

MINUTES OF THE INFORMATION SESSION OF THE BOARD OF TRUSTEES
OF THE COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF MACOMB

An open information session of the Board of Trustees of the Community College District of the County of Macomb was held Tuesday, September 18, 2012 at 5:30 p.m., in Room K315 of the John Lewis Student Community Center, South Campus, 14500 Twelve Mile Road, Warren, Michigan, pursuant to notice.

1.0 CALL TO ORDER

The meeting was called to order by Chairperson Kelly at 5:30 p.m.

2.0 ROLL CALL

Present: James F. Kelly, Chairperson
Christine Bonkowski, Vice Chairperson
Connie Bolanowski, Secretary
Nancy Falcone, Treasurer
Charley Jackson, Trustee

Absent: Joseph DeSantis, Trustee (excused)
Roseanne DiMaria, Trustee (excused)

Also present: James Jacobs, President
Elizabeth Argiri, Vice President for Business
Susan Boyd, Dean of Student Services
Nancy Leszczynski, Manager, Grant Development,
Institutional Research and Planning
Gerri Lynn Pavone, Executive Director, Research
and Planning
James Sawyer, Provost/Vice President, Learning Unit
Casandra Ulbrich, Vice President for College
Advancement and Community Relations
Hunter L. Wendt, General Counsel

3.0 APPROVAL OF AGENDA

MOTION by Falcone, supported by Bonkowski, to approve the agenda as presented.

Motion carried.

4.0 AUDIENCE PARTICIPATION

None.

5.0 REVIEW OF AGENDA ITEMS AND MATERIAL

It was noted that there are some corrections to the minutes of the August board meeting which will be addressed at the regular meeting.

6.0 ISSUES AND UPDATES

Dr. Jacobs discussed the power outage which occurred the last week in August at Center Campus. Fall 2012 enrollment figures from 13 Michigan community colleges were provided to the Board. Macomb is down 1.6% in credit hours and 1.5% in headcount. Dr. Jacobs states that he believes the reason Macomb is doing better in comparison to the other colleges is due to changes that were implemented in simplifying the enrollment process, as well as targeting students and making phone calls.

6.1 Audit Report

Ms. Argiri distributed a handout to provide the Board with the most critical components of the financial report. She stated that the results of the audit were very good and the college received an unqualified opinion, the best opinion the college can receive.

Through 2012, the college's financial position remains strong, ending the year with \$364 million in assets, \$28 million in liabilities, and \$335 million in net assets. The college has continued to opt for a longer term investment strategy to maximize yield on college investments, so there will be shifts between long-term investments and current assets. The Business Office will monitor that closely and make decisions for yield versus long-term strategy.

In regard to property and equipment, the college will continue to see a decline in the value of those assets, driven by what we capitalize each year and depreciation. Current and long-term liability declined slightly, which is due to payment of bonds payable in the year. Ms. Argiri stated that the college must follow the Governmental Accounting Standards Board (GASB) when presenting the audited financial statement. This is the reason for separating operating revenue from non-operating revenue. Tuition and fees increased approximately \$2 million during the three-year period due to a 5% increase in credit hours, along with a 16% increase in tuition and fees. Federal grants and contracts increased \$2.7 million during the three-year period, which is largely driven by three new grants during that time period. The Federal Pell grants are continuing to grow and increased approximately \$6.5 million during the three-year period due to an increase in enrollment and student needs. With all of the changes on the income statement, overall net assets increased approximately \$20 million during the three-year period presented. The increase for the fiscal year ended June 30, 2012 is largely driven by vacant positions that were not filled during the year.

There are some changes on the horizon with respect to the college's reporting responsibility. GASB pronouncement No. 68, effective the fiscal year ending June 30, 2015, significantly changes the way in which it reports the college's considered portion of the unfunded liability for MPERS. There are a couple of different methods by which the state could decide to determine the college's share of that liability. The initial estimate is \$115 million, but the changes that are made in Senate Bill 1040 or Public Act 300 could change that liability.

Property taxes continue to decline. State appropriations have either stabilized or declined in recent years, and there is a growing dependence on tuition and fees and Federal Pell grants.

In conclusion, Ms. Argiri stated that the auditors will be at the regular meeting if the Board has any questions. Trustee Kelly shared the comments made by Plante & Moran at the audit meeting complimenting Macomb's staff on their preparedness which helped to facilitate the audit.

Ms. Argiri noted that there is an Economic Development Job Training (EDJT) audit in the board packet for receiving and filing at the regular board meeting. The state has a requirement that the EDJTs are audited and in 2008 changed the way in which the audits are handled. In the past, Plante & Moran would do the audits but now the state has hired their own firm to do it. She stated that there were no significant findings or matters that the Board should be concerned about.

6.2 Lansing Update

Dr. Jacobs provided a brief update, indicating that the most significant issue affecting the college is the passage of Senate Bill 1040 which has changed the pension plan. This has resulted in all employees covered under the MPERS pension plan having to make choices in two areas: 1) retirement health care options and 2) retirement options. The college does not control these options and the changes must be made between now and October 26. A lawsuit has been filed arguing that the deadline should not be October 26, as 52 days is insufficient time in which to make those decisions. A court date has been set for November 28 which is after the deadline. The college is referring staff to the ORS website. Each situation is very different so the college cannot advise staff on what they should do. If they do not take any action, there is an automatic default to the lowest possible option with the lowest multiplier. Another issue is that the original goal was to have the college capped at a certain percentage for the MPERS retirement, which is also being legally contested.

7.0 EXECUTIVE SESSION

There was no need to hold an executive session.

8.0 ADJOURNMENT

MOTION by Falcone, supported by Jackson, to adjourn the meeting.

Motion carried.

The meeting adjourned at 6:00 p.m.

COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF MACOMB
BOARD OF TRUSTEES

Secretary