

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES MEETING**

**September 11, 2008
10:00 a.m.**

A meeting of the University of South Alabama Board of Trustees was duly convened by Dr. Steven H. Stokes, Chair Pro Tempore, on Thursday, September 11, 2008, at 10:00 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Trustees Scott Charlton, Steven Furr, Cecil Gardner, Samuel Jones, Donald Langham, Bettye Maye, Christie Miree, Arlene Mitchell, John Peek, Steven Stokes, Larry Striplin, and James Yance.

Members Absent: Trustees J. L. Chestnut, Bryant Mixon, James Nix, Joseph Morton, and Bob Riley.

Administration and Others: President Gordon Moulton; Drs. Zarrintaj Aliabadi, Michael Boyd, Joseph Busta, Joan Exline, Greg Gruner, Tom Montgomery (COM Alumni Assn.), Ron Franks, Russ Lea, John Sachs and David Turnipseed (Faculty Senate), Robert Shearer, Anita Smith, John Smith, David Stearns, Alvin Williams, and Alec Yasinsac; Messrs. Louis Cardinal (Thornton Farish), Ken Davis, Wayne Davis, Andy Denny (USA National Alumni Assn.), Stan Hammack, Rory Hartley (Protective Securities), Rod Kanter (Bradley Arant), Ward Miller, Abe Mitchell, Michael Mitchell, Bob Young (Frazer Lanier); and Mss. Caitlin Collins (SGA) and Jean Tucker.

Press: Messrs. Curt Chapman (Gulf Coast Newspapers), Mike Kittrell (*Press-Register*), Matt Flanagan (*Vanguard*), Kevin Sullivan (WALA), Jud Hulon (WKRG), and Mike Corry (WPMI); and Ms. Renee Busby (*Press-Register*).

Upon the call to order, Chairman Stokes called for adoption of the revised agenda. On motion by Mr. Langham, seconded by Ms. Miree, the revised agenda was unanimously approved.

President Moulton called for a moment of silence in observance of September 11, a date of historic significance for the United States of America.

President Moulton said that a press event was held on September 4 to announce a \$500,000 gift from Mr. and Mrs. Jim Yance to benefit construction of a football field house. He read aloud **ITEM .A** as follows. On motion by Mr. Langham, seconded by Ms. Maye, the resolution was unanimously approved. Mr. and Mrs. Yance were presented a framed resolution. Mr. Yance expressed gratitude for the opportunity to serve and support his alma mater.

RESOLUTION

COMMENDATION OF JAMES & FRANCES YANCE FOR THEIR CONTRIBUTIONS TO THE UNIVERSITY OF SOUTH ALABAMA

WHEREAS, University of South Alabama Alumnus Mr. James A. Yance and his wife, Frances, are steadfastly loyal supporters of the University of South Alabama and, over the years, have contributed generously to the mission of the University of South Alabama, and

WHEREAS, Mr. Yance, a 1970 alumnus and retired Mobile attorney, serves as Campaign USA Chairman and as Vice Chairman of the USA Board of Trustees, and

WHEREAS, Mr. and Mrs. Yance have made a \$500,000 gift to the new Jaguar football field house, creating the "Jim and Frances Yance Coaches Suite," which will include a main foyer entrance, the head coach's office and conference room, reception and administrative offices, and

WHEREAS, the Yance gift is the first fund-raising gift and naming opportunity for the field house, and the largest gift to date to the new football program, and

WHEREAS, the generous gift is part of Campaign USA, the University's first comprehensive fund-raising campaign that seeks to raise \$75 million for USA programs, faculty, students and construction over three years, and

WHEREAS, in addition to this gift, Mr. and Mrs. Yance have made contributions of \$50,000 to the USA Football Support Club and \$15,000 to the campus Alumni Bell Tower project, and

WHEREAS, the Yances also recently increased their gifts to the James A. Yance Endowed Scholarship for Pre-Law Students and, to date, have contributed \$22,000 to the scholarship fund, which has been matched dollar-for-dollar by the University for a total endowment of \$44,000, and

WHEREAS, this latest gift to the new football field house brings the Yances' total giving to the University over time to \$619,000, and

WHEREAS, Mr. Yance has been an active alumnus, working tirelessly on behalf of both Campaign USA and the new Jaguar football program, and

WHEREAS, Mr. and Mrs. Yance's milestone gift in support of Campaign USA and the University's new football program will significantly enhance the college experience for future generations of USA students,

NOW, THEREFORE, BE IT RESOLVED, that the University of South Alabama's Board of Trustees publicly acknowledges the many generous contributions of Mr. and Mrs. Yance, and

BE IT FURTHER RESOLVED, that the Board of Trustees, the President, the faculty, administrators, staff, and present and future students of the University of South Alabama warmly thank Mr. and Mrs. Yance for their commitment to and support of the University.

President Moulton presented **ITEM 2**, the President's Report. He thanked Ms. Mitchell for her donation of an oil painting in memory of husband and former USA Trustee Mayer Mitchell. He invited guests to view the painting, *Newburg-on-Hudson, Yacht Club* by Reynolds Beal (1914), on display in the President's Office.

President Moulton recognized Drs. John Sachs and David Turnipseed - Faculty Senate Chair and Vice Chair, respectively; Ms. Caitlin Collins - SGA President; Mr. Andy Denny - President, USA National Alumni Association; and Dr. Tom Montgomery - President, College of Medicine Alumni Association.

President Moulton reported a fall enrollment of 14,279, including 4,109 new students and 2,600 students living on campus. He noted that the ACT scores of entering freshmen average 21.9 as compared to 20.4 in the state and 21.1 nationally. Of these, 134 USA freshmen had scores of 28 and above, and 61 had scores of 30 or higher. He reminded Board members that Mr. Landon Sykora, one of only two Alabama high school graduates to recently earn a perfect 36 ACT score, had enrolled at USA, as well as three America's Junior Miss state winners – Mss. Lauren Gessner of Ohio, Twila Tschan of Oregon, and Hannah Yeates of Idaho. Slides with enrollment figures were shown, and included data of the significant increase in enrollment from fall 1998 of 11,650 to fall 2008 of 14,279, a 2,629, or 23 percent, increase. Attention turned to the recently unveiled new Jaguar logo. President Moulton said that the design process was completed internally with input from faculty, staff, students, and alumni. He said that attendance at the unveiling event topped 1,000 and noted that response has been positive.

President Moulton called upon Dr. Greg Gruner, Chair of the Music Department, for an update on the new USA Marching Band program. Dr. Gruner said that a national search had been conducted which yielded an excellent pool of candidates. Following the interview process, Mr. Ward Miller was appointed USA's Marching Band Director. He introduced Mr. Miller, who expressed excitement for the opportunity to build USA's marching band program. He provided details of his background, noting pleasure in returning to his home state. Band uniform designs featuring the new logo were presented. Mr. Miller said that the marching band's first public performance will be in fall 2009 at USA's inaugural football game.

President Moulton announced that the Point Clear Polo Classic would be held October 19. Proceeds will benefit the USA Mitchell Cancer Institute. President Moulton invited Trustees and guests to attend the public dedication and grand opening of the Mitchell Cancer Institute on November 3 at 11:00 a.m. He called attention to the USA publications *Research, Innovation and Outreach, Volume Four*, and *Medicine*. He said that the next regular meeting of the Board of Trustees is scheduled for December 11.

Chairman Stokes called for consideration of **ITEM 1**, the minutes of the June 5, 2008, meeting of the Board of Trustees, as well as the minutes of the June 4, 2008, meeting of the Committee of the Whole and the August 21, 2008, meeting of the Executive Committee. On motion by Ms. Maye, seconded by Mr. Peek, the minutes were unanimously adopted.

Chairman Stokes called for a report of health affairs items. Dr. Furr, Chair of the Health Affairs Committee, presented **ITEM 3** as follows. On motion by Dr. Charlton, seconded by Mr. Langham, the resolution was unanimously approved.

RESOLUTION
MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS MAY, JUNE, JULY, AND AUGUST 21, 2008

WHEREAS, the Medical Staff appointments and reappointments for May, June, July, and August 21, 2008, for the University of South Alabama Hospitals are recommended for approval by the Medical Executive Committees of the University of South Alabama Hospitals,

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

Dr. Furr presented **ITEM 4** as follows. On motion by Mr. Langham, seconded by Dr. Charlton, the resolution was unanimously approved.

RESOLUTION
USA HOSPITALS MEDICAL STAFF RULES AND REGULATIONS ADDITION, MEETING OF AUGUST 5, 2008

WHEREAS, an addition to the USA Hospitals Medical Staff Rules and Regulations was approved by the Medical Staffs of the University of South Alabama Hospitals at their August 5, 2008, Medical Staff meeting and recommended to the Board of Trustees for approval,

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

Concerning **ITEM 5**, a report on the process to select of an architect for the USA Children's and Women's Hospital expansion project, President Moulton said that interviews with firms would be held in the coming week. He stated that a project management team is being established, and that a general contractor model would be implemented once the team is in place.

Dr. Franks and Mr. Hammack addressed **ITEM 6**, a report on the activities of the Division of Health Sciences and the USA Health System. Mr. Hammack reported that the USA Medical Center received national recognition for stroke certification. The Administration is working with the state of Mississippi for the Medical Center to be declared a level one trauma center. He expressed enthusiasm for the start of construction at USA Children's and Women's Hospital. Dr. Franks introduced Drs. Zari Aliabadi - Chair and Professor, Department of Physician Assistants Studies, and Anita Smith, Chair and Associate Professor, Maternal/Child Nursing, and provided biographical information on each guest. He reported that Dr. Rick Talbott - Dean, College of Allied Health Professions, had been awarded the highest honor given by his professional association, giving him national recognition in his field of Speech Pathology and Audiology. He reported on negotiations with UAB's Department of Public Health for a shared program for faculty who are interested in earning a Certificate of Public Health; participants will be able to complete requirements for the certificate online. He said that discussions are under way with the U.S. Department of Veterans Affairs to establish a residency program. He talked about a recent visit with Drs. Stokes and Ron Owen at the Southeast Regional Medical Center to discuss development of a residency program in family medicine, and reported on discussions to develop a partnership with the University of Alabama's Rural Health Program. Dr. Franks provided an update on the search process to fill the position of Senior Vice President for Academic Affairs. He said that a national search firm had been engaged and that a large pool of candidates had been identified. He said a shortlist of candidates is expected by the end of November.

Dr. Boyd presented **ITEM 7**, a report on the USA Mitchell Cancer Institute. He announced the appointment of Dr. Laurie Beth Owen as Professor of Oncologic Sciences and Associate Director of Basic Translational Sciences. He provided details of Dr. Owen's professional background, noting also that she is a USA graduate and that she is a previous recipient of a USA Distinguished Alumni Award. Dr. Owen will join the staff in October.

Chairman Stokes called for a report of academic and student affairs items. Ms. Miree, Academic and Student Affairs Committee Chair, called upon Dr. Moore to address **ITEM 8**, a report of academic affairs. Dr. Moore introduced and provided biographical information for Dr. Joan Exline - Associate Vice President, Office of Institutional Research, Assessment, and Planning; and Dr. Alec Yasinsac - Dean, School of Computer and Information Sciences. Dr. Yasinsac made brief comments about CIS activities. Dr. Moore introduced Dr. Alvin Williams - Professor, Department of Marketing and E-Commerce, and noted that Dr. Williams joins the Mitchell College of Business as Distinguished Professor of Marketing specializing in supply chain management.

Dr. Moore presented **ITEM 9** as follows. On motion by Ms. Miree, seconded by Mr. Langham, the resolution was unanimously approved.

**RESOLUTION
PROFESSORS EMERITI**

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

William F. Gilley, Ph.D., Professor of Health, Physical Education and Leisure Studies
Calvin N. Jones, Ph.D., Professor of Foreign Languages and Literatures
George E. Uhlig, Ph.D., Professor of Behavioral Studies and Educational Technology

and,

WHEREAS, in recognition of their contributions to the University through extraordinary accomplishments in teaching and in the generation of new knowledge through research and scholarship, and for serving as a consistently inspiring influence to students for a period of time, and

WHEREAS, the faculty and chairpersons from their departments, academic dean, the Senior Vice President for Academic Affairs, and the President have duly recommended the aforementioned retirees from the University faculty, and

NOW THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama in a seated meeting held on September 11, 2008, hereby appoints the aforementioned individuals to the rank of Professor Emeritus with the rights and privileges thereunto appertaining, and

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

Ms. Miree called upon Dr. Shearer to present **ITEM 10** (refer to **APPENDIX A** for copies of policies and other authorized documentation) as follows. Dr. Shearer said that the report documents the University's progress relative to five goals: access of education, cooperative partnerships, program quality, funding resources, and workforce development. The document is the final report required for the five-year reporting period. On motion by Ms. Miree, seconded by Mr. Yance, the resolution was unanimously approved.

**RESOLUTION
REPORT TO ACHE ON STATE PLAN FOR ALABAMA HIGHER EDUCATION**

WHEREAS, the Alabama Commission on Higher Education (ACHE) has developed a *State Plan for Alabama Higher Education, 2003-2004 to 2008-2009* (Plan), and

WHEREAS, the ACHE Plan sets out five overarching goals with objectives - Access, Cooperation, Quality, Resources, and Workforce Development, and

WHEREAS, to demonstrate the accountability of the state's higher education institutions, ACHE has proposed that the boards of trustees of each institution annually submit a report on the institution's accomplishments toward achievement of the goals and objectives in the state Plan, and

WHEREAS, the fifth annual report to ACHE is due to be submitted by October 17, 2008,

NOW, THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees approves the attached report entitled *University of South Alabama Board of Trustees Fifth Annual Report to the Alabama Commission on Higher Education State Plan for Alabama Higher Education 2003-04 – 2008-09*, and authorizes the President of the University to submit said report on its behalf to the Alabama Commission on Higher Education.

Ms. Miree called upon Dr. Smith to present **ITEM 11**, a report of student affairs. Dr. Smith reported on the appointment of USA graduate and former SGA president Mr. Michael Mitchell as the University's new Dean of Students. He introduced Mr. Mitchell, who expressed enthusiasm for the opportunity to come "home" to USA.

Chairman Stokes called for consideration of budget and finance items. On behalf of Mayor Nix, Budget and Finance Committee Chair, Mr. Wayne Davis addressed **ITEM 12** reports titled *Monthly Fund Financial Reports for April, May, and June 2008*; *Quarterly GASB Financial Statement for the Nine Months Ended June 30, 2008*; and *Summary Comparison of Fund Financial Reports to GASB Financial Statements, June 30, 2008 and 2007*. He discussed the results of operations for the first nine months of 2008 compared to 2007. The report was accepted by the Board.

Mr. Ken Davis presented **ITEM 13** as follows. He explained that the nomination of two directors, Dr. Jim Laier and Mr. Joe Adamo, for new terms on the USA Research and Technology Corporation Board of Directors must be approved by the University of South Alabama Board of Trustees. These individuals currently serve as directors and both have agreed to serve additional four-year terms. On motion by Mr. Langham, seconded by Ms. Maye, the resolution was unanimously approved.

RESOLUTION

ELECTION OF DIRECTORS FOR THE USA RESEARCH AND TECHNOLOGY CORPORATION BOARD

WHEREAS, pursuant to the Amended Bylaws of the USA Research and Technology Corporation ("Corporation"), the Board of Trustees of the University of South Alabama ("University") shall elect directors of the Corporation who are not officers, employees or trustees of the University, and

WHEREAS, the Board of Directors of the Corporation is authorized to nominate new directors consistent with the aforesaid for consideration and confirmation by the Board of Trustees of the University, and

WHEREAS, the Board of Directors of the Corporation has nominated for consideration and confirmation by the Board of Trustees of the University Mr. Joseph J. Adamo and Dr. James E. Laier for four (4) year terms beginning June 2008, and these persons have agreed to serve in this capacity if elected,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama does hereby elect as Directors of the USA Research and Technology Corporation Mr. Joseph J. Adamo and Dr. James E. Laier, both for four (4) year terms beginning June 2008.

Dr. Lea presented **ITEM 13.A** as follows. He indicated that, to receive federal direct appropriations for the construction of the Engineering and Science Center facility, the federal government requires that it maintain an interest in the building for 40 years. This resolution approves that interest. On motion by Mr. Peek, seconded by Mr. Yance, the resolution was unanimously approved.

RESOLUTION
EXECUTION OF NOTICE OF FEDERAL INTEREST IN USA ENGINEERING AND SCIENCE CENTER

WHEREAS, the University of South Alabama has been awarded federal grants from the U. S. Department of Commerce / National Institute of Standards and Technology and the Federal Highway Administration to partially fund the construction of the USA Engineering and Science Center, and

WHEREAS, applicable regulations require use of the building be restricted for a period of up to 40 years to those purposes documented in the applications approved by the agency that promulgated the subject awards unless subsequent preapproval of alternative uses is granted by the federal government, and

WHEREAS, such regulations also require the recording of such federal interests in the public records of Mobile County, and

WHEREAS, the University of South Alabama intends to construct and operate the Engineering and Science Center as proposed under approved grant awards to provide instruction and research in several engineering disciplines as well as in computing sciences,

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees hereby authorizes the President of the University to execute, file, and record such documents as necessary to affirm the federal interests in the Engineering and Science Center as required under applicable federal regulations.

President Moulton and Mr. Wayne Davis presented **ITEM 14**, the University Budget for 2008-2009. President Moulton said that the state appropriation decrease of \$17,881,956, and the mandatory cost increases for the Teachers' Retirement System of Alabama matching and retiree health insurance have caused significant challenges for the University. He noted that the appropriation the University receives from the state is dependent upon sales and income taxes collected and stated that, in general, tax revenue is down due to a weakened economy. To USA's advantage are enrollment growth and conservative spending during the previous three years of substantial state appropriation increases. This substantial deficit in revenue will affect all components of the University, including general University operations, the College of Medicine, and the Hospitals. President Moulton expressed the hope for tax reform in the future that would center on support for education. In the meantime, the Administration will continue to protect the University's financial health. It was noted that the proposed budget does not provide for salary increases. Mr. Davis reported that the budgeted revenues are \$654,155,787, an increase of \$30,255,168 over last year's revenues of \$623,900,619. Budgeted expenditures and transfers are \$658,614,044, an increase of \$34,713,425 compared to 2007-2008 expenditures of \$623,900,619. This results in a deficit budget of \$4,458,257 due primarily to a decrease in the state appropriation of \$17,881,956, or 11.81 percent.

Mr. Davis detailed budgeted revenues: the previously-approved tuition increase and enrollment growth of \$11,666,905; the state appropriation decrease of \$17,881,956; gifts, grants, and contracts increase of \$11,059,071; Hospitals sales and services revenues increase of \$6,977,344, contractual adjustments decrease of \$12,556,575, and other Hospital revenues increases of \$1,942,965; Mitchell

Cancer Institute revenues increase of \$260,465, contractual adjustments increase of \$1,724,630, and other MCI revenues increases of \$2,231,339; and Auxiliary Enterprise revenues increase of \$1,318,096.

Mr. Davis outlined budgeted expenditures: State Teachers' Retirement System employer matching cost increase of \$3,475,020; utilities, building maintenance, custodial services, and building maintenance and repairs increase of \$2,203,700; scholarships increase of \$1,000,000; debt service, renewals and replacements, and other transfers decrease of \$2,224,743; auxiliary operating expenses increase of \$1,136,536; Hospitals' operating expenses increase of \$20,240,399; MCI operating expenses increase of \$993,249; University operations and maintenance and College of Medicine expenditures increases of \$5,082,008; and grants and contracts expenses increase of \$4,439,263.

Mr. Davis said the University will implement several budget-reduction measures to address the budget deficit. These measures include a hiring and reclassification freeze, the elimination or reduction of overtime to the absolute minimum, the elimination of payment for cellular telephones, and the implementation of a pilot, voluntary program for employees to work four nine-hour days for a 36-hour work week. Employees electing this option would have their compensation reduced by four hours a week. Employees will continue to be eligible for all employee benefits and participation in the Teachers' Retirement System of Alabama. Adjustments to employees' schedules will be made with consideration of department needs and with supervisor approval. President Moulton noted that faculty recruitment will not be affected for the fiscal year 2008-2009. On motion by Mr. Langham, seconded by Mr. Peek, the budget was unanimously approved.

RESOLUTION
UNIVERSITY BUDGET FOR 2008-2009

BE IT RESOLVED, that the University of South Alabama Board of Trustees approves the 2008-2009 University of South Alabama Budget, and

BE IT FURTHER RESOLVED, that the University of South Alabama Board of Trustees approves the 2008-2009 Budget as a continuation budget for 2009-2010 in order to be in compliance with bond trust indenture requirements if the budget process cannot be completed prior to beginning the 2009-2010 fiscal year.

Mr. Wayne Davis discussed **ITEM 15** as follows, indicating that the bond issue being presented to the Board was for a face amount of \$112,885,000 with a cash yield of approximately \$110,000,000. He briefed Board members on the proposed use of the funds, and introduced Mr. Louis Cardinal of the firm of Thornton Farish; Mr. Rod Kanter of Bradley Arant Rose and White; Mr. Bob Young of Frazer Lanier; and Mr. Rory Hartley of Protective Securities.

Mr. Cardinal indicated that the bonds had been successfully sold on September 9, 2008. He reported that, in the process of preparing the issue, the bond rating of the University was upgraded to A1 by Moody's and A+ by Standard and Poor's – both primarily due to the improved financial position of the University. He said that the issue will be insured by Berkshire Hathaway Assurance Corporation. Because of this insurance, the bonds will be issued at a AAA rating, resulting in a gross cash flow savings to the University of approximately \$5,000,000 to \$6,000,000.

Mr. Young reiterated the success of the sale, indicating that the bonds were initially over subscribed, allowing the University to slightly lower the interest rate to 4.81 percent. Mr. Hartley thanked the Board for allowing his firm to participate in the issue. Mr. Kanter reported that his firm would deliver its legal opinion, as well as all other legal documents, when the bonds close, and noted that all legal documents are in place and proper.

President Moulton asked Mr. Cardinal about the debt position of the University. Mr. Cardinal responded that USA's debt position remains strong and conservative with debt service coverage of approximately 3.5 to 1. Mr. Kanter added that USA's debt service coverage is as high as he has seen for any other institution that is similar to the University of South Alabama. On motion by Ms. Maye, seconded by Mr. Peek, the resolution was unanimously approved.

A RESOLUTION
AUTHORIZING THE ISSUANCE OF \$112,885,000 PRINCIPAL AMOUNT OF
UNIVERSITY FACILITIES REVENUE CAPITAL IMPROVEMENT BONDS
SERIES 2008

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

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

(1) It is necessary, advisable, in the interest of the University and in the public interest that the University make certain capital improvements representing a portion of the University's five and ten-year capital improvement program including, without limitation, the construction and acquisition of capital improvements to the University of South Alabama Children's and Women's Hospital (the "USACW") consisting of approximately 39,000 square feet of new renovations and 147,000 square feet of new construction to provide new operating room suites, OB/GYN ICU beds, Neonatal ICU beds, new Pediatric ICU rooms, additional Labor/Delivery/Recovery rooms, new pediatric beds, new office space, a new kitchen and cafeteria, a new auditorium, new classrooms and various other capital improvements at the USACW; improvements to the cafeteria on the campus of the University; renovations to the auditorium and student center; improvements to the recreation center and physical education building; and other capital improvements throughout the campus of the University (collectively, the "Improvements"); and

(2) It is necessary, advisable, in the interest of the University and in the public interest that the University issue its \$112,885,000 University Facilities Revenue Capital Improvement Bonds, Series 2008 (the "Bonds") in order to: (i) pay the costs of constructing and acquiring the Improvements, (ii) pay a portion of the costs of issuing the Bonds, and (iii) pay the premium for a financial guaranty insurance policy respecting the Bonds.

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

- (1) the University is not now in default under the Indenture and no such default is imminent;
- (2) the Bonds shall be designated Series 2008;
- (3) the persons to whom the Bonds are to be delivered are set forth in Sections 6 hereof;
- (4) all of the Bonds are to be issued by sale in accordance with Section 6 hereof;
- (5) the sale price of the Bonds is set forth in Section 6 hereof;

(6) (a) the only bonds that have previously been issued by the University under the Indenture are its (i) \$31,680,000 original principal amount of University Tuition Revenue Refunding and Capital Improvement Bonds, Series 1996, dated February 15, 1996 (the "Series 1996 Bonds"), which were issued under and pursuant to the Trust Indenture dated February 15, 1996 further described in Section 2 hereof, (ii) \$7,055,000 original principal amount of University Tuition Revenue Refunding Bonds, Series 1996B, dated October 15, 1996 (the "Series 1996B Bonds"), which were issued under and pursuant to the First Supplemental Trust Indenture dated as of October 15, 1996, (iii) \$40,130,000.70 original principal amount of University Tuition Revenue Bonds, Series 1999, dated March 1, 1999 (the "Series 1999 Bonds"), which were issued under and pursuant to the Second Supplemental Trust Indenture dated as of October 15, 1996, (iv) \$51,080,000 original principal amount of Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, dated March 15, 2004 (the "Series 2004 Bonds"), which were issued under and pursuant to the Fourth Supplemental Trust Indenture dated as of March 15, 2004, and (v) \$100,000,000 original principal amount University Tuition Revenue Refunding and Capital Improvement Bonds, dated December 1, 2006 (the "Series 2006 Bonds" and, together with the Series 1999 Bonds and Series 2004 Bonds, the "Outstanding Bonds"), which were issued under and pursuant to the Fifth Supplemental Trust Indenture dated as of December 1, 2006; and (b) in Article VIII of the Indenture, the University has reserved the right to issue additional bonds, secured by a pledge of the Pledged Revenues on a parity with the Outstanding Bonds and with such additional bonds as shall have thereafter been issued thereunder, upon compliance with the applicable provisions of said Article VIII; and

(7) the Bonds are being issued for the purpose of paying the costs of the Improvements, paying a portion of the costs of issuing the Bonds, and paying the premium for the financial guaranty insurance policy respecting the Bonds.

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

Section 2. Authorization of Bonds. For the purposes specified in Section 1 of this resolution, there are hereby authorized to be issued by the University \$112,885,000 aggregate principal amount of University Facilities Revenue Capital Improvement Bonds, Series 2008, dated September 1, 2008 (herein called the "Bonds"), all under the terms, conditions and provisions set out in the Sixth Supplemental University Facilities Revenue Trust Indenture dated as of September 1, 2008, between the University and The Bank of New York Mellon Trust Company, N.A., as trustee (herein called the "Trustee"), which is supplemental to the Trust Indenture between the University and the Trustee dated as of February 15, 1996 (the said Trust Indenture, as heretofore supplemented and amended and as further supplemented and amended by the said Sixth Supplemental Trust Indenture, herein called the "Indenture"). All the provisions of the Indenture respecting the Bonds are hereby adopted as a part of this resolution as fully as if set out at length herein.

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

Section 4. Bonds Payable at Par. All remittances of principal of and interest on the Bonds to the holders thereof shall be made at par without any deduction for exchange or other cost, fees or expenses. The bank or banks at which the Bonds shall at any time be payable shall be considered by acceptance of their duties hereunder to have agreed

that they will make or cause to be made remittances of principal of and interest on the Bonds, out of the moneys provided for that purpose, in bankable funds at par without any deduction for exchange or other cost, fees or expenses. The University will pay to such bank or banks all reasonable charges made and expenses incurred by them in making such remittances in bankable funds at par.

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

Section 6. Sale of the Bonds. The Bonds are hereby sold and awarded to The Frazer Lanier Company, Incorporated, Protective Securities, a Division of Proequities, Inc., Morgan Keegan & Company, Inc., Raymond James and Associates, Inc., Merchant Capital, LLC, First Tuskegee Bank, and Gardnyr Michael Capital, Inc. (collectively, herein called the "Underwriters"), at and for a purchase price equal to \$112,481,249.10, (representing the principal amount of the Bonds less an underwriting discount of \$536,203.75 and plus a net original issue premium of \$132,452.85), plus accrued interest on the Bonds from September 1, 2008, to the date of delivery thereof. The Board does hereby authorize and direct the President of the University to execute and deliver, for and in the name and behalf of the University, a Bond Purchase Agreement respecting the sale of the Bonds to the Underwriters in substantially the form presented to the meeting at which this resolution is adopted and attached as Exhibit II to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution). The Bonds shall bear such date, shall mature at such times and in such manner, shall bear such rate or rates of interest, shall be payable at such place, shall be in such denomination, shall bear such numbers and shall be in such form and contain such provisions as are set out in the Sixth Supplemental University Facilities Revenue Trust Indenture authorized in Section 5 above.

Section 7. Authorization of the Official Statement. The Board does hereby authorize and direct the President of the University to execute, for and in the name and behalf of the University, an Official Statement with respect to the Bonds, to be dated the date of the adoption of this resolution, in substantially the form presented to the meeting at which this resolution is adopted and attached as Exhibit III to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution), with such changes as shall be necessary to conform to the provisions of this resolution. The Board does hereby declare that the Official Statement so executed by the President of the University shall be the Official Statement of the University with respect to the Bonds. The actions of the Underwriters in circulating, on behalf of the University, a Preliminary Official Statement respecting the Bonds, dated September 5, 2008, and attached hereto as Exhibit IV, are hereby ratified and confirmed and the said Preliminary Official Statement is hereby adopted as the Preliminary Official Statement of the University and the Board hereby deems the said Official Statement "final" within the meaning of SEC Rule 15c2-12(b)(1) for the purposes of such rules.

Section 8. Authorization of Continuing Disclosure Agreement. The President of the University is hereby authorized and directed to execute and deliver, on behalf of the University, a Continuing Disclosure Agreement for the benefit of the beneficial owners of the Bonds, in substantially the form presented to the meeting at which this resolution is adopted (which form shall be attached as Exhibit V to the minutes of said meeting and which is hereby adopted in all respects as if set out in full in this resolution). The said Continuing Disclosure Agreement is to be entered into contemporaneously with the issuance of the Bonds in order to assist the Underwriters of the Bonds in complying with Rule 15c2-12 of the Securities and Exchange Commission. The rights of enforcement of the said Continuing Disclosure Agreement shall be as provided therein, and in no event shall a default by the University thereunder constitute a default hereunder or under the Indenture.

Section 9. Execution and Delivery of the Bonds. The Board does hereby authorize and direct the President of the University to execute the Bonds, in the name and on behalf of the University, by causing a manual or facsimile of his signature to be imprinted thereon, and does hereby authorize and direct the Secretary of the Board to cause the corporate seal of the University to be imprinted or impressed on each of the Bonds and to attest the same by causing a manual or facsimile of the signature of said Secretary to be imprinted thereon, all in the manner provided in the Indenture, and the President of the University is hereby authorized and directed to deliver the Bonds, subsequent to their execution as provided herein and in the Indenture, to the Trustee under the Indenture, and to direct the Trustee to authenticate all the

Bonds and to deliver them to the Underwriters, upon payment to the University of the purchase price therefor in accordance with the provisions of Section 6 hereof.

Section 10. Application of Proceeds. The entire proceeds derived by the University from the sale of the Bonds shall be paid to said Trustee under the Indenture, which is thereupon authorized and directed to apply and disburse such moneys for the purposes and in the order specified in Section 1.6 of the Sixth Supplemental University Facilities Revenue Trust Indenture herein authorized.

Section 11. Resolution Constitutes Contract. The provisions of this resolution shall constitute a contract between the University and each holder of the Bonds.

Section 12. Severability. The various provisions of this resolution are hereby declared to be severable. In the event any provision hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this resolution.

Section 13. General Authorization. The President of the University, the Vice-President for Financial Affairs and the Secretary of the Board are hereby authorized to execute such further certifications or other documents and to take such other action as any of them may deem appropriate or necessary for the consummation of the matters covered by this resolution, to the end that the Bonds may be executed and delivered as promptly as practicable.

Mr. Wayne Davis presented **ITEM 15.A** as follows. He discussed the bid process and stated that White-Spunner Construction Company was the low bidder on the entire project with a bid of \$6,798,000 (\$450,000 for Mitchell Center Drive; \$1,598,000 for Alumni Plaza; and \$4,750,000 for the Bell Tower). He noted that the Executive Committee met on August 21 and authorized construction of the new Student Recreation Center and the Football Field House exterior. On motion by Mr. Yance, seconded by Ms. Miree, the resolution was unanimously approved.

**RESOLUTION
AWARD BID FOR RELOCATION OF MITCHELL CENTER DRIVE
AND CONSTRUCTION OF ALUMNI PLAZA INCLUDING LANDSCAPING, AND BELL TOWER**

WHEREAS, for over a decade, the University of South Alabama National Alumni Association and the University of South Alabama have promoted the concept of a significant campus landmark, and

WHEREAS, the landmark envisioned is an Alumni Plaza and Bell Tower located in the central core of the campus, and

WHEREAS, such a landmark provides the opportunity to create a campus symbol of everlasting value and meaning for students, alumni, faculty and staff, and

WHEREAS, the University of South Alabama and the University of South Alabama National Alumni Association have identified this project as a major fundraising goal of the Association, and

WHEREAS, it became necessary to combine this project with the relocation of Mitchell Center Drive in accordance with the University Master Plan which was approved in March 2004, and

WHEREAS, the University solicited bids for the relocation of Mitchell Center Drive, construction of the Alumni Plaza including landscaping and Bell Tower, and opened these bids on August 21, 2008, and

WHEREAS, the low bid was submitted by White-Spunner Construction Company in the amounts of \$450,000 for the relocation of Mitchell Center Drive, \$1,598,000 for construction of the Alumni Plaza and landscaping, and \$4,750,000 for construction of the Bell Tower, for a total bid amount of \$6,798,000,

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama authorizes the awarding of the bid to White-Spinner Construction Company in the amounts of \$450,000 for relocation of Mitchell Center Drive, \$1,598,000 for construction of Alumni Plaza and landscaping, and \$4,750,000 for construction of the Bell Tower, for a total approved bid amount of \$6,798,000.

Chairman Stokes called for a report of audit items. Mr. Wayne Davis presented **ITEM 16**, a report on the independent audit of the USA Foundation Financial Statements, June 2008 and 2007, and **ITEM 17**, a report on the independent audit of the USA Foundation Disproportionate Share Hospital (DSH) Funds, June 2008 and 2007. He indicated that the reports had been discussed by Mr. Ken Davis at the Committee of the Whole meeting on September 10. There was no discussion.

Chairman Stokes read aloud **ITEM 18** as follows. On motion by Mr. Langham, seconded by Mr. Yance, the resolution was unanimously approved. Mrs. Moulton shared heartfelt words of hope for a cure for the dreadful disease of cancer, and expressed gratitude for the opportunity to help in the fight. President Moulton talked of the inspiring example set by good friends and former Trustees Jack Brunson and Mayer Mitchell; Arlene, Abe, and the Mitchell family; and wife, Geri Moulton. He said it was a privilege to be involved in this worthwhile project.

**RESOLUTION
NAMING OF THE USA MITCHELL CANCER INSTITUTE MAIN FLOOR RESEARCH AREA**

WHEREAS, President Gordon Moulton and his wife, Geri, have been tireless advocates of the University for more than four decades, generously giving of their time and resources, and

WHEREAS, Gordon Moulton has worked professionally in both academic and administrative roles at the University of South Alabama for more than 40 years, the last ten of which as the University's President, and

WHEREAS, the idea for an academic cancer research institute was proposed by President Moulton in 2000 as a much-needed health care initiative for the area, and

WHEREAS, the USA Mitchell Cancer Institute is the single most ambitious research endeavor in the University's history, with the ultimate goal of helping Gulf Coast citizens lead longer, healthier lives through the prevention, diagnosis, and advanced treatment of cancer made possible through innovative medical research, and

WHEREAS, Geri and Gordon Moulton have now shown further support of the University of South Alabama by donating \$3 million toward research and the cure of cancer at the USA Mitchell Cancer Institute, establishing the "Geri and Gordon Moulton Research Fund," and

WHEREAS, the contribution is one of the largest gifts in the history of the University of South Alabama and further advances the development of the USA Mitchell Cancer Institute as a nationally recognized research and clinical cancer center, and

WHEREAS, the Moultons' gift is part of Campaign USA, the University's first comprehensive fund-raising campaign that seeks to raise \$75 million for USA programs, faculty, students and construction, and

WHEREAS, the gift to the USA Mitchell Cancer Institute is further evidence of the Moultons' dedication not only to the University of South Alabama, but to all citizens of the Gulf Coast region,

THEREFORE, BE IT RESOLVED, that the University of South Alabama's Board of Trustees acknowledges and thanks the Moultons for their steadfast service to humanity and generous philanthropic support of the University, and

BE IT FURTHER RESOLVED, that the Board of Trustees, in consideration of this recent and generous contribution to the USA Mitchell Cancer Institute, hereby names the main floor research area of the cancer institute the "Geri and Gordon Moulton Center for Cancer Research.

There being no further business, the meeting adjourned at 11:32 a.m.

Attest to:

Respectfully Submitted:

Bettye R. Maye, Secretary

Steven H. Stokes, MD, Chair Pro Tempore

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

COMMITTEE OF THE WHOLE

**September 10, 2008
2:00 p.m.**

A meeting of the Committee of the Whole was duly convened by Dr. Steven H. Stokes, Chair Pro Tempore, on Wednesday, September 10, 2008, at 1:57 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Trustees Scott Charlton, Steven Furr (via phone), Donald Langham, Bettye Maye, Christie Miree, Arlene Mitchell, John Peek, Steven Stokes, and James Yance.

Members Absent: Trustees J. L. Chestnut, Cecil Gardner, Sam Jones, Bryant Mixon, Joseph Morton, James Nix, Bob Riley, and Larry Striplin.

Administration and Others: President Gordon Moulton; Drs. Michael Boyd, Joe Busta, Ron Franks, Russ Lea, John Sachs (Faculty Senate), Robert Shearer, John Smith, David Stearns, and David Turnipseed; Messrs. Terry Albano, Louis Cardinal (Thornton Farish), Ken Davis, Wayne Davis, Stan Hammack, Rod Kanter (Bradley Arant); Mss. Caitlin Collins (SGA) and Jean Tucker.

Press: Ms. Renee Busby (*Press-Register*).

Chairman Stokes called the meeting of the Committee of the Whole to order. President Moulton suggested deferral of introductions and routine approval and report items until the Board meeting on September 11.

Ms. Miree, Chair of the Academic and Student Affairs Committee, called upon Dr. Shearer to discuss **ITEM 10** (for copies of resolutions, policies, and other authorized documentation, refer to the USA Board of Trustees meeting minutes, September 11, 2008), a resolution to approve the document titled *University of South Alabama Board of Trustees Fifth Annual Report to the Alabama Commission on Higher Education - State Plan for Alabama Higher Education, 2003-04 through 2008-09*. Dr. Shearer explained that the report documents the University's progress relative to five goals: access of education, cooperative partnerships, program quality, funding resources, and workforce development. The document is the final report required for the five-year reporting period. Action was deferred until the Board meeting.

On behalf of Mayor Nix, Chair of the Budget and Finance Committee, Mr. Wayne Davis presented **ITEM 12**, the Monthly Fund Financial Reports for April, May, and June 2008 and the GASB Financial Statements for the nine months ended June 30, 2008, comparing nine-month results for 2008 to 2007.

Mr. Ken Davis presented **ITEM 13**, a resolution to elect as Directors of the USA Research and Technology Corporation Mr. Joseph Adamo and Dr. James Laier for four-year terms effective June 2008. Both are currently directors and have agreed to serve additional four-year terms. Action was deferred until the Board meeting.

Ms. Jean Tucker discussed **ITEM 13.A**, a resolution authorizing the President to execute, file, and record such documents as necessary to affirm the federal interests in the Engineering and Science Center as required under applicable federal regulations. She explained that the resolution must be passed as a term of the federal award for the construction of the building to take place. On motion duly made and seconded, the Committee unanimously agreed to recommend approval by the full Board.

Mr. Wayne Davis presented **ITEM 14**, a resolution authorizing the University Budget for 2008-2009. He said that the proposed budget submits a \$4.5 million deficit. He noted that, for the upcoming year, there were significant revenue changes compared to the revenues received by the University over the past three years. President Moulton said that factors helping the University address decreased funding are enrollment growth and the recent tuition increase. Mr. Langham questioned indigent care funding. President Moulton responded that, unlike the USA Medical Center, no other area hospital has had more than six percent in unpaid indigent care patient charges. For this reason, the University does receive the bulk of indigent support among the local hospitals.

Mr. Davis discussed highlights of the proposed budget, noting that budgeted revenues are \$654,155,787, an increase of \$30,255,168 over last year's revenues of \$623,900,619. Budgeted expenditures and transfers are \$658,614,044, an increase of \$34,713,425 compared to 2007-2008 expenditures of \$623,900,619. This results in a deficit budget of \$4,458,257 due primarily to a decrease in the state appropriation of \$17,881,956, or 11.81 percent. This decrease follows three years of substantial appropriation increases.

Mr. Davis detailed budgeted revenues: the previously-approved tuition increase and enrollment growth of \$11,666,905; the state appropriation decrease of \$17,881,956; gifts, grants, and contracts increase of \$11,059,071; Hospitals sales and services revenues increase of \$6,977,344, contractual adjustments decrease of \$12,556,575, and other Hospital revenues increases of \$1,942,965; Mitchell Cancer Institute revenues increase of \$260,465, contractual adjustments increase of \$1,724,630, and other MCI revenues increases of \$2,231,339; and Auxiliary Enterprise revenues increase of \$1,318,096.

Mr. Davis outlined budgeted expenditures: State Teachers' Retirement System employer matching cost increase of \$3,475,020; utilities, building maintenance, custodial services, and building maintenance and repairs increase of \$2,203,700; scholarships increase of \$1,000,000; debt service, renewals and replacements, and other transfers decrease of \$2,224,743; auxiliary operating expenses increase of \$1,136,536; Hospitals' operating expenses increase of \$20,240,399; MCI operating expenses increase of \$993,249; University operations and maintenance and College of Medicine expenditures increases of \$5,082,008; and grants and contracts expenses increase of \$4,439,263.

Mr. Davis said the University will implement several budget-reduction measures to address the budget deficit. These measures include a hiring and reclassification freeze, the elimination or reduction of overtime to the absolute minimum, the elimination of payment for cellular telephones, and the implementation of a pilot, voluntary program for employees to work four nine-hour days for a 36-hour work week. Employees electing this option would have their compensation reduced by four hours a week. Employees will continue to be eligible for all employee benefits and participation in the Teachers' Retirement System of Alabama. Adjustments to employees' schedules will be made with consideration of department needs and with supervisor approval. President Moulton noted that faculty recruitment will not be affected.

Mr. Hammack discussed the financial condition of Medicaid and the effects on the University and other agencies. Mr. Davis and President Moulton addressed the University's self-insured health and dental plan, indicating that the plan is in good standing at a reasonable cost with no premium increases to policy holders. President Moulton said that the University utilizes its own delivery system for health care with the Hospitals and USA physicians as providers, which makes a tremendous difference in premium costs. On motion duly made and seconded, the Committee unanimously agreed to recommend approval by the full Board.

President Moulton presented an overview of the proposed University bond issue, **ITEM 15**, indicating that the primary purpose of the bond issue is to fund the construction of the expansion of Children's and Women's Hospital. The remainder is to be used for various projects on the main campus. Mr. Wayne Davis introduced Mr. Louis Cardinal of Thornton Farish, the University's financial advisor; and Mr. Rod Kanter, attorney with Bradley Arant Rose and White. Mr. Cardinal reported that the underwriters had a successful sale of the bonds. The bonds will be issued at an effective interest rate of 4.8 percent with a face value of \$112,885,000 and will yield approximately \$110,000,000. He discussed the upgrade of the Moody's Bond Rating from A2 to A1 and also indicated that the issue will be insured by Berkshire Hathaway Assurance Corporation. Because of this insurance, the bonds will be issued at a AAA rating, resulting in a net cash flow savings to the University of approximately \$5,000,000 (net of the cost of the insurance). Mr. Kanter reported that all of the documents required for the bond sale are proper and in place. Upon motion duly made and seconded, the Committee voted unanimously to recommend approval by the full Board.

President Moulton introduced **ITEM 15.A**, a resolution authorizing the awarding of the construction bid for relocating Mitchell Center Drive to White-Spunner Construction at a cost of \$450,000; for construction of Alumni Plaza and landscaping at a cost of \$1,598,000; and for construction of the Bell Tower at a cost of \$4,750,000; for a total approved bid amount of \$6,798,000. The resolution and other documentation were distributed for review by Trustees. Mr. Davis discussed the bid process and stated that White-Spunner Construction Company was the low bidder on the entire project. He noted that the original low bid from White-Spunner came in at \$7.3 million, and added that the University Administration negotiated for a reduced cost of \$6.9 million. He said that the project was covered under the 2006 University bond issue. President Moulton called upon Dr. Busta to comment on development efforts for the project. Dr. Busta reported that funds raised thus far are in the \$4 million range. He suggested that continued efforts may bring the total dollars raised to the

\$5 million mark. On motion duly made and seconded, the Committee voted unanimously to recommend approval by the full Board.

Chairman Stokes called for a report of audit items. Mr. Ken Davis presented **ITEM 16**, a report on the independent audit of the USA Foundation Financial Statements, June 2008 and 2007. He reported that the auditor's opinion was unqualified, and pointed out that 41 percent of the Foundation's assets were invested in marketable securities, while 53 percent was invested in timber and mineral properties.

Mr. Ken Davis discussed **ITEM 17**, a report on the independent audit of the USA Foundation Disproportionate Share Hospital (DSH) Funds, June 2008 and 2007. He noted that the auditor's opinion was unqualified.

Chairman Stokes called upon Mr. Albano to address **ITEM 18**, a report on the endowment and University investments. Reports were distributed for review by Trustees as Mr. Albano presented performance results for the total endowment and each individual money manager for the 2008 fiscal year: Commonfund, Private Advisors, Arlington Partners, Gerber/Taylor, Douglas Lane, and various other fund managers. He stated that the endowment out-performed its relative index for the 2008 fiscal year to date (-7.49 percent vs. -8.09 percent), and out-performed since inception (3.78 percent vs. 2.34 percent). He commented on the outstanding performance of Douglas Lane, noting that the management company had out-performed its relative index by 9.51 percentage points due, in part, to the investment strategies employed in a very volatile market. He reported that the current value of the endowment is \$64.4 million. Ms. Miree asked Mr. Albano how the relative indices were calculated; Mr. Albano responded that the calculations were based on a weighted value for each asset class.

Mr. Yance reported on the *Campaign USA* Leadership Team meeting held prior to the Committee of the Whole meeting. He said that the finish line is in sight with 90 percent of the drive complete. He expressed enthusiasm and confidence that the goal of \$75 million would be met. Thus far, \$69.7 million has been raised.

There being no further business, the meeting adjourned at 3:01 p.m.

Attest to:

Respectfully Submitted:

Bettye R. Maye, Secretary

Steven H. Stokes, MD, Chair Pro Tempore

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Executive Committee Meeting

**November 2, 2008
5:30 p.m.**

The Executive Committee of the University of South Alabama Board of Trustees was duly convened by Chairman Steven Stokes on Sunday, November 2, 2008, at 5:35 p.m. in the Bienville Room at The Battle House.

Members Present: Trustees Cecil Gardner, Samuel Jones, Donald Langham, Bettye Maye, James Nix, Steven Stokes, and James Yance.

Other Trustees: Trustees Christie Miree and Larry Striplin.

Administration and Others: President Gordon Moulton; Dr. Bob Shearer; Messrs. Wayne Davis and Stan Hammack; and Ms. Jean Tucker.

Press: Ms. Renee Busby (*Press-Register*).

Chairman Stokes convened the meeting and deferred to President Moulton for discussion of **ITEM 1** as follows. President Moulton discussed the proposal process for selection of an architect for the Children's and Women's Hospital expansion project, pointing out that, of several firms submitting proposals, five were invited to the campus to make presentations. It was noted that the teams interviewed had extensive backgrounds in hospital design, and recommended approval of awarding the contract to TRO Jung/Brannen. Mr. Hammack concurred. On motion by Mr. Langham, seconded by Mayor Jones, the resolution was unanimously approved.

**RESOLUTION
SELECTION OF ARCHITECT FOR ADDITION TO CHILDREN'S AND WOMEN'S HOSPITAL**

WHEREAS, the University of South Alabama Children's and Women's Hospital is a quality facility with the mission of providing outstanding medical care to children and women, and

WHEREAS, the facility, including the addition made in 1996, is filled to capacity with patients, and

WHEREAS, it is apparent that this trend of high patient volume will continue because of the specialized nature of services rendered by the physicians and staff at the Children's and Women's Hospital, and

WHEREAS, this project was envisioned when the Board of Trustees authorized the sale of the University Facilities Revenue Capital Improvements Bonds Series 2008 at the September 11, 2008, Board of Trustees meeting, and

WHEREAS, the selection of an architect with the proper background and experience is essential to the successful completion of this project, and

WHEREAS, the University and Hospital Administration interviewed five outstanding architectural firms for this project, and

WHEREAS, the University Administration, after much deliberation, recommends the appointment of the TRO Jung/Brannen firm as the architect for this building,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby authorizes the President to engage the firm TRO Jung/Brannen for this project.

President Moulton called upon Mr. Davis to present **ITEM 2** as follows. Mr. Davis explained that the resolution authorizes the awarding of two bids. He reminded the Committee of prior approval by the Executive Committee on August 21, 2008, to construct the exterior shell of the football field house facility, and reported that eight firms had recently submitted bids to complete the interior of the building. He read aloud the portion of the resolution pertinent to the construction bid and provided details on the bid process. He said that the administration would soon conclude examination of the proposals.

Mr. Davis addressed the bid process for installation of the primary power supply for the football field house and practice field. He reported that Gulf Electric Company had submitted the lowest bid at \$305,596. He read aloud the corresponding language of the resolution, and he and President Moulton responded to questions. On motion by Mayor Nix, seconded by Mr. Gardner, the resolution was unanimously approved.

RESOLUTION

AWARD BIDS FOR FOOTBALL FIELD HOUSE AND PRACTICE FIELD PRIMARY POWER, AND INTERIOR PACKAGE PHASE II

WHEREAS, on August 21, 2008, the Executive Committee of the Board of Trustees of the University of South Alabama approved the award of the bid by Trademark Construction, Inc. for construction of the Football Field House shell, and

WHEREAS, it was contemplated that construction of the shell would proceed while design of the interior fit out was completed, and

WHEREAS, the University solicited bids for construction of the interior fit out of the Football Field House, as shown on the bid tabulation attached as Exhibit A, and

WHEREAS, after reviewing all bids, the University determined that further due diligence needs to be performed with the apparent low bidder to determine that all bid specifications were met and that all value engineering possibilities were examined, and

WHEREAS, it was determined that the power grid of the University must be expanded to supply electrical power to the Football Field House and Practice Field and other facilities that might be located in that area in the future, and

WHEREAS, the University solicited bids for installation of the primary power supply for the Football Field House and Practice Field, as shown on the bid tabulation attached as Exhibit B, and

WHEREAS, after reviewing all bids, the University determined that Gulf Electric Power, Inc. was the lowest qualified bidder with a price of \$305,996.00,

THEREFORE, BE IT RESOLVED, that the Executive Committee of the Board of Trustees of the University of South Alabama hereby authorizes the President to award the bid to the successful bidder in an amount not to exceed \$2,760,000 for construction of the interior fit out of the Football Field House in accordance with the Alabama bid law, and

Executive Committee
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BE IT FURTHER RESOLVED, that the Executive Committee of the Board of Trustees of the University of South Alabama hereby approves the award of the bid by Gulf Electric Power, Inc. for installation of the primary power supply for the Football Field House and Practice Field.

There being no further business, the meeting was adjourned at 5:45 p.m.

Attest to:

Respectfully Submitted:

Bettye R. Maye, Secretary

Steven H. Stokes, M.D., Chair Pro Tempore