

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

**December 7, 2000**

**10:00 a.m.**

A regular meeting of the University of South Alabama Board of Trustees was duly convened by Mr. Jack R. Brunson, Chair Pro Tempore, on Thursday, December 7, 2000, at 10:00 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

**Members Present:** Trustees Jack Brunson, Crum Foshee, Ken Kvalheim, Don Langham, Bettye Maye, Mayer Mitchell, James Nix, Stephen Stokes, Larry Striplin, and Herman Thomas.

**Members Absent:** Trustees Otha Lee Biggs, Larry Langford, Pat Lindsey, Max McLaughlin, Ed Richardson, Don Siegelman, and Charles Woods.

**University Administration:** President Gordon Moulton; Drs. Dale Adams, Pat Covey, Robert Kreisberg, and Robert Shearer; Messrs. Stan Hammack, Wayne Davis, and Steve Simmons; and Mss. Gilda Hodges and Jean Tucker.

**Guests:** Drs. Robert Bracken and Dan Rogers (Faculty Senate), Richmond Brown, Damian Collins (COM Alumni Assn.), and David Stearns; Messrs. Keith Ayers, David Blough, Arthur Carlton, Brad Christensen, Jody Dunn (Alumni Assn.), Bob Galbraith, Lee Hale and Braxton Kittrell (Gardner, Middlebrooks), Coleman Loper and Pete Mistrot (Ernst & Young), Dunk Pruitt and David Fulcher (CDP), Paul Taylor, Scott Weldon, and Al Yeager; and Mss. Monica Curtis, Sally Murray (Faculty Senate), Kelley Simpson (CDP), and Margaret Sullivan.

**Press:** Messrs. Bob Lowry and Courtland Richards (USA), Steve Alexander and Kevin Alexander (WKRG), Tony Jones and Marcus Powe (WALA), Mike Kittrell (Mobile Register), and Ted Mosley (WPMI); and Mss. Gigi Barnett (WPMI), Deblina Chakraborty (Vanguard), Jean Lakeman Helms (Mobile Register), and Margaret Turner (Certified Court Reporter).

Chairman Brunson called the meeting to order and welcomed all guests. President Moulton introduced Dr. Damian Collins, President of the College of Medicine Alumni Association. Mr. Brunson asked Judge Thomas to give the invocation.

Mr. Brunson suggested that the agenda be revised to include **ITEM 15**, a discussion of litigation issues. Mayor Nix moved approval. Judge Thomas seconded and the Board unanimously approved the amended agenda.

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Mr. Brunson called for approval of **ITEM 1**, the minutes of the August 23, 2000, meeting of the USA Board of Trustees. Mr. Langham moved approval. Ms. Maye seconded and the minutes were unanimously adopted.

Mr. Brunson introduced President Moulton to address **ITEM 2**, the President's Report. President Moulton informed the Board that the University's increased overall enrollment, as well as graduate enrollment, for the 2001 fall semester was the largest in the state of Alabama. He said this accomplishment resulted from a tremendous effort to increase public awareness about the University and because the University has committed itself to student success. He emphasized that USA had obtained a 7.5 percent increase in state appropriation, the largest in Alabama. President Moulton provided a summary of other significant achievements as represented on chart displays, including greater recognition of USA's academic credentials by federal and agency funding sources. He gave progress updates about new scholarships, the track renovation, and USA Children's Park. President Moulton informed Trustees of the death of Mr. Bernie Justesen, former Director of Construction for many years, and of Dr. Robert Lager, former Director of the Center for International Trade and Commerce and of the Alabama Foreign Trade Relations Commission.

Mr. Brunson called for review of **ITEM 3**, a report of the Board's ad hoc committees. Judge Thomas, Chair of the Committee to Develop a Long-Range Planning Process, referenced a written outline of ideas discussed at a workshop held for the Committee on October 24. He anticipated that a planning document could be ready for review by the full Board at the annual meeting in May 2001.

On behalf of the Committee for a Market Study of Football at USA, Dr. Shearer said that CSL representatives had completed the survey process and conducted a number of focus group meetings and individual interviews. CSL projects a final report may be ready for review prior to the February 2001 Board meeting.

Mr. Brunson called for a report of the Health Affairs Committee. On behalf of Dr. McLaughlin, Committee Chair, President Moulton and Dr. Kreisberg introduced **ITEM 4**, a resolution to approve the Hospital's medical staff appointments and reappointments for the 3<sup>rd</sup> Quarter, 2000 (refer to APPENDIX A for copies of all resolutions). Mayor Nix moved approval. Mr. Mitchell seconded and **ITEM 4** was unanimously adopted. Dr. Kreisberg presented **ITEM 5**, a report of USA Hospitals' Combined Medical Staff and Administrative Meetings for the 4<sup>th</sup> Quarter, 1999, and the 1<sup>st</sup> and 2<sup>nd</sup> Quarters, 2000; and of Medical Executive Reports for the 3<sup>rd</sup> Quarter, 2000. Mr. Brunson acknowledged receipt of these reports by the Board.

President Moulton presented **ITEM 6**, a resolution authorizing the President to execute a construction management contract with the firm of Robins and Morton, inclusive of the bidding and awarding of contracts, for the renovation of USA Knollwood Park Hospital's outpatient facilities. Additionally, it authorizes the use of disproportionate share funds to complete the project. President Moulton explained that the renovation of the first floor of the Knollwood Long-Term Care Building would be

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accomplished by employing the construction management concept. Mr. Christensen described how this method of construction helped to contain costs. He added that Robins and Morton had a reputation for adhering to time projections and budget limitations and was highly recommended by its clients. Mr. Hammack stated that the project's design would create ease of access to updated patient diagnostic and therapeutic services. Mr. Mitchell moved approval. Mayor Nix seconded and **ITEM 6** received unanimous approval by the Board.

President Moulton introduced **ITEM 7**, a resolution authorizing the President and the Vice President for Medical Affairs to immediately commence a search for a nationally-recognized director of the proposed USA Cancer Institute and authorizing the University Administration to proceed with detailed planning for the USA Cancer Institute with guidance as necessary from a professional consultant. President Moulton stated that this project could have a more significant impact on USA's research funding in the shortest time than any other new activity. He stated that the primary objective is for all activities of the Institute, including the vital search for new treatment of disease, to be located in an academic and research-oriented setting. He emphasized that a facility of this nature does not presently exist in the tri-state region. He added that the initial funding would be from tobacco settlement proceeds, disproportionate share funds from the hospital's funded depreciation account, and from an anticipated \$3 million federal appropriation.

Dr. Kreisberg spoke of the firm of CDP and its extensive background with developing cancer programs. He introduced Mr. Dunk Pruitt, CDP founding partner and Chairman, and other guests from CDP. Mr. Pruitt presented a video proposal and printed material which outlined the steps by which CDP would assist USA to implement a dynamic cancer enterprise. His presentation included general insight about cancer programs and trends in cancer treatment, as well as a rationale depicting the expectations for the projected impact and benefits to the University. He addressed questions. In summation, Mr. Pruitt said he saw much opportunity for the USA Cancer Institute, including the potential for future pharmaceutical and research-park operations.

Dr. Stokes agreed that the need existed for a regional cancer center, but expressed concern for recruiting a director at this stage of a major project. Through an extended discussion, Mr. Pruitt enumerated the assets the University brings to this project which should make it possible to recruit a competent director. Mayor Nix moved approval. Mr. Langham seconded and **ITEM 7** received unanimous Board approval.

Mr. Brunson called for a report of the Endowment Committee. Mr. Mitchell, Committee Chair, said that the Committee met on December 6 and had agreed to meet quarterly to review the status of the University's endowment. He called upon Mr. Davis to address **ITEM 8**, a report of transfers to the University's endowment. Mr. Davis reported that 4.2 million had been transferred to the endowment effective September 30, 2000, including \$3 million in proceeds from the Mobile Racing Commission which has been matched over the last two years using disproportionate share funds. Also transferred were some proceeds from the Children's Miracle Network Telethon to benefit the USA Children's

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and Women's Hospital, the USA Annual Fund, and the College of Medicine's miscellaneous fund account; thus bringing the total balance of the endowment to \$9.9 million.

Mr. Davis summarized **ITEM 9**, an update of endowment account balances. Mr. Davis reported that as of September 30, the endowment of \$5.7 million had experienced a market unrealized loss of \$22,000. Yet, by October 31, a market gain followed of an almost equivalent amount. He reminded the Board that the goal for endowment investments was long-term gain. He reviewed how endowment funds are split 60 / 40 between two money management firms, with 65 percent placed in equity investments and the remaining 35 percent in fixed-income funds.

After a short recess, Mr. Brunson called for a report of the Budget and Finance Committee. Mr. Kvalheim, Committee Chair, acknowledged Board receipt of **ITEM 10**, the University's Financial Statements for July and August, 2000.

Mr. Kvalheim presented **ITEM 11**, Ernst & Young audit reports of University Financial Statements for September 30, 2000, and of the NCAA Compliance Report for September 30, 1999. He said that the audit reported no items requiring significant correction. He called attention to the additional information located in the supplement packet. Mr. Pete Mistrot announced his retirement from Ernst & Young effective June 30, 2001, and introduced his successor, Mr. Coleman Loper, an Ernst & Young partner who will coordinate future audits. On behalf of the Board of Trustees, Mr. Mitchell expressed appreciation to Mr. Mistrot for his long record of service to the University.

Mr. Kvalheim called for questions or comments regarding **ITEM 12**, a report of the Department of Examiners of Public Accounts' audit of USA's Financial Statements ending September 30, 1999, and of Disproportionate Share Hospital Funds of the USA Foundation for October 1, 1997, through June 30, 2000.

Mr. Kvalheim opened discussion of **ITEM 13**, a report of the USA Health Plan. He said that the administration of the University's self-insured plan by PHA Administrative Services is being reviewed by the University administration and that outside consultants are assisting to determine how best to proceed with the University's health plan.

Mr. Kvalheim introduced **ITEM 14**, a report of the Voluntary Retirement Incentive Plan. He stated that the goal of the program had been achieved with a savings to the University of approximately \$2.6 million.

Concerning discussion of **ITEM 15**, a report of litigation issues, President Moulton suggested that an Executive Session be convened. Mr. Kvalheim moved approval. Ms. Maye seconded and the Board conveyed unanimous agreement.

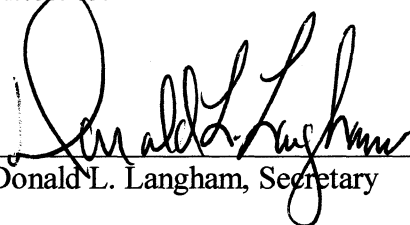
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Following the Executive Session, Mr. Brunson called upon Dr. Stokes to make a statement. Dr. Stokes expressed his hope for a unifying resolution of the pending lawsuit involving the USA Foundation and two members of the USA Board of Trustees in their capacities as USA Foundation Directors. He said that discussion has produced a potential settlement agreement. He added that the USA Foundation Board of Directors were scheduled to meet on December 8 and expressed his hope that common ground would be sought for the benefit of the University.

There being no further business, the meeting adjourned at 12:45 p.m.

Respectfully Submitted:

Attest to:

  
Donald L. Langham, Secretary

  
Jack R. Brunson, Chair Pro Tempore

1265



1267

**RESOLUTION**

**USA HOSPITALS  
MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS  
FOR THE THIRD QUARTER 2000**

**WHEREAS, the Medical Staff appointments and reappointments for the third quarter 2000 for the University of South Alabama Hospitals, are recommended for approval by the Combined Medical Executive Committee of the University of South Alabama Hospitals,**

**THEREFORE, BE IT RESOLVED, that the appointments and reappointments be approved as submitted.**

1269

**RESOLUTION**

**FOR OUTPATIENT FACILITIES RENOVATION OF  
USA KNOLLWOOD PARK HOSPITAL**

**WHEREAS**, the University of South Alabama desires to improve and enhance digestive disease, cardiovascular, nuclear medicine and other outpatient medical services at USA Knollwood Park Hospital, and

**WHEREAS**, approximately 30,000 square feet can be made available in existing Knollwood facilities for renovation for such purposes at a cost less than new construction, and

**WHEREAS**, Robins and Morton, a company with experience in design and construction management of healthcare facilities has completed preliminary preconstruction programming, schematic design, feasibility, cost estimating and scheduling services for such outpatient medical services, and the construction management and design approach offers improved budget control, fee savings and time savings through an expedited design process,

**WHEREAS**, an estimated project cost of \$3,000,000 has been established by Robins and Morton based on the schematic design prepared by CLA Architecture, Inc. as architects, and

**WHEREAS**, Robins and Morton will assist the University in bidding the various portions of the work and based on these bids will establish a guaranteed maximum price, and

**THEREFORE, BE IT RESOLVED**, that the University of South Alabama Board of Trustees authorizes President V. Gordon Moulton to execute a construction management contract with Robins and Morton to include the bidding and awarding of contracts for the purpose of outpatient facilities renovation of USA Knollwood Park Hospital and to utilize funds from the Disproportionate Share Fund Account for same.

VOTE RECORD: DECEMBER 7, 2000

ITEM 6

MOVED: MR. MITCHELL  
SECONDED: MAYOR NIX

ACTION: UNANIMOUSLY APPROVED

1270

## RESOLUTION

### APPROVAL OF CANCER INSTITUTE PLANS

**WHEREAS**, the community and region have great need for a university-based cancer institute, and

**WHEREAS**, C.D.P. consultants, in conjunction with USA College of Medicine faculty and administration, have developed a vision for the development of a cancer institute in Mobile, Alabama, and

**WHEREAS**, such an institute would be at the forefront in both cancer basic science research and clinical practice, and

**WHEREAS**, the University expects to receive significant funding for a cancer institute from federal funding sources and, in addition, to receive substantial funds from the settlement of tobacco litigation, and

**WHEREAS**, it would be appropriate to request that the USA Foundation, which holds in trust the University's disproportionate share funds, match the federal and tobacco litigation funds which are expected to be forthcoming for this project, and

**WHEREAS**, the University of South Alabama Board of Trustees deems it appropriate to utilize these funds as needed for the various components of staffing, construction, and research, and

**WHEREAS**, the respective phases and components of this project will be presented to the Board for approval,

**THEREFORE, BE IT RESOLVED**, that the University Board of Trustees authorizes the University President and the Vice-President for Medical Affairs to commence immediately a search for a nationally-recognized director of the new USA Cancer Institute, and

**BE IT FURTHER RESOLVED**, that the University administration, using consulting services as deemed necessary, proceed with detailed planning for the USA Cancer Institute.