

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

The University of South Alabama Board of Trustees was duly convened by Mr. Mayer Mitchell on September 4, 1997, at 11:18 a.m., in the Board Room of the Administration Building.

Members Present: Messrs. Jack R. Brunson, Crum Foshee, Ken Kvalheim, Mayer Mitchell, Pleza Watson; Mayor James Nix; Mesdames Jerry Goodwin, Bettye Maye; Drs. Max McLaughlin, Ulysses McBride, Ed Richardson, Steve Stokes, Frederick P. Whiddon; Judge Herman Thomas; Judge Charles Woods; Senator W. H. "Pat" Lindsey

Members Absent: Judge Otha Lee Biggs

Others Present: Drs. William Gardner, Dale Adams, John Filer, Suzanne McGill, Victoria Rivizzigno, J. David Stearns; Mesdames Maxey Robert, Jan Sauer, Ronni P. Clark and Jennifer Zoghby-MPR, Melith Nissen-Vanguard; Messrs. Wayland Blake, Bob Broach, Wayne Davis, Jack Drake, Leroy Dickson and Sean Dunlap-Vanguard, Matt Hancock, Bruce Jeffries, Bernard Justesen, Nolan Leake, Gordon Moulton, Chris Peters, Donna Robinson, George Smith, Ron Rosenberger, Steve Simmons

Mr. Mitchell introduced and welcomed the guests.

Mrs. Goodwin noted that Mr. Foshee and Senator Lindsey were inadvertently omitted from the list of members present at the Board meeting of May 29, 1997. Upon the motion of Judge Thomas, seconded by Mrs. Goodwin, the amended minutes of May 29, 1997 were unanimously approved.

Mr. Mitchell, referring to the discussion on the lease/leaseback subject held during the joint Budget and Finance/Executive Committee meeting immediately preceding the Board meeting, requested comments and questions. Mr. Kvalheim cited concerns over a twenty-year commitment with the unidentified potential risks. Mr. Brunson also noted his concerns. Dr. Whiddon stated that no recommendation will be forthcoming until all information is gathered, understood, and until there is assurance that the institution will not be put in jeopardy. Dr. Whiddon stated that the University has overwhelming needs, in maintaining the quality of the institution, that we felt we should investigate the lease/leaseback possibilities. He added that the buildings on campus need to be formally appraised and that appraisal would be the bulk of the cost involved leading up to the term sheet. The proceeds from the lease/leaseback would provide up to fifty endowed professorships and would earn \$2-\$2 ½ Million a year in perpetuity. Mr. Wayne Davis agreed that individual building appraisals would be beneficial and he noted that the purpose of a term sheet is to identify unknown issues in order to mitigate risks. Judge Woods stated that in his opinion it would be necessary to investigate the possibility of acquiring millions of dollars. Dr. McLaughlin and Senator Lindsey agreed.

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Mr. Davis stated that the equity investor will require that appraisals for current value and remaining useful life of the buildings be conducted by an appraiser of its choosing, but the cost for such appraisal should be negotiated to below \$100,000.00. Mr. Mitchell stated that though this is a very complex transaction, the initial decision is whether or not to spend \$100,000 in order to continue the investigation and get to the final risk analysis. Mr. Nolan Leake stated that risks are common to all lease/leaseback situations, but historically there has never been a problem. Judge Woods stated that the decision today is not whether the Board is approving this, but whether the Board will commit funds to be used to explore the possibility and feasibility of this. General discussion followed.

Judge Thomas questioned the source of funds, the need for appraisals, and the window of opportunity for completing a lease/leaseback proposal. Mr. Davis responded that unless otherwise specified by the Board, the general operating budget would be the source of funds. With regard to the need for appraisal, Mr. Davis stated that the value is not now independently determined, but is determined by working with the State insurance fund using general norms. He added that having a current appraised value for each building and realizing the remaining useful life on individual buildings would be helpful. Dr. Whiddon cited an example: the Administration Building is 60,000 square feet and is on the books at an original cost of \$14 per square foot. Mr. Leake, responding to the timing, remarked that there is no regulation changes anticipated before year end.

Mr. Leake was thanked for his participation and excused.

Upon the motion of Dr. McLaughlin, seconded by Mr. Watson, it was unanimously approved that the University administration obtain an appraisal of buildings on the campus and expend an amount up to \$50,000 for further investigation of the lease/leaseback proposal.

Mr. Mitchell noted that the financial statements for April, May, and June 1997 were mailed previously, were reviewed and are acknowledged.

Upon the motion of Mr. Nix, seconded by Mr. Kvalheim, the following Resolution honoring Dr. Victoria Rivizzigno was unanimously approved.

RESOLUTION

WHEREAS, Dr. Victoria L. Rivizzigno has served the University of South Alabama with distinction since 1978 as a faculty member in the College of Arts and Sciences, Department of Geography and Geology, specializing in Urban-Economic Geography, and

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WHEREAS, Dr. Rivizzigno has devoted many hours to academic service beyond the classroom, working with regional and national organizations and numerous University and College committees, and

WHEREAS, Dr. Rivizzigno has brought enthusiasm and special insight to the Department and to the University, and

WHEREAS, Dr. Rivizzigno has played an important role in community service both professionally and personally as evidenced by her appointment to the Mobile City Planning Council, and

WHEREAS, Dr. Rivizzigno has served as Chair of the University Faculty Senate for two consecutive terms of 1995 and 1996, providing guidance to the Faculty Senate and strong support of the academic community,

NOW THEREFORE BE IT RESOLVED that the Board of Trustees of the University of South Alabama conveys its appreciation to Dr. Victoria L. Rivizzigno for her dedicated leadership and for her service to the Board of Trustees and the University of South Alabama.

Upon the motion of Mrs. Maye, seconded by Mr. Watson, the following Resolution honoring Dr. Albert Pruitt was unanimously approved.

RESOLUTION

WHEREAS, Albert Wesley Pruitt, M.D. accepted the position of Dean of the College of Medicine and Vice President for Medical Affairs, effective September 1, 1992, and

WHEREAS, among his many accomplishments, Dr. Pruitt recognized the importance of diversifying care and was instrumental in obtaining the Visiting Nurse Association as a part of the health care delivery system for the University of South Alabama, and

WHEREAS, Dr. Pruitt further appointed five departmental chairs in the College of Medicine, including the Chair of Radiology, Dr. Steve Teplick; the Chair of Neurology, Dr. John Rothrock; the Chair of Family Practice, Dr. Frank DeGruy; the Chair of Pharmacology, Dr. Mark Gillespie; and the Chair of Orthopedic Surgery, Dr. Arthur Manoli, and

WHEREAS, with Dr. Pruitt's guidance, a novel experiment was undertaken in partnering

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practitioners in the Knollwood Physicians Group with the University, and

WHEREAS, Dr. Pruitt was instrumental in establishing the Office of Technology Transfer within the College of Medicine, which continues to provide assistance not only to the College of Medicine, but to others within the University community who are involved in inventions and research leading to creative and new ideas, and

WHEREAS, Dr. Pruitt has served in the capacity of Dean of the College of Medicine at the University of South Alabama since September 1, 1992, but will be leaving the University of South Alabama, effective August 1, 1997, to pursue studies in the Episcopal Seminary.

NOW THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama wishes to express its appreciation to Albert Wesley Pruitt for his continuous service and dedication to the University of South Alabama, and its College of Medicine, and specifically, in his innovative ideas as noted above, and

FURTHER BE IT RESOLVED that this Resolution will be incorporated into the minutes of the University of South Alabama Board of Trustees, and that Dr. Pruitt will be given an appropriately conformed copy of this Resolution, and

FURTHER BE IT RESOLVED that the Board of Trustees extends its best wishes to Dr. Pruitt and his family in his future endeavors and new challenges.

Dr. Whiddon recommended approval of the promotion of Dr. Satya Mishra, from Associate to full Professor of Mathematics/Statistics, and tenure for Ms. Sumi Putnam, Assistant Professor of Art. He noted that both recommendations were inadvertently omitted from the earlier promotion and tenure listings.

Upon the motion of Mr. Nix, seconded by Mr. Kvalheim, the promotion recommendation of Dr. Satya Mishra and the tenure recommendation of Ms. Sumi Putnam were unanimously approved.

Mr. Mitchell reported on the Health Affairs Committee meeting held earlier. Upon the motion of Mr. Kvalheim, seconded by Dr. McLaughlin, the following Resolution to dissolve the Governing Body of the Knollwood Long Term Care Hospital was unanimously approved.

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RESOLUTION

WHEREAS, the Board of Trustees of the University of South Alabama, at its June 6, 1996 meeting, authorized the establishment of a Governing Body to be called Knollwood Park Long Term Care Hospital Governing Body, and

WHEREAS, the Board of Trustees took such action based on the then current status of reimbursement law and HCFA regulations that required a separate governing body, and

WHEREAS, the Board of Trustees set forth in that Resolution that in the event the Knollwood Park Long Term Care Hospital Governing Body was no longer required pursuant to HCFA regulation, that the Board of Trustees retain the authority to rescind such resolution, and

WHEREAS, pursuant to the Balanced Budget Act of 1997, a specific provision was included in that Act so that Hospitals classified by the Secretary of Health and Human Services on or before September 30, 1995, would continue to be so classified, notwithstanding the fact that such hospitals were located in the same building or on the same campus, and

WHEREAS, that due to the provision in the Balanced Budget Act, it is no longer necessary for a separate governing body to exist to govern and manage the Knollwood Park Long Term Care Hospital,

NOW THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama hereby dissolves the Governing Body of the Knollwood Long Term Care Hospital and rescinds the authority granted in the Resolution to such Governing Body, and

FURTHER BE IT RESOLVED that the Board of Trustees of the University of South Alabama expresses appreciation to the members of the Governing Body of the Knollwood Park Long Term Care Hospital, who faithfully and fully executed their duties and served conscientiously over this period of time, and

FURTHER BE IT RESOLVED that a copy of this Resolution be forwarded to those members, expressing appreciation to them for their time and efforts in this endeavor.

Dr. Gardner introduced a Billing Compliance Plan and stated that the Plan is an effort to insure proper billing practices and maintenance of good record keeping of the billing process.

Upon the motion of Judge Thomas, seconded by Mr. Brunson, the following Resolution was unanimously approved.

RESOLUTION

BE IT RESOLVED that the Board of Trustees of the University of South Alabama approves and adopts the Billing Compliance Plan for the University of South Alabama, its hospitals, clinics, and health care providers.

Upon the motion of Judge Thomas, seconded by Mrs. Goodwin, the following Resolution was unanimously approved.

RESOLUTION

BE IT THEREFORE RESOLVED, that the proposed revisions to the By-laws Rules and Regulations for University of South Alabama Knollwood Park Hospital as reviewed and recommended by the Medical Executive Committee of the respective Hospitals be approved by the Board of Trustees of the University of South Alabama.

Upon the motion of Mr. Nix, seconded by Dr. McLaughlin, the Credentials Report was unanimously approved.

Mr. Mitchell acknowledged receipt of the Medical Executive Reports for the Second Quarter, 1997. He reported on the Dedication of the Children's and Women's Hospital and urged all to visit the facility.

Dr. Adams reported on the status of the sorority and fraternity housing. He stated that the sororities have indicated their willingness to sign the housing leases. Mr. Justesen estimated that the project would be completed by April-May, 1998.

Mr. Nix, Chair of the Building Committee, reported that the renovation of the lobby of the Administration Building is to be completed by October 1. Mr. Mitchell reported that the formal dedication and black tie dinner will be held during the week of October 14. He noted that no University funds will be used for these activities.

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RESOLUTION

WHEREAS, the University of South Alabama Board of Trustees has approved the construction and building of the University Center with the University acting as General Contractor, and

WHEREAS, from time to time it is necessary to approve the award of certain bids for components of the University Center,

NOW THEREFORE BE IT RESOLVED that the following bid that represents the lowest responsible bid, in accordance with State Law, is hereby accepted and awarded:

	CONTRACTOR/SUPPLIER	AMOUNT
Doors, Frames & Hardware	Brabner & Hollon	\$122,322.00
	Alternate for Installation	<u>32,235.00</u>
		\$154,557.00

FURTHER, BE IT RESOLVED that the President or his designee are duly authorized to enter into any agreement on behalf of the University of South Alabama to accept and award such bids and carry out the work relating to such bid aspects of the University Center.

Mr. Davis introduced a request to transfer Medicaid Disproportionate Share Funds to the USA Foundation and recommended approval of same.

Upon the motion of Dr. Stokes, seconded by Dr. McLaughlin, the following Resolution was approved by majority vote. Mr. Kvalheim voted no.

RESOLUTION

BE IT RESOLVED that the Board of Trustees hereby transfers approximately \$5,200,000.00 which represent the Medicaid Disproportionate Share Funds received by the University of South Alabama during the fiscal year 1996-97, to the University of South Alabama Foundation, to be held in trust in accordance with the Agreement between the Board of Trustees of the University of South Alabama and the Board of Directors of the University of South Alabama Foundation.

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Applause followed the announcement that Mayor Nix and the City of Fairhope will be the only city in the United States to participate in the Nations of Bloom Award Ceremony in Madrid, Spain, on October 4, 1997.

Dr. Whiddon introduced bid requests for General Campus Improvements and for the Performing Arts Building with Resolutions for approval of the lowest responsible bids.

Upon motion by Mrs. Maye, seconded by Mr. Nix, the following Resolution for increased chill water capacity was unanimously approved.

RESOLUTION

WHEREAS, the University determined it necessary to increase the campus chilled water capacity on the campus of the University of South Alabama to accommodate the expansion of facilities, University Center, Performing Arts and Medical Sciences Building and

WHEREAS, from time to time it is necessary to approve the award of certain bids for components of the General Campus Improvements,

NOW THEREFORE BE IT RESOLVED that the following bid, that is the lowest responsible bid for the item as designated, is hereby approved and accepted by the Board of Trustees of the University of South Alabama:

	CONTRACTOR/SUPPLIER	AMOUNT
Chiller Addition	MDL Contracting	\$281,454.00
	Alternate	<u>3,800.00</u>
	Total	\$285,254.00

FURTHER, BE IT RESOLVED that the President and his designee are hereby authorized to enter into any agreements on behalf of the University of South Alabama with regard to the acceptance and approval of such bids.

Upon motion of Mr. Watson, seconded by Mrs. Goodwin, the Resolution following for doors, frames and hardware for the University Center was unanimously approved.

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Mr. Mitchell requested approval of an architect for the Delta Food Service. Dr. Whiddon recommended Knodel & Associates and summarized the background of the firm.

Upon motion by Mrs. Maye, seconded by Mrs. Goodwin, the architectural firm of Knodel & Associates was unanimously approved for the Delta food service project.

Upon the motion of Mr. Nix, seconded by Mrs. Maye, the following Resolution authorizing a Sweep Account at Regions Bank was unanimously approved.

RESOLUTION

BE IT RESOLVED that the Board of Trustees of the University of South Alabama approves the Sweep Account with Regions Bank, and further authorizes the President of the University, and/or the Vice President for Finance, to enter into the Sweep Account arrangement with Regions Bank.

Mr. Davis reported that the current property inventory value of \$500.00 was set by the Board of Trustees in 1980. He recommended an increased value of \$1,000.00. He stated that though the inventory would remain constant, the increase will result in a reduction of assets of approximately \$13 M on the balance sheet.

Upon the motion of Judge Thomas, seconded by Mrs. Goodwin, the property inventory value was increased to \$1,000.00 by unanimous vote.

Mr. Davis introduced Mr. Bob Broach as Associate Vice President for Finance and Ms. Donna Robinson, a seasoned professional with twenty-eight years of experience in higher education, who is recommended for promotion to Controller.

RESOLUTION

BE IT RESOLVED that the Board of Trustees hereby appoints Donna Robinson as Controller of the University of South Alabama, to be effective on the 4th day of September, 1997.

Upon the motion of Judge Thomas, seconded by Mr. Kvalheim, the Resolution was unanimously approved.

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Mr. Mitchell opened discussion on Student Activity Fees with regard to the Radio Station Fund. Mr. Hancock explained that \$1.00 has been allocated from the Student Activity Fee to the Radio Station Fund. Since the purchase of a radio station is not imminent, the Student Government Association is requesting that the \$1.00 be reallocated to more useful purposes, with the understanding that \$50,000.00 will be retained in reserve for the Radio Station Fund and, should a station become available, the \$1.00 fee will be allocated back to the Fund. Discussion followed.

Upon the motion of Mr. Watson, seconded by Mr. Kvalheim, the following Resolution was unanimously approved.

RESOLUTION

WHEREAS, the Board of Trustees approved a \$1.00 activity fee to be allocated for a radio station, and

WHEREAS, after extensive efforts, it appears that it is not possible at this time to start up a radio station, and

WHEREAS, the \$1.00 activity fee could be reallocated to other projects that are necessary for student life and activities,

NOW THEREFORE BE IT RESOLVED that the Board of Trustees alters and amends its designation of the \$1.00 designation activity fee to be allocated to the radio station, to other projects as may be requested by the Student Government Association and approved by the Vice President for Student Affairs and the President of the University, and

FURTHER, BE IT RESOLVED that the accumulated funds from such activity fee, which are in the approximate amount of \$70,000.00, be reallocated to projects recommended by the Student Government Association and approved by the Vice President for Student Affairs and the President of the University, with an initial start-up fund of \$50,000.00 to be reserved for a future radio station.

Referring to the in-depth memorandum forwarded earlier to the Board, Mr. Mitchell summarized the actions of the legal committee which resulted in an appeal of Judge Hand's opinion regarding the tobacco litigation. Mr. Drake responded to questions, noting that there are few answers at this point.

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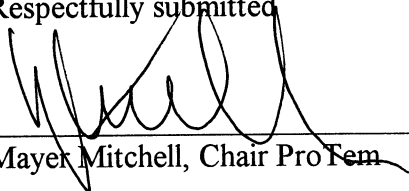
Upon the motion of Mr. Foshee, seconded by Mr. Brunson, the action of the legal committee to appeal Judge Hand's ruling was unanimously approved.

Dr. Richardson commented on efforts being made to bring together the common interests of K-12 and higher education. He described the new accountability procedures now in place, stating that 90% of the regulations for teacher preparation programs have been removed.

Mr. Mitchell thanked Dr. Richardson for the vision he has brought to the State Superintendent's office. Dr. Whiddon agreed and added that great strides have been made under Dr. Richardson's administration.

Upon the motion of Mr. Watson, the meeting was adjourned at 12:45 p.m.

Respectfully submitted



Mayer Mitchell, Chair Pro Tem

Attest to



Betty Maye, Secretary