

APPROVED MINUTES OF 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 Wednesday, August 16, 2017 at 6:00 p.m., in Room 109 of the University Center, Professional Development Center, Center Campus, 44575 Garfield Road, Clinton Township, Michigan.

1.0 CALL TO ORDER

The meeting was called to order by Chairperson Haase at 6:04 p.m.

2.0 ROLL CALL

Present: Jennifer Haase, Chairperson
Frank Cusumano, Vice Chairperson
Katherine Lorenzo, Secretary
Kristi Dean, Trustee
Joseph DeSantis, Trustee
Vincent Viviano, Trustee

Absent: Roseanne DiMaria, Treasurer

Also present: James Sawyer, President
Elizabeth Argiri, Vice President, Business
Sharon Kowal, Executive Administrative Assistant to the President
Jill Thomas-Little, Vice President, Student Services
Gerri Lynn Pavone, Executive Director, Research and Planning
William Tammone, Provost/Vice President, Learning Unit
Casandra Ulbrich, Vice President, College Advancement & Community Relations
Hunter L. Wendt, General Counsel/Executive Director, College Police
Denise Williams, Vice President, Human Resources

3.0 APPROVAL OF AGENDA

MOTION by Lorenzo, supported by Dean, to approve the agenda as presented.

Motion carried.

4.0 AUDIENCE PARTICIPATION

None.

5.0 REVIEW OF AGENDA ITEMS AND MATERIAL

Trustee Cusumano asked what the "Fund transfer" line item on the financial statement titled "Summary of Budgeted Versus Actual Expenditures" is. Ms. Argiri, Vice President, Business, said that category is used when we are transferring funds out of the general fund to another fund, like the restricted fund. If the College had the match on a grant, for example we have a Perkins match

on equipment, you would see the transfer of the grant match go through that line item. Trustee Cusumano asked if that is budgeted for the year. Ms. Argiri affirmed that it is.

6.0 ISSUE AND UPDATES

Dr. Sawyer said the College has not received a lawsuit on the Expressive Activity issue. The article was in *The Detroit News* a little over a month ago. Technically we have not been sued because we have not received the lawsuit. Trustee Dean asked if we heard any more about it. Dr. Sawyer said no, we are just waiting to see if they serve us. Trustee Dean asked if there is a time limit. Mr. Wendt said 180 days from the time the "so-called" incident occurred. They may have additional time if they amend their complaint without seeking leave from the court and that might trigger more than 180 days. The important thing is they still haven't served us.

Dr. Sawyer handed out a chart in relation to the millage conversation held in July relative to equalized value and what percentage of that was commercial property. Ms. Argiri was able to extract a report from the equalization report. Trustee Cusumano said that is exactly what he wanted and it helps him understand that. He would argue to the Board that this revenue stream from commercial property would help offset any revenue stream issues which would otherwise have to be extracted from the students with tuition increases. Given the fact we are such an important part of the community we actually help those commercial property values. Ms. Argiri said the main concern is the real property and the composition between residential and commercial industrial, and the personal property distribution is related only to business.

Dr. Sawyer provided an overview of the MCCA summer conference that he and Trustee Cusumano attended at the end of July. He thought it was a good meeting with good speakers. Betsy DeVos spoke. She asked for feedback on accreditation; if they had any problems, any issues. Nobody brought forth anything specific. Trustee Cusumano said she was well received and made an interesting presentation. She seemed very supportive of community colleges in Michigan.

Dr. Sawyer stated that this week we launched our redesigned website. Dr. Ulbrich and her staff have been working on it. Basically the update was built around the feedback received through our Google analytics and what sites are referenced on a regular basis. The other major change was to make it mobile compatible knowing that our students are accessing the website on phones or some other device. Dr. Ulbrich has received positive feedback on the redesign. For the most part, people thought that the new look was much easier to use and they liked it.

Dr. Sawyer discussed the Channel 4 news story on the MILO firearm training system. It was taped several months ago and we didn't know when it was going to air. Director Calabrese received notification that it would be shown so Dr. Sawyer just wanted to make the Board aware of it in case they wanted to watch it. It was nice recognition for the College.

Dr. Sawyer stated that enrollment as of today is down 4.4 percent. Last month we were down about 4 percent. Our forecasted decline was 3 percent so we are a little worse off than we intended. We continue to have students register and to work the waitlist. We are hoping to close the gap on that decline.

We are doing some things different this year through Student Life and Leadership in terms of welcoming students. We have expanded the Welcome Week activities from two days to four days. Ms. Thomas-Little has reached out across the College to get volunteers to serve as guides for the students. They will wear identifying shirts and be around to help students navigate where they need to go and answer any questions a student may have. It is a neat opportunity to engage the broader College community and to really try and help support students.

Dr. Sawyer said some other plans we have to increase our outreach is to contact students as early as possible if they are receiving academic alert letters. We know those are the students who are struggling academically. We want to help point them to the services that we know could potentially be beneficial for them.

Dr. Sawyer said we are also working on a predictive model to help identify students who are likely to be non-earners. In a given term, we will have approximately 15 percent of new students who will earn no credit. Nationally that is pretty typical. These are students who have chosen to come to College and earn zero credits. Only half of those students are on financial aid. The other half are paying to come here and earn no credits. We are actively trying to engage with those students as soon as possible to find out their situation. We don't know why this is happening and by collecting the data on them and taking a look at it we will be better able to identify who those students may be.

Dr. Sawyer said this is an exciting week at the College. Faculty Development Day is tomorrow. That is the day when we welcome faculty back to campus. Classes start Monday. We have a series of updates to bring the faculty up to speed and then we have breakout sessions for discussions on issues that are of interest to faculty. It should be a good day and great to have everyone back on campus.

Dr. Sawyer said that Trustee Cusumano shared with us a concern he had regarding the Michigan Community College Risk Management Authority Self-Insured Property and Casualty Insurance. We have a report in the agenda tonight that revolves around receiving and filing a change in our insurance coverage that is related to a data breach. Trustee Cusumano's question is are we paying for insurance premiums where this is little or no exposure and no history of claims being made on. If there is no exposure, rather than pouring money into premiums because of its real strict government immunity against tort liability in Michigan, and when it comes to the data issue – why wouldn't we reserve those funds and self-insure. He has done searches and have found no cases even filed for data breaches. He continued that there is a statute that indicates that you have to basically notify people otherwise you could have civil fines of \$250, but no massive liability or exposure for a public institution or government entity. It doesn't fit within any exceptions that he saw.

Mr. Wendt, General Counsel, said we looked at what Trustee Cusumano said and he can concur with him with respect to the requirements of the Michigan Identity Theft Protection Act which has been around since 2004 and there are certain obligations that the College would have were there to be a data breach. If the data of employees or students, confidential information, personally identifiable information was leaked out, or we were hacked, and that statute does require a certain amount of in a variety of ways of notification for those individuals who have been affected, whose name or personal information went out into the public domain.

With respect to the liability aspect he has to agree that we would most likely be immune from tort liability under the doctrine of governmental immunity. Whether or not in a particular case it might escape that ban based on allegation of gross negligence would be fact dependent. We have found a couple of cases against the U.S. Government in one of the divisions of the government that were all dismissed, not on the basis of immunity, but on the basis of no demonstrable damages to each individual person – so there were dismissed.

Mr. Wendt continued, however, if there were a data breach and we were sued we would still have to defend the action. We would still incur expenses by experts, by attorneys and, ultimately, if the court were to agree to dismiss it, we would have those costs imbedded in the process. The coverage doesn't just cover liability, which may or may not be affected by a particular lawsuit. It also provides protection for the College on a number of different fronts to protect the reputation of the College within the community, within the students and within the employees by way of providing additional benefits through the insurance.

Ms. Argiri stated that in addition to the liability coverage there are three other coverages; including loss to the members, so if a data breach resulted in the loss of assets by the College there would be coverage provided for that; electronic media liability coverage and breach mitigation expense coverage. Under the breach mitigation expense, our coverage would provide for if we were to hire a public relations firm to help us respond to a large data breach.

Ms. Argiri said she was personally affected by a data breach at Michigan State. It potentially affected 400,000 students. They could confirm that 500 were definitely affected and the hacker obtained the confidential personal identifiable information. Michigan State, under that case, did provide credit monitoring services. That is another element that is provided through our coverage. If we, it is not required by law, were to voluntarily going to protect our students, our employees, we are concerned about public relations, and the image in the community and we decided to provide those services our insurance coverage would cover that cost at about \$100 per person.

Ms. Argiri added that this change includes the increases, at a cost of \$11,000, but it includes the maximum per occurrence of \$5 million and \$25 million for the aggregate program. So if we took 48,000 students, as an example, at \$100 each we would get up to that \$5 million maximum covered exposure.

Trustee Haase said her credit union was hacked last year and they sent everyone a new card – so if that happened to the College would they cover issuing new ID cards. Ms. Argiri said she thinks not only would there be new cards but they would help convert our student ID's to a new number.

Mr. Wendt said while Trustee Cusumano is correct in his email, the coverage covers much more than liability and a lawsuit. That is what makes it advantageous and something the Board should accept as presented.

Ms. Argiri said part of the overall coverage through the authority is \$40,000 and yet our coverage per occurrence is up to \$5 million. Trustee Cusumano says he thought it originally jumped over \$300,000. There was a big jump two or three years ago. Ms. Argiri said we have had the coverage

for three years. The first jump in the first year was \$28,000, four percent of the total cost of our insurance program. Our program had been looking at this for some time because everything we do now is so driven by technology and we are storing lots of personally identifiable information. The College unfortunately has had hacking attempts to our College system in the past. In looking at the change they did engage the CIO's from some of our colleges including Macomb, so Mike Zimmerman was involved in those discussions. Mr. Zimmerman attends security conferences every year. Cyber insurance, cyber risk security are all major topics right now and he will say it is not a matter of "if" but a matter of "when". From a risk management perspective, she would advise the Board that the \$40,000 per year is worth the coverage. If we ever had a data breach and we have to provide credit monitoring services or incur expenses or attorney fees we have coverage for that and it won't take very long for attorney fees or credit monitoring fees to exceed the \$40,000.

When it was first approved by the program we had \$1 million per occurrence and \$10 million was the aggregate for the program. They continued discussions with the reinsurers and were able to increase the coverage to \$2 million per occurrence and the aggregate stayed the same. That was an additional \$1,000 that was added to our cost for Macomb which is based on unduplicated headcount. That is how it is allocated amongst all of the 19 member colleges. This last iteration is an \$11,000 additional cost to Macomb for an additional \$3 million per occurrence and the program aggregate was taken up to \$25 million.

Trustee Cusumano asked if the agenda item indicates exactly what it is costing per year for this technology insurance. Ms. Argiri said the cost is \$11,860 for Macomb per year. So in total taking the first implementation three years ago and then the incremental \$1,000 and then this last almost \$12,000 that is about \$40,000 in total cost per year just for the data breach coverage.

Trustee Cusumano stated as he understands it is casualty insurance – is there a deductible? Ms. Argiri said she believes the deductible is \$1,000.

Trustee Cusumano asked if specifically in regards to cybersecurity have there been any occurrences and has there been any history of claims made by anyone in the state of Michigan for the community colleges. If there is expense involved is there some historical claim pattern that we could look at. Ms. Argiri stated that our coverage has only been in place for three years and fortunately we haven't had any claims filed. But two or three months before the coverage was approved by our group, Oakland Community College had a data breach occur at their institution. An employee accidentally posted financial information and personal identifiable information regarding financial aid students on the college website. It was before (OCC is in the risk management program) our coverage was in place. It is her understanding that they provided credit monitoring services to the affected students and it cost them about \$1 million to provide that coverage. Trustee Haase asked if they had the coverage would they have been covered. Ms. Argiri confirmed they would have been.

Dr. Sawyer addressed Trustee Cusumano's questions about CREST at Oakland Community College (OCC). Dr. Sawyer said part of OCC's law enforcement program is a mock village with several separate buildings; a post office, bank, and house known as CREST. We don't have that at Macomb, but we have a mobile home on our East Campus that serves a similar purpose. Dr. Sawyer spoke to John Calabrese, Director of PSI, and shared Trustee Cusumano's comments in

terms of CREST. He also asked if Macomb had used the facility recently. Mr. Calabrese said we have used it but it has been a while.

Dr. Sawyer stated that it is one of those things where different colleges have different things. From his perspective if our programs feels a need to use that sort of thing his first suggestion would be to partner with them and utilize their facility as opposed to building our own. He has not no doubt that they would be more than happy to make it available to us. Dr. Sawyer continued saying he has talked to OCC and St. Clair about needing to work more collaboratively with our partner colleges. In this environment of declining resources you can't build everything yourself, it doesn't make sense. So when there are these opportunities we need to seek them out. We have very few joint programs, with OCC we have a couple programs where we hold seats for each other's students. But that is rare. When it comes to actual resources, don't build another gun range, come here and use ours that type of thing.

Dr. Sawyer continued that the other thing that we have that parallels what CREST does is the Hufcor system previously approved by the Board. That is the room with the movable walls that can be reconfigured the way you want. So as far as the actual techniques it gives them a chance to hone those skills. CREST is different, it is pretty nice from what he's heard and seen on video but his suggestion if our police instructors feel they have a need for that sort of thing we should try to partner with them.

6.1 Welcome William Tammone

Dr. Sawyer introduced Dr. Tammone. Dr. Tammone gave a few brief remarks.

6.2 NSF Supplemental Funding for Center for Advanced Automotive Technology (CAAT)

Dr. Sawyer stated that we were pleased to have recently received supplemental support from the National Science Foundation (NSF) for our Center for Advanced Automotive Technology in the amount of \$382,000. That is great support for us.

We started the building blocks for the Center for Advanced Automotive Technology in 2005 with our first NSF grant. The staff has done a fantastic job over the years with evolving the Center. Unfortunately this last time our grant wasn't approved. But the NSF encouraged us to submit an application again this year and told us to seek this supplemental funding. So our team put together the request. It will help us sustain the Center as we work towards another grant application. This support runs through January 31, 2019. We are optimistic, given the NSF support and encouragement, that we will be able to get additional funding for the Center next year. The grants are due the second week of October and we find out sometime in January whether or not we are approved.

The Center has become a prominent piece of what we do in the Engineering and Advanced Technology Area and something we certainly want to continue. Simultaneously we have become more assertive in going out and meeting with employers in that area trying to seek sustainable funding as well. Last week, he went to Magna International and he has upcoming meetings with Denso and Valeo. They have been involved with the Center to some extent. We are going out and talking about how we can get sustainable funding from them.

6.3 Update on Millage Feasibility Study

Dr. Ulbrich gave an update on the selection of the vendor – Mitchell Research. The Request for Proposal (RFP) was sent out for a company to come and do a survey of 400 likely May voters. We received nine proposals – ranging from \$15,369 to \$28,000+. We chose the second lowest bid which was \$15,950. We chose the second lowest because the lowest did not identify how they would determine the representative sample - which is the most important part of the entire process. So we chose the second lowest bidder - Mitchell Research. They had the best proposal on how to identify the representative sample, which included both past election voters, as well as, three separate questions that get to whether or not they vote in a May election.

Dr. Ulbrich said the contract has been approved and just needs signatures. She already sent the survey and additional information to Steve Mitchell to get started. It is in the RFP that we expect the results back in the week of September 11. We will provide information to the Board as soon as possible.

Trustee Cusumano asked if they would be voting on it at the September meeting. Dr. Sawyer said that is the goal because that will give us the time we will need to prepare if we decide to move forward. Trustee Haase stated for clarification that we will have the results of the survey for our September meeting. Be prepared to come to that meeting to look at those results, discuss them and make a decision whether or not to go forward. Dr. Ulbrich said the results are due in the week of September 11 but they will need time to put them into format so it might be a little tight to get them to you before the actual meeting. Dr. Sawyer said we will get them to you as quick as we possibly can. Trustee Haase said we can take as much time as we need at the September informational session for discussion. Dr. Sawyer added if there are any questions, send them to him and we will try to answer them ahead of time and share them with the whole Board.

6.4 Comedy and Cocktails

Dr. Ulbrich provided background on the 4th Annual Comedy and Cocktails. The invitations were mailed out today. Trustee Dean asked if every year they sponsor something different. Dr. Ulbrich said for three out of four years we have done cultural programming. The intent has always been to support arts and cultural programming. In the third year, due to some issues at the Macomb Center, the event was held at the Expo Center for Engineering and Advanced Technology. Dr. Sawyer extended invitation for Board members to attend.

6.5 Invitations to College Events

Dr. Sawyer said it is not typical having this many events. We realize it is demanding on the Board's time and we appreciate and respect that. He thinks it is great when we can have Board members in attendance but we realize you can't make every event. Dr. Sawyer said he would like to invite the Board and PC out periodically after Board meetings. Perhaps once per quarter, maybe starting in September.

Mr. Wendt gave an update on the Police contract. They will be voting today. When they scheduled the vote for today we knew we couldn't bring anything to the Board even if it was approved. If it is approved it will come to the Board in September. NOTE: the POLC contract allows for 10 days of voting.

Trustee Cusumano asked if the College has a formal whistleblower policy and if not, would the Board consider writing a formal policy.

Trustee Cusumano asked Ms. Argiri what the commission of fees look like for the investment portfolio – do we go through a broker to purchase and if we do is that regularly reviewed to see whether or not there is anyone else who is willing to do it cheaper. Ms. Argiri said we use a couple of different financial institutions for the College portfolio of investments and my understanding is that they are paid on a per transaction basis so there is not an overall advisory fee or commission.

Ms. Argiri said we looked at putting it out for bid a few years ago and hiring an advisor to advise and manage our portfolio, but when we looked at the costs we determined it was more cost effective for the College to do it internally. She doesn't have the transaction fees with her tonight but she will get them. Trustee Cusumano asked her to try to find out what the annual cost is. He also asked where it appears in the budget. Ms. Argiri states that the fees are net of any interest we are reporting on the bond. Trustee Viviano asked who makes the call on the bond. Ms. Argiri said we follow the investment policy, and Kathleen Poindexter, Director of Finance and Investment in the Business Office (previously Bobbie Remias) – that specific position is responsible individually for managing cash and investments for the College - the whole treasury and management function. But in terms of the philosophy and the decisions or changes those would be discussed with myself and, if necessary, the college president. If for example, years ago we were much more invested in commercial paper but with the economy changes and not wanting to take risks on specific companies we had a change in philosophy and talked about that internally before making that decision. Most of our decision-making is around risk and yield and on risk involves the organization and the length of time. We tend not to go too far out, we try to stay at 15 years or less because there are so many factors we just can't control, enrollment, state aid, property taxes. And more recently we have been investing in municipal bonds and also been venturing into the Government National Mortgage Association.

On the Foundation side we do have Plante & Moran financial advisors if the contract with the Foundation holds for advisory services. It is different for the Foundation because they are a 501(c)3 and have mutual fund investments. Trustee Cusumano said this is one of the reasons why he doesn't do anything regarding the Foundation because it is a separate entity. He doesn't want to jeopardize the 501(c)3 status. He's explained before that it may sound odd that someone is voting no to the acceptance of gifts and donations of gifts to the College, but that is the reason he votes no.

Ms. Argiri said to provide more background on this - when the Board receives the College financial report the Foundation is reported as a separate component unit of the College because it is a decision based on Board too. The Board is comprised of administrators and one of the College Board of Trustee members so that is part of the decision making according to GASB pronouncements as to why it is presented that way. While it is a separate legal entity it is related and does support the College. Sometimes the donations we receive every month the Foundation is just acting as a vehicle to accept and receive those donations but they go directly to the College. The two organizations, while they are legal separate entities, we do work obviously close together.

Trustee Cusumano asked about the other members of the Foundation like the First State Bank's president -- who are they. Ms. Argiri said they are community directors, not operational or permanent directors. They are not voting board members. Ms. Argiri stated when they changed the bylaws the addition was part of the fundraising extension trying to grow the foundation and enhance our strategic initiative of alternative sources of revenue. So bringing folks to serve as community directors that want to get involved and have access to affluent folks that could also donate to the college. Have access to even expertise like estate planning that helps us fulfilled our strategic initiative. Mr. Wendt said the operational control is in the hands of Ms. Argiri, Trustee Haase and Dr. Sawyer.

Mr. Wendt said he knows that Trustee Cusumano doesn't like to vote yes to receive gifts, the only reason for the existence of the Foundation is to help the College. To him, personally, if he were a donor giving to the Foundation he would appreciate a response from the College, thanking him for his donation. Trustee Cusumano asked if a formal letter or a certificate of appreciation is sent from the Board of Directors or is it just a formality that we are just running through our business. Dr. Ulbrich said the Foundation sends thank you letters, they also receipt the donations and, at a certain level, the President of the College also sends a letter to the donor or may even pick up the phone and thank them personally. Trustee Cusumano asked if he did that as his role as College President or as his role as Foundation President? Dr. Ulbrich responded that it is in his role as College President. Trustee Cusumano said he still maintains his position on the issue. He thinks it is totally separate and is none of our business what the Foundation does. He understands we are the recipient or the beneficiary of it but he knows there is supposed to be a wall erected between 501(c)3's and the actual entity. So that is the reason he votes the way he does.

Dr. Tammone said he has worked in a number of different states and there are certain community colleges that are flagships for the country for community colleges. For instance, Miami-Dade in Florida, Maricopa in Arizona, and Sinclair in Ohio. Certainly Macomb is one of those flagship institutions. It is highly regarded throughout the country, not only because of its size, but also because it's a thought leader and innovative. He wanted to give an outside perspective but also to emphasize how happy and proud he is to be here.

7.0 ADJOURNMENT

MOTION by Dean, supported by Viviano, to adjourn the meeting.

Motion carried.

The meeting adjourned at 7:02 p.m.

COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF MACOMB BOARD OF TRUSTEES


Secretary