

UNIVERSITY OF SOUTH ALABAMA BOARD OF TRUSTEES



SEPTEMBER 13, 2013

UNIVERSITY OF SOUTH ALABAMA BOARD OF TRUSTEES



SCHEDULE

THURSDAY, SEPTEMBER 12, 2013:

2:30 P.M.	COMMITTEE OF THE WHOLE	CHILDREN'S & WOMEN'S HOSP., ADM. BOARD RM.
4:30 P.M.	DEDICATION OF HOSPITAL EXPANSION/TOURS	CHILDREN'S & WOMEN'S HOSPITAL, TENT

FRIDAY, SEPTEMBER 13, 2013:

10:00 A.M.	BOARD MEETING, RECESS FOR LUNCH	ADMINISTRATION BLDG., BOARD ROOM
12:00 P.M.	EXECUTIVE COMMITTEE MEETING	ADMINISTRATION BLDG., PRES. CONF. RM.
1:30 P.M.	RECONVENE BOARD MEETING	ADMINISTRATION BLDG., BOARD ROOM

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

STANDING COMMITTEES

2010-2013

EXECUTIVE COMMITTEE:

Mr. James A. Yance, **Chair Pro Tempore**
Dr. Steven P. Furr, **Vice Chair**
Ms. Bettye R. Maye, **Secretary**
Mr. J. Cecil Gardner
Hon. Samuel L. Jones
Mr. John M. Peek
Dr. Steven H. Stokes, Past Chair

HEALTH AFFAIRS COMMITTEE:

Dr. Steven P. Furr, **Chair**
Dr. Scott A. Charlton
Ms. Bettye R. Maye
Ms. Arlene Mitchell
Mr. John M. Peek
Hon. Kenneth O. Simon
Dr. Steven H. Stokes

ACADEMIC AND STUDENT AFFAIRS CTE.:

Ms. Christie D. Miree, **Chair**
Dr. Scott A. Charlton
Ms. Bettye R. Maye
Hon. Bryant Mixon
Mr. John M. Peek
Mr. James H. Shumock

LONG-RANGE PLANNING COMMITTEE:

Hon. Samuel L. Jones, **Chair**
Dr. Steven P. Furr
Ms. Arlene Mitchell
Hon. Bryant Mixon
Mr. James H. Shumock

BUDGET AND FINANCE COMMITTEE / AUDIT CTE.:

Mr. E. Thomas Corcoran, **Chair**
Mr. J. Cecil Gardner
Hon. Samuel L. Jones
Ms. Christie D. Miree
Mr. James H. Shumock
Dr. Steven H. Stokes
Mr. James A. Yance

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE:

Mr. James A. Yance, **Chair**
Mr. E. Thomas Corcoran
Mr. J. Cecil Gardner
President V. Gordon Moulton
Hon. Kenneth O. Simon
Dr. Steven H. Stokes

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

**September 13, 2013
10:00 A.M.**

**FREDERICK P. WHIDDON ADMINISTRATION BUILDING
SUITE 130, BOARD ROOM**

REVISED AGENDA

ITEM	PAGE
* Approve: Revised Agenda.....	<i>i</i>
1 Approve: Minutes and Revised Minutes	1, 25, 29 and 38
2 Report: President=s Report	<i>Presentation at Meeting</i>
Report: Presidential Search Committee.....	<i>Presentation at Meeting</i>
* 4 Approve: Executive Committee of the Board of Trustees	49
5 Appoint: <i>Ad Hoc</i> Bylaws Committee	<i>Presentation at Meeting</i>
LONG-RANGE PLANNING:	
6 Approve: University of South Alabama 2014-2017 Strategic Plan	1
HEALTH AFFAIRS:	
7 Approve: USA Hospitals Credentials – June and July 2013	1
8 Approve: Promotion	9
9 Approve: Professor Emeritus.....	11
10 Report: Health System and Health Sciences	<i>Presentation at Meeting</i>
* 11 Approve: Declaration of Agreement for the USA/UAB Cancer Consortium	14
* 11.A Approve: Authority to Engage in Due Diligence Regarding Future Option for the USA Health Services Foundation.....	15
ACADEMIC AND STUDENT AFFAIRS:	
12 Report: Academic Affairs	<i>Presentation at Meeting</i>
13 Approve: Amendment to the USA Bulletin – Academic Credit for Military Education, Training, or Service ..	1
14 Approve: Residency for Tuition Purposes Policy	3
15 Approve: Naming of Library	14
16 Report: Student Affairs.....	<i>Presentation at Meeting</i>
BUDGET AND FINANCE:	
17 Report: Monthly Fund Financial Reports – April, May and June 2013.....	1, 16 and 31
Quarterly GASB Financial Statements, Nine Months ended June 2013.....	46
Summary Comparison of Fund Financial Reports to GASB Financial Statements, June 30, 2013 and 2012.....	80
18 Approve: Election of Directors, USA Foundation for Research and Commercialization (FRAC)	84
Approve: Ratification of FRAC Bylaws and Articles of Incorporation.....	86
* 19 Approve: Salary Increase, University General Division	107
* 20 Approve: 2013-2014 Budget	109
AUDIT:	
21 Report: KPMG Auditors.....	<i>Presentation at Meeting</i>
DEVELOPMENT, ENDOWMENT AND INVESTMENTS:	
22 Report: Endowment and Investments.....	<i>Presentation at Meeting</i>
23 Report: National Alumni Association Strategic Plan.....	<i>Presentation at Meeting</i>
* 24 Approve: Commendation of Mr. Abraham A. Mitchell for Exemplary Contributions	1
OTHER:	
* 25 Approve: Commendation of Mr. James A. Yance as Chair <i>Pro Tempore</i> Emeritus.....	1
Unveil: Portrait of Past Chair <i>Pro Tempore</i> Mr. James A. Yance	
* <i>Items added or revised</i>	<i>i</i>



MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

September 3, 2013

TO: USA Board of Trustees

FROM: James H. Shumock
Secretary, Board of Trustees

A handwritten signature in black ink, appearing to be 'JH Shumock', written over the printed name.

Included herein are the unapproved minutes of Board meetings held on June 6 and 7, and the revised minutes of Board meetings held on March 12 and September 17, 2010. Please review these documents for amendment or approval at the September 13 meeting of the Board of Trustees.

JHS:mgc

Enclosures

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

**June 7, 2013
10:00 a.m.**

A meeting of the University of South Alabama Board of Trustees was duly convened by Mr. Jim Yance, Chair *pro tempore*, on Friday, June 7, 2013, at 10:06 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, Arlene Mitchell, Bryant Mixon, John Peek, Jimmy Shumock, Ken Simon, Steve Stokes and Jim Yance.

Members Absent: Trustees Robert Bentley, Tommy Bice, Scott Charlton and Sam Jones.

Administration and Others: Acting President Dr. John Smith and President Gordon Moulton; Drs. Mike Boyd, Joe Busta, Jack Dempsey, Joel Erdmann, Julie Estis/Doug Marshall/ Kelly Woodford (Faculty Senate), Ron Franks, David Johnson, Mike Mitchell and Chris Vinet; Messrs. John Adams, Terry Albano, Arslan Arshad, Owen Bailey, Louis Cardinal (Thornton Farish), Parker Chastain, Ken Davis, Wayne Davis, Ker Ferguson, Stan Hammack, Mark Hoffman (NAA), Rod Kanter (Bradley Arant Boulton Cummings), Don Langham, Abe Mitchell, Norman Pitman, Steve Simmons and Scott Weldon; and Mss. Beth Anderson, Kristen Blosser, Lynne Chronister, Becky Clark, Nicole Cohron, Racheal Cooley, Riley Davis (SGA), Jen Ekman, Alice Jackson, Janelle Johnson (AASA), Geri Moulton, Jackie Parks, Renee Paul, Jean Tucker and Joy Washington.

Press: Messrs. Steve Alexander/Joha Norris (WALA), Mike Corry (WPMT), Tim Jones/Chad Petri (WKRG) and Bill Starling (*Press-Register*/al.com); and Mss. Samantha Andrews (*Vanguard*) and Tami Brehse (WPMT).

Upon the call to order, Chairman Yance thanked Trustees and guests for attending and called for consideration of the revised agenda. On motion by Mr. Corcoran, seconded by Ms. Miree, the revised agenda was adopted by unanimous vote. Chairman Yance called for consideration of **ITEM 1**, the minutes of the March 8, 2013, Board of Trustees meeting; the April 3, 2013, combined meeting of the Board of Trustees and the Presidential Search Committee; and the May 9, 2013, Executive Committee meeting. On motion by Ms. Maye, seconded by Mr. Shumock, the minutes were adopted unanimously.

Chairman Yance called upon President Smith for presentation of **ITEM 2**, the President's Report. President Smith recognized retiring President Gordon Moulton; Drs. Doug Marshall, Julie Estis and Kelly Woodford - Faculty Senate President, Vice President and Secretary, respectively; Ms. Riley Davis - SGA President; Ms. Janelle Johnson - AASA President; Ms. Sam Andrews - *Vanguard* Editor; and Mr. Mark Hoffman - President, USA National Alumni Association (NAA). He stated Mr. Wayne Davis, Vice President for Financial Affairs, would retire effective

July 1, and announced the appointment of Mr. Steve Simmons to serve as Vice President for Financial Affairs. Both gentlemen received a round of applause.

President Smith reported that 50th anniversary activities concluded with a grand celebration on May 3, at which Mr. Abe Mitchell announced his gift of \$50 million to the establishment of the Mitchell-Moulton Scholarship Initiative. He said Mr. Mitchell's gift would change the lives of many students, as had additional gifts from the Mitchell family. He thanked Mr. Keith Ayers – Director of Public Relations, for his efforts relating to the 50th anniversary special events. Mr. Ayers introduced Public Relations staff members Mss. Jen Ekman, Renee Paul, Joy Washington and Alice Jackson, and Mr. John Adams, who had assisted.

President Smith detailed Spring Commencement activities held on May 11, during which addresses were delivered by the Honorable Robert Edington, who served as a state legislator in 1963 -- the year the University was created; Mr. Rick Nelson, USA's first SGA President; and President Gordon Moulton. A total of 2,845 degrees were conferred for the 2012-2013 academic year. Degrees awarded since the University's founding exceed 75,000.

President Smith gave an update on the University's accreditation reaffirmation process, reporting positive results following an on-site review by the Southern Association of Colleges and Schools Commission on Colleges (SACSCoC) in April. He credited Dr. Johnson for his leadership of the complex process. Dr. Johnson noted the SACSCoC team was complimentary of USA programs and of the Board's involvement. He recognized Dr. Jack Dempsey – Director of the Innovation in Learning Center and USAon-line; Mr. Scott Weldon – Assistant Vice President for Financial Affairs; Dr. Charlie Guest -- Interim Director, Department of Institutional Research, Planning and Assessment; and Ms. Nicole Cohron -- Executive Assistant, Division of Academic Affairs, for their outstanding contributions throughout the process. Judge Simon and President Smith agreed that student engagement and faculty culture were significant to an exceptional review. President Smith stated the success of the reaffirmation process and the SACSCoC visit are indicative of the high standards set by President Moulton, which are reflected through all facets of the Institution.

President Smith reported on an outstanding women's softball season. The team recently won its second straight Sun Belt Conference championship. He introduced Coach Becky Clark, who reported that most players would return next season. She said USA was host for a regional tournament and the Lady Jags came close to winning. President Smith gave an update on men's baseball, including tournament results.

President Smith talked about plans to dedicate the new facilities at USA Children's and Women's Hospital in conjunction with the September Board meeting. He recognized Mr. Parker Chastain, former SGA President and recent graduate.

Chairman Yance called upon Dr. Furr, Chair of the Presidential Search Committee (PSC), for a report on the search process, **ITEM 3**. Dr. Furr said the process is on-track. The meeting of the PSC took place on June 6, during which Mr. Bill Funk, search consultant, gave an update on the

developing applicant pool. The deadline for applications is June 30. Dr. Furr said a leadership statement developed by PSC members was adopted at the Committee meeting.

Chairman Yance introduced **ITEM 4** as follows. On motion by Ms. Maye, seconded by Ms. Miree, the resolution was approved unanimously:

**RESOLUTION
BOARD MEETING SCHEDULE, 2013-2014**

WHEREAS, Article II, Section 1, of the Bylaws provides that the Board shall schedule annually, in advance, regular meetings of the Board to be held during the ensuing year, and may designate one of such meetings as the annual meeting of the Board,

THEREFORE, BE IT RESOLVED that the regular meetings of the University of South Alabama Board of Trustees shall be held on the following dates:

Friday, September 13, 2013
Friday, December 6, 2013
Friday, March 7, 2014
Friday, June 6, 2014

FURTHER, BE IT RESOLVED that the date of June 6, 2014, be designated as the annual meeting of the University of South Alabama Board of Trustees for 2013-2014.

Chairman Yance called for a report of health affairs items. Dr. Furr, Chair of the Health Affairs Committee, presented **ITEM 5** as follows. On motion by Dr. Stokes, seconded by Ms. Miree, the resolution was approved unanimously:

**RESOLUTION
USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS
FOR MARCH AND APRIL 2013**

WHEREAS, the Medical Staff appointments and reappointments for March and April 2013 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 called for consideration of **ITEM 6** as follows (for copies of policies and other authorized documents, refer to **APPENDIX A**). On motion by Dr. Stokes, seconded by Mr. Shumock, the resolution was approved unanimously:

**RESOLUTION
USA HOSPITALS MEDICAL STAFF BYLAWS, AND RULES AND REGULATIONS
REVISIONS OF APRIL 24, 2013**

WHEREAS, revisions to USA Hospitals Medical Staff Bylaws and Rules and Regulations, approved at the April 24, 2013 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. Furr called for discussion of **ITEM 7**, a report on the activities of the USA Health System and the Division of Health Sciences. Mr. Hammack expressed pride for the University's hospital culture, and introduced Ms. Beth Anderson, Hospital Administrator - USA Medical Center, who reported on the completion of the Hospital's accreditation cycle. She said 750 performance standards had been examined by the Joint Commission (known formerly as the Joint Commission on Accreditation of Healthcare Organizations) during a surprise visit six months earlier. She shared enthusiasm for a great survey which concluded with the fewest clinical citations of any prior accreditation analysis. Mr. Hammack introduced Mr. Owen Bailey, Hospital Administrator - USA Children's and Women's Hospital, who discussed the importance of the Hospital personnel who deliver quality services. He added that the effects of positive patient encounters are far-reaching. Photos of the new nautical-themed facilities were viewed and Mr. Bailey talked about the facilities inspection and grand opening schedules. Mr. Hammack echoed pride for the position of the USA Health System, and for the passion of its people. Dr. Franks cited, as a close parallel to hospital operations, the University's research mission, stating that the quality work of USA scientists makes grant funding possible. He gave an update on the completion of the specialized laboratory. Board members viewed the most recent construction photos, as well as a map pinpointing the building location.

Dr. Furr called upon President Smith for presentation of **ITEM 7.A** as follows. President Smith recalled the pledge by Trustees, at the December Board meeting, to give raises to Health System staff as soon as deemed fiscally responsible. He recommended an ongoing raise of three and one half percent, retroactively effective on June 2. Chairman Yance remarked that the disappointment expressed at the December Board meeting was palpable, and he reiterated his appreciation of Hospital personnel. He maintained that the Board's chief priority is the Institution's financial stability. He and President Smith stressed that tuition revenue would not fund the raise. Judge Simon noted that investing in USA employees is of benefit to the community. On motion by Ms. Mitchell, seconded by Ms. Miree, the resolution was approved unanimously.

**RESOLUTION
BASE SALARY ADJUSTMENT – USA HEALTH SYSTEM**

WHEREAS, the University of South Alabama Health System Division, consisting of USA Medical Center, USA Children's and Women's Hospital, USA Mitchell Cancer Institute and affiliated USA Health Services Foundation, has created positive momentum in achieving its missions through careful management and the united efforts of its employees, and

WHEREAS, the USA Health System Division is recognized for the high quality of care it achieves, as well as the highly specialized services it provides, and

WHEREAS, it is acknowledged that providing high quality healthcare and specialty patient care services requires a workforce of committed professionals dedicated not only to their professions but to the mission of the USA Health System Division, and

WHEREAS, in order to retain and recruit the staff necessary to continue to meet the high standards required, the USA Health System Division believes it is in the best interest of the University to give a three and one-half percent increase to the base salary of its non-contract staff and administrative Health System Division personnel, excluding PRN classifications and contract employees (physicians, medical residents and fellows),

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama hereby approves a three and one-half percent increase to the base salary of non-contract staff and administrative Health System division personnel as defined by USA Human Resources policies, effective June 2, 2013.

Dr. Furr called upon Dr. Boyd for a report on the Mitchell Cancer Institute (MCI), **ITEM 8**. Dr. Boyd shared that he had attended a retreat for MCI scientists hosted by the University of Alabama at Birmingham Comprehensive Cancer Center (UABCCC); joined a tour hosted by Dr. Ed Partridge, UABCCC Director and MCI Executive Advisory Board member, on May 1 for Trustees Mitchell and Yance, and Mr. Abe Mitchell; and attended an exit visit of UAB's external advisory board, a critical group of scientists formed to assist UAB with its renewal of National Cancer Institute (NCI) designation, and who represent \$160 million in grant awards. On behalf of Ms. Arlene Mitchell, Mr. Abe Mitchell, the Board of Trustees, and the University, Chairman Yance thanked Dr. Partridge for the site visit and the opportunity to collaborate.

President Smith recognized Trustee Emeritus Mr. Don Langham, and introduced Mr. Abe Mitchell, who received a standing round of applause from Trustees and guests for his record-breaking contribution of \$50 million, of which \$25 million is for implementation of the Mitchell-Moulton Scholarship Initiative, and \$25 million is for the Mitchell College of Business, signifying the largest single contribution by an individual to any Alabama institution. Mr. Mitchell stated, with President Moulton's tutelage, the concept for the scholarship initiative was developed. He added that the philanthropic ways of Mayer and Arlene Mitchell were inspiring, and suggested great strides could be achieved through private sector involvement. Chairman Yance thanked Mr. Mitchell for his insightful words.

Chairman Yance called for consideration of academic and student affairs items. Ms. Miree, Chair of the Academic and Student Affairs Committee, called upon Dr. Johnson to present **ITEM 9**, a report on the activities of the Division of Academic Affairs. Dr. Johnson called attention to a National Alumni Association flyer congratulating top students and graduates for scholarly performance and research achievements. He said, with each academic year, the enrollment of outstanding students increases and, as these students matriculate through the system, their potential for greater achievement grows. He introduced distinguished USA students Mr. Arslan Arshad, a Chemical Engineering major who is one of 272 students in the nation to receive a Goldwater Scholarship; Ms. Kristen Blosser, a Foreign Languages major who is one of 900 students to receive a Gillman Scholarship in 2012 to study abroad (Peru Universidad del Pacifico); Ms. Jackie Parks, a Civil Engineering major who was awarded the Society of American Military Engineer's Student Leadership Medal in 2012; and Ms. Racheal Cooley, a Civil Engineering major who was named Student Civil Engineer of the Year for 2013 by the Alabama section of the American Society of Civil Engineers (ASCE) and who placed

third for her ASCE Mead paper. The students made brief remarks on their career interests and aspirations.

Dr. Johnson discussed the University's newly expanded scholarship program, for which he credited Mr. Mitchell for making additional student support possible through his generous gift. He referenced a flyer detailing the program, and talked about publicity of the information and efforts by Dr. Busta and the development staff to raise matching funds. He noted that scholarships would help offset increased tuition and fees. He declared USA a tremendous bargain.

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

**RESOLUTION
TENURE AND PROMOTION**

WHEREAS, in accordance with University policy, faculty applications for tenure and promotion have been reviewed by the respective faculty peers, Departmental Chair, College Dean, and by the Senior Vice President for Academic Affairs or the Vice President for Medical Affairs, and the President, and of those faculty considered, the following individuals are hereby recommended for tenure and/or promotion,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves and grants tenure and/or promotion to those individuals whose names are listed below to be effective August 15, 2013.

COLLEGE OF ALLIED HEALTH PROFESSIONS:

Tenure:

Robin J. Mockett
Susan G. Hickey

Promotion to Professor:

Jean M. Irion

Promotion to Associate Professor:

Robin J. Mockett
Susan G. Hickey
John R. Jefferson

COLLEGE OF ARTS AND SCIENCES:

Tenure:

Valerie L. Bryan
Ruth H. Carmichael
Romulus Godang
Richard L. Hillyer
Reginald F. Moody
Elizabeth A. Richards
Justin M. St. Clair
Michele M. Strong
Steven K. Trout
Rebecca R. Williams

Promotion to Associate Professor:

Valerie L. Bryan
Ruth H. Carmichael
Romulus Godang
Richard L. Hillyer
Reginald F. Moody
Elizabeth A. Richards
Justin M. St. Clair
Michele M. Strong
Rebecca R. Williams

Promotion to Senior Instructor:
Samuel T. Stutsman

Promotion to Professor
Kelly M. Major
Kevin M. Meeker
Bin Wang

MITCHELL COLLEGE OF BUSINESS:

Tenure:
William E. Gillis
Robert A. Shearer

Promotion to Associate Professor:
William E. Gillis

COLLEGE OF EDUCATION:

Tenure:
Paige A. Vitulli

Promotion to Associate Professor:
Paige A. Vitulli

Promotion to Senior Instructor:
Jayne E. Kennedy

Promotion to Professor:
Andrea M. Kent

COLLEGE OF ENGINEERING:

Promotion to Professor:
Kuang-Ting Hsiao

COLLEGE OF MEDICINE:

Tenure:
Karen A. Fagan

Promotion to Adjunct Associate Professor:
David Williamson

Promotion to Professor:
Karen A. Fagan

Promotion to Associate Professor:
Robert L. Duffy
Andrea G. Kahn
Reynaldo L. Rodriguez
Masahiko Oka
Paul J. Brett
Rodney P. Rocconi

COLLEGE OF NURSING:

Tenure:
Heather R. Hall

Promotion to Senior Instructor:
Mary W. Meyer

Promotion to Professor:
Heather R. Hall
Anita H. King

SCHOOL OF COMPUTING:

Promotion to Senior Instructor:
Melissa E. Smith

UNIVERSITY LIBRARY:

Tenure:
Paula L. Webb
Ellen K. Wilson

Promotion to Associate Librarian:
Muriel D. Nero
Paula L. Webb
Ellen K. Wilson

Ms. Miree called upon Dr. Mitchell for a report on the activities of the Division of Student Affairs, **ITEM 11**. Dr. Mitchell introduced Dr. Chris Vinet, Director of Housing, and gave a progress report on the new 350-bed, double-occupancy residence hall set to open for the 2013 fall semester, and on the renovation of the double-occupancy Epsilon dorms and the Student Center. The Board viewed an aerial photograph and artistic renderings of the residence hall, as well as photographs of the interior and exterior of the three facilities. Dr. Mitchell advised that the Epsilon project is a complete renovation with new windows, walls and doors, and completion is projected by July 15. He said students are excited for the Student Center to reopen, which is anticipated in the spring of 2014. He said social media followers could keep up with the latest Student Center news via Twitter.

Ms. Miree presented **ITEM 12** as follows, noting that decisions on student costs are not treated lightly by the Board. She said a thorough discussion of the tuition and fees proposal had taken place at the Committee of the Whole meeting on June 6. President Smith discussed the recommendation for a 4.5 percent tuition and fees increase, and factors affecting the University's budget. Despite a \$1.4 million increase in state appropriation for 2013-2014, employer contributions for employee retirement through the Retirement Systems of Alabama and for retiree health insurance through PEEHIP will increase by \$6.2 million, as mandated by the state. President Smith invited Ms. Riley Davis, SGA President, to comment. Ms. Davis expressed an understanding of the funding implications, adding that the students hope for the least increase possible. Chairman Yance said all institutions face the same issues and noted student costs at USA are among the lowest in Alabama. President Smith said the tuition and fees proposal is as modest as can be expected. Chairman Yance restated the impact of increased retirement and health costs to the University. On motion by Ms. Miree, seconded by Ms. Maye, the resolution was approved unanimously:

**RESOLUTION
TUITION, HOUSING AND FEE SCHEDULES
2013-2014**

WHEREAS, the University of South Alabama is committed to maintaining high-quality educational and student services programs, and

WHEREAS, the Alabama Legislature has approved a 2013-2014 education budget that only increases USA's state funding by \$1.4 million, or 1.4 percent, from last year in the face of increased Teachers' Retirement and PEEHIP costs of \$4.1 million, and

WHEREAS, USA has faced accumulated reductions in state appropriations of \$225.8 million since 2007-2008, and

WHEREAS, the University responded to the recession and the reductions in state appropriations by implementing numerous cost-cutting measures that remain in place, and

WHEREAS, after extensive analysis of the financial needs of the University in 2013-2014 and beyond, the University Administration and Budget Council have determined that increases in tuition and fees, housing, and meals are necessary to maintain the standard of quality that USA students and their families desire and expect, and

WHEREAS, with the proposed tuition, housing, and meals rates for 2013-2014, as set forth in the attached schedules, such costs at the University would continue to be among the lowest in effect at peer public doctoral-level research institutions in the state of Alabama,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama approves the tuition, housing, meals, and required student fees for the 2013-2014 academic year as set forth in the attached schedules.

Chairman Yance called for consideration of budget and finance items. Mr. Corcoran, Budget and Finance Committee Chair, addressed **ITEM 13** reports titled *Monthly Fund Financial Reports for January, February and March 2013*; *Quarterly GASB Financial Statements, Six Months ended March 2013*; and *Summary Comparison of Fund Financial Reports to GASB Financial Statements, March 31, 2013 and 2012*. There was no discussion.

Mr. Corcoran called upon Ms. Chronister to discuss **ITEM 14** as follows. Ms. Chronister reviewed the establishment of the USA Research and Technology Corporation (RTC) 11 years prior to oversee the development of the USA Technology and Research Park (TRP). She discussed the concept for creation of a new corporation that would broaden the capabilities of the faculty to develop new technologies, increase opportunities for commercialization, and increase the Institution's capacity to support regional industry. Judge Simon asked Ms. Chronister to elaborate on the technological potential. Ms. Chronister recognized Mr. Ker Ferguson, Assistant Vice President for Research, and cited the research of Drs. Mark Gillespie, Professor and Chair of Pharmacology, and Glenn Wilson, Professor and Chair of Cell Biology and Neuroscience, whose collaborative work on DNA repair garnered the top prize in a recent Alabama Launchpad competition, a program that awards funding to technology-based start-up firms that have the greatest potential for success and job creation. She said specialized research such as this would have ramifications in other fields. Judge Simon and Chairman Yance agreed that USA is making a big imprint on the quality of life in the state, and in moving technology forward. On motion by Mr. Corcoran, seconded by Ms. Mitchell, the resolution was approved unanimously:

RESOLUTION
CREATION OF A 501(c)(3) CORPORATION FOR THE DEVELOPMENT AND SUPPORT
OF RESEARCH AND COMMERCIALIZATION AT USA

WHEREAS, the University of South Alabama is a comprehensive research university that promotes research, industry collaboration and technology commercialization, for the benefit of the region and the nation, and

WHEREAS, the University created the USA Research and Technology Corporation ("USARTC") in 2002 with one of its purposes being the creation of a research park, which it did as the USA Technology & Research Park ("USATRP"), and,

WHEREAS, the University seeks to utilize the USARTC as the corporate oversight body of the USATRP, which will include the handling of all real estate transactions within USARTC thus furthering development and promotion of beneficial and productive relationships with industry, higher education, and the local community, and

WHEREAS, a corporation organized exclusively for charitable, educational, and scientific purposes within the meaning of 501(c)(3) of the Internal Revenue code of 1986 and the regulations promulgated there-

under has been determined by the University to be the best vehicle for centralizing the development, support, and operation of certain research and commercialization efforts of the entire University, and

WHEREAS, the University believes it is important to centralize certain research and commercialization efforts of the entire institution into one 501(c)(3) not for profit corporation created as a supporting organization of the University of South Alabama to further its educational, research, and service missions, to promote the University and its colleges and departments, to promote collaboration of the University with Industry, and to seek and accept gifts, create endowments, and invest same in furtherance of research, technology, and commercialization consistent with the mission of the University and the Articles of Incorporation of said 501(c)(3) corporation, a draft of which is attached hereto,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby authorizes the University President to proceed with the creation of a 501(c)(3) corporation as a supporting organization of the University as described herein above, and

BE IT FURTHER RESOLVED that the Board of Trustees of the University of South Alabama hereby approves the Articles of Incorporation and the Bylaws of the above-referenced 501(c)(3) corporation to be known as the University of South Alabama Foundation for Research and Commercialization.

Ms. Chronister presented **ITEM 15** as follows, noting that, with 97 percent occupancy at TRP facilities, the lease of the third floor of the Cancer Clinical/Clinical Building to the RTC would provide space for a technology incubator initiative under development. On motion by Mr. Corcoran, seconded by Ms. Mitchell, the resolution was approved unanimously:

**RESOLUTION
LEASE OF THIRD FLOOR OF THE CANCER BUILDING
TO THE USA RESEARCH AND TECHNOLOGY CORPORATION**

WHEREAS, the University of South Alabama ("University") owns a building ("Cancer Building") located on the University's main campus, and

WHEREAS, the creation of the USA Research and Technology Corporation ("Corporation") was authorized by the University of South Alabama Board of Trustees at their June 6, 2002, meeting and duly incorporated with the State of Alabama on June 14, 2002, as a supporting organization of the University to, among other functions, "create, develop, construct, operate, manage and finance one or more research and technology parks, technology enterprise centers and other facilities and operations which further scientific research activities of the University and contribute to the development of high-technology businesses in the State of Alabama," and

WHEREAS, the Board of Trustees of the University believes it to be in the best interest of the University and its mission, as well as that of the Corporation, that the third floor of the Cancer Building be leased by the University to the Corporation for the purposes stated in the Articles of Incorporation of the Corporation cited in the preceding paragraph, and

WHEREAS, should the Corporation cease to exist for any reason, this lease will end and the space will revert to the University,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby authorizes the President of the University to proceed with finalizing a lease agreement with the USA Research and Technology Corporation for the Corporation's lease of the third floor of the Cancer Building from the University, to be leased by the Corporation to tenants who meet the required qualifications of the Corporation.

Mr. Corcoran called upon Mr. Wayne Davis for presentation of **ITEM 16** as follows. Mr. Davis explained that changes in administrative personnel necessitate a revision of individuals authorized to sign contracts. Ms. Tucker specified that the resolution gives authority based upon title rather than an individual's name. On motion by Mr. Corcoran, seconded by Mr. Shumock, the resolution was approved unanimously:

**RESOLUTION
CONTRACT OFFICERS**

WHEREAS, since the inception of the University of South Alabama, the President of the University has been authorized to sign general contractual agreements and documents for and on behalf of the Board of Trustees, and

WHEREAS, other individuals and positions in the University have, from time to time, been given authority by the Board of Trustees to sign such contractual agreements and documents on behalf of the Board of Trustees, and

WHEREAS, it is believed by the Board of Trustees that such authority should be attached to position and not individual,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees reaffirms the authority of the President of the University of South Alabama to sign and enter into contractual instruments, agreements, grants, and other similar legal documents for and on behalf of the University of South Alabama and its Board of Trustees, as well as, delegate signature authority to other University officials as he/she sees fit for contracts that are on templates pre-approved by the University Attorneys, and

BE IT FURTHER RESOLVED that the University of South Alabama Board of Trustees also authorizes and approves the positions of the Vice President for Financial Affairs, the Vice President for Health Systems, the University Treasurer, and the Assistant Vice President for Hospital Financial Affairs as contracting officers of the University of South Alabama with all necessary power, responsibilities, authorities, and obligations to enter into contractual instruments, agreements, grants, and other similar legal documents for and on behalf of the University of South Alabama and its Board of Trustees.

Mr. Corcoran moved approval of **ITEM 17** as follows. Ms. Maye seconded and the resolution was approved unanimously:

**RESOLUTION
UNIVERSITY OF SOUTH ALABAMA BANKING RESOLUTION**

BE IT RESOLVED, the President and either the Vice President for Financial Affairs or the Treasurer of the University are authorized to:

1. Open and close bank, brokerage, custody, safekeeping, or other accounts in the name of the University.
2. Sell, transfer, and endorse for sale or transfer any and all securities on behalf of the University.
3. Buy securities for the account of the University.
4. Order the transfer or delivery of securities on the University to any other person.

5. Pledge collateral, securities, or other property in the name of the University and to make withdrawals, substitutions, and exchanges in connection therewith.
6. Exercise any other rights related to securities, including signing for all releases, powers of attorney, and/or other documents in connection with securities of the University.
7. Designate individuals authorized to sign checks, drafts, notes, acceptances, and other orders for the payment of money or the withdrawal of funds for the account of the University.
8. Designate individuals authorized to endorse, negotiate, receive, or authorize the payment of the proceeds of any instruments or orders for the payment of money to the University.
9. Designate individuals authorized to make telephone transfer of funds of the University and the manner in which such funds can be transferred.
10. Issue any other instructions for the conduct of any accounts in the name of the University.

BE IT FURTHER RESOLVED that this resolution supersedes any Resolutions dated as of a date prior to the date of this Resolution and relating to the University's banking activities and,

BE IT FINALLY RESOLVED that the secretary of this University Board of Trustees is authorized to certify, under the corporate seal of the corporation, a copy of these Resolutions and the names and specimen signatures of the persons authorized to act on behalf of the University.

Concerning **ITEM 17.A** as follows, President Smith directed attention to his memorandum to Board members recommending the sale of the Knollwood Park Hospital complex, inclusive of contents, to be in the University's best interest. Chairman Yance thanked Ms. Tucker for her role in preparing the transaction. On motion by Mr. Corcoran, seconded by Ms. Maye, the resolution was approved unanimously:

RESOLUTION
SALE AFTER PUBLIC ANNOUNCEMENT FOR REQUESTS FOR PROPOSALS FOR THE SALE OF USA KNOLLWOOD HOSPITALS, MEDICAL OFFICE BUILDINGS ONE, TWO, THREE, AND FOUR, WITH FURNISHINGS AND EQUIPMENT AND ADJACENT ACREAGE

WHEREAS, the University of South Alabama (USA) owns two hospital buildings, previously known as USA Knollwood Hospitals, as well as interest in four professional office buildings on the Knollwood campus known as Medical Office Buildings One, Two, Three, and Four, and certain attendant furnishings and equipment, (Knollwood Campus) and approximately seventeen acres adjacent to the Hospitals (collectively, the Parcel), all of which have been utilized by USA, either directly or through lease, to provide not only health care services and related resources to the people of Mobile and surrounding communities but, also, a site for education and research activities of USA's Colleges of Medicine, Nursing, and Allied Health Professions, and

WHEREAS, in 2005 the University of South Alabama determined that leasing its assets on Knollwood Campus as described above, with the exception of the additional acreage, was in the best interest of the University in that it would allow USA to continue to enhance its valued missions of health care education, research, and service on the Knollwood Campus, and

WHEREAS, effective December 16, 2005, and commencing April 1, 2006, Infirmary Health Hospitals, Inc. (IHH) leased all of the above-described Knollwood Campus assets owned by USA, renaming it Infirmary West, for a period of 50 years, with the option to renew for another term of 49 years, during which time it would work to enhance the clinical services currently offered and increase the number of community

based primary care physicians and medical specialists on the medical staff to serve the community need; and

WHEREAS, because USA could adequately continue its mission without owning the above-described property, it has considered the sale of its interest in same, and

WHEREAS, IHH, while continuing to lease the property from USA, totally ceased the hospital operations of Infirmary West in October 2012, indicating that the Affordable Care Act was a significant contributing factor, and

WHEREAS, due to the unique nature of the property as described in the Declaration of Best Interest attached hereto, including the cessation of hospital operations, the uncertainty of continuation of the lease by IHH, the costly nature of the property whether operating as a hospital or not, and the distance of this property from the current center of operation of the USA Health System and Colleges of Medicine, Nursing, and Allied Health Professions, USA believes it to be in the best interest of the University and the State of Alabama to proceed with the sale after engaging in negotiations following the public announcement of requests for proposals for the sale of the Parcel, and

WHEREAS, the only proposal received for the purchase of the Parcel was from Infirmary Health System, Inc., an Alabama nonprofit corporation, for the sum of Five Million and 00/100 Dollars (\$5,000,000.00) in payments as described on the Purchase and Sale Agreement, attached hereto, which has been reviewed and found to be economically justified and in the best interest of the University to accept as evidenced by the attached Declaration,

BE IT THEREFORE RESOLVED that the University of South Alabama Board of Trustees, having considered the above and determined that the sale of USA's interest in the USA Knollwood Hospitals (Infirmary West), Medical Office Buildings One, Two, Three, and Four, as well as equipment and furniture located in the hospital buildings, and the adjacent approximately seventeen acres to Infirmary Health System, Inc. after negotiation subsequent to publicly announcing requests for proposals for the sale is in the best interest of the University of South Alabama and the State of Alabama, hereby ratifies the attached Declaration and authorizes the President of the University to proceed with the sale.

Mr. Corcoran moved approval of **ITEM 18** as follows. On motion by Mr. Shumock, the resolution was approved unanimously:

RESOLUTION

RESPECTING 2004 SWAPTION TRANSACTION AND 2006 SWAPTION TRANSACTION AND ACTIONS PROPOSED IN RESPONSE TO DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT OF 2010

WHEREAS, on January 2, 2008, the University of South Alabama (the "University") entered into a series of transactions, sometimes referred to as a "Swaption for a Forward Synthetic Refunding" (the "Swaption Transactions"), with Wells Fargo National Association (formerly known as "Wachovia Bank, National Association") ("Wells Fargo"), to enable the University to realize certain amounts in connection with future redemptions of the University's \$51,080,000 University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, dated March 15, 2004 (the "Series 2004 Bonds"), and \$100,000,000 University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, dated December 1, 2006 (the "Series 2006 Bonds" and, together with the Series 2004 Bonds, the "Bonds"), and

WHEREAS, in connection with the Swaption Transactions, the University executed an ISDA Master Agreement, a Schedule to the Master Agreement, an ISDA Credit Support Annex, as well as certain other documents and instruments and, further, executed Swaption Transaction Confirmation #1832554 to effectuate a Swaption Transaction referable to the Series 2004 Bonds (the "2004 Swaption Transaction"), and Swaption Transaction Confirmation #1832563 to effectuate a Swaption Transaction referable to the

Series 2006 Bonds (the "2006 Swaption Transaction"). Each such agreement or instrument is dated January 2, 2008, and copies of the same were attached as Exhibit I to the Prior Swap Termination Resolution described below, and

WHEREAS, the 2004 Swaption Transaction and the 2006 Swaption Transaction, together with the execution and delivery of all agreements and instruments necessary to effectuate the same (the "Swaption Documents"), were authorized by resolution of the Board of Trustees adopted on December 6, 2007, wherein the Board of Trustees determined, among other things, that the 2004 Swaption Transaction and the 2006 Swaption Transaction would permit the University to achieve present benefit from the future redemption of the Series 2004 Bonds and the Series 2006 Bonds, respectively, and that the 2004 Swaption Transaction and the 2006 Swaption Transaction were being entered into pursuant to the Derivatives Policy of the University dated September 24, 2007 (the "USA Derivatives Policy"), and

WHEREAS, pursuant to the terms of the Swaption Documents, for a certain period of time the University may elect to terminate either or both of the 2004 Swaption Transaction and the 2006 Swaption Transaction, in which case the University could be required to make a payment to Wells Fargo, or the University could be entitled to receive a payment from Wells Fargo, all based upon, among other things, interest rate levels in effect at the time of such termination, and

WHEREAS, given the record of interest rate levels since January 2008, the Board of Trustees previously adopted a resolution on March 11, 2011 (the "Prior Swap Termination Resolution"), wherein the Board of Trustees expressed its belief that it may be possible that during the period commencing on the date of the Prior Swap Termination Resolution through and including September 11, 2012 (said period, the "Prior Applicable Period"), brief intervals may exist from time to time wherein it may become advantageous for the University to terminate either or both of the 2004 Swaption Transaction and the 2006 Swaption Transaction, and in light of the regular meeting schedule of the Board of Trustees the said board believed it was in the best interest of the University that the President of the University (the "President") be authorized to execute such documents and instruments by and on behalf of the University as may be necessary or desirable to terminate either or both of the 2004 Swaption and the 2006 Swaption should at any time during the Applicable Period the President determine that such termination would be in the best interest of the University and upon certain other conditions as more particularly set forth in the Prior Swap Termination Resolution, and

WHEREAS, the Board of Trustees continues to be of the view that brief intervals may exist from time to time wherein it may become advantageous for the University to terminate either or both of the 2004 Swaption Transaction and the 2006 Swaption Transaction, and that it would be in the best interest of the University to authorize the President to execute such instruments, notices, certificates, agreements or other documents by and on behalf of the University as may be necessary or desirable to terminate either or both of the 2004 Swaption and the 2006 Swaption should at any time from the date hereof through and including September 1, 2016 (said period, the "Current Applicable Period") the President shall be advised by a swap advisor to the University that it is in the best interest of the University to terminate such transaction or transactions, and

WHEREAS, the Commodity Futures Trading Commission recently published final rules (the "CFTC Swap Rules") to implement Section 4s(h) of the Commodity Exchange Act pursuant to Section 731 of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), which impose heightened duties and standards of conduct on swap dealers when entering new swap transactions or amending or modifying existing swap transactions like the 2004 Swaption Transaction and the 2006 Swaption Transaction, and

WHEREAS, a swap dealer may demonstrate compliance with some of the new CFTC Swap Rules by having counterparties like the University make certain representations and warranties (the "Representations and Warranties") relating to the suitability of the transaction for such counterparty, the

ability of the counterparty to properly evaluate the swap transaction, and other matters respecting interest rate exchange agreements, and

WHEREAS, the International Swaps and Derivatives Association, Inc. has prepared the forms of amendments and agreements attached as Exhibit I hereto (the "ISDA Protocol Documents"), which contain the Representations and Warranties required for a swap dealer to comply with the new CFTC Swap Rules, and

WHEREAS, one of the Representations and Warranties of a governmental entity like the University is that it has engaged a qualified independent representative (a "QIR") to assist in financial analysis and price negotiation respecting swap transactions, and that involvement of a QIR in this regard is contained in a written derivatives policy of such entity, and

WHEREAS, George K. Baum & Co. ("GK Baum") has been advising the University on various aspects of the 2004 Swaption Transaction and 2006 Swaption Transaction, and has established the required policies and procedures, a copy of which is included as Exhibit II hereto, that enable it to serve as a QIR, and

WHEREAS, GK Baum has advised the University that should it become advantageous to terminate or modify the 2004 Swaption Transaction or 2006 Swaption Transaction, Wells Fargo may likely require that the University take certain actions to evidence its satisfaction of the new CFTC Swap Rules, including (1) engaging a QIR, (2) amending the USA Derivatives Policy to incorporate a QIR, and (3) amending the 2004 Swaption Transaction and/or 2006 Swaption Transaction to incorporate the Representations and Warranties, and

WHEREAS, the Board of Trustees deems it advantageous and in the best interest of the University to (1) engage GK Baum as the QIR for the University, (2) amend the USA Derivatives Policy to incorporate the QIR into certain aspects of such policy, and (3) authorize the President to execute and deliver the ISDA Protocol Documents (or such other instruments proposed by Wells Fargo containing some or all of the terms and provisions in, or provisions similar to those contained in, the forms of ISDA Protocol Documents attached hereto) and such other instruments, agreements, certificates, side-letters, notices, or other documents in connection therewith (collectively, the "Amendatory Documents") as the President shall deem necessary or desirable should the President determine it advantageous for the University to execute and deliver the same in connection with, or in anticipation of, any proposed amendments, modifications or termination of either or both of the 2004 Swaption Transaction and 2006 Swaption Transaction,

THEREFORE, BE IT RESOLVED that the President is hereby authorized and directed to execute such instruments, notices, certificates, agreements or other documents by and on behalf of the University as the President may deem necessary or desirable to terminate either or both of the 2004 Swaption and the 2006 Swaption should at any time during the Current Applicable Period the President be advised by a swap advisor to the University that it is in the best interest of the University to terminate such transaction or transactions, and

BE IT FURTHER RESOLVED that the Board of Trustees hereby designates GK Baum as the QIR for the University, and authorizes and directs the President to execute and deliver on behalf of the University such certificates, agreements, directions, instruments or other documents as may be necessary or desirable to engage, designate and establish GK Baum as the QIR for the University, and

BE IT FURTHER RESOLVED, the Board of Trustees hereby approves the amendments and modifications of the USA Derivatives Policy necessary to incorporate the QIR in certain aspects thereof, as set forth and described in the form of First Amendment to Derivatives Policy dated June 7, 2013 attached hereto as Exhibit III hereto, and

BE IT FINALLY RESOLVED that the Board of Trustees hereby authorizes and directs the President, at any time and from time to time, to execute any such amendatory documents as the President

shall deem necessary or desirable should the President determine it advantageous for the University to execute and deliver the same in connection with, or in anticipation of, any proposed amendments, modifications or termination of either or both of the 2004 Swaption Transaction and 2006 Swaption Transaction.

Mr. Corcoran moved approval of **ITEM 19** as follows, and Ms. Mitchell seconded. Judge Simon complimented the Administration for negotiating with a bank to reduce legal risk in lieu of dealing with a public sale of bonds. Chairman Yance acknowledged the advantages of reduced administrative costs and excellent interest rates on all three bond transactions. He said a thorough discussion had taken place at the Committee of the Whole meeting on June 6. The resolution was approved unanimously:

**A RESOLUTION AUTHORIZING THE ISSUANCE
OF ONE \$32,000,000 UNIVERSITY FACILITIES REVENUE
CAPITAL IMPROVEMENT BOND
SERIES 2013-A**

**ONE \$8,000,000 UNIVERSITY FACILITIES REVENUE
CAPITAL IMPROVEMENT BOND
SERIES 2013-B**

AND

**ONE \$10,000,000 UNIVERSITY FACILITIES REVENUE
CAPITAL IMPROVEMENT BOND
SERIES 2013-C**

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

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

(1) it is necessary, advisable, in the interest of the University and the public that the University (i) design, acquire, construct, install, furnish and equip various capital improvements and equipment on the property of the University including, without limitation, a physicians' office building and related capital improvements as part of the health care enterprise of the University and for primary use by the University of South Alabama Health Services Foundation (herein called "HSF"), an Alabama nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (herein called the "2013-A Improvements"), and (ii) design, develop, acquire, equip, install and construct capital improvements to the USA Children's and Women's Hospital, and various other capital improvements and equipment of the University (herein called the "2013-B/C Improvements"), and

(2) the University has undertaken a competitive bidding process for loans for the 2013-A Improvements and the 2013-B/C Improvements, and has received bids and proposals from various financial institutions, including Compass Mortgage Corporation, Regions Bank, SunTrust Bank, and Trustmark National Bank, and

(3) the Vice President for Financial Affairs of the University (herein called the "Vice President") has reported that the bid submitted by Compass Mortgage Corporation (herein called "Compass") is the winning bid for the 2013-A Improvements and the 2013-B/C Improvements, and

(4) pursuant to the Compass bid, the University has through June 10, 2013 to determine whether or not to accept such bid and sell the 2013-A Bond to Compass, and through June 26, 2013 to determine whether or not to accept such bid and sell the 2013-B Bond and/or 2013-C Bond to Compass, and

(5) it is necessary, advisable, in the interest of the University and the public that the Vice President be authorized, in his discretion, to accept the bid of Compass referable to the 2013-A Improvements and, in doing so, to agree, by and on behalf of the University, for the University to sell its \$32,000,000 University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013 (herein called the "2013-A Bond") to Compass to pay the costs of designing, acquiring, constructing, installing, furnishing and equipping the 2013-A Improvements, funding capitalized interest respecting the 2013-A Bond, and paying the costs of issuing the 2013-A Bond (such acceptance of the loan and commitment to sell the 2013-A Bond to be evidenced by a signed Bond Sale Commitment in the form attached as Exhibit I hereto), and

(6) it is necessary, advisable, in the interest of the University and the public that the Vice President be authorized, in his discretion, to accept the bid of Compass referable to a portion of the 2013-B/C Improvements and, in doing so, to agree, by and on behalf of the University, for the University to sell its \$8,000,000 University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013 (herein called the "2013-B Bond") to Compass to pay a portion of the costs of designing, acquiring, constructing, installing, furnishing and equipping the 2013-B/C Improvements, funding capitalized interest respecting the 2013-B Bond, and paying the costs of issuing the 2013-B Bond (such acceptance of the loan and commitment to sell the 2013-B Bond to be evidenced by a signed Bond Sale Commitment in the form attached as Exhibit II hereto), and

(7) it is necessary, advisable, in the interest of the University and the public that the Vice President be authorized, in his discretion, to accept the proposal of Compass referable to a portion of the 2013-B/C Improvements and, in doing so, to agree, by and on behalf of the University, for the University to sell its \$10,000,000 University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013 (herein called the "2013-C Bond") to Compass to pay a portion of the costs of designing, acquiring, constructing, installing, furnishing and equipping the 2013-B/C Improvements, funding capitalized interest respecting the 2013-C Bond, and paying the costs of issuing the 2013-C Bond (such acceptance of the loan and commitment to sell the 2013-C Bond to be evidenced by a signed Bond Sale Commitment in the form attached as Exhibit III hereto).

(b) 2013 Bonds to be Issued as an Additional Parity Bonds Under the Indenture; Special Findings Under Section 8.2(b) of the Indenture. Those of the 2013 Bonds determined by the Vice President to be sold by the University shall be issued as additional parity bonds under Article VIII of the Indenture hereinafter referred to. In accordance with the provisions of Section 8.2(b) of the Indenture, the Board hereby finds and declares as follows:

(1) the University is not now in default under the Indenture and no such default is imminent;

(2) the 2013-A Bond (if determined by the Vice President to be sold by the University) shall be designated Series 2013-A, the 2013-B Bond (if determined by the Vice President to be sold by the University) shall be designated Series 2013-B, and the 2013-C Bond (if determined by the Vice President to be sold by the University) shall be designated Series 2013-C;

(3) for each series of 2013 Bonds, the person or entity to whom such bond is to be delivered shall be the person or entity identified in the Bond Sale Commitment respecting such bond;

(4) the 2013 Bonds are to be issued by sale in accordance with Section 6 hereof;

(5) the sale price of each of the 2013-A Bond (if determined by the Vice President to be sold by the University), the 2013-B Bond (if determined by the Vice President to be sold by the University), and the 2013-C Bond (if determined by the Vice President to be sold by the University) shall be the initial face or par amount of such bond;

(6) (a) the only bonds that have previously been issued by the University under the Indenture are its (i) \$31,680,000 original principal amount of University Tuition Revenue Refunding and Capital Improvement Bonds, Series 1996, dated February 15, 1996 (herein called the "Series 1996 Bonds"), which were issued under and pursuant to the Trust Indenture dated as of February 15, 1996 further described in Section 2 hereof, (ii) \$7,055,000 original principal amount of University Tuition Revenue Refunding Bonds, Series 1996B, dated October 15, 1996 (herein called the "Series 1996B Bonds"), which were issued under and pursuant to the First Supplemental Trust Indenture dated as of October 15, 1996, (iii) \$40,130,000.70 original principal amount of University Tuition Revenue Bonds, Series 1999, dated March 1, 1999 (herein called the "Series 1999 Bonds"), which were issued under and pursuant to the Second Supplemental Trust Indenture dated as of October 15, 1996, (iv) \$51,080,000 original principal amount of Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, dated March 15, 2004 (herein called the "Series 2004 Bonds"), which were issued under and pursuant to the Fourth Supplemental Trust Indenture dated as of March 15, 2004, (v) \$100,000,000 original principal amount University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, dated December 1, 2006 (herein called the "Series 2006 Bonds"), which were issued under and pursuant to the Fifth Supplemental Trust Indenture dated as of December 1, 2006, (vi) \$112,885,000 original principal amount University Facilities Revenue Capital Improvement Bonds, Series 2008, dated September 1, 2008 (herein called the "Series 2008 Bonds"), which were issued under and pursuant to the Sixth Supplemental Trust Indenture dated as of September 1, 2008, and (vii) \$29,750,000 University Facilities Revenue Capital Improvement Bond, Series 2010, dated June 16, 2010 (herein called the "Series 2010 Bond"), which was issued under and pursuant to the Seventh Supplemental Trust Indenture dated as of June 16, 2010, (viii) \$25,000,000 University Facilities Revenue Capital Improvement Bond, Series 2012-A, dated January 4, 2012 (herein called the "Series 2012-A Bond"), which was issued under an Eighth Supplemental Trust Indenture dated as of January 4, 2012, and (ix) \$7,740,000 University Facilities Revenue Capital Improvement Bond, Series 2012-B, dated January 4, 2012 (herein called the "Series 2012-B Bond" and, together with the Series 1999 Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2008 Bonds, the Series 2010 Bond, and the Series 2012-A Bond, the "Outstanding Bonds"), which was issued under and pursuant to the Eighth Supplemental Trust Indenture dated January 4, 2012; and (b) in Article VIII of the Indenture, the University has reserved the right to issue additional bonds, secured by a pledge of the Pledged Revenues on a parity with the Outstanding Bonds and with such additional bonds as shall have thereafter been issued thereunder, upon compliance with the applicable provisions of said Article VIII; and

(7) The Outstanding Bonds are the only bonds heretofore issued under the Indenture that are at this time outstanding under the Indenture.

(8) the 2013-A Bond, if determined by the Vice President to be sold by the University, will be issued for the purposes described in Section 8(a) hereof; the 2013-B Bond, if determined by the Vice President to be sold by the University, will be issued for the purposes described in Section 8(b) hereof; and the 2013-C Bond, if determined by the Vice President to be sold by the University, will be issued for the purposes described in Section 8(c) hereof.

With respect to each 2013 Bond determined by the Vice President to be sold, the Trustee is hereby requested to authenticate and deliver such 2013 Bonds to the entity designated in the Bond Sale Commitment respecting such bond.

Section 2. Authorization of 2013 Bonds. For the purposes specified in Section 1 of this resolution, the Vice President is hereby authorized, by and on behalf of the University, to commit the University to sell its (i) University Facilities Revenue Capital Improvement Bond, Series 2013-A, dated June 28, 2013, in a principal amount of \$32,000,000 (herein called the "2013-A Bond"), (ii) University Facilities Revenue Capital Improvement Bond, Series 2013-B, dated June 28, 2013, in a principal amount of \$8,000,000 (herein called the "2013-B Bond"), and (iii) University Facilities Revenue Capital Improvement Bond, Series 2013-C, dated June 28, 2013, in a principal amount of \$10,000,000 (herein called the "2013-C Bond" and, together with the 2013-A Bond and 2013-B Bond, the "2013 Bonds"), all under the terms, conditions and provisions set out in the Ninth Supplemental University Facilities Revenue Trust Indenture dated June 28, 2013, between the University and The Bank of New York Mellon Trust Company, N.A., as trustee (herein called the "Trustee"), which is supplemental to the University Facilities Revenue Trust Indenture between the University and the Trustee dated as of February 15, 1996 (the said Trust Indenture, as heretofore supplemented and amended and as further supplemented and amended by the said Ninth Supplemental University Facilities Revenue Trust Indenture, herein called the "Indenture"). All the provisions of the Indenture respecting the 2013 Bonds are hereby adopted as a part of this resolution as fully as if set out at length herein.

Section 3. Source of Payment of the 2013 Bonds. The principal of and the interest on the 2013 Bonds shall be payable solely from the Pledged Revenues as defined in the Indenture. Nothing contained in this resolution, in the 2013 Bonds or in the Indenture shall be deemed to impose any obligation on the University to pay the principal of or the interest on the 2013 Bonds except from and to the extent of the Pledged Revenues. The 2013 Bonds shall not represent or constitute obligations of any nature whatsoever of the State of Alabama and shall not be payable out of moneys appropriated to the University by the State of Alabama. The agreements, covenants and representations contained in this resolution, in the 2013 Bonds and in the Indenture do not and shall never constitute or give rise to any personal or pecuniary liability or charge against the general credit of the University, and in the event of a breach of any such agreement, covenant or representation, no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the University shall arise therefrom. Neither the 2013 Bonds nor the pledge or any agreement contained in the Indenture or in this resolution shall be or constitute an obligation of any nature whatsoever of the State of Alabama, and neither the 2013 Bonds nor any obligation arising from the aforesaid pledge or agreements shall be payable out of any moneys appropriated to the University by the State of Alabama. Nothing contained in this section shall, however, relieve the University from the observance and performance of the several covenants and agreements on its part herein contained and contained in the Indenture.

Section 4. 2013 Bonds Payable at Par. All remittances of principal of and interest on the 2013 Bonds to the holder thereof shall be made at par without any deduction for exchange or other cost, fees or expenses. The bank at which the 2013 Bonds shall at any time be payable shall be considered by acceptance of its duties under the Indenture to have agreed that it will make or cause to be made remittances of principal of and interest on the 2013 Bonds, out of the moneys provided for that purpose, in bankable funds at par without any deduction for exchange or other cost, fees or expenses. The University will pay to such bank or banks all reasonable charges made and expenses incurred by them in making such remittances in bankable funds at par.

Section 5. Authorization of Ninth Supplemental Indenture. The Board does hereby authorize and direct the Acting President of the University to execute and deliver, for and in the name and behalf of the University, to The Bank of New York Mellon Trust Company, N.A., as Trustee under the aforesaid Indenture, a Ninth Supplemental University Facilities Revenue Trust Indenture dated June 28, 2013, in substantially the form presented to the meeting at which this resolution is adopted and attached as Exhibit IV to the minutes of said meeting (which form is hereby adopted in all respects as if set out in full in this resolution), and does hereby authorize and direct the Secretary of the Board to affix to the Ninth Supplemental University Facilities Revenue Trust Indenture the corporate seal of the University and to attest the same. Without limiting the generality of the foregoing, in the event the Vice President determines not to

elect to sell a particular series of 2013 Bonds, then all references to such series contained in the form of Ninth Supplemental University Facilities Revenue Trust Indenture shall be deleted prior to its execution.

Section 6. Sale of the 2013 Bonds. The Vice President is hereby authorized, in his sole discretion, to execute (i) a Bond Sale Commitment in the form attached as Exhibit I hereto, and upon the execution and delivery thereof by the Vice President the University shall be deemed to have agreed to sell to the person or entity identified therein the 2013-A Bond at and for a price equal to the face amount of such bond, (ii) a Bond Sale Commitment in the form attached as Exhibit II hereto, and upon the execution and delivery thereof by the Vice President the University shall be deemed to have agreed to sell to the person or entity identified therein the 2013-B Bond at and for a price equal to the face amount of such bond, and (iii) a Bond Sale Commitment in the form attached as Exhibit III hereto, and upon the execution and delivery thereof by the Vice President the University shall be deemed to have agreed to sell to the person or entity identified therein the 2013-C Bond at and for a price equal to the face amount of such bond. With respect to each series of 2013 Bonds, such bond shall bear such date, shall mature in annual installments at such times and in such manner, shall bear such rate of interest, shall be payable at such place, shall be in such denomination, and shall be in such form and contain such provisions as are set out in the Ninth Supplemental University Facilities Revenue Trust Indenture authorized in Section 5 above.

Section 7. Execution and Delivery of the 2013 Bonds. The Board does hereby authorize the Acting President of the University to execute the 2013 Bonds, in the name and on behalf of the University, by causing a manual or facsimile of his signature to be imprinted thereon, and does hereby authorize the Secretary of the Board to cause the corporate seal of the University to be imprinted or impressed on each of the 2013 Bonds and to attest the same by causing a manual or facsimile of her signature to be imprinted thereon, all in the manner provided in the Indenture, and the Acting President of the University is hereby authorized to deliver the 2013 Bonds, subsequent to its execution as provided herein and in the Indenture, to the Trustee under the Indenture, and to direct the Trustee to authenticate the 2013 Bonds and to deliver them to the purchaser thereof.

Section 8. Application of Proceeds. (a) Should the Vice President determine, by and on behalf of the University, to sell the 2013-A Bond as herein provided, the entire proceeds derived from the sale thereof shall be paid to the University and applied as follows:

(i) the sum of \$1,424,268.65 shall be deposited into a special fund or account of the University, to be established at Compass Bank, and used to pay interest on the Series 2013-A Bond through and including February 1, 2015, and

(ii) the balance (\$30,575,731.35) shall be deposited into a special fund or account of the University, to be established at Compass Bank, and used to pay the costs of the 2013-A Improvements and the costs of bond counsel to the University, counsel to the University and HSF respecting the 501(c)(3) status of HSF, the financial advisor to the University, and the fees of the Trustee, in connection with the issuance of the Series 2013-A Bond.

(b) Should the Vice President determine, by and on behalf of the University, to sell the 2013-B Bond as herein provided, the entire proceeds derived from the sale thereof shall be paid to the University and applied as follows:

(i) the sum of \$356,067.16 shall be deposited into a special fund or account of the University, to be established at Compass Bank, and used to pay interest on the Series 2013-B Bond through and including February 1, 2015, and

(ii) the balance (\$7,643,932.84) shall be deposited into a special fund or account of the University, to be established at Compass Bank, and used to pay a portion of the costs of the 2013-B/C Improvements and the costs of bond counsel to the

University, the financial advisor to the University, and the fees of the Trustee, in connection with the issuance of the Series 2013-B Bond.

(c) Should the Vice President determine, by and on behalf of the University, to sell the 2013-C Bond as herein provided, the entire proceeds derived from the sale thereof shall be paid to the University and applied as follows:

(i) the sum of \$434,888.47 shall be deposited into a special fund or account of the University, to be established at Compass Bank, and used to pay interest on the Series 2013-C Bond through and including February 1, 2015, and

(ii) the balance (\$9,565,111.53) shall be deposited into a special fund or account of the University, to be established at Compass Bank, and used to pay a portion of the costs of the 2013-B/C Improvements and the costs of bond counsel to the University, the financial advisor to the University, and the fees of the Trustee, in connection with the issuance of the Series 2013-C Bond.

Section 9. Resolution Constitutes Contract. The provisions of this resolution shall constitute a contract between the University and the holders of the 2013 Bonds.

Section 10. Severability. The various provisions of this resolution are hereby declared to be severable. In the event any provision hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this resolution.

Section 11. General Authorization. The Acting President of the University, the Vice President and the Secretary of the Board are hereby authorized to execute such further agreements, certifications, instruments or other documents and to take such other action as any of them may deem appropriate or necessary for the consummation of the matters covered by this resolution, to the end that the 2013 Bonds may be executed and delivered as promptly as practicable.

With respect to audit items, and the dual role served by the Budget and Finance Committee as Audit Committee of the Board, Mr. Corcoran, Committee Chair, indicated that **ITEM 19.A**, the Alabama Department of Examiners of Public Accounts Compliance Report covering October 1, 2008, through September 30, 2011, was discussed at the Committee of the Whole meeting on June 6.

As Chair of the Development, Endowment and Investments Committee, Chairman Yance called upon Messrs. Albano and Pitman to report on endowment and investment performance, **ITEM 20**. Mr. Albano said the return outperformed the relative index by 1.93 percent. The return from October 1, 2012, through April 30, 2013, was 10.28 percent vs. a relative index of 8.35 percent. Mr. Pitman discussed the specifics of outperformance, and Mr. Albano reviewed asset allocation for the 2013 fiscal year, pointing out that the allocations conform to the University's investment policy. Mr. Albano discussed performance since inception, noting a return of 4.73 percent versus a relative index of 3.96 percent, an outperformance of .77 percent.

Chairman Yance called upon Dr. Busta to address **ITEM 20.A**, a report on strategic campaigns for 2012-2013. As visual information was viewed, Dr. Busta stated that, despite the economy, 2,461 faculty and staff, or 52 percent of employees, contributed \$266,679 to the United Way campaign. He reminded Board members that USA is United Way's largest corporate contributor. He discussed the Annual Fund drive, which resulted in 2,018 gifts totaling

\$512,559. He reported 18 new pledges of \$5,000 or more and detailed giving among the University sectors, including retirees. He gave an update on the 50th Anniversary Campaign, noting that, with a focus on securing small gifts, the goal of 50,000 total gifts was achieved in May -- four months early. The three-year campaign ends September 30. Dr. Busta reported on the Mitchell-Moulton Scholarship Initiative, noting the activation of a steering committee and plans to recruit a campaign committee. He said the amount raised to date is \$968,496, including matching funds. He added that promotional publications and infrastructure are being developed. Chairman Yance recognized Dr. Busta and the Development staff for their efforts to raise money amid difficult economic times.

With regard to **ITEM 21**, the election of Board officers, Chairman Yance reviewed his appointment of a Nominating Committee in March, and he called upon Dr. Stokes, Committee Chair, for a report. Dr. Stokes said he and fellow Committee members Ms. Mitchell and Mayor Jones considered career demands and limitations on availability. On behalf of the Nominating Committee, he recommended Dr. Furr to serve as Chair *pro tempore*, Judge Simon to serve as Vice Chair, and Mr. Shumock to serve as Secretary. Chairman Yance called for other nominations. Mr. Peek moved that nominations be closed, and for the approval of the slate of officers as submitted. Ms. Miree seconded and the motion was approved unanimously. Dr. Furr expressed gratitude for the exceptional leadership of Chairman Yance, and acknowledged the extra time and effort he had given during an atypical period of presidential transition, and to the search process. Chairman Yance conveyed thanks.

Referring to the Presidential Search Guidelines, Dr. Furr stated the election of Board officers would necessitate role changes for Trustees serving on the PSC. He asked Judge Simon to replace him as Committee Chair, and said, as incoming Chair *pro tempore*, he would serve in an *ex officio* capacity, replacing Mr. Yance, who would continue to serve as a member. He said the new designations do not impact on the membership. Dr. Furr appointed Trustees Mitchell, Corcoran, Peek and Shumock to serve on an *ad hoc* committee on presidential compensation. Mr. Shumock was asked to chair.

Chairman Yance introduced **ITEM 21.A** as follows, noting that all Trustees would take part in the reading of the resolution and in sharing personal remarks. On motion by Ms. Miree, seconded by Ms. Mitchell, the resolution was approved unanimously. Mrs. Moulton shared heartfelt remarks reflective of President Moulton's life-long service to the University of South Alabama. President Moulton attributed the quality and growth of the Institution to the people represented in the room and to others not present, and he described his time at USA as phenomenal. The Moultons received a standing round of applause:

RESOLUTION
COMMENDATION OF V. GORDON MOULTON AS PRESIDENT EMERITUS

WHEREAS, President Gordon Moulton has given 47 years of unwavering service to the University of South Alabama, and

WHEREAS, President Moulton joined USA in its infancy as one of the institution's early faculty members in business and computing, and

WHEREAS, in addition to his career as an educator that began at USA in 1966, Gordon Moulton has served in numerous leadership roles at the University, including director of the computer center, founding dean of the School of Computing, vice president for services and planning, and, for the past 15 years, as USA's second president, and

WHEREAS, long before being named president, Gordon Moulton was a vital force in the growth and progress of the University as a senior member of USA's central leadership team and a vital asset to the University's first president, and

WHEREAS, President Moulton, as USA's chief executive officer, has provided exceptional leadership to the University, raising it to unprecedented levels of accomplishment in all of its missions – teaching, research, service, and health care – and touching the lives of countless people served by the institution, and

WHEREAS, under the leadership of President Moulton, the University has achieved significant milestones in every area, including student enrollment and graduation, academic program development, health care delivery, enhancement of student life and the campus environment, research funding, private sector giving, community involvement and economic enhancement, and

WHEREAS, during President Moulton's tenure, the University has experienced unprecedented growth as demonstrated by the 15,000 students enrolled at the institution, 75,000 degrees awarded throughout its history, and 250,000 patients treated each year by the USA Health System, and

WHEREAS, this region has been forever enhanced by the many innovations championed by President Moulton, including the creation and development of the USA Mitchell Cancer Institute and the USA Technology and Research Park, as well as a major expansion of the USA Children's and Women's Hospital, along with many other contributions to education, health care, art and cultural opportunities, economic development, and an enhanced quality of life for all citizens, and

WHEREAS, under the direction of President Moulton, the University has been transformed by \$500 million in campus construction, physical improvements, and beautification projects that have touched every academic area and mission of USA, 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, in addition to their years of service, the Moultons have supported USA with more than \$7 million in gifts toward numerous institutional priorities, including the USA Mitchell Cancer Institute, Moulton Tower and Alumni Plaza, Geri Moulton Children's Park at USA Children's and Women's Hospital, student scholarships, faculty support, USA's creative writing program, athletics and many others, and

WHEREAS, President Moulton is one of Alabama's leading champions of higher education, whose advocacy for advanced learning has made a transformational positive impact on the quality of life of countless people across the state of Alabama, the Gulf Coast region, and the nation, and

WHEREAS, the Civitan Club of Mobile has recognized President Moulton by naming him the 2002 Mobilian of the Year on the basis of his efforts to maximize the University's positive impact on meeting the needs of the Mobile region, and

WHEREAS, the Moultons' service was forever commemorated in 2009 with the naming by USA's Board of Trustees of the new landmark Gordon and Geri Moulton Bell Tower and Alumni Plaza, and

WHEREAS, President Moulton's longtime commitment to the University and to enhancing higher education opportunities has been acknowledged by Mobile businessman and philanthropist Abraham "Abe" Mitchell, whose state record-setting \$50 million gift during USA's 50th Anniversary celebration in 2013 will be used in part to provide support for thousands of students now and in the future through the Mitchell-Moulton Scholarship Initiative, and

WHEREAS, President Moulton has been a worthy steward of the public trust in steering the University on a positive course for 15 years and leaving it well prepared for the future, as acknowledged by numerous outside observers, including a recent and highly successful 10-year accreditation review by the Southern Association of Colleges and Schools, and

WHEREAS, President Moulton has announced his retirement from the University effective July 1, 2013,

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees extends its utmost appreciation to President Moulton for his leadership and outstanding service to the University of South Alabama, and extends its sincere and heartfelt best wishes to him and his wife, Geri, in their retirement, and

BE IT FURTHER RESOLVED that this Board wishes to acknowledge the transformational positive impact President Moulton has made on the quality of life of countless people across the Gulf Coast region, the nation, and the world by conferring upon him the title, President Emeritus of the University of South Alabama, with all the privileges pertaining thereto, effective July 1, 2013.

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

Attest to:

Respectfully Submitted:

James H. Shumock, Secretary

Steven P. Furr, M.D., Chair *pro tempore*

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

COMMITTEE OF THE WHOLE

**June 6, 2013
1:30 p.m.**

A meeting of the Committee of the Whole of the USA Board of Trustees was duly convened by Mr. Jim Yance, Chair *pro tempore*, on Thursday, June 6, 2013, at 1:36 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Trustees Tom Corcoran, Steve Furr, Bettye Maye, Christie Miree, Arlene Mitchell, John Peek, Jimmy Shumock, Ken Simon, Steve Stokes and Jim Yance.

Members Absent: Trustees Robert Bentley, Tommy Bice, Scott Charlton, Sam Jones, Cecil Gardner and Bryant Mixon.

Administration and Others: Acting President Dr. John Smith; Drs. Mike Boyd, Joe Busta, Phil Carr/Julie Estis/Doug Marshall/Kelly Woodford (Faculty Senate), Ron Franks, David Johnson, and Mike Mitchell; Messrs. Keith Ayers, Louis Cardinal (Thornton Farish), Wayne Davis, Stan Hammack, Rod Kanter (Bradley Arant Boult Cummings) and Steve Simmons; and Mss. Lynne Chronister, Riley Davis (SGA) and Jean Tucker.

Press: Ms. Sally Erikson (*Press-Register/al.com*).

Upon the call to order, Chairman Yance called for adoption of the agenda. On motion duly made and seconded, the agenda was adopted by unanimous vote. Chairman Yance called upon President Smith for discussion of **ITEM 7.A**, a resolution authorizing a 3.5 percent increase to the base salary of non-contract staff and administrative Health System division personnel, retroactively effective on June 2, 2013 (for copies of resolutions, policies and other authorized documents, refer to the minutes of the June 7, 2013, meeting of the USA Board of Trustees). President Smith reported that, with the Health System budget in a better position than the previous year's budget, Dr. Franks and Mr. Hammack are supportive of giving raises. He said approval of an ongoing raise is an important step to show appreciation to USA's health employees. Mr. Corcoran inquired about the impact of raises on the budget, to which President Smith responded the financial impact would be manageable. On motion duly made and seconded, the Committee agreed unanimously to recommend approval by the Board of Trustees.

Chairman Yance called upon Ms. Miree, Chair of the Academic Affairs Committee, for discussion of **ITEM 12**, a resolution authorizing tuition, housing, meal plans and required student fees for the 2013-2014 academic year, as set forth in the accompanying schedules. Ms. Miree asked for perspective from President Smith, who stated decisions to raise tuition and fees are an unpleasant reality. He said the Administration's recommendation for a 4.5 percent increase reflects one of the lowest among the peer institutions in the state, which keeps USA's costs

below the state average. He added that the Administration had discussed the tuition proposal and rationale with student leaders, and said Ms. Riley Davis, SGA President, was present to answer questions. Chairman Yance and President Smith stressed that the salary increase for Health System personnel would not be funded by tuition revenue. Also noted was the new practice of separating the General University and Health Systems budgets. Judge Simon remarked on the availability of financial aid resources that would help mitigate student costs.

As the Committee viewed a graphic titled *Revenue and Expenditure Changes for 2013-2014*, Mr. Wayne Davis reported a \$1.4 million state appropriation increase and expenditure increases totaling \$6.2 million. He attributed the rise in expenditures to state-mandated increases in employer contributions to the Retirement Systems of Alabama and to the Public Education Employees Health Insurance Plan for retiree health coverage, and to USA Health Plan cost increases. He said retirement cost savings had been achieved since inception of USA's HealthCare Management LLC. He discussed budget shifts in recent years, and projected the 2012-2013 budget would break even. Chairman Yance asked Mr. Davis to elaborate on retirement contributions. Mr. Davis stated USA currently pays 10.08 percent of employees' base salaries into retirement plans, which will increase to 11.71 percent for 2013-2014. Employees contribute 7.5 percent. He reviewed that workforce reductions in 2012 resulted in cost savings. He added that every attempt was made by the University to place the discharged employees who had not retired into vacant positions.

Dr. Johnson expressed confidence that a 4.5 percent increase of tuition and fees would accomplish the Administration's goals of levying the lowest increase possible without sacrificing the quality of programs and services. He discussed charts comparing the University's proposed rates with those of Alabama peer institutions, and proclaimed the University of South Alabama the best bargain in the state. He stated room and board rates at USA are positioned well below those of Auburn University and the University of Alabama. He said a majority of incoming freshmen would have ACT scores high enough to earn scholarships that would offset their costs, and he referenced the enhanced scholarship program and the Mitchell-Moulton Scholarship Initiative made possible by Mr. Abe Mitchell's landmark contribution. He said the scholarship program would be advertised in Mobile's *Press-Register* and *The Birmingham News*.

Dr. Mitchell discussed the room and board schedules, and gave an update on the construction and renovation of residence facilities. He detailed changes to the meal plan program, for which a four percent rate increase was recommended. Mr. Ayers reminded Committee members that housing and food services are self-supporting operations. President Smith talked about plans to expand food options, which helps with student retention. He said only the students who live on campus are required to purchase a meal plan. Mr. Peek inquired about student satisfaction with the meal plan. President Smith stated an advisory committee analyzes student feedback. He said parents attending new student orientation communicate their appreciation of the new dining facility and the meal program.

Ms. Miree called for comments from Ms. Riley Davis, SGA President. Ms. Davis acknowledged the necessity of a 4.5 percent tuition and fees increase. She stressed the

importance of communicating the rates rationale to the student body for broad understanding. She said the students have embraced the upgraded meal plan. President Smith said the meal plan will save students money. On motion duly made and seconded, the Committee agreed unanimously to recommend approval by the Board of Trustees.

Chairman Yance deferred to Mr. Corcoran, Chair of the Budget and Finance Committee, for presentation of **ITEM 17.A**, a resolution ratifying a *Declaration of Best Interest* for the sale of USA Knollwood Hospitals, related buildings, contents and adjacent land, and authorizing the President to proceed with the sale. Mr. Corcoran called for remarks from Mr. Wayne Davis, who reported, on May 9, the Executive Committee granted authority to proceed with public advertisement of the sale. He gave an overview of Infirmity Health Systems' (IHS) 99-year lease of the facilities known as Infirmity West, and advised IHS had the option to withdraw from the lease by means of a provision pertaining to major changes in national healthcare. In October 2012, IHS announced that operations at Infirmity West would cease. Subsequent to discussions with President Moulton, the IHS administration was approached to see if they had any interest in purchasing the complex. Mr. Davis said a certificate of need is not required, and he discussed the sales transaction, noting IHS had paid \$13 million toward the lease, and with a proposal to purchase the hospital for \$5 million, USA stands to receive \$18 million. Judge Simon inquired on the use of proceeds. Mr. Davis reported IHS would pay \$2.5 million at closing and provide a bank letter of credit to pay the remaining \$2.5 million in one year, and that proceeds are restricted for use on USA Hospital capital expenses. The cost of continued upkeep of a vacant facility would have been a disadvantage for the University. Chairman Yance agreed that selling the hospital complex would be in the University's best interest, as detailed in a written recommendation from President Smith to the Board of Trustees. Mr. Davis called the deal mutually beneficial. On motion duly made and seconded, the Committee agreed unanimously to recommend approval by the Board of Trustees.

Mr. Corcoran called upon Mr. Wayne Davis for discussion of **ITEM 18**, a resolution granting authority to the President to change or terminate the University's 2004 and/or 2006 "swaptions" if deemed prudent; naming GK Baum & Company as USA's derivative advisory firm, or Qualified Independent Representative (QIR); and authorizing amendment of USA's Derivatives Policy with language relative to the QIR, as stipulated by the Commodities Futures Trading Commission. Mr. Davis stated adoption would renew the University's option to modify or terminate the swaptions, which expired in September 2012, and to move quickly. He introduced Mr. Rod Kanter of the firm Bradley Arant Boult Cummings for comments. Mr. Kanter added that execution would grant the President authority to make representations and warranties, and to formalize statements. He shared brief information on Dodd-Frank accountability requirements. On motion duly made and seconded, the Committee agreed unanimously to recommend approval by the Board of Trustees.

Mr. Corcoran called upon Mr. Wayne Davis to present **ITEM 19**, a resolution authorizing the issuance of series 2013-A, 2013-B and 2013-C university facilities revenue capital improvement bonds for \$32 million, \$8 million and \$10 million, respectively, to finance various projects, including Mitchell Center repairs, a new roof for the Computer Services Center, utility

infrastructure upgrades on the main campus, and construction of a professional office building on the land occupied currently by the SHAC facility. Mr. Davis reminded Committee members that the Board authorized the Administration to solicit bond proposals at its March 8, 2013, meeting. Brief discussion took place on the McCall family's gift to the University of an extensive collection of valuable historical documents. Mr. Davis introduced the University's external financial advisor Mr. Louis Cardinal of Thornton Farish, who reported that, of four proposals received, Compass Bank, the successful bidder, offered an interest rate of 2.83 percent for the Series A and B bonds for a 20-year term. The favorable rate prompted the Administration to ask Compass Bank for a proposal on an additional \$10 million, to which Compass responded with a rate of 2.78 percent for the Series C bonds for a term of 15 years. He stated the timing of the transactions proved beneficial as well, since the bond market changed after the bid dates. Mr. Kanter was introduced to discuss provisions of the resolution. He said a number of institutions in the state have followed the University's lead with similar transactions. He added that financing of this kind would be positive for the community. Mr. Davis said the University would eventually apply part of the costs the University currently pays for the operations and maintenance at SHAC to the debt service for the new professional office building. Also noted was that the new residence hall would be a self-supporting function, with housing fees covering the debt service. On motion duly made and seconded, the Committee agreed unanimously to recommend approval by the Board of Trustees.

With respect to audit items, and the dual role served by the Budget and Finance Committee as Audit Committee of the Board, Mr. Corcoran, Committee Chair, asked Mr. Davis to address **ITEM 19.A**, the Alabama Department of Examiners of Public Accounts Compliance Report for the period October 1, 2008, through September 30, 2011. Mr. Davis and Ms. Tucker detailed findings and corrective measures relative to the University's failure to request proposals for construction of a fountain at Shelby Hall, and to four instances of improper reporting or missing content in the March 12 and September 17, 2010, Board meeting minutes. Mr. Davis distinguished between the compliance audit conducted by the state and the financial audit conducted by KPMG. Chairman Yance complimented the audit staff for the recovery of funds stemming from two cases of theft.

There being no further business, the meeting was adjourned at 2:46 p.m.

Attest to:

Respectfully Submitted:

Jimmy Shumock, Secretary

Steven P. Furr, M.D., Chair *pro tempore*

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES MEETING

March 12, 2010
11:00 a.m.

A meeting of the University of South Alabama Board of Trustees was duly convened by Dr. Steven H. Stokes, Chair Pro Tempore, on Friday, March 12, 2010, at 11:02 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Trustees Scott Charlton, Cecil Gardner, Samuel Jones, Donald Langham, Bettye Maye, Christie Miree, Arlene Mitchell, Bryant Mixon, James Nix, John Peek, Ken Simon, and Steven Stokes.

Members Absent: Trustees Steven Furr, Joseph Morton, Bob Riley, Larry Striplin, and Jim Yance.

Administration and Others: President Gordon Moulton; Drs. Michael Boyd, Joseph Busta, Debra Davis, Ron Franks, David Johnson, Russ Lea, Robert Shearer, John Smith, David Stearns, Sam Strada, David Turnipseed and Kelly Woodford (Faculty Senate), and David Wood; Messrs. George Davis (National Alumni Assn.), Wayne Davis, Stan Hammack, and Abe Mitchell; Mss. Geri Moulton and Jean Tucker.

Press: Mr. Matthew Peterson (*The Vanguard*) and Ms. Renee Busby (*Press-Register*).

Upon the call to order, Chairman Stokes welcomed Trustees and guests and called for adoption of the revised agenda, to include a motion to convene an executive session at the end of the meeting. On motion by Ms. Miree, seconded by Mr. Gardner, the revised agenda was unanimously approved. Chairman Stokes called for consideration of **ITEM 1**, the minutes of the December 10, 2009, meeting of the Board of Trustees and the December 9, 2009, meeting of the Committee of the Whole. On motion by Ms. Miree, seconded by Mr. Peek, the minutes were unanimously adopted.

Regarding **ITEM 2**, the President's Report, President Moulton noted that the Trustees had toured the Student Recreation Center and the Moulton Tower and Alumni Plaza construction sites prior to the Board meeting. He reported a three-percent increase in spring enrollment from last year and announced a record 16-percent increase in applications for the 2010 Fall semester. He said these figures indicate a growing interest in the University of South Alabama. He added that interest in housing has shown a significant increase as well.

President Moulton said that, despite a dismal national and local economic outlook, USA employees maintained an optimistic and generous spirit through involvement in the community's annual United Way campaign that was chaired this year by Dr. Busta. He reported that University contributions surpassed previous years' gifts with total pledges exceeding \$280,000. He stated that former congressman Sonny Callahan has been named *Mobilian of the Year* for 2009 by the Cottage Hill Civitan Club. A banquet will be held in his honor on April 8. He announced an impressive turnout by USA students at Higher Education Day held in Montgomery on March 4.

President Moulton said that the USA Spring Game was played on Wednesday, March 10. He reported that Jordan Means of Hoover High School kicked a 53-yard field goal. President Moulton discussed the design of Shelby Hall, the facility that will house the College of Engineering and the School of Computer and Information Sciences; Trustees viewed a computer-generated virtual tour of the building's interior. He announced that Mr. Erik Weißenmayer would deliver the Spring Commencement address on May 8. Mr. Weißenmayer holds the record as the first blind individual to reach the summit of Mount Everest. He recognized the involvement of State Representative Jamie Ison in helping to secure Mr. Weißenmayer's appearance on campus.

President Moulton advised that the Annual Meeting of the Board would be held on Thursday, June 10.

Chairman Stokes called for a report of health affairs items. In the absence of Dr. Furr, Chair of the Health Affairs Committee, Dr. Charlton moved approval of the first resolution of ITEM 3 as follows. Ms. Miree seconded and the resolution was unanimously approved:

RESOLUTION
USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS NOVEMBER AND DECEMBER 2009,
JANUARY AND FEBRUARY 2010

WHEREAS, the Medical Staff appointments and reappointments for November and December 2009 and January and February 2010 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. Charlton called for consideration of the second resolution of ITEM 3 as follows. On motion by Mayor Nix, seconded by Mr. Gardner, the resolution was unanimously approved:

RESOLUTION
USA HOSPITALS
MEDICAL STAFF BYLAWS AND RULES AND REGULATIONS
REVISIONS OF FEBRUARY 9, 2010

WHEREAS, the Combined Centers for Medicare and Medicaid, as well as The Joint Commission, have changed medical staff requirements, and

WHEREAS, the changes in requirements must be reflected in the Medical Staff Bylaws and Rules and Regulations, and

WHEREAS, revisions of USA Hospitals Medical Staff Bylaws and Rules and Regulations approved at the February 9, 2010, Medical Staff meeting are recommended for approval by the Medical Staffs 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.

President Moulton recommended that **ITEM 5**, a report on the USA Mitchell Cancer Institute (MCI), be presented next. He called upon Dr. Boyd, who provided an overview in photos of the

history of the MCI since his appointment as Director in 2002. He recalled that Mayer, Arlene, and Abe Mitchell and President and Geri Moulton had been the determining influences in sealing his decision to join USA. He cited the heroic efforts of these individuals in garnering tremendous support from all levels of government, and in pledging major personal gifts in the early development of the Institute. He acknowledged funding from the USA Foundation as well. In its ten years, the MCI has grown to 250 employees led by Drs. Eddie Reed - Clinical Director; Laurie Owen - Associate Director for Basic and Translational Sciences; and Hung Khong - Associate Director of Clinical Research. Dr. Boyd reported that the new facility has elevated clinical and research efforts. Clinical programs are ahead of schedule and basic and translational research activities are flourishing. Clinical trials are consistently increasing, as is patient access to TomoTherapy and CyberKnife treatment. Dr. Boyd briefly discussed the evolution of the University's alliance with the Infirmity Health System. He introduced Dr. John Russell whose appointment as Elsie Colle Chair of Radiation Oncology and Chief of Radiation Oncology Services was effective March 1. Dr. Russell conveyed appreciation for the opportunity to join the MCI. Dr. Boyd discussed the *Oncology Outlook* event scheduled for April 23 and 24.

President Moulton presented **ITEM 3.A** as follows. On motion by Dr. Charlton, seconded by Mr. Langham, the resolution was unanimously approved:

RESOLUTION

RATIFICATION OF THE APPOINTMENT OF TWO PERSONS FOR A POSITION ON THE MOBILE COUNTY HOSPITAL BOARD

WHEREAS, pursuant to the Certificate of Incorporation of the Mobile County Hospital Board, the University of South Alabama Board of Trustees is required to nominate in writing to the governing body of Mobile County, two (2) persons for the position of Director of the Corporation, and

WHEREAS, by a letter dated January 11, 2010 the President of the University submitted the names of Mr. Leo Dekle and Dr. Ronald D. Franks to the Mobile County Commission for the selection of one to serve on the Mobile County Hospital Board,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees hereby ratifies the attached letter nominating the two above-referenced individuals for a position of Director of the Mobile County Hospital Board.

Dr. Charlton called for presentation of **ITEM 4**, a report of the Division of Health Sciences and the USA Health System. Dr. Franks introduced Dr. Strada, who reported on the recent edition of the *University of South Alabama Medicine* magazine, which features graduates of the College of Medicine's 1976 charter class and chronicles the early days of the medical school. Dr. Strada noted that the College of Medicine has made tremendous progress since the time of the inaugural classes held in the Life Sciences Building in 1973. He discussed a \$14.5 million grant from the National Institutes of Health (NIH) to build a research facility for the Center for Infectious Diseases. He said that the grant is the largest in the University's history, and stated that, of the thousands of grant applications submitted, less than 10 percent were awarded. He commended Dr. David Wood, Chair - Department of Microbiology and Immunology, and his colleagues for the honor of being among a select group to receive this competitive grant, and introduced Dr. Wood for comments. Dr. Wood shared a brief history of infectious diseases and emerging treatments. He discussed global concerns about antibiotic resistance and bioterrorism, and

outlined the department's goal to facilitate a safe, secure environment with a concentration on select agent research and vaccine and drug development. He acknowledged the importance of adhering to the guidelines of the U.S. Department of Homeland Security.

Chairman Stokes called for consideration of academic and student affairs items. Ms. Miree, Academic and Student Affairs Committee Chair, asked Dr. Johnson to present **ITEM 6**, a report of academic affairs activities. Dr. Johnson reported on a project under way at the University to redesign course delivery with expanded opportunities for on-line instruction to achieve greater efficiency and improve learning. He said that students are responsive to this type of learning. He gave credit to the College of Nursing for leading the initiative for on-line course development and delivery in the last decade, and projected that on-line enrollment would double within two years. He introduced Dr. Jack Dempsey, Professor of Instructional Design and Development, and recent appointee as Director of Electronic Learning. Dr. Dempsey reported that "e-learning" is a modernization of the instructional system and a national movement. He provided details of the University's redesign plan, which includes the acceptance of proposals from the faculty. Pilot delivery will begin in Fall 2010 and 18,000 students are expected to register. Dr. Dempsey talked about the emergence of e-learning tools and software. Dr. Debra Davis, Dean - College of Nursing, addressed the Board briefly, reiterating that advances in technology are replacing traditional methods of learning. Dr. Johnson stated that costs to students for e-learning participation will rival those for traditional instruction. He noted that faculty members have expressed great interest in electronic course delivery.

Ms. Miree moved approval of **ITEM 7** as follows. Mr. Simon seconded and the resolution was unanimously approved:

**RESOLUTION
PROFESSORS EMERITI**

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

Anne Jeannette Sylvestre, Ph.D., Professor of Accounting
Charles L. Rich, M.D., Professor of Psychiatry
James C. Wall, Ph.D., Professor of Physical Therapy

and

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

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

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby appoints the aforementioned individuals to the rank of *Professor Emeritus* with the rights and privileges thereunto appertaining, and

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

Ms. Miree called upon Dr. Johnson to present **ITEM 8** as follows. Dr. Johnson said that a proposal to establish a USA campus at the Mississippi Gulf Coast Community College's Jackson campus had been discussed in detail at the Committee of the Whole meeting held on March 11. A map of the Alabama and Mississippi Gulf Coast was shown. Dr. Johnson noted that the region surrounding the Jackson campus provides 10 percent of USA's enrollment. He said that the University has worked closely with industry executives in this area, and that they have expressed great interest in a satellite USA campus. He said that adding this campus will create tuition income and will be cost effective. The proposal calls for three academic programs to offer classes – the Mitchell College of Business, Information Systems, and Interdisciplinary Studies. Dr. Johnson stated that electronic course delivery will be significant. He advised that USA's other programs will be marketed on the USA Gautier Campus as well, and that programs between campuses would be bridged for even greater student opportunities. On motion by Ms. Miree, seconded by Mr. Peek, the resolution was unanimously approved:

**RESOLUTION
UNIVERSITY OF SOUTH ALABAMA GAUTIER CAMPUS**

WHEREAS, the University of South Alabama serves a significant number of transfer students originating from Jackson County, Mississippi, and

WHEREAS, Mississippi Gulf Coast Community College and area businesses have requested that the University of South Alabama provide upper division and graduate courses in Jackson County, Mississippi, and

WHEREAS, the University of South Alabama is positioned to provide a number of degree programs in online, hybrid and traditional formats in disciplines of interest to residents of the Mississippi Gulf Coast region, beginning fall semester 2010, and

WHEREAS, Mississippi Gulf Coast Community College will provide classroom and office space in 14,520 square feet of the Jackson County University Building on the Gautier campus, and provide all associated utilities and building services, and

WHEREAS, operating expenses for use of the Jackson County University Building will be waived for the first year, and

WHEREAS, if enrollment estimates are met, the University expects to have revenues match or exceed expenses within the first two years of operation, and

WHEREAS, strengthening the partnership between the University of South Alabama and Mississippi Gulf Coast Community College is to the benefit of all citizens of the Alabama and Mississippi Gulf Coast region, and

WHEREAS, either party may cancel the agreement with a one-year written notice,

THEREFORE, BE IT RESOLVED, that the Board of Trustees approves the establishment of a satellite campus to be called the University of South Alabama Gautier Campus effective July 1, 2010.

A resolution to adopt amendments to the Faculty Senate Constitution, **ITEM 9**, was postponed for consideration at a future meeting.

Ms. Miree called upon Dr. Smith to address **ITEM 10**, a report of student affairs activities. Concerning the increasing need for additional student housing, Dr. Smith reported that 100 beds had been added for use in the 2010 fall semester by converting single-occupancy rooms into double occupancy rooms. He anticipated that housing would be at maximum capacity in the fall and stated that a recommendation would be made in the near future to expand student housing. He reported on the relocation of the University Police office from Faculty Court South to Gamma Commons to be near student housing. He said that the response from students for increased security has been positive. He stated that the new dining facility is under construction and should be complete by August 1.

Chairman Stokes called for consideration of budget and finance items. Mayor Nix, Budget and Finance Committee Chair, noted receipt of **ITEM 11** reports titled *Monthly Fund Financial Reports for October, November, and December 2009*; *Quarterly GASB Financial Statement for the Three Months Ended December 2009*; and *Summary Comparison of Fund Financial Reports to GASB Financial Statements, December 31, 2009 and 2008*. There was no discussion.

President Moulton presented **ITEM 12** as follows. Fourteen architects responded to a request for proposals to complete designs for a specialized laboratory building; three finalists were chosen. An aerial photograph was shown of the location proposed behind the former Clinical Cancer Center Building. Following a recommendation by President Moulton to select the firm of Barganier Davis Sims Architects Associated, and on motion by Mr. Langham, seconded by Dr. Charlton, the resolution was unanimously approved:

**RESOLUTION
ARCHITECT FOR SPECIALIZED LABORATORY BUILDING**

WHEREAS, the University of South Alabama has a strong medical research capability, and

WHEREAS, the quality of research is strongly enhanced by the necessary facilities, and

WHEREAS, the National Institutes of Health has recognized the value of the University's research effort with a grant to expand capabilities with a new Specialized Laboratory Building, and

WHEREAS, certain architectural firms are prominent in the field of science buildings, and

WHEREAS, the University requested proposals from these firms and fourteen responses were received, and

WHEREAS, the firms Lord Aeck & Sargent, TRO Jung/Brannen and Barganier Davis Sims Architects Associated were selected as best qualified to do the design, and

WHEREAS, each best qualified firm was interviewed and evaluated for this project,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama authorizes the President to engage the firm Barganier Davis Sims for this project.

President Moulton presented **ITEM 12.A** as follows (refer to **APPENDIX A** for copies of policies and other authorized documentation), noting that the construction contract for campus portals

was discussed at length in the Committee of the Whole meeting held on March 11. He said that the architecture of the portals follows the design of other new buildings on campus. Reference was made to drawings of portals in the University's Facilities Master Plan. President Moulton discussed the eventual widening of campus streets to relieve traffic congestion. He recommended that the construction contract be awarded to JESCO, Inc., the low bidder. On motion by Mayor Nix, seconded by Ms. Miree, the resolution was unanimously approved:

**RESOLUTION
CONSTRUCTION CONTRACT FOR CAMPUS PORTALS**

WHEREAS, the University of South Alabama has, in recent years, constructed several facilities, improving the overall function and aesthetics of the main campus, and

WHEREAS, the addition of portals at the entrances to the main campus would enhance the beauty and safety of the University grounds, and

WHEREAS, the University recently solicited bids for construction of the portals, and

WHEREAS, the University was successful in receiving competitive bids from ten qualified construction companies as shown on the attached schedule, and

WHEREAS, on March 4, 2010, the bids were opened, and JESCO, Inc., of Montgomery, Alabama, was the apparent low bidder,

THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the University President to negotiate and execute a contract with the lowest bidder according to the Alabama Bid Law.

President Moulton presented **ITEM 12.B** as follows. He said that an addition to the Central Energy Plant would constitute the first phase of the Children's and Women's Hospital expansion. Slides were shown of the architect's renderings of the hospital addition. President Moulton said that the design reflects an attempt to establish architectural uniformity between the addition and the existing facility, and to create aesthetic appeal of the finished structure. He added that system updates will yield greater energy efficiency, and recommended that the contract be awarded to Flintco, Inc., the low bidder. On motion by Mayor Nix, seconded by Mr. Peek, the resolution was unanimously approved:

**RESOLUTION
CONSTRUCTION CONTRACT FOR ADDITION TO CENTRAL ENERGY PLANT AT THE UNIVERSITY OF SOUTH ALABAMA
CHILDREN'S & WOMEN'S HOSPITAL**

WHEREAS, the University of South Alabama recently solicited bids for the construction of an upgrade to the existing central energy plant and new mechanical systems for the USA Children's & Women's Hospital and proposed expansion, and

WHEREAS, this upgrade will provide new heating, ventilation and air conditioning chillers and boilers, medical gas, medical air and air redistribution for the existing plant facilities, and

WHEREAS, the University was successful in receiving competitive bids from five pre-qualified construction companies as shown on the attached schedule, and

WHEREAS, on December 17, 2009, the bids were opened, and Flintco, Inc.'s Pensacola, Florida, division was the apparent low bidder,

THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the University President to negotiate and execute a contract with the low bidder, according to the Alabama Bid Law.

Chairman Stokes called for a report of audit items. Mayor Nix, Audit Committee Chair, asked Mr. Wayne Davis to discuss **ITEM 13**, the KPMG Report on USA Basic Financial Statements and Supplementary Information on Federal Awards Programs of the "A-133 Report," 2009. Mr. Davis reported that the audit produced no findings or questionable costs. Dr. Lea commented on the unusual occurrence that an A-133 report is issued without findings, a result of the diligent work at all levels of the University to ensure compliance with federal regulations.

Mr. Simmons presented **ITEM 14**, the KPMG Report on USA Intercollegiate Athletics, 2009. He noted that the audit report includes the Jaguar Athletic Fund operation. The report contained no findings.

Dr. Stokes called for a motion to convene an executive session of the Board for a duration of 15 to 30 minutes for the purpose of discussing the possible sale of real property owned by the University. On motion by Mayor Jones, seconded by Mr. Gardner, the Board voted unanimously agreed to convene an executive session.

Following the executive session, Dr. Stokes reconvened the regular meeting of the Board of Trustees and read the following resolution. On motion by Mayor Nix, seconded by Mr. Langham, the resolution was unanimously approved. President Moulton provided information about the acquisition of the Brookley property from the federal government. He said that the University administration will explore the value of the Brookley land and the possibility of selling the real property if deemed to be in the University's best interest. President Moulton commented on plans to expand the USA Technology and Research Park and on the possibility of constructing a hotel and conference center on the main campus:

RESOLUTION
EXPLORATION OF SALE OF USA BROOKLEY CENTER CAMPUS

WHEREAS, the University of South Alabama ("University") owns land and buildings known as the USA Brookley Center Campus (approximately 327.11 acres), and

WHEREAS, the subject property currently houses a golf course, conference facilities, office facilities and housing, all of which are being utilized by the University in furtherance of its mission, and

WHEREAS, given the current fiscal constraints imposed on the University by the economy of the state and the country, the Board of Trustees of the University believes it to be in the best interest of the University for the University to explore the possibility of a sale of this property, with a lease of the property back to the University at a nominal fee for its continued use, and other such conditions as would benefit the University,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama approves and authorizes the President of the University to proceed with exploring the possibility of sale of the land and buildings which make up the area known as USA Brookley Center Campus pursuant to the laws of

USA Board of Trustees

Page 9

March 12, 2010

the State of Alabama and report to the Board for approval as provided in the "Policy and Procedure by which the University of South Alabama Would Sell or Lease Real Property or Interest Owned by the University of South Alabama."

There being no further business, the meeting was adjourned at 12:31 p.m.

Attest to:

Respectfully Submitted:

James H. Shumock, Secretary

Steven P. Furr, MD, Chair *pro tempore*

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES MEETING

September 17, 2010
10:30 a.m.

A meeting of the University of South Alabama Board of Trustees was duly convened by Mr. James A. Yance, Chair Pro Tempore, on Friday, September 17, 2010, at 10:32 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Trustees Scott Charlton, Steven Furr, Samuel Jones, Donald Langham, Bettye Maye, Christie Miree, Bryant Mixon, James Nix, John Peek, Ken Simon, Steven Stokes and James Yance.

Members Absent: Trustees Cecil Gardner, Arlene Mitchell, Joseph Morton, Bob Riley and Larry Striplin.

Administration and Others: President Gordon Moulton; Drs. Michael Boyd, Joseph Busta, Jim Connors, Joel Erdmann, Ron Franks, David Johnson, Tom Meyer, John Russell, Robert Shearer, John Smith and David Stearns; Messrs. Terry Albano, Ken Davis, Joe Gottfried, Stan Hammack, Ben Hannah, Abe Mitchell, Norman Pitman, Steven Stokes and Scott Weldon; and Mss. Kaila Mattson, Mary Gottfried, Stephanie Morris, Geri Moulton, Kim Proctor (SGA), Maxey Roberts and Kristi Johnson (USAF), Kathy Shearer, Angelia Stokes and Jean Tucker.

Press: Mss. Renee Busby (*Press-Register*) and Daniela Werner (*Vanguard*).

Upon the call to order, Chairman Yance called for adoption of the revised agenda ~~to include an Executive Session for a period up to 30 minutes to take place at the end of the meeting agenda concerning litigation.~~ On motion by Mr. Peek, seconded by Mr. Langham, the revised agenda was unanimously approved. Chairman Yance called for consideration of **ITEM 1**, the minutes of the June 10, 2010, meeting of the Board of Trustees and the June 9, 2010, meeting of the Committee of the Whole. On motion by Mayor Nix, seconded by Mr. Peek, the minutes were adopted unanimously.

Regarding **ITEM 2**, the President's Report, President Moulton introduced Dr. Tom Meyer, Vice Chair of the Faculty Senate and Mss. Maxey Roberts and Kristi Johnson representing the USA Foundation. President Moulton reported a record fall enrollment and noted that the credentials of the freshman class have improved from the previous fall semester. He said cancellations in student housing are helping alleviate wait-list needs. He added that a more detailed report would be presented later in the meeting.

President Moulton provided an update on the 2010-2011 football season, reporting the first win of the season over Pikeville (KY) on September 4. He talked about the next game on September 18 against Nicholls State and the Wiregrass Classic on September 25 in Dothan, during which the Jags would play Edward Waters College (FL). He called upon Dr. Erdmann, who introduced USA's Head Coach for Men's Golf Mr. Ben Hannan. Mr. Hannan briefly addressed the Board.

President Moulton updated the Board on the progress of construction projects including the Student Recreation Center, Shelby Hall (College of Engineering and School of Computer and Information Sciences), the Visual Arts' glass studio, campus portals, the new dining hall, and Moulton Tower and Alumni Plaza, which would be dedicated on October 8. He talked about the possibility of trying a Thursday/Friday format for regular, quarterly Board meetings and welcomed feedback from Trustees.

Chairman Yance called for a report of health affairs items. Dr. Furr, Chair of the Health Affairs Committee, recommended approval of **ITEM 3** as follows. On motion by Dr. Charlton, seconded by Mayor Nix, the resolution was approved unanimously:

RESOLUTION
USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS
FOR MAY, JUNE, JULY AND AUGUST 2010

WHEREAS, the Medical Staff appointments and reappointments for May, June, July and August 2010 for the University of South Alabama Hospitals are recommended for 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 introduced **ITEM 4** as follows (refer to **APPENDIX A** for copies of policies and other authorized documentation). Ms. Tucker explained that the amendments outlined would effect the integration of the newly formed *USA Healthcare Management, LLC*, within the USA Health Services Foundation. On motion by Dr. Charlton, seconded by Mayor Nix, the resolution was approved unanimously:

RESOLUTION
SECOND ADDENDUM TO THE AFFILIATION AGREEMENT BETWEEN THE UNIVERSITY OF SOUTH ALABAMA
AND THE UNIVERSITY OF SOUTH ALABAMA HEALTH SERVICES FOUNDATION

WHEREAS, the University of South Alabama ("University") and the University of South Alabama Health Services Foundation ("USAHSF") previously entered into that certain Affiliation Agreement Between the University of South Alabama and the University of South Alabama Health Services Foundation, dated October 1, 1976 ("Original Affiliation Agreement"), which was subsequently amended January 2, 2004 ("First Amended Affiliation Agreement") (together, the "Amended Affiliation Agreement"), and

WHEREAS, on June 10, 2010, the Board of Trustees of the University determined it in the best interest of the University, in furtherance of the purposes for which it was created, for USA HealthCare Management, LLC ("HCM") to be created for the purpose of managing and operating, on behalf of and as agent for the University, substantially all of the health care enterprises of the University, and which is intended to operate as an integral part of the University, and

WHEREAS, the University, USAHSF, and HCM desire to amend the Amended Affiliation Agreement to provide for the changes in connection therewith and the operation of the HCM as an integral part of the University and a component of the University of South Alabama Academic Medical Center,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby approves the Second Addendum to Affiliation Agreement as set forth and attached hereto.

Mr. Hammack presented **ITEM 5**, a report on the activities of the Division of Health Sciences and the USA Health System. He discussed the Certificate of Need (CON) process the University is subject to for state approval of the planned expansion of Children's and Women's Hospital, as well as the bid process for construction. The project would add 200,000 square feet to the existing facility. Mr. Hammack thanked the USA Foundation Board for its cooperation with the USA Board of Trustees to make the project a reality in difficult economic times. President Moulton noted that two of the 8 bids received were from local firms. Mr. Hammack stated the CON Board provided positive feedback on the cost efficiency of USA's project as compared to UAB's CON request.

Dr. Boyd presented **ITEM 6**, a report on the USA Mitchell Cancer Institute (MCI). He gave background about the *Dr. Phillip Rubin Chair of Oncology* professorship, which centers on early career development of young faculty. He called upon Dr. John Russell, Chief of Radiation Oncology Services, to introduce recent faculty recruits Drs. Roger Ove and Suzanne Russo, Professors in Radiation Oncology Services. Drs. Ove and Russo thanked the Board for the opportunity to serve at MCI and nurture its academic mission. They recognized the efforts of Dr. Phil Rubin for making these opportunities possible.

Chairman Yance 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. As slides were viewed by the Board, Dr. Johnson shared fall enrollment statistics, including a record 15,007 students registered, 2,819 graduate students, 3,774 new students, and a record 2,800 students living on campus. He stated that USA freshman ACT scores increased to an average of 22.1, exceeding the state and national averages. Dr. Smith reported that the demand for student housing is beyond what the University can currently accommodate. He said that the new residence hall is predicted to be open for the 2011 fall semester.

Dr. Johnson introduced chemistry major Miss Kaila Mattson, a senior who, in 2007, represented Wisconsin in the America's Junior Miss program. In the spring, Miss Mattson was awarded the prestigious Barry M. Goldwater Scholarship. Miss Mattson discussed her decision for coming to the University of South Alabama and the opportunities availed to her through USA programs and the Goldwater scholarship, including a 10-week study-abroad program in Germany. She gave credit to her Chemistry advisor for unrivaled guidance. Miss Mattson participates in the USA Honors Program as well.

Drs. Johnson and Franks discussed developments relative to the Gulf oil spill and outlined the University's involvement in recovery efforts via grant awards to fund environmental, economic, and psychological impact studies, as well as training seminars for volunteers to help victims of the oil spill. Among the grants received was \$5 million from BP for USA's Dauphin Island Sea Lab. Also discussed was funding received by the five Gulf states affected by the spill.

Ms. Miree called upon Dr. Smith to address **ITEM 8**, a report of student affairs activities. Dr. Smith reported that 1,900 students, faculty, and staff have enrolled in USA's dining plan. He commended the dining staff for coordination efforts and said that customer satisfaction is

positive. He reported the resignation of USA Police Chief Normand Gamache, noting that his wife Dr. Lois Wims, former Associate Dean of the College of Arts and Sciences, had taken a position in New York. He said a search is under way to fill the position of Police Chief.

Chairman Yance called for consideration of budget, finance and audit items. On behalf of Mayor Nix, Chair of the Budget and Finance Committee and the Audit Committee, Mr. Scott Weldon discussed **ITEM 9** reports titled *Monthly Fund Financial Reports for April, May, and June 2010*; *Quarterly GASB Financial Statement for the Nine Months Ended June 2010*; and *Summary Comparison of Fund Financial Reports to GASB Financial Statements, June 30, 2010 and 2009*. There was no discussion.

Ms. Tucker addressed **ITEMS 10 and 11**, which follow respectively. On motion by Mr. Peek, seconded by Ms. Maye, **ITEM 10** was approved unanimously. On motion by Mr. Peek, seconded by Mr. Langham, **ITEM 11** was approved unanimously.

RESOLUTION

EXECUTION OF NOTICE OF FEDERAL INTEREST IN A USA SPECIALIZED LABORATORY

WHEREAS, the University of South Alabama has been awarded a federal grant from the National Center for Research Resources of the National Institutes of Health to partially fund the construction of a Specialized Laboratory, and

WHEREAS, applicable regulations require use of the building be restricted for a period of up to 20 years to those purposes documented in the application approved by the agency that promulgated the subject award unless subsequent preapproval of alternative uses is granted by the federal government, and

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

WHEREAS, the University of South Alabama intends to construct and operate the Specialized Laboratory as proposed under the approved grant award to sustain and support existing, well-regarded research programs and to provide space for an expanding program focused on select agent pathogens that pose significant threats to human health and security,

THEREFORE, IT RESOLVED, that the Board of Trustees authorizes the University President to execute, file, and record such documents as necessary to affirm the federal interests in the Specialized Laboratory as required under applicable federal regulations.

RESOLUTION

EXECUTION OF NOTICE OF FEDERAL INTEREST IN OFFICE AND LABORATORY SPACE ON THE SECOND AND THIRD FLOORS OF THE MEDICAL SCIENCES BUILDING

WHEREAS, the University of South Alabama has been awarded a federal grant from the National Institutes of Health to partially fund interior completion of office and laboratory space located on the second and third floor of the Medical Sciences Building, and

WHEREAS, applicable regulations require use of the specific space be restricted for a period of up to 20 years to those purposes documented in the application approved by the agency that promulgated the subject award unless subsequent preapproval of alternative uses is granted by the federal government, and

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

WHEREAS, the University of South Alabama has completed the office and laboratory under the terms of the award,

THEREFORE, BE IT RESOLVED, that the Board of Trustees hereby ratifies and affirms the execution, filing, and recording by the President of the University of such documents as necessary to affirm the federal interests in specific office and laboratory space on the second and third floors of the Medical Sciences Building, as required under applicable federal regulations.

Concerning **ITEM 12** as follows, it was noted that a thorough discussion had taken place at the Committee of the Whole meeting on September 16. On motion by Mayor Nix, seconded by Dr. Stokes, the resolution was approved unanimously.

**RESOLUTION
SALE OF MEDICAL RESEARCH BUILDING AND GROUND LEASE TO ALABAMA DEPARTMENT
OF FORENSIC SCIENCES**

WHEREAS, the Alabama Department of Forensic Sciences ("ADFS") has occupied space at the University of South Alabama Medical Center ("USAMC") since 1983 and wishes to expand its operations at the USAMC campus, having obtained external funding for purposes of expansion, and

WHEREAS, the Medical Research Building ("Building") on the campus of the USAMC has been identified by ADFS as an appropriate space for its expansion, and ADFS has determined that the best use of the external funds would be to purchase the Building and lease the real property on which it is built on a long term basis for a nominal cost, and

WHEREAS, an appraisal was obtained which indicated that the value of the Building is Four Hundred Eighty-Eight Thousand Dollars (\$488,000), and the parties have agreed upon that figure as the sale price, and

WHEREAS, pursuant to the University's Land Sale/Lease Policy and Procedure, the attached Agreement for Purchase and Sale and the attached Lease Agreement have been negotiated by USA and ADFS and set forth the terms of the purchase and sale of Building and the terms of the ground lease to which the Board of Trustees of the University agrees, and

WHEREAS, the Board of Trustees has determined that the sale of the Building and ground lease under the negotiated terms and conditions would be in the best interests of the University,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama approves and authorizes the sale of the Building and lease of the real property by the President of the University pursuant to the terms and conditions set forth in the Purchase and Sale Agreement and Lease Agreement attached hereto.

President Moulton presented **ITEM 12.A** as follows. On motion by Mr. Langham, seconded by Mayor Nix, the resolution was approved unanimously.

**RESOLUTION
ARCHITECT FOR STUDENT CENTER RENOVATION**

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 renovation, and

WHEREAS, other adjacent renovations and improvements will be completed in 2011, and

WHEREAS, the summer of 2011 is the best time to begin renovations, and

WHEREAS, Harvey Gandler, Architect, has a history of successfully designing similar projects on campus,

THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the President to approve awarding the design contract for the Student Center renovation to Harvey Gandler if his fee proposal, design plan and staffing plan are judged by the President to be satisfactory.

Mayor Nix called for consideration of **ITEM 13** as follows. President Moulton stated that negotiations with the USA Foundation (USAF) about the acquisition of USA Brookley Center have been favorable. He said proceeds from the transaction will enable the University to move forward with the expansion of USA Children's and Women's Hospital. He conveyed appreciation to Ms. Maxey Roberts, USAF Managing Director and Board member, as well as all USAF Directors, for helping the University achieve this important goal. On motion by Mr. Langham, seconded by Dr. Furr, the resolution was approved unanimously.

RESOLUTION SALE OF USA BROOKLEY CENTER CAMPUS

WHEREAS, the University of South Alabama ("University") owns land and buildings known as the USA Brookley Center Campus (approximately 327.11 acres), and

WHEREAS, the subject property currently houses a golf course, conference facilities, office facilities and housing, all of which are being utilized by the University in furtherance of its mission, and

WHEREAS, given the current fiscal constraints imposed on the University by the economy of the state and the country, the Board of Trustees of the University believed it to be in the best interest of the Institution to explore the possibility of a sale of this property, with a lease of the property back to the University at a nominal fee for its continued use, and other such conditions as would benefit the University, and

WHEREAS, the Board of Trustees of the University of South Alabama authorized the President of the University to proceed with exploring the possibility of sale of the land and buildings which make up the area known as USA Brookley Center Campus, pursuant to the laws of the State of Alabama, and report to the Board for approval as provided in the "Policy and Procedure by which the University of South Alabama Would Sell or Lease Real Property or Interest Owned by the University of South Alabama," and

WHEREAS, the sale of the land and buildings was bid pursuant to the above-referenced Policy and Procedure with the sole bid response being from the University of South Alabama Foundation (the "Foundation") which offered to purchase the land and buildings for Twenty Million Dollars (\$20,000,000), and

WHEREAS, the attached Purchase and Sale Agreement was negotiated by USA and the Foundation and sets forth the terms of said purchase and sale to which the Board of Trustees of the University agrees,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama approves and authorizes the President of the University to proceed with the sale of the land and buildings which make up the area known as USA Brookley Center Campus pursuant to the terms and conditions set forth in the Purchase and Sale Agreement attached hereto.

President Moulton introduced Ms. Roberts for a report on the timber industry and investments by the USA Foundation. On behalf of the USA Foundation Board of Directors, Ms. Roberts expressed enthusiasm about the Foundation's most recent investment in acquiring the Brookley property. As Trustees viewed photos and informational slides, Ms. Roberts discussed the planting, growth, and harvest of timber, and provided data on the returns of timber investments compared with S & P and equity investment returns. In summary, she submitted that timber maintains its value and provides constant cash flow, and responded to questions.

President Moulton noted that **ITEM 14**, the KPMG audit report, had been presented in detail during the Committee of the Whole meeting.

Mr. Ken Davis presented **ITEM 15**, a report on an independent audit of the USA Foundation Consolidated Financial Statements and the Disproportionate Share Hospital (DSH) Funds Combined Financial Statements, June 2010 and 2009. He indicated the results of both audits were the same as reported the previous year. There was no discussion.

Chairman Yance called for consideration of endowment and investment items. Mr. Albano addressed **ITEM 16**, a report of the performance presentations made by investment managers during the September 16 Committee of the Whole meeting. He noted that, for the 2010 fiscal year, the endowment outperformed its relative index by 2.18 percent. The return through August 2010 was 3.49 percent vs. a relative index of 1.31 percent. Mr. Albano introduced Mr. Norman Pitman for an update on the University's international and small-cap investments. Mr. Albano discussed performance results since inception, noting an outperformance of .53 percent with a return of 2.53 percent vs 2.00 percent.

Mr. Albano presented **ITEM 17** as follows, noting that annual assessment of the University's endowment and non-endowment investment policies by the Board of Trustees is required by the Southern Association of Colleges and Schools (SACS), USA's primary accrediting agency. He reminded the Trustees that policy revisions were adopted in 2009, and stated no recommendations for change are proposed for the present time. On motion by Ms. Maye, seconded by Dr. Charlton, the resolution was approved unanimously.

RESOLUTION

EVALUATION OF THE UNIVERSITY'S ENDOWMENT AND NON-ENDOWMENT INVESTMENT POLICIES

WHEREAS, the Southern Association of Colleges and Schools (SACS) requires that investment policies must be evaluated regularly, and

WHEREAS, the Board of Trustees has previously approved the University's endowment funds policies and guidelines and the University's non-endowment cash pool investment policy,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby acknowledges the current year annual evaluation of both policies by the Endowment and Investments Committee.

President Moulton welcomed Mr. Joe Gottfried, retired Athletics Director; wife, Mary; and daughter, Susan and commented on Mr. Gottfried's long history at the University of South Alabama. He read **ITEM 17.A** as follows and, on motion by Mr. Langham, seconded by Mayor Nix, the resolution was approved unanimously. Mr. Gottfried thanked the Board and President Moulton for the recognition given him and for their enthusiastic support of USA Athletics through the years.

**RESOLUTION
NAMING OF JOSEPH E. GOTTFRIED DRIVE**

WHEREAS, the University of South Alabama seeks to recognize persons who have contributed to its growth and development, and

WHEREAS, the naming of facilities and campus streets offers opportunities to honor and memorialize such individuals for their significant roles in the history of the University, and

WHEREAS, Mr. Joseph E. Gottfried joined the University of South Alabama as assistant athletics director in 1981 and assumed the leadership role of athletics director in 1984, serving USA for a total of 28 years before retiring,

THEREFORE, BE IT RESOLVED, in recognition of Mr. Joseph E. Gottfried's dedication to the University of South Alabama, the Board of Trustees authorizes the President to name the new street leading from Jack Brunson Drive to the Football Field House as *Joseph E. Gottfried Drive*.

President Moulton called upon Dr. Robert Shearer, retired Executive Assistant to the President, and wife, Kathy, to join him for presentation of **ITEM 17.B** as follows. On motion by Mr. Langham, seconded by Ms. Miree, the resolution was approved unanimously. Dr. Shearer shared appreciation for a rewarding career at the University of South Alabama and for friendships with administrative and faculty colleagues and Board members.

**RESOLUTION
COMMENDATION OF DR. ROBERT A. SHEARER**

WHEREAS, the University of South Alabama seeks to honor exceptional administrators and faculty who have devoted a substantial part of their careers to serving and teaching others, and who have distinguished themselves throughout their professional careers, and

WHEREAS, Dr. Robert A. Shearer joined the USA faculty in 1986 as a Professor of Management in the Mitchell College of Business, and

WHEREAS, Dr. Shearer, as a tenured business law professor, was one of the outstanding teachers in the Mitchell College of Business, and

WHEREAS, Dr. Shearer established a continuing record of scholarly publications and was a nationally recognized consultant in the areas of conflict resolution and partnering, and

WHEREAS, Dr. Shearer also served as Executive Assistant to the President from 1998 until his retirement in July 2010, and

WHEREAS, Dr. Shearer served with professionalism in his teaching and administrative duties, working equally well with administrators, faculty and students, and

WHEREAS, during his tenure at the University, he chaired and served on numerous committees and provided unique insight, guidance, and direction in the growth and success of the University, and

WHEREAS, Dr. Shearer offered his time selflessly to the University in support of its academics, arts, and athletics, and successfully employed his partnering/facilitating skills for many projects pursued by the University, and

WHEREAS, Dr. Shearer has been a valued advisor, mentor, and friend to untold numbers of students and colleagues at USA, as well as a constant source of unwavering support and irrepressible humor,

THEREFORE, BE IT RESOLVED, that the Board of Trustees expresses its appreciation to Dr. Robert A. Shearer for his many contributions to the University of South Alabama and offers its best wishes upon his retirement from the Institution and in his current and future endeavors.

President Moulton presented **ITEM 18** as follows, noting the many contributions of Dr. Steven Stokes, the most recent being his service as Chair Pro Tempore of the Board of Trustees for a three-year term ending June 2010. President Moulton recognized Dr. Stokes, family Mrs. Angelia Stokes and son, Steven, asking them to join Dr. Stokes for the reading of the resolution. On motion by Ms. Maye, seconded by Dr. Charlton, the Board cast unanimous approval of naming Dr. Stokes *Chair Pro Tempore Emeritus*. President Moulton enlisted Steven's assistance in unveiling a portrait of Dr. Stokes. Dr. Stokes addressed fellow Trustees and guests, crediting local artist Ms. Stephanie Morris for her talents, and sharing heartfelt gratitude for the opportunity to serve his alma mater and for bestowing upon him this distinguished honor.

RESOLUTION

COMMENDATION OF TRUSTEE STEVEN H. STOKES, M.D., AS *CHAIR PRO TEMPORE EMERITUS*

WHEREAS, Dr. Steven H. Stokes has served faithfully as a member of the Board of Trustees of the University of South Alabama since his appointment in 1993, and

WHEREAS, Dr. Stokes served as Chair Pro Tempore of the Board of Trustees from June 2007 through June 2010, and

WHEREAS, Dr. Stokes previously served the Board as Vice Chair from 2004 through 2007, and

WHEREAS, Dr. Stokes also served as a member of the USA Foundation Board of Directors and the USA Research and Technology Corporation Board of Directors, and

WHEREAS, Dr. Stokes, during his tenure as a member of the Board, among other responsibilities, has served as a member of the Health Affairs, Endowment and Investments, Long-Range Planning, and Executive committees, and

WHEREAS, Dr. Stokes' dynamic and insightful leadership, especially in the medical field, was critical to the development and progress of major University initiatives, including the USA Mitchell Cancer Institute, the USA Children's & Women's Hospital expansion project, Campaign USA, the Jaguar football and marching band programs, and many others, and

WHEREAS, Dr. Stokes' generous support of the University of South Alabama, the Angelia and Steven H. Stokes Endowed Scholarship in Creative Writing, the USA Mitchell Cancer Institute, the Dr. Robert A. Kreisberg Gifted Medical Scholars Endowment, and the USA College of Medicine, brings his total giving to the University, including matching funds, to more than \$2.4 million, and

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

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama expresses its sincere appreciation to Dr. Steven H. Stokes for his many contributions and invaluable service to the Board, to the entire University community, and to the people of the state of Alabama, all of whom have benefitted from his wisdom, dedication, service and generosity, by conferring upon him the honorary title of *Chair Pro Tempore Emeritus* of the University of South Alabama Board of Trustees.

Chairman Yance called for a motion to convene an Executive Session for the purpose of discussing pending or imminent litigation with the University Attorney, as stated in the affidavit signed by the University Attorney to be attached to the meeting minutes, copies of which were distributed to Board members during the meeting. On motion by Mr. Peek, seconded by Dr. Charlton, the Board unanimously agreed to convene an Executive Session.

Upon the conclusion of the Executive Session, the meeting was reconvened and, there being no further business, adjourned at 12:02 p.m.

Attest to:

Respectfully Submitted:

James H. Shumock, Secretary

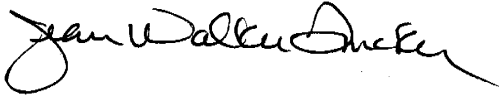
Steven P. Furr, M.D., Chair *pro tempore*

Executive Session

University of South Alabama Board of Trustees meeting September 17, 2010

The purpose of the executive session for the above-referenced meeting is to discuss with Jean Tucker, Senior University Attorney, pending or imminent litigation.

This declaration is submitted pursuant to the requirements of the Alabama Open Meetings Act by Jean Walker Tucker, ASB number 9400K72J.

A handwritten signature in black ink, appearing to read "Jean Walker Tucker". The signature is fluid and cursive, with the first name "Jean" being the most prominent.

RESOLUTION
EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES

WHEREAS, the Bylaws of the University of South Alabama Board of Trustees provide for the appointment by the Chair *pro tempore* of an Executive Committee, subject to the approval of the Board, for terms concurrent with the term of the Chair *pro tempore*, who shall serve as Chair of the Executive Committee,

THEREFORE, BE IT RESOLVED, the Board approves the appointment of the following named Trustees to serve on the Executive Committee for terms concurrent with the term of the current Chair *pro tempore*:

Dr. Steven P. Furr
Hon. Kenneth O. Simon
Mr. James H. Shumock
Mr. E. Thomas Corcoran
Ms. Arlene Mitchell
Mr. John M. Peek
Mr. James A. Yance

RESOLUTION
UNIVERSITY OF SOUTH ALABAMA 2014-2017 STRATEGIC PLAN

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

WHEREAS, in 2008 the University of South Alabama adopted long-range institutional goals and objectives for the period 2008-2013, and

WHEREAS, the University of South Alabama is committed to ongoing, integrated, and institution-wide planning and evaluation processes that incorporate a systematic review of institutional mission, goals, and outcomes, resulting in continuing improvement in institutional quality, and that demonstrate that the institution is effectively accomplishing its mission, and

WHEREAS, as evidence of this commitment, the University mission, vision, goals and outcomes have been reviewed by the University Committee on Planning Assessment, and Finance, and

WHEREAS, after soliciting input from University stakeholders, the University Committee on Planning, Assessment, and Finance has proposed a revision to the University Strategic Plan to address future challenges and opportunities,

NOW, THEREFORE BE IT RESOLVED, the Board of Trustees adopts the attached planning report entitled *University of South Alabama 2014-2017 Strategic Plan*.

MAY 28, 2013

UNIVERSITY OF SOUTH ALABAMA



MEMORANDUM

May 28, 2013

FROM: Dr. G. David Johnson
Senior Vice President for Academic Affairs

TO: Dr. John Smith
Acting President

SUBJECT: 2014-2017 Strategic Plan

A handwritten signature in black ink, likely belonging to Dr. G. David Johnson.

On October 15, 2012, the University Committee on Planning, Assessment, and Finance (UCPAF) was charged with the development of a 2014-2017 Strategic Plan for your consideration and for recommendation to the Long Range Planning Committee (LRPC) of the Board of Trustees (BOT). This committee of community leaders, alumni, students, faculty, and administrators developed a draft plan, solicited feedback from our stakeholders, and modified the plan based on that feedback.

The attached 2014-2017 Strategic Plan was approved by the UCPAF in a vote of 19 for the plan and zero against the plan with 6 members not voting. As Chair of the UCPAF, I would ask that you consider endorsing the plan and submitting it to the LRPC of the BOT for their consideration.

A handwritten approval stamp in black ink. It is enclosed in an oval and contains the word 'APPROVED' at the top, a signature in the middle, and the date '8/5/13' at the bottom.

University of South Alabama 2014-17 Strategic Plan

May 22, 2013

Mission

The University of South Alabama, with a global reach and special focus on the Gulf Coast, strives to make a difference in the lives of those it serves through promoting discovery, health, and learning.

Core Values

The University of South Alabama affirms the following core values as essential to the accomplishment of its mission:

- Diversity and a Global Perspective
- Excellence
- Freedom in the Pursuit of Knowledge
- Integrity
- Transparency and Participation in Decision-Making

Vision

The University of South Alabama will be a leading comprehensive public university internationally recognized for educational, research, and health care excellence as well as for its positive intellectual, cultural, and economic impact on those it serves.

Key Long-term Strategic Objective

The following long term objective is important for the successful attainment of each of the University's goals:

To reach an enrollment of 20,000 students within ten years in a fiscally responsible manner while strengthening high academic standards.

Goals

1. Maintain and enhance an innovative and vibrant educational environment that supports teaching and promotes learning.
2. Advance the research, discovery, and creative activities of the University.
3. Enrich the quality of student life and the living/learning environment.
4. Deliver high-quality health care programs that enhance the health and well-being of the community.
5. Strengthen financial support of the University using strategies that recognize and address financial and market realities in higher education.
6. Expand and extend the cultural, public service, athletic, and economic development impacts of the University.

The Strategic Plan will be reviewed and, if indicated, modified on an annual basis. Upon approval of the plan and with input from stakeholders, metrics and criteria will be established for each objective and all units will set related outcomes and develop action strategies that connect to the plan.

Goal 1: Maintain and enhance an innovative and vibrant educational environment that supports teaching and promotes learning.

1. Improve academic success among undergraduate and graduate students and promote student engagement with learning.
2. Improve student learning outcomes.
3. Recruit a diverse body of students who are well prepared for college study.
4. Increase innovation, efficiency, and instructional resources for educational programs.
5. Provide a welcoming and supportive environment for all members of the University community.
6. Recruit, recognize, develop, and retain high quality faculty.
7. Develop and maintain high-quality online and blended courses and programs to accommodate wide-ranging learner needs and experiences.
8. Increase the incorporation of global perspectives into the educational environment.

Goal 2: Advance the research, discovery, and creative activities of the University.

1. Increase the opportunity and success for USA faculty, post-doctoral fellows, and students in seeking and carrying out transformative research, discovery, and creative activities.
2. Advance entrepreneurial activities that support the development of new technologies.
3. Increase the economic and societal impact of discovery produced by USA faculty, post-doctoral fellows, and students on the Gulf Coast region, nationally and internationally.

Goal 3: Enrich the quality of student life and the living/learning environment.

1. Increase student engagement in University activities by providing and promoting quality services and programs.
2. Provide a safe, supportive, inclusive, and civil environment for all students that fosters a sense of community within the University.
3. Support and retain a diverse community of learners to enhance campus life and create opportunities to develop students as ethical and responsible leaders who make positive impacts in the community.
4. Provide quality and accessible facilities to address the growing service and programmatic needs of the University.
5. Increase faculty and staff participation with student organizations and activities.
6. Increase connections between student and academic groups/activities/programs.

Goal 4: Deliver high-quality health care programs that enhance the health and well-being of the community.

1. Achieve exceptional patient quality outcomes for USA Hospitals, Clinics, and the Mitchell Cancer Institute in comparison to peer groups.
2. Achieve exceptional patient satisfaction in USA Hospitals, Clinics, and the Mitchell Cancer Institute.
3. Adapt to changes in reimbursement resulting from health care reform as evidenced by USA Hospitals, Clinics, and the Mitchell Cancer Institute being financially balanced.

Goal 5: Strengthen the financial standing of the University using strategies that recognize and address financial and market realities in higher education.

1. Reach the target level of student enrollment while balancing revenue generation with the resources necessary to strengthen academic quality.
2. Maximize efforts to secure increased State appropriation funding.
3. Increase extramural funding from grants and contracts.
4. Continue to expand and strengthen the University's fund-raising programs.
5. Collaborate with the USA Foundation to increase institutional support.
6. Be fiscally prudent and pursue opportunities for gains in efficiency.

Goal 6: Expand and extend the cultural, public service, athletic, and economic development impacts of the University.

1. Increase the number and variety of cultural programs and presentations.
2. Increase the scope and impact of USA public service programs.
3. Increase the number of attendees at University athletic and cultural events.
4. Provide the most accurate, objective, and reliable data, impact analysis, and projections in the University service area.
5. Develop strong partnerships with organizations directly involved in regional economic, civic, and cultural development.

RESOLUTION

**USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS
FOR JUNE AND JULY 2013**

WHEREAS, the Medical Staff appointments and reappointments for June and July 2013 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, the Board of Trustees of the University of South Alabama approves the appointments and reappointments as submitted.

AUG 12 2013

UNIVERSITY OF SOUTH ALABAMA



STANLEY K. HAMMACK
VICE PRESIDENT
HEALTH SYSTEM

UNIVERSITY OF SOUTH ALABAMA

TELEPHONE: (251) 471-7118
2451 FILLINGIM STREET, SUITE 2110
MOBILE, ALABAMA 36617-2293
FAX: (251) 471-7751

MEMORANDUM

TO: Dr. John W. Smith
President

FROM: Stan Hammack

DATE: August 7, 2013

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

Resolution – University of South Alabama Hospitals Medical Staff Appointments and Reappointments for June and July 2013

- Credentials Report –June and July 2013

SKH:eb

Attachments

APPROVED
Stan V. Smith
8/13/13

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEE APPROVAL
June and July 2013

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

NAME	USACWH		USAMC		AMBULATORY CARE	
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Alford, Chad M., MD	N/A	N/A	N/A	New Appt.	Courtesy	Internal Medicine
Alternatt, Christen M., MD	New Appt.	Active	OB/GYN	New Appt.	Active	OB/GYN
Anderson, Stephanie, MD	Reappt.	Active	Pediatrics	N/A	Active	Pediatrics
Andrews, Natasha H., CRNP	N/A	N/A	N/A	New Appt.	Allied	Internal Medicine
Ballard, Hailey H., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Baranano, Anne E., MD	New Appt.	Active	Surgery	N/A	N/A	N/A
Beals, Daniel A., MD	Reappt.	Active	Surgery	Reappt.	Active	Surgery
Bennett, Donna C., MD	New Appt.	Active	OB/GYN	New Appt.	Active	OB/GYN
Benson-Inge, Antrias, CMD	N/A	N/A	N/A	New Appt.	Allied	N/A
Bessette, Sabrina G., MD	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Bolton, Janice, RN	New Appt.	Allied	Internal Medicine	New Appt.	N/A	N/A
Bramhall, Maria, CRNP	New Appt.	Allied	Neurology	New Appt.	Allied	Neurology
Brooks, William B., III, MD	Reappt.	Active	Psychiatry	Reappt.	N/A	N/A
Brown, Rodney A., CRNP	Reappt.	Allied	Anesthesiology	Reappt.	N/A	N/A
Brown, Russell E., MD	Reappt.	Active	Surgery	Reappt.	N/A	N/A
Bullock, Lesli A., CRNP	Reappt.	Allied	Orthopaedics	Reappt.	N/A	N/A
Bullock-Woodall, Cassie, PA	Reappt.	Allied	Pediatrics	N/A	Allied	Pediatrics
Chapman, Zack, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	N/A	N/A
Chen, Mike, MD	New Appt.	Active	Surgery	New Appt.	Active	Surgery
Chilukuri, Madhu B., PhD	N/A	N/A	N/A	New Appt.	N/A	N/A
Coleman, Anna K., CRNA	New Appt.	Allied	Anesthesiology	New Appt.	N/A	N/A
Davidson, Deanna S., MD	N/A	N/A	N/A	New Appt.	Contract/Temp	N/A
Diaz, Judy, Neurophysio. Tech	New Appt.	Allied	Neurosurgery	New Appt.	Allied	N/A
Dixey, Laramie, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	N/A
Dobbins, Devin, RTT	N/A	N/A	N/A	New Appt.	Allied	N/A
Duet, Jimmie, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	N/A
Eyal, Fabien, MD	Reappt.	Active	Pediatrics	Reappt.	Courtesy	Active/Cou
Fontana, Andre J., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	N/A
Ford Johnson, Nina, MD	Reappt.	Courtesy	Pediatrics	N/A	N/A	N/A
Forster, Kenneth M., PhD	N/A	N/A	N/A	New Appt.	Allied	N/A
Frotan, Mohammad A., MD	Reappt.	Active	Surgery	Reappt.	Active	Surgery

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
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FOR BOARD OF TRUSTEE APPROVAL
 June and July 2013

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NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Gillis, Angela, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	N/A	N/A	N/A
Granberry, Michael L., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	N/A	N/A	N/A
Greenleaf, Stephen E., DMD	Reappt.	Allied	Surgery	N/A	N/A	N/A	N/A	N/A	N/A
Grimm, Jr., Leander M., MD	New Appt.	Active	Surgery	New Appt.	Active	Surgery	New Appt.	Active	Surgery
Gulati, Taruna, MD	Reappt.	Active	Anesthesiology	Reappt.	Active	Anesthesiology	N/A	N/A	N/A
Gupta, Shikha Khullar, MD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology
Gupta, Sunil, MD	Reappt.	Courtesy	Surgery	Reappt.	Courtesy	Surgery	N/A	N/A	N/A
Hardin, Marie, PCT	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	N/A	N/A	N/A
Hardy, Warren Dale, MD	N/A	N/A	N/A	New Appt.	Consulting	Internal Medicine	New Appt.	Consulting	Internal Medicine
Harper, Kristy, RTT	N/A	N/A	N/A	New Appt.	Allied	Radiology	N/A	N/A	N/A
Helfmer II, Robert S., Pharm D.	N/A	N/A	N/A	New Appt.	Allied	Internal Medicine	N/A	N/A	N/A
Hill, Gregory, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	N/A	N/A	N/A
Hinton, Claire B., PA	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery	N/A	N/A	N/A
Holliday, Nicolette, MD	New Appt.	Active	OB/GYN	New Appt.	Active	OB/GYN	New Appt.	Active	OB/GYN
Johannesmann, Daniel, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	N/A	N/A	N/A
Kaulfers, Anne-Marie D., MD	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics	Reappt.	Active	Pediatrics
Kennedy, Ryan O., MD	N/A	N/A	N/A	New Appt.	Contract/Temp	Emergency Med.	N/A	N/A	N/A
Kestler, Brianne E., PA	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery	N/A	N/A	N/A
Key, Christopher D., PA	New Appt.	Allied	Orthopaedics	New Appt.	Allied	Orthopaedics	N/A	N/A	N/A
Kidd, Jonathan, PCT	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	N/A	N/A	N/A
Kidd-Jackson, Robin, RTT	N/A	N/A	N/A	New Appt.	Allied	Radiology	N/A	N/A	N/A
Lammers, John E., MD	N/A	N/A	N/A	Reappt.	Active	Internal Medicine	N/A	N/A	N/A
Lane, Clayton, MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	N/A	N/A	N/A
Lewis, David F., Jr., MD	Reappt.	Active	OB/GYN	Reappt.	Active	OB/GYN	Reappt.	Active	OB/GYN
Lim, Lerma, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	N/A	N/A	N/A
Martin, Colin A., MD	New Appt.	Active	Surgery	New Appt.	Active	Surgery	New Appt.	Active	Surgery
McDade, Carey, MD	Reappt.	Courtesy	Pediatrics	N/A	N/A	N/A	N/A	N/A	N/A
McDonnell, Lynne A., MD	N/A	N/A	N/A	Reappt.	Active	Emergency Med.	N/A	N/A	N/A
McRae, Jonathan, Neuro Tech	New Appt.	Allied	Neurosurgery	New Appt.	Allied	Neurosurgery	N/A	N/A	N/A
Morgan, Robert, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	N/A	N/A	N/A
Mowry, Margaret H., MD	Reappt.	Active	Radiology	Reappt.	Active	Radiology	Reappt.	Active	Radiology
Murphy, Darrell A., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	N/A	N/A	N/A

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEE APPROVAL
June and July 2013

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NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Muscat, David D., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	N/A	N/A	N/A
Naylor, Rick J., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	N/A	N/A	N/A
Paragone, Christine M., PA	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery	N/A	N/A	N/A
Patton, William C., MD	Reappt.	Courtesy	Orthopaedics	Reappt.	Courtesy	Orthopaedics	N/A	N/A	N/A
Peevy, Keith J., MD	Reappt.	Active	Pediatrics	Reappt.	Courtesy	Pediatrics	Reappt.	Active/Cou	Pediatrics
Petty, Tiffany, MD	New Appt.	Active	Pediatrics	N/A	N/A	N/A	New Appt.	Active	Pediatrics
Portier, James, CRNA	N/A	N/A	N/A	Reappt.	Allied	Anesthesiology	N/A	N/A	N/A
Qureshi, Ghazanfar H., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Richard-Hughes, Sharon, CRNP	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery	Reappt.	Allied	Surgery
Rider, Paul F., MD	Reappt.	Active	Surgery	Reappt.	Active	Surgery	Reappt.	Active	Surgery
Rogers, IV, Charles M., MD	Reappt.	Courtesy	OB/GYN	N/A	N/A	N/A	N/A	N/A	N/A
Rogers, David A., MD	New Appt.	Active	Surgery	New Appt.	Active	Surgery	New Appt.	Active	Surgery
Rogers, Helen H., MD	Reappt.	Courtesy	OB/GYN	N/A	N/A	N/A	N/A	N/A	N/A
Royals, James M., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	N/A	N/A	N/A
Sanchez Villanueva, Omar, MD	New Appt.	Active	Pediatrics	N/A	N/A	N/A	New Appt.	Active	Pediatrics
Schilthuis, Alana, MD	New Appt.	Consulting	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active/Cou	Internal Medicine
Schultz, John C., MD	Reappt.	Courtesy	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active/Cou	Internal Medicine
Seaman, Rachel T., MD	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine	New Appt.	Active	Internal Medicine
Simpson, James K., MD	Reappt.	Courtesy	Internal Medicine	Reappt.	Courtesy	Internal Medicine	N/A	N/A	N/A
Smith, Susannah M., CRNP	N/A	N/A	N/A	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine
Spriggs, Daniel, MD	New Appt.	Refer/Foll	Family Medicine	New Appt.	Refer/Follow	Family Medicine	New Appt.	Refer/Follo	Family Medicine
Sternberg, Michael L., MD	Reappt.	Active	Emergency Med.	Reappt.	Active	Emergency Med.	N/A	N/A	N/A
Stewart, Regina, CRNP	Reappt.	Allied	Surgery	N/A	N/A	N/A	Reappt.	Allied	Surgery
Tacchi, Ernest, CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	N/A	N/A	N/A
Taite, Amelia K., RN	New Appt.	Allied	Pediatrics	N/A	N/A	N/A	N/A	N/A	N/A
Tan, Marcus C., MD	New Appt.	Active	Surgery	New Appt.	Active	Surgery	New Appt.	Active	Surgery
Thompson, Kimberly A., CRNP	Reappt.	Allied	Surgery	N/A	N/A	N/A	Reappt.	Allied	Surgery
Treadway, Sarah T., Pharm D	N/A	N/A	N/A	New Appt.	Allied	Family Medicine	N/A	N/A	N/A
Tubbs, Candian, PCT	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	N/A	N/A	N/A
Tullis, Jennifer T. CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	N/A	N/A	N/A

**UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEE APPROVAL
June and July 2013**

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

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Vial, Sheila F., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	N/A	N/A	N/A
Ward, Brian H., PhD	N/A	N/A	N/A	New Appt.	Allied	Radiology	N/A	N/A	N/A
Warner, Barry A., DO	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine	Reappt.	Active	Internal Medicine
Weaver, Katrina, MD	N/A	N/A	N/A	New Appt.	Contract/Temp	Emergency Med.	N/A	N/A	N/A
Weekley, Robert G., CRNA	Reappt.	Allied	Anesthesiology	Reappt.	Allied	Anesthesiology	N/A	N/A	N/A
Wesson, Melissa A., RN	New Appt.	Allied	Internal Medicine	New Appt.	Allied	Internal Medicine	N/A	N/A	N/A
Whitehurst, Richard M., MD	Reappt.	Active	Pediatrics	Reappt.	Courtesy	Pediatrics	Reappt.	Active/Cou	Pediatrics
Williamson, Amelia, RN	Reappt.	Allied	Internal Medicine	Reappt.	Allied	Internal Medicine	N/A	N/A	N/A
Xing, Zhiqing, MD	Reappt.	Active	Orthopaedics	Reappt.	Active	Orthopaedics	Reappt.	Active	Orthopaedics

<u>Change Request</u>									
Hardy, Warren D., MD	N/A	N/A	N/A	Added Priv.	Courtesy	Internal Medicine	Added Priv.	Courtesy	Internal Medicine
Richerson, Jason M., MD	N/A	N/A	N/A	Added Priv.	Active	Emergency Med.	N/A	N/A	N/A
Rider, Paul F., MD	Added Priv.	Active	Surgery	Added Priv.	Active	Surgery	Added Priv.	Active	Surgery
Rodriguez, Reynaldo, DO	N/A	N/A	N/A	Added Priv.	Active	Internal Medicine	Added Priv.	Active	Internal Medicine

Retired Resigned

Name	Reason	Date	Dept.	Reason	Date	Dept.
Barrett, Barry, MD	Resigned	7/15/2013	Family Medicine	Resigned	7/15/2013	Family Medicine
Benke, Sallie M., MD	Resigned	6/30/2013	Internal Medicine	Resigned	6/30/2013	Internal Medicine
Correro, Phillip, CNIM	Resigned	6/7/2013	Neurosurgery	Resigned	6/7/2013	Neurosurgery
De Melo, Silvio W., Jr., MD	Resigned	6/30/2013	Internal Medicine	Resigned	6/30/2013	Internal Medicine
Dempsey, Thomas R., MD	Resigned	5/15/2013	Orthopaedics	Resigned	5/15/2013	Orthopaedics
Elliott, Kimberly A., MD	Resigned	5/15/2013	Surgery	N/A	N/A	N/A
Ferrell, Laurelee, P.A.	Resigned	4/30/2013	Surgery	Resigned	4/30/2013	Surgery
Fillingim, Elizabeth, RN	Resigned	1/12/2013	Pediatrics	N/A	N/A	N/A
Ford Johnson, Nina, MD	Resigned	6/10/2013	Pediatrics	N/A	N/A	N/A

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEE APPROVAL
June and July 2013

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

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser	Type/Stat	Category	Dept/Ser
Henderson, Phillip K., MD	Resigned	6/30/2013	Internal Medicine	Resigned	6/30/2013	Internal Medicine			
Kohaut, Edward C., MD	Resigned	5/31/2013	Pediatrics	N/A	N/A	N/A			
Long, Frank, MD	Resigned	5/13/2013	OB/GYN	N/A	N/A	N/A			
McRae, Jonathan, Neuro Tech	Resigned	5/1/2013	Neurosurgery	Resigned	5/1/2013	Neurosurgery			
Miller, Pamela, NPSYT	Resigned	4/24/2013	Neurology	Resigned	4/24/2013	Neurology			
Montgomery, Thomas, MD	Resigned	5/31/2013	Internal Medicine	Resigned	5/31/2013	Internal Medicine			
Owens, Sheri A., MD	Resigned	7/1/2013	OB/GYN	Resigned	7/1/2013	OB/GYN			
Pacetti, Tracy, CRNA	Resigned	4/15/2013	Anesthesiology	Resigned	4/15/2013	Anesthesiology			
Riddick, Leroy, MD	N/A	N/A	N/A	Retired	6/30/2013	Forensics			
Saliba, Jabbar S., MD	N/A	N/A	N/A	Resigned	6/30/2013	Emergency Med.			
Schroeder, Melissa G., MD	N/A	N/A	N/A	Resigned	5/31/2013	Internal Medicine			
Shuayto, Marwan I., MD	N/A	N/A	N/A	Resigned	6/25/2013	Neurology			
Weis, Francis Robert, MD	Resigned	6/4/2013	Anesthesiology	Resigned	6/4/2013	Anesthesiology			

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEES APPROVAL

June and July 2013

LEGEND:

New Appt. Reappt.	New application for medical/allied staff privileges recommended for approval. Reappointment application for medical/ allied staff privileges recommended for approval.
No Privs. Change in Status	No privileges requested Added privileges Change Department
Retired Resigned	Locums Contract Expiration, Moved, Retired, and Resigned

RECOMMENDED BY:



Ehab A. Molokhia, M.D., Chair of Medical Executive Committee or Chair Elect
USA Children's & Women's Hospital



Anthony M. Martin, M.D., Chair of Medical Executive Committee or Chair Elect
USA Medical Center



Stanley K. Hammack
Vice President, USA Health Systems

RESOLUTION
PROMOTION

WHEREAS, in accordance with University policy, a faculty application for promotion has been reviewed by the respective faculty peers, Departmental Chair, College Dean, and by the Vice President for Health Sciences, and the President,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves and grants promotion to the individual named below to be retroactively effective August 15, 2013.

COLLEGE OF MEDICINE:

Promotion to Senior Librarian:
Clista L. Clanton

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF THE VICE PRESIDENT
FOR HEALTH SCIENCES



TELEPHONE: (251) 460-7189
5795 USA DRIVE, N., CSAB ROOM 170
MOBILE, ALABAMA 36688-0002
FAX: (251) 460-6369

TO: Dr. John W. Smith
Acting President, University of South Alabama

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

Date: July 15, 2013

SUBJECT: Health Sciences Division Faculty Promotion and Tenure
Recommendations, 2013

Below are my recommendations for the Health Sciences Division faculty promotion and tenure for 2013. These recommendations are being forwarded to you for your approval and for approval by the Board of Trustees. Due to an oversight this promotion request was forwarded to my office after the deadline. I appreciate your assistance.

RECOMMENDED:

COLLEGE OF MEDICINE:

Promotion to Senior Librarian:
Clista Clanton

APPROVE
7/31/13

APPROVE
7/17/13

RESOLUTION
PROFESSOR EMERITUS

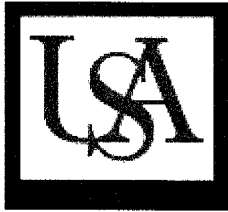
WHEREAS, Arnold Luterman, Ripps-Meisler Professor of Surgery, has retired from the University of South Alabama, and

WHEREAS, the Dean of the College of Medicine, and the Vice President for Health Sciences recommend him for the rank of Emeritus Professor,

NOW THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby appoints the aforementioned individual to the rank of Emeritus Professor with the rights and privileges thereunto appertaining, and

BE IT FURTHER RESOLVED, the Board of Trustees of the University of South Alabama in recognition of his noteworthy accomplishments and dedicated service to the University of South Alabama wishes to convey its deep appreciation to this individual.

AUG 14 2013



MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

UNIVERSITY OF SOUTH ALABAMA

HEALTH SCIENCES DIVISION

TO: Dr. John W. Smith
Acting President

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

DATE: August 14, 2013

SUBJECT: *Professor Emeritus* Recommendation

In accordance with the recommendation of the faculty, Chair of Surgery, and Dean Strada, I recommend that Dr. Arnold Luterman, Ripps-Meisler Professor of Surgery, be granted *professor emeritus* status upon your approval and that of the Board of Trustees.

RDF/cwc

APPROVED
John W. Smith
8/14/13

UNIVERSITY OF SOUTH ALABAMA

DEAN
COLLEGE OF MEDICINE



TELEPHONE: (251) 460-6041
MSB 2015 • 5851 USA DRIVE N.
MOBILE, ALABAMA 36688-0002
FAX: (251) 460-6073

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

FROM: Samuel J. Strada, Ph.D.
Dean, College of Medicine

DATE: August 9, 2013

RE: Appointment of Emeritus Professors

I wish to request Emeritus Faculty Status for a long-standing faculty member in the College of Medicine. His name, current rank, original appointment date, and designated retirement date is as follows:

Arnold Luterman, MD FACS FRCS, Ripps-Meisler Professor of Surgery
Appointed 01/01/1981 and Retiring 09/01/2013

Dr. Luterman has had an outstanding record of accomplishment in Surgery and is currently considered by his peers as an international physician leader in his field.

His intent after retiring is to remain active in research and still contribute to teaching activities in the Department of Surgery at the University of South Alabama College of Medicine.

Xc: William Richards, MD
Chair/Surgery

RESOLUTION
AGREEMENT BETWEEN
THE UNIVERSITY OF SOUTH ALABAMA
AND THE UNIVERSITY OF ALABAMA AT BIRMINGHAM (UAB)

WHEREAS, with the approval of the USA Board of Trustees, the University of South Alabama Mitchell Cancer Institute entered into a Declaration of Intent with the University of Alabama at Birmingham Comprehensive Cancer Center (UAB) to investigate the feasibility of developing a Cancer Research Consortium Partnership as defined by the United States National Cancer Institute (NCI), and

WHEREAS, since that time, USA and UAB have moved forward with said investigation and wish to continue in exploring the option of entering into such consortium partnership, which would have tangible and intangible benefits of high value for both universities, and for the citizens of the State of Alabama and beyond, and

WHEREAS, the Board of Trustees of the University of South Alabama wishes to grant authority to the University President to continue in the discussions with UAB, with the ultimate goal that USA and UAB execute an agreement for a Cancer Consortium as soon as practicable,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama hereby authorizes the University President and/or his delegate(s) to continue discussions with UAB toward the end that an agreement for a Cancer Research Consortium Partnership (as defined by NCI) between the University of Alabama at Birmingham and the University of South Alabama be drafted and, with further consent of the USA Board of Trustees, executed and delivered as promptly as practicable.

RESOLUTION

**AUTHORITY TO ENGAGE IN DUE DILIGENCE REGARDING FUTURE OPTION
FOR THE USA HEALTH SERVICES FOUNDATION**

WHEREAS, the University of South Alabama Health Services Foundation (“HSF”) was established in 1976 for the purpose of developing “a pool of skilled professional, medical and scientific talent and resources in order to provide superior patient care within a group medical practice setting; and to further medical education and medical research, within the patient care facilities employed for educational and research programs of the University of South Alabama,” and

WHEREAS, the HSF has operated successfully in carrying out its mission as an important part of the University of South Alabama (“University”) Health System and academic medical center, along with the other components of the University Health System, i.e., the USA Medical Center, the USA Children’s and Women’s Hospital, the USA HealthCare Management, LLC, and the Mitchell Cancer Institute, and

WHEREAS, due to recent changes and the uncertainty of the future in the financing of healthcare, the Board of Directors of the HSF has authorized the commencement of extensive due diligence to consider changing its bylaws and articles of incorporation so that its board would be replaced by the Board of Trustees of the University, and

WHEREAS, the goal is for the University and the HSF to jointly conduct this due diligence and, if determined to be feasible, accommodate this change with the least amount of disruption to the business of the HSF and the University’s Health System units,

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees of the University hereby authorizes the President of the University to initiate the due diligence process together with the HSF to determine the feasibility of the Board of Trustees of the University of South Alabama becoming the Board of Directors of the HSF, resulting in the financial statements of the HSF being presented similarly to other components of the University Health System.



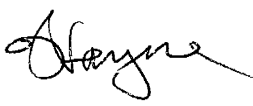
REC'D
OFFICE OF THE PRESIDENT

SEP 12 2013

UNIVERSITY OF SOUTH ALABAMA
Executive Assistant to the President
AD 130

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

TO: President John W. Smith
FROM: M. Wayne Davis 
SUBJECT: USA Health Services Foundation ("HSF") Governance
DATE: September 12, 2013

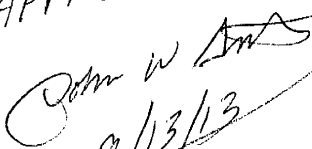
The HSF Board of Directors passed a resolution at its meeting on Wednesday, September 11, 2013, during which it approved the performance of extensive due diligence related to the governance of the HSF.

Currently, the HSF has 19 board members, with a majority being from outside the University of South Alabama ("University"). The purpose of this due diligence would be to investigate the ramifications of changing the bylaws and articles of incorporation of the HSF so that its current board would be replaced by the Board of Trustees of the University.

The HSF is a significant part of the University Health System and academic medical center and is currently presented separately in the University's financial statements at year end. The other components of the Health System, i.e., the USA Medical Center, the USA Children's and Women's Hospital, the USA HealthCare Management, LLC, and the Mitchell Cancer Institute, are included in the University's financial statements but are blended into the totals.

We recommend placing this item on the agenda for consideration of the Board of Trustees at its meeting on Friday, September 13, 2013. Approval will mean that the University and the HSF will jointly pursue the due diligence necessary to determine the feasibility of accommodating this change with the least disruption of the business of the University's Health System units and academic medical center enterprise. Should this be determined to be feasible and the change made, it will also mean that the financial statements of the HSF will be blended into the University's audited financial statements, just like those of the hospitals and other parts of the University Health System.

MWD/cbm

APPROVED

9/13/13
16

RESOLUTION

**AMENDMENT TO THE USA BULLETIN
ACADEMIC CREDIT FOR MILITARY EDUCATION, TRAINING, OR SERVICE**

WHEREAS, the legislature of the State of Alabama, in HB 338, mandated the following regarding academic credits based on military education, training, or service:

Each board of a state public educational institution, community college, or technical school shall adopt, by December 31, 2013, a policy requiring each institution under the board's supervision and management to award educational credits to a student, who is also a veteran, enrolled in the institution for courses that are part of the student's military training or service and that meet the standards of the American Council on Education or equivalent standards for awarding academic credit if the award of education credit is based upon the institution's admission standards and its role, scope, and mission. Each board shall adopt necessary rules, regulations, and procedures to implement the provisions of this section, effective beginning with the 2014-2015 academic year and continuing thereafter,

and

WHEREAS, the University proposes amending the USA Bulletin – Admissions and Enrollment Services section by replacing the title “Transfer Credit From Military Service Schools” and the first paragraph thereunder with the following:

ACADEMIC CREDIT BASED ON MILITARY EDUCATION, TRAINING, OR SERVICE

Education credits will be awarded to students who are veterans for courses that were part of the student's military training or service and meet the standards of the American Council of Education or equivalent standards for awarding academic credit. Students should present official credentials to the Office of Admissions for new students or to the Office of the Registrar for returning or currently enrolled students. The indicated education credits may be substituted for general elective courses. The indicated education credits may be substituted for specific courses if the credits meet the admission standards that describe the specific courses,

and

WHEREAS, the proposed amendment to the Bulletin is consistent with the law by which it is mandated, and it further mandated that this Board of Trustees adopt said amendments,

THEREFORE, BE IT RESOLVED, that the Board of Trustees approves and adopts the amendments to the USA Bulletin as described herein.



REC'D
OFFICE OF THE PRESIDENT

AUG 19 2013

UNIVERSITY OF SOUTH ALABAMA

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

TO: President John W. Smith

FROM: David Johnson, Vice President for Academic Affairs

SUBJECT: Board Resolution for Amending USA Bulletin

DATE: August 19, 2013

A handwritten signature in black ink, likely belonging to David Johnson, the Vice President for Academic Affairs.

As you know, the University of South Alabama's Undergraduate/Graduate Bulletin provides information on the University and its academic programs. In the Bulletin, there is information regarding students who are veterans of Armed Forces or reserves of the United States, the National Guard of any state, the military reserves of any state, or the naval militia and credit given for service-related course work. The legislature of the State of Alabama, in HB338, adopted a new law whereby "[e]ach board of a state public educational institution, community college, or technical school shall adopt, by December 31, 2013, a policy requiring each institution under the board's supervision and management to award educational credits to a student, who is also a veteran, enrolled in the institution for courses that are part of the student's military training or service and that meet the standards of the American Council of Education or equivalent standards for awarding academic credit if the award of education credit is based upon the institution's admission standards and its role, scope, and mission." As a result of this law, the University of South Alabama Board of Trustees must now "adopt necessary rules, regulations, and procedures to implement" the provisions of the legislation. The attached resolution sets forth the changes to the USA Bulletin which will implement this legislation and I request that you recommend that the changes be adopted by the Board of Trustees.

A handwritten stamp in black ink that reads "APPROVED" in all caps, followed by a signature and the date "8/20/13". The stamp is enclosed in a large, loopy handwritten circle.

RESOLUTION
RESIDENCY FOR TUITION PURPOSES POLICY

WHEREAS, the Alabama Legislature has enacted legislation through ACT 2013-423 and ACT 2013-331 that changes Title 16, Chapter 64, sections 2 and 4 of the Code of Alabama, 1975, and

WHEREAS, these changes require modifications to the Residency for Tuition Purposes Policy at the University of South Alabama,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama approves and adopts the amended Residency for Tuition Purposes Policy and Bulletin statement as set forth in the documents attached hereto.



MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF ACADEMIC AFFAIRS

July 3, 2013

TO: John W. Smith

FROM: G. David Johnson

SUBJECT: Revised Resident and Non-resident Tuition Policy

CC: Jean Tucker

Attached you will find a draft of the Resident and Non-resident Tuition Policy that includes Jean Tucker's revisions. I have also included a draft of the changes to the language in the Bulletin referencing the policy. I would ask that you review the policy and, if you agree, that we ask for it to be included as a September BOT meeting agenda item.

GDJ:bu

attachments

APPROVED FOR BOT
AGENDA.
John W. Smith
7/8/13

JUN 25 2013

UNIVERSITY OF SOUTH ALABAMA



MEMORANDUM

June 25, 2013

TO: Dr. John Smith, Acting President

FROM: Dr. G. David Johnson

A handwritten signature in black ink, appearing to read 'David Johnson', with a stylized flourish at the end.

SUBJECT: Resident and Non-resident Tuition Policy

In an effort to make our resident/non-resident classification practices more consistent with other institutions in the state, we are submitting the attached draft of a policy revision. I would ask that you consider endorsing the revised policy and that the policy become effective Fall semester 2013. Attached you will find a draft of the recommended language in the Bulletin summarizing the policy and a draft of the revised policy itself which would be posted on the website for the Registrar. Please note that the Attorney's office will need to review this final draft of the policy before implementation.

RESIDENT AND NON-RESIDENT TUITION POLICY

Students enrolling at the University of South Alabama who come to the state of Alabama from another state [with the exception of the Service Area in Florida (Escambia and Santa Rosa counties) and Mississippi (George, Greene, Harrison, Jackson, Perry, and Stone counties)] for the purpose of attending school will be considered a "non-resident student" for tuition purposes. The Office of Admissions determines a student's residency status at the time of admission. This determination is based on the application information, transcripts, and other documents required for admission and will default to "non-resident" status if any out-of-state information is received. After the initial determination of a student's residency status, the status shall continue unchanged through all registrations at the university until and unless 1) a non-resident student provides satisfactory evidence that they are a resident of Alabama as defined by this policy, or 2) a student classified as a resident is absent from Alabama with the intent to become a resident in another state. Residency status is also reviewed at the time of readmission to the university after any absence of one year (three semesters) or more. At the discretion of the institution, residency status can be reviewed at any time.

A person or, if the person is a minor, the person's supporting person(s) who moves to Alabama or to the Service Area for the primary purpose of attending college shall not be considered to have demonstrated intent to establish domicile in the Alabama or the Service Area and will not generally be considered eligible for classification as a resident student. A person or, if the person is a minor, the person's supporting person(s) who establishes domicile in Alabama or the Service Area for the sole purpose of avoiding Alabama non-resident tuition will be subject to non-resident tuition.

Non-resident students who carry a full-time academic load for the fall or spring semester will be presumed to be in Alabama or in the Service Area for the primary purpose of attending college. These students will not be considered to have demonstrated the intent to establish domicile in Alabama or the Service Area and will remain subject to non-resident tuition.

A "resident student" for tuition purposes is one who, at the time of admission to the university,

- Is not a "minor" and is a resident of the state of Alabama and has been a resident of the state for at least one year (12 consecutive months) immediately preceding the date of registration; or
- Is a "minor" whose "supporting person(s)" is a resident of the state of Alabama and has been a resident of the state for at least one year immediately preceding the date of registration; or
- One who, at the time of registration, is not a "minor" and:
 - Is a full-time (not temporary) employee of the University of South Alabama or is the spouse of such an employee; or
 - Is employed as a graduate assistant or fellow at the University of South Alabama; or
 - Is able to verify full-time permanent employment within the state of Alabama and shall commence said employment not more than 90 days after registration (first day of classes) with the institution, or is the spouse of such an employee; or
 - Is a member or the spouse of a member of the United States military on full-time active duty stationed in Alabama under orders for duties other than attending school; or
 - Is a resident of any county within the University of South Alabama's Service Area (Florida: Escambia and Santa Rosa counties; and Mississippi: George, Greene, Harrison, Jackson, Perry, and Stone counties) and has been a resident of that county for at least one year immediately preceding the date of registration; or
 - Has been a member of the Alabama National Guard for a period of at least two years immediately preceding the student qualifying for resident tuition and continues to be a member of the Alabama National Guard while enrolled at the University of South Alabama; or

- Is a veteran of the Armed Forces of the United States, provided that the veteran has become a resident of Alabama and satisfies one of the following conditions:
 1. The veteran has served on active duty for a continuous period of time, not less than two years, and has received an honorable discharge as verified by a United States Department of Defense Form 214 within five years of enrolling at the University of South Alabama.
 2. The veteran is currently serving in a reserve component of the Armed Forces of the United States as verified by a memorandum from the commanding officer of the veteran student.
 3. The veteran has been assigned a service-connected disability by the United States Department of Veterans Affairs; or
- Is in a program or takes courses within an interstate consortium of colleges or universities that either offers reciprocal resident student tuition to residents of Alabama in the program or courses offered by colleges or universities not within Alabama, or is enrolled in a program or courses through an interstate consortium of colleges or universities that assesses tuition at a uniform rate for all students enrolled in that course or program; or
- Is an accredited member of or the spouse of an accredited member of a consular staff assigned to duties in Alabama; or
- One who, at the time of registration, is a "minor" and whose "supporting person(s)":
 - Is a full-time employee (not temporary) of the University of South Alabama; or
 - Is able to verify full-time permanent employment within the state of Alabama and shall commence said employment not more than 90 days after registration (first day of classes) with the institution; or
 - Is a member of the United States military on full-time active duty stationed in Alabama under orders for duties other than attending school; or
 - Is an accredited member of a consular staff assigned to duties in Alabama; or
 - Is a resident of any county within University of South Alabama's Service Area and has been a resident of that county for at least one year immediately preceding the date of registration.

A non-resident student is one who does not meet the criteria for a "resident student" as specified in the preceding section.

The ultimate determination of residency status shall be made by the institution. In determining whether the student is in fact a resident of Alabama or a resident of the Service Area for the purposes of assessing a student non-resident fee, the burden of proof is on the student. A student can change their status from non-resident to resident student only by establishing a physical presence and place in Alabama or in the predefined Service Area and by providing clear and convincing evidence that, for 12 consecutive months prior to the semester of registration, this presence and place has been the student's or, if the student is a minor, the student's supporting person's single location at which they reside with the intent of remaining in that location indefinitely as evidenced by more substantial connections with that place than with any other place and not for the purposes of obtaining an education.

Definitions:

- **Minor Students:**
Minor Students are those students who lack the capacity to contract under the law of the State of Alabama because of their age (persons under 19 years of age or persons under 18 years of age if married) excluding those persons whose disabilities of non-age have been removed by a court of competent jurisdiction for a reason other than establishing a legal residence in Alabama.
- **Residence:**
For the purpose of this policy, a residence shall be the single location at which a person resides with the intent of remaining in that location indefinitely as evidenced by more substantial

connections with that place than with any other place and not for the purposes of obtaining an education.

- **Resident:**

A person or, if the person is a minor, the person's supporting person(s) whose residence is in the state of Alabama or the defined Service Area and not for the purposes of obtaining an education.

- **Residence of a Minor Student:**

The residence of a minor student shall be the residence of his or her supporting parent unless neither parent has legal custody. When neither parent has legal custody, the residence of the minor student shall be the residence of the person having legal custody of the minor student.

- **Supporting person:**

If the student's parents are living together, the "supporting person(s)" may be either or both of the parents. If the parents are divorced or living separately, then either the parent having legal custody or the parent providing the greater amount of financial support of the two (verified by a copy of the most recent income tax return.) If both parents are deceased or if neither had legal custody, then supporting person shall be established in the following order: legal custodian of the student, and, if none, the guardian, and, if none, the conservator.

- **Service Area:**

The following counties in the states of Florida and Mississippi shall be defined as the University of South Alabama Service Area: in Florida: Escambia and Santa Rosa; in Mississippi: George, Greene, Harrison, Jackson, Perry, and Stone.

- **Resident/Non-resident Student:** In determining resident or non-resident classification, the primary issue is one of intent. If a person is in Alabama primarily for the purpose of obtaining an education, that person shall be considered a non-resident student.

How does a Non-resident student request reclassification of residency status for tuition purposes?

To be reclassified for tuition purposes, a non-resident student must prove by sufficient evidence, as determined by the institution, that he or she is a resident of the state of Alabama. A student's status as a resident student is determined by one of the following methods by proving that:

- The student has a residence in the state of Alabama which means the specific address in Alabama at which they reside; that they intend to remain there indefinitely; that they have more substantial connections with Alabama than with any other state; and that the student has established a physical presence and place that has been their true, fixed, and permanent place of habitation for the 12 consecutive months preceding the semester of registration; or
- The student is not a "minor" and is a full-time employee (not temporary) of the University of South Alabama or is the spouse of such an employee; or
- The student is able to verify full-time permanent employment within the state of Alabama and shall commence said employment not more than 90 days after registration (first day of classes) with the institution, or is the spouse of such an employee; or
- The student is a member or the spouse of a member of the United States military on full-time active duty stationed in Alabama under orders for duties other than attending school; or
- The student is a resident of any county within the University of South Alabama's Service Area and has been a resident of that county for at least one year immediately preceding the date of registration; or
- The student has been a member of the Alabama National Guard for a period of at least two years immediately preceding the student qualifying for resident tuition and continues to be a member of the Alabama National Guard while enrolled at the public institution of higher education; or
- The student is in a program or takes courses within an interstate consortium of colleges or universities that either offers reciprocal resident student tuition to residents of Alabama in the

program or courses offered by colleges or universities not within Alabama, or is enrolled in a program or courses through an interstate consortium of colleges or universities that assesses tuition at a uniform rate for all students enrolled in that course or program; or

- The student is an accredited member of or the spouse of an accredited member of a consular staff assigned to duties in Alabama.

If the student is a minor, then the minor's "supporting person," as that term is defined in the Non-resident Tuition Policy statement, must meet similar tests which are described in the Non-resident Tuition Policy.

In determining whether a student has a residence in Alabama, the University will evaluate the presence or absence of connections with the state of Alabama including, but not limited to, the following:

- Continuous physical presence in the state for a purpose other than attending school except for temporary absences for travel, military service, temporary employment, etc.
- Payment of income tax to the State of Alabama or Service Area in the previous calendar year.
- Voter registration in the State of Alabama or Service Area; more significantly certification of voting in the State of Alabama or Service Area that initially occurred at least 12 months prior to the initial registration of the student in Alabama at a public institution of higher education.
- Evidence of employment in the State of Alabama or Service Area for the 12 consecutive months prior to the semester of registration.
- In-state address and date shown on selective service registration, driver's license, automobile title registration, hunting and fishing license, insurance policies, stock and bond registrations, last will and testament, annuities, or retirement plans.
- Ownership of personal property in the state and payment of state taxes thereon (e.g. automobile, boat, etc.) and possession of state license plates.
- Ownership of a residence or other real property in the state and payment of state ad valorem taxes thereon; more significantly ownership of a residence other than the place where the student resides while in school.
- Residence in the state of a spouse, parents, or children.
- Transfer of all banking services to Alabama, such as "checking **and** savings" accounts, safe deposit boxes, and/or investment accounts.
- Financial transactions in the state or Service Area.
- Previous periods of residency in the state continuing for 12 months or more.
- Possession of state or local licenses to do business or practice a profession in the state.
- Membership in religious, professional, business, civic, or social organizations in the state not connected to their status as a student.
- Location within the state of the high school from which the individual graduated.
- Financial independence from non-Alabama resident parents or other relatives.
- Military records, such as Leave & Earning Statements, showing an in-state address. CO Letter indicating date of Assignment in Alabama or Service Area (for Active Duty Military).
- Documentation that Alabama is home state of record for returning military personnel.

This list is not meant to be all inclusive and merely describes examples of supporting evidence which may be considered in the determination of whether a student has more substantial connections with the state of Alabama than any other state. Supplying such supporting evidence does not guarantee classification as a resident.

For a student who is not a minor, factors which may show more connections with a state other than Alabama include, but are not limited to, the following:

- Student maintains ties with another state such as maintaining a driver's license in another state, or owning a house in another state.
- Student begins living in Alabama shortly before or only after being admitted to attend school in an Alabama university.
- Student lives in Alabama only while in school and returns repeatedly to another state during summer term, vacations, and holidays.
- A parent or other person who is not an Alabama resident provides more than minimal or occasional financial support.
- Student leaves personal possessions in another state and only brings to Alabama what is necessary for temporary stay.
- Student receives PLUS loan money from parents who are not Alabama residents.
- Student receives personal loans other than from a financial institution.
- Student obtains loans with co-borrowers who are non-Alabama residents.
- Student receives financial aid that requires the student to be a resident of another state.

Online Programs

Tuition and fees for programs delivered in a distance format are assessed based on a separate schedule approved by the Board of Trustees.

International Student Residency Status

In general, international students may apply for residence reclassification but must have the ability to remain indefinitely in the United States and otherwise meet the requirements of the Alabama Code and Board Rule 202. More specifically, a person must be a Permanent Resident Alien, Political Asylee, Political Refugee, or hold an A, E, G, H, I, L, O, P, R, TC, TD or TN visa to be eligible for review as an in-state resident for tuition purposes. Students who hold a B, F, J, or M visa are not eligible to establish Alabama residency unless their supporting person is an Alabama resident or is a full-time employee of a company party to an Alabama Free Trade Agreement.

Academic Common Market Non-Resident Tuition Remission

Academic Common Market (ACM) non-resident tuition remission (exemption) is available to students from certain states for specific academic programs. Application must be made first with the awarding state. The student must be a legal resident of that state and approved for a specific major at the University of South Alabama. Both undergraduate and graduate students are eligible to apply. The waiver is 100 percent of the non-resident tuition remission and will remain at this level unless the student's field of study changes, or a student no longer has full-time status.

A qualified student must maintain full-time status, remain in academic good standing and comply with all the requirement of the degree program. If a student changes their major from the approved ACM certified major, then they must inform the Office of the Registrar at USA of the change of status. The student will be responsible for the non-resident tuition for the remaining semesters at the University of South Alabama. To be eligible for the non-resident tuition remission during the first semester of enrollment, applications and resident verification must be submitted to and approved by the Office of the Registrar prior to the first day of class.

For more information about submission and deadlines, please contact the Office of the Registrar at (251) 460-6251. Students seeking information on the Academic Common Market waiver should contact the Academic Common Market at:

Southern Regional Education Board
592 10th St. N.W.
Atlanta, GA 30318-5776

Main phone: (404) 875-9211
Main fax: (404) 872-1477
http://www.sreb.org/page/1304/academic_common_market.html

STATEMENT IN UNIVERSITY BULLETIN

RESIDENT AND NON-RESIDENT TUITION POLICY

Students enrolling at the University of South Alabama who come to the state of Alabama from another state [with the exception of the Service Area in Florida (Escambia and Santa Rosa counties) and Mississippi (George, Greene, Harrison, Jackson, Perry, and Stone counties)] for the purpose of attending school will be considered a "non-resident student" for tuition purposes. The Office of Admissions determines a student's residency status at the time of admission. This determination is based on the application information, transcripts, and other documents required for admission and will default to "non-resident" status if any out-of-state information is received. After the initial determination of a student's residency status, the status shall continue unchanged through all registrations at the university until and unless 1) a non-resident student provides satisfactory evidence that they are a resident of Alabama as defined by this policy, or 2) a student classified as a resident is absent from Alabama with the intent to become a resident in another state. Residency status is also reviewed at the time of readmission to the university after any absence of one year (three semesters) or more. At the discretion of the institution, residency status can be reviewed at any time.

A person or, if the person is a minor, the person's supporting person(s) who moves to Alabama or to the Service Area for the primary purpose of attending college shall not be considered to have demonstrated intent to establish domicile in the Alabama or the Service Area and will not generally be considered eligible for classification as a resident student. A person or, if the person is a minor, the person's supporting person(s) who establishes domicile in Alabama or the Service Area for the purpose of avoiding Alabama non-resident tuition will be subject to non-resident tuition.

Non-resident students who carry a full-time academic load for the fall or spring semester will be presumed to be in Alabama or in the Service Area for the primary purpose of attending college. These students will not be considered to have demonstrated the intent to establish domicile in Alabama or the Service Area and will remain subject to non-resident tuition.

The ultimate determination of residency status shall be made by the institution. In determining whether the student is in fact a resident of Alabama or a resident of the Service Area for the purposes of assessing a student non-resident fee, the burden of proof is on the student. The full policy and the procedures for requesting a review of residency classification can be accessed on the website of the Registrar at:

<http://www.southalabama.edu/registrar/residency.htm>

International Student Residency Status

In general, international students may apply for residence reclassification but must have the ability to remain indefinitely in the United States and otherwise meet the requirements of the Alabama Code and Board Rule 202. More specifically, a person must be a Permanent Resident Alien, Political Asylee, Political Refugee, or hold an A, E, G, H, I, L, O, P, R, TC, TD or TN visa to be eligible for review as an in-state resident for tuition purposes. Students who hold a B, F, J, or M visa are not eligible to establish Alabama residency unless their supporting person is an Alabama resident or is a full-time employee of a company party to an Alabama Free Trade Agreement.

Academic Common Market Non-Resident Tuition Remission

Academic Common Market (ACM) non-resident tuition remission (exemption) is available to students from certain states for specific academic programs. Application must be made first with the awarding state. The student must be a legal resident of that state and approved for a specific major at the University of South Alabama. Both undergraduate and graduate students are eligible to apply. The waiver is 100 percent of the non-resident tuition remission and will remain at this level unless the student's field of study changes, or a student no longer has full-time status.

A qualified student must maintain full-time status, remain in academic good standing and comply with all the requirement of the degree program. If a student changes their major from the approved ACM certified major, then they must inform the Office of the Registrar at USA of the change of status. The student will be responsible for the non-resident tuition for the remaining semesters at the University of South Alabama. To be eligible for the non-resident tuition remission during the first semester of enrollment, applications and resident verification must be submitted to and approved by the Office of the Registrar prior to the first day of class.

For more information about submission and deadlines, please contact the Office of the Registrar at (251) 460-6251. Students seeking information on the Academic Common Market waiver should contact the Academic Common Market at:

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Main fax: (404) 872-1477

http://www.sreb.org/page/1304/academic_common_market.html

RESOLUTION

NAMING OF THE UNIVERSITY LIBRARY

WHEREAS, the Marx Family of Julius and Jean Marx and Julien and Linda Marx have demonstrated servant leadership through their steadfast dedication to the University of South Alabama over the past three decades, and

WHEREAS, the Marx Family has contributed to the personal and professional growth of the students and faculty of the University through their generosity in establishing the *Jean F. and Julius E. Marx Endowed Fund in Philosophy*, the *Marx Endowed Scholarship in Philosophy-Pinebrook Scholars*, the *Julius E. Marx Photographic Collection Endowment*, and the *Robert Snell Endowed Scholarship in Art*, and

WHEREAS, the Marx Family has chosen the University to be the recipient of numerous gifts of significant archival materials including the extensive *Julius E. Marx Photographic Collection*, and

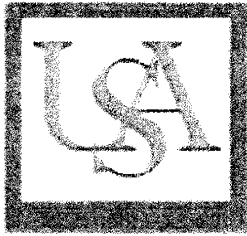
WHEREAS, the Julien E. Marx Foundation Trust further chooses to continue the Marx family legacy of support of the University of South Alabama through a \$3 million gift to the University Library. Of this gift, \$1 million will be used for the renovation of the 3rd floor Library space to house the *Doy Leale McCall Rare Book and Manuscript Library*. The remaining \$2 million of this gift will be used to establish the *Marx Family Library Endowment Fund*, and

WHEREAS, in naming the University Library in honor of the Marx Family, the spirit of academic and personal enrichment, which the Marx Family exudes, will forever benefit University students, faculty, and staff, as well as local, state, national, and international scholars and visitors, through research and educational support,

THEREFORE, BE IT RESOLVED, the University of South Alabama's Board of Trustees gratefully acknowledges the unwavering loyalty, service, and support the Marx Family has provided to the University and declares the University Library will now be known as the ***Marx Library***, and

BE IT FURTHER RESOLVED that the Board of Trustees, administration, faculty, staff, alumni and students of the University of South Alabama express sincere gratitude to the Marx Family for their enduring devotion to the University.

AUG 30 2013



University of South Alabama
Office of Development and Alumni Relations
300 Alumni Circle
Mobile, AL 36688
(251) 460-7616 ~ Fax: (251) 460-7647

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

DATE: August 28, 2013

TO: Dr. John Smith
Acting President

FROM: Joseph F. Busta, Jr., Ph.D. *Joseph F. Busta, Jr.*
Vice President, Development and Alumni Relations

SUBJECT: Agenda Item for the September 13, 2013 USA Board of Trustees
Meeting: Resolution to Name the University Library

Senior Vice President David Johnson and I recommend for consideration and approval by you and the Board of Trustees the attached resolution renaming the University Library "The Marx Library" in recognition of a gift of \$3 million dollars for the Library by the Julien E. Marx Foundation Trust.

/sd

attachment

c: Dr. David Johnson
Mrs. Angela Dunn

APPROVED
John W. Smith
8/30/13

I N D E X
APRIL 30, 2013

	<u>PAGE</u>
FINANCIAL HIGHLIGHTS.....	1
BALANCE SHEET	2
STATEMENT OF CHANGES IN FUND BALANCES.....	3
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES.....	4
NOTES TO FINANCIAL REPORTS	5
SUPPLEMENTAL SCHEDULES:	
Summary Schedule of Auxiliary Enterprises; Statement of Revenues, Expenditures and Other Changes.....	10
Bookstore.....	11
Food Service.....	12
Housing.....	13

Financial Report Highlights

April 30, 2013

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 Standards 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 seven months ended, April 30, 2013 and 2012 are as follows (in thousands):

	At and for the seven months ended	
	4-30-13	4-30-12
Total assets		
Current	\$ 149,095	\$ 182,546
Loan	5,638	5,053
Endowment	151,689	138,203
Plant	709,694	695,858
Fund Balances		
Current	\$ 10,313	\$ 6,359
Loan	1,003	522
Endowment	117,722	108,174
Plant	342,884	323,861
Other balance sheet highlights		
Cash and investments	\$ 254,716	\$ 256,281
Receivables	100,400	119,945
Bonds payable	346,979	355,054

	For the seven months ended	
	4-30-13	4-30-12
Selected operating highlights (current funds)		
Tuition and fees	\$ 79,535	\$ 73,127
State appropriations	59,134	61,679
Hospital revenues	190,040	196,321
Gifts, grants and contracts	61,231	65,127
Instruction and academic support	84,131	80,161
Research and public service	46,638	46,786
Hospital expenses	192,071	202,383
Net current fund increase	\$ 4,143	\$ 656

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 continues to experience a decline in state appropriations. Additionally, the University is subject to the uncertainties of the general economic conditions in the United States and the State of Alabama. Administration is not aware of any other conditions that are expected to have a significant impact on the University's financial position in 2013 or beyond.

UNIVERSITY OF SOUTH ALABAMA
BALANCE SHEET
APRIL 2013 AND 2012

ASSETS		2013	2012	LIABILITIES AND FUND BALANCES		2013	2012
CURRENT FUNDS:				CURRENT FUNDS:			
UNRESTRICTED:				UNRESTRICTED:			
CASH AND CASH EQUIVALENTS	\$	136,498.84	134,664.84	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$	48,225,192.92	43,406,415.89
INVESTMENTS		2,868,784.53	32,413,458.37	DEFERRED REVENUES		41,509,804.22	40,941,441.24
ACCOUNTS RECEIVABLE - PATIENTS (LESS ALLOWANCE				DUE TO OTHER FUNDS		44,228,376.45	88,990,489.35
FOR 2013 AND \$51,987,348.90 FOR 2012)				DEPOSITS HELD IN CUSTODY		1,304,389.82	1,395,570.99
DEPOSITS		100,400,321.28	119,944,699.34	OTHER DEPOSITS		513,871.27	500,013.09
INVENTORIES AT COST		35,000.00	35,000.00	FUND BALANCES:			
PREPAID EXPENSES		5,731,373.79	5,159,355.07	ALLOCATED FOR:			
		33,904,646.30	20,533,402.72	HOSPITALS	(40,249,652.19)		(46,587,104.13)
				AUXILIARY ENTERPRISES	3,162,722.44		2,580,430.97
				ENCUMBRANCES	5,051,584.82		4,697,925.69
				SELF-SUPPORTING ACTIVITIES	48,806,169.64		54,056,640.41
				UNALLOCATED	(9,475,834.85)		(11,791,243.16)
				TOTAL FUND BALANCES	7,294,990.06		2,986,649.78
				TOTAL UNRESTRICTED	143,076,624.74		178,220,580.34
TOTAL UNRESTRICTED		143,076,624.74	178,220,580.34				
RESTRICTED FUNDS:				RESTRICTED FUNDS:			
CASH AND CASH EQUIVALENTS		1,234,760.04	599,107.90	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		77,105.97	312,221.16
INVESTMENTS		8,647.20	3,999.33	DEFERRED REVENUES		2,923,576.42	640,603.85
UNBILLED COSTS AND ACCOUNTS RECEIVABLE		4,775,134.29	3,722,276.93	FUND BALANCES		3,017,859.14	3,372,559.15
TOTAL RESTRICTED		6,018,541.53	4,323,384.16	TOTAL RESTRICTED		6,018,541.53	4,323,384.16
TOTAL CURRENT FUNDS		149,095,166.27	182,545,964.50	TOTAL CURRENT FUNDS		149,095,166.27	182,545,964.50
LOAN FUNDS:				LOAN FUNDS:			
CASH AND CASH EQUIVALENTS		1,042,618.73	1,186,503.72	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		6,000.00	150.00
NOTES RECEIVABLE (LESS ALLOWANCE FOR				REFUNDABLE GOVERNMENT ADVANCES		4,628,943.38	4,530,636.86
DOUBTFUL ACCOUNTS OF \$722,025.21 FOR				FUND BALANCES:			
2013 AND \$446,174.349 FOR 2012)				UNIVERSITY FUNDS, UNRESTRICTED		1,002,813.29	522,306.66
				TOTAL FUND BALANCES		1,002,813.29	522,306.66
TOTAL LOAN FUNDS		4,595,137.94	3,866,598.90	TOTAL LOAN FUNDS		5,637,756.67	5,053,093.52
ENDOWMENT FUNDS:				ENDOWMENT FUNDS:			
CASH AND CASH EQUIVALENTS		34,205,753.51	38,519,045.68	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		26,609,000.00	23,060,600.00
INVESTMENTS		106,413,674.94	88,311,000.40	BONDS PAYABLE		7,357,814.00	6,968,806.00
ACCOUNTS RECEIVABLE		4,289,316.82	4,634,144.78	FUND BALANCES:			
REAL ESTATE HELD FOR RESALE		6,780,531.00	3,162,768.00	RESTRICTED NONEXPENDABLE		33,879,821.18	31,254,927.31
PREPAID-LIFE ESTATE		0.00	3,576,462.00	UNRESTRICTED EXPENDABLE		83,842,641.09	76,919,087.55
				TOTAL FUND BALANCES		117,722,462.27	108,174,014.86
TOTAL ENDOWMENT FUNDS		151,689,276.27	138,203,420.86	TOTAL ENDOWMENT FUNDS		151,689,276.27	138,203,420.86
PLANT FUNDS:				PLANT FUNDS:			
CASH AND CASH EQUIVALENTS		92,667,674.86	37,194,202.46	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		11,736,277.73	9,565,951.29
INVESTMENTS		9,356,959.06	54,755,982.43	DEFERRED REVENUES		7,178,155.22	7,350,622.83
ACCOUNTS RECEIVABLE		2,065,505.04	2,701,039.09	OTHER DEPOSITS		25,791.63	25,791.63
DUE FROM OTHER FUNDS		44,228,376.45	88,990,489.35	NOTES PAYABLE		890,477.03	0.00
PREPAID EXPENSES		5,206,321.29	4,513,557.96	BONDS PAYABLE		346,978,780.34	355,054,349.36
CAPITAL LEASE RECEIVABLE		0.00	509,661.08				
INVESTMENT IN PLANT:							
LAND		22,242,549.92	22,056,047.66				
LAND IMPROVEMENTS		13,890,732.68	10,819,856.75				
BUILDINGS, ACCUM DEPREC AND IMPROVEMENTS		310,962,619.91	299,912,360.16				
OTHER EQUIPMENT, BOOKS AND FILMS		51,846,942.16	53,825,292.51				
CONSTRUCTION IN PROGRESS		157,225,850.35	120,579,346.77				
TOTAL PLANT FUNDS		709,693,531.72	695,857,836.22				
TOTAL ASSETS		1,016,115,730.93	1,021,560,315.10	TOTAL LIABILITIES AND FUND BALANCES		1,016,115,730.93	1,021,560,315.10

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE SEVEN MONTHS ENDED APRIL 30, 2013

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT FUNDS	RENEWALS AND REPLACEMENTS	PLANT FUNDS	
	UNRESTRICTED	RESTRICTED				RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
REVENUES AND OTHER ADDITIONS:							
EDUCATIONAL AND GENERAL REVENUES	182,750,388.70						
HOSPITALS REVENUES	194,972,100.39						
AUXILIARY ENTERPRISES REVENUES	10,080,094.39						
GRANTS AND CONTRACTS:							
FEDERAL		27,511,157.78					
STATE AND LOCAL		3,279,214.45					
PRIVATE		2,800,940.97					
GOVERNMENT APPROPRIATIONS:							
FEDERAL							
STATE					83,507.00		
INVESTMENT INCOME,GAINS/LOSS			1,909.48	5,334,750.67	117,125.79	29,032.56	
INSURANCE PROCEEDS							
INTEREST ON LOANS RECEIVABLE							
INTEREST ON LOANS RECEIVABLE			54,094.90	2,035,840.47	129,953.57	17,002.44	
GIFTS AND BEQUESTS							
EXPENDED FOR PLANT FACILITIES (INCLUDING							41,149,594.71
\$5,987,418.60 CURRENT FUNDS EXPENDITURES)							
RETIREMENT OF INDEBTEDNESS							6,235,000.00
PROCEEDS FROM SALE OF CAPITAL ASSETS							(197,243.81)
OTHER SOURCES		1,858,770.74		1,825.00	1,013,010.77	46,035.00	47,187,350.90
TOTAL REVENUES AND OTHER ADDITIONS	387,802,583.48	35,450,083.94	56,004.38	7,372,416.14	1,343,597.13		
EXPENDITURES AND OTHER DEDUCTIONS:							
EDUCATIONAL AND GENERAL EXPENDITURES	168,398,733.77	31,319,931.72					
HOSPITALS EXPENDITURES	188,426,189.62	(462.00)					
AUXILIARY ENTERPRISES EXPENDITURES	7,279,043.04						
INDIRECT COSTS RECOVERED		2,720,406.34					
REFUNDED TO GRANTORS		17,520.58					
RETIREMENT OF INDEBTEDNESS						6,235,000.00	
ADMINISTRATIVE AND COLLECTION COSTS			234.94				
EXPENDED FOR PLANT FACILITIES (INCLUDING							
\$1,241,834.88 FOR NON-CAPITALIZED EXPENDITURES)					36,404,010.99		36,173.50
INTEREST ON INDEBTEDNESS							18,164,836.25
DEPRECIATION EXPENSES OF PLANT FACILITIES							
DISPOSAL OF PLANT							
OTHER DEDUCTIONS			(71,200.00)	211,656.25		59,621.25	1,306.18
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	384,103,966.43	34,057,396.64	(70,985.06)	211,656.25	36,404,010.99	9,711,870.26	18,202,315.93
TRANSFERS AMONG FUNDS-ADDITIONS(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(14,743,498.02)				(626,213.96)	15,431,594.73	(61,882.75)
FINANCIAL AID MATCHING	(139,632.00)	139,632.00					
NON-MANDATORY:							
FUNDED DEPRECIATION	(2,974,998.84)						
MOBILE RACING COMMISSION	(33,858.92)						
PLANT ADDITIONS AND REPLACEMENTS	(3,970,000.00)						
ENDOWMENT FUND	(1,768,597.13)						
OTHER TRANSFERS	2,391,945.16						
TOTAL TRANSFERS	(21,238,639.75)	525,552.18		1,276,903.87		(797,467.65)	(619,763.35)
		(375,086.02)	0.00	(1,212,138.07)		14,634,127.08	(681,646.10)
NET INCREASE (DECREASE) FOR THE PERIOD	2,489,977.30	1,682,775.46	126,969.44	7,225,525.69	(28,129,109.05)	4,968,291.82	28,303,388.87
FUND BALANCES AT OCTOBER 1, 2012	4,835,012.76	1,335,083.68	875,843.85	110,496,936.58	40,187,188.07	4,927,686.90	292,626,623.16
FUND BALANCES AT APRIL 30, 2013	7,324,990.06	3,017,859.14	1,002,813.29	117,722,462.27	12,058,079.02	9,895,958.72	320,930,012.03

*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE \$2,974,998.84 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE SEVEN MONTHS ENDED APRIL 30, 2013
WITH COMPARATIVE FIGURES FOR 2012

	FOR THE SEVEN MONTHS ENDED APRIL 30, 2013			APRIL 30, 2012		
	UNRESTRICTED	RESTRICTED	TOTAL			
REVENUES:						
TUITION AND FEES	\$ 79,534,840.44	\$	\$ 79,534,840.44	\$		73,127,040.91
STATE APPROPRIATIONS	54,202,169.00		54,202,169.00			56,537,625.38
MOBILE RACING COMMISSION	33,858.92		33,858.92			338,381.99
FEDERAL GRANTS AND CONTRACTS	2,185,716.03	23,309,991.54	25,495,706.57			30,078,925.54
STATE GRANTS AND CONTRACTS (INCLUDING INDIRECT COST RECOVERED OF \$122,804.73)	216,596.41	2,979,181.99	3,195,778.40			2,348,603.91
PRIVATE GIFTS, GRANTS, AND CONTRACTS (INCLUDING INDIRECT COSTS RECOVERED OF \$411,886.58)	30,122,975.57	2,416,555.74	32,539,531.31			32,699,477.01
INVESTMENT INCOME	398,132.40		398,132.40			98,797.32
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	2,310,863.88		2,310,863.88			2,267,809.67
HOSPITALS - SALES AND SERVICES	190,040,481.39		190,040,481.39			196,321,474.17
- STATE APPROPRIATIONS	4,931,619.00		4,931,619.00			5,141,374.00
AUXILIARY ENTERPRISES - SALES AND SERVICES	10,080,094.39		10,080,094.39			9,869,253.52
OTHER SOURCES	13,744,247.05	2,613,740.45	16,357,987.50			16,456,235.12
TOTAL CURRENT REVENUES	387,802,583.48	31,319,469.72	419,122,053.20			425,284,998.54
EXPENDITURES AND TRANSFERS:						
EDUCATIONAL AND GENERAL:						
INSTRUCTION	67,735,639.04	5,143,273.75	72,878,912.79			68,713,492.14
RESEARCH	5,525,305.91	5,806,747.37	11,332,053.28			11,998,701.28
PUBLIC SERVICE	32,325,494.71	2,980,743.84	35,306,238.55			34,786,956.31
ACADEMIC SUPPORT	11,251,391.66	405.26	11,251,796.92			11,447,036.79
STUDENT SERVICES	17,533,736.28	508,038.69	18,039,774.97			16,873,421.85
INSTITUTIONAL SUPPORT	16,164,879.84	954,860.63	17,119,740.47			16,388,830.37
OPERATION AND MAINTENANCE OF PLANT	13,208,708.91	4,951,536.29	18,158,245.20			21,628,173.16
SCHOLARSHIPS	4,655,577.42	10,976,325.69	15,631,903.11			15,586,118.55
EDUCATIONAL AND GENERAL	168,398,733.77	31,319,931.72	199,718,665.49			197,422,730.45
MANDATORY TRANSFERS FOR:						
PRINCIPAL AND INTEREST	8,480,636.73		8,480,636.73			8,058,686.70
FINANCIAL AID MATCHING	139,632.00		139,632.00			0.00
TOTAL EDUCATIONAL AND GENERAL	177,019,002.50	31,319,931.72	208,338,934.22			205,481,417.15
HOSPITALS (INCLUDING DEBT SERVICE OF \$3,646,731.88)	192,071,921.50	(462.00)	192,071,459.50			202,383,104.81
AUXILIARY ENTERPRISES:						
EXPENDITURES	7,279,043.04		7,279,043.04			6,930,589.84
MANDATORY TRANSFERS FOR:						
PRINCIPAL AND INTEREST	2,617,128.41		2,617,128.41			2,571,881.41
NON-MANDATORY TRANSFERS FOR:						
RENEWALS AND REPLACEMENTS	0.00		0.00			120,000.00
TOTAL AUXILIARIES	9,896,172.45	0.00	9,896,172.45			9,622,471.25
TOTAL EXPENDITURES AND TRANSFERS	378,987,096.45	31,319,469.72	410,306,566.17			417,486,993.21
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):						
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES	1,410,207.88	(17,520.58)	1,410,207.88			84,067.51
REFUNDED TO GRANTORS	(2,974,998.84)		(2,974,998.84)			(244,279.99)
FUNDED DEPRECIATION	(33,858.92)		(33,858.92)			(6,711,554.08)
MOBILE RACING COMMISSION	(3,970,000.00)		(3,970,000.00)			(338,381.99)
PLANT ADDITIONS AND REPLACEMENTS	(1,768,597.13)	525,552.18	(1,243,044.95)			(3,967,000.00)
ENDOWMENT FUND	2,391,945.16	(235,464.02)	2,156,481.14			154,851.35
OTHER TRANSFERS	(6,355,509.73)	1,682,775.46	(4,672,734.27)			3,880,707.69
TOTAL TRANSFERS	2,459,977.30	1,682,775.46	4,142,752.76			(7,141,589.51)
NET INCREASE/(DECREASE) IN FUND BALANCES	\$ 2,459,977.30	\$ 1,682,775.46	\$ 4,142,752.76			\$ 656,415.82

*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE \$2,974,998.84 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.
- University Facilities Revenue Capital Improvement Bond, Series 2010, 3.81% payable through August 2030.
- University Facilities Revenue Capital Improvement Bond, Series 2012A, 2.92% payable through August 2032.
- University Facilities Revenue Capital Improvement Bond, Series 2012B, 2.14% payable through February 2018.

LITIGATION

9

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 SEVEN MONTHS ENDED APRIL 30, 2013
WITH COMPARATIVE FIGURES FOR 2012**

	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>TRANSFERS</u>	<u>EXCESS REVENUES OVER EXPENDITURES AND OTHER CHANGES (DEFICIT)</u>	
				<u>04/30/13</u>	<u>04/30/12</u>
BOOKSTORE	\$ 3,739,603.27	\$ 3,946,494.62	\$ (137,977.00)	\$ (344,868.35)	\$ (76,732.42)
BROOKLEY CENTER	0.00	0.00	0.00	0.00	0.00
FOOD SERVICES-CAMPUS	639,270.16	192,616.26	(394,349.41)	52,304.49	(58,614.98)
HOUSING	5,701,220.96	3,139,932.16	(2,084,803.00)	476,485.80	382,129.67
TOTAL	<u>\$ 10,080,094.39</u>	<u>\$ 7,279,043.04</u>	<u>\$ (2,617,129.41)</u>	<u>\$ 183,921.94</u>	<u>\$ 246,782.27</u>

BOOKSTORE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE SEVEN MONTHS ENDED APRIL 30, 2013
WITH COMPARATIVE FIGURES FOR 2012

	<u>04/30/13</u>	<u>04/30/12</u>
REVENUES:		
SALES	\$ 3,594,766.23	\$ 3,687,141.17
LESS: DEPARTMENTAL DISCOUNTS	4,446.71	3,568.94
COST OF GOODS SOLD	<u>2,808,447.42</u>	<u>2,676,427.42</u>
GROSS PROFIT	781,872.10	1,007,144.81
CASH OVER/(SHORT)	(34.19)	(1,423.14)
GRADUATION (NET)	91,517.00	83,715.15
TEXTBOOK RENTAL INCOME	20,634.79	0.00
OTHER	<u>32,719.44</u>	<u>25,254.72</u>
NET REVENUES:	<u>926,709.14</u>	<u>1,114,691.54</u>
EXPENDITURES:		
SALARIES	493,798.63	457,897.66
EMPLOYEE BENEFITS	148,057.01	139,193.93
SUPPLIES	16,655.77	12,896.44
TRAVEL	8,696.63	8,622.39
EQUIPMENT	7,914.48	11,032.77
EQUIPMENT MAINTENANCE AND REPAIR	44,834.06	32,102.56
BUILDING & EQUIPMENT RENTAL	14,691.05	14,291.50
ADVERTISING	23,353.56	17,520.56
UTILITIES	43,750.00	43,750.00
TELEPHONE	3,941.68	13,026.52
INSURANCE AND BONDS	3,912.00	3,997.00
CONTRACT SERVICES	86,304.96	95,176.69
RENT	0.00	1,554.00
OBSOLETE INVENTORY	2,332.40	403.90
GENERAL EXPENSES	14,578.84	24,468.24
CHARGE CARD AND FACULTY		
STAFF DISCOUNTS	55,958.61	40,865.27
INSTITUTIONAL COST ALLOCATION	<u>164,820.81</u>	<u>136,647.56</u>
TOTAL EXPENDITURES	<u>1,133,600.49</u>	<u>1,053,446.99</u>
TRANSFERS AMONG FUNDS-		
ADDITIONS/(DEDUCTIONS):		
MANDATORY:	(137,977.00)	(137,977.00)
PRINCIPAL AND INTEREST		
NON-MANDATORY:		
OTHER TRANSFERS	0.00	0.00
RENEWAL AND REPLACEMENT	0.00	0.00
RETIREMENT REIMBURSEMENT	0.00	0.00
TOTAL TRANSFERS	<u>(137,977.00)</u>	<u>(137,977.00)</u>
EXCESS REVENUES OVER EXPENDITURES		
AND MANDATORY TRANSFERS	<u>\$ (344,868.35)</u>	<u>\$ (76,732.45)</u>

FOOD SERVICE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE SEVEN MONTHS ENDED APRIL 30, 2013
WITH COMPARATIVE FIGURES FOR 2012

	04/30/13	04/30/12
REVENUES:		
COMMISSION INCOME	\$ 639,270.16	\$ 622,558.91
TOTAL REVENUES	<u>639,270.16</u>	<u>622,558.91</u>
EXPENDITURES:		
SALARIES	0.00	0.00
EMPLOYEE BENEFITS	0.00	0.00
SUPPLIES	2.96	84.34
EQUIPMENT MAINTENANCE AND REPAIR	49,854.55	35,539.63
UTILITIES	72,916.69	72,916.69
TELEPHONE	41.44	329.08
MEMBERSHIPS AND DUES	0.00	0.00
CONTRACT SERVICES	23,192.92	19,024.25
INSURANCE AND BONDS	23,703.00	9,537.00
EQUIPMENT	0.00	1,739.97
BUILDING MAINTENANCE AND REPAIR	0.00	2,905.00
INDIRECT COST	14,583.31	14,583.31
GENERAL EXPENSE	<u>8,321.39</u>	<u>10,165.21</u>
TOTAL EXPENDITURES	<u>192,616.26</u>	<u>166,824.48</u>
TRANSFERS AMONG FUNDS-		
ADDITIONS/(DEDUCTIONS):		
NON-MANDATORY:	(394,349.41)	(394,349.41)
OTHER TRANSFERS	0.00	(120,000.00)
TOTAL TRANSFERS	<u>(394,349.41)</u>	<u>(514,349.41)</u>
EXCESS REVENUES OVER		
EXPENDITURES AND MANDATORY		
TRANSFERS (DEFICIT)	<u>\$ 52,304.49</u>	<u>\$ (58,614.98)</u>

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE SEVEN MONTHS ENDED APRIL 30, 2013
WITH COMPARATIVE FIGURES FOR 2012

	CENTRAL HOUSING	HOUSING PROGRAMMING	WASHERS AND DRYERS	CAMPS AND CONFERENCES	STOKES HALL	HILLSDALE MARRIED STUDENT	SMALL GROUP HOUSING
REVENUES:							
RENTAL INCOME	\$ 0.00	\$ 0.00	\$ 122,625.00	\$ 0.00	\$ 1,141,829.86	\$ 26,357.58	\$ 274,197.70
BAD DEBT RECOVERY	685.00	0.00	0.00	0.00	0.00	300.43	0.00
OTHER	38,475.00	0.00	0.00	0.00	5,734.89	850.00	76,871.78
TOTAL REVENUES	<u>39,160.00</u>	<u>0.00</u>	<u>122,625.00</u>	<u>0.00</u>	<u>1,147,564.75</u>	<u>27,508.01</u>	<u>351,069.48</u>
EXPENDITURES:							
SALARIES	233,981.55	5,452.74	0.00	311.75	71,405.29	0.00	36,183.25
EMPLOYEE BENEFITS	68,975.09	0.00	0.00	0.00	5,721.75	0.00	0.00
CONTRACT LABOR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICES	129.75	0.00	64,753.00	0.00	17,019.50	0.00	1,762.50
TRAVEL	8,478.61	0.00	0.00	0.00	0.00	0.00	0.00
RECEPTIONS	0.00	11,042.64	0.00	0.00	0.00	0.00	0.00
SUPPLIES	12,421.79	2,101.32	0.00	717.22	619.83	0.00	709.54
CABLE	112,368.72	0.00	0.00	0.00	0.00	0.00	0.00
TELEPHONE	327.64	0.00	0.00	0.00	206.15	0.00	183.31
UTILITIES	0.00	0.00	0.00	0.00	0.00	0.00	551.63
INSURANCE AND BONDS	732.00	0.00	0.00	0.00	8,633.00	2,359.00	5,846.00
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EQUIPMENT	922.47	2,392.00	0.00	0.00	654.00	0.00	1,860.00
EQUIPMENT RENTAL	895.44	0.00	0.00	0.00	0.00	0.00	186.36
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EQUIPMENT MAINTENANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	45,962.63	22,809.33	0.00	0.00	55,390.05	496.96	24,205.10
ADMINISTRATIVE OVERHEAD	296,268.91	0.00	0.00	0.00	163,655.66	0.00	54,880.00
ADMINISTRATIVE EXPENSES	(742,304.60)	(43,798.03)	25,155.28	0.00	120,273.70	0.00	63,674.33
TOTAL EXPENDITURES	<u>39,160.00</u>	<u>0.00</u>	<u>89,908.28</u>	<u>1,028.97</u>	<u>443,578.93</u>	<u>2,855.96</u>	<u>190,042.02</u>
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(1,123,276.00)	0.00	(268,660.00)
TOTAL MANDATORY TRANSFERS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,123,276.00)</u>	<u>0.00</u>	<u>(268,660.00)</u>
NON-MANDATORY:							
RENEWALS AND REPLACEMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL NON-MANDATORY TRANSFERS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL TRANSFERS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,123,276.00)</u>	<u>0.00</u>	<u>(268,660.00)</u>
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS (DEFICIT)	\$ 0.00	\$ 0.00	\$ 32,716.72	\$ (1,028.97)	\$ (419,290.18)	\$ 24,652.05	\$ (107,632.54)

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE SEVEN MONTHS ENDED APRIL 30, 2013
WITH COMPARATIVE FIGURES FOR 2012

	GAMMA DORMS	BETA DORMS	DELTA DORMS	EPSILON DORMS	NEW RESIDENCE HALL 2013	TOTAL HOUSING 04/30/13	TOTAL HOUSING 04/30/12
REVENUES:							
RENTAL INCOME	\$ 894,394.63	\$ 535,872.90	\$ 1,837,526.71	\$ 718,340.45	\$ 0.00	\$ 5,551,144.83	\$ 5,309,936.66
BAD DEBT RECOVERY	0.00	0.00	0.00	0.00	0.00	985.43	3,089.68
OTHER	3,948.00	2,791.25	11,654.78	8,765.00	0.00	149,090.70	138,980.37
TOTAL REVENUES	<u>898,342.63</u>	<u>538,664.15</u>	<u>1,849,181.49</u>	<u>727,105.45</u>	<u>0.00</u>	<u>5,701,220.96</u>	<u>5,452,006.71</u>
EXPENDITURES:							
SALARIES	87,969.93	50,728.62	157,044.78	67,130.63	0.00	710,208.54	561,169.54
EMPLOYEE BENEFITS	12,300.90	8,517.28	33,992.13	5,298.94	0.00	134,806.09	91,212.22
CONTRACT LABOR	0.00	0.00	551.93	0.00	0.00	551.93	7,409.71
CONTRACT SERVICES	2,565.00	150.00	3,933.50	3,319.08	0.00	93,632.33	68,660.32
TRAVEL	0.00	0.00	0.00	0.00	0.00	8,478.61	4,305.31
RECEPTIONS	0.00	0.00	0.00	0.00	0.00	11,042.64	6,244.77
SUPPLIES	143.25	160.85	4,022.59	1,484.78	0.00	22,381.17	39,992.48
CABLE	0.00	0.00	0.00	0.00	0.00	112,368.72	120,643.20
TELEPHONE	104.40	163.86	418.30	414.37	0.00	1,818.03	1,578.77
UTILITIES	0.00	0.00	0.00	0.00	0.00	551.63	801.59
INSURANCE AND BONDS	8,709.00	4,197.00	13,039.00	5,303.00	0.00	48,818.00	52,569.00
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EQUIPMENT	0.00	0.00	0.00	198.55	0.00	6,027.02	8,223.03
EQUIPMENT RENTAL	0.00	0.00	383.29	0.00	0.00	1,465.09	839.55
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	0.00	984.45
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	46,976.35	35,696.75	120,495.97	60,642.40	0.00	412,675.54	705,529.37
ADMINISTRATIVE OVERHEAD	312,634.00	147,640.50	449,867.25	150,160.50	0.00	1,575,106.82	1,360,158.73
ADMINISTRATIVE EXPENSES	129,706.93	73,107.54	280,638.63	93,546.22	0.00	0.00	0.00
TOTAL EXPENDITURES	<u>601,109.76</u>	<u>320,362.40</u>	<u>1,064,387.37</u>	<u>387,498.47</u>	<u>0.00</u>	<u>3,139,932.16</u>	<u>3,030,322.04</u>
TRANSFERS AMONG FUNDS -							
ADDITIONS/(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(134,008.00)	(40,040.00)	(349,603.00)	(217,518.00)	48,302.00	(2,084,803.00)	(2,039,555.00)
TOTAL MANDATORY TRANSFERS	<u>(134,008.00)</u>	<u>(40,040.00)</u>	<u>(349,603.00)</u>	<u>(217,518.00)</u>	<u>48,302.00</u>	<u>(2,084,803.00)</u>	<u>(2,039,555.00)</u>
NON-MANDATORY:							
RENEWALS AND REPLACEMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL NON-MANDATORY TRANSFERS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL TRANSFERS	<u>(134,008.00)</u>	<u>(40,040.00)</u>	<u>(349,603.00)</u>	<u>(217,518.00)</u>	<u>48,302.00</u>	<u>(2,084,803.00)</u>	<u>(2,039,555.00)</u>
EXCESS REVENUES OVER EXPENDITURES	\$ 163,224.87	\$ 178,261.75	\$ 435,191.12	\$ 122,088.98	\$ 48,302.00	\$ 476,485.80	\$ 382,129.67
AND TRANSFERS (DEFICIT)							

INDEX **MAY 31, 2013**

	<u>PAGE</u>
FINANCIAL HIGHLIGHTS.....	1
BALANCE SHEET	2
STATEMENT OF CHANGES IN FUND BALANCES.....	3
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES.....	4
NOTES TO FINANCIAL REPORTS	5
SUPPLEMENTAL SCHEDULES:	
Summary Schedule of Auxiliary Enterprises; Statement of Revenues, Expenditures and Other Changes.....	10
Bookstore.....	11
Food Service.....	12
Housing.....	13

Financial Report Highlights May 31, 2013

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 eight months ended, May 31, 2013 and 2012 are as follows (in thousands):

	At and for the eight months ended	
	5-31-13	5-31-12
Total assets		
Current	\$ 124,470	\$ 152,358
Loan	5,699	5,062
Endowment	153,294	138,173
Plant	709,762	692,313
Fund Balances(deficits)		
Current	\$ 8,670	\$ 2,084
Loan	1,064	532
Endowment	119,327	108,144
Plant	342,915	321,619
Other balance sheet highlights		
Cash and investments	\$ 282,922	\$ 243,711
Accounts receivable, net	74,616	103,029
Bonds payable	346,979	355,054

	For the eight months ended	
	5-31-13	5-31-12
Selected operating highlights (current funds)		
Tuition and fees	\$ 89,460	\$ 82,247
State appropriations	67,598	70,462
Hospital revenues	217,461	224,204
Gifts, grants and contracts	69,528	72,812
Instruction and academic support	95,970	92,493
Research and public service	51,817	52,737
Hospital expenses	220,841	233,376

Net current fund increase (decrease) \$ 2,507 (3,619)

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 continues to experience a decline in state appropriations. Additionally, the University is subject to the uncertainties of the general economic conditions in the United States and the State of Alabama. Administration is not aware of any other conditions that are expected to have a significant impact on the University's financial position in 2013 or beyond.

**UNIVERSITY OF SOUTH ALABAMA
BALANCE SHEET
MAY 2013 AND 2012**

ASSETS		2013	2012	LIABILITIES AND FUND BALANCES		2013	2012
CURRENT FUNDS:				CURRENT FUNDS:			
UNRESTRICTED:				UNRESTRICTED:			
CASH AND CASH EQUIVALENTS	\$	137,198.84	135,274.45	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$	57,945,833.81	52,720,621.78
INVESTMENTS		2,838,163.18	20,436,363.09	DEFERRED REVENUES		32,081,598.68	33,041,015.30
ACCOUNTS RECEIVABLE - PATIENTS (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$52,873,467.72 FOR 2013 AND \$55,311,555.84 FOR 2012)				DUE TO OTHER FUNDS		17,380,365.21	62,465,146.19
DEPOSITS		74,616,083.75	103,028,519.89	OTHER DEPOSITS		1,326,408.48	1,316,073.88
INVENTORIES AT COST		35,000.00	35,000.00	FUND BALANCES:		458,564.77	479,104.29
PREPAID EXPENSES		5,573,140.83	5,212,416.16	ALLOCATED FOR:			
		33,985,240.11	20,161,830.24	HOSPITALS		(41,655,843.43)	(50,203,173.11)
				AUXILIARY ENTERPRISES		3,408,912.90	2,921,409.51
				ENCUMBRANCES		5,214,885.56	4,573,356.67
				SELF-SUPPORTING ACTIVITIES		48,826,561.15	56,645,724.77
				UNALLOCATED		(7,802,461.42)	(14,949,875.45)
				TOTAL FUND BALANCES		7,982,053.76	(1,012,557.61)
				TOTAL UNRESTRICTED		117,184,826.71	149,009,403.83
TOTAL UNRESTRICTED		117,184,826.71	149,009,403.83				
RESTRICTED FUNDS:				RESTRICTED FUNDS:			
CASH AND CASH EQUIVALENTS		3,899,790.77	0.00	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		70,700.12	34,161.01
INVESTMENTS		8,647.20	3,989.33	DEFERRED REVENUES		6,529,187.40	201,921.64
UNBILLED COSTS AND ACCOUNTS RECEIVABLE		3,376,777.17	3,344,229.97	DUE TO OTHER FUNDS		0.00	15,348.99
TOTAL RESTRICTED		7,285,215.14	3,348,229.30	FUND BALANCES		685,327.62	3,096,797.66
TOTAL CURRENT FUNDS		124,470,041.85	152,357,633.13	TOTAL RESTRICTED		7,285,215.14	3,348,229.30
				TOTAL CURRENT FUNDS		124,470,041.85	152,357,633.13
LOAN FUNDS:				LOAN FUNDS:			
CASH AND CASH EQUIVALENTS		1,145,763.92	1,222,734.16	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		6,000.00	0.00
NOTES RECEIVABLE (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$722,025.21 FOR 2013 AND \$446,174.349 FOR 2012)				REFUNDABLE GOVERNMENT ADVANCES		4,628,943.38	4,530,636.86
				FUND BALANCES:			
				UNIVERSITY FUNDS, UNRESTRICTED		1,064,277.23	531,703.16
				TOTAL FUND BALANCES		1,064,277.23	531,703.16
				TOTAL LOAN FUNDS		5,693,220.61	5,062,340.02
TOTAL LOAN FUNDS		5,693,220.61	5,062,340.02				
ENDOWMENT FUNDS:				ENDOWMENT FUNDS:			
CASH AND CASH EQUIVALENTS		34,189,953.14	39,906,770.74	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		26,609,000.00	23,060,600.00
INVESTMENTS		108,023,897.53	86,693,244.41	BONDS PAYABLE		7,357,814.00	6,968,806.00
ACCOUNTS RECEIVABLE		4,288,316.82	4,634,144.78	FUND BALANCES:			
REAL ESTATE HELD FOR RESALE		6,780,531.00	3,162,768.00	RESTRICTED NONEXPENDABLE		33,879,821.18	31,254,927.31
PREPAID-LIFE ESTATE		0.00	3,576,462.00	UNRESTRICTED EXPENDABLE		85,447,063.31	78,889,056.62
				TOTAL FUND BALANCES		119,326,884.49	108,143,983.93
				TOTAL ENDOWMENT FUNDS		153,293,698.49	138,173,389.93
TOTAL ENDOWMENT FUNDS		153,293,698.49	138,173,389.93				
PLANT FUNDS:				PLANT FUNDS:			
CASH AND CASH EQUIVALENTS		119,537,828.86	57,869,347.07	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		11,734,236.17	8,265,541.22
INVESTMENTS		6,349,986.66	56,784,194.88	DEFERRED REVENUES		7,239,506.22	7,347,708.88
ACCOUNTS RECEIVABLE		2,063,505.04	2,696,652.69	OTHER DEPOSITS		25,791.63	25,791.63
DUE FROM OTHER FUNDS		17,380,365.21	62,480,495.18	NOTES PAYABLE		887,865.54	0.00
PREPAID EXPENSES		5,183,118.29	4,513,557.96	BONDS PAYABLE		346,978,780.34	355,054,349.36
CAPITAL LEASE RECEIVABLE		0.00	466,769.69				
INVESTMENT IN PLANT:							
LAND		22,242,549.92	22,056,047.66				
LAND IMPROVEMENTS		13,783,519.62	10,592,318.82				
BUILDINGS, ACCUM DEPREC AND IMPROVEMENTS		309,897,870.66	298,822,543.47				
OTHER EQUIPMENT, BOOKS AND FILMS		50,489,878.14	52,145,036.30				
CONSTRUCTION IN PROGRESS		182,750,910.55	123,785,740.87				
TOTAL PLANT FUNDS		709,761,532.95	692,312,704.59				
TOTAL ASSETS		983,224,493.90	987,906,067.67	TOTAL LIABILITIES AND FUND BALANCES		983,224,493.90	987,906,067.67

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE EIGHT MONTHS ENDED MAY 31, 2013

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT FUNDS	RENEWALS AND REPLACEMENTS	PLANT FUNDS RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
	UNRESTRICTED	RESTRICTED					
REVENUES AND OTHER ADDITIONS:							
EDUCATIONAL AND GENERAL REVENUES	207,236,449.32						
HOSPITALS REVENUES	223,096,793.82						
AUXILIARY ENTERPRISES REVENUES	11,845,911.90						
GRANTS AND CONTRACTS:							
FEDERAL		28,638,613.96					
STATE AND LOCAL		3,957,571.20					
PRIVATE		3,222,639.03					
GOVERNMENT APPROPRIATIONS:							
FEDERAL							
STATE							
INVESTMENT INCOME, GAINS/LOSS			2,168.71	6,461,681.71	83,507.00	31,411.77	
INSURANCE PROCEEDS					122,215.95		
INTEREST ON LOANS RECEIVABLE							
GIFTS AND BEQUESTS			74,787.16		144,194.40	17,002.44	
EXPENDED FOR PLANT FACILITIES (INCLUDING				2,167,056.56			46,204,897.96
\$7,341,374.10 CURRENT FUNDS EXPENDITURES)							
RETIREMENT OF INDEBTEDNESS							6,235,000.00
PROCEEDS FROM SALE OF CAPITAL ASSETS							
OTHER SOURCES				1,825.00	1,695,115.56		53,531.01
TOTAL REVENUES AND OTHER ADDITIONS	442,179,155.04	1,924,819.74	76,955.87	8,630,563.27	2,045,032.91	48,414.21	52,493,428.97
EXPENDITURES AND OTHER DEDUCTIONS:							
EDUCATIONAL AND GENERAL EXPENDITURES	189,582,624.88	35,502,474.66					
HOSPITALS EXPENDITURES	216,674,637.24	(462.00)					
AUXILIARY ENTERPRISES EXPENDITURES	8,424,794.46						
INDIRECT COSTS RECOVERED		3,106,070.97					
REFUNDED TO GRANTORS		17,520.58					
RETIREMENT OF INDEBTEDNESS						6,235,000.00	
ADMINISTRATIVE AND COLLECTION COSTS			234.94				
EXPENDED FOR PLANT FACILITIES (INCLUDING							
\$1,643,999.44 FOR NON-CAPITALIZED EXPENDITURES)					40,507,523.30	5,917,249.01	37,953.00
INTEREST ON INDEBTEDNESS							20,351,149.78
DEPRECIATION EXPENSES OF PLANT FACILITIES							
DISPOSAL OF PLANT							
OTHER DEDUCTIONS			(111,712.45)	211,656.25		59,621.25	1,306.18
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	414,682,056.58	38,625,604.21	(111,477.51)	211,656.25	40,507,523.30	12,211,870.26	20,390,408.96
TRANSFERS AMONG FUNDS-ADDITIONS/(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(16,849,712.16)				(715,672.96)	17,627,267.87	(61,882.75)
FINANCIAL AID MATCHING	(139,632.00)	139,632.00					
NON-MANDATORY:							
FUNDED DEPRECIATION	(3,399,998.84)						
MOBILE RACING COMMISSION	(44,491.92)				3,399,998.84		
PLANT ADDITIONS AND REPLACEMENTS	(3,980,000.00)				3,980,000.00		
ENDOWMENT FUND	(2,120,205.72)				(44,491.92)		
OTHER TRANSFERS	2,193,984.18	541,518.68		1,623,176.96			
TOTAL TRANSFERS	(24,340,056.46)	(448,946.46)		(1,212,136.07)	884,331.35	(821,858.64)	(595,372.36)
NET INCREASE (DECREASE) FOR THE PERIOD	3,157,042.00	232,204.22	0.00	411,040.89	7,548,657.23	16,805,409.23	(657,255.11)
FUND BALANCES AT OCTOBER 1, 2012	4,835,012.76	(649,756.06)	188,433.38	8,829,947.91	(30,913,833.16)	4,641,953.18	31,445,764.90
FUND BALANCES AT MAY 31, 2013	7,992,054.76	1,335,083.68	875,843.85	110,496,936.58	40,187,188.07	4,927,666.90	292,626,623.16
	\$	\$	\$	\$	\$	\$	\$
		685,327.62	1,084,277.23	119,326,884.49	9,273,354.91	9,569,620.08	324,072,388.06

*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE \$3,399,998.84 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE EIGHT MONTHS ENDED MAY 31, 2013
WITH COMPARATIVE FIGURES FOR 2012

	FOR THE EIGHT MONTHS ENDED MAY 31, 2013			
	UNRESTRICTED	RESTRICTED	TOTAL	MAY 31, 2012
REVENUES:				
TUITION AND FEES	\$ 89,480,355.24	\$	\$ 89,480,355.24	\$ 82,247,115.73
STATE APPROPRIATIONS	81,961,398.00		81,961,398.00	64,595,699.72
MOBILE RACING COMMISSION	44,491.92		44,491.92	356,853.03
FEDERAL GRANTS AND CONTRACTS	2,492,281.81	26,281,484.92	28,773,766.73	33,206,588.48
STATE GRANTS AND CONTRACTS (INCLUDING INDIRECT COST RECOVERED OF \$147,312.14)	241,103.82	3,633,031.33	3,874,135.15	2,979,934.15
PRIVATE GIFTS, GRANTS, AND CONTRACTS (INCLUDING INDIRECT COSTS RECOVERED OF \$486,477.02)	34,098,558.29	2,781,168.83	36,879,727.12	36,825,325.79
INVESTMENT INCOME	384,495.71		384,495.71	94,803.17
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	2,831,396.83	2,831,396.83	5,662,793.66	2,410,152.59
HOSPITALS - SALES AND SERVICES	217,460,657.82		217,460,657.82 *	224,204,038.17
- STATE APPROPRIATIONS	5,536,138.00		5,536,138.00	5,875,856.00
AUXILIARY ENTERPRISES - SALES AND SERVICES	11,845,911.90		11,845,911.90	11,878,826.53
OTHER SOURCES	15,942,371.90	2,806,348.58	16,748,720.48	18,909,968.78
TOTAL CURRENT REVENUES	442,179,155.04	35,502,012.66	477,681,167.70	483,172,963.14
EXPENDITURES AND TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	76,967,142.58	8,009,920.18	82,977,062.76	78,733,255.45
RESEARCH	6,355,121.87	6,663,856.05	13,018,977.92	13,770,071.85
PUBLIC SERVICE	35,408,995.38	3,391,305.56	38,798,300.94	38,987,064.84
ACADEMIC SUPPORT	12,991,806.79	1,048.92	12,992,855.71	13,759,375.65
STUDENT SERVICES	20,127,763.75	555,242.75	20,683,006.50	19,659,237.28
INSTITUTIONAL SUPPORT	17,748,574.41	958,240.40	18,706,814.81	18,351,395.83
OPERATION AND MAINTENANCE OF PLANT	14,928,559.45	6,195,837.88	21,124,397.33	25,111,764.00
SCHOLARSHIPS	5,056,980.95	11,727,020.92	16,783,981.57	17,055,313.10
EDUCATIONAL AND GENERAL	189,582,824.88	35,502,474.88	225,085,299.54	225,407,477.80
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	9,692,156.40		9,692,156.40	9,236,376.04
FINANCIAL AID MATCHING	139,632.00		139,632.00	0.00
TOTAL EDUCATIONAL AND GENERAL	199,414,413.28	35,502,474.88	234,916,887.94	234,643,853.84
HOSPITALS (INCLUDING DEBT SERVICE OF \$4,166,550.72)	220,841,187.96	(462.00)	220,840,725.96	233,375,912.89
AUXILIARY ENTERPRISES:				
EXPENDITURES	8,424,794.46		8,424,794.46	8,023,687.28
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	2,991,005.04		2,991,005.04	2,939,293.04
NON-MANDATORY TRANSFERS FOR:				
RENEWALS AND REPLACEMENTS	0.00		0.00	120,000.00
TOTAL AUXILIARIES	11,415,799.50	0.00	11,415,799.50	11,082,980.32
TOTAL EXPENDITURES AND TRANSFERS	431,671,400.74	35,502,012.66	467,173,413.40	479,105,747.05
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):				
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		(864,439.70)	(864,439.70)	(120,892.06)
REFUNDED TO GRANTORS		(17,520.58)	(17,520.58)	(244,279.99)
FUNDED DEPRECIATION	(3,399,998.84)		(3,399,998.84) *	(7,870,347.52)
MOBILE RACING COMMISSION	(44,491.92)		(44,491.92)	(356,853.03)
PLANT ADDITIONS AND REPLACEMENTS	(3,960,000.00)		(3,960,000.00)	(3,977,000.00)
ENDOWMENT FUND	(2,120,205.72)	541,518.68	(1,578,687.04)	(97,170.24)
OTHER TRANSFERS	2,193,984.18	(309,314.46)	1,884,669.72	4,780,733.69
TOTAL TRANSFERS	(7,350,712.30)	(649,756.06)	(8,000,468.36)	(7,685,789.15)
NET INCREASE/(DECREASE) IN FUND BALANCES	\$ 3,157,042.00	\$ (649,756.08)	\$ 2,507,285.94	\$ (3,618,553.06)

*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE \$3,399,998.84 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.
- University Facilities Revenue Capital Improvement Bond, Series 2010, 3.81% payable through August 2030.
- University Facilities Revenue Capital Improvement Bond, Series 2012A, 2.92% payable through August 2032.
- University Facilities Revenue Capital Improvement Bond, Series 2012B, 2.14% payable through February 2018.

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 EIGHT MONTHS ENDED MAY 31, 2013
WITH COMPARATIVE FIGURES FOR 2012

	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>TRANSFERS</u>	<u>EXCESS REVENUES OVER EXPENDITURES AND OTHER CHANGES (DEFICIT) 05/31/13</u>	<u>05/31/12</u>
BOOKSTORE	\$ 4,523,037.60	\$ 4,660,506.24	\$ (157,688.00)	\$ (295,156.64)	\$ (79,035.12)
FOOD SERVICES-CAMPUS	734,985.50	216,369.48	(450,685.04)	67,930.98	(69,520.54)
HOUSING	6,587,888.80	3,547,918.74	(2,382,632.00)	657,338.06	736,316.47
TOTAL	<u>\$ 11,845,911.90</u>	<u>\$ 8,424,794.46</u>	<u>\$ (2,991,005.04)</u>	<u>\$ 430,112.40</u>	<u>\$ 587,760.81</u>

BOOKSTORE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE EIGHT MONTHS ENDED MAY 31, 2013
WITH COMPARATIVE FIGURES FOR 2012

	<u>05/31/13</u>	<u>05/31/12</u>
REVENUES:		
SALES	\$ 4,364,336.23	\$ 4,355,287.39
LESS: DEPARTMENTAL DISCOUNTS	5,545.54	4,232.57
COST OF GOODS SOLD	<u>3,376,749.74</u>	<u>3,168,868.70</u>
GROSS PROFIT	982,040.95	1,182,186.12
CASH OVER/(SHORT)	(37.26)	(1,464.10)
GRADUATION (NET)	92,602.00	56,698.15
TEXTBOOK RENTAL INCOME	22,828.62	2,897.20
OTHER	43,308.01	31,958.30
NET REVENUES:	<u>1,140,742.32</u>	<u>1,272,275.67</u>
EXPENDITURES:		
SALARIES	562,101.73	524,068.26
EMPLOYEE BENEFITS	171,093.05	162,111.81
SUPPLIES	20,286.80	14,101.32
TRAVEL	9,772.73	8,622.39
EQUIPMENT	8,799.27	11,171.97
EQUIPMENT MAINTENANCE AND REPAIR	44,855.46	32,105.56
BUILDING & EQUIPMENT RENTAL	14,860.06	14,896.51
ADVERTISING	24,817.91	18,121.81
UTILITIES	50,000.00	50,000.00
TELEPHONE	4,414.45	13,417.35
INSURANCE AND BONDS	3,912.00	3,997.00
CONTRACT SERVICES	93,902.32	108,681.33
RENT	0.00	2,331.00
OBSOLETE INVENTORY	2,339.92	403.90
GENERAL EXPENSES	16,081.71	29,538.98
CHARGE CARD AND FACULTY		
STAFF DISCOUNTS	62,606.91	43,884.96
INSTITUTIONAL COST ALLOCATION	188,366.64	156,168.64
TOTAL EXPENDITURES	<u>1,278,210.96</u>	<u>1,193,622.79</u>
TRANSFERS AMONG FUNDS-		
ADDITIONS/(DEDUCTIONS):		
MANDATORY:		
PRINCIPAL AND INTEREST	(157,688.00)	(157,688.00)
NON-MANDATORY:		
OTHER TRANSFERS	0.00	0.00
RENEWAL AND REPLACEMENT	0.00	0.00
RETIREMENT REIMBURSEMENT	0.00	0.00
TOTAL TRANSFERS	<u>(157,688.00)</u>	<u>(157,688.00)</u>
EXCESS REVENUES OVER EXPENDITURES		
AND MANDATORY TRANSFERS	<u>\$ (295,156.64)</u>	<u>\$ (79,035.12)</u>

FOOD SERVICE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE EIGHT MONTHS ENDED MAY 31, 2013
WITH COMPARATIVE FIGURES FOR 2012

	05/31/13	05/31/12
REVENUES:		
COMMISSION INCOME	\$ 734,985.50	\$ 685,613.31
TOTAL REVENUES	<u>734,985.50</u>	<u>685,613.31</u>
EXPENDITURES:		
SALARIES	0.00	0.00
EMPLOYEE BENEFITS	0.00	0.00
SUPPLIES	0.00	105.19
EQUIPMENT MAINTENANCE AND REPAIR	57,683.23	36,116.17
UTILITIES	83,333.36	83,333.36
TELEPHONE	0.00	315.52
MEMBERSHIPS AND DUES	0.00	0.00
CONTRACT SERVICES	26,452.12	23,373.50
INSURANCE AND BONDS	23,703.00	9,537.00
EQUIPMENT	0.00	1,739.97
BUILDING MAINTENANCE AND REPAIR	0.00	2,905.00
INDIRECT COST	16,666.64	16,666.64
GENERAL EXPENSE	<u>8,531.13</u>	<u>10,356.46</u>
TOTAL EXPENDITURES	<u>216,369.48</u>	<u>184,448.81</u>
TRANSFERS AMONG FUNDS:		
ADDITIONS/(DEDUCTIONS):	(450,685.04)	(450,685.04)
NON-MANDATORY:		
OTHER TRANSFERS	0.00	(120,000.00)
TOTAL TRANSFERS	<u>(450,685.04)</u>	<u>(570,685.04)</u>
EXCESS REVENUES OVER		
EXPENDITURES AND MANDATORY		
TRANSFERS (DEFICIT)	<u>\$ 67,930.98</u>	<u>\$ (69,520.54)</u>

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE EIGHT MONTHS ENDED MAY 31, 2013
WITH COMPARATIVE FIGURES FOR 2012

	CENTRAL HOUSING	HOUSING PROGRAMMING	WASHERS AND DRYERS	CAMPS AND CONFERENCES	STOKES HALL	HILLSDALE MARRIED STUDENT	SMALL GROUP HOUSING
REVENUES:							
RENTAL INCOME	\$ 0.00	\$ 0.00	\$ 122,625.00	\$ 0.00	\$ 1,308,909.41	\$ 29,962.58	\$ 317,806.16
BAD DEBT RECOVERY	685.00	0.00	0.00	0.00	0.00	300.43	0.00
OTHER	45,125.00	0.00	0.00	0.00	6,757.64	950.00	77,686.03
TOTAL REVENUES	45,810.00	0.00	122,625.00	0.00	1,315,667.05	31,213.01	395,492.19
EXPENDITURES:							
SALARIES	267,895.48	6,526.83	0.00	311.75	76,899.92	0.00	38,144.25
EMPLOYEE BENEFITS	78,982.45	0.00	0.00	0.00	6,593.38	0.00	0.00
CONTRACT LABOR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICES	129.75	0.00	64,753.00	0.00	17,019.50	0.00	1,762.50
TRAVEL	8,478.61	0.00	0.00	0.00	0.00	0.00	0.00
RECEPTIONS	0.00	14,772.23	0.00	0.00	0.00	0.00	0.00
SUPPLIES	13,201.80	2,316.16	0.00	717.22	1,107.42	0.00	709.54
CABLE	112,368.72	0.00	0.00	0.00	0.00	0.00	0.00
TELEPHONE	408.32	0.00	0.00	0.00	229.26	0.00	216.47
UTILITIES	0.00	0.00	0.00	0.00	0.00	0.00	587.93
INSURANCE AND BONDS	732.00	0.00	0.00	0.00	8,633.00	2,359.00	5,846.00
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	4,500.00	0.00	0.00
EQUIPMENT	922.47	2,392.00	0.00	0.00	654.00	0.00	1,860.00
EQUIPMENT RENTAL	970.44	0.00	0.00	0.00	0.00	0.00	186.36
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EQUIPMENT MAINTENANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	52,272.17	23,789.49	0.00	0.00	60,405.05	576.48	26,364.10
ADMINISTRATIVE OVERHEAD	338,593.04	0.00	0.00	0.00	187,035.04	0.00	62,720.00
ADMINISTRATIVE EXPENSES	(829,145.25)	(49,796.71)	28,126.14	0.00	134,478.12	0.00	71,194.32
TOTAL EXPENDITURES	45,810.00	0.00	92,879.14	1,028.97	497,554.69	2,935.48	209,591.47
TRANSFERS AMONG FUNDS -							
ADDITIONS/(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(1,283,744.00)	0.00	(307,040.00)
TOTAL MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	(1,283,744.00)	0.00	(307,040.00)
NON-MANDATORY:							
RENEWALS AND REPLACEMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	(1,283,744.00)	0.00	(307,040.00)
EXCESS REVENUES OVER EXPENDITURES	\$ 0.00	\$ 0.00	\$ 29,745.86	\$ (1,028.97)	\$ (465,631.64)	\$ 28,277.53	\$ (121,139.28)
AND TRANSFERS (DEFICIT)							

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE EIGHT MONTHS ENDED MAY 31, 2013
WITH COMPARATIVE FIGURES FOR 2012

	GAMMA DORMS	BETA DORMS	DELTA DORMS	EPSILON DORMS	NEW RESIDENCE HALL 2013	TOTAL HOUSING 05/31/13	TOTAL HOUSING 05/31/12
REVENUES:							
RENTAL INCOME	\$ 1,063,119.11	\$ 616,872.86	\$ 2,142,180.99	\$ 821,430.31	\$ 0.00	\$ 6,422,906.42	\$ 6,389,558.72
BAD DEBT RECOVERY	0.00	0.00	0.00	0.00	0.00	985.43	3,100.19
OTHER	5,367.00	3,714.00	14,252.28	10,145.00	0.00	163,996.95	153,177.37
TOTAL REVENUES	<u>1,068,486.11</u>	<u>620,586.86</u>	<u>2,156,433.27</u>	<u>831,575.31</u>	<u>0.00</u>	<u>6,587,888.80</u>	<u>6,545,836.28</u>
EXPENDITURES:							
SALARIES	127,189.70	55,836.24	177,150.37	73,076.30	0.00	823,030.84	678,721.79
EMPLOYEE BENEFITS	14,060.89	9,341.68	38,471.60	6,378.24	0.00	153,828.24	107,647.13
CONTRACT LABOR	0.00	0.00	551.93	0.00	0.00	551.93	7,409.71
CONTRACT SERVICES	2,640.00	225.00	5,003.50	3,788.58	0.00	95,321.83	68,732.32
TRAVEL	0.00	0.00	0.00	0.00	0.00	8,478.61	7,327.49
RECEPTIONS	0.00	0.00	0.00	0.00	0.00	14,772.23	7,074.55
SUPPLIES	143.25	160.85	4,574.55	1,484.78	0.00	24,415.57	44,029.38
CABLE	0.00	0.00	0.00	0.00	0.00	112,368.72	120,643.20
TELEPHONE	119.76	186.76	472.55	455.80	0.00	2,088.92	1,778.65
UTILITIES	0.00	0.00	0.00	0.00	0.00	587.93	964.10
INSURANCE AND BONDS	8,709.00	4,197.00	13,039.00	5,303.00	0.00	48,818.00	52,569.00
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	4,500.00	0.00
EQUIPMENT	0.00	0.00	0.00	198.55	1,642.97	7,669.99	8,223.03
EQUIPMENT RENTAL	0.00	0.00	383.29	0.00	0.00	1,540.09	914.55
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	0.00	984.45
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	49,755.35	39,441.75	132,015.97	65,203.40	0.00	449,823.76	817,113.34
ADMINISTRATIVE OVERHEAD	357,296.00	168,732.00	514,134.00	171,612.00	0.00	1,800,122.08	1,554,467.12
ADMINISTRATIVE EXPENSES	145,025.42	81,741.60	313,782.27	104,594.09	0.00	0.00	0.00
TOTAL EXPENDITURES	<u>704,939.37</u>	<u>359,862.88</u>	<u>1,199,579.03</u>	<u>432,094.74</u>	<u>1,642.97</u>	<u>3,547,918.74</u>	<u>3,478,599.81</u>
TRANSFERS AMONG FUNDS -							
ADDITIONS/(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(153,152.00)	(45,760.00)	(344,344.00)	(248,592.00)	0.00	(2,382,632.00)	(2,330,920.00)
TOTAL MANDATORY TRANSFERS	<u>(153,152.00)</u>	<u>(45,760.00)</u>	<u>(344,344.00)</u>	<u>(248,592.00)</u>	<u>0.00</u>	<u>(2,382,632.00)</u>	<u>(2,330,920.00)</u>
NON-MANDATORY:							
RENEWALS AND REPLACEMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL NON-MANDATORY TRANSFERS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL TRANSFERS	<u>(153,152.00)</u>	<u>(45,760.00)</u>	<u>(344,344.00)</u>	<u>(248,592.00)</u>	<u>0.00</u>	<u>(2,382,632.00)</u>	<u>(2,330,920.00)</u>
EXCESS REVENUES OVER EXPENDITURES	\$ 210,394.74	\$ 214,963.98	\$ 612,510.24	\$ 150,888.57	\$ (1,642.97)	\$ 657,338.06	\$ 736,316.47
AND TRANSFERS (DEFICIT)							

INDEX **JUNE 30, 2013**

	<u>PAGE</u>
FINANCIAL HIGHLIGHTS.....	1
BALANCE SHEET	2
STATEMENT OF CHANGES IN FUND BALANCES.....	3
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES.....	4
NOTES TO FINANCIAL REPORTS	5
SUPPLEMENTAL SCHEDULES:	
Summary Schedule of Auxiliary Enterprises; Statement of Revenues, Expenditures and Other Changes.....	10
Bookstore.....	11
Food Service.....	12
Housing.....	13

Financial Report Highlights June 30, 2013

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 nine months ended, June 30, 2013 and 2012 are as follows (in thousands):

	At and for the nine months ended	
	6-30-13	6-30-12
<i>Total assets</i>		
Current	\$ 178,175	\$ 188,543
Loan	5,706	5,102
Endowment	155,101	134,914
Plant	761,017	695,248
<i>Fund Balances</i>		
Current	\$ 11,685	\$ 8,825
Loan	1,071	571
Endowment	119,534	102,390
Plant	339,186	319,156
<i>Other balance sheet highlights</i>		
Cash and investments	\$ 312,686	\$ 254,505
Receivables	127,761	138,175
Bonds and note payable	397,314	356,536

	For the nine months ended	
	6-30-13	6-30-12
<i>Selected operating highlights (current funds)</i>		
Tuition and fees	\$ 97,367	\$ 89,672
State appropriations	76,239	79,244
Hospital revenues	245,460	251,634
Gifts, grants and contracts	79,450	82,608
Instruction and academic support	105,628	101,905
Research and public service	57,659	59,562
Hospital expenses	249,644	260,145
Net current fund increase	5,515	3,122

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 continues to experience a decline in state appropriations. Additionally, the University is subject to the uncertainties of the general economic conditions in the United States and the State of Alabama. Administration is not aware of any other conditions that are expected to have a significant impact on the University's financial position in 2013 or beyond.

UNIVERSITY OF SOUTH ALABAMA
BALANCE SHEET
JUNE 2013 AND 2012

ASSETS		2013	2012	LIABILITIES AND FUND BALANCES		2013	2012
CURRENT FUNDS:				CURRENT FUNDS:			
UNRESTRICTED:				ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$	\$	\$
CASH AND CASH EQUIVALENTS		136,998.84	138,654.84	DEFERRED REVENUES		54,397,307.42	45,184,219.14
INVESTMENTS		2,793,536.95	20,615,476.88	DUE TO OTHER FUNDS		64,059,401.24	60,629,410.23
ACCOUNTS RECEIVABLE - PATIENTS (LESS ALLOWANCE				DEPOSITS HELD IN CUSTODY		38,374,484.15	70,291,841.94
FOR DOUBTFUL ACCOUNTS OF \$53,822,733.04				OTHER DEPOSITS		3,155,039.46	2,775,075.09
FOR 2013 AND \$54,927,960.32 FOR 2012)				FUND BALANCES:		504,329.87	636,648.99
DEPOSITS		127,761,366.87	138,175,281.25	ALLOATED FOR:			
INVENTORIES AT COST		35,000.00	35,000.00	HOSPITALS	(42,286,904.26)		(49,782,677.42)
PREPAID EXPENSES		5,937,155.77	5,256,597.26	AUXILIARY ENTERPRISES	3,094,524.19		2,761,307.23
		33,953,457.26	20,294,099.05	ENCUMBRANCES	5,366,069.21		4,477,795.30
				SELF-SUPPORTING ACTIVITIES	50,986,573.28		57,425,899.82
				UNALLOCATED	(7,033,308.87)		(9,884,411.04)
				TOTAL FUND BALANCES	10,126,953.55		4,997,913.89
				TOTAL UNRESTRICTED	170,617,515.69		184,515,109.28
TOTAL UNRESTRICTED		<u>170,617,515.69</u>	<u>184,515,109.28</u>				
RESTRICTED FUNDS:				RESTRICTED FUNDS:			
CASH AND CASH EQUIVALENTS		4,207,242.80	294,220.76	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		28,099.68	178,359.36
INVESTMENTS		8,647.20	3,998.33	DEFERRED REVENUES		5,970,876.57	22,514.83
UNBILLED COSTS AND ACCOUNTS RECEIVABLE		3,341,507.84	3,729,602.14	FUND BALANCES		1,558,421.59	3,826,948.04
TOTAL RESTRICTED		7,557,397.84	4,027,822.23	TOTAL RESTRICTED		7,557,397.84	4,027,822.23
TOTAL CURRENT FUNDS		<u>178,174,913.53</u>	<u>188,542,931.51</u>	TOTAL CURRENT FUNDS		<u>178,174,913.53</u>	<u>188,542,931.51</u>
LOAN FUNDS:				LOAN FUNDS:			
CASH AND CASH EQUIVALENTS		1,204,500.63	1,237,028.13	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		6,000.00	0.00
NOTES RECEIVABLE (LESS ALLOWANCE FOR				REFUNDABLE GOVERNMENT ADVANCES		4,628,943.38	4,530,636.86
DOUBTFUL ACCOUNTS OF \$722,025.21 FOR				FUND BALANCES:			
2013 AND \$446,174.349 FOR 2012)				UNIVERSITY FUNDS, UNRESTRICTED		1,070,663.03	571,527.72
				TOTAL FUND BALANCES		1,070,663.03	571,527.72
TOTAL LOAN FUNDS		<u>1,204,500.63</u>	<u>1,237,028.13</u>	TOTAL LOAN FUNDS		<u>1,070,663.03</u>	<u>571,527.72</u>
ENDOWMENT FUNDS:				ENDOWMENT FUNDS:			
CASH AND CASH EQUIVALENTS		30,576,437.98	41,391,080.00	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		28,109,000.00	25,460,600.00
INVESTMENTS		113,401,936.26	83,059,451.07	BONDS PAYABLE		7,457,710.00	7,063,414.00
ACCOUNTS RECEIVABLE		4,341,625.57	3,713,457.45	FUND BALANCES:			
REAL ESTATE HELD FOR RESALE		6,780,531.00	3,162,768.00	RESTRICTED NONEXPENDABLE		33,879,821.18	31,254,927.31
PREPAID-LIFE ESTATE		0.00	3,587,008.00	UNRESTRICTED EXPENDABLE		85,653,999.63	71,134,823.21
				TOTAL FUND BALANCES		119,533,820.81	102,389,750.52
TOTAL ENDOWMENT FUNDS		<u>155,100,530.81</u>	<u>134,913,761.52</u>	TOTAL ENDOWMENT FUNDS		<u>155,100,530.81</u>	<u>134,913,761.52</u>
PLANT FUNDS:				PLANT FUNDS:			
CASH AND CASH EQUIVALENTS		147,225,666.25	57,447,001.95	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		16,395,193.68	12,237,249.06
INVESTMENTS		6,350,619.82	47,164,875.98	DEFERRED REVENUES		7,250,162.22	7,293,774.93
ACCOUNTS RECEIVABLE		2,095,998.04	2,687,392.58	OTHER DEPOSITS		25,791.63	25,791.63
DUE FROM OTHER FUNDS		38,374,484.15	70,291,841.94	NOTES PAYABLE		845,207.70	0.00
PREPAID EXPENSES		5,130,292.04	5,573,736.25	BONDS PAYABLE		397,314,572.39	356,535,516.29
CAPITAL LEASE RECEIVABLE		0.00	423,878.30				
INVESTMENT IN PLANT:							
LAND		22,242,549.92	22,056,047.66				
LAND IMPROVEMENTS		13,676,306.56	10,564,780.89				
BUILDINGS - ACCUM DEPREC AND IMPROVEMENTS		308,637,328.11	297,733,660.03				
OTHER EQUIPMENT, BOOKS AND FILMS		49,453,627.27	51,048,264.05				
CONSTRUCTION IN PROGRESS		167,829,743.52	130,256,995.35				
TOTAL PLANT FUNDS		761,016,615.68	695,248,476.98				
TOTAL ASSETS		<u>\$ 1,099,997,666.43</u>	<u>\$ 1,023,807,337.59</u>	TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 1,099,997,666.43</u>	<u>\$ 1,023,807,337.59</u>

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE NINE MONTHS ENDED JUNE 30, 2013

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT FUNDS	RENEWALS AND REPLACEMENTS	PLANT FUNDS	
	UNRESTRICTED	RESTRICTED				RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
REVENUES AND OTHER ADDITIONS:							
EDUCATIONAL AND GENERAL REVENUES	232,467,263.53						
HOSPITALS REVENUES	251,800,633.70						
AUXILIARY ENTERPRISES REVENUES	12,179,059.64						
GRANTS AND CONTRACTS:							
FEDERAL		30,644,489.01					
STATE AND LOCAL		4,663,074.63					
PRIVATE		4,006,902.53					
GOVERNMENT APPROPRIATIONS:							
FEDERAL							
STATE					83,507.00		
INVESTMENT INCOME, GAINS/LOSS					127,136.25	41,448.34	
INSURANCE PROCEEDS				6,120,634.16			
INTEREST ON LOANS RECEIVABLE			2,399.97				
GIFTS AND BEQUESTS			84,594.40			17,002.44	
EXPENDED FOR PLANT FACILITIES (INCLUDING				2,283,486.75	191,436.59		51,791,128.63
\$7,494,347.69 CURRENT FUNDS EXPENDITURES)							
RETIREMENT OF INDEBTEDNESS							6,235,000.00
PROCEEDS FROM SALE OF CAPITAL ASSETS							
OTHER SOURCES				1,825.00	1,668,248.42		97,261.68
TOTAL REVENUES AND OTHER ADDITIONS	496,446,956.87	2,988,783.94	86,994.37	8,405,945.91	2,070,328.26	58,450.78	58,123,390.31
EXPENDITURES AND OTHER DEDUCTIONS:							
EDUCATIONAL AND GENERAL EXPENDITURES	209,860,407.77	38,589,625.89					
HOSPITALS EXPENDITURES	244,957,093.89						
AUXILIARY ENTERPRISES EXPENDITURES	9,043,257.41						
INDIRECT COSTS RECOVERED		3,658,084.25					
REFUNDED TO GRANTORS		17,520.58				6,235,000.00	
RETIREMENT OF INDEBTEDNESS							
ADMINISTRATIVE AND COLLECTION COSTS			244.94				
EXPENDED FOR PLANT FACILITIES (INCLUDING							
\$1,591,880.32 FOR NON-CAPITALIZED EXPENDITURES)					45,888,661.26		39,686.15
INTEREST ON INDEBTEDNESS							23,342,553.96
DEPRECIATION EXPENSES OF PLANT FACILITIES							
DISPOSAL OF PLANT							
OTHER DEDUCTIONS			(108,069.75)	312,567.25		89,244.50	1,306.18
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	463,860,759.07	42,265,230.72	(107,824.81)	312,567.25	45,888,661.26	15,701,184.79	23,383,546.29
TRANSFERS AMONG FUNDS-ADDITIONS(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(18,612,588.67)				(815,221.96)	19,520,947.88	(93,137.25)
FINANCIAL AID MATCHING	(139,632.00)	139,632.00					
NON-MANDATORY:							
FUNDED DEPRECIATION	(3,824,998.84)						
MOBILE RACING COMMISSION	(53,490.97)				3,824,998.84		
PLANT ADDITIONS AND REPLACEMENTS	(3,990,000.00)				53,490.97		
ENDOWMENT FUND	(2,624,248.90)				3,990,000.00		
OTHER TRANSFERS	1,950,702.37	541,518.68		2,147,882.04	(65,151.82)		
TOTAL TRANSFERS	(27,294,257.01)	(495,832.16)		(1,204,376.47)	2,008,309.26	(1,292,571.49)	(966,231.51)
NET INCREASE (DECREASE) FOR THE PERIOD	5,291,940.79	185,318.52	0.00	943,505.57	8,996,425.29	18,228,376.39	(1,059,368.76)
FUND BALANCES AT OCTOBER 1, 2012	4,835,012.76	223,337.91	194,819.18	9,036,884.23	(34,821,907.71)	2,585,642.38	33,680,475.26
FUND BALANCES AT JUNE 30, 2013	\$ 10,126,953.55	\$ 1,335,083.85	\$ 875,843.85	\$ 110,496,936.58	\$ 40,187,188.07	\$ 4,927,666.90	\$ 292,626,623.16
		\$ 1,558,421.59	\$ 1,070,663.03	\$ 119,533,820.81	\$ 5,365,280.36	\$ 7,513,309.28	\$ 326,307,098.42

*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE \$3,824,998.84 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE NINE MONTHS ENDED JUNE 30, 2013
WITH COMPARATIVE FIGURES FOR 2012

	FOR THE NINE MONTHS ENDED JUNE 30, 2013			JUNE 30, 2012		
	UNRESTRICTED	RESTRICTED	TOTAL			
REVENUES:						
TUITION AND FEES	\$ 97,367,016.49	\$	\$ 97,367,016.49	\$		\$ 89,671,900.25
STATE APPROPRIATIONS	69,898,133.00		69,898,133.00			72,633,774.06
MOBILE RACING COMMISSION	53,490.97		53,490.97			365,152.45
FEDERAL GRANTS AND CONTRACTS	2,880,269.52	27,897,480.47	30,786,749.99			36,292,543.19
STATE GRANTS AND CONTRACTS (INCLUDING INDIRECT COST RECOVERED OF \$191,872.70)	316,929.28	4,293,974.20	4,610,903.48			3,770,684.27
PRIVATE GIFTS, GRANTS, AND CONTRACTS (INCLUDING INDIRECT COSTS RECOVERED OF \$576,842.03)	40,598,738.02		40,598,738.02			42,545,144.32
INVESTMENT INCOME	336,322.24	3,454,041.01	44,082,779.03			58,191.67
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	2,798,594.67		2,798,594.67			2,561,253.38
HOSPITALS - SALES AND SERVICES	245,459,980.70		245,459,980.70 *			251,634,471.68
- STATE APPROPRIATIONS	6,340,653.00		6,340,653.00			6,610,338.00
AUXILIARY ENTERPRISES - SALES AND SERVICES	12,178,059.64	2,844,130.21	12,179,059.64			12,093,072.68
OTHER SOURCES	18,208,769.34		18,208,769.34			23,069,425.44
TOTAL CURRENT REVENUES	498,446,956.87	38,589,625.89	536,036,582.76			541,305,951.39
EXPENDITURES AND TRANSFERS:						
EDUCATIONAL AND GENERAL:						
INSTRUCTION	84,538,389.38	6,902,683.09	91,441,072.47			87,164,877.81
RESEARCH	7,079,220.10	7,836,128.60	14,915,348.70			15,994,411.69
PUBLIC SERVICE	38,752,086.59	3,891,064.96	42,743,151.55			43,566,011.61
ACADEMIC SUPPORT	14,186,291.58	1,048.92	14,187,340.50			14,739,874.37
STUDENT SERVICES	22,450,752.85	722,248.08	23,173,000.93			21,802,068.15
INSTITUTIONAL SUPPORT	21,336,472.08	958,240.40	22,294,712.49			20,863,164.31
OPERATION AND MAINTENANCE OF PLANT	16,448,862.67	6,296,898.67	22,735,761.24			28,333,097.67
SCHOLARSHIPS	5,069,332.51	11,691,313.27	16,959,645.78			15,143,963.05
EDUCATIONAL AND GENERAL	209,860,407.77	38,589,625.89	248,450,033.66			247,709,468.66
MANDATORY TRANSFERS FOR:						
PRINCIPAL AND INTEREST	10,914,503.07		10,914,503.07			10,430,692.38
FINANCIAL AID MATCHING	139,632.00		139,632.00			137,159.00
TOTAL EDUCATIONAL AND GENERAL	220,914,542.84	38,589,625.89	259,504,168.73			258,277,320.04
HOSPITALS (INCLUDING DEBT SERVICE OF \$4,687,369.56)	249,644,463.45	0.00	249,644,463.45			260,144,719.93
AUXILIARY ENTERPRISES:						
EXPENDITURES	9,043,257.41		9,043,257.41			8,586,410.11
MANDATORY TRANSFERS FOR:						
PRINCIPAL AND INTEREST	3,010,716.04		3,010,716.04			2,959,004.04
NON-MANDATORY TRANSFERS FOR:						
RENEWALS AND REPLACEMENTS	0.00		0.00			120,000.00
OTHER TRANSFERS	9,362.50		9,362.50			0.00
TOTAL AUXILIARIES	12,063,335.95	0.00	12,063,335.95			11,665,414.15
TOTAL EXPENDITURES AND TRANSFERS	482,622,342.24	38,589,625.89	521,211,968.13			530,087,454.12
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):						
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		55,539.97	55,539.97			533,228.69
REFUNDED TO GRANTORS		(17,520.58)	(17,520.58)			(244,279.99)
FUNDED DEPRECIATION		(3,824,988.84)	(3,824,988.84) *			(9,629,140.96)
MOBILE RACING COMMISSION		(53,490.97)	(53,490.97)			(365,152.45)
PLANT ADDITIONS AND REPLACEMENTS		(3,990,000.00)	(3,990,000.00)			(3,987,000.00)
ENDOWMENT FUND		(2,624,248.90)	(2,624,248.90)			(349,191.83)
OTHER TRANSFERS		1,960,064.87	1,960,064.87			4,845,108.09
TOTAL TRANSFERS		223,337.91	(8,309,335.93)			(8,096,428.45)
NET INCREASE/(DECREASE) IN FUND BALANCES	\$ 5,281,940.79	\$ 223,337.91	\$ 5,515,278.70	\$		\$ 3,122,069.82

*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE \$3,824,988.84 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.
- University Facilities Revenue Capital Improvement Bond, Series 2010, 3.81% payable through August 2030.
- University Facilities Revenue Capital Improvement Bond, Series 2012A, 2.92% payable through August 2032.
- University Facilities Revenue Capital Improvement Bond, Series 2012B, 2.14% payable through February 2018.

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 NINE MONTHS ENDED JUNE 30, 2013
WITH COMPARATIVE FIGURES FOR 2012

	REVENUES	EXPENDITURES	TRANSFERS	EXCESS REVENUES OVER EXPENDITURES AND OTHER CHANGES (DEFICIT)	
				06/30/13	06/30/12
BOOKSTORE	\$ 4,796,212.22	\$ 5,019,105.99	\$ (177,399.00)	\$ (400,292.77)	\$ (199,004.80)
BROOKLEY CENTER	0.00	0.00	0.00	0.00	(217.50)
FOOD SERVICES-CAMPUS	722,523.01	234,420.17	(450,685.04)	37,417.80	(58,548.16)
HOUSING	6,660,324.41	3,789,731.25	(2,391,994.50)	478,598.66	685,428.99
TOTAL	\$ 12,179,059.64	\$ 9,043,257.41	\$ (3,020,078.54)	\$ 115,723.69	\$ 427,658.53

BOOKSTORE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE NINE MONTHS ENDED JUNE 30, 2013
WITH COMPARATIVE FIGURES FOR 2012

	<u>06/30/13</u>	<u>06/30/12</u>
REVENUES:		
SALES	\$ 4,622,385.75	\$ 4,602,864.88
LESS: DEPARTMENTAL DISCOUNTS	6,647.40	5,119.49
COST OF GOODS SOLD	3,583,731.83	3,364,960.14
GROSS PROFIT	1,032,006.52	1,232,785.25
CASH OVER/(SHORT)	(47.80)	(1,476.00)
GRADUATION (NET)	102,217.00	67,338.15
TEXTBOOK RENTAL INCOME	23,045.87	4,211.50
OTHER	48,611.40	36,908.16
NET REVENUES:	<u>1,205,832.99</u>	<u>1,339,767.06</u>
EXPENDITURES:		
SALARIES	636,419.10	595,053.38
EMPLOYEE BENEFITS	209,188.08	191,932.42
SUPPLIES	23,314.79	15,543.37
TRAVEL	9,772.73	8,622.39
EQUIPMENT	8,928.29	11,726.43
EQUIPMENT MAINTENANCE AND REPAIR	44,857.50	32,260.56
BUILDING & EQUIPMENT RENTAL	15,469.07	21,792.32
ADVERTISING	25,516.91	18,372.62
UTILITIES	56,250.00	56,250.00
TELEPHONE	4,989.20	14,761.52
INSURANCE AND BONDS	3,912.00	3,997.00
CONTRACT SERVICES	110,964.43	125,722.05
RENT	0.00	3,108.00
OBSOLETE INVENTORY	2,339.92	403.90
GENERAL EXPENSES	7,501.85	30,582.98
CHARGE CARD AND FACULTY		
STAFF DISCOUNTS	57,390.42	55,554.20
INSTITUTIONAL COST ALLOCATION	211,912.47	175,689.72
TOTAL EXPENDITURES	<u>1,428,726.76</u>	<u>1,361,372.86</u>
TRANSFERS AMONG FUNDS- ADDITIONS/(DEDUCTIONS):		
MANDATORY:		
PRINCIPAL AND INTEREST	(177,399.00)	(177,399.00)
NON-MANDATORY:		
OTHER TRANSFERS	0.00	0.00
RENEWAL AND REPLACEMENT	0.00	0.00
RETIREMENT REIMBURSEMENT	0.00	0.00
TOTAL TRANSFERS	<u>(177,399.00)</u>	<u>(177,399.00)</u>
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS	<u>\$ (400,292.77)</u>	<u>\$ (199,004.80)</u>

FOOD SERVICE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE NINE MONTHS ENDED JUNE 30, 2013
WITH COMPARATIVE FIGURES FOR 2012

	06/30/13	06/30/12
REVENUES:		
COMMISSION INCOME	\$ 722,523.01	\$ 715,160.26
TOTAL REVENUES	<u>722,523.01</u>	<u>715,160.26</u>
EXPENDITURES:		
SALARIES	0.00	0.00
EMPLOYEE BENEFITS	0.00	0.00
SUPPLIES	0.00	448.28
EQUIPMENT MAINTENANCE AND REPAIR	59,375.13	39,263.14
UTILITIES	93,750.03	93,750.03
TELEPHONE	43.03	333.28
MEMBERSHIPS AND DUES	0.00	0.00
CONTRACT SERVICES	30,294.12	25,160.25
INSURANCE AND BONDS	23,703.00	9,537.00
EQUIPMENT	0.00	2,519.97
BUILDING MAINTENANCE AND REPAIR	0.00	2,905.00
INDIRECT COST	18,749.97	18,749.97
GENERAL EXPENSE	8,504.89	10,356.46
TOTAL EXPENDITURES	<u>234,420.17</u>	<u>203,023.38</u>
TRANSFERS AMONG FUNDS:		
ADDITIONS/(DEDUCTIONS):		
NON-MANDATORY:	(450,685.04)	(450,685.04)
OTHER TRANSFERS	0.00	(120,000.00)
TOTAL TRANSFERS	<u>(450,685.04)</u>	<u>(570,685.04)</u>
EXCESS REVENUES OVER		
EXPENDITURES AND MANDATORY		
TRANSFERS (DEFICIT)	<u>\$ 37,417.80</u>	<u>\$ (58,548.16)</u>

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE NINE MONTHS ENDED JUNE 30, 2013
WITH COMPARATIVE FIGURES FOR 2012

	CENTRAL HOUSING	HOUSING PROGRAMMING	WASHERS AND DRYERS	CAMPS AND CONFERENCES	STOKES HALL	HILLSDALE MARRIED STUDENT	SMALL GROUP HOUSING
REVENUES:							
RENTAL INCOME	\$ 0.00	\$ 0.00	\$ 128,545.00	\$ 4,490.00	\$ 1,308,176.68	\$ 33,567.58	\$ 318,616.16
BAD DEBT RECOVERY	2,092.50	0.00	0.00	0.00	0.00	311.03	0.00
OTHER	53,225.00	0.00	0.00	0.00	10,067.14	1,050.00	77,686.03
TOTAL REVENUES	<u>55,317.50</u>	<u>0.00</u>	<u>128,545.00</u>	<u>4,490.00</u>	<u>1,318,243.82</u>	<u>34,928.61</u>	<u>396,302.19</u>
EXPENDITURES:							
SALARIES	299,947.97	7,124.95	0.00	7,052.44	86,041.70	0.00	38,547.25
EMPLOYEE BENEFITS	95,101.83	22.19	0.00	515.68	8,485.37	0.00	0.00
CONTRACT LABOR	0.00	0.00	0.00	0.00	0.00	0.00	418.95
CONTRACT SERVICES	141.75	0.00	64,753.00	550.00	17,019.50	0.00	3,957.18
TRAVEL	9,567.51	104.36	0.00	0.00	0.00	0.00	0.00
RECEPTIONS	0.00	15,481.59	0.00	0.00	0.00	0.00	0.00
SUPPLIES	18,019.61	2,735.76	0.00	1,037.22	2,235.90	0.00	709.54
CABLE	112,368.72	0.00	0.00	0.00	0.00	0.00	0.00
TELEPHONE	442.05	0.00	0.00	0.00	252.16	0.00	247.58
UTILITIES	0.00	0.00	0.00	0.00	0.00	0.00	624.23
INSURANCE AND BONDS	732.00	0.00	0.00	0.00	8,633.00	2,359.00	5,846.00
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	4,500.00	0.00	0.00
EQUIPMENT	922.47	2,392.00	0.00	0.00	654.00	0.00	1,860.00
EQUIPMENT RENTAL	1,045.44	0.00	0.00	0.00	0.00	0.00	186.36
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GROUPS MAINTENANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	60,722.93	30,271.89	0.00	0.00	60,405.05	1,219.84	26,364.10
ADMINISTRATIVE OVERHEAD	338,593.04	0.00	0.00	0.00	187,035.04	0.00	62,720.00
ADMINISTRATIVE EXPENSES	(882,287.82)	(57,495.24)	30,073.06	0.00	143,786.81	0.00	76,122.45
TOTAL EXPENDITURES	<u>55,317.50</u>	<u>637.50</u>	<u>94,826.06</u>	<u>9,155.34</u>	<u>519,048.53</u>	<u>3,578.84</u>	<u>217,613.64</u>
TRANSFERS AMONG FUNDS -							
ADDITIONS/(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(1,283,744.00)	0.00	(307,040.00)
TOTAL MANDATORY TRANSFERS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,283,744.00)</u>	<u>0.00</u>	<u>(307,040.00)</u>
NON-MANDATORY:							
RENEWALS AND REPLACEMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER NON-MANDATORY TRANSFERS	0.00	637.50	0.00	0.00	(5,000.00)	0.00	0.00
TOTAL NON-MANDATORY TRANSFERS	<u>0.00</u>	<u>637.50</u>	<u>0.00</u>	<u>0.00</u>	<u>(5,000.00)</u>	<u>0.00</u>	<u>0.00</u>
TOTAL TRANSFERS	<u>0.00</u>	<u>637.50</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,288,744.00)</u>	<u>0.00</u>	<u>(307,040.00)</u>
EXCESS REVENUES OVER EXPENDITURES	\$ 0.00	\$ 0.00	\$ 33,718.94	\$ (4,665.34)	\$ (489,548.71)	\$ 31,349.77	\$ (128,351.45)
AND TRANSFERS (DEFICIT)							

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE NINE MONTHS ENDED JUNE 30, 2013
WITH COMPARATIVE FIGURES FOR 2012

	GAMMA DORMS	BETA DORMS	DELTA DORMS	EPSILON DORMS	NEW RESIDENCE HALL 2013	TOTAL HOUSING 06/30/13	TOTAL HOUSING 06/30/12
REVENUES:							
RENTAL INCOME	\$ 1,070,430.48	\$ 619,167.86	\$ 2,174,615.91	\$ 821,430.31	\$ 0.00	\$ 6,479,039.98	\$ 6,501,001.27
BAD DEBT RECOVERY	0.00	0.00	0.00	0.00	0.00	2,403.53	3,857.09
OTHER	8,016.25	3,639.00	15,102.49	10,094.99	0.00	178,880.90	163,207.37
TOTAL REVENUES	1,078,446.73	622,806.86	2,189,718.40	831,525.30	0.00	6,660,324.41	6,668,065.73
EXPENDITURES:							
SALARIES	136,526.28	58,162.47	189,798.32	76,553.12	0.00	899,754.50	746,475.62
EMPLOYEE BENEFITS	16,777.90	10,910.71	45,194.49	8,035.91	0.00	185,044.08	132,906.04
CONTRACT LABOR	794.88	0.00	551.93	0.00	0.00	1,765.76	10,384.51
CONTRACT SERVICES	3,140.00	225.00	85,068.50	3,788.58	0.00	178,653.51	84,999.91
TRAVEL	0.00	0.00	0.00	0.00	0.00	9,671.87	7,822.49
RECEPTIONS	0.00	0.00	0.00	0.00	0.00	15,481.59	9,418.37
SUPPLIES	286.00	364.45	6,442.10	1,598.66	0.00	33,429.24	46,786.17
CABLE	0.00	0.00	0.00	0.00	0.00	112,368.72	120,643.20
TELEPHONE	123.36	209.87	522.77	479.50	0.00	2,277.29	1,978.47
UTILITIES	0.00	0.00	0.00	0.00	0.00	624.23	1,125.55
INSURANCE AND BONDS	8,709.00	4,197.00	13,039.00	5,303.00	0.00	48,818.00	52,569.00
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUILDING MAINTENANCE AND REPAIR	550.00	0.00	0.00	0.00	0.00	5,050.00	0.00
EQUIPMENT	0.00	0.00	0.00	198.55	1,642.97	7,669.99	36,317.86
EQUIPMENT RENTAL	0.00	0.00	563.31	0.00	0.00	1,795.11	989.55
EQUIPMENT MAINTENANCE AND REPAIR	0.00	2,180.00	0.00	0.00	0.00	2,180.00	2,485.78
GROUPS MAINTENANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	53,460.35	39,441.75	140,565.97	72,573.40	0.00	485,025.28	842,347.10
ADMINISTRATIVE OVERHEAD	357,296.00	168,732.00	514,134.00	171,612.00	0.00	1,800,122.08	1,554,467.12
ADMINISTRATIVE EXPENSES	155,064.20	87,399.82	335,502.54	111,834.18	0.00	0.00	0.00
TOTAL EXPENDITURES	732,727.97	371,823.07	1,331,382.93	451,976.90	1,642.97	3,789,731.25	3,651,716.74
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(153,152.00)	(45,760.00)	(344,344.00)	(248,592.00)	0.00	(2,382,632.00)	(2,330,920.00)
TOTAL MANDATORY TRANSFERS	(153,152.00)	(45,760.00)	(344,344.00)	(248,592.00)	0.00	(2,382,632.00)	(2,330,920.00)
NON-MANDATORY:							
RENEWALS AND REPLACEMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	(5,000.00)	0.00	0.00	(9,362.50)	0.00
TOTAL NON-MANDATORY TRANSFERS	0.00	0.00	(5,000.00)	0.00	0.00	(9,362.50)	0.00
TOTAL TRANSFERS	(153,152.00)	(45,760.00)	(349,344.00)	(248,592.00)	0.00	(2,391,994.50)	(2,330,920.00)
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS (DEFICIT)	\$ 192,566.76	\$ 205,223.79	\$ 508,991.47	\$ 130,956.40	\$ (1,642.97)	\$ 478,598.66	\$ 685,428.99

University of South Alabama
Quarterly Financial Statements
(A Component Unit of the State of Alabama)
Nine Months Ended June 30, 2013 and 2012

Unaudited

University of South Alabama
Quarterly Financial Statements
(A Component Unit of the State of Alabama)
Nine Months Ended June 30, 2013 and 2012

Contents

Management's Discussion and Analysis	1
Unaudited Quarterly Financial Statements	
Statements of Net Position.....	9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows.....	11
Notes to Financial Statements.....	13

University of South Alabama

Management's Discussion and Analysis

Introduction

The following discussion presents an overview of the financial position and financial activities of the University of South Alabama (the University). This discussion was prepared by University management and should be read in conjunction with the financial statements and notes thereto, which follow.

Financial Highlights

At June 30, 2013, the University had total assets of \$1,042,018,000, total liabilities of \$573,282,000 and net position of \$468,736,000. University net assets increased \$15,207,000 for the nine months ended June 30, 2013 compared to an increase of \$14,142,000 for the nine months ended June 30, 2012. An overview of each statement is presented below along with a financial analysis of the transactions impacting the statement.

Condensed financial statements for the University at and for the nine months ended June 30, 2013 and 2012 follow (in thousands):

Condensed Statements of Net Position

	2013	2012
<i>Assets</i>		
Current	\$ 334,272	\$ 313,902
Capital and other noncurrent assets	<u>707,744</u>	<u>636,527</u>
	<u>1,042,018</u>	<u>950,429</u>
<i>Liabilities</i>		
Current	131,721	118,634
Noncurrent	<u>441,561</u>	<u>402,531</u>
	<u>573,282</u>	<u>521,165</u>
<i>Net Position</i>		
Net Investment in Capital Assets	228,651	209,145
Restricted, nonexpendable	35,672	32,963
Restricted, expendable	53,056	44,797
Unrestricted	<u>151,357</u>	<u>142,359</u>
	<u>\$ 468,736</u>	<u>\$ 429,264</u>

University of South Alabama

Management's Discussion and Analysis (continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2013	2012
<i>Operating revenues</i>		
Tuition and fees	\$ 81,466	\$ 75,332
Hospital revenues, net	189,634	183,183
Other	<u>92,269</u>	<u>97,284</u>
	363,369	355,799
<i>Operating expenses</i>		
Salaries and benefits	304,414	300,048
Supplies and other services	105,378	105,209
Other	<u>37,016</u>	<u>38,120</u>
	446,808	443,377
Operating loss	(83,439)	(87,578)
<i>Nonoperating revenues (expenses)</i>		
State appropriations	76,239	79,244
Other, net	<u>11,342</u>	<u>7,912</u>
Net nonoperating revenues, net	87,581	87,156
Other revenues, expenses, gains or losses	<u>11,065</u>	<u>14,564</u>
Increase in net position	15,207	14,142
<i>Net Position</i>		
Beginning of period, before cumulative		
Change in accounting principle	453,529	416,896
Cumulative effect of change	<u>-</u>	<u>(1,774)</u>
Beginning of period, as adjusted	453,529	415,122
End of period	<u>\$ 468,736</u>	<u>\$ 429,264</u>

Analysis of Financial Position and Results of Operations

Statements of Net Position

The statements of net position present the assets, liabilities and net position of the University as of the end of the current reporting period. The net position is displayed in three parts, net investment in capital assets, restricted and unrestricted. Restricted net position may either be expendable or nonexpendable and are those assets that are restricted by law or by an external donor. Unrestricted net position, while it is generally

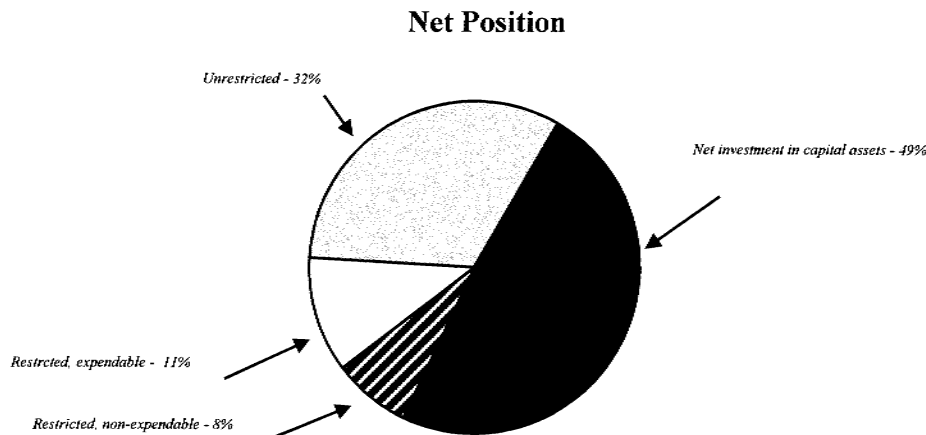
University of South Alabama

Management's Discussion and Analysis (continued)

designated for specific purposes, is available for use by the University to meet current expenses for any purposes. The statements of net position, along with all of the University's basic financial statements, are prepared under the accrual basis of accounting, whereby revenues are recognized when the service or goods is provided and expenses are recognized when others provide the service to the University, regardless of when cash is exchanged.

Assets included in the statements of net position are classified as current or noncurrent. Current assets consist primarily of cash and cash equivalents, operating investments and hospital patient accounts receivable. Current liabilities consist primarily of accounts payable and accrued liabilities.

Net position represents the residual interest in the University's assets after liabilities are deducted and are classified into one of four categories as shown on the following illustration, as of the end of the current reporting period:



Net investment in capital assets represents the University's capital assets less accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted nonexpendable net position consists primarily of the University's permanent endowment funds. The corpus of these funds may not be expended and must remain with the University in perpetuity. Only the earnings from these funds may be expended. Restricted expendable net assets are subject to externally imposed restrictions governing

University of South Alabama

Management's Discussion and Analysis (continued)

their use. The funds are restricted primarily for debt service, capital projects, student loans and scholarship purposes.

Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the University's unrestricted net position has been designated for various academic and research programs and initiatives as well as capital projects.

Statements of Revenues, Expenses and Changes in Net Position

Changes in total University net position as presented on the statements of net position is based on the activity presented in the statements of revenues, expenses and changes in net position. The purpose of the statements is to present the revenues recognized by the University, both operating and nonoperating, and the expenses incurred by the University, operating and nonoperating, and any other revenues, expenses, gains and losses recognized or incurred by the University.

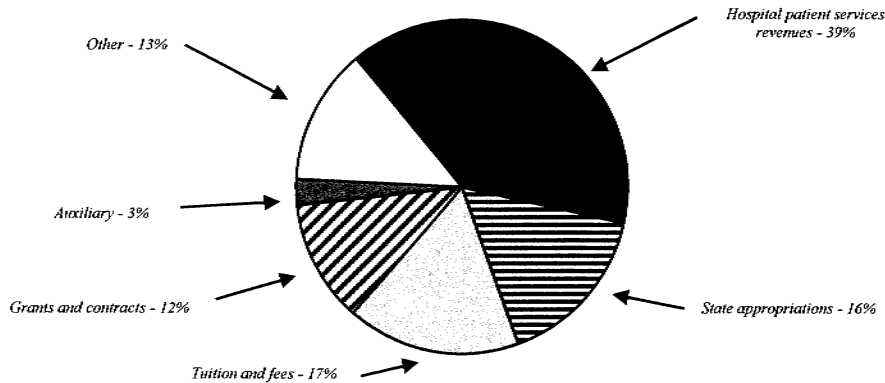
Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided. GASB Statement No. 34 requires that state appropriations be classified as nonoperating.

Approximately one-half of the operating revenues of the University are hospital patient care revenues. The remainder consists primarily of tuition and fees, grants and contracts, auxiliary enterprise and other revenues. The following illustration presents the major sources of University revenues (operating, nonoperating and other) for the current period:

University of South Alabama

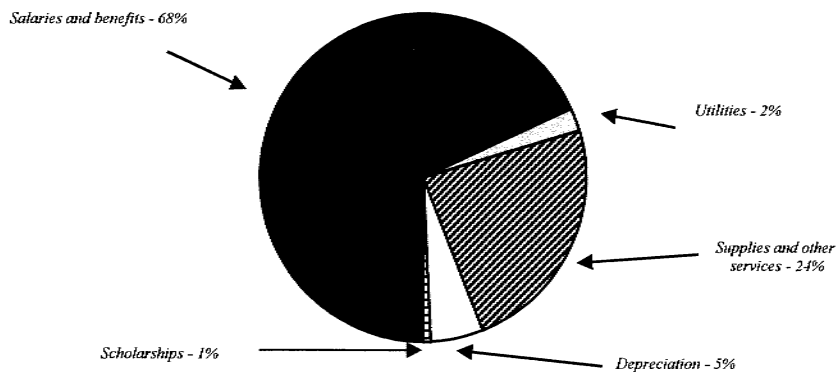
Management's Discussion and Analysis (continued)

Sources of Revenues



University expenses are presented using natural expense classifications. Salaries and benefits represent the majority of the University's operating expenses. The following illustration presents the major University operating expenses, including the Hospitals, using natural classification for the current period:

Operating Expenses by Natural Classification



Capital Assets and Debt Administration

During the current period, construction continued on the new Delta student housing facility, the expansion of Children's and Women's Hospital and a major renovation of the Student Center. Additionally, several other construction and renovation projects at the University and Hospitals remained ongoing during the current period. The construction of Shelby Hall was essentially completed in fiscal 2012. Also in fiscal 2012, the

University of South Alabama

Management's Discussion and Analysis (continued)

renovation of the University Bookstore and the Campus Entrance Portals were placed into service.

In January 2012, the University issued the University Facilities Revenue Capital Improvement Bond, Series 2012-A, with a face value of \$25,000,000. The net proceeds of this bond will be used to fund the construction of new student housing as well as other construction and capital improvement projects at the University.

Also in January 2012, the University issued the University Facilities Revenue Capital Improvement Bond, Series 2012-B, with a face value of \$7,740,000. The net proceeds of this bond will be used to fund certain capital equipment purchases and renovations at the Hospitals and Mitchell Cancer Institute.

In June 2013, the University issued the University Facilities Revenue Capital Improvement Bond, Series 2013-A, with a face value of \$32,000,000. The net proceeds of this bond will be used to fund the construction of a Medical Office Building on the campus of USA Children's and Women's Hospital.

In June 2013, the University issued the University Facilities Revenue Capital Improvement Bond, Series 2013-B, with a face value of \$8,000,000. The net proceeds of this bond will be used to fund certain capital improvements at the University.

In June 2013, the University issued the University Facilities Revenue Capital Improvement Bond, Series 2013-C, with a face value of \$10,000,000. The net proceeds of this bond will be used to fund certain capital improvements at the University.

In March 2012, the University's bond credit rating was downgraded by Moody's Investors Services from Aa3 to A1. This represents the first change in the University's bond credit rating since it was upgraded from A1 to Aa3 in 2010. In November 2012, Standard and Poor's Ratings Service reaffirmed the University's rating of A+. In June 2013, Moody's Investors Services reaffirmed the University's rating of A1.

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 of South Alabama

Management's Discussion and Analysis (continued)

University. The fair value component of the refunding associated with the swaps is considered an investment derivative and, as such, the change in the fair value component is reflected as a component of investment income.

Economic Outlook

While enrollment and tuition have generally increased in recent years, state appropriations prior to 2008 were relatively flat. However, in the 2008, 2007 and 2006 fiscal years, the University experienced increases of 16%, 19% and 17%, respectively. 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 \$108,133,000 was authorized for the year ended September 30, 2010. In September 2009, the Governor announced proration of 7.5%, or approximately \$8,264,000; and in September 2010, the Governor announced additional proration of 2%, or approximately \$2,162,000. Therefore, the total decrease from the original authorized 2010 state appropriation was approximately \$10,426,000 to \$97,860,000, or 9.6% lower than the original appropriation and 9.8% lower than the actual 2009 amounts received.

A state appropriation in the amount of \$99,947,000 was authorized for the year ended September 30, 2011. In February 2011, the Governor announced proration of 3%, or approximately \$2,999,000, to approximately \$96,948,000.

A state appropriation in the amount of approximately \$105,391,000 was authorized and received for the year ended September 30, 2012. This represented an \$8,443,000 increase from the fiscal 2011 appropriation received.

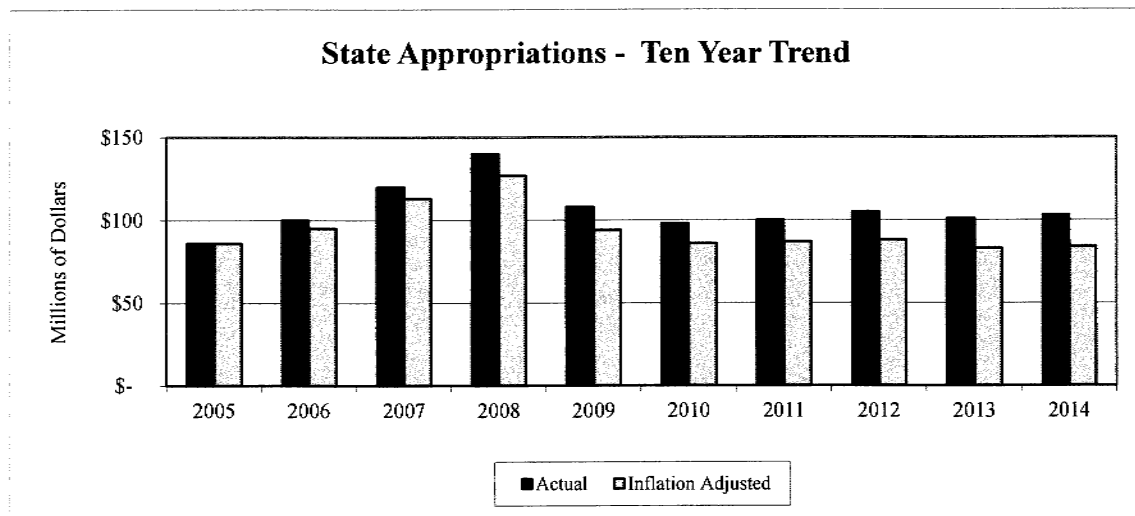
A state appropriation in the amount of approximately \$101,295,000 has been authorized and is being received for the year ending September 30, 2013. This represents a \$4,096,000 decrease from the fiscal 2012 appropriation received. While no announcement has been made, the University is aware that reductions in its 2013 appropriation are possible.

University of South Alabama

Management's Discussion and Analysis (continued)

A state appropriation in the amount of approximately \$102,696,000 has been authorized for the year ending September 30, 2014. This represents a small increase over the 2013 appropriation.

State appropriations (actual and adjusted for inflation) for the last ten years are illustrated below:



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. Weakening of the economy could have a potential negative impact on the University's enrollment, extramural funding, endowment performance, and health care operations.

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 2013 beyond those unknown variables having a global effect on virtually all types of business operations.

University of South Alabama

Statements of Net Position

June 30, 2013 and 2012

(In thousands)

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	\$ 93,879	\$ 62,257
Investments, at fair value	120,899	105,873
Net patient service receivables	29,380	36,775
Accounts receivable, affiliates	30,457	27,799
Accounts receivable, other	46,317	67,376
Notes receivable, net	4,013	4,558
Prepaid expenses, inventories and other	9,329	9,264
Total current assets	334,274	313,902
Noncurrent assets		
Restricted cash and cash equivalents	96,931	85,594
Restricted investments	-	-
Investments, at fair value	976	790
Accounts receivable	3,869	4,368
Notes receivable, net	8,000	10,371
Other noncurrent assets	36,128	23,744
Capital assets (net of accumulated depreciation)	561,840	511,660
Total noncurrent assets	707,744	636,527
Total Assets	1,042,018	950,429
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	45,579	50,086
Deferred revenue	73,176	56,740
Deposits	2,171	2,192
Current portion of long-term debt	10,795	9,616
Total current liabilities	131,721	118,634
Noncurrent liabilities		
Long-term debt	393,977	352,869
Other long-term liabilities	47,584	49,662
Total noncurrent liabilities	441,561	402,531
Total liabilities	573,282	521,165
Net position		
Net investment in capital assets	228,651	209,145
Restricted, nonexpendable		
Scholarships	15,418	14,517
Other	20,254	18,446
Restricted, expendable		
Scholarships	10,310	9,165
Other	42,746	35,632
Unrestricted	151,357	142,359
Total net position	\$ 468,736	\$ 429,264

See accompanying notes to basic financial statements.

University of South Alabama

Statements of Revenues, Expenses and Changes in Net Position

Nine Months Ended June 30, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Revenues		
Operating revenues		
Tuition and fees (net of scholarship allowances)	\$ 81,466	\$ 75,332
Patient services and other (net of contractual allowances and bad debt expense)	189,634	183,183
Federal grants and contracts	11,720	14,366
State grants and contracts	4,770	3,856
Private grants and contracts	40,083	38,789
Auxiliary enterprises (net of scholarship allowances)	12,046	12,052
Other operating revenues	23,650	28,221
Total operating revenues	<u>363,369</u>	<u>355,799</u>
Expenses		
Operating expenses		
Salaries and benefits	304,414	300,048
Supplies and other services	105,378	105,209
Scholarships and fellowships	3,458	3,412
Utilities	10,126	10,485
Depreciation and amortization	23,432	24,223
Total operating expenses	<u>446,808</u>	<u>443,377</u>
Operating loss	(83,439)	(87,578)
Nonoperating revenues (expenses)		
State appropriations	76,239	79,244
Investment income and gains (losses) on investments	6,733	1,348
Interest on indebtedness	(9,716)	(10,308)
Other nonoperating revenues	20,627	22,067
Other nonoperating expenses	(6,302)	(5,195)
Net nonoperating revenues	<u>87,581</u>	<u>87,156</u>
Income (loss) before other revenues, expenses, gains or losses	4,142	(422)
Capital appropriations	84	-
Capital gifts and grants	8,698	12,223
Additions to endowment	2,283	2,341
Increase in net assets	<u>15,207</u>	<u>14,142</u>
Net position		
Beginning of period, before cumulative effect of change in accounting principle	453,529	416,896
Cumulative effect of change in accounting principle	-	(1,774)
Beginning of period, as adjusted	<u>453,529</u>	<u>415,122</u>
End of period	<u>\$ 468,736</u>	<u>\$ 429,264</u>

See accompanying notes to basic financial statements.

University of South Alabama

Statement of Cash Flows

Nine Months Ended June 30, 2013 and 2012

(in thousands)

	2013	2012
Cash flows from operating activities:		
Receipts related to tuition and fees	\$ 58,904	\$ 49,465
Receipts from and on behalf of patients and third-party payers	191,498	178,809
Receipts from grants and contracts	55,993	49,567
Receipts related to auxiliary enterprises	9,552	9,764
Payments to suppliers and vendors	(131,252)	(118,542)
Payments to employees and related benefits	(304,714)	(293,412)
Payments for scholarships and fellowships	(3,458)	(3,412)
Other operating receipts	39,003	42,080
Net cash used in operating activities	(84,474)	(85,681)
Cash flows from noncapital financing activities:		
State appropriations	67,798	61,096
Endowment gifts	2,283	2,341
Agency funds received	1,303	634
Agency funds disbursed	(1,298)	(390)
Student loan program receipts	66,360	60,730
Student loan program disbursements	(66,516)	(60,980)
Other nonoperating revenues	29,267	17,652
Other nonoperating expenses	(6,302)	(5,510)
Net cash provided by noncapital financing activities	92,895	75,573
Cash flows from capital and related financing activities:		
Proceeds from issuance of capital debt	50,000	32,740
Capital gifts and grants	9,663	14,234
Purchases of capital assets	(47,886)	(45,206)
Proceeds from sale of capital assets	3,556	3,846
Principal payments on capital debt	(6,235)	(9,217)
Interest payments on capital debt	(9,603)	(4,785)
Net cash used in capital and related financing activities	(505)	(8,388)
Cash flows from investing activities:		
Interest and dividends on investments	3,436	2,590
Proceeds from sales of investments	21,529	23,463
Purchases of investments	(45,426)	(37,468)
Net cash used in investing activities	(20,461)	(11,415)
Net decrease in cash and cash equivalents	(12,545)	(29,911)
Cash and cash equivalents (unrestricted and restricted):		
Beginning of year	203,355	177,762
End of period	\$ 190,810	\$ 147,851

University of South Alabama

Statement of Cash Flows

Nine Months Ended June 30, 2013 and 2012

(in thousands)

	<u>2013</u>	<u>2012</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (83,439)	\$ (87,578)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	23,432	24,223
Changes in operating assets and liabilities, net:		
Student receivables	(37,061)	(35,438)
Net patient service receivables	(2,542)	(3,068)
Grants and contracts receivables	(2,034)	(4,526)
Other receivables	12,520	(3,633)
Prepaid expenses, inventories, and other	1,738	(1,584)
Accounts payable and accrued liabilities	(20,818)	3,575
Deferred revenue	23,730	22,348
Net cash used in operating activities	\$ <u>(84,474)</u>	\$ <u>(85,681)</u>

See accompanying notes to basic financial statements.

University of South Alabama
Notes to Financial Statements
June 30, 2013

1. Summary of Significant Accounting Policies

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 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, at year-end, the basic financial statements include the accounts of the University, as the primary government, and the accounts of the following entities as component units. For quarterly reporting purposes, however, component units are not presented in the University's basic financial statements.

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, 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 in its annual financial statements. For quarterly reporting purposes, discretely presented component unit financial statements are not presented.

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.

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, USAHSF, and USA HealthCare Management, LLC (the HCM) 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, HCM, USAHSF, SAMSF and the Corporation is maintained and managed in a general liability trust fund (the GLTF) for which the

University of South Alabama
Notes to Financial Statements
June 30, 2013

University is responsible, as defined by GASB Statement No. 14. The PLTF and GLTF are separate legal entities which are governed by the University Board of Trustees through the University president. As such, PLTF and GLTF are reported as blended component units in its annual financial statements. For quarterly reporting purposes these entities are not blended into the University's statements.

USA HealthCare Management, LLC

In June 2010, the University's Board of Trustees approved the formation of USA HealthCare Management, LLC (the HCM). The University is the sole member of the LLC, which was organized for the purpose of managing and operating on behalf of and as agent for substantially all of the health care enterprises of the University. The HCM is considered a blended component unit of the University, as defined by GASB Statement No. 14 and, as such, is reported as a blended component unit in its quarterly financial statements.

University of South Alabama Foundation

The USA Foundation is a not-for-profit corporation 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. The USA Foundation presents its financial statements in accordance with standards issued by the Financial Accounting Standards Board (FASB). The USA Foundation has a June 30 fiscal year end which differs from the University's September 30 fiscal year end.

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. The USAHSF presents its financial statements in accordance with standards issued by the FASB.

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 opportunities to the University's students and faculty. Because of the

University of South Alabama
Notes to Financial Statements
June 30, 2013

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 the GASB.

In September 2010, the Corporation caused the formation of NovALtech, LLC (NovALtech). NovALtech is a single-member limited liability company that exists for the purpose of engaging in scientific research and development activities and facilitating the transfer and utilization of technology, patents, processes, copyrights, formulae and other know-how. The activities of NovALtech are included in the financial statements of the Corporation.

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 the 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.

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.

Cash and Cash Equivalents

Cash and cash equivalents are defined as petty cash, demand accounts and any short-term investments that take on the character of cash. These investments generally, but not always, have maturities of less than three months and include repurchase agreements and money market accounts.

University of South Alabama
Notes to Financial Statements
June 30, 2013

Investments and Investment Income

Investments are recorded at fair value. 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.

Derivatives

In fiscal 2010, the University adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB 53 establishes a framework for accounting and financial reporting related to derivative instruments, requiring the fair value of the derivatives to be recognized in the basic financial statements

The University has two interest rate swaptions which were entered into in January 2008. As a result of entering into the swaptions, the University received up-front payments. Swaptions are considered hybrid instruments which are required to be bifurcated into the fair value of the derivative and a piece that reflects a borrowing for financial statement purposes, which will accrete interest over time. The University determined that as of the current period, the swaptions were not hedging derivative instruments. Therefore, the swaptions are required to be recorded as investment derivatives, with the change in fair value flowing through the statements of revenues, expenses, and changes in net assets.

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.

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 basis) or market.

Capital Assets

Capital assets are recorded at cost, if purchased or at fair value at date of donation. Depreciation is provided over the 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.

University of South Alabama
Notes to Financial Statements
June 30, 2013

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.

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. are deferred and recognized as revenue over the term of the lease using the straight-line method.

Classifications of Net Position

The University's net position is classified as follows:

Net investment in capital assets represents 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 *net investment in capital assets*.

Restricted, nonexpendable net position consists 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 position includes resources that the University is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted net position represents 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

University of South Alabama
Notes to Financial Statements
June 30, 2013

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.

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.

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 amount as to University determines to be prudent for the purposes for which the endowment 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.

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.

University of South Alabama
Notes to Financial Statements
June 30, 2013

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources such as state appropriations, investment income, and gifts.

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 promises that are expected to be collected in future years are recorded at the present value of the estimated future cash flows.

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.

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.

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.

Compensated Absences

The University accrues annual leave for employees as incurred at rates based upon length of service and job classification.

University of South Alabama
Notes to Financial Statements
June 30, 2013

Change in Accounting Principle

The University adopted the provisions of GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. Statements 63 and 65 require that certain items previously reported as deferred inflows and outflows of resources now be reported as current period inflows and outflows. Retroactive application of the standards is required for all prior periods presented.

The University generally incurs issuance costs in connection with the issuance of its bond indebtedness. As prescribed by the prevailing accounting standards at the time of issue, these charges were deferred and amortized over the life of each bond issue. Statement 65 requires that, with the exception of bond insurance costs, these charges be treated in outflows of resources (period costs) in the year in which they are incurred.

The adoption of the provisions of statements 63 and 65 reduced the University's beginning net position at October 1, 2011 by \$1,774,000. The University's Statement of Net Position has been restated to reflect this change along with a decrease of other noncurrent assets of \$1,660,000 and prepaid expenses, inventories and other assets of \$96,000. The Statement of Revenues, Expenses and Changes in Net Position has been restated to reflect a decrease of depreciation and amortization expense of \$18,000.

Reclassifications

Certain amounts in the 2012 basic financial statements have been reclassified in order to conform to the 2013 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.

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

University of South Alabama
Notes to Financial Statements
June 30, 2013

designated for the State of Alabama. Additional collateral was not required for University funds on deposit with QPD institutions. At September 30, 2012, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately \$8,080,000,000.

4. Investments

The investments of the University are invested pursuant to the University of South Alabama “Nonendowment Cash Pool Investment Policy,” 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.

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.

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.

Interest Rate Risk

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.

University of South Alabama
Notes to Financial Statements
June 30, 2013

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 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.

Terms

A summary of the transactions is as follow:

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 \$41,245,000 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's 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 cancelled 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 borrowing component and an embedded derivative component, and each component treated separately. The embedded derivative value of the swaption represents the fair value

University of South Alabama
Notes to Financial Statements
June 30, 2013

resulting from the fact that the fixed rate stated in the swaption is greater than the at-the-market rate. The initial value of the borrowing is the difference between the upfront payment and the fair value of the embedded derivative 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 value of the derivative and borrowings at the date of execution of this transaction are as follows:

	2004 Bonds	2006 Bonds
Embedded derivatives	\$ 918,000	3,343,000
Borrowings	1,070,000	3,997,000
	<u>\$ 1,988,000</u>	<u>7,340,000</u>

The values of the borrowings are included in long-term debt on the University's statements of net assets. Interest is being accreted, and added to the borrowings through the expiration date of the option.

The fair values of the embedded investment derivatives are reported as investment assets if the derivatives are assets or other noncurrent liabilities, depending of the fair values of the derivatives. The change in the fair market values of the derivatives is reported as a component of investment income in the statements of revenues, expenses and changes in net assets.

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.

University of South Alabama
Notes to Financial Statements
June 30, 2013

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 the current date, the swap counterparty was rated Aa3 by Moody's investors Services and AA by Standard and Poor's Rating Services.

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. As of the current date, no events of termination have occurred.

6. Bonds Payable

Bonds payable consisted of the following at the end of the current period:

University Tuition Revenue Bonds, Series 1999 Capital Appreciation, 4.7% to 5.25%, payable November 2011 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.

University Facilities Revenue Capital Improvement Bond, Series 2010, 3.81%, payable through August 2030.

University Facilities Revenue Capital Improvement Bond, Series 2012-A, 2.92%, payable through August 2032.

University Facilities Revenue Capital Improvement Bond, Series 2012-B, 2.14%, payable through February 2018.

University Facilities Revenue Capital Improvement Bond, Series 2013-A, 2.83%, payable through August 2033.

University Facilities Revenue Capital Improvement Bond, Series 2013-B, 2.83%, payable through August 2033.

University of South Alabama
Notes to Financial Statements
June 30, 2013

University Facilities Revenue Capital Improvement Bond, Series 2013-C, 2.78%, payable through August 2028.

Borrowing arising from swaption, Series 2004 Bonds

Borrowing arising from swaption, Series 2006 Bonds

Substantially all student tuition and fee revenues secure University bonds. Additionally, security for Series 2008 bonds include Children's and Women's Hospital revenues in amounts not exceeding \$10,000,000. Series 1999 Current Interest Bonds began maturing November 2002, and Series 1999 Capital Appreciation Bonds began maturing 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 September 2018. Series 2010 bond began maturing in August 2011 and are redeemable beginning in February 2020. Series 2012-A bond begin maturing in August 2013. Series 2012-B bond began maturing in February 2013. Series 2013 A, B and C bonds begin maturing in August 2014.

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 enter into swap arrangements with respect to its Series 2004 and 2006 bonds at their respective redemption dates. See footnote five for a complete description of this transaction.

The University defeased certain indebtedness during 1978 and 1984 by depositing funds in escrow trust accounts sufficient to provide for the subsequent payment of principal and interest on the defeased indebtedness. Neither the assets of the escrow trust accounts nor the defeased indebtedness is included in the accompanying statements of net assets.

The University is subject to restrictive covenants related to certain note and bonds payable. As of the end of the current period, management believes the University was in compliance with such financial covenants.

7. 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

University of South Alabama
Notes to Financial Statements
June 30, 2013

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 2008. The Medical Center cost report has, however, been reopened related to disproportionate share issues affecting all PPS acute care hospitals nation-wide. The cost report for USA Children's and Women's Hospital has been audited and settled through 2009. Revenue from the Medicare program accounted for approximately 13% of the Hospitals' net patient service revenue for the year ended September 30, 2012.

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 Hospital's Blue Cross cost reports have been audited through 2010 and settled for all fiscal years through 2009. Revenue from the Blue Cross program accounted for approximately 17% of the Hospitals' net patient service revenue for the year ended September 30, 2012.

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 25% of the Hospital's net patient service revenue for the year ended September 30, 2012.

Other – The Hospitals have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider

University of South Alabama
Notes to Financial Statements
June 30, 2013

organizations. The bases for payments to the Hospitals under these agreements include discounts from established charges and prospectively determined daily and case rates.

8. Hospital Lease

The University and Infirmity Health Hospitals, Inc. (the Infirmity) 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 Infirmity. 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 Infirmity after the initial fifty-year term. Upon the expiration or 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 Infirmity, 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 Infirmity, 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 Infirmity to be significant, as defined by the lease. As of March 31, 2013, this option has not been exercised by the Infirmity, nor has the University received notification that the option will be exercised.

In January 2009, the Infirmity 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 resumed. The payment schedule and narrative presented below reflect 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 Infirmity. In addition to the prepayment, required lease payments by the Infirmity 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

University of South Alabama
Notes to Financial Statements
June 30, 2013

- 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.

The equipment component of the lease is considered a capital lease (sales-type lease) and as such has been recorded as a capital lease receivable, both current and noncurrent, in the accompanying basic financial statements of the University. The capital equipment lease is being amortized through fiscal 2013 at a fixed rate of 3.75%.

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.

In October 2012, the Infirmary publicly announced the closing of Mobile Infirmary West (formerly USA Knollwood Hospital), effective October 31, 2012. Currently the University has received no formal notice from the Infirmary as to its intent with respect to the lease, and as such, the ultimate impact on the financial statements of the University has not yet been determined. The Infirmary continues to meet its obligations under the lease on a current basis.

University of South Alabama
Notes to Financial Statements
June 30, 2013

9. Employee Benefits

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.

All employees covered by this retirement plan must contribute 7.5% of their eligible earnings to TRS. An actuary employed by the TRS Board of Control establishes the employer-matching amount annually.

The defined contribution pension plan covers certain academic and administrative employees employed prior to October 1, 2009, 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.

Employees of the HCM may, at their option, participate in a defined contribution plan. Under this plan, eligible employees may make contributions to the plan which are matched, dollar-for-dollar, by the HCM up to 5% of compensation.

Compensated Absences

Regular University employees accumulate vacation and sick leave and hospital and clinical employees accumulate paid time off. These are 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 and paid time off at their regular rate of pay up to a maximum of two times their annual accumulation rate. No accrual is recognized for sick leave benefits since no terminal cash benefit is available to employees for accumulated sick leave.

University of South Alabama
Notes to Financial Statements
June 30, 2013

Other Postretirement Employee Benefits

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 has been 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.

10. Risk Management

The University, USAHSF and the HCM participate in the professional liability trust fund and the University, USAHSF, SAMSF, the Corporation and the HCM participate in the general liability trust fund. Both funds are administered by an independent trustee. These trust funds are revocable and use contributions by the covered entities, together with earnings thereon, to pay liabilities arising from the performance of its employees, trustees and other individuals 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, USAHSF and the HCM in proportion to contributions made, net of previous distributions.

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 and HCM participate in a self-insured health plan, administered by an unaffiliated entity. Contributions by the University and the HCM and their employees, together with earnings thereon, are used to pay liabilities arising from healthcare claims. It is the opinion of University administration that health plan reserves are sufficient to meet future plan obligations.

11. Other Related Party

The South Alabama Medical Science Foundation (SAMSF) is a not-for-profit corporation that exists for the purpose of promoting education and research at the University. SAMSF reimburses the University for certain administrative expenses and other related support services.

University of South Alabama
Notes to Financial Statements
June 30, 2013

12. Commitments and Contingencies

Grants and Contracts

The University had been awarded certain amounts 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 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.

Letter of Credit

In connection with the Hospitals' participation in the State of Alabama Medicaid Program, the University has established a \$77,000 irrevocable standby letter of credit with Wells Fargo Bank. The Alabama Medicaid Agency is the beneficiary of this letter of credit. No funds are currently advanced under this letter.

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.

Rent Supplement Agreement

The University has entered into two irrevocable rent supplement agreements with the Corporation and a financial institution. These 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. As of the end of the current period, no amounts were payable pursuant to these agreements.

State Bond Issue

The State of Alabama has made allocations to the University from bonds issued in prior years. Pursuant to the allocations, funds are available to the University for certain future construction costs. The allocations have been reflected as revenue in the accompanying financial statements to the extent they have been incurred and approved by the State.

University of South Alabama
Notes to Financial Statements
June 30, 2013

13. Significant New Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities and will be effective for the year ending September 30, 2014. The University has chosen to implement Statement No. 65 early, for the year ended September 30, 2013. In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012*. GASB Statement No. 66 resolves conflicting guidance that resulted from the issuance of GASB Statements No. 54 and 62 and will be effective for the year ending September 30, 2014. In January 2013, the GASB issued Statement No. 69, Government Combinations and Disposals of Government Operations. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations and will be effective for the year ending September 30, 2015. In April 2013, the GASB issued Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. GASB Statement No. 70 established accounting and financial reporting standards for those entities that extend and receive nonexchange financial guarantees and will be effective for the year ending September 30, 2014.

The effect of the implementation of GASB Statements Nos. 66, 69 and 70 on the University has not been determined.

University of South Alabama
Summary Comparison of Fund Financial Reports to
GASB Statement 34 Financial Statements
June 30, 2013 and 2012

	Nine Months Ended June 30		Year Ended September 30,
	2013	2012	2012
Net increase (decrease) from operating (current unrestricted funds) - fund format	\$ 5,291,941	\$ 1,383,989	\$ 1,221,088
Add:			
Debt service	3,234,352	2,430,619	7,280,153
Equipment*	-	-	20,856,151
Depreciation	(19,517,555)	(15,451,534)	(22,811,188)
Plant Fund revenues	16,743,221	20,635,264	20,787,496
Other, net	9,455,041	5,135,662	11,055,300
Net increase (decrease) in net assets - GASB Statement 34/35	<u>\$ 15,207,000</u>	<u>\$ 14,134,000</u>	<u>\$ 38,389,000</u>

* Netted for quarterly reporting purpose

**Detailed Reconciliation of Fund Financial Reports to
GASB Statement No. 34 Financial Statements**

Nine Months Ended June 30, 2013

Net increase (decrease) from operating (current unrestricted) funds		
- fund accounting format		\$ 5,291,941
Add back:		
Debt service:		
Principal payment on long term debt	6,235,000	
Actual payment of principal and interest in excess of amounts transferred (timing issue)	<u>(3,000,648)</u>	3,234,352
Equipment purchases*		-
Depreciation of buildings and equipment:		
Computed depreciation	(23,342,554)	
Non-capitalized plant fund expenditures*	-	
Transfers of funded depreciation	<u>3,824,999</u>	<u>(19,517,555)</u>
Add:		
Plant fund income/transfers (net) not previously combined with operating:		16,743,221
Other fund income not previously combined with operating:		
Endowment fund gifts, investment gain and other, net	9,036,884	
Loan fund	194,819	
Restricted fund	223,338	<u>9,455,041</u>
Net increase in net assets - GASB Statement No. 34 Format		<u>\$ 15,207,000</u>

* Netted for quarterly reporting purpose

**Detailed Reconciliation of Fund Financial Reports to
GASB Statement No. 34 Financial Statements**

Nine Months Ended June 30, 2012

Net decrease from operating (current unrestricted) funds		
- fund accounting format		\$ 1,383,989
Add back:		
Debt service:		
Principal payment on long term debt	4,785,000	
Actual payment of principal and interest in excess of amounts transferred (timing issue)	<u>(2,354,381)</u>	2,430,619
Equipment purchases*		-
Depreciation of buildings and equipment:		
Computed depreciation	(24,080,675)	
Non-capitalized plant fund expenditures*	-	
Transfers of funded depreciation	<u>8,629,141</u>	<u>(15,451,534)</u>
Add:		
Plant fund income/transfers (net) not previously combined with operating:		20,635,264
Other fund income not previously combined with operating:		
Endowment fund gifts, investment gain and other, net	3,171,166	
Loan fund	226,417	
Restricted fund	<u>1,738,079</u>	<u>5,135,662</u>
Net increase in net assets - GASB Statement No. 34 Format		<u>\$ 14,134,000</u>

* Netted for quarterly reporting purpose

**Detailed Reconciliation of Fund Financial Reports to
GASB Statement No. 34 Financial Statements**

Year Ended September 30, 2012

Net decrease from operating (current unrestricted) funds - fund format		\$ 1,221,088
Transfer from University reserves to fund proration		<u> </u>
Net decrease		\$ 1,221,088
Add back:		
Debt service:		
Principal payment on long term debt	\$ 8,033,000	
Actual payment of principal and interest in in excess of amounts transferred (timing issue)	<u>(752,847)</u>	7,280,153
Equipment purchases		20,856,151
Depreciation of buildings and equipment:		
Computed depreciation	(30,182,684)	
Non-capitalized plant fund expenditures	(4,134,025)	
Transfers of funded depreciation	<u>11,505,521</u>	<u>(22,811,188)</u>
		6,546,204
Add:		
Plant fund income/transfers (net) not previously combined with operating:		20,787,496
Other fund income not previously combined with operating:		
Endowment fund gifts, investment gain and other, net	11,278,352	
Loan fund	530,733	
Restricted fund	<u>(753,785)</u>	<u>11,055,300</u>
Net increase in net assets - GASB Statement No. 34 Format		<u><u>\$ 38,389,000</u></u>

RESOLUTION
ELECTION OF DIRECTORS FOR
THE UNIVERSITY OF SOUTH ALABAMA FOUNDATION FOR RESEARCH AND
COMMERCIALIZATION

WHEREAS, pursuant to the Bylaws of the South Alabama Foundation for Research and Commercialization (“FRAC”) approved by the USA Board of Trustees of the University of South Alabama (“Board”) on June 7, 2013, the Board shall elect directors of the Foundation who are not officers, employees, or trustees of the University, and

WHEREAS, the Board is authorized to elect a founding Board of Directors for the FRAC consistent with the aforesaid and the FRAC Bylaws, and

WHEREAS, certain individuals are being placed for nomination as members of the Board of Directors of FRAC, and these individuals, who have agreed to serve in this capacity are: Mr. Billy Cox for a one (1) year renewable term beginning September 2013; Speaker Pro Tempore Victor Gaston and Mr. David Trent for two (2) year renewable terms beginning September 2013; and Mr. Mark Hoffman and Mr. William Sisson for three (3) year renewable terms beginning September 2013,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama does hereby elect as Directors of the South Alabama Foundation for Research and Commercialization Mr. Billy Cox, Speaker Pro Tempore Victor Gaston, Mr. David Trent, Mr. Mark Hoffman, and Mr. William Sisson for the terms outlined above.

AUG 30 2013



MEMORANDUM

University of South Alabama
Research and Economic Development

AD 200 • Mobile, AL 36688-0002
Telephone (251) 460-6333 Fax (251) 460-7955

DATE: August 30, 2013

TO: John W. Smith
Acting President

FROM: Lynne Chronister *Lynne Chronister*
Vice President for Research and Economic Development

SUBJECT: **Agenda Items for the September 13, 2013 University of South Alabama Board Trustee's Meeting: Foundation for Research and Commercialization**

- **Resolution to Elect Officers of the Foundation for Research and Commercialization**
- **Resolution to Ratify the Bylaws and Articles of Incorporation for the Foundation for Research and Commercialization**

Attached are two Resolutions to be presented to the USA Board of Trustees meeting on September 13, 2013. The first will formally elect the founding members of the Board of Directors for the new Foundation for Research and Commercialization. The second Resolution will ratify the Bylaws and Articles of Incorporation for the Foundation for Research and Commercialization.

With your approval the item will be presented to the Board of Trustees. I recommend adoption by the Board of Trustees.

ssc

Attachments (4)

APPROVED
John W. Smith
8/30/13

RESOLUTION

**RATIFICATION OF THE BYLAWS AND ARTICLES OF INCORPORATION
(501(c)(3)) FOR THE UNIVERSITY OF SOUTH ALABAMA FOUNDATION
FOR RESEARCH AND COMMERCIALIZATION**

WHEREAS, the University of South Alabama is a comprehensive research university that promotes research, industry collaboration and technology commercialization, for the benefit of the region and the nation, and

WHEREAS, a corporation organized exclusively for charitable, educational, and scientific purposes within the meaning of 501(c)(3) of the Internal Revenue code of 1986 and the regulations promulgated thereunder has been determined by the University to be the best vehicle for centralizing the development, support, and operation of certain research and commercialization efforts of the entire University, and

WHEREAS, the University believes it is important to centralize certain research and commercialization efforts of the entire institution into one 501(c)(3) not for profit corporation created as a supporting organization of the University of South Alabama to further its educational, research, and service missions, to promote the University and its colleges and departments, to promote collaboration of the University with Industry, and to seek and accept gifts, create endowments, and invest same in furtherance of research, technology, and commercialization consistent with the mission of the University and the Articles of Incorporation and Bylaws of said 501(c)(3) corporation, a draft of each attached hereto, and

WHEREAS, on June 7, 2013 the Board of Trustees of the University of South Alabama approved creation of a 501(c)(3) corporation as a supporting organization named the University of South Alabama Foundation for Research and Commercialization to which these Articles and Bylaws apply,

THEREFOR, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby ratifies the Articles of Incorporation and the Bylaws of the above-referenced 501(c)(3) corporation to be known as the University of South Alabama Foundation for Research and Commercialization.

**BYLAWS OF THE
UNIVERSITY OF SOUTH ALABAMA FOUNDATION
FOR
RESEARCH AND COMMERCIALIZATION**

an Alabama nonprofit corporation

Adopted , 2013

BYLAWS OF THE
UNIVERSITY OF SOUTH ALABAMA
FOUNDATION FOR RESEARCH AND
COMMERCIALIZATION

ARTICLE I

Name and Location

Section 1.1 Name. The name of the corporation is University of South Alabama Foundation for Research and Commercialization, which shall be referred to in these Bylaws as the "USAFRC."

Section 1.2 Location. The principal office of the USAFRC is located at 307 University Boulevard, Mobile, Alabama, 36688. The USAFRC may have such other office or offices within the State of Alabama as the Board of Directors may determine or as the business or activities of the USAFRC may require. The registered office of the USAFRC may, but need not be, the same as its principal office. The address of the registered office may be changed from time to time by the Board of Directors of the USAFRC in the manner prescribed by the Alabama Nonprofit Corporation Act.

ARTICLE II

Purposes and Scope of Activity

Section 2.1 Purposes. The purposes of the USAFRC are as set forth in its Articles of Incorporation.

Section 2.2 Scope of Activity. The USAFRC shall be organized and operated exclusively for any one or more of the charitable purposes enumerated in Section 501(c)(3) of the Internal Revenue Code of 1986, as the same may be amended from time to time (the "Code"). The USAFRC shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code or (b) by a corporation contributions to which are deductible under Section 170(c)(2) of the Code. No part of the net earnings of the USAFRC shall inure to the benefit of any private individual. No substantial part of the activities of the USAFRC shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the USAFRC shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE III

Board of Directors

Section 3.1 General Powers. The duly elected or appointed Board of Directors of the USAFRC (hereinafter referred to as the "Board") shall have control and management of the affairs, business, property, and funds of the USAFRC and shall have the authority to fashion and implement the policy, goals, and purposes of the USAFRC. The Board may adopt such rules and regulations for the conduct of its meetings and the management of the USAFRC as the Board may deem appropriate, not inconsistent with federal or state law or these Bylaws. The Board, by resolution thereof, shall from time to time enumerate the duties, obligations, and responsibilities of the directors, including their attendance at meetings of the Board and their participation in the activities of the USAFRC.

Section 3.2 Number, Qualification, and Tenure.

(a) The number of directors comprising the Board shall be the sum of (i) four (4) ex-officio directors (as described below) who are affiliated with the University of South Alabama (the "University") and (ii) five (5) directors who are not officers, employees, or trustees of the University. The ex-officio directors shall consist of those individuals holding the following positions at the University:

- (i) Chair *Pro Tempore* of the Board of Trustees of the University;
- (ii) President of the University;
- (iii) Vice President for Financial Affairs of the University; and
- (iv) Vice President for Research and Economic Development of the University.

(b) The Board of Trustees of the University shall elect five (5)-directors to serve on the Board from a slate presented by the Board of the USAFRC. These directors shall serve staggered terms as described in (c) below. The Board of Trustees of the University shall have the absolute right, in its sole discretion, to decline to elect any one or more of the director nominees included in the slate presented to it by the Board of the USAFRC and to request that a substitute slate be presented with different nominees. This process shall be repeated, if necessary, until the Board of Trustees of the University has selected directors to fill any directorships the term of which has expired or will expire at the next annual meeting of the Board.

(c) The term of office of the five (5) directors who are elected to serve on the Board in the manner described in (b) above shall be four consecutive years; provided, however, that at the meeting at which the adoption of these Bylaws took place, certain directors will be elected to serve a two (2) year term expiring in September, 2015, such that these four (4) directors serve staggered terms with two (2) of these directors' terms expiring in September 2015 and three (3) of these directors' terms expiring in September 2017. Thereafter, each term of the directors elected by the Board of Trustees of the University in accordance with (b) above shall expire four (4) years

after said director's appointment. Directors shall hold office until their successors have been duly elected and qualified or until their deaths or until they shall resign or shall have been removed from office in the manner provided in these Bylaws. Directors need not be residents of the State of Alabama.

Section 3.3 Resignation. Any director may resign at any time by giving written notice of such resignation to the Chair or Vice Chair of the Board and to the Chair Pro Tempore of the Board of Trustees of the University.

Section 3.4 Vacancies. In the event of a vacancy in the Board of Directors resulting from a vacancy of any of the positions at the University described in Section 3.2(a)(i) through (iii), the vacancy in the Board shall be filled at such time as the vacancy of such position at the University is filled; provided; however, that persons appointed as "acting" positions described in Section 3.2(a)(i) through (iii) shall serve on this Board consistent with said "acting" appointment at the University. In the event of a vacancy in the Board with respect to either of the four directors elected by the Board of Trustees of the University in accordance with Section 3.2(b) above, such vacancy shall be filled using the procedures set forth therein with the replacing board member serving the remainder of the term associated with the vacant position.

Section 3.5 Annual and Regular Meetings. A regular meeting of the Board, which shall be the annual meeting thereof, shall be held in September of each year, commencing in 2013, unless the Board shall determine to hold its annual meeting at some other time. At the annual meeting, the Board shall appoint the officers of the USAFRC for the coming year and shall transact such other business as shall come before the directors at such meeting. Additional regular meetings of the Board shall be held at such times and places as may be determined by the Chair or Vice Chair of the Board. There shall be at least two (2) regular meetings of the Board, including the annual meeting thereof, during each calendar year.

Section 3.6 Special Meetings. A special meeting of the Board may be called by the Chair or Vice Chair of the Board or the President, or upon written request of two directors.

Section 3.7 Notice of Meetings. Written notice stating the place, date, and time of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called and the name or names of the person or persons by whom or at whose direction the special meeting is called shall, except in extraordinary situations, be given each director not less than five (5) days before the date of any annual or regular meeting and not less than two (2) business days before the date of any special meeting, either personally, by mail, by facsimile or by electronic mail, by or at the direction of the Chair or the Vice Chair of the Board, the President, or the Secretary. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at such member's address as it appears in the records of the USAFRC, with postage thereon prepaid. If by facsimile or electronic mail, such notice shall be deemed to be delivered upon confirmation to the sender that such facsimile transmission or electronic mailing is complete. Each director shall be responsible for keeping the Secretary informed as to such director's proper

mailing address and e-mail address. A director may waive his or her right to notice of the annual or a special meeting.

Section 3.8 Meeting by Telephone. Members of the Board or any committee designated thereby may participate in a meeting of the Board or a committee thereof by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

Section 3.9 Quorum. The presence of a majority of the directors then serving on the Board at the annual or any regular or special meeting thereof shall constitute a quorum for the conduct of business. If less than a majority of the directors is present at a meeting of the Board, a majority of the directors present may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally noticed. Directors present at a duly organized meeting thereof may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 3.10 Chair and Vice Chair. At all meetings of the Board, the Chair, or in the absence of the Chair, the Vice Chair, or in the absence of both the Chair and the Vice Chair, an acting chair chosen by the directors, shall preside over the meeting.

Section 3.11 Acts of the Board. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 3.12 Action Without a Meeting. Any action required or permitted to be taken by the Board or a committee thereof at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors or all of the members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote of the directors or the members of such committee.

Section 3.13 Conflicts of Interest. Each director shall notify and disclose to the Board any real, potential or perceived conflict of interest of such director with respect to any matter coming before the Board for a vote or action thereon. No director having a conflict of interest shall vote on such matter and no such director shall be counted for purposes of determining whether a quorum exists at a meeting when such matter is considered and acted upon by the Board.

Section 3.14 Removal. A director may be removed or suspended at any time with or without cause by a majority vote of the Board of Trustees of the University, acting in its sole and absolute discretion.

ARTICLE IV

Officers

Section 4.1 Positions and Terms of Office. The officers of the USAFRC shall consist of Chair and Vice Chair of the Board, President, one or more Vice Presidents, Secretary, Treasurer, and such other officers with such powers not inconsistent with these Bylaws as may be appointed by the Board. The Chair of the Board shall be the Chair *Pro Tempore* of the Board of Trustees of the University. The President of the USAFRC shall be the President of the University. Any two or more offices of the USAFRC, except those of the Chair and Vice Chair and the President and Secretary, may be held by the same person.

Section 4.2 Election and Term of Office. The Vice Chair shall be appointed by the Board from among its number. The officers of the USAFRC authorized herein shall be elected by the Board, except the Chair of the Board and the President of the USAFRC, and need not be members thereof at the time of their appointment. Unless otherwise determined by the Board, each officer, except the Chair of the Board and the President of the USAFRC, shall hold office for a three year term commencing with the date of such officer's appointment by the Board unless such officer is earlier removed from office by the Board in the manner hereinafter provided or until the death, retirement, resignation, or other event resulting in such officer ceasing to hold office. The Chair of the Board and President of the USAFRC shall remain as Chair of the Board and President of the USAFRC so long as each remains Chair *Pro Tempore* of the Board of Trustees of the University and President of the University respectively.

Section 4.3 Vacancies. In case any office of the USAFRC becomes vacant by death, resignation, retirement, disqualification, or any other cause, such vacancy shall be filled by the Board, and the officer so elected shall hold office and serve until the appointment and qualification of his or her successor, except that the Chair of the Board must be the person acting as Chair *Pro Tempore* of the Board of Trustees of the University and the President of the USAFRC must be the person acting as President of the University.

Section 4.4 Removal. Any officer, except the Chair of the Board and the President of the USAFRC, may be removed from office by the Board at any regular or special meeting called for that purpose.

Section 4.5 Duties of Officers. The officers of the USAFRC, if and when elected by the Board, shall have the following duties:

(a) Chair of the Board. The Chair of the Board, subject to the direction of the Board, shall supervise and control the business and affairs of the USAFRC. The Chair shall preside at all meetings of the Board and may call special meetings as provided herein. He/she shall serve as Chair of the Executive Committee, and shall appoint such committees as may be authorized by these Bylaws, or as he/she may deem desirable, fill vacancies which will occur on such committees, and give final approval to the agenda for the Board meeting. In general, the Chair shall perform all duties incident to the office of Chair of the Board and such other duties as may be prescribed by the Board.

(b) Vice Chair of the Board. At the request of the Chair, or in the absence of the Chair, the Vice Chair shall perform the duties and possess and exercise the powers of the Chair and, to the extent authorized by applicable law and these Bylaws, the Vice Chair shall have such other powers as the Board may determine, and shall perform such other duties as may be assigned to the Vice Chair by the Board;

(c) President. The President shall be the chief executive officer of the USAFRC and he/she shall serve as a member of the Executive Committee. He/she shall have in his or her charge the general and active management of its affairs and of such areas and divisions of the business of the USAFRC as may be designated by the Board. In the absence of the Chair and the Vice Chair or in the event of each their deaths or inability to act, the President shall perform the duties of the Chair and the Vice Chair, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chair and the Vice Chair. With appropriate authorization by the Board, the President may sign deeds, mortgages, bonds, contracts or other instruments on behalf of the USAFRC except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board to some other officer or agent of the USAFRC. In general, the President shall perform all duties incident to the offices of President and Chief Executive Officer and such other duties as may be prescribed by the Board.

(d) Vice Presidents. In the absence of the President or in the event of the President's death or inability to act, the Vice President (or in the event there be more than one vice president, the Vice Presidents in the order determined by the Board) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such duties as from time to time may be assigned to him/her by the Chair, the President or the Board.

(e) Secretary. The Secretary shall keep the minutes of the proceedings of the Board and any committees appointed by the Board in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records and of the seal of the USAFRC: see that the seal of the USAFRC is affixed to all documents, the execution of which on behalf of the USAFRC under its seal is duly authorized; keep a register of the post office address of each member which shall be furnished to the Secretary by such member: and in general perform all duties incident to the Office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Chair, the President or the Board. If there is no Treasurer of the USAFRC, the Secretary shall assume the authority and duties of Treasurer.

(f) Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the USAFRC, receive and give receipts for moneys due and payable to the USAFRC from any source whatsoever, and deposit all such moneys in the name of the USAFRC in such banks, trust companies or other depositories as may be designated by the Board, and in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Chair or Vice Chair, the President, or the Board. With the approval of the Board, the Treasurer shall have the authority to cause all stocks, bonds, securities, and other financial instruments not constituting readily available funds that are received by the USAFRC to be sold in such a manner as to not result in any diminution in the value thereof and the proceeds therefrom to be deposited to one or more accounts of the USAFRC. If required by the Board, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board shall determine.

(g) Assistant Secretaries and Assistant Treasurers. The Assistant Secretary, or if there shall be more than one, the Assistant Secretaries in the order determined by the Board, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. The Board may require any Assistant Treasurer to give a bond for the faithful discharge of his or her duties in such sums and with such surety or sureties as the Board shall determine. The Assistant Secretaries and Assistant Treasurers shall all perform such other duties as shall be assigned to them by the Secretary and Treasurer, respectively, or by the Chair or Vice Chair, the President, or the Board.

ARTICLE V

Committees

Section 5.1 Committees of Directors. The Board, by resolution adopted by a majority of the directors at a duly called meeting thereof, may designate one or more committees, which committees, to the extent provided in such resolution, shall have and exercise the authority of the Board in the management of the USAFRC, except that no such committee shall have the authority of the Board in reference to amending, altering or repealing these Bylaws; electing, appointing or removing any member of any such committee or any director or officer of the USAFRC; amending the Articles of Incorporation of the USAFRC, restating the Articles of Incorporation of the USAFRC, adopting a plan of merger or adopting a plan of consolidation with another organization; authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the USAFRC; authorizing the voluntary dissolution of the USAFRC or revoking proceedings therefor; adopting a plan for the distribution of the assets of the USAFRC; or amending, altering or repealing any action or resolution of the Board which by its terms provides that it shall not be amended, altered or repealed by such committee. Each committee so designated by the Board shall be comprised of two or more directors and such other persons as are appointed to the committee by the Board. The Board may at any time, in its sole and absolute discretion, terminate the existence of any committee designated pursuant to this Section 5.1.

Section 5.2 Executive Committee. The USAFRC shall have an Executive Committee which shall be comprised of the Chair of the Board, the President of the USAFRC, and any other directors appointed by the Board from time to time to serve on the Executive Committee. Except as provided in Section 5.1 above, the Executive Committee shall possess and may exercise all the powers and functions of the Board in the management and direction of the affairs of the USAFRC in all cases in which specific directions shall not have been given by the Board.

Section 5.3 Standing Committees. The Chair shall have authority to appoint standing committees and to designate the chairperson of each such committee. Each standing committee of the USAFRC shall be chaired by a member of the Board, but may have as part of its membership persons not presently serving as a director of the USAFRC. A written statement of the purposes and responsibilities of each standing committee shall be prepared by the Chair thereof and submitted to the Executive Committee for its approval. Each standing committee shall keep records of its activities and shall, at such time as requested by the Executive Committee or Board of the USAFRC, submit a report on work done by the said committee. No standing committee shall enter into any contract or incur any indebtedness or financial obligation of any kind for or on behalf or in the name of the USAFRC except as expressly authorized by the Executive Committee or the Board.

Section 5.4 Other Committees. It is anticipated that from time to time ad hoc committees will be appointed and approved by the Board.

Section 5.5 Committee Governance. Subject to approval by the Board or the Executive Committee, each committee of the USAFRC shall have the power to adopt such rules and procedures as may be necessary for the effective conduct of the work entrusted to it.

ARTICLE VI

Financial Reporting and Compensation

Section 6.1 Financial Reports and Audits. The USAFRC shall cause to be prepared and delivered to the Board of Trustees of the University an annual report containing a summary of operations of the USAFRC for the immediately preceding year and financial and other information for such year similar to that which is required to be reported on an IRS Form 990 filed by tax-exempt organizations with the Internal Revenue Service. The Board of Trustees shall have the right at any time, and from time to time, to cause an audit of the USAFRC's financial records to be performed at the expense of the USAFRC.

Section 6.2 Compensation. Directors, officers and committee members are expected to serve without compensation. A director, officer or committee member shall be reimbursed for properly substantiated expenses incurred in connection with the fulfillment of that director's, officer's or committee member's authorized duties or responsibilities or which are otherwise directly related to the business or affairs of the USAFRC and which are deemed to be reasonable in amount by an officer of the USAFRC.

ARTICLE VII

Contracts: Commitments

Unless expressly authorized by the Board or Executive Committee of the USAFRC, and except as provided in these Bylaws, no officer, agent, employee or other person or persons having any relationship or affiliation with the USAFRC shall have any power or authority to cause the USAFRC to enter into any contract or commitment or to undertake any obligation or incur any liability for any purpose whatsoever.

ARTICLE VIII

Exculpation of Directors

Section 8.1 Acts of Director. No director shall be liable to anyone for any acts on behalf of the USAFRC or any omissions with respect to the USAFRC committed by such director, except for his or her own willful neglect or default.

Section 8.2 Acts of Other Directors. No director shall be liable to anyone for any act of neglect or default on the part of any one or more of the other directors in the absence of specific knowledge on the part of such director of such neglect or default.

Section 8.3 Indemnification of Directors, Officers and Others. The USAFRC shall indemnify any member of the Board or officer or former member of the Board or former officer, or any person who is serving or who has served at the request of the USAFRC as a director or officer of another entity, whether such other entity be for profit or not for profit, in which the USAFRC owns shares of capital stock or of which it is a creditor, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense of any action, suit or proceeding, civil or criminal, in which he is made a party by reason of his being or having been such director or officer, except in relation to matters as to which he shall have been adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of his duty with respect to the matter in which indemnity is sought. By order of the Board, the USAFRC may, under comparable terms and limitations, indemnify employees and agents of the USAFRC with respect to activities within the scope of their services.

Section 8.4 Insurance. Nothing herein provided shall limit or otherwise affect the power of the USAFRC to purchase and maintain insurance on behalf of any person who is or was a director, trustee, officer, employee or agent of the USAFRC or is or was serving at the request of the USAFRC in any of such capacities with respect to another USAFRC, against any liability asserted against him/her and incurred by him/her in any such capacity or arising out of his status as such, whether or not the USAFRC would have the power or would be required to indemnify him/her against such liability under the provisions of these Bylaws or any applicable law.

ARTICLE IX

General

Section 9.1 Fiscal Year. The USAFRC shall operate on the basis of a fiscal year ending on September 30 of each year.

Section 9.2 Checks. All checks or demands for money and notes of the USAFRC shall be signed by any two of the following officers: Chair of the Board, President of the USAFRC, or Treasurer of the USAFRC.

Section 9.3 Deposits. All funds of the USAFRC shall be deposited from time to time to the credit of the USAFRC in one or more banks, trust companies or other depositories as the Board or the Executive Committee may from time to time designate, upon such terms and conditions as shall be fixed by the Board or the

Executive Committee. The Board or the Executive Committee may from time to time authorize the opening and keeping, with any such depository as it may designate, of general and special bank accounts and may make such special rules and regulations with respect thereto, not inconsistent with the provisions of these Bylaws, as it may deem necessary.

Section 9.4 Corporate Seal. The Board shall select a corporate seal which shall have inscribed thereon the name of the USAFRC, the words "Alabama" and "Corporate Seal," and such seal may include the date of incorporation of the USAFRC. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 9.5 Voting of USAFRC's Securities. Unless otherwise ordered by the Board, the Chair or Vice Chair of the Board, the President or any Vice-President, or such other officer as may be designated by the Board to act in the absence of the Chair or Vice Chair of the Board, the President or any Vice President, shall have full power and authority on behalf of the USAFRC to attend and to act and to vote, and to execute a proxy or proxies empowering others to attend and to act and to vote, at any meetings of security holders of any entity in which the USAFRC may hold securities, and at such meetings the Chair of the board, or such other officer of the USAFRC, or such proxy, shall possess and may exercise any and all rights and powers incident to the ownership of such securities, and which as the owner thereof the USAFRC might have possessed and exercised, if present. The Secretary or any Assistant Secretary may affix the corporate seal to any such proxy or proxies so executed by the Chair of the Board, or such other officer, and attest the same. The Board by resolution from time to time may confer like powers upon any other person or persons.

Section 9.6 Gifts. The Board may accept on behalf of the USAFRC any contribution, gift, bequest or devise for and consistent with the general purposes, or for and consistent with any specific purpose, of the USAFRC.

Section 9.7 Limitation on Pecuniary Obligations. With the exception of grants made or moneys paid by USAFRC to the University, pecuniary obligation of more than Twenty-Five Thousand Dollars (\$25,000.00) shall be undertaken by the USAFRC or any director, officer or employee thereof, without sanction by resolution of the Board or the Executive Committee adopted at a duly called meeting thereof or by an action by written consent signed by all the members thereof.

Section 9.8 Additional Organizations. The Board may authorize the formation of such subsidiary, auxiliary, associated and affiliated organizations as will in the opinion of the Board assist in effecting the purposes of the USAFRC. The organizational and governing documents and instruments of any subsidiary, auxiliary, associated or affiliated organization so authorized shall be subject to the approval of the Board or the Executive Committee. Each such authorization shall, regardless of its terms, be revocable at any time in the sole discretion of the Board.

ARTICLE X

Amendment of Bylaws

Any amendment of the provisions of these Bylaws shall require the joint approval of the Board and the Board of Trustees of the University. No amendment to these Bylaws may be made so as to avoid any limitations imposed by the Articles of Incorporation of the USAFRC as they may at any time exist.

The foregoing were adopted as the Bylaws of University of South Alabama Foundation for Research and Commercialization, a nonprofit corporation organized pursuant to the Alabama Nonprofit Corporation Act, at the meeting of its Board of Directors held on _____, 2013.

Secretary/Treasurer

STATE OF ALABAMA
COUNTY OF MOBILE

The undersigned authority hereby certifies that _____, whose name as Secretary for the University of South Alabama Foundation for Research and Commercialization is signed to the foregoing document, and who is known to me, acknowledged before me on this date that, being informed of the contents of the foregoing document, _____, as such officer and with full authority, executed the same voluntarily for and as the act of the University of South Alabama Foundation for Research and Commercialization.

Given under my hand the day of _____, 2013.

NOTARY PUBLIC
My Commission Expires: _____

**ARTICLES OF INCORPORATION
OF
UNIVERSITY OF SOUTH ALABAMA FOUNDATION
FOR
RESEARCH AND COMMERCIALIZATION**

For the purpose of forming a nonprofit corporation under the Alabama Business and Nonprofit Entity Code (Sections 10A-1-1.01 et seq., Code of Alabama (1975)) and the Alabama Nonprofit Corporation Law (Sections 10A-3-1.01 et seq., Code of Alabama (1975)), and any acts or laws amendatory thereof, supplementary thereto or substituted therefor (collectively hereinafter referred to as the "Nonprofit Corporation Law"), the undersigned organizer does hereby adopt, execute and verify these Articles of Incorporation, and, upon the filing for record of these Articles of Incorporation in the Office of the Judge of Probate of Mobile County, Alabama, the existence of a nonprofit corporation under the name set forth in Article I hereof shall commence.

**ARTICLE I
NAME**

The name of the filing entity being formed is University of South Alabama Foundation for Research and Commercialization, hereinafter referred to as the "Corporation."

**ARTICLE II
TYPE OF FILING ENTITY**

The type of filing entity being formed is a nonprofit corporation within the meaning of Section 10A-3-1.02(6) of the Alabama Nonprofit Corporation Law.

**ARTICLE III
PURPOSES**

The objects and purposes for which the Corporation is formed, and the powers which it may exercise in furtherance thereof, are as follows:

(a) The Corporation is organized exclusively for charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and the Treasury Regulations promulgated thereunder, as they now exist or as they may hereafter be amended from time to time (the "Code"), and to promote and advance such purposes by any activity in which a corporation organized under the Nonprofit Corporation Law may engage, either directly or by contributions to organizations qualifying as exempt organizations under Section 501(c)(3) of the Code, and to receive and maintain a fund or funds of real or personal property, or both, and to administer and apply the income and principal thereof, within the United States of America, for such purposes.

(b) Without in any way limiting the foregoing statement of purposes, the Corporation is organized and shall be operated exclusively as a "supporting organization" within the meaning of Section 1.509(a)-4 of the Treasury Regulations for the benefit of and to further the purposes of the University of South Alabama (the "University") as follows:

(i) To further the University's educational, research and service missions by supporting its academic programs, scientific research and development initiatives, and other related activities and to enhance the educational and training opportunities available to its students and faculty;

(ii) To promote the University and its colleges, schools and departments and to assist them in the development and improvement of curricula, academic programs and physical facilities for the benefit of the University's students and faculty and the attainment of greater educational opportunities and a more comprehensive learning experience;

(iii) To further the development of infrastructure and services in the Mobile, Alabama area to attract technology enterprises to the local community which can offer students and faculty a practical, hands-on learning experience and enhance the educational and professional opportunities available to them;

(iv) To promote the development, growth and retention of technology industries and research in Alabama that will provide professional and career opportunities attractive to the University's students and faculty and serve as an inducement for them to remain in Alabama;

(v) To advance the scientific education and training of the University's students and to promote scientific research and development in the State of Alabama;

(vi) To attract nationally prominent scientists, researchers and faculty to the University;

(vii) To provide fellowship and internship opportunities for the University's students and faculty in the scientific research and technology areas;

(viii) To further the University's scientific research and development activities and to facilitate the efficient transfer and utilization of University developed technology, patents, processes, copyrights, formulae and other know-how for the maximum public benefit;

(ix) To further the University's efforts to publish and disseminate the results of scientific research and development conducted by its students and faculty; and

(xii) To solicit, accept, invest and administer gifts, funds, property and assets of any kind, quality or value for the benefit and to further the charitable purposes of the Corporation, and to establish and manage accounts, deposits, endowments and other vehicles for holding and managing the property and assets of the Corporation.

(c) The Corporation shall possess and may exercise all the powers and privileges vested in a nonprofit corporation by the Nonprofit Corporation Law or by any other law of the State of Alabama, together with all powers necessary or convenient to the conduct, promotion or attainment of the activities or purposes for which the Corporation is organized; provided, that the activities conducted by the Corporation shall be subject to any restrictions set forth in these Articles of Incorporation and the Corporation shall not conduct or carry on any activities not permitted to be carried on by an organization exempt from Federal income tax under Code Section 501(c)(3) and described in Code Section 509(a)(3) or by an organization, contributions to which are deductible under Code Section 170(c)(2).

(d) The foregoing clauses of this Article III shall be construed equally as objects, purposes and powers and the foregoing enumeration of specific objects, purposes or powers shall not be construed or held to limit or restrict in any manner the powers of the Corporation expressly conferred by law, except as expressly stated herein.

ARTICLE IV REGISTERED OFFICE

The street address of the initial registered office of the Corporation is Office of the University Attorney, 307 University Boulevard North, Room 140, Mobile, Alabama 36688. The name of the initial registered agent of the Corporation at its registered office is Jean Walker Tucker.

ARTICLE V ORGANIZER

The name and address of the sole organizer of the Corporation are Jean Walker Tucker and 307 University Boulevard North, Room 140, Mobile, Alabama 36688, respectively.

ARTICLE VI MEMBERS

The Corporation shall have no members or shareholders and shall not issue any shares of stock or certificates or any evidence of membership.

ARTICLE VII DISSOLUTION

Upon the dissolution of the Corporation and the winding up of its affairs, the assets of the Corporation remaining after payment of all debts and liabilities of the Corporation shall be distributed to the University or, at the direction of the Board of Trustees of the University, to an affiliate organization of the University, the State of Alabama or an agency or instrumentality thereof, or to one or more other organizations exempt from federal income tax under Code Section 501(c)(3).

**ARTICLE VIII
PROHIBITED ACTIVITIES**

Notwithstanding any other provision of these Articles of Incorporation, no part of the earnings of the Corporation shall inure to the benefit of any director, officer or other person holding a position of influence with the Corporation, or to any private individual (except that reasonable compensation may be paid for services rendered to or for the benefit of the Corporation in connection with the accomplishment of one or more of its stated charitable purposes), and no director or officer of the Corporation, or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of or in opposition to any candidate for public office.

**ARTICLE IX
BOARD OF DIRECTORS**

(a) The number of directors constituting the initial board of directors of the Corporation shall be nine (9). The number of directors constituting the board of directors of the Corporation thereafter shall be that number set forth in the bylaws of the Corporation. The names and addresses of the persons who are to serve as directors until the first annual meeting of the directors or until their successors are elected and qualified are as follows:

<u>Director</u>	<u>Address</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

(b) The manner of electing directors, filling vacancies created by the resignation or removal of directors, and increasing or decreasing the number of directors constituting the board of directors is set forth in the bylaws of the Corporation. A director may be removed from office at any time, with or without cause, by the vote of a majority of the directors serving on the board of directors at the time such vote is taken.

ARTICLE X BYLAWS

The power to alter, amend or repeal the bylaws or adopt new bylaws shall be vested in the board of directors of the Corporation. Any alternation, amendment or repeal of the bylaws, or the adoption of new bylaws, by the board of directors of the Corporation shall not be effective until approved by the Board of Trustees of the University.

ARTICLE XI AMENDMENTS

These Articles of Incorporation may be amended from time to time in accordance with the terms and provisions of the Nonprofit Corporation Law. No amendment to these Articles of Incorporation shall be effective for any purpose, or filed in the public records, until the amendment has been approved by a majority of the Board of Trustees of the University. No amendment shall be made to these Articles of Incorporation which would in any way result in the operation of the Corporation for the private advantage or pecuniary profit of any director or officer thereof or permit the operation of the Corporation for any purpose other than the purposes described in Article III hereof.

ARTICLE XII INDEMNIFICATION OF DIRECTORS AND OFFICERS

In amplification and not in limitation of the provisions of applicable law:

(a) Pursuant to § 10A-20-16.01 et seq. and § 6-5-336 of the Code of Alabama, 1975, as amended, all non-compensated directors, officers and other volunteers of the Corporation shall be immune from suit and shall not be subject to civil liability arising from the conduct of the affairs of the Corporation except when the act or omission of such person that gives rise to the cause of action amounts to willful or wanton misconduct or fraud or gross negligence.

(b) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals (other than an action by or in the right of the Corporation), by reason of the fact that he or she is or was a director or officer of the Corporation, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such claim, action, suit or proceeding, unless he or she acted intentionally or willfully against the best interests of the Corporation. The termination of any claim, action, suit

or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person acted intentionally or willfully in a manner that was opposed to the best interests of the Corporation.

(c) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director or officer of the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interest of the Corporation, and except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for intentional or willful misconduct in the performance of his or her duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(d) Any indemnification under paragraphs (b) and (c) above (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he or she has met the applicable standard of conduct set forth in paragraphs (b) and (c) above. Such determination shall be made (i) by the board of directors of the Corporation by a majority vote of the directors who were not parties to, or who have been wholly successful on the merits or otherwise with respect to, such claim, action, suit or proceeding, or (ii) if a majority of disinterested directors so directs, by independent legal counsel.

(e) Expenses (including attorneys' fees) incurred in defending a civil or criminal claim, action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such claim, action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if and to the extent that it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article XII. Such undertaking shall be an unlimited, unsecured general obligation of the officer of the Corporation and shall be accepted without reference to his or her ability to make repayment.

(f) The indemnification authorized by this Article XII shall not be deemed exclusive of and shall be in addition to any other rights to which those indemnified may be entitled under any statute, rule of law, provision of articles or certificate of incorporation, bylaws, agreement, vote of disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person. No amendment, modification, or repeal of this Article XII shall diminish the right to indemnification with respect to any claim, cause, or matter in any then pending or subsequent proceeding that is based in any material respect on any alleged action or failure to act prior to such amendment, modification or repeal.

(g) The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article XII.

(h) There shall be no personal or individual liability of any director or officer for any debts, liabilities or obligations of the Corporation of any kind whatsoever.

IN WITNESS WHEREOF, the undersigned, acting as the sole organizer of University of South Alabama Foundation for Research and Commercialization, has executed and caused to be filed these Articles of Incorporation on this ____ day of _____, 2013.

Jean Walker Tucker, Organizer

This instrument prepared by:

K. Wood Herren
Bradley Arant Boult Cummings LLP
One Federal Place
1819 Fifth Avenue North
Birmingham, AL 35203-2104
(205) 521-8000

RESOLUTION
SALARY INCREASE
UNIVERSITY GENERAL DIVISION

WHEREAS, the University has continued to sustain positive momentum in achieving its mission through careful management and the united efforts of its employees, and

WHEREAS, other than the 2½ percent continuing salary increase in October 2011 which was offset by a 2½ percent increase in the Retirement Systems of Alabama deductions, the University has not given a continuing increase in salaries for University General Division personnel since October 2007, and

WHEREAS, the proposed 2013-14 fiscal year budget is a balanced budget that includes a proposed 4 percent continuing salary increase that is possible because of continuing diligent management of finances, enrollment growth, a small increase in state appropriations, and a modest tuition increase, and

WHEREAS, this 4 percent increase would be based on merit for faculty and administrators, and 1 percent merit and 3 percent across-the-board for staff, and would be subject to the standard University personnel guidelines and procedures, and eligibility for the merit increase would require having been hired prior to June 1, 2013,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama hereby approves a 4 percent increase, as described herein, for the University General Division for all current salaried or hourly regular faculty, staff and administrative employees of that Division, as defined by USA personnel policies.



REC'D
OFFICE OF THE PRESIDENT

SEP 04 2013

UNIVERSITY OF SOUTH ALABAMA
Vice President for Financial Affairs
AD 170

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

TO: President John W. Smith

FROM: Stephen H. Simmons *Stephen H. Simmons*

SUBJECT: Salary increase for University General Division

DATE: September 3, 2013

The University General Division presented a balanced budget for the 2012-13 fiscal year. This was accomplished through careful budget management, combining departments and other measures to reduce ongoing costs. For the 2013-14 fiscal year, we are also presenting a balanced budget that includes a proposed 4 percent continuing salary increase. This is possible because of continuing diligent management of finances at all levels of the University, some growth in enrollment, a small increase in state appropriations, and a modest tuition increase. Other than the 2½ percent continuing salary increase in October 2011, which was offset by a 2½ percent increase in the Retirement Systems of Alabama deductions, this proposed increase will be the first continuing increase in salaries for the University General Division personnel since October 2007.

Attached to this memorandum is a proposed resolution to present to the Board of Trustees for this salary increase. If approved, the 4 percent increase would be based on merit for faculty and administration; for staff, the structure of the increase would be 1 percent merit and 3 percent across-the-board. This increase would be subject to the standard University personnel guidelines and procedures.

With your approval, this item will be added to the agenda for consideration by the Board of Trustees at its September 13, 2013, meeting.

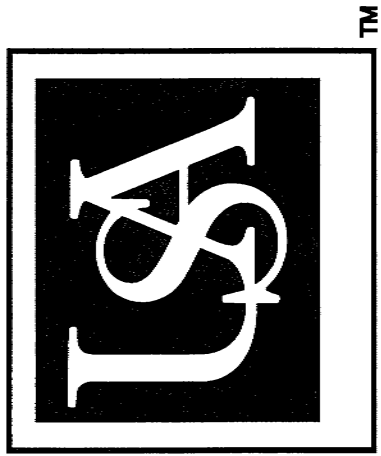
Attachment

APPROVED
John W. Smith
9/4/13

RESOLUTION
UNIVERSITY TOTAL BUDGET FOR 2013-2014

BE IT RESOLVED, the University of South Alabama Board of Trustees approves the 2013-2014 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 2013-2014 Total Budget as a continuation budget for 2014-2015 in order to be in compliance with bond trust indenture requirements if the budget process cannot be completed prior to beginning the 2014-2015 fiscal year.



**UNIVERSITY OF SOUTH ALABAMA
BUDGET
2013-2014**

TOTAL UNIVERSITY BUDGET

INDEX
TOTAL UNIVERSITY BUDGET

<u>PAGE</u>	
1	TOTAL CURRENT FUNDS BUDGET SUMMARY
2	UNRESTRICTED CURRENT FUNDS BUDGET SUMMARY
3	RESTRICTED CURRENT FUNDS BUDGET SUMMARY
4	UNRESTRICTED CURRENT FUNDS BY OPERATING DIVISION:
5	OPERATIONS AND MAINTENANCE
6	COLLEGE OF MEDICINE
7	HOSPITALS
8	MITCHELL CANCER INSTITUTE
9	AUXILIARY ENTERPRISES
9	SCHEDULE OF STATE APPROPRIATIONS

UNIVERSITY OF SOUTH ALABAMA
2013-2014 BUDGET SUMMARY
TOTAL CURRENT FUNDS

	2013-2014 BUDGET			2012-2013 BUDGET
	UNRESTRICTED	RESTRICTED	TOTAL	
REVENUES:				
TUITION AND FEES	\$ 129,155,907	\$	\$ 129,155,907	\$ 121,300,240
STATE APPROPRIATIONS	102,695,500		102,695,500	101,295,044
FEDERAL GRANTS AND CONTRACTS	4,110,832	49,800,000	53,910,832	58,812,832
STATE AND LOCAL GRANTS AND CONTRACTS	353,938	6,700,000	7,053,938	7,013,938
PRIVATE GIFTS, GRANTS AND CONTRACTS	52,926,500	7,450,000	60,376,500	57,226,500
MOBILE RACING COMMISSION	75,000		75,000	75,000
ENDOWMENT INCOME	200,000		200,000	170,000
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	3,348,750		3,348,750	3,348,750
HOSPITALS	341,038,478		341,038,478	338,617,479
MITCHELL CANCER INSTITUTE	17,308,677		17,308,677	17,654,215
AUXILIARY ENTERPRISES	20,053,374		20,053,374	18,398,414
OTHER SOURCES	10,412,752	5,300,000	15,712,752	11,400,752
TOTAL REVENUES	<u>681,679,708</u>	<u>69,250,000</u>	<u>750,929,708</u>	<u>715,313,164</u>
EXPENDITURES AND MANDATORY TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	112,918,086	12,250,000	125,168,086	119,030,747
RESEARCH	4,550,106	16,900,000	21,450,106	19,417,500
PUBLIC SERVICE	40,802,472	9,900,000	50,702,472	44,703,672
ACADEMIC SUPPORT	19,982,683		19,982,683	19,026,583
STUDENT SERVICES	28,127,698	850,000	28,977,698	26,258,246
INSTITUTIONAL SUPPORT	28,201,087		28,201,087	27,350,321
OPERATION AND MAINTENANCE OF PLANT	26,845,865	1,500,000	28,345,865	36,429,434
SCHOLARSHIPS	10,794,562	27,850,000	38,644,562	34,487,158
EDUCATIONAL AND GENERAL EXPENDITURES	<u>272,222,559</u>	<u>69,250,000</u>	<u>341,472,559</u>	<u>326,703,661</u>
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	15,002,563		15,002,563	17,542,562
LOAN FUND MATCHING GRANTS	171,239		171,239	171,239
TOTAL EDUCATIONAL AND GENERAL	<u>287,396,361</u>	<u>69,250,000</u>	<u>356,646,361</u>	<u>344,317,462</u>
HOSPITALS (INCLUDING DEBT SERVICE OF \$6,352,022):				
MITCHELL CANCER INSTITUTE (INCLUDING DEBT SERVICE OF \$632,936):				
AUXILIARY ENTERPRISES:				
EXPENDITURES	15,704,297		15,704,297	14,868,030
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	4,131,446		4,131,446	3,263,023
TOTAL AUXILIARY ENTERPRISES	<u>19,835,743</u>		<u>19,835,743</u>	<u>18,131,053</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>679,970,389</u>	<u>69,250,000</u>	<u>749,220,389</u>	<u>729,203,890</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):				
DEPRECIATION - RENEWALS AND REPLACEMENTS	(7,832,170)		(7,832,170)	(9,781,900)
OTHER TRANSFERS	2,197,851		2,197,851	(252,374)
MOBILE RACING COMMISSION	(75,000)		(75,000)	(75,000)
NET DECREASE IN FUND BALANCES	<u>(4,000,000)</u>		<u>(4,000,000)</u>	<u>(4,000,000)</u>
PROCEEDS FROM SALE OF BROOKLYN	4,000,000		4,000,000	4,000,000
NET AFTER TRANSFERS	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

UNIVERSITY OF SOUTH ALABAMA
2013-2014 BUDGET SUMMARY
UNRESTRICTED CURRENT FUNDS

	OPERATIONS AND MAINTENANCE	COLLEGE OF MEDICINE	HOSPITALS	MITCHELL CANCER INSTITUTE	AUXILIARY ENTERPRISES	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:							
TUITION AND FEES	\$ 118,175,125	\$ 10,980,782	\$ 8,577,157			\$ 129,155,907	\$ 121,300,240
STATE APPROPRIATIONS	62,193,618	26,724,725		5,000,000		102,695,500	101,295,044
FEDERAL GRANTS AND CONTRACTS	960,832	3,150,000				4,110,832	4,312,832
STATE AND LOCAL GRANTS AND CONTRACTS	166,349	187,589				353,938	353,938
PRIVATE GIFTS, GRANTS AND CONTRACTS	3,176,500	49,750,000				52,926,500	52,626,500
MOBILE RACING COMMISSION		75,000				75,000	75,000
ENDOWMENT INCOME		200,000				200,000	170,000
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	3,348,750					3,348,750	3,348,750
HOSPITALS			341,038,478			341,038,478	338,617,479
MITCHELL CANCER INSTITUTE				17,308,677		17,308,677	17,654,215
AUXILIARY ENTERPRISES - SALES AND SERVICES					20,053,374	20,053,374	18,398,414
OTHER SOURCES	8,912,752	1,500,000				10,412,752	7,510,752
TOTAL REVENUES	197,133,926	92,568,096	349,615,635	22,308,677	20,053,374	681,679,708	665,663,164
EDUCATIONAL AND GENERAL:							
INSTRUCTION	75,941,517	36,976,569				112,918,086	106,830,747
RESEARCH	2,490,106	2,060,000				4,550,106	3,817,500
PUBLIC SERVICE	3,637,550	37,164,922				40,802,472	40,103,672
ACADEMIC SUPPORT	15,207,451	4,775,232				19,982,683	19,026,583
STUDENT SERVICES	26,566,374	1,861,324				28,127,698	25,508,246
INSTITUTIONAL SUPPORT	23,922,524	4,278,563				28,201,087	27,350,321
OPERATION AND MAINTENANCE OF PLANT	21,793,422	5,052,443				26,845,865	25,429,434
SCHOLARSHIPS	9,870,962	923,600				10,794,562	8,987,158
EDUCATIONAL AND GENERAL EXPENDITURES	179,129,906	93,092,653				272,222,559	257,053,661
MANDATORY TRANSFERS FOR:							
PRINCIPAL AND INTEREST	14,602,120	400,443				15,002,563	17,542,562
LOAN FUND MATCHING GRANTS	171,239					171,239	171,239
TOTAL EDUCATIONAL AND GENERAL	193,903,265	93,493,096				287,396,361	274,767,462
HOSPITALS:							
EXPENDITURES AND MANDATORY TRANSFERS			350,373,636			350,373,636	345,971,683
MITCHELL CANCER INSTITUTE:							
EXPENDITURES AND MANDATORY TRANSFERS				22,364,649		22,364,649	20,683,692
AUXILIARY ENTERPRISES:							
EXPENDITURES							
MANDATORY TRANSFERS FOR PRINCIPAL AND INTEREST					15,704,297	15,704,297	14,868,030
TOTAL AUXILIARY ENTERPRISES					4,131,446	4,131,446	3,263,023
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	193,903,265	93,493,096	350,373,636	22,364,649	19,835,743	679,970,389	659,553,890
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):							
DEPRECIATION - RENEWALS AND REPLACEMENTS	(4,414,539)		(3,200,000)		(217,631)	(7,832,170)	(9,781,900)
OTHER TRANSFERS	1,183,878	1,000,000	(41,999)	55,972		2,197,851	(252,374)
MOBILE RACING COMMISSION		(75,000)				(75,000)	(75,000)
NET INCREASE (DECREASE) IN FUND BALANCES			(4,000,000)			(4,000,000)	(4,000,000)
PROCEEDS FROM SALE OF BROOKLEY			4,000,000			4,000,000	4,000,000
NET AFTER TRANSFERS							

UNIVERSITY OF SOUTH ALABAMA
2013-2014 BUDGET SUMMARY
RESTRICTED CURRENT FUNDS

	OPERATIONS AND MAINTENANCE	COLLEGE OF MEDICINE	MITCHELL CANCER INSTITUTE	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:					
FEDERAL GRANTS AND CONTRACTS	\$ 35,000,000	\$ 13,000,000	\$ 1,800,000	\$ 49,800,000	\$ 54,500,000
STATE AND LOCAL GRANTS AND CONTRACTS	5,100,000	1,300,000	300,000	6,700,000	6,660,000
PRIVATE GIFTS, GRANTS AND CONTRACTS	6,200,000	1,100,000	150,000	7,450,000	4,600,000
OTHER	3,500,000	1,500,000	300,000	5,300,000	3,890,000
TOTAL REVENUES	49,800,000	16,900,000	2,550,000	69,250,000	69,650,000
EXPENDITURES:					
EDUCATIONAL AND GENERAL:					
INSTRUCTION	10,000,000	2,000,000	250,000	12,250,000	12,200,000
RESEARCH	5,200,000	10,300,000	1,400,000	16,900,000	15,600,000
PUBLIC SERVICE	6,000,000	3,000,000	900,000	9,900,000	4,600,000
STUDENT SERVICES	850,000			850,000	750,000
OPERATIONS AND MAINTENANCE OF PLANT	500,000	1,000,000		1,500,000	11,000,000
SCHOLARSHIPS	27,250,000	600,000		27,850,000	25,500,000
TOTAL EXPENDITURES	49,800,000	16,900,000	2,550,000	69,250,000	69,650,000
NET INCREASE (DECREASE) IN FUND BALANCES	\$	\$	\$	\$	\$

UNIVERSITY OF SOUTH ALABAMA
OPERATIONS AND MAINTENANCE
2013-2014 BUDGET
UNRESTRICTED CURRENT FUNDS

	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:		
TUITION AND FEES	\$ 118,175,125	\$ 110,708,581
ALLOCATION OF STATE APPROPRIATIONS	62,393,618	61,499,211
FEDERAL GRANTS AND CONTRACTS	960,832	1,062,832
STATE GRANTS AND CONTRACTS	166,349	166,349
PRIVATE GIFTS, GRANTS AND CONTRACTS	3,176,500	3,176,500
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	3,348,750	3,348,750
OTHER SOURCES	<u>8,912,752</u>	<u>6,510,752</u>
TOTAL REVENUES	<u>197,133,926</u>	<u>186,472,975</u>
EXPENDITURES AND MANDATORY TRANSFERS:		
EDUCATIONAL AND GENERAL:		
INSTRUCTION	75,941,517	71,105,333
RESEARCH	2,490,106	1,757,500
PUBLIC SERVICE	3,637,550	3,074,574
ACADEMIC SUPPORT	15,207,451	14,553,120
STUDENT SERVICES	26,266,374	23,648,349
INSTITUTIONAL SUPPORT	23,922,524	23,324,493
OPERATION AND MAINTENANCE OF PLANT	21,793,422	20,036,300
SCHOLARSHIPS	<u>9,870,962</u>	<u>8,063,558</u>
EDUCATIONAL AND GENERAL EXPENDITURES	<u>179,129,906</u>	<u>165,563,227</u>
MANDATORY TRANSFERS:		
PRINCIPAL AND INTEREST	14,602,120	17,142,119
LOAN FUND MATCHING GRANTS	<u>171,239</u>	<u>171,239</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>193,903,265</u>	<u>182,876,585</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):		
OTHER TRANSFERS	1,183,878	818,149
DEPRECIATION - RENEWALS AND REPLACEMENTS	<u>(4,414,539)</u>	<u>(4,414,539)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$</u>	<u>\$</u>

UNIVERSITY OF SOUTH ALABAMA
COLLEGE OF MEDICINE
2013-2014 BUDGET
UNRESTRICTED CURRENT FUNDS

	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:		
TUITION AND FEES	\$ 10,980,782	\$ 10,591,659
ALLOCATION OF STATE APPROPRIATIONS	26,724,725	26,341,629
FEDERAL GRANTS AND CONTRACTS	3,150,000	3,250,000
STATE GRANTS AND CONTRACTS	187,589	187,589
PRIVATE GIFTS, GRANTS AND CONTRACTS	49,750,000	49,450,000
MOBILE RACING COMMISSION	75,000	75,000
ENDOWMENT INCOME	200,000	170,000
OTHER SOURCES	1,500,000	1,000,000
TOTAL REVENUES	<u>92,568,096</u>	<u>91,065,877</u>
EXPENDITURES AND MANDATORY TRANSFERS:		
EDUCATIONAL AND GENERAL:		
INSTRUCTION	36,976,569	35,725,414
RESEARCH	2,060,000	2,060,000
PUBLIC SERVICE	37,164,922	37,029,098
ACADEMIC SUPPORT	4,775,232	4,473,463
STUDENT SERVICES	1,861,324	1,859,897
INSTITUTIONAL SUPPORT	4,278,563	4,025,828
OPERATION AND MAINTENANCE OF PLANT	5,052,443	5,393,134
SCHOLARSHIPS	923,600	923,600
EDUCATIONAL AND GENERAL EXPENDITURES	<u>93,092,653</u>	<u>91,490,434</u>
MANDATORY TRANSFERS:		
PRINCIPAL AND INTEREST	400,443	400,443
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>93,493,096</u>	<u>91,890,877</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):		
OTHER TRANSFERS	1,000,000	900,000
MOBILE RACING COMMISSION	(75,000)	(75,000)
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$</u>	<u>\$</u>

UNIVERSITY OF SOUTH ALABAMA
HOSPITALS
2013-2014 BUDGET
UNRESTRICTED CURRENT FUNDS

	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:		
GROSS PATIENT REVENUES	\$ 539,258,147	\$ 525,779,284
CONTRACTUAL ADJUSTMENTS	237,319,521	227,256,438
OTHER ADJUSTMENTS	2,753,047	2,123,554
TOTAL DEDUCTIONS FROM REVENUES	<u>240,072,568</u>	<u>229,379,992</u>
NET PATIENT REVENUES	<u>299,185,579</u>	<u>296,399,292</u>
ALLOCATION OF STATE APPROPRIATIONS	8,577,157	8,454,204
MOBILE COUNTY HOSPITAL BOARD	15,027,210	14,825,988
MOBILE COUNTY INDIGENT CARE BOARD	533,000	1,360,000
MEDICAID DISPROPORTIONATE SHARE	16,899,854	16,376,127
OTHER REVENUES	<u>9,392,835</u>	<u>9,656,072</u>
TOTAL REVENUES	<u>349,615,635</u>	<u>347,071,683</u>
EXPENDITURES AND MANDATORY TRANSFERS:		
EXPENDITURES:		
NURSING SERVICES	95,204,217	87,658,005
PROFESSIONAL SERVICES	92,017,657	87,805,661
GENERAL DIVISION	18,880,083	18,775,351
ADMINISTRATIVE DIVISION	51,795,569	47,663,694
MEDICAL EDUCATION	17,579,521	16,763,439
PROVISION FOR UNCOLLECTIBLE ACCOUNTS (NET OF RECOVERIES)	<u>68,544,567</u>	<u>81,055,714</u>
TOTAL EXPENDITURES	<u>344,021,614</u>	<u>339,721,864</u>
MANDATORY TRANSFERS FOR:		
PRINCIPAL AND INTEREST	<u>6,352,022</u>	<u>6,249,819</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>350,373,636</u>	<u>345,971,683</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):		
DEPRECIATION - DISPROPORTIONATE SHARE	(3,200,000)	(3,200,000)
DEPRECIATION - RENEWALS AND REPLACEMENTS	<u>(41,999)</u>	<u>(1,900,000)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>(4,000,000)</u>	<u>(4,000,000)</u>
PROCEEDS FROM SALE OF BROOKLEY	4,000,000	4,000,000
NET AFTER TRANSFERS	<u>\$</u>	<u>\$</u>

UNIVERSITY OF SOUTH ALABAMA
MITCHELL CANCER INSTITUTE
2013-2014 BUDGET *
UNRESTRICTED CURRENT FUNDS

	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:		
GROSS PATIENT REVENUES	\$ 22,989,505	\$ 24,611,075
ALLOCATION OF STATE APPROPRIATIONS	5,000,000	5,000,000
OTHER REVENUES	<u>2,879,217</u>	<u>2,666,004</u>
TOTAL REVENUES	<u>30,868,722</u>	<u>32,277,079</u>
LESS: CONTRACTUAL ADJUSTMENTS	<u>8,560,045</u>	<u>9,622,864</u>
NET REVENUES	<u>22,308,677</u>	<u>22,654,215</u>
EXPENDITURES AND MANDATORY TRANSFERS:		
EXPENDITURES:		
PROFESSIONAL SERVICES	11,324,559	12,909,963
ADMINISTRATIVE DIVISION	8,818,819	5,828,220
PROVISION FOR UNCOLLECTIBLE ACCOUNTS (NET OF RECOVERIES)	<u>1,588,335</u>	<u>1,308,831</u>
TOTAL EXPENDITURES	<u>21,731,713</u>	<u>20,047,014</u>
MANDATORY TRANSFERS:		
PRINCIPAL AND INTEREST	<u>632,936</u>	<u>636,678</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>22,364,649</u>	<u>20,683,692</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):		
OTHER TRANSFERS	<u>55,972</u>	<u>(1,970,523)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ _____</u>	<u>\$ _____</u>

* Additional Budget Review Required

UNIVERSITY OF SOUTH ALABAMA
AUXILIARY ENTERPRISES
2013-2014 BUDGET
UNRESTRICTED CURRENT FUNDS

	HOUSING	FOOD SERVICES	BOOKSTORE	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:					
RENTAL INCOME	\$ 9,063,317	\$		\$ 9,063,317	\$ 7,916,999
SALES			9,589,000	9,589,000	9,165,500
COMMISSION INCOME		911,550		911,550	885,000
OTHER INCOME	351,507		138,000	489,507	430,915
TOTAL REVENUES	<u>9,414,824</u>	<u>911,550</u>	<u>9,727,000</u>	<u>20,053,374</u>	<u>18,398,414</u>
LESS: COST OF GOODS SOLD			7,155,060	7,155,060	6,676,854
NET REVENUES	<u>9,414,824</u>	<u>911,550</u>	<u>2,571,940</u>	<u>12,898,314</u>	<u>11,721,560</u>
EXPENDITURES:					
SALARIES AND WAGES	1,529,189		839,986	2,369,175	2,269,402
EMPLOYEE BENEFITS	284,239		288,527	572,766	608,905
OTHER EXPENDITURES	3,939,004	460,865	1,207,427	5,607,296	5,312,869
TOTAL EXPENDITURES	<u>5,752,432</u>	<u>460,865</u>	<u>2,335,940</u>	<u>8,549,237</u>	<u>8,191,176</u>
NET OPERATING INCOME	<u>3,662,392</u>	<u>450,685</u>	<u>236,000</u>	<u>4,349,077</u>	<u>3,530,384</u>
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):					
MANDATORY TRANSFERS:					
PRINCIPAL AND INTEREST	(3,444,761)	(450,685)	(236,000)	(4,131,446)	(3,263,023)
NON-MANDATORY TRANSFERS:					
RENEWALS AND REPLACEMENTS	(217,631)			(217,631)	(267,361)
TOTAL TRANSFERS	<u>(3,662,392)</u>	<u>(450,685)</u>	<u>(236,000)</u>	<u>(4,349,077)</u>	<u>(3,530,384)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**UNIVERSITY OF SOUTH ALABAMA
STATE APPROPRIATIONS
2013-2014**

	2013-2014 APPROPRIATIONS	2012-2013 APPROPRIATIONS
REGULAR APPROPRIATIONS:		
GENERAL UNIVERSITY	\$ 73,414,607	\$ 71,951,394
HOSPITALS AND CLINICS	29,280,893	29,343,650
	<u>\$ 102,695,500</u>	<u>\$ 101,295,044</u>

GENERAL UNIVERSITY BUDGET

INDEX
GENERAL UNIVERSITY BUDGET

	<u>PAGE</u>
GENERAL UNIVERSITY:	
TOTAL CURRENT FUNDS BUDGET SUMMARY	1
UNRESTRICTED CURRENT FUNDS BUDGET SUMMARY	2
RESTRICTED CURRENT FUNDS BUDGET SUMMARY	3
UNRESTRICTED CURRENT FUNDS BY OPERATING DIVISION:	
OPERATIONS AND MAINTENANCE	4
COLLEGE OF MEDICINE	5
AUXILIARY ENTERPRISES	6
SCHEDULE OF STATE APPROPRIATIONS	7

UNIVERSITY OF SOUTH ALABAMA
GENERAL UNIVERSITY
2013-2014 BUDGET SUMMARY
CURRENT FUNDS

	2013-2014 BUDGET			2012-2013 BUDGET
	UNRESTRICTED	RESTRICTED	TOTAL	
REVENUES:				
TUITION AND FEES	\$ 129,155,907	\$	\$ 129,155,907	\$ 121,300,240
STATE APPROPRIATIONS	73,414,607		73,414,607	71,951,394
FEDERAL GRANTS AND CONTRACTS	4,110,832	49,800,000	53,910,832	58,812,832
STATE AND LOCAL GRANTS AND CONTRACTS	353,938	6,700,000	7,053,938	7,013,938
PRIVATE GIFTS, GRANTS AND CONTRACTS	9,926,500	7,450,000	17,376,500	14,226,500
MOBILE RACING COMMISSION	75,000		75,000	75,000
ENDOWMENT INCOME	200,000		200,000	170,000
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	3,348,750		3,348,750	3,348,750
AUXILIARY ENTERPRISES	20,053,374		20,053,374	18,398,414
OTHER SOURCES	10,412,752	5,300,000	15,712,752	11,400,752
TOTAL REVENUES	<u>251,051,660</u>	<u>69,250,000</u>	<u>320,301,660</u>	<u>306,697,820</u>
EXPENDITURES AND MANDATORY TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	85,604,350	12,250,000	97,854,350	91,531,301
RESEARCH	4,550,106	16,900,000	21,450,106	19,417,500
PUBLIC SERVICE	9,412,472	9,900,000	19,312,472	13,313,672
ACADEMIC SUPPORT	19,982,683		19,982,683	19,026,583
STUDENT SERVICES	28,127,698	850,000	28,977,698	26,258,246
INSTITUTIONAL SUPPORT	28,201,087		28,201,087	27,350,321
OPERATION AND MAINTENANCE OF PLANT	26,845,865	1,500,000	28,345,865	36,429,434
SCHOLARSHIPS	10,794,562	27,850,000	38,644,562	34,487,158
EDUCATIONAL AND GENERAL EXPENDITURES	<u>213,518,823</u>	<u>69,250,000</u>	<u>282,768,823</u>	<u>267,814,215</u>
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	15,002,563		15,002,563	17,542,562
LOAN FUND MATCHING GRANTS	171,239		171,239	171,239
TOTAL EDUCATIONAL AND GENERAL	<u>228,692,625</u>	<u>69,250,000</u>	<u>297,942,625</u>	<u>285,528,016</u>
AUXILIARY ENTERPRISES:				
EXPENDITURES	15,704,297		15,704,297	14,868,030
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	4,131,446		4,131,446	3,263,023
TOTAL AUXILIARY ENTERPRISES	<u>19,835,743</u>		<u>19,835,743</u>	<u>18,131,053</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>248,528,368</u>	<u>69,250,000</u>	<u>317,778,368</u>	<u>303,659,069</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):				
DEPRECIATION - RENEWALS AND REPLACEMENTS	(4,632,170)		(4,632,170)	(4,681,900)
OTHER TRANSFERS	2,183,878		2,183,878	1,718,149
MOBILE RACING COMMISSION	(75,000)		(75,000)	(75,000)
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

UNIVERSITY OF SOUTH ALABAMA
GENERAL UNIVERSITY
2013-2014 BUDGET SUMMARY
UNRESTRICTED CURRENT FUNDS

	OPERATIONS AND MAINTENANCE	COLLEGE OF MEDICINE	AUXILIARY ENTERPRISES	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:					
TUITION AND FEES	\$ 118,175,125	\$ 10,980,782	\$	\$ 129,155,907	\$ 121,300,240
STATE APPROPRIATIONS	62,393,618	11,020,989		73,414,607	71,951,394
FEDERAL GRANTS AND CONTRACTS	960,832	3,150,000		4,110,832	4,312,832
STATE AND LOCAL GRANTS AND CONTRACTS	166,349	187,589		353,938	353,938
PRIVATE GIFTS, GRANTS AND CONTRACTS	3,176,500	6,750,000		9,926,500	9,626,500
MOBILE RACING COMMISSION		75,000		75,000	75,000
ENDOWMENT INCOME		200,000		200,000	170,000
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	3,348,750			3,348,750	3,348,750
AUXILIARY ENTERPRISES -			20,053,374	20,053,374	18,398,414
SALES AND SERVICES		1,500,000		10,412,752	7,510,752
OTHER SOURCES	8,912,752	33,864,360	20,053,374	251,051,660	237,047,820
TOTAL REVENUES	<u>197,133,926</u>	<u>33,864,360</u>	<u>20,053,374</u>	<u>251,051,660</u>	<u>237,047,820</u>
EDUCATIONAL AND GENERAL:					
INSTRUCTION	75,941,517	9,662,833		85,604,350	79,331,301
RESEARCH	2,490,106	2,060,000		4,550,106	3,817,500
PUBLIC SERVICE	3,637,550	5,774,922		9,412,472	8,713,672
ACADEMIC SUPPORT	15,207,451	4,775,232		19,982,683	19,026,583
STUDENT SERVICES	26,266,374	1,861,324		28,127,698	25,508,246
INSTITUTIONAL SUPPORT	23,922,524	4,278,563		28,201,087	27,350,321
OPERATION AND MAINTENANCE OF PLANT	21,793,422	5,052,443		26,845,865	25,429,434
SCHOLARSHIPS	9,870,962	923,600		10,794,562	8,987,158
EDUCATIONAL AND GENERAL EXPENDITURES	<u>179,129,906</u>	<u>34,388,917</u>		<u>213,518,823</u>	<u>198,164,215</u>
MANDATORY TRANSFERS FOR:					
PRINCIPAL AND INTEREST	14,602,120	400,443		15,002,563	17,542,562
LOAN FUND MATCHING GRANTS	171,239			171,239	171,239
TOTAL EDUCATIONAL AND GENERAL	<u>193,903,265</u>	<u>34,789,360</u>		<u>228,692,625</u>	<u>215,878,016</u>
AUXILIARY ENTERPRISES:					
EXPENDITURES			15,704,297	15,704,297	14,868,030
MANDATORY TRANSFERS FOR PRINCIPAL AND INTEREST			4,131,446	4,131,446	3,263,023
TOTAL AUXILIARY ENTERPRISES			<u>19,835,743</u>	<u>19,835,743</u>	<u>18,131,053</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>193,903,265</u>	<u>34,789,360</u>	<u>19,835,743</u>	<u>248,328,368</u>	<u>234,009,069</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):					
DEPRECIATION - RENEWALS AND REPLACEMENTS	(4,414,539)		(217,631)	(4,632,170)	(4,681,900)
OTHER TRANSFERS	1,183,878	1,000,000		2,183,878	1,718,149
MOBILE RACING COMMISSION		(75,000)		(75,000)	(75,000)
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

UNIVERSITY OF SOUTH ALABAMA
GENERAL UNIVERSITY
2013-2014 BUDGET SUMMARY
RESTRICTED CURRENT FUNDS

	OPERATIONS AND MAINTENANCE	COLLEGE OF MEDICINE	MITCHELL CANCER INSTITUTE	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:					
FEDERAL GRANTS AND CONTRACTS	\$ 35,000,000	\$ 13,000,000	\$ 1,800,000	\$ 49,800,000	\$ 54,500,000
STATE AND LOCAL GRANTS AND CONTRACTS	5,100,000	1,300,000	300,000	6,700,000	6,660,000
PRIVATE GIFTS, GRANTS AND CONTRACTS	6,200,000	1,100,000	150,000	7,450,000	4,600,000
OTHER	3,500,000	1,500,000	300,000	5,300,000	3,890,000
TOTAL REVENUES	49,800,000	16,900,000	2,550,000	69,250,000	69,650,000
EXPENDITURES:					
EDUCATIONAL AND GENERAL:					
INSTRUCTION	10,000,000	2,000,000	250,000	12,250,000	12,200,000
RESEARCH	5,200,000	10,300,000	1,400,000	16,900,000	15,600,000
PUBLIC SERVICE	6,000,000	3,000,000	900,000	9,900,000	4,600,000
STUDENT SERVICES	850,000			850,000	750,000
OPERATIONS AND MAINTENANCE OF PLANT	500,000	1,000,000		1,500,000	11,000,000
SCHOLARSHIPS	27,250,000	600,000		27,850,000	25,500,000
TOTAL EXPENDITURES	49,800,000	16,900,000	2,550,000	69,250,000	69,650,000
NET INCREASE (DECREASE) IN FUND BALANCES	\$	\$	\$	\$	\$

UNIVERSITY OF SOUTH ALABAMA
GENERAL UNIVERSITY
OPERATIONS AND MAINTENANCE
2013-2014 BUDGET
UNRESTRICTED CURRENT FUNDS

	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:		
TUITION AND FEES	\$ 118,175,125	\$ 110,708,581
ALLOCATION OF STATE APPROPRIATIONS	62,393,618	61,499,211
FEDERAL GRANTS AND CONTRACTS	960,832	1,062,832
STATE GRANTS AND CONTRACTS	166,349	166,349
PRIVATE GIFTS, GRANTS AND CONTRACTS	3,176,500	3,176,500
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	3,348,750	3,348,750
OTHER SOURCES	8,912,752	6,510,752
TOTAL REVENUES	<u>197,133,926</u>	<u>186,472,975</u>
EXPENDITURES AND MANDATORY TRANSFERS:		
EDUCATIONAL AND GENERAL:		
INSTRUCTION	75,941,517	71,105,333
RESEARCH	2,490,106	1,757,500
PUBLIC SERVICE	3,637,550	3,074,574
ACADEMIC SUPPORT	15,207,451	14,553,120
STUDENT SERVICES	26,266,374	23,648,349
INSTITUTIONAL SUPPORT	23,922,524	23,324,493
OPERATION AND MAINTENANCE OF PLANT	21,793,422	20,036,300
SCHOLARSHIPS	9,870,962	8,063,558
EDUCATIONAL AND GENERAL EXPENDITURES	<u>179,129,906</u>	<u>165,563,227</u>
MANDATORY TRANSFERS:		
PRINCIPAL AND INTEREST	14,602,120	17,142,119
LOAN FUND MATCHING GRANTS	171,239	171,239
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>193,903,265</u>	<u>182,876,585</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):		
OTHER TRANSFERS	1,183,878	818,149
DEPRECIATION - RENEWALS AND REPLACEMENTS	(4,414,539)	(4,414,539)
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$</u>	<u>\$</u>

UNIVERSITY OF SOUTH ALABAMA
GENERAL UNIVERSITY
COLLEGE OF MEDICINE
2013-2014 BUDGET
UNRESTRICTED CURRENT FUNDS

	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:		
TUITION AND FEES	\$ 10,980,782	\$ 10,591,659
ALLOCATION OF STATE APPROPRIATIONS	11,020,989	10,452,183
FEDERAL GRANTS AND CONTRACTS	3,150,000	3,250,000
STATE GRANTS AND CONTRACTS	187,589	187,589
PRIVATE GIFTS, GRANTS AND CONTRACTS	6,750,000	6,450,000
MOBILE RACING COMMISSION	75,000	75,000
ENDOWMENT INCOME	200,000	170,000
OTHER SOURCES	1,500,000	1,000,000
TOTAL REVENUES	33,864,360	32,176,431
EXPENDITURES AND MANDATORY TRANSFERS:		
EDUCATIONAL AND GENERAL:		
INSTRUCTION	9,662,833	8,225,968
RESEARCH	2,060,000	2,060,000
PUBLIC SERVICE	5,774,922	5,639,098
ACADEMIC SUPPORT	4,775,232	4,473,463
STUDENT SERVICES	1,861,324	1,859,897
INSTITUTIONAL SUPPORT	4,278,563	4,025,828
OPERATION AND MAINTENANCE OF PLANT	5,052,443	5,393,134
SCHOLARSHIPS	923,600	923,600
EDUCATIONAL AND GENERAL EXPENDITURES	34,388,917	32,600,988
MANDATORY TRANSFERS:		
PRINCIPAL AND INTEREST	400,443	400,443
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	34,789,360	33,001,431
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):		
OTHER TRANSFERS	1,000,000	900,000
MOBILE RACING COMMISSION	(75,000)	(75,000)
NET INCREASE (DECREASE) IN FUND BALANCES	\$	\$

UNIVERSITY OF SOUTH ALABAMA
GENERAL UNIVERSITY
AUXILIARY ENTERPRISES
2013-2014 BUDGET
UNRESTRICTED CURRENT FUNDS

	<u>HOUSING</u>	<u>FOOD SERVICES</u>	<u>BOOKSTORE</u>	<u>2013-2014 BUDGET</u>	<u>2012-2013 BUDGET</u>
REVENUES:					
RENTAL INCOME	\$ 9,063,317	\$		\$ 9,063,317	\$ 7,916,999
SALES			9,589,000	9,589,000	9,165,500
COMMISSION INCOME		911,550		911,550	885,000
OTHER INCOME	<u>351,507</u>		<u>138,000</u>	<u>489,507</u>	<u>430,915</u>
TOTAL REVENUES	<u>9,414,824</u>	<u>911,550</u>	<u>9,727,000</u>	<u>20,053,374</u>	<u>18,398,414</u>
LESS: COST OF GOODS SOLD			<u>7,155,060</u>	<u>7,155,060</u>	<u>6,676,854</u>
NET REVENUES	<u>9,414,824</u>	<u>911,550</u>	<u>2,571,940</u>	<u>12,898,314</u>	<u>11,721,560</u>
EXPENDITURES:					
SALARIES AND WAGES	1,529,189		839,986	2,369,175	2,269,402
EMPLOYEE BENEFITS	284,239		288,527	572,766	608,905
OTHER EXPENDITURES	<u>3,939,004</u>	<u>460,865</u>	<u>1,207,427</u>	<u>5,607,296</u>	<u>5,312,869</u>
TOTAL EXPENDITURES	<u>5,752,432</u>	<u>460,865</u>	<u>2,335,940</u>	<u>8,549,237</u>	<u>8,191,176</u>
NET OPERATING INCOME	<u>3,662,392</u>	<u>450,685</u>	<u>236,000</u>	<u>4,349,077</u>	<u>3,530,384</u>
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):					
MANDATORY TRANSFERS:					
PRINCIPAL AND INTEREST	(3,444,761)	(450,685)	(236,000)	(4,131,446)	(3,263,023)
NON-MANDATORY TRANSFERS:					
RENEWALS AND REPLACEMENTS	<u>(217,631)</u>			<u>(217,631)</u>	<u>(267,361)</u>
TOTAL TRANSFERS	<u>(3,662,392)</u>	<u>(450,685)</u>	<u>(236,000)</u>	<u>(4,349,077)</u>	<u>(3,530,384)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

UNIVERSITY OF SOUTH ALABAMA
STATE APPROPRIATIONS
GENERAL UNIVERSITY
2013-2014

	<u>2013-2014</u> <u>APPROPRIATIONS</u>	<u>2012-2013</u> <u>APPROPRIATIONS</u>
REGULAR APPROPRIATIONS:		
GENERAL UNIVERSITY	\$ 73,414,607	\$ 71,951,394

HOSPITAL AND CLINICS BUDGET

INDEX
HOSPITALS AND CLINICS BUDGET

	<u>PAGE</u>
HOSPITALS AND CLINICS:	
TOTAL HOSPITALS AND CLINICS	1
TOTAL HOSPITALS AND CLINICS DETAIL BUDGET SUMMARY	2
HOSPITALS	3
COLLEGE OF MEDICINE CLINICAL	4
MITCHELL CANCER INSTITUTE CLINICAL	5
SCHEDULE OF STATE APPROPRIATIONS	6

**UNIVERSITY OF SOUTH ALABAMA
TOTAL HOSPITALS AND CLINICS
2013-2014 BUDGET**

	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:		
STATE APPROPRIATIONS	\$ 29,280,893	\$ 29,343,650
PRIVATE GIFTS, GRANTS AND CONTRACTS	43,000,000	43,000,000
HOSPITALS	341,038,478	338,617,479
MITCHELL CANCER INSTITUTE	17,308,677	17,654,215
TOTAL REVENUES	<u>430,628,048</u>	<u>428,615,344</u>
EDUCATIONAL AND GENERAL:		
INSTRUCTION	27,313,736	27,499,446
PUBLIC SERVICE	31,390,000	31,390,000
EDUCATIONAL AND GENERAL EXPENDITURES	<u>58,703,736</u>	<u>58,889,446</u>
HOSPITALS (INCLUDING DEBT SERVICE OF \$6,352,022):	<u>350,373,636</u>	<u>345,971,683</u>
MITCHELL CANCER INSTITUTE (INCLUDING DEBT SERVICE OF \$632,936):	<u>22,364,649</u>	<u>20,683,692</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>431,442,021</u>	<u>425,544,821</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):		
DEPRECIATION - DISPROPORTIONATE SHARE	(3,200,000)	(3,200,000)
DEPRECIATION - RENEWALS AND REPLACEMENTS	(41,999)	(1,900,000)
OTHER TRANSFERS	55,972	(1,970,523)
NET INCREASE (DECREASE) IN FUND BALANCES	<u>(4,000,000)</u>	<u>(4,000,000)</u>
PROCEEDS FROM SALE OF BROOKLEY	4,000,000	4,000,000
NET AFTER TRANSFERS	<u>\$</u>	<u>\$</u>

UNIVERSITY OF SOUTH ALABAMA
TOTAL HOSPITALS AND CLINICS
2013-2014 DETAIL BUDGET SUMMARY

	HOSPITALS	COLLEGE OF MEDICINE	MITCHELL CANCER INSTITUTE	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:					
STATE APPROPRIATIONS	\$ 8,577,157	\$ 15,703,736	\$ 5,000,000	\$ 29,280,893	\$ 29,343,650
PRIVATE GIFTS, GRANTS AND CONTRACTS		43,000,000		43,000,000	43,000,000
HOSPITALS	341,038,478			341,038,478	338,617,479
MITCHELL CANCER INSTITUTE			17,308,677	17,308,677	17,654,215
TOTAL REVENUES	<u>349,615,635</u>	<u>58,703,736</u>	<u>22,308,677</u>	<u>430,628,048</u>	<u>428,615,344</u>
EDUCATIONAL AND GENERAL:					
INSTRUCTION		27,313,736		27,313,736	27,499,446
PUBLIC SERVICE		31,390,000		31,390,000	31,390,000
EDUCATIONAL AND GENERAL EXPENDITURES		<u>58,703,736</u>		<u>58,703,736</u>	<u>58,889,446</u>
HOSPITALS (INCLUDING DEBT SERVICE OF \$6,352,022):	<u>350,373,636</u>			<u>350,373,636</u>	<u>345,971,683</u>
MITCHELL CANCER INSTITUTE (INCLUDING DEBT SERVICE OF \$632,936):			<u>22,364,649</u>	<u>22,364,649</u>	<u>20,683,692</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>350,373,636</u>	<u>58,703,736</u>	<u>22,364,649</u>	<u>431,442,021</u>	<u>425,544,821</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):					
DEPRECIATION - DISPROPORTIONATE SHARE	(3,200,000)			(3,200,000)	(3,200,000)
DEPRECIATION - RENEWALS AND REPLACEMENTS	(41,999)			(41,999)	(1,900,000)
OTHER TRANSFERS			55,972	55,972	(1,970,523)
NET INCREASE (DECREASE) IN FUND BALANCES	<u>(4,000,000)</u>			<u>(4,000,000)</u>	<u>(4,000,000)</u>
PROCEEDS FROM SALE OF BROOKLEY	4,000,000			4,000,000	4,000,000
NET AFTER TRANSFERS	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

UNIVERSITY OF SOUTH ALABAMA
HOSPITALS AND CLINICS
HOSPITALS
2013-2014 BUDGET

	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:		
GROSS PATIENT REVENUES	\$ 539,258,147	\$ 525,779,284
CONTRACTUAL ADJUSTMENTS	237,319,521	227,256,438
OTHER ADJUSTMENTS	2,753,047	2,123,554
TOTAL DEDUCTIONS FROM REVENUES	<u>240,072,568</u>	<u>229,379,992</u>
NET PATIENT REVENUES	299,185,579	296,399,292
ALLOCATION OF STATE APPROPRIATIONS		
MOBILE COUNTY HOSPITAL BOARD	8,577,157	8,454,204
MOBILE COUNTY INDIGENT CARE BOARD	15,027,210	14,825,988
MEDICAID DISPROPORTIONATE SHARE	533,000	1,360,000
OTHER REVENUES	16,899,854	16,376,127
	<u>9,392,835</u>	<u>9,656,072</u>
TOTAL REVENUES	<u>349,615,635</u>	<u>347,071,683</u>
EXPENDITURES AND MANDATORY TRANSFERS:		
EXPENDITURES:		
NURSING SERVICES	95,204,217	87,658,005
PROFESSIONAL SERVICES	92,017,657	87,805,661
GENERAL DIVISION	18,880,083	18,775,351
ADMINISTRATIVE DIVISION	51,795,569	47,663,694
MEDICAL EDUCATION	17,579,521	16,763,439
PROVISION FOR UNCOLLECTIBLE ACCOUNTS (NET OF RECOVERIES)	68,544,567	81,055,714
TOTAL EXPENDITURES	<u>344,021,614</u>	<u>339,721,864</u>
MANDATORY TRANSFERS FOR:		
PRINCIPAL AND INTEREST	6,352,022	6,249,819
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>350,373,636</u>	<u>345,971,683</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):		
DEPRECIATION - DISPROPORTIONATE SHARE	(3,200,000)	(3,200,000)
DEPRECIATION - RENEWALS AND REPLACEMENTS	(41,999)	(1,900,000)
NET INCREASE (DECREASE) IN FUND BALANCES	<u>(4,000,000)</u>	<u>(4,000,000)</u>
PROCEEDS FROM SALE OF BROOKLEY	4,000,000	4,000,000
NET AFTER TRANSFERS	<u>\$</u>	<u>\$</u>

UNIVERSITY OF SOUTH ALABAMA
HOSPITALS AND CLINICS
COLLEGE OF MEDICINE CLINICAL
2013-2014 BUDGET

	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:		
ALLOCATION OF STATE APPROPRIATIONS	\$ 15,703,736	\$ 15,889,446
PRIVATE GIFTS, GRANTS AND CONTRACTS	<u>43,000,000</u>	<u>43,000,000</u>
TOTAL REVENUES	<u>58,703,736</u>	<u>58,889,446</u>
EXPENDITURES AND MANDATORY TRANSFERS:		
EDUCATIONAL AND GENERAL:		
INSTRUCTION	27,313,736	27,499,446
PUBLIC SERVICE	<u>31,390,000</u>	<u>31,390,000</u>
EDUCATIONAL AND GENERAL EXPENDITURES	<u>58,703,736</u>	<u>58,889,446</u>
MANDATORY TRANSFERS:		
PRINCIPAL AND INTEREST		
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>58,703,736</u>	<u>58,889,446</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$</u>	<u>\$</u>

UNIVERSITY OF SOUTH ALABAMA
HOSPITALS AND CLINICS
MITCHELL CANCER INSTITUTE CLINICAL
2013-2014 BUDGET *

	2013-2014 BUDGET	2012-2013 BUDGET
REVENUES:		
GROSS PATIENT REVENUES	\$ 22,989,505	\$ 24,611,075
ALLOCATION OF STATE APPROPRIATIONS	5,000,000	5,000,000
OTHER REVENUES	<u>2,879,217</u>	<u>2,666,004</u>
TOTAL REVENUES	30,868,722	32,277,079
LESS: CONTRACTUAL ADJUSTMENTS	<u>8,560,045</u>	<u>9,622,864</u>
NET REVENUES	<u>22,308,677</u>	<u>22,654,215</u>
EXPENDITURES AND MANDATORY TRANSFERS:		
EXPENDITURES:		
PROFESSIONAL SERVICES	11,324,559	12,909,963
ADMINISTRATIVE DIVISION	8,818,819	5,828,220
PROVISION FOR UNCOLLECTIBLE ACCOUNTS (NET OF RECOVERIES)	<u>1,588,335</u>	<u>1,308,831</u>
TOTAL EXPENDITURES	<u>21,731,713</u>	<u>20,047,014</u>
MANDATORY TRANSFERS:		
PRINCIPAL AND INTEREST	<u>632,936</u>	<u>636,678</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>22,364,649</u>	<u>20,683,692</u>
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):		
OTHER TRANSFERS	<u>55,972</u>	<u>(1,970,523)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ _____</u>	<u>\$ _____</u>

* Additional Budget Review Required

UNIVERSITY OF SOUTH ALABAMA

STATE APPROPRIATIONS

HOSPITALS AND CLINICS

2013-2014

	2013-2014 APPROPRIATIONS	2012-2013 APPROPRIATIONS
REGULAR APPROPRIATIONS:		
HOSPITALS AND CLINICS	\$ 29,280,893	\$ 29,343,650

RESOLUTION

HONORING MR. ABRAHAM A. "ABE" MITCHELL

WHEREAS, Mobile native and businessman Abraham A. Mitchell built a highly successful real estate company with his brother, Mayer, and

WHEREAS, Mr. Mitchell has given generously of his resources earned over a lifetime to meet a wide range of needs of people of his beloved Mobile and beyond, and

WHEREAS, Mr. Mitchell has focused his philanthropy on the University of South Alabama and enhancing the institution's ability to serve its many constituencies, and

WHEREAS, giving by the Mitchell family – Abe Mitchell, the late Mayer Mitchell, and Arlene Mitchell – supports every mission of the University, including teaching, research, service and health care, and

WHEREAS, Mr. Mitchell recently has expanded this support by making the largest single gift in the history of Alabama public higher education, and

WHEREAS, this \$50 million commitment was appropriately announced at the 50th Anniversary of the University, adding immensely to the institution's commemorative celebration, and

WHEREAS, Mr. Mitchell's gift also honors the contributions of President Emeritus Gordon Moulton for his contributions over a 47-year career at USA, and

WHEREAS, Mr. Mitchell's latest gift will enhance the Mitchell College of Business and forever provide a transformational expansion of educational opportunities for USA students in all disciplines through endowment of the Mitchell-Moulton Scholarship Initiative, and

WHEREAS, through Mr. Mitchell's vision, the scholarship initiative will have an even greater impact because it is a challenge gift that encourages others to give, and

WHEREAS, Mr. Mitchell's \$50 million gift, combined with the \$43 million given previously by the Mitchell family, brings the family's total giving to USA to \$93 million, securing distinction as the state's leading family in philanthropic support of a public university in Alabama, and

WHEREAS, Mr. Mitchell has given not only of his resources, but has provided vast quantities of his time and talent to the University as a wise counselor, tireless advocate, and energetic fundraiser, and

WHEREAS, Mr. Mitchell has graciously agreed to enhance USA's 2013 Fall Commencement with words of wisdom and inspiration to USA's graduates, families, faculty, staff, students, alumni and friends,

THEREFORE, BE IT RESOLVED, on behalf of every life touched by the University of South Alabama, the Board of Trustees conveys its deepest gratitude for the many kind and generous works of Abraham A. Mitchell, and

BE IT FURTHER RESOLVED that the entire University family expresses its heartfelt respect and belief that Mr. Mitchell has lived a life true to his favorite words in the book of his faith, the Talmud, as he truly has disregarded what the world owes him, and instead has concentrated on what he owes the world.

RESOLUTION
COMMENDATION OF JAMES A. YANCE
AS CHAIR PRO TEMPORE EMERITUS

WHEREAS, James A. Yance has served faithfully as a member of the Board of Trustees of the University of South Alabama since his appointment in 2006, and

WHEREAS, Mr. Yance served as Chair Pro Tempore of the Board of Trustees from 2010 to 2013 and made history as the first undergraduate alumnus to hold the position, and

WHEREAS, Mr. Yance previously served the Board as Vice Chair from 2007 to 2010, and

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

WHEREAS, the Yances' substantial gifts have included an endowment for the support of the University's football program, along with contributions to the Jaguar Athletic Fund, Moulton Tower and Alumni Plaza, and the James A. Yance Endowed Scholarship for Pre-Law Students, and

WHEREAS, the support for the USA football program resulted in the naming of the James A. and Frances H. Yance Football Practice Facility, and

WHEREAS, Mr. Yance served as chairman of Campaign USA, the University's first comprehensive fundraising campaign, which exceeded expectations and raised \$93.5 million, and

WHEREAS, Mr. Yance attended the University as a student-athlete, graduated in 1970 with a degree in political science and went on to a successful law career in Mobile, and

WHEREAS, Mr. Yance has been an active alumnus and, in 2009, was awarded the University's Distinguished Alumni Award, which is the highest honor given by the University to an alumnus, and

WHEREAS, Mr. Yance brought steady leadership to the Board of Trustees throughout his tenure, notably during a period of transition at the retirement of President V. Gordon Moulton, and

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

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama expresses its sincere appreciation to James A. Yance for his many contributions and invaluable service to the Board, to the entire University community, and to the people of the state of Alabama, all of whom have benefitted from his wisdom, dedication, service and generosity, by conferring upon him the honorary title of Chair Pro Tempore Emeritus of the University of South Alabama Board of Trustees. 1