UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

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2007-2010

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Mr. Larry D. Striplin, Jr.

:mgc 2/09

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

DECEMBER 10, 2009
10:30 A.M.

FREDERICK P. WHIDDON ADMINISTRATION BUILDING
AD 122, BOARD ROOM

REVISED AGENDA

ITEM			PAGE
*	Approve:	Revised Agenda	*i*
* 1	Approve:	Minutes.	1, 9, and 12
2	Report:	President's Report	*Presentation at Meeting*
3	Approve:	Amended Bylaws of the USA Board of Trustees	16

LONG-RANGE PLANNING:

* 4	Approve:	University of South Alabama Long-Range Planning Goals and Objectives (2008-2013) Update	1
5	Report:	Facilities Master Plan	10

HEALTH AFFAIRS:

6	Approve:	USA Hospitals Credentials for September and October 2009	1
7	Report:	Health System and Health Sciences	*Presentation at Meeting*
8	Report:	USA Mitchell Cancer Institute	*Presentation at Meeting*

ACADEMIC AND STUDENT AFFAIRS:

* 8.A	Report:	Academic Affairs	*Presentation at Meeting*
9	Approve:	Posthumous Professor Emeritus	1
*		Associate Professor Emeritus	3
10	Approve:	Sabbatical Awards	5
11	Report:	Student Affairs	*Presentation at Meeting*

BUDGET AND FINANCE:

12	Report:	Monthly Fund Financial Reports for July, August, and September 2009	1, 18, and 35

AUDIT:

13	Report:	KPMG Audit Reports and Letter, Year Ended September 30, 2009:	
		Basic Financial Statements	1
		KPMG Management Letter	60
		Response to KPMG Management Letter	63
		Reconciliation of Fund Reports to GASB #34 Audited Financial Statements	64
		Communication to the Audit Committee (SAS #114 Letter)	73
		Bond Compliance Letter	151
		Agreed-Upon Procedures Reports – Series 1999, 2004, 2006, and 2008 Bonds	152

OTHER:

* 14	Approve:	Commendation of Mr. Joseph E. Gottfried	1

* *Item(s) added or revised.*

MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

November 30, 2009

TO: USA Board of Trustees

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

Enclosed are the unapproved minutes for the September 17, 2009, meeting of the USA Board of Trustees. Please review them for amendment or approval during the December 10 meeting of the Board.

BRM:mgc

Enclosure

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES MEETING

September 17, 2009
10:15 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 17, 2009, at 10:22 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, Ken Simon, Steven Stokes, and James Yance.
Members Absent:	Trustees Joseph Morton, Bob Riley, and Larry Striplin.
Administration and Others:	President Gordon Moulton; Drs. Jim Aucoin, Michael Boyd, Isabel Brown, Joseph Busta, Joel Erdmann, Ron Franks, Andre′ Green, David Johnson, William Richards, Robert Shearer, John Smith, and David Stearns; Messrs. George Davis, Ken Davis (National Alumni Assn.), Wayne Davis, Ker Ferguson, Stan Hammack, Allen Marshall, Abe Mitchell, and Laventrice Ridgeway (AASA); and Mss. Christine Kelly, Dianne Marshall, Geri Moulton, Kim Proctor (SGA), and Margaret Sullivan.
Press:	Messrs. Brendan Davis (*The Vanguard*) and Kevin Sullivan (WALA-TV); 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. Maye, the revised agenda was unanimously approved. Chairman Stokes called for consideration of **ITEM 1**, the minutes of the June 5, 2009, meeting of the Board of Trustees and the June 4, 2009, meeting of the Committee of the Whole. On motion by Mayor Nix, seconded by Ms. Mitchell, the minutes were unanimously adopted.

Regarding **ITEM 2**, the President's Report, President Moulton shared thoughts of Mrs. Edna Brunson, wife of former Trustee Jack Brunson, who passed away on August 4. He introduced Dr. Kelly Woodford - Faculty Senate Secretary; Ms. Kim Proctor - SGA Vice President; Mr. Laventrice Ridgeway - AASA Vice President; and Mr. George Davis - USA National Alumni Association President. He welcomed Dr. Joel Erdmann, USA's new Athletic Director. Dr. Erdmann conveyed appreciation for the opportunity to join USA. President Moulton reported on USA's inaugural football game held September 5; 27,000 fans were in attendance. Video highlights of gameday activities were viewed. Judge Simon noted that Mr. Heath Slocum, USA alumnus, won the Barclay Golf Tournament against notable pros such as Tiger Woods.

President Moulton reported multiple fall enrollment records, including 14,757 students registered, 2,824 graduate students, 4,215 new students, and 2,700 students living on campus. He said that campus housing is completely full and that waiting-list requests are close to being met.

President Moulton noted that the quality of the students entering the University continues to improve. A list of the University's top feeder high schools was presented. He said that the average ACT score of USA students exceeds the state and national averages. Seventy-one students had ACT scores above 30.

President Moulton provided an update on construction projects and photos were shown. He said that the Student Recreation Center should be complete in May 2010. He discussed the new student dining facility, the Bell Tower and Alumni Plaza, Shelby Hall, the glass studio, the faculty club donated by Campus Crest, and the football field house, which is close to completion. The Board viewed aerial photos of the main campus.

President Moulton said that the next meeting of the Board would take place on December 10. The next football game is scheduled for September 26 against Army Prep.

President Moulton called upon Dr. Shearer to present **ITEM 3** as follows. Revisions to the Board of Trustees Bylaws were briefly outlined. On motion by Mayor Nix, seconded by Mr. Peek, the resolution was unanimously approved. President Moulton said that revisions concerning conflict of interest provisions would be proposed for consideration by the Board at the December meeting.

RESOLUTION
AMENDED BYLAWS OF THE USA BOARD OF TRUSTEES

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

WHEREAS, a copy of the proposed amended bylaws was express-mailed to each member of the Board on August 17, 2009, which was guaranteed for receipt on August 18, and

WHEREAS, the proposed amended bylaws (copy attached and incorporated by reference herein) have been presented for the consideration and vote of the Board at its meeting on this day, September 17, 2009, a vote of eight members being necessary to adopt such amendments, and

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

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

THEREFORE, BE IT RESOLVED, that the Board of Trustees approves and adopts the Bylaws of the Board of Trustees, as amended on this day, September 17, 2009.

Chairman Stokes called for a report of health affairs items. Dr. Furr, Chair of the Health Affairs Committee, moved approval of **ITEM 4** as follows. Mr. Langham seconded and the resolution was unanimously approved.

RESOLUTION
USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS FOR JUNE AND JULY 2009

WHEREAS, the Medical Staff appointments and reappointments for June and July 2009 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 noted acceptance of **ITEM 4**, the minutes of the Medical Staff meeting held August 4, 2009, as submitted.

Dr. Franks presented **ITEM 5**, a report on the activities of the Division of Health Sciences and the USA Health System. He introduced Dr. Bill Richards, USA's new Chair of the Department of Surgery. Dr. Richards said that the quality of USA's medical school was the deciding factor for his joining the staff. He discussed health issues and treatments of particular interest. Dr. Franks reported on the H1N1 flu. He said that the University has taken an aggressive approach to limit the spread of the virus on campus. He said, thus far, diagnosed cases have been minimal. Dr. Franks reported on efforts under way to maintain outpatient health records in an electronic database. He said that federal stimulus money will offset the costs of this beneficial upgrade.

Dr. Boyd presented **ITEM 6**, a report on the USA Mitchell Cancer Institute (MCI). He said that the MCI is approaching its first anniversary of operation. He said that patient volume is rapidly increasing. He projected a small amount of revenue to be realized for the coming year that can then support research activities, which are crucial for the goal of becoming an NCI-recognized center. Dr. Boyd talked about increased patient use of the CyberKnife equipment. He reported that patient referrals from Mississippi and Florida are growing as well. He stated that the alliance with Mobile Infirmary is strengthening.

Dr. Boyd introduced MCI patient Ms. Christine Kelly. Ms. Kelly discussed her diagnosis of breast cancer and compared private practice treatment with her more positive experiences as a patient of the MCI.

Dr. Boyd called upon Ms. Margaret Sullivan, Deputy Director for Project Management at the MCI, to present information about an upcoming development event for the MCI. Ms. Sullivan said that *Celebrate Hope* would take place November 19. She said up to 400 people are anticipated to attend this signature annual event. She welcomed the Board to visit the MCI website to learn more.

Chairman Stokes called for presentation of academic and student affairs items. Ms. Miree, Academic and Student Affairs Committee Chair, called upon Dr. Johnson to address **ITEM 7**, a report of academic affairs activities. Dr. Johnson introduced Drs. Isabel Brown - Chair, Department of Foreign Languages and Literatures; Jim Aucoin - Chair, Department of Communication; and Andre′ Green - Assistant Professor, Department of Leadership and Teacher Education. Dr. Green presented information about two projects. The *Pathway to Science* education initiative, funded by the National Science Foundation in the amount of $899,962, will provide undergraduate science majors an opportunity to pursue an alternative certification curriculum to earn master's degrees in secondary science education. The *USA-Bedsole Summer Enrichment Program* will provide social and academic experiences for children in third, fourth, and fifth grades to break the dropout cycle among students. Dr. Johnson reported on web-based learning opportunities at USA.

Ms. Miree noted that **ITEM 8**, a report on USA's Facilities Master Plan, would be deferred to a future meeting of the Board.

Ms. Miree called upon Dr. Smith to address **ITEM 9**, a report of student affairs activities. Dr. Smith reported on the high demand for student housing and the new dining facility. He said that 100 beds would be added for the 2010-2011 academic year by converting single rooms to double-occupancy rooms. He reported that the meal plans purchased have increased by 300 this year. He said that bookstore sales have increased 50 percent due to the huge demand for logo clothing among USA football fans. Local stores also carry USA apparel. The administration is negotiating with other licensing outlets to increase availability of merchandise and sales.

Chairman Stokes called for consideration of budget and finance items. Mayor Nix, Budget and Finance Committee Chair, noted receipt of **ITEM 10** reports titled *Monthly Fund Financial Reports for April, May, and June 2009*; *Quarterly GASB Financial Statement for the Nine Months Ended June 2009*; and *Summary Comparison of Fund Financial Reports to GASB Financial Statements, June 30, 2008 and 2007*. There was no discussion.

Mr. Wayne Davis presented **ITEM 11** as follows. He explained that USA alumnus Dr. James E. Laier, former President of Southern Earth Sciences, a local private company, resigned as a Director of the USA Research and Technology Corporation due to his recent appointment as Associate Dean in the College of Engineering. On motion by Mr. Langham, seconded by Mr. Yance, the resolution was unanimously approved.

RESOLUTION
ELECTION OF DIRECTOR OF THE USA RESEARCH AND TECHNOLOGY CORPORATION

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 election to said Board of Directors by the Board of Trustees of the University, and

WHEREAS, due to a Director's resignation, the Board of Directors of the Corporation has nominated for consideration and election by the Board of Trustees of the University Mr. E. Thomas Corcoran for completion of a four (4) year term which ends in June 2012, and this person has 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 Director of the USA Research and Technology Corporation Mr. E. Thomas Corcoran for a term beginning upon election and ending in June 2012.

President Moulton introduced Mr. Ker Ferguson, Director of the USA Technology and Research Park, for an update on the activities of the Park, **ITEM 11.A.** Mr. Ferguson reported that 17 companies employing 560 staff members are tenants of the Park. He said that Park facilities consist of 265,000 square feet. Photos were shown, as well as an aerial rendering of the Park complex. President Moulton said that expansion over time would develop in the direction of Hillsdale, allowing for a capacity of 1.1 million square feet of space to house 4,000 employees. He talked about the necessity for an aggressive approach to storm water management in this area. Ms. Miree inquired about plans to build a hotel. President Moulton responded that the idea of a hotel is still open for discussion. He reminded the Board that, in December 2008, the Board granted approval for the President to engage an architect to determine the feasibility of constructing a hotel, conference center, and fitness/wellness complex. He discussed a provision for wetlands mitigation that permits the removal of a wetlands area as long as another is created.

President Moulton called upon Mr. George Davis, President of the USA National Alumni Association, to present **ITEM 12** as follows. Mr. Davis expressed enthusiasm for the completion of the Bell Tower and Alumni Plaza. He informed Board members that, in June, the Alumni Association Board of Directors approved a resolution recommending that the visibility of the tower be preserved. He said that the Bell Tower will be a wonderful location for gatherings. It was noted that campus elevations vary in all directions. On motion by Ms. Miree, seconded by Mr. Peek, the resolution was unanimously approved.

RESOLUTION
POLICY FOR PRESERVING VISIBILITY OF THE BELL TOWER

WHEREAS, the University of South Alabama has undertaken the building of the bell tower to serve as the preeminent landmark in the skyline of its campus, and

WHEREAS, the preservation of the visibility of the bell tower is essential to fulfilling its function as a landmark and future building and landscaping on campus have the potential to interfere with sight lines to the bell tower,

THEREFORE BE IT RESOLVED, plans for future building on campus must locate and limit the height of structures and plantings so as to maintain the preeminence of the bell tower in the campus skyline.

Mr. Wayne Davis presented **ITEM 13** as follows. He discussed the costs of the TIAA-CREF Matching Plan, a supplementary retirement plan for employees having achieved a specified rank and salary, and the savings potential should new employees hired after October 1, 2009, be excluded from participating. Under the recommendation, those enrolled will not be affected. Employees who are eligible but not currently enrolled have been given ample notification of the deadline by which to subscribe. On motion by Ms. Maye, seconded by Mr. Yance, the resolution was unanimously approved.

RESOLUTION
REVISION OF UNIVERSITY OF SOUTH ALABAMA TIAA-CREF MATCHING PLAN

WHEREAS, the University of South Alabama, in 1964, authorized the participation of certain employees in the Teachers' Insurance and Annuity Association/College Retirement Equity Fund (TIAA/CREF) pursuant to an elective salary reduction arrangement under which matching funds are available, and

WHEREAS, on November 30, 1967; on October 24, 1980; on January 1, 1986; on January 1, 1987; on October 1, 1989; on June 27, 1991; on June 8, 2006; and on December 11, 2008, the program was changed, and

WHEREAS, as a budget reduction measure, the University Resources Planning Committee (URPC) has recommended to the President that the practice of providing matching funds for certain employees hired on or after October 1, 2009, and for currently eligible employees who do not elect to participate in the plan prior to October 1, 2009, be terminated, and

WHEREAS, the URPC further has recommended to the President that if the financial condition of the University should worsen, the University suspend matching funds for currently participating employees until further notice and, when financial conditions permit, reinstate the plan for those participating as of the suspension date, and

WHEREAS, no changes to the Matching Plan are proposed other than those described above and as detailed in the attached recommendation of the University Resources Planning Committee,

THEREFORE, BE IT RESOLVED, that the Board of Trustees approves the proposed revisions to the University of South Alabama TIAA-CREF Matching Plan and authorizes the President to implement said revisions accordingly.

Mr. Wayne Davis presented **ITEM 14**, the University budget for 2009-2010 (refer to **APPENDIX A** for copies of policies and other authorized documentation). He noted that the budget was discussed in detail at the Committee of the Whole meeting held on September 16, and reviewed the budget recommendation as Board members examined the corresponding materials. He explained that, given the likelihood that proration would be announced, the University faces a deficit budget for the coming year. He discussed varying scenarios of appropriation reductions which the Governor could mandate and how the University's budget would be affected. He reported that the budget for consideration assumes a $10.2 million deficit. He added that, given the concern of decreasing state revenue, it is reasonable to plan that further proration may be imposed during the year. He said that if 10 percent proration were to occur, the University's deficit would be $21 million. He noted, however, that the University's conservative fiscal approach over the years has resulted in adequate reserves to deal with the ensuing budget crisis for the present time. A history of state appropriations was outlined, as well as cost-cutting measures implemented by the University and highlights of the current budget year. Mr. Davis assured Board members that the recommended budget is responsible. On motion by Mr. Langham, seconded by Mr. Peek, the budget was unanimously approved. President Moulton acknowledged that adopting a deficit budget is not preferable, and added that the Administration had been diligent to analyze the advantages and disadvantages of relying on University reserves in order to maintain existing programs and services without sacrificing quality, as well as limiting or eliminating University offerings. He asserted the necessity of arriving back at a balanced budget as soon as possible. Brief discussion took place about how the University is addressing the filling of vacant positions deemed necessary amid the current hiring freeze.

President Moulton presented **ITEM 14.A**, reporting that, at its brief meeting on September 5, the Executive Committee unanimously approved naming the Engineering and Computing Sciences Building *Shelby Hall* in recognition of Senator Richard Shelby's efforts in garnering federal appropriations totaling $40 million for construction of the building, and approved the awarding of the construction contract to the firm of Elkins Constructors, Inc., of Jacksonville, Florida, at a cost of $28,854,000.

Chairman Stokes called for a report of audit items. Mayor Nix, Audit Committee Chair, addressed **ITEM 15**. He stated that a preliminary report of the audit process for the 2008-2009 fiscal year was presented by Mr. Mark Peach and Ms. Ashley Willson of KPMG during the Committee of the Whole meeting on September 16. There was no discussion.

Mr. Ken Davis presented **ITEM 16**, a report on the independent audit of the USA Foundation Consolidated Financial Statements and the Disproportionate Share Hospital (DSH) Funds Combined Financial Statements, June 2009 and 2008. He indicated that the audit firm provided a clean, or unqualified, opinion of all financial statements, which reported net assets of the USA Foundation to be $250 million, and DSH fund net assets of $118 million.

President Moulton welcomed Ms. Dianne Marshall, retired Director of Publication Services, and husband, Allen, and conveyed fond sentiments and memories of Ms. Marshall's long history at the University. He read aloud **ITEM 17** as follows. On motion by Mr. Peek, seconded by Mayor Nix, the resolution was unanimously approved. Ms. Marshall thanked the Board and the Moultons for 37 years of opportunity and support. She expressed deep admiration for the University of South Alabama and its people.

RESOLUTION
COMMENDATION OF MS. DIANNE MARSHALL

WHEREAS, Ms. Dianne Marshall joined the University of South Alabama Publication Services Department in 1972 as a mimeograph operator, and

WHEREAS, through hard work, Ms. Marshall was promoted to the position of department manager in 1980 and was named director in 1998, serving in that capacity until her recent retirement, and

WHEREAS, Ms. Marshall's leadership helped guide the Publication Services Department from its infancy into a self-sufficient, full-service printing operation, and

WHEREAS, Ms. Marshall led by example, working tirelessly alongside her staff to provide the highest quality of work, attention to detail, and adherence to deadlines, and

WHEREAS, Ms. Marshall contributed to the University's image by helping to establish and insure consistent use of the University's logo and graphics standards policies, and

WHEREAS, Ms. Marshall's enthusiasm for the University and her "can-do" attitude served as an inspiration and model not only for those in her department, but for the entire University family, and

WHEREAS, Ms. Marshall exhibited particular support for the USA Board of Trustees and administration by providing graphic and print materials in a professional and timely manner,

THEREFORE, BE IT RESOLVED, that the Board of Trustees commends Ms. Dianne Marshall for her 37 years of dedicated and loyal service to the University of South Alabama.

Judge Simon expressed interest in gaining a better understanding of the USA Technology and Research Park (TRP). President Moulton provided an overview of the TRP's mission.

Dr. Stokes introduced **ITEM 17.A** as follows and talked about the changing culture of the University since the appointment of President Moulton and Mrs. Moulton's eagerness to take on her respective new leadership role of supporting the President and University mission. President and Mrs. Moulton joined Dr. Stokes as he read the resolution. On motion by Mr. Langham, seconded by Ms. Mitchell, the Board cast unanimous approval. President and Mrs. Moulton expressed heartfelt gratitude for the honor.

RESOLUTION
NAMING OF THE USA BELL TOWER

WHEREAS, President V. Gordon Moulton and Mrs. Geri Moulton have rendered exceptional service to the University of South Alabama and the Mobile community since 1966, and

WHEREAS, in a career spanning 43 years, V. Gordon Moulton has distinguished himself as a teacher, dean, vice president, and since 1998, as President of the University, and

WHEREAS, under the leadership of President Moulton, the University has achieved significant milestones in many areas, including student enrollment and graduation, academic program development, health care delivery, enhancement of student life and the campus environment, research funding and initiatives, private-sector giving, and community involvement by faculty and students, and

WHEREAS, in 2003 the Civitan Club of Mobile recognized President Moulton as *Mobilian of the Year*, citing in particular his role in the creation and development of the Mitchell Cancer Institute, the USA Technology and Research Park, and the USA Children's and Women's Hospital, as well as his many other contributions to education, cultural activities, and economic development, and

WHEREAS, Mrs. Geri Moulton likewise has contributed generously of her many talents, time, and energy to countless University projects, including the Geri Moulton Children's Park, and has advocated for many worthy causes on behalf of both the University and the Mobile community, and

WHEREAS, the Board of Trustees, in appreciation and recognition of the service of President Moulton and Mrs. Moulton, deems it fitting and appropriate to associate their names and legacy with the Bell Tower - a preeminent landmark structure that will be an enduring symbol of the spirit of the University of South Alabama,

THEREFORE, BE IT RESOLVED, that the University of South Alabama Board of Trustees names the Bell Tower the *Gordon and Geri Moulton Bell Tower*.

There being no further business, the meeting was adjourned at 12:01 p.m.

Attest to:	Respectfully Submitted:
Bettye R. Maye, Secretary	Steven H. Stokes, MD, Chair Pro Tempore

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

COMMITTEE OF THE WHOLE

September 16, 2009
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 16, 2009, at 2:04 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Trustees Scott Charlton, Donald Langham, Bettye Maye, Christie Miree, Arlene Mitchell, Bryant Mixon, James Nix, John Peek, Ken Simon, Steven Stokes, and James Yance.
Members Absent:	Trustees Steven Furr, Cecil Gardner, Sam Jones, Joseph Morton, Bob Riley, and Larry Striplin.
Administration and Others:	President Gordon Moulton; Drs. Michael Boyd, Joe Busta, Ron Franks, David Johnson, Robert Shearer, John Smith, and Kelly Woodford (Faculty Senate); Messrs. Terry Albano, Wayne Davis, Mark Peach (KPMG), Norman Pitman, and Stan Hammack; Mss. Jean Tucker and Ashley Willson (KPMG).
Press:	Ms. Renee Busby (*Press-Register*).

Chairman Stokes called the meeting of the Committee of the Whole to order and welcomed Trustees and guests. He suggested that primary emphasis be placed on **ITEMS 13, 14, 15,** and **17**, as well as any other agenda item a Committee member desired to discuss.

Chairman Stokes called upon Mr. Wayne Davis for presentation of **ITEM 15**, the KPMG audit report. He introduced Mr. Mark Peach and Ms. Ashley Willson of KPMG. Reports were distributed, and Mr. Peach noted the importance of meeting with the Budget and Finance / Audit Committee biannually, and of the Board's accessibility to KPMG at any time to discuss questions or concerns. He stressed that KPMG's obligation is for open communication with Trustees. He and Ms. Willson provided an overview of the audit process for the 2008-2009 fiscal year. Mr. Peach said KPMG would plan to meet with the Committee again in December for a post-audit report. Mr. Peach and Ms. Willson responded to questions and comments.

Mr. Wayne Davis presented **ITEM 13** (for copies of resolutions, policies, and other authorized documentation, refer to the USA Board of Trustees meeting minutes, September 17, 2009), a resolution to approve revisions to the USA TIAA-CREF Matching Plan and authorizing the President to implement the revisions as outlined. Mr. Davis said that the TIAA-CREF Matching Plan is a secondary retirement plan in addition to the plan offered by the State Teachers' Retirement System. He explained that, due to budget constraints, the Administration feels it is wise to eliminate eligibility for new employees hired after October 1, 2009, as recommended by the University

Resource Planning Committee, which was formed to identify ways that the University could contain and cut costs. President Moulton reported that, although this fringe benefit had helped draw new recruits, not all employees are eligible to enroll. The options of permanent or temporary plan suspension was briefly addressed. President Moulton talked about the national trend of rising employer retirement costs. Currently, the University is required to match 12.51 percent of employees' contributions. On motion duly made and seconded, the Committee unanimously agreed to recommend approval by the full Board.

Mr. Wayne Davis presented **ITEM 14**, the University Budget for 2009-2010, while corresponding video slides were viewed. He reported revenues projected at $677.7 million and expenditures projected at $687.9 million, resulting in a net budget deficit of $10.2 million for next year. He talked about the consequences to the University given various proration scenarios, noting that a 10 percent appropriation cut would result in an operating deficit of $21 million, and addressed questions from the Committee.

The use of federal stimulus money to sustain programs was discussed. Non-academic operations of the University, such as the hospitals, housing, football, and non-core programs, are not eligible for stimulus benefits. Additionally, controls are in place to track the use of stimulus funds.

Despite a grim budget forecast, Mr. Davis noted that conservative financial management over the years has afforded opportunities for the University to build reserves that will help to weather the budget crisis. President Moulton conveyed optimism that USA's savings are adequate to support existing programs as long as the University continues on a frugal course over the next three to five years. He said that efficiencies are being incorporated across-the-board. Dr. Johnson reported that academic administrators have been charged with identifying the most cost-effective ways to deliver education. He added that, amid a cost-conscious environment, there are no sacrifices at this time that will detract from the student experience.

Mr. Davis reported that each division was assigned with developing a plan to meet reductions in respective budgets. Relative to the University's hiring freeze, he said that administrators are taking proactive measures to cover duties with existing manpower when positions become vacant. President Moulton stated that no significant negative feedback had been received. Discussion took place about energy conservation and cost investments to employ energy-saving solutions. President Moulton noted that cost savings are not likely to be realized for some time following energy conservation upgrades.

The potential establishment of a national health insurance plan and implications to patient services income were discussed. President Moulton said that many versions of a national health plan make it impossible to know the impact at this time. He and Mr. Hammack suggested that assumptions on Medicaid reimbursement levels can be made based upon the current year's experience. On motion duly made and seconded, the Committee unanimously agreed to recommend approval of the 2009-2010 budget as submitted.

Chairman Stokes called for a report of endowment and investment items. Mr. Yance, Endowment and Investments Committee Chair, called upon Messrs. Albano and Pitman to address **ITEM 17**, a report of the University's endowment performance. As materials were distributed, Mr. Albano noted that the endowment continues to outperform its respective index; the return for 2009 through August was 1.01 percent vs. minus 4.32 percent -- an outperformance of 5.33 percent with an ending balance of $62,593,832. Mr. Albano said that October's volatile performance was a strain on the overall performance, but, relatively, performance had been strong. For illustrative purposes, he presented calendar year-to-date results, indicating that the return significantly outperformed its index by 8.28 percent. Performance in this time frame was 21.74 percent vs. 13.46 percent. Mr. Yance reported on communications with Messrs. Albano and Pitman, and Mr. Albano said that an Endowment Committee meeting would be coordinated in late October to discuss strategies. Messrs. Albano and Pitman addressed comments and questions from Judge Simon concerning the future of USA portfolio and possible investment revisions. Mr. Pitman added that, under the current market climate, it may be wise to consider the potential of an inflationary environment. Ms. Miree inquired about the return on different asset classes; Mr. Albano responded with information on various performance measures.

There being no further business, the meeting was adjourned at 3:23 p.m.

Attest to:	Respectfully Submitted:
______________________________	______________________________
Bettye R. Maye, Secretary	Steven H. Stokes, MD, Chair Pro Tempore

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES MEETING

Endowment and Investments Committee

November 17, 2009
2:00 p.m.

The Endowment and Investments Committee of the USA Board of Trustees was duly convened by Mr. James Yance, Chair of the Endowment and Investments Committee, on Tuesday, November 17, 2009, at 2:06 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Trustees Cecil Gardner, Donald Langham and James Yance; and President Gordon Moulton.
Member Absent:	Trustee Larry Striplin.
Administration and Others	Dr. Robert Shearer; Messrs. Terry Albano, Wayne Davis, Abraham Mitchell, and Norman Pitman; and Ms. Jean Tucker.

Upon the call to order, Mr. Yance reminded Committee members that, at the June 4, 2009, Annual Meeting of the Board of Trustees, it was decided that the Endowment and Investments Committee would meet for in-depth discussion of the allocations placed among investment managers and to consider possible changes in the University's investment strategy given the volatile market environment. He called upon Mr. Albano to present **ITEM 1,** a summary of performance for fiscal year 2009. Printed reports were distributed, and Mr. Albano stated that, in addition to performance, his report would address the endowment to-date and asset allocation; rebalancing and the investment of new endowment funds; and the engagement of additional money managers.

Mr. Albano provided a page-by-page summary of the printed endowment history. He first presented fiscal year-to-date performance and said that the University continues to outperform its relative index by 6.06 percent. The University's performance in this time frame was 4.80 percent versus its relative index of -1.26 percent. Mr. Albano discussed each manager's year-to-date performance and noted that each significantly outperformed its relative index for the year. The year-to-date performance for the University endowment was 25.18 percent versus its index of 14.38 percent. Mr. Albano reported on the inception-to-date performance and stated that the University outperformed its index by .88 percent. He discussed endowment performance by year since inception. He responded to questions about how the endowment has performed from the market high in October 2007 through the end of fiscal year 2009. He stated that, relatively speaking, the endowment has performed well. Performance during this volatile period of time was -14.91 percent versus its index of -19.04 percent, an outperformance of 4.13 percent.

Mr. Albano discussed changes that have been made to the endowment through the years. He talked about asset allocation and how it relates to the University's endowment policy. He reported that the endowment is slightly over- and under-weighted in a few categories, but that each quarterly re-balance and investment reconciles these differences. He said that the endowment balance is currently $95 million. A portion of the endowment is committed in short-term investments and cannot be placed with investment managers. Indices selection and consistency were reviewed. Mr. Albano reminded Committee members that the changing of indices would require Board approval, and that the Board annually reviews the University's investment policies. Messrs. Albano and Pitman talked about USA's short-term investments, such as certificates of deposit and money market investments, which do not have high yields, but do have less risk. President Moulton noted that the University has investments which are external to the endowment. Mr. Mitchell inquired if the University has investments which are not government-insured. Messrs. Albano and Pitman assured that all of USA's investments are insured.

Mr. Pitman expressed confidence in the University's investment policies. He presented a recommendation to the Committee to consider the engagement of three additional management firms for the investment of new endowment money, **ITEM 2** as follows (for copies of resolutions, policies, and other authorized documentation, refer to **APPENDIX A**). On motion by Mr. Langham, seconded by Mr. Gardner, the resolution was unanimously approved.

RESOLUTION
ENDOWMENT TRANSFERS TO NEW INVESTMENT MANAGERS

WHEREAS, the University of South Alabama's Investment Advisor and Investment Manager reviewed the new investment managers and allocations, and

WHEREAS, the University's Endowment and Investments Committee has the authority to employ investment managers and allocations of investments,

THEREFORE, BE IT RESOLVED, that the Endowment and Investments Committee approves the new investment managers and the allocations of investments as noted on Exhibit A.

There being no further business, the meeting was adjourned at 3:18 p.m.

Respectfully Submitted:

James A. Yance, Chair
Endowment and Investments Committee

November 17, 2009

TO: TERRY ALBANO

FROM: NORMAN PITMAN

RE: NEW FUNDS

The following are brief descriptions of the funds we discussed.

GT GLOBAL HEDGE:

Gerber/Taylor Management Company is the manager of this fund of funds. Its stated objective is to achieve maximum capital appreciation commensurate with reasonable risk. They will invest in a diversified group of long and short "stock pickers" who attempt to minimize market risk through a hedged approach. While GT Global Hedge has both long and short positions, it is intended to always maintain "net long" exposure to the equity market, usually in the range of 20-50%. GT Global Hedge is invested in equities on a global basis with, on average, approximately 75% invested in the US and 25% internationally.

Management charges a 1% annual management fee. Withdrawals may be made at the end of any calendar year subject to the terms set forth in the Private Offering Memorandum, which includes giving notice no later than September 30 of the intention to withdraw.

The table below lists returns for the periods ending September 30, 2009.

	1-Year	**3-Year**	**5-Year**	**10-Year**
Fund	4.59 %	5.78 %	9.66 %	10.23 %
S&P 500	-6.91 %	-5.43 %	1.02 %	-0.15 %

PIMCO REAL RETURN:

Pacific Investment Management Company is the manager of this mutual fund. This fund seeks maximum real return. It normally invests in inflation-indexed bonds of varying maturities. These bonds are generally high grade credit. The average credit quality is AAA. The gross expense ratio is 0.65%. The average maturity is 9.98 % and the average duration is 7.42 %.

The table below lists returns for the periods ending September 30, 2009.

	1-Year	3-Year	5-Year	10-Year
Fund	22.91 %	6.80 %	5.28 %	8.09 %
BarCap Agg.	13.79 %	6.35 %	5.06%	6.30 %

PIMCO DEVELOPING MARKETS LOCAL CURRENCY BONDS:

Pacific Investment Management Company is the manager of this mutual fund. The fund seeks maximum total return, consistent with preservation of capital and prudent investment management. Management seeks to achieve this objective by investing in the currencies of, or in fixed income instruments denominated in the currencies of, developing markets.

The gross expense ratio is 0.85 %. The average credit rating is A. The average maturity is 1.55 years and the average duration is 1.48 years.

The table below lists returns for the periods ending September 30, 2009.

	1-Year	3-Year	5-Year	10-Year
Fund	18.99 %	6.27 %	N/A	N/A
BarCap Agg.	13.79 %	6.35 %	5.06%	6.30 %

RESOLUTION

AMENDED BYLAWS OF THE USA BOARD OF TRUSTEES

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

WHEREAS, a copy of the proposed amended bylaws was mailed to each member of the Board on November 3, 2009, and

WHEREAS, the proposed amended bylaws (copy attached and incorporated by reference herein) have been presented for the consideration and vote of the Board at its meeting on this day, December 10, 2009, a vote of eight members being necessary to adopt such amendments, and

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

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

THEREFORE, BE IT RESOLVED, that the Board of Trustees approves and adopts the Bylaws of the Board of Trustees, as amended on this day, December 10, 2009.

COPY

MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

November 3, 2009

TO: USA Board of Trustees

FROM: Monica G. Curtis MGC

RE: Bylaws of the Board of Trustees - Draft with Proposed Revisions

Revisions to the *Bylaws of the Board of Trustees of the University of South Alabama* are proposed in the enclosed draft. The draft bylaws will be placed on the agenda for your consideration at the next regular meeting of the Board of Trustees on December 10.

:mgc

Enclosure

BYLAWS
OF THE BOARD OF TRUSTEES
OF THE UNIVERSITY OF SOUTH ALABAMA

PREAMBLE

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

ARTICLE I
THE BOARD OF TRUSTEES

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

Section 1. **Composition of Board.** The Board consists of two ex officio members, the Governor and the State Superintendent of Education, by virtue of the offices that they hold; three members from Mobile County; three members from the State at large; and one member from each of the following State senatorial districts as defined at the time of legislative enactment in 1963: 21st District, comprised of Baldwin and Escambia Counties; 19th District, comprised of Choctaw, Clark and Washington Counties; 20th District, comprised of Marengo and Sumter Counties; 16th District, comprised of Monroe and Wilcox Counties; 30th District, comprised of Dallas and Lowndes Counties; 17th District, comprised of Butler, Conecuh and Covington Counties; 25th District, comprised of Coffee and Crenshaw Counties; 23rd District, comprised of Dale and Geneva Counties; and the 35th District, comprised of Henry and Houston Counties.

Section 2. **Election and Term of Office.** Ex officio Trustees serve their terms of office in correspondence with their respective offices held in the State of Alabama. In accordance with the statute creating the University of South Alabama, the Trustees are appointed by the Governor, by and with the advice and consent of the State Senate, and hold office for a term of twelve years, or until their successors shall be appointed and qualified. There are three classes of board members, so that one-third of the members of the Board is appointed every four years. Vacancies occurring in the office of Trustee, from death or resignation, and the vacancies regularly occurring by expiration of the term shall be filled by the Governor, and the appointee holds office until the next meeting of the Legislature. Successors to those Trustees whose terms expire during an interim shall hold office for a full term, unless they are rejected by the Senate. Neither the existence nor continuation of a vacancy in the office of the Trustee shall serve to impair or hinder any provisions of these Bylaws or the validity of the operation and actions by the Board by virtue of that vacancy alone.

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

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

Section 5. **Emeritus Status.** The Board, in its sole discretion, may recognize any Trustee who has served with distinction as Trustee Emeritus following said Trustee's term of service. Any Trustee so recognized as Trustee Emeritus shall have no voting rights and will remain Trustee Emeritus at the pleasure of the Board of Trustees. Such designation shall confer no responsibilities, duties, rights, or privileges as such but shall constitute recognition of service and experience and will publicly acknowledge that person as particularly suited for counsel and advice to the Board. The

Board encourages the availability of those who have been awarded Trustee Emeritus status for such counsel and advice and may request special services of them.

ARTICLE II
MEETINGS OF THE BOARD OF TRUSTEES

Section 1. **Annual and Regular Meetings.** The Board shall hold a regular annual meeting each year at the University on the first Monday in June, unless the Board, in regular session, shall determine to hold its annual meeting at some other time and place. Each year at the annual meeting, the Board shall schedule its regular meetings to be held during the ensuing year, and may designate one such meeting as the annual meeting of the Board. This schedule of meetings then will be recommended to the Governor for approval. The Chair pro tempore may cancel or change the date, place or time of a scheduled regular or annual meeting. The President will provide advance notice of such changes or cancellation. In any event, the Board shall meet at least once in each year.

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

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

Section 4. **Quorum.** Seven members of the Board of Trustees shall constitute a quorum, but a smaller number may adjourn from day to day until a quorum is present. A majority of those present shall govern unless a greater number is required hereunder. No Trustee for whom a conflict of interest exists shall vote on such matter before the Board.

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

Section 6. **Minutes.** Minutes of all meetings of the Board and its committees shall be prepared and distributed promptly to all members of the Board under the direction of the Secretary of the Board. Upon approval by the Board or committee, such minutes shall be recorded in substantially bound books retained in the Office of the President under the direction of the Secretary of the Board.

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

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

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

ARTICLE III
OFFICERS

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

Section 1. **Chair of the Board.** The Governor of the State of Alabama shall be ex officio President of the Board as well as ex officio Chair of the Board. ~~He/she~~The Chair shall preside at all Board meetings which ~~he/she~~he or she attends and shall call special meetings of the Board upon the conditions set forth herein.

Section 2. **Chair Pro Tempore.** Upon adoption of these Bylaws and thereafter, the Board of Trustees shall elect a Chair pro tempore for a three-year term, commencing with the meeting following the annual meeting at which the election is held. Such officer may not be elected for successive terms. ~~He/she~~He or she shall preside at all Board meetings in the absence of the Governor and call special meetings of the Board upon the conditions set forth herein. ~~He/she~~The

Chair pro tempore shall serve as chair of the Executive Committee, and shall appoint such committees as may be authorized by the Board, or as ~~he/she~~he or she may deem desirable, fill vacancies which will occur on such committees, and give final approval to the agenda for the Board meeting.

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

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

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

ARTICLE IV
COMMITTEES

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

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

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

Section 2. **Budget and Finance Committee.** The Budget and Finance Committee shall be responsible for the review and study of budget requests; recommending comprehensive budgets; review and study of required audits; and submitting such reports and recommendations to the Executive Committee of the Board and/or the full Board, as deemed necessary and appropriate.

Section 3. **Long Range Planning Committee.** The Long Range Planning Committee shall be responsible for long range plan recommendations; review of new and existing academic programs; academic planning and organization; mission statement and statements of role and scope; review of planning for new facilities; and other matters which may be referred to it by the President or the Board.

Section 4. **Health Affairs Committee.** The Health Affairs Committee shall be responsible for providing guidance to and receiving reports from staff and administrative personnel responsible for the University of South Alabama Hospitals and Clinics. It will consider and make recommendations requiring Board action relating to the Hospitals and Clinics and the College of Medicine. In addition to committee members designated as provided in these Bylaws, the committee includes, as non-voting ex officio members, the President, the Vice President for Health Sciences, Dean of the College of Medicine, the President of the Medical Staff of the University of South Alabama Medical Center and the Vice President for Health Systems.

Section 5. **Academic and Student Affairs Committee.** The Academic and Student Affairs Committee shall be responsible for receiving and reviewing information relevant to issues involving academic affairs and student affairs at the University.

Section 6. **Endowment and Investment Committee.** The Endowment and Investment Committee shall be responsible for establishing policies and guidelines to invest and manage the University's endowment and other investment funds and for submitting such reports and recommendations to the Executive Committee of the Board and/or the full Board of Trustees, as deemed necessary and appropriate.

Section 7. **Committee Participation.** The President of the University is vested with the responsibility of providing notice of all committee meetings to the members of the committees. The Chair pro tempore will serve as an ex officio member on each committee. The President and the Chair pro tempore may participate in all meetings but shall have no vote, except when the Chair pro tempore is a member of the committee. All committees assist and support the Board, President, faculty and staff in carrying out their responsibilities. Committees may request through the Office of the President any information necessary or appropriate to their deliberations. All committee reports and recommendations shall be submitted for consideration and are advisory in nature until they have been approved by the full Board. Any Board member may attend any committee meeting.

ARTICLE V
PRESIDENT AND DUTIES

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

The President is the chief educational and administrative officer of the University. Unless excused by the Chair, ~~he/she~~he or she shall attend and participate in all meetings of the Board and may make recommendations on matters before the Board. The President does not vote on Board matters. The President shall be responsible for the execution of the policies of the Board and the Executive Committee and performing all those matters necessary to carry out the ends and purposes for which the University was established. The President shall have all authority necessary to conduct the programs of the University, including the authority to award degrees, add officers to the University which ~~he/she~~he or she deems necessary, delegate authority among subordinates and all other authority which shall, from time to time, be delegated by the Board of Trustees to the President. Prior to appointment of vice presidents, the President shall notify the Board of ~~his/her~~ his or her intention to appoint such officers to the University. ~~He/she~~The President reports to the Board on the current operations of the University and directs, coordinates and implements the planning, development and appraisal of all activities of the University of South Alabama.

ARTICLE VI

CONFLICT OF INTEREST

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

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

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

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

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

(b) A "potential conflicting interest" exists, but is not limited to, when the public servant is a director, president, general manager or similar executive officer, or owns directly or indirectly a substantial portion of any non-governmental entity participating in the transaction.

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

(c) **Public disclosure includes public announcement or notification to a superior officer or the attorney general.**
(d) **Failing to disclose a conflict of interest is a Class A misdemeanor.**

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

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

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

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

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

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

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

- **The Trustee must promptly disclose the intent to enter into a business relationship with USA to the Chair *pro tempore* of the USA Board of Trustees.**
- **The Trustee must recuse himself or herself from all deliberation, debate and voting related to the contemplated business relationship.**
- **The Chair *pro tempore* or the Board if the issue is referred by the Chair, must determine without the presence or participation of the Trustee under review, that the transaction is fair and in the best interest of USA.**
- **If the business relationship under consideration is approved, the Trustee may not participate in any process by which his or her performance as a vendor or recipient is evaluated, or in any such evaluation of a related party.**

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

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

2) serves as a director or senior executive officer,

if a substantial part of the contract or proposal involves the quality of performance (i.e. possibly requiring enforcement of a performance bond or filing suit for non-performance).

Also, no Trustee shall advocate or attempt to influence the employment by the University of any member of his or her family.

ARTICLE VII
SEAL

Section 1. **Official Corporate Seal.** The official corporate seal of the University of South Alabama shall be circular in form, encircled as follows:

ARTICLE VIII
AMENDMENT OR REPEAL OF BYLAWS

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

8th Edition, September 17, 2009

Proposed revisions to be considered on December 10, 2009

RESOLUTION

UNIVERSITY OF SOUTH ALABAMA LONG-RANGE PLANNING GOALS AND OBJECTIVES (2008–2013) UPDATE

WHEREAS, in 2003 the University of South Alabama adopted long-range institutional goals and objectives for the period 2003-2008, and

WHEREAS, subsequently, in March, 2008, the Board of Trustees adopted a revised statement of Long-Range Planning Goals and Objectives, and

WHEREAS, as a matter of continuous assessment and improvement, the University's overarching institutional goals and objectives again have been reviewed and revised to address future challenges and opportunities,

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees adopts the attached updated long-range planning report titled *University of South Alabama: Long-Range Planning Goals and Objectives (2008-2013)*.

MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

REC'D
OFFICE OF THE PRESIDENT
NOV 23 2009
UNIVERSITY OF SOUTH ALABAMA

November 23, 2009

TO: President V. Gordon Moulton

FROM: Joan Exline
Associate Vice President, Institutional Research, Planning and Assessment

Robert A. Shearer
Executive Assistant to the President

RE: Updated Long-Range Planning Goals and Objectives Statement

During the 2009 Fall Semester, the University's internal Long-Range Planning Committee met to review the current University Goals and Objectives document (2008-2013). Committee members were asked to focus on the stated objectives under each goal, noting whether or not these objectives continued to be viable and identifying additional objectives for each goal. The Committee also reviewed achievements and methods for assessing performance of each of the objectives.

The attached document titled *University of South Alabama Long-Range Planning Goals and Objectives (2008-2013)* is the updated version of the Goals and Objectives document adopted by the Board of Trustees in March 2008.

A comprehensive "Report Card" of accomplishments under each goal is being developed as well.

Attachment

JE;RAS:mgc

UNIVERSITY OF SOUTH ALABAMA
LONG-RANGE PLANNING GOALS AND OBJECTIVES
(2008-2013)

Mission Statement
The mission of the University of South Alabama is to offer high-quality programs of teaching, research, public service, and health care that create, communicate, preserve, and apply knowledge in service to the people of Alabama as citizens in a global community.

Vision Statement
Our vision is to become a preeminent comprehensive university that is recognized for its intellectual, cultural, and economic impact on the health and well-being of those we serve as leaders and citizens in a global community.

Goals and Objectives

<u>Goal 1: Build upon the academic quality and learning environment of the University</u>

Objective 1.1: Improve learning outcomes.
Objective 1.2: Recruit high-caliber students.
Objective 1.3: Recruit, recognize, and retain high-quality faculty and staff.
Objective 1.4: Improve academic success of students.
Objective 1.5: Increase innovation, efficiency and instructional resources for education programs

<u>Goal 2: Enhance the quality of student life</u>

Objective 2.1: Provide responsive services and activities for traditional and nontraditional students.
Objective 2.2: Promote a safe campus environment.
Objective 2.3: Provide quality, accessible physical facilities.
Objective 2.4: Promote faculty engagement in student activities.
Objective 2.5: Encourage student engagement in campus activities.
Objective 2.6: Recognize student achievements in academic and student life.

Goal 3: Embrace diversity

Objective 3.1: Provide a welcoming environment.
Objective 3.2: Implement and evaluate the University's strategic diversity plan.
Objective 3.3: Increase opportunities for study abroad and international faculty and student exchange.
Objective 3.4: Infuse a global perspective across the curriculum.

Goal 4: Enhance the public image of the University

Objective 4.1: Increase the understanding and appreciation of USA contributions through all available methods.
Objective 4.2: Increase USA participation and visibility in community service and environmental projects.
Objective 4.3: Expand community engagement with USA by maximizing art, cultural, entertainment, and athletic opportunities.
Objective 4.4: Continue to foster relationships with civic, government, and business leaders.
Objective 4.5: Draw attention to student/faculty, staff accomplishments.
Objective 4.6: Enhance USA's image in a broader geographic area.
Objective 4.7: Continue to improve internal awareness of programs and services, as well as the institution's importance and public identity.

Goal 5: Strengthen financial support of the University

Objective 5.1: Increase student enrollment commensurate with reasonable institutional capacity.
Objective 5.2: Maximize efforts to secure increased public funding.
Objective 5.3: Increase extramural funding.
Objective 5.4: Be fiscally prudent and pursue opportunities for gains in efficiency.
Objective 5.5: Continue to expand and strengthen the University development program.
Objective 5.6: Increase institutional support from the USA Foundation.

Goal 6: Ensure appropriate University planning and assessment

Objective 6.1: Demonstrate use of assessment information for making improvements.
Objective 6.2: Effectively use technology for planning and assessment.
Objective 6.3: Continuously improve the planning and assessment process.

Goal 7: Sustain the growth of high-quality health care services

Objective 7.1: Adapt to rapid changes in financial funding for the USA Health System.
Objective 7.2: Establish a priority list of capital improvements and monitor progress.
Objective 7.3: Enhance relationships with community partners as is mutually beneficial.
Objective 7.4: Develop strategies to adapt to upcoming changes resulting from health care reform.
Objective 7.5: Continuously improve the quality of health care delivery in the current system.
Objective 7.6: Sustain/enhance the research and education missions of the Health Sciences Division and MCI in the face of declining financial support from the USA Health System.
Objective 7.7: As resources permit, develop/enhance centers of excellence.

Goal 8: Promote research and scholarly activities

Objective 8.1: Increase the scholarly capacity, capability, recognition, and impact of University investigators.
Objective 8.2: Enhance technology transfer and diffusion of new knowledge across the University.
Objective 8.3: Expand human, facility and financial resources to grow the University's research enterprise.
Objective 8.4: Accelerate campus-wide development of translational, clinical, basic, and applied research through collaborations with industries, agencies, foundations, faculty, education, and health care providers.

UNIVERSITY OF SOUTH ALABAMA
LONG-RANGE PLANNING GOALS AND OBJECTIVES
(2008-2013)

Mission Statement
The mission of the University of South Alabama is to offer high-quality programs of teaching, research, public service, and health care that create, communicate, preserve, and apply knowledge in service to the people of Alabama as citizens in a global community.

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Our vision is to become a preeminent comprehensive university that is recognized for its intellectual, cultural, and economic impact on the health and well-being of those we serve as leaders and citizens in a global community.

Goals and Objectives

Goal 1: ~~To~~ Build upon the academic quality and learning environment of the University.

Objective 1.1: ~~To facilitate student achievement of~~ Improve learning outcomes.
Objective 1.2: ~~To~~ Recruit ~~and graduate~~ high-caliber students. ~~from diverse backgrounds.~~
Objective 1.3: ~~To~~ Recruit, recognize, and ~~develop~~ retain high-quality faculty and staff.
Objective 1.4: Improve academic success of students.
Objective 1.5: Increase innovation, efficiency and instructional resources for education programs.

Goal 2: ~~To~~ Enhance the quality of student life.

Objective 2.1: ~~To~~ Provide responsive services and activities for traditional and nontraditional students.
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Objective 4.3: ~~To increase~~ Expand community engagement with USA by maximizing art, cultural, entertainment, and athletic opportunities.
Objective 4.4: ~~To bolster~~ Continue to foster relationships with civic, government, and business leaders.
Objective 4.5: ~~To expand relations in the international community.~~ Draw attention to student/faculty, staff accomplishments.
Objective 4.6: Enhance USA's image in a broader geographic area.
Objective 4.7: Continue to improve internal awareness of programs and services, as well as the institution's importance and public identity.

Goal 5: ~~To~~ Strengthen financial support of the University.

Objective 5.1: ~~To continue to expand and strengthen the University development program.~~ Increase student enrollment commensurate with reasonable institutional capacity.
Objective 5.2: ~~To~~ Maximize efforts to secure increased public funding.
Objective 5.3: ~~To~~ Increase ~~institutional support from the USA Foundation.~~ extramural funding.
Objective 5.4: ~~To increase extramural funding.~~ Be fiscally prudent and pursue opportunities for gains in efficiency.
Objective 5.5: ~~To increase student enrollment commensurate with reasonable institutional capacity.~~ Continue to expand and strengthen the University development program.
Objective 5.6: Increase institutional support from the USA Foundation.

Goal 6: ~~To~~ Ensure appropriate University planning and assessment.

Objective 6.1: ~~To continue and improve documentation of planning and assessment.~~ Demonstrate use of assessment information for making improvements.
Objective 6.2: ~~To expand use of electronic tools for planning and assessment.~~ Effectively use technology for planning and assessment.
Objective 6.3: Continuously improve the planning and assessment process.

Goal 7: ~~To~~ Sustain the growth of high-quality health care services.

Objective 7.1: ~~To integrate, coordinate, and further develop the health care delivery system and related clinical service programs across the University to further enhance the health of the region.~~ Adapt to rapid changes in financial funding for the USA Health System.
Objective 7.2: ~~To enhance the delivery of health care services through a comprehensive, systematic management approach that ensures effective, efficient, high-quality, fully accredited inpatient and outpatient clinical services are offered to all patients throughout the region.~~ Establish a priority list of capital improvements and monitor progress.
Objective 7.3: ~~To further stabilize the financial position of clinical programs by developing adaptive strategies in the face of declining reimbursements, and to balance the commitment to attending to the health care needs of underserved and health disparities populations with the need to maintain financial stability for the health care delivery system.~~ Enhance relationships with community partners as is mutually beneficial.
Objective 7.4: ~~To ensure that clinical services maintain their academic focus by sustaining the primacy of the educational and research focus of the health care delivery system, equivalent in importance to excellence in the delivery of health care services.~~ Develop strategies to adapt to upcoming changes resulting from health care reform.
Objective 7.5: ~~To establish practice plans for faculty from across the University involved in clinical activity.~~ Continuously improve the quality of health care delivery in the current system.
Objective 7.6: ~~To establish collaborative relationships with clinical entities outside the University.~~ Sustain/enhance the research and education missions of the Health Sciences Division and USA MCI in the face of declining financial support from the USA Health System.
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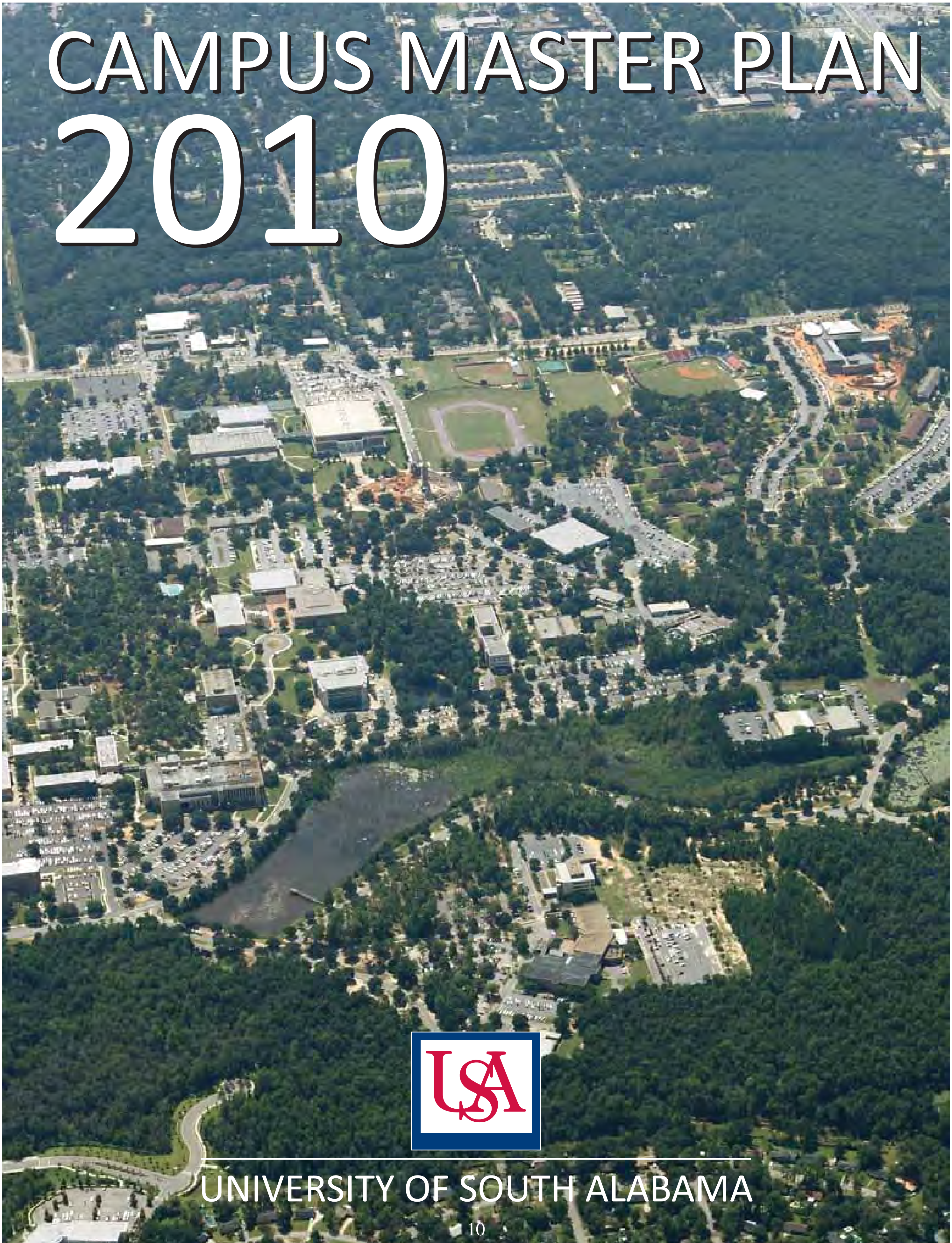
Objective 8.2: ~~To~~ Enhance technology transfer and diffusion of new knowledge across the University.

Objective 8.3: ~~To enhance resources to grow the University's research enterprise.~~ Expand human, facility and financial resources to grow the University's research enterprise.

Objective 8.4: ~~To~~ Accelerate campus-wide development of translational, clinical, basic, and applied research through collaborations with industries, agencies, foundations, faculty, education, and health care providers.

CAMPUS MASTER PLAN 2010



UNIVERSITY OF SOUTH ALABAMA

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Table of Contents

1 INTRODUCTION AND PURPOSE

Introduction

In a speech to the general faculty in the spring of 1999, University of South Alabama President V. Gordon Moulton addressed areas of strategic development in which he challenged members of the University community to work cooperatively toward a shared, long-term vision of the institution.

In response to this challenge, the University initiated a comprehensive planning process that would culminate in 2001, in a planning document that would formalize and endorse the collective “visions” outlined by the President. The basic planning principles established in this document would impact all facets of university life from academics and student life to enhancing diversity, strengthening public and private financial support of the University and improving planning and assessment processes. In support of these goals, the “Visions” document included a number of facilities-related recommendations that would directly impact existing buildings and infrastructure on campus and determine patterns of future growth for the University as a whole. These specific recommendations or objectives served as the basis for a comprehensive study of existing facilities, land use, and growth patterns on the Main Campus that would lead directly to the development of the 2004, “University of South Alabama, Campus Master Plan”.

The 2004 master plan established a successful development strategy and framework for growth for USA. However; the success of the Master Plan over the past five years has led to new challenges for the University. Increasing student enrollment, the advent of new programs on campus, and advances in technology all contributed to a necessary re-evaluation of the original goals and objectives that formed the basis for this Plan. In 2008, the University issued a revised document that expanded the “visions” established in the original. This new document, more a minor course correction than actual change, has had a direct impact on many of the planning parameters established by the 2004 Plan. New campus buildings and associated infrastructure are now necessary to meet the requirements of a rapidly growing institution. Land use patterns need to be re-evaluated to accommodate these new facilities, and campus transportation, circulation and parking all require modification to meet the increased demands placed on these systems. The need to incorporate these issues and provide a mechanism to guide the efforts of the University in the future has led to the current planning effort and the development of the “University of South Alabama, Master Plan 2010”.

The 2010 Master Plan is not an “original” document. It is built on the foundation of the 2004 Plan and incorporates many of the planning principles established by its predecessor. The primary focus of the current plan remains the same; to ensure that the physical campus setting continues to enhance the mission of the University. This will be accomplished by:

- Providing quality physical facilities that promote academic excellence, encourage student engagement in campus activities, and enhance the public image of the institution.
- Reinforcing the major campus districts or facility “use” zones established in the 2004 Master Plan.
- Establishing a greater campus identity through the continuation of the campus “gateway” concept, creation of campus “portals” at major entrance points, the development of a unified signage/wayfinding system, and through building design and material standards.
- Promoting a strategy and framework for growth and to allow the University to respond to the challenges of the future.

As envisioned, this Master Plan will continue the basic planning principles established by the President and the University Long Range Planning Committee over ten years ago. However, it is assumed that this is merely another step in the continuing planning process, and hopefully, the basic tenets of this document will serve as a template for future planning efforts. The fundamental goal of any campus master plan should be to provide options and opportunities for decision makers and to position an institution to respond to the ever-changing conditions that will, most assuredly, present themselves in the future.

The Mission of the University

The University of South Alabama was chartered in 1963 by the State of Alabama as a comprehensive, coeducational institution of higher education. The University serves as a major center of high-quality and accessible undergraduate, graduate, and professional education for metropolitan Mobile, the State of Alabama, the Gulf Coast region, and the southeastern United States. The mission of the University of South Alabama is to offer high-quality programs of teaching, research, public service, and health care that create, communicate, preserve, and apply knowledge in service to the people of Alabama as citizens in a global community. As it grows and develops, the University will focus its strengths to produce programs of interdisciplinary excellence that address the special needs of the people it serves.

The University Vision

A resolution of the Board of trustees in the spring of 1999 authorized the President of the University to coordinate with the Chair of the Long Range Planning Committee of the Board to establish a central planning committee. This committee was to be made up of University administrators, faculty, and students as well as business, community and governmental leaders. The resolution set forth the charge to develop a collective, long-term vision for the University and a comprehensive planning process that would include all areas and functions of the institution. Out of this effort came a series of strategic goals or "visions" that were endorsed by the Long Range Planning Committee, and adopted by the Board of Trustees. The "visions" established by the Committee included:

1. *Continue to build the academic quality of the University and improve the learning environment on campus.*
2. *Build on the quality of student life and the overall campus atmosphere.*
3. *Enhance diversity among student, faculty, and staff, and evince a commitment to multiculturalism.*
4. *Reinforce and improve the public image of the institution.*
5. *Improve public and private financial support of the University.*
6. *Improve University planning, budgeting, and assessment processes.*

In April, 2001, the Long-Range Planning Committee completed a planning reference which set forth objectives under each of the adopted strategic goals, described the flow of information and documentation in the University planning process, and enumerated assumptions about the institution's characteristics and external environment relevant to the planning effort. ***VISIONS: Strategies for Realizing Shared Visions of the University of South Alabama*** was adopted by the Board of Trustees to guide the institution's planning and planning outcomes at all levels within the University. The specific goals and objectives outlined in the "Visions" document were included in the University's 2004, Campus Master Plan and formed the basis for the facilities-related recommendations that were central to the plan.

While the basic goals and objectives of the 2001 "Visions" document remained vital, rapidly changing conditions on campus and in the University's health care system, and an increased emphasis on research and technology transfer led to a re-evaluation of the visions contained in the original document. In 2008, the Long Range Planning Committee endorsed changes to the original vision statement as well as to the subsequent goals and objectives, and in March, 2008, the Board of Trustees approved the **"University of South Alabama Goals and Objectives (2008 – 2013).** The provisions of the revised document are as follows:

Vision Statement

Our vision is to become a pre-eminent comprehensive university that is recognized for its intellectual, cultural, and economic impact on the health and well-being of those we serve as leaders and citizens in a global community.

Goals and Objectives

Goal 1: To build upon the academic quality and learning environment of the University.

- Objective 1.1: To facilitate student achievement of learning outcomes.
- Objective 1.2: To recruit and graduate high caliber students from diverse backgrounds.
- Objective 1.3: To recruit, recognize, and develop high quality faculty and staff.

Goal 2: To enhance the quality of student life.

- Objective 2.1: To provide responsive services for traditional and non-traditional students.
- Objective 2.2: To promote a safe campus environment.
- Objective 2.3: To provide quality physical facilities.
- Objective 2.4: To promote faculty engagement in student activities.
- Objective 2.5: Encourage student engagement in campus activities.

Goal 3: To embrace diversity.

- Objective 3.1: To promote tolerance and create a welcoming environment.
- Objective 3.2: Implement and evaluate the University's strategic diversity plan.
- Objective 3.3: To increase opportunities for study abroad and international faculty and student exchange.
- Objective 3.4: To infuse a global perspective across the curriculum.

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- Objective 4.1: To increase the understanding and appreciation of USA contributions through all available methods
- Objective 4.2: To increase USA participation and visibility in community service and environmental projects.
- Objective 4.3: To increase community engagement with USA by maximizing art, cultural, entertainment, and athletic opportunities.
- Objective 4.4: To bolster relationships with civic, government, and business leaders.
- Objective 4.5: Expand relations in the international community.

Goal 5: To strengthen financial support of the University.

- Objective 5.1: Continue to expand and strengthen the University development program.
- Objective 5.2: Maximize efforts to secure increased public funding.
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- Objective 7.4: To ensure that clinical services maintain their academic focus by sustaining the primacy of the educational and research focus of the health care delivery system, equivalent in importance to excellence in the delivery of health care services.

- Objective 7.5: To establish practice plans for clinical programs from across the University, and, where appropriate, establish new faculty clinical practice plans.

- Objective 7.6: To establish collaborative relationships with clinical entities outside the University, and, where mutually beneficial, to develop cooperative ventures between clinical programs within and outside the University.

Goal 8: To promote research and scholarly activities.

- Objective 8.1: To increase annually the scholarly capacity, capability, recognition, and impact of University investigators.

- Objective 8.2: To enhance technology transfer and diffusion of new knowledge across the University.

- Objective 8.3: To enhance resources to grow the University's research enterprise.

- Objective 8.4: To accelerate campus-wide development of translational, clinical, basic, and applied research through collaborations with industries, agencies, foundations, faculty, education, and health care providers.

The Role of the Campus Master Plan

The role of a master plan in the context of an educational institution such as the University of South Alabama is to create a framework for future growth and development. This framework supports the institution's mission, goals, and programmatic needs by enhancing the physical environment and facilities of the Campus. It evaluates and presents recommendations on elements of campus organization, land and facilities use, utility infrastructure, vehicular and pedestrian circulation and landscape enhancements. A master plan should be regarded as a guideline or a philosophy and not a rigid document that must be completely adhered too item-by item. The guideline should be flexible enough to allow for future modifications without making a total reassessment each time a new issue is presented. It should also provide a timeframe and order that best implements the master plan by looking at the short and long term needs of the Campus. The ultimate goal of the master plan is to provide an attractive campus that promotes intellectual and social interchange between students, faculty, staff and the surrounding community.

Implementation and Maintenance of the Campus Master Plan

The University Space and Facilities Committee is responsible for implementation of the Campus Facilities Master Pan. The Committee, a standing committee of the Institution, provides a vehicle for discussion and decision involving faculty, staff, students, and administrators. Oversight of implementation of the Campus Facilities Master Plan is specified in the revised charge to the Committee.

The University Space and Facilities Committee is responsible for reviewing each project in the Campus Facilities Master Plan in context of:

- the project's responsiveness to programmatic needs identified in the University's strategic goals and objectives as set forth in the Visions planning document;
- application of institutional design standards for architecture and landscape architecture; and
- Emerging objectives and challenges related to the institution's enrollment, program development, and finances.

The University Space and Facilities Committee is chaired by the Director, Facilities Management. The Associate Vice President for Institutional Research Assessment and Planning serves as an ex officio member and provides the needed information and technical support to the Space and Facilities Committee in the areas of the institution's strategic objectives, academic program and student services development, and enrollment projections.

The University Space and Facilities Committee is required to meet as needed to review the status of the construction and renovation projects identified in the Campus Facilities Master Plan. The Committee also provides a vehicle for discussion of recommendations for amendment of the Master Plan and consideration of requests for space assignment and reallocation. The Committee forwards its recommendations to the University President for approval, and where appropriate, for communication to the University Board of Trustees for their consideration and approval.

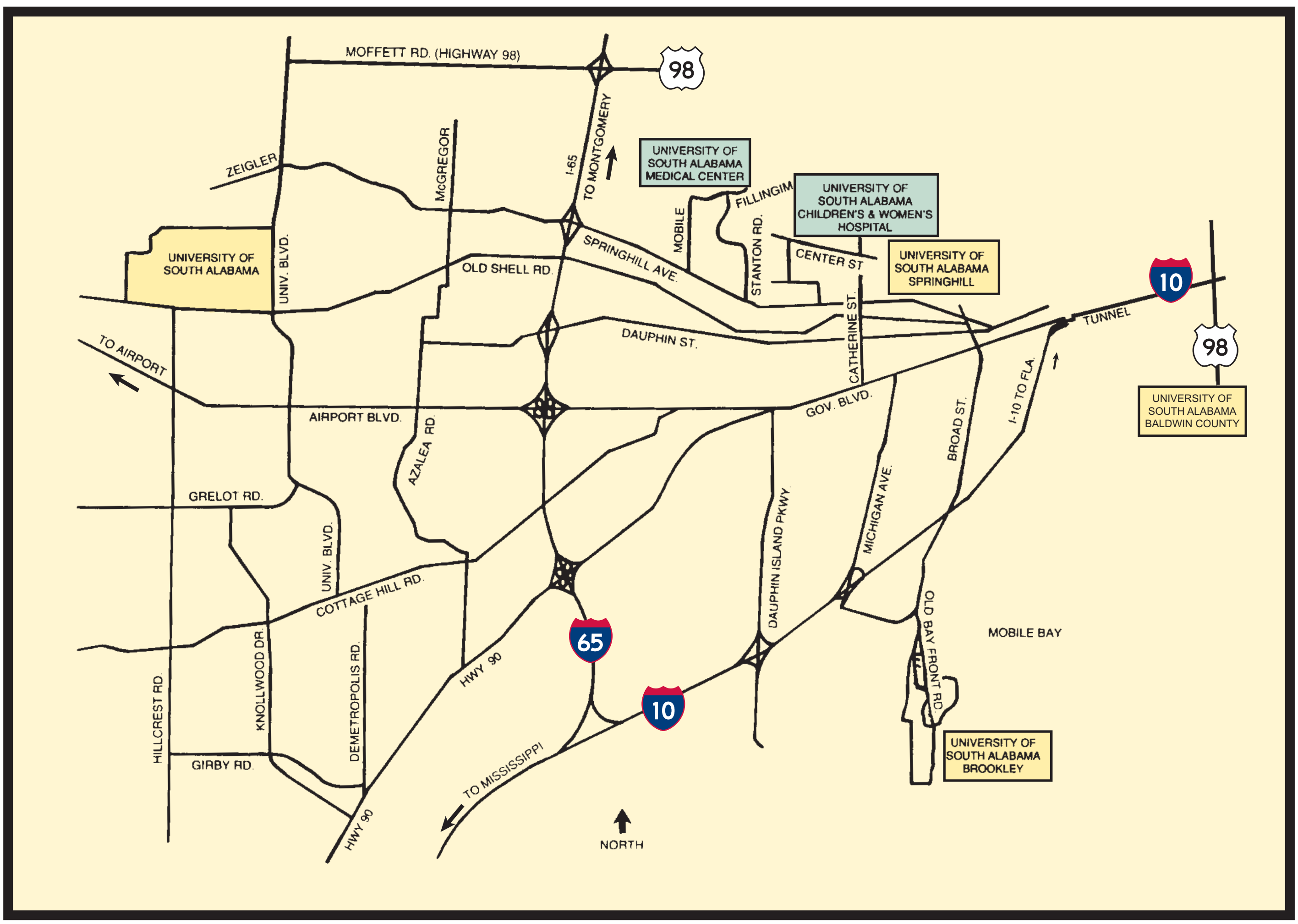
2 EXISTING INVENTORY AND ANALYSIS

This section provides a general overview of The University of South Alabama; its location, history and development, and physical characteristics. Information obtained from an analysis of this data formed the basis for the planning principles contained in this Master Plan. These principles, rooted in the location and history of the campus are intended to ensure that future development is appropriate for the University of South Alabama.

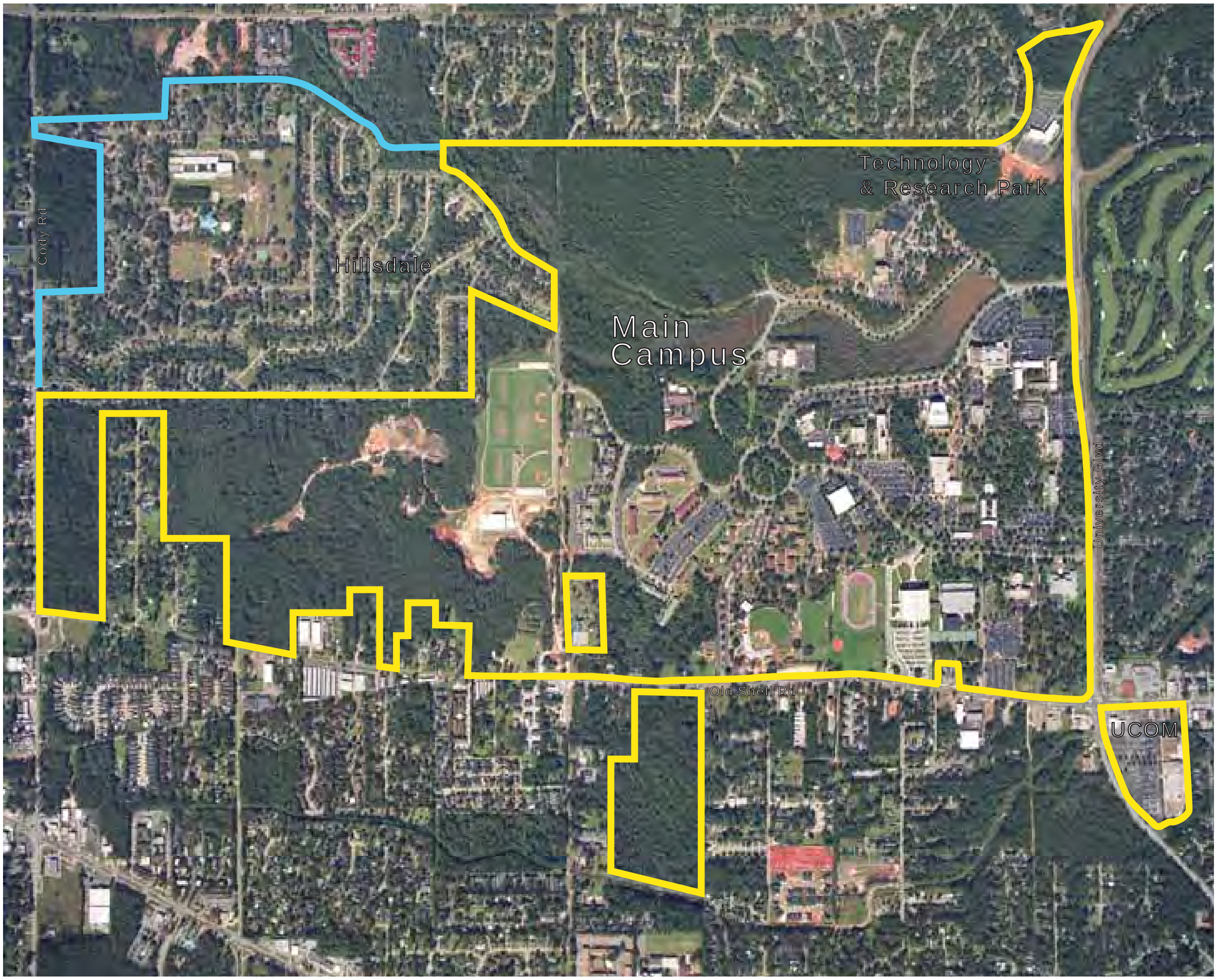
Location and Land Area

The University of South Alabama is located in Mobile, Alabama, approximately 140 miles east of New Orleans and 240 miles west of Tallahassee, Florida. With a population of almost 400,000 people, Mobile is the second largest metropolitan area in Alabama. Due to its unique setting on the western shore of Mobile Bay, with direct access to the Gulf of Mexico and Alabama's inland waterways, Mobile has become a major port city. While trade and ship building have always been mainstays of the local economy, aerospace, petro-chemical, and most recently steel manufacturing have become major factors in the growth and development of the area.

The expansion of the City has traditionally occurred from east to west and the University of South Alabama was originally sited to take advantage of this pattern of growth. The main Campus is located approximately 9 miles west of the central business district on a 1,200 acre site, bounded by Old Shell Road on the south and University Boulevard on the east. The main Campus is within close proximity to the Mobile Regional Airport, and the City's major interstate highways; I-65, providing access to the Campus from central and northern Alabama, and I-10, providing access from the Florida panhandle, and the Mississippi gulf coast.



Location Plan



Main Campus Plan

0 100' 500' 1000'

The main Campus is bordered primarily by single family residential neighborhoods, however, a mix of multi-family apartments available for student occupancy and light commercial structures characterize the south, Old Shell Road, boundary. The Campus itself is relatively wooded with native pine predominating. The terrain slopes gently to a watershed that bisects the north central portion of the campus. While the eastern and southern sections of the campus are more developed, the northern and western sections are still relatively un-touched. The heavily wooded area to the north has been dedicated for use by the Technology and Research Park and the westernmost section, extending to Cody Road, has been reserved for future growth. In addition, another 120 acres have been made available to the University through the re-development of the eastern half of the Hillsdale neighborhood.

USA also has a number of satellite campus' in Mobile County within easy driving distance of the Main Campus. The Brookley Campus is strategically located 3 miles south of downtown Mobile on 327 acres of prime Mobile Bay waterfront. This campus currently houses departments from the School of Continuing Education & Special Programs, a conference and lodging facility and an 18 hole golf course. The Springhill Avenue Campus, in mid-town Mobile, houses University Hospital administrative functions and several Health Services clinics. To support USA's College of Medicine, the University also operates two major hospitals in the Mobile area; the USA Medical Center, and Children's and Women's Hospital.

In addition to the Mobile County locations, the University also maintains a campus in Baldwin County located "across the bay" in downtown Fairhope, Alabama. Rapid growth in this area, due in part to the Mobile economy but also due to its scenic waterfront and recreational opportunities, has led Baldwin County to become one of the fastest growing counties in Alabama. The Baldwin County Campus offers a multi-disciplinary curricula intended to serve the diverse needs of Baldwin County.

Institutional Characteristics

The University of South Alabama is a public institution comprised of ten academic colleges and schools. These include Allied Health Professions, Arts and Sciences, Mitchell College of Business, Computer and Information Sciences, Continuing Education and Special Programs, Education, Engineering, Medicine, Nursing, and the Graduate School. The University also supports a Pharmacy program in conjunction with the Auburn University, Harrison School of Pharmacy. Current enrollment statistics are listed in Table 2.1. Enrollment breakdown statistics are listed in Tables 2.2 – 2.6.

Table 2.1 - Enrollment Statistics*

Undergraduate Students	11,356
Graduate Students	2,824
Medical Students	342
Total Student Enrollment	14,522

Note: 235 Medical Center Residents not included in computations

Table 2.2 - Enrollment by College and School*

College / School	Number	% of Total
Allied Health Professions	1,803	12.4
Arts & Sciences	4,147	28.6
Computer & Information Sciences	443	3.1
Continuing Education & Special Programs	272	1.9
Education	2,023	13.9
Engineering	1,189	8.2
Medicine	342	2.4
Mitchell College of Business	1,730	11.9
Nursing	2,556	17.6
Graduate School	17	0.1
Total	14,522	100.0

Table 2.3 - Enrollment by Level*

Level	Number	Percent
Lower Division	5,874	40.4
Upper Division	5,376	37.0
Unclassified	158	1.1
Graduate I	2,404	16.6
Graduate II	420	2.9
Professional	290	2.0
Total	14,522	100.0

Table 2.4 - Enrollment by Status*

Status	Number	Percent
Full-Time	10,934	75.3
Part-Time	3,588	24.7
Total	14,522	100.0

Table 2.5 - Enrollment by Ethnic Background*

Ethnic Background	Number	Percent
White	9,704	66.8
African American	2,543	17.5
Hispanic American	294	2.0
Asian American	382	2.6
Pacific Islander	55	0.4
Native American	113	0.8
Nonresident Alien	777	5.4
Multiracial	34	0.2
Unknown	620	4.3
Total	14,522	100.0

Table 2.6 - Enrollment by Gender*

Gender	Number	Percent
Male	5,729	39.5
Female	8,793	60.5
Total	14,522	100.0

* Fall 2009 - Source, USA Institutional Research, Assessment & Planning

History and Development of the Main Campus

The University of South Alabama was created by an Act of the Alabama Legislature in June, 1963. The University's founding was the goal of the Mobile County Education Foundation for Public Higher Education, whose members understood the need for a four-year, state-supported institution to serve the rapidly growing population of Southwest Alabama and the central Gulf Coast region. With Alabama's two major public Universities over 200 miles distant, access to higher education programs was a paramount concern to citizens of the State's second most populous metropolitan area. The Foundation was chartered by a Special Act of the Alabama Legislature in February, 1961. The University was created by an Act passed by the Legislature in May, 1963.

The institution was initially housed in a single building on St. Louis Street in downtown Mobile. With an eye to the future expansion of enrollment and programs, the Mobile County Higher Education Foundation, with the support of the City of Mobile and the County of Mobile, purchased a large tract of "sixteenth section" land in the western suburban area of the city and construction was begun on the first building – the present Frederick Palmer Whiddon Administration Building. This structure housed all of the fledgling institution's functions when the first 276 students were admitted in the summer of 1964. During the subsequent four years, construction was completed on the Instructional Laboratory Building (1966), a cafeteria and faculty office buildings (1966), the four-building Alpha Residence Hall Complex (1967), Engineering Building (1968), Health and Physical Education Facility (1968), and the University Library (1968). In 1968, the University received its initial accreditation by, and was admitted to membership in, the Southern Association of Colleges and Schools.

During the next decade, the needs for the University to respond to demands for a broader range of degree programs and to accommodate a rapidly growing enrollment brought the addition of specialized facilities to the Main Campus. Construction of the Business and Management Studies Building (1969), the Life Sciences Building (1970), Bookstore (1970), the Humanities Building (1974), and the Engineering Classroom and Laboratory Buildings (1978), provided facilities to house new undergraduate and graduate degree programs. Campus life facilities such as the Student Center (1971) and the Stanky Field Baseball Stadium (1979) were also completed. Student residence space was more than doubled by completion of the two large apartment and dormitory complexes: the Gamma Apartment Complex in 1977 and the Beta Residence Hall Complex in 1979.

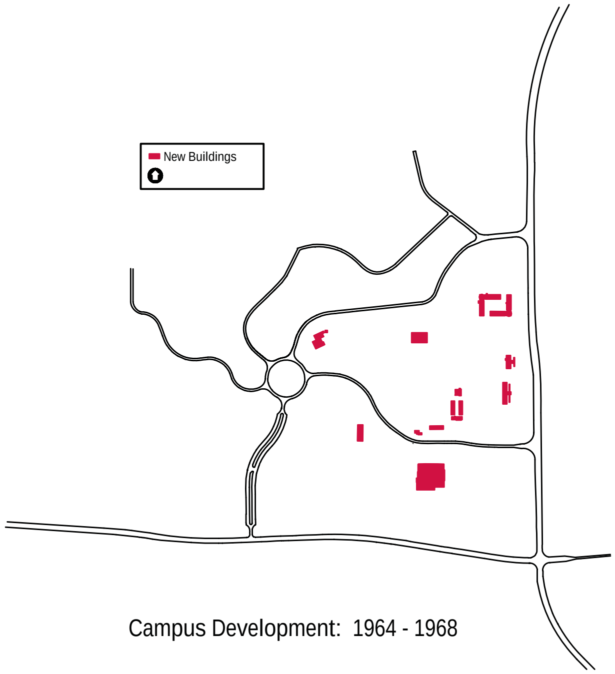
The 1970's also brought construction of one the largest buildings to be completed on the University's campus. In May of 1971 the first Dean of Medicine was appointed and the charter class of 25 students entered the College of Medicine in January, 1973. In the next year, construction of the 161,000 square foot Medical Sciences Building was completed. In addition to supporting the first-professional medical education program, the Medical Sciences Building allowed the University to proceed with initiation of its first Doctor of Philosophy program - in Basic Medical Sciences – in 1978. The subsequent addition of research laboratories and a vivarium brought the total gross area of the Medical Sciences Building to over 243,000 square feet.

The 1970's and early 1980's also saw significant additions of land to the Main Campus. Purchases of tracts to the west of the campus brought the University's total area to over 1,200 acres. As new academic programs were implemented and the University's enrollment continued to increase, plans for development of facilities encompassed several new buildings and an extensive program of renovation and reallocation of space in existing buildings. In 1984 construction of the Chemistry Building was completed and the Computer Services Center was relocated from the Administration Building to a dedicated building, permitting reallocation of Administration Building space to the Office of Admission's, the Bursar's Office, and the Registrar's Office. Student residence space was increased again with the completion of the Delta Complex in 1982 and 1983.

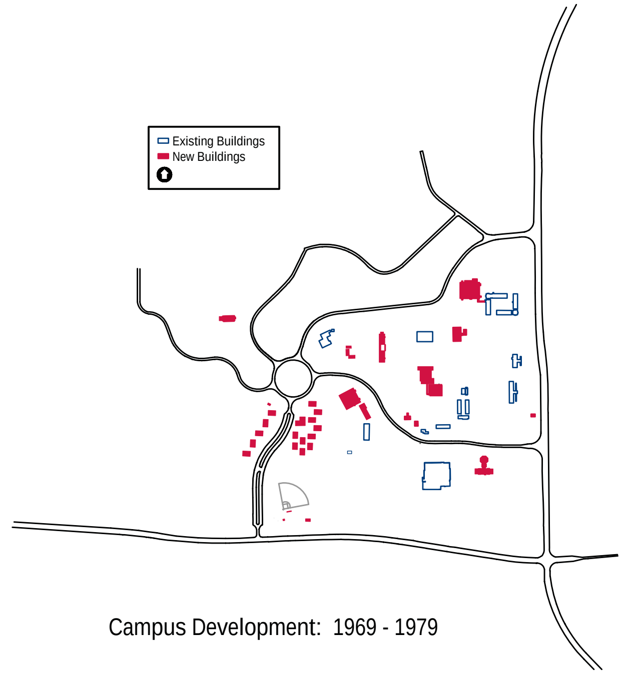
Facilities also were being added to support the University's growing medical research and clinical programs. The Cancer Center/Clinical Building was completed in 1980 followed by the Primate Breeding Laboratory in 1981, and the 136,000 square foot Health Services Building in 1982. Research facilities of the Laboratory of Molecular Biology were expanded in 1986.

In 1990, the University acquired the 127,000 square foot University Commons, allowing relocation of the entire College of Education, the Department of Communication, the Department of Speech and Hearing Sciences, and several administrative and service units. The former home of the College of Education – the Instructional Laboratory Building - was renovated to house the Department of Mathematics and Statistics and the Department of Physics. Completion of the 36,000 square foot Visual Arts Building in 1992 allowed the consolidation of Department of Art and Art History classrooms and studios that had been dispersed around the campus. With construction of the new Delta and Epsilon residence hall complexes, three of the Alpha Complex buildings were renovated for academic purposes, providing space for the Biomedical Library, the School of Continuing Education and Special Programs, and administrative offices and research laboratories of the College of Medicine. In 1992, the Student Recreation Center was completed as an addition to the Health, Physical Education, and Leisure Services Building.

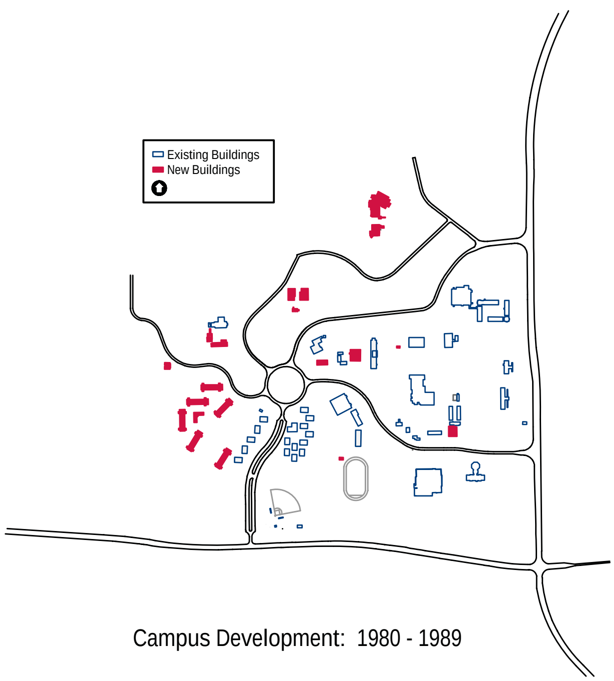
CAMPUS DEVELOPMENT PLAN 1964-2003



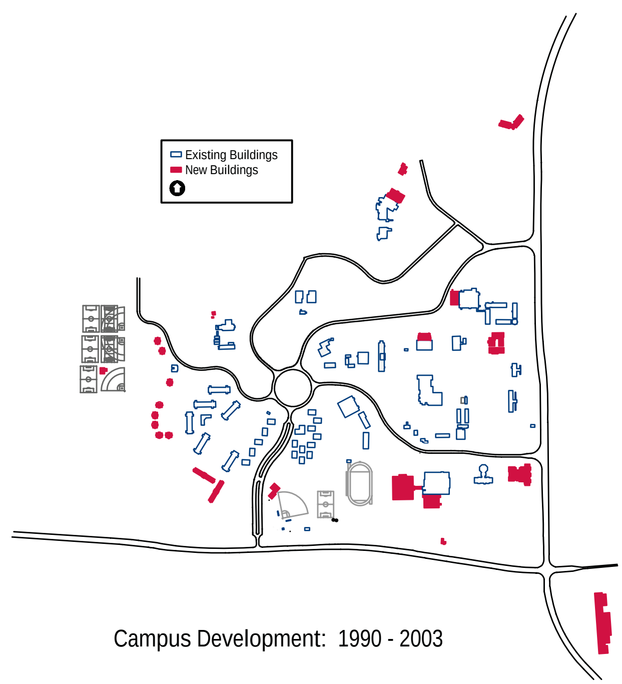
Campus Development: 1964 - 1968



Campus Development: 1969 - 1979



Campus Development: 1980 - 1989



Campus Development: 1990 - 2003

University capital projects during the 1990's were directed toward improving the quantity and quality of academic space, enhancing student life and campus activities, and providing additional research space. The John W. Laidlaw Performing Arts Center, completed in 1997, provides over 52,000 square feet of space for the Department of Dramatic Arts and the Department of Music including a recital hall and black box theatre. In 1999, the 208,000 square foot Mitchell Center was completed. The facility accommodates a 10,000 seat sports and performance arena, the Department of Athletics offices, meeting and banquet spaces, and classroom space. The Mitchell Center also houses the Coastal Weather Research Center and the University's Meteorology degree program.

In 2001, extensive renovation of the Mitchell College of Business Building was completed. The project was directed toward improving the College's classroom space, relocating the academic advising office and the offices of the Dean and Associate Dean to more visible areas, and improving handicapped access.

Other projects aimed at improving campus recreation and athletics programs include renovation of the Jaguar Track and Field facility (2001), and relocation and expansion of the Intramurals Athletics Complex (2003) which includes multiple fields for flag football, soccer, and softball as well as a fieldhouse with offices and locker rooms. Also in 1993, extensive renovation of the Jaguar Gymnasium was undertaken to provide improved practice facilities for the intercollegiate basketball programs.

A 53,000 square foot addition to the University Library was dedicated in March, 2003, and provides for expanded collection and reference space, a 110-seat auditorium, and campus network and Internet connectivity in student study spaces. The new addition also houses the Program for Enhancement of Teaching and Learning (PETAL), a resource for faculty in developing multi-media instruction. Also in 2003, renovations to a previously unfinished 10,000 square foot area of the Engineering Laboratory Building were completed to provide additional space to support the College of Engineering's growing research activities.

During this period the University also established the USA Technology and Research Park in the northeastern section of the main campus. In 2003, the University completed the first building in the Park, a 76,000 square foot speculative office building to be occupied by the Mentor Graphics Corporation.

The 2004 Master Plan

In the 1990's and early 2000's, the University experienced unprecedented growth in student enrollment. In response to this growth and the associated demands on existing campus facilities and an aging infrastructure, the University commissioned a planning study that became the USA Campus Master Plan. This study was based on the goals and objectives established by the University's Long Range Planning Committee. The 2004 Master Plan included recommendations for new buildings and facilities, utilities and infrastructure to support these projects, land use and zoning, transportation and circulation, campus amenities, and architectural standards. This document has successfully served as the basis for campus growth and development since that time.

One of the major components of the 2004 Master Plan was the Campus Circulation and Parking Study, prepared by a private traffic engineering consultant. This study was initiated by the University in response to steadily increasing student enrollment and the parking and traffic congestion associated with such increases. In addition to a series of campus roadway enhancements to reduce congestion this study also proposed the development of a campus transit system paired with a "zoned" parking scheme.

The infrastructure for the new campus transit (JagTran) system was completed in 2004 and included a 20,400 square foot Transportation Services Building, a 5,000 square foot addition to the existing Maintenance Garage, an internal campus tramway loop, and a number of covered shelters located at the designated JagTran stops. The JagTran system made its initial run in spring, 2005 and has steadily increased ridership since that time. The parking study noted that, in order to effectively reduce traffic congestion and encourage ridership, a zoned parking scheme would need to be implemented along with the transit system. This recommendation was carefully evaluated by the University and the current north, east, central and south parking zones were established approximately one year later.

The 2004 Master Plan also recognized the need for enhanced student services, additional academic and research space, and expanded athletic and student life facilities. A 46,900 square foot student services building, dedicated as Meisler Hall, was completed in 2006. This centralized facility includes the Office of Admissions, Orientation, Student Accounting (Bursar), Registrar, Financial Aid, Enrollment Services, and Veteran's Affairs from the Administration Building and the Office of International Student Services and Career Services from separate locations. As a result of this move, the Administration Building underwent a phased renovation that was completed in 2009.

Academic and research needs were addressed by the addition of a number of new facilities on Campus. The 10,400 square foot Alfred and Lucille Delchamps Archaeology Research Center was constructed in 2006. In addition to long needed research, controlled storage and administrative space, the new Archeology Center includes a large gallery and display space for the Archaeology Department's permanent collection. The second phase of the renovation of the Mitchell College of Business was completed in 2005, and a 15,200 square foot addition, designated as the Joseph & Rebecca Mitchell Learning Resource Center, opened in 2007. Another critical recommendation included in the master plan was the relocation of the Colleges of Nursing and Allied Health from their locations

on the Springhill Avenue Campus and in University Commons back to the main campus. These programs were co-located in the 188,000 square foot, Health Sciences building which opened during the summer, 2009. This building is a part of the medical "corridor" that includes the College of Medicine, Charles Baugh Biomedical Library, and the pharmacy collaborative with Auburn University.

Because of its prominent University Boulevard location, the Health Sciences Building was designed to serve as one of three proposed campus "gateway" buildings that would define the main campus on the northern and western boundaries and at the Old Shell Road and University Boulevard intersection. The second such building, the 120,000 square foot Student Recreation Center, located on Stadium Boulevard at the Old Shell Road intersection, broke ground in 2008 with completion slated for mid-year, 2010. In addition to the recreational and exercise areas, this state of the art facility includes both indoor and outdoor pools, and an indoor track and climbing wall. The final gateway building broke ground in the fall of 2009. The 186,000 square foot Shelby Hall, Engineering and Computing Sciences Building will house the Colleges of Engineering and Computer and Information Sciences and is slated for completion in 2011.

An expansion of Athletic programs over the last ten years led to recommendations in the 2004 Master Plan for new or upgraded facilities. Areas within the existing Health, Physical Education and Leisure Services Building were renovated in 2004 to create a dedicated practice facility for the varsity basketball team. Stanky Field received a much needed facelift in 2005 with the addition of a new grandstand/ press box structure and support facilities. The addition of the women's softball program led to the development of a new softball park in 2007. The park's location, adjacent to the women's soccer facility, was planned to allow for the construction of a joint women's athletic facility (field house). This 7,800 square foot structure housing both the women's softball and soccer programs was completed in 2009.

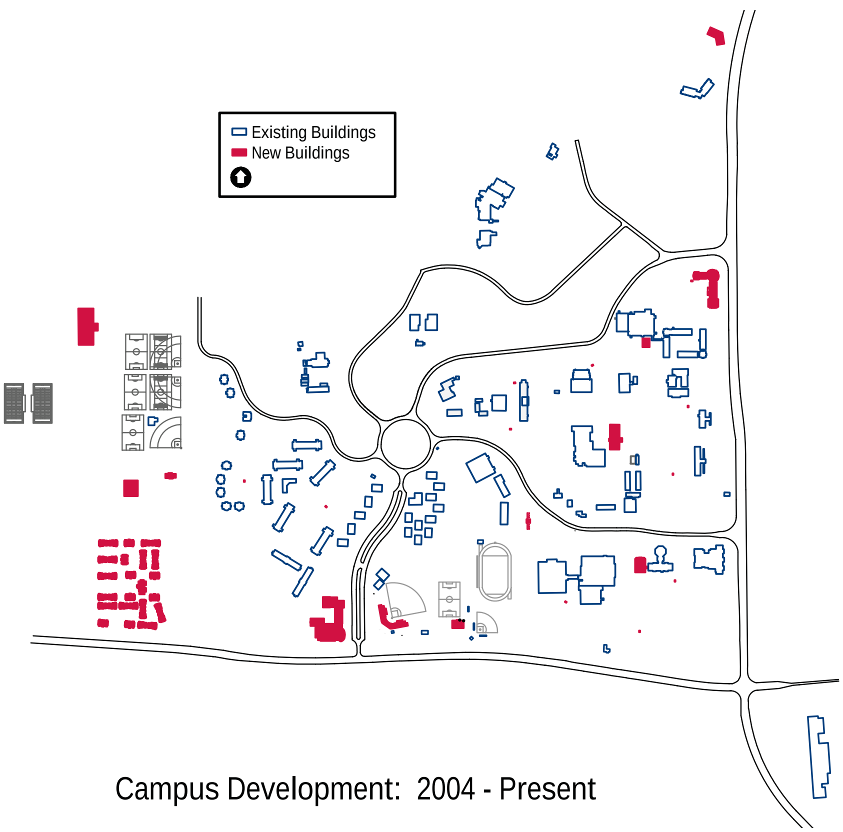
The 2004 Master Plan also addressed student life enhancements with recommendations for a new dining hall, expansion of the University Bookstore, renovation of the existing Student Center, and a new University Club. The proposed 24,000 square foot, Student Dining Facility will be centrally located in the student housing area to better serve the needs of campus residents. Construction began on this facility in 2009 with a scheduled opening in 2010. The expansion and renovation of the existing University Bookstore will allow for the relocation of the Health Sciences Bookstore from its Springhill Avenue location back to the main campus and also provide an upgrade to the existing facility to more efficiently serve an increasing student population. The Student Center renovation is currently in the planning stages; however, the proposed improvements will impact the meeting and public areas as well as the administrative spaces and provide a much-needed face lift to an aging facility. The need for a common gathering space for faculty, staff and students will be addressed by the construction of a University Club, located in the southwestern section of the main campus, near the new Student Recreation Center. This 5,100 square foot facility is scheduled for completion in 2010.

Due to the unprecedented growth in student enrollment, the need for additional student housing was also anticipated in the 2004 master plan. To meet this need, the University contracted with a private development firm to build student housing on University land adjacent to the existing student housing area. The Grove has provided 1000 additional bedrooms to meet the needs of the increased student population. Phase I (500 bedrooms) opened in the fall of 2007 and Phase II (an additional 500 bedrooms) opened in 2008.

General campus improvements and administrative projects were also included in the 2004 plan. In order to further define the entrances to the Campus and compliment the "gateway" concept, a series of campus entrance portals were proposed. The first phase of this work is currently in design. Future portals are also being considered. A separate phase of this work, a major Campus identification sign and associated landscaping, located at the University Boulevard/ Old Shell Road intersection, is included in the development of Shelby Hall. Another major campus amenity proposed in the master plan was the Bell Tower and Alumni Plaza. This 130 foot tall structure is located prominently near the Mitchell Center and Alumni Hall, and, when completed in early 2010, will serve as the preeminent landmark honoring the USA alumni who provided support for the project. The Bell Tower has been named for Gordon and Geri Moulton.

Realizing the importance to the University of public/private research partnerships, the 2004 Master Plan listed expansion of

the USA Technology and Research Park as one of its priorities. In 2004, the Research and Technology Corporation completed the first phase of its own master plan with the construction of the main entrance, roadway, and supporting Infrastructure. The intent of the Phase I roadway and infrastructure was to provide access to and facilitate development of the first four building sites in the Park. In part due to the Phase I improvements, a second speculative office building was completed in 2006. This 35,000 square foot structure provides office space for smaller, "start-up" companies with research or other ties to the University and will hopefully serve as a stimulus for future development in the Park. Additionally, the University's Health Services Building was transferred to the Research and Technology Corporation in 2007. This building, designated as TRP III, currently houses a number of University and Technology and Research Park tenants.



Campus Development: 2004 - Present

The 2004 Master Plan has been extremely successful. A large percentage of the projects proposed in this plan have been completed or are currently under construction. A master plan, by design, is merely a guideline for future growth. Due to circumstances unknown at the time, a number of proposed projects may not be realized while others not anticipated may come to fruition. This is certainly the case with the USA Master Plan. The unexpected addition of a varsity football program led to the development of a football field house and administrative facility. This 40,000 square foot building along with the associated practice fields, completed in 2009, is located in the western section of the Campus on land that was previously a part of the Hillsdale neighborhood. Another project unanticipated in 2004 is the Glass Arts Building in the Visual Arts Complex. Currently under construction, this 4,700 square foot addition will provide studio and furnace space to support the new Glass Arts program.

Table 2.7

#	BUILDING NAME	YEAR CNST	TOTAL GSF	USE
1	Administration Bldg.	1964	63,618	E/G
2	Alpha East Extension	1968	3,362	E/G
3	Alpha Hall East	1967	37,632	E/G
4	Alpha Hall South	1967	33,144	E/G
5	Alumni Hall	1977	6,172	E/G
6	Archeology Building	2006	10,400	E/G
7	Archaeology Lab One	1969	2,622	E/G
8	Archaeology Lab Two	1969	2,567	E/G
9	Baseball Batting Cage Facility	2001	8,151	E/G
10	Baseball Field House	1996	4,603	E/G
11	Baseball Ticket Booths	1979	124	AUX
12	Baseball Field Storage Building	1983	1,800	E/G
13	Bell Tower	2009	NA	AUX
14	Beta Residence Hall 1	1979	12,194	AUX
15	Beta Residence Hall 2	1979	12,194	AUX
16	Beta Residence Hall 3	1979	12,194	AUX
17	Beta Residence Hall 4	1979	12,194	AUX
18	Beta Residence Hall 5	1979	12,194	AUX
19	Biomedical Library	1967	33,555	E/G
20	Bookstore	1970	21,570	AUX
21	Cafeteria	1984	35,389	E/G-AUX
22	Cancer Center Clinical Bldg	1980	59,970	E/G-Other
23	Central Services Administration Bldg (CSAB)	1967	34,132	E/G
24	Central Utilities Management Office	1967	579	E/G
25	Central Utilities Plant	1967	19,012	E/G
26	Chemistry Building	1984	32,428	E/G
27	CIS Classroom Building	1966	11,986	E/G
28	Computer Services Center	1984	20,967	E/G
29	Construction Services Building	1969	8,486	E/G
30	Delta Commons	1988	7,691	AUX
31	Delta Residence Hall 1	1982	36,460	AUX
32	Delta Residence Hall 2	1983	36,460	AUX
33	Delta Residence Hall 3	1983	36,460	AUX
34	Delta Residence Hall 4	1983	36,460	AUX
35	Delta Residence Hall 5	1983	37,996	AUX
36	Delta Residence Hall 6	1988	37,996	AUX
37	Dialysis Building	1984	3,770	Other
38	Electrical Engineering	1968	12,569	E/G
39	Engineering Classroom Building	1978	26,460	E/G
40	Engineering Laboratory Building	1978	53,009	E/G
41	Epsilon Residence Hall 1	1992	33,482	AUX
42	Epsilon Residence Hall 2	1993	33,482	AUX
43	Faculty Court East	1966	6,580	E/G
44	Faculty Court South	1968	6,266	E/G
45	Faculty Court West	1966	6,331	E/G
46	Football Field House	2009	50,000	E/G
47	Fraternity House	1999	9,032	AUX
48	Fraternity House	1998	9,032	AUX
49	Fraternity House	1989	8,641	AUX
50	Fraternity House	1998	9,032	AUX
51	Gamma Commons	1977	8,875	AUX
52	Gamma Dorm 0	1976	10,489	AUX
53	Gamma Dorm 1	1976	10,489	AUX
54	Gamma Dorm 2	1976	10,489	AUX
55	Gamma Dorm 3	1976	10,489	AUX
56	Gamma Dorm 4	1976	10,489	AUX
57	Gamma Apartments 5	1977	12,175	AUX
58	Gamma Apartments 6	1977	12,175	AUX
59	Gamma Apartments 7	1977	12,175	AUX
60	Gamma Apartments 8	1977	12,175	AUX
61	Gamma Apartments 9	1977	12,175	AUX
62	Health Sciences Building	2009	188,000	E/G
63	Humanities Building	1974	82,840	E/G
64	Instructional Laboratory Building (ILB)	1966	50,074	E/G
65	Intramural Field House	2003	3,016	E/G
66	Library	1968	136,775	E/G
67	Life Sciences Lecture Hall	1970	2,821	E/G
68	Life Sciences Building	1970	76,801	E/G
69	Laboratory of Molecular Biology (LOMB)	1978	15,049	E/G
70	Maintenance Garage	1982	20,887	E/G
71	Maintenance Grounds	1981	11,994	E/G
72	Medical Sciences Bldg (MSB)	1974	243,130	E/G
73	Meisler Hall	2006	46,890	E/G
74	Mitchell Center	1999	208,300	E/G-AUX
75	Mitchell College of Business	1969	58,937	E/G
76	Mitchell Learning Resource Center	2006	15,185	E/G
77	Mobile Townhouse	1968	5,722	E/G
78	Molecular Research Center	1980	4,854	E/G
79	Node Bldg	1985	504	E/G
80	Performing Arts Center	1998	52,449	E/G
81	Physical Education (HPELS)	1968	107,000	E/G
82	Police Dispatch Bldg	1975	640	E/G
83	Property/ Inventory Bldg	1985	14,742	E/G
84	Psychology Teaching Clinic	1994	3,406	E/G
85	Pumphouse	1979	576	E/G
86	Satellite Utilities Plant	2009	5,425	E/G
87	Seaman's Bethel	1970	5,001	E/G
88	SGA Pavilion	2006	NA	E/G
89	Soccer/Softball Field House	2008	7,767	E/G
90	Softball Press Box	2007	1,152	E/G
91	Sorority House	1999	9,274	AUX
92	Sorority House	1999	9,274	AUX
93	Sorority House	1999	9,274	AUX
94	Sorority House	1999	9,274	AUX
95	Sorority House	1999	9,274	AUX
96	Stanky Field Stadium	2005	21,090	AUX
97	Student Center	1971	50,779	E/G-AUX
98	Student Recreation Center	1992	47,610	E/G
99	Swimming Pool	1966	1,684	E/G
100	Technology & Research Park Bldg 1 (TRP I)	2003	76,000	Other
101	Technology & Research Park Bldg 2 (TRP II)	2005	35,150	Other
102	Technology & Research Park Bldg 3 (TRP III)	1981	135,742	E/G-Other
103	Telecommunications Building	1989	2,516	E/G
104	Track Field House	1978	1,566	E/G
105	Transportation Services Building	2004	20,466	E/G
106	University Commons	1990	117,826	E/G
107	Visual Arts Complex	1992	35,922	E/G

Existing Campus Building Plan

Legend

- Academic
- Administration/ Student Services
- Athletic
- Student Housing
- Recreation
- Utility/Maintenance
- Research Park
- University Land

Projects included in the 2004 recommendations that have not been realized include a university auditorium, visual arts gallery, University Library Special Collections and Archives building, University Library renovation, University Commons renovations, Mitchell College of Business addition, Development and Alumni Affairs facility, track Field House, and a continuing education/conference/ wellness center and hotel located in the Technology and Research Park. There is still a demonstrated need for these projects and because of this, they have been made a part of the current master plan.

Buildings and Facilities

The main campus of the University of South Alabama contains approximately 3,097,600 gross square feet of space, distributed in 108 principal structures. Of this amount, approximately 2,225,210 square feet is dedicated to academic and administrative uses, 561,760 square feet to student housing, and 246,890 square feet to the Technology & Research Park and Other. A list of existing Campus buildings along with the year constructed, gross building area, and principal use is provided in Table 2.7.

Building Assessment

An exhaustive, on-site, building assessment was not a parameter of the previous or the current master planning effort. In general, however, the overall condition of the buildings and facilities on the main campus can be considered “good”. As with any college campus, there are buildings of widely varying age, functional requirements, and construction quality. As a State institution, funding is always an issue and money for preventative maintenance is sometimes targeted toward more pressing building issues. As a result, many of the structures on campus are in excellent condition while others are in need of repair or renovation.

An assessment of main campus building roofs was performed as part of the 2004 Master Plan. Selected roofs were evaluated and rated based on roofing material, guarantee, age and condition. At that time, roof conditions ranged from “good” to “poor”. Of the roofs listed in the 2004 Assessment, the following have been replaced or received major repairs:

Life Sciences Building Lecture Hall (2004)
Seaman’s Bethel (2004)
Student Recreation Center (2005)
Visual Arts Complex (2005)
Alpha Complex (2005)
Bookstore (2005)
Mitchell College of Business (2006)
Cancer Clinical building (2008)
University Commons (partial re-roof/repair 2005)

Major hurricanes in 2004 (Ivan) and 2005 (Katrina) also had an impact on the condition of the roofs on the main campus. The majority of the buildings suffered at least some damage from these storms. Several structures, including the Recreation Center and the Seaman’s Bethel received major damage from Hurricane Katrina and had to be re-roofed. The hurricane repair effort was a positive for the University in that, in many cases, damage assessments revealed roof problems unrelated to these storms and the necessary repairs were made concurrently with the hurricane repair work. As a result of this and the University’s on-going roof replacement program, the roofs of the main campus are in much better shape than in 2004.

Utilities and Infrastructure

The following information relating to the electrical, chilled water, high temperature water, domestic water, and natural gas systems was furnished by the University’s Central Utilities Department. Telephone and computer/data systems information was provided by the Telecommunications and Computer Services departments.

Electrical System

- Single source power service from 115kv transmission system with multiple feed directions from ***Alabama Power Company*** (local utility).
- Transformer (APCO furnished) is rated at 20 mva with internal voltage regulation of ± 1%.
- Campus peak load is 14,500 kva @ 0.99 power factor (3600 kvars). Central Utilities is planning to add approximately 7,600 kvars to be switched to meet current and future load requirements.
- Campus is served by seven (7) radial circuits (distribution voltage = 12,470 volts) installed in 4-inch pvc conduit in underground concrete duct banks; five circuits comprised of 4/0 copper, 15kv cable (3 wire with ground), rated at 250 amps with a nominal load of 125-165 amps per circuit (25% - 45% spare capacity). Two circuits of 500 kcmil copper rated at 400 amps each dedicated to specific loads. An eighth circuit comprised of 500 kcmil copper is planned to serve the new Shelby Hall in the southeastern section of campus.
- Fault coordination is achieved through fuse sizing.
- Fault indicators have been installed at critical points throughout campus circuits to allow identification of fault location.
- Sectionalizing switches have been installed to allow alternate service capability in critical areas of campus.
- There are twenty-one (21) emergency generators ranging from 15kw to 900kw installed at critical buildings.

Chilled Water System

- System design is a primary loop rated at 420 f supply, 520 f return, 100 f drop across the chilled water coils in the building air handling units.

- Chilled water is produced at the main central utilities plant and a satellite plant located adjacent to the Medical Sciences Building. Electrically driven centrifugal chiller units; five (5) at the main central utilities location and two (2) at the satellite plant, produce chilled water that is distributed across main campus.
- The distribution system consists of underground supply and return pipe constructed of transite or insulated steel material.
- Individual buildings utilize a chilled water pump designed to draw from the distribution header and discharge through the building loop, returning to central plant.
- A number of main campus buildings including the new Health Sciences Building, Football facility, Intramural Field House, Transportation Services Building, TRP I and II, University Commons, and others, are "self-contained" and are not connected to the campus chilled water system.

High Temperature Water System

- System design is of a primary loop rated at 1800 f (supply).
- There are two (2) fire tube boilers located at central plant. Boilers are Cleaver-Brooks manufactured, gas fired units.
- The distribution system consists of underground supply and return pipe constructed of insulated steel pipe.
- A number of campus buildings are heated by hot water boilers (gas fired) which are located in the individual building, not connected to the central hot water system.
- Generators:
  - Two (2) gas fired boilers*
  - 700 hp – 23,432,500 btu/hr
  - 3500 sq ft - heating surface
- Circulating pumps:
  - Three (3) - Gould pumps* rated at 1850 gpm @ 175 ft head.
- Operating conditions:
  - System flow rate (constant for all loads):
  - 194,000 #/hr operating pressure @ 74 psig
- Temperatures:
  - Winter (4 months): supply - 1800 f
  - Summer (8 months): supply - 1700 f
- A number of main campus buildings including the new Health Sciences Building, Cancer Building, TRP I, II, and III, Dialysis Building, Football facility, Intramural Field House, Transportation Services Building, University Commons, and others, are "self-contained" and are not connected to the campus high temperature water system.

* Normal operation consists of one (1) boiler and one (1) HTW circulating pump.

Domestic Water System

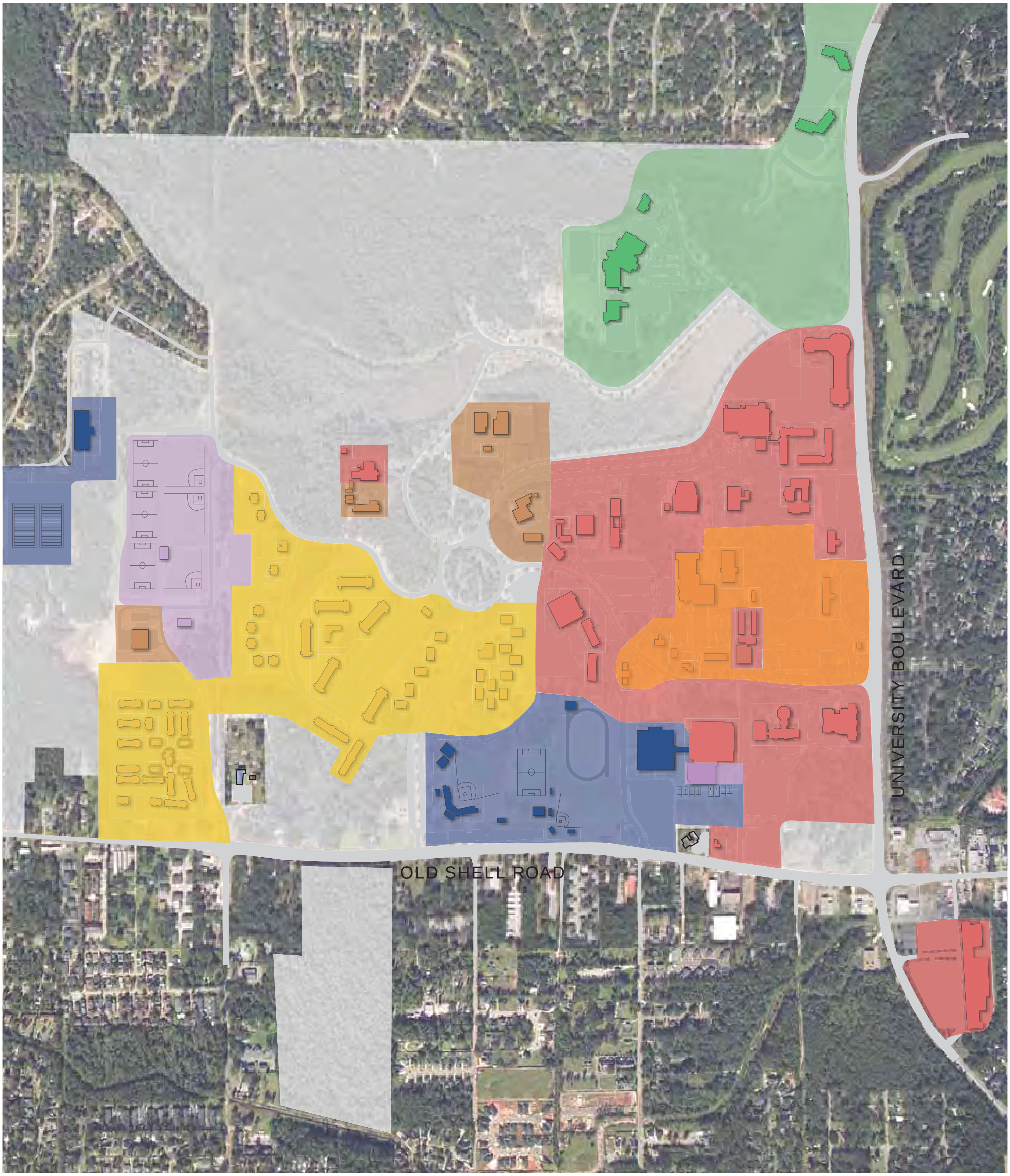
- The main campus is served by ***Mobile Area Water and Sewer System*** (local utility), principally through two (2) meters; one 8-inch meter located at the Old Shell Road/Stadium Boulevard intersection and one 10-inch meter just south of the Health Services Building on University Boulevard. A number of individual buildings are served directly by smaller meters. These buildings include the Football facility, Intramural Field House, Transportation Services Building, Softball facility and Softball/Soccer Field House, and University Commons. Technology and Research Park buildings are also metered separately.
- Water pressure averages 55 psig (static pressure) across campus. Some variation is typical at different elevations.
- The campus distribution system is constructed of predominately 8-inch ductile-iron piping with some of the original buildings served through 6-inch pipe.
- Irrigation systems on campus are served by five (5) sub-meters (***MAWSS***) and two (2) deep wells.
- Cooling tower water makeup at central plant is sub-metered (***MAWSS***).

Natural Gas System

- The main campus is served by Mobile Gas Service Corporation (local utility), primarily through a single six-inch meter located at central plant. A number of campus buildings are served individually including the Psychological Teaching Clinic, Softball facility and Softball/Soccer Field House, fraternity and sorority houses, Football facility, Cancer Building and TRP III, and University Commons. Technology and Research Park buildings are also metered separately.
- Natural gas is distributed throughout campus at 42 psig with service pressure regulated at each building.

Telecommunications / Data System

- The main campus telephone system is served by ***Harbor Communications*** (local utility) through multiple feeds on Old Shell Road and University Boulevard. Individual buildings are fed from two (2) "node" buildings on campus. Node 1 is located just west of the Library and serves the eastern section of the campus. Node 2 is located in the Telecommunications building in the Maintenance complex and serves the west/central sections of campus. A proposed Node 3 will be located in the new Dining Facility and will serve future buildings/facilities in the western section of campus.
- The computer/data system is served by Southern Light LLC (local utility) primarily through a fiber optic feed from the Old Shell Road/Jaguar Drive intersection. Southern Light also provides the University with internet bandwidth and operates the link between the main campus and the satellite campus'.
- Individual campus buildings are fed by the Computer Services Building primarily through a multiple conduit, concrete encased, duct bank; the auxiliary duct system. However, a number of cables are fed through individual conduit or, in the case of some telecommunications lines, by direct burial.



Existing Campus Zone Plan

Legend

Academic

Athletic

Recreation

Research Park

Administration/
Student Services

Student Housing

Utility/Maintenance

Land Use Zones

The 2004 Master Plan identified a number of campus zones based on the principal use of the buildings within those designated areas. The zones included Academic, Administration/ Student Services, Athletic, Student Housing, Recreation, Utility/ Maintenance, and Research Park. It was noted at the time that the pattern of development prior to 2004 was surprisingly coherent considering that an active master plan was not in place to guide the placement of new buildings and facilities.

The University is anchored by an administrative core located in the east/central section of the campus, adjacent to University Boulevard. This core is encircled on the north, west and south by a horseshoe shaped academic zone (see Table 2.8 for distribution of programs within this zone) that is extended to include University Commons. An area of athletic facilities abuts the academic zone to the south and runs along Old Shell Road from Jaguar Drive to Stadium Boulevard, and a small utility/maintenance zone attaches to the north. A large area of student housing that includes the Gamma, Beta, Delta and Epsilon dorms as well as the sorority and fraternity houses is located immediately to the west of the academic zone.

Table 2.8 – Academic Programs Housed in Main Campus Buildings

Administration Building
The Graduate School

Alpha Hall East
Continuing Education & Special Programs
English as a Second Language
Interdisciplinary Studies
International Programs
Developmental Studies Program
Counseling Services

Alpha Hall South
ROTC

Archaeology Building/Labs 1& 2
Archaeology

Chemistry Building
Chemistry

CIS Classroom Building/Faculty Court
College of Computer & Information Sciences

Engineering Complex
College of Engineering
Chemical Engineering
Civil Engineering
Electrical and Computer Engineering
Mechanical Engineering
Chemical Engineering

Health Sciences Building
College of Allied Health Professions
College of Nursing
Biomedical Sciences
Cardiorespiratory Care
Clinical Laboratory Sciences
Occupational Therapy
Physical Therapy
Physician Assistant Studies
Gerontology
History
International Studies
Philosophy
Political Science/Criminal Justice
Sociology, Anthropology & Social Work

Instructional Laboratory Building (ILB)
Mathematics/Statistics
Physics

Life Sciences Building
Biology
Earth Sciences
Marine Sciences
Personalized Studies Program
Psychology

Medical Sciences Building
College of Medicine

Mitchell Center
Department of Athletics
Meteorology and Coastal Weather Center

Mitchell College of Business Complex
Mitchell College of Business
Accounting
Finance and Economics
Marketing and Transportation
Management
Small Business Development Center

Physical Education Building (HPELS)
Physical Education
Sports Medicine
Leisure Services

Performing Arts Center
Dramatic Arts

Radiologic Sciences
Speech Pathology and Audiology

Humanities Building
College of Arts & Sciences
African American Studies
English
Foreign Languages and Literature
Gender Studies

Music

University Commons
College of Education
Communications

Visual Arts Complex
Visual Arts

The Student Recreation zone is now somewhat more fragmented than it was in 2004. The previous Master Plan anticipated that the proposed student recreation facility would be located in the immediate area of the intramural fields. Two years later when this facility was in the planning stages, it became apparent that the Stadium Boulevard/Old Shell Road location would better serve the University community and the site was moved. The Student Recreation Center is now separated from the Intramural Fields but because of the direct connection through the student housing area, the basic concept of the student recreation zone remains intact.

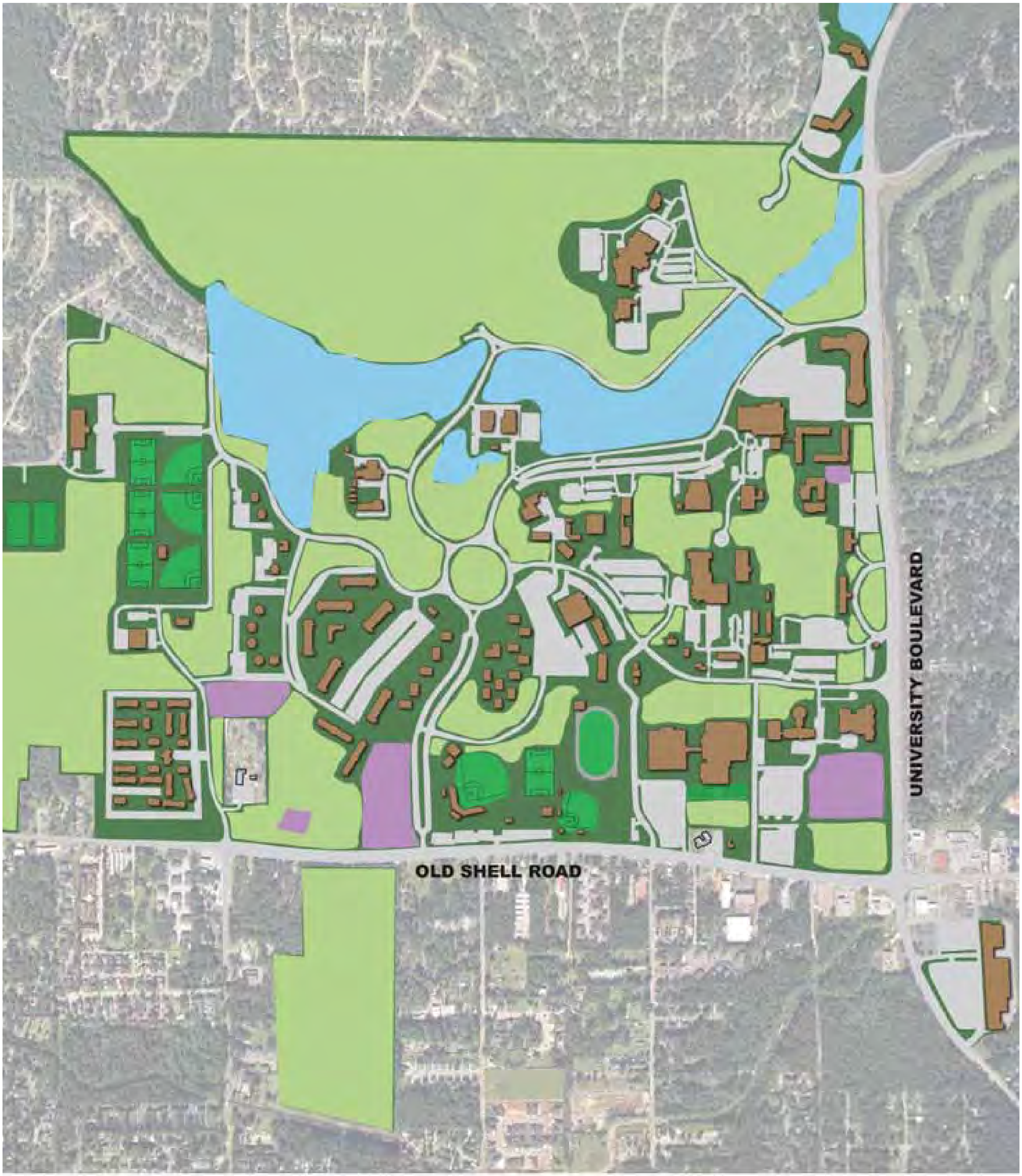
Finally, the Research Park zone is located primarily on undeveloped land to the north of the main campus watershed area. In 2004, this zone encompassed only the two existing research park buildings (TRP I & II), and the three available sites bordered by University Boulevard, USA North Drive and Health Services Drive. After 2004 the University's Health Services Building was turned over to the Technology and Research Park and space in the adjacent Cancer Clinical building was converted for use by the Research Park. The current Master Plan is also proposing a conference/hotel facility to be located to the southeast of these buildings. Because of this, the Research Park zone has been expanded to include all of the above referenced structures.

Even with the anticipated growth of the University over the coming years, the existing zone structure established in the 2004 Master Plan is expected to remain valid. Despite the concentration of buildings and facilities in the southeastern portion of the campus, there is still room for growth in each of these zones. This is evidenced by the proposed location of new buildings and facilities included in the 2010 Plan; all conform to the established zone structure.

If needed to accommodate future growth or non-conforming uses, University owned property along Old Shell Road to the west of the student recreation zone (approximately 136 acres), in the eastern section of the Hillsdale neighborhood (approximately 104 acres), and on the south side of Old Shell Road (approximately 37 acres) is available.

Open Space/Landscaping

The University began, in 1964, with a single building located on heavily wooded, 16th Section land in west Mobile. With this "blank canvas" and a lack of any type of master plan or formal structure to guide the placement of new buildings and facilities, development occurred somewhat haphazardly. Early buildings were located along what was then Gaillard Drive (now University Boulevard) using this frontage road as an organizing element. As the campus grew and access roads were constructed, the planning focus shifted. By default, the "Brittle Star" shaped system of internal roadways became the overarching planning element that defined the University. With few exceptions, campus buildings were now "sited" to address these new roadways (or their associated parking lots) with little to no acknowledgement of public space or a connection to other campus buildings. This resulted in a series of informal, open spaces that now characterize the developed sections of the campus. The open spaces have slowly diminished with each new building but they still persist.



Existing Open Space Plan

0 100' 500' 1000'

Legend

- Green Space
- Current Development
- Wetlands/Reserved

Formal open spaces on campus are rare but they do exist. The courtyard outside the Student Center and the Bookstore was the first such space. This courtyard has been the site of campus gatherings and special events since its completion in 1971. The importance of this courtyard was acknowledged by the placement of Meisler Hall in 2006. This building was designed to roughly mirror the footprint of the Student Center and to enclose the courtyard on the east side, making this space a focal point for an axis that would extend northward to the green space east of the Library and beyond.

Additional formal open spaces were envisioned as part of the 2004 Master Plan. The first of these was the Bell Tower and Plaza. The tower itself will certainly serve as an important "visual" reference for the campus and the plaza will provide much needed organization by linking the Bell Tower and the Mitchell Center with Alumni Hall and buildings to the north. An additional formalizing element of the 2004 Plan has not been realized. A campus "oval" was proposed that would organize the large green space between The Administration Building and ILB on the east, the Life Sciences building on the north and Meisler hall on the west. More importantly, a formal axis would be created from the Meisler Hall entry eastward to University Boulevard. The creation of this "oval" is dependant on a number of factors that, to date, have not developed. However, this project is still under consideration and has been included as a part of the current Master Plan.

The main campus is also characterized by the large watershed area running from the western to the eastern boundary and effectively separating the heavily wooded northern section of campus from the academic/administrative core to the south. The natural beauty of this watershed is a major asset to the University but perhaps more importantly, it serves as a valuable retention area to contain storm runoff from virtually all sections of the campus. This area also serves to define the southern boundary of the Technology and Research Park.

The Main Campus contains areas of both natural vegetation and ornamental landscaping. Masses of native tree species occur in the undeveloped northern and western portions of the property. Some areas of the campus, particularly the space between the Student Center and the Administration and Humanities Buildings have a fairly dense coverage of native tree and shrub species. These existing tree and shrub plantings on the campus are a valuable resource and should be protected where possible. Dominant species of plant materials found on campus consist of the following:

Trees:	Shrubs:
Pine varieties	Ligustrum
Red Cedar	Azalea
Sweet Gum	Oleander
Magnolia	Indian Hawthorn
Water Oak	Russian Olive
Live Oak	Burford Holly
Crape Myrtle	Juniper varieties
Bradford Pear	Pittosporum
Sycamore	Nandina
	Camellia

Much has been done since the 2004 Master Plan to enhance the landscaping on campus. Most new construction projects have included landscaping as a central part of the building design. The University's Grounds Department has installed irrigation systems over much of the campus and has completed numerous landscaping and campus beautification projects. Recently, a portion of the campus was added to the City's Azalea Trail.

Transportation and Circulation

By the late 1990's student enrollment had increased to almost 12,000. At the time, a relatively small percentage of these students lived in student housing leaving a large number that would drive and park in one of the lots distributed around campus. Because of the distance (perceived or real) between some academic buildings, students had become conditioned to driving from one class to the next. Also, due to the "commuter" nature of the University, many students would travel to or from off campus jobs at varying times during the day. By the late 1990's, traffic congestion at peak times had become a major concern.

In 1999, the University commissioned a traffic engineering consulting firm to complete a study of traffic conditions on campus and make recommendations on options to relieve traffic congestion. The first part of this study, addressing circulation issues and campus transit, was released In October, 1999. It was followed, in 2002, by a comprehensive study of campus parking.

Both studies, along with their respective recommendations, were included in the 2004 Master Plan. A multi-part proposal emerged, that included the following:

- Vehicular circulation
- Pedestrian circulation
- Campus transit system
- Zoned parking system

Vehicular Circulation and Campus Roadways

The University is served by two 4-lane public roadways; University Boulevard to the east of the campus, and Old Shell Road to the south. Off of these two main roads are a number of access roadways leading into the campus. There are seven entrances off of University Boulevard alone. These include the Technology & Research Park main entry and building one and two parking lot access, USA North Drive, the Health Sciences/Alpha parking lot access, ILB/Visual Arts parking lot access, Administration Court, and USA South Drive. Old Shell Road has an additional five entrances including Jaguar Drive, Mitchell Center Drive, Stanky Field parking lot, Stadium Boulevard and Cleverdon Parkway. While aiding the flow of traffic into and out of the University, this large number of campus access points contributes to a lack of vehicular control and makes it more difficult to properly define the campus boundary.

The plan of the campus, obvious from the air but not as much from the ground, is characterized by a “brittle star” shaped system of internal roadways. The system is centered on the traffic circle or roundabout located at the western end of the academic core and just north of the student housing area. The major legs of the star include USA North and USA South Drives and Stadium Boulevard, but the core is also fed from the north by Aubrey Green Drive and from the west by Hillsdale Road. The traffic circle functions well but traffic congestion is a major problem along the majority of USA South Drive, and on USA North Drive at the Health Services Drive intersection and the entrance to the Life Sciences Building/Library parking lots. Congestion is also experienced on some of the secondary roads and parking lot entries.

The 2004 Master Plan included a number of traffic circulation proposals to ease congestion and facilitate traffic flow in and out of campus. Some of these were deemed not feasible and were not implemented. Others were accepted and the modifications were made after the 2004 Plan was issued. These modifications included a connection between the Mitchell College of Business parking area and the main Business Building parking lot to the south, relocation of the entrance to the Administration parking lot off of USA South Drive, Stadium Boulevard lane/parking revisions and construction of the new Gamma Connector roadway.

Pedestrian Circulation

There are an adequate number of concrete sidewalks on the campus, but there is a lack of organization to them. Over the campus’ development, there seems to have been additions of new sidewalks corresponding to the construction of new buildings. These walks have been linked, creating a crisscross effect and subsequently preventing any formalized green and open spaces. Because most of the walks are somewhat random and relatively narrow (4-6 feet in width), there are no “major” pedestrian corridors. In the last few years, new walkways were installed by the City of Mobile to facilitate pedestrian traffic along Old Shell Road and University Boulevard. This has improved access to/from off-campus housing and retail, especially on Old Shell Road.

While pedestrian circulation on campus is generally efficient, problem areas occur at crosswalks, especially at major intersections. Traffic congestion and the failure of drivers to yield right of way are both serious concerns. Problems also occur between intersections. In many cases, crosswalks are not well marked and do not have proper signage warning drivers of the crosswalk. And despite existing traffic calming devices, speed is an issue. Drivers do not always recognize crosswalks or simply fail to slow down.

The 1999 Traffic Study noted that, “Pedestrian crosswalks should be better defined. Major pedestrian crossings, especially at USA South Drive, should be raised and constructed of a material which contrasts with the roadway. These crossings should also be well signed for vehicles to yield to pedestrians.” Work is currently in progress to implement these recommendations. A number of raised traffic “tables” are currently planned for locations on USA South Drive.

Campus Transit System

One of the major components of the 1999 Traffic Study and the 2004 Master Plan was the recommendation for an on-campus transit system. The stated goal was to reduce traffic congestion in the heart of the campus, assist students in their movement around the campus and to link to the City’s mass transit system. Secondarily, the University would also reduce fuel consumption and decrease emissions. In order to meet this goal The Master Plan recommended the establishment of a campus shuttle system that would transport students, faculty, staff and campus visitors between student housing, major academic buildings and parking lots, City of Mobile transit stops, and the central campus "hub". In order to realize this goal, the University would have to:

1. Modify existing roadways to allow for tram/bus crossing and to provide for the safe operation of the proposed shuttle vehicles traveling on these roadways

Existing Circulation Plan

Legend

- Public Street
- Primary Campus Street
- Secondary Campus Street
- Campus Entry Points

2. Institute control measures to address the traffic flow problems, particularly on USA South Drive
3. Construct the necessary infrastructure to successfully implement the system, including:

- Dedicated, paved tramways to allow better access to internal buildings and parking lots without the need to travel on main campus roadways
- Covered bus/tram stops located at strategic points on campus
- An enclosed light-duty warehouse for storage and maintenance of vehicles
- Expansion of the existing Maintenance Shop to accommodate servicing the shuttle vehicles

- Miscellaneous - roadway signage, warning lights and area lighting as required for safe operation, communications equipment, etc.

Construction began in 2004 and the necessary infrastructure was completed in the spring of 2005. The "JagTran" system began operation at that time and has steadily increased ridership over the last four years. Vehicles include enclosed "cutaway" buses that transport students over campus and public roadways and a series of open air trams that operate on internal tramways. The JagTran system currently operates 5 separate routes serving 19 stops, including major academic buildings and parking lots, student housing, The Grove, University Commons, Student Health and the central hub. Since its inception, several routes have been revised and a number of stops added/relocated to accommodate changes in ridership and campus traffic conditions.

Existing Route Plan

Legend

- Blue Line
- Red Line
- Tan Line
- Green Line
- Purple Line
- JagTran Stops

Campus Parking
Another key aspect of the 2004 Master Plan was the proposal for a "zoned parking" system. The 2002 Parking Study emphasized the problem of students "driving from one parking lot to another to change classes." The study also noted that, based on on-site surveys, "several parking lots on campus are utilized very heavily, to the point where parking is unavailable. However, these surveys also showed parking lots that were almost completely empty at the same time frame." Overall parking demand has changed significantly over the last 6 years but recent parking surveys reveal a similar pattern of use.

In order to reduce the traffic congestion associated with multiple parking lot changes during the day and to regulate the overall parking process, The University instituted a zoned parking system in 2006. Four separate zones were established; a South zone made up of the "Business" and University Commons lots, a Central zone serving the Student Center/Bookstore, Humanities and Chemistry south, and the Engineering complex, a North zone serving Humanities and Chemistry north, the Library and Life Sciences, and an East zone made up of the Medical Sciences/Health Sciences/Alpha lot and the ILB/Visual Arts lot. The Mitchell Center lot was designated as "open" parking available for use by students on an as-needed basis but demand on this lot has increased over the last few years and some control mechanism is now needed. The zoned parking scheme has worked hand-in hand with the transit system in successfully reducing traffic flow and congestion on the main campus.

Campus/Building Accessibility

Through on-site observations it appears that, in general, existing sidewalks provide an accessible means of travel between buildings and facilities on campus. There are a few exceptions, most notably the route between the Humanities building and the Library/ Student Center which is currently being addressed. Some crosswalks create problems for the disabled because of visibility issues and the additional time required to cross. While there are curb cuts at most street crossings, many do not meet ADAAG standards and are difficult to recognize and negotiate. Another item to be addressed is that of accessible routes between some handicap parking spaces or transit stops and an accessible building entrance.

Campus Boundaries and Entries

Due to the previously noted number of campus entrance points and the lack of sufficient identification signage fronting the main public thoroughfares, the boundaries of the main campus are somewhat ill defined. One does not get the feeling that they have "arrived" at the University. The 2004 Master Plan addressed this lack of identity in several ways. First, a recommendation was made to establish a series of campus "portals" at the major entrances to the campus. These portals incorporate formal landscaping along with campus identification signage and standard building materials to establish a campus identity and reference to the existing buildings. The first phase of this project which includes USA North Drive, USA South Drive and Stadium Boulevard is currently in the planning stages. The remaining portals at Jaguar Drive, Mitchell Center Drive and at University Commons have been included in the current plan. The second part of the 2004 proposal involved replacing the existing campus identification sign at the University Boulevard/Old Shell Road intersection with a new sign more in scale with the site and the importance of this location. This sign is being designed and is scheduled to be installed in conjunction with the Shelby Hall construction.

Another important element in the establishment of campus boundaries is the concept of the campus "gateway" building. During the planning of the Health Sciences Building and the new Student Recreation Center (currently under construction), it was determined that these structures could be used to further identify the University and reinforce the effective limits of the main campus. And through the creation of a visual corridor to the southeast, the new Shelby Hall building (also under construction) could be used to anchor the gateway theme at the University Boulevard/Old Shell Road intersection. These buildings will employ campus standard materials as well as a common building form and massing to readily identify them as USA buildings.

Existing Zone Parking Plan

Legend

- Central
- North
- Student Housing
- East
- South
- Open Lot

Campus Amenities

Campus amenities are important to an institution for providing a sense of identity and to create an enhanced and user-friendly environment. Existing amenities on the USA Campus include a mix of exterior lighting, various site accessories and public artwork. These items have been installed on an as-needed or as-desired basis over the years without benefit of an overall campus standard or plan for placement. With the exception of artwork, campus amenities were addressed in the 2004 Master Plan. It was noted at the time that, "The wide variety of types and design of site accessories, contribute to the lack of visual unity of the physical campus." This was one area of the plan that was not implemented and the lack of an established campus standard for campus amenities still exists.

Exterior lighting on campus consists of streetlights, security lights, pedestrian scale lighting bollards and building accent lighting. Many types of lighting fixtures and poles can be found on campus. Each new building seemingly utilizes a different style of fixture and lighting design. Although this fragmentation cannot be consciously noted, a standardized light pole and fixture can help to reinforce a feeling of campus identification and unity, which is an important factor in creating a "sense of place.

Site accessories include freestanding benches, pic-nic tables, trash receptacles and bicycle racks. These items are limited in number and randomly placed on campus. Also, as with campus exterior lighting, there is no consistency in style between buildings. Accessories provided by the University are utilitarian in nature and detract from the overall aesthetics of the campus. Accessories selected for new buildings are generally more appealing, but styles vary greatly.

The lack of sufficient bicycle racks is also an issue addressed in the 2004 Plan. The placement of Bike racks on campus is random and many major academic buildings have no bike racks at all. This tends to discourage the use of bicycles as a means of travel on campus.

Although public artwork was not addressed in the 2004 Master Plan, it has become a priority for the current Administration. A number of pieces of sculpture have been added to the campus since that time. The presence of artwork in public spaces can not only enliven a campus but also instill a sense of pride in the University by students, faculty/staff, and the general public who come on to the campus. Public artwork can also be used as a campus planning/ordering element to define formal public spaces and reinforce visual axes.

Campus Signage

An extensive on-site survey of existing campus signage was performed as a part of the current master planning effort. A number of different types of sign systems were identified including, traffic control, directional and informational type signs (both vehicular and pedestrian), campus and building identification, and donor recognition. As was noted in the 2004 Plan, there is very little continuity between signage style, shape and location across campus. This condition still exists.

Existing Signage Plan

Legend

- C Campus Identification
- D Directional Sign
- I Informational Sign
- V Visitor Information
- P Public Venues

Campus directional and informational signs do exist but they are unattractive and, due to a lack of identifying colors or school logo, do not convey any recognition of being on the USA Campus. Also, these signs generally function individually and do not contribute to a campus-wide "wayfinding" system. Building identification signs vary greatly in age, material, design, and location. None indicate that this is a "USA building". What could be a major component in establishing a campus identity actually serves to reinforce the notion of USA as just a collection of individual buildings. Traffic control signs and posts are, in many cases, in poor repair and detract from the campus aesthetic. As was noted previously, access signs for the disabled are non-existent in many areas of the campus. The current planning survey revealed a number of issues with the existing signage system. These are:

- ***No formal campus visitor/welcome center – existing facility not easily identified***

Due to its prime University Boulevard/ South Drive location, the current "dispatch" building serves as the main campus "visitor center". Despite the location the facility is not easily identified. The building is partially obscured by large shrubs and the existing building signage does not identify it as a visitor center. There is also no off campus signage directing visitors to this facility. A secondary issue has been created by the building's use as a dispatch office. The adjacent parking lot, used for police vehicle parking and equipment storage, has created somewhat of an eyesore at the "front door" of the campus.

- ***Existing Campus identification is outdated, inconspicuous and does not properly establish the University "brand"***

The original campus identification signs located at the Old Shell Road/University Boulevard intersection and in front of the Administration Building were installed in the 1960's. While still in good shape, they are no longer representative of the image of the University in the 21st century. Because these signs are set back from the street and partially obscured by vegetation they are largely unreadable from a moving vehicle.

Additional campus identification was added in 1999 in the form of the Mitchell Center marquis. The primary purpose of this sign is to provide a means of notification of Mitchell Center events and for advertisement. University and building identification is secondary and becomes somewhat lost in the lighted, electronic display above. The 2004 Master Plan addressed the issue of campus identification with a proposal to replace the existing sign at the Old Shell Road/ University Boulevard intersection and to add a number of campus "portals", with appropriate USA identification signage.

- There are multiple campus entry points – many are not properly identified

This is a multi-faceted problem stemming from the physical size/layout of the campus and the number of entry points. Campus entry points are not designated as such and, in many cases, there is no directional signage to indicate whether or not a visitor is entering the campus at the proper location. This problem is made worse by the sometimes confusing campus roadways and the lack of a formal campus "wayfinding" system.

- Finding specific buildings on campus is difficult for visitors and new students. Campus buildings are not always identified – signage is inconsistent.

The original concrete monument signs (Library, Humanities, etc.) are generally located away from the street and, due to the low height and minimal contrast, are hard to find and read from a moving automobile. Some have been poorly maintained over the years and need to be removed or replaced. Newer signs have generally departed from the “monument” design but vary greatly. The Mitchell College of Business employed a street-side monument type sign but the look is quite different from the original campus signage. More recent buildings have included metal letter, wall mounted signs (with mixed results - LOMB, Health Sciences, etc.) or incorporated cast stone signs with lettering in relief (Laidlaw, Performing Arts). Some employed the campus “standard” metal panel signs (Student Recreation, etc.). Several buildings such as Chemistry and ILB have no building identification signs at all. Overall, building identification signage is very inconsistent with nothing to signify that the facility is a “USA” building.

- Interior roadways on campus can be confusing to those not familiar with the layout and there is currently no campus wayfinding system or campus “landmarks” to guide visitors. Existing campus directional signs are unattractive, outdated, and hard to read

Wayfinding on the USA campus is currently relegated to a series of bronze colored, aluminum directional and marquis type signs. While providing limited direction to buildings and facilities from various points on campus, these signs were planned and installed individually for a specific purpose and as such, are not capable of providing a true campus wayfinding system. It is also sometimes difficult to give directions to visitors due to the lack of any type of landmark. The new Bell Tower will definitely serve as USA’s first real landmark but its use in wayfinding may be limited. The majority of the existing directional/marquis signs are 25 years old or older and, due to the nature of the aluminum finish and applied vinyl graphics, are in poor condition. Also, letter size and limited contrast along with placement of some signs makes recognition difficult; especially from a moving vehicle.

The 2004 Master Plan included designs for several typical directional signs but there was no attempt at developing a wayfinding system or to employ these new signs in any type of coordinated fashion. The large (brick) directional signs are scheduled to be incorporated into the entry portal design but the smaller (black aluminum) signs proved to be largely unworkable for directional purposes (two of the signs were actually installed at the ILB/Visual Arts parking lot) due to the design/size of the signs and the amount of text that is typically required. Letter height is limited and recognition is difficult.

- Existing vehicular/street signs are unattractive

Existing "traffic" and other vehicular informational signs are typically mounted on DOT standard perforated, channel type metal poles. These poles are unattractive and tend to lend a more "industrial" look to the campus. Even when a decorative pole has been established as a standard (white tube poles at Jagtran stops for example), later additions or revisions have not always included such poles. Additionally, some poles carry multiple signs creating a sign "column" effect.

- Some campus signs may not meet current requirements for accessibility.

Non-compliant signs should be identified and replaced. In addition, any building entrances/accessible routes currently not in compliance should be identified the proper signage installed.

- There is no standardized University plan for Directory or for web based maps

Many people (especially students) rely on laptops, smart phones and other mobile devices for directions and other information. The University currently has no internet based plans for campus orientation or directions. Many universities have established interactive campus maps on their websites for visitor and student/faculty use. A web-based system could greatly assist wayfinding on campus and reduce the need for directional signage.

Architectural Standards

For the first forty years of its existence, the University operated without any type of published standards to guide the design and construction process. In part due to the tremendous growth of the University over the last five to ten years, it was determined that a set of guidelines was needed to aid University personnel in the administration of building and utility construction projects. As a result, the Department of Facilities Management, through its Engineering Design & Construction office has developed a USA Design and Construction Standards document outlining this process.

The purpose of the University of South Alabama building standards is to provide guidelines for designing and constructing facilities for the University of South Alabama. The standards are intended to set design, construction, maintainability, and operational parameters, as well as summarize information that may be unique to the University, either by choice or by the specialized nature of the facility. The standards are for use by design professionals, building contractors and sub contractors to ensure the successful delivery of projects for the University of South Alabama.

The standards are divided into three discrete parts; The Design Process, covering design relationships and the typical phases of a construction project, Design Guidelines, listing applicable codes, regulatory agencies and safety concerns, and Specification Guidelines, which includes technical standards for building materials and systems. These standards, if properly implemented, should provide for more uniformity in campus buildings and also serve to further the goals of this Master Plan by helping to establish a campus identity.

3 PROGRAMMING AND METHODOLOGY

UNIVERSITY OF SOUTH ALABAMA | CAMPUS MASTER PLAN 2010

The programming phase of the Master Plan focuses on understanding the needs and objectives of the University. Through background research, user input and site analysis these needs are discovered and synthesized into concepts and strategies used to give direction to the physical planning of the campus. This section of the document will describe the method of discovering the University's programmatic needs and objectives and how they where organized. It also enumerates the

Methodology

The process of creating the 2010 Campus Master Plan began with a review of the 2004 Master Plan document to identify those recommendations and planning concepts that are still valid and those that have been impacted by changes over the last five years. The status of completion of the building/ facility projects listed in the Plan (the Program) was also noted. Areas requiring further study were included in the proposal for the 2010 Plan. The review of the 2004 Plan was followed by a preliminary data gathering phase that included meetings with University Administration, Academic Affairs, the Dean's Council, and members of the Facilities staff. This initial discovery phase also involved meetings with the department of Institutional Research, Assessment and Planning, to integrate current Southern Association of Colleges and Schools (SACS) and Alabama Commission on Higher Education (ACHE) requirements into the Master Plan.

Early in 2009, a master plan steering committee was established to guide the planning process and advise the Long Range Planning Committee and the Board of Trustees on recommendations for the Master Plan. The Steering Committee included representatives of the USA Administration, Faculty Senate, and the Student Government Association. Periodic meetings of the Steering Committee allowed for presentation of preliminary concepts and later, more specific facility "program" recommendations and alternatives. Open discussion between Committee members provided valuable feedback throughout this process. A number of sub-committees were also established to guide the process. Areas of specific concern included building assessment, infrastructure, circulation and parking, security, and campus signage. These sub-committees met regularly to evaluate current issues facing the University and to draft recommendations addressing these issues.

The initial data gathering effort was followed by an extensive inventory and analysis phase. The inventory portion of the work was accomplished, primarily, through an on-site survey of existing campus conditions. This included an assessment of current land use, roadways and parking areas, signage and way finding, circulation patterns, and pedestrian access. Information on existing buildings was provided by the responsible University departments through the Building Assessment sub-committee. Utility and infrastructure information was supplied by the departments through the sub-committee structure as well. Supporting data gleaned from numerous University sources also formed a part of the inventory. The information collected as a part of the on-site surveys and through the input of the various departments was provided to the appropriate sub-committee in follow-up meetings and used to formulate their final recommendations to the Steering Committee. Additional information was incorporated directly into the Master Plan.

Upon completion of the inventory and analysis, a draft plan was established. A key element of the draft plan was a list of building and facility projects to be included in the 2010 Master Plan "Program". In order to determine the programmatic needs of the University, the Division of Academic Affairs requested strategic planning information from the Deans of the various academic colleges and schools. A similar request for programmatic information was also issued to the Department of Athletics, Development and Alumni Relations, Financial Affairs, Health Sciences, and Student Affairs. The Deans, Vice Presidents, and Directors were asked to review their existing facilities against current student enrollment, faculty/staff requirements, and other issues, and develop a list of facilities or improvements considered necessary over the next five to ten years. Projects from the 2004 Master Plan that were not realized but still considered vital to the University were also included. This information was evaluated in the context of the University "vision" and the overall planning effort, and a final list of building/facility projects was presented to the Steering Committee for approval. The "Program", as approved by the Master Plan Steering Committee, was integrated into the 2010 Master Plan.

The Program

This list of building and facility projects developed in direct response to the current and future needs of the University and as a result of the strategic planning effort of the University as a part of the 2010 Master Plan. A number of projects including the large lecture hall, visual arts gallery, relocation of the USA Archives and Special Collections, conference center/hotel, and the campus portals are carried over from the 2004 Master Plan. Others, such as the interdisciplinary and clinical research buildings, Lung Biology research space, BSL 3 laboratory replacement and Imaging Center indicate an increasing awareness of the importance of research and technology to an institution like USA. Considered as a whole, the list represents all aspects of University life, from academics (Chemistry Building addition, distance education center), to student life (additional student housing, Student Center renovation, expansion of the Intramural fields), athletics (track and soccer facilities), continuing education (relocation of Continuing Education and Conference Activities), development (relocation of Development and Alumni Affairs), Technology and Research Park (conference center/hotel/wellness center, new roadways and infrastructure), and campus amenities (parking facility, campus portals). All of the projects listed demonstrate a commitment to the continued growth and development of the University of South Alabama.

Large Lecture Hall: A dedicated lecture hall facility (12,500 – 25,000 GSF) to serve the College of Arts and Sciences. The facility is to be located adjacent to the existing Student Center. It will provide space for a 500 - 1000 seat lecture hall with stage/podium, lobby/pre-function area, storage, media rooms, administrative, and support space. The option planned for this building is to include the Visual Arts Gallery (10,000 GSF-listed below). This would bring the total area of the building up to 22,500 - 35,000 GSF.

Visual Arts Gallery: A 10,000 GSF gallery/display space to serve the College of Arts and Sciences and the Department of Visual Arts. This space is conceptually included as part of the Large Lecture Hall (above).

Addition to Chemistry Building: A 20,000 GSF addition to serve the Chemistry Department. The addition will provide space for teaching and research labs, additional classrooms, storage, and miscellaneous administrative and support space. The project will also include general renovation of the existing building as required for new addition.

Performance/Recital Hall/Theater: A dedicated performance hall (27,000 SF – 43,000 GSF) to serve the College of Arts and Sciences and the University in general. This facility will provide space for a 750-1200 seat performance hall with full stage, lobby/ pre-function area, large storage areas, media rooms, and miscellaneous administrative and support space.

Multipurpose Lecture Hall: A 10,000 GSF addition to serve the Mitchell College of Business. The addition will provide space a 300 seat lecture hall with small stage/ podium, lobby/ pre-function area, storage, media rooms and miscellaneous administrative and support space. The project will also include general renovation of the existing building as required for new addition.

Relocate the Center for Continuing Education and Conference Services to Main Campus from Brookley: Continuing Education/Conference Services (approx. 11,100 NSF + approximately 5 acres of outdoor training space) currently planned for the proposed Wellness/Conference Center (below).

Relocate USA Special Collections/Archives to Main Campus from the Springhill Campus: Special Collections/ Archives (approximately 25,000 NSF existing) currently proposed to occupy a portion of the Engineering Laboratory Building after the completion of Shelby Hall.

Distance Education Center: A 3,000 NSF renovation - includes a lab with 25 stations, adjacent faculty/ staff offices, two classrooms and three soundproof studios. Location to be determined.

Track Restroom/ Locker Room Facilities – New locker rooms, storage and public restrooms to serve the Department of Athletics and the Track Team. To be located in the existing track area.

Soccer Press Box/ Storage Facility – to serve the Department of Athletics and the Soccer Team. To be located in the existing soccer field area.

Relocate Development and Alumni Affairs: Development and Alumni Affairs currently occupies 12,101 NSF in TRP III and Alumni Hall. They estimate needing an additional 3,360 SF for a total of 15,661 NSF over the next 5 years. Location to be determined.

Interdisciplinary Research Building: A 30,000 SF shared research facility with Arts and Sciences. Includes dry and wet labs, classrooms, and miscellaneous administrative and support space.

Virtual Hospital/Simulation Space: (10,000 NSF) – Includes mock clinical offices, hospital rooms, control room/observation space, classrooms, and miscellaneous administrative and support space.

Lung Biology Research Space: A 28,000 GSF addition to the Cancer Clinical Building and a 7,664 SF renovation of the 3rd and 4th floor of the existing Cancer Building.

Replacement of BSL 3 lab: New lab building to conform to current BSL 3 standards.

Imaging Center: A 37,000 GSF, free standing building to be located adjacent to the existing Cancer Clinical Building.

Clinical Research Building: (30,000 SF) – Will serve as an initial module for this program. Includes dry lab space, classrooms, conference and miscellaneous administrative and support space.

Continued Upgrade and Repair of the Medical Sciences Bldg: (30,000 SF) – May include an addition to the Medical Sciences Building.

Wellness Center/Conference Center/Research Park Hotel: Public/ private partnership to be located in the Technology and Research Park.

USA Technology and Research Park Infrastructure: Utilities/infrastructure to support current facilities future growth in Research Park.

Roadway Connecting Technology & Research Park with Health Services Drive: To facilitate access to TRP III/ Cancer Clinical Building and the proposed Wellness/ Conference Center (item #19, above) from the main Technology & Research Park entrance. Final location/ layout to be determined. Need to coordinate with wellness/conference center and hotel location.

New Recreational Tennis Courts: 3-4 lighted courts to be located near Intramural fields.

Expansion of Sports Club Field and Lighting (at Intramural Fields): Convert existing northwest recreation field to Sports Club field and relocate existing soccer field to open area west of fraternity houses.

Additional Student Housing: To be Located south of the JagTran facility.

Campus Portals and Design Enhancements: The first phase of this work includes USA South & North Drives and Stadium Blvd. A second phase is to include Jaguar & Mitchell Center Drives and the UCOM entry on University Blvd

Student Center Renovation: General renovation to enhance student services and address accessibility and other code requirements with possible integration with future lecture hall.

Parking Structure: A 65,000 GSF, 2 story, 220 car facility.

Demolish Faculty Court South Building

4 THE CAMPUS MASTER PLAN

UNIVERSITY OF SOUTH ALABAMA | CAMPUS MASTER PLAN 2010

The 2010 Campus Master Plan represents another step in a continuing planning dialog that began with President Moulton's initial vision for the University in 1999. Through this vision statement and the more specific "Goals and Objectives" a set of planning principles has emerged. Although not formalized in 2004, these principles formed the basis for the recommendations of the first master plan and have guided campus growth and development since that time.

Planning Principles

- ***Create Campus Identity***
  One of the primary goals of the 2004 Master Plan was to strengthen the identity of the campus through the creation of a series of thresholds or portals located at campus entry points. This was later reinforced by the strategic placement of several of the plan's recommended buildings to create the campus "gateway" concept. The 2010 Plan recommends that the portals be completed within the current planning period. It also hopes to build on this with the phased development of a campus-wide signage and wayfinding system that will identify and link and identify the various areas and elements of the USA Campus.

- ***Unify the Campus***
  Another major goal of the 2004 Plan was to establish a stronger visual continuity on campus through the introduction of more formal, organizing spaces and through the establishment of standards for architectural elements and amenities. In an attempt to further strengthen this effort, the 2010 Plan has expanded the architectural standards to include guidelines for building materials, building form and massing, fenestration, and other considerations. The proposed campus signage and wayfinding system should aid in this effort as well.

- ***Promote an Environment for Learning, Research and Student Interaction***
  The 2004 Master Plan identified a number of usage zones that had logically developed on the main campus over time. These zones were formalized and incorporated into the 2004 Plan. While the 2010 Program adheres to the established "campus zone" concept, it also seeks to promote connections or nodes of interaction between these zones through the selection and strategic placement of the Program elements and the enhancement of the University's existing circulation systems.

- ***Develop an Integrated Campus Circulation and Parking System***
  An integrated campus-wide transit and zoned parking system was established as a major goal of the 2004 Plan. Both have been realized along with a number of the other traffic circulation recommendations proposed in the plan. The 2010 Master Plan will seek to improve traffic and parking conditions on campus with a series of recommendations to accommodate the changes that have occurred over the last five years.

- ***Centralize Campus Programs***
  A move that began with the relocation of the Nursing and the Allied Health programs back to the main campus will continue in the 2010 Plan with the proposed relocation of the USA Special Collections and Archives, and the Center for Continuing Education and Conference Services, from their current homes on the Springhill Avenue and Brookley Campus' respectively.

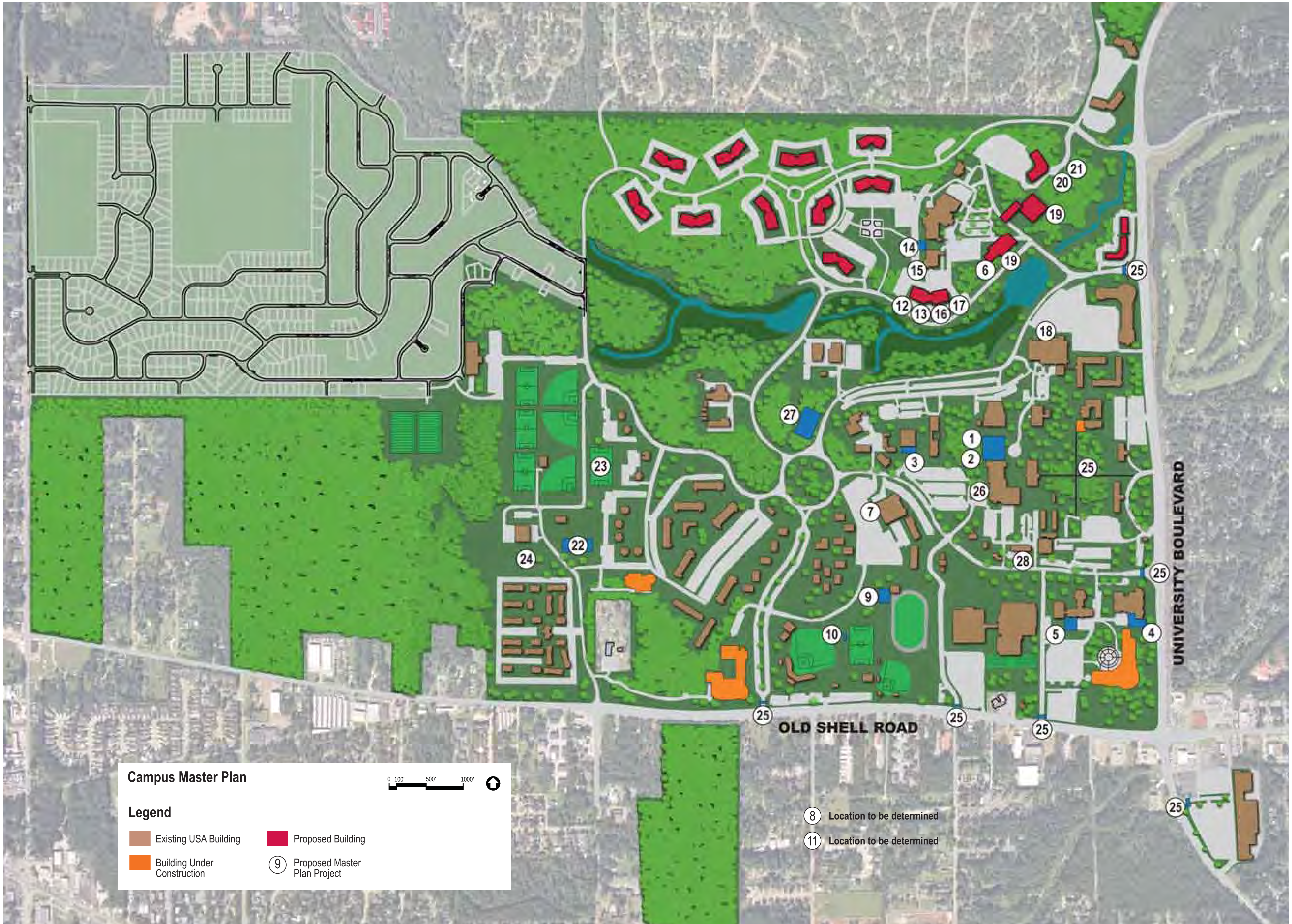
- ***Implement Strategic Growth Practices***
  Through the implementation of its land use, utility/infrastructure, transportation, and circulation recommendations, the Master Plan strives to ensure that future campus development will be linked to the strategic mission of the University as outlined in the current goals and objectives.

The 2010 Campus Master Plan

The Campus Master Plan is a comprehensive document. It includes not only the buildings and facilities that make up the Program (the "Master Plan Projects" – see Table 4.1), but also recommendations for other critical issues impacting future development on the USA campus. These issues include, utilities and infrastructure, land use, transportation and circulation, accessibility, campus amenities, signage and wayfinding, and architectural guidelines.

Table 4.1 – Master Plan Projects

No.	Building/ Facility Project	Approximate Area
1	Large Lecture Hall	12,500 – 25,000 GSF
2	Visual Arts Gallery	10,000 GSF
3	Addition to Chemistry Building	20,000 GSF
4	Performance/Recital Hall/Theater	27,000 SF – 43,000 GSF
5	Multipurpose Lecture Hall	10,000 GSF
6	Relocate the Center for Continuing Education and Conference Services	11,100 NSF
7	Relocate USA Special Collections & Archives	25,000 NSF
8	Distance Education Center	3,000 NSF
9	Track Restroom/ Locker Room	NA
10	Soccer Press Box/ Storage Facility	NA
11	Relocate the Office of Development and Alumni Affairs	15,661 NSF
12	Interdisciplinary Research Building	30,000 GSF
13	Virtual Hospital/ Simulation Space	10,000 NSF
14	Lung Biology Research Space	28,000 GSF addition/ 7,664 SF renovation
15	Replacement of BSL 3 lab	NA
16	Imaging Center	37,000 GSF
17	Clinical Research Building	30,000 SF
18	Upgrade and Repair of the Medical Sciences Building	30,000 SF
19	Wellness/Conference Center/ Research Park Hotel	NA
20	Research Park Infrastructure	NA
21	Roadway Connecting Research Park with Health Services Drive	NA
22	Recreational Tennis Courts	NA
23	Expansion of Sports Club Field	NA
24	Additional Student Housing	NA
25	Campus Portals & Enhancements	NA
26	Student Center Renovation	NA
27	Parking Structure	65,000 GSF
28	Demolish Faculty Court South Building	NA


UNIVERSITY BOULEVARD
OLD SHELL ROAD
Campus Master Plan
Legend
Existing USA Building
Proposed Building
Building Under Construction
Proposed Master Plan Project
8 Location to be determined
11 Location to be determined
0 100' 500' 1000'

Utilities and Infrastructure

The continued maintenance and development of the campus utilities/ Infrastructure system is an extremely important aspect of campus growth. Currently, the University is facing a number of challenges associated with an aging infrastructure and a dramatic increase in buildings and facilities on the main campus. The challenges include the on-going maintenance of existing systems, up-grading of existing services/ equipment, the ability to provide additional service to existing or new infill structures in the central campus, and the ability to provide for future growth in the undeveloped sections of the campus to the west and north.

Current utility and infrastructure systems include data and telecommunications, electrical, mechanical, domestic water / sanitary sewer, storm sewer, and natural gas. Critical issues facing each of these systems are outlined below:

Primary concerns for the data and telecommunications systems are service and equipment upgrades to existing buildings and the need to extend the campus-wide distribution system (ADS) to serve future development in the western sections of the campus. The infrastructure to support this new development will be accommodated through a third data/ telecommunications "node" to be located in the new Dining Facility located on Tonsmeire Drive, just south of the sorority houses.

Concerns for the electrical system include the up-grading of existing service/ equipment and the installation of new feeder circuits to service infill structures in the central part of the campus. There is also a need to address new development to the west and, to meet this need, an additional feeder circuit has been proposed to serve the Intramural/ sports facilities and possible future growth beyond.

On-going maintenance is an especially critical issue for the mechanical (chilled and high temperature water) systems. Due to the nature of an aging, underground high temperature water piping system, failures of the various components are not uncommon. These maintenance issues have been addressed in the current plan, along with the additional concerns of upgrading existing Central Plant equipment and providing a new chilled water "loop" in the western section of campus.

The domestic water system appears to be functioning well, with only minor, day-to-day maintenance issues. Domestic water pressure has been a factor in the development of new buildings over the last few years, but recent changes in the Mobile Area Water and Sewer System "feeds" to the main campus have improved conditions. An additional feed in the western section of campus may be necessary to serve future growth in this area.

The sanitary sewer system is currently able to effectively service the main campus and no recommendations for improvements are included in the plan.

The storm sewer system also appears to be in reasonably good shape; however, upgrades are necessary along the North Drive corridor. In addition, new infrastructure may be required to service development to the west and north of the central campus.

Final recommendations for Utility and Infrastructure are included as Appendix A.

One additional issue that continually confronts utilities/ infrastructure personnel is the inability to locate valves, junction/ pull boxes, manholes and other underground system components for routine maintenance or during emergency situations. Existing campus utility drawings are not always up-dated and the information contained on these drawings is diagrammatic at best. As part of the current planning effort, the existing campus utility drawings have been updated to include new buildings/ facilities completed to date, and all utility/ infrastructure improvements not previously recorded. In addition, an effort is currently underway to identify and accurately record the location of system components by means of an on-site, global positioning system (GPS) survey. It is recommended that this survey be completed and all information be recorded during the current planning period. The campus utility drawings are included in this document as Appendix E.

Campus Security & Safety

Final recommendations for Campus Security & Safety are included as Appendix B.

Land Use

The appropriate and effective use of available land is perhaps the most important goal of a master plan. Despite the growth of the central campus in recent years, there is still a great deal of open space that needs to be used wisely. In addition to the available land in its central core, the University has been blessed with large parcels of undeveloped property contiguous to the main campus. This property represents tremendous potential for growth in the future. The Program for new buildings and facilities and the following land use recommendations seek to make the most efficient use of available land while maximizing the University's options for future growth and development.

Campus Zones

The land use zones identified in the 2004 Master Plan have served as an effective planning tool to guide the placement of new buildings and facilities on the main campus. As such, it is recommended that the University continue with appropriate development within the corresponding zones. Adherence to the zone concept will not only ensure that future buildings and facilities are located in an area of campus best suited for their purpose, it will also provide a necessary structure for other, supporting planning elements. Established pedestrian circulation paths can be utilized, vehicular circulation and parking can be planned to serve campus zones more effectively, and campus transit routes can also be made more efficient.

The zone system also has important implications for campus buildings/ facilities and utilities and infrastructure systems. Each building type comes with its own specific requirements for building size, form, and massing, which strongly influences building fenestration and selection of materials. As such, architectural guidelines should be specific to each zone. Buildings can be differentiated while still retaining a common campus theme or identity. Different use zones also have differing utility requirements. A classroom building has different needs than a dormitory. By respecting the zone system for future development, a new building can access existing utilities specific to that zone, thus reducing the amount of infrastructure required.

Where appropriate, land use zones should remain separated by natural or man-made buffers to distinguish these areas. However, it is important to establish links between adjacent zones. This should be accomplished by means of pedestrian and/or visual corridors and through the creation of "nodes" of interaction that overlap two or more of these zones. The Bell Tower Plaza will serve as an important link between the Academic and Athletic (and to some degree Student Housing) zones, as will the new Student Recreation Center between the Housing and Student Recreation zones. However, others should be considered between the Academic/Housing zones (near the traffic circle), between the Academic/Research Park zones (near Health Sciences), and between Housing and Student Recreation (near the Intramural Fields).

Growth and Development

Despite the amount of available land on the main campus, many of the land use zones have a limited capacity for growth. The Academic zone is probably the best example of this. Meisler Hall, the recently completed Health Sciences Building and Shelby Hall (currently under construction) have greatly reduced the amount of "buildable" land in this central core of the campus. Additional land is available but the need to develop these areas must be weighed against the importance of the existing open spaces that continues to define the campus. In order to maintain the zone concept, the density of buildings and facilities within these zones will certainly have to increase.

Continued increases in enrollment and the associated growth may force the University to expand into its adjoining property to the west. This Section 17 land consists of two distinct parcels; an undeveloped area to the south, bordering Old Shell to Cody Road, and the eastern section of the Hillsdale neighborhood, recently cleared (most parcels) for future use by the University. This area of the campus has much opportunity for development and should be carefully planned when the need arises.

The northern section of the main campus also represents a major opportunity for growth. Despite its adjacency to the campus watershed area, the land is very buildable. In fact, the highest point on the main campus is contained within this parcel. This property is currently reserved for use by the Technology and Research Park to support future growth but, if conditions change, it could be made available for other campus uses. In addition to these contiguous parcels, the University also owns an undeveloped site of approximately 30 acres on the south side of Old Shell Road. This property also presents a variety of options for development.

Open Space

The quality of a university campus is determined as much by its open spaces as it is by its buildings. The University of South Alabama's campus has always been characterized by its large, open wooded areas. The amount of open area in the central campus has steadily decreased as new buildings have been developed over time, but it is still an extremely important feature of the campus and should be preserved.

the Library. Additional connections were recommended from the Student Center southward to the Bell Tower and from the Bell Tower west to Student Housing.

As noted previously, the majority of the open space on campus is either informal wooded area or watersheds. Existing athletic and intramural fields represent the bulk of the formal open space that does exist. Current exceptions include the Student Center courtyard and the recently completed Bell Tower Plaza. In addition to serving as a critical "organizing" element for the entire campus, these formal spaces provide valuable points of student/faculty/staff interaction

Several other formal open spaces or "greens" were proposed under the 2004 Plan. Probably the most important of these was the creation of a campus "oval" in the existing open area of the Administrative zone. A large oval walkway connecting The Administration Building, ILB, Life Sciences, Meisler Hall, and a proposed building to the south, was to be installed along with an east-west axis connecting an entrance portal on University Boulevard and the east entry of Meisler Hall. An intersecting, north-south axis was also recommended to connect the Student Center/Meisler Hall courtyard with the open area to the east of

All of these areas were planned to establish important visual and spatial links between the various campus zones and also to provide a means of connecting the perimeter of the campus with its central core. For this reason, the 2010 Master Plan is recommending that these projects be completed within the current planning period.

Landscaping

Landscaping is valued because of its strong visual appeal and its ability to delineate and reinforce the design of formal open spaces. Landscaping can also be used to unify a campus through the repetition of planting materials and schemes. For these reasons, the 2004 Master Plan recommended that a comprehensive campus landscape plan be prepared to complement the building/ facility projects and the open space recommendations proposed in that plan. If properly implemented, it would reinforce the established planning principles and provide a necessary structure for all future campus landscaping.

The campus landscape plan is one aspect of the 2004 Master Plan that has not been realized. It is the recommendation of the 2010 Plan that this plan be commissioned with the actual work phased in over the current planning period. The proposed landscape plan should emphasize the following:

- Major campus entry points (campus portals)
- Formal open spaces
- Interactive spaces between campus zones/campus nodes
- Prominent buildings where landscaping does not currently exist
- Major walkways
- Campus roadways
- Parking areas.

The Master Plan promotes the use of native and naturalized plants requiring less maintenance and lower watering requirements. However, these native species should be combined with other non-native species as appropriate, to create a more diverse palette of landscape materials. A list of standard plant materials should be included as a part of the overall plan. In general, large evergreen trees should be used to provide shade in parking lots and other open areas and, where possible, additional islands should be created to minimize the overall scale of these parking lots and to reduce the heat island effect created by large expanses of asphalt. Smaller, pedestrian scale trees are to be used in formal landscaped areas and along pedestrian paths. Decorative planting materials should be reserved for points of interest around buildings, in formal landscaped areas and at the termination of a visual axis. Landscaped earth berms, such as the ones currently employed at the Cancer/ TRP III buildings and along Old Shell Road at the Business South parking lot should be used to screen parking areas from adjacent buildings, roadways and pedestrian walkways.

The implementation of a comprehensive landscape plan will help to further define the main campus by establishing identity, creating a sense of continuity, accentuating campus buildings and reinforcing the basic tenets of the Campus master Plan.

Transportation and Circulation

Transportation and circulation were key elements of the 2004 Master Plan. Because of the importance placed on these systems, the majority of the Plan's recommendations were implemented within two years of the completion of the document. Due to the success of the campus transit system, recommendations for change are minimal. Zoned parking is currently experiencing growing pains and additional study is needed to "fine tune" the system. Traffic congestion is perhaps the biggest problem facing the University at this time and a series of recommendations have been included to rectify this situation. The recommendations for all transportation and circulation systems are outlined below:

Campus Transit System

The campus transit (JagTran) system has proved to be an excellent tool for transporting students, faculty and staff to destinations around campus; reducing traffic congestion at peak times, and alleviating some of the campus' parking problems in the process. This system has been in operation for approximately four years and, except for problems related to changing conditions in routes and stop locations, has been functioning well. Because of the success of the system, recommendations under the current plan are minor. In light of the expected campus growth and new buildings coming on line, the Jagtran system should continue to carefully monitor ridership and routes and make adjustments as necessary to accommodate changing conditions.

Final recommendations for the campus shuttle system are included in Appendix C.

Parking

The zoned parking system is working relatively well but is experiencing problems associated with a rapidly growing student population. A parking count study for each individual parking lot is performed yearly by the University's Facilities Office. The information obtained from this study is used to evaluate current parking conditions and to make recommendations for changes if necessary. Recent studies have revealed the over utilization of some lots and an under-utilization of others.

Due to the increased demand on the Health Sciences/ MSB lot, the recommendation was made to use the Cancer Building/TRP III lots for overflow. Also, the Mitchell Center Lot is currently an "open" lot to be used by students and faculty/ staff on an as-needed basis. The demand on this lot is increasing and a recommendation to make this a "pay to park" lot was included. Overall, increased student enrollment has taxed existing parking lots and forced the University to consider additional parking. As a result, a multi-level parking structure, to be located in the western section of campus, has been included in the list of Master Plan Projects.

Final recommendations for parking are included in Appendix C.

Vehicular Traffic

As was noted previously, although implementation of the campus transit and zoned parking systems has reduced traffic on the University's major streets, congestion is still a problem in some areas of campus. Two principal areas of concern are along the entire length of USA South Drive and on USA North Drive at the major intersections. Additional concerns exist along the campus' busier secondary roads as well.

The major problems on USA South Drive occur primarily at the major intersections during peak class change times. Recommendations include a reconfiguration of the Jaguar Drive intersection, revising the direction of traffic flow on Alumni Drive, and the addition of raised crosswalks. The relocation of Mitchell Center Drive has impacted traffic conditions in this area but, because the roadway was only recently opened, it is recommended that traffic conditions be monitored with a final recommendation for traffic control to be made at some point in the future. Also, due to a number of accidents at the USA South/ USA North Drive - University Boulevard intersections, a recommendation for additional signage to control traffic in the right turn lanes is included in the 2010 Plan.

USA North drive is currently experiencing traffic congestion at the entrance to the Library and Life Sciences parking lots during peak class change times. In order to alleviate this congestion, an additional entry in front of the Library along with the closing of the connecting drive between the Library and Life Sciences lots has been proposed. Another major problem on USA North Drive is the traffic back-up at the Health Services Drive intersection. The recent completion of the Health Sciences Building coupled with additional tenants in the TRP III/ Cancer Buildings has resulted in an increase in traffic entering and exiting USA North Drive. The recommendation is to consider either a four-way stop/ traffic signal at this intersection or develop a traffic circle/roundabout similar to the one in the western part of campus.

The current two-lane system (one traffic/ one parking access lane) on Stadium Boulevard is not working well. Both lanes are being utilized for traffic, causing problems for vehicles attempting to back out from the curb-side parking spaces. The recommendation is to add traffic "peninsulas" to restrict traffic flow in the parking access lanes. Raised pedestrian crossings/ speed tables would also be added to regulate traffic speed on this road.

The connecting Cleverdon Parkway/ Brannan Way/ John Counts Drive roadway is currently being used as a "cut-through" from Hillsdale Road to Old Shell Road and Hillcrest. The excess traffic and higher speeds associated with this roadway configuration is creating problems at intersections, and at the traffic signal on Old Shell Road. A traffic count study is recommended to determine the number of cars utilizing these roads and to provide a basis for recommendations for traffic control. The entrance to The Grove on Cleverdon Parkway is also an issue. Speed and the failure of vehicles to yield right of way has led to a number of accidents. Additional traffic calming devices are recommended to control speed along Cleverdon Parkway.

Final recommendations for vehicular traffic are included in Appendix C.

Pedestrian Circulation

The layout of existing campus sidewalks tends to be "informal", typically running directly from building to building or following campus roadways. This is desired in most cases because it creates more direct pedestrian paths. However, some "formal" walks are needed on a campus of this size to provide an overlying structure or organization and link the various campus use zones. Several formal walkways were proposed as part of the 2004 Plan, with the Bell Tower Plaza and the campus "oval" being the most prominent. Other suggested formal walkways included the Student Center/ Meisler hall courtyard to Library corridor and the link from the Bell Tower to Student Housing. Additional, formal corridors should be considered as new buildings are completed and circulation paths change.

One additional issue associated with pedestrian circulation is that of crosswalks at major intersections. Current sidewalks are not always well marked and are sometimes hard to recognize from a moving vehicle. Excessive speed is also a problem in certain areas of campus. The 2004 Master Plan recommended that pedestrian crosswalks be combined with raised speed tables to be used in place of existing crosswalks. Work on the first of these raised speed tables is in progress. It is recommended that the effectiveness of these devices be monitored and the information obtained be used to determine requirements for additional crosswalk/ speed tables.

Final recommendations for pedestrian circulation are included in Appendix C.

Campus Accessibility

Because the general scope of the 2010 Master Plan precluded the review and analysis of conditions inside campus buildings, the recommendations under this section address only exterior accessibility issues. As was noted in Part 2, "accessible routes" (walkways from building to building, from accessible parking to a building entrance, and from a campus/public transportation stop to a building entrance) are typically not identified and, in some cases, physical conditions do not meet the requirements of the Americans with Disabilities Act. Due to the irregular terrain, circuitous layout of some walkways, and lack of ability in some cases to actually recognize where a walkway is leading, the absence of signage can be an issue for persons with disabilities. In addition, there are no posted maps identifying the location of accessible parking spaces or accessible routes on campus.

It is recommended that the University complete a campus-wide accessibility survey to identify all accessible parking areas, routes and building entrances currently not in compliance with the requirements of the Americans with Disabilities Act. ADA compliant signage should be added to all accessible parking spaces or routes, and non-complying walkways, curb cuts, building entries or other items should be revised to conform to current regulations. Finally, campus accessibility information should be included on the standard campus map to be posted at major campus entries and also on the USA website.

Accessibility Plan

Legend

Accessible Route

Accessible Building Entrance

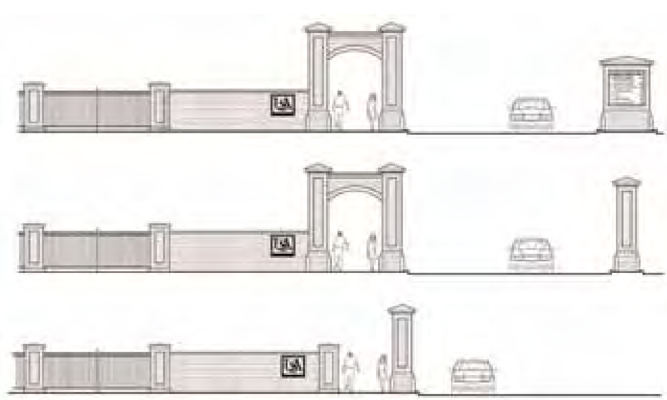
Accessible Parking/Number of Spaces

Transportation Stop

Campus Boundaries and Entries

As was noted previously, the 2004 Master Plan made specific recommendations for the establishment of thresholds or portals at each of the major entrances to the campus.
Larger, more monumental portals were suggested for USA North and South Drives and Stadium Boulevard, with smaller scale portals at secondary entrances such as Jaguar and Mitchell Center Drive. All of these portals included campus identification signage, decorative landscaping and hardscaping. Building materials chosen for these structures included brick and cast stone to conform to the newly established campus standards. The design of these structures was commissioned but, to date, construction has not started.

The 2010 Plan recommends that this work be completed in phases during the current planning period. The first phase should include the "major" portals at the USA North/ USA South Drives and Stadium Boulevard entrances, with the remainder completed in a second phase as funding permits. The current plan also recommends that an additional portal be added in this later phase at the University Boulevard entrance to University Commons.



Campus Amenities

The University currently has a wide variety of campus amenities that have been installed for a number of different purposes and projects over time. This variety has contributed to the lack of overall design continuity on campus. The 2004 Master Plan included recommendations for campus amenities such as exterior lighting, benches, trash receptacles and bicycle racks but some were inappropriate for the changing design aesthetic and others have simply not been implemented. In addition to serving a basic campus function (lighting, seating, etc.) and enhancing a building or public space, amenities can play a crucial role in unifying a campus. For this reason the 2010 Master Plan recommends the adoption of a standard that is appropriate to the needs and of the University and complements the design of campus buildings and facilities. Campus amenities should conform to the following general guidelines:

- A consistent palette of form and color to reinforce a sense of unity on campus
- Consideration should be given to both functionality and aesthetics
- The design and placement of campus amenities should support accessibility
- Materials should be selected based on the principles of sustainability

The recommendations for exterior lighting, site furnishings, and bicycle racks are as follows:

Exterior Lighting
The primary consideration in the selection of an exterior lighting fixture is the fixture's ability to provide the proper lighting levels necessary for visual acuity, security, accent, or recognition. Almost as important are the requirements for design, maintenance, and the reduction of energy consumption and light "pollution". All of these factors need to be carefully considered in the creation of a standard for exterior lighting on campus. The current recommendations include fixtures for street and parking lot lighting, pedestrian scale pole and bollard type lighting, security lighting, building/ facility accent lighting, and landscape lighting. Recommended lighting styles are shown below.

Site Furnishings

Site furnishings include benches, seating walls, tables and trash receptacles and planters. These accessories should complement the buildings and landscape of the campus and help to enforce a visually unified campus. Recommended site furnishings are shown below.

Benches are important but, surprisingly, not that common on the USA Campus. Benches provide necessary resting points between and around buildings and in formal outdoor spaces and, If properly positioned, they can also direct and focus attention on site features or other visual elements. As such, natural vistas, formal landscaping, artwork, or building elements should be carefully considered in the placement of these elements. Seating walls are more integral with the building design and are typically located around building entries and in formal outdoor spaces. Seating walls are used more for group interaction between classes than for resting or framing a view. Both are important site elements for a campus and their use should be a consideration in the planning of all new buildings and formal open spaces. In addition, benches should be added along major pedestrian walkways as a means of providing nodes of social interaction between buildings.

Tables with benches (picnic type tables) are also important to a campus such as USA's. Because they are usually located away from buildings and high traffic areas they provide a more quiet setting for eating, studying or just conversation. The existing picnic type tables are mostly concrete and, while in relatively good shape, are not attractive and should be replaced with new metal units as funding permits. Additional picnic type tables should be added at strategic, shaded areas around campus.

In order to serve their intended purpose, trash receptacles should be placed near building entries, close to benches and other areas where people might congregate, and along pedestrian walkways between buildings. Planters are typically located at building entries and in formal areas outside buildings.

Considerations for the selection of the site furnishings are based on both design and maintenance characteristics. Benches, tables and trash receptacles should all be of the same or similar design. The look should be contemporary to complement the current building aesthetic. The color should be a medium gray/ clear aluminum to match the standard metal color selected for roofing, window frames and other building elements. The recommended furnishings all have heavy-duty cast frames and are powder coated to stand up to the rigors of day-to-day use. All should be anchored to a permanent concrete slab or other type of foundation. Planters should be concrete or other material matching the appearance of the cast stone used on buildings.

Bicycle Racks

In order to encourage the use of bicycles on campus, bike racks should be included in all new campus buildings and facilities and added to existing buildings. Like site furnishings, bike racks should be manufactured of heavy-duty material and have either a powder coat or galvanized finish. Two types of racks are recommended; individual, permanently mounted racks (preferred), and gang-type, portable racks for use in areas that may require relocation in the future. Bicycle racks should be located in protected areas near building entrances. The number of racks/spaces should be sufficient to meet the needs of the riders. Recommended bicycle racks are shown below.

Architectural Design Guidelines

In order to meet the needs of an expanding institution, growth must take place in the physical environment of the campus as well as in the educational programs. The intent of the architectural design guidelines is to promote harmonious and cohesive growth extending through all levels of future construction and renovations.

These guidelines are not meant to limit creativity and expression in new construction, rather they are put in place to ensure that future buildings are compatible with the overall character of the campus and that they contribute to and complement the vision of the master plan. The assessment of the architectural context, building form and massing, fenestration, building materials, and colors that follows is intended merely as a guide for future designers.

Architectural Context
Construction of the main campus began in the 1960s during the Late Modernist period of architecture, also known as the International Style. This style dominated the early buildings of the Campus with its expressed structure, vertical bands of windows, flat roofs and non-essential decoration. The majority of construction that followed in the seventies and eighties tend to complement this image, but with fewer windows and a more "brutalistic" appearance. Buildings constructed in the late 1980's and early 1990's exhibited a more eclectic style.

It was not until the late 1990's that the current campus design aesthetic began to emerge with the completion of the Mitchell Center. The scale and massing of this structure was, by necessity, out of character with existing campus buildings but the choice of building materials (the now campus standard red "velour" blended brick and cast stone cornice and trim) established the basis for future buildings on campus. This style evolved with the design of Meisler Hall in 2006. The use of the "Mitchell Center" brick and cast stone was repeated, however, a new building material was

used that would become a defacto campus standard, the gray metal used for roofing, fenestration and accessory elements. Additionally, Meisler Hall emphasized the horizontal over the vertical and introduced the "punched" window façade.

The next building to follow, the Health Sciences Building (completed in 2009) was constructed on a narrow, "L" shaped lot and thus, the building form was dictated by the parameters of the site. The shape was accentuated by a central "rotunda" that joined the two wings of the building and served as the main entry element. The emphasis was still on the horizontal but vertical elements were introduced to create a balance. Also, the height and scale of the building had increased from a more modest, two stories to a grander three to four story structure.

Because of its size and prominent location at the University's North Drive entrance, it was recognized that the Health Sciences Building would establish an architectural identity for the campus and the concept of the "gateway" building was born. The Health Sciences Building would be followed by two additional gateway structures; the Student Recreation Center at the campus' western boundary and Shelby Hall, overlooking the Old Shell Road/ University Boulevard intersection. Both buildings would emulate the design principles put forth by their predecessors;

The relatively narrow, "L" shaped footprint with rotunda like hinge, three to four story massing with punched windows and employing the now standard building materials. The architectural guidelines that follow are based on the design principles established by these buildings.

Building Form and Massing

In general, building plans should be kept simple and efficient. Except for special use type Buildings, footprints should be either rectangular or "L" shaped, with narrow widths (3:1 to 4:1 length to width ratio) used where possible. When wider plans are required for programmatic reasons, the massing should be broken down through the use of more appropriately scaled building recesses/ courtyards or projections. Rectangular shaped buildings should be organized around an expressed, vertically oriented, entry element. "L" shaped structures should utilize a "rotunda" or similar organizing element to define the main building entry and provide a necessary visual connection between the two wings.

Building heights should typically be in the range of three to four stories to match the overall context of the existing campus. Smaller buildings are discouraged in the central, Academic core. In order to reduce the perceived height of a building, the lower one to two floors should be differentiated through the use of a separate building material, horizontal banding, or both. Also, the use of an articulated building cornice should be considered for taller structures. Building entries should be appropriately scaled through the sizing of openings and the use of projections, canopies and site elements.

Building Facades and Fenestration

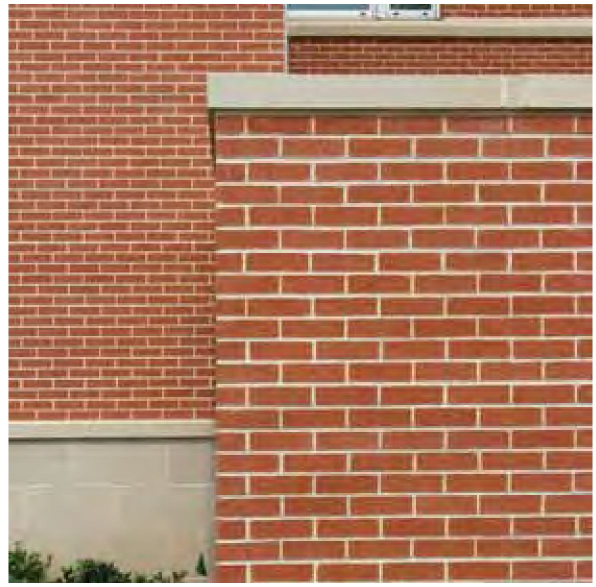
Future campus buildings should follow the building façade and fenestration principles established by more recent campus buildings such as Meisler Hall, the Health Sciences Building, Student Recreation Center, and the new Shelby Hall. These later campus buildings feature well proportioned, "tri-partite" facades with articulated bases, mid-sections and caps or attics. Cast stone or stucco is used at the base, with brick at the mid-section, and a cast stone, stucco or metal at the cap. Horizontal lines are emphasized but vertical elements are introduced to achieve a visual balance. Vertical elements include brick columns, pilasters, glazing, and building projections. Facades are typically organized around a central entrance feature.

Windows are most often expressed as "punched" openings in a continuous brick wall; however, more vertical bands of glass have been used at building entries, end walls, and for special use areas of the building. Large expanses of curtainwall are discouraged for both aesthetic and environmental reasons. Punched windows are typically vertically proportioned (1.5:1 to 3:1 height to width ratio on the upper floors, slightly higher on the lower floor), and are accented with cast stone lintels and/or sills. The horizontal rhythm established by these punched openings is typically 1:1 (width of opening to brick) or less making the windows the predominant element. This serves to reinforce the verticality of the openings in balancing out the façade. Glazing is clear or lightly shaded with matching spandrel panels in the lower lights if required. Glazed areas are separated by thin, vertically oriented mullions.

Building Materials
Future buildings should employ a palette of materials similar to those used in more recent buildings on campus. Brick, cast stone, coated metal, stucco, and lightly tinted or clear glass have all come to signify a "USA" building, and their use should be continued. These materials also provide a connection to existing buildings, thus reinforcing the concept of unifying the campus.

Acceptable materials will vary across the campus zones but major buildings in the campus core should employ the following:

Brick - Brick is the predominant building material on the main campus. Over the years, three color ranges have been used. These include the pronounced light red/tan blend used in the original campus buildings (Administration Building, ILB and the Alpha Complex), a more brownish, earthtone blend used in the 1980's and early 1990's (the Chemistry Building, Engineering Complex, and Visual Arts), and finally the reddish "velour" blend used in the late 1990's to the present. This last brick was selected for the Mitchell Center with the thought that it would become the campus standard and it has been used in all major buildings since that time. It is recommended that the use of this brick continue in all future buildings.



Cast Stone - Pre-cast concrete or cast stone has been used throughout the campus since its inception but it was not established as a major campus building material until the late 1990's. Like the reddish brick, a "limestone" look cast stone was used for the cornice and trim on the Mitchell Center. This look was adopted in the 2004 Master Plan and it has been used in one form or another on every building since that time. Cast stone should be used where feasible for the lower story (base) and on the upper portion of a building as a cap or cornice. It should also be used for door and window lintels/ sills, expressed columns and other decorative building elements, and for site elements.

Metal - Coated metal has been used for sloped roofing and other building components on a number of recent campus buildings. The medium gray metal used for the roofing on the JagTran stops was also used at Meisler Hall for roofing, aluminum doors/windows, railings and accessories. This was continued on the Health Sciences Building, Student Recreation Center and other campus buildings. Because of its ubiquitous presence around campus it is recommended that a gray metal roof be used where feasible for future campus buildings (the use of the standard green metal roof should be continued for all athletic facility structures). The finish on metal window/door frames, decorative panels, railings, trim, etc. should also be gray to match the roofing color as closely as possible. Alternates for the coated metal include a matching clear anodized aluminum for door/window frames and trim, and a galvanized finish for selected building and site elements.

Stucco - Stucco has been used sparingly on campus but it is an attractive and durable material that can be used to accentuate building elements. Applications include the articulation of a building's base, decorative panels, building soffits and eaves, and for cornices where appropriate. The use of an exterior insulation and finish system (EIFS) is discouraged in the central core of the campus.

Glazing - Typically, glass used for windows and doors on campus is clear or slightly tinted. This has contributed to the perception of transparency in campus buildings. Future buildings should continue the use of lightly tinted glazing, using "low-E" coatings or other energy saving measures.

As stated previously, the intent of the architectural guidelines is to promote harmonious and cohesive growth for all campus planning and building design. The principles outlined above are provided as a guide rather than prescriptive standard. Prominent campus buildings such as the Mitchell Center and Meisler Hall, the recently completed Health Sciences Building and Bell Tower, and the Student Recreation Center and Shelby Hall (both still under construction) should all be studied. It is recommended however, that Instead of copying these buildings, designers should apply the basic principles of form and massing, scale, rhythm, and use of materials to the context of the specific program and site requirements of the proposed new building.

Signage and Wayfinding

The purpose of the Master Plan 2010 signage guidelines is to establish a comprehensive identification and wayfinding system for the main campus. The plan provides a framework which will reinforce the University's identity and create a "sense of place" that will be apparent as one approaches the campus and as one experiences the campus itself.

Goals

- Reinforce the University of South Alabama identity and campus experience to create and strengthen a positive perception of the University
- Establish a "sense of place" on campus
- Create a strong campus identity at the campus perimeter and "gateways"
- Establish a true campus wayfinding system through the use of standard signage components such as style, type, color, scale and materials
- Improve the visitor experience through the strategic placement of informational maps and directional signs
- Use appropriate location and scale to maximize sign visibility
- Establish a consistent hierarchy of sign types and messages
- Design and locate signs to enhance accessibility on campus
- Provide a flexible system to facilitate future changes, maintenance and repair
- Keep the number of signs used in the wayfinding system to a minimum

The Wayfinding System

The signage and wayfinding system has been developed with a hierarchy approach to guide visitors to the main information center or campus entry portals on the campus perimeter, and from that point, to their final destination.

The first level of signage begins on University Boulevard and Old Shell Road as the visitor approaches the main campus. Directional signs guiding visitors to a campus information/ visitor center should be located at several locations along the City right-of-way on both north and south bound lanes of University Boulevard, and the east and west bound lanes of Old Shell Road.

Level two signs include the main campus identification sign at University Boulevard/ Old Shell Road intersection and the proposed campus portal signs located at the major campus entry points.

The third level of information is in the form of informational kiosks located at "pull-offs" just inside the campus portals and at the information/visitor center. These kiosks will include a campus map/ directory and other related wayfinding information.

The next level of signage would include both primary and secondary directional signs, guiding visitors to campus buildings and facilities and to visitor parking areas. Directional signs should be located at all "decision points" on campus with larger (primary) directional signs located at major campus intersections and smaller signs at secondary roadways and approaches/entrances to parking lots. Directional signs should be appropriately positioned and sized to ensure legibility from a moving vehicle and allow for the necessary reaction and decision time.

Directional signs would be followed in the hierarchy by parking lot and building identification signs. The existing "zoned" parking lots are currently identified by zone signs but because there are multiple lots in each zone, the signs are of little use in the overall wayfinding system. It is recommended that the parking lots that contain visitor and/or accessible parking spaces be formally named (with the names corresponding to major building names such as "Administration Building Lot" or "Mitchell Center Lot") and identified with additional signage at the existing zone sign locations. Because visitors are looking first for a parking space close to their final destination, parking lot identification would greatly assist with oral directions and would reinforce the wayfinding effort.

Building and facility identification signs represent a critical layer in the overall signage and wayfinding hierarchy and may take several forms based on the function, scale and exact placement of the building or facility. These may include:

1. Large freestanding signs for the major campus buildings/facilities
2. Smaller freestanding signs for smaller scale buildings or for those located in restricted areas
3. Individual lettered, building mounted names (either attached metal letters or engraved/relief type letters in cast stone) for special use buildings or as an addition to the main, freestanding sign when the building/facility entrance is not easily identifiable from the street or parking area
4. Small, building mounted signs at student housing structures

Buildings with a high level of public interface should include the primary functions of the building on the sign along with the building name. Meisler Hall with its Admissions, Registrar, etc. functions is a primary example of the need for this type of sign. All other building identification signs should only include the building/facility name.

The final level of wayfinding signage includes the various types of pedestrian signs necessary for internal campus navigation. Pedestrian scale signs guiding visitors to a building or building entrance and identifying accessible routes are essential in the overall wayfinding plan. Additionally, informational/directional kiosks should be located at strategic points on campus to assist visitors and also serve as a social “node” for students, faculty and staff. And because of the more “architectural” nature of these pedestrian scale kiosks, they will also reinforce the overall campus identity through the use of standard building materials.

The University of South Alabama is committed to the principle of inclusivity and accessibility on campus and, as such, the proposed signage and wayfinding system should be consistent with this goal. All signs should be designed and constructed in accordance with current Americans with Disabilities Act Guidelines including legibility, access and Braille. Wayfinding maps located at major informational kiosks should also be accompanied by audio messaging.

Sign Program
The following description and graphics illustrate the various elements of the proposed signage and wayfinding system for the University of South Alabama.

Off-Campus Visitor Directional Signs – These signs should include the international information symbol (“?”) along with the USA name/logo. The colors used should be USA standard red, white and blue. The materials should be steel/aluminum with size and design conforming to Alabama Department of Transportation standards.

Main Campus Identification Signs – These signs, located at the University Boulevard/ Old Shell Road intersection and at the campus portals include cast metal letters on a brick/ cast stone background in accordance with the 2004 Master Plan recommendations.

Informational Kiosks – Located just inside the campus portals at major campus entries, the kiosks should include a large, sectioned campus map with associated building/ facility directory. In addition to campus buildings, the map should also include visitor/ accessible parking lot designations and locations. Materials should reflect those used for the portals; brick with cast stone accents and gray metal roofing/trim.

Vehicular Directional Signs – These signs should be simple and flexible, allowing for changes in building names and for the addition of new buildings in the future. The base sign materials should be aluminum with a high quality paint finish and applied vinyl graphics. Color should be gray to match the standard metal used on campus buildings. The signs should be designed for maximum flexibility.

Parking Lot Identification Signs – These signs are designed for easy identification of the zone designation for students and parking lot name/accessibility for visitors. The wayfinding system will direct visitors to a parking area as the primary destination and the priority is to provide a sign that enables the visitor to identify and understand the information quickly. The signs should include the zone designation, the parking lot name and a standard accessibility symbol as an indication that the lot provides accessible parking. Colors and materials should match those used for the vehicular directional signage.

Building Identification Signs – freestanding (monument and pylon type) building identification signs should be scaled appropriately for the building context but should be large enough to be legible from the roadway and/or parking area and to contain all required information (building name and primary use in the case of some campus buildings). Larger identification signs should include the use of the campus brick and cast stone to relate these signs to the building aesthetic. Colors and remaining materials should match those used for the vehicular directional signage.

Pedestrian Directional Signs – Pedestrian wayfinding signs should be either a small scale pylon type sign (directional) to match the vehicular directional signs or an aluminum sign mounted on a standard vertical pole (accessible route).

Pedestrian Kiosks – These informational/directional signs should be located at key pedestrian decision points on campus. Kiosks should include a campus map/directory, directional signage guiding visitors to major buildings/facilities and a campus bulletin board to announce campus events or other information. Material should be the same as for the main informational kiosks, brick, cast stone and metal roofing/trim.

Vehicular Regulatory Signs – The basic sign design/material shall be per D.O.T./ University of South Alabama standards. The poles used for all vehicular signs shall be a round, heavy-gauge aluminum with decorative cap. Color shall be campus standard gray.

Graphic Standards
University of South Alabama graphic standards and typography have been documented in the USA Publication Services, Graphic Design Guidelines. Basic elements governing exterior signage are:

USA standard colors are red (PMS 193), blue (PMS 281). The gray used for letters, sign panels, poles and other elements shall be PMS 420.

The USA standard typeface is “Palatino”, however other typefaces have been used for exterior signage.

USA logos used in conjunction with exterior signage shall conform to the published standards.

5 APPENDICES

APPENDIX A

USA Master Plan 2010
Utility/ Infrastructure Recommendations

DATA/ TELECOMMUNICATIONS

Data cabling in buildings - A number of existing campus buildings have insufficient room for required data/ telecommunications equipment and cabling needs to be upgraded to CAT 6 to accommodate current and future data requirements.
Recommendation – Upgrade buildings as noted in Attachment #1.

Node Buildings - The existing telecommunication "nodes" located in the Telecommunications building (Node #1) and just west of the Library (Node #2) are undersized for the current campus demand and need to be expanded/updated. In addition, new buildings/facilities in the western part of campus cannot be efficiently served by the existing nodes due to the distances involved and will require a new node structure.
Recommendation – Space within the new Dining Facility has been dedicated for a new telecommunications "node" to serve the western portion of the main campus. Evaluate future campus growth and make recommendations for future data/ telecommunications nodes.

Telecommunications distribution system - A majority of telecommunications cabling is fed to campus buildings through an underground, auxiliary duct system (ADS) – a series of conduits, encased in concrete in many cases, connecting Computer Services and telecommunication nodes with campus buildings. The original ADS is limited to the campus "core" and does not extend to areas where newer buildings are located or planned. As such, each building project is saddled with the additional expense of running individual data/telecommunications "duct" back to the nearest node or point of connection – as much as several thousand feet. In addition, available space in the existing ADS is limited and, in some cases, non-existent. This has resulted in the direct burial of cable in some situations – not ideal due to the high cost of repair if the cable is accidentally cut.
Recommendation – USA Telecommunications will work with the Facilities office to identify areas of future growth and develop a plan for extension of the existing ADS. This should incorporate the proposed new western "node". The study should also look into options for more efficient utilization of the existing ADS.

ELECTRICAL

Capacitors at electrical sub-station - Additional electrical load due to new campus buildings has created a need for increased capacitors to maintain optimum power factor.
Recommendation – Increase size of Capacitors at sub-station.

Additional feeder circuit for Engineering/ Science Building - Existing electrical feeder circuits do not have the capacity to supply power to the proposed Engineering & Science building.
Recommendation – Install a feeder circuit (no.8) for Engineering and Sciences Building.

Continuous metering at sub-station - There is currently no individual metering of feeder circuits at the electrical sub-station. The ability to monitor actual power loads will allow load switching and shedding during emergencies.
Recommendation – Install continuous metering on all feeder circuits at sub-station.

Connection of individual building meters - Currently, individual building electrical meters are not connected and must be read/ monitored separately. Connecting these meters would permit more efficient management of electrical loads across campus.
Recommendation – Connect all meters already in buildings to power management software.

Additional feeder circuit for west campus - Current and proposed construction in the western part of campus requires an additional feeder from Central Plant to the Sigma Chi house switch.
Recommendation - Add new feeder from Central Plant (circuit 1002) to Sigma Chi switch #282 to serve intramural sports, football and future expansions to the west.

Sectionalizing switch at Computer Services - Currently, there are no electrical controls at the Computer Service Building to isolate or redirect loads in the event of a power failure.
Recommendation - Install sectionalizing switch at Computer Services.

Sectionalizing switch at Library - Currently, there are no electrical controls in the area of the Library to isolate or redirect loads in the event of a power failure.
Recommendation - Install sectionalizing switch near Library.

Replace circuit to Alumni Hall - The existing circuit (#1003 – 250 amp) from the electrical sub station to the switch at Alumni Hall needs to be replaced. The demand on this circuit has increased and there is little available capacity. In addition, the conductor is over 30 years old and has deteriorated appreciably.

Recommendation **–** Replace existing 250 amp rated cable with a 400 amp to allow for future loads and regain lost redundancy on this circuit.

Replace generator at Administration building **-** The existing generator at the Administration Building is old and parts in the next five to ten years will be hard to find.
Recommendation **–** Replace with new auto start generator.

Replace generator at Humanities/ Chemistry **-** The existing generator at Humanities & Chemistry is old and parts in the next five to ten years will be hard to find.
Recommendation **–** Replace with new generator.

Replace generator at CSAB **-** The existing generator at CSAB is old and parts are already hard to find.
Recommendation **–** Replace with new generator.

MECHANICAL

High temperature isolation valves **-** Existing isolation valves in the high temperature water distribution system are old and are failing. In addition, isolation valves are non-existent in many critical parts of the distribution system.
Recommendation **–** Replace existing/ install new isolation valves in high temperature water distribution systems as required.

Central Plant control system **-** The existing high temperature water system at Central Plant is not tied in to the controls system. This impacts the ability to monitor and control this system.
Recommendation **-** Install Johnson Controls, "Metasys" system type controls on high temperature water system.

Central Plant variable speed pumps **-** The conversion of the existing 3-way valve system to a 2-way system will require modifications at the Central Plant.
Recommendation **-** Convert Central Utilities to variable speed pumps as follows:

2 ea. Cooling tower pumps 60HP
5 ea. Chilled water pumps 75HP.
Convert crossover piping to Chiller

Central Plant cooling tower/ chillers **-** Existing cooling towers and chillers at the Central Plant are old and need to be upgraded/ replaced.
Recommendation **–** Replace cooling tower (5 cell) and replace 2 chillers with high efficiency units

New chilled water loop **-** The high temperature/ chilled water system serving the new Recreation Center has been planned to extend to the location of the proposed Dining Facility. In order to serve additional development in the western part of campus it will be necessary to extend the chilled water line back to the Central Plant.
Recommendation **–** Install new chilled water line from the Dining Facility, down Fraternity Row to Building 1375/ LOMB and then back to Central Utilities.

STORM SEWER SYSTEM

Replace storm sewer **-** Partial failure of an existing storm sewer line in the area of North Drive and the Humanities Building has led to the inability of the system to effectively convey storm water.
Recommendation **–** Replace 48" storm drain on North Drive.

Attachment #1

DATA CABLING IN BUILDINGS

MSB – Needs additional telecommunications rooms and is primarily Type9 cabling on both the old and new sides - upgrade to CAT 6 cable.
HUMB – Needs dedicated and additional telecommunications rooms and is primarily Type 9 - upgrade to CAT 6 cable.
LSB – Needs additional telecommunications rooms and is primarily Type 9 cabling - upgrade to CAT 6 cable.
ILB – Needs additional telecommunications rooms and has a significant amount of Type 9 cabling remaining - upgrade to CAT 6 cable.
HPELS – Needs additional telecommunications rooms and has a significant amount of Type 9 - upgrade to CAT 6 cable.
CSAB – Needs additional telecommunications rooms and is primarily Type 9 cabling - upgrade to CAT 6 cable.
AHE – Needs additional telecommunications rooms and is primarily Type 9 cabling - upgrade to CAT 6 cable.
Engineering Complex – Needs renovation and significant changes.
UCOM – Needs additional telecommunications rooms and has a significant amount of Type 9 - upgrade to CAT 6 cable.
VAB Complex – Needs additional telecommunications rooms and has some Type 9 cabling - upgrade to CAT 6 cable.
PAC – Needs dedicated telecommunications rooms and is primarily Type 9 cabling - upgrade to CAT 6 cable.
MCOB – Has some Type 9 cabling remaining - upgrade to CAT 6 cable.
Psychology Clinic – Has some remaining Type 9 - upgrade to CAT 6 cable.
Mobile Townhouse – Is primarily Type 9 - upgrade to CAT 6 cable.

Bethel Theatre – Is primarily Type 9 - upgrade to CAT 6 cable.
Student Center – Has Type 9 remaining - upgrade to CAT 6 cable.
Chemistry – Needs a dedicated telecommunications rooms, an additional telecommunications rooms, and has a significant amount of Type 9 - upgrade to CAT 6 cable.
Archaeology Lab 1 & 2 – Needs dedicated telecommunications rooms and is primarily Type 9 - upgrade to CAT 6 cable.
Central Utilities – Has remaining Type 9 - upgrade to CAT 6 cable.
LMB – Has remaining Type 9 - upgrade to CAT 6 cable.

APPENDIX B

USA Master Plan 2010
Security & Safety Recommendations

CAMPUS EMERGENCY NOTIFICATION SYSTEM

Currently the University has the following systems that function independently and must be individually activated as events require:

1) W.A.R.N. – Wide Area Rapid Notification Service, is a web based system that enables the University to quickly contact cell phones, traditional phones, pagers and email accounts when mass notifications are necessary.
2) A siren / public address system was installed on the main campus in 2008 with five units strategically placed around the campus. The system can be activated by computer or through the University Police department's 800 MHz radios. The System is primarily for emergency notification purposes on the campus grounds when individuals could not be reached through other systems.
3) The University's cable television system was recently upgraded to include an emergency notification screen & sound override feature. This is similar to traditional National Weather Service warnings.
4) GroupWise mass email notification system created by the University's IT specialist which provides a campus by campus emergency notification option.

Emergency notification systems are managed and operated by the University's Police & Safety and Environmental Compliance departments. To reduce response times and improve emergency notifications the systems should be interfaced into one system. This would also eliminate the need for multiple PC's and monitors. Creating a comprehensive emergency notification system will require IT support, software modifications and a coordinated plan among the principle departments. An assessment of the various emergency notification systems, IT support and department needs has been conducted. The next phase of the project will be to determine system features that will best serve the University's current and future applications.

Recommendation

- Develop an interoperable communications and instant alert notification program that allows University officials the ability to initiate communications with all devices regardless of existing infrastructure, hardware and locations.

BUILDING FIRE ALARM SYSTEMS

Current fire alarm systems are analog requiring at least one dedicated analog telephone line, in some cases two, for fire alarm monitoring and alarm transmission. The central receiving station equipment can not receive new technology connections as a result. Newer systems communicate through IP networks with redundancy configurations providing secondary receiver IP address back up. In addition modernized systems allow monitoring sites to remotely detect and identify panel conditions. All new buildings and many of the recently renovated buildings on campus utilize the newer, IP addressable alarms, however, the majority of campus buildings do not currently have an IP addressable system (see Fire Alarm System, Building List, Appendix #1). Also, while student housing facilities on-site alarms are functioning correctly, fire alarm systems used are manufactured by three firms: Simplex, Notifier, and Edwards. These systems are all older and, due to available technology at the time, are unable to effectively communicate with one another and the Central Plant.

Recommendation

- *Upgrade existing fire protection systems in existing campus and student housing buildings as required, to IP addressable systems for fire alarm monitoring and communications.*
- Upgrade fire alarm systems in Gamma, Beta, Delta, and Epsilon # 1/ Epsilon #2 dorms, and in all fraternity/ sorority houses.

FIRE PROTECTION (SPRINKLER) SYSTEMS IN STUDENT HOUSING FACILITIES

The majority of the Student Housing buildings are not equipped with an automatic sprinkler system. Currently only the Epsilon II dorm and eight "Greek" houses (all, except for the Sigma Chi house) are "sprinkled".

Recommendation

- *Install an automatic fire protection (sprinkler) system in all new Student Housing construction and in major renovations of existing facilities.*

BUILDING ACCESS SYSTEMS

Currently, there are several different building access control systems in place at the University of South Alabama. The Medical Sciences Building has one type of system, Chemistry and Life Sciences another. New campus buildings (Health Sciences, Student Recreation Center, etc.) are all utilizing the recently instituted USA standard building access system which is different from the systems used in the existing buildings. All of these systems are locally managed and do not report to a central location. Without a central reporting system in place there is no way to monitor the security of the building or lock the building down remotely in case of an ongoing emergency on campus.

Recommendation

- Develop a "standard" for a single building access control management system on the main campus.
- The system should be managed locally by the individual building coordinators but should also report to the University Police Department by way of the University internal network system. With this type of system in place the police department will have the ability to monitor the security of the building and also have the ability to remotely secure either an individual building or all buildings on the system in case of an ongoing emergency incident.

SECURITY CAMERA SYSTEM

The USA Police department is currently expanding the campus security, closed circuit television (CCTV) system and, as a part of this expansion, is installing security cameras in both new buildings and in existing buildings/facilities on campus. Camera locations and system infrastructure are typically planned into new construction but retrofitting older buildings and outdoor facilities is more problematic. Installation has been hampered in certain areas by the lack of available underground duct bank/conduit to carry the required cabling. The costs associated with installing conduit on a building-by-building basis can be prohibitive in certain cases. Also, current space, equipment and staffing are insufficient to handle projected expansion demands.

Recommendation

- Develop a plan to install additional security cameras in the residence halls and in "major" (on USA North and South Drives) parking lots on campus.
- Develop a plan for a campus wide conduit system to facilitate camera installation at the above noted facilities as well as in future campus buildings.
- USA Police to study additional space, equipment, and staffing requirements associated with the expansion of the security camera system and make recommendations on existing and future needs.
- Include camera locations/infrastructure as a separate "utility" plan in the master plan.

HAZARDOUS MATERIALS SURVEY

Many older campus buildings still contain some type of asbestos or other hazardous materials. The existing building surveys that are currently being used are at least 20 years old and are, in many cases, inaccurate and incomplete.

Recommendation

- Commission a new survey of all buildings known or suspected to have asbestos containing materials (ACM) present.
- A licensed asbestos management planner should be retained to identify asbestos containing materials and develop an organized program to either abate or encapsulate all such materials as buildings are renovated or as materials become unstable.
- The Department of Safety and Environmental Compliance should coordinate all testing and assist in program updates.

Attachment #1

Existing buildings <u>without</u> an IP addressable fire alarm system

AD	Whiddon Administration Bldg
AEE	Alpha East Extension
AH	Alumni Hall*
AHE	Alpha Hall East
AHS	Alpha Hall South
AGDSH	Alpha Gamma Delta Sorority House (SOR4)*
AOPSH	Alpha Omega Pi Sorority House SOR3)*
ARC1	Archaeology Lab One*
ARC2	Archaeology Lab Two*
BBF	Baseball Batting Cage Facility*
BFH	Baseball Fieldhouse*
BFSB	Baseball Field Storage Bldg*
BRH1	Beta Residence Hall 1
BKST	Bookstore
BT	Bell Tower
CAF	Cafeteria
CHEM	Chemistry Building
CMN	Gamma Commons
COSH	Chi Omega Sorority House (SOR1)
CPLT	Central Utilities Plant*
CSAB	Central Services Administration Bldg*
CSB	Construction Services Bldg*
CSCB	CIS Classroom Bldg*
CSC	Computer Services Center
CSS	Carpenter's Shop and Storage*
DRH1	Delta Residence Hall 1
DRH2	Delta Residence Hall 2

DRH3 Delta Residence Hall 3
DRH4 Delta Residence Hall 4
DRH5 Delta Residence Hall 5
DRH6 Delta Residence Hall 6
DO Central Utilities Management Office*
EEB Electrical Engineering
EGCB Engineering Classroom Bldg
EGLB Engineering Laboratory Bldg

ERH1 Epsilon Residence Hall 1
ERH2 Epsilon Residence Hall 2
FCE Faculty Court East*
FCS Faculty Court South*
FCW Faculty Court West*
GRH0 Gamma Residence Hall 0
GRH1 Gamma Residence Hall 1
GRH2 Gamma Residence Hall 2
GRH3 Gamma Residence Hall 3
GRH4 Gamma Residence Hall 4
GRH6 Gamma Residence Hall 6
GRH7 Gamma Residence Hall 7
GS4 Garage Service
HG Housing Garage
HPE Health, Physical Education and Leisure Services Bldg
IFH Intramurals Field House*
LMB Laboratory of Molecular Biology
LMBS LOMB Storage Bldg
LSLH Life Sciences Lecture Hall
KAFH Kappa Alpha Fraternity House (FRA3)
KDSH Kappa Delta Sorority House (SOR5)
MG Maintenance/Grounds (old Primate Lab/1375)*
MSHP Maintenance Garage
MTH Mobile Townhouse*
MW Maintenance Warehouse*
OR Outdoor Recreation Bldg (old Property Office)*
PAC Laidlaw Performing Arts Center
PD Police Dispatch*
PGB Paint and Groundskeepers Bldg*
PIW Property/Inventory Warehouse (old Grounds Bldg)*
PKAFH Pi Kappa Alpha Fraternity House (FRA2)
PKPFH Pi Kappa Phi Fraternity House (FRA1)
PMSH Phi Mu Sorority House (SOR2)
PN1 Phone Node Building #1
PN3 Phone Node Building #3
PS Property Storage
PTCL Psychology Teaching Clinic*
PUMP Pump House*
SA Automotive Shop*
SBT Seaman's Bethel
SCFH Sigma Chi Fraternity House
SPLT Satellite Utilities Plant
SRH Alpha Hall South
SSFH Softball/Soccer Field House
STAD Stanky Field Stadium
SP Swimming Pool*
TEL Telecommunications Building
TKST Track Storage Building*
TSDB Treatment, Storage & Disposal Building
UCOM University Commons
Communications suite
Speech & Hearing suite*
Bio-Medical suite*
Photography suite*
Comm TV Studio*
Talent Search*
VAB Visual Arts Complex
WARE Housing Warehouse*

* Building currently has no panel or is not listed.

APPENDIX C

USA Master Plan 2010
Transportation/Circulation & Parking Recommendations

The Transportation/ Circulation and Parking Sub-Committee reviewed the Campus Circulation and Parking Study from the 2004 Master Plan. Applicable items from this report were discussed and the following assessments were made:

General

Problem – "Due to the perception, or reality, of long distances between class locations, students are driving from one parking lot to another to change classes. This leads to an extraordinary amount of congestion, approaching grid-lock, during class changes. Very little pedestrian or bicycle usage was noted along USA North and South Drives"

2004 Recommendation – "A major goal would be to utilize various means to induce students to use another mode of transportation to change class locations rather than driving." Encourage pedestrian and bicycle usage, consider various roadway and parking lot revisions, and institute a campus transit system and zoned parking scheme.

Sub-Committee Assessment - The implementation of the JagTran system and zoned parking has eased this situation but it is still a major problem. Many of the Sub-Committee recommendations noted below address traffic congestion on campus and should help to reduce this in the future.

Problem – "Pedestrian crossings should be better defined."

2004 Recommendation – "Major pedestrian crossings, especially of USA South Drive, should be raised and constructed of a material which contrasts to the roadway. These crossings should always be well signed for vehicles to yield to pedestrians. A majority of these raised crossings should also be designed as speed tables to slow or stop traffic. Sidewalk locations appear adequate throughout the campus. However, a means to concentrate the street crossings at controlled locations, and to control jaywalking should be used. "

***Sub-Committee Assessment* –** The Sub-Committee agrees with the recommendation. The Sub-Committee recommendation under pedestrian crosswalks-general has attempted to address this issue.

Stadium Boulevard from Old Shell Road to the Roundabout

Problem – "Currently, through traffic is in conflict with vehicles parking, or especially those backing out to leave parking spaces. There is also a high volume of pedestrian traffic generated by these parked cars. The pedestrians treat the area as a parking lot and cross the through lanes at will."

2004 Recommendation – "Reconfigure (Stadium) Boulevard to separate parking from the through traffic." This scheme called for the elimination of all parking in the east (in-bound) lane and converting this lane into a three-lane boulevard.

***Sub-Committee Assessment* –** This recommendation was carefully evaluated at the time of the 2004 Master Plan and it was decided that it would eliminate too many parking spaces (approximately 240) and, because of the parking access and other issues, possibly cause more problems than it solved. The Administration also felt strongly that the existing "boulevard" look was important and should be maintained. As a result, the current drive configuration was implemented. The issues noted in the 2004 report are still valid and all agreed that the something more needed to be done to correct the problem.

The Sub-Committee recommendation under Stadium Drive – lanes, has attempted to address this issue.

Alumni Drive from USA South to Bookstore/Student Center Parking Lot

Problem – The four-way stop at the intersection leading to the Bookstore and Student Center lots creates traffic back-up and congestion in this area.

2004 Recommendation – "Change to a through movement for north/south traffic, while the east/west traffic should continue to stop." "Consideration should also be given to another tie between the (two) lots."

***Sub-Committee Assessment* –** The additional vehicular "tie" between the two lots was implemented after the 2004 plan was approved, however, the four-way stop remains. Traffic conditions in this area have improved but congestion at this intersection is still a problem. The USA Facilities Office has studied the situation and has made a recommendation for one-way traffic flow south (out-bound) from the parking lots to South Drive in an attempt to facilitate traffic movement in and out of these lots.

USA North/South Drives at University Boulevard

Problem – "There are numerous rear-end accidents occurring on the feeder lane southbound to University Boulevard from USA North and South Drives."

2004 Recommendation – "A heavy pruning of the landscaping in the islands north of these lanes should improve safety by improving the line of sight north, thus adding merging. A stop-until-clear for merging signage rather than the yield could also be used if the above recommendation is not effective."

***Sub-Committee Assessment* –** The Sub-Committee agrees with the recommendation. Subsequent pruning of the existing vegetation has helped but there are still problems with rear-end collisions. The Sub-Committee recommendation under USA South/North Drives, University Boulevard intersection has attempted to address this issue.

Exit from Library/Humanities/ILB Parking Lot to USA North Drive

Problem – "A considerable amount of back-up was observed from (the) parking lot trying to exit on to USA North Drive."

2004 Recommendation – "This can be improved by revised striping and rework of the exit lanes." "A signal or traffic direction officer during peak traffic times may be required.

***Sub-Committee Assessment* –** This situation was not addressed after the 2004 study and an increase in student enrollment along with the subsequent implementation of the JagTran and zoned parking systems has led to increased traffic and congestion in these lots and on North Drive. The Sub-Committee agrees with the recommendation but feels that additional measures need to be taken. The Sub-Committee recommendation under Life Sciences/ Library/ Humanities/ Chemistry parking lot access has attempted to address this issue.

The issues and recommendations discussed by the Transportation/ Circulation and Parking Sub-Committee are as follows:

USA SOUTH DRIVE

University Blvd. intersection

Excessive number of traffic accidents in the South Drive right turn lane and on University Boulevard due to yield sign and limited visibility/sight lines.

***Recommendation* -** Replace the existing "yield" sign with a stop sign. Add a second "stop ahead" sign on South Drive to alert traffic of the stop sign at the intersection. Evaluate traffic conditions after the installation of these signs. If the problem persists, consider adding a separate traffic/control signal for the right turn lane only. (Dwg #1)

Administration/MCOB parking lot intersection

Traffic back-up in the Administration and the Laidlaw/Mitchell College of Business parking lot entrance drives at peak times due to high traffic volume and proximity of the pedestrian crosswalk on South Drive. Also, drivers attempting to make left turns out of these lots create further congestion.

Recommendation – Congestion at this intersection is not critical at this point but may become more of an issue in the future if parking designations in the Administration lot are changed or when the proposed Engineering and Computer Science Building comes on-line. Recommend installing signs in these lots indicating the location of additional exits. Evaluate traffic conditions after implementation of any Master Plan revisions and after completion of the new building. Leave existing drive entrances as is for now.

Jaguar Drive intersection

Traffic back-up on Jaguar Drive and South Drives at peak times due to left turn lanes and proximity of pedestrian crosswalks.

Recommendation – A new crosswalk/speed table on the east side of South Drive at the Jaguar Drive intersection is scheduled for installation. Recommend relocating the east/west crosswalk on Jaguar Drive and stop bars closer to the intersection.

Alumni Drive (Faculty Court South) intersection

Traffic back-up on Alumni Drive at peak times due to the width of the drive, lane configurations, and the adjacent on-street parking.

Recommendation – Proposed revisions to the traffic flow around Faculty Court South may allow Alumni Drive to become one-way "out" in the future. Even with one way traffic flow, the existing on-street parking may still be a problem. Recommend re-striping parking spaces to increase width or eliminating this parking area altogether. (Dwg #2)

Mitchell Center Drive/Campus Drive intersection

The aligning of the revised Mitchell Center Drive with Campus Drive should result in increased traffic flow on these roadways with the potential for congestion at the South Drive intersection.

Recommendation - This intersection is currently a 4-way stop. Recommend monitoring traffic flow. If congestion becomes a factor, consider installing a traffic signal.

<u>JAGUAR DRIVE</u>

Mitchell College of Business Parking Lot

Traffic back-up in MCOB parking lot and on Jaguar Drive at peak times due to the width of the parking lot entrances and lane configurations. This is a problem now, however, the proposed Engineering and Computer Science Building will have a major impact on traffic in this area.

Recommendation – Evaluate traffic after the Engineering and Computer Science Building comes on-line. Consider widening entrances/increasing radius of curbs and possibly adding a third entrance to this lot on Jaguar Drive.

South Drive Intersection

Due to its "interior" location and the somewhat confusing nature of the "feeder" roads in this area, Meisler Hall is difficult to find and access. The Signage and Wayfinding Sub-Committee has noted that the existing directional signage is insufficient to properly direct visitors to this building and have included additional signage as one of their recommendations. The existing roads, however, are also a contributing factor and should be addressed.

Recommendation – In conjunction with the Police headquarters relocation, demolish the Faculty Court South building and relocate the Jaguar Drive/South Drive intersection to the west to allow a more formal (and visible) approach to Meisler Hall. Landscape the resulting open area and install new directional signage. (Dwg 4)

<u>STADIUM DRIVE</u>

Gamma Connector intersection

The existing stop sign/bar on the Gamma Connector is located too far back from the intersection to allow drivers to safely see approaching traffic.

Recommendation – Relocate sign and stop bar west to edge of "active" Stadium Boulevard traffic lane. Separate left turn and right turn lanes by a concrete island rather than the existing pavement striping. (Dwg 3)

This recommendation is valid only if the Stadium Drive lane revision (below) option is not accepted.

Stadium Drive Lanes

The current dual lane configuration on Stadium Boulevard (one active traffic lane/one parking access lane) can be confusing. Drivers tend to ignore the parking access designations and drive in this lane. Speed is also an issue. In addition, the opening of the new Student Recreation Center will lead to increased traffic, greater demand for on-street parking and the need for additional pedestrian crossings.

Recommendation – Add traffic "peninsulas" to restrict traffic flow in the parking access lanes and install additional pedestrian crossings/speed tables to control speed, (Dwg 5A & 5B)

<u>USA NORTH DRIVE</u>

University Blvd. intersection

Excessive number of traffic accidents in the North Drive right turn lane and on University Boulevard due to yield sign and limited visibility/sight lines (same as USA South Drive/University

Boulevard intersection).

Recommendation - Replace the existing "yield" sign with a stop sign. Add a second "stop ahead" sign on North Drive to alert traffic of the stop sign at the intersection. Evaluate traffic conditions after the installation of these signs. If the problem persists, consider adding a separate traffic/control signal for the right turn lane only. (Dwg #1 similar)

Health Services Drive intersection

Traffic back up on Health Services Drive (students/ Research Park tenants) and high traffic volume on USA North Drive at peak times. The opening of the new Health Sciences Building will have an impact on both vehicular and pedestrian traffic at this intersection, and currently, Health Services Drive and the Health Sciences entrance are offset creating even more problems for efficient traffic flow.

Recommendation – The intersection is currently a two way stop (Health Services Drive and the Health Sciences/MSB parking lot traffic stop). Recommend either relocating a portion of the Health Sciences/MSB parking lot entry drive to align with Health Services Drive and making this intersection a 4-way stop or installing a traffic signal, or eliminating the intersection and installing a traffic circle/roundabout (Dwg 9). The traffic circle/roundabout shown is minimal based on "buildable" land and the design may not function well due to limited length of merge lanes.

Future development of the Technology and Research Park and the possible extension of the existing Research Park Drive to service a proposed conference/wellness center and hotel could provide a secondary entrance/exit for this part of the campus and would serve to reduce traffic flow through the North Drive/Health services Drive intersection. This possibility should be a consideration in the selection of one of these options.

Life Sciences/Library/Humanities/Chemistry parking lot access

Traffic back-up in the parking lots at peak times due to the large number of vehicles attempting to exit, and also back-up on USA North Drive due to vehicles attempting to turn left into the Life Sciences Building entrance drive. Congestion in this area also directly impacts JagTran vehicles that use the Life Sciences entrance/exit to service the main Jagtran hub at the Student Center/Meisler Hall circle stop.

Recommendation – Eliminate the connecting drive from the Library parking area to the Life Sciences drive (maintain the connection for JagTran vehicles and pedestrians only) and provide a new Library/Humanities/Chemistry parking entrance/exit immediately north of the Library. Install speed lumps in the traffic lanes of the "lower" level parking area to control speed (Dwg 10).

North Drive – general

Excessive speed is an issue on North Drive, even with the existing traffic calming devices. Current spacing exceeds recommendations for the established speed (30 mph). The rubber speed lumps that have been installed are difficult for JagTran vehicles to safely negotiate. Also, material to match the existing speed lumps can no longer be purchased – need an alternate material/design.

Recommendation – Remove the existing speed lumps and install speed "tables" which can be safely negotiated by JagTran vehicles. Reduce spacing of these speed tables as recommended for posted speed limits. (Dwg 8A & 8B)

<u>CLEVERDON PARKWAY/BRANNAN WAY/JOHN COUNTS DRIVE</u>

General

Vehicles are utilizing John Counts Drive, Brannan Way and Cleverdon Parkway to cut through from Hillsdale to Old Shell Road. These "non-student/faculty/staff" vehicles increase congestion in this part of the campus and create potential safety issues for the University.

Recommendation – During the day most "university" traffic follows Cleverdon parkway from Old Shell Road to Tonsmeire Drive and then to Student Housing or into the main part of campus. The majority of non-university traffic will utilize Brannan/John Counts as well. For this reason, recommend conducting a traffic (count) study on Brannan Way/John Counts Drive to determine the number of vehicles using these roads and at what times. Determine a course of action after completion of the study.

Cleverdon Parkway

Excessive traffic speed and cars entering and exiting the Grove are safety issues on Cleverdon parkway.

Recommendation – The 3-way stop at Tonsmeire Drive and the JagTran stop signals at the entrance to the Grove have tended to slow traffic somewhat on Cleverdon, however, future vehicular and pedestrian traffic associated with the new Dining Facility will only increase the need for traffic calming/controls on this road. Evaluate traffic after the Dining Facility comes on-line. Consider additional traffic calming devices or other means of controlling speed.

<u>JAGTRAN SYSTEM</u>

Health Sciences Building

The opening of the Health Sciences Building along with the lack of available parking in this area will almost certainly increase the demand on the JagTran "Purple" route.

Recommendation – Evaluate passenger count and add additional vehicles or adjust routes as required.

Jag Tran – general
Proposed Master Plan revisions on USA North and South Drives may substantially impact the operational parameters of the JagTran system.
Recommendation – Current JagTran routes/stops should be considered in establishing and implementing current Master Plan recommendations. Also, need to re-evaluate and adjust JagTran routes/stops after Master Plan recommendations have been put into place.

PARKING LOTS

Cancer Clinical Building/Technology and Research Park - Building III parking lots
Increased demand on the Cancer Building/TRP III lots as a result of new tenants in these buildings. Also, a portion of one or more of these lots may be needed for overflow parking when the Health Sciences building achieves full occupancy in the fall. Joint use of these lots by students/ faculty/staff and tenants may create conflicts.
Recommendation – Consider designating the Cancer Clinical Building lot or a portion of the Cancer Building or TRP III lot, as "zoned". Dedicate tenant parking in the west lot (behind TRP III).

Gamma/Engineering and Delta/Epsilon parking lots
Excessive speed in these lots is a safety issue.
Recommendation – Install traffic calming devices/islands to control traffic. (Dwg 6 & 7)

Gamma/Engineering parking lot
The Gamma/Engineering lot (719 student parking spaces) is currently under-utilized for student parking.
Recommendation – Consider ways to encourage parking in this lot.

Administration parking lot
The Administration lot (27 faculty/ 183 student/ 3 handicap spaces) is currently under-utilized for parking.
Recommendation – Consider revising student/faculty parking mix in conjunction with the ILB lot.

ILB/Visual Arts parking lot
The ILB/Visual Arts lot (100 faculty/ 207 student/ 8 handicap spaces) is heavily used during daytime class hours. The newly renovated Alpha South building will place an even greater demand on this lot.
Recommendation – Consider revising student/faculty parking mix in conjunction with the Administration lot.

Mitchell Center parking lot
The Mitchell Center lot (374 open/ 22 handicap spaces) is currently an "open" lot (not a part of the zoned parking system and not requiring a parking hang tag). The intention was to allow students to use this lot on an as needed basis. Demand has been increasing and it was noted that students from The Grove are utilizing this lot during class times. In addition, the grass/gravel paving in this lot has not held up well to daily use and requires continual (and costly) maintenance.
Recommendation – Consider making this a "pay to park" lot for use by students or others on an as needed basis.

Stanky Field parking lot
The Stanky Field (97 open spaces - 45 paved/ 52 gravel) and softball/soccer (81 open spaces) lots are currently used for event parking only. Because the new Student Recreation Center will not provide any additional student/faculty parking, the Stanky Field paved lot is likely to be utilized for this purpose. Also, the existing gravel lots are in poor shape and experience drainage problems in heavy rains.
Recommendation – The USA Facilities office has commissioned an engineering study/re-design of this lot that includes paving, lighting, a new drainage system and relocation of the main entry/exit to correspond with Old Shell Road center islands. Recommend implementing the engineering design. Consider use of the westernmost section of the Stanky Field lot for overflow Recreation Center parking and provide a safe pedestrian path from this lot, across Stadium Boulevard, to the entrance to the Student Recreation Center.

General
The majority of student parking is located in the central part of campus (Gamma/Engineering (Central) lot, Humanities/ Chemistry (Central) lot, Student Center/Bookstore (Central) lots, Chemistry/ Humanities/Library/ LSB (North) lots). Accessing these lots creates traffic congestion on USA North and South drives during peak times. Increasing student enrollment along with the associated demand for on-campus parking will only make this situation worse. Also, certain parking lots (the Humanities/Chemistry Central lot for example) are prime sites for future campus buildings and may be eliminated or reduced in size at some point in the future.
Recommendation – All new on-grade parking lots shall be located on the perimeter of the campus. Study locations for a major parking structure on campus.

PEDESTRIAN CIRCULATION

Gamma parking lot to baseball/softball/soccer complex
Overflow parking for Stanky Field and soccer/softball is handled by the Gamma/Engineering lot. There is currently no sidewalk connection between the Gamma/Engineering lot and these fields.
Recommendation – A pedestrian walkway is currently planned to follow the Gamma Connector roadway from the

Gamma/Engineering lot to Stadium Boulevard (to allow pedestrian access to the new Student Recreation facility and Student Housing). This walkway will provide access to Stanky Field via Stadium Boulevard but is somewhat lengthy. Recommend installing a "spur" pedestrian walkway from the Gamma Connector to the softball facility to connect with existing sidewalks on the south side of the fields.

Accessible routes
In most cases "accessible" campus walkways (from handicap parking to building entrances and from building to building) are not properly identified on designated on any campus map. Without such signage or maps, locating accessible routes can be a problem for persons with disabilities.
Recommendation – Review current walkways/routes for accessibility and make recommendations for compliance with applicable standards. Include a plan showing all accessible routes on campus.

Pedestrian crosswalks – general
Existing pedestrian crosswalks are not always well marked and are sometimes hard to recognize from a moving vehicle.
Recommendation – The Campus Circulation and Parking Study from the 2004 Master Plan emphasized that pedestrian crosswalks should be combined with raised speed tables. There is funding in place for new speed tables/pedestrian crossings on South Drive in front of the Engineering complex, Archaeology building, and at the Jaguar Drive intersection. The effectiveness of these crossings should be evaluated and, based on this information, Study location and marking of existing crosswalks – make recommendations for new crosswalks/additional markings or warning devices. Combine crosswalks with new speed tables.

<u>OTHER</u>
Campus to UCOM travel time
Due to traffic congestion at peak traffic times on USA North/South Drives and on University Boulevard, it is impossible to get from certain parts of the main campus to University Commons in the allotted class change time.
Recommendation – Consider the possibility of altering class schedules at UCOM.

MCOB/Laidlaw Drive
Traffic on the MCOB/Laidlaw access drive will increase when the proposed Engineering and Computer Science Building opens.
Recommendation – Need to evaluate the additional parking/transportation/pedestrian load imposed by the new facility and make a recommendation as to access and new JagTran routes/stops. Look into making the resulting open space between MCOB and the engineering facility a formal landscaped yard.

APPENDIX D

USA Master Plan 2010
Signage/Wayfinding Recommendations

<u>NO FORMAL CAMPUS VISITOR/WELCOME CENTER – EXISTING FACILITY NOT EASILY IDENTIFIED</u>

Recommendation
- Relocate Police Dispatch in conjunction with the relocation of USA Police Office.
- Renovate the existing facility to accommodate a campus welcome/information center with provisions for issuing visitor parking permits.
- Include an identification sign on University Boulevard to match the campus entry portals.
- Remove the existing parking lot and landscape to create an attractive campus entry point.
- Install Campus Visitor Information directional signs at decision points on Old Shell Road and University Boulevard.

<u>EXISTING CAMPUS IDENTIFICATION IS OUTDATED, INCONSPICUOUS AND DOES NOT PROPERLY ESTABLISH THE UNIVERSITY "BRAND"</u>

Recommendation
- Complete 2004 Master Plan portal design recommendation for USA North, USA South and Stadium Boulevard, currently in design.
- Implement 2004 Master Plan recommendations for main campus identification sign at the Old Shell Road/University Boulevard intersection.

<u>THERE ARE MULTIPLE CAMPUS ENTRY POINTS – MANY ARE NOT PROPERLY IDENTIFIED</u>

Recommendation
- Complete 2004 Master Plan portal design recommendation for USA North, USA South and Stadium Boulevard, currently in design
- Implement 2004 Master Plan recommendations for additional portals/campus wayfinding signage at Mitchell Center and Jaguar Drives.
- Consider additional portal/campus identification at the main (University Boulevard) entrance to UCOM.

FINDING SPECIFIC BUILDINGS ON CAMPUS IS DIFFICULT FOR VISITORS AND NEW STUDENTS. CAMPUS BUILDINGS ARE NOT ALWAYS IDENTIFIED – SIGNAGE IS INCONSISTENT

Recommendation
- Develop a standard building identification signage system that would serve to unify the campus and identify each building as a USA facility.
- This signage system should include options appropriate for the various campus building designs and locations.
- Provide a sign location plan to ensure that future signs are positioned to compliment each building and to maximize recognition based on the sign option selected.
- New building identification signs shall be included on all new campus buildings and facilities.
- Replace existing concrete monument signs with new and install new signs in buildings currently without identification signage.
- Develop a long term schedule to install standard building identification signs at existing buildings with building mounted or other type identification signs.

INTERIOR ROADWAYS ON CAMPUS CAN BE CONFUSING TO THOSE NOT FAMILIAR WITH THE LAYOUT AND THERE IS CURRENTLY NO CAMPUS WAYFINDING SYSTEM OR CAMPUS "LANDMARKS" TO GUIDE VISITORS. EXISTING CAMPUS DIRECTIONAL SIGNS ARE UNATTRACTIVE, OUTDATED, AND HARD TO READ

Recommendation
- Develop a campus wayfinding system to include standard directional and informational signs to be located at primary and secondary "decision points" on campus.
- Provide a design for a standard orientation kiosk to be located at the main visitor/ information center and at various points on campus. Develop a campus map to be used for this purpose.

EXISTING VEHICULAR/STREET SIGNS ARE UNATTRACTIVE

Recommendation
- Select a standard decorative pole as a campus standard to be used for all vehicular regulatory /informational signs.
- Install the selected pole on all new vehicular regulatory /informational signs.
- Develop a schedule for the replacement of existing sign poles with new standard.
- Develop a standard for number/location of sign panels on poles.

MANY CAMPUS SIGNS ARE NOT ADA COMPLIANT AND ACCESSIBLE BUILDING ENTRANCES AND ROUTES ARE NOT PROPERLY MARKED

Recommendation
- Review all existing campus signage for compliance with ADA standards and make recommendations for replacement.
- Review all campus building accessible entrances and make recommendations for additional accessible route signs.
- Comply with ADA standards on all new/revised accessible routes.

NO STANDARDIZED UNIVERSITY PLAN FOR DIRECTORY OR WEB-BASED MAPS

Recommendation
- Develop a standard campus map for use on the USA website. In addition to the campus plan this map could include directional/wayfinding information, accessible routes and parking, Jagtran routes and schedules and other pertinent information.
- Work with USA web services to incorporate this map into the the University website.

APPENDIX E

USA Master Plan 2010
Campus Utility Plans

The following Campus Utility Plans are included as a part of this Appendix:
1. Mechanical Plan
2. Electrical Plan
3. ADS-Telephone/Data Plan
4. Domestic Water/Sanitary Sewer Plan
5. Storm Sewer Plan
6. Natural Gas Plan

APPENDIX F

Acknowledgements

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USA Master Plan 2010 Steering Committee

Mr. Gordon Moulton	President, University of South Alabama
Mr. David Blough	Associate Vice President for Computer Services
Dr. Joseph Busta Jr.	Vice President for Development and Alumni Affairs
Mr. Wayne Davis,	Vice President for Financial Affairs
Dr. Joan Exline	Associate Vice President for Institutional Research, Planning and Assessment
Dr. Ronald Franks	Vice President for Health Sciences
Mr. Glenn Gardner	President, Student Government Association
Dr. David Johnson	Senior. Vice President for Academic Affairs
Dr. Robert Shearer	Executive Assistant to the President
Dr. John Smith	Vice President for Student Affairs
Dr. David Turnipseed	Chair, Faculty Senate
Mr. Chris Willis	Director, Facilities Management
Mr. Brad Christensen	Project Manager for the Master Plan

USA Master Plan 2010 Sub Committees

Building Assessment Sub-Committee
Mr. Victor Cohen
Mr. Kenny Davis
Mr. Joe Green
Mr. Chris Willis
Ms. Pam Young

Utility/Infrastructure Sub-Committee
Mr. David Blough
Mr. Kenny Davis
Mr. Joe Green
Mr. James Irby
Mr. Austin Langner
Mr. Artie Watson
Mr. Chris Willis

Security/Safety Sub-Committee
Mr. Keith Ayers
Mr. Normand Gamache
Mr. Joe Green
Mr. Bill Guess
Dr. John Smith
Mr. Chris Willis

Transportation/Circulation & Parking Sub-Committee
Ms. Andrea Agnew
Mr. Normand Gamache
Mr. Glenn Gardner
Mr. Charles Montgomery
Dr. John Smith
Dr. David Turnipseed
Mr. Chris Willis

Signage/Wayfinding Sub-Committee
Mr. Kenny Davis
Mr. Joe Green
Mr. Bill Guess
Mr. John Smith
Mr. Chris Willis

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Nelson Singleton, Director Publication Services
Scott Donaldson, Graphic Design Supervisor

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Joshua M. Pritchard
James A. Moone, Jr.
Andrew K. Keith

RESOLUTION

USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS FOR SEPTEMBER AND OCTOBER 2009

WHEREAS, the Medical Staff appointments and reappointments for September and October 2009 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.

UNIVERSITY OF SOUTH ALABAMA

STANLEY K. HAMMACK
VICE PRESIDENT
HEALTH SYSTEM

REC'D
OFFICE OF THE PRESIDENT
NOV 11 2009
UNIVERSITY OF SOUTH ALABAMA

2451 FILLINGIM STREET, SUITE 3040
MOBILE, ALABAMA 36617-2293
FAX: (251) 471-7751

MEMORANDUM

TO: V. Gordon Moulton
President

FROM: Stan Hammack

DATE: November 11, 2009

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

For Approval:
University of South Alabama Hospitals:

Credentials Report – September and October 2009

SKH:eb

Attachment

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEES APPROVAL
SEPTEMBER AND OCTOBER 2009

The following is a listing of recommendations for approval of new appointments, reappointments and other status changes of physicians and allied health professionals. These have been reviewed and are recommended by the Medical Executive Committee of the respective hospitals.

	USACWH			USAMC			AMBULATORY CARE		
NAME	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Abordo, Bayani A., MD	Reappt	Consulting	Psychiatry	Reappt	Consulting	Psychiatry	N/A	N/A	N/A
Anderson, Stephanie J., MD	New Appt	Associate	Peds	New Appt	Associate	Peds	New Appt	Associate	Peds
Atwell, George W., MD	No privs	N/A	N/A	Reappt	Active	Emer Med	Reappt	Active	Emer Med
Awan, Ghulam M., MD	Reappt	Active	Int Med	Reappt	Active	Int Med	Reappt	Active	Int Med
Beals, Daniel A., MD	New Appt	Associate	Surgery	New Appt	Associate	Surgery	New Appt	Associate	Surgery
Bhagwandin, Vilma, MD	Reappt	Active	Peds	No privs	N/A	N/A	N/A	N/A	N/A
Billett, William J., MD	Reappt	Consulting	Psychiatry	Reappt	Consulting	Psychiatry	N/A	N/A	N/A
Bullock, Lesli A., CRNP	New Appt	Allied Health	Ortho	New Appt	Allied Health	Ortho	N/A	N/A	N/A
Cohen, Michael V., MD	Reappt	Active	Int Med	Reappt	Active	Int Med	Reappt	Active	Int Med
Connelly, Rosina A., MD	Reappt	Active	Peds	No privs	N/A	N/A	Reappt	Active	Peds
Fondren, Lisa, RN	Reappt	Allied Health	Ortho	Reappt	Allied Health	Ortho	N/A	N/A	N/A
Ghelmez, Florin, MD	Reappt	Consulting	Psychiatry	Reappt	Consulting	Psychiatry	N/A	N/A	N/A
Granberry, Michael L., MD	New Appt	Associate	Ortho	New Appt	Associate	Ortho	N/A	N/A	N/A
Greenleaf, Stephen E., III, DMD	New Appt	Allied Health	Surgery	No privs	N/A	N/A	N/A	N/A	N/A
Gupta, Sunil, MD	Reappt	Courtesy	Surgery	Reappt	Courtesy	Surgery	N/A	N/A	N/A
Harris, Michael J., CNIM	New Appt	Allied Health	Neurosurg	New Appt	Allied Health	Neurosurg	N/A	N/A	N/A
Herret, Wendi B., RN	New Appt	Allied Health	Surgery	New Appt	Allied Health	Surgery	N/A	N/A	N/A
Hinton, Claire B., PA	New Appt	Allied Health	Surgery	New Appt	Allied Health	Surgery	N/A	N/A	N/A
Kaulfers, Anne-Marie D., MD	New Appt	Associate	Peds	New Appt	Associate	Peds	New Appt	Associate	Peds
Pack-Mabien, Ardie V., CRNP	Reappt	Allied Health	Int Med	Reappt	Allied Health	Int Med	Reappt	Allied Health	Int Med
Madanagopal, Sudhakar G., MD	Reappt	Active	Ortho	Reappt	Active	Ortho	Reappt	Active	Ortho
Martino, Anthony M., MD	Reappt	Active	Neurosurg	Reappt	Active	Neurosurg	Reappt	Active	Neurosurg
Miller, Pamela, REEGT, RPSGT	New Appt	Allied Health	Neurosurg	New Appt	Allied Health	Neurosurg	N/A	N/A	N/A
Mupanomunda, Ophard, MD	Reappt	Active	Peds	No privs	N/A	N/A	N/A	N/A	N/A
Murphy, Darrell A., CRNA	New Appt	Allied Health	Anesth	New Appt	Allied Health	Anesth	New Appt	Allied Health	Anesth
Olatinwo, Oluwatoyin, MD	Reappt	Consulting	Int Med	Reappt	Active	Int Med	Reappt	Active	Int Med
Parker, Sandra K., MD	Reappt	Consulting	Psychiatry	Reappt	Consulting	Psychiatry	N/A	N/A	N/A
Pelekanos, Sharon, PA	Reappt	Allied Health	Neurosurg	Reappt	Allied Health	Neurosurg	Reappt	Allied Health	Neurosurg
Perkins, Robert A., MD	Reappt	Active	Fam Med	Reappt	Active	Fam Med	Reappt	Active	Fam Med
Ponnambalam, Ananthasekar, MD	Reappt	Active	Peds	Reappt	Consulting	Peds	Reappt	Consulting	Peds

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEES APPROVAL
SEPTEMBER AND OCTOBER 2009

The following is a listing of recommendations for approval of new appointments, reappointments and other status changes of physicians and allied health professionals. These have been reviewed and are recommended by the Medical Executive Committee of the respective hospitals.

NAME	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Rabbani, Adeel, MD	Reappt	Consulting	Psychiatry	Reappt	Consulting	Psychiatry	N/A	N/A	N/A
Riddick, LeRoy, MD	No privs	N/A	N/A	Reappt	Consulting	Pathology	Reappt	Consulting	Pathology
Rider, Paul F., Jr., MD	New Appt	Associate	Surgery	New Appt	Associate	Surgery	New Appt	Associate	Surgery
Rogers, Charles M., IV, MD	Reappt	Courtesy	Ob/Gyn	No privs	N/A	N/A	N/A	N/A	N/A
Rogers, Helen H., MD	Reappt	Courtesy	Ob/Gyn	No privs	N/A	N/A	N/A	N/A	N/A
Ross, William A., LPN	Reappt	Allied Health	Surgery	Reappt	Allied Health	Surgery	N/A	N/A	N/A
Saitz, Marianne, DO	Reappt	Consulting	Psychiatry	Reappt	Consulting	Psychiatry	N/A	N/A	N/A
Stewart, Regina A., CRNP	New Appt	Allied Health	Surgery	No privs	N/A	N/A	New Appt	Allied Health	Surgery
Taylor, Sherri K., MD	Reappt	Active	Ob/Gyn	Reappt	Active	Ob/Gyn	Reappt	Active	Ob/Gyn
Weaver, Ashley E., IOM Tech	New Appt	Allied Health	Neurosurg	New Appt	Allied Health	Neurosurg	N/A	N/A	N/A

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEES APPROVAL
SEPTEMBER AND OCTOBER 2009

The following is a listing of recommendations for approval of new appointments, reappointments and other status changes of physicians and allied health professionals. These have been reviewed and are recommended by the Medical Executive Committee of the respective hospitals.

	USACWH			USAMC			AMBULATORY CARE		
NAME	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
CHANGE IN STATUS/RESIGNATION									
Beaver, Barney, DO	***	Associate	Int Med	***	Associate	Int Med	***	Associate	Int Med
Cameron, Daniel G., MD	**#*	Active	Int Med	**#*	Active	Int Med	**#*	Active	Int Med
Cole, Kimberly A., DO	**##	Active	Peds						
Falkos, Sheryl A., MD	####	Active	Peds	####	Active	Peds	####	Active	Peds
Gavrilita, Cristina E., MD				**##	Associate	Peds			
Laycock, David G., MD	Reinstate from LOA with USACW 8/24/09								
Tailounie, Muayyad, MD	****	Associate	Peds	****	Associate	Peds	****	Associate	Peds
Tailounie, Muayyad, MD				**##	Associate	Peds			
Vidal, Rosa A., MD	****	Active	Peds	****	Active	Peds	****	Active	Peds

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEES APPROVAL
SEPTEMBER AND OCTOBER 2009

LEGEND:

New Appt	**New application for medical staff privileges recommended for approval.**
Reappt	**Reappointment application for medical staff privileges recommended for approval.**
No Privs	**No privileges requested**
Changes in Status	**# Change to USA Faculty**
	## Change to Private Practice
	*** Additional Privileges Requested – Epicor Cardiac Tissue Abalation**
	**** Additional Privileges Requested – OB/GYN Privileges Added**
	***** Additional Privileges Requested – Moderate Conscious Sedation Privileges**
	******Additional Privileges Requested – Deep Sedation Privileges**
	****#*Added Hematology/Oncology Checklist**
	****##Additional Privileges for both USA Hospitals/Already processed at USACW**

RECOMMENDED BY:

Craig Sherman, MD, President, Medical Staff
USA Children's & Women's Hospital

Robert A. Perkins, MD, President, Medical Staff,
USA Medical Center

Stanley K. Hammack

Stanley K. Hammack
Vice President, USA Health System

RESOLUTION

POSTHUMOUS PROFESSOR EMERITUS

WHEREAS, Dr. Thomas G. Jackson faithfully served the University of South Alabama for 43 years in the College of Arts and Sciences, and

WHEREAS, as a member of the Department of Chemistry faculty, Dr. Jackson was an outstanding teacher, and

WHEREAS, Dr. Jackson was a dedicated mentor to students in the premedical professional fields as founding advisor to the Alabama Zeta chapter of the Alpha Epsilon Delta honor society at the University of South Alabama, and

WHEREAS, Dr. Jackson helped create the University of South Alabama College of Medicine Early Acceptance Program and assisted in writing the Medical College Admissions Test and the Dental College Admissions Test, and

WHEREAS, Dr. Jackson served as regional director, national vice president and national president of Alpha Epsilon Delta, and

WHEREAS, during Dr. Jackson's tenure as national president, Alpha Epsilon Delta achieved unprecedented growth chartering 26 new chapters, registering 29,609 new members, increasing scholarship awards, and establishing the Virgil Tweedie Scholarship, and

WHEREAS, Dr. Jackson served on the University of South Alabama Faculty Senate, as an advisory committee member for the Physician Assistant Program, and several terms as a member of the Academic Affairs Curriculum Committee, and had numerous other affiliations, including the Southeastern Association of Advisors for the Health Professions and the Association of American Medical Colleges,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama in a seated meeting held on December 10, 2009, hereby posthumously recognizes Dr. Thomas G. Jackson with the title of Professor Emeritus.

REC'D
OFFICE OF THE PRESIDENT
OCT 22 2009
UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA
OFFICE OF ACADEMIC AFFAIRS

October 21, 2009

TO: Gordon Moulton

FROM: G. David Johnson

RE: Posthumous Professor Emeritus Recommendation

In accordance with the recommendation of the faculty and Chair of the Department of Chemistry and Dean of the College of Arts and Sciences, I recommend that Dr. Thomas G. Jackson posthumously be granted the title of *Professor Emeritus* effective upon approval of you and the Board of Trustees.

A resolution for the Board of Trustees is attached.

GDJ/njc

approved 10/22/09

RESOLUTION

ASSOCIATE PROFESSOR EMERITUS

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

Aaron "Bill" Williams, Ph.D., Associate Professor of Earth Sciences

and,

WHEREAS, Dr. Williams' contributions to the University of South Alabama include extraordinary accomplishments in teaching and the generation of new knowledge through research and scholarship, which have inspired students for 42 years, and

WHEREAS, with a clear vision and through steadfast leadership, Dr. Williams founded USA's meteorology program, the ninth largest in the country, and the Coastal Weather Research Center, which is dedicated to saving lives and property by providing timely and accurate weather forecasts to businesses and agencies throughout the southeast region of the United States, and

WHEREAS, the faculty and chairperson from his department, the academic dean, the Senior Vice President for Academic Affairs, and the President have duly recommended the aforementioned retiree 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 December 10, 2009, hereby appoints Dr. Aaron "Bill" Williams to the rank of Associate 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 his extraordinary accomplishments and dedicated service to the University of South Alabama, wishes to convey its deep appreciation to Dr. Williams.

MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA
OFFICE OF ACADEMIC AFFAIRS

REC'D
OFFICE OF THE PRESIDENT
NOV 04 2009
UNIVERSITY OF SOUTH ALABAMA

November 3, 2009

TO: Gordon Moulton

FROM: G. David Johnson

RE: Associate Professor Emeritus Recommendation

In accordance with the recommendation of the faculty and Chair of the Department of Earth Sciences and Dean of the College of Arts and Sciences, I recommend that the retired University of South Alabama faculty listed below be granted the status of *Associate Professor Emeritus* effective upon approval of you and the Board of Trustees.

- Dr. Aaron Williams, Associate Professor of Earth Sciences, Retired August, 2009

A resolution for the Board of Trustees is attached.

GDJ/njc

RESOLUTION

SABBATICAL AWARDS

WHEREAS, in accordance with University policy, proposals for Sabbatical Awards have been reviewed and recommended by the respective faculty committees, Departmental Chair, College Dean, and by the Senior Vice President for Academic Affairs or Vice President for Health Sciences, and the President,

THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees approves said Sabbatical Awards on this date, December 10, 2009, for the 2010-2011 academic year.

NAME	DISCIPLINE	TIME PERIOD
ACADEMIC AFFAIRS:		
Dr. Jorg Feldvoss	Mathematics/Statistics	Spring 2011
Dr. W. David Gartman	Sociology/Anthropology/Social Work	Fall 2010
Dr. Marsha L. Hamilton	History	Fall 2010
Dr. Ellen B. Harrington	English	Spring 2011
Dr. Christopher V. Hollingsworth	English	Fall 2010
Dr. Karyn W. Tunks	Leadership and Teacher Education	Fall 2010
Dr. Bin Wang	Mathematics/Statistics	Academic Year 2010-2011
COLLEGE OF MEDICINE:		
Dr. Dennis Fell	Physical Therapy	Academic Year 2010-2011

REC'D
OFFICE OF THE PRESIDENT
NOV 10 2009
UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF ACADEMIC AFFAIRS

DATE: November 9, 2009

TO: V. Gordon Moulton

FROM: G. David Johnson

SUBJECT: Sabbatical Recommendation for Academic Year 2010-2011

I recommend that the individuals whose names are listed below be granted a sabbatical for the period of time as indicated.

Dr. Jorg Feldvoss	Mathematics/Statistics	Spring 2011
Dr. W. David Gartman	Sociology/Anthropology/Social Work	Fall 2010
Dr. Marsha L. Hamilton	History	Fall 2010
Dr. Ellen B. Harrington	English	Spring 2011
Dr. Cristopher V. Hollingsworth	English	Fall 2010
Dr. Karyn W. Tunks	Leadership & Teacher Education	Fall 2010
Dr. Bin Wang	Mathematics/Statistics	AY 2010-2011

Teaching coverage has been addressed in each case in a satisfactory manner. The University will realize a net savings of $7,920. Proposals have been reviewed and recommended at the discipline and college level. Full applications and supporting materials are available in the Office of Academic Affairs. A brief summary of each request is attached.

GDJ/ms

REC'D
OFFICE OF THE PRESIDENT
NOV 17 2009
UNIVERSITY OF SOUTH ALABAMA

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF THE VICE PRESIDENT
FOR HEALTH SCIENCES

TELEPHONE: (251) 460-7189
MOBILE, ALABAMA 36688-0002
FAX: (251) 460-6073

Memorandum

TO: V. Gordon Moulton
President

FROM: Ronald D. Franks, M.D.
Vice President for Health Sciences
Professor of Psychiatry

DATE: November 17, 2009

SUBJECT: Sabbatical Leave Request, Dr. Dennis Fell

Attached please find the sabbatical leave request for Dr. Dennis Fell as outlined in the Sabbatical Policy in the Faculty Handbook. Both Dr. Talbott and I support this request and forward it for your approval. It will not result in any increased cost to the College or the University as the existing faculty will assume Dr. Fell's teaching load and funds will be available from his chair stipend for part time assistance in his absence.

RDF/cwc

Attachment

INDEX
JULY 2009

Financial Report Highlights
July 31, 2009

Introduction
This Financial Report presents the financial position and financial activity of the University of South Alabama utilizing the fund basis of accounting. The report presents the assets, liabilities and fund balances of each fund including the current funds (unrestricted and restricted), loan funds, endowment funds, and plant funds (renewals and replacements, retirement of indebtedness and investment in plant). The financial reporting requirements of the Governmental Accounting Standard Board, by which the University reports its quarterly financial statements, are not utilized in this monthly financial report.

Financial Highlights
Financial report highlights at, and for the ten months ended, July 31, 2009 and 2008 are as follows (in thousands):

	At and for the ten months ended	
	7-31-09	7-31-08
Total assets, by fund		
Current	$ 193,811	$ 228,233
Loan	4,783	4,790
Endowment	85,966	87,845
Plant	606,243	482,041
Fund Balances, by fund		
Current	$ 29,612	$ 49,569
Loan	450	442
Endowment	76,557	78,498
Plant	293,562	278,209
Other balance sheet highlights		
Cash and investments	$ 263,922	$ 246,731
Accounts receivable, primarily patient	105,106	89,516
Bonds and notes payable	305,123	195,811

	For the ten months ended	
	7-31-09	7-31-08
Selected operating highlights (current funds)		
Tuition and fees	$ 66,777	$ 58,025
State appropriations	90,376	116,44
Hospital revenues	246,256	242,137
Gifts, grants and contracts	75,943	89,804
Instruction and academic support	106,757	108,109
Research and public service	56,010	54,033
Hospital expenses	262,289	251,796
Net current fund increase (decrease)	(19,409)	810

Financial Analysis
This report should be read in conjunction with the University's monthly financial reports and with the understanding of the cyclical nature of the University's operations. Certain revenues (tuition and fees, auxiliary enterprises, etc.) are received at specific times in the University's fiscal year while certain other revenue streams (hospital, state appropriations) are received throughout the year. Additionally, certain revenue and expense items fluctuate with changes in enrollment while others do not. As a result of these items, significant fluctuations of cash and investments along with other balance sheet items are normal.

Economic Outlook
While enrollment and tuition have increased in recent years, the University is experiencing a significant decrease (including an initial reduction of 12.8% and additional proration of 9% and 2% announced in December 2008 and August 2009) in state appropriations in fiscal 2009. Additionally, the University is subject to declines in general economic conditions in the United States and the State of Alabama. Recent declines in financial markets have had a significant impact on the value of the University's endowment and the market value of the USA Foundation. Further weakening of the economy could have a potential further negative impact in state appropriations and on other aspects of the University's operations.

UNIVERSITY OF SOUTH ALABAMA
BALANCE SHEETS
JULY 2009 AND 2008

ASSETS	2009	2008
CURRENT FUNDS:		
UNRESTRICTED:		
CASH AND CASH EQUIVALENTS	$ 138,567.38	$ 144,167.49
INVESTMENTS	45,766,787.80	94,862,084.84
ACCOUNTS RECEIVABLE - PATIENTS (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF $45,321,700.29 FOR 2009 AND $42,476,664.26 FOR 2008)	105,105,584.84	89,515,926.02
DEPOSITS	35,000.00	35,000.00
INVENTORIES AT COST	5,317,367.03	4,236,908.09
PREPAID EXPENSES	18,023,790.62	20,771,872.09
TOTAL UNRESTRICTED	174,387,097.67	209,565,958.53
RESTRICTED FUNDS:		
CASH AND CASH EQUIVALENTS	9,031,589.57	7,871,463.10
INVESTMENTS	11,529.60	44,426.36
UNBILLED COSTS AND ACCOUNTS RECEIVABLE	10,381,282.96	10,751,310.55
TOTAL RESTRICTED	19,424,402.13	18,667,200.01
TOTAL CURRENT FUNDS	193,811,499.80	228,233,158.54
LOAN FUNDS:		
CASH AND CASH EQUIVALENTS	703,145.36	467,336.18
NOTES RECEIVABLE (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF $500,533.16 FOR 2009 AND $521,687.85 FOR 2008)	4,079,967.92	4,322,537.58
TOTAL LOAN FUNDS	4,783,113.28	4,789,873.76
ENDOWMENT FUNDS:		
CASH AND CASH EQUIVALENTS	21,348,289.95	17,947,128.67
FUNDS WITH TRUSTEES	0.00	53,981.22
INVESTMENTS	59,674,272.48	65,389,152.20
REAL ESTATE HELD FOR RESALE	1,338,429.00	988,429.00
PREPAID-LIFE ESTATE	3,605,307.00	3,466,641.00
TOTAL ENDOWMENT FUNDS	85,966,298.43	87,845,332.09
PLANT FUNDS:		
CASH AND CASH EQUIVALENTS	77,361,530.95	9,506,405.34
INVESTMENTS	49,886,219.93	50,499,147.50
ACCOUNTS RECEIVABLE	1,948,236.00	1,830,526.00
NOTES RECEIVABLE	254,936.16	254,936.16
INTEREST RECEIVABLE	0.00	94,173.61
DUE FROM OTHER FUNDS	73,720,563.87	89,765,420.65
PREPAID EXPENSES	4,932,925.39	2,126,195.81
CAPITAL LEASE RECEIVABLE	1,133,383.30	1,304,193.30
INVESTMENT IN PLANT:		
LAND	29,232,252.32	29,271,538.45
LAND IMPROVEMENTS	9,105,049.58	10,184,698.17
BUILDINGS , ACCUM DEPREC AND IMPROVEMENTS	131,202,020.12	127,598,763.25
OTHER EQUIPMENT, BOOKS AND FILMS	50,546,862.36	59,168,352.89
CONSTRUCTION IN PROGRESS	176,919,451.06	100,436,271.34
TOTAL PLANT FUNDS	606,243,431.04	482,040,622.47
TOTAL ASSETS	$ 890,804,342.55	$ 802,908,986.86

LIABILITIES AND FUND BALANCES	2009	2008
CURRENT FUNDS:		
UNRESTRICTED:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 47,957,112.13	$ 51,012,087.86
DEFERRED REVENUES	40,019,308.48	35,933,079.52
DUE TO OTHER FUNDS	73,720,563.87	89,765,420.65
DEPOSITS HELD IN CUSTODY	572,383.83	315,589.21
OTHER DEPOSITS	551,567.12	482,643.43
FUND BALANCES:		
ALLOCATED FOR:		
HOSPITALS	(31,712,845.89)	(15,402,888.42)
AUXILIARY ENTERPRISES	1,648,391.54	(909,116.19)
ENCUMBRANCES	2,891,332.76	2,117,476.82
SELF-SUPPORTING ACTIVITIES	45,379,730.98	45,186,174.22
UNALLOCATED	(6,640,447.15)	1,065,511.43
TOTAL FUND BALANCES	11,566,162.24	32,057,157.86
TOTAL UNRESTRICTED	174,387,097.67	209,565,958.53
RESTRICTED FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	35,463.85	21,308.08
OTHER DEPOSITS	1,170.00	1,100.00
DEFERRED REVENUES	1,342,089.27	1,132,986.36
FUND BALANCES	18,045,679.01	17,511,805.57
TOTAL RESTRICTED	19,424,402.13	18,667,200.01
TOTAL CURRENT FUNDS	193,811,499.80	228,233,158.54
LOAN FUNDS:		
REFUNDABLE GOVERNMENT ADVANCES	4,333,038.93	4,348,114.74
FUND BALANCES:		
UNIVERSITY FUNDS, UNRESTRICTED	450,074.35	441,759.02
TOTAL FUND BALANCES	450,074.35	441,759.02
TOTAL LOAN FUNDS	4,783,113.28	4,789,873.76
ENDOWMENT FUNDS:		
DEFERRED REVENUES	1,792,319.00	2,101,675.00
BONDS PAYABLE	7,616,634.00	7,245,919.00
FUND BALANCES:		
RESTRICTED NONEXPENDABLE	24,729,291.39	24,255,873.47
UNRESTRICTED EXPENDABLE	51,828,054.04	54,241,864.62
TOTAL FUND BALANCES	76,557,345.43	78,497,738.09
TOTAL ENDOWMENT FUNDS	85,966,298.43	87,845,332.09
PLANT FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	1,102,376.07	1,160,748.78
DEFERRED REVENUES	6,419,406.16	6,723,563.72
OTHER DEPOSITS	27,791.67	27,791.67
NOTES PAYABLE	0.00	367,034.61
BONDS PAYABLE	305,122,852.73	195,444,318.31
CAPITAL LEASE OBLIGATIONS	8,515.88	107,757.51
FUND BALANCES:		
RENEWALS AND REPLACEMENTS	(10,011,269.86)	53,809,744.50
RETIREMENT OF INDEBTEDNESS	22,801,838.69	17,755,811.36
INVESTMENT IN PLANT	280,771,919.70	206,643,852.01
TOTAL FUND BALANCES	293,562,488.53	278,209,407.87
TOTAL PLANT FUNDS	606,243,431.04	482,040,622.47
TOTAL LIABILITIES AND FUND BALANCES	$ 890,804,342.55	$ 802,908,986.86

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE TEN MONTHS ENDED JULY 31, 2009

	CURRENT FUNDS				PLANT FUNDS		
	UNRESTRICTED	RESTRICTED	LOAN FUNDS	ENDOWMENT FUNDS	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
REVENUES AND OTHER ADDITIONS:							
EDUCATIONAL AND GENERAL REVENUES	211,655,290.47						
HOSPITALS REVENUES	254,107,955.14						
AUXILIARY ENTERPRISES REVENUES	11,852,792.57						
GRANTS AND CONTRACTS:							
FEDERAL		23,010,358.01	8,653.00				
STATE AND LOCAL		4,161,732.84					
PRIVATE		2,377,822.72					
GOVERNMENT APPROPRIATIONS:							
FEDERAL							
STATE					8,231,740.00		
INVESTMENT INCOME,GAINS/LOSS			3,351.19	(3,860,088.61)	1,723,508.87	245,068.05	
INSURANCE PROCEEDS							
INTEREST ON LOANS RECEIVABLE			42,700.09			35,617.05	
GIFTS AND BEQUESTS			80.00	5,430,511.27	544,076.00		
EXPENDED FOR PLANT FACILITIES (INCLUDING							61,366,298.05
$1,621,694.34 CURRENT FUNDS EXPENDITURES)							
RETIREMENT OF INDEBTEDNESS							4,493,073.11
PROCEEDS FROM SALE OF CAPITAL ASSETS							
OTHER SOURCES		8,844,364.08	238.00	3,113.00	625,667.54		4,159,669.03
TOTAL REVENUES AND OTHER ADDITIONS	477,616,038.18	38,394,277.65	55,022.28	1,573,535.66	11,124,992.41	280,685.10	70,019,040.19
EXPENDITURES AND OTHER DEDUCTIONS:							
EDUCATIONAL AND GENERAL EXPENDITURES	203,832,917.30	32,751,187.61					
HOSPITALS EXPENDITURES	258,284,732.48						
AUXILIARY ENTERPRISES EXPENDITURES	11,223,267.45						
INDIRECT COSTS RECOVERED		4,320,865.95					
REFUNDED TO GRANTORS		1,843.12					
RETIREMENT OF INDEBTEDNESS						4,493,073.11	
ADMINISTRATIVE AND COLLECTION COSTS			1,954.38				
EXPENDED FOR PLANT FACILITIES (INCLUDING							
$2,534,369.59 FOR NON-CAPITALIZED EXPENDITURES)					62,278,973.30		
INTEREST ON INDEBTEDNESS						8,457,237.71	
DEPRECIATION EXPENSES OF PLANT FACILITIES							21,228,913.80
DISPOSAL OF PLANT							
LOSS ON DISPOSAL OF PLANT							65,283.85
OTHER DEDUCTIONS			6,794.04	286,195.35		(23,449.34)	
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	473,340,917.23	37,073,896.68	8,748.42	286,195.35	62,278,973.30	12,926,861.48	21,294,197.65
TRANSFERS AMONG FUNDS-ADDITIONS(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(15,130,783.40)				(2,181,296.00)	17,471,882.51	(159,803.11)
FINANCIAL AID MATCHING	(57,482.00)	56,521.00	961.00				
NON-MANDATORY:							
FUNDED DEPRECIATION	(5,825,075.00)				5,825,075.00		
MOBILE RACING COMMMISSION	(157,468.18)				157,468.18		
PLANT ADDITIONS AND REPLACEMENTS	(4,626,289.07)				4,351,795.58	274,493.49	
ENDOWMENT FUND	(2,658,667.65)	197,979.19		3,147,894.64	(687,206.18)		
OTHER TRANSFERS	2,923,759.66	273,464.82	(7,844.40)	(765,575.58)	(2,184,935.84)	1,081,620.41	(1,320,489.07)
TOTAL TRANSFERS	(25,532,005.64)	527,965.01	(6,883.40)	2,382,319.06	5,280,900.74	18,827,996.41	(1,480,292.18)
NET INCREASE (DECREASE) FOR THE PERIOD	(21,256,884.69)	1,848,345.98	39,390.46	3,669,659.37	(45,873,080.15)	6,181,820.03	47,244,550.36
FUND BALANCES AT OCTOBER 1, 2008	32,823,046.93	16,197,333.03	410,683.89	72,887,686.06	35,861,810.29	16,620,018.66	233,527,369.34
FUND BALANCES AT JULY 31, 2009	$ 11,566,162.24	$ 18,045,679.01	$ 450,074.35	$ 76,557,345.43	$ (10,011,269.86)	$ 22,801,838.69	$ 280,771,919.70

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.
*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE $2,808,905.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE TEN MONTHS ENDED JULY 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	MONTH ENDED JULY 31, 2009			JULY 31,
	UNRESTRICTED	RESTRICTED	TOTAL	2008
REVENUES:				
TUITION AND FEES	$ 66,776,695.74	$	$ 66,776,695.74	$ 58,025,414.90
STATE APPROPRIATIONS	82,524,231.30		82,524,231.30	105,475,401.70
MOBILE RACING COMMISSION	157,468.18		157,468.18	312,950.73
FEDERAL GRANTS AND CONTRACTS	3,726,716.15	24,443,764.46	28,170,480.61	35,444,289.70
STATE GRANTS AND CONTRACTS (INCLUDING INDIRECT COST RECOVERED OF $237,560.72)	543,395.56	3,878,249.96	4,421,645.52	6,808,770.15
PRIVATE GIFTS, GRANTS, AND CONTRACTS (INCLUDING INDIRECT COSTS RECOVERED OF $356,589.08)	41,447,550.52	1,903,396.06	43,350,946.58	47,550,790.42
INVESTMENT INCOME	2,151,765.00		2,151,765.00	1,854,220.90
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	3,288,709.41		3,288,709.41	3,649,806.64
HOSPITALS - SALES AND SERVICES	246,256,411.84		246,256,411.84	242,136,922.42
- STATE APPROPRIATIONS	7,851,543.30		7,851,543.30	10,972,003.30
AUXILIARY ENTERPRISES - SALES AND SERVICES	11,852,792.57		11,852,792.57	11,881,949.56
OTHER SOURCES	11,038,758.61	2,525,777.13	13,564,535.74	12,495,072.33
TOTAL CURRENT REVENUES	477,616,038.18	32,751,187.61	510,367,225.79	536,607,592.75
EXPENDITURES AND TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	86,705,400.98	6,846,350.63	93,551,751.61	93,955,801.76
RESEARCH	6,350,973.29	11,952,866.68	18,303,839.97	17,343,692.08
PUBLIC SERVICE	36,285,574.34	1,420,821.86	37,706,396.20	36,689,725.22
ACADEMIC SUPPORT	13,205,506.64		13,205,506.64	14,153,372.22
STUDENT SERVICES	19,069,820.92	661,309.73	19,731,130.65	17,822,571.81
INSTITUTIONAL SUPPORT	22,195,084.48	126,030.36	22,321,114.84	24,621,637.60
OPERATION AND MAINTENANCE OF PLANT	17,180,027.14	4,279,199.37	21,459,226.51	33,611,811.91
SCHOLARSHIPS	2,840,529.51	7,464,608.98	10,305,138.49	8,987,694.56
EDUCATIONAL AND GENERAL	203,832,917.30	32,751,187.61	236,584,104.91	247,186,307.16
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	9,955,299.82		9,955,299.82	4,411,780.00
FINANCIAL AID MATCHING	57,482.00		57,482.00	45,207.00
TOTAL EDUCATIONAL AND GENERAL	213,845,699.12	32,751,187.61	246,596,886.73	251,643,294.16
HOSPITALS (INCLUDING DEBT SERVICE OF $4,004,244.70)	262,288,977.18		262,288,977.18	251,795,791.42
AUXILIARY ENTERPRISES:				
EXPENDITURES	11,223,267.45		11,223,267.45	11,640,079.52
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	1,171,238.88		1,171,238.88	1,184,952.00
NON-MANDATORY TRANSFERS FOR:				
RENEWALS AND REPLACEMENTS			0.00	15,000.00
OTHER TRANSFERS	(16,202.35)		(16,202.35)	(6,420.13)
TOTAL AUXILIARIES	12,378,303.98	0.00	12,378,303.98	12,833,611.39
TOTAL EXPENDITURES AND TRANSFERS	488,512,980.28	32,751,187.61	521,264,167.89	516,272,696.97
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):				
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		1,322,224.09	1,322,224.09	1,711,734.25
REFUNDED TO GRANTORS		(1,843.12)	(1,843.12)	(149,758.28)
FUNDED DEPRECIATION	(5,825,075.00)		(5,825,075.00) *	(7,455,928.00)
MOBILE RACING COMMISSION	(157,468.18)		(157,468.18)	(312,950.73)
PLANT ADDITIONS AND REPLACEMENTS	(4,626,289.07)		(4,626,289.07)	(4,682,118.69)
ENDOWMENT FUND	(2,658,667.65)	197,979.19	(2,460,688.46)	(3,180,453.05)
OTHER TRANSFERS	2,907,557.31	329,985.82	3,237,543.13	(5,454,933.70)
TOTAL TRANSFERS	(10,359,942.59)	1,848,345.98	(8,511,596.61)	(19,524,408.20)
NET INCREASE/(DECREASE) IN FUND BALANCES	$ (21,256,884.69)	$ 1,848,345.98	$ (19,408,538.71)	$ 810,487.58

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.
*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE $2,808,905.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTS

The accompanying financial reports are the responsibility of management of the University of South Alabama. Management is responsible for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets and for devising a system of internal control that will, among other things, help assure the production of proper financial statements. The transactions which should be reflected in the accounts and in the financial reports are matters within the direct knowledge and control of management.

BASIS OF PRESENTATION

The financial reports of the University of South Alabama (the University) are prepared on the accrual basis. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and, (3) transfers of a nonmandatory nature in all other cases.

FUND ACCOUNTING

In order to observe limitations and restrictions placed on the use of resources available to the University, the accounts of the University are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds which may be used for specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, funds restricted by outside sources are so indicated and are distinguished from funds designated for specific purposes by authority of the Board of Trustees.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

CURRENT FUNDS

Current fund balances are separated into those which are unrestricted and those which are restricted by donors and grantors. Restricted funds may only be expended for the purpose indicated by the donor or grantor, whereas unrestricted funds are under the control of the University to use in achieving its educational purposes.

PLANT FUNDS

Plant funds include the transactions related to investment in institutional properties and related indebtedness.

Plant assets consisting of land, buildings, equipment and library books are stated at cost or, if contributed, at fair market value at the time of receipt. Investment in plant is reduced for disposals of plant assets.

Some equipment purchases are made from current funds and are presented under the appropriate functional classification of expenditures, while other additions are funded by transfers from unrestricted current funds to the plant funds. All such expenditures in excess of $5,000 having a life of two years or more are capitalized as investment in plant.

INVESTMENT IN POOLED FUNDS

Investments are stated at cost, except those received by gift which are stated at fair market value at date of receipt. Endowment investments of the University are maintained and administered in a common pool. Separate accounts are maintained for each fund, as applicable. Depositories and other financial institutions that held investments for the University have pledged securities of various governmental agencies to secure funds held on deposit.

UNRESTRICTED GIFTS

Except for pledged operating and capital gifts, unrestricted gifts are recognized as revenue when received. Certain operating and capital pledges are recorded as a receivable, along with the corresponding revenue, when such pledges are made.

GRANTS AND CONTRACTS

The University has been awarded grants and contracts for current funds operations for which the funds have not been received nor have expenditures been made for the purpose specified in the grant or contract. These awards have not been reflected in the financial reports, but represent commitments of sponsors to provide funds for specific research and training projects.

SCHOLARSHIPS AND FELLOWSHIPS

The University receives funds which are restricted by donors and grantors for assistance to qualified students. When these funds are granted to students, the University records the expenditure for scholarships and fellowships along with the corresponding revenue.

INCOME TAXES

The Internal Revenue Service has determined that the University is a tax-exempt organization; accordingly, no provision for income taxes has been made in the accompanying financial statements.

DEFERRED REVENUES AND EXPENDITURES

Dormitory rentals, student tuition and other fees, together with related expenditures, are deferred and amortized over the applicable academic semester.

EMPLOYEE BENEFITS

Employees of the University are covered by two pension plans, a defined contribution pension plan and a pension plan administered by the Teachers' Retirement System of the State of Alabama (the Retirement Plan).

The defined contribution pension plan covers certain academic and administrative employees and contributions under this plan are funded as accrued.

Permanent employees of the University participate in the Teachers' Retirement System of Alabama. The Retirement Plan is fully funded by the State and by contributions from participating employees. The University contributes 12.07% of each employee's gross earnings to the Retirement Plan and is reflected in current funds expenditures. All covered employees must contribute 5% of their gross earnings to the Retirement Plan. Benefits fully vest after 10 years of full-time, permanent employment.

LIABILITY INSURANCE

The University and certain of its affiliates participate in professional and general liability trust funds. These trust funds are irrevocable and use contributions by the University and its affiliates, together with earnings thereon, to pay liabilities arising from the performance of its employees. Contributions to the trusts are recorded as expenditures upon payment and are determined by independent actuaries. If the trust funds are ever terminated, appropriate provision for payment of reported claims will be made and any remaining balance will be distributed to the University and its affiliates in proportion to contributions made.

BONDS PAYABLE

Bonds payable consist of the following:

- University Tuition Revenue Refunding and Capital Improvements Bonds, Series 1996, 3.80% to 5.00%, payable through November 2015 (refunded in January 2007)
- University Tuition Revenue Bonds, Series 1999, 3.70% to 5.25%, payable through November 2018.
- University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, 2.00% to 5.00%, payable through March 2024.
- University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, 5.00% payable through June 2037.
- University Facilities Revenue Capital Improvement Bonds, Series 2008, 3.00% to 5.00%, payable through August 2038.

LITIGATION

Various other claims have been filed against the University alleging discriminatory employment practices and other matters. University administration and legal counsel are of the opinion that the resolution of these matters will not have a material effect on the financial position or results of operations of the University.

MEDICAID DISPROPORTIONATE SHARE PAYMENTS

Hospitals revenues include funds received from the Alabama Medicaid Agency for services provided to a disproportionately high number of low income patients.

SUPPLEMENTAL SCHEDULES

SUMMARY SCHEDULE OF AUXILIARY ENTERPRISES
REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE TEN MONTHS ENDED JULY 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

				EXCESS REVENUES OVER EXPENDITURES AND OTHER CHANGES (DEFICIT)	
	REVENUES	EXPENDITURES	TRANSFERS	07/31/09	07/31/08
BOOKSTORE	$ 5,151,212.25	$ 5,126,022.43	$ 0.00	$ 25,189.82	$ 46,976.74
BROOKLEY CENTER	1,761,014.33	2,138,692.12	(45,625.25)	(423,303.04)	(501,375.56)
FOOD SERVICES-CAMPUS	200,204.76	119,530.91	0.00	80,673.85	33,029.43
HOUSING	4,740,361.23	3,839,021.99	(1,109,411.28)	(208,072.04)	(530,292.44)
TOTAL	$ 11,852,792.57	$ 11,223,267.45	$ (1,155,036.53)	$ (525,511.41)	$ (951,661.83)

BOOKSTORE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE TEN MONTHS ENDED JULY 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	07/31/09	07/31/08
REVENUES:		
SALES	$ 5,078,373.07	$ 5,187,902.41
LESS: DEPARTMENTAL DISCOUNTS	4,756.84	8,232.77
COST OF GOODS SOLD	3,766,859.95	3,819,622.84
GROSS PROFIT	1,306,756.28	1,360,046.80
CASH OVER/(SHORT)	(1,062.53)	(1,423.22)
GRADUATION (NET)	39,832.40	43,187.59
BAD DEBT RECOVERY	0.00	0.00
OTHER	34,069.31	39,496.55
NET REVENUES:	1,379,595.46	1,441,307.72
EXPENDITURES:		
SALARIES	576,217.38	600,139.56
EMPLOYEE BENEFITS	179,331.16	192,278.79
SUPPLIES	28,912.09	28,637.43
TRAVEL	4,054.61	11,918.45
EQUIPMENT	5,006.65	7,234.44
EQUIPMENT MAINTENANCE AND REPAIR	23,701.48	23,558.02
BUILDING & EQUIPMENT RENTAL	4,351.75	3,934.52
UTILITIES	62,500.00	62,500.00
TELEPHONE	5,650.25	8,308.98
INSURANCE AND BONDS	4,436.00	4,362.00
CONTRACT SERVICES	136,348.61	113,832.67
BAD DEBT EXPENSE	0.00	0.00
RENT	13,320.00	16,650.00
OBSOLETE INVENTORY	2,204.83	702.74
GENERAL EXPENSES	40,380.18	43,480.39
CHARGE CARD AND FACULTY STAFF DISCOUNTS	23,402.35	23,356.39
INSTITUTIONAL COST ALLOCATION	244,588.30	253,436.60
TOTAL EXPENDITURES	1,354,405.64	1,394,330.98
TRANSFERS AMONG FUNDS-ADDITIONS/(DEDUCTIONS):		
MANDATORY:		
PRINCIPAL AND INTEREST	0.00	0.00
NON-MANDATORY:		
OTHER TRANSFERS	0.00	0.00
RENEWAL AND REPLACEMENT	0.00	0.00
RETIREMENT REIMBURSEMENT	0.00	0.00
TOTAL TRANSFERS	0.00	0.00
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS	$ 25,189.82	$ 46,976.74

* THIS STATEMENT REFLECTS THE COMBINING OF BOOKSTORE OPERATIONS

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE TEN MONTHS ENDED JULY 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	ADMINISTRATION	INVESTMENT HOUSING	GOLF SHOP	FOOD SERVICE	TOTAL AUXILIARY SERVICES
REVENUES:					
SALES-FOOD & MERCHANDISE	$ 0.00	$ 0.00	$ 32,558.35	$ 0.00	$ 32,558.35
LESS: COST OF GOODS SOLD	0.00	0.00	20,769.86	0.00	20,769.86
DISCOUNTS	0.00	0.00	1,035.42	0.00	1,035.42
GROSS PROFIT	0.00	0.00	10,753.07	0.00	10,753.07
FEES	175.00	0.00	366,368.55	69,525.96	435,894.51
RENTALS	23,330.00	585,788.28	0.00	0.00	585,788.28
OTHER	4,547.54	300.00	3,870.94	0.00	4,170.94
FACILITY ASSESSMENT FEE	41,670.00	0.00	0.00	0.00	0.00
NET REVENUES	69,722.54	586,088.28	380,992.56	69,525.96	1,036,606.80
EXPENDITURES:					
OPERATING EXPENDITURES:					
SALARIES	543,629.38	69,273.54	136,378.85	0.00	205,652.39
EMPLOYEE BENEFITS	183,969.09	21,325.52	43,331.11	0.00	64,656.63
SUPPLIES	47,476.72	216.88	10,866.31	36.00	11,119.19
TRAVEL	1,344.45	0.00	512.24	0.00	512.24
CONTRACT SERVICE	94,986.53	55,623.71	42,505.23	1,084.16	99,213.10
BUILDING MAINTENANCE & REPAIR	6,234.71	43,684.84	2,484.60	1,820.37	47,989.81
GROUNDS MAINTENANCE	15,133.44	19,957.40	31,771.23	0.00	51,728.63
UTILITIES	135,968.28	75,786.52	33,327.48	47,834.50	156,948.50
EQUIPMENT MAINTENANCE & REPAIR	5,316.78	2,418.11	32,164.54	4,981.01	39,563.66
BUILDING & EQUIPMENT RENTAL	2,744.89	0.00	20,094.33	1,564.16	21,658.49
TELEPHONE	17,285.28	20.94	685.01	2.28	708.23
INSURANCE AND BONDS	53,034.00	0.00	732.00	2,188.00	2,920.00
RECEPTIONS	0.00	175.00	0.00	876.50	1,051.50
ADVERTISING	1,401.00	2,683.19	2,593.00	0.00	5,276.19
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	91,279.89	555.00	20,427.33	0.00	20,982.33
EXPENSE OFFSET	0.00	0.00	0.00	0.00	0.00
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	0.00	0.00	0.00
OPERATING COST ALLOCATIONS	(1,194,549.43)	334,473.82	0.00	47,782.00	382,255.82
TOTAL OPERATING EXPENDITURES	5,255.01	626,194.47	377,873.26	108,168.98	1,112,236.71
EXCESS REVENUES OVER EXPENDITURES	64,467.53	(40,106.19)	3,119.30	(38,643.02)	(75,629.91)
OTHER EXPENDITURES:					
EQUIPMENT	5,107.53	1,840.00	0.00	4,238.16	6,078.16
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	5,107.53	1,840.00	0.00	4,238.16	6,078.16
TRANSFERS AMONG FUNDS -					
ADDITIONS/(DEDUCTIONS):					
MANDATORY:					
PRINCIPAL AND INTEREST	(59,360.00)	0.00	0.00	0.00	0.00
NON-MANDATORY:					
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	13,734.75	0.00	13,734.75
TOTAL TRANSFERS	(59,360.00)	0.00	13,734.75	0.00	13,734.75
EXCESS REVENUES OVER				0.00	
EXPENDITURES (DEFICIT)	$ 0.00	$ (41,946.19)	$ 16,854.05	$ (42,881.18)	$ (67,973.32)

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE TEN MONTHS ENDED JULY 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	CONTINUING EDUCATION	EDUCATIONAL LEASING	UNIVERSITY SERVICE	TOTAL EDUCATIONAL SERVICES	BROOKLEY CENTER TOTAL 07/31/09	BROOKLEY CENTER TOTAL 07/31/08
REVENUES:						
SALES-FOOD & MERCHANDISE	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 32,558.35	$ 32,803.42
LESS: COST OF GOODS SOLD	0.00	0.00	0.00	0.00	20,769.86	21,277.80
DISCOUNTS	1,893.73	0.00	0.00	1,893.73	2,929.15	6,979.85
GROSS PROFIT	(1,893.73)	0.00	0.00	(1,893.73)	8,859.34	4,345.77
FEES	218,270.18	359,054.55	0.00	577,324.73	1,013,394.24	1,114,804.58
RENTALS	11,000.00	0.00	0.00	11,000.00	620,118.28	609,538.52
OTHER	1,300.00	43,254.98	0.00	44,554.98	53,273.46	9,208.10
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	41,670.00	41,670.00
NET REVENUES	228,676.45	402,309.53	0.00	630,985.98	1,737,315.32	1,779,566.97
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	31,008.32	0.00	0.00	31,008.32	780,290.09	850,685.57
EMPLOYEE BENEFITS	8,863.45	0.00	0.00	8,863.45	257,489.17	280,470.15
SUPPLIES	22,824.39	6,397.45	0.00	29,221.84	87,817.75	140,004.65
TRAVEL	0.00	0.00	0.00	0.00	1,856.69	2,824.14
CONTRACT SERVICE	6,414.76	548.60	0.00	6,963.36	201,162.99	210,560.32
BUILDING MAINTENANCE & REPAIR	13,487.94	4,517.38	0.00	18,005.32	72,229.84	73,151.61
GROUNDS MAINTENANCE	1,643.05	243.47	0.00	1,886.52	68,748.59	65,070.01
UTILITIES	119,615.91	89,107.60	0.00	208,723.51	501,640.29	452,443.86
EQUIPMENT MAINTENANCE & REPAIR	1,807.77	3,614.07	0.00	5,421.84	50,302.28	63,617.00
BUILDING & EQUIPMENT RENTAL	0.00	0.00	0.00	0.00	24,403.38	24,186.20
TELEPHONE	22.56	170.00	0.00	192.56	18,186.07	13,832.25
INSURANCE AND BONDS	6,840.00	0.00	0.00	6,840.00	62,794.00	60,137.00
RECEPTIONS	0.00	0.00	0.00	0.00	1,051.50	2,157.10
ADVERTISING	18,473.71	0.00	0.00	18,473.71	25,150.90	27,475.76
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	5,015.47	37,218.69	0.00	42,234.16	154,496.38	144,920.22
EXPENSE OFFSET	(28,375.00)	0.00	0.00	(28,375.00)	(28,375.00)	(28,375.00)
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	(183,221.70)	(183,221.70)	(183,221.70)	(183,221.70)
OPERATING COST ALLOCATIONS	250,855.37	203,073.41	358,364.83	812,293.61	0.00	0.00
TOTAL OPERATING EXPENDITURES	458,497.70	344,890.67	175,143.13	978,531.50	2,096,023.22	2,198,939.14
EXCESS REVENUES OVER EXPENDITURES	(229,821.25)	57,418.86	(175,143.13)	(347,545.52)	(358,707.90)	(420,372.17)
OTHER EXPENDITURES:						
EQUIPMENT	6,103.20	1,681.00	0.00	7,784.20	18,969.89	24,305.79
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	6,103.20	1,681.00	0.00	7,784.20	18,969.89	24,305.79
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(59,360.00)	(59,360.00)
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	13,734.75	2,662.40
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	(45,625.25)	(56,697.60)
EXCESS REVENUES OVER EXPENDITURES (DEFICIT)	$ (235,924.45)	$ 55,737.86	$ (175,143.13)	$ (355,329.72)	$ (423,303.04)	$ (501,375.58)

FOOD SERVICE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE TEN MONTHS ENDED JULY 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	07/31/09	07/31/08
REVENUES:		
COMMISSION INCOME	$ 200,204.76	$ 144,324.52
TOTAL REVENUES	200,204.76	144,324.52
EXPENDITURES:		
SALARIES	0.00	0.00
EMPLOYEE BENEFITS	0.00	0.00
SUPPLIES	310.73	(2.60)
EQUIPMENT MAINTENANCE AND REPAIR	25,148.09	18,508.09
UTILITIES	54,166.70	54,166.70
TELEPHONE	250.00	40.72
MEMBERSHIPS AND DUES	0.00	270.00
CONTRACT SERVICES	8,944.53	8,004.96
INSURANCE AND BONDS	12,269.00	11,865.00
EQUIPMENT	0.00	243.97
BUILDING MAINTENANCE AND REPAIR	4,228.00	4,102.00
INDIRECT COST	13,485.00	13,485.00
GENERAL EXPENSE	728.86	611.25
TOTAL EXPENDITURES	119,530.91	111,295.09
TRANSFERS AMONG FUNDS- ADDITIONS/(DEDUCTIONS):		
NON-MANDATORY:		
OTHER TRANSFERS		
TOTAL TRANSFERS	0.00	0.00
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS (DEFICIT)	$ 80,673.85	$ 33,029.43

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE TEN MONTHS ENDED JULY 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	CENTRAL HOUSING	HOUSING PROGRAMMING	WASHERS AND DRYERS	OLD SHELL ROAD HOUSING	HILLSDALE MARRIED STUDENT	SMALL GROUP HOUSING
REVENUES:						
RENTAL INCOME	$ 0.00	$ 0.00	$ 113,385.00	$ 0.00	$ 83,241.36	$ 306,734.13
BAD DEBT RECOVERY	722.50	0.00	0.00	0.00	4,969.09	0.00
OTHER	267.50	215.07	0.00	0.00	22,961.13	57,717.59
TOTAL REVENUES	990.00	215.07	113,385.00	0.00	111,171.58	364,451.72
EXPENDITURES:						
SALARIES	285,348.24	85,455.95	0.00	0.00	148,933.06	61,903.64
EMPLOYEE BENEFITS	82,447.40	611.96	0.00	0.00	58,797.91	10,838.01
CONTRACT LABOR	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICES	871.00	0.00	57,793.00	0.00	13,097.15	20,557.97
TRAVEL	6,246.46	0.00	0.00	0.00	0.00	0.00
RECEPTIONS	1,442.97	15,859.72	0.00	0.00	0.00	0.00
SUPPLIES	11,891.52	1,557.89	0.00	0.00	4,114.25	10,438.94
CABLE	87,191.73	0.00	0.00	0.00	1,119.22	415.20
TELEPHONE	372.86	0.00	0.00	0.00	1,131.05	839.46
UTILITIES	0.00	0.00	0.00	0.00	15,107.64	639.38
INSURANCE AND BONDS	1,464.00	0.00	0.00	0.00	10,676.00	8,387.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	1,460.92
EQUIPMENT	0.00	0.00	0.00	0.00	0.00	0.00
EQUIPMENT RENTAL	2,073.27	0.00	0.00	0.00	2,572.40	0.00
EQUIPMENT MAINTENANCE AND REPAIR	65.00	0.00	0.00	0.00	729.29	14.76
GROUNDS MAINTENANCE	0.00	0.00	0.00	0.00	800.00	0.00
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	61,563.70	1,749.48	0.00	0.00	6,533.22	(800.00)
ADMINISTRATIVE OVERHEAD	291,999.04	0.00	0.00	0.00	0.00	51,955.04
ADMINISTRATIVE EXPENSES	(831,987.19)	(102,552.33)	34,577.97	0.00	3,738.15	86,912.17
TOTAL EXPENDITURES	990.00	2,682.67	92,370.97	0.00	267,349.34	253,562.49
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	0.00	(607,032.00)
TOTAL MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	(607,032.00)
NON-MANDATORY:						
RENEWALS AND REPLACEMENTS	0.00	0.00	0.00	0.00	0.00	0.00
OTHER NON-MANDATORY TRANSFERS	0.00	2,467.60	0.00	0.00	0.00	0.00
TOTAL NON-MANDATORY TRANSFERS	0.00	2,467.60	0.00	0.00	0.00	0.00
TOTAL TRANSFERS	0.00	2,467.60	0.00	0.00	0.00	(607,032.00)
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS (DEFICIT)	$ 0.00	$ 0.00	$ 21,014.03	$ 0.00	$ (156,177.76)	$ (496,142.77)

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE TEN MONTHS ENDED JULY 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	GAMMA DORMS	BETA DORMS	DELTA DORMS	EPSILON DORMS	TOTAL HOUSING 07/31/09	TOTAL HOUSING 07/31/08
REVENUES:						
RENTAL INCOME	$ 911,807.96	$ 524,071.73	$ 2,038,912.06	$ 620,972.61	$ 4,599,124.85	$ 4,526,087.39
BAD DEBT RECOVERY	0.00	0.00	0.00	0.00	5,691.59	6,298.86
OTHER	5,089.63	4,888.78	25,620.65	18,784.44	135,544.79	128,250.84
TOTAL REVENUES	916,897.59	528,960.51	2,064,532.71	639,757.05	4,740,361.23	4,660,637.09
EXPENDITURES:						
SALARIES	181,291.81	59,973.75	177,213.55	105,250.45	1,105,370.45	1,235,178.68
EMPLOYEE BENEFITS	43,353.57	14,191.73	45,737.82	20,903.65	276,882.05	312,894.86
CONTRACT LABOR	177.50	0.00	22,629.43	0.00	22,806.93	60,133.69
CONTRACT SERVICES	14,317.96	19,508.35	43,252.06	22,380.29	191,777.78	217,462.10
TRAVEL	0.00	0.00	0.00	0.00	6,246.46	4,668.96
RECEPTIONS	0.00	0.00	0.00	0.00	17,302.69	19,430.93
SUPPLIES	16,363.14	4,108.39	70,147.42	17,919.31	136,540.86	142,820.87
CABLE	400.00	0.00	(0.80)	0.00	89,125.35	84,500.68
TELEPHONE	37,656.30	13,674.29	87,098.38	21,705.16	162,477.50	155,851.67
UTILITIES	0.00	0.00	0.00	0.00	15,747.02	22,644.38
INSURANCE AND BONDS	14,044.00	7,178.00	21,686.00	6,304.00	69,739.00	71,403.00
BUILDING MAINTENANCE AND REPAIR	76.00	91.35	1,280.25	0.00	2,908.52	7,817.38
EQUIPMENT	0.00	28,424.00	18,030.70	2,384.18	48,838.88	24,198.83
EQUIPMENT RENTAL	0.00	0.00	0.00	0.00	4,645.67	4,910.28
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	1,439.77	1,343.60	3,592.42	507.44
GROUNDS MAINTENANCE	0.00	0.00	0.00	0.00	800.00	933.75
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	50,440.00	39,456.16	136,155.15	42,722.54	337,820.25	342,337.60
ADMINISTRATIVE OVERHEAD	295,482.00	139,605.04	425,267.04	142,092.00	1,346,400.16	1,346,400.16
ADMINISTRATIVE EXPENSES	179,431.60	101,864.81	396,244.75	131,770.07	0.00	0.00
TOTAL EXPENDITURES	833,033.88	428,075.87	1,446,181.52	514,775.25	3,839,021.99	4,054,095.26
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	(153,142.88)	(45,760.00)	(266,160.00)	(39,784.00)	(1,111,878.88)	(1,125,592.00)
TOTAL MANDATORY TRANSFERS	(153,142.88)	(45,760.00)	(266,160.00)	(39,784.00)	(1,111,878.88)	(1,125,592.00)
NON-MANDATORY:						
RENEWALS AND REPLACEMENTS	0.00	0.00	0.00	0.00	0.00	(15,000.00)
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	2,467.60	3,757.73
TOTAL NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	2,467.60	(11,242.27)
TOTAL TRANSFERS	(153,142.88)	(45,760.00)	(266,160.00)	(39,784.00)	(1,109,411.28)	(1,136,834.27)
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS (DEFICIT)	$ (69,279.17)	$ 55,124.64	$ 352,191.19	$ 85,197.80	$ (208,072.04)	$ (530,292.44)

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AUGUST 2009

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Financial Report Highlights
August 31, 2009

Introduction
This Financial Report presents the financial position and financial activity of the University of South Alabama utilizing the fund basis of accounting. The report presents the assets, liabilities and fund balances of each fund including the current funds (unrestricted and restricted), loan funds, endowment funds, and plant funds (renewals and replacements, retirement of indebtedness and investment in plant). The financial reporting requirements of the Governmental Accounting Standard Board, by which the University reports its quarterly financial statements, are not utilized in this monthly financial report.

Financial Highlights
Financial report highlights at, and for the eleven months ended, August 31, 2009 and 2008 are as follows (in thousands):

	At and for the eleven months ended 8-31-09	8-31-08
Total assets, by fund		
Current	$ 148,594	$ 220,743
Loan	4,782	4,721
Endowment	90,920	87,142
Plant	605,334	485,170
Fund Balances, by fund		
Current	$ 27,363	$ 47,671
Loan	449	372
Endowment	81,491	77,782
Plant	289,546	278,663
Other balance sheet highlights		
Cash and investments	$ 301,552	$ 264,487
Receivables, primary patient care	61,570	61,438
Bonds and notes payable	305,640	196,181

	For the eleven months ended 8-31-09	8-31-08
Selected operating highlights (current funds)		
Tuition and fees	$ 71,475	$ 62,054
State appropriations	99,413	128,092
Hospital revenues	271,926	266,131
Gifts, grants and contracts	91,423	103,929
Instruction and academic support	116,636	118,252
Research and public service	62,002	60,400
Hospital expenses	289,313	275,752
Net current fund decrease	(21,658)	(1,087)

Financial Analysis
This report should be read in conjunction with the University's monthly financial reports and with the understanding of the cyclical nature of the University's operations. Certain revenues (tuition and fees, auxiliary enterprises, etc.) are received at specific times in the University's fiscal year while certain other revenue streams (hospital, state appropriations) are received throughout the year. Additionally, certain revenue and expense items fluctuate with changes in enrollment while others do not. As a result of these items, significant fluctuations of cash and investments along with other balance sheet items are normal.

Economic Outlook
While enrollment and tuition have increased in recent years, the University is experiencing a significant decrease (including an initial reduction of 12.8% and additional proration of 9% announced in December 2008) in state appropriations in fiscal 2009. Additionally, the University is subject to declines in general economic conditions in the United States and the State of Alabama. Recent declines in financial markets have had a significant impact on the value of the University's endowment and the market value of the USA Foundation. Further weakening of the economy could have a potential further negative impact in state appropriations and on other aspects of the University's operations.

UNIVERSITY OF SOUTH ALABAMA
BALANCE SHEETS
AUGUST 2009 AND 2008

ASSETS	2009	2008
CURRENT FUNDS:		
UNRESTRICTED:		
CASH AND CASH EQUIVALENTS	$ 139,017.38	$ 145,465.64
INVESTMENTS	45,958,736.93	116,287,254.26
ACCOUNTS RECEIVABLE - PATIENTS (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF $45,709,286.09 FOR 2009 AND $42,398,087.84 FOR 2008)	61,569,745.82	61,437,891.22
DEPOSITS	35,000.00	35,000.00
INVENTORIES AT COST	4,706,602.85	4,181,599.76
PREPAID EXPENSES	17,867,008.46	20,809,893.77
TOTAL UNRESTRICTED	130,276,111.44	202,897,104.65
RESTRICTED FUNDS:		
CASH AND CASH EQUIVALENTS	5,508,916.86	4,955,290.57
INVESTMENTS	11,529.60	44,426.36
UNBILLED COSTS AND ACCOUNTS RECEIVABLE	12,797,151.83	12,846,195.97
TOTAL RESTRICTED	18,317,598.29	17,845,912.90
TOTAL CURRENT FUNDS	148,593,709.73	220,743,017.55
LOAN FUNDS:		
CASH AND CASH EQUIVALENTS	722,789.76	401,308.34
NOTES RECEIVABLE (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF $490,934.85 FOR 2009 AND $500,533.16 FOR 2008)	4,059,286.00	4,319,674.39
TOTAL LOAN FUNDS	4,782,075.76	4,720,982.73
ENDOWMENT FUNDS:		
CASH AND CASH EQUIVALENTS	22,608,214.82	18,352,683.81
FUNDS WITH TRUSTEES	0.00	53,981.22
INVESTMENTS	63,368,250.99	64,280,076.70
REAL ESTATE HELD FOR RESALE	1,338,429.00	988,429.00
PREPAID-LIFE ESTATE	3,605,307.00	3,466,641.00
TOTAL ENDOWMENT FUNDS	90,920,201.81	87,141,811.73
PLANT FUNDS:		
CASH AND CASH EQUIVALENTS	110,314,711.86	9,395,382.57
INVESTMENTS	52,919,929.93	50,624,955.00
ACCOUNTS RECEIVABLE	1,948,236.00	1,830,526.00
NOTES RECEIVABLE	254,936.16	254,936.16
INTEREST RECEIVABLE	0.00	94,173.61
DUE FROM OTHER FUNDS	31,998,245.72	86,304,539.41
PREPAID EXPENSES	4,881,288.93	2,099,462.35
CAPITAL LEASE RECEIVABLE	1,136,925.12	1,265,377.51
INVESTMENT IN PLANT:		
LAND	29,232,252.32	29,271,538.45
LAND IMPROVEMENTS	9,008,200.63	10,098,135.04
BUILDINGS , ACCUM DEPREC AND IMPROVEMENTS	130,530,525.65	126,955,225.18
OTHER EQUIPMENT, BOOKS AND FILMS	49,287,555.26	60,921,966.09
CONSTRUCTION IN PROGRESS	183,821,540.33	108,053,587.28
TOTAL PLANT FUNDS	605,334,347.91	485,169,804.65
TOTAL ASSETS	$ 849,630,335.21	$ 797,775,616.66

LIABILITIES AND FUND BALANCES	2009	2008
CURRENT FUNDS:		
UNRESTRICTED:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 46,585,633.05	$ 49,123,880.89
DEFERRED REVENUES	40,452,213.74	35,427,376.18
DUE TO OTHER FUNDS	31,998,245.72	86,304,539.41
DEPOSITS HELD IN CUSTODY	621,291.39	557,013.18
OTHER DEPOSITS	514,391.68	373,177.71
FUND BALANCES:		
ALLOCATED FOR:		
HOSPITALS	(32,979,372.19)	(15,285,482.05)
AUXILIARY ENTERPRISES	2,371,963.88	(722,186.17)
ENCUMBRANCES	2,752,439.55	2,261,972.54
SELF-SUPPORTING ACTIVITIES	45,562,985.43	47,624,230.72
UNALLOCATED	(7,603,680.81)	(2,767,417.76)
TOTAL FUND BALANCES	10,104,335.86	31,111,117.28
TOTAL UNRESTRICTED	130,276,111.44	202,897,104.65
RESTRICTED FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	13,938.75	42,545.93
OTHER DEPOSITS	1,170.00	1,100.00
DEFERRED REVENUES	1,044,056.27	1,242,007.86
FUND BALANCES	17,258,433.27	16,560,259.11
TOTAL RESTRICTED	18,317,598.29	17,845,912.90
TOTAL CURRENT FUNDS	148,593,709.73	220,743,017.55
LOAN FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	300.00	600.00
REFUNDABLE GOVERNMENT ADVANCES	4,333,038.93	4,348,114.74
FUND BALANCES:		
UNIVERSITY FUNDS, UNRESTRICTED	448,736.83	372,267.99
TOTAL FUND BALANCES	448,736.83	372,267.99
TOTAL LOAN FUNDS	4,782,075.76	4,720,982.73
ENDOWMENT FUNDS:		
DEFERRED REVENUES	1,716,713.00	2,023,282.00
BONDS PAYABLE	7,712,239.00	7,336,871.00
FUND BALANCES:		
RESTRICTED NONEXPENDABLE	24,729,291.39	24,255,873.47
UNRESTRICTED EXPENDABLE	56,761,958.42	53,525,785.26
TOTAL FUND BALANCES	81,491,249.81	77,781,658.73
TOTAL ENDOWMENT FUNDS	90,920,201.81	87,141,811.73
PLANT FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	3,745,709.98	3,474,439.18
DEFERRED REVENUES	6,375,015.27	6,723,648.21
OTHER DEPOSITS	27,791.67	27,791.67
NOTES PAYABLE	0.00	244,531.49
BONDS PAYABLE	305,639,991.18	195,936,298.81
CAPITAL LEASE OBLIGATIONS	0.00	99,691.53
FUND BALANCES:		
RENEWALS AND REPLACEMENTS	(14,695,637.71)	49,179,186.92
RETIREMENT OF INDEBTEDNESS	19,738,643.43	16,650,701.33
INVESTMENT IN PLANT	284,502,834.09	212,833,515.51
TOTAL FUND BALANCES	289,545,839.81	278,663,403.76
TOTAL PLANT FUNDS	605,334,347.91	485,169,804.65
TOTAL LIABILITIES AND FUND BALANCES	$ 849,630,335.21	$ 797,775,616.66

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE ELEVEN MONTHS ENDED AUGUST 31, 2009

	CURRENT FUNDS				PLANT FUNDS		
	UNRESTRICTED	RESTRICTED	LOAN FUNDS	ENDOWMENT FUNDS	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
REVENUES AND OTHER ADDITIONS:							
EDUCATIONAL AND GENERAL REVENUES	232,238,619.95						
HOSPITALS REVENUES	280,562,753.48						
AUXILIARY ENTERPRISES REVENUES	16,118,687.44						
GRANTS AND CONTRACTS:							
FEDERAL		26,582,144.39	8,653.00				
STATE AND LOCAL		5,808,411.88					
PRIVATE		2,698,186.06					
GOVERNMENT APPROPRIATIONS:							
FEDERAL							
STATE					9,785,888.00		
INVESTMENT INCOME,GAINS/LOSS			3,822.57	797,097.97	1,788,085.11	256,677.53	
INSURANCE PROCEEDS							
INTEREST ON LOANS RECEIVABLE			48,142.44			39,158.87	
GIFTS AND BEQUESTS			80.00	5,361,620.85	549,386.64		
EXPENDED FOR PLANT FACILITIES (INCLUDING $1,693,394.33 CURRENT FUNDS EXPENDITURES)							68,545,472.86
RETIREMENT OF INDEBTEDNESS							4,501,588.99
PROCEEDS FROM SALE OF CAPITAL ASSETS							
OTHER SOURCES		14,154,406.92	238.00	108,227.00	849,182.97		4,054,626.67
TOTAL REVENUES AND OTHER ADDITIONS	528,920,060.87	49,243,129.25	60,936.01	6,266,945.82	12,972,542.72	295,836.40	77,101,688.52
EXPENDITURES AND OTHER DEDUCTIONS:							
EDUCATIONAL AND GENERAL EXPENDITURES	226,243,026.26	43,846,573.30					
HOSPITALS EXPENDITURES	284,910,932.77						
AUXILIARY ENTERPRISES EXPENDITURES	14,759,653.98						
INDIRECT COSTS RECOVERED		4,883,292.31					
REFUNDED TO GRANTORS		7,843.12					
RETIREMENT OF INDEBTEDNESS						4,501,588.99	
ADMINISTRATIVE AND COLLECTION COSTS			6,834.73				
EXPENDED FOR PLANT FACILITIES (INCLUDING $2,726,247.61 FOR NON-CAPITALIZED EXPENDITURES)					69,578,326.14		
INTEREST ON INDEBTEDNESS						11,358,078.64	
DEPRECIATION EXPENSES OF PLANT FACILITIES							23,365,058.86
DISPOSAL OF PLANT							
LOSS ON DISPOSAL OF PLANT							65,283.85
OTHER DEDUCTIONS			8,694.04	382,300.35		423,004.87	
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	525,913,613.01	48,737,708.73	15,528.77	382,300.35	69,578,326.14	16,282,672.50	23,430,342.71
TRANSFERS AMONG FUNDS-ADDITIONS(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(13,979,722.70)				(2,394,232.28)	17,208,536.76	(834,581.78)
FINANCIAL AID MATCHING	(163,777.00)	162,816.00	961.00				
NON-MANDATORY:							
FUNDED DEPRECIATION	(6,403,885.00)				6,403,885.00		
MOBILE RACING COMMMISSION	(168,811.82)				168,811.82		
PLANT ADDITIONS AND REPLACEMENTS	(5,027,850.03)				4,753,356.54	274,493.49	
ENDOWMENT FUND	(2,983,923.23)	197,979.19		3,484,493.86	(698,549.82)		
OTHER TRANSFERS	3,002,810.85	194,884.53	(8,315.30)	(765,575.58)	(2,184,935.84)	1,622,430.62	(1,861,299.28)
TOTAL TRANSFERS	(25,725,158.93)	555,679.72	(7,354.30)	2,718,918.28	6,048,335.42	19,105,460.87	(2,695,881.06)
NET INCREASE (DECREASE) FOR THE PERIOD	(22,718,711.07)	1,061,100.24	38,052.94	8,603,563.75	(50,557,448.00)	3,118,624.77	50,975,464.75
FUND BALANCES AT OCTOBER 1, 2008	32,823,046.93	16,197,333.03	410,683.89	72,887,686.06	35,861,810.29	16,620,018.66	233,527,369.34
FUND BALANCES AT AUGUST 31, 2009	$ 10,104,335.86	$ 17,258,433.27	$ 448,736.83	$ 81,491,249.81	$ (14,695,637.71)	$ 19,738,643.43	$ 284,502,834.09

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.
*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE $3,086,098.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE ELEVEN MONTHS ENDED AUGUST 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	MONTH ENDED AUGUST 31, 2009			AUGUST 31,
	UNRESTRICTED	RESTRICTED	TOTAL	2008
REVENUES:				
TUITION AND FEES	$ 71,475,361.01	$	$ 71,475,361.01	$ 82,053,769.41
STATE APPROPRIATIONS	90,776,654.97		90,776,654.97	116,022,945.37
MOBILE RACING COMMISSION	168,811.82		168,811.82	338,287.68
FEDERAL GRANTS AND CONTRACTS	4,177,065.55	32,991,898.62	37,168,964.17	43,339,606.13
STATE GRANTS AND CONTRACTS (INCLUDING INDIRECT COST RECOVERED OF $312,459.53)	618,292.59	5,444,030.19	6,062,322.78	8,217,132.65
PRIVATE GIFTS, GRANTS, AND CONTRACTS (INCLUDING INDIRECT COSTS RECOVERED OF $393,767.23)	46,004,826.72	2,186,737.47	48,191,564.19	52,371,920.05
INVESTMENT INCOME	2,038,294.83		2,038,294.83	1,845,145.91
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	3,823,284.26		3,823,284.26	4,129,798.49
HOSPITALS - SALES AND SERVICES	271,926,055.85		271,926,055.85	266,131,193.92
- STATE APPROPRIATIONS	8,636,697.63		8,636,697.63	12,069,203.63
AUXILIARY ENTERPRISES - SALES AND SERVICES	16,118,687.44		16,118,687.44	16,159,522.85
OTHER SOURCES	13,156,028.20	3,223,907.02	16,379,935.22	15,068,226.08
TOTAL CURRENT REVENUES	528,920,060.87	43,846,573.30	572,766,634.17	597,746,752.17
EXPENDITURES AND TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	93,928,662.42	8,515,035.32	102,443,697.74	102,894,613.51
RESEARCH	7,027,296.84	13,295,488.12	20,322,784.96	19,731,629.41
PUBLIC SERVICE	39,972,060.50	1,707,040.25	41,679,100.75	40,668,053.05
ACADEMIC SUPPORT	14,192,097.61		14,192,097.61	15,357,464.04
STUDENT SERVICES	21,099,126.50	726,796.43	21,825,922.93	20,737,591.48
INSTITUTIONAL SUPPORT	24,942,765.60	126,030.36	25,068,795.96	26,778,733.91
OPERATION AND MAINTENANCE OF PLANT	19,028,959.92	4,314,229.66	23,343,189.58	36,544,780.05
SCHOLARSHIPS	6,052,056.87	15,161,953.16	21,214,010.03	17,503,190.48
EDUCATIONAL AND GENERAL	226,243,026.26	43,846,573.30	270,089,599.56	280,216,055.93
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	8,402,780.45		8,402,780.45	4,852,958.00
FINANCIAL AID MATCHING	163,777.00		163,777.00	45,207.00
TOTAL EDUCATIONAL AND GENERAL	234,809,583.71	43,846,573.30	278,656,157.01	285,114,220.93
HOSPITALS (INCLUDING DEBT SERVICE OF $4,401,927.37)	289,312,860.14		289,312,860.14	275,752,289.68
AUXILIARY ENTERPRISES:				
EXPENDITURES	14,759,653.98		14,759,653.98	15,196,293.54
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	1,177,174.88		1,177,174.88	1,190,888.00
NON-MANDATORY TRANSFERS FOR:				
RENEWALS AND REPLACEMENTS			0.00	543,493.25
OTHER TRANSFERS	(16,202.35)		(16,202.35)	(6,420.13)
TOTAL AUXILIARIES	15,920,626.51	0.00	15,920,626.51	16,924,254.66
TOTAL EXPENDITURES AND TRANSFERS	540,043,070.36	43,846,573.30	583,889,643.66	577,790,765.27
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):				
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		513,263.64	513,263.64	847,505.20
REFUNDED TO GRANTORS		(7,843.12)	(7,843.12)	(153,123.86)
FUNDED DEPRECIATION	(6,403,885.00)		(6,403,885.00) *	(8,080,810.00)
MOBILE RACING COMMISSION	(168,811.82)		(168,811.82)	(359,140.87)
PLANT ADDITIONS AND REPLACEMENTS	(5,027,850.03)		(5,027,850.03)	(4,692,118.69)
ENDOWMENT FUND	(2,981,763.23)	197,979.19	(2,783,784.04)	(2,964,626.37)
OTHER TRANSFERS	2,986,608.50	357,700.53	3,344,309.03	(5,640,771.77)
TOTAL TRANSFERS	(11,595,701.58)	1,061,100.24	(10,534,601.34)	(21,043,086.36)
NET INCREASE/(DECREASE) IN FUND BALANCES	$ (22,718,711.07)	$ 1,061,100.24	$ (21,657,610.83)	$ (1,087,099.46)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.
*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE $3,086,098.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTS

The accompanying financial reports are the responsibility of management of the University of South Alabama. Management is responsible for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets and for devising a system of internal control that will, among other things, help assure the production of proper financial statements. The transactions which should be reflected in the accounts and in the financial reports are matters within the direct knowledge and control of management.

BASIS OF PRESENTATION

The financial reports of the University of South Alabama (the University) are prepared on the accrual basis. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and, (3) transfers of a nonmandatory nature in all other cases.

FUND ACCOUNTING

In order to observe limitations and restrictions placed on the use of resources available to the University, the accounts of the University are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds which may be used for specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, funds restricted by outside sources are so indicated and are distinguished from funds designated for specific purposes by authority of the Board of Trustees.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

CURRENT FUNDS

Current fund balances are separated into those which are unrestricted and those which are restricted by donors and grantors. Restricted funds may only be expended for the purpose indicated by the donor or grantor, whereas unrestricted funds are under the control of the University to use in achieving its educational purposes.

PLANT FUNDS

Plant funds include the transactions related to investment in institutional properties and related indebtedness.

Plant assets consisting of land, buildings, equipment and library books are stated at cost or, if contributed, at fair market value at the time of receipt. Investment in plant is reduced for disposals of plant assets.

Some equipment purchases are made from current funds and are presented under the appropriate functional classification of expenditures, while other additions are funded by transfers from unrestricted current funds to the plant funds. All such expenditures in excess of $5,000 having a life of two years or more are capitalized as investment in plant.

INVESTMENT IN POOLED FUNDS

Investments are stated at cost, except those received by gift which are stated at fair market value at date of receipt. Endowment investments of the University are maintained and administered in a common pool. Separate accounts are maintained for each fund, as applicable. Depositories and other financial institutions that held investments for the University have pledged securities of various governmental agencies to secure funds held on deposit.

UNRESTRICTED GIFTS

Except for pledged operating and capital gifts, unrestricted gifts are recognized as revenue when received. Certain operating and capital pledges are recorded as a receivable, along with the corresponding revenue, when such pledges are made.

GRANTS AND CONTRACTS

The University has been awarded grants and contracts for current funds operations for which the funds have not been received nor have expenditures been made for the purpose specified in the grant or contract. These awards have not been reflected in the financial reports, but represent commitments of sponsors to provide funds for specific research and training projects.

SCHOLARSHIPS AND FELLOWSHIPS

The University receives funds which are restricted by donors and grantors for assistance to qualified students. When these funds are granted to students, the University records the expenditure for scholarships and fellowships along with the corresponding revenue.

INCOME TAXES

The Internal Revenue Service has determined that the University is a tax-exempt organization; accordingly, no provision for income taxes has been made in the accompanying financial statements.

DEFERRED REVENUES AND EXPENDITURES

Dormitory rentals, student tuition and other fees, together with related expenditures, are deferred and amortized over the applicable academic semester.

EMPLOYEE BENEFITS

Employees of the University are covered by two pension plans, a defined contribution pension plan and a pension plan administered by the Teachers' Retirement System of the State of Alabama (the Retirement Plan).

The defined contribution pension plan covers certain academic and administrative employees and contributions under this plan are funded as accrued.

Permanent employees of the University participate in the Teachers' Retirement System of Alabama. The Retirement Plan is fully funded by the State and by contributions from participating employees. The University contributes 12.07% of each employee's gross earnings to the Retirement Plan and is reflected in current funds expenditures. All covered employees must contribute 5% of their gross earnings to the Retirement Plan. Benefits fully vest after 10 years of full-time, permanent employment.

LIABILITY INSURANCE

The University and certain of its affiliates participate in professional and general liability trust funds. These trust funds are irrevocable and use contributions by the University and its affiliates, together with earnings thereon, to pay liabilities arising from the performance of its employees. Contributions to the trusts are recorded as expenditures upon payment and are determined by independent actuaries. If the trust funds are ever terminated, appropriate provision for payment of reported claims will be made and any remaining balance will be distributed to the University and its affiliates in proportion to contributions made.

BONDS PAYABLE

Bonds payable consist of the following:

- University Tuition Revenue Refunding and Capital Improvements Bonds, Series 1996, 3.80% to 5.00%, payable through November 2015 (refunded in January 2007)
- University Tuition Revenue Bonds, Series 1999, 3.70% to 5.25%, payable through November 2018.
- University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, 2.00% to 5.00%, payable through March 2024.
- University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, 5.00% payable through June 2037.
- University Facilities Revenue Capital Improvement Bonds, Series 2008, 3.00% to 5.00%, payable through August 2038.

LITIGATION

Various other claims have been filed against the University alleging discriminatory employment practices and other matters. University administration and legal counsel are of the opinion that the resolution of these matters will not have a material effect on the financial position or results of operations of the University.

MEDICAID DISPROPORTIONATE SHARE PAYMENTS

Hospitals revenues include funds received from the Alabama Medicaid Agency for services provided to a disproportionately high number of low income patients.

SUPPLEMENTAL SCHEDULES

SUMMARY SCHEDULE OF AUXILIARY ENTERPRISES
REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE ELEVEN MONTHS ENDED AUGUST 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

				EXCESS REVENUES OVER EXPENDITURES AND OTHER CHANGES (DEFICIT)	
	REVENUES	EXPENDITURES	TRANSFERS	08/31/09	08/31/08
BOOKSTORE	$ 8,813,202.96	$ 7,999,238.26	$ 0.00	$ 813,964.70	$ 778,014.65
BROOKLEY CENTER	1,973,787.63	2,376,588.77	(51,561.25)	(454,362.39)	(562,490.52)
FOOD SERVICES-CAMPUS	220,106.08	131,000.06	0.00	89,106.02	26,068.29
HOUSING	5,111,590.77	4,252,826.89	(1,109,411.28)	(250,647.40)	(1,006,324.23)
TOTAL	$ 16,118,687.44	$ 14,759,653.98	$ (1,160,972.53)	$ 198,060.93	$ (764,731.81)

BOOKSTORE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE ELEVEN MONTHS ENDED AUGUST 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	08/31/09	08/31/08
REVENUES:		
SALES	$ 8,734,948.74	$ 8,926,593.36
LESS: DEPARTMENTAL DISCOUNTS	5,424.01	9,329.46
COST OF GOODS SOLD	6,451,147.13	6,556,255.67
GROSS PROFIT	2,278,377.60	2,361,008.23
CASH OVER/(SHORT)	(1,086.56)	(1,558.77)
GRADUATION (NET)	37,276.40	41,169.59
BAD DEBT RECOVERY	0.00	0.00
OTHER	42,064.38	46,981.54
NET REVENUES:	2,356,631.82	2,447,600.59
EXPENDITURES:		
SALARIES	652,973.80	696,174.23
EMPLOYEE BENEFITS	208,936.07	222,437.05
SUPPLIES	30,140.79	31,781.70
TRAVEL	4,054.61	11,918.45
EQUIPMENT	6,952.58	8,727.44
EQUIPMENT MAINTENANCE AND REPAIR	23,701.48	23,558.02
BUILDING & EQUIPMENT RENTAL	5,485.17	4,388.65
UTILITIES	68,750.00	68,750.00
TELEPHONE	6,672.76	9,875.57
INSURANCE AND BONDS	4,436.00	4,362.00
CONTRACT SERVICES	160,521.47	139,978.67
BAD DEBT EXPENSE	0.00	0.00
RENT	13,320.00	18,315.00
OBSOLETE INVENTORY	2,204.83	702.74
GENERAL EXPENSES	48,811.75	50,449.12
CHARGE CARD AND FACULTY STAFF DISCOUNTS	36,658.68	99,387.04
INSTITUTIONAL COST ALLOCATION	269,047.13	278,780.26
TOTAL EXPENDITURES	1,542,667.12	1,669,585.94
TRANSFERS AMONG FUNDS-ADDITIONS/(DEDUCTIONS):		
MANDATORY:		
PRINCIPAL AND INTEREST	0.00	0.00
NON-MANDATORY:		
OTHER TRANSFERS	0.00	0.00
RENEWAL AND REPLACEMENT	0.00	0.00
RETIREMENT REIMBURSEMENT	0.00	0.00
TOTAL TRANSFERS	0.00	0.00
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS	$ 813,964.70	$ 778,014.65

* THIS STATEMENT REFLECTS THE COMBINING OF BOOKSTORE OPERATIONS

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE ELEVEN MONTHS ENDED AUGUST 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	ADMINISTRATION	INVESTMENT HOUSING	GOLF SHOP	FOOD SERVICE	TOTAL AUXILIARY SERVICES
REVENUES:					
SALES-FOOD & MERCHANDISE	$ 0.00	$ 0.00	$ 36,821.10	$ 0.00	$ 36,821.10
LESS: COST OF GOODS SOLD	0.00	0.00	20,769.86	0.00	20,769.86
DISCOUNTS	0.00	0.00	1,069.79	0.00	1,069.79
GROSS PROFIT	0.00	0.00	14,981.45	0.00	14,981.45
FEES	175.00	0.00	413,782.05	80,485.89	494,267.94
RENTALS	25,663.00	642,269.27	0.00	0.00	642,269.27
OTHER	5,316.47	300.00	3,892.55	0.00	4,192.55
FACILITY ASSESSMENT FEE	45,837.00	0.00	0.00	0.00	0.00
NET REVENUES	76,991.47	642,569.27	432,656.05	80,485.89	1,155,711.21
EXPENDITURES:					
OPERATING EXPENDITURES:					
SALARIES	600,465.86	76,647.43	150,264.87	0.00	226,912.30
EMPLOYEE BENEFITS	210,863.32	23,944.40	49,789.00	0.00	73,733.40
SUPPLIES	53,901.59	216.88	12,154.74	36.00	12,407.62
TRAVEL	1,520.78	0.00	512.24	0.00	512.24
CONTRACT SERVICE	103,972.78	60,899.86	47,589.83	1,084.16	109,573.85
BUILDING MAINTENANCE & REPAIR	6,601.89	45,374.02	2,484.60	2,817.98	50,676.60
GROUNDS MAINTENANCE	17,546.30	23,378.80	32,853.93	0.00	56,232.73
UTILITIES	156,523.48	87,119.82	40,378.31	53,684.33	181,182.46
EQUIPMENT MAINTENANCE & REPAIR	5,954.28	2,418.11	35,472.46	5,401.46	43,292.03
BUILDING & EQUIPMENT RENTAL	2,943.11	0.00	22,640.42	1,564.16	24,204.58
TELEPHONE	18,377.84	20.94	765.39	2.44	788.77
INSURANCE AND BONDS	53,034.00	0.00	732.00	2,188.00	2,920.00
RECEPTIONS	300.00	175.00	0.00	876.50	1,051.50
ADVERTISING	1,496.00	2,875.37	2,728.00	0.00	5,603.37
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	97,635.89	555.00	21,960.50	0.00	22,515.50
EXPENSE OFFSET	0.00	0.00	0.00	0.00	0.00
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	0.00	0.00	0.00
OPERATING COST ALLOCATIONS	(1,324,349.18)	370,817.75	0.00	52,973.99	423,791.74
TOTAL OPERATING EXPENDITURES	6,587.94	694,443.38	420,326.29	120,629.02	1,235,398.69
EXCESS REVENUES OVER EXPENDITURES	70,403.53	(51,874.11)	12,329.76	(40,143.13)	(79,687.48)
OTHER EXPENDITURES:					
EQUIPMENT	5,107.53	1,840.00	0.00	4,238.16	6,078.16
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	5,107.53	1,840.00	0.00	4,238.16	6,078.16
TRANSFERS AMONG FUNDS -					
ADDITIONS/(DEDUCTIONS):					
MANDATORY:					
PRINCIPAL AND INTEREST	(65,296.00)	0.00	0.00	0.00	0.00
NON-MANDATORY:					
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	13,734.75	0.00	13,734.75
TOTAL TRANSFERS	(65,296.00)	0.00	13,734.75	0.00	13,734.75
EXCESS REVENUES OVER				0.00	
EXPENDITURES (DEFICIT)	$ 0.00	$ (53,714.11)	$ 26,064.51	$ (44,381.29)	$ (72,030.89)

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE ELEVEN MONTHS ENDED AUGUST 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	CONTINUING EDUCATION	EDUCATIONAL LEASING	UNIVERSITY SERVICE	TOTAL EDUCATIONAL SERVICES	BROOKLEY CENTER TOTAL 08/31/09	BROOKLEY CENTER TOTAL 08/31/08
REVENUES:						
SALES-FOOD & MERCHANDISE	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 36,821.10	$ 37,429.49
LESS: COST OF GOODS SOLD	0.00	0.00	0.00	0.00	20,769.86	21,277.80
DISCOUNTS	2,007.98	0.00	0.00	2,007.98	3,077.77	8,442.33
GROSS PROFIT	(2,007.98)	0.00	0.00	(2,007.98)	12,973.47	7,709.36
FEES	255,480.35	395,861.08	0.00	651,341.43	1,145,784.37	1,245,048.13
RENTALS	12,100.00	0.00	0.00	12,100.00	680,032.27	671,525.70
OTHER	1,600.00	54,203.87	0.00	55,803.87	65,312.89	9,334.04
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	45,837.00	45,837.00
NET REVENUES	267,172.37	450,064.95	0.00	717,237.32	1,949,940.00	1,979,454.23
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	33,995.36	0.00	0.00	33,995.36	861,373.52	936,044.39
EMPLOYEE BENEFITS	10,183.29	0.00	0.00	10,183.29	294,580.01	323,134.24
SUPPLIES	25,196.33	7,438.54	0.00	32,634.87	98,944.08	151,051.34
TRAVEL	0.00	0.00	0.00	0.00	2,033.02	3,538.65
CONTRACT SERVICE	6,914.81	603.46	0.00	7,518.27	221,064.90	234,103.71
BUILDING MAINTENANCE & REPAIR	14,622.09	4,789.51	0.00	19,411.60	76,690.09	81,075.25
GROUNDS MAINTENANCE	1,710.91	243.47	0.00	1,954.38	75,733.41	76,804.72
UTILITIES	136,023.70	100,974.40	0.00	236,998.10	574,704.04	501,601.96
EQUIPMENT MAINTENANCE & REPAIR	1,807.77	3,942.48	0.00	5,750.25	54,996.56	70,502.23
BUILDING & EQUIPMENT RENTAL	0.00	0.00	0.00	0.00	27,147.69	29,789.34
TELEPHONE	22.56	170.00	0.00	192.56	19,359.17	16,077.04
INSURANCE AND BONDS	6,840.00	0.00	0.00	6,840.00	62,794.00	61,817.00
RECEPTIONS	0.00	0.00	0.00	0.00	1,351.50	2,207.10
ADVERTISING	21,098.71	0.00	0.00	21,098.71	28,198.08	29,940.36
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	5,015.47	41,099.69	0.00	46,115.16	166,266.55	170,074.40
EXPENSE OFFSET	(31,212.50)	0.00	0.00	(31,212.50)	(31,212.50)	(31,212.50)
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	(201,543.87)	(201,543.87)	(201,543.87)	(201,543.87)
OPERATING COST ALLOCATIONS	278,113.32	225,139.37	397,304.75	900,557.44	0.00	0.00
TOTAL OPERATING EXPENDITURES	510,331.82	384,400.92	195,760.88	1,090,493.62	2,332,480.25	2,455,005.36
EXCESS REVENUES OVER EXPENDITURES	(243,159.45)	65,664.03	(195,760.88)	(373,256.30)	(382,540.25)	(475,551.13)
OTHER EXPENDITURES:						
EQUIPMENT	7,394.20	1,681.00	0.00	9,075.20	20,260.89	24,305.79
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	7,394.20	1,681.00	0.00	9,075.20	20,260.89	24,305.79
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(65,296.00)	(65,296.00)
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	13,734.75	2,662.40
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	(51,561.25)	(62,633.60)
EXCESS REVENUES OVER EXPENDITURES (DEFICIT)	$ (250,553.65)	$ 63,983.03	$ (195,760.88)	$ (382,331.50)	$ (454,362.39)	$ (562,490.52)

FOOD SERVICE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE ELEVEN MONTHS ENDED AUGUST 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	08/31/09	08/31/08
REVENUES:		
COMMISSION INCOME	$ 220,106.08	$ 149,720.33
TOTAL REVENUES	220,106.08	149,720.33
EXPENDITURES:		
SALARIES	0.00	0.00
EMPLOYEE BENEFITS	0.00	0.00
SUPPLIES	1,086.46	(3.86)
EQUIPMENT MAINTENANCE AND REPAIR	28,073.93	20,456.06
UTILITIES	59,583.37	59,583.37
TELEPHONE	308.48	73.92
MEMBERSHIPS AND DUES	0.00	270.00
CONTRACT SERVICES	9,601.70	8,004.96
INSURANCE AND BONDS	12,269.00	11,865.00
EQUIPMENT	0.00	243.97
BUILDING MAINTENANCE AND REPAIR	4,778.00	5,079.81
INDIRECT COST	14,833.50	14,833.50
GENERAL EXPENSE	465.62	3,245.31
TOTAL EXPENDITURES	131,000.06	123,652.04
TRANSFERS AMONG FUNDS- ADDITIONS/(DEDUCTIONS):		
NON-MANDATORY:		
OTHER TRANSFERS		
TOTAL TRANSFERS	0.00	0.00
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS (DEFICIT)	$ 89,106.02	$ 26,068.29

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE ELEVEN MONTHS ENDED AUGUST 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	CENTRAL HOUSING	HOUSING PROGRAMMING	WASHERS AND DRYERS	OLD SHELL ROAD HOUSING	HILLSDALE MARRIED STUDENT	SMALL GROUP HOUSING
REVENUES:						
RENTAL INCOME	$ 0.00	$ 0.00	$ 113,385.00	$ 0.00	$ 90,796.52	$ 326,273.58
BAD DEBT RECOVERY	727.50	0.00	0.00	0.00	4,969.09	0.00
OTHER	317.50	215.07	0.00	0.00	22,210.67	58,807.59
TOTAL REVENUES	1,045.00	215.07	113,385.00	0.00	117,976.28	385,081.17
EXPENDITURES:						
SALARIES	313,474.86	102,025.35	0.00	0.00	165,535.22	63,132.44
EMPLOYEE BENEFITS	94,370.12	748.21	0.00	0.00	68,259.13	12,110.26
CONTRACT LABOR	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICES	884.00	0.00	57,793.00	0.00	14,755.98	22,947.95
TRAVEL	6,246.46	0.00	0.00	0.00	0.00	0.00
RECEPTIONS	1,442.97	19,039.66	0.00	0.00	0.00	0.00
SUPPLIES	12,299.54	1,990.34	0.00	0.00	4,391.12	9,245.73
CABLE	99,600.21	0.00	0.00	0.00	1,200.47	415.20
TELEPHONE	430.98	0.00	0.00	0.00	1,131.53	1,136.97
UTILITIES	0.00	0.00	0.00	0.00	16,327.65	749.33
INSURANCE AND BONDS	1,464.00	0.00	0.00	0.00	10,676.00	8,387.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	2,130.03
EQUIPMENT	0.00	0.00	0.00	0.00	975.00	0.00
EQUIPMENT RENTAL	2,073.27	0.00	0.00	0.00	2,572.40	0.00
EQUIPMENT MAINTENANCE AND REPAIR	65.00	0.00	0.00	0.00	1,324.93	14.76
GROUNDS MAINTENANCE	0.00	0.00	0.00	0.00	800.00	0.00
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	69,426.11	1,749.48	0.00	0.00	6,983.50	(591.00)
ADMINISTRATIVE OVERHEAD	291,999.04	0.00	0.00	0.00	0.00	51,955.04
ADMINISTRATIVE EXPENSES	(892,731.56)	(122,870.37)	37,577.28	0.00	4,062.40	94,450.97
TOTAL EXPENDITURES	1,045.00	2,682.67	95,370.28	0.00	298,995.33	266,084.68
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	0.00	(607,032.00)
TOTAL MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	(607,032.00)
NON-MANDATORY:						
RENEWALS AND REPLACEMENTS	0.00	0.00	0.00	0.00	0.00	0.00
OTHER NON-MANDATORY TRANSFERS	0.00	2,467.60	0.00	0.00	0.00	0.00
TOTAL NON-MANDATORY TRANSFERS	0.00	2,467.60	0.00	0.00	0.00	0.00
TOTAL TRANSFERS	0.00	2,467.60	0.00	0.00	0.00	(607,032.00)
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS (DEFICIT)	$ 0.00	$ 0.00	$ 18,014.72	$ 0.00	$ (181,019.05)	$ (488,035.51)

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE ELEVEN MONTHS ENDED AUGUST 31, 2009
WITH COMPARATIVE FIGURES FOR 2008

	GAMMA DORMS	BETA DORMS	DELTA DORMS	EPSILON DORMS	TOTAL HOUSING 08/31/09	TOTAL HOUSING 08/31/08
REVENUES:						
RENTAL INCOME	$ 971,047.76	$ 571,610.98	$ 2,191,245.21	$ 674,652.36	$ 4,939,011.41	$ 4,836,381.57
BAD DEBT RECOVERY	0.00	0.00	0.00	0.00	5,696.59	8,958.54
OTHER	6,182.31	7,613.78	49,785.76	21,750.09	166,882.77	142,102.33
TOTAL REVENUES	977,230.07	579,224.76	2,241,030.97	696,402.45	5,111,590.77	4,987,442.44
EXPENDITURES:						
SALARIES	199,603.67	65,894.69	208,625.54	112,205.18	1,230,496.95	1,377,977.91
EMPLOYEE BENEFITS	50,331.56	16,974.08	53,410.40	23,616.13	319,819.89	361,212.78
CONTRACT LABOR	177.50	0.00	28,337.19	0.00	28,514.69	65,773.21
CONTRACT SERVICES	16,940.45	22,073.34	51,285.96	25,811.79	212,492.47	241,502.40
TRAVEL	0.00	0.00	0.00	0.00	6,246.46	4,668.96
RECEPTIONS	0.00	0.00	0.00	0.00	20,482.63	26,220.61
SUPPLIES	16,363.14	4,466.18	72,398.15	17,999.28	139,153.48	164,707.28
CABLE	400.00	0.00	499.20	0.00	102,115.08	84,642.23
TELEPHONE	37,688.35	13,763.56	87,137.54	21,716.84	163,005.77	156,510.45
UTILITIES	0.00	0.00	0.00	0.00	17,076.98	25,531.93
INSURANCE AND BONDS	14,044.00	7,178.00	21,686.00	6,304.00	69,739.00	71,403.00
BUILDING MAINTENANCE AND REPAIR	76.00	91.35	3,764.35	0.00	6,061.73	11,485.25
EQUIPMENT	0.00	211,778.00	18,030.70	2,384.18	233,167.88	(70,004.01)
EQUIPMENT RENTAL	0.00	439.86	0.00	0.00	5,085.53	5,340.83
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	1,579.77	1,343.60	4,328.06	771.44
GROUNDS MAINTENANCE	0.00	0.00	0.00	0.00	800.00	933.75
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	50,440.00	39,718.49	142,845.15	37,268.40	347,840.13	453,360.97
ADMINISTRATIVE OVERHEAD	295,482.00	139,605.04	425,267.04	142,092.00	1,346,400.16	1,346,400.16
ADMINISTRATIVE EXPENSES	194,995.58	110,700.61	430,615.21	143,199.88	0.00	0.00
TOTAL EXPENDITURES	876,542.25	632,683.20	1,545,482.20	533,941.28	4,252,826.89	4,328,439.15
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	(153,142.88)	(45,760.00)	(266,160.00)	(39,784.00)	(1,111,878.88)	(1,125,592.00)
TOTAL MANDATORY TRANSFERS	(153,142.88)	(45,760.00)	(266,160.00)	(39,784.00)	(1,111,878.88)	(1,125,592.00)
NON-MANDATORY:						
RENEWALS AND REPLACEMENTS	0.00	0.00	0.00	0.00	0.00	(543,493.25)
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	2,467.60	3,757.73
TOTAL NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	2,467.60	(539,735.52)
TOTAL TRANSFERS	(153,142.88)	(45,760.00)	(266,160.00)	(39,784.00)	(1,109,411.28)	(1,665,327.52)
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS (DEFICIT)	$ (52,455.06)	$ (99,218.44)	$ 429,388.77	$ 122,677.17	$ (250,647.40)	$ (1,006,324.23)

INDEX
SEPTEMBER 30, 2009

Financial Report Highlights
September 30, 2009

Introduction

This Financial Report presents the financial position and financial activity of the University of South Alabama utilizing the fund basis of accounting. The report presents the assets, liabilities and fund balances of each fund including the current funds (unrestricted and restricted), loan funds, endowment funds, and plant funds (renewals and replacements, retirement of indebtedness and investment in plant). The financial reporting requirements of the Governmental Accounting Standard Board, by which the University reports its quarterly financial statements, are not utilized in this monthly financial report.

Financial Highlights

Financial report highlights at, and for the year ended, September 30, 2009 and 2008 are as follows (in thousands):

	At and for the year ended	
	9-30-09	9-30-08
Total assets, by fund		
Current	$ 180,756	$ 217,769
Loan	4,784	4,744
Endowment	95,036	82,248
Plant	611,790	607,898
Fund Balances, by fund		
Current	$ 27,438	$ 49,020
Loan	410	411
Endowment	85,608	72,888
Plant	293,223	286,009
Other balance sheet highlights		
Cash and investments	$ 295,313	$ 369,142
Receivables, primary patient care	57,478	49,534
Bonds and notes payable	305,640	308,897

	For the year ended	
	9-30-09	9-30-08
Selected operating highlights (current funds)		
Tuition and fees	$ 82,109	$ 71,531
State appropriations	108,451	139,737
Hospital revenues	297,142	290,474
Gifts, grants and contracts	99,080	112,884
Instruction and academic support	132,722	132,757
Research and public service	66,383	64,894
Hospital expenses	310,411	302,188
Net current fund increase (decrease)	(21,582)	262

Financial Analysis

This report should be read in conjunction with the University's monthly financial reports and with the understanding of the cyclical nature of the University's operations. Certain revenues (tuition and fees, auxiliary enterprises, etc.) are received at specific times in the University's fiscal year while certain other revenue streams (hospital, state appropriations) are received throughout the year. Additionally, certain revenue and expense items fluctuate with changes in enrollment while others do not. As a result of these items, significant fluctuations of cash and investments along with other balance sheet items are normal.

Economic Outlook

While enrollment and tuition have increased in recent years, the University has experienced a significant decrease in state appropriations, including an initial reduction and subsequent proration totaling 22% in fiscal 2009 and an additional 8% reduction in 2010. Additionally, the University is subject to declines in general economic conditions in the United States and the State of Alabama. Recent declines in financial markets have had a significant impact on the value of the University's endowment and the market value of the USA Foundation. Further weakening of the economy could have a potential further negative impact in state appropriations and on other aspects of the University's operations.

UNIVERSITY OF SOUTH ALABAMA
BALANCE SHEETS
SEPTEMBER 2009 AND 2008

ASSETS	2009	2008
CURRENT FUNDS:		
UNRESTRICTED:		
CASH AND CASH EQUIVALENTS	$ 140,888.03	$ 45,101.84
INVESTMENTS	76,103,733.95	122,735,558.31
ACCOUNTS RECEIVABLE - PATIENTS (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF $45,418,363.58 FOR 2009 AND $43,808,288.69 FOR 2008)	57,478,462.37	49,534,245.23
DEPOSITS	35,000.00	35,000.00
INVENTORIES AT COST	4,909,291.21	4,894,962.22
PREPAID EXPENSES	23,131,276.63	21,965,889.48
TOTAL UNRESTRICTED	161,798,652.19	199,210,757.08
RESTRICTED FUNDS:		
CASH AND CASH EQUIVALENTS	7,122,158.18	7,577,887.11
INVESTMENTS	7,458.21	11,529.60
UNBILLED COSTS AND ACCOUNTS RECEIVABLE	11,827,445.71	10,968,785.93
TOTAL RESTRICTED	18,957,062.10	18,558,202.64
TOTAL CURRENT FUNDS	180,755,714.29	217,768,959.72
LOAN FUNDS:		
CASH AND CASH EQUIVALENTS	782,416.38	442,761.89
NOTES RECEIVABLE (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF $490,934.85 FOR 2009 AND $500,533.16 FOR 2008)	4,001,564.28	4,300,960.93
TOTAL LOAN FUNDS	4,783,980.66	4,743,722.82
ENDOWMENT FUNDS:		
CASH AND CASH EQUIVALENTS	23,812,420.77	20,183,820.52
FUNDS WITH TRUSTEES	0.00	53,981.22
INVESTMENTS	66,245,311.05	58,509,826.82
PREPAID- LIFE ESTATE	3,640,310.00	3,500,298.00
REAL ESTATE HELD FOR RESALE	1,338,429.00	0.00
TOTAL ENDOWMENT FUNDS	95,036,470.82	82,247,926.56
PLANT FUNDS:		
CASH AND CASH EQUIVALENTS	68,117,602.44	95,284,985.13
FUNDS WITH TRUSTEES	0.00	351,707.17
INVESTMENTS	52,980,749.93	63,362,945.00
REAL ESTATE HELD FOR RESALE	0.00	988,429.00
ACCOUNTS RECEIVABLE	2,131,780.00	1,799,284.00
NOTES RECEIVABLE	254,936.16	254,936.16
DUE FROM OTHER FUNDS	68,770,552.53	85,691,158.24
PREPAID EXPENSES	4,881,288.93	5,108,891.27
CAPITAL LEASE RECEIVABLE	1,140,478.01	1,226,440.42
INVESTMENT IN PLANT:		
LAND	29,232,252.32	29,232,252.32
LAND IMPROVEMENTS	9,484,145.54	10,073,539.08
BUILDINGS , ACCUM DEPREC AND IMPROVEMENTS	255,755,454.07	136,567,042.26
OTHER EQUIPMENT, BOOKS AND FILMS	59,103,127.51	59,706,940.26
CONSTRUCTION IN PROGRESS	59,937,971.28	118,249,698.17
TOTAL PLANT FUNDS	611,790,338.72	607,898,248.48
TOTAL ASSETS	$ 892,366,504.49	$ 912,658,857.58

LIABILITIES AND FUND BALANCES	2009	2008
CURRENT FUNDS:		
UNRESTRICTED:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 54,500,865.97	$ 55,363,281.25
DEFERRED REVENUES	27,382,542.03	24,324,481.85
DUE TO OTHER FUNDS	68,770,552.53	85,691,158.24
DEPOSITS HELD IN CUSTODY	378,167.00	579,201.35
OTHER DEPOSITS	501,418.49	429,587.46
FUND BALANCES:		
ALLOCATED FOR:		
HOSPITALS	(28,740,464.96)	(16,987,519.04)
AUXILIARY ENTERPRISES	2,328,530.58	2,173,902.95
ENCUMBRANCES	2,255,034.58	1,852,815.58
SELF-SUPPORTING ACTIVITIES	35,941,580.67	43,526,099.19
UNALLOCATED	(1,519,574.70)	2,257,748.25
TOTAL FUND BALANCES	10,265,106.17	32,823,046.93
TOTAL UNRESTRICTED	161,798,652.19	199,210,757.08
RESTRICTED FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	481,608.66	1,401,942.10
OTHER DEPOSITS	1,170.00	1,100.00
DEFERRED REVENUES	1,300,899.72	957,827.51
FUND BALANCES	17,173,383.72	16,197,333.03
TOTAL RESTRICTED	18,957,062.10	18,558,202.64
TOTAL CURRENT FUNDS	180,755,714.29	217,768,959.72
LOAN FUNDS:		
REFUNDABLE GOVERNMENT ADVANCES	4,374,048.83	4,333,038.93
FUND BALANCES:		
UNIVERSITY FUNDS, UNRESTRICTED	409,931.83	410,683.89
TOTAL FUND BALANCES	409,931.83	410,683.89
TOTAL LOAN FUNDS	4,783,980.66	4,743,722.82
ENDOWMENT FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	0.00	87.50
DEFERRED REVENUE	1,716,713.00	2,023,282.00
OTHER LONG TERM DEBT	7,712,239.00	7,336,871.00
FUND BALANCES:		
RESTRICTED NONEXPENDABLE	26,870,050.26	24,729,291.39
UNRESTRICTED EXPENDABLE	58,737,468.56	48,158,394.67
TOTAL FUND BALANCES	85,607,518.82	72,887,686.06
TOTAL ENDOWMENT FUNDS	95,036,470.82	82,247,926.56
PLANT FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	6,569,236.45	6,148,410.90
DEFERRED REVENUES	6,330,439.38	6,724,007.70
OTHER DEPOSITS	27,791.67	27,791.67
BONDS PAYABLE	305,639,991.18	308,897,250.93
CAPITALIZED LEASE OBLIGATIONS	0.00	91,588.99
FUND BALANCES:		
RENEWALS AND REPLACEMENTS	96,284,642.69	35,861,810.29
RETIREMENT OF INDEBTEDNESS	5,431,985.78	16,620,018.66
INVESTMENT IN PLANT	191,506,251.57	233,527,369.34
TOTAL FUND BALANCES	293,222,880.04	286,009,198.29
TOTAL PLANT FUNDS	611,790,338.72	607,898,248.48
TOTAL LIABILITIES AND FUND BALANCES	$ 892,366,504.49	$ 912,658,857.58

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	CURRENT FUNDS				PLANT FUNDS		
	UNRESTRICTED	RESTRICTED	LOAN FUNDS	ENDOWMENT FUNDS	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
REVENUES AND OTHER ADDITIONS:							
EDUCATIONAL AND GENERAL REVENUES	258,048,271.43						
HOSPITALS REVENUES	306,563,757.30						
AUXILIARY ENTERPRISES REVENUES	17,468,183.20						
GRANTS AND CONTRACTS:							
FEDERAL		27,705,022.98					
STATE AND LOCAL		6,818,001.50					
PRIVATE		2,960,408.99					
GOVERNMENT APPROPRIATIONS:							
FEDERAL			8,653.00				
STATE					10,170,829.00		
INVESTMENT INCOME,GAINS/LOSS			4,163.01	5,100,614.76	1,940,338.89	277,404.60	
INSURANCE PROCEEDS							
INTEREST ON LOANS RECEIVABLE			54,231.12			42,711.76	
GIFTS AND BEQUESTS			80.00	5,448,824.00	348,988.32		262,591.28
EXPENDED FOR PLANT FACILITIES (INCLUDING $9,134,202.30 CURRENT FUNDS EXPENDITURES)							84,080,909.52
RETIREMENT OF INDEBTEDNESS							4,868,073.11
PROCEEDS FROM SALE OF CAPITAL ASSETS							
OTHER SOURCES		16,170,265.98	(40,771.90)	6,205.85	978,922.60	0.00	1,129,721.30
TOTAL REVENUES AND OTHER ADDITIONS	582,080,211.93	53,653,699.45	26,355.23	10,555,644.61	13,439,078.81	320,116.36	90,341,295.21
EXPENDITURES AND OTHER DEDUCTIONS:							
EDUCATIONAL AND GENERAL EXPENDITURES	256,605,933.56	47,877,771.70					
HOSPITALS EXPENDITURES	305,919,667.67						
AUXILIARY ENTERPRISES EXPENDITURES	15,766,414.38						
INDIRECT COSTS RECOVERED		5,291,040.08					
REFUNDED TO GRANTORS		7,843.12					
RETIREMENT OF INDEBTEDNESS						4,868,073.11	
ADMINISTRATIVE AND COLLECTION COSTS			29,351.30				
EXPENDED FOR PLANT FACILITIES (INCLUDING $3,415,010.43 FOR NON-CAPITALIZED EXPENDITURES)					78,361,717.65		
INTEREST ON INDEBTEDNESS						11,914,919.64	
DEPRECIATION EXPENSES OF PLANT FACILITIES							24,976,612.57
DISPOSAL OF PLANT							12,322.69
LOSS ON DISPOSAL OF PLANT							230,917.85
OTHER DEDUCTIONS			(9,598.31)	382,610.35		(169,990.38)	(77.76)
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	578,292,015.61	53,176,654.90	19,752.99	382,610.35	78,361,717.65	16,613,002.37	25,219,775.35
TRANSFERS AMONG FUNDS-ADDITIONS(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(15,075,835.31)				(2,607,168.56)	18,517,585.65	(834,581.78)
FINANCIAL AID MATCHING	(164,138.00)	164,138.00					
NON-MANDATORY:							
FUNDED DEPRECIATION	(6,982,436.00)				6,982,436.00		
MOBILE RACING COMMMISSION	(194,659.00)				194,659.00		
PLANT ADDITIONS AND REPLACEMENTS	(5,685,344.76)				5,410,851.27	274,493.49	
ENDOWMENT FUND	(3,168,224.83)	280,247.75		3,612,374.08	(724,397.00)		
OTHER TRANSFERS	4,924,500.82	54,620.39	(7,354.30)	(1,065,575.58)	116,089,090.53	(13,687,226.01)	(106,308,055.85)
TOTAL TRANSFERS	(26,346,137.08)	499,006.14	(7,354.30)	2,546,798.50	125,345,471.24	5,104,853.13	(107,142,637.63)
NET INCREASE (DECREASE) FOR THE PERIOD	(22,557,940.76)	976,050.69	(752.06)	12,719,832.76	60,422,832.40	(11,188,032.88)	(42,021,117.77)
FUND BALANCES AT OCTOBER 1, 2008	32,823,046.93	16,197,333.03	410,683.89	72,887,686.06	35,861,810.29	16,620,018.66	233,527,369.34
FUND BALANCES AT SEPTEMBER 30, 2009	$ 10,265,106.17	$ 17,173,383.72	$ 409,931.83	$ 85,607,518.82	$ 96,284,642.69	$ 5,431,985.78	$ 191,506,251.57

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.
*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE $3,363,032.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE YEAR ENDED SEPTEMBER 30, 2009
WITH COMPARATIVE FIGURES FOR 2008

	YEAR ENDED SEPTEMBER 30, 2009			SEPTEMBER 30,
	UNRESTRICTED	RESTRICTED	TOTAL	2008
REVENUES:				
TUITION AND FEES	$ 82,109,490.96	$	$ 82,109,490.96	$ 71,530,652.51
STATE APPROPRIATIONS	99,029,095.00		99,029,095.00	126,570,525.00
MOBILE RACING COMMISSION	194,659.00		194,659.00	397,635.24
FEDERAL GRANTS AND CONTRACTS	4,511,945.36	35,476,631.40	39,988,576.76	47,533,429.39
STATE GRANTS AND CONTRACTS (INCLUDING INDIRECT COST RECOVERED OF $359,241.79)	694,808.63	6,309,836.54	7,004,645.17	10,016,325.22
PRIVATE GIFTS, GRANTS, AND CONTRACTS (INCLUDING INDIRECT COSTS RECOVERED OF $419,852.93)	49,663,697.69	2,423,099.64	52,086,797.33	55,333,613.11
INVESTMENT INCOME	2,235,155.59		2,235,155.59	3,888,961.24
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	4,739,124.78		4,739,124.78	4,562,355.88
HOSPITALS - SALES AND SERVICES	297,141,926.30		297,141,926.30 *	290,473,691.93
- STATE APPROPRIATIONS	9,421,831.00		9,421,831.00	13,166,404.00
AUXILIARY ENTERPRISES - SALES AND SERVICES	17,468,183.20		17,468,183.20	17,383,750.79
OTHER SOURCES	14,870,294.42	3,668,204.12	18,538,498.54	17,595,051.85
TOTAL CURRENT REVENUES	582,080,211.93	47,877,771.70	629,957,983.63	658,452,396.16
EXPENDITURES AND TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	104,605,564.93	9,501,506.89	114,107,071.82	116,073,018.85
RESEARCH	7,736,067.89	14,580,876.79	22,316,944.68	21,819,718.87
PUBLIC SERVICE	42,185,282.73	1,880,376.85	44,065,659.58	43,074,378.30
ACADEMIC SUPPORT	18,614,885.37		18,614,885.37	16,683,840.81
STUDENT SERVICES	23,935,595.12	829,623.71	24,765,218.83	23,411,935.36
INSTITUTIONAL SUPPORT	32,094,120.05	136,515.75	32,230,635.80	30,516,539.45
OPERATION AND MAINTENANCE OF PLANT	22,033,571.21	4,740,261.18	26,773,832.39	41,281,423.02
SCHOLARSHIPS	5,400,846.26	16,208,610.53	21,609,456.79	18,418,217.47
EDUCATIONAL AND GENERAL	256,605,933.56	47,877,771.70	304,483,705.26	311,279,072.13
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	9,401,625.28		9,401,625.28	5,294,136.00
FINANCIAL AID MATCHING	164,138.00		164,138.00	148,269.00
TOTAL EDUCATIONAL AND GENERAL	266,171,696.84	47,877,771.70	314,049,468.54	316,721,477.13
HOSPITALS (INCLUDING DEBT SERVICE OF $4,491,099.15)	310,410,766.82		310,410,766.82	302,188,325.53
AUXILIARY ENTERPRISES:				
EXPENDITURES	15,766,414.38		15,766,414.38	16,104,917.24
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	1,183,110.88		1,183,110.88	1,196,824.00
NON-MANDATORY TRANSFERS FOR:				
RENEWALS AND REPLACEMENTS	380,232.66		380,232.66	838,493.25
OTHER TRANSFERS	(16,202.35)		(16,202.35)	(2,887,841.01)
TOTAL AUXILIARIES	17,313,555.57	0.00	17,313,555.57	15,252,393.48
TOTAL EXPENDITURES AND TRANSFERS	593,896,019.23	47,877,771.70	641,773,790.93	634,162,196.14
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):				
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		484,887.67	484,887.67	504,849.54
REFUNDED TO GRANTORS		(7,843.12)	(7,843.12)	(159,052.78)
FUNDED DEPRECIATION	(6,982,436.00)		(6,982,436.00) *	(8,700,224.00)
MOBILE RACING COMMISSION	(194,659.00)		(194,659.00)	(397,635.24)
PLANT ADDITIONS AND REPLACEMENTS	(5,305,112.10)		(5,305,112.10)	(4,702,118.69)
ENDOWMENT FUND	(3,168,224.83)	280,247.75	(2,887,977.08)	(5,205,393.04)
OTHER TRANSFERS	4,908,298.47	218,758.39	5,127,056.86	(5,368,721.70)
TOTAL TRANSFERS	(10,742,133.46)	976,050.69	(9,766,082.77)	(24,028,295.91)
NET INCREASE/(DECREASE) IN FUND BALANCES	$ (22,557,940.76)	$ 976,050.69	$ (21,581,890.07)	$ 261,904.11

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.
*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE $3,363,032.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTS

The accompanying financial reports are the responsibility of management of the University of South Alabama. Management is responsible for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets and for devising a system of internal control that will, among other things, help assure the production of proper financial statements. The transactions which should be reflected in the accounts and in the financial reports are matters within the direct knowledge and control of management.

BASIS OF PRESENTATION

The financial reports of the University of South Alabama (the University) are prepared on the accrual basis. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and, (3) transfers of a nonmandatory nature in all other cases.

FUND ACCOUNTING

In order to observe limitations and restrictions placed on the use of resources available to the University, the accounts of the University are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds which may be used for specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, funds restricted by outside sources are so indicated and are distinguished from funds designated for specific purposes by authority of the Board of Trustees.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

CURRENT FUNDS

Current fund balances are separated into those which are unrestricted and those which are restricted by donors and grantors. Restricted funds may only be expended for the purpose indicated by the donor or grantor, whereas unrestricted funds are under the control of the University to use in achieving its educational purposes.

PLANT FUNDS

Plant funds include the transactions related to investment in institutional properties and related indebtedness.

Plant assets consisting of land, buildings, equipment and library books are stated at cost or, if contributed, at fair market value at the time of receipt. Investment in plant is reduced for disposals of plant assets.

Some equipment purchases are made from current funds and are presented under the appropriate functional classification of expenditures, while other additions are funded by transfers from unrestricted current funds to the plant funds. All such expenditures in excess of $5,000 having a life of two years or more are capitalized as investment in plant.

INVESTMENT IN POOLED FUNDS

Investments are stated at cost, except those received by gift which are stated at fair market value at date of receipt. Endowment investments of the University are maintained and administered in a common pool. Separate accounts are maintained for each fund, as applicable. Depositories and other financial institutions that held investments for the University have pledged securities of various governmental agencies to secure funds held on deposit.

UNRESTRICTED GIFTS

Except for pledged operating and capital gifts, unrestricted gifts are recognized as revenue when received. Certain operating and capital pledges are recorded as a receivable, along with the corresponding revenue, when such pledges are made.

GRANTS AND CONTRACTS

The University has been awarded grants and contracts for current funds operations for which the funds have not been received nor have expenditures been made for the purpose specified in the grant or contract. These awards have not been reflected in the financial reports, but represent commitments of sponsors to provide funds for specific research and training projects.

SCHOLARSHIPS AND FELLOWSHIPS

The University receives funds which are restricted by donors and grantors for assistance to qualified students. When these funds are granted to students, the University records the expenditure for scholarships and fellowships along with the corresponding revenue.

INCOME TAXES

The Internal Revenue Service has determined that the University is a tax-exempt organization; accordingly, no provision for income taxes has been made in the accompanying financial statements.

DEFERRED REVENUES AND EXPENDITURES

Dormitory rentals, student tuition and other fees, together with related expenditures, are deferred and amortized over the applicable academic semester.

EMPLOYEE BENEFITS

Employees of the University are covered by two pension plans, a defined contribution pension plan and a pension plan administered by the Teachers' Retirement System of the State of Alabama (the Retirement Plan).

The defined contribution pension plan covers certain academic and administrative employees and contributions under this plan are funded as accrued.

Permanent employees of the University participate in the Teachers' Retirement System of Alabama. The Retirement Plan is fully funded by the State and by contributions from participating employees. The University contributes 12.07% of each employee's gross earnings to the Retirement Plan and is reflected in current funds expenditures. All covered employees must contribute 5% of their gross earnings to the Retirement Plan. Benefits fully vest after 10 years of full-time, permanent employment.

LIABILITY INSURANCE

The University and certain of its affiliates participate in professional and general liability trust funds. These trust funds are irrevocable and use contributions by the University and its affiliates, together with earnings thereon, to pay liabilities arising from the performance of its employees. Contributions to the trusts are recorded as expenditures upon payment and are determined by independent actuaries. If the trust funds are ever terminated, appropriate provision for payment of reported claims will be made and any remaining balance will be distributed to the University and its affiliates in proportion to contributions made.

BONDS PAYABLE

Bonds payable consist of the following:

- University Tuition Revenue Refunding and Capital Improvements Bonds, Series 1996, 3.80% to 5.00%, payable through November 2015 (refunded in January 2007)
- University Tuition Revenue Bonds, Series 1999, 3.70% to 5.25%, payable through November 2018.
- University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, 2.00% to 5.00%, payable through March 2024.
- University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, 5.00% payable through June 2037.
- University Facilities Revenue Capital Improvement Bonds, Series 2008, 3.00% to 5.00%, payable through August 2038.

LITIGATION

Various other claims have been filed against the University alleging discriminatory employment practices and other matters. University administration and legal counsel are of the opinion that the resolution of these matters will not have a material effect on the financial position or results of operations of the University.

MEDICAID DISPROPORTIONATE SHARE PAYMENTS

Hospitals revenues include funds received from the Alabama Medicaid Agency for services provided to a disproportionately high number of low income patients.

SUPPLEMENTAL SCHEDULES

SUMMARY SCHEDULE OF AUXILIARY ENTERPRISES
REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE YEAR ENDED SEPTEMBER 30, 2009
WITH COMPARATIVE FIGURES FOR 2008

				EXCESS REVENUES OVER EXPENDITURES AND OTHER CHANGES (DEFICIT)	
	REVENUES	EXPENDITURES	TRANSFERS	09/30/09	09/30/08
BOOKSTORE	$ 9,232,691.53	$ 8,511,338.02	$ (250,000.00)	$ 471,353.51	$ 455,933.66
BROOKLEY CENTER	2,155,545.58	2,646,012.55	(57,497.25)	(547,964.22)	2,223,235.35
FOOD SERVICES-CAMPUS	273,909.47	143,676.81	(130,232.66)	0.00	13,150.19
HOUSING	5,806,036.62	4,465,387.00	(1,109,411.28)	231,238.34	(560,961.89)
TOTAL	$ 17,468,183.20	$ 15,766,414.38	$ (1,547,141.19)	$ 154,627.63	$ 2,131,357.31

BOOKSTORE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE YEAR ENDED SEPTEMBER 30, 2009
WITH COMPARATIVE FIGURES FOR 2008

	09/30/09	09/30/08
REVENUES:		
SALES	$ 9,147,934.30	$ 9,251,510.94
LESS: DEPARTMENTAL DISCOUNTS	5,963.52	10,490.78
COST OF GOODS SOLD	6,700,236.86	6,809,188.66
GROSS PROFIT	2,441,733.92	2,431,831.50
CASH OVER/(SHORT)	(677.81)	(1,580.61)
GRADUATION (NET)	41,023.40	42,548.99
BAD DEBT RECOVERY	0.00	0.00
OTHER	44,411.64	49,661.71
NET REVENUES:	2,526,491.15	2,522,461.59
EXPENDITURES:		
SALARIES	721,269.71	742,502.27
EMPLOYEE BENEFITS	230,882.22	242,303.01
SUPPLIES	33,358.29	33,720.28
TRAVEL	4,054.61	12,604.02
EQUIPMENT	11,791.08	9,158.54
EQUIPMENT MAINTENANCE AND REPAIR	24,226.48	23,558.02
BUILDING & EQUIPMENT RENTAL	7,063.21	4,861.13
UTILITIES	75,000.00	75,000.00
TELEPHONE	8,934.98	11,963.57
INSURANCE AND BONDS	4,436.00	4,362.00
CONTRACT SERVICES	182,612.22	159,250.00
BAD DEBT EXPENSE	0.00	0.00
RENT	13,320.00	19,980.00
OBSOLETE INVENTORY	2,204.83	702.74
GENERAL EXPENSES	54,360.93	57,323.48
CHARGE CARD AND FACULTY STAFF DISCOUNTS	138,117.12	115,114.95
INSTITUTIONAL COST ALLOCATION	293,505.96	304,123.92
TOTAL EXPENDITURES	1,805,137.64	1,816,527.93
TRANSFERS AMONG FUNDS-ADDITIONS/(DEDUCTIONS):		
MANDATORY:		
PRINCIPAL AND INTEREST	0.00	0.00
NON-MANDATORY:		
OTHER TRANSFERS	0.00	0.00
RENEWAL AND REPLACEMENT	(250,000.00)	(250,000.00)
RETIREMENT REIMBURSEMENT	0.00	0.00
TOTAL TRANSFERS	(250,000.00)	(250,000.00)
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS	$ 471,353.51	$ 455,933.66

* THIS STATEMENT REFLECTS THE COMBINING OF BOOKSTORE OPERATIONS

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE YEAR ENDED SEPTEMBER 30, 2009
WITH COMPARATIVE FIGURES FOR 2008

	ADMINISTRATION	INVESTMENT HOUSING	GOLF SHOP	FOOD SERVICE	TOTAL AUXILIARY SERVICES
REVENUES:					
SALES-FOOD & MERCHANDISE	$ 0.00	$ 0.00	$ 39,361.26	$ 0.00	$ 39,361.26
LESS: COST OF GOODS SOLD	0.00	0.00	27,891.65	0.00	27,891.65
DISCOUNTS	0.00	0.00	1,090.42	0.00	1,090.42
GROSS PROFIT	0.00	0.00	10,379.19	0.00	10,379.19
FEES	175.00	0.00	448,280.05	43,967.34	492,247.39
RENTALS	27,996.00	697,997.51	0.00	0.00	697,997.51
OTHER	4,498.98	400.00	3,906.37	0.00	4,306.37
FACILITY ASSESSMENT FEE	50,004.00	0.00	0.00	0.00	0.00
NET REVENUES	82,673.98	698,397.51	462,565.61	43,967.34	1,204,930.46
EXPENDITURES:					
OPERATING EXPENDITURES:					
SALARIES	644,431.07	86,632.89	163,610.72	0.00	250,243.61
EMPLOYEE BENEFITS	230,303.61	25,730.76	54,584.59	0.00	80,315.35
SUPPLIES	60,377.38	399.88	13,168.58	36.00	13,604.46
TRAVEL	1,629.68	0.00	512.24	0.00	512.24
CONTRACT SERVICE	111,312.43	70,755.70	57,529.74	1,149.16	129,434.60
BUILDING MAINTENANCE & REPAIR	7,419.25	49,206.39	2,605.51	2,817.98	54,629.88
GROUNDS MAINTENANCE	21,704.10	28,546.90	33,376.58	0.00	61,923.48
UTILITIES	182,551.14	102,224.33	48,504.26	60,425.69	211,154.28
EQUIPMENT MAINTENANCE & REPAIR	5,954.28	2,418.11	40,435.44	6,476.72	49,330.27
BUILDING & EQUIPMENT RENTAL	3,141.33	0.00	27,732.60	1,759.68	29,492.28
TELEPHONE	20,340.71	20.94	898.21	2.92	922.07
INSURANCE AND BONDS	53,034.00	0.00	732.00	2,188.00	2,920.00
RECEPTIONS	300.00	175.00	0.00	876.50	1,051.50
ADVERTISING	1,838.00	3,187.37	3,010.40	0.00	6,197.77
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	103,952.79	715.00	25,015.32	0.00	25,730.32
EXPENSE OFFSET	0.00	0.00	0.00	0.00	0.00
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	0.00	0.00	0.00
OPERATING COST ALLOCATIONS	(1,441,955.32)	403,747.47	0.00	57,678.24	461,425.71
TOTAL OPERATING EXPENDITURES	6,334.45	773,760.74	471,716.19	133,410.89	1,378,887.82
EXCESS REVENUES OVER EXPENDITURES	76,339.53	(75,363.23)	(9,150.58)	(89,443.55)	(173,957.36)
OTHER EXPENDITURES:					
EQUIPMENT	5,107.53	2,576.00	0.00	4,238.16	6,814.16
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	5,107.53	2,576.00	0.00	4,238.16	6,814.16
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):					
MANDATORY:					
PRINCIPAL AND INTEREST	(71,232.00)	0.00	0.00	0.00	0.00
NON-MANDATORY:					
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	13,734.75	0.00	13,734.75
TOTAL TRANSFERS	(71,232.00)	0.00	13,734.75	0.00	13,734.75
				0.00	
EXCESS REVENUES OVER EXPENDITURES (DEFICIT)	$ 0.00	$ (77,939.23)	$ 4,584.17	$ (93,681.71)	$ (167,036.77)

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE YEAR ENDED SEPTEMBER 30, 2009
WITH COMPARATIVE FIGURES FOR 2008

	CONTINUING EDUCATION	EDUCATIONAL LEASING	UNIVERSITY SERVICE	TOTAL EDUCATIONAL SERVICES	BROOKLEY CENTER TOTAL 09/30/09	BROOKLEY CENTER TOTAL 09/30/08
REVENUES:						
SALES-FOOD & MERCHANDISE	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 39,361.26	$ 39,754.78
LESS: COST OF GOODS SOLD	0.00	0.00	0.00	0.00	27,891.65	31,523.09
DISCOUNTS	2,098.75	0.00	0.00	2,098.75	3,189.17	8,671.36
GROSS PROFIT	(2,098.75)	0.00	0.00	(2,098.75)	8,280.44	(439.67)
FEES	273,770.96	480,555.64	0.00	754,326.60	1,246,748.99	1,340,072.23
RENTALS	13,200.00	0.00	0.00	13,200.00	739,193.51	733,595.20
OTHER	1,600.00	69,832.47	0.00	71,432.47	80,237.82	9,437.22
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	50,004.00	50,004.00
NET REVENUES	286,472.21	550,388.11	0.00	836,860.32	2,124,464.76	2,132,668.98
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	37,124.64	0.00	0.00	37,124.64	931,799.32	1,013,114.98
EMPLOYEE BENEFITS	11,191.26	0.00	0.00	11,191.26	321,810.22	352,120.92
SUPPLIES	27,206.48	8,043.24	0.00	35,249.72	109,231.56	165,157.81
TRAVEL	0.00	0.00	0.00	0.00	2,141.92	3,954.74
CONTRACT SERVICE	7,414.86	2,484.74	0.00	9,899.60	250,646.63	266,648.91
BUILDING MAINTENANCE & REPAIR	16,479.01	6,131.67	0.00	22,610.68	84,659.81	94,088.89
GROUNDS MAINTENANCE	1,710.91	243.47	0.00	1,954.38	85,581.96	89,762.65
UTILITIES	153,507.23	113,448.59	0.00	266,955.82	660,661.24	549,905.62
EQUIPMENT MAINTENANCE & REPAIR	1,807.77	4,029.43	0.00	5,837.20	61,121.75	76,115.64
BUILDING & EQUIPMENT RENTAL	0.00	0.00	0.00	0.00	32,633.61	33,411.82
TELEPHONE	22.56	170.00	0.00	192.56	21,455.34	17,633.18
INSURANCE AND BONDS	8,640.00	0.00	0.00	8,640.00	64,594.00	62,177.00
RECEPTIONS	0.00	0.00	0.00	0.00	1,351.50	2,467.10
ADVERTISING	28,432.31	0.00	0.00	28,432.31	36,468.08	33,304.20
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	5,015.47	46,482.39	0.00	51,497.86	181,180.97	191,885.70
EXPENSE OFFSET	(34,050.00)	0.00	0.00	(34,050.00)	(34,050.00)	(34,050.00)
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	(219,866.04)	(219,866.04)	(219,866.04)	(219,866.04)
OPERATING COST ALLOCATIONS	302,810.61	245,132.41	432,586.59	980,529.61	0.00	0.00
TOTAL OPERATING EXPENDITURES	567,313.11	426,165.94	212,720.55	1,206,199.60	2,591,421.87	2,697,833.12
EXCESS REVENUES OVER EXPENDITURES	(280,840.90)	124,222.17	(212,720.55)	(369,339.28)	(466,957.11)	(565,164.14)
OTHER EXPENDITURES:						
EQUIPMENT	9,907.17	1,681.00	0.00	11,588.17	23,509.86	24,451.79
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	9,907.17	1,681.00	0.00	11,588.17	23,509.86	24,451.79
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(71,232.00)	(71,232.00)
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	13,734.75	2,662.40
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	(57,497.25)	(68,569.60)
EXCESS REVENUES OVER EXPENDITURES (DEFICIT)	$ (290,748.07)	$ 122,541.17	$ (212,720.55)	$ (380,927.45)	$ (547,964.22)	$ (658,185.53)

FOOD SERVICE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE YEAR ENDED SEPTEMBER 30, 2009
WITH COMPARATIVE FIGURES FOR 2008

	09/30/09	09/30/08
REVENUES:		
COMMISSION INCOME	$ 273,909.47	$ 199,287.01
TOTAL REVENUES	273,909.47	199,287.01
EXPENDITURES:		
SALARIES	0.00	0.00
EMPLOYEE BENEFITS	0.00	0.00
SUPPLIES	1,128.33	(3.86)
EQUIPMENT MAINTENANCE AND REPAIR	30,948.98	26,972.67
UTILITIES	65,000.04	65,000.04
TELEPHONE	300.88	179.92
MEMBERSHIPS AND DUES	0.00	600.00
CONTRACT SERVICES	10,883.87	11,014.96
INSURANCE AND BONDS	12,269.00	11,865.00
EQUIPMENT	0.00	243.97
BUILDING MAINTENANCE AND REPAIR	5,470.00	5,436.81
INDIRECT COST	16,182.00	16,182.00
GENERAL EXPENSE	1,493.71	3,645.31
TOTAL EXPENDITURES	143,676.81	141,136.82
TRANSFERS AMONG FUNDS- ADDITIONS/(DEDUCTIONS):		
NON-MANDATORY:		
OTHER TRANSFERS	(130,232.66)	(45,000.00)
TOTAL TRANSFERS	(130,232.66)	(45,000.00)
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS (DEFICIT)	$ 0.00	$ 13,150.19

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE YEAR ENDED SEPTEMBER 30, 2009
WITH COMPARATIVE FIGURES FOR 2008

	CENTRAL HOUSING	HOUSING PROGRAMMING	WASHERS AND DRYERS	OLD SHELL ROAD HOUSING	HILLSDALE MARRIED STUDENT	SMALL GROUP HOUSING
REVENUES:						
RENTAL INCOME	$ 0.00	$ 0.00	$ 138,765.00	$ 0.00	$ 98,021.52	$ 366,212.99
BAD DEBT RECOVERY	727.50	0.00	0.00	0.00	4,969.09	0.00
OTHER	342.50	215.07	0.00	0.00	24,101.73	97,603.15
TOTAL REVENUES	1,070.00	215.07	138,765.00	0.00	127,092.34	463,816.14
EXPENDITURES:						
SALARIES	325,651.13	111,462.83	0.00	0.00	179,278.57	66,002.32
EMPLOYEE BENEFITS	102,910.14	748.21	0.00	0.00	74,063.14	13,246.02
CONTRACT LABOR	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICES	936.00	0.00	57,793.00	0.00	15,237.64	25,667.91
TRAVEL	6,246.46	0.00	0.00	0.00	0.00	0.00
RECEPTIONS	1,442.97	21,251.70	0.00	0.00	0.00	0.00
SUPPLIES	15,835.03	2,135.94	0.00	0.00	(1,458.36)	12,924.37
CABLE	112,944.25	0.00	0.00	0.00	1,281.72	415.20
TELEPHONE	450.70	0.00	0.00	0.00	1,376.69	1,225.92
UTILITIES	0.00	0.00	0.00	0.00	18,322.59	916.80
INSURANCE AND BONDS	1,464.00	0.00	0.00	0.00	10,676.00	8,387.00
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	1,498.91	122.50
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	2,883.03
EQUIPMENT	199.95	0.00	0.00	0.00	1,974.00	556.20
EQUIPMENT RENTAL	2,342.01	0.00	0.00	0.00	2,572.40	0.00
EQUIPMENT MAINTENANCE AND REPAIR	210.25	0.00	0.00	0.00	1,850.77	263.91
GROUNDS MAINTENANCE	0.00	0.00	0.00	0.00	800.00	0.00
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	82,514.26	1,929.48	0.00	0.00	8,284.43	(241.00)
ADMINISTRATIVE OVERHEAD	291,999.04	0.00	0.00	0.00	0.00	51,955.04
ADMINISTRATIVE EXPENSES	(944,076.19)	(134,845.49)	39,920.10	0.00	4,315.68	100,339.71
TOTAL EXPENDITURES	1,070.00	2,682.67	97,713.10	0.00	320,074.18	284,664.93
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	0.00	(607,032.00)
TOTAL MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	(607,032.00)
NON-MANDATORY:						
RENEWALS AND REPLACEMENTS	0.00	0.00	0.00	0.00	0.00	0.00
OTHER NON-MANDATORY TRANSFERS	0.00	2,467.60	0.00	0.00	0.00	0.00
TOTAL NON-MANDATORY TRANSFERS	0.00	2,467.60	0.00	0.00	0.00	0.00
TOTAL TRANSFERS	0.00	2,467.60	0.00	0.00	0.00	(607,032.00)
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS (DEFICIT)	$ 0.00	$ 0.00	$ 41,051.90	$ 0.00	$ (192,981.84)	$ (427,880.79)

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE YEAR ENDED SEPTEMBER 30, 2009
WITH COMPARATIVE FIGURES FOR 2008

	GAMMA DORMS	BETA DORMS	DELTA DORMS	EPSILON DORMS	TOTAL HOUSING 09/30/09	TOTAL HOUSING 09/30/08
REVENUES:						
RENTAL INCOME	$ 1,089,586.14	$ 647,913.60	$ 2,469,906.45	$ 780,412.44	$ 5,590,818.14	$ 5,496,576.30
BAD DEBT RECOVERY	0.00	0.00	0.00	0.00	5,696.59	8,958.54
OTHER	6,262.84	7,773.78	50,472.73	22,750.09	209,521.89	163,924.48
TOTAL REVENUES	1,095,848.98	655,687.38	2,520,379.18	803,162.53	5,806,036.62	5,669,459.32
EXPENDITURES:						
SALARIES	216,448.22	71,029.82	225,135.12	119,609.94	1,314,617.95	1,494,871.52
EMPLOYEE BENEFITS	55,426.93	18,944.57	58,128.87	25,036.30	348,504.18	395,791.54
CONTRACT LABOR	177.50	0.00	31,597.54	0.00	31,775.04	73,531.55
CONTRACT SERVICES	18,720.43	23,043.32	59,842.84	26,921.54	228,162.68	296,166.42
TRAVEL	0.00	0.00	0.00	0.00	6,246.46	5,190.96
RECEPTIONS	0.00	0.00	0.00	0.00	22,694.67	31,810.94
SUPPLIES	20,351.63	6,490.48	88,967.89	29,669.30	174,916.28	180,392.59
CABLE	400.00	0.00	499.20	0.00	115,540.37	109,991.50
TELEPHONE	37,703.00	13,853.06	87,163.72	21,724.20	163,497.29	156,981.46
UTILITIES	0.00	0.00	0.00	0.00	19,239.39	29,647.11
INSURANCE AND BONDS	14,044.00	7,178.00	21,686.00	6,304.00	69,739.00	71,403.00
BAD DEBT EXPENSE	30.00	50.00	2,354.00	120.00	4,175.41	10,937.86
BUILDING MAINTENANCE AND REPAIR	326.00	91.35	3,764.35	0.00	7,064.73	13,455.45
EQUIPMENT	0.00	211,778.00	18,209.70	2,384.18	235,102.03	(65,768.72)
EQUIPMENT RENTAL	0.00	668.03	0.00	0.00	5,582.44	5,771.38
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	2,260.47	1,343.60	5,929.00	1,179.79
GROUNDS MAINTENANCE	0.00	0.00	0.00	0.00	800.00	933.75
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	50,440.00	39,718.49	144,545.15	38,209.11	365,399.92	406,405.43
ADMINISTRATIVE OVERHEAD	295,482.00	139,605.04	425,267.04	142,092.00	1,346,400.16	1,346,400.16
ADMINISTRATIVE EXPENSES	207,152.98	117,602.47	457,462.78	152,127.96	0.00	0.00
TOTAL EXPENDITURES	916,702.69	650,052.63	1,626,884.67	565,542.13	4,465,387.00	4,565,093.69
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	(153,142.88)	(45,760.00)	(266,160.00)	(39,784.00)	(1,111,878.88)	(1,125,592.00)
TOTAL MANDATORY TRANSFERS	(153,142.88)	(45,760.00)	(266,160.00)	(39,784.00)	(1,111,878.88)	(1,125,592.00)
NON-MANDATORY:						
RENEWALS AND REPLACEMENTS	0.00	0.00	0.00	0.00	0.00	(543,493.25)
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	2,467.60	3,757.73
TOTAL NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	2,467.60	(539,735.52)
TOTAL TRANSFERS	(153,142.88)	(45,760.00)	(266,160.00)	(39,784.00)	(1,109,411.28)	(1,665,327.52)
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS (DEFICIT)	$ 26,003.41	$ (40,125.25)	$ 627,334.51	$ 197,836.40	$ 231,238.34	$ (560,961.89)

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Basic Financial Statements

September 30, 2009 and 2008

(With Independent Auditors' Report Thereon)

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Basic Financial Statements

September 30, 2009 and 2008

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UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
September 30, 2009 and 2008

Introduction

The following discussion presents an overview of the financial position and financial activities of the University of South Alabama (the University), including the University of South Alabama Hospitals (the Hospitals), a division of the University, at September 30, 2009 and 2008 and for the years then ended. This discussion was prepared by University management and should be read in conjunction with the financial statements and notes thereto, which follow.

The basic financial statements of the University consist of the University and its component units. The financial position and results of operations of the component units are either blended with the University's financial position and results of operations or are discretely presented. The treatment of each component unit is governed by pronouncements issued by the Governmental Accounting Standards Board. As more fully described in note number 1 to the basic financial statements, the University of South Alabama Professional Liability Trust Fund and the University of South Alabama General Liability Trust Fund are reported as blended component units. The University of South Alabama Foundation, the University of South Alabama Health Services Foundation, and the USA Research and Technology Corporation are discretely presented.

Financial Highlights

At September 30, 2009, 2008, and 2007, the University had total assets of $856,249,000, $862,666,000, and $707,687,000, respectively; total liabilities of $449,570,000, $454,339,000, and $323,171,000, respectively; and net assets of $406,679,000, $408,327,000, and $384,516,000, respectively. University net assets decreased $1,648,000 during the year ended September 30, 2009 compared to increases of $23,811,000 and $73,158,000 in the years ended September 30, 2008 and 2007, respectively.

An overview of each statement is presented herein along with a financial analysis of the transactions impacting each statement. Where appropriate, comparative financial information is presented to assist in the understanding of this analysis.

Analysis of Financial Position and Results of Operations

Statement of Net Assets

The statement of net assets presents the assets, liabilities, and net assets of the University at September 30, 2009 and 2008. The net assets are displayed in three parts: invested in capital assets, net of related debt, restricted and unrestricted. Restricted net assets may either be expendable or nonexpendable and are those assets that are restricted by law or external donor. Unrestricted net assets are generally designated for specific purposes, and are available for use by the University to meet current expenses for any purpose. The statement of net assets, along with all of the University's basic financial statements, is prepared under the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred by the University, regardless of when cash is exchanged.

Assets included in the statement of net assets are classified as current or noncurrent. Current assets consist primarily of cash and cash equivalents, investments, and net patient accounts receivable. Of these amounts, cash and cash equivalents, investments, and patient accounts receivable comprise approximately 29%, 44%, and 12%, respectively, of current assets at September 30, 2009. Noncurrent assets at September 30, 2009 consist primarily of capital assets and restricted investments and noncurrent investments.

(Continued)

The Condensed Schedule of Net Assets at September 30, 2009, 2008, and 2007 follows (in thousands):

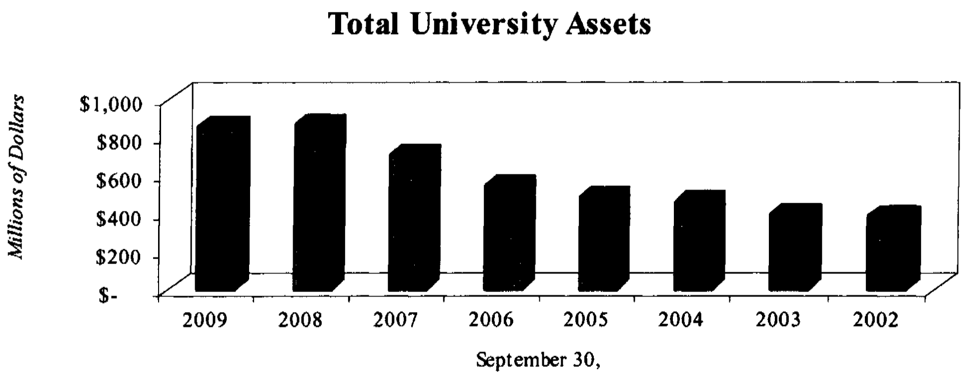
Condensed Schedule of Net Assets

		2009	2008	2007
Assets:				
Current	$	268,814	287,430	271,983
Capital assets		413,513	353,829	286,890
Other noncurrent		173,922	221,407	148,814
Total assets	$	856,249	862,666	707,687
Liabilities:				
Current	$	91,851	90,773	80,389
Noncurrent		357,719	363,566	242,782
Total liabilities	$	449,570	454,339	323,171
Net assets:				
Invested in capital assets, net of related debt	$	187,489	186,986	163,688
Restricted, nonexpendable		28,622	24,165	16,828
Restricted, expendable		28,685	23,071	35,955
Unrestricted		161,883	174,105	168,045
Total net assets	$	406,679	408,327	384,516

University cash, cash equivalents, and investments (current and noncurrent) decreased between September 30, 2008 and 2009 by $73,526,000 to $350,222,000. This decrease is due primarily to the use of existing funds for construction and to a $31,286,000 decrease in 2009 state appropriations. This follows an increase of $88,101,000 in cash, cash equivalents, and investments between 2007 and 2008, which resulted from cash generated by the issuance of additional bonded indebtedness totaling $120,085,000 and a $19,349,000 increase in state appropriations in 2008.

(Continued)

Total assets of the University as of September 30 are as follows:



Net assets represent the residual interest in the University's assets after liabilities are deducted. Net assets are classified into one of four categories:

Net assets invested in capital assets, net of related debt, represent the University's capital assets less accumulated depreciation and outstanding principal balances of the debt attributable to the acquisition, construction, or improvement of those assets.

Restricted nonexpendable net assets consist primarily of the University's permanent endowment funds. While earnings from these funds may be expended, the corpus may not be expended for any reason and must remain intact with the University in perpetuity.

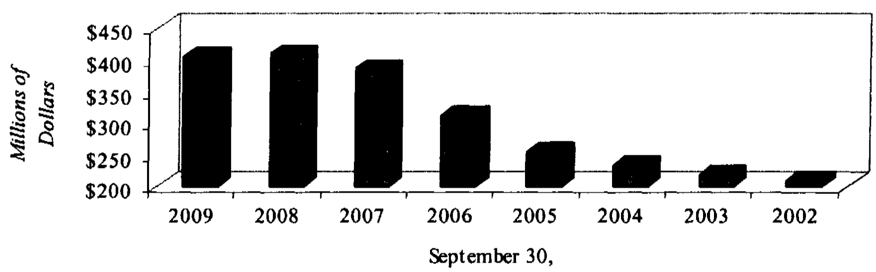
Restricted expendable net assets are subject to externally imposed restrictions governing their use. The funds are restricted primarily for debt service, capital projects, student loans, and scholarship purposes.

Unrestricted net assets represent those net assets not subject to externally imposed stipulations. Even though these funds are not legally restricted, the majority of the University's unrestricted net assets have been internally designated for various projects, all supporting the missions of the University. These unrestricted net assets include funds for various academic and research programs, auxiliary operations (including the bookstore, student housing and dining services), student programs, capital projects and general operations.

(Continued)

Net assets of the University as of September 30 are as follows:

Net University Assets



All categories of restricted net assets increased by approximately 21% between September 30, 2008 and 2009 primarily due to the improvement in financial market conditions and due to the addition of restricted gifts to the University. Unrestricted net assets decreased from $174,105,000 to $161,883,000 between September 30, 2008 and 2009 reflecting the results of University financial operations during fiscal year 2009.

Statement of Revenues, Expenses, and Changes in Net Assets

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

Generally, operating revenues have the characteristics of exchange transactions and are received or accrued for providing goods and services to the various customers and constituencies of the University. These include hospital patient care services, tuition and fees (net of scholarship discounts and allowances), most noncapital grants and contracts and revenues from auxiliary activities and sales and services of educational activities (primarily athletic activities). Operating expenses are those expenses paid or incurred to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University.

Nonoperating revenues have the characteristics of nonexchange transactions and are revenues generally earned for which goods and services are not provided, such as investment income, capital appropriations, gifts and other contributions. State appropriations are required by the Governmental Accounting Standards Board to be classified as nonoperating revenues. Nonoperating expenses are those expenses required in the operation and administration of the University, but not directly incurred to acquire or produce the goods and services provided in return for operating revenues. Such nonoperating expenses include interest on the University's indebtedness and losses related to the disposition of capital assets.

(Continued)

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
September 30, 2009 and 2008

The Condensed Schedule of Revenues, Expenses, and Changes in Net Assets for the years ended September 30, 2009, 2008, and 2007 follows (in thousands):

Condensed Schedule of Revenues, Expenses, and Changes in Net Assets

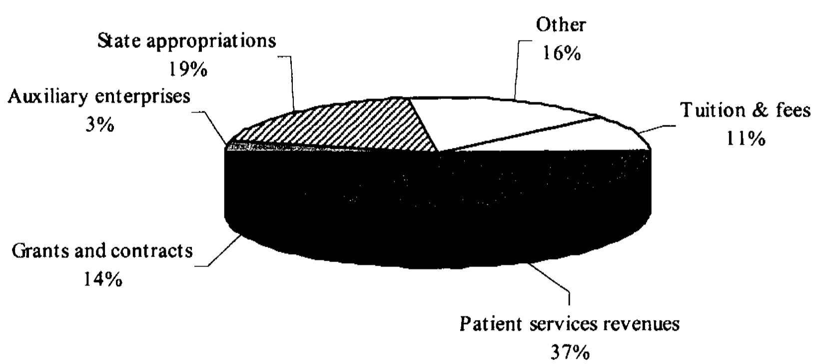
	2009	2008	2007
Operating revenues:			
Tuition and fees	$ 61,076	54,823	49,579
Net patient service revenue	206,532	201,603	205,337
Federal, state and private grants and contracts	78,274	77,245	74,874
Other	49,753	47,660	45,803
	395,635	381,331	375,593
Operating expenses:			
Salaries and benefits	379,360	370,749	333,688
Supplies and other services	122,672	123,782	111,297
Other	46,540	39,565	35,977
	548,572	534,096	480,962
Operating loss	(152,937)	(152,765)	(105,369)
Nonoperating revenues (expenses):			
State appropriations	108,451	139,737	120,388
Investment income (loss)	11,744	(4,257)	19,534
Other, net	10,149	12,332	14,855
Net nonoperating revenues	130,344	147,812	154,777
(Loss) income before capital contributions and additions to endowment	(22,593)	(4,953)	49,408
Capital appropriations, capital contributions and additions to endowment	20,945	28,764	23,750
Change in net assets	(1,648)	23,811	73,158
Beginning net assets	408,327	384,516	311,358
Ending net assets	$ 406,679	408,327	384,516

(Continued)

In 2009, 2008, and 2007, approximately 37%, 35%, and 38%, respectively, of total revenues of the University were net patient service revenue. Excluding net patient service revenue, state appropriations represent the largest component of total university revenues, approximately 19% of total revenues in fiscal 2009. Also in 2009 tuition and fees charged to students and grants and contracts (federal, state and private) represented approximately 11% and 14% of total revenues, respectively.

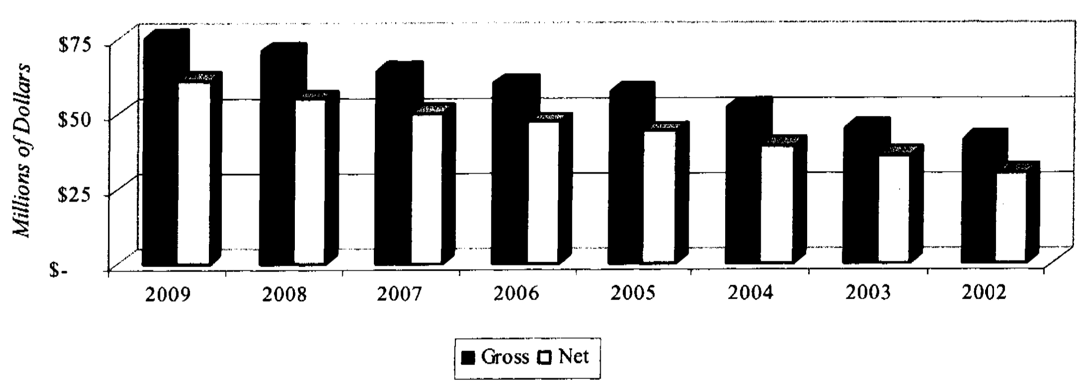
A summary of University revenues for the year ended September 30, 2009 is presented below:

Total Revenues



Tuition and fees have increased in each of the last six years. These increases are due to increases in tuition and fee rates charged to students as well as to an increase in the number of students enrolled. Additionally, tuition and fees as a percent of total operating revenues continue to increase, from 9.5% of operating revenues in 2002 to 15.4% in 2009. Tuition and fees, gross and net of scholarship allowances, for the past eight fiscal years are as follows:

Tuition and Fee Revenues

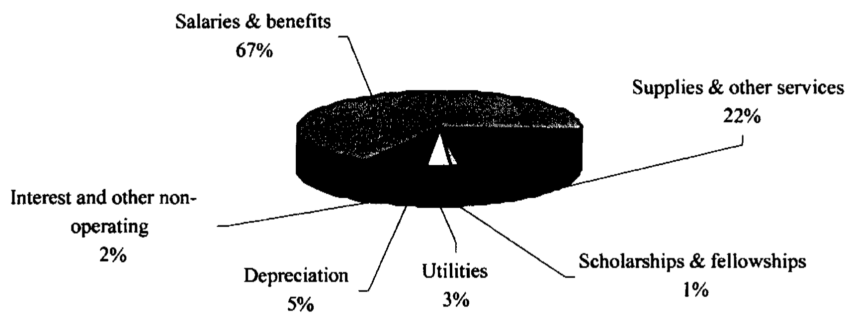


(Continued)

Further, capital contributions and grants decreased from $19,268,000 in 2008 to $5,325,000 in 2009 due to the substantial completion in 2008 of grant funded construction of the Mitchell Cancer Institute. Additionally, the University recognized $10,171,000 in capital appropriations in 2009, compared to $0 in 2008. Those appropriations were utilized in the construction of the Student Recreation Center. As a result of significant fluctuations in financial market conditions, net investment income (loss) increased from a loss of $4,257,000 in 2008 to income of $11,744,000 in 2009. Included in 2009 income are unrealized market gains of $4,716,000.

University expenses are presented using their natural expense classifications. A summary of University expenses for the year ended September 30, 2009 is presented below.

Total Expenses

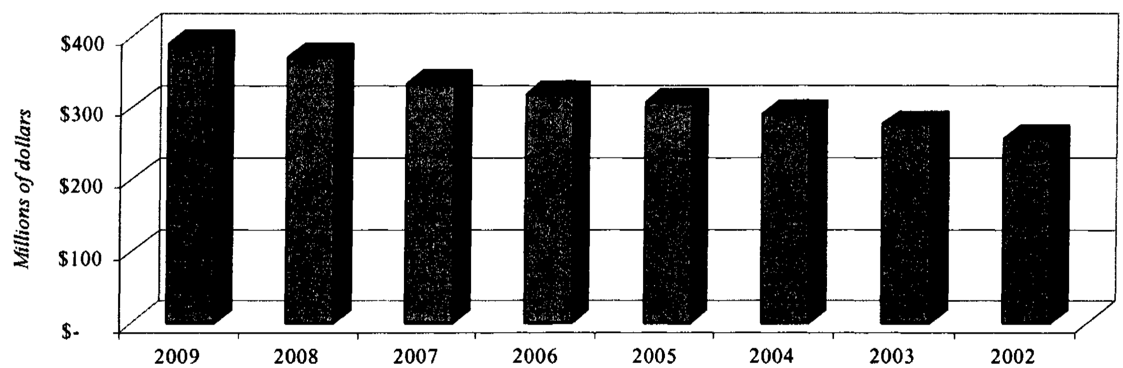


While the University reports its expenses on a natural expense classification basis, functional classifications represent expenses categorized based on the function within the University. Such University functions include instruction, research, public service, academic support, student services, institutional support, scholarships, and operation and maintenance of plant. Expenses related to auxiliary enterprise activities and the hospitals are presented separately. Functional expense information is presented in note 16 to the basic financial statements.

In 2009, 2008, and 2007, approximately 69% of the University's total operating expenses were salaries and benefits. Salaries and benefits have steadily increased over the last eight years, resulting primarily from increases in salary rates to faculty and staff, as shown as follows:

(Continued)

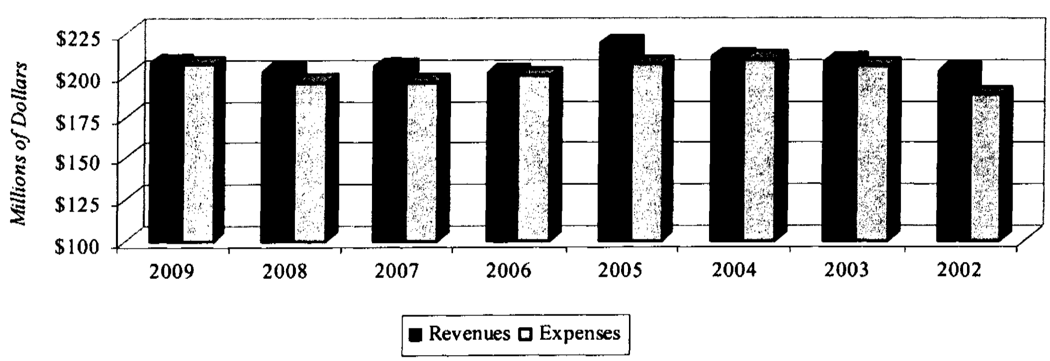
Total Salaries and Benefits Expense



For the years ended September 30, 2009, 2008, and 2007, the University reported an operating loss of approximately $152,937,000, $152,765,000, and $105,369,000, respectively. Operating losses are offset partially by state appropriations, which are reported as nonoperating revenue. After adding state appropriations and other nonoperating revenues and expenses, (primarily capital appropriations, capital contributions, and additions to endowment) the total change in net assets was approximately $(1,648,000), $23,811,000, and $73,158,000, for the years ended September 30, 2009, 2008, and 2007, respectively.

The Hospitals represent a significant portion of total University revenues and expenses and have remained relatively constant over the past three years. Operating hospital revenues and expenses for the last eight fiscal years are presented below:

Hospital Operating Revenues and Expenses



Statement of Cash Flows

The statement of cash flows presents information related to cash flows of the University. This statement presents cash flows by category: operating activities, noncapital financing activities, capital and related financing activities and investing activities. The net cash provided to, or used by, the University is presented by category.

(Continued)

Capital Assets and Debt Administration

Total capital asset additions for the University were approximately $84,904,000 in 2009. During 2009, the Mitchell Cancer Institute, the Nursing and Allied Health Building, and a major addition to the University's central utility plant system were placed into service and the Football Field House was substantially completed. Significant construction projects that remain in progress at September 30, 2009 include the Student Recreation Center, Bell Tower, and the Engineering and Science Building. Significant projects in fiscal 2007 and 2008 included Building II in the USA Technology and Research Park, JagTran (the campus shuttle system), Meisler Hall, and various ongoing projects. At September 30, 2009, the University has outstanding commitments of approximately $56,218,000 for various capital projects.

In a prior year, the State of Alabama made allocations from state bond issues to the University in the amount of $21,332,000. During 2009, $10,171,000 was recognized by the University and is reported as a capital appropriation and $11,161,000 remains unspent at September 30, 2009.

In September 2008, the University issued the University Facilities Revenue and Capital Improvement Bonds, Series 2008, with a face value of $112,885,000. The net proceeds of these bonds are being used to fund various construction and capital improvements at the University.

In order to realize debt service savings currently from future debt refunding, in January 2008, the University entered into a synthetic advance refunding of the outstanding Series 2004 and 2006 bonds. This transaction was effected through the sale of two swaptions by the University to a counterparty and resulted in an up-front payment to the University totaling $9,328,000 in exchange for selling the counterparty the option to enter into an interest rate swap with respect to the Series 2004 and 2006 bonds. A portion of this payment is considered a borrowing and is included in the long-term debt of the University.

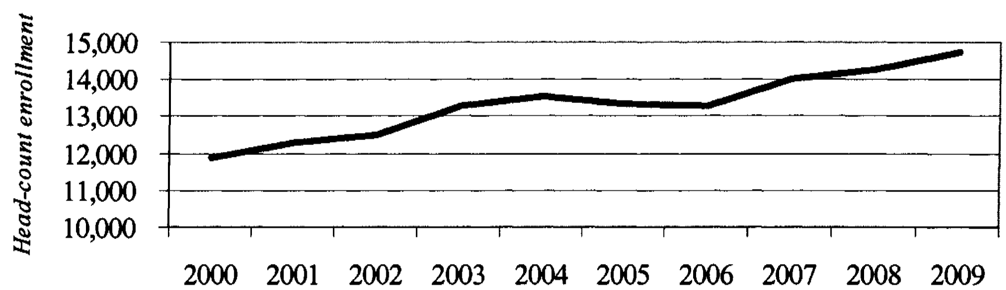
During the year ended September 30, 2008, the University's bond credit rating was upgraded by Moody's Investors Services from A2 to A1. This represents the first upgrade of the University's bond credit rating since 2004. The University also received a rating of A+ from Standard and Poor's Rating Services. There is no change in the University's rating at September 30, 2009.

Economic Outlook

Student enrollment and tuition have both increased over the past ten years. The University has experienced an increase in enrollment of approximately 24%, or 2,900 students, between 2000 and 2009, from 11,870 in 2000 to 14,755 for the 2009 fall semester. The enrollment trend for the University between 2000 and 2009 is as follows:

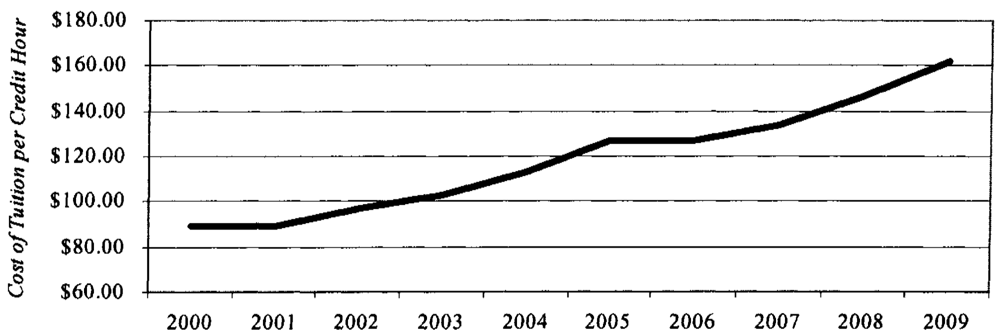
(Continued)

Enrollment - Ten Year Summary



In that same time period, in-state tuition per credit hour has increased by approximately 96%. Similar increases have been experienced in out-of-state tuition, College of Medicine tuition, fees and housing fees. The trend of in-state tuition per credit hour between 2000 and 2009 is as follows:

Tuition per Credit Hour



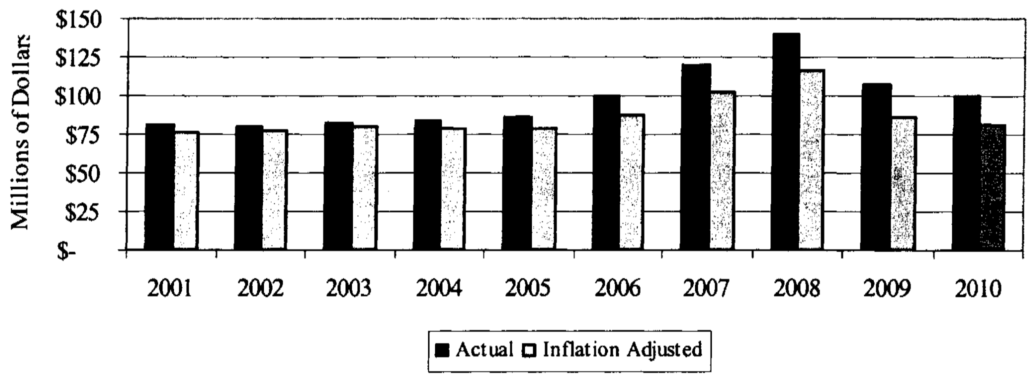
While enrollment and tuition have both increased in recent years, state appropriations have historically been relatively flat. However, in the 2008, 2007 and 2006 fiscal years, the University experienced increases of 16%, 19% and 17%, respectively, or approximately $19,349,000, $19,185,000 and $14,581,000, respectively, in its state appropriation. These increases were unusually high. For the 2009 fiscal year, the University's original state appropriation decreased 12.8% or approximately $17,882,000. Additionally, in December 2008 the Governor of Alabama announced proration of 9%, or approximately $10,967,000; and in July 2009, the Governor announced additional proration of 2%, or approximately $2,437,000. Therefore, the total decrease in the 2009 state appropriation was approximately $31,286,000 to $108,451,000, or 22.4% lower than in 2008.

A state appropriation in the amount of approximately $108,286,000 has been authorized for the year ending September 30, 2010; however, in September 2009, the Governor announced proration of 7.5% for the year ending September 30, 2010. Following the announcement of proration, the state appropriation for the year ending September 30, 2010 is currently $100,022,000.

(Continued)

The ten year history of State Appropriations for the University is as follows:

State Appropriations - Ten Year History



In addition to state appropriations, the University is subject to declines in general economic conditions in the United States and, specifically, the State of Alabama. Declines in financial markets have had a significant impact on the value of the University's endowment. Further weakening of the economy could have a potential further negative impact on the University's enrollment, extramural funding, endowment performance, and health care operations.

In early 2009, the American Recovery and Reinvestment Act (ARRA) was passed by Congress and signed into law by the President. As a result of this legislation, the University has been awarded approximately $10,769,000 in 2010 and 2011 through the U. S. Department of Education's State Fiscal Stabilization Fund Program. As of the current date, the total award is 90% of $21,538,000, or $19,384,000. The remaining 10% will not be awarded until the State has made application to the federal government. Additional funding is available through the competitive grant process from various federal agencies. As of September 30 2009, the University had been awarded ARRA grants totaling approximately $1,919,000. Additional proposals remain outstanding at September 30, 2009.

Other than the issues presented above, University administration is not aware of any other currently known facts, decisions, or conditions that are expected to have a significant effect on the University's financial position or results of operations during fiscal year 2010 beyond those unknown variables having a global effect on virtually all types of business operations.

(Continued)

KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201

Independent Auditors' Report

The Board of Trustees
University of South Alabama:

We have audited the accompanying basic financial statements of the University of South Alabama, a component unit of the State of Alabama, (the University) and its aggregate discretely presented component units as of and for the years ended September 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the 2009 and 2008 consolidated financial statements of the University of South Alabama Foundation, which represents 80%, 101% and (50)%, respectively, of the 2009 assets, net assets, and revenues, gains and other support of the discretely presented component units and 82%, 100% and (14)%, respectively, of the 2008 assets, net assets, and revenues, gains and other support of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of South Alabama Foundation, is based on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the University of South Alabama Foundation, the University of South Alabama Health Services Foundation, the USA Research and Technology Corporation, and the Professional and General Liability Trust Funds were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinions.

As discussed in note 1, the financial statements of the University are intended to present the financial position, changes in financial position and, where applicable, cash flows of only that portion of the basic financial statements and the aggregate discretely presented component units of the State of Alabama that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Alabama as of September 30, 2009 and 2008, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University and of its aggregate discretely presented component units as of September 30, 2009 and 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with U. S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2009, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 1 through 11 is not a required part of the basic financial statements but is supplementary information required by U. S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

November 13, 2009

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statements of Net Assets

September 30, 2009 and 2008

(In thousands)

		2009	2008
Assets:			
Current assets:			
Cash and cash equivalents	$	79,297	34,914
Investments		117,816	187,947
Net patient accounts receivable, (net of allowance for doubtful accounts of $48,690 and $45,650)		30,929	26,018
Accounts receivable, affiliates		18,284	15,329
Accounts receivable, other		15,162	14,485
Notes receivable, net		306	837
Prepaid expenses, inventories, and other		7,020	7,900
Total current assets		268,814	287,430
Noncurrent assets:			
Restricted cash and cash equivalents		56,615	95,893
Restricted investments		95,506	103,889
Investments		988	1,105
Accounts receivable		7,447	7,237
Notes receivable, net		5,058	4,887
Other noncurrent assets		8,308	8,396
Capital assets, net		413,513	353,829
Total noncurrent assets		587,435	575,236
Total assets		856,249	862,666
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities		55,598	58,588
Deferred revenue		29,468	26,228
Deposits		904	990
Current portion of long-term debt		5,881	4,967
Total current liabilities		91,851	90,773
Noncurrent liabilities:			
Long-term debt, less current portion		307,471	311,359
Other long-term liabilities		50,248	52,207
Total noncurrent liabilities		357,719	363,566
Total liabilities		449,570	454,339
Net assets:			
Invested in capital assets, net of related debt		187,489	186,986
Restricted, nonexpendable:			
Scholarships		11,702	10,741
Other		16,920	13,424
Restricted, expendable:			
Scholarships		4,865	4,698
Other		23,820	18,373
Unrestricted		161,883	174,105
Total net assets	$	406,679	408,327

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA FOUNDATION
(Discretely Presented Component Unit)

Consolidated Statements of Financial Position

June 30, 2009 and 2008

(In thousands)

Assets		**2009**	**2008**
Cash and cash equivalents	$	2,298	1,337
Investments:			
Securities, at fair value		83,884	120,133
Timber and mineral properties		150,211	154,462
Real estate		8,573	9,792
Other		5,519	5,500
Accounts receivable		7	—
Other assets		520	452
Total assets	$	251,012	291,676
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	169	82
Other liabilities		672	646
Total liabilities		841	728
Net assets:			
Unrestricted		55,053	87,273
Temporarily restricted		26,295	34,739
Permanently restricted		168,823	168,936
Total net assets		250,171	290,948
Total liabilities and net assets	$	251,012	291,676

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
HEALTH SERVICES FOUNDATION
(Discretely Presented Component Unit)

Statements of Financial Position

September 30, 2009 and 2008

(In thousands)

Assets		**2009**	**2008**
Current assets:			
Cash and cash equivalents	$	1,397	846
Patient accounts receivable (net of allowance for uncollectible accounts of approximately $4,827 and $5,281)		10,395	10,747
Other current assets		1,039	1,269
Total current assets		12,831	12,862
Interest in assets of University of South Alabama Professional Liability Trust Fund		20,685	20,928
Property and equipment, net		2,475	2,604
Total assets	$	35,991	36,394
Liabilities and Net Assets (Deficit)			
Current liabilities:			
Accounts payable	$	2,179	1,978
Current portion of notes payable		—	570
Due to affiliates		18,149	15,069
Total current liabilities		20,328	17,617
Estimated professional liability costs		20,685	20,928
Total liabilities		41,013	38,545
Unrestricted net deficit		(5,022)	(2,151)
Total liabilities and net assets	$	35,991	36,394

See accompanying notes to basic financial statements.

USA RESEARCH AND TECHNOLOGY CORPORATION
(Discretely Presented Component Unit)

Statements of Net Assets

September 30, 2009 and 2008

(In thousands)

		2009	2008
Assets:			
Current assets:			
Cash and cash equivalents	$	863	1,505
Investments		499	3,265
Rent receivable		167	147
Tenant expense reimbursements and other		32	14
Total current assets		1,561	4,931
Noncurrent assets:			
Intangible assets, net		261	245
Capital assets, net		26,492	24,052
Total noncurrent assets		26,753	24,297
Total assets		28,314	29,228
Liabilities:			
Current liabilities:			
Deposits, other current liabilities, and accrued expenses		554	557
Payable to University of South Alabama		11	11
Deferred rent income		115	137
Current portion of notes payable		909	858
Total current liabilities		1,589	1,563
Noncurrent liabilities:			
Notes payable, excluding current portion		25,278	26,173
Total noncurrent liabilities		25,278	26,173
Total liabilities		26,867	27,736
Net assets (deficit):			
Invested in capital assets, net of related debt		247	(259)
Unrestricted		1,200	1,751
Total net assets	$	1,447	1,492

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended September 30, 2009 and 2008

(In thousands)

		2009	2008
Operating revenues:			
Tuition and fees (net of scholarship allowances of $20,516 and $16,483)	$	61,076	54,823
Net patient service revenue		206,532	201,603
Federal grants and contracts		23,017	22,378
State grants and contracts		7,146	8,238
Private grants and contracts		48,111	46,629
Auxiliary enterprises (net of scholarship allowances of $635 and $510)		16,806	16,866
Other operating revenues		32,947	30,794
Total operating revenues		395,635	381,331
Operating expenses:			
Salaries and benefits		379,360	370,749
Supplies and other services		122,672	123,782
Scholarships and fellowships		5,615	4,997
Utilities		15,742	14,400
Depreciation and amortization		25,183	20,168
Total operating expenses		548,572	534,096
Operating loss		(152,937)	(152,765)
Nonoperating revenues (expenses):			
State appropriations		108,451	139,737
Investment income (loss)		11,744	(4,257)
Interest expense		(12,290)	(8,089)
Other nonoperating revenues		24,070	27,018
Other nonoperating expenses		(1,631)	(6,597)
Net nonoperating revenues		130,344	147,812
Loss before capital appropriations, contributions, and additions to endowment		(22,593)	(4,953)
Capital appropriations		10,171	—
Capital contributions and grants		5,325	19,268
Additions to endowment		5,449	9,496
Change in net assets		(1,648)	23,811
Net assets:			
Beginning of year		408,327	384,516
End of year	$	406,679	408,327

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA FOUNDATION
(Discretely Presented Component Unit)

Consolidated Statement of Activities and Changes in Net Assets

Year ended June 30, 2009

(In thousands)

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support:					
Net realized and unrealized losses on investments	$	(24,589)	(10,367)	(114)	(35,070)
Rents, royalties and timber sales		5,852	—	71	5,923
Interest and dividends		816	1,225	10	2,051
Gifts		5	6	2	13
Required match of donor contributions		(13)	13	—	—
Interfund interest		(118)	118	—	—
Transfers		125	(43)	(82)	—
Reclassification of net assets based on change in law		(1,931)	1,931	—	—
Net assets released from program restrictions		1,327	(1,327)	—	—
Total revenues, gains, and other support		(18,526)	(8,444)	(113)	(27,083)
Expenditures:					
Program services:					
Faculty support		2,299	—	—	2,299
Scholarships		1,065	—	—	1,065
Other		1,506	—	—	1,506
Total program service expenditures		4,870	—	—	4,870
Management and general		1,536	—	—	1,536
Other investment expense		1,675	—	—	1,675
Depreciation expense		5,564	—	—	5,564
Depletion expense		49	—	—	49
Total expenditures		13,694	—	—	13,694
Decrease in net assets		(32,220)	(8,444)	(113)	(40,777)
Net assets – beginning of year		87,273	34,739	168,936	290,948
Net assets – end of year	$	55,053	26,295	168,823	250,171

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA FOUNDATION
(Discretely Presented Component Unit)

Consolidated Statement of Activities and Changes in Net Assets

Year ended June 30, 2008

(In thousands)

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support:					
Net realized and unrealized gains (losses) on investments	$	3,011	(18,258)	(2,528)	(17,775)
Rents, royalties and timber sales		4,536	—	70	4,606
Interest and dividends		1,663	1,586	7	3,256
Gifts		—	7	170	177
Other income		5	24	—	29
Required match of donor contributions		(167)	—	167	—
Interfund interest		(513)	513	—	—
Net assets released from program restrictions		8,840	(8,840)	—	—
Total revenues, gains, and other support		17,375	(24,968)	(2,114)	(9,707)
Expenditures:					
Program services:					
Faculty support		2,521	—	—	2,521
Scholarships		1,016	—	—	1,016
Other		6,262	—	—	6,262
Total program service expenditures		9,799	—	—	9,799
Management and general		2,007	—	—	2,007
Other investment expense		2,900	—	—	2,900
Depreciation and depletion expense		3,408	—	—	3,408
Total expenditures		18,114	—	—	18,114
Decrease in net assets		(739)	(24,968)	(2,114)	(27,821)
Net assets – beginning of year		88,012	59,707	171,050	318,769
Net assets – end of year	$	87,273	34,739	168,936	290,948

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
HEALTH SERVICES FOUNDATION
(Discretely Presented Component Unit)

Statements of Operations and Changes in Unrestricted Net Assets (Deficit)

Years ended September 30, 2009 and 2008

(In thousands)

		2009	2008
Unrestricted revenues, gains and other support:			
Net patient service revenue	$	68,257	67,484
Other revenue		8,046	7,857
Total unrestricted revenues, gains, and other support		76,303	75,341
Expenses:			
Salaries and benefits		47,936	46,212
General and administrative		12,746	17,748
Provision for uncollectible accounts		13,582	13,459
Depreciation and amortization		976	993
Interest		7	65
Total expenses		75,247	78,477
Operating income (loss)		1,056	(3,136)
Nonoperating gains		301	180
Total nonoperating gains		301	180
Revenues over (under) expenses		1,357	(2,956)
Contributions restricted for debt service, received and expended within the same year		577	1,000
Transfer of capital to University of South Alabama College of Medicine		(4,805)	(1,517)
Change in unrestricted net assets (deficit)		(2,871)	(3,473)
Unrestricted net (deficit) assets at beginning of year		(2,151)	1,322
Unrestricted net deficit at end of year	$	(5,022)	(2,151)

See accompanying notes to basic financial statements.

USA RESEARCH AND TECHNOLOGY CORPORATION
(Discretely Presented Component Unit)

Statements of Revenues, Expenses, and Changes in Net Assets

Year ended September 30, 2009

(In thousands)

		2009	2008
Operating revenues:			
Rental income	$	3,475	2,878
Tenant reimbursements		39	29
Total operating revenues		3,514	2,907
Operating expenses:			
Building management and operating expenses		804	533
Depreciation and amortization		810	681
Legal and administrative fees		34	32
Insurance		48	57
Total operating expenses		1,696	1,303
Operating income		1,818	1,604
Nonoperating revenues (expenses):			
Investment income		31	83
Interest expense		(1,635)	(1,426)
Donation revenue		159	140
Other		5	3
Net nonoperating expenses		(1,440)	(1,200)
Transfer of building to University of South Alabama		(423)	—
Change in net assets		(45)	404
Net assets:			
Beginning of year		1,492	1,088
End of year	$	1,447	1,492

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statements of Cash Flows

Years ended September 30, 2009 and 2008

(In thousands)

		2009	2008
Cash flows from operating activities:			
Receipts related to tuition and fees	$	63,151	57,061
Receipts from and on behalf of patients and third-party payers		201,850	206,743
Receipts from grants and contracts		74,695	79,517
Receipts related to auxiliary enterprises		16,832	16,823
Payments to suppliers and vendors		(142,998)	(141,907)
Payments to employees and related benefits		(378,752)	(366,379)
Payments for scholarships and fellowships		(5,615)	(5,451)
Other operating receipts		34,084	31,856
Net cash used in operating activities		(136,753)	(121,737)
Cash flows from noncapital financing activities:			
State appropriations		108,451	139,737
Endowment gifts		5,099	9,361
Agency funds received		515	625
Agency funds disbursed		(687)	(280)
Stafford and PLUS loans received		83,809	76,739
Stafford and PLUS loans disbursed		(83,768)	(76,857)
New loans issued to students		(26)	(113)
Student loan repayments		300	299
Other nonoperating revenues		23,852	26,476
Other nonoperating expenses		(2,133)	(5,173)
Net cash provided by noncapital financing activities		135,412	170,814
Cash flows from capital and related financing activities:			
Capital contributions and grants		5,062	19,268
Purchases of capital assets		(72,108)	(89,417)
Proceeds from sale of capital assets		105	68
Proceeds from issuance of capital debt		—	120,085
Principal payments on capital debt		(4,877)	(5,281)
Interest payments on capital debt		(12,131)	(7,860)
Net cash (used in) provided by capital and related financing activities		(83,949)	36,863
Cash flows from investing activities:			
Interest and dividends on investments		6,455	11,590
Purchases of investments		(86,749)	(392,507)
Proceeds from sales of investments		170,689	368,100
Net cash provided by (used in) investing activities		90,395	(12,817)
Net increase in cash and cash equivalents		5,105	73,123
Cash and cash equivalents (unrestricted and restricted):			
Beginning of year		130,807	57,684
End of year	$	135,912	130,807

(Continued)

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statements of Cash Flows

Years ended September 30, 2009 and 2008

(In thousands)

		2009	2008
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	$	(152,937)	(152,765)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation and amortization expense		25,183	20,168
Changes in assets and liabilities, net:			
Student receivables		(1,186)	(598)
Net patient accounts receivable		(4,911)	3,628
Grants and contracts receivables		(3,542)	1,742
Other receivables		1,512	8,345
Prepaid expenses, inventories, and other		(2,351)	1,035
Accounts payable and accrued liabilities		(1,703)	(8,445)
Deferred revenue		3,182	5,153
Net cash used in operating activities	$	(136,753)	(121,737)
Noncash investing, noncapital financing, and capital and related financing transactions:			
Increase (decrease) in fair value of investments recognized as a component of investment income	$	4,716	(13,771)
Additional maturity on capital appreciation bonds payable recorded as interest expense		1,998	1,813
Payments on behalf of the University by the Alabama Public School and College Authority reducing purchases of capital assets		9,786	—
Gifts of capital and other assets		613	60
Pledges of operating and capital gifts		559	412
Capitalization of construction period interest		2,483	1,537
Increase (decrease) in accounts payable related to capital assets		179	(2,226)

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The accompanying basic financial statements present the financial position and activities of the University of South Alabama (the University), which is a component unit of the State of Alabama. The financial statements of the University are intended to present the financial position, changes in financial position and, where applicable, cash flows of only that portion of the basic financial statements and the aggregate discretely presented component units of the State of Alabama that is attributable to the transactions of the University.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the basic financial statements include the accounts of the University, as the primary government, and the accounts of the following entities as component units.

The University has adopted GASB Statement No. 39 which provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with the primary government. The statement also clarifies reporting requirements for those organizations. Based on these criteria as of September 30, 2009 and 2008, the University reports the University of South Alabama Foundation (USA Foundation), the University of South Alabama Health Services Foundation (USAHSF), and the USA Research and Technology Corporation (the Corporation) as discretely presented component units.

The University is also affiliated with the South Alabama Medical Science Foundation (SAMSF). This entity is not considered a component unit of the University under the provisions of GASB Statement Nos. 14 and 39 because the University does not consider SAMSF significant enough to warrant inclusion in the University's reporting entity (see note 14 for further discussion of this entity).

(b) Professional Liability and General Liability Trust Funds

GASB Statement No. 14 requires the University, as the primary government, to include in its financial statements, as a component unit, organizations that, even though they are legally separate entities, meet certain requirements as defined by GASB Statement No. 14. The medical malpractice liability of the University is maintained and managed in a separate professional liability trust fund (the PLTF) in which the University and USAHSF are the only participants. In accordance with the bylaws of the trust fund, the president of the University is responsible for appointing members of the trust fund policy committee. Additionally, the general liability of the University is maintained and managed in a general liability trust fund (the GLTF) for which the University, as defined by GASB Statement No. 14, is responsible. The PLTF and GLTF are separate legal entities which are

(Continued)

governed by the University Board of Trustees through the University president. As such, PLTF and GLTF are reported as blended component units.

(c) ***University of South Alabama Foundation***

The USA Foundation is a not-for-profit foundation that was organized for the purpose of promoting education, scientific research, and charitable purposes, and to assist in developing and advancing the University in furthering, improving and expanding its properties, services, facilities, and activities. Because of the significance of the relationship between the University and the USA Foundation, the USA Foundation is considered a component unit of the University. The Board of Directors of the USA Foundation is not appointed or controlled by the University. The University receives distributions from the USA Foundation primarily for scholarship, faculty and other support. Total distributions received or accrued by the University for the years ended September 30, 2009 and 2008 were $4,772,000 and $9,627,000, respectively, and are primarily included in other nonoperating revenues and capital contributions and grants in the University's statements of revenues, expenses, and changes in net assets. The USA Foundation presents its financial statements in accordance with standards issued by the Financial Accounting Standards Board (FASB). The USA Foundation is reported in separate financial statements because of the difference in the financial reporting format since the USA Foundation follows FASB rather than GASB pronouncements. The USA Foundation has a June 30 fiscal year end which differs from the University's September 30 fiscal year end. In accordance with GASB Statement No. 14, this discretely presented unit has been included with the most recent fiscal year. The consolidated statements of financial position and the consolidated statements of activities and changes in net assets for the USA Foundation as of and for the years ended June 30, 2009 and 2008 are discretely presented following the statements of net assets and statements of revenues, expenses, and changes in net assets of the University.

(d) ***University of South Alabama Health Services Foundation***

The USAHSF is a not-for-profit corporation that exists to provide a group medical practice for physicians who are faculty members of the University and to further medical education and research at the University. Because of the significance of the relationship between the University and USAHSF, USAHSF is considered a component unit of the University. The USAHSF reimburses the University for salaries, certain administrative expenses, Dean's clinical assessment and other support services. Total amounts received and accrued for such expenses were approximately $43,535,000 and $40,745,000 for the years ended September 30, 2009 and 2008, respectively, and are reflected as private grants and contracts in the accompanying statements of revenues, expenses, and changes in net assets of the University. The USAHSF presents its financial statements in accordance with standards issued by the FASB. The statements of financial position and the statements of operations and changes in unrestricted net assets for the USAHSF for the years ended September 30, 2009 and 2008 are discretely presented following the statements of net assets and statements of revenues, expenses, and changes in net assets of the University.

(e) ***USA Research and Technology Corporation***

The Corporation is a not-for-profit corporation that exists for the purpose of furthering the educational and scientific mission of the University by developing, attracting, and retaining technology and research industries in Alabama that will provide professional and career

(Continued)

opportunities to the University's students and faculty. Because of the significance of the relationship between the University and the Corporation, the Corporation is considered a component unit of the University. The Corporation presents its financial statements in accordance with GASB. The statements of net assets and statements of revenues, expenses and changes in net assets for the Corporation are discretely presented following the statements of net assets and statements of revenues, expenses and changes in net assets of the University.

(f) Measurement Focus and Basis of Accounting

For financial reporting purposes, the University is considered a special purpose governmental agency engaged only in business type activities, as defined by GASB Statement No. 34. Accordingly, the University's basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The University prepares its basic financial statements in accordance with U. S. generally accepted accounting principles, as prescribed by GASB, including all applicable effective statements of the GASB and all statements of the FASB issued through November 30, 1989 that do not conflict with GASB pronouncements. The University has elected not to apply the provisions of any pronouncements of the FASB issued after November 30, 1989.

(g) Use of Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs could change by a material amount in the near term.

(h) Cash and Cash Equivalents

Cash and cash equivalents are defined as petty cash, demand accounts, certificates of deposit, and any short-term investments that take on the character of cash. These investments have maturities of less than three months and include repurchase agreements and money market accounts.

(i) Investments and Investment Income

Investments are recorded at fair value. The fair value of alternative investments (limited partnerships, private equity securities, etc.) do not have readily ascertainable market values and the University values these investments in accordance with valuations provided by the general partners or fund managers of the underlying partnerships or companies. Because these investments are not marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed. Investments received by gift are recorded at fair value at the date of receipt. Changes in the fair value of investments are reported in investment income (loss).

(Continued)

The liquidity crisis that originally was linked principally to the sub-prime lending markets has spread to other corners of the credit markets in the U.S. and internationally. It is not possible at this time to predict the full impact or duration of the existing illiquid credit market conditions. The unstable market conditions and the resulting uncertainties contribute to additional risks associated with certain significant investment valuation estimates. Management continues to monitor the composition of its portfolio to assess the potential impact of these market conditions on the valuation of its investments.

(j) Accounts Receivable

Accounts receivable primarily result from net patient service revenue. Accounts receivable from affiliates primarily represent amounts due from USAHSF for salaries, and certain administrative and other support services. Accounts receivable – other includes amounts due from students, the federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

(k) Inventories

The University's inventories primarily consist of bookstore inventories and medical supplies and pharmaceuticals. Bookstore inventories are valued at the lower of cost (moving average basis) or market. Medical supplies and pharmaceuticals are stated at the lower of cost (first-in, first-out method) or market.

(l) Capital Assets

Capital assets are recorded at cost, if purchased, or at fair value at date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset using the straight-line method. Major renewals and renovations are capitalized. Costs for repairs and maintenance are expensed when incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the gain or loss, if any, is included in nonoperating revenues (expenses) in the statements of revenues, expenses, and changes in net assets.

All capital assets other than land are depreciated using the following asset lives:

Buildings, infrastructure and certain building components	40 to 100 years
Fixed equipment	10 to 20 years
Land improvements	8 to 20 years
Library materials	10 years
Other equipment	4 to 15 years

Certain buildings are componentized for depreciation purposes.

Interest costs for certain assets constructed are capitalized as a component of the cost of acquiring those assets.

(Continued)

The University evaluates impairment in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. For the years ended September 30, 2009 and 2008, no impairments were recorded.

(m) Deferred Revenue

Student tuition, fees, and dormitory rentals are deferred and recognized over the applicable portion of each school term.

Operating lease rental payments related to the University's lease of USA Knollwood Hospital to the Infirmary Health System, Inc. (see note 11) are deferred and recognized as revenue over the term of the lease using the straight-line method.

The time value component of the payment to the University resulting from the sale of two swaptions by the University with respect to the outstanding Series 2004 and 2006 bonds is deferred and recognized as investment income over the term of the swaption (see note 5).

(n) Classification of Net Assets

The University's net assets are classified as follows:

Invested in capital assets, net of related debt reflect the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such debt is excluded from the calculation of *invested in capital assets, net of related debt.*

Restricted, nonexpendable net assets consist of endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted, expendable net assets include resources that the University is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, net patient service revenue, sales and services of educational activities and auxiliary enterprises. Auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff. While unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees, they are available for use at the discretion of the governing board, to meet current expenses for any purpose. Substantially all unrestricted net assets are designated for academic and research programs and initiatives, and capital programs.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University addresses each situation on a case-by-case basis prior to determining the resources to be used to satisfy the obligation.

(Continued)

(o) ***Scholarship Allowances and Student Financial Aid***

Student tuition and fees, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's basic financial statements based on their classification as either an exchange or nonexchange transaction. To the extent that revenues from such programs are used to satisfy tuition and fees and certain other student charges, the University has recorded a scholarship discount and allowance.

(p) ***Donor Restricted Endowments***

The University is subject to the "Uniform Prudent Management of Institutional Funds Act (UPMIFA)" of the Code of Alabama. This law allows the University, unless otherwise restricted by the donor, to spend net appreciation, realized and unrealized, on the endowment. The law also allows the University to appropriate for expenditure or accumulate to an endowment fund such amounts as the University determines to be prudent for the purposes for which the endowment fund was established. The University's endowment spending policy provides that 5% of the three-year invested net asset moving average value (inclusive of net realized and unrealized gains and losses), as measured at September 30, is available annually for spending. The University's policy is to retain the endowment net interest and dividend income and net realized and unrealized appreciation with the endowment after distributions allowed by the spending policy have been made. These amounts, unless otherwise directed by the donor, are included in restricted, expendable net assets.

(q) ***Classification of Revenues***

The University has classified its revenues as either operating or nonoperating revenues.

Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances; sales and services of auxiliary enterprises, net of scholarship allowances; most federal, state, and local grants and contracts; and, net patient service revenue.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources such as state appropriations and investment income.

(r) ***Gifts and Pledges***

Pledges of financial support from organizations and individuals representing an unconditional promise to give are recognized in the basic financial statements once all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Endowment pledges generally do not meet eligibility requirements, as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and are not recorded as assets until the related gift has been received. Unconditional

(Continued)

promises that are expected to be collected in future years are recorded at the present value of the estimated future cash flows.

(s) ***Grants and Contracts***

The University has been awarded grants and contracts for which funds have not been received or expenditures made for the purpose specified in the award. These awards have not been reflected in the basic financial statements, but represent commitments of sponsors to provide funds for specific research or training projects. For grants that have allowable cost provisions, the revenue will be recognized as the related expenditures are made. For grants with work completion requirements, the revenue is recognized as the work is completed. For grants without either of the above requirements, the revenue is recognized as it is received.

(t) ***Net Patient Service Revenue***

Net patient service revenue is reported at estimated net realizable amounts due from patients, third-party payers and others for healthcare services rendered, including estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such amounts are adjusted in future periods, as adjustments become known or as years are no longer subject to such audits, reviews and investigations.

(u) ***Costs of Borrowing***

Debt financing costs and bond premium and discounts are deferred and amortized using the straight-line method, which approximates the effective interest rate method, over the term of the related bond issue.

(v) ***Compensated Absences***

The University accrues annual leave for employees as incurred at rates based upon length of service and job classification.

(w) ***Reclassifications***

Certain amounts in the 2008 basic financial statements have been reclassified in order to conform to the 2009 classification.

(2) Income Taxes

The University is classified as both a governmental entity under the laws of the State of Alabama and as a tax-exempt entity under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Consistent with that designation, no provision for income taxes has been made in the accompanying basic financial statements.

In addition, the University's discretely presented component units are tax-exempt entities under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). Consistent with that designation, no provision for income taxes has been made in the accompanying discretely presented financial statements.

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(3) Cash

Pursuant to the Security for Alabama Funds Enhancement Act, funds on deposit may be placed in an institution designated as a qualified public depository (QPD) by the State of Alabama. QPD institutions pledge securities to a statewide collateral pool administered by the State Treasurer's office. Such financial institutions contribute to this collateral pool in amounts proportionate to the total amount of public fund deposits at their respective institutions. The securities are held at the Federal Reserve Bank and are designated for the State of Alabama. Additional collateral was not required for University funds on deposit with QPD institutions. At September 30, 2009, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately $6,589,000,000. The University had cash and cash equivalents totaling $135,912,000 and $130,807,000 at September 30, 2009 and 2008, respectively.

(4) Investments

(a) University of South Alabama

The investments of the University are invested pursuant to the University of South Alabama "Nonendowment Cash Pool Investment Policies," the "Endowment Fund Investment Policy," and the "Derivatives Policy" (collectively referred to as the University Investment Policies) as adopted by the Board of Trustees. The purpose of the nonendowment cash pool investment policy is to provide guidelines by which pooled funds not otherwise needed to meet daily operational cash flows can be invested to earn a maximum return, yet still maintain sufficient liquidity to meet fluctuations in the inflows and outflows of University operational funds. Further, endowment fund investment policies exist to provide earnings to fund specific projects of the endowment fund, while preserving principal. The University Investment Policies require that management apply the "prudent person" standard in the context of managing its investment portfolio.

The investments of the blended component units of the University are invested pursuant to the separate investment policy of the PLTF and GLTF (the Trust Fund Investment Policy.) The objectives of the Trust Fund Investment Policy are to provide a source of funds to pay general and professional liability claims and to achieve long-term capital growth to help defray future funding requirements. Additionally, investments of the University's component units both blended and discretely presented are subject to UPMIFA as well as any requirements placed on them by contract or donor agreements.

Certain investments, primarily related to the University's endowment assets, are pooled. The University uses this pool to manage its investments and distribute investment income to individual endowment funds.

(Continued)

Investments of the University, by type, at fair value, are as follows at September 30, 2009 and 2008 (in thousands).

		2009	2008
U.S. Treasury notes	$	9,177	14,977
U.S. federal agency notes		119,836	188,810
Commercial paper		—	14,231
Pooled equity mutual funds		53,461	44,229
Pooled debt mutual funds		16,748	15,328
Managed income alternative investments (limited partnerships, private equity securities, and other)		9,979	12,858
State agency obligations		468	—
Other		4,641	2,508
	$	214,310	292,941

At September 30, 2009 and 2008, $3,501,000 and $3,849,000, respectively, of appreciation in fair value of investments of donor-restricted endowments was recognized and are included in restricted expendable net assets in the accompanying statements of net assets.

Credit Risk and Concentration of Credit Risk

The University Investment Policies limit investment in corporate bonds to securities with a minimum "A" rating, at the time of purchase, by both Moody's and Standard and Poor's. Investments in corporate paper are limited to issuers with a minimum quality rating of P-1 by Moody's, A-1 by Standard and Poor's or F-1 by Fitch.

Additionally, the University Investment Policies require that not more than 10% of the cash, cash equivalents and investments of the University be invested in the obligations of a single private corporation and not more than 35% of the cash, cash equivalents and investments of the University be invested in the obligations of a single government agency.

The University's exposure to credit risk and concentration of credit risk at September 30, 2009 is as follows:

	Credit rating	Percentage of total investments
Federal Home Loan Mortgage Corporation	AAA	10.9%
Federal Home Loan Bank Corporation	AAA	9.4
Federal National Mortgage Association	AAA	13.5
Common Fund Bond Fund	AA	4.8
Federal Farm Credit Banks Funding Corporation	AAA	0.4
Government National Mortgage Association	AAA	—
Various State Housing Authorities	AAA	0.1

(Continued)

The University's exposure to credit risk and concentration of credit risk at September 30, 2008 is as follows:

	Credit rating	Percentage of total investments
Federal Home Loan Mortgage Corporation	AAA	27.3%
Federal Home Loan Bank Corporation	AAA	15.0
G. E. Capital Corporation	Aaa	3.4
Federal National Mortgage Association	AAA	1.5
Common Fund – Bond Fund	AA	3.6
Federal Farm Credit Banks Funding Corporation	AAA	1.0
Government National Mortgage Association	AAA	0.1

Interest Rate Risk

At September 30, 2009, the maturity dates of the University's debt investments were as follows (in thousands):

		Years to maturity			
	Fair value	Less than 1	1 – 5	6 – 10	More than 10
U.S. Treasury notes	$ 9,177	1,786	7,391	—	—
U.S. federal agency notes	119,836	95,847	23,468	—	521
State agency obligations	468	—	—	—	468
Pooled debt mutual funds	16,748	—	16,748	—	—
	$ 146,229	97,633	47,607	—	989

At September 30, 2008, the maturity dates of the University's debt investments were as follows (in thousands):

		Years to maturity			
	Fair value	Less than 1	1 – 5	6 – 10	More than 10
U.S. Treasury notes	$ 14,977	4,810	10,167	—	—
U.S. federal agency notes	188,810	169,011	18,012	324	1,463
Commercial paper	14,231	14,231	—	—	—
Pooled debt mutual funds	15,328	—	15,328	—	—
	$ 233,346	188,052	43,507	324	1,463

Because the debt mutual funds had a weighted average maturity of 3.9 and 4.8 years, the investments were presented in the 1-5 year category at September 30, 2009 and 2008.

(Continued)

The University's Investment Policies do not specifically address the length to maturity on investments which the University must follow; however, they do require that the maturity range of investments be consistent with the liquidity requirements of the University.

Mortgage-Backed Securities

The University, from time to time, invests in mortgage-backed securities issued by the Government National Mortgage Association (GNMA) and the Federal National Mortgage Association (FNMA), agencies of the United States government. The University invests in these securities to increase the yield and return on its investment portfolio given the available alternative investment opportunities.

The fair value of mortgage-backed securities is generally based on the cash flows from principal and interest receipts on the underlying mortgage pools. These securities include collateralized mortgage obligations (CMOs). In CMOs, the cash flow from principal and interest payments from one or more mortgage pass-through securities or a pool of mortgages may be reallocated to multiple security classes with different priority claims and payment streams (commonly referred to as tranches). A holder of the CMO security thus chooses the class of security that best meets its risk and return objectives. CMOs are subject to significant market risk due to fluctuations in interest rates, prepayment rates and various liquidity factors related to their specific markets. There are no CMOs in the University's investment portfolio at September 30, 2009 or 2008.

At September 30, 2009, restricted investments consist of $24,967,000 related to unspent bond proceeds, $18,934,000 related to swaption collateral obligations and $51,605,000 related to investments included in the PLTF and GLTF to pay insurance liability claims. At September 30, 2008, restricted investments consist of $50,079,000 related to unspent bond proceeds and $53,810,000 related to investments included in the PLTF and GLTF to pay insurance liability claims.

(b) University of South Alabama Foundation

Investments in securities consist primarily of marketable equity securities totaling $83,884,000 and $120,133,000, at June 30, 2009 and 2008, respectively.

Investment loss was comprised of the following for the years ended June 30, 2009 and 2008 (in thousands):

		2009	2008
Unrealized losses	$	(32,468)	(19,142)
Realized (losses) gains		(2,602)	1,367
Timber sales		5,135	3,813
Interest and dividends		2,051	3,256
Rents		589	520
Royalties		199	273
	$	(27,096)	(9,913)

Investment related expenses in the amount of $214,000 and $350,000, respectively, are included in the USA Foundation's management and general expenses in the accompanying 2009 and 2008 consolidated statements of activities and changes in net assets.

(Continued)

Real estate at June 30, 2009 and 2008 consisted of the following property held (in thousands):

		2009	2008
Land and land improvements – held for investment	$	7,443	8,658
Building and building improvements – held for investment, net of depreciation		1,130	1,134
	$	8,573	9,792

Timber and mineral properties are stated at fair market value. Depletion of mineral properties is recognized over the remaining producing lives of the properties based on total estimated production and current period production. Depletion of timber properties is recognized on a specific identification basis as timber rights are sold or on a unit basis for sales made on that basis. Reforestation costs consisting of site preparation and planting of seedlings are capitalized.

In the fiscal year ended June 30, 2008, the Foundation sold three parcels of real estate totaling approximately 53 acres, including the former Wright Campus consisting of approximately 32 acres, for $9,367,000. The Foundation recognized a gain on the sale of real estate in the amount of $396,000.

Investments at June 30, 2009 and 2008, include an equity interest in a timberland management company. The company's primary assets consist of timberland. The Foundation's proportionate share of the fair value of the company is based upon the valuation of the trustee responsible for the management of the company and the timber valuation.

The Foundation adopted FASB Statement No. 157, *Fair Value Measurements*, for the fiscal year beginning July 1, 2008. FASB Statement No. 157 provides a single definition of fair value and a hierarchical framework for measuring it, as well as establishing additional disclosure requirements about the use of fair value to measure assets and liabilities. Fair value measurements are classified as either observable or unobservable in nature. Observable fair values are derived from quoted market prices for investments traded on an active exchange or in dealer markets where there is sufficient activity and liquidity to allow price discovery by substantially all market participants. The Foundation's observable values consist of investments in exchange-traded equity securities with a readily determinable market price. Other observable values are fair value measurements derived either directly or indirectly from quoted market prices. Investments that are not traded on an active exchange and do not have a quoted market price are classified as unobservable. The Foundation's unobservable values consist of investments in timber and real estate with fair values based on independent third-party appraisals performed by qualified appraisers specializing in timber and real estate investments.

(Continued)

The Foundation's investment assets are summarized based on the criteria of FASB Statement No. 157 as follows (in thousands):

	Fair value measurements at June 30, 2009			
Description	**Observable values based on quoted prices**	**Other observable values**	**Unobservable values**	**Total**
Marketable equity securities	$ 35,358	48,526	—	83,884
Timber and mineral properties	—	—	150,211	150,211
Real estate	—	—	8,573	8,573
Other investments	—	—	5,519	5,519
	$ 35,358	48,526	164,303	248,187

For the year ended June 30, 2009, activity in investment assets valued at fair value based on unobservable values is as follows (in thousands):

Description	**Timber and mineral properties**	**Real estate**	**Other investments**	**Total**
Beginning balance	$ 154,462	9,792	5,500	169,754
Total gains or losses (realized/ unrealized)	809	(1,198)	19	(370)
Additions	190	6	—	196
Reforestation	314	—	—	314
Depreciation/depletion	(5,564)	(27)	—	(5,591)
Ending balance	$ 150,211	8,573	5,519	164,303

(5) Derivative Transactions

In January 2008, the University entered into a synthetic advance refunding of the outstanding Series 2004 and 2006 bonds with a counterparty. This transaction was effected through the sale of two swaptions by the University to the counterparty. The transactions resulted in an up-front payment to the University totaling $9,328,000, which was recorded as a liability, in exchange for selling the counterparty the option to enter into an interest rate swap with respect to the Series 2004 and 2006 bonds in 2014 and 2016, respectively.

Objective of the Derivative Transaction

The objective of this transaction is to realize debt service savings currently from future debt refunding and create an economic benefit to the University.

(Continued)

Terms

A summary of the transactions is as follows:

Issue	Date of issue	Option expiration date	Effective date of swap	Termination date	Payment amount
Series 2004 bonds	2-Jan-08	16-Dec-13	15-Mar-14	15-Mar-24	$ 1,988,000
Series 2006 bonds	2-Jan-08	1-Sep-16	1-Dec-16	1-Dec-36	7,340,000

If the counterparty exercises its options in 2014 and 2016, the University would, at the counterparty's option, be forced into an underlying swap. If the option is exercised, the University would begin to make payments on the notional amount, currently $41,125,000 and $100,000,000 for the 2004 bonds and 2006 bonds, respectively, of the underlying swap contract. Simultaneously, the University would call outstanding 2004 and 2006 bonds and issue variable rate demand notes (VRDNs) in their place. Under the swap contract, the University would pay a fixed rate of 4.9753% on the 2004 bonds and 5.0% on the 2006 bonds to the counterparty and would receive payments based on 68% of the one-month LIBOR index. Alternatively, although it is not anticipated that this option would be to the University advantage, the University could, at its option, cash settle the swap and retain its right to refund the 2004 and 2006 bonds.

If the interest rate environment is such that the counterparty chooses to not exercise its option, the swaption would be canceled and the University would have no further obligation under this agreement.

Financial Statement Presentation

A swaption is considered a hybrid instrument and as such the payment by the counterparty to the University must be bifurcated into two components, a time value component and an intrinsic value component, and each component treated separately. The intrinsic value of the swaption represents the value resulting from the fact that the fixed rate stated in the swaption is greater than the at-the-market rate. The time value of the swaption is the difference between the up front payment and the swaption's intrinsic value and represents the time value to the counterparty for holding the option, or the probability weighted, discounted values of a range of future possible outcomes. The time and intrinsic values at the date of execution of this transaction are as follows:

	2004 Bonds	2006 Bonds
Time value	$ 520,000	1,741,000
Intrinsic value	1,468,000	5,599,000
	$ 1,988,000	7,340,000

The time value of the payment to the University is considered an embedded derivative, is recorded as deferred investment income and is being amortized to investment income through the expiration date of the option. For the years ended September 30, 2009 and 2008, $307,000 and $237,000, respectively, was amortized and that amortization is included as investment income in the statement of revenues, expenses, and changes in net assets.

(Continued)

The intrinsic value of the payment to the University is considered a borrowing, and as such is included in long-term debt on the University's 2009 statement of net assets. Interest is being accreted on, and added to, the borrowing through the expiration date of the option. For the years ended September 30, 2009 and 2008, $375,000 and $269,000, respectively, was accreted and is included in interest expense in the statements of revenues, expenses, and changes in net assets.

Fair Value

At September 30, 2009 and 2008, the derivative transactions had a fair value of $(17,986,000) and $(12,290,000), respectively.

Risks Associated with this Transaction

Certain risks are inherent to derivative transactions.

Interest rate risk. Interest rate risk, as a result of rising short-term interest rates causing higher interest rate payments, is effectively hedged by the University's fixed rate bonds. If the counterparty exercises its options, the underlying swaps are expected to effectively hedge the potentially higher payments on VRDNs as well. The University is also subject to interest rate risk, as a result of changes in long-term interest rates, which may cause the value of fixed rate bonds or interest rate derivatives to change. If long-term interest rates fall subsequent to the execution of this transaction, the value of the swaptions will change, with negative consequences for the University.

Market access risk. This transaction assumes that VRDNs will be issued as a replacement of the 2004 and 2006 bonds. If the University is unable to issue variable rate bonds after the counterparty exercises its right under the swaptions, the University would still be required to begin making periodic payments on the swaps, even though there are no related bonds. Alternatively, the University could choose to liquidate the swaps, which may create a substantial cash outlay.

Basis risk. If the counterparty exercises its option, there is a risk that the floating payments received under the swaps will not fully offset the variable rate payments due on the assumed VRDNs.

Credit risk. Although the underlying swap exposes the University to credit risk should the swap be executed, the swaption itself does not expose the University to credit risk. If the option is exercised on one or both issues, the University would begin to make payments on the appropriate notional amount of the underlying swap contract. In that situation, if the fair value of the swap is positive, the University would be exposed to credit risk on the swap in the amount of its fair value. As of September 30, 2009 and 2008, the swap counterparty was rated Aa3 by Moody's investors Services and AA- by Fitch Ratings.

Termination risk. The University may be required to terminate the swaptions or swaps under certain circumstances, such as credit downgrades or other events specified in the contracts. In the event that a position needs to be terminated, the University may owe a substantial amount of money to terminate the contracts. At September 30, 2009 and 2008, no events of termination have occurred.

(Continued)

(6) Capital Assets

(a) University of South Alabama

A summary of the University's capital asset activity for the year ended September 30, 2009 follows (in thousands):

	Beginning balance	Additions	Transfers	Reductions	Ending balance
Capital assets not being depreciated:					
Land	$ 29,287	25	—	—	29,312
Construction-in-progress	118,251	75,849	(134,149)	(12)	59,939
	147,538	75,874	(134,149)	(12)	89,251
Capital assets being depreciated:					
Land improvements	21,860	—	316	—	22,176
Buildings, fixed equipment, and infrastructure	311,101	1,920	132,742	(47)	445,716
Other equipment	116,146	4,188	1,091	(3,525)	117,900
Library materials	43,170	2,922	—	—	46,092
	492,277	9,030	134,149	(3,572)	631,884
Less accumulated depreciation for:					
Land improvements	(11,822)	(905)	—	—	(12,727)
Buildings, fixed equipment, and infrastructure	(167,522)	(11,072)	—	32	(178,562)
Other equipment	(74,927)	(10,849)	—	3,309	(82,467)
Library materials	(31,715)	(2,151)	—	—	(33,866)
	(285,986)	(24,977)	—	3,341	(307,622)
Capital assets being depreciated, net	206,291	(15,947)	134,149	(231)	324,262
Capital assets, net	$ 353,829	59,927	—	(243)	413,513

At September 30, 2009, the University had commitments of approximately $56,218,000 related to various construction projects.

(Continued)

A summary of the University's capital asset activity for the year ended September 30, 2008 follows (in thousands):

	Beginning balance	Additions	Transfers	Reductions	Ending balance
Capital assets not being depreciated:					
Land	$ 29,271	55	—	(39)	29,287
Construction-in-progress	64,828	65,291	(11,868)	—	118,251
	94,099	65,346	(11,868)	(39)	147,538
Capital assets being depreciated:					
Land improvements	21,888	—	(28)	—	21,860
Buildings, fixed equipment, and infrastructure	298,751	1,432	10,918	—	311,101
Other equipment	99,147	18,116	978	(2,095)	116,146
Library materials	40,519	2,651	—	—	43,170
	460,305	22,199	11,868	(2,095)	492,277
Less accumulated depreciation for:					
Land improvements	(10,747)	(1,075)	—	—	(11,822)
Buildings, fixed equipment, and infrastructure	(159,404)	(8,118)	—	—	(167,522)
Other equipment	(68,165)	(8,705)	—	1,943	(74,927)
Library materials	(29,198)	(2,517)	—	—	(31,715)
	(267,514)	(20,415)	—	1,943	(285,986)
Capital assets being depreciated, net	192,791	1,784	11,868	(152)	206,291
Capital assets, net	$ 286,890	67,130	—	(191)	353,829

At September 30, 2008, the University had commitments of approximately $68,372,000 related to various construction projects.

(Continued)

(b) USA Research and Technology Corporation

Changes in capital assets for the years ended September 30, 2009 and 2008 are as follows (in thousands):

	2009				
	Beginning balance	Additions	Transfers	Reductions	Ending balance
Land improvements	$ 1,950	181	—	(107)	2,024
Buildings	24,102	2,061	—	(316)	25,847
Tenant improvements	—	603	—	—	603
Construction in progress	—	795	—	—	795
Other equipment	173	5	—	—	178
	26,225	3,645	—	(423)	29,447
Less accumulated depreciation for:					
Land improvements	(381)	(89)	—	—	(470)
Buildings	(1,783)	(629)	—	—	(2,412)
Tenant improvements	—	(46)	—	—	(46)
Other equipment	(9)	(18)	—	—	(27)
	(2,173)	(782)	—	—	(2,955)
Capital assets, net	$ 24,052	2,863	—	(423)	26,492

	2008				
	Beginning balance	Additions	Transfers	Reductions	Ending balance
Land improvements	$ 1,828	122	—	—	1,950
Buildings	22,228	1,874	—	—	24,102
Other equipment	—	173	—	—	173
	24,056	2,169	—	—	26,225
Less accumulated depreciation for:					
Land improvements	(292)	(89)	—	—	(381)
Buildings	(1,217)	(566)	—	—	(1,783)
Other equipment	—	(9)	—	—	(9)
	(1,509)	(664)	—	—	(2,173)
Capital assets, net	$ 22,547	1,505	—	—	24,052

(Continued)

(7) Noncurrent Liabilities

A summary of the University's noncurrent liability activity for the years ended September 30, 2009 and 2008 follows (in thousands):

	2009					
	Beginning balance	Additions	Reductions	Ending balance	Less amounts due within one year	Noncurrent liabilities
Long-term debt:						
Bonds payable	$ 316,234	1,998	(4,880)	313,352	5,881	307,471
Capital lease payable	92	—	(92)	—	—	—
Total long-term debt	316,326	1,998	(4,972)	313,352	5,881	307,471
Other long-term liabilities	65,470	17,599	(21,280)	61,789	11,541	50,248
Total noncurrent liabilities	$ 381,796	19,597	(26,252)	375,141	17,422	357,719

	2008					
	Beginning balance	Additions	Reductions	Ending balance	Less amounts due within one year	Noncurrent liabilities
Long-term debt:						
Note payable	$ 1,456	—	(1,456)	—	—	—
Bonds payable	198,155	121,898	(3,819)	316,234	4,875	311,359
Capital lease payable	188	—	(96)	92	92	—
Total long-term debt	199,799	121,898	(5,371)	316,326	4,967	311,359
Other long-term liabilities	58,562	29,280	(22,372)	65,470	13,263	52,207
Total noncurrent liabilities	$ 258,361	151,178	(27,743)	381,796	18,230	363,566

Other long-term liabilities primarily consist of self-insurance liabilities and liabilities related to compensated absences. Amounts due within one year are included in accounts payable and accrued liabilities.

(Continued)

(8) Bonds Payable

Bonds payable consisted of the following at September 30, 2009 and 2008 (in thousands):

		2009	2008
University Tuition Revenue Bonds, Series 1999 Current Interest, 3.70% to 4.35%, payable through November 2010	$	7,565	10,625
University Tuition Revenue Bonds, Series 1999 Capital Appreciation, 4.70% to 5.25%, payable November 2011 through November 2018		33,443	31,821
University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, 2.00% to 5.00%, payable through March 2024		44,895	46,245
University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, 5.00%, payable through December 2036		100,000	100,000
University Facilities Revenue and Capital Improvement Bonds, Series 2008, 3.00% to 5.00%, payable through August 2038		112,510	112,885
Borrowing arising from swaption, Series 2004 Bonds		1,602	1,524
Borrowing arising from swaption, Series 2006 Bonds		6,110	5,813
		306,125	308,913
Plus unamortized premium		8,005	8,354
Less unamortized discount		(62)	(69)
Less unamortized debt extinguishment costs		(716)	(964)
	$	313,352	316,234

Substantially all student tuition and fee revenues secure University bonds. Additionally, security for Series 2008 bonds includes Children's and Women's Hospital revenues in an amount not exceeding $10,000,000. Series 1999 Current Interest Bonds began maturing November 2002, and Capital Appreciation Bonds mature beginning November 2011. Series 1999 Bonds are not redeemable prior to maturity. Series 2004 Bonds began maturing in March 2005 and are redeemable beginning in March 2014. Series 2006 Bonds begin maturing in December 2024 and are redeemable beginning in December 2016. Series 2008 Bonds began maturing in August 2009 and are redeemable beginning in August 2018.

In January 2008, the University entered into a synthetic advance refunding of the outstanding Series 2004 and 2006 bonds. This transaction was effected through the sale of two swaptions by the University to a counterparty. The proceeds from each sale, totaling $9,328,000, consist of two components, a time value and an intrinsic value. The intrinsic value of the payment is considered a borrowing and is included in long-term debt. As a result of this transaction, the counterparty has the option to force the University to redeem its Series 2004 and 2006 bonds at their respective redemption dates. See note 5 for a complete description of this transaction.

(Continued)

During the years ended September 30, 2009 and 2008, the maturity value of the Capital Appreciation Bonds increased $1,622,000 and $1,544,000, respectively, over the original principal amount of $19,810,000, reflecting accretion of interest.

Approximately $79,615,000 of proceeds from the issuance of the Series 2008 Bonds remained unspent at September 30, 2009 ($54,648,000 is included in restricted cash and cash equivalents and $24,967,000 is included in restricted investments in the 2009 statement of net assets) and are restricted for capital purposes as outlined in the indenture.

The University is subject to restrictive covenants related to its bonds payable. At September 30, 2009, management believes the University was in compliance with such financial covenants.

Debt Service on Long-Term Obligations

Total debt service by fiscal year is as follows as of September 30, 2009 (in thousands):

	Debt service on bonds			
	Principal	Interest	Additional maturity	Total
2010	$ 5,715	12,700	(2,100)	16,315
2011	5,410	12,464	(2,207)	15,667
2012	6,995	12,324	(2,144)	17,175
2013	7,295	12,219	(2,039)	17,475
2014	7,599	12,213	(1,830)	17,982
2015 – 2019	50,014	60,084	(4,441)	105,657
2020 – 2024	57,658	52,401	—	110,059
2025 – 2029	53,933	38,888	—	92,821
2030 – 2034	68,939	23,879	—	92,818
2035 – 2038	57,328	5,795	—	63,123
Subtotal	320,886	242,967	(14,761)	549,092
Plus (less):				
Additional maturity	(14,761)			
Unamortized bond premium	8,005			
Unamortized bond discount	(62)			
Unamortized debt extinguishment cost	(716)			
Total	$ 313,352			

The principal amount of debt service due on bonds at September 30, 2009 includes $11,847,000 representing additional maturity value on Series 1999 Capital Appreciation Bonds. These bonds mature in years 2011 through 2019. Also included in the principal amount of debt service due on bonds at September 30, 2009, is $2,914,000 representing additional maturity value of the borrowing

(Continued)

resulting from the Series 2004 and Series 2006 swaption. As described in note 5, additional maturity will continue to accrue until the swaption option period in 2014 and 2016. Although this additional maturity is presented as principal on the debt service schedule above, it is also recognized as interest expense on an annual basis in the University's financial statements as it accretes.

(a) USA Research and Technology Corporation

Notes Payable

Notes payable consisted of the following at September 30, 2009 and 2008 (in thousands):

		2009	2008
Whitney National Bank commercial mortgage note, 6.0%, payable through 2014	$	8,803	9,178
Wachovia Bank, N.A. promissory note, one-month LIBOR plus 0.85% (4.989% at September 30, 2009), payable through 2028		17,369	17,853
Hancock Bank of Alabama construction loan, convertible into a promissory note on January 1, 2010, 6.5%, payable through 2030		15	—
	$	26,187	27,031

The note payable to Whitney National Bank is secured by all funds of the Corporation on deposit with Whitney National Bank, an interest in the ground lease with respect to the parcel of land on which Building I stands, an interest in Building I, an interest in the tenant lease for Building I, and an interest in income received from rental of Building I. The note has a 10-year term and amortization is based on a 20-year term.

The note payable to Wachovia was incurred by the Corporation to acquire Buildings II and III in the USA Technology & Research Park and to provide funds for renovations and tenant finishing costs. First structured as a construction loan, it was an interest-only loan until May 1, 2008. At that time the loan was converted to a fully amortizing promissory note with a 20-year term. The Corporation has entered into two derivative instruments in connection with the borrowing, an interest rate cap of 6.1% on the construction loan and a "receive variable, pay fixed" type of interest rate swap on the promissory note, which will yield a synthetic fixed interest rate of 6.1%. The construction loan was and the promissory note payable is secured by an interest in the ground lease with respect to the parcels of land on which Buildings II and III stand, an interest in Buildings II and III, an interest in tenant leases for Buildings II and III, and an interest in income received from rental of Buildings II and III. The University also entered into an agreement with Wachovia providing that, for a year in which the Corporation's debt service coverage ratio is less than one to one, the University will pay the Corporation rent equal to the amount necessary to bring the ratio to one to one.

The note payable to Hancock Bank of Alabama was incurred by the Corporation to finance construction of the shell of a building that will be leased to a company that provides dialysis services. The maximum amount that might be borrowed under the construction loan is $1,250,000.

(Continued)

The construction loan is an interest-only loan until January 1, 2010, at which time the loan will be converted to a fully amortizing promissory note with a 20-year term and bearing a 6.5% interest rate. The construction loan is and the promissory note payable will be secured by an interest in the ground lease with respect to the parcel of land on which the dialysis building stands, an interest in the dialysis building, an interest in the tenant lease for the dialysis building, and an interest in income received from rental of the dialysis building. The University also entered into an agreement with Hancock Bank of Alabama providing that, for a year in which the Corporation's debt service coverage ratio is less than one to one, the University will pay the Corporation rent equal to the amount necessary to bring the ratio to one to one.

At September 30, 2009, the Corporation's management believes the Corporation was in compliance with all debt covenants.

Debt Service on Long-Term Obligations

At September 30, 2009, total debt service by fiscal year is as follows (in thousands):

	Debt service on note and loan		
	Principal	**Interest**	**Total**
2010	$ 909	1,574	2,483
2011	970	1,513	2,483
2012	1,030	1,453	2,483
2013	1,096	1,387	2,483
2014	7,717	1,046	8,763
2015 – 2019	3,963	3,843	7,806
2020 – 2024	5,372	2,435	7,807
2025 – 2029	5,130	607	5,737
Total	$ 26,187	13,858	40,045

Derivative Transactions

On February 27, 2007, the Corporation entered into two derivative transactions with Wachovia, the counterparty. The first transaction was an interest rate cap entered into in connection with the construction loan. The second transaction is a "receive variable, pay fixed" interest rate swap entered into in connection with the promissory note that came into effect upon conversion of the construction loan into a permanent loan on May 1, 2008. On December 31, 2008, Wells Fargo & Company completed its merger with Wachovia Corporation (the holding company parent of Wachovia Bank, N.A.). As of September 30, 2009, Wachovia Bank, N.A. and other banking subsidiaries of the combined corporation remained as separate legal entities.

Objectives of the derivative transactions. The Corporation utilized the interest rate cap to limit its variable rate exposure on the construction loan and utilizes the interest rate swap to convert its variable rate on the promissory note to a synthetic fixed rate.

Terms. The construction loan and the associated interest rate cap were entered into on July 17, 2007 and February 27, 2007, respectively. The interest rate cap terminated on May 1, 2008 when the loan

(Continued)

was converted into a promissory note. The interest rate cap's notional amount was equal to the construction loan balance and was limited to a maximum of $18,000,000. The construction loan bore variable rate interest equal to the one-month London Interbank Offered Rate (LIBOR) plus 0.85%. When the variable rate exceeded 6.10%, the cap operated to cause the counterparty to pay the Corporation the difference between the variable rate and 6.10%. For the year ended September 30, 2008, the Corporation received $6,345 under the interest rate cap agreement, which is reflected as a reduction of interest expense.

The promissory note came into effect on May 1, 2008 upon conversion of the construction loan. Also, on May 1, 2008, the interest rate swap associated with the loan became effective. The swap will terminate on May 1, 2028, when the loan matures. The notional amount of the swap will at all times match the outstanding principal amount of the loan. Under the swap, the Corporation pays the counterparty a fixed payment of 6.10% and receives a variable payment of the one-month LIBOR rate plus 0.85%. Conversely, the loan bears interest at the one-month LIBOR rate plus 0.85%. The Corporation paid $755,523 and $206,104 under the interest rate swap agreement for the years ended September 30, 2009 and 2008, respectively, which is reflected as an increase in interest expense.

Fair value. The interest rate swap had a fair value of $(2,916,000) and $(1,315,000) at September 30, 2009 and 2008, respectively.

Credit risk. As of September 30, 2009 and 2008, the Corporation was not exposed to credit risk on the interest rate swap because it had a negative fair value. However, if interest rates change and the fair value of the derivatives become positive, the Corporation would have a gross exposure to credit risk in the amount of the derivatives' fair value. The counterparty was rated AA by Standard & Poor's Ratings Services as of September 30, 2009 and 2008.

Termination risk. The interest rate swap contracts use the International Swaps and Derivatives Association, Inc. Master Agreement, which includes standard default and termination events, such as failure to make payments, breach of agreement, and bankruptcy. At September 30, 2009 and 2008, no events of default or termination had occurred. If the interest rate swap is terminated, interest rate risk associated with the variable rate debt would no longer be hedged. Also, if at the time of termination the interest rate swap had a net negative fair value, the Corporation would be liable to the counterparty for a payment equal to the interest rate swap's fair value. To allow the Corporation the maximum flexibility to manage the utilization of Buildings II and III while at the same time providing protection for the counterparty, the Corporation granted the counterparty a $2,000,000 mortgage secured by an interest in the ground lease with respect to the parcel of land on which Building II stands, an interest in Building II, a security interest in Building II tenant leases, and a security interest in income received from rental of Building II.

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Derivative payments and hedged debt. As interest rates fluctuate, variable rate debt interest and net derivative payments will fluctuate. Using interest rates as of September 30, 2009, debt service requirements by fiscal year of the variable rate debt and net derivative payments, assuming current interest rates remain the same in the future, are as follows (in thousands):

	Variable rate loan		Interest rate	
	Principal	**Interest**	**swap, net**	**Total**
2010	$ 512	193	855	1,560
2011	548	184	828	1,560
2012	582	178	800	1,560
2013	619	171	770	1,560
2014	657	165	738	1,560
2015 – 2019	3,960	699	3,141	7,800
2020 – 2024	5,368	442	1,990	7,800
2025 – 2029	5,123	110	496	5,729
Total	$ 17,369	2,142	9,618	29,129

(9) Capital Lease Obligation

In September 2006, the University signed a three-year purchase agreement as a method of financing the purchase of certain computer equipment for the USA Hospitals. All required payments pertaining to this agreement were paid in 2009 and there was no balance outstanding at September 30, 2009,

(10) Net Patient Service Revenue

The Hospitals have agreements with governmental and other third-party payers that provide for reimbursement at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospitals' billings at established rates for services and amounts reimbursed by third-party payers.

A summary of the basis of reimbursement with major-third party payers follows:

Medicare – Substantially all acute-care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Additionally, the Hospitals are reimbursed for both direct and indirect medical education costs (as defined), principally based on per-resident prospective payment amounts and certain adjustments to prospective rate-per-discharge operating reimbursement payments. The Hospitals generally are reimbursed for certain retroactively settled items at tentative rates, with final settlement determined after submission of annual cost reports by the Hospitals and audits by the Medicare fiscal intermediary. The cost report for the USA Medical Center has been audited and settled through 2006. A re-opening has been requested for USA Medical Center cost reports for the 2004 and 2005 fiscal years. The cost report for USA Children's and Women's Hospital has been audited through 2008 and settled through 2007. The cost report for USA Knollwood Hospital has been audited through March 2006 and settled through September 2004. Revenue from the Medicare program accounted for approximately 15% of the Hospitals' net patient service revenue for both years ended September 30, 2009 and 2008.

(Continued)

Blue Cross – Inpatient services rendered to Blue Cross subscribers are paid at a prospectively determined per diem rate. Outpatient services are reimbursed under a cost reimbursement methodology. For outpatient services, the Hospitals are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospitals and audits thereof by Blue Cross. The Hospitals' Blue Cross cost reports have been audited and settled for all fiscal years through 2008. Revenue from the Blue Cross program accounted for approximately 23% and 20% of the Hospitals' net patient service revenue for the years ended September 30, 2009 and 2008, respectively.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at all-inclusive prospectively determined per diem rates. Outpatient services are reimbursed based on an established fee schedule.

The Hospitals qualify as Medicaid essential providers and, therefore, also receive supplemental payments based on formulas established by the Alabama Medicaid Agency. There can be no assurance that the Hospitals will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified.

Revenue from the Medicaid program accounted for approximately 37% and 30% of the Hospitals' net patient service revenue for the years ended September 30, 2009 and 2008, respectively.

Other – The Hospitals have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The bases for payments to the Hospitals under these agreements include discounts from established charges and prospectively determined daily and case rates.

The composition of net patient service revenue for the years ended September 30, 2009 and 2008 follows (in thousands):

		2009	2008
Gross patient service revenue	$	416,428	399,945
Less provision for contractual and other adjustments		133,795	125,674
Less provision for bad debts		76,101	72,668
	$	206,532	201,603

Changes in estimates related to prior cost reporting periods resulted in an increase of approximately $123,000 and $2,082,000 in net patient service revenue for the years ended September 30, 2009 and 2008, respectively.

(11) Hospital Lease

In fiscal 2006, the University and Infirmary Health System, Inc. (the Infirmary) entered into a Lease Agreement (the Lease) in which the University agreed to lease certain land, buildings and equipment used in connection with the operation of its USA Knollwood Hospital campus to the Infirmary. The lease is effective through March 2056 with an automatic renewal, for an additional forty-nine years, through March 2105; and may be canceled by the Infirmary after the initial fifty-year term. Upon the expiration or

(Continued)

termination of the lease, the assets, along with responsibility for the operation of such assets, will revert to the University and the University will pay the Infirmary, at fair market value, for any capital improvements to the assets. Additionally, the lease may be terminated at any time, at the option of the Infirmary, in the event that a change in any law, statute, rule, or a regulation of any governmental or other regulatory body or any third-party payment program is deemed by the Infirmary to be significant, as defined by the lease. University management does not anticipate that this option will be exercised by the Infirmary.

In January 2009, the Infirmary and the University entered into a "First Amendment to Lease Agreement" (the Amendment). The Amendment deferred the original payment terms of the lease for two years such that during the period from January 2009 to December 2010, annual lease payments are reduced to $1 annually. Beginning in January 2011, the original payment schedule resumes. The payment schedule and narrative presented below reflects these revised terms.

The total amount of lease payments due the University was based on the fair market value of the appraised assets, $32,418,000. The allocation of the appraised fair market value was $29,370,000 for the land and buildings and $3,048,000 for medical equipment, office furnishings and other equipment.

Upon execution of the lease, a partial lease prepayment in the amount of $7,418,000 was made by the Infirmary. In addition to the prepayment, required lease payments by the Infirmary to the University are as follows (payable monthly):

- Months one through thirty-three of the initial lease term – $1,000,000 annually ($83,333 monthly)
- Months thirty-four through fifty-seven of the initial lease term – $1 annually
- Months fifty-eight through eighty-four of the initial lease term – $1,000,000 annually ($83,333 monthly)
- Years eight through twelve of the initial lease term – $1,250,000 annually
- Years thirteen through seventeen of the initial lease term – $1,500,000 annually
- Years eighteen through thirty-two of the initial lease term – The monthly payment will be the remaining unpaid balance of the lease payments amortized over years sixteen through thirty using an interest rate calculated from the immediately previous 15-year monthly average of the 20-year state and local tax exempt general obligation bond issues as determined by the United States Federal Reserve System. The remaining unpaid balance at the end of year fifteen, $17,401,000, is derived by taking the initial unpaid balance of rent due after the partial lease prepayment, $25,000,000 plus accrued interest at an annual rate of 3.75%, less monthly lease payments.
- Years thirty-three through fifty of the initial lease term – $1 annually
- Year fifty-one through ninety-nine of the extended lease term – $1 annually

For reporting purposes, management assumed that the interest rate utilized in years sixteen through thirty would remain at 3.75%. This assumption will be reviewed, and amortization schedules adjusted, if necessary, when the actual interest rate is determined.

In order to properly report this transaction, the University has bifurcated the lease into an equipment component and a real property component, as required by FASB Statement No. 13, based on the appraised fair value of each such component. The financial considerations of the lease are then applied to, and the accounting treatment is determined for, each component based on this bifurcation.

(Continued)

The equipment component of the lease is considered a capital lease (sales-type lease) and as such the current portion of the receivable has been recorded as a capital lease receivable in other current assets and the noncurrent portion has been recorded in other noncurrent assets in the accompanying basic financial statements of the University. The capital equipment lease is being amortized through fiscal 2011 at a fixed rate of 3.75%. Future receipts from this capital lease are expected as follows:

Year ending September 30:		
2010	$	—
2011		416,000
2012		555,000
2013		277,000
		1,248,000
Less amounts representing interest		(108,000)
Total capital lease receivable	$	1,140,000

The component of the lease attributable to land and buildings is considered an operating lease. As such, lease revenue will be recorded as it is earned over the ninety-nine year lease term (the fifty-year initial term and the forty-nine year automatic renewal term). The expected total lease payments to be received over the next twenty-eight years are approximately $43,788,000. These total receipts will be recognized as revenue in the amount of approximately $485,000 annually. Payments received in excess of this amount, along with cash and other consideration already received in the amount of $6,327,000, will be deferred and amortized over the ninety-nine year lease term.

(12) Employee Benefits

(a) Retirement and Pension Plans

Employees of the University are covered by two pension plans: a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement System of the State of Alabama (TRS), and a defined contribution pension plan.

Permanent employees of the University participate in TRS, a public retirement system created by an act of the State Legislature, with benefit provisions established by the Code of Alabama. Responsibility for general administration and operation of the TRS is vested in the Board of Control (currently 14 members). Benefits fully vest after 10 years of full-time, permanent employment. Vested employees may retire with full benefits at age 60 or after 25 years of service. Participating retirees may elect the maximum benefit, or may choose among four other monthly benefit options. Under the maximum benefit, participants are allowed 2.0125% of their average final salary (average of three highest years of annual compensation during the last ten years of service) for each year of service. The TRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Retirement Systems of Alabama, P.O. Box 302150, Montgomery, Alabama 36130-2150, or by calling (334) 832-4140.

(Continued)

All employees covered by this retirement plan must contribute 5% of their eligible earnings to TRS. An actuary employed by the TRS Board of Control establishes the employer-matching amount annually. During 2009, 2008 and 2007, the University made total contributions of $32,465,000, $30,252,000, and $22,023,000 (100% of the required contributions), respectively, to TRS on behalf of participants, which represents 12.07%, 11.06%, and 9.36%, respectively, of each participant's gross earnings. The University's payroll for all employees was approximately $295,647,000 and $288,477,000 in 2009 and 2008, respectively. Total payroll for University employees participating in the Teachers' Retirement System of Alabama was approximately $268,969,000 and $257,466,000 in 2009 and 2008, respectively.

The defined contribution pension plan covers certain academic and administrative employees, and participation by eligible employees is optional. Under this plan, administered by Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF), contributions by eligible employees are matched equally by the University up to a maximum of 3% of current annual pay. The University and the employees each contributed $982,000 and $951,000 in 2009 and 2008, respectively, representing 519 and 457 employees participating in this Plan.

(b) Compensated Absences

Regular University employees accumulate vacation and sick leave, subject to maximum limitations, at varying rates depending upon their employee classification and length of service. Upon termination of employment, employees are paid all unused accrued vacation at their regular rate of pay up to a maximum of two times their annual accumulation rate. The accompanying statements of net assets include accruals for vacation pay of approximately $16,398,000 and $16,197,000 at September 30, 2009 and 2008, respectively. The current portion of the accrual is included in accounts payable and accrued liabilities and the noncurrent portion is included in other long-term liabilities in the accompanying basic financial statements. No accrual is recognized for sick leave benefits since no terminal cash benefit is available to employees for accumulated sick leave.

(c) Other Postretirement Employee Benefits

As the provider of postretirement benefits to state retirees, the state is responsible for implementing GASB Statement No. 45, *Accounting for Postemployment Benefits Other Than Pensions*. In September 2003, the State of Alabama Legislature passed legislation that requires all colleges and universities to fund the healthcare premiums of its participating retirees. In prior years, such costs have been paid by the State. Beginning in October 2003, the University was assessed a monthly premium by the Public Education Employees' Health Insurance Plan (PEEHIP) based on the number of retirees in the system and an actuarially determined premium. During the years ended September 30, 2009 and 2008, the University's expense related to PEEHIP was $5,482,000 and $4,842,000, respectively.

(13) Risk Management

The University and USAHSF participate in the professional liability trust fund and the University participates in the general liability trust fund. Both funds are administered by an independent trustee. These trust funds are revocable and use contributions by the University and USAHSF, together with earnings thereon, to pay liabilities arising from the performance of its employees, trustees and other individuals

(Continued)

acting on behalf of the University. If the trust funds are ever terminated, appropriate provision for payment of related claims will be made and any remaining balance will be distributed to the University and USAHSF in proportion to contributions made.

As discussed in note 1, the PLTF and GLTF are blended component units of the University, as defined by GASB Statement No. 14, and as such are included in the basic financial statements of the University for the years ended September 30, 2009 and 2008. Claims and expenses are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. These liabilities are generally based on actuarial valuations and are reported at their present value.

The University participates in a self-insured health plan, administered by an unaffiliated entity. Administrative fees paid by the University for such services were approximately $1,573,000 and $1,521,000 in 2009 and 2008, respectively. Contributions by the University and its employees, together with earnings thereon, are used to pay liabilities arising from healthcare claims. It is the opinion of University administration that plan assets are sufficient to meet future plan obligations.

The changes in the total self-insurance liabilities for the years ended September 30, 2009 and 2008 for the PLTF, GLTF and health plan are summarized as follows (in thousands):

		2009	2008
Balance, beginning of year	$	37,283	33,956
Liabilities incurred and other additions		35,013	43,382
Claims, administrative fees paid and other reductions		(37,541)	(40,055)
Balance, end of year	$	34,755	37,283

Self-insurance liabilities due within one year are included in accounts payable and accrued liabilities. The noncurrent portion is included in other long-term liabilities in the accompanying basic financial statements.

(14) Other Related Party

SAMSF is a not-for-profit corporation that exists for the purpose of promoting education and research at the University. At September 30, 2009 and 2008, SAMSF had total assets of $9,317,000 and $9,354,000, net assets of $6,801,000 and $5,980,000, and total revenues of $4,717,000 and $14,816,000, respectively. SAMSF reimburses the University for certain administrative expenses and other related support services. Total amounts received for such expenses were approximately $1,538,000 and $1,556,000 in 2009 and 2008, respectively, and are reflected as private grants and contracts in the accompanying statements of revenues, expenses, and changes in net assets.

(15) Commitments and Contingencies

(a) Grants and Contracts

At September 30, 2009 and 2008, the University had been awarded approximately $61,699,000 and $52,337,000, respectively, in grants and contracts for which resources had not been received and for which reimbursable expenditures had not been made for the purposes specified. These awards, which

(Continued)

represent commitments of sponsors to provide funds for research or training projects, have not been reflected in the accompanying basic financial statements as the eligibility requirements of the award have not been met. Advances include amounts received from grant and contract sponsors which have not been earned under the terms of the agreements and, therefore, have not yet been included in revenues in the accompanying basic financial statements. Federal awards are subject to audit by Federal agencies. The University's management believes any adjustment from such audits will not be material.

(b) Letter of Credit

In connection with the Hospitals' participation in the State of Alabama Medicaid Program, the University has established a $1,400,000 irrevocable standby letter of credit with Wachovia Bank. The Alabama Medicaid Agency is the beneficiary of this letter of credit. No funds were advanced under this letter during the years ended September 30, 2009 and 2008.

(c) Litigation

Various claims have been filed against the University alleging discriminatory employment practices and other matters. University administration and legal counsel are of the opinion the resolution of these matters will not have a material effect on the financial position or the statement of revenues, expenses, and changes in net assets of the University.

(d) Rent Supplement Agreements

The University has entered into two irrevocable rent supplement agreements with the Corporation and a financial institution. The agreements require that, in the event the Corporation fails to maintain a debt service coverage ratio of one to one with respect to all of its outstanding indebtedness, the University will pay to the Corporation any and all rent amounts necessary to cause the Corporation's net operating income to be equal to the Corporation's annual debt service obligations (see note 8(b)). As of September 30, 2009 and 2008, no amounts were payable pursuant to these agreements.

(e) State Bond Issues

The State of Alabama has made allocations to the University from bond issues in prior years. Pursuant to these allocations, at September 30, 2009, approximately $11,161,000 is unspent and remains available to the University for certain future construction costs. The allocations have not been reflected in the accompanying financial statements.

(Continued)

(f) USA Research and Technology Corporations Leases

The Corporation leases space in Building I to a single tenant under an operating lease. The lease has a 10-year initial term with two 5-year renewal options. Under the lease, the tenant must also pay, or reimburse to the Corporation for expenses paid by the Corporation, property taxes on the building, common area maintenance, utilities, and general liability and property damage insurance. In 2009, the lease calls for a one-time increase in monthly rent of 4%. Beginning on November 1, 2008, after providing a one-year advance notice, the tenant has the annual noncumulative option to terminate up to 10% of the square footage covered under the lease. Such advance notice was not received by November 1, 2008 or 2009.

Space in Buildings II and III is leased under operating leases to the University and various other tenants. Space under lease to the University was 48,556 and 51,662 square feet at September 30, 2009 and 2008, respectively. Under these leases, the Corporation must pay all operating expenses of the buildings, including utilities, janitorial, maintenance, property taxes, and insurance. Tenants will reimburse the Corporation for such expenses only as the total expenses for a year increase over the total expenses for the base year of the lease (the Corporation's fiscal year beginning after the date the lease is signed). The leases have terms varying from one to ten years.

The Corporation had four and three ground leases in place at September 30, 2009 and 2008, respectively. One lease is for a 40-year initial term with 20-year, and 15-year renewal options. The second lease is for a 30-year initial term with four 5-year renewal options. The first and second leases were in effect for the whole of each of the years ended September 30, 2009 and 2008. The third lease was entered into on March 14, 2008 and has a 38.5-year initial term with 20-year and 15-year renewal options. The fourth lease was entered into on June 26, 2009 and has a 29-year initial term with two 10-year renewal options.

Minimum future rentals by fiscal year are as follows:

2010	$	3,416,569
2011		3,211,788
2012		2,771,511
2013		2,197,768
2014		951,695
2015 – 2046		7,689,999
Total	$	20,239,330

(Continued)

(16) Functional Information

Operating expenses by functional classification for the years ended September 30, 2009 and 2008 are listed below (in thousands). In preparing the basic financial statements, all significant transactions and balances among accounts have been eliminated.

		2009	2008
Instruction	$	113,323	115,044
Research		21,548	21,275
Public service		41,647	39,202
Academic support		15,816	13,557
Student services		24,619	23,249
Institutional support		31,769	29,992
Operation and maintenance of plant		25,161	24,934
Scholarships		458	1,425
Hospital		233,306	229,162
Auxiliary enterprises		15,742	16,088
Depreciation and amortization		25,183	20,168
	$	548,572	534,096

(17) Significant New Accounting Pronouncements

In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB Statement No. 49 addresses accounting and reporting standards for pollution remediation obligations, which are obligations with respect to current operations and were effective for the year ended September 30, 2009. In November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. GASB Statement No. 52 addressed accounting and reporting standards for real estate held by endowments. The adoption of these Statements did not have a material impact on the University's basic financial statements.

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 requires that certain intangible assets be classified and reported as capital assets and will be effective for the year ending September 30, 2010. In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments and will be effective for the year ending September 30, 2010. In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. GASB State No. 54 revised classification requirements related to fund balance reporting and will be effective for the year ending September 30, 2011.

The effect of the implementation of GASB Statements Nos. 51 and 53 on the University has not been determined. GASB Statement No. 54 is not applicable to the University.

UNIVERSITY OF SOUTH ALABAMA

Management Letter

September 30, 2009

KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201

November 13, 2009

Budget and Finance Committee of the
Board of Trustees
University of South Alabama

Members of the Committee:

We have audited the basic financial statements of the University of South Alabama, a component unit of the State of Alabama, (the University) and its aggregate discretely presented component units as of and for the year ended September 30, 2009, and have issued our report thereon dated November 13, 2009. In planning and performing our audit of the basic financial statements of the University, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

Cash Receipts

During the course of our audit, it came to our attention that there are a number of instances in which individuals outside of the business office collect fees on behalf of the University. If internal controls around the receipt of cash are not properly designed and operating effectively, then there is a greater risk that cash may be misappropriated without management's knowledge.

We recommend that management perform a comprehensive review to determine which departments and organizations collect funds. Once a listing has been created, we recommend that management review the internal control policies over the receipt of cash. A strong internal control system over cash receipts starts with ensuring that cash receipts logs are utilized, that the logs indicate the date and the amount of funds received as well as the individuals who paid and received the cash. In addition, there should be a standardized process over delivering cash and checks to the bursar for deposit, so as to minimize the amount of cash that is held in department or organization offices.

Testamentary Gifts

During our audit, it came to our attention that certain testamentary gifts are recorded in the University's basic financial statements. These assets were originally recorded based on the fair value of the asset at the time of the gift, discounted using mortality table factors. While the University annually accretes the value of the assets, the original factors have not been updated.

We recommend that management periodically review the fair value of the assets and the mortality factor tables to more accurately reflect the current value of the assets reported by the University.

* * * * *

Our audit procedures are designed primarily to enable us to form an opinion on the basic financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the University's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the budget and finance committee, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

University of South Alabama

Management Response to KPMG Management Letter

September 30, 2009

Cash Receipts

KPMG Comment: During the course of our audit, it came to our attention that there are a number of instances in which individuals outside the business office collect fees on behalf of the University. If internal controls around the receipt of cash are not properly designed and operating effectively, then there is a great risk that cash may be misappropriated without management's knowledge.

We recommend that management perform a comprehensive review to determine which departments and organization collect funds. Once a listing has been created, we recommend that management review the internal control policies over the receipt of cash. A strong internal control system over cash receipts starts with ensuring that cash receipts logs are utilized, that the logs indicate the date and the amount of funds received as well as the individuals who paid and received the cash. In addition, there should be a standardized process over delivering cash and check to the bursar for deposit, so as to minimize the amount of cash that is held in department or organization offices.

University Response (from Mr. Davis): We concur with this comment and will work with the University's Internal Audit Department in assessing current internal controls over cash and designing and implementing additional controls as required.

Testamentary Gifts

KPMG Comment: During our audit, it came to our attention that certain testamentary gifts are recorded in the University's basic financial statements. These assets were originally recorded based on the fair value of the asset at the time of the gift, discounted using mortality table factors. While the University annually accretes the value of the assets, the original factors have not been updated.

We recommend that management periodically review the fair value of the assets and the mortality factor tables to more accurately reflect the current value of the assets reported by the University.

University Response (from Mr. Davis): We concur with this comment and will implement the recommendation in the current fiscal year.

University of South Alabama
Summary Comparison of Fund Financial Reports to
GASB Statement 34 Financial Statements
September 30, 2002 Through 2009

	Year Ended September 30,							
	2009	2008	2007	2006	2005	2004	2003	2002
Net increase (decrease) in current unrestriced operating funds (fund accounting)	$ (22,557,941)	$ 1,302,243	$ 3,721,883	$ 10,190,822	$ 639,470	$ 4,805,701	$ (5,420,432)	$ 4,167,774
Add:								
Debt service	6,575,231	4,590,345	3,030,444	5,944,273	6,892,511	3,868,513	6,332,932	5,502,009
Equipment	7,259,482	22,674,581	21,018,457	11,456,341	10,556,620	8,088,299	5,324,265	10,486,087
Depreciation	(21,615,731)	(15,885,756)	6,407,336	(4,338,964)	(8,240,308)	(8,499,925)	(7,750,630)	1,174,658
Other funds, net	28,690,959	11,129,587	38,979,880	32,149,528	11,997,707	7,655,412	10,384,865	8,750,472
Net increase (decrease) in net assets - GASB Statement 34/35	$ (1,648,000)	$ 23,811,000	$ 73,158,000	$ 55,402,000	$ 21,846,000	$ 15,918,000	$ 8,871,000	$ 30,081,000

Detailed Reconciliation of Fund Financial Reports to GASB 24 Financial Statements

Year Ended September 30, 2009

Net decrease from operating (current unrestricted) funds - fund format		$ (22,557,941)
Add back:		
Debt service:		
Principal payment on long term debt	$ 4,868,073	
Actual payment of principal and interest in in excess of amounts transferred (timing issue)	1,707,158	6,575,231
Equipment purchases		7,259,482
Depreciation of buildings and equipment:		
Computed depreciation	(25,183,157)	
Non-capitalized plant fund expenditures	(3,415,010)	
Transfers of funded depreciation	6,982,436	(21,615,731)
		(30,338,959)
Add:		
Plant fund income/transfers (net) not previously combined with operating:		14,712,823
Other fund income not previously combined with operating:		
Endowment fund gifts, investment gain and other, net	12,719,833	
Loan fund	(752)	
Restricted fund	1,259,055	13,978,136
Net increase in net assets - GASB Statement No. 34 Format		$ (1,648,000)

Detailed Reconciliation of Fund Financial Reports to GASB 34 Financial Statements

Year Ended September 30, 2008

Net increase from operating (current unrestricted) funds - fund format		$ 1,302,243
Add back:		
Debt service:		
Principal payment on long term debt	$ 5,287,134	
Actual payment of principal and interest in in excess of amounts transferred (timing issue)	(696,789)	4,590,345
Equipment purchases		22,674,581
Depreciation of buildings and equipment:		
Computed depreciation	(20,167,588)	
Non-capitalized plant fund expenditures	(4,418,392)	
Transfers of funded depreciation	8,700,224	(15,885,756)
		12,681,413
Add:		
Plant fund income/transfers (net) not previously combined with operating:		8,085,346
Other fund income not previously combined with operating:		
Endowment fund gifts, investment gain and other, net	4,058,697	
Loan fund	25,883	
Restricted fund	(1,040,339)	3,044,241
Net increase in net assets - GASB Statement No. 34 Format		$ 23,811,000

Revised

Detailed Reconciliation of Fund Financial Reports to GASB Statement No. 34 Financial Statements

Year Ended September 30, 2007

Net increase from operating (current unrestricted) funds - fund format		$ 3,721,883
Add back:		
Debt service:		
Principal payment on long term debt	$ 6,899,969	
Actual payment of principal and interest in in excess of amounts transferred (timing issue)	(3,869,525)	3,030,444
Equipment purchases		21,018,457
Depreciation of buildings and equipment:		
Computed depreciation	(19,058,759)	
Non-capitalized plant fund expenditures	(4,213,969)	
Transfers of funded depreciation	29,680,064	6,407,336
		34,178,120
Add:		
Plant fund income/transfers (net) not previously combined with operating:		24,425,341
Other fund income not previously combined with operating:		
Endowment fund gifts, investment gain and other, net	13,444,313	
Loan fund	42,935	
Restricted fund	1,067,291	14,554,539
Net increase in net assets - GASB Statement No. 34 Format		$ 73,158,000

Revised

Detailed Reconciliation of Fund Financial Reports to GASB Statement No. 34 Financial Statements

Year Ended September 30, 2006

Net increase from operating (current unrestricted) funds - fund format		$ 10,190,822
Add back:		
Debt service:		
Principal payment on long term debt	$ 6,263,751	
Actual payment of principal and interest in in excess of amounts transferred (timing issue)	(319,478)	5,944,273
Equipment purchases		11,456,341
Depreciation of buildings and equipment:		
Computed depreciation	(18,459,716)	
Non-capitalized plant fund expenditures	(4,969,131)	
Transfers of funded depreciation	19,089,883	(4,338,964)
		23,252,472
Add:		
Plant fund income/transfers (net) not previously combined with operating:		15,171,089
Other fund income not previously combined with operating:		
Endowment fund gifts, investment gain and other, net	5,746,046	
Loan fund	(22,285)	
Restricted fund	11,254,678	16,978,439
Net increase in net assets - GASB Statement No. 34 Format		$ 55,402,000

Revised

Detailed Reconciliation of Fund Financial Reports to GASB Statement No. 34 Financial Statements

Year Ended September 30, 2005

Net increase from operating (current unrestricted) funds - fund format		$ 639,470
Add back:		
Debt service:		
Principal payment on long term debt	$ 5,922,085	
Actual payment of principal and interest in in excess of amounts transferred (timing issue)	970,426	6,892,511
Equipment purchases		10,556,620
Depreciation of buildings and equipment:		
Computed depreciation	(18,660,569)	
Non-capitalized plant fund expenditures	(5,744,883)	
Transfers of funded depreciation	16,165,144	(8,240,308)
		9,848,293
Add:		
Plant fund income/transfers (net) not previously combined with operating:		6,293,990
Other fund income not previously combined with operating:		
Endowment fund gifts, investment gain and other, net	2,346,229	
Loan fund	(104,245)	
Restricted fund	3,543,207	
Other transfers, net	(81,474)	5,703,717
Net increase in net assets - GASB Statement No. 34 Format		$ 21,846,000

Detailed Reconciliation of Fund Financial Reports to GASB Statement No. 34 Financial Statements

Year Ended September 30, 2004

Net increase from operating (current unrestricted) funds - fund format		$ 4,805,701
Add back:		
Debt service:		
Principal payment on long term debt - (except 1993 bond payoff)	$ 6,273,812	
Actual payment of principal and interest in in excess of amounts transferred (timing issue)	(2,405,299)	3,868,513
Equipment purchases		8,088,299
Depreciation of buildings and equipment:		
Computed depreciation	(17,934,421)	
Non-capitalized plant fund expenditures	(5,768,359)	
Transfers of funded depreciation	15,202,855	(8,499,925)
		8,262,588
Add:		
Plant fund income/transfers (net) not previously combined with operating:		8,191,189
Other fund income not previously combined with operating:		
Endowment fund gifts, investment gain and other, net	3,840,675	
Loan fund balance reclassification	(4,779,278)	
Loan fund	(46,217)	
Restricted fund	41,357	
Other transfers, net	407,686	(535,777)
Net increase in net assets - GASB Statement No. 34 Format		$ 15,918,000

Detailed Reconciliation of Fund Financial Reports to GASB Statement No. 34 Financial Statements

Year Ended September 30, 2003

Net increase from operating (current unrestricted) funds - fund format		$ (5,420,432)
Add back:		
Debt service:		
Principal payment on long term debt	$ 8,464,040	
Actual payment of principal and interest in in excess of amounts transferred (timing issue)	(2,131,108)	6,332,932
Equipment purchases		5,324,265
Depreciation of buildings and equipment:		
Computed depreciation	(17,431,909)	
Non-capitalized plant fund expenditures	(4,227,457)	
Transfers of funded depreciation	13,908,736	(7,750,630)
		(1,513,865)
Add:		
Plant fund income (net) not previously combined with operating:		5,251,321
Other fund income not previously combined with operating:		
Endowment fund gifts and investment gain, net	5,051,957	
Endowment fund transfer (to) from Current Unrestricted Fund	122,783	
Loan fund	(292,614)	
Restricted fund	141,655	
Other transfers, net	109,763	5,133,544
Net increase in net assets - GASB Statement No. 34 Format		$ 8,871,000

Detailed Reconciliation of Fund Financial Reports to GASB Statement No. 34 Financial Statements

Year Ended September 30, 2002

Net increase from operating (current unrestricted) funds - fund format		$ 4,167,774
Add back:		
Debt service:		
Principal payment on long term debt	$ 7,137,128	
Actual payment of principal and interest in in excess of amounts transferred (timing issue)	(1,635,119)	5,502,009
Equipment purchases		10,486,087
Depreciation of buildings and equipment:		
Computed depreciation	(16,163,736)	
Non-capitalized plant fund expenditures	(1,452,039)	
Transfers of funded depreciation	18,790,433	1,174,658
		21,330,528
Add:		
Plant fund income (net) not previously combined with operating:		10,446,462
Other fund income not previously combined with operating:		
Endowment fund gifts and investment gain, net	(96,453)	
Endowment fund transfer (to) from Current Unrestricted Fund	(1,774,186)	
Loan fund	63,320	
Restricted fund	111,259	
Other transfers, net	70	(1,695,990)
Net increase in net assets - GASB Statement No. 34 Format		$ 30,081,000

UNIVERSITY OF SOUTH ALABAMA

Communication to the Budget and Finance Committee of the
Board of Trustees

September 30, 2009

KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201

November 13, 2009

Budget and Finance Committee of the
Board of Trustees
University of South Alabama

Members of the Committee:

We have audited the basic financial statements of the University of South Alabama, a component unit of the State of Alabama, (the University) and its aggregate discretely presented component units as of September 30, 2009 and issued our report thereon dated November 13, 2009. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audit.

Our Responsibility Under Professional Standards

We are responsible for forming and expressing an opinion about whether the basic financial statements that have been prepared by management with the oversight of the Budget and Finance Committee of the Board of Trustees, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We have a responsibility to perform our audit of the financial statements in accordance with professional standards. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audit does not relieve management or the Budget and Finance Committee of the Board of Trustees of their responsibilities.

In addition, in planning and performing our audit of the basic financial statements, we considered internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

We also have a responsibility to communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of the Budget and Finance Committee of the Board of Trustees in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the University's basic financial statements and our auditors' report thereon does not extend beyond the financial information identified in our auditors' report, and we have no obligation to perform any procedures to corroborate other information contained in these documents, for example, Management's Discussion and Analysis of Financial Condition and Results of Operations. We have, however, read the other information included in the University's basic financial statements, and no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

Significant Accounting Policies

The significant accounting policies used by the University are described in note 1 to the basic financial statements.

Unusual Transactions

There were no transactions entered into by the University during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is lack of authoritative guidance or consensus.

Qualitative Aspects of Accounting Practices

We have discussed with those charged with governance our judgments about the quality, not just the acceptability, of the University's accounting principles as applied in its financial reporting. Since the primary responsibility for establishing a university's accounting policies rests with management, management is generally an active participant in these discussions. The discussions generally included such matters as the consistency of the University's accounting policies and their application, and the understandability and completeness of the University's basic financial statements, which include related disclosures.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Management's estimates of the allowances for uncollectible accounts and contractual adjustments are based on, among other things, analyses of historical trends, the aging and mix of accounts receivable at year-end and expected third-party payor payment rates. Estimated professional and general liability costs and self-insurance reserves for employee health insurance are based on, among other things, reviews of occurrences accumulated by incident reporting systems, discussions with risk management professionals, actuarial valuations and consideration of recent developments.

We evaluated the key factors and assumptions used in developing these accounting estimates to determine that they are reasonable in relation to the financial statements of the University taken as a whole.

Uncorrected Misstatements

There were no uncorrected misstatements related to the University's basic financial statements.

Disagreements with Management

There were no disagreements with management on financial accounting, and reporting matters that, if not satisfactorily resolved, would have caused a modification of our auditors' report on the University's basic financial statements.

Consultation with Other Accountants

To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the year ended September 30, 2009.

Material Written Communications

Attached to this report please find copies of the following material written communications between management and us:

1) Engagement letters and

2) Management representation letters

* * * * * * *

This report to the budget and finance committee is intended solely for the information and use of the committee and management and is not intended to be and should not be used by anyone other than these specified parties. This report is not intended for general use, circulation or publication and should not to be published, circulated, reproduced or used for any purpose without our prior written permission in each specific instance.

Very truly yours,

KPMG LLP

January 19, 2009

Mr. M. Wayne Davis
Vice President for Financial Affairs
University of South Alabama
307 University Boulevard North, AD 328
Mobile, Alabama 36688-0002

Dear Wayne:

This letter (the Engagement Letter) confirms our understanding of our engagement to provide professional services to the University of South Alabama (the University).

Objectives and Limitations of Services

Financial Statement Audit Services

We will issue a written report upon our audit of the University's financial statements as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, with the objective of expressing an opinion as to whether the presentation of the financial statements, that have been prepared by management with the oversight of those charged with governance, conforms with U.S. generally accepted accounting principles.

In conducting the audit, we will perform tests of the accounting records and such other procedures, as we consider necessary in the circumstances, to provide a reasonable basis for our opinion on the financial statements. We also will assess the accounting principles used and significant estimates made by management, and evaluate the overall financial statement presentation.

Our audit of the financial statements is planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Therefore, there is a risk that material errors, fraud (including fraud that may be an illegal act), and other illegal acts may exist and not be detected by an audit of financial statements performed in accordance with the auditing standards generally accepted in the United States of America. Also, an audit is not designed to detect matters that are immaterial to the financial statements, and because the determination of abuse is subjective, *Government Auditing Standards* does not expect auditors to provide reasonable assurance of detecting abuse.

Our report will be addressed to the University's Board of Trustees. We cannot provide assurance that an unqualified opinion will be rendered. Circumstances may arise in which it is necessary for us to modify our report or withdraw from the engagement.

Internal Control over Financial Reporting and Compliance and Other Matters

In planning and performing our audit of the financial statements, we will consider the University's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the effectiveness of the University's internal control over financial reporting. In accordance with *Government Auditing Standards*, we are required to communicate that the limited purpose of our consideration of internal control may not meet the needs of some users who require additional information about internal control. We can provide other services to provide you with additional information on internal control which we would be happy to discuss with you at your convenience.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the University's compliance with certain provisions of laws, regulations, contracts and grant agreements, violations of which could have a direct and material effect on the financial statements. However, our objective is not to provide an opinion on compliance with such provisions.

In accordance with *Government Auditing Standards*, we will prepare a written report, *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards* (GAGAS report), on our consideration of internal control over financial reporting and tests of compliance made as part of our audit of the financial statements. While the objective of our audit of the financial statements is not to report on the University's internal control over financial reporting and we are not obligated to search for significant deficiencies or material weaknesses as part of our audit of the financial statements, this report will include any significant deficiencies and material weaknesses to the extent they come to our attention. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected on a timely basis. This report will also include illegal acts and fraud, unless clearly inconsequential, and material violations of laws and provisions of contracts and grant agreements. It will indicate that it is intended solely for the information and use of the Budget and Finance Committee and management of the University and federal awarding agencies and pass-through entities and that it is not intended to be and should not be used by anyone other than these specified parties.

In accordance with *Government Auditing Standards*, we will also issue a management letter to communicate violations of provisions of contracts or grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential that come to our attention.

In accordance with *Government Auditing Standards*, we are also required in certain circumstances to report fraud or illegal acts directly to parties outside the auditee.

OMB Circular A-133 Audit Services

We will also perform audit procedures with respect to the University's major federal programs in accordance with the provisions of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular A-133). OMB Circular A-133 includes specific audit requirements, mainly in the areas of internal control and compliance with laws, regulations, contracts, and grant agreements that exceed those required by *Government Auditing Standards*.

As part of our audit procedures performed in accordance with the provisions of OMB Circular A-133, we will perform tests to evaluate the effectiveness of the design and operation of internal controls that we consider relevant to preventing or detecting material noncompliance with laws, regulations, contracts, and grant agreements applicable to each of the University's major programs. The tests of internal control performed in accordance with OMB Circular A-133 are less in scope than would be necessary to render an opinion on internal control.

Compliance with laws, regulations, contracts, and grant agreements applicable to federal programs is the responsibility of management. We will perform tests of the University's compliance with certain provisions of laws, regulations, contracts, and grant agreements we determine to be necessary based on the *OMB Circular A-133 Compliance Supplement (Compliance Supplement)*. The procedures outlined in the *Compliance Supplement* are those suggested by each federal agency and do not cover all areas of regulations governing each program. Program reviews by federal agencies may identify additional instances of noncompliance.

As required by OMB Circular A-133, we will prepare a written report which provides our opinion on the schedule of expenditures of federal awards in relation to the University's financial statements. In addition, we will prepare a written report (A-133 report) which 1) provides our opinion on compliance with laws, regulations, contracts, and grant agreements that could have a direct and material effect on a major federal program and 2) communicates our consideration of internal control over major federal programs. The A-133 report will indicate that it is intended solely for the information and use of the Budget and Finance Committee and management of the University and federal awarding agencies and pass-through entities and that it is not intended to be and should not be used by anyone other than these specified parties.

Offering Document

Should the University wish to include or incorporate by reference these financial statements and our audit report(s) thereon into an offering of exempt securities, prior to our consenting to include or incorporate by reference our report(s) on such financial statements, we would consider our consent to the inclusion of our report and the terms thereof at that time. We will be required to perform procedures as required by the standards of the American Institute of Certified Public Accountants, including, but not limited to, reading other information incorporated by reference in the offering document and performing subsequent event procedures. Our reading of the other information included or incorporated by reference in the offering document will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements). The specific terms of our future services with respect to future offering documents will be determined at the time the services are to be performed.

Should the University wish to include or incorporate by reference these financial statements and our audit report(s) thereon into an offering of exempt securities without obtaining our consent to include or incorporate by reference our report(s) on such financial statements, and we are not otherwise associated with the offering document, then the University agrees to include the following language in the offering document:

"KPMG LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this official statement."

Our Responsibility to Communicate with the Budget and Finance Committee

We will report to the Budget and Finance Committee, in writing, the following matters:

- Corrected misstatements arising from the audit that could, in our judgment, either individually or in aggregate, have a significant effect on the University's financial reporting process. In this context, corrected misstatements are proposed corrections of the financial statements that were recorded by management and, in our judgment, may not have been detected except through the auditing procedures performed.
- Uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in aggregate.
- Any disagreements with management or other significant difficulties encountered in performance of our audit.
- Other matters required to be communicated by auditing standards generally accepted in the United States of America.

We will also read minutes, if any, of budget and finance committee meetings for consistency with our understanding of the communications made to the budget and finance committee and determine that the budget and finance committee has received copies of all material written communications between ourselves and management. We will also determine that the budget and finance committee has been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

If, in performance of our audit procedures, circumstances arise which make it necessary to modify our report or withdraw from the engagement, we will communicate to the budget and finance committee our reasons for modification or withdrawal.

Management Responsibilities

The management of the University is responsible for the fair presentation, in accordance with U.S generally accepted accounting principles, of the financial statements and all representations contained therein. Management also is responsible for identifying and ensuring that the University complies with laws, regulations, contracts, and grant agreements applicable to its activities, and for informing us of any known material violations of such laws and regulations and provisions of contracts and grant agreements. Management also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for establishing and maintaining effective internal controls and procedures for financial reporting to maintain the reliability of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements. Management is also responsible for informing us, of which it has knowledge, of all significant deficiencies and material weaknesses in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Management of the University also agrees that all records, documentation, and information we request in connection with our audit will be made available to us, that all material information will be disclosed to us, and that we will have the full cooperation of the University's personnel. As required by the auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the financial statements.

In addition to the OMB Circular A-133 requirements to maintain internal control and comply with provisions of laws, regulations, contracts and grants applicable to federal programs as discussed above, OMB Circular A-133 also requires the University to prepare a:

- Schedule of expenditures of federal awards;
- Summary schedule of prior audit findings;
- Corrective action plan; and
- Data collection form (Part I).

While we may be separately engaged to assist you in the preparation of these items, preparation is the responsibility of the University.

Certain provisions of OMB Circular A-133 allow a granting agency to request that a specific program be selected as a major program provided that the federal granting agency is willing to pay the incremental audit cost arising from such selection. The University agrees to notify KPMG LLP (KPMG) of any such request by a granting agency and to work with KPMG to modify the terms of this letter as necessary to accommodate such a request.

In accordance with *Government Auditing Standards*, as part of our planning of the audit we will evaluate whether the University has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the financial statements. To assist us, management agrees to identify previous audits, attestation engagements, or other studies that relate to the objectives of the audit, including whether related recommendations have been implemented, prior to September 30, 2009.

Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon. Because of the importance of management's representations to the effective performance of our services, the University will release KPMG and its personnel from any claims, liabilities, costs and expenses relating to our services under this letter attributable to any misrepresentations in the representation letter referred to above.

Management is also responsible for providing us with written responses in accordance with *Government Auditing Standards* to the findings included in the GAGAS or A-133 report within thirty days of being provided with draft findings. If such information is not provided on a timely basis prior to release of the report, the report will indicate the status of management's responses.

Management is responsible for the distribution of the reports issued by KPMG.

Dispute Resolution

Any dispute or claim arising out of or relating to this Engagement Letter or the services provided hereunder, or any other audit or attest services provided by or on behalf of KPMG or any of its subcontractors or agents to the University or at its request, shall be submitted first to non-binding mediation (unless either party elects to forego mediation by initiating a written request for arbitration) and if mediation is not successful within 90 days after the issuance by one of the parties of a request for mediation then to binding arbitration in accordance with the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution then in effect ("CPR Arbitration Rules"). Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these dispute resolution procedures, including any contention that all or part of these procedures is invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. By operation of this provision, the parties agree to forego litigation over such disputes in any court of competent jurisdiction.

Mediation, if selected, may take place at a location to be designated by the parties using Mediation Procedures of the International Institute for Conflict Prevention and Resolution, with the exception of paragraph 2 (Selecting the Mediator). Arbitration shall take place in New York, New York. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort except as provided in CPR Rule 13 (Interim Measures of Protection). Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party's actual damages shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm and enforce any final award entered in arbitration, in any court of competent jurisdiction. Notwithstanding the agreement to such procedures, either party may seek equitable relief to enforce its rights in any court of competent jurisdiction.

Other Matters

This letter shall serve as the University's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and the University and between KPMG and outside specialists or other entities engaged by either KPMG or the University. The University acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

Further, for purposes of the services described in this letter only, the University hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all names, logos, trademarks and service marks of the University solely for presentations or reports to the University or for internal KPMG presentations and intranet sites.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.

KPMG member firms located outside the United States and other third-party service providers operating under our supervision may also participate in providing the services described in this letter.

The work papers for this engagement are the property of KPMG. Pursuant to *Government Auditing Standards*, we are required to make certain work papers available in a full and timely manner to regulatory agencies upon request for their reviews of audit quality and for use by their auditors. In addition, we may be requested to make certain work papers available to regulator pursuant to authority given to it by law or regulation. Access to the requested work papers will be provided under supervision of KPMG personnel. Furthermore, upon request, we may provide photocopies of selected work papers to regulatory agencies. These regulatory agencies may intend, or decide, to distribute the photocopies or information contained therein to others, including other government agencies.

In the event KPMG is requested pursuant to subpoena or other legal process to produce its documents relating to this engagement for the University in judicial or administrative proceedings to which KPMG is not a party, the University shall reimburse KPMG at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred in responding to such requests.

Other Government Auditing Standards Matters

As required by *Government Auditing Standards*, we have attached a copy of KPMG's most recent peer review report and letter of comments.

We may also assist management in drafting the financial statements and notes. In accordance with Government Auditing Standards, we are required to confirm that management reviewed, approved, and accepts full responsibility for the financial statements and notes.

Additional Reports and Fees for Services

Appendix I to this letter lists the additional reports we will issue as part of this engagement and our fees for professional services to be performed per this letter.

In addition, fees for any special audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in Appendix I and may be subject to written arrangements supplemental to those in this letter.

* * * * * * *

Our engagement herein is for the provision of annual audit services for the financial statements and for the periods described in Appendix I, and it is understood that such services are provided as a single engagement. Pursuant to our arrangement as reflected in this letter we will provide the services set forth in Appendix I as a single engagement for each of the University's subsequent fiscal years until either

Management or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be annually subject to negotiation and approval by the Management.

In accordance with your instructions, we have forwarded a copy of this letter to the Chairman of the Budget and Finance Committee and the President.

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us.

Very truly yours,

KPMG LLP

Mark P. Peach
Partner

cc: V. Gordon Moulton, President
The Honorable James P. Nix, Chairman of the Budget and Finance Committee

ACCEPTED:

UNIVERSITY OF SOUTH ALABAMA

M. Wayne Davis

Mr. M. Wayne Davis
Vice President for Financial Affairs

2/3/09

Date

Fees for Services

Based upon our discussions with and representations of management, our fees for services we will perform are estimated as follows:

	2009	2010	2011
Audits of financial statements of University of South Alabama as of and for the years ended September 30, 2009, 2010 and 2011 and other reports detailed below	$395,000	$415,000	$435,000

Other Reports:

The reports that we will issue as part of this engagement are as follows:

Reports issued in connection with OMB Circular A-133
Debt covenant compliance report
Debt agreed upon procedures report
University of South Alabama Health Services Foundation
South Alabama Medical Science Foundation
USA Research and Technology Corporation
USA Professional Liability Trust Fund
USA General Liability Trust Fund
NCAA agreed upon procedures report

The above estimates are based on the level of experience of the individuals who will perform the services. The 2009 fee is consistent with the 2008 fee and the fee increase for 2010 and 2011 is based on an annual inflation adjustment. In addition, expenses are billed for reimbursement as incurred. The fees assume that you will provide routine client assistance activities such as preparation of financial statements, certain account analyses, document retrieval and confirmation preparation. The fees also assume a commitment of 1,400 hours of internal audit assistance related to the audit. The fees also assume no significant changes in operations, no significant increase in the purchase of additional alternative investments, and that we will only have to audit two major programs each year associated with OMB Circular A-133. Progress billings will be sent every two weeks and are due within thirty days upon receipt.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to clients.

October 21, 2009

PRIVATE

University of South Alabama
Attn: Mr. M. Wayne Davis
Vice President for Financial Affairs
307 University Boulevard North, AD 170
Mobile, AL 36688-0002

Dear Wayne:

This letter sets forth our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

We will apply the following agreed-upon procedures related to assist The Board of Trustees and Management of the University of South Alabama (the University) in evaluating the Statement of Changes in Cash and Investments Held by Trustee Pursuant to the Bond Resolutions and the Statement of Investments Held by Trustee Pursuant to the Bond Resolutions relating to the University Tuition Revenue Bonds, Series 1999, University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, and University Facilities Revenue Capital Improvement Bonds, Series 2008, as of September 30, 2009 and for the year then ended.

a. We will compare the amounts shown on the Statement of Changes in Cash and Investments Held by Trustee Pursuant to the Bond Resolutions in Exhibit A to the annual trustee statements of cash and investment transactions provided to us by the bond trustee and ensure that they agree.

b. We will compare the amounts shown on the Statement of Investments Held by Trustee Pursuant to the Bond Resolutions in Exhibit B to the annual trustee statements of cash and investment transactions provided to us by the bond trustee and ensure that they agree.

c. We will obtain a schedule of general student fees (tuition) collected during the year ended September 30, 2009, and compare that amount to the general student fees recorded in the University's general ledger and ensure that they agree.

At the conclusion of the engagement, management agrees to supply us with a representation letter that, among other things, will confirm management's responsibility for the sufficiency of the agreed-upon procedures for its purposes and the fair presentation of the specified elements, accounts, or items of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Our engagement to apply agreed-upon procedures will be performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which our report is being prepared or for any other purpose.

Because the agreed-upon procedures referred to above do not constitute an audit, we will not express an opinion on any of the elements, accounts, or items of management's Statement of Changes in Cash and Investments Held by Trustee. Our report will include a statement to that effect. In addition, we have no obligation to perform any procedures beyond those referred to above.

Our report will include a list of the procedures performed (or reference thereto) and the related findings. Our report will also contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you. We have no responsibility to update our report for events and circumstances occurring after the date of such report.

Our report is intended solely for the use of University management, and is not intended for use by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. If you request that additional specified users of the report be added, we will require that they acknowledge, in writing, their agreement with the procedures and their responsibility for the sufficiency of the procedures for their purposes.

During the course of our procedures, we may consider it necessary to perform additional procedures in order to accomplish the stated purposes of the procedures described. Any such additional procedures will be outlined in our draft report, which will be reviewed by University management prior to final issuance, in order to ensure that the procedures were sufficient to accomplish the purposes of the University. If we are unable to complete the agreed-upon procedures referred to above, we will discuss the matter with University management during the engagement. In such circumstances, we may conclude that we will not issue a report as a result of this engagement.

By approving this engagement, you agree to release KPMG and its personnel from any claims, liabilities, costs, and expenses relating to our services under this letter, except to the extent determined to have resulted from the intentional or deliberate misconduct of KPMG personnel. In the event KPMG is required pursuant to subpoena or other legal process to produce its documents relating to engagements for the University in judicial or administrative proceedings to which KPMG is not a party, the University shall reimburse KPMG for its professional time and expense, including reasonable attorney's fees, incurred in responding to such requests.

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us.

Very truly yours,

KPMG LLP

Mark P. Peach
Partner

ACCEPTED:

University of South Alabama

M. Wayne Davis

Mr. M. Wayne Davis
Vice President for Financial Affairs

10/29/09

Date

April 1, 2009

Mr. Robert K. Davis
Assistant Vice President for Financial Affairs
University of South Alabama
307 University Boulevard, AD328
Mobile, Alabama 36688-0002

Dear Ken:

This letter (the Engagement Letter) confirms our understanding of our engagement to provide professional services to University of South Alabama Professional Liability Trust Fund and University of South Alabama General Liability Program ("the Trust Funds").

Objectives and Limitations of Services

Audit Services

We will issue a written report upon our audit of the Trust Funds' financial statements as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America, with the objective of expressing an opinion as to whether the presentation of the financial statements, taken as a whole, conforms with U.S. generally accepted accounting principles.

In conducting the audit, we will perform tests of the accounting records and such other procedures, as we consider necessary in the circumstances, to provide a reasonable basis for our opinion on the financial statements. We also will assess the accounting principles used and significant estimates made by management, and evaluate the overall financial statement presentation.

Our audit of the financial statements is planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Therefore, there is a risk that material errors, fraud (including fraud that may be an illegal act), and other illegal acts may exist and not be detected by an audit of financial statements performed in accordance with the auditing standards generally accepted in the United States of America. Also, an audit is not designed to detect matters that are immaterial to the financial statements.

Our report will be addressed to the Board of Directors of the Trust Funds. We cannot provide assurance that an unqualified opinion will be rendered. Circumstances may arise in which it is necessary for us to modify our report(s) or withdraw from the engagement.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we will consider the Trust Funds' internal control in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

The objective of our audit of the financial statements is not to report on the Trust Funds' internal control and we are not obligated to search for significant deficiencies or material weaknesses as part of our audit of the financial statements. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Registration Statements and Other Offering Documents

Should the Trust Funds wish to include or incorporate by reference these financial statements and our audit report(s) thereon into a future filing under the Securities Act of 1933, or an exempt offering, prior to our consenting to include or incorporate by reference our report(s) on such financial statements, we would consider our consent to the inclusion of our report and the terms thereof at that time. We will be required to perform procedures as required by the standards of the Public Company Accounting Oversight Board, including, but not limited to, reading other information incorporated by reference in the registration statement or other offering document and performing subsequent event procedures. Our reading of the other information included or incorporated by reference in the offering document will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements). The specific terms of our future services with respect to future filings or other offering documents will be determined at the time the services are to be performed. Nevertheless, we can confirm in this letter that fees for offering document services are charged at 100% of our standard rates.

Should the Trust Funds wish to include or incorporate by reference these financial statements and our audit report(s) thereon into an offering of exempt securities without obtaining our consent to include or incorporate by reference our report(s) on such financial statements, and we are not otherwise associated with the offering document, then the Trust Funds agree to include the following language in the offering document:

> KPMG, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this official statement.

Our Responsibility to Communicate with the Board of Directors

While the objective of our audit of the financial statements is not to report on the Trust Funds' internal control and we are not obligated to search for significant deficiencies or material weaknesses as part of our audit of the financial statements, we will communicate, in writing, significant deficiencies or material weaknesses to the Board of Directors to the extent they come to our attention.

We will report to the Board of Directors, in writing, the following matters:

- Corrected misstatements arising from the audit that could, in our judgment, either individually or in aggregate, have a significant effect on the Trust Funds' financial reporting process. In this context, corrected misstatements are proposed corrections of the financial statements that were recorded by management and, in our judgment, may not have been detected except through the auditing procedures performed.
- Uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in aggregate.
- Any disagreements with management or other significant difficulties encountered in performance of our audit.
- Other matters required to be communicated by auditing standards generally accepted in the United States of America.

We will also read minutes, if any, of Board of Directors' meetings for consistency with our understanding of the communications made to the Board of Directors and determine that the Board of Directors has received copies of all material written communications between ourselves and management. We will also determine that the Board of Directors has been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform the Board of Directors and management about any material errors and any instances of fraud or illegal acts. Further, to the extent they come to our attention, we will also communicate to the Board of Directors fraud that involves senior management or that, in our judgment, causes a material misstatement of the financial statements and illegal acts that come to our attention, unless they are clearly inconsequential.

If, during the performance of our audit procedures, circumstances arise which make it necessary to modify our report or withdraw from the engagement, we will communicate to the Board of Directors our reasons for withdrawal.

Management Responsibilities

The management of the Trust Funds is responsible for the fair presentation, in accordance with U.S. generally accepted accounting principles, of the financial statements and all representations contained therein. Management also is responsible for identifying and ensuring that the Trust Funds comply with laws and regulations applicable to its activities, and for informing us of any known material violations of such laws and regulations. Management also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for establishing and maintaining effective internal controls and procedures for financial reporting to maintain the reliability of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements. Management is also responsible for informing us, of which it has knowledge, of all significant deficiencies or material weaknesses in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Management of the Trust Funds also agrees that all records, documentation, and information we request in connection with our audit will be made available to us, that all material information will be disclosed to us, and that we will have the full cooperation of the Trust Funds' personnel. As required by the auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the financial statements.

Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon taken as a whole. Because of the importance of management's representations to the effective performance of our services, the Trust Funds will release KPMG LLP (KPMG) and its personnel from any claims, liabilities, costs, and expenses relating to our services under this letter attributable to any known misrepresentations in the representation letter referred to above.

Dispute Resolution

Any dispute or claim arising out of or relating to this Engagement Letter or the services provided hereunder, or any other audit or attest services provided by or on behalf of KPMG or any of its subcontractors or agents to the Trust Funds or at its request, shall be submitted first to non-binding mediation (unless either party elects to forego mediation by initiating a written request for arbitration) and if mediation is not successful within 90 days after the issuance by one of the parties of a request for mediation then to binding arbitration in accordance with the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution then in effect ("CPR Arbitration Rules"). Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these dispute resolution procedures, including any contention that all or part of these procedures is invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. By operation of this provision, the parties agree to forego litigation over such disputes in any court of competent jurisdiction.

Mediation, if selected, may take place at a location to be designated by the parties using Mediation Procedures of the International Institute for Conflict Prevention and Resolution, with the exception of paragraph 2 (Selecting the Mediator). Arbitration shall take place in New York, New York. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort except as provided in CPR Rule 13 (Interim Measures of Protection). Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party's actual damages shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm and enforce any final award entered in arbitration, in any court of competent jurisdiction. Notwithstanding the agreement to such procedures, either party may seek equitable relief to enforce its rights in any court of competent jurisdiction.

Other Matters

This letter shall serve as the Trust Funds' authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and the Trust Funds and between KPMG and outside specialists or other entities engaged by either KPMG or the Trust Funds. The Trust Funds acknowledge that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

Further, for purposes of the services described in this letter only, the Trust Funds hereby grant to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all names, logos, trademarks and service marks of the Trust Funds solely for presentations or reports to the Trust Funds or for internal KPMG presentations and intranet sites.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.

The work papers for this engagement are the property of KPMG. In the event KPMG is requested pursuant to subpoena or other legal process to produce its documents relating to this engagement for the Trust Funds in judicial or administrative proceedings to which KPMG is not a party, the Trust Funds shall reimburse KPMG at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred in responding to such requests.

KPMG member firms located outside the United States and other third-party service providers operating under our supervision may also participate in providing the services described in this letter.

Fees for Services

Appendix I to this letter lists the billing schedule for our fees for professional services to be performed per this letter.

In addition, fees for any special audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in Appendix I and may be subject to written arrangements supplemental to those in this letter.

* * * * * * *

Our engagement herein is for the provision of annual audit services for the financial statements and for the periods described in Appendix I, and it is understood that such services are provided as a single engagement. Pursuant to our arrangement as reflected in this letter, we will provide the services set forth in

Appendix I as a single engagement for each of the Trust Funds' subsequent fiscal years until either the Board of Directors or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be annually subject to negotiation and approval by the management of the Trust Funds.

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us.

Very truly yours,

KPMG LLP

Ashley

Ashley E. Wilson
Partner

AEW:js

ACCEPTED:

UNIVERSITY OF SOUTH ALABAMA PROFESSIONAL LIABILITY TRUST FUND

UNIVERSITY OF SOUTH ALABAMA GENERAL LIABILITY TRUST PROGRAM

Robert K. Davis

Robert K. Davis/Assistant Vice President for Financial Affairs

4/22/09

Date

Appendix I

Fees for Services

Based upon our discussions with and representations of the Trust Funds' management, our fees for services we will perform are as follows:

Audit of the financial statements of University of South Alabama Professional Liability Trust Fund as of and for the year ending September 30, 2009	Fee included in University of South Alabama overall fee
Audit of the financial statements of University of South Alabama General Liability Program as of and for the year ending September 30, 2009	Fee included in University of South Alabama overall fee

Our commitment to maintain historical fee levels assumes management's responsibility for providing us with all financial records and related information on a timely basis. The failure to do so, or the extensive audit adjustment of such records and information, may cause us to delay our report, modify our procedures, increase related fees or terminate the engagement.

The Trust Funds agree to provide us with reasonable assistance including, but not limited to, preparation of analyses and schedules supporting the financial statements and, assistance in retrieving source documents. The cost of professional services related to assisting the Trust Funds in preparing any such records for audit and/or adjusting such records for the impact of misstatements is not included in our stated fee commitment.

Our standard practice is to submit regular progress billings over the course of the engagement, generally beginning with our submission of this engagement letter to you for execution.

Circumstances encountered during our performance of these services that warrant additional time or expense could cause us to be able to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

In addition, expenses are billed for reimbursement. Expenses for such items include travel, telephone, postage, typing, printing, and reproduction of financial statements.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill the Trust Funds the amount incurred at the time the goods or services are purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the Trust Funds. Instead, KPMG applied such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to the Trust Funds.

April 1, 2009

Mr. John P. Pannelli, CPA
Assistant Vice President, Medical Financial Affairs
University of South Alabama Health Services Foundation
307 University Boulevard, CSAB 269
Mobile, AL 36688-0002

Dear John:

This letter (the Engagement Letter) confirms our understanding of our engagement to provide professional services to University of South Alabama Health Services Foundation ("the Foundation").

Objectives and Limitations of Services

Audit Services

We will issue a written report upon our audit of the Foundation's financial statements as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America, with the objective of expressing an opinion as to whether the presentation of the financial statements, taken as a whole, conforms with U.S. generally accepted accounting principles.

In conducting the audit, we will perform tests of the accounting records and such other procedures, as we consider necessary in the circumstances, to provide a reasonable basis for our opinion on the financial statements. We also will assess the accounting principles used and significant estimates made by management, and evaluate the overall financial statement presentation.

Our audit of the financial statements is planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Therefore, there is a risk that material errors, fraud (including fraud that may be an illegal act), and other illegal acts may exist and not be detected by an audit of financial statements performed in accordance with the auditing standards generally accepted in the United States of America. Also, an audit is not designed to detect matters that are immaterial to the financial statements.

Our report will be addressed to the Board of Directors of the Foundation. We cannot provide assurance that an unqualified opinion will be rendered. Circumstances may arise in which it is necessary for us to modify our report(s) or withdraw from the engagement.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we will consider the Foundation's internal control in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

The objective of our audit of the financial statements is not to report on the Foundation's internal control and we are not obligated to search for significant deficiencies or material weaknesses as part of our audit of the financial statements. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Registration Statements and Other Offering Documents

Should the Foundation wish to include or incorporate by reference these financial statements and our audit report(s) thereon into a future filing under the Securities Act of 1933, or an exempt offering, prior to our consenting to include or incorporate by reference our report(s) on such financial statements, we would consider our consent to the inclusion of our report and the terms thereof at that time. We will be required to perform procedures as required by the standards of the Public Company Accounting Oversight Board, including, but not limited to, reading other information incorporated by reference in the registration statement or other offering document and performing subsequent event procedures. Our reading of the other information included or incorporated by reference in the offering document will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements). The specific terms of our future services with respect to future filings or other offering documents will be determined at the time the services are to be performed. Nevertheless, we can confirm in this letter that fees for offering document services are charged at 100% of our standard rates.

Should the Foundation wish to include or incorporate by reference these financial statements and our audit report(s) thereon into an offering of exempt securities without obtaining our consent to include or incorporate by reference our report(s) on such financial statements, and we are not otherwise associated with the offering document, then the Foundation agrees to include the following language in the offering document:

> KPMG, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this official statement.

Our Responsibility to Communicate with the Board of Directors

While the objective of our audit of the financial statements is not to report on the Foundation's internal control and we are not obligated to search for significant deficiencies or material weaknesses as part of our audit of the financial statements, we will communicate, in writing, significant deficiencies or material weaknesses to the Board of Directors to the extent they come to our attention.

We will report to the Board of Directors, in writing, the following matters:

- Corrected misstatements arising from the audit that could, in our judgment, either individually or in aggregate, have a significant effect on the Foundation's financial reporting process. In this context, corrected misstatements are proposed corrections of the financial statements that were recorded by management and, in our judgment, may not have been detected except through the auditing procedures performed.
- Uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in aggregate.
- Any disagreements with management or other significant difficulties encountered in performance of our audit.
- Other matters required to be communicated by auditing standards generally accepted in the United States of America.

We will also read minutes, if any, of Board of Directors' meetings for consistency with our understanding of the communications made to the Board of Directors and determine that the Board of Directors has received copies of all material written communications between ourselves and management. We will also determine that the Board of Directors has been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform the Board of Directors and management about any material errors and any instances of fraud or illegal acts. Further, to the extent they come to our attention, we will also communicate to the Board of Directors fraud that involves senior management or that, in our judgment, causes a material misstatement of the financial statements and illegal acts that come to our attention, unless they are clearly inconsequential.

If, during the performance of our audit procedures, circumstances arise which make it necessary to modify our report or withdraw from the engagement, we will communicate to the Board of Directors our reasons for withdrawal.

Management Responsibilities

The management of the Foundation is responsible for the fair presentation, in accordance with U.S. generally accepted accounting principles, of the financial statements and all representations contained therein. Management also is responsible for identifying and ensuring that the Foundation complies with laws and regulations applicable to its activities, and for informing us of any known material violations of such laws and regulations. Management also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for establishing and maintaining effective internal controls and procedures for financial reporting to maintain the reliability of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements. Management is also responsible for informing us, of which it has knowledge, of all significant deficiencies or material weaknesses in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Management of the Foundation also agrees that all records, documentation, and information we request in connection with our audit will be made available to us, that all material information will be disclosed to us, and that we will have the full cooperation of the Foundation's personnel. As required by the auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the financial statements.

Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon taken as a whole. Because of the importance of management's representations to the effective performance of our services, the Foundation will release KPMG LLP (KPMG) and its personnel from any claims, liabilities, costs, and expenses relating to our services under this letter attributable to any known misrepresentations in the representation letter referred to above.

Dispute Resolution

Any dispute or claim arising out of or relating to this Engagement Letter or the services provided hereunder, or any other audit or attest services provided by or on behalf of KPMG or any of its subcontractors or agents to the Foundation or at its request, shall be submitted first to non-binding mediation (unless either party elects to forego mediation by initiating a written request for arbitration) and if mediation is not successful within 90 days after the issuance by one of the parties of a request for mediation then to binding arbitration in accordance with the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution then in effect ("CPR Arbitration Rules"). Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these dispute resolution procedures, including any contention that all or part of these procedures is invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. By operation of this provision, the parties agree to forego litigation over such disputes in any court of competent jurisdiction.

Mediation, if selected, may take place at a location to be designated by the parties using Mediation Procedures of the International Institute for Conflict Prevention and Resolution, with the exception of paragraph 2 (Selecting the Mediator). Arbitration shall take place in New York, New York. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort except as provided in CPR Rule 13 (Interim Measures of Protection). Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party's actual damages shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm and enforce any final award entered in arbitration, in any court of competent jurisdiction. Notwithstanding the agreement to such procedures, either party may seek equitable relief to enforce its rights in any court of competent jurisdiction.

Other Matters

This letter shall serve as the Foundation's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and the Foundation and between KPMG and outside specialists or other entities engaged by either KPMG or the Foundation. The Foundation acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

Further, for purposes of the services described in this letter only, the Foundation hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all names, logos, trademarks and service marks of the Foundation solely for presentations or reports to the Foundation or for internal KPMG presentations and intranet sites.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.

The work papers for this engagement are the property of KPMG. In the event KPMG is requested pursuant to subpoena or other legal process to produce its documents relating to this engagement for the Foundation in judicial or administrative proceedings to which KPMG is not a party, the Foundation shall reimburse KPMG at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred in responding to such requests.

KPMG member firms located outside the United States and other third-party service providers operating under our supervision may also participate in providing the services described in this letter.

Fees for Services

Appendix I to this letter lists the billing schedule for our fees for professional services to be performed per this letter.

In addition, fees for any special audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in Appendix I and may be subject to written arrangements supplemental to those in this letter.

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Our engagement herein is for the provision of annual audit services for the financial statements and for the periods described in Appendix I, and it is understood that such services are provided as a single engagement. Pursuant to our arrangement as reflected in this letter, we will provide the services set forth in Appendix I as a single engagement for each of the Foundation's subsequent fiscal years until either the Board of Directors or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be annually subject to negotiation and approval by the management of the Foundation.

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us.

Very truly yours,

KPMG LLP

Ashley

Ashley E. Willson
Partner

AEW:js

ACCEPTED:

UNIVERSITY OF SOUTH ALABAMA HEALTH SERVICES FOUNDATION

John P. Pannelli/Assistant Vice President, Medical Financial Affairs

4/30/09
Date

Fees for Services

Based upon our discussions with and representations of the Foundation's management, our fees for services we will perform are as follows:

Audit of the financial statements of University of South Alabama Health Services Foundation as of and for the year ending September 30, 2009	Fee included in University of South Alabama overall fee

Our commitment to maintain historical fee levels assumes management's responsibility for providing us with all financial records and related information on a timely basis. The failure to do so, or the extensive audit adjustment of such records and information, may cause us to delay our report, modify our procedures, increase related fees or terminate the engagement.

The Foundation agrees to provide us with reasonable assistance including, but not limited to, preparation of analyses and schedules supporting the financial statements and, assistance in retrieving source documents. The cost of professional services related to assisting the Foundation in preparing any such records for audit and/or adjusting such records for the impact of misstatements is not included in our stated fee commitment.

Our standard practice is to submit regular progress billings over the course of the engagement, generally beginning with our submission of this engagement letter to you for execution.

Circumstances encountered during our performance of these services that warrant additional time or expense could cause us to be able to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

In addition, expenses are billed for reimbursement. Expenses for such items include travel, telephone, postage, typing, printing, and reproduction of financial statements.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill the Foundation the amount incurred at the time the goods or services are purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the Foundation. Instead, KPMG applied such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to the Foundation.

August 5, 2009

University of South Alabama
Attn: Mr. M. Wayne Davis
Associate Vice President for Finance
307 University Boulevard North, AD380
Mobile, Alabama 36688-0002

Dear Wayne:

This letter amends our engagement letter dated July 1, 2008, confirming our understanding to provide professional audit services to USA Research and Technology Corporation (the Corporation) by substituting the attached Appendix I for the Appendix I originally attached to our engagement letter.

The attached Appendix I lists the services to be rendered and related fees to provide each specified service for the identified time period. Except as specified in this letter and in the Appendix I attached to this letter, all provisions of the aforementioned engagement letter remain in effect until either the audit committee or we terminate this agreement or mutually agree to the modification of its terms.

KPMG member firms located outside the United States and other third-party service providers operating under our supervision may also participate in providing the services described in this letter.

The Corporation agrees to provide prompt notification if the Corporation becomes subject to the laws of a foreign jurisdiction that requires regulation of any securities issued by the Corporation that would result in KPMG becoming subject to registration in such jurisdiction.

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign in the space provided and return the copy to us.

Very truly yours,

KPMG LLP

Mark P. Peach
Partner

ACCEPTED:

USA RESEARCH AND TECHNOLOGY CORPORATION

M. Wayne Davis

Mr. M. Wayne Davis
Vice President, Secretary and Treasurer

8/10/09
Date

Appendix I

Fees for Services

Based upon our discussions with and representations of management, our fees for services we will perform are covered in a separate Engagement Letter covering all University of South Alabama related entities. We will issue the following report:

> Audit of financial statements of USA Research and Technology Corporation as of and for the year ended September 30, 2009

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to clients.

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF THE PRESIDENT

TELEPHONE (251) 460-6111
MOBILE, ALABAMA 36688-0002

November 13, 2009

KPMG LLP
Suite 1100 One Jackson Place
188 East Capitol Street
Jackson, MS 39201

Ladies and Gentlemen:

We are providing this letter in connection with your audits of the basic financial statements of the University of South Alabama, a component unit of the State of Alabama, (the University), and its aggregate discretely presented component units as of and for the years ended September 30, 2009 and 2008, for the purpose of expressing an opinion as to whether the basic financial statements and its aggregate discretely presented component units present fairly, in all material respects, the financial position, and the respective changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the basic financial statements of financial position, changes in financial position, and cash flows in conformity with U.S. generally accepted accounting principles. We are also responsible for establishing and maintaining effective internal control over financial reporting. Further, we understand the purpose of your testing of transactions and records from the University's federal programs was to obtain reasonable assurance that the University had complied, in all material respects, with the requirements of laws, regulations, contracts, and grants that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2009.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits:

1. The basic financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles.

2. We have made available to you:

   a. All financial records and related data.

   b. All minutes of meetings of the (finance board and other appropriate committees), or summaries of actions of recent meetings for which minutes have not yet been prepared.

   c. All peer review organization (PRO), fiscal intermediary, and third-party payor reports and information.

3. Except as disclosed to you in writing, there have been no communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with, laws and regulations in any jurisdiction (including those related to the Medicare and Medicaid antifraud and abuse statutes), deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the basic financial statements.

4. There are no:

   a. Violations or possible violations of laws or regulations, such as those related to the Medicare and Medicaid antifraud and abuse statutes, including but not limited to the Anti-Kickback Statute, Limitations on Certain Physician Referrals (commonly referred to as the "Stark law"), and the False Claims Act, in any jurisdiction, whose effects should be considered for disclosure in the basic financial statements or as a basis for recording a loss contingency.

   b. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards (SFAS) No. 5, *Accounting for Contingencies.*

   c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by SFAS No. 5.

   d. Material transactions that have not been properly recorded in the accounting records underlying the basic financial statements.

e. Events that have occurred subsequent to the date of the statement of financial position and through the date of this letter that would require adjustment to or disclosure in the basic financial statements.

5. We believe that the effects of the uncorrected financial statement misstatements summarized, if any, in the accompanying schedule are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole.

6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent, deter, and detect fraud. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets.

   Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the basic financial statements not to be presented in conformity with U.S. generally accepted accounting principles.

7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:

   a. Management

   b. Employees who have significant roles in internal control over financial reporting, or

   c. Others where the fraud could have a material effect on the basic financial statements.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others except that which has been disclosed to you during the course of the audit. We have provided an internal audit report on a matter that involved misappropriation of assets by non-management personnel. We have thoroughly investigated the matter and reported our findings to you. Management has quantified the impact of the misappropriation and determined that it was not material to the financial statements. Further, we believe that the actions taken against the employee which resulted in the employee's termination was appropriate given the facts and circumstances.

9. We have no knowledge of any officer or trustee of the University, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate or mislead you during your audit.

10. The following have been properly recorded or disclosed in the basic financial statements:

    a. Related party transactions including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments, and amounts receivable from or payable to related parties. We understand that the term "related party" refers to affiliates of the University; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; management; members of the immediate families of University management; and other parties with which the University may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

    b. Guarantees, whether written or oral, under which the University is contingently liable.

    c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.

    d. Agreements to repurchase assets previously sold, including sales with recourse.

    e. Changes in accounting principle affecting consistency.

    f. Significant affiliation relationships requiring disclosure.

    g. All assets and liabilities under the University's control.

    h. Significant relationships with affiliated organizations, and the financial statements of those organizations, where required.

11. Capital assets, including infrastructure assets, are properly capitalized, reported and, if applicable, depreciated. There are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as disclosed in the footnotes to the financial statements.

12. The University has identified and properly accounted for all non-exchange transactions.

13. The University has complied with all aspects of laws, regulations, contracts, grants, and donor restrictions that would have a material effect on the basic financial statements in the event of noncompliance.

14. The University's reporting entity includes all entities that are component units of the University. Such component units have been properly presented as either blended or discrete. The basic financial statements disclose all other joint ventures and other related organizations.

15. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the basic financial statements:

    a. Extent, nature, and terms of financial instruments with off-balance-sheet risk;

    b. The amount of credit risk of financial instruments with off-balance-sheet credit risk, and information about the collateral supporting such financial instruments; and

    c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.

16. The University is responsible for the identification of and compliance with all aspects of laws, regulations, donor restrictions, and provisions of contracts and grant agreements that have a direct and material effect on the basic financial statements in the event of noncompliance, including legal and contractual provisions for reporting specific activities in separate funds and has disclosed those aspects of laws, regulations, contracts, grants, and donor restrictions to you.

17. Deposits and investment securities are properly classified and reported.

18. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the University's ability to initiate, authorize, record, process, or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting, as those terms are defined in Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit.*

19. There have been no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

20. There have been no:

    a. Instances of fraud involving others that could have a material effect on the adjustments.

    b. Allegations, either written or oral, of misstatements or other misapplication of accounting principles in the University's adjustments that have not been disclosed to you in writing.

    c. Allegations, either written or oral, of deficiencies in internal control that could have a material effect on the University's adjustments that have not been disclosed to you in writing.

    d. False statements affecting the University's adjustments made to you, our internal auditors, or other auditors who have audited entities under our control upon whose work you may be relying in connection with your audit.

21. There are no material transactions that have not been properly recorded in the accounting records underlying the adjustments.

22. We believe that all material expenditures that have been deferred to future periods will be recoverable.

23. In accordance with *Government Auditing Standards*, we have identified to you all previous audits, attestation engagements, or other studies related to the objectives of this audit including whether related recommendations have been implemented.

24. The basic financial statements properly classify all funds and activities.

25. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.

26. The University has complied with all tax and debt limits and with all debt related covenants.

27. The University has presented all required supplementary information. This information has been measured and prepared within prescribed guidelines.

28. The University has complied with all applicable laws and regulations in adopting, approving and amending budgets.

29. We have received opinions of counsel upon each issuance of tax-exempt bonds that the interest on such bonds is exempt from federal income taxes under section 103 of the Internal Revenue Code of 1986, as amended. There have been no changes in the use of property financed with the proceeds of tax-exempt bonds, or any other occurrences, subsequent to the issuance of such opinions, that would jeopardize the tax-exempt status of the bonds. Provision has been made, where material, for the amount of any required arbitrage rebate.

30. Receivables reported in the basic financial statements represent valid claims against debtors arising on or before the date of the statement of net assets and have been appropriately reduced to their estimated net realizable value.

31. All funds that meet the quantitative criteria in GASB Statement No. 34 for presentation as major are identified and presented as such, and all other funds that are presented as major are considered to be particularly important to financial statement users by management.

32. Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses and changes in net assets and allocations have been made on a reasonable basis.

33. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

34. Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.

35. Special and extraordinary items are appropriately classified and reported.

36. The University has identified and made the appropriate disclosures for all derivative instruments not reported at fair value in the financial statements in accordance with GASB Technical Bulletin 03-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets.*

37. Billings to third-party payors comply in all material respects with applicable coding guidelines (e.g., ICD-9-CM and CPT-4) and laws and regulations (including those dealing with Medicare and Medicaid antifraud and abuse) and only reflect charges for goods and services that were medically necessary, ordered in writing by a treating physician, properly approved by regulatory bodies (for example, the Food and Drug Administration), if required, and properly rendered.

38. Amounts advanced to related organizations represent valid receivables and are expected to be recovered at some future date in accordance with the terms of related agreements.

39. Management is responsible for the accuracy and propriety of all cost reports filed and all required Medicare, Medicaid, and similar cost reports have been properly filed. All costs reflected on such reports are appropriate and allowable under applicable reimbursement rules and regulations and are patient related and properly allocated to applicable payors. The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations. All items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal, have been fully disclosed in the cost report. Recorded third-party settlements include differences between filed (and to be filed) cost reports and calculated settlements, which are necessary based on historical experience or new or ambiguous regulations that may be subject to differing interpretations. While management believes the entity is entitled to all amounts claimed on the cost reports, management also believes the amounts of these differences are appropriate.

40. For investments in alternative investments (including hedge funds, real estate ventures, private equity funds, etc.), management has performed an evaluation to determine whether the investment should be consolidated or accounted for under the equity, fair value, or cost method. Such evaluation included the consideration of various factors, including the legal form of the investment (limited partnership, limited liability corporation, limited liability

partnership, trust arrangements, etc.), the level of ownership in the investment, and the frequency with which the unit value is published and purchase and sale transactions are permitted.

41. We agree with the findings of specialists in evaluating the reserves related to the Professional Liability and General Liability Trust Funds and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

42. Provision, when material has been made for:

    a) Losses to be sustained from inability to fulfill any sales commitments.

    b) Estimated loss to be sustained as a result of retroactive adjustments by third-party payors under reimbursement agreements that are subject to examination, including denied claims, changes to Diagnosis-related group (DRG) assignments or other classification criteria affecting reimbursement.

    c) Losses to be sustained as a result of adjustments resulting from review of Medicare or other payor claim data by the Professional Review Organization (PRO) or other payors' reviewers with which the University has agreements.

    d) Losses to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.

    e) Losses to be sustained as a result of other-than-temporary declines in the fair value of investments.

    f) Liabilities for physician and medical services provided to members covered under capitation arrangements. The recorded liability includes both claims received and unpaid as well as an estimate of the claims incurred but not reported and loss to be sustained for commitments to provide medical services to enrollees under capitation agreements.

43. Management has taken steps to timely and appropriately remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that we have reported.

44. We have evaluated all related organizations to determine that the accounting for such organizations is in accordance with Statement of Position 94-3, *Reporting of Related Entities by Not-for-Profit Organizations.*

Additionally, we confirm, to the best of out knowledge and belief, the following representations made to you during your A-133 audit:

45. The University is responsible for complying, and has complied, with the requirements of OMB Circular A-133.

46. The University has prepared the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133 and has included all expenditures made during the year ended September 30, 2009 for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.

47. The University is responsible for complying, and has complied, with the requirements of laws and regulations, and the provisions of contracts and grant agreements related to each of its federal programs. The University has disclosed to you any interpretations of any compliance requirements that have varying interpretations.

    The University is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that federal awards are administered in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on a federal program.

48. We have communicated to you all significant deficiencies and material weaknesses in the design or operation of internal control over compliance that we have identified which could adversely affect the University's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, and the provisions of contracts and grant agreements. Under standards established by the American Institute of Certified Public Accountants, a "control deficiency" in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or

detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A "significant deficiency" is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. A "material weakness" is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

49. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud in the administration of federal programs. We have no knowledge of any fraud or suspected fraud affecting the entity's federal programs involving:

    a. Management, including management involved in the administration of federal programs

    b. Employees who have significant roles in internal control over the administration of federal programs

    c. Others where the fraud could have a material effect on compliance with laws and regulations, and provisions of contract and grant agreements related to its federal programs.

50. The University has identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.

51. The University has made available all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities related to major federal programs.

52. The University has identified and disclosed to you all questioned costs and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews.

53. The University has made available all documentation related to the compliance requirements, including information related to federal financial reports and claims for advances and reimbursements for major federal programs.

54. The University is in compliance with documentation requirements contained on the requirements promulgated by the sponsoring Federal agencies for all costs charged to federal awards, including both direct costs and indirect costs charged through indirect cost rate proposals. Costs charged to federal awards are considered allowable under the same requirements.

55. Federal financial reports and claims for advances and reimbursements are supported by the accounting records from which the financial statements have been prepared.

56. The copies of federal financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

57. The University has monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133. The University has issued management decisions on a timely basis after receipt of subrecipient audit reports that identified non-compliance with laws, regulations, or the provisions of contracts or grant agreements and has ensured that subrecipients have taken appropriate and timely corrective action on such findings.

58. The University has considered the results of subrecipient audits and has made any necessary adjustments to its own accounting records.

59. The University is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133.

60. If applicable, the University has provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

61. The University has accurately completed Part I of the data collection form.

62. The University has advised you of all contracts or other agreements with service organizations.

63. If applicable, the University has disclosed to you all communication from its service organizations.

64. The University has disclosed any noncompliance occurring subsequent to September 30, 2009.

65. The University has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies (including material weaknesses), have occurred subsequent to September 30, 2009.

66. We believe that the amount recorded as due from the Health Service Foundation is fully collectible.

Very truly yours,

University of South Alabama

V. Gordon Moulton
President

M. Wayne Davis
Vice President of Financial Affairs

Robert K. Davis
Associate Vice President for Financial Affairs & Director of Tax Accounting

G. Scott Weldon
Controller

William B. Bush
Assistant Vice President for Hospital Affairs/CFO

Emily K. Johnston
Director, Financial Aid

Ben Tipton
Associate Controller, Grants & Contracts Accounting

Kelly D. Peters
Associate Controller

UNIVERSITY OF SOUTH ALABAMA

VICE PRESIDENT
FOR FINANCIAL AFFAIRS

TELEPHONE: (251) 460-6132
AD 170 • MOBILE, ALABAMA 36688-0002

November 13, 2009

KPMG LLP
Suite 1100, One Jackson Place
188 East Capitol Street
Jackson, Mississippi 39201

Ladies and Gentlemen:

In connection with your engagement to apply agreed-upon procedures, which were agreed to by the Board of Trustees and management of the University of South Alabama, solely to assist us in evaluating the Statement of Changes in Cash and Investments Held by Trustee Pursuant to the Bond Resolutions and the Statement of Investments Held by Trustee Pursuant to the Bond Resolutions relating to the University Tuition Revenue Bonds, Series 1999, and University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004; University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, and University Facilities Revenue Capital Improvement Bonds 2008, as of September 30, 2009, and for the year then ended, we confirm:

1. Our understanding that you were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the above-referenced subject matter. Accordingly, you did not express such an opinion. Had additional procedures been performed, other matters might have come to your attention that would have been reported to us.

Further, we confirm, to the best of our knowledge and belief, the following representations made to you during your agreed-upon procedures engagement:

2. We are responsible for the subject matter.

3. We are responsible for the fair presentation of the subject matter prepared and described in the engagement letter dated October 21, 2009, as of and for the year ended September 30, 2009.

4. We are responsible for selecting the criteria and for determining that such criteria are appropriate for our purposes.

5. We have made available to you all related financial records and data.

6. We have advised you of all actions taken at meetings of the Board of Trustees, and committees of the Board of Trustees that may affect the subject matter.

7. We have reviewed a draft of your report of findings dated November 13, 2009, and we are not aware of any significant errors or misstatements contained in that report, and the procedures referred to in the draft report are those we requested and were agreed to by the other specified parties.

8. We take responsibility for the sufficiency (nature, timing and extent) of the agreed-upon procedures for our purposes.

9. Your procedures were limited to those which we determined would best meet our informational needs and may not necessarily disclose all significant errors, irregularities, including fraud or defalcation, or illegal acts, that may exist.

10. Your report is intended solely for use by us and the other specified parties, and is not intended for use by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes.

11. We have responded fully to all inquiries made to us by you during your engagement.

12. We have communicated to you all known matters contradicting the subject matter.

13. No procedures have been performed since the date of your report and you have no responsibility to update your procedures.

14. There have been no communications from regulatory agencies that would affect the subject matter or the assertion.

15. The University has complied with all aspects of contractual agreements that would have a material effect on the subject matter or the assertion in the event of noncompliance.

16. There are no material transactions that have not been properly recorded as part of the subject matter.

Very truly yours,

M. Wayne Davis

M. Wayne Davis
Vice President for Financial Affairs

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF
RISK MANAGEMENT AND INSURANCE

[illegible]

November 13, 2009

KPMG LLP
One Jackson Place, Suite 1100
188 East Capitol Street
Jackson, MS 39201

Ladies and Gentlemen:

We are providing this letter in connection with your audits of the statements of financial position – modified cash basis of University of South Alabama Professional Liability Trust Fund (the Trust Fund) as of September 30, 2009 and 2008, and the related statements of activities – modified cash basis for the years ended September 30, 2009 and 2008, which were conducted for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the financial position of the Trust Fund, and the respective changes in financial position and cash flows, in conformity with the modified cash basis of accounting which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. We are also responsible for establishing and maintaining effective internal control over financial reporting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits:

1. The financial statements referred to above are fairly presented in conformity with the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

2. We have made available to you:

   a. All financial records and related data.

   b. All minutes of the meetings of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.

3. Except as disclosed to you in writing, there have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

4. There are no:

   a. Violations or possible violations of laws or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

   b. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification (ASC) 450, *Contingencies*.

   c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies*.

   d. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.

   e. Events that have occurred subsequent to the date of the statement of financial position – modified cash basis and through the date of this letter that would require adjustment to or disclosure in the financial statements.

5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent, deter and detect fraud. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets.

   Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with U.S. generally accepted accounting principles.

6. We have no knowledge of any fraud or suspected fraud affecting the entity involving:

   a. Management

   b. Employees who have significant roles in internal control over financial reporting, or

   c. Others where the fraud could have a material effect on the financial statements.

7. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.

8. The Trust Fund has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

9. We have no knowledge of any officer or Policy Committee member of the Trust Fund, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate or mislead you during your audit.

10. The following have been properly recorded or disclosed in the financial statements:

    a. Related party transactions including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.

    The term "related party" refers to affiliates of the enterprise; entities for which investments in their equity securities would, be required to be accounted for by the equity method by the enterprise; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; principal owners of the enterprise; its management; members of the immediate families of principal owners of the enterprise and its management; and other parties with which the enterprise may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

    b. Guarantees, whether written or oral, under which the Trust Fund is contingently liable.

    c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.

    d. Agreements to repurchase assets previously sold, including sales with recourse.

    e. Changes in accounting principle affecting consistency.

    f. The existence of and transactions with joint ventures and other related organizations.

11. The Trust Fund has complied, in all material respects, with applicable laws, regulations, contracts, and grants that could have a material effect on the financial statements in the event of noncompliance.

12. Management is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Trust Fund. Management has identified

and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts.

13. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Trust Fund's ability to initiate, authorize, record, process, or report financial data. We have applied the definitions of a "significant deficiency" and a "material weakness" in accordance with the definitions in Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit.*

14. Receivables reported in the financial statements represent valid claims against debtors for sales or other charges arising on or before the date of the statement of net assets and have been appropriately reduced to their estimated net realizable value.

15. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements:

   a. Extent, nature, and terms of financial instruments with off-balance-sheet risk;

   b. The amount of credit risk of financial instruments with off-balance-sheet credit risk, and information about the collateral supporting such financial instruments; and

   c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.

16. We are responsible for making the fair value measurements and disclosures included in the financial statements, including determining the fair value of investments for which a readily determinable fair value does not exist. As part of fulfilling this responsibility, we have established an accounting and financial reporting process for determining the fair value measurements and disclosures, considered the appropriateness of valuation methods, adequately supported any significant assumptions used, and ensured that the presentation and disclosure of the fair value measurements are in accordance with generally accepted accounting principles. We believe the assumptions and methods used by us, including those used by specialists engaged by us, are appropriate in the circumstances and the resulting valuations and disclosures are reasonable.

17. Deposits and investment securities are properly classified and reported.

18. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

19. Revenues are appropriately classified in the statement of activities – modified cash basis within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

20. The financial statements disclose all of the matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including significant conditions and events, and our plans.

21. We agree with the findings of specialists in evaluating the funding requirement and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

22. Data used in actuarially projecting ultimate unpaid claims and claims adjustment expenses is complete and accurate, and is reconciled to the underlying accounting records.

23. The financial statements properly classify all funds and activities.

24. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.

25. All funds that meet the quantitative criteria in GASB Statement No. 34 for presentation as major are identified and presented as such, and all other funds that are presented as major are considered to be particularly important to financial statement users by management.

26. Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.

27. Special and extraordinary items are appropriately classified and reported.

Further, we confirm that we are responsible for the fair presentation in the financial statements of financial position, and related activities in conformity with the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Very truly yours,

University of South Alabama Professional Liability Trust Fund

M. Wayne Davis

M. Wayne Davis

Risk Management Committee Member

Stephen H Simmons 11/12/19

Stephen H. Simmons

Risk Management Committee Member

Julie A. Litzinger

Trust Fund Administrator

Further, we confirm, that we are responsible for the fair presentation in the financial statements of financial position, and related activities in conformity with the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Very truly yours,

University of South Alabama Professional Liability Trust Fund

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M. Wayne Davis

Risk Management Committee Member

____

Stephen H. Simmons

Risk Management Committee Member

11-12-09

Julie A. Litzinger

Trust Fund Administrator

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF
RISK MANAGEMENT AND INSURANCE

[illegible] • MOBILE, ALABAMA [illegible]
TELEPHONE [illegible]
FAX [illegible]

November 13, 2009

KPMG LLP
One Jackson Place, Suite 1100
188 East Capitol Street
Jackson, MS 39201

Ladies and Gentlemen:

We are providing this letter in connection with your audits of the statements of financial position – modified cash basis of University of South Alabama General Liability Program (the Program) as of September 30, 2009 and 2008, and the related statements of activities – modified cash basis for the years ended September 30, 2009 and 2008, which were conducted for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the financial position of the Program, and the respective changes in financial position and cash flows, in conformity with the modified cash basis of accounting which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. We are also responsible for establishing and maintaining effective internal control over financial reporting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits:

1. The financial statements referred to above are fairly presented in conformity with the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

2. We have made available to you:

   a. All financial records and related data.

   b. All minutes of the meetings of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.

3. Except as disclosed to you in writing, there have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

4. There are no:

   a. Violations or possible violations of laws or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

   b. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification (ASC) 450, *Contingencies*.

   c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies*.

   d. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.

   e. Events that have occurred subsequent to the date of the statement of financial position – modified cash basis and through the date of this letter that would require adjustment to or disclosure in the financial statements.

5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent, deter and detect fraud. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets.

   Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with U.S. generally accepted accounting principles.

6. We have no knowledge of any fraud or suspected fraud affecting the entity involving:

   a. Management

   b. Employees who have significant roles in internal control over financial reporting, or

   c. Others where the fraud could have a material effect on the financial statements.

7. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.

8. The Program has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

9. We have no knowledge of any officer or Policy Committee member of the Program, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate or mislead you during your audit.

10. The following have been properly recorded or disclosed in the financial statements:

   a. Related party transactions including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.

   The term "related party" refers to affiliates of the enterprise; entities for which investments in their equity securities would, be required to be accounted for by the equity method by the enterprise; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; principal owners of the enterprise; its management; members of the immediate families of principal owners of the enterprise and its management; and other parties with which the enterprise may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

   b. Guarantees, whether written or oral, under which the Program is contingently liable.

   c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.

   d. Agreements to repurchase assets previously sold, including sales with recourse.

   e. Changes in accounting principle affecting consistency.

   f. The existence of and transactions with joint ventures and other related organizations.

11. The Program has complied, in all material respects, with applicable laws, regulations, contracts, and grants that could have a material effect on the financial statements in the event of noncompliance.

12. Management is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Program. Management has identified and

disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts.

13. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Program's ability to initiate, authorize, record, process, or report financial data. We have applied the definitions of a "significant deficiency" and a "material weakness" in accordance with the definitions in Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*.

14. Receivables reported in the financial statements represent valid claims against debtors for sales or other charges arising on or before the date of the statement of net assets and have been appropriately reduced to their estimated net realizable value.

15. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements:

    a. Extent, nature, and terms of financial instruments with off-balance-sheet risk;

    b. The amount of credit risk of financial instruments with off-balance-sheet credit risk, and information about the collateral supporting such financial instruments; and

    c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.

16. We are responsible for making the fair value measurements and disclosures included in the financial statements, including determining the fair value of investments for which a readily determinable fair value does not exist. As part of fulfilling this responsibility, we have established an accounting and financial reporting process for determining the fair value measurements and disclosures, considered the appropriateness of valuation methods, adequately supported any significant assumptions used, and ensured that the presentation and disclosure of the fair value measurements are in accordance with generally accepted accounting principles. We believe the assumptions and methods used by us, including those used by specialists engaged by us, are appropriate in the circumstances and the resulting valuations and disclosures are reasonable.

17. Deposits and investment securities are properly classified and reported.

18. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

19. Revenues are appropriately classified in the statement of activities – modified cash basis within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

20. The financial statements disclose all of the matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including significant conditions and events, and our plans.

21. We agree with the findings of specialists in evaluating the funding requirement and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

22. Data used in actuarially projecting ultimate unpaid claims and claims adjustment expenses is complete and accurate, and is reconciled to the underlying accounting records.

23. The financial statements properly classify all funds and activities.

24. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.

25. All funds that meet the quantitative criteria in GASB Statement No. 34 for presentation as major are identified and presented as such, and all other funds that are presented as major are considered to be particularly important to financial statement users by management.

26. Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.

27. Special and extraordinary items are appropriately classified and reported.

Further, we confirm that we are responsible for the fair presentation in the financial statements of financial position, and related activities in conformity with the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Very truly yours,

University of South Alabama General Liability Program

M. Wayne Davis

M. Wayne Davis

Risk Management Committee Member

Stephen H Simmons 11/2/9

Stephen H. Simmons

Risk Management Committee Member

Julie A. Litzinger

Program Administrator

Further, we confirm that we are responsible for the fair presentation in the financial statements of financial position, and related activities in conformity with the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Very truly yours,

University of South Alabama General Liability Program

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M. Wayne Davis

Risk Management Committee Member

____

Stephen H. Simmons

Risk Management Committee Member

______________________________ 11-12-09

Julie A. Lindinger

Program Administrator

UNIVERSITY OF SOUTH ALABAMA

HEALTH SERVICES FOUNDATION
ADMINISTRATIVE OFFICES

TELEPHONE: (251) [illegible]
MARTIN BLDG., ROOM [illegible] • [illegible] FILLINGIM STREET
MOBILE, ALABAMA [illegible]
FAX: (251) [illegible]

November 13, 2009

KPMG LLP
One Jackson Place, Suite 1100
188 East Capitol Street
Jackson, MS 39201

Ladies and Gentlemen:

We are providing this letter in connection with your audits of the statements of financial position of University of South Alabama Health Services Foundation (the Foundation), a component unit of University of South Alabama, as of September 30, 2009 and 2008, and the related statements of operations and changes in unrestricted net assets, and cash flows for the years then ended, for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Foundation in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit(s):

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.

2. We have made available to you:

   a. All financial records and related data.

   b. All minutes of the meetings of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.

   c. All fiscal intermediary and third-party payor reports and information.

3. Except as disclosed to you in writing, there have been no:

   a. Communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction (including those related to the Medicare and Medicaid antifraud and abuse statutes), deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

   b. False statements affecting the Company's financial statements made to the Company's internal auditors, or other auditors who have audited entities under our control upon whose work you may be relying in connection with your audits.

4. There are no:

   a. Violations or possible violations of laws or regulations, such as those related to the Medicare and Medicaid antifraud and abuse statutes, including but not limited to the Anti-Kickback Statute, Limitations on Certain Physician Referrals (commonly referred to as the "Stark law"), and the False Claims Act, in any jurisdiction, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

   b. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification (ASC) 450, *Contingencies*.

   c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies*.

   d. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.

   e. Events that have occurred subsequent to the date of the statement of financial position and through the date of this letter that would require adjustment to or disclosure in the financial statements.

5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent, deter and detect fraud. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets.

   Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.

6. We have no knowledge of any fraud or suspected fraud affecting the entity involving:

   a. Management,

   b. Employees who have significant roles in internal control over financial reporting, or

   c. Others where the fraud could have a material effect on the financial statements.

7. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.

8. The Foundation has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

9. We have no knowledge of any officer or director of the Foundation, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate or mislead you during your audit.

10. The following have been properly recorded or disclosed in the financial statements:

    a. Related party transactions including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties.

       The term "related party" refers to affiliates of the enterprise; entities for which investments in their equity securities would, absent the election of the fair value option under FASB ASC 825, *Financial Instruments*, be required to be accounted for by the equity method by the enterprise; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; principal owners of the enterprise; its management; members of the immediate families of principal owners of the enterprise and its management; and other parties with which the enterprise may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests

    b. Guarantees, whether written or oral, under which the Foundation is contingently liable, including guarantee contracts and indemnification agreements pursuant to FASB ASC 460, *Guarantees*.

    c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the FASB ASC 275, *Risks and Uncertainties*.

       Significant estimates are estimates at the balance sheet date, which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, labor, or markets or geographic areas for which it is reasonably possible that events could occur which would significantly disrupt normal finances within the next year.

    d. Significant common ownership or management control relationships requiring disclosure.

    e. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.

    f. Agreements to repurchase assets previously sold, including sales with recourse.

    g. Changes in accounting principle affecting consistency.

h. Significant relationships with affiliated organizations, and the financial statements of those organizations, where required.

i. All assets and liabilities under the Company's control.

j. Rights to the assets held by a recipient organization (unless the recipient organization was explicitly granted variance power) as either an interest in the net assets of the recipient organization, a beneficial interest or a receivable.

11. The Foundation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.

12. The Foundation has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

13. Billings to third party payors comply in all material respects with applicable coding guidelines (e.g., ICD-9-CM and CPT-4) and laws and regulations (including those dealing with Medicare and Medicaid antifraud and abuse) and only reflect charges for goods and services that were medically necessary, ordered in writing by a treating physician, properly approved by regulatory bodies (for example, the Food and Drug Administration), if required, and properly rendered.

14. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Foundation's ability to initiate, authorize, record, process, or report financial data. We have applied the definitions of a "significant deficiency" and a "material weakness" in accordance with the definitions in Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*.

15. Receivables reported in the financial statements represent valid claims against debtors for sales, services, or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.

16. Amounts advanced to related organizations represent valid receivables and are expected to be recovered at some future date in accordance with the terms of related agreements.

17. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements:

a. Extent, nature, and terms of financial instruments with off-balance-sheet risk;

b. The amount of credit risk of financial instruments with off-balance-sheet credit risk, and information about the collateral supporting such financial instruments; and

c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.

18. The Foundation has appropriately grouped long-lived assets together for purposes of assessing impairment in accordance with FASB ASC 360, *Property, Plant and Equipment*. We have reviewed long-lived assets,

including amortizable intangible assets, to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable. Provision has been made for any material adjustments to long-lived assets including amortizable intangible assets.

19. We are responsible for making the fair value measurements and disclosures included in the financial statements, in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures* , including determining the fair value of investments for which a readily determinable fair value does not exist, using the inputs described in Levels 2 and/or 3 of the fair value hierarchy. As part of fulfilling this responsibility, we have established an accounting and financial reporting process for determining the fair value measurements and disclosures, in accordance with the fair value techniques included in FASB ASC 820, considered the appropriateness of valuation methods, adequately supported any significant assumptions used, and ensured that the presentation and disclosure of the fair value measurements are in accordance with generally accepted accounting principles including the disclosure requirements of FASB ASC 820. We believe the assumptions and methods used by us, including those used by specialists engaged by us, are in accordance with the definition of fair value in FASB ASC 820and the disclosures adequately describe the level of the inputs used in the fair value measurement, in accordance with the fair value hierarchy in FASB ASC 820.

20. We believe that all material expenditures that have been deferred to future periods will be recoverable.

21. The Foundation is in compliance with bond indentures or other debt agreements.

22. Provision, when material, has been made for:

a. Losses to be sustained from inability to fulfill any sales commitments.

b. Losses to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.

c. Losses to be sustained as a result of the reduction of excess or obsolete inventories to their estimated net realizable value.

d. Estimated loss to be sustained as a result of retroactive adjustments by third-party payors under reimbursement agreements that are subject to examination, including denied claims, changes to DRG assignments or other classification criteria affecting reimbursement.

e. Loss to be sustained as a result of adjustments resulting from review of Medicare or other payor claim data by the payors' reviewers with which the Company has agreements.

f. Losses to be sustained as a result of other-than-temporary declines in the fair value of investments.

g. Liabilities for physician and medical services provided to members covered under capitation arrangements. The recorded liability includes both claims received and unpaid as well as an estimate of the claims incurred but not reported and loss to be sustained for commitments to provide medical services to enrollees under capitation agreements.

h. Audit adjustments by fiscal intermediaries, third party payors, and other regulatory agencies.

23. The Foundation financial statements disclose all of the matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including significant conditions and events, and our plans.

24. Uncertain tax positions have been accounted for in accordance with the provisions of FASB ASC 740, *Income Taxes.*

25. The Foundation is not subject to the requirements of OMB Circular A-133 or 45 CFR Section 74.26, *Uniform Administrative Requirements for Awards and Subawards to Institutions of Higher Education, Hospitals, Other Nonprofit Organizations, and Commercial Organizations; and Certain Grants and Agreements with States, Local Governments and Indian Tribal Governments*, as it did not expend more than $500,000 in in federal awards during the year ended 9/30/2009.

26. We agree with the findings of specialists in evaluating the estimated professional and general liability costs and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

27. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with accounting principles generally accepted in the United States of America (GAAP). We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Foundation's current period financial statements (and our assessment of internal control over financial reporting), and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements and our assessment of internal control over financial reporting is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.

28. The Foundation has adopted the provisions of FASB ASC 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*, including any changes required to net asset classification of donor-restricted endowment funds and the incremental disclosure requirements for all endowment funds (including both donor-restricted and board-designated endowment funds).

29. The Organization has classified net assets as unrestricted, temporarily restricted or permanently restricted based on our assessment of the donor's intention, as specified in original donor correspondence where available. Where not available, we used other corroborating evidential matter including minutes of the Board, accounting records and financial statements. To the extent that we were unable to review original donor correspondence to determine the amount of the original gift and donor additions, our determination of such amount was based on our best estimate considering the relevant facts and circumstances. Amounts classified as temporarily restricted are subject to donor-imposed purpose or time restrictions which precluded us from expending such amounts or recognizing such amounts as unrestricted as of [balance sheet date]. Amounts classified as permanently restricted are subject to donor-imposed or statutory restrictions which require these amounts to be held in perpetuity. In addition, we have classified appreciation and income related to such donations in accordance with relevant donor or statutory restrictions. Losses on investments of a donor-restricted endowment fund have been classified in accordance with FASB ASC 958-320, *Not-for-Profit Entities -- Investments-Debt and Equity Securities.*

30. The Foundation has a reasonable basis for allocation of functional expenses.

Further, we confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Very truly yours,

University of South Alabama Health Services Foundation

Becky S. Tate

Chief Executive Officer

John P. Pannelli

Assistant V.P., Medical Financial Affairs

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF THE PRESIDENT

TELEPHONE: (251) 460-6111
MOBILE, ALABAMA 36688-0002

November 13, 2009

KPMG LLP
188 E Capitol Street
Suite 1100
Jackson, MS 39201

Ladies and Gentlemen:

We are providing this letter in connection with your audits of the basic financial statements of the USA Research and Technology Corporation (the Corporation) as of and for the years ended September 30, 2009 and 2008, for the purpose of expressing opinions as to whether the basic financial statements present fairly, in all material respects, the financial position, and the respective changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the basic financial statements of financial position, changes in financial position, and cash flows in conformity with U.S. generally accepted accounting principles. We are also responsible for establishing and maintaining effective internal control over financial reporting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits:

1. The basic financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles.

2. We have made available to you:

   a. All financial records and related data.

   b. All minutes of meetings of (legislative body, finance board, appropriate committees), or summaries of actions of recent meetings for which minutes have not yet been prepared.

3. Except as disclosed to you in writing, there have been no communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the basic financial statements.

4. There are no reportable conditions in the design or operation of internal control over financial reporting which could adversely affect the Corporation's ability to record, process, summarize and report financial data, and we have identified no material weaknesses in internal control over financial reporting.

5. There are no:

   a. Violations or possible violations of laws or regulations, whose effects should be considered for disclosure in the basic financial statements or as a basis for recording a loss contingency.

   b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards (SFAS) No. 5, Accounting for Contingencies.

   c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by SFAS No. 5.

   d. Material transactions that have not been properly recorded in the accounting records underlying the basic financial statements.

   e. Events that have occurred subsequent to the date of the statement of net assets and through the date of this letter that would require adjustment to or disclosure in the basic financial statements.

6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent, deter, and detect fraud. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with U.S. generally accepted accounting principles.

7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:

   a. Management

   b. Employees who have significant roles in internal control over financial reporting, or

   c. Others where the fraud could have a material effect on the basic financial statements.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

9. The Corporation has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

10. We have no knowledge of any officer or director of the Corporation, or any other person acting under the direction thereof, taking any action to fraudulently influence, coerce, manipulate or mislead you during your audit.

11. The following have been properly recorded or disclosed in the basic financial statements:

    a. Related party transactions including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments, and amounts receivable from or payable to related parties. The term "related party" refers to affiliates of the enterprise; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; principal owners of the enterprise; its management; members of the immediate families of principal owners of the enterprise and its management; and other parties with which the enterprise may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.

c. Agreements to repurchase assets previously sold, including sales with recourse.

d. Changes in accounting principle affecting consistency.

e. Significant affiliation relationships requiring disclosure.

f. All assets and liabilities under the Corporation's control.

12. The Corporation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as disclosed in the footnotes to the basic financial statements.

13. The Corporation has complied with all aspects of laws, regulations, contracts, grants, and donor restrictions that would have a material effect on the basic financial statements in the event of noncompliance.

14. Management is responsible for compliance with the laws, regulations, donor restrictions, and provisions of contracts and grant agreements applicable to the Corporation. Management has identified and disclosed to you all laws, regulations, donor restrictions, and provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts.

15. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the Corporation's ability to initiate, authorize, record, process, or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting, as those terms are defined in Statement on Auditing Standards No. 115, Communicating Internal Control Related Matters Identified in an Audit.

16. Provision, when material, has been made for:

a. Losses to be sustained from inability to fulfill any sales commitments.

b. Losses to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.

c. Losses to be sustained as a result of the reduction of excess or obsolete inventories to their estimated net realizable value.

d. Losses to be sustained as a result of other-than-temporary declines in the fair value of investments.

17. The Corporation has been recognized as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 as an organization described in Section 501(c)(3) of the Code, as evidenced by our determination letter dated May 21, 2004, a copy of which has been furnished to you. Since the date of our determination letter, no changes have occurred in the organization or operation of the Organization that would affect our tax exempt status.

18. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. generally accepted accounting principles. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the Corporation's current period basic financial statements and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the basic financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the basic financial statements in future periods.

19. The Corporation has a reasonable basis for allocation of functional expenses.

20. In accordance with Government Auditing Standards, we have identified to you the significant findings and recommendations from previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of this audit and have accurately communicated to you the related corrective actions taken to address the findings.

21. The Organization is not subject to the requirements of OMB Circular A-133 as it did not expend more than $500,000 in federal awards during the year ended September 30, 2009.

22. Management has reviewed, approved, and taken responsibility for accrual adjustments.

24. Management has taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that we have reported.

25. Management has a process to track the status of audit findings and recommendations.

26. The Corporation has identified and properly accounted for all nonexchange transactions.

27. The Corporation does not have any unrecorded financial instruments with off-balance-sheet risk or credit risk.

28. There are no material unrecorded environmental remediation liabilities that must be recorded and/or disclosed in the Corporation's financial statements.

29. The basic financial statements properly classify all funds and activities.

30. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and approved, if applicable.

31. The Corporation has complied with all tax and debt limits and with all debt related covenants.

32. The Corporation has complied with all applicable laws and regulations in adopting, approving and amending budgets.

33. Receivables reported in the basic financial statements represent valid claims against debtors arising on or before the date of the statement of net assets and recorded valuation allowances are necessary, appropriate, and properly supported.

34. All funds that meet the quantitative criteria in GASB Statement No. 34 for presentation as major are identified and presented as such, and all other funds that are presented as major are considered to be particularly important to financial statement users by management.

35. Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.

36. Special and extraordinary items are appropriately classified and reported.

Very truly yours,

USA Research and Technology Corporation

V. Gordon Moulton
President

M. Wayne Davis
Secretary/Treasurer

R. Ken Davis
Associate Vice President of Financial Affairs

KPMG

KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201

Independent Auditors' Report

The Board of Trustees
University of South Alabama:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the University of South Alabama, a component unit of the State of Alabama (the University), and its aggregate discretely presented component units as of and for the year ended September 30, 2009, and have issued our report thereon dated November 13, 2009. We did not audit the 2009 consolidated financial statements of the University of South Alabama Foundation, which represents 80%, 101%, and (50)%, respectively, of the 2009 assets, net assets, and revenues, gains, and other support of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of South Alabama Foundation, is based on the report of the other auditors.

In connection with our audit, nothing came to our attention that caused us to believe that the University failed to comply with the terms, covenants, provisions, or conditions of Article X of the Trust Indenture, dated February 15, 1996, with The Bank of New York Trust Company, N.A. (the Bank), authorizing the issuance of $31,680,000 of University Tuition Revenue Refunding and Capital Improvement Bonds, Series 1996, on March 4, 1999, authorizing the issuance of $40,130,000 of University Tuition Revenue Bonds, Series 1999, on March 15, 2004, authorizing the issuance of $51,080,000 of University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, on December 1, 2006, authorizing the issuance of $100,000,000 of University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, and on September 25, 2008, authorizing the issuance of $112,885,000 University Facilities Revenue Capital Improvement Bonds, Series 2008, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of trustees and management of the University of South Alabama and management of The Bank of New York Trust Company, N.A. and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 13, 2009

KPMG

UNIVERSITY OF SOUTH ALABAMA

Independent Accountants' Report on Applying Agreed-Upon Procedures in Connection with, University Tuition Revenue Bonds, Series 1999, University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, and University Facilities Revenue Capital Improvement Bonds, Series 2008

September 30, 2009

KPMG

KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201

Independent Accountants' Report on Applying Agreed-Upon Procedures

The Board of Trustees and Management
University of South Alabama:

We have performed the procedures enumerated below, which were agreed to by members of management of the University of South Alabama (the University), solely to assist you in evaluating the accompanying Statement of Changes in Cash and Investments Held by Trustee Pursuant to the Bond Resolutions and the Statement of Cash and Investments Held by Trustee Pursuant to the Bond Resolutions relating to the University Tuition Revenue Bonds, Series 1999, University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, and University Facilities Revenue Capital Improvement Bonds, Series 2008, as of September 30, 2009 and for the year then ended. The University's management is responsible for the Statement of Changes in Cash and Investments Held by Trustee Pursuant to the Bond Resolutions and the Statement of Cash and Investments Held by Trustee Pursuant to the Bond Resolutions. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

a. We compared the amounts shown on the Statement of Changes in Cash and Investments Held by Trustee Pursuant to the Bond Resolutions in Exhibit A to the annual trustee statements of cash and investment transactions provided to us by the bond trustee and found them to be in agreement.

b. We compared the amounts shown on the Statement of Cash and Investments Held by Trustee Pursuant to the Bond Resolutions in Exhibit B to the annual trustee statements of cash and investment transactions provided to us by the bond trustee and found them to be in agreement.

c. We obtained a schedule of general student fees (tuition) earned during the year ended September 30, 2009 (not included herein), which approximated $64,629,000 and compared that amount to the general student fees recorded in the University's general ledger and found them to be in agreement.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the accompanying Statement of Changes in Cash and Investments Held by Trustee Pursuant to the Bond Resolutions and the Statement of Cash and Investments Held by Trustee Pursuant to the Bond Resolutions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the board of trustees and management of the University of South Alabama, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 13, 2009

Exhibit A

UNIVERSITY OF SOUTH ALABAMA

Statement of Changes in Cash and Investments
Held by Trustee Pursuant to the Bond Resolutions

University Tuition Revenue Bonds, Series 1999, University
Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, University
Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, and
University Facilities Revenue Capital Improvement Bonds, Series 2008

Year ended September 30, 2009
(In thousands)

Cash and investment transactions:		
Cash receipts:		
Deposits from University of South Alabama for interest and retirement of bonds	$	17,265
Interest income and realized investment gains		—
Proceeds from sale of investments		13,495
		30,760
Cash disbursements:		
Principal payments		4,785
Interest payments		12,480
Purchases of investments		13,495
		30,760
Net change in cash and investments during the year		—
Total cash and investments held by trustee:		
Beginning of year		—
End of year	$	—

See accompanying independent accountants' report on applying agreed-upon procedures.

Exhibit B

UNIVERSITY OF SOUTH ALABAMA

Statement of Cash and Investments
Held by Trustee Pursuant to the Bond Resolutions

University Tuition Revenue Bonds, Series 1999, University
Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, University
Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, and
University Facilities Revenue Capital Improvement Bonds, Series 2008

September 30, 2009

(In thousands)

Cash and investments, at cost:	
Total cash and investments	$ —

See accompanying independent accountants' report on applying agreed-upon procedures.

RESOLUTION

COMMENDATION OF MR. JOSEPH E. GOTTFRIED

WHEREAS, Mr. Joseph E. Gottfried joined the University of South Alabama as assistant athletic director in 1981 and assumed the leadership role of athletic director in 1984, and

WHEREAS, during his 28 years at the University of South Alabama, Mr. Gottfried made a lasting impact on the history of the University, and USA student athletes have excelled on the playing field and in the classroom, and

WHEREAS, under Mr. Gottfried's leadership, USA athletic teams have won 106 league titles and appeared in 56 NCAA championship events, and

WHEREAS, on the national level, 75 USA student athletes have earned All-American recognition and 62 USA coaches have been selected as Sun Belt Coaches of the Year, and

WHEREAS, more than 80 percent of USA student athletes earn their degrees from the University of South Alabama, and many are named to the Sun Belt Commissioner's List and the Sun Belt Academic Honor Roll for high-academic achievement, and

WHEREAS, Mr. Gottfried has helped bring more than 50 league championship events to Mobile, including three Sun Belt Tournaments, and

WHEREAS, during Mr. Gottfried's tenure, USA was awarded the Sun Belt Conference's *Vic Bubas Cup* for excellence in sports more times than any other school in league history, and

WHEREAS, Mr. Gottfried started the Jaguar Challenge, a fund-raising golf tournament that has provided the athletic department with more than $500,000 during its five-year history, and

WHEREAS, Mr. Gottfried was instrumental in founding the USA Jaguar Football program and has worked tirelessly in implementing this program,

THEREFORE, BE IT RESOLVED that the Board of Trustees commends Mr. Joseph E. Gottfried for his dedication and outstanding contributions to the Athletics Department, to the University of South Alabama, and to the community.