



MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

March 3, 2008

TO: USA Board of Trustees
FROM: Bettye R. Maye *BRM*
Secretary, USA Board of Trustees

Enclosed are the unapproved minutes for the December 6, 2007, meeting of the USA Board of Trustees. Please review them for amendment or approval during the December 6 meeting of the Board.

BRM:mgc

Enclosure

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

**December 6, 2007
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, December 6, 2007, 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, Bryant Mixon, James Nix, John Peek, Steven Stokes, Larry Striplin, and James Yance.

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

Administration and Others: President Gordon Moulton; Drs. Dale Adams, Michael Boyd, Joseph Busta, Pat Covey, Becky Devillier, Lamar Duffy (COM Alumni Assn.), Ron Franks, Roma Hanks, Russ Lea, John Sachs (Faculty Senate), Robert Shearer, David Stearns, John Smith, Sam Strada, and Sue Walker; Messrs. Terry Albano, Barry Bukstein, Wayne Davis, Andy Denny (USA National Alumni Assn.), John Garcia, Joe Gottfried, Daniel Greer, Jimmy Grodnick, Stan Hammack, Matt Hayes, Mikey Hendricks, Abe Mitchell, Lee Pope, Martin Statkewicz (SGA), Wright Waters (Sunbelt Conference), and Chris Willis; and Mss. Lynne Blissette, Kristy Britt (Faculty Senate), Lisa Bukstein, Karin Caswell, Jennifer Edwards (SGA), Joy Grodnick, Sally Jarvis, Geri Moulton, Caroline Pope, Catherine Pope, Julia Pope, Vicki Tate (Faculty Senate), and Jean Tucker.

Press: Messrs. Eric Lowe (APT), Mike Perin (Birmingham News, via phone), George Altman and Tommy Hicks (Press-Register), Jason Shepard (Vanguard), Chris Frye and Jud Hulon (WKRK), Robert Brown (WALA), and Ted Hughes, Kevin McDermond, and Clement Townsend (WPMI); and Mss. Leigh Patton (Vanguard), Jessica Taloney (WKRK), and Emily Turner (WPMI).

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

Chairman Stokes called for consideration of **ITEM 1**, the minutes of the September 20, 2007, meeting of the Board of Trustees, as well as the minutes of the September 19, 2007, meeting of the Committee of the Whole and the November 2, 2007, meeting of the Endowment and Investments Committee. On motion by Dr. Charlton, seconded by Ms. Maye, the minutes were unanimously adopted.

President Moulton presented **ITEM 2**, the President's Report. He welcomed recently appointed Trustee Ms. Mitchell, and introduced Dr. John Smith, who will serve as Vice President for Student

Affairs effective February 2008 upon Dr. Adams' retirement. Mr. Andy Denny, President of the USA National Alumni Association was recognized. Dr. Covey introduced Dr. Roma Hanks, who will serve as Chair of the Department of Sociology, Anthropology, and Social Work effective Summer 2008.

President Moulton announced that Commencement would take place on December 8. He said that Dr. Glenn Sebastian, former Chair of the Department of Earth Sciences, would deliver the address and 1,507 degrees would be awarded, bringing the total degrees awarded to 61,234. He called attention to the University's newest promotional publication which highlights USA facts and initiatives. He said that the Coors Classic basketball exhibition would be held December 15, with USA taking on Mississippi State University.

President Moulton reported that Homecoming is scheduled for February 16. Among the events that will take place in conjunction with Homecoming are the Distinguished Alumni and Service Awards Program on February 15 and the Bell Tower and Alumni Plaza groundbreaking ceremony that will occur prior to the men's basketball game.

Dr. Stokes called for consideration of academic and student affairs items. Mr. Yance, Chair of the Board's Subcommittee on Football, reported on the due-diligence process conducted to determine if creation of a football and marching band program would be in the best interest of the University. He said that extensive consideration had been exerted and that constituent feedback, including strong support by the USA National Alumni Association, clearly demonstrates that now is as favorable a time as there ever may be for launching an NCAA-sanctioned Division I program. On behalf of the subcommittee, he enthusiastically recommended the Board's approval of **ITEM 3** as follows.

**RESOLUTION
FOOTBALL AND MARCHING BAND**

WHEREAS, the University of South Alabama has established itself as one of Alabama's fastest growing universities, with enrollment increases in recent years vastly surpassing the average of its peer institutions, and

WHEREAS, USA students have reflected an ever-increasing interest in living on campus, being involved in campus life, and expanding the University's extra-curricular and athletic offerings, and

WHEREAS, in recent years USA has made dramatic strides in student life through program and infrastructure improvements including new intramural fields, enhanced on-campus housing, expanded Greek housing, greater athletic offerings, and a new student recreation center soon to be constructed, and

WHEREAS, the elected representatives of the student body, the Student Government Association, have now overwhelmingly supported further enhancing student life through the creation of an NCAA-sanctioned intercollegiate football team, and

WHEREAS, the SGA and the student newspaper, *The Vanguard*, along with other student groups, have worked together to garner support from fellow students illustrated by more than 2,300 names on a petition expressing support for a football program and a willingness to invest in it through increased student fees, and

WHEREAS, the University has determined that a \$150 per-semester fee increase, to be effective with the 2008 fall semester, would be required to support this initiative, with this fee being prorated for part-time students, and

WHEREAS, it has been determined that USA could make this fee adjustment and still remain at or below the average cost of its peer universities in the state, and

WHEREAS, a football program would provide the University a venue through which it could create a marching band program and other student life programs deemed desirable by current and potential students as an outlet for their interest and talents, as well as a public point of pride for their institution, and

WHEREAS, numerous members of USA's alumni family throughout the years have expressed their support for such a program, citing football's ability to unify and provide a catalyst for fellowship among alumni and a greater permanent connection to their university, and

WHEREAS, USA's Faculty Senate has voted its support for such a program, as long as it adds value to the student experience and USA's academic and financial integrity are preserved, and

WHEREAS, many university constituencies, including city and county leaders, have expressed their support of such an effort and have offered their assistance in facilitating it, anticipating football's potential to further enrich area entertainment opportunities and provide an economic stimulus, and

WHEREAS, the Mobile area economy is currently experiencing a renaissance and the relationship between the community and the University has never been stronger as evidenced by increasing enrollment, as well as numerous cooperative educational, health care and economic development endeavors, and

WHEREAS, the University President has assembled a task force representing the major constituencies of the University, and this group has expressed optimism that while implementation of such a program presents challenges, it is both feasible and worthwhile, and

WHEREAS, the University is currently on the soundest economic footing in its history, and has addressed many of the deficits in its finances, infrastructure, health system and other areas since it opted not to pursue football after a comprehensive review of the subject beginning in 1999, and

WHEREAS, USA since 1999 has enhanced its capacity to generate private support through the successful implementation of a development program, illustrated by the success of its first comprehensive campaign, and

WHEREAS, football provides the University expanded marketing opportunities by appealing to students who desire intercollegiate football, band, and related programs, and

WHEREAS, the University administration believes that the combination of student fee support, community assistance, private giving, increased athletic revenue through ticket sales and other means, and other forms of revenue provide for the implementation of football at a reasonable net cost, without harm to USA's academic or other athletic programs,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby authorizes the University President to begin implementation of an NCAA-sanctioned football program at the University of South Alabama, with an objective to achieve Division I status as soon as practical, and

BE IT FURTHER RESOLVED, that the student fee increase described herein be implemented effective with the 2008 Fall Semester to support this initiative, and

BE IT FURTHER RESOLVED, that this be done as expeditiously as feasible so that the University and students can begin accruing the benefits of the football and band programs.

President Moulton agreed that conditions are right for a football and band program. He said that students were excited about USA football and had pledged their support in the form of \$300 per year in additional student fees that will fund the lion's share of start-up costs. He called upon Ms. Jennifer Edwards, SGA President, who presented a petition in support of football and a marching band which contained more than 2,000 student signatures, including those of student organization leaders. Following a visual presentation of media clips covering a recent rally for football, others who addressed the Board in support of football were Mr. Andy Denny, President of

the USA National Alumni Association and Ms. Vicki Tate, Faculty Senate Chair, who provided polling results indicative of faculty support as long as academic programs are not adversely affected.

President Moulton introduced Mr. Wright Waters, Sunbelt Conference Commissioner, who congratulated the University for moving forward with football. He assured Trustees that USA and the community had the resources to build a successful program. He said that the decision of the Board today to incorporate football and band programs was significant for the University's future growth, and offered the Sunbelt Conference's assistance during the institution's transition.

President Moulton invited the student guests to stand as he read aloud the proposed resolution, for which he included additional language stipulating that the student fees would be effective for the 2008 fall semester. Mr. Langham suggested that paragraph six be amended as suggested. Chairman Stokes called for comments by Trustees. Mr. Striplin expressed his enthusiasm, and Mayor Jones spoke in support of the program on behalf of the City of Mobile, and noted that City Councilman Reggie Copeland had addressed the Committee of the Whole on December 5 in support of the program. At that time, Councilman Copeland stated that rental fees for home games played at Ladd-Peebles Stadium would be waived for five years and that the stadium would be refurbished. On motion by Mr. Langham, seconded by Ms. Maye, the resolution was unanimously approved by a show of hands. To commemorate the occasion, Ms. Edwards and other students passed out footballs signed by SGA officers to President Moulton and Board members, while Mr. Denny presented an inaugural coaching jersey to President Moulton. President Moulton announced that a committee would be immediately formed with the charge of searching for appropriate personnel. He assured Trustees that the administration would proceed in a wise and deliberate manner.

Following a short recess, Dr. Stokes called upon Dr. Covey to present **ITEM 4** as follows. On motion by Mr. Peek, seconded by Ms. Mitchell, the resolution was unanimously approved.

**RESOLUTION
SABBATICAL AWARDS**

WHEREAS, in accordance with University policy, proposals for Sabbatical Awards have been reviewed and recommended by the respective faculty committees, department chairs, college deans, and by the Senior Vice President for Academic Affairs and the President,

THEREFORE, BE IT RESOLVED, that the University of South Alabama Board of Trustees approves said Sabbatical Awards on this date, December 6, 2007, for the 2008-2009 academic year.

<u>NAME</u>	<u>DISCIPLINE</u>	<u>TIME PERIOD</u>
Dr. Brian J. Axsmith	Biology	Fall 2008
Dr. Robert E. Holm	Music	Spring 2009
Dr. Jennifer Langhinirichsen-Rohling	Psychology	Spring 2009
Dr. Michael L. Monheit	History	Spring 2009
Dr. Madhuri S. Mulekar	Statistics	Spring 2009
Dr. Benjamin J. Shamback	Visual Arts	Fall 2008
Dr. Gayle V. Davidson-Shivers	Professional Studies	Spring 2009
Dr. James L. Swofford	Economics	Fall 2008

Dr. Covey presented **ITEM 5** as follows. On motion by Ms. Miree, seconded by Ms. Maye, the resolution was unanimously approved.

**RESOLUTION
PROFESSORS EMERITI**

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

ACADEMIC AFFAIRS:

Heide Lomangino, Ph.D., Assistant Professor of Foreign Language
and Literatures
Glenn R. Sebastian, Ph.D., Associate Professor of Geography
Robert J. Fornaro, Ph.D., Professor of International Studies
Edward L. Harrison, Ph.D., Professor of Management

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 deans, the Senior Vice President for Academic Affairs, and the President have duly recommended the aforementioned retirees from the University faculty,

NOW THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama in a seated meeting held on December 6, 2007, hereby appoints the aforementioned individuals to the rank of *Assistant, Associate or Professor Emeritus*, as appropriate, 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, wishes to convey its deep appreciation to these individuals.

Dr. Covey presented **ITEM 6** as follows (refer to **APPENDIX A** for copies of policies and other authorized documentation). She described the charge of the University's Strategic Diversity Committee and said a good deal of time was given toward deriving a set of goals which will guide the University in maintaining best practices with regard to the diversification of faculty, staff, and students. She added that input from USA's constituencies had been solicited and considered. Mr. Gardner said it had been a pleasure to serve on the committee. He said the group was diverse in its membership and that the committee was serious in approaching its charge. He moved approval by the Board and Mr. Striplin seconded. Responding to a question from Mayor Jones as to whether there was a provision in the document for annual updates, Ms. Tucker said that the policy is fluid and can be changed as needed. Mayor Jones recommended that annual reports be provided to the Board of Trustees. President Moulton concurred and the Board unanimously approved the resolution.

**RESOLUTION
UNIVERSITY OF SOUTH ALABAMA STRATEGIC PLAN FOR RACIAL AND ETHNIC DIVERSITY**

WHEREAS, the University of South Alabama was chartered in 1963 by the State of Alabama as a comprehensive, coeducational institution of higher education, and

WHEREAS, the University entered into a consent decree in the matter of Knight, et al. v. United States of America, et al., as did other four-year degree granting public universities in Alabama, designed to assist diversity of Alabama public universities, which, in 2006, led the Court to find that the University was "in full compliance with the law, and that, therefore, there are no continuing policies, or practices, or remnants, traceable to de jure segregation, with present discriminatory effects which can be eliminated, altered, or replaced with educationally sound, feasible, and practical alternatives or remedial measures..." (Order and Final Judgment, Knight, et al. v. United States of America, et al., December 2, 2006), and

WHEREAS, as a part of the settlement agreement made with the plaintiffs in the Knight matter, the University of South Alabama, as did all public universities in Alabama, agreed to draft a *Strategic Diversity Plan* to help guide it in its continued efforts to expand and increase diversity at the University, and

WHEREAS, the University drafted a plan, posted it on the University Web site and placed it in the University library for public comment, revised the draft as needed pursuant to the comments, and presented the revised draft to the Board of Trustees for review and comment,

NOW, THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees approves the attached *Strategic Plan for Racial and Ethnic Diversity* and authorizes the President of the University to implement the plan immediately.

Chairman Stokes called for consideration of health affairs items. Dr. Furr, Chair of the Health Affairs Committee, recommended approval of **ITEM 7** as follows. On motion by Dr. Charlton, seconded by Ms. Mitchell, the resolution was unanimously approved.

RESOLUTION

USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS FOR AUGUST, SEPTEMBER, OCTOBER, AND NOVEMBER 22, 2007

WHEREAS, the Medical Staff appointments and reappointments for August, September, and October 2007, and November 22, 2007, 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 appointments and reappointments be approved as submitted.

Concerning **ITEM 8**, a report on the USA Mitchell Cancer Institute, Dr. Boyd provided an update on current recruiting activities of the Mitchell Cancer Institute. He reported that clinical development of the gynecologic-oncology program is quickly growing, and reminded the Board of the appointment of Drs. Michael Finan and Rodney Rocconi. He said that construction of the MCI facility is 85 percent complete.

Dr. Stokes called upon Mr. Hammack to present **ITEM 9**, a report on the USA / IHS Strategic Health Alliance. Mr. Hammack detailed a visual outline of a plan and proposed budget to improve parking and landscaping at USA Children's and Women's Hospital. He said that a request for bids had been advertised and that the administration could seek approval to proceed at the March Board meeting. Dr. DeVillier said that parking is inadequate and remote parking and shuttle service are being made available. Mr. Hammack said that the clinical needs of the internal medicine practice at the USA Medical Center were being addressed. He said that the Biomedical Sciences Library would be relocated and that a simulation lab would be created for student training. Dr. Franks reported that, as a result of the alliance between the MCI and IHS, opportunities for new clinical and educational programs have developed in nursing as well as medicine. Additionally, he announced the appointment of Dr. Sam Strada as Dean of the College of Medicine.

On behalf of Mayor Nix, Chair of the Budget and Finance Committee, Chairman Stokes called upon Mr. Wayne Davis for a report of budget and finance items. Mr. Davis said **ITEM 10** would be discussed with **ITEM 11**, and he proceeded to address **ITEM 10.A** as follows. He explained that additional maintenance and storage space is necessary to support existing buildings and new construction, and requested the Board's permission to pursue the development of a design for the proposed facility estimated to be approximately 35,000-40,000 square feet. President Moulton said that the new building may initially be used to house the football and marching band programs until permanent space is identified. On motion by Ms. Maye, seconded by Mr. Langham, the resolution was unanimously approved.

**RESOLUTION
MAINTENANCE AND STORAGE BUILDING**

WHEREAS, the University has experienced continued growth in the number of buildings on campus, and

WHEREAS, the University has several additional new buildings under construction or planned to be under construction in the near future totaling approximately 400,000 square feet, and

WHEREAS, the University has had an ongoing need for a maintenance and storage building to support existing facilities, and

WHEREAS, the construction of the new buildings will significantly increase that need, and

WHEREAS, the Administration of the University wants to commence the necessary planning and engineering studies for a new maintenance and storage building of approximately 35,000-40,000 square feet to satisfy these needs,

NOW THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the University President to initiate the necessary planning and engineering studies, including site selection, of a maintenance and storage building of approximately 35,000-40,000 square feet.

Mr. Wayne Davis presented **ITEM 10.B** as follows. Mr. Davis proposed that real property, the original site of the Mitchell Cancer Institute, be leased to the Infirmiry Health System, at market rates, for the construction of a professional office building. The lease would be written in terms consistent with the existing lease of the former USA Knollwood Hospital. On motion by Mr. Peek, seconded by Dr. Charlton, the resolution was unanimously approved.

**RESOLUTION
GROUND LEASE OF 14.33 ACRES TO INFIRMARY HEALTH SYSTEM, INC.**

WHEREAS, the University of South Alabama (USA) owns land on its Knollwood campus immediately north of the hospital now known as Infirmiry West, an acute care hospital and a long-term acute care hospital which were leased to the Infirmiry Health System, Inc. (IHS) by USA in a long-term lease entered into on April 1, 2006, to continue the provision of not only much-needed health care services and related resources to the people of Mobile and surrounding communities, but also a valuable site for education and research activities of USA's colleges of Medicine, Nursing, and Allied Health Professions, and

WHEREAS, USA and IHS each desire to maintain and enhance the quality of health care in the Mobile and southern Alabama region and to improve the quality of clinical education for students in the health care professions, and

WHEREAS, to further the aforementioned health care and educational goals, IHS would like to lease the 14.33 acres of the above-described Knollwood campus land currently owned by USA and shown in *Exhibit A*, based on fair market value and for a term of years and an option to renew to run concurrently with the April 1, 2006, lease to IHS, and

WHEREAS, the University of South Alabama, having at one time considered the land for use as the site of the Mitchell Cancer Institute, but, since the location of the MCI has changed, has no current plans for the use of the property, has determined that leasing this land on Knollwood campus as described above is in the best interest of the University in that it will enhance USA's valued missions of health care education, research, and service on the Knollwood campus,

BE IT THEREFORE RESOLVED, that the University of South Alabama Board of Trustees, having considered the above and determined that the lease to IHS of 14.33 acres of land owned by USA on its Knollwood campus is in the best interest of the University of South Alabama, hereby authorizes the President of the University to negotiate and execute a lease agreement for this acreage with Infirmary Health System, Inc., its subsidiaries or affiliates.

EXHIBIT A

Beginning at the Northwest corner of the Northwest quarter of the Southwest quarter of Section 10, Township 5 South, Range 2 West, Mobile County, Alabama; thence run North 89E27'42" East, 504.21 feet to a point on the South right-of-way line of Knollwood Drive Extension, having a 100 foot right-of-way; thence run South 51E26'07" East along the said South right-of-way line, 1051.59 feet; thence departing the said South right-of-way line, run South 0E03'37" East, 16.61 feet; thence run South 89E47'51" West, 1327.47 feet; thence run North 0E05'12" East, 672.12 feet to the point of beginning and containing 14.33 acres, more or less.

Mr. Wayne Davis presented **ITEM 10.c** as follows. He discussed the University's current debt structure and that each bond issue may be redeemed beginning ten years after the issue date. He outlined the advantages of refinancing at that ten-year date at a lower rate than the original bond issue rate. He explained that the University had the opportunity to enter into an option to sell that future redemption today and receive significant proceeds based upon the sale of that option. He reminded the Board that, at the September 2007 Board meeting, the value of the "swaption" transaction had been approximately \$8 million, and that, on December 6, 2007, the value had increased to approximately \$9 million. He talked about the proceeds from the swaption being invested similarly into the endowment, and said the earnings were free and clear of any arbitration rules. With no further discussion, minutes of the December 5, 2007, Executive Committee meeting pertaining to the swaption were distributed for review and adoption by the Board. On motion by Mr. Langham, seconded by Dr. Charlton, the minutes of the December 5, 2007, Executive Committee meeting were unanimously approved. Further, on motion by Mr. Langham, seconded by Mr. Yance, the resolution was unanimously approved.

RESOLUTION

OPTION TO ENTER FINANCIAL TRANSACTION RESPECTING CERTAIN OUTSTANDING BONDS OF THE UNIVERSITY

WHEREAS, the University of South Alabama has heretofore issued its

\$100,000,000

UNIVERSITY OF SOUTH ALABAMA

University Tuition Revenue Refunding and Capital Improvement Bonds

Series 2006

Dated December 1, 2006

and its

\$51,080,000
UNIVERSITY OF SOUTH ALABAMA
University Tuition Revenue Refunding and Capital Improvement Bonds
Series 2004
Dated March 15, 2004

together, the "Outstanding Bonds," and

WHEREAS, Those of the Series 2006 Bonds having a stated maturity on December 1, 2017, and thereafter will be subject to redemption prior to their respective maturities, at the option of the University, as a whole or in part, on December 1, 2016, and on any date thereafter (and if in part, in such maturities as the University shall select, and if less than all of a single maturity is to be redeemed those to be redeemed to be selected by the Trustee by lot) at and for a redemption price with respect to each Series 2006 Bond (or principal portion thereof redeemed) equal to the par or face amount of each Series 2006 Bond redeemed plus accrued interest to the date fixed for redemption, and

WHEREAS, Those of the Series 2004 Bonds having a stated maturity on March 15, 2015, and thereafter will be subject to redemption prior to their respective maturities, at the option of the University, as a whole or in part, on March 15, 2014, and on any date thereafter (and if in part, in such maturities as the University shall select, and if less than all of a single maturity is to be redeemed those to be redeemed to be selected by the Trustee by lot) at and for a redemption price with respect to each Series 2004 Bond (or principal portion thereof redeemed) equal to the face or par amount thereof plus accrued interest to the date fixed for redemption, and

WHEREAS, Wachovia Bank, National Association has proposed a transaction, sometimes referred to as a Swaption for a Forward Synthetic Refunding, to allow the University to achieve a present realization of certain amounts in connection with the future redemption of the outstanding Bonds and the optional redemption dates set forth above, and

WHEREAS, the University has determined that entering into a transaction with Wachovia Bank, National Association of the type described in the attached Exhibits I through IX will permit the University to achieve present benefit from the future redemption of the Outstanding Bonds, and

WHEREAS, the University understands that any such transaction will obligate the University to either issue its refunding bonds with respect to either or both of the Outstanding Bonds or terminate the transaction in the event the options granted to a counterparty are exercised as required by the final documentation, and

WHEREAS, any transaction entered into pursuant to authority granted by this resolution will be governed by the University of South Alabama Derivatives Policy, and

WHEREAS, the appropriate financial analysis has shown the transaction to be an Effective Hedge, as required by the University of South Alabama Derivatives Policy, and

WHEREAS, the Executive Committee of the Board of Trustees unanimously approved a resolution authorizing the President of the University, the Vice-President for Financial Affairs and the Secretary of the Board to execute such documents necessary to consummate the transaction contemplated by this resolution, and

WHEREAS, the Executive Committee of the Board of Trustees requests that the Board of Trustees accept the report attached as Exhibit I, Synthetic Advance Refunding Analysis, Series 2004 and 2006 Bonds, and approve the transaction as outlined in said report and the attached exhibits and order the documents attached as Exhibits I through IX be included in the minutes of this meeting of the Board of Trustees,

THEREFORE, BE IT RESOLVED, that the Board of Trustees accepts the report attached as Exhibit I, Synthetic Advance Refunding Analysis, Series 2004 and 2006 Bonds, and approves the transaction as outlined in said report and the attached exhibits and orders the documents attached as Exhibit I, Synthetic Advance Refunding Analysis, Series 2004 and 2006 Bonds; Exhibit II, ISDA Master Agreement; Exhibit III, Schedule to the Master Agreement; Exhibit IV, ISDA Credit Support Annex; Exhibit V, Draft – Swap Transaction Confirmation Series 2004; Exhibit VI Draft - Swap Transaction

Confirmation Series 2006; Exhibit VII, General Certificate of University of South Alabama; Exhibit VIII, Draft - Fairness Opinion; and Exhibit IX, Summary of Synthetic Advance Refunding Analysis be included in the minutes of this meeting of the Board of Trustees.

Chairman Stokes called for a report of audit items. Mr. Wayne Davis presented **ITEM 10**, the Monthly Fund Accounting Reports for July, August, and September 2007 and the Quarterly GASB Financial Statement for the twelve months ended September 2007, and **ITEM 11**, the KPMG Audit Reports and Letter for the year ended September 2007. He indicated that representatives from the University's independent audit firm of KPMG had made its annual report to the Audit Committee on December 5, 2007. He reminded Trustees of the invitation by KPMG to contact them at any time to discuss questions or concerns. He said that all reports and letters from KPMG were included in the Board binder, and noted that the auditors rendered an unqualified opinion as to the fairness of the financial reports.

Chairman Stokes called for a report of endowment and investments items. President Moulton called upon Mr. Albano to present **ITEM 12**, a report of the performance for the total endowment and each individual money manager for Fiscal Year 2007: Commonfund, Arlington Partners, Gerber /Taylor, Oakmark Select, and Private Advisors. Mr. Albano said that the endowment outperformed its relative index for the full fiscal year 2007 (18.36 percent vs. 11.91 percent) and since inception (9.45 percent vs. 3.67 percent). He discussed the underperformance of Oakmark Select, and reported that the Endowment and Investments Committee had previously considered Oakmark's performance and had voted to release Oakmark from its management responsibilities. He said that, after some analysis, the Endowment and Investments Committee decided to invest the proceeds from Oakmark with the firm of Douglas C. Lane & Associates.

Regarding **ITEM 13** as follows, President Moulton recognized Steven and Angelia Stokes for their most recent gift of 553 acres of timberland that is to be sold with the proceeds benefiting the University. He called upon Dr. Covey to discuss the use of the timber proceeds. Dr. Covey announced that Dr. Sue Walker, Chair of the English Department, had been named to fill the Stokes Distinguished Professorship in Creative Writing, the first endowed professorship in the history of the College of Arts and Sciences. Dr. Walker expressed gratitude for the honor. Dr. Stokes thanked Dr. Walker for all she had done for the program. On motion by Mr. Yance, seconded by Mr. Striplin, the resolution was unanimously approved.

**RESOLUTION
SALE OF REAL PROPERTY**

WHEREAS, the University of South Alabama owns approximately 553 acres of real property in Barbour County, Alabama, said property having been deeded to the University by Mrs. Angelia R. Stokes, and

WHEREAS, this gift was made to the University to create the Stokes Institute for Creative Writing, and

WHEREAS, the University desires to sell the property and to use the proceeds of the sale for the aforescribed purpose,

THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the President of the University of South Alabama and the Vice President for Financial Affairs to place the property on the market through the process outlined in

the Policy and Procedure by which the University of South Alabama would Sell or Lease Real Property or Interest Owned by the University of South Alabama, as approved by this board on March 9, 2006.

President Moulton expressed delight that Trustee Mayer Mitchell's place at the Board table was now filled by Mrs. Mitchell. Board members and guests watched a video commemorating Mr. Mitchell's Board service and his significance to the University of South Alabama. President Moulton asked the Mitchell family to join him with Mrs. Mitchell, and he read aloud **ITEM 14** as follows. He presented Mrs. Mitchell with a framed resolution, and with Mr. Mitchell's academic hood. Mrs. Mitchell was joined by daughter Mrs. Joy Grodnick in sharing thoughts about Mr. Mitchell and in extending thanks to the University community for the outpouring of support during the difficult preceding months. The Board, by way of numerous expressions of admiration for Mr. Mitchell as a colleague and personal friend, overwhelmingly adopted the resolution, with Ms. Mitchell abstaining.

**RESOLUTION
TRIBUTE TO TRUSTEE MAYER MITCHELL**

WHEREAS, Mr. Mayer Mitchell served faithfully as a member of the Board of Trustees of the University of South Alabama from the time of his appointment in 1975 until his death on September 26, 2007, and

WHEREAS, during his 32 years of service, Mr. Mitchell provided exemplary leadership in numerous key Board positions, including Chair *Pro Tempore* of the Board, Chair of the Budget and Finance and the Health Affairs committees, and, at the time of his death, Chair of the Endowment and Investments Committee and a member of the Executive Committee, and

WHEREAS, Mr. Mitchell made extraordinary contributions to his community, state, and nation, and most particularly in support of the University of South Alabama, where the Mitchell College of Business, Mitchell Center, Mitchell Cancer Institute, and Joseph and Rebecca Mitchell Learning Resource Center in the Mitchell College of Business all bear testimony to the generosity of Mr. Mitchell and his family, whose philanthropy represents the greatest amount of giving by a family to a single public university in Alabama, and

WHEREAS, for his outstanding accomplishments in business and philanthropy and keen political insights, Mr. Mitchell was widely respected and commended by national, international, state, and local organizations, and

WHEREAS, Mr. Mitchell was intensely devoted to family, friends, colleagues, all manner of worthy causes, and the USA Jaguars, and unrivaled in his joy at their success,

THEREFORE, BE IT RESOLVED, the Board of Trustees acknowledges the legacy of Mayer Mitchell and pays tribute to his memory for his many contributions, invaluable service and unwavering commitment to the University, and to the citizens of the State and the Nation, all of whom have benefited from his wisdom, dedication, and generosity, and extends heartfelt sympathy to Mrs. Arlene Mitchell, Mr. Abraham Mitchell, and all members of the family of Mayer Mitchell.

President Moulton recognized Trustee Don Langham for having completed a three-year term as Chair *Pro Tempore* of the Board of Trustees. He thanked Mr. Langham for his leadership, and invited the Langham family to join Mr. Langham for the reading of **ITEM 15** as follows. On motion by Mr. Striplin, seconded by Mayor Jones, the resolution was unanimously adopted. Ms. Langham assisted President Mouton in the unveiling of an oil portrait of Mr. Langham. Mr. Langham conveyed gratitude for the opportunity to serve, and thanked the Board, and the University administration and staff for their support during his term as Chair.

**RESOLUTION
COMMENDATION OF TRUSTEE DONALD L. LANGHAM AS CHAIR PRO TEMPORE EMERITUS**

WHEREAS, Mr. Donald L. Langham has served faithfully as a member of the Board of Trustees of the University of South Alabama since the time of his appointment in 1997, and

WHEREAS, Mr. Langham served as Chair Pro Tempore of the Board of Trustees from June 2004 through May 2007, and

WHEREAS, Mr. Langham previously served the Board as Secretary from 1998-2001 and as Vice Chair from 2001-2004, and

WHEREAS, Mr. Langham, in conjunction with his term as Secretary, Vice Chair, and Chair Pro Tempore of the USA Board of Trustees, also served as a member of the University of South Alabama Foundation Board of Directors and the USA Research and Technology Corporation Board of Directors, and

WHEREAS, Mr. Langham, during his tenure as a member of the Board, among other responsibilities, has served as a member of the Health Affairs, Budget and Finance, and Executive committees, and *Campaign USA*, the University's inaugural comprehensive capital campaign, and

WHEREAS, Mr. Langham's dynamic and insightful leadership was critical to the development and progress of many major initiatives, and

WHEREAS, as a result of Mr. Langham's generous contribution in conjunction with his involvement in *Campaign USA*, the *Alice and Don Langham Transitional Room* was established at USA Children's and Women's Hospital, and

WHEREAS, Mr. Langham, through his long-standing stewardship, wisdom, guidance, and philanthropy, has played a prominent role in advancing the interests of all the constituencies of the University,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama expresses its sincere appreciation to Mr. Donald L. Langham 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 benefitted from his wisdom, dedication, service, and generosity, by conferring upon him the honorary title of *Chair Pro Tempore Emeritus* of the University of South Alabama Board of Trustees.

President Moulton thanked Ms. Moulton, Ms. Karin Caswell - Manager of Interior Design, and Mr. Daniel Greer - Construction Coordinator, for collaborating on an attractive renovation of the Board room and the President's suite.

There being no further business, the meeting adjourned at 12:15 p.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

**December 5, 2007
2:15 p.m.**

A meeting of the Committee of the Whole was duly convened by Dr. Steven H. Stokes, Chair Pro Tempore, on Wednesday, December 5, 2007, at 2:15 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

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

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

Administration and Others: President Gordon Moulton; Drs. Dale Adams, Michael Boyd, Joe Busta, Pat Covey, Ron Franks, Russ Lea, Robert Shearer, and David Stearns; Messrs. Terry Albano, Reggie Copeland (President, Mobile City Council), Wayne Davis, Joe Gottfried, Stan Hammack, Mark Peach (KPMG), and Matthew Peterson; and Mss. Jennifer Edwards (SGA), Jean Tucker, and Ashley Willson (KPMG).

Press: Messrs. George Altman (Press-Register) and Jason Shepard (Vanguard).

Chairman Stokes called the meeting of the Committee of the Whole to order and called for a consideration of academic and student affairs items. Mr. Yance, Chair of the Board's Subcommittee on Football, introduced consideration of **ITEM 3**, a proposal to establish football and marching band programs. He reported that the subcommittee had thoroughly reviewed the relevant facts and figures and had been assured of overwhelming support from the SGA and student body, the USA National Alumni Association, and city and county officials, as well as other constituencies. Based upon these factors and others outlined, he reported that the subcommittee had unanimously concluded that conditions are favorable for creating NCAA-sanctioned Division I football and marching band programs and enthusiastically recommended approval by the Board. He added that doing so at this juncture would serve the University's best interest. He expressed his appreciation to Trustees Langham, Miree, Peek, Nix, and Striplin for their efforts as members of the subcommittee.

President Moulton provided two reasons for supporting the football and marching band program – alumni support and dedication and enhancement of student life. He said these programs will help build the loyalty of students who would become USA alumni. He added that a \$300-per-year student fee would fund most costs associated with starting the new programs. He introduced Ms. Jennifer Edwards, SGA president, who referenced a resolution, published in a due-diligence report on NCAA-sanctioned football, which had been overwhelmingly passed by the SGA. The resolution acknowledged the fact that, even upon the new student fee for football in effect, a USA

education will cost less than at comparable institutions. The resolution also notes the provision for students to receive free season tickets. Ms. Edwards talked about a student petition with more than 2,300 signatures in support of the football and band initiative. She acknowledged that a relatively small number of students were unsupportive due mainly to misinformation or the additional student fee. Fellow student Mr. Matthew Peterson expressed opposition to the proposal on behalf of student opponents. Ms. Vicki Tate provided information on the polling of faculty. City Council President Reggie Copeland was present and vehemently urged Trustees to approve the football proposal, pledging that among other incentives, rent would be waived for the use of Ladd-Peebles Stadium for five years. He announced plans to refurbish the stadium in order to attract corporate and community support of Jag football. Mr. Joe Gottfried, USA Athletic Director, talked about the transition to NCAA football. He called attention to material in the Due-Diligence Report. He assured the Committee that the University meets Title IX requirements for gender equity. Following an extensive discussion, Trustees conveyed appreciation to guests for sharing various points-of-view on a topic critical to the University's future. Dr. Stokes suggested that action be deferred to the full Board meeting on December 6.

President Moulton called upon Dr. Covey to introduce **ITEM 6** (for copies of resolutions, policies, and other authorized documentation, refer to the USA Board of Trustees meeting minutes, December 6, 2007), a resolution to adopt the University's *Strategic Plan for Racial and Ethnic Diversity* and authorizing the President to implement the plan immediately. Dr. Covey reported that a committee with membership representing the entire University population worked diligently for many months to develop a list of goals that will assure high standards are practiced at the University with regard to the diversification of faculty, staff, and students. Ms. Tucker discussed that the document had been revised to incorporate more clear language concerning a settlement agreement to which the University is a party. She reported that responses from the community were few. Mr. Gardner told Trustees that, as a member of the Strategic Diversity Committee, he had examined the document at length, and assured Trustees that an excellent job had been accomplished in compiling the document. He said that the committee shared a free exchange of ideas during the process, and added that the document would be a useful aid in the course of future litigation if needed.

President Moulton recommended that discussion of health affairs items take place at the Board meeting on December 6.

Mr. Wayne Davis presented **ITEM 10.B**, a resolution authorizing the President to negotiate and execute a lease agreement with the Infirmary Health System (IHS) for 14.33 acres of land owned by USA on the Knollwood campus. He reported that the site of the lease is the land that was originally chosen for construction of the Mitchell Cancer Institute, and said it is IHS's intent to build a new professional office building and to enhance the entrance to the hospital. He said the lease will run concurrent with the hospital lease.

Chairman Stokes called for a report of audit items. With regard to the dual role of the Budget and Finance Committee as the Audit Committee of the Board, a meeting of the Audit Committee was convened:

AUDIT COMMITTEE

Mr. Wayne Davis presented **ITEM 11**, the KPMG audit reports and letter for the year ended September 2007. He introduced Ms. Ashley Willson and Mr. Mr. Mark Peach, partners with KPMG. Mr. Peach distributed a document summarizing the results of the 2007 audit. He outlined the University's responsibilities related to the financial statements, management and Audit Committee responsibilities related to fraud risks, and KPMG's responsibilities related to both the audit and fraud. Ms. Willson presented the results of the audit by reviewing the required communication between KPMG and the Audit Committee. She reminded the committee that KPMG had not been engaged to audit the internal control systems of the University. She reported that there were no audit adjustments booked by the University, no audit adjustments proposed by KPMG that were not booked by the University, no disagreements with financial management, and that KPMG had received full cooperation and access to the University's financial records. In conclusion, Ms. Willson indicated that there were no material weaknesses in internal control nor were any significant deficiencies noted.

Mr. Davis reminded Audit Committee members that they have full access to the auditors and may contact them directly at any time to discuss concerns or questions. He outlined the reports and letters provided to the Board materials consisting of the basic financial statements, the A-133 report, the reconciliation of the GASB financial statements to the University's fund reports, the management letter, the University's response to the management letter, and the bond compliance report. There being no further business, the Audit Committee meeting adjourned.

Chairman Stokes called for a report of endowment and investments items. President Moulton presented **ITEM 13**, a resolution authorizing the President and Vice President for Financial Affairs to sell 553 acres of timberland donated to USA by Dr. and Mrs. Steven Stokes. President Moulton recalled the substantial past gifts made by the Stokes. He said that a sealed-bid approach would be employed. If this method does not yield a bid that is competitive with the fair market value, the University would work with a realtor to list the land for sale.

There being no further business, the meeting adjourned at 3:11 p.m.

Attest to:

Respectfully Submitted:

Bettye R. Maye, Secretary

Steven H. Stokes, MD, Chair Pro Tempore