



MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

November 26, 2012

TO: USA Board of Trustees

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

Included herein are the unapproved minutes for the Board meetings held September September 10, 2012. Please review these documents for amendment or approval at the December 6 Board meeting.

BRM:mgc

Enclosures

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

**September 10, 2012
10:30 a.m.**

A meeting of the University of South Alabama Board of Trustees was duly convened by Mr. Jim Yance, Chair *Pro Tempore*, on September 10, 2012, at 10:33 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Trustees Tom Corcoran, Steve Furr, Cecil Gardner, Bettye Maye, Christie Miree, Bryant Mixon, John Peek, Jimmy Shumock, Ken Simon and Jim Yance.

Members Absent: Trustees Robert Bentley, Tommy Bice, Scott Charlton, Sam Jones, Arlene Mitchell and Steve Stokes.

Administration and Others: President Gordon Moulton; Drs. Mike Boyd, Joe Busta, Joel Erdmann, Julie Estis and Doug Marshall (Faculty Senate), Ron Franks, Charles Guest, Krista Harrell, David Johnson, Wanda Maulding, Carl Moore, Sean Powers, John Smith, John Steadman, David Stearns, Troy Stevens and Alec Yasinsac; Messrs. Owen Bailey, Parker Chastain (SGA), Wayne Davis, Steve Green, Stan Hammack, Mark Hoffman (NAA), Don Langham, Tom Meyer (Faculty Senate) and Abe Mitchell; and Mss. Beth Anderson and Jean Tucker.

Press: Mss. Renee Busby (*Press Register*) and Cassie Fambro (*The Vanguard*).

Chairman Yance convened the meeting and called for adoption of the revised agenda. On motion by Ms. Maye and seconded by Ms. Miree, the revised agenda was approved unanimously. Chairman Yance called for consideration of **ITEM 1**, the minutes of the June 8, 2012, meeting of the Board of Trustees and the June 7, 2012, meeting of the Committee of the Whole. On motion by Ms. Maye, seconded by Mr. Corcoran, the minutes were adopted by unanimous vote.

Chairman Yance called upon President Moulton for presentation of **ITEM 2**, the President's Report. President Moulton introduced Mr. Mark Hoffman, President of the National Alumni Association, and congratulated Dr. Furr for his induction into the Alabama Healthcare Hall of Fame. He called attention to the recent issue of *Looking South*, published by the National Alumni Association, as well as articles featuring University news printed in the *Business View*, published by the Mobile Area Chamber of Commerce.

President Moulton reported fall enrollment at 14,883, down slightly from 15,009 in Fall 2011. The decrease is attributable, in part, to students' personal circumstances amid the economic recession, as reflected nationally, and to a one-point increase in USA's required minimum ACT score, effective with the 2012-2013 academic year. President Moulton expressed confidence that the value of a quality education from USA, in comparison to the higher costs students must pay to attend peer institutions, would sustain a steady enrollment. He stated the credentials of the freshman class are improved, citing a record 116 freshmen with ACT scores of 30 or above – a 40 percent increase over

last year. He said the average ACT score is up by nearly a full point to a record 22.8, compared to national and state averages of 21.1 and 20.3, respectively. The demand for campus housing is strong as well.

President Moulton discussed a proposed constitutional amendment that, if passed by voters on September 18, would allow the transfer of oil and gas royalties from the Alabama Trust Fund, for three years, to fund public agencies, such as Alabama's Medicaid system, whose state funding has seen a significant reduction due to the economy and subsequent shortfalls in sales tax revenue. Sustained funding for Medicaid, the state's primary mechanism for health care delivery and infrastructure, is critical to the USA Health System mission of providing the highest standard of patient care and services to the community. Passage of Amendment 1 would provide a temporary fix for public funding deficits, giving legislators time to seek long-term budget reform, and protect the Education Trust Fund, that, if drawn upon, may make for additional appropriation cuts for K-12 and higher education, USA included. President Moulton encouraged the University community to vote "yes."

President Moulton updated Board members on Restore Act provisions, whereby fines collected from BP for the Deep Water Horizon oil spill in the Gulf of Mexico, are to be distributed among the five Gulf Coast states whose coasts were affected by the disaster, including Mobile and Baldwin counties in Alabama. Restore Act proceeds must be used for recovery efforts, and President Moulton stated the University is in a good position to be awarded funding for faculty projects focused on public service, shoreline quality, and studying the long-term effects of the oil spill on ecology.

President Moulton commented on significant industry developments on the local scene, which have the potential to propel Mobile's reputation as a progressive, world-class city, boosting its visibility in the market to attract business. He said local enterprise stands to capitalize from this momentum, and the University of South Alabama is at the forefront with plans to collaborate with partners in the community. President Moulton said a comprehensive report of the University's service impact is being planned.

President Moulton gave an overview of special events celebrating the University's 50 years of service, beginning with the dedication of Shelby Hall on September 9. Arts and History Day will be held on Sunday, October 14. Among the Homecoming activities planned – the dedication of the Moulton Tower murals and the unveiling of Wall of Honor plaques at Alumni Plaza will take place on Friday, October 19, as will the USA/Florida Atlantic football game on Saturday, October 20. A holiday concert is set for Thursday evening, December 6. The USA Children's & Women's Hospital expansion is nearing completion and a dedication is slated for the spring of 2013. The Distinguished Alumni and Service Awards banquet will take place on March 7, 2013. The yearlong celebration will culminate in a gala event on Friday, May 3 – a date of historical significance, in that the legislative act creating the University was executed on May 3, 1963. Spring Commencement will be held May 11. A commemorative pictorial book featuring key moments in the University's history is also planned.

President Moulton provided an update on construction and beautification projects as Board members viewed photos and drawings of Shelby Hall; the Moulton Tower murals; the site of the newest student residence hall; the expansion site at Children's & Women's Hospital; the specialized laboratory facility to be occupied by USA's Center for Infectious Diseases; and renovations at the Mobile Townhouse, to which the Office of Development will relocate. The technique for creation of the murals was described, and credit was given to Dr. Jason Guynes, Chair of the Department of Visual Arts and mural artist. Sculptural art for the campus, made possible through the generosity of donors such as David and Lynn Gwin, was showcased, including pieces entitled *Einstein*, located at Shelby Hall, and *Southpaw*, to be unveiled at the USA/Troy football game on September 29 and installed at Alumni Hall. Trustees and guests enjoyed a surprise appearance by USA's Southpaw mascot.

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

RESOLUTION
USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS FOR JUNE, JULY AND AUGUST 2012

WHEREAS, the medical staff appointments and reappointments for June, July and August 2012 for the University of South Alabama Hospitals are recommended for Board approval by the Medical Executive Committees and the Executive Committee of the University of South Alabama Hospitals,

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

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

RESOLUTION
USA HOSPITALS MEDICAL STAFF BYLAWS AND RULES AND REGULATIONS, REVISIONS OF AUGUST 1, 2012

WHEREAS, revisions to USA Hospitals Medical Staff Bylaws and Rules and Regulations, approved at the August 1, 2012, Medical Staff meeting and attached hereto, are recommended for approval by the Medical Staffs and the Executive Committee of the University of South Alabama Hospitals,

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

Dr. Franks presented **ITEM 5**, a report on the activities of the USA Health System and the Division of Health Sciences. With regard to a previous announcement of a \$9.2 million competitive research grant awarded by the National Institutes of Health to the USA Center for Lung Biology (CLB), one of the largest in USA history, he introduced Dr. Troy Stevens, Director, who gave an overview of the CLB research and education mission. He discussed disease statistics, advances in treatment, such as ion technology, and USA's history of extramural support, and answered questions.

Mr. Hammack introduced Ms. Beth Anderson, Hospital Administrator at USA Medical Center, and detailed a graph showing the USA Medical Center ranked in the sixth percentile for performance among other NAPH (National Association of Public Hospitals and Health Systems) hospitals. The NAPH CEO Quality Performance Report, dated June 2012, covers patient data for the period

October 2010 through September 2011. Mr. Hammack noted high measurements across-the-board and said this level of excellence is achieved through team work. The Medical Center has received accolades for heart care and the treatment of congestive heart failure from the American Heart Association, for low-cost burn treatment, and for Medicare facilitation, and is recognized for its low mortality rate. Ms. Anderson received a round of applause for her administration of USA's Medical Center.

President Moulton presented **ITEM 6**, a report on the Mitchell Cancer Institute (MCI). He said the first round of meetings for MCI's Executive Advisory Council, chaired by internationally renowned cancer physician and researcher, Dr. Bruce Chabner, Professor of Medicine at Harvard Medical School, will take place in October.

Chairman Yance called for consideration of academic and student affairs items. Ms. Mirree, Chair of the Academic and Student Affairs Committee, called upon Dr. Johnson for presentation of **ITEM 7**, a report on the activities of the Division of Academic Affairs. Dr. Johnson introduced Drs. Charles Guest - Interim Associate Vice President for Institutional Research, Planning and Assessment (IRPA); Wanda Maulding - Interim Assistant Vice President for Academic Affairs/USA liaison to the Alabama Commission on Higher Education (ACHE)/Director for College of Education accreditation through NCATE (National Council for Accreditation of Teacher Education); and Sean Powers - Chair, Department of Marine Sciences. He gave an update on the reaffirmation process for accreditation through the Commission on Colleges of the Southern Association of Colleges and Schools (SACS), detailing a timeline of the steps necessary to attain full accreditation by December 2013. He reported the first step, submission of the University's Compliance Certification Report to an external review panel, is complete. He recognized the efforts of the late Dr. Joan Exline, who coordinated USA's self-study while serving as IRPA Associate Vice President. He discussed implementation, assessment and approval of the University's Quality Enhancement Plan (QEP), which focuses on collaborative learning in the science, technology, engineering and mathematics, or STEM, disciplines to improve student learning outcomes over a five-year period, and answered questions.

Turning to Airbus developments and opportunities for USA involvement, Dr. Johnson introduced Dr. Carl Moore, Dean of the Mitchell College of Business, who reported on the SAP University Alliances program, a far-reaching global initiative whereby students at participating institutions gain exposure with innovative software, giving graduates an edge in the workplace. SAP is the world's leading provider of business software. Dr. John Steadman, Dean of the College of Engineering, reported on a partnership with Airbus, through which graduate students receive hands-on experience in engineering design on location at the Brookley aeroplex, future site of the Airbus assembly plant. Dr. Alec Yasinsac, Dean of the School of Computing, discussed the potential for service opportunities for student interns among the small information technology and software firms bound to spring up in conjunction with Airbus growth.

Dr. Smith presented **ITEM 8**, a report on the activities of the Division of Student Affairs. He introduced Dr. Krista Harrell, Associate Dean of Students and Title IX Coordinator. He provided an update on housing, stating that construction of the newest 350-bed residence facility is slightly

behind schedule. Upon completion, the Administration will wait one year to assess needs for additional housing. Discussion took place about competition with the private apartment developments located close to campus. Dr. Johnson gave details about the 14th Annual Undergraduate Research Symposium scheduled in October and invited Trustees to attend.

Chairman Yance called for consideration of budget and finance items. Mr. Corcoran, Budget and Finance Committee Chair, acknowledged receipt of **ITEM 9** reports titled *Monthly Fund Financial Reports for April, May and June 2012*; *Quarterly GASB Financial Statement for the Nine Months Ended June 2012*; and *Summary Comparison of Fund Financial Reports to GASB Financial Statements, June 30, 2012 and 2011*. There was no discussion.

Mr. Corcoran moved approval of **ITEM 10** as follows. Mr. Peek seconded and the resolution was approved unanimously:

**RESOLUTION
ELECTION OF DIRECTORS 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 confirmation by the Board of Trustees of the University, and

WHEREAS, the Board of Directors of the Corporation has nominated for consideration and confirmation by the Board of Trustees of the University Mr. Joseph J. Adamo and Mr. Donald L. Langham for four (4) year terms beginning June 2012, and these persons have agreed to serve in this capacity if elected,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama does hereby elect as Directors of the USA Research and Technology Corporation Mr. Joseph J. Adamo and Mr. Donald L. Langham, both for four (4) year terms beginning June 2012.

Mr. Corcoran presented **ITEM 11** as follows, and moved approval (for copies of policies and other authorized documents, refer to **APPENDIX A**). Mr. Shumock seconded. Ms. Tucker assured compliance with all articles of the affiliation agreement between the University and the USA Research and Technology Corporation. The resolution was approved unanimously:

**RESOLUTION
AFFILIATION AGREEMENT BETWEEN THE UNIVERSITY OF SOUTH ALABAMA
AND THE USA RESEARCH AND TECHNOLOGY CORPORATION**

WHEREAS, the USA Research and Technology Corporation ("USARTC") was established as a non-profit, educational and charitable organization for the purposes of serving the University of South Alabama ("University") and promoting the mission of the University pursuant to USARTC's Articles of Incorporation, by furthering the educational and scientific missions of University through support of its academic programs, scientific research and development initiatives, and enhancement of University's educational and training opportunities through, among other things, promotion of development, growth, and retention of high-technology industries and research in Alabama, and to create, develop, construct, operate, manage, and finance one or more research and technology parks to further the scientific research activities of University, and

WHEREAS, University and USARTC have a history of interaction and cooperation that has served the interests of University, and

WHEREAS, University and USARTC anticipate that University will provide USARTC with specified services and facilities with which to carry out its responsibilities in exchange for the development, financial, and other service, support, and assistance USARTC shall provide University, and

WHEREAS, the Board of Directors of USARTC have approved the Affiliation Agreement as it defines the arrangements concerning services, facilities, premises, and activities between University and USARTC, and

WHEREAS, the Board of Trustees of the University of South Alabama wishes to define the aforementioned arrangements with USARTC as well,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama hereby approves and adopts the Affiliation Agreement between University of South Alabama and the USA Research and Technology Corporation as attached hereto.

Mr. Corcoran moved approval of **ITEM 12** as follows. Ms. Maye seconded and the resolution was approved unanimously:

**RESOLUTION
STUDENT CENTER RENOVATIONS**

WHEREAS, the University of South Alabama has a growing enrollment, and

WHEREAS, the quality of student life is strongly enhanced by an excellent student center, and

WHEREAS, the recruitment of students is strongly enhanced by a high-quality student center, and

WHEREAS, the current student center, built in 1971, is in need of renovations, and

WHEREAS, on September 17, 2010, the Board of Trustees approved Harvey Gandler, Architect, to design the renovations to the current Student Center, and

WHEREAS, these renovations were put out for competitive bid in July 2012, and all bids were much higher than the available funds for the project, and

WHEREAS, the planned renovations and improvements are being reviewed and modified to meet the available budgeted funds and will be re-bid in the fall of 2012,

THEREFORE, BE IT RESOLVED that the Board of Trustees authorizes the President to oversee the bid process and to award the bid to the construction firm that is the successful low bidder.

Mr. Corcoran moved approval of **ITEM 13** as follows, noting that, in an earlier meeting, the Committee of the Whole recommended approval by the Board of Trustees. Sheriff Mixon seconded and the resolution was approved unanimously:

**RESOLUTION
UNIVERSITY TOTAL BUDGET FOR 2012-2013**

BE IT RESOLVED, the University of South Alabama Board of Trustees approves the 2012–2013 University of South Alabama Total Budget, which includes both the University General Budget and the Hospitals and Clinics Budget, and

BE IT FURTHER RESOLVED, the University of South Alabama Board of Trustees approves the 2012–2013 Total Budget as a continuation budget for 2013–2014 in order to be in compliance with bond trust indenture requirements if the budget process cannot be completed prior to beginning the 2013–2014 fiscal year.

With respect to the dual role served by the Budget and Finance Committee as Audit Committee of the Board, Mr. Corcoran, Committee Chair, acknowledged presentation of **ITEM 14**, a report on the KPMG audit for Fiscal Year 2012-2013, at the Committee of the Whole meeting. Presentation of **ITEM 15**, a report on USA's Office of Internal Audit, and **ITEM 15.A**, a report on the independent audit of the USA Foundation Consolidated Financial Statements and the Disproportionate Share

Hospital Funds Combined Financial Statements for June 2012 and 2011, was delivered at the Committee of the Whole meeting. There was no discussion at the Board meeting.

As chair of the Development, Endowment and Investments Committee, Chairman Yance introduced Dr. Busta for discussion of **ITEM 17**, a report on the activities of the Division of Development and Alumni Relations. As Board members viewed a visual presentation on USA's 50th Anniversary Campaign, Dr. Busta stated that division staff are focused on four primary goals – increasing alumni support, developing loyal donors, strengthening the donor base, and signing 50,000 new gifts. He reported on the success of the *JagLine* phone solicitation program and thanked the Trustees and President Moulton for their support of the initiative, through which 41,000 contacts were made, as was progress in updating managed data. He noted 71 members on the Alumni Anniversary Leadership Council, and announced the next phase of the campaign will feature the “Made at the USA” theme, to target 20,000 alumni. In November, a direct mailing will go out to 20,000 businesses. To follow, 50 business leaders will be recruited to encourage birthday gift contributions within the business community. Other direct mail and multi-media solicitations are planned, including an electronic alumni newsletter, a Web site through which donations may be processed, and a poster campaign. Dr. Busta noted 33,740 in new gifts raised thus far.

Presentation of **ITEM 16**, a report of the University's endowment and investments, took place at the Committee of the Whole meeting. There was no additional discussion by the Board of Trustees.

Chairman Yance called for presentation of **ITEM 18** as follows. Following the reading of the resolution by President Moulton, Ms. Miree moved approval, Mr. Peek seconded, and the resolution was approved unanimously. On behalf of faculty and staff, Annual Fund co-chairs Dr. Joel Erdmann and Mr. Owen Bailey accepted the framed resolution and made brief remarks:

**RESOLUTION
APPRECIATION TO THE FACULTY AND STAFF FOR EXEMPLARY CONTRIBUTIONS**

WHEREAS, the teaching, research, healthcare, and service programs of the University of South Alabama create positive momentum in the northern Gulf Coast communities it serves, and

WHEREAS, philanthropic support of the University's programs magnifies their beneficial effect on the quality of life, culture, economy, and health of citizens near and far, and

WHEREAS, the employees of the University, through the Faculty Staff Annual Fund, have firmly established themselves among its most loyal supporters, and

WHEREAS, the leadership of co-chairs Dr. Joel Erdmann and Mr. Owen Bailey, along with the dedicated effort of 150 divisional representatives, has propelled the 2012 Faculty Staff Annual Fund Campaign to a new milestone of achievement in attracting gifts and matching funds in excess of \$1 million for the first time, and

WHEREAS, this exemplary philanthropic commitment to the mission of the University by 3,142 of those who know it best, its faculty and staff members, will go far to persuade potential students, employees, donors, and collaborators that the University of South Alabama is a trustworthy and able partner, and

WHEREAS, the extraordinary impact that \$1 million will make on the progress of the University and its corresponding impact within our community deserves the gratitude and commendation of the Board of Trustees,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama does hereby thank and congratulate the donors and leaders of the 2012 Faculty Staff Annual Fund Campaign for exceptional contributions to the advancement of the University's mission and the prosperity of the Gulf Coast region.

President Moulton called upon Dr. Johnson for presentation of **ITEM 19** as follows. Mr. Steve Green, husband of the late Dr. Joan Exline, former Associate Vice President for Institutional Research, Planning and Assessment, joined Dr. Johnson for the reading of the resolution. Dr. Johnson shared highlights of Dr. Exline's distinguished career and contributions to the University. On motion by Mr. Peek, seconded by Mr. Shumock, the resolution was approved unanimously. Mr. Green made brief comments, remembering Dr. Exline's passion in life and love for the University:

**RESOLUTION
COMMENDATION OF DR. JOAN L. EXLINE,
ASSOCIATE VICE PRESIDENT FOR INSTITUTIONAL RESEARCH, PLANNING, ASSESSMENT AND REGIONAL CAMPUSES**

WHEREAS, the University of South Alabama seeks to honor exceptional individuals who have given a substantial part of their lives to serving others and who have distinguished themselves throughout their professional careers, and

WHEREAS, Dr. Joan L. Exline was a dedicated administrator at the University of South Alabama, serving as Associate Vice President for Institutional Research, Planning, Assessment and Regional Campuses since 2008, and

WHEREAS, Dr. Exline chaired numerous committees and developed new programs at the University, and

WHEREAS, Dr. Exline served as a valued member of the University's faculty, teaching courses in Health Administration and Policy in the Master of Public Administration program, and

WHEREAS, Dr. Exline committed her extensive time, knowledge, professionalism and leadership to the University and was instrumental in improving processes and practices to bring the University of South Alabama into compliance with the principles and standards of the Southern Association of Colleges and Schools (SACS), and

WHEREAS, the administration, faculty and staff wish to extend their appreciation and gratitude to the family of Dr. Exline for her valuable contributions to the University of South Alabama,

THEREFORE, BE IT RESOLVED that the Board of Trustees hereby expresses its sincere appreciation to the late Dr. Joan L. Exline for her generous service to the University of South Alabama, thereby benefitting the Institution, and

BE IT FURTHER RESOLVED that the many significant contributions made by Dr. Exline to the University have greatly enhanced the SACS accreditation process, thereby benefitting the University of South Alabama administration, faculty, staff and students, and

BE IT FINALLY RESOLVED, the University of South Alabama extends its deepest sympathies and condolences to the family of Dr. Joan Exline, and is sincerely grateful for the wisdom and friendship she gave to the University of South Alabama.

President Moulton presented **ITEM 20** as follows. On motion by Mr. Corcoran, seconded by Ms. Maye, the resolution was approved unanimously:

**RESOLUTION
APPRECIATION TO SENATOR RICHARD C. SHELBY AND DR. ANNETTE N. SHELBY FOR OUTSTANDING CONTRIBUTIONS
TO THE UNIVERSITY OF SOUTH ALABAMA**

WHEREAS, United States Senator Richard C. Shelby and Dr. Annette N. Shelby have been longtime supporters of the University of South Alabama and its academic programs, and

WHEREAS, Senator Shelby and Dr. Shelby, in May 2006, were awarded Honorary Doctorates by the University in recognition of their exemplary leadership, accomplishments, and contributions to higher education, both within the state of Alabama and nationally, and

WHEREAS, in February 2007, the USA National Alumni Association also presented Senator Shelby with its highest honor, the Distinguished Service Award, and

WHEREAS, Senator Shelby has been instrumental in helping USA secure federal funding for numerous projects, supporting areas such as the USA Mitchell Cancer Institute, USA Transit System, Telemedicine, Center for Estuarine Research, Oyster Bed Restoration, Coastal Weather Research Center, Youth Violence Prevention, Rural Vehicular Trauma Study, Coastal Engineering, Hurricane Intensity Research, High Peak Power Plasma Thruster, Mitchell College of Business, High Strength Composite Materials, and many others, and

WHEREAS, Senator Shelby has also advanced the University's core missions of teaching, research, and service by helping to secure more than \$40 million in federal funding for Shelby Hall, a new state-of-the-art facility that houses the College of Engineering and the School of Computing, and

WHEREAS, the 155,000-square-foot building features technologically advanced multimedia classrooms, laboratory space, study rooms and computing facilities, enhancing the quality of science, technology, engineering, and mathematics education, and

WHEREAS, this world-class engineering and computer science facility will help the University attract the best and brightest students and faculty, thus securing a better future for Mobile and the state of Alabama, and

WHEREAS, Shelby Hall is expected to spur local economic development by providing industry with highly qualified engineers and computing science professionals, creating new technology, and attracting and sustaining high-quality jobs, and

WHEREAS, new partnerships between student and faculty researchers and industry will form as a result of this new facility, providing real-world learning experiences for USA students and ensuring continued growth of the Gulf Coast economy, and

WHEREAS, the dedication of Shelby Hall marks a new era for the University and the Mobile region, forever improving the infrastructure for engineering and computer science education,

THEREFORE, BE IT RESOLVED, it is with great pride that the Shelby name will forever be a part of the University of South Alabama landscape by virtue of a prior resolution from the USA Board of Trustees naming Shelby Hall in their honor, and

BE IT FURTHER RESOLVED that the University family wishes to again express its deepest affection and appreciation for the transformational impact Senator Richard C. Shelby and Dr. Annette N. Shelby have had upon all levels of education in Alabama and across the nation.

There being no further business, the meeting was adjourned at 12:05 p.m.

Attest to:

Respectfully Submitted:

Bettye R. Maye, Secretary

James A. Yance, Chair *Pro Tempore*

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

**AUDIT COMMITTEE
COMMITTEE OF THE WHOLE**

**September 10, 2012
9:00 a.m.**

Meetings of the Audit Committee and Committee of the Whole were duly convened by Mr. Jim Yance, Chair *Pro Tempore*, on Thursday, September 10, 2012, beginning at 9:01 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Trustees Tom Corcoran, Steve Furr, Cecil Gardner, Bettye Maye, Christie Miree, Bryant Mixon, John Peek, Jimmy Shumock, Ken Simon and Jim Yance.

Members Absent: Trustees Robert Bentley, Tommy Bice, Scott Charlton, Sam Jones, Arlene Mitchell and Steve Stokes.

Administration and Others: President Gordon Moulton; Drs. Mike Boyd, Joe Busta, Julie Estis and Doug Marshall (Faculty Senate), Joel Erdmann, Ron Franks, David Johnson, John Smith and David Stearns; Messrs. Terry Albano, James Brown, Parker Chastain (SGA), Ken Davis, Wayne Davis, Stan Hammack, Tom Meyer (Faculty Senate), Norman Pitman and Steve Simmons; and Ms. Jean Tucker.

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

Chairman Yance convened a meeting of the Audit Committee and Mr. Corcoran, Committee Chair, called upon Mr. Wayne Davis for presentation of **ITEM 14**, a report on the University audit conducted by the firm of KPMG. Mr. Davis introduced KPMG partner Mr. Mark Peach, who detailed the audit process and schedule as outlined in a planning document. He encouraged Board members to communicate with the KPMG team any time. He credited the University with efficient procedures, and called for questions. There was no discussion.

Mr. Corcoran called upon Mr. Simmons, Senior Associate Vice President for Financial Affairs, to address **ITEM 15**, a report on the University's internal audit function. Mr. Simmons introduced Mr. James Brown, Chief Audit Officer, and provided an overview of USA's audit practices. He said the Office of Internal Audit stands ready assist to Trustees with questions or concerns.

Mr. Ken Davis presented **ITEM 15.A**, a report on independent audits conducted on the USA Foundation Consolidated Financial Statements and the Disproportionate Share Hospital Funds Combined Financial Statements, June 2012 and 2011. Mr. Davis said an unqualified, or clean, opinion was rendered, and noted consistency with the data reported for the previous fiscal year. He detailed net assets and reminded the Board that the Disproportionate Share Hospital Funds, which are maintained by the USA Foundation, are for the benefit of USA hospitals and health operations.

There being no further business of the Audit Committee, Chairman Yance convened a meeting of the Committee of the Whole, and a video was shown featuring an interview with Campus Crest CEO Mr. Ted Rollins on the FOX Business network, in which he referenced the University of South Alabama as a good, quality school offering students and parents a great value for their dollars. President Moulton reiterated the point that USA's programs and services are a tremendous value, adding that South Alabama is competitively positioned among peer institutions in the state. With consideration to the proposed University total budget for 2012-2013, **ITEM 13**, Chairman Yance reminded Board members of the difficult task facing the University of dealing with a \$190 million cumulative decrease in state funding since the recession began. President Moulton agreed, saying the Administration is positively engaged to find creative ways to handle funding losses. He stated the budget as proposed is balanced, in contrast to the deficit budgets of the previous four years, and said there is no provision for raises. Despite the budget constraints, he advocated maintaining the University's competitive edge with regard to attracting quality faculty and compensating employees, adding that a recommendation on salary increases would be made at the December Board meeting. He stated fiscal uncertainty has been the reason for delaying a recommendation on raises.

President Moulton discussed the consequences of reduced Medicaid support to the USA Health System should a constitutional referendum, allowing oil and gas tax deposits to the Alabama General Fund, fail to pass. He said the University receives less than its fair share in Medicaid funding, but is among the largest Medicaid providers in Alabama. Should Amendment I not pass and shortfalls in the Alabama General Fund not be resolved, Medicaid and all public services in the state stand at risk of significant funding cuts, and the programs and services of the USA Health System would be compromised. He shared speculation that the Alabama Education Trust Fund may be targeted if the referendum is not passed, which would also be to the University's disadvantage. On behalf of the USA community, he encouraged support for Amendment I.

President Moulton discussed other factors that may impact the budget, including enrollment, the proposed national health plan, and Education Trust Fund revenue. He reminded the Trustees of the measure to segregate the budgets for the University's general education and health sectors for 2011-2012, addressing each according to individual financial condition. In response to questions from Trustees, President Moulton clarified that salary increases would not result in a deficit budget, as funding would be derived from other sources, such as diverting repairs.

Mr. Wayne Davis gave an overview of the budget. He advised the Trustees of the diligent efforts by the University community to trim costs where possible, and of the restructuring of departments while maintaining high standards for service. He talked about cost cutting by means of personnel changes. He detailed data from the *Budget Highlights* report and answered questions.

President Moulton addressed tuition and enrollment, noting that the slight decline in enrollment points to a national trend amid the changing economy. He expressed optimism about the freshman class, asserting that new academic admissions standards in 2012-2013 should serve to strengthen retention and graduation rates. He observed a 40 percent increase in freshmen with ACT scores

of 30 or above. Dr. Johnson reported 100 fewer transfer students from junior colleges, likely due to financial aid revisions. President Moulton recommended approval of the 2012-2013 budget as submitted. He said December's salary recommendation may include differences between the University's general education and health sectors. On motion duly made and seconded, the Committee agreed unanimously to recommend approval by the Board of Trustees.

Chairman Yance called upon Mr. Albano and Mr. Pitman to report on the University's endowment and investments, **ITEM 16**. Mr. Albano noted that the return outperformed the relative index by .11 percent for Fiscal Year 2012. The return from October 1, 2011, through July 31, 2012, was 10.30 percent vs. a relative index of 10.19 percent. Mr. Albano introduced Mr. Pitman to discuss the performance of the individual managers. Mr. Pitman gave reasons for under-performance. He shared concern about the portfolio with Arlington Partners, stating the Administration will keep a close watch on performance. Judge Simon inquired about confidence in asset allocation. Mr. Albano expressed satisfaction, and reviewed the asset allocation for the 2012 Fiscal Year. He said the specific allocations fell within the provisions of the University's investment policy. He reported on endowment performance since inception, stating that performance was 3.89 percent vs. a relative index of 3.19 percent, an outperformance of .70 percent.

President Moulton referenced an article in the *Chronicle of Higher Education* that compared institutions as to endowment value. He said the University's position in the ranking is respectable. He talked about USA's licensing revenue in relation to other schools. Discussion took place about entrepreneurship opportunities among the colleges, specifically, for the engineering and computing disciplines. President Moulton assured that the University is primed to move forward with respect to collaboration, technology transfer, and the USA Technology and Research Park mission.

There being no further business, the meeting was adjourned at 10:12 a.m.

Attest to:

Respectfully Submitted:

Bettye R. Maye, Secretary

James A. Yance, Chair *Pro Tempore*