

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 21, 2019 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 Lorenzo at 6:00 p.m.

2.0 ROLL CALL

Present: Katherine Lorenzo, Chairperson  
Frank Cusumano, Vice Chairperson  
Kristi Dean, Secretary  
Roseanne DiMaria, Treasurer  
Joan Flynn, Trustee  
Shelley Vitale, Trustee

Absent: Vincent Viviano, Trustee

Also present: James Sawyer, President  
Elizabeth Argiri, Vice President, Business  
Sharon Kowal, Assistant to the President  
Deborah Mende, Director, President's Office  
Donald Ritzenhein, Provost/Vice President, Learning Unit  
Jeffrey Steele, General Counsel, Office of General Counsel  
Jill Thomas-Little, Vice President, Student Services  
Denise Williams, Vice President, Human Resources

3.0 APPROVAL OF AGENDA

MOTION by DiMaria, 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 had several questions related to the purchase of the TORO Groundsmaster Mower (Agenda Item 11.3B):

Trustee Cusumano: What is the cost of the comparable Jacobsen model? Ms. Argiri responded that she did not have the information with her, but the company is located in Ohio, so the servicing alone would not be as timely and cost prohibitive.

Trustee Cusumano said this piece of equipment did not go out for bid because it is unique, one of a kind. Ms. Argiri agreed there is a very limited number of options. Trustee Cusumano said if there is a unique piece of equipment that is licensed/distributed by a single distributor does the Board approving it bring the greatest value to the taxpayers of Macomb County Community College District. If the Jacobsen lawnmower is comparable and costs half as much, that would affect his vote.

Trustee Cusumano: What is the lifespan of this piece of equipment? Ms. Argiri said the college has had the mower we are replacing for 25 years. The Jacobsen we have at south campus we have had since 2004. We keep them a long time.

Trustee Cusumano: How would the grounds department cover the work if the unit goes down? Mr. Bill Simonson said it would take approximately three times longer to cut center campus and many hours of overtime costs incurred. The smaller mowers have a 5-foot wide cut and this one has a 16-foot wide cut.

Trustee Cusumano: Is there a warranty or maintenance contract included in the \$97,616 purchase? Ms. Argiri said she was not involved in the details of the purchasing process and the write up does not list a warranty, but she has to believe that there is at least a one-year warranty. We would service it through our mechanic on staff as well as the service provider.

Trustee Cusumano: Does the Jacobsen use diesel fuel? Mr. Simonson said yes.

Trustee Cusumano: Is the Jacobsen currently in service? Mr. Simonson responded that it is barely in service. The real issue is that parts are no longer available for that particular model. If a hydraulic unit breaks down it has to be rebuilt instead of just being replaced.

Trustee Cusumano: Overtime costs are not being incurred using the Jacobsen, but you think it has reached the end of its lifecycle. Mr. Simonson said that is correct.

Trustee Cusumano: What is the turnaround time when ordering the new equipment? Mr. Simonson said we would receive the unit about four weeks after we place the order.

Trustee Cusumano: When purchasing a unit that is unique and licensed by only one distributor, what is the mechanism we have to insure that the maximum value is being brought to the taxpayers? Are we obligated to look for a comparable Jacobsen mower? He would like to see what else is available rather than a take it or leave it one purchase unit. The cost is almost \$100,000 without any indication that other alternatives have been explored. Ms. Argiri stated the purchasing policy allows the college to recommend single sourced options. The director and the staff looked closely at different options for the mower.

Trustee Vitale asked if this is the only mower that had the convenient and economical servicing in the area. Ms. Argiri said there are very few manufacturers of a mower with a 16-foot wide cut. The director and staff looked at a Jacobsen and a Toro and opted for the Toro over the Jacobsen because it was coming from Ohio.

Trustee Flynn asked if anyone in Macomb County sells this item. Ms. Argiri said no, there is not. Trustee Flynn added that the Governor said that she is making sure everything is from Michigan. Ms. Argiri said if there were a distributor in Macomb County, we would have certainly considered them.

Dr. Sawyer said it is Administrations job to find the best value and that is why considering things like service and turnaround time is important. It is a routine part of the analysis to find the best value not necessarily always the best price.

Trustee Cusumano: If there were only \$90,000 available what would you do and if this unit, the Toro, was not available what would you do. Would it be incur the additional overtime or is there another alternative that is less money. The decision was made to purchase the Toro 5900 at a cost of \$97,616. Mr. Simonson said the Jacobsen and Toro are virtually the only two manufacturers of equipment like this. There a few others but their product is unreliable. We did look at both the Jacobsen and Toro for a finish cut mower. Many of the mowers seen on the highways are more of a brush hog type of equipment not a finish cut. They require a much larger tractor to operate them. If we were to look at something like that, we would have to incur the cost of buying another tractor just for that piece of equipment.

Trustee Cusumano: Is this a tow? Mr. Simonson said, no, a single person operator, ride on mower.

Trustee Cusumano: Has the 2004 Jacobsen at south campus reached the end of its life cycle, do you have the same parts problem? Mr. Simonson said, no and the equipment at south campus is a Toro not a Jacobsen.

Trustee Cusumano: You do not anticipate having any problems, whether it is a Toro or a Jacobsen at south campus, getting parts. Mr. Simonson said, no, not with the newer models.

Trustee Cusumano: Do you anticipate any repairs or maintenance on a brand new Toro 5900 – what is the life expectancy before you have a repair or maintenance issue. Mr. Simonson responded that it will need routine maintenance, but outside of that, it would be five or eight years before it would need a repair.

Trustee Dean asked for the clarification of the two agenda items for ACCUPLACER and the ESL Placement Test. Dr. Sawyer explained that at the beginning of the purchasing process for ACCUPLACER tests we forecast how many tests we expect to use. Information Item 10.1 is notification to the Board that we exceeded our forecast and have to pay an additional cost for the overage. The purchasing item is to buy the new round of tests. Trustee Dean said that is \$270,000. Ms. Thomas-Little said that is over three years. Trustee Dean said over the previous three years it was only \$205,000 and now it is \$65,000 more. Ms. Thomas-Little said the cost is based on the number of units we use and we are predicting greater usage. It was a new product and now we have an understanding of how many units each student who tests uses -- between five and seven units. Trustee Dean said there are different prices for a test. Ms. Thomas-Little said we are part of a consortium with MCCA so we get a better rate. Trustee Dean said, the \$1.95 versus the \$2.30 is not for different tests. Ms. Thomas-Little said no, it is just the savings.

Dr. Sawyer's Updates:

Closed Session: Update on personnel issue and the person involved asked for confidentiality and for Dr. Sawyer's annual evaluation.

New semester: Classes started Monday, always an exciting time of year. We have approximately 4,300 first time Macomb students on campus. Under Ms. Thomas-Little's leadership, a few years ago we started a volunteer ambassador program where people are visible around campus helping students find their way. This semester we had 100 faculty, staff and for the first time a trustee, Chairperson Lorenzo volunteer. It is a great thing and obviously appreciated by the students who need help.

Enrollment: Credit hours are down 1.9 percent. Our forecast was to be 3 percent down so we are roughly 1 percent better than forecast. This is the first full term where we are rolling out the student payment plan. We have been assertive in adding online classes; we have been working the waitlist diligently when we have enough students we open up another section online.

Strategic Plan 2025: Thank you for your involvement in the process thus far. We have two more sessions coming up to finalize the mission and vision. The next session is on September 12. Kevin David is going to provide some language on our vision to guide us forward.

Foundation Planning Meeting: Thank you to Trustees Cusumano, Vitale, Lorenzo and Dean for joining us for the Foundation planning meeting held earlier today. The meeting was the beginning of the data collection phase as we develop our next Foundation campaign. Appreciate all of your input it has been very helpful. We will also use that information to feed back to the Strategic Planning process as we talk about the future initiatives of the college.

VP College Advancement and Community Relations: We are interviewing six candidates. The plan is to bring a candidate to the Board in September but it will more likely be October.

Tuition: Every year in the spring, we talk about tuition and the importance of keeping Macomb as affordable as possible. As a reminder, we raised our tuition \$2 or 2 percent bringing our tuition rate to \$102 per credit hour. For some perspective, the tuition rates for Oakland University and Wayne State University are as follows:

- Oakland University raised tuition 4.4 percent/\$19 per credit hour for a rate of \$449.
- Wayne State University raised tuition 3.2 percent/\$14 per credit hour for a rate of \$435.

This is our measurement when we talk about Macomb being a good value. This is an example of the other options available to potential students, to go directly to the university at over four times the cost.

SAE CyberAuto Challenge: The College has hosted this event for the Society of Automotive Engineers International for 8 years. This event is an opportunity to bring together students, hackers and engineers to try to infiltrate the different vehicle systems. Here is an excerpt from their thank you letter:

"I want to thank all of the Macomb staff and the catering staff. What a flawless perfectly executed event. We here at SAE are extremely grateful for the partnership and support we have in putting this event on every year."

SAE is a renowned organization in the automotive industry and it is important for us to connect with our community and big employers. Being able to host events as this and be such good ambassadors for them is a big positive for the college. We do not always think of those day-to-day duties, but the conference service staff do them all the time. We owe them a debt of gratitude because their customer service skills help fit into the bigger scheme of why the college is important to the community.

SK Building Renovation: Originally, the plan was to bring the bids on the budget for this renovation to the October Board meeting. However, the building contains asbestos in certain areas. Our maintenance staff has trained on how to remove asbestos and will do that after hours. However, the work involved is extensive and to keep the renovation on schedule we decided to bring the bid to the Board in September. The problem is the bids are not due until Friday, September 13 and the Board packet is released on Wednesday, September 11. Please note that there will be a placeholder on the agenda for the bid. You will receive the item before the Board meeting, in a separate communication, but it will not be in the Board packet released on September 11.

ACCT GLI Trustee Institute: In early August, he went with Trustees Lorenzo, Flynn, and Vitale to the conference. It was well done, informative and had helpful information for trustees and presidents. There were about 20 colleges from around the country in attendance.

Comedy & Cocktails -- October 18 – please let Ms. Kowal know by August 30 if you want to attend. We anticipate a sellout.

Aspen: If you are available after the meeting, we have reservations at the Aspen to celebrate the new term.

## 6.0 ISSUE AND UPDATES

### 1. Athletic Update

Dr. Sawyer said he is happy to report that we have received notification from the NJCCA that our men's cross country, men's indoor track and field and women's basketball have been reinstated from probation.

Dr. Sawyer said we have hired several new coaches. Our athletic director, Bryan Rizzo, is doing a great job, particularly since he came on board in the midst of a rather chaotic situation and has brought a steady hand to it. We continue to make progress.

### 2. Sale of Commons Drive and Healthier Way Property

### 3. Sale of 15 Mile and Hayes Road Property

Dr. Sawyer placed the property sales on the agenda in case there are any questions.

Trustee Cusumano asked if the proceeds of the sales will go into a specialty account or fund, or will they go into the general revenue account. Ms. Argiri said we intend to put the funds in the land acquisition fund and the plant fund. Trustee Cusumano questioned why the plant fund and not just the land acquisition fund. Ms. Argiri said it is a placeholder in case we decide to use that funding for future acquisitions that we have discussed.

Dr. Sawyer said Mr. Steele and Ms. Argiri have been working diligently on these deals over the past month and pending Board approval, we are ready to execute the agreements. Each agreement has a 30 day due diligence period that will take affect right away. There is an issue to be aware of that occurred with the 15 Mile and Hayes Rd. property about two weeks ago. There was some question about a bypass pipe installed during the first sinkhole in 1978 and if it was removed. Ms. Argiri worked with the civil engineer firm, AEW, and they were able to find documentation indicating that it had been removed. The purchaser still may decide to do some additional testing and he has 30 days to do that. Trustee Dean asked when the sales were going to take place. Dr. Sawyer said once the Board approves the sales we will move ahead with the agreements. Ms. Argiri added that once the purchase agreements are signed we will have 30 days to close. The closing will be scheduled when the buyer is ready.

#### 4. Investments

Dr. Sawyer said we have an update on Trustee Cusumano's suggestion of possibly diversifying the types of investments we make. In June, we agreed that Ms. Argiri would reach out to the other community colleges through the business officer listserv to get a sense if other colleges were interested in pursuing changing the language in the Community College Act or any other mechanism we thought was necessary in order to broaden our investments.

Ms. Argiri said in addition to the survey, she learned some additional legislative aspects that she wanted to share with the Board:

Based on Public Act 170 of 1964 – Community colleges are considered to be political subdivisions for local units of the government, similar to K-12, cities, counties, townships and villages. In addition, each subdivision is subject to separate Public Acts, which include restrictions on investments. (PA 20 of 1943 pertains to counties, city, townships and villages, the revised school code PA 51 of 1943 pertains to K-12 and intermediate school districts and the Community College Act of 1966 applies to the state's community colleges.)

In addition, the state's constitution addresses this as well. Ms. Argiri said Trustee Cusumano has asked how the University of Michigan can set their own investment policy versus Macomb Community College. She learned that the State Constitution of 1963, Section 7 states that the legislature shall provide, by law, for the establishment and financial support of public community and junior colleges, which is different from public universities. Section 4 of the State Constitution addresses universities and states only that the legislatures shall appropriate money for the state public universities. The Constitution says the State will fund, at some level, universities but for community colleges, it is different. It says the legislature should develop a Public Act or law that would set rules and policies for the establishment of financial support for community colleges.

Ms. Argiri said the results of the survey (interest in expanding investment options) she sent to the State's 28 community college business officers listserv are:

- Received seven responses
- One was totally interested
- Six responded that it might be worth looking at, but did not express a great desire

Ms. Argiri also had the opportunity to speak with the business officer who worked on getting the Michigan municipal and school bonds added to the Community College Act about five years ago. He shared some surprising challenges he incurred during the process. He said the state legislature was suspicious of why he was asking for the change, asking: what is your interest, what is your desire? He asked her if she thought the legislature has an appetite for looking into this. She said she did not know. There was some caution there, if you proceed be aware of what you are going into.

Ms. Argiri stated that based on this information, Administration discussed some of the consequences of going down this path. Investment options is not one of the MCCA's strategic initiatives. If we wanted to go about doing this, it would be Macomb leading the charge with the seven other colleges to effect change with respect to legislation. We had first-hand experience doing that this year on the MSPERS legislation and she can say personally, there are many hours involved in leading the charge. It would be a significant investment of time, not only by her, but also by others at the college.

Ms. Argiri continued that another aspect we wanted to share with the Board is that we are very uncertain as to the potential consequences by asking these questions and proposing change to the legislature. Potentially a lot of attention could be drawn to this issue and the state could begin asking questions about the size of our portfolio and what we are invested in. Their reaction to us might be, since you have this much of an investment portfolio maybe we do not need to fund you to the level you have received in the past, maybe we will reduce your funding.

Our recommendation, Ms. Argiri said, is to stay the course for now, give us some time. The RFPs for the investment advisor are due on September 4. We will evaluate the proposals and determine if it is worth recommending an investment advisor to the Board. Let us see what we can do to improve the yield on our portfolio and then reevaluate it in a year and see if the results improve. Trustee Lorenzo said that would still be within the guidelines of the Community College Act. Ms. Argiri said perhaps we would venture more into commercial paper or be strategic in our buying and selling. In order to do that we would need an advisor to assist us and be very strategic in our moves.

Trustee Vitale asked if the college ever had a financial advisor. Ms. Argiri responded no, not for the college portfolio, she and her staff have done it. They bid it out in 2004 and decided to keep in-house because of the cost.

Trustee Cusumano said that Article 8 Section 7 that Ms. Argiri cited earlier was exactly the section of the Constitution that the Michigan Court of Appeals ruled in *Kowalski v MCC* to apply equally and analogously to the state universities. To say that the state universities section is somehow materially different he does not agree with.

Trustee Cusumano continued that he can understand why there was no need for an investment advisor because the strictures of the policy, as it is currently in place under the Michigan legislature, is so restrictive it doesn't really pay other than perhaps timing the market. He would be opposed to the hiring of an investment consultant unless it was a fixed amount and a very small rate rather than as a percentage.

7.0 Closed Session

MOTION by DiMaria supported by Vitale to move into closed session for the purposes of discussion on the PSI Investigation and President Sawyer's annual self-evaluation.

ROLL CALL VOTE:

Ayes: DiMaria, Vitale, Cusumano, Dean, Flynn, Lorenzo

Nays:

Absent: Viviano

RECESS

The meeting recessed at 6:50 p.m.

RECONVENE

The meeting reconvened at 7:50 p.m.

8.0 ADJOURNMENT

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

Motion carried.

The meeting adjourned at 7:50 p.m.

COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF MACOMB BOARD OF TRUSTEES

  
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Secretary