MINUTES OF THE JUNE 14, 2013 MEETING
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA

The Board of Trustees of The University of Alabama met in Sellers Auditorium in the Bryant Conference Center in Tuscaloosa on June 14, 2013. Trustee Paul W. Bryant, Jr., chaired the meeting. Michael A. Bownes served as Secretary.

On roll call, the following Trustees were present:

The Honorable Harris V. Morrissette, Trustee from the First Congressional District

The Honorable Marietta M Urquhart, Trustee from the First Congressional District

The Honorable Joseph C. Espy III, Trustee from the Second Congressional District

The Honorable W. Davis Malone III, Trustee from the Second Congressional District

The Honorable Kenneth L. Vandervoort, M.D., Trustee from the Third Congressional District

The Honorable James W. Wilson III, Trustee from the Third Congressional District

The Honorable Paul W. Bryant, Jr., President pro tempore and Trustee from the Fourth Congressional District

The Honorable Finis E. St. John IV, Trustee from the Fourth Congressional District

The Honorable Ronald W. Gray, Trustee from the Fifth Congressional District

The Honorable William Britt Sexton, Trustee from the Fifth Congressional District
The Honorable John J. McMahon, Jr., Trustee from the Sixth Congressional District

The Honorable Karen P. Brooks, Trustee from the Seventh Congressional District

The following Trustees were unable to attend:

The Honorable Robert Bentley, Governor

The Honorable Thomas R. Bice, Ed.D., State Superintendent of Education

The Honorable Vanessa Leonard, Trustee from the Sixth Congressional District

The Honorable John H. England, Jr., Trustee from the Seventh Congressional District

The Honorable Andria Scott Hurst, Trustee from the Seventh Congressional District

The meeting also was attended by UA System Chancellor Robert E. Witt; UA President Judy Bonner; UAB President Ray L. Watts; UAHuntsville President Robert A. Altenkirch; staff members from the Office of the Chancellor, the three campuses, and the UAB Health System. Also in attendance were Student Representatives to the Board Amanda M. Plain from UAB and Nandish Dayal from UAHuntsville. Faculty Representatives to the Board in attendance were Professor Steven K. Miller from UA, Dr. Michael Froelich from UAB and Dr. Richard S. Miller from UAHuntsville.

Kellee Reinhart, Vice Chancellor for System Relations, introduced media representatives Isaiah Harper from ABC 33-40, Leigh Garner from Channel 42, Meredith Armstrong from Channel 13, Kelvin Reynolds from Fox 6, Melissa Brown from Al.com,
Stephanie Taylor from *The Tuscaloosa News*, Katherine Owen from *The Crimson White*, and Jennifer Edwards, Jerome Davis and Sarah Macaluso from WVUA.

Chairman Bryant said a draft of the April 12, 2013 minutes had been sent to all Trustees. After discussion, and on motion of Trustee McMahon, seconded by Trustee Wilson, the minutes were approved.

Chairman Bryant said a draft of the Executive Committee Report has been distributed to all Trustees. After discussion, and on motion of Trustee St. John, seconded by Trustee Espy, the Board ratified the actions of the Executive Committee.

(Insert Executive Committee Report)

Chairman Bryant then recognized Chancellor Robert Witt for a report from The University of Alabama System. He thanked Chancellor Witt for the nice dinner last night at the Chancellor’s house and said they appreciate the work Sandee has done in it sprucing up.

Thank you, Trustee Bryant. When Bill Jones, whom we recognized yesterday for his outstanding service, first informed me of his plans to retire, we decided to rethink his position because with Federal and state budget cuts, increased competition for government support, and with the fact that the UA System has been asked to play an increasingly important role in economic development, we felt that increasing the scope and responsibility of Bill’s position would be the appropriate way to move.

We made the decision to change the title to Vice Chancellor for Government Relations and Economic Development to reflect its increased responsibilities. We were looking for someone who would bring a unique set of skills and experience to our senior leadership team. In hiring Congressman Bonner, we believe we have hired the ideal person for this position. He is highly respected in Montgomery, he is well respected and connected in Washington, DC, and he can be invaluable to Michael Bownes, who manages our government relations program in Washington. Congressman Bonner’s track record in economic development in South
Alabama is extraordinary and he will be invaluable to the System as we meet our responsibilities in that area.

Community service is an integral part of the mission and responsibility of each of our campuses. There is a remarkable young man named Stephen Black who is a full-time staff member working on Judy Bonner’s campus. He will remain a full-time staff member there, continuing in his role in the Center for Ethics and Social Responsibility. Under Stephen Black’s leadership, an extensive array of community service and initiatives have been developed that resulted in more than 1.1 million hours of community service by UA students in the past year. Stephen has accepted an appointment at the System level as a special assistant to me regarding community service and engagement and to make available to the other campuses, if they are interested, the full array of programs that he has developed so they can be implemented on their campuses.

I have, sent under separate cover to your offices, Stephen Black’s last two annual reports and I think you will be extremely impressed with what he has been able to accomplish.

Distance Education has been around for many, many decades, going back to the days of correspondence courses where materials were mailed back and forth between students and teachers. Over the last decade or so, Distance Education has moved increasingly in the direction of being online. In the last few years, the rate of development of on-line education has dramatically accelerated with some of the country’s most respected universities – Harvard, Stanford, MIT, Michigan, Texas – putting literally thousands of courses online.

These courses were there for students to take free of charge but they did not carry degree credit. In the last couple of years, some platforms have emerged to help facilitate people accessing these on-line courses. In the last year or so, there has been a clear indication that we are relatively close to multiple organizations developing business models that will allow them to offer these on-line courses for credit at very competitive costs.

If you look at the evolution of Distance Education over the decades, change has been gradual and incremental. I strongly believe we have entered a period of disruptive change. I believe now is the time for each of our campuses to rapidly and aggressively assess the potential impact of on-line courses being available from respected institutions at a low cost. In the last couple of weeks, Georgia Tech, a highly respected university, has partnered with one of the platforms, Udacity, and with AT&T to offer a
Master’s Degree in Computer Science for approximately $7,000. When a highly respected institution can offer a well branded degree for a competitive price and facilitate people being able to access it, because they don’t have to go back and forth between campuses, we have a potential threat that we need to carefully assess.

If you look at the revenue statements of each of our campuses, as was just pointed out in the Finance Committee meeting, we are very dependent on tuition revenue. If competition from on-line courses impacts any of our campuses by as little as five or ten percent in terms of lost semester credit hours, the impact on that budget will be significant because instructional costs are, for all intents and purposes, fixed and they will not go down as semester credit hours go down. We need to be prepared to deal with that. We will be appointing a Systemwide committee and I will be asking for Board representation on the committee. We will begin work immediately on a very careful assessment of not only the threats but the potential opportunities for our campuses.

One of the most important responsibilities of the Chancellor’s Office and of this Board is to ensure that we are in a position to know whether or not our campuses and our Health System are managing risks as we should. Everything I have learned to date indicates to me that our three campuses and our Health System are doing a good job of managing risks. But the risks that they are managing are increasing, in part because of proliferation of Federal rules and regulations.

The media have been full of instances where highly respected institutions are writing big checks to make up for lapses. We need to be in a position, both in terms of the Chancellor’s Office and the members of this Board, to be certain that we are managing risks as we should. Adding Chad Tindol to our staff has allowed us to make significant progress and systematically examining risks and reassuring ourselves that we in the position we should be.

Given the proliferation of risks, I will be forming a Systemwide committee, again asking for Board representation, so we can be certain that we are managing risks well on the three campuses and in the Health System and ensure that we are managing risks in the same way. If two of our campuses are managing a particular type of risk one way and another campus is doing it in a different way, and the campus with the different way faces a lawsuit, the very fact that the other two component campuses are doing it differently becomes a liability. I think working with this
committee, we will be able to do a much better job of reassuring you that we are on top of the risk situation.

Thank you.

Chairman Bryant thanked Dr. Witt for his report and recognized President Ray Watts to introduce UAB’s new Faculty and Student Representatives to the Board. President Watts said he was pleased to introduce Dr. Michael Froelich who is a Professor of Anesthesiology at UAB. He has had a distinguished service record on the Faculty Senate and has recently been elected as their new Chair.

President Watts said their Student Representative is Amanda Plain. She is a doctoral candidate in Chemistry at UAB, with a concentration in Computational Biophysical Chemistry. She received her B.S. and her M.S. degrees in Chemistry from UAB. She has been very involved in the Student Government Association and has recently been elected President.

Chairman Bryant thanked President Watts and recognized President Robert Altenkirch to introduce UAHuntsville’s new Student Representative to the Board. President Altenkirch introduced Nandish Dayal, who was recently elected President of the Student Government Association. He has a dual major in Nursing and Chemistry. Prior to attending UAH, he attended Harding College in Arkansas. After arriving in Huntsville prior to coming to the University, he ran several businesses. He was the owner and director of TGV Inc./dba Savvy Home, owner and director of TGV Inc./dba TGVAsset Management, and ran a fitness center. He is a savvy businessman.

Chairman Bryant thanked President Altenkirch for his comments.
Chairman Bryant said the Administrative Report has been distributed to all Trustees. After discussion, and on motion of Trustee McMahon, seconded by Trustee Brooks, the Board accepted the Administrative Report. (Exhibit B)

Chairman Bryant recognized Trustee Ron Gray for a report from the Academic Affairs, Student Affairs, and Planning Committee in the absence of Chairman John England who had to leave the meeting to attend a funeral. Trustee Gray said the Academic Affairs, Student Affairs, and Planning Committee met this morning at 9:30 a.m., with other Trustees present. The Committee considered 18 items for consideration for recommendation to the Board for action: three individual action items, and 15 administrative action items. There was one Information Item.

Trustee Gray said the Committee recommends approval of the items identified on your Board Agenda as Items F.1. through F.4.o., on pages 41-77. If there are any questions regarding any of these items, Vice Chancellor Nash or the Provosts will respond to them.

After discussion, and on motion of Trustee Gray, seconded by Trustee Malone, the Board adopted the following resolutions, separately and severally:

(Insert Resolutions)

Trustee Gray said the Committee also approved two additional resolutions which are not on the Board Agenda: Consideration of Resolution Granting Final Approval of a Bachelor of Science (B.S.) Degree in Biomedical Sciences at The University of Alabama at Birmingham (C.I.P. Code 26.0102) and Consideration of Resolution Granting Final
Approval of a Bachelor of Science in Aerospace Engineering (B.A.S.E.) Degree at The University of Alabama in Huntsville (C.I.P. Code 14.0201).

After discussion, and on motion of Trustee Gray, seconded by Trustee Brooks, the Board agreed to suspend the rules and amend the Agenda in order to consider these two resolutions.

After further discussion, and on motion of Trustee Gray, seconded by Trustee Urquhart, the Board adopted these resolutions.

(Insert 2 Resolutions)

Chairman Bryant thanked Trustee Gray for his report and recognized Trustee Britt Sexton for a report from the Finance Committee. Trustee Sexton said the Finance Committee of the Board of Trustees met this morning, June 14, 2013, with other Trustees in attendance. The Committee reviewed and approved two action items and two administrative items which are in the Board Book on pages 92-97. The Committee recommends these items for approval.

After discussion, and on motion of Trustee Sexton, seconded by Trustee Brooks, the Board adopted the following resolutions, separately and severally:

(Insert Resolutions)

Chairman Bryant thanked Trustee Sexton for his report and recognized Trustee Karen Brooks for a report from the Physical Properties Committee. Trustee Brooks said the Physical Properties Committee met yesterday and considered 17 Resolutions for action by the Board, which are included in your Board Book on pages 98-148. The
Committee thoroughly reviewed and approved all 17 Resolutions and now recommends the approval of these items identified on your Board Agenda as H.1.a.1. through H.5.a.1.

After discussion, and on motion of Trustee Brooks, seconded by Trustee Malone, the Board adopted the following resolutions, separately and severally:

(Insert Resolutions)

Chairman Brooks said the Committee also approved a suspension of the rules and amended the Agenda to include one additional Resolution for action by the Board at the request of UA. The Committee thoroughly reviewed and approved this added Resolution approving the revised project budget and providing authorization for UA to execute a construction contract for Package A of the Ferguson Center Renovation and Addition at UA.

After discussion, and on motion of Trustee Brooks, seconded by Trustee Malone, the Board agreed to suspend the rules and amend the Agenda in order to consider this item.

After further discussion, and on motion of Trustee Brooks, seconded by Trustee Malone, the Board approved the following item:

(Insert Resolution)

Trustee Brooks said the Committee was notified that the 2013-2014 Annual Consolidated Capital Projects and Facilities Reports have been provided by each campus and the Health System as required by Board Rule 415.

Chairman Bryant thanked Trustee Brooks for her report and recognized Trustee Jim Wilson for a report from the UAB Health System Board Liaison Committee. Trustee
Wilson said the UAB Health System Board Liaison Committee met yesterday afternoon and considered three resolutions for action by the Board which are included in your Board Book on pages 149-151. The Committee thoroughly reviewed and approved these resolutions and now recommends the approval of these items identified on your Board Agenda as I.1. through I.3.

After discussion, and on motion of Trustee Wilson, seconded by Trustee McMahon, the Board adopted the following resolutions, separately and severally:

(Insert Resolutions)

Chairman Bryant thanked Trustee Wilson for his report and again recognized Trustee Ron Gray for a report from the Investment Committee. Trustee Gray said the Investment Committee of the Board of Trustees met on Thursday, June 13, 2013, at 3 p.m. in the Bryant Conference Center at The University of Alabama. The Committee thoroughly reviewed and approved two investment resolutions. These resolutions do not require Board approval. He said Tom Gale also updated the Committee on performance and asset allocation.

Chairman Bryant thanked Trustee Gray for his report and recognized Trustee Davis Malone for a report from the Audit Committee. Trustee Malone said the Audit Committee met yesterday and reviewed the proposed fees for PricewaterhouseCoopers for the 2013 fiscal year. The Committee then reviewed and approved the resolution on page 152 of the Board Book appointing PricewaterhouseCoopers as external auditors for The University of Alabama System for the 2012-2013 fiscal year.
After discussion, and on motion of Trustee Malone, seconded by Trustee Urquhart, the Board adopted the following resolution:

(Insert Resolution)

Chairman Bryant thanked Trustee Malone for his report and said the Administrative Action Items listed on the Agenda are normally acted upon as a unit, separately and severally. He said anyone who wished to speak to any of these items should feel free to do so.

After discussion, and on motion of Trustee Wilson, seconded by Trustee Brooks, the Board adopted the following resolutions, separately and severally:

(Insert Resolutions)

There being no further business to come before the Board, the meeting was adjourned subject to the call of the Chair.

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Michael A. Bownes, Secretary