

# Associated Baptist Press

Editor: Greg Warner  
Associate Editor: Bob Allen  
Phone: (904) 262-6626  
Fax: (904) 262-7745

May 14, 1997

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**Mobile school's financial woes  
cost long-time president his job**

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(97-41)

JUN 23 1997

By Greg Warner

MOBILE, Ala. (ABP) -- The University of Mobile has lost its president, Michael Magnoli, who reportedly was terminated by trustees struggling to resolve the school's deepening financial woes.

After a closed-door meeting May 13, trustees and Magnoli, 50, issued a "joint" announcement that stated "it is time for the institution and the president to move in separate directions."

The 2,700-student school, which is affiliated with the Alabama Baptist State Convention, has struggled financially for several years. In a five-page memo to trustees in March, Magnoli outlined the university's financial situation, including a worsening cash-flow problem. University officials estimated that the cash-flow shortfall could total \$1.5 million by the end of June and \$2.2 million later this year, outstripping the university's \$2 million line of credit.

Trustees met April 22 but recessed without announcing any action. They said April 30 that two banks had agreed to expand the university's line of credit, which trustee chairman Robert Maxwell said would resolve the short-term cash-flow problem. But, he acknowledged, the school's long-term debts -- which total at least \$8.5 million -- are still looming.

The on-going financial problems at the University of Mobile got worse recently when income from fund-raising activities and student fees fell below projections. The school's attempts to enroll new students and retain current ones have been less than successful, cutting income from student fees.

Despite those troubles, the university has continued construction of three buildings costing \$3 million, using money from the operations budget to fund the expansion. Chairman Maxwell, an attorney from Atmore, said that practice "contributed significantly to our temporary cash shortfall."

Trustees reconvened May 13 for a four-hour executive session, resulting in Magnoli's immediate departure. He vacated his office the same day.

Maxwell, describing Magnoli's departure as a termination, declined to say if trustees bought out the remaining two years on the president's contract. "The details really should be privileged, but necessarily a termination deserves some consideration," Maxwell told the Mobile Register.

However, a source close to the situation, who requested anonymity, said Magnoli's settlement will total approximately \$400,000.

A trustee committee will seek an interim president. Meanwhile, trustees appointed two people to assume the president's responsibilities. Trustee Walter Hovell, retired president of Mobile Gas, will serve as vice president for finance. Audrey Eubanks, vice president of academic affairs, will serve as vice president for administration.

In his March memo to trustees, Magnoli admitted, "I have not been able to bring to the university the financial stability that I feel is vital for the institution to be properly positioned for the next millennium. ... I no longer have the personal ability to shoulder alone the burdens of income shortfalls."

After announcing his severance May 13, Magnoli said, "I have had a wonderful experience at the University of Mobile, and I will do everything in my power to assist the university in the future."

Magnoli had been president since 1984, when he succeeded founding president William Weaver Jr., who retired. A member of the university's first graduating class in 1967, Magnoli joined the staff in 1978 as director of development and became vice president in 1981.

During Magnoli's 13-year presidency, enrollment quadrupled and six buildings were built. In 1993 the school changed its name from Mobile College to University of Mobile and opened a branch campus in San Marcos, Nicaragua.

The Nicaraguan branch was the focus of controversy, however. An audit by the Alabama Baptist State Convention expressed "continuing grave concerns" about discrepancies between accounting records at the two campuses, although the school's trustees exonerated the university of any wrongdoing in the financial operations of the Nicaraguan branch.

Trustees were told May 13 that many of the current financial problems were related to the Nicaraguan campus.

Maxwell said the trustees' focus now will be on resolving the long-term financial problems. That may include a restructuring of about \$9 million of the school's debt, which apparently does not include debt from the Nicaraguan branch.

In early May, Maxwell said the university -- with an annual budget of \$25 million for the two campuses -- probably would not have to cut existing programs, reduce the staff, dramatically increase student fees, or cut student financial aid.

Maxwell said the university will report on its financial status to the state convention's State Board of Missions when it meets May 15-16. The school receives about \$2 million a year in funding from the convention, which also approves the school's trustees.

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