2019/2019-2020

Student tuition and fees for undergraduate, resident students

With 0% increase for USA

University	Tuition & Fees Combined	
	2018-2019	2019-2020
University of Montevallo	$12,760	$12,760
University of Alabama	$11,590	$11,590
Troy University	$11,310	$11,310
Auburn University	$11,276	$11,492
Jacksonville State University	$11,120	$11,120
Alabama State University	$11,068	$11,068
University of Alabama in Huntsville	$10,720	$10,720
University of Alabama at Birmingham	$11,160	$11,160
Auburn University at Montgomery	$10,390	$10,660
University of North Alabama	$10,370	$10,370
University of South Alabama	**$10,070**	**$10,070**
University of West Alabama*	$10,040	$10,040
Alabama A&M University**	$9,744	$9,744
Athens State University***	$6,860	$7,710

**UWA's T&F will be set in July 2019*

**Alabama A&M University's tuition and fees have not been set yet.

***Athens State University has a 1.9% increase in tuition. Fees have not been advertised and not listed in this schedule.

The average annual tuition & fees for the other in-state universities is $10,750.
USA's annual tuition and fees are $680 below the average of all of the other in-state universities.
Only three in-state universities have lower tuition and fees than USA' proposed rate:
Alabama A&M University, Athens State University, and University of West Alabama.

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Academic Affairs

Date:
April 26, 2019

To:
Tony Waldrop

From:
G. David Johnson

Subject:
RN-BSN Program Tuition Recommendation

After reviewing the attached recommendation from Dr. Heather Hall, Dean for the College of Nursing, I agree with the recommendation to lower the tuition/credit hour for the RN-BSN program by 32%.

Effective Fall 2019, the proposed web course credit hour rate will be $328 (which includes fees). Also note, that based on Dr. Hall's research, the competitive programs within the state do not require students in their RN-BSN Program to pay fees.

I also request that, if approved, you include this tuition recommendation for the RN-BSN program to the Board of Trustees at their June 2019 meeting.

Thank you for consideration of this request.

Approved _____

Disapproved _____

GDJ:rmh

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

College of Nursing

Date:
April 26, 2019

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

From: Heather R. Hall
Heather Hall, PhD
Dean

Subject: RN-BSN Program Tuition Schedule Recommendation

I am writing to recommend a resolution to be presented to the Board of Trustees for approval related to the tuition schedule for the RN-BSN program and for the RN-BSN portion of the RN-BSN/MSN program.

After researching other schools and colleges of nursing across the state of Alabama, it is recommended that USA decrease the tuition per credit hour for the RN-BSN program. The proposal includes a tuition per credit hour reduction of 32% (see attached proposal). The current fees are included in the total cost of the program in the proposal; however, the competitive programs in the state do not require students to pay fees.

The proposed web course credit hour rate for tuition is $328.00 per credit hour with a total of 24 credit hours in the professional component of the program.

I appreciate your consideration of this request. If you need any additional information, please do not hesitate to contact me. Thank you.

RN-BSN Program Proposal

University of South Alabama
College of Nursing

April 24, 2019

The Institute of Medicine issued a call to action to increase the number of nurses with baccalaureate degrees to 80% by 2020 (IOM, 2010). USA College of Nursing has an opportunity to increase the number of Registered Nurse (RN) – Bachelor of Science in Nursing (BSN) students. The RN-BSN program is designed for RN's with an Associate Degree in Nursing to obtain a Bachelor of Science in Nursing degree. After researching other schools and colleges of nursing across the state of Alabama, it is recommended that USA decrease the tuition per credit hour and the credit hour requirement to complete the RN-BSN program. The proposal includes a tuition per credit hour reduction of 32% and a reduction of the professional component credit hour requirement by 7 credit hours. The RN-BSN program current credit hour requirement is 31 credit hours in the professional component of the program and the proposed credit hour requirement is 24 credit hours. The College of Nursing proposes a change to the RN-BSN tuition and total credit hours to begin Fall 2019.

Tuition and Fees

The 2018-2019 tuition and fee schedule states the undergraduate web course credit hour rate for tuition and fees is $482.00 per credit hour (total tuition: $14,942.00) and fees include: Academic Infrastructure and Technology Fee - 0-11 credit hours: $60.00 and 12 or more credit hours: $100.00; Professional Liability Coverage: Fall semester - $12.00, Spring semester - $12.00, and Summer semester - $1.00; Resource Fee - $145.00 each semester; and Biomedical Library Fee - $10.00; $150.00 assessed each semester if the student enrolls in less than 15 credit hours each semester. Total fees for a three semester program is $1,240.00 ($417.00 Fall semester, $417.00 Spring semester, $406.00 Summer semester). The current total cost to complete the professional component of the program (31 credit hours) is $16,182.00.

The proposed web course credit hour rate for tuition is $328.00 per credit hour with a total of 24 credit hours in the professional component. The proposed cost to complete the professional component of the program is $7,872 (tuition) and $1,240 (fees) for a total cost of $9,112.00. The lost revenue for one student is $7,070.00. The proposed tuition and fees is approximately the current rate at the University of Alabama RN-BSN program and UA's program includes 25 credit hours in the professional component of the program.

RN-BSN Students in the College of Nursing

Currently, the College of Nursing has 33 students in the RN-BSN program (23 RN-BSN and 10 RN-BSN/MSN). The following numbers include the number of students graduating 2018-2019 academic year:

Fall 2018 - 11 scheduled to graduate; and
Spring 2019 - 8 scheduled to graduate.

After the Spring 2019 Commencement, the College will have 14 students remaining in the RN-BSN program. One student is active and not registered for Fall semester that brings our total to 15 students remaining after Spring 2019. After review of all active students and remaining credit hours to graduate, data show that a total of approximately 86 credit hours are required for all current students to graduate with majority graduating Fall 2019.

The admission numbers for Spring 2019 included 5 students. Recently, the RN-BSN program application process was placed on the Nursing Centralized Application System (NursingCAS). This is the current system used for students to apply to the MSN, DNP, and post-graduate certificate programs in the College of Nursing. At this time, 14 applicants have already received an acceptance letter for admission to the RN-BSN program for Fall 2019. The deadline for individuals to submit applications is June 1, 2019.

The current 15 students will most likely graduate Fall 2019 or Spring 2020. However, with a constant of 16 students, approximately 13 new student enrollment is needed to offset tuition, fees, and total credit hour change. The College will increase recruitment efforts to increase enrollment by 50 students each semester with a maximum of 300 students.

Impact

With the existing students receiving a decreased tuition 32%, the College needs 13 new students to offset the lost revenue (16 X $7,070=$133,120). Beginning the program in the Fall 2019 with an enrollment of 16 students, the College needs 13 new students enrolled to offset lost revenue. Based on the current projection for Fall semester, we have already received 14 applications. This proposal includes increasing the maximum enrollment in each course to 50 students, changing the credit hour requirement for each course and the total credit hour requirement for the program.

New Student Enrollment

The possible revenue impact given the number of new students above the number to break even who will complete a 24 credit hour RN-BSN program (see Table 1).

Table 1

Number of New Students	**Revenue Gained @ 32% Decrease in Tuition**
*13	$118,456
23	$209,576
33	$300,696
43	$391,816

*For 13 new students enrolled (above the new students required to break even) in the RN-BSN program at a 32% lower tuition rate, the University would gain $209,576 in new revenue (24 credit hours X $328 + 1240 X 13 students = $118,456) at the completion of a 24 credit hour program.

Faculty

The College of Nursing would not need to hire additional faculty to increase to 59 students. To increase above 59 students, additional faculty would need to be hired. With every additional 60 students, an additional full time faculty is needed. The cost benefit analysis includes the gross

revenue for students completing the program in one year (3 courses each semester or 2 courses each semester; see Table 2).

Table 2. Cost Benefit Analysis (per academic year)

Number of Students	**Gross Revenue** Tuition and Fees $7,872 (tuition) and $1,240 (fees) = $9,112	**Full-Time Faculty Cost (salary + benefits)**	**Net Revenue with Full-Time Faculty**
60	$546,720	1 FT (-) $72,000 + $23,760 = $95,760	$450,960
120	$1,093,440	2 FT (-) $144,000 + $47,520 = $191,520	$901,920
180	$1,640,160	3 FT (-) $216,000 + $71280 = $287,280	$1,352,880
240	$2,186,880	4 FT (-) $288,000 + $95,040 = $383,040	$1,803,840
300	$2,733,600	5 FT (-) $360,000 + $118,800 = $478,800	$2,254,800
360	$3,280,320	6 FT (-) $432,000 + $142,560 = $574,560	$2,705,760

Evaluation of Effectiveness

The Associate Dean for Academic Affairs will continue to monitor enrollment. The Dean will inform Academic Affairs of the progress each semester. The first semester of implementation is Fall 2019, the goal is to admit and enroll 13 new students. At this time, 14 applications have been submitted for Fall 2019. In subsequent semesters, the enrollment will increase to meet the goal (360 total students). The Dean and Provost will discuss the progress over a 2-year time frame to determine the outcome of the program.

Additional Information

The University of Alabama (UA) offers an RN-BSN program at the tuition rate of $364 per credit hour, the lower division coursework includes 55 credit hours, the upper division coursework includes 25 credit hours (6 courses), and upon admission to the program credit for 40 hours of nursing courses is awarded. Program credit for nursing courses varies in colleges and universities across the state of Alabama. The Associate Degree in Nursing at Bishop State Community College includes 72 credit hours (30 general education credit hours and 42 nursing credit hours).

RN-BSN Upper Division Coursework Revisions

The current RN-BSN program upper division requirement includes 31 credit hours (9 courses). The proposal recommends 6 courses at 4 credit hours each in the upper division of the program. After discussion with the University Registrar, 9 credit hours may be applied as institutional

credit instead of nursing credit to meet University policy. The policy states at least 25% of the coursework for the degree must be completed as institutional credit. The current practice includes 36 credit hours applied to the student's transcript as nursing credit. The proposal includes 29 credit hours applied to the student's transcript in the final semester of the program as nursing credit related to their nursing experience and curriculum completed in the RN-BSN program. These courses will be content mapped to the proposed curriculum and the American Association of Colleges of Nursing (AACN) *Essentials of Baccalaureate Education for Professional Nursing Practice* (AACN, 2008) required to meet standards for accreditation through the Commission on Collegiate Nursing Education.

The current upper division coursework includes two electives (HSC 424: End of Life/Palliative Care or HSC 425: Issues in Health Nutrition) and each course is 2 credit hours. Students enrolled in the traditional BSN program and other health science majors currently enroll in these courses as electives. These two courses will remain electives at the current tuition rate to allow students an opportunity to enroll in an elective in the upper division component of the programs.

Lower Division Coursework Revisions

The current RN-BSN program lower division requirement includes 62 credit hours. The proposal decreases the lower division credit hour requirement to 59 credit hours. Economics is proposed to be deleted from the prerequisite requirements. This change is in alignment with other universities across the state. In addition, students may complete Chemistry 101 with Lab or Biology 101 with Lab (or higher); and complete a second science course (Geography with Lab or a Physical Science).

Recruitment

The Dean, Associate Dean for Academic Affairs, RN-BSN Program Coordinator, and RN-BSN Academic Advisor will develop a plan to recruit students from community colleges along the Gulf Coast.

Admission

1. Minimum GPA of 2.50 on all required prerequisite courses and in good standing within the University;
2. Minimum University GPA of 2.0;
3. Minimum grade of "C" in all required prerequisite courses;
4. Submission of all required medical information and evidence of health insurance;
5. Completion of an accredited diploma or associate degree in nursing and a current registered nurse licensure with no restriction; and
6. Restrictions includes participation in voluntary discipline programs.

References

American Association of Colleges of Nursing (2008). *The essentials of baccalaureate education for professional nursing practice.* Retrieved from https://www.aacnnursing.org/Education-Resources/AACN-Essentials.

Institute of Medicine. (2010). *The future of nursing: Leading change, advancing health*. Washington DC: National Academies Press. Retrieved from Future of Nursing 2010 Recommendations.

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Office of Executive Vice President

Date:
May 1, 2019

To:
Tony Waldrop,
President

From:
John Smith, Executive Vice President

Subject:
2019-2020 Housing and Dining Rates

Attached is a recommendation from Dr. Chris Cleveland to raise Housing and Dining rates by an average of 2.0% for the fall and spring semesters. No increase is recommended for the summer session.

Even with this increase, Housing and Dining rates for South Alabama will remain among the lowest in Alabama and the Gulf Coast Region. Also, many of the universities in Alabama require all students enrolled in more than 9 hours, even if they don't live on campus, to purchase a declining balance meal plan at a cost of from $225 to $300 per semester. As you know, we only require students living on campus to purchase a meal plan.

I recommend that this rate increase be forwarded to the Board of Trustees for approval.

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Auxiliary Services

Date:
April 17, 2019

To:
Dr. John Smith

From:
Dr. Chris Cleveland CC

Subject:
Housing & Dining Proposed Rate Increase for 2019-2020

Housing maintained a 91% annualized occupancy for the 2018-2019 academic year.

Increases in operating expenses are anticipated for the upcoming year. More than $3.3 million dollars of housing facilities improvements are anticipated for completion over the next 15 months. Roof replacement of eleven buildings in the Beta and Gamma communities will be completed this summer and new HVAC will be installed in five buildings in the Gamma community next summer.

The recommended rate structure for 2019-2020 is attached and an average rate increase of 2.0% for room and 2.0% for board is proposed. We again recommend no increase in summer session rates.

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

2019- 2020 Proposed Semester Room Rates

ROOM TYPE	2018-2019 Current Rate	2019-2020 Proposed Rate	Difference
APT for 2 (B/G)	3,050	$3,100	$50
APT for 4 (B)	2,000	$2,050	$50
LG PVT Room (D)	2,775	$2,825	$50
LG PVT Room (G/X)	2,775	$2,825	$50
LG Room for 2 (D)	2,000	$2,050	$50
PVT Room (D)	2,650	$2,675	$25
PVT Room (D6)	2,650	$2,740	$90
PVT Room (S/X1)	3,050	$3,100	$50
PVT Studio APT (B/G)	3,050	$3,100	$50
Room for 2 (A/C/E)	2,650	$2,700	$50
Room for 2/3 (D)	2,000	$2,050	$50
Room for 2/3 (D6)	2,420	$2,475	$55
Studio APT 2 (B/G)	2,650	$2,740	$90
Suite for 1 (G)	2,775	$2,825	$50
Suite for 1 (S)	3,050	$3,100	$50

A-Azalea
B-Beta
C-Camellia
D-Delta
D6-Delta 6
E-Epsilon
G-Gamma
S-Stokes
X-Greek SC
X1-Greek KA/PKA

1) A multiplier of 1.5 will be applied to the Beta/Gamma Apt for 2 rate for all Housing graduate student staff apartments.

2) A multiplier of 1.25 will be applied to the current Room for 2 rate for private rooms in freshmen residence halls and Delta 6.

Housing Comparison
Semester Rates

USA ***(2018-2019)***

Two person room	$2,000 - $2,650
Private room /suite	$2,650 - $3,050
Two person apartment	$2,650 - $3,050
Four person apartment	$2,000

USA (*2019-2020*) ***Proposed average increase –2.09%***

Two person room	$2,050 - $2,700
Private room /suite	$2,700 - $3,100
Two person apartment	$2,740 - $3,100
Four person apartment	$2,050

Auburn University (*2018-2019*)

Two person room	$3,000 - $3,550
Private room/suite	$3,750 - $4,350
Two person apartment	$4,800 - $5,700
Private apartment	$4,800 - $5,800
(*2019-2020*)	
Two person room	$3,060 - $3,620
Private room/suite	$3,830 - $4,440
Two person apartment	$4,900 - $5,810
Private apartment	$4,900 - $5,920

University of Alabama *(2018-2019)*

Two person room / community bath	$2,875 - $3,625
Private room / community bath	$3,275
Private apartment	$4,990 - $5,400
Four person apartment	$4,450 - $4,850

University of Alabama at Birmingham *(2018-2019)*

Freshmen two/three person room	$3,200
Upperclassmen two person apt	$2,850 - $3.030
Upperclassmen private room	$3,420 - $4,340

Troy University *(2018-2019)*

Two person room	$1,650 - $2,800
Private room	$2,150 - $3,500
Two person apartment	$3,000

2019- 2020 Proposed Semester Meal Plan Rates

	Meal Plan Type	2018-2019 Current Rate	2019-2020 Proposed Rate	Difference
Freshmen and above	All Access Pass with $175 Bonus Bucks	$1,810	$1,850	$40
	All Access Pass with $300 Bonus Bucks	$1,935	$1,975	$40
	All Access Pass with $450 Bonus Bucks	$2,085	$2,130	$45
Sophomore and above	10 Meals Per Week with $500 Bonus Bucks*	$1,810	$1,850	$40
Junior and above	$1400 Bonus Bucks*	$1,400	$1,400	$0
	7 Meals Per Week with $100 Bonus Bucks	$1,000	$1,035	$35

Dining Comparison
Meal Plans

USA ***(2018-2019)***

Freshmen/Sophomore residential	$1,810 - $2,085
Junior/Senior/Graduate Residential	$1,000 - $2,085

USA (*2019-2020)* ***Proposed average increase of meal plans – 2.0%***

Freshmen/Sophomore residential	$1,850 - $2,130
Junior/Senior/Graduate Residential	$1,035 - $2,130

Auburn University (*2018-2019)*

All residential	$1,100* - $2,257
All commuters	$350

*Advertised as a half semester plan

University of Alabama *(2018-2019)*

Freshmen residential	$2,251*
Upperclass residential	$1,288 - $2,251**
All students above 9 credit hours	$350

*$1,901base plan + separate $350 fee

**$938 - $1,901 base plan + separate $350 fee

University of Alabama at Birmingham *(2018-2019)*

Freshmen residential	$2,100 - $2,240*
Upperclass residential	$725 - $2,240**
All students above 12 credit hours	$225

*$1,875 - $2,015 base plan + separate $225 fee

**$500 - $2,015 base plan + separate $225 fee

Troy University *(2018-2019)*

Residential w/o kitchen	$1,752*
Residential with kitchen	$301.13**
All commuters above 9 credit hours	$301.13**

* $1,600 base plan indicates 9.5% tax not included

**$275 base plan indicates 9.5% tax not included

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

BUDGET AND FINANCE COMMITTEE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

BUDGET AND FINANCE COMMITTEE

March 15, 2019
10:06 a.m.

A meeting of the Budget and Finance Committee of the University of South Alabama Board of Trustees was duly convened by Mr. Tom Corcoran, Chair, on Friday, March 15, 2019, at 10:06 a.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:	Alexis Atkins, Chandra Brown Stewart, Steve Furr, Ron Jenkins, Jimmy Shumock, Ken Simon, Margie Tuckson and Mike Windom.
Administration and Others:	Terry Albano, Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Haskins, David Johnson, Nick Lawkis, Mike Mitchell, Grace Newcombe (SGA), John Smith, Margaret Sullivan, Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Mr. Corcoran called for consideration of the minutes of the meeting held on December 6, 2018. On motion by Mr. Perkins, seconded by Dr. Stokes, the Committee voted unanimously to adopt the minutes.

Mr. Corcoran called on Mr. Weldon to address the quarterly financial statements for the three months ended December 31, 2018, **ITEM 13**. Mr. Weldon reported an increase in net position of approximately $200,000 as compared to that of approximately $15 million at the end of 2017. He said the primary factors for this difference were an approximate $11.5 million market downturn and the three percent salary supplement totaling approximately $9 million that was approved by the Board in September 2018, and was paid and recognized in December.

Mr. Corcoran asked Mr. Weldon for a report on the Series 2019 bond issue, the proceeds of which were for funding the construction of Hancock Whitney Stadium, **ITEM 14**. Mr. Weldon talked about the complexity of a bond issue with taxable and tax exempt series bonds and he credited Mr. Albano and Mr. Davis for a successful bond sale. Mr. Albano discussed highlights of the bond issue, noting a bond closing on February 7; $71.8 million raised; a 30-year bond maturity with a 4.17 percent interest rate; and an annual debt service of approximately $4.2 million.

Mr. Albano presented **ITEM 15**, a resolution ratifying and affirming the placement of the initial capitalized interest depository account for the Series 2019 stadium bond issue with Hancock Whitney Bank (to view approved resolutions, policies and other authorizations, refer to the minutes of the Board of Trustees meeting held on March 15, 2019). He noted that the Board approved bond parameters in December 2018 specifying The Bank of New York as an initial depository and said its replacement was due to the new relationship with Hancock Whitney Bank. On motion by Ms. Mitchell, seconded by Mr. Graham, 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 10:12 a.m.

Respectfully submitted:

_____
E. Thomas Corcoran, Chair

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

Basic Financial Statements

Six Months Ended March 31, 2019 and 2018

Unaudited

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

Quarterly Financial Statements

Six Months Ended March 31, 2019 and 2018

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 March 31, 2019 and 2018, the University had total assets and deferred outflows of $1,292,689,000 and $1,211,634,000, respectively; total liabilities and deferred inflows of $1,255,264,000 and $1,171,052,000, respectively; and net position of $37,425,000 and $40,582,000, respectively. Net position increased $1,663,000 for the six months ended March 31, 2019 compared to an increase of $4,450,000 for the six months ended March 31, 2018. 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 six months ended March 31, 2019 and 2018 follow (in thousands):

Condensed Schedules of Net Position

	2019	2018
Assets:		
Current	$ 166,762	$ 178,149
Capital and other noncurrent assets	1,038,652	966,305
Deferred outflows	87,275	67,180
	1,292,689	1,211,634
Liabilities:		
Current	121,926	123,861
Noncurrent	1,040,999	1,001,313
Deferred inflows	92,339	45,878
	1,255,264	1,171,052
Net position:		
Net investment in capital assets	345,069	323,498
Restricted, nonexpendable	59,466	58,126
Restricted, expendable	69,301	63,214
Unrestricted	(436,411)	(404,256)
	$ 37,425	$ 40,582

Condensed Schedules of Revenues, Expenses and Changes in Net Position

	2019	2018
Operating revenues:		
Tuition and fees, net	$ 79,012	$ 77,106
Patient service revenues, net	231,706	201,940
Federal, state and private grants and contracts	16,612	14,450
Other	38,515	45,074
	365,845	338,570
Operating expenses:		
Salaries and benefits	262,111	242,415
Supplies and other services	130,065	128,131
Other	38,245	32,716
	430,421	403,262
Operating loss	(64,576)	(64,692)
Nonoperating revenues (expenses):		
State appropriations	55,537	53,666
Net investment income (loss)	(766)	7,047
Other, net	4,093	5,265
Net nonoperating revenues	58,864	65,978
Income (loss) before capital contributions and grants and additions to endowment	(5,712)	1,286
Capital contributions and grants and additions to endowment	7,375	3,164
Increase in net position	1,663	4,450
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	$ 37,425	$ 40,582

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.

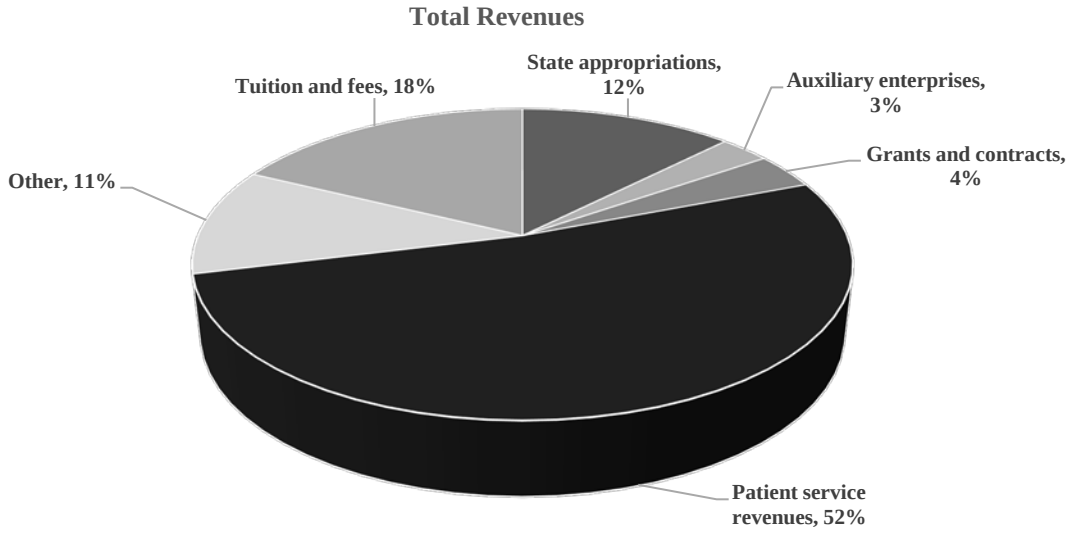
During the fiscal year ending September 30, 2018, the University adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This statement updated the reporting guidance for governmental institutions that provide other postemployment 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

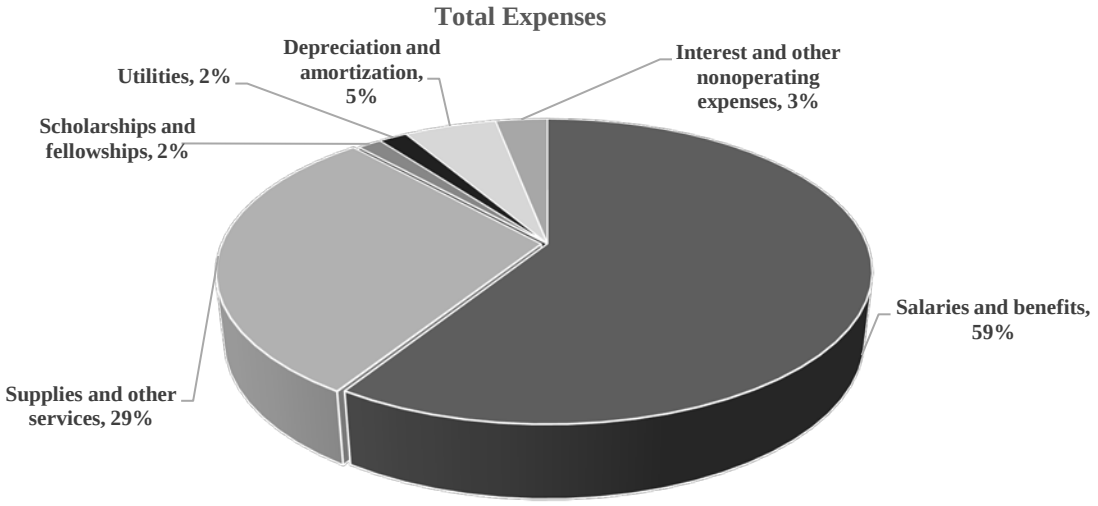
Changes in total University net position are based on the activity presented in the statements of revenues, expenses and changes in net position. The purpose of the statements is to present the changes in net position resulting from operating and nonoperating revenues earned by the University, and operating 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 52% 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 the football stadium, nursing Simulation Building, Alumni Center and major upgrades of infrastructure on the University's main campus.

In February 2019, the University issued new revenue bonds with a face value of $66,190,000. The proceeds, along with internal contributions from the University, are financing the football stadium and intramural fields.

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 2019 or 2018. Moody's Investors Service and Standard and Poor's Global Ratings affirmed their ratings in conjunction with their assessment of the Series 2019 Bond issuances.

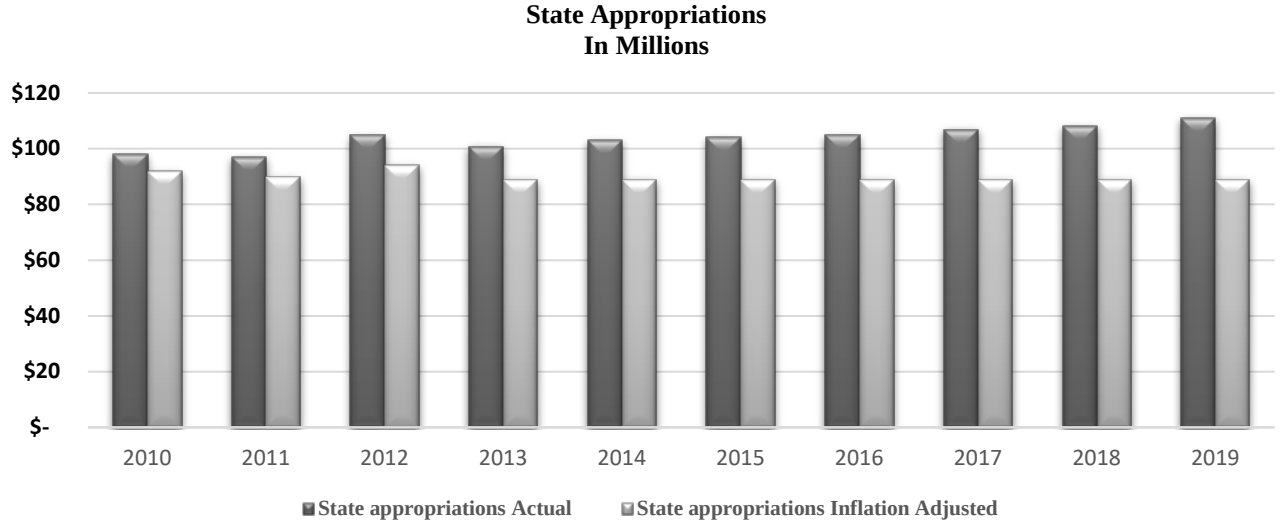
Economic Outlook

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

March 31, 2019 and 2018

(In thousands)

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	$ 75,919	$ 66,799
Investments	10,337	18,933
Net patient receivables	45,929	62,634
Accounts receivable	22,305	15,144
Notes receivable, net	2,424	1,507
Prepaid expenses, inventories and other	9,848	13,132
Total current assets	166,762	178,149
Noncurrent assets		
Restricted cash and cash equivalents	102,591	17,756
Restricted investments	163,869	198,407
Investments	17,945	17,390
Accounts receivable	3,299	4,025
Notes receivable, net	6,193	6,326
Other noncurrent assets	21,535	14,938
Capital assets, net	723,220	707,463
Total noncurrent assets	1,038,652	966,305
Deferred outflows	87,275	67,180
Total assets and deferred outflows	1,292,689	1,211,634
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	54,392	52,718
Unrecognized revenues	38,538	36,891
Deposits	2,484	2,363
Current portion of other long-term liabilities	3,310	3,310
Current portion of long-term debt	23,202	28,579
Total current liabilities	121,926	123,861
Noncurrent liabilities		
Long-term debt, less current portion	428,387	373,019
Net pension liability	296,654	336,477
Net OPEB liability	263,178	238,060
Other long-term liabilities, less current portion	52,780	53,757
Total noncurrent liabilities	1,040,999	1,001,313
Deferred inflows	92,339	45,878
Total liabilities and deferred inflows	1,255,264	1,171,052
Net position		
Net investment in capital assets	345,069	323,498
Restricted, nonexpendable		
Scholarships	29,096	28,697
Other	30,370	29,429
Restricted, expendable		
Scholarships	18,399	15,971
Other	50,902	47,243
Unrestricted	(436,411)	(404,256)
Total net positon	$ 37,425	$ 40,582

See accompanying notes to basic financial statements.

University of South Alabama

Statements of Revenues, Expenses and Changes in Net Position

Six Months Ended March 31, 2019 and 2018

(In thousands)

	2019	2018
Revenues		
Operating revenues		
Tuition and fees (net of scholarship allowances)	$ 79,012	$ 77,106
Patient service revenues (net of provision for bad debts)	231,706	201,940
Federal grants and contracts	9,271	6,822
State grants and contracts	3,826	3,339
Private grants and contracts	3,515	4,289
Auxiliary enterprises (net of scholarship allowances)	13,015	19,904
Other operating revenues	25,500	25,170
Total operating revenues	365,845	338,570
Expenses		
Operating expenses		
Salaries and benefits	262,111	242,415
Supplies and other services	130,065	128,131
Scholarships and fellowships	6,344	5,610
Utilities	7,509	7,901
Depreciation and amortization	24,392	19,205
Total operating expenses	430,421	403,262
Operating loss	(64,576)	(64,692)
Nonoperating revenues (expenses)		
State appropriations	55,537	53,666
Net investment income (loss)	(766)	7,047
Interest on indebtedness	(5,697)	(6,656)
Other nonoperating revenues	17,000	19,737
Other nonoperating expenses	(7,210)	(7,816)
Net nonoperating revenues	58,864	65,978
Income (loss) before capital contributions and additions to endowment	(5,712)	1,286
Capital contributions and grants	2,041	599
Additions to endowment	5,334	2,565
Increase in net position	1,663	4,450
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	$ 37,425	$ 40,582

See accompanying notes to basic financial statements.

University of South Alabama

Statements of Cash Flows

Six Months Ended March 31, 2019 and 2018

(in thousands)

	2019	2018
Cash flows from operating activities:		
Receipts related to tuition and fees	$ 57,069	$ 58,532
Receipts from and on behalf of patients and third-party payers	224,558	192,272
Receipts from grants and contracts	17,930	16,255
Receipts related to auxiliary enterprises	10,471	12,998
Payments to suppliers and vendors	(136,664)	(131,262)
Payments to employees and related benefits	(265,999)	(251,203)
Payments for scholarships and fellowships	(5,577)	(5,240)
Other operating receipts	32,109	34,696
Net cash used in operating activities	(66,103)	(72,952)
Cash flows from noncapital financing activities:		
State appropriations	46,281	44,726
Endowment gifts	5,334	2,565
Agency funds received	1,063	766
Agency funds disbursed	(524)	(13)
Student loan program receipts	66,219	65,400
Student loan program disbursements	(66,297)	(66,243)
Other nonoperating revenues	15,844	20,573
Other nonoperating expenses	(6,459)	(7,930)
Net cash provided by noncapital financing activities	61,461	59,844
Cash flows from capital and related financing activities:		
Capital gifts and grants	2,041	599
Purchases of capital assets	(26,538)	(31,226)
Proceeds from issuance of capital debt	71,764	-
Principal payments on capital debt	(13,569)	(11,619)
Interest payments on capital debt	(8,368)	(8,558)
Net cash provided by (used in) capital and related financing activities	25,330	(50,804)
Cash flows from investing activities:		
Interest and dividends and realized gains (losses) on investments	325	6,459
Proceeds from sales of investments	74,278	24,279
Purchases of investments	(6,706)	(14,080)
Net cash provided by investing activities	67,897	16,658
	88,585	(47,254)
Cash and cash equivalents (unrestricted and restricted):		
Beginning of period	89,925	131,809
End of period	$ 178,510	$ 84,555

University of South Alabama

Statements of Cash Flows

Six Months Ended March 31, 2019 and 2018

(in thousands)

	2019	2018
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (64,576)	$ (64,692)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	24,392	19,205
Changes in operating assets and liabilities, net:		
Student receivables	1,785	3,880
Net patient service receivables	(2,088)	(12,895)
Grants and contracts receivables	1,568	3,473
Other receivables	1,318	2,483
Prepaid expenses, inventories and other	(796)	11,990
Accounts payable and accrued liabilities	(7,889)	(12,459)
Unrecognized revenue	(19,817)	(23,937)
Net cash used in operating activities	$ (66,103)	$ (72,952)

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules
March 31, 2019

(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), University of South Alabama Foundation for Research and Commercialization (FRAC), USA Health Physician Billing Services, LLC, USA Health Hospital Billing Services, LLC and USA Health Anesthesia Billing Services, LLC. 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 period ended March 31, 2019 amounted to $3,525,000. 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 March 31, 2019, 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 March 31, 2019 and 2018 was $1,026,000 and $912,000, 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 2018 basic financial statements have been reclassified in order to conform to the 2019 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 $178,510,000 and $84,555,000 at March 31, 2019 and 2018, respectively.

At March 31, 2019, restricted cash and cash equivalents consist of $70,342,000 related to unspent proceeds from the issuance of University bonds for capital purchases as outlined in the bond indenture, $30,000,000 related to monies held in endowment accounts, $2,000,000 related to collateral requirements of the interest rate swaps and $249,000 related to contributions restricted for the construction of the football stadium.

At March 31, 2018, restricted cash and cash equivalents consist of $123,000 related to monies held in endowment accounts and $17,633,000 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 March 31, 2019 and 2018 (in thousands):

	2019	2018
U.S. federal agency notes	$ 56,897	$ 66,879
Commingled equity funds	64,256	85,425
Commingled fixed income funds	26,035	37,989
Marketable equity securities	10,523	13,407
Real estate	275	295
Private equity	1,013	1,771
Managed income alternative investments (low-volatility multi-strategy funds of funds)	33,152	28,964
	$ 192,151	$ 234,730

At March 31, 2019 and 2018, restricted investments consist of endowment funds and funds related to the collateral requirements of the interest rate swaps.

At March 31, 2019 and 2018, $17,524,000 and $23,631,000, 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 March 31, 2019 follows (in thousands):

	Beginning balance	Additions	Reductions	Ending balance	Less amounts due within one year	Noncurrent liabilities
Long-term debt:						
Bonds payable	$ 370,201	$ 71,813	$ (11,298)	$ 430,716	$ 17,290	$ 413,426
Notes payable	5,160	—	(430)	4,730	873	3,857
Capital lease obligations	18,270	217	(2,344)	16,143	5,039	11,104
Total long-term debt	393,631	72,030	(14,072)	451,589	23,202	428,387
Other noncurrent liabilities						
Net pension liability	296,654	—	—	296,654	—	296,654
Net OPEB liability	256,178	7,000	—	263,178	—	263,178
Other long-term liabilities	53,047	9,663	(6,620)	56,090	3,310	52,780
Total other noncurrent liabilities	605,879	16,663	(6,620)	615,922	3,310	612,612
Total noncurrent liabilities	$ 999,510	$ 88,693	$ (20,692)	$ 1,067,511	$ 26,512	$ 1,040,999

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

	Beginning balance	Additions	Reductions	Ending balance	Less amounts due within one year	Noncurrent liabilities
Long-term debt:						
Bonds payable	$ 389,424	$ 213	$ (10,023)	$ 379,614	$ 20,894	$ 358,720
Notes payable	5,542	—	(113)	5,429	3,710	1,719
Capital lease obligations	17,332	1,179	(1,956)	16,555	3,975	12,580
Total long-term debt	412,298	1,392	(12,092)	401,598	28,579	373,019
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	64	(8,846)	57,067	3,310	53,757
Total other noncurrent liabilities	402,326	238,124	(8,846)	631,604	3,310	628,294
Total noncurrent liabilities	$ 814,624	$ 239,516	$ (20,938)	$ 1,033,202	$ 31,889	$ 1,001,313

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 March 31, 2019 and 2018 is $1,718,000 and $1,945,000, 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 March 31, 2018 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 March 31, 2019 and 2018 is $3,012,000 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 March 31, 2019 and 2018 (in thousands):

	2019	2018
Capital Appreciation Series 1999 Bonds, 4.70% to 5.25%, paid in full in November 2018	$ —	$ 7,283
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 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	38,365	39,030
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

	2019	2018
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
University Facilities Revenue Bonds, Series 2019-A, 5.00%, payable through April 1, 2049	47,750	—
Taxable University Facilities Revenue Bonds, Series 2019-B, 3.09% to 4.10%, payable through April 1, 2033	18,440	—
	406,727	360,225
Plus unamortized premium	25,775	21,291
Less unaccreted discount	—	(7)
Less unamortized debt extinguishment costs	(1,786)	(1,895)
	$ 430,716	$ 379,614

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 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. The Series 2019-A and B Bonds will begin maturing in April 2033 and April 2021, respectively, and are redeemable beginning in April 1, 2029.

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.

In February 2019, the University issued its University Facilities Revenue Bonds, Series 2019-A and Taxable University Facilities Revenue Bonds, Series 2019-B with a face value of $47,750,000 and $18,440,000, respectively. The proceeds from the Series 2019-A and B Bonds are financing the football stadium and intramural fields.

Approximately $5,983,000 and $17,633,000 of proceeds from the issuance of the Series 2017 Bonds remained unspent at March 31, 2019 and 2018, respectively, and is included in restricted cash and cash equivalents on the statements of net position. Approximately $64,359,000 of proceeds from the issuance of the Series 2019-A and B Bonds remained unspent at March 31, 2019 and is included in restricted cash and cash equivalents on the statement of net position. All bond funds are restricted for capital purposes as outlined in the bond indentures.

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 period March 31 is as follows (in thousands):

	Debt service on notes and bonds		
	Principal	**Interest**	**Total**
2020	$ 17,028	$ 6,964	$ 23,992
2021	17,775	12,968	30,743
2022	19,794	12,076	31,870
2023	20,656	11,586	32,242
2024	21,065	11,076	32,141
2025-2029	92,642	47,435	140,077
2030-2034	104,756	31,770	136,526
2035-2039	84,500	15,623	100,123
2040-2044	14,166	6,931	21,097
2045-2049	15,890	3,131	19,021
2050	3,185	159	3,344
Subtotal	411,457	$ 159,719	$ 571,176
Plus (less):			
Unamortized bond premium	25,775		
Unamortized debt extinguishment costs	(1,786)		
Total	$ 435,446		

(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 March 31, 2019, are as follows (in thousands):

Period ending March 31:		
2020	$	5,488
2021		5,125
2022		5,122
2023		1,264
2024		34
		17,033
Less amounts representing interest		(890)
Net minimum lease payments	$	16,143

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 March 31, 2019 and 2018, 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, a cancer treatment center and a physicians group, 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 $11,833,000 and $12,632,000 at March 31, 2019 and 2018, 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 March 31, 2019 and 2018, the University reported a liability of $263,178,000 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 March 31, 2019 and 2018.

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 March 31, 2018.

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 March 31, 2019 and 2018, 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

PROCUREMENT OF ATHLETICS DEPARTMENT AIR-CHARTER TRANSIT SERVICES

WHEREAS, the University of South Alabama Department of Intercollegiate Athletics (the "Athletics Department") utilizes the services of air-charter transit companies to transport its athletic teams to intercollegiate athletic events, and

WHEREAS, a primary requirement of any air-charter transit company utilized is to ensure the safety of our student-athletes, coaches and staff, and

WHEREAS, the quality and reliability of those air-charter transit companies have become more disparate in recent years, and

WHEREAS, the selection of air-charter transit services through negotiation rather than competitive bidding allows not only cost but quality, reliability and safety of charter transit companies to be given the consideration they are due during the procurement process, and

WHEREAS, the Code of Alabama section 41-16-27 provides that, in certain situations, transit services to be utilized by a university's athletics department may be awarded without competitive bidding, and

WHEREAS, the University's Athletics Administration believes that it is in the best interest of the University and its student-athletes to acquire such air-charter transit services through a negotiation process rather than the competitive-bidding process,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves the procurement of air-charter transit services for use by the University's Department of Intercollegiate Athletics through a negotiation process consistent with state law.

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Finance and Administration

TO: President Tony G. Waldrop

FROM: G. Scott Weldon

SUBJECT: Resolution for Procurement of Athletics Department Air-Charter Transit Services

DATE: May 13, 2019

From time to time, intercollegiate athletic teams travel using air-charter services. Due to the nature of the air-charter travel industry, it has become difficult in recent years to ensure the quality, reliability and safety of charter companies through the competitive-bidding process. The Code of Alabama section 41-16-27 provides for the procurement of such services through a negotiation process, if such approval has been expressly granted by the University's Board of Trustees. The attached resolution authorizes the University to obtain these services through the negotiation process pursuant to state law.

GSW/cbm

Attachment

RESOLUTION

CONTRACT OFFICERS

WHEREAS, since the inception of the University of South Alabama, the President of the University has been authorized to sign general contractual agreements and documents for and on behalf of the Board of Trustees, and

WHEREAS, other individuals and positions of the University have, from time to time, been given authority by the Board of Trustees to sign such contractual agreements and documents on behalf of the Board of Trustees,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees reaffirms the authority of the President of the University of South Alabama to sign and enter into contractual instruments, agreements, grants, and other similar legal documents for and on behalf of the University of South Alabama and its Board of Trustees, as well as, delegate signature authority to other University officials as he/she sees fit for contracts that are on templates pre-approved by the University Attorneys, and

BE IT FURTHER RESOLVED that the University of South Alabama Board of Trustees also authorizes and approves the positions of Executive Vice President; Provost and Senior Vice President for Academic Affairs; Vice President for Finance and Administration; Vice President for Medical Affairs; Chief Executive Officer and Senior Associate Vice President for Medical Affairs; University Treasurer; and Chief Financial Officer and Assistant Vice President for Medical Affairs as contracting officers of the University of South Alabama with all necessary power, responsibilities, authorities, and obligations to enter into contractual instruments, agreements, grants, and other similar legal documents for and on behalf of the University of South Alabama and its Board of Trustees.

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Office of the University Attorney

Date:
May 3, 2019

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

From: **Jean W. Tucker**
Senior University Attorney

Subject: Contract Authority

The University of South Alabama has restructured several University positions and divisions resulting in the need to amend the list of positions designated as contract officers by the Board of Trustees. Therefore, I am submitting the attached resolution for recommendation to the Board of Trustees at its next meeting. The resolution adds the Provost and Sr. Vice President for Academic Affairs as a contract officer and provides updates on the position titles which continue to have contract authority.

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

COMMITTEE OF THE WHOLE

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

COMMITTEE OF THE WHOLE

March 15, 2019
10:23 a.m.

A meeting of the Committee of the Whole of the University of South Alabama Board of Trustees was duly convened by The Honorable Ken Simon, Chair *pro tempore*, on Friday, March 15, 2019, at 10:23 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Alexis Atkins, Chandra Brown Stewart, Tom Corcoran, Steve Furr, Ron Graham, Ron Jenkins, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Ken Simon, Steve Stokes, Margie Tuckson, Mike Windom and Jim Yance.
Members Absent:	Scott Charlton and Kay Ivey.
Administration and Others:	Owen Bailey, Robert Berry, Lynne Chronister, Joel Erdmann, Monica Ezell, Mike Haskins, David Johnson, Nick Lawkis, Mike Mitchell, Grace Newcombe (SGA), John Smith, Margaret Sullivan, Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

Following an update from Dr. Erdmann on the men's and women's basketball teams competing in the Sun Belt Conference tournament and on progress with stadium construction, the meeting came to order and the attendance roll was called. Chairman Simon called on President Waldrop for introduction of **ITEM 18**, a resolution extending appreciation to retired Executive Director of Governmental Relations Mr. William J. "Happy" Fulford III for his extensive contributions to the University of South Alabama (to view copies of approved resolutions, policies and other authorizations, refer to the minutes of the March 15, 2019, meeting of the Board of Trustees). President Waldrop talked about the positions Mr. Fulford held over a career spanning almost 38 years and stated Mr. Fulford was deserving of this recognition. On motion by Mr. Yance, seconded by Mr. Shumock, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Chairman Simon called for consideration of the minutes of meeting held on December 6, 2018. On motion by Mr. Windom, seconded by Mr. Shumock, 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, and pending or imminent litigation. He stated Ms. Tucker, Senior University Attorney, had submitted the required written declaration for the minutes. Mr. Yance seconded and the Committee voted unanimously at 10:28 a.m. to convene an executive session following a brief recess, as recorded below:

AYES:
Ms. Atkins
Ms. Brown Stewart
Mr. Corcoran

Dr. Furr
Mr. Graham
Capt. Jenkins
Ms. Mitchell
Mr. Perkins
Mr. Shumock
Chairman Simon
Dr. Stokes
Ms. Tuckson
Mr. Windom
Mr. Yance

Following the executive session and there being no further business, the meeting was adjourned at 11:16 a.m.

Respectfully submitted:

_____
Kenneth O. Simon, Chair *pro tempore*

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

EXECUTIVE COMMITTEE

March 15, 2019
10:12 a.m.

A meeting of the Executive Committee of the University of South Alabama Board of Trustees was duly convened by The Honorable Ken Simon, Chair *pro tempore*, on Friday, March 15, 2019, at 10:12 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Chandra Brown Stewart, Tom Corcoran, Steve Furr, Arlene Mitchell, Jimmy Shumock, Ken Simon and Jim Yance.
Other Trustees:	Alexis Atkins, Ron Graham, Ron Jenkins, Lenus Perkins, Steve Stokes, Margie Tuckson and Mike Windom.
Administration and others:	Owen Bailey, Robert Berry, Lynne Chronister, Angela Coleman, Joel Erdmann, Monica Ezell, Mike Haskins, David Johnson, Nick Lawkis, Mike Mitchell, Grace Newcombe (SGA), John Smith, Margaret Sullivan, Jean Tucker, Elizabeth VandeWaa (Faculty Senate), Tony Waldrop and Scott Weldon.

The meeting came to order and the attendance roll was called. Chairman Simon called for consideration of the minutes of the meeting held on January 29, 2019. On motion by Mr. Shumock, seconded by Mr. Corcoran, the Committee voted unanimously to adopt the minutes.

Chairman Simon shared background on recent work by the Committee to develop a board self-evaluation plan, thereby fulfilling a SACSCOC (Southern Association of Colleges and Schools Commission on Colleges) standard. Relative to this charge, he called for presentation of **ITEM 16**, a resolution to adopt amended bylaws of the Board of Trustees (to view approved resolutions, policies and other authorizations, refer to the minutes of the Board of Trustees meeting held on March 15, 2019.) Associate Vice President for Institutional Effectiveness Dr. Angela Coleman pinpointed the language added to the bylaws that clarified the Board's responsibility to conduct periodic self-evaluation. On motion by Mr. Corcoran, seconded by Mr. Shumock, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Chairman Simon called on Dr. Coleman to discuss **ITEM 17**, a resolution authorizing a plan for conducting periodic Board self-evaluation. Dr. Coleman provided an overview of the plan, which outlined a 24-month evaluation cycle; two surveys that address overall board function and responsibilities, as well as individual trustee expectations; and Board member participation in a retreat to consider survey outcomes and potential action. She stated the proposed plan exemplified nationwide best practices and suggested prompt implementation to assure sufficient evidence of having met the SACSCOC standard by the time South submits for its decennial accreditation review in the fall of 2022. On motion by Mr. Corcoran, seconded by Mr. Shumock, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

As to a separate compliance matter, Provost Johnson shared information on an accountability initiative impacting state-supported educational services, under which a proposed plan for the higher-education sector would require new members of boards to receive professional development training. President Waldrop recognized Provost Johnson for his role in helping to develop the plan for Alabama higher education.

There being no further business, the meeting was adjourned at 10:23 a.m.

Respectfully submitted:

_____
Kenneth O. Simon, Chair *pro tempore*

RESOLUTION

2019-2020 BOARD MEETING SCHEDULE

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

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

Friday, September 13, 2019

Thursday, December 5, 2019

Friday, March 6, 2020

Friday, June 5, 2020, and

FURTHER, BE IT RESOLVED that the date of June 5, 2020, be designated as the annual meeting of the University of South Alabama Board of Trustees for 2019-2020.

UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

SPECIAL ACKNOWLEDGMENT

RESOLUTION

COMMENDATION OF MR. KENNETH O. SIMON AS CHAIR PRO TEMPORE EMERITUS

WHEREAS, Mr. Kenneth O. Simon has served faithfully as a member of the Board of Trustees of the University of South Alabama since his appointment in 2009, and

WHEREAS, Mr. Simon served as Chair Pro Tempore of the Board of Trustees from 2016 to 2019 and as Board Vice Chair from 2013 to 2016, and

WHEREAS, Mr. Simon and his wife, Sabrina, are loyal supporters of South Alabama and, over the years, have contributed generously to advance the mission of the Institution, and

WHEREAS, the Simons' gifts have included support for the 50th Anniversary Annual Fund, the USA Health Mitchell Cancer Institute Fund for Excellence, and the USA Board of Trustees Endowed Scholarship, and creation of the Lavonne Simon Endowed Book Award in memory of Mr. Simon's mother, the first African-American graduate of the University of South Alabama, and

WHEREAS, Mr. Simon serves on the Steering Committee for *Upward & Onward*, the University's $150-million fundraising campaign dedicated to elevating and accelerating every aspect of the University of South Alabama, and

WHEREAS, Mr. Simon, who earned his undergraduate degree in 1976 as one of seven siblings who enrolled at South, was elected as the University's first African-American President of the Student Government Association and was later elected as the first African-American to fill the role of Chair Pro Tempore of South's Board of Trustees, serving as an inspiration and role model to many, and

WHEREAS, Mr. Simon's guidance has been critical to the University's progress, as demonstrated through his service on the Board's Executive Committee; Development, Endowment and Investments Committee; Academic and Student Affairs Committee; and Health Affairs Committee, and

WHEREAS, the positive results of Mr. Simon's leadership as Board Chair will be realized for years to come, made possible by initiatives he championed, such as, enrollment of the most academically accomplished class in South Alabama history; introduction of the Board's first self-assessment program; and the groundbreaking of Hancock Whitney Stadium, the Simulation Building, the Julian and Kim MacQueen Alumni Center and the Fanny Meisler Trauma Center at University Hospital, and

WHEREAS, Mr. Simon, through his wisdom, philanthropy and steadfast guidance, has played a prominent role in advancing the interests of all University of South Alabama constituencies,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama expresses its sincere appreciation to Mr. Kenneth O. Simon for his many contributions and invaluable service to the Board, to the entire University community, and to the people of the state of Alabama, all of whom have benefited from his knowledge, dedication and generosity, and confers upon him the honorary title of *Chair Pro Tempore Emeritus* of the University of South Alabama Board of Trustees.