

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Executive Committee Meeting

**July 9, 2001
3:00 p.m.**

The University of South Alabama Board of Trustees Executive Committee was duly convened by Chairman James P. Nix on Monday, July 9, 2001, at 3:05 p.m. in the Frederick P. Whiddon Administration Building.

Members Present: Trustees Jack Brunson, Don Langham, Pat Lindsey, Mayer Mitchell, James Nix, and Herman Thomas.

Member Absent: Trustee Steven Stokes.

Other Trustee: Trustee Ken Kvalheim.

University Administration: President Gordon Moulton; Dr. Dale Adams; Messrs. Wayne Davis, and Stan Hammack; and Mss. Gilda Hodges and Jean Tucker.

Guests: Dr. Daniel Rogers; Messrs. Keith Ayers, Ken Davis, Joe Green, and Harold Parkman (Hand Arendall, LLC); and Ms. Monica Curtis.

Press: Mr. Bill Barrow (Mobile Register).

Chairman Nix called to order the meeting of the Executive Committee and asked for consideration of the revised agenda to include, as **ITEMS 4, 5 and 6**, discussion of the purchases of property on University Boulevard and of property at a medical complex adjacent to USA Children's and Women's Hospital, and an Executive Session to discuss litigation issues. Mr. Brunson moved approval. Mr. Langham seconded and the revised agenda was unanimously approved.

Mr. Nix called for consideration of **ITEM 1**, the minutes of the June 16 and November 14, 2000, meetings of the Executive Committee. Mr. Brunson moved approval. Mr. Mitchell seconded and the minutes were unanimously adopted.

Mr. Nix called upon President Moulton to present **ITEM 2** (for copies of all resolutions, refer to APPENDIX A), a resolution authorizing the sale of University-owned property in the Hillsdale subdivision pursuant to the terms of the agreement of sale. President Moulton introduced Mr. Harold Parkman, attorney representing the University in the sale negotiations, and both provided an update of the progress toward closing the sale. President Moulton stated that the sales agreement

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remained essentially unchanged since the last report to the Board, which provided for an advance payment of \$10.25 million with total a payment over the course of ten years at \$23 million. He assured that provisions were in place protecting the University from involvement with Hillsdale beyond the execution of the sale. He cautioned that failure of the buyer's financing would negate the sale. Responding to Mr. Langham, Dr. Adams stated that the buyer had agreed to secure the continued employment of University staff dedicated for the operation of Hillsdale. Mr. Langham moved approval. Senator Lindsey seconded and **ITEM 2** was unanimously approved.

Mr. Nix requested that President Moulton introduce **ITEM 3**, a resolution authorizing the President to implement a voluntary retirement incentive plan effective November 1, 2001, for eligible USA Hospital employees who voluntarily elect to participate. It is expected that incentives for those that choose to retire may cost \$530,000, an amount that will be completely recovered in the first year of implementation. After the first year, the plan may reduce continuing payroll costs by \$1.6 million.

Mr. Davis talked about the expectations of the plan and detailed supporting data which compared the proposed plan to that offered to campus faculty and staff in 1999, which resulted in a savings to the University of more than \$2 million annually. Mr. Hammack explained how reductions in hospital staff would not lead to a reduction of staff to patient ratios or reduced patient care. Mr. Brunson moved approval. Mr. Mitchell seconded and the Committee unanimously approved **ITEM 3**.

President Moulton initiated discussion of **ITEM 4**, a resolution authorizing the President and Vice President of Financial Affairs to execute the purchase of a 13-acre parcel of property on University Boulevard for future expansion needs. The land borders the campus west of Health Services Drive and extends to Ziegler Boulevard. Mr. Davis reminded the Committee that the Board authorized the administration to negotiate the purchase at its meeting on February 22, 2001, and stated that a contract was pending for the purchase price of \$408,000. The property, which previously listed for \$450,000, received owner and buyer appraisals ranging from \$390,000 to \$426,000. Judge Thomas moved approval. Mr. Mitchell seconded and **ITEM 4** was unanimously approved.

President Moulton commented on the sale pending of seven acres near Old Shell Road. The deadline for the receipt of bids is July 11, 2001.

President Moulton recommended that the Committee consider minor amendments to the University's Land Sale and Lease Policy such that the terms would parallel with current guidelines as set forth in the state code and be comparable with the policies of other state institutions. Copies of the revised policy were distributed. Upon Judge Thomas' suggestion, Mr. Brunson entered a motion for amending the agenda to add discussion of the Land Sale and Lease Policy. Mr. Mitchell seconded and the agenda was amended by a unanimous vote of the Committee.

President Moulton assured the Committee that the full Board would be advised of the revised policy and said that, with the complicated contract pending for the sale of Hillsdale properties, the interest

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of the University would be best served by updating the policy at this time. Ms. Tucker affirmed that no significant changes had been incorporated. She further stated that, upon consultation with the Office of Examiners of Public Accounts for an opinion of the modifications, she had obtained its concurrence with the revised policy. Mr. Mitchell moved approval. Mr. Langham seconded and the revised Land Sale and Lease Policy was unanimously adopted by the Committee.

President Moulton addressed **ITEM 5**, discussion of efforts to purchase two condominiums within a dilapidated medical complex, located at 1710 Center Street, so that the building can be removed to achieve better access to Children's and Women's Hospital. President Moulton said how the University had secured ownership of two of the units and reminded that, prior to the acquisition of the second condominium, the Board authorized a purchase price not to exceed \$200,000 for the then three remaining units, from which was calculated an appropriate purchase price for each unit based upon square footage.


President Moulton reported that negotiations with the two remaining property owners had languished until recently, when the proprietor of the smaller unit accepted the University's bid of \$49,000; however, no agreement to purchase the larger unit has been reached. To reach closure, President Moulton recommended that the Committee consider authorizing (1) that the Administration be allowed to exceed the pro-rated bid limit of \$40,000 for the smaller unit and close the sale at the accepted price of \$49,000; and (2) that one final offer of \$118,000, an amount that is 90 percent of the appraised value, be submitted in writing to the seller and, if not accepted in a reasonable period of time, that the University pursue eminent domain proceedings. Senator Lindsey moved approval. Mr. Langham seconded and **ITEM 5** was unanimously approved.

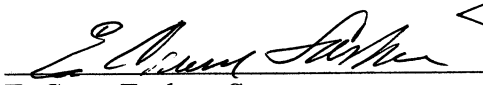
Regarding **ITEM 6**, discussion of litigation issues, Mr. Mitchell moved that discussion continue in an Executive Session. Senator Lindsey seconded and the Committee unanimously agreed to commence an Executive Session.

Upon the conclusion of the Executive Session and there being no further business, the meeting was adjourned at 4:15 p.m.

Respectfully Submitted:

Attest to:


James P. Nix, Chair Pro Tempore


E. Crum Foshee, Secretary

RESOLUTION

SALE OF HILLSDALE PROPERTIES

WHEREAS, the University of South Alabama has owned and managed more than 700 houses in the Hillsdale subdivision since 1969, providing housing for many students and their families, as well as faculty and staff, and

WHEREAS, due to their age and present condition, many of the houses are in need of extensive renovation and repair, and

WHEREAS, the University desires to put in place a long range plan for upgrading the overall quality of student life on campus in general, including the provision of appropriate housing for married students and recognizes that maintaining single family residences is not the most cost-effective way to provide these services, and

WHEREAS, the University requested proposals from the business, financial, real estate, and housing community for the sale of the Hillsdale houses, and said proposals were received, February 19, 2001, and

WHEREAS, the most viable proposal received was from the Hillsdale Area Community Development Corporation, and

WHEREAS, negotiations, as authorized by a February 22, 2001, resolution of the Board of Trustees were conducted by the President and University Administration with Hillsdale Area Community Development Corporation for the sale of the Hillsdale properties, and terms of sale finalized in the executed Agreement of Sale which is attached hereto and incorporated by reference herein;

THEREFORE, BE IT RESOLVED, that the Board of Trustees approves and authorizes, by and through the Executive Committee of the Board of Trustees, the sale of the above referenced University owned property in the Hillsdale subdivision pursuant to the terms of the aforementioned Agreement of Sale.

RESOLUTION
VOLUNTARY RETIREMENT INCENTIVE PLAN

WHEREAS, with 6.2% proration of state appropriations from the Alabama Special Educational Trust Fund and a 2.74% reduction of state appropriation funds for fiscal year 2001-2002, the University of South Alabama is facing continuing budget pressures and has a need to reduce continuing operations costs, and

WHEREAS, the University Hospitals have a pressing need to reduce operating costs now in order to deal with the fiscal demands of the healthcare scene, and

WHEREAS, the University and other State universities have previously implemented voluntary retirement incentive programs with significant savings, and

WHEREAS, the University projects the salary and related savings to be \$1.6 million per year,

THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the President to implement a voluntary retirement incentive plan for eligible University of South Alabama Hospitals employees who voluntarily elect to participate for implementation effective November 1, 2001.

RESOLUTION

PURCHASE OF UNIVERSITY BOULEVARD PARCEL

BY UNIVERSITY OF SOUTH ALABAMA

WHEREAS, the University of South Alabama was approached by the owners of a 13.0269 acres on the West side of University Boulevard, a short distance south of its intersection with Zeigler Boulevard and adjoining the campus of University of South Alabama in Mobile, Mobile County, Alabama; and

WHEREAS, the President of the University and the Vice President of Financial Affairs entered into discussions with the property owners as authorized by the Board of Trustees in a February 22, 2001, Resolution; and

WHEREAS, as a result of said discussions, the President of the University and the Vice President of Financial Affairs recommend to the Board that this parcel of land be purchased for the amount of \$408,000.00, said price having been determined by them to be a fair and reasonable price.

THEREFORE, BE IT RESOLVED that the Board of Trustees authorizes the President of the University of South Alabama and the Vice President of Financial Affairs to take the actions necessary to effect the purchase of this 13.0269 acre parcel of land for the amount herein recommended.

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**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**

WHEREAS, the University of South Alabama owns certain real property and interest, including leasehold interest and mineral and oil and gas interests, and from time to time may sell or lease such real property or such interest, and

WHEREAS, the University of South Alabama, a public body corporate, created by act of the legislature codified at Code of Alabama § 16-55-1, et. seq., (1975) and vesting the Board of Trustees thereof with the authority to hold, lease, or sell property when it is deemed by the Trustees to be in the best interest of the institution, and

WHEREAS, the University of South Alabama, by and through its Board of Trustees, herein adopts the following policies and procedures that are in accordance with Act Number 95-280, passed by the legislature of the State of Alabama on June 22, 1995, and codified at Code of Alabama, § 9-15-70 et. seq., (1975 and Cum. Supp. 2000).

POLICY

The University of South Alabama, as a public body corporate with a separately constituted Board of Trustees, adopts this policy pursuant to Act Number 95-280 as set forth in Code of Alabama, § 9-15-70 et. seq., (1975), as a policy of the University of South Alabama as set forth more particularly below.

1.0 Definitions.

- 1.1 Property applicable under this policy. All real property and interest owned by the University of South Alabama, including but not limited to, leasehold interest and all other things annexed or attached to the land which would pass to a vendee by conveyance of a land or lot, including mineral and gas and oil interests with an appraised value of more than \$20,000.00.
- 1.2 Sales and leases of such real property affected by this policy. All sales and leases made by or on behalf of the University of South Alabama of any real property or any interest as defined above owned by the University of South Alabama which has an appraised value of more than \$20,000.00 except as follows:

- a. The transfer of real property between departments, boards, bureaus, commissions, institutions, corporations or agencies of the state when those are made by mutual agreement between the Chief Executive Officers of the respective departments or boards, bureaus, commissions, institutions, corporations or agencies of the state with the approval of the Board of Trustees of the University of South Alabama which includes the Governor of the State of Alabama.
- b. Leasing or sale of timber from unused lands owned by the University of South Alabama.
- c. Leasing of oil, gas and other mineral interests.
- d. Ground leases or leases of facilities by the University of South Alabama to social or professional organizations, foundations and other not-for-profit organizations established for the purpose of supporting the University of South Alabama, faculty members, employees or for institution related purposes, as housing for students, staff and faculty and employees, all of which are designed to enhance the operation of the University of South Alabama and that have been declared in the best interest of the University of South Alabama by the President of the University of South Alabama who is made the duly designated officer by the Board of Trustees of the University of South Alabama by virtue of the adoption of this policy.
- e. Any easements, rights of way or other similar grants of interest which relate to utilities or services owned, operated or directed by counties or municipalities of the State of Alabama.
- f. Lease-leaseback transactions which may be entered into by the University of South Alabama after negotiation by the President of the University or his designee and approved by the Board of Trustees, as long as the University of South Alabama at all times remains the owner of any real property that is the subject of any such lease-leaseback transaction.

2.0 Process for Sale and Lease of Such Interest.

- 2.1 All sales of real property under this policy will require the prior approval of the Board of Trustees of the University.
- 2.2 All sales and leases except as set forth above shall be made by one of the following methods, as directed by the President of the University of South Alabama or his/her designee.
 - a. Sales and leases may be made by free and open competitive, advertised sealed bids to the highest bidder. Auctions, also, may be utilized, but usually the bid process

will be followed; or

- b. In certain instances, it will be determined by the President of the University of South Alabama or his designee that it is economically justified and in the best interest of the University of South Alabama to offer an interest in real property for sale or lease through a listing with a duly licensed real estate broker, or
 - c. The President or his/her designee may negotiate sale or lease of University property, if same is in the best interest of the University of South Alabama and economically justifiable, after publicly announced requests for proposals to sell or lease the property are made.
- 2.3 With regard to the bid process to be used, the University of South Alabama shall obtain an appraisal(s) by a real estate appraiser selected by the University of South Alabama prior to the advertisement of the sale of property. Additional appraisals may be obtained if it is felt necessary to determine the true value of the property. All appraisals shall be in writing.
- 2.4 After the appraisal or appraisals has/have been obtained, the University of South Alabama shall establish the minimum amount for which the real property may be sold or leased. The President of the University of South Alabama or his/her designee shall be the individual authorized to determine the sale, after approval of the Board of Trustees of the University of South Alabama, or lease the real property after giving consideration to the results of the appraisal made on the real property. The President of the University of South Alabama or his/her designee shall have the right to accept or reject all bids submitted for the purchase or lease of the real property under these provisions.
- 2.5 After the appraisals have been obtained, the sale or lease shall be advertised at least once a week for four weeks in advance of the date fixed for receiving bids or fixed for public auction if that alternative method is used. The advertisement shall appear at least once a week for four consecutive weeks in a newspaper of general circulation in the county or counties where the property is located, and at least one time in three other newspapers of general circulation throughout the state. If the property is located outside the State of Alabama, advertisements shall be at least one time in three newspapers of general circulation throughout that state. A copy of the proposal shall be posted on a readily accessible public bulletin board at the University of South Alabama. Persons may request notification of sale or lease of real property by the University of South Alabama, and if they have provided their mailing address to the Business Office, they shall be sent notice of the sale or lease. The advertisement for bids will include the real property to be sold or leased with an appropriate description, where the property is located, the dates and times when the property may be inspected, and the person to contact with regard to questions relating to the property. The advertisement shall further state the date, time and place of the opening of sealed bids. The advertisement shall state that all bids may be rejected by the University of South Alabama. No bid shall be received at any time after the time advertised as noted for acceptance.

- 2.6 With all sealed bids, individuals or corporations will be required to submit a binder that can be applied to the purchase or rental price for the successful bidder. The binder will be via certified check or bank cashier's check in an amount to be determined by the University of South Alabama, but which will not exceed twenty percent of the bid as a binder on the real property upon which the individual or corporation is bidding. The binder shall be forfeited by the person or corporation to whom the bid is awarded if the person or corporation does not complete purchase by presenting to the University of South Alabama a certified check, a cashier's check or an appropriate wire for the amount due, less the amount of the binder previously submitted, within thirty days after receiving notice in writing that the corporation or person is a successful bidder. For good cause, the University of South Alabama may extend the period for completing the sale for an additional period of thirty days. Certified checks submitted as binders by those persons or corporations not awarded the bid shall be returned to the persons or corporations.
- 2.7 In the event that no bids are received or all of the bids are rejected by the President of the University of South Alabama or his/her designee, the sale or lease of the real property may be negotiated. No sale or lease may be made at a price less than the highest bid received or the minimum acceptable price, whichever is highest, and if the transaction is a sale of land, such sale shall require the approval of the Board of Trustees. All real property sold or leased shall be paid for by the purchaser or the purchaser's representative by cashier's check, certified check or by wire transfer confirmed, and the sale or lease shall be closed not later than thirty days after the written notice of acceptance of the negotiated amount.
- 2.8 The expenses of the required appraisal, as well as the contemplated sale or lease, shall be paid by the University of South Alabama as the entity offering the property for sale. The amount received under the bid shall be retained by the University of South Alabama.
- 2.9 Alternatively, there are certain cases in which it will be deemed to be economically justified and in the best interest of the University of South Alabama to offer an interest in real property for sale or lease through a listing with a duly licensed real estate broker. In such instance, the justification for such listing rather than utilization of the bid process or auction process will be set forth in writing and approved by the President of the University of South Alabama or his designee. In such case, the following process will be used:
- a. An appraisal will be obtained from an independent real estate appraiser to determine the value of the property at the time of the sale or lease that will be through a duly licensed real estate broker.
 - b. The duly licensed real estate broker will be required to publicize the offer of sale in accordance with customary practices.
- 2.10 Finally, the land may be sold through negotiation after publicly announced requests for proposals to sell or lease the property are made.

- 2.11 In such cases as described in 2.9 and 2.10, the University of South Alabama will set forth in a written declaration the specific reasons why it is in the best interest of the University and the State of Alabama to make specific sale or lease under these provisions. Such documentation will be retained and made a part of the permanent files of the University of South Alabama and open to public inspection.

3.0 Prohibited Transactions.

- 3.1 Officers and employees of the University of South Alabama, which is the entity selling or leasing the real property, and officers and employees of the Department of Conservation and Natural Resources, as well as members of their immediate families, shall be excluded from bidding on the property at a public auction or by sealed bids or through negotiation processes or through placement with a real estate broker.

4.0 Transaction Beyond Scope of Policy Null and Void.

- 4.1 Any sale or lease of real property or any interest therein of the University of South Alabama which is not in accordance with these policies and procedures shall be null and void.