An open information session of the Board of Trustees of the Community College District of the County of Macomb was held Wednesday, October 19, 2022 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
- Vincent Viviano, Trustee (arrived at 7:05 p.m.)

Absent:

Also present:
- James Sawyer, President
- Elizabeth Argiri, Executive Vice President, Business
- Kevin Chandler, Vice President, College Advancement & Community Relations
- Joline Davis, Vice President, Human Resources - remotely
- Brandy Johnson, President, Michigan Community College Association
- Leslie Kellogg, Provost, Vice President of Learning Unit
- Sharon Kowal, Assistant to the President
- William Leavens, Chief of College Police
- Deb Mende, Executive Director, Office of the President
- Kathi Poindexter, Director, Finance and Investments
- Jeffrey Steele, General Counsel, Office of General Counsel

3.0 **APPROVAL OF AGENDA**
MOTION by DiMaria, supported by Cusumano, to approve the agenda as presented.

ALL IN FAVOR:

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

ABSENT: Viviano

NAYS:

MOTION CARRIED.

4.0 **AUDIENCE PARTICIPATION**
None.
5.0 REVIEW OF AGENDA ITEMS AND MATERIALS

Trustee Dean asked (Agenda 7.3A, Audited Financial Statements) what are the “lease hold assets”? Dr. Sawyer said the auditors will be giving an audit presentation and can explain at that time.

Trustee Dean asked (Agenda 9.2 – Publicly Funded Health Insurance Contribution Act) if the board is approving a plan, like Blue Cross Blue Shield, or approving the Act? Dr. Sawyer answered that the board is approving the portion the college will pay. Per the Public Act, there are two options – the 80/20 or the “hard cap.” Historically we have selected the option that has the least impact on our lower paid college employees and that continues to be the hard cap. In the board write-up, the hard cap was originally approved in 2012 at a set amount, and every year since 2012 the State increases it based on a percentage or cost of living. The trustees approving the resolution are saying this is the portion of the contribution to healthcare the board will make to employees and the employees will cover the balance.

Trustee Cusumano asked if we went with the 80/20 option what would the costs be? Those data points are not listed. Dr. Sawyer said he doesn’t know if we have those costs on hand. Trustee Cusumano asked if we have institutional momentum to keep it the way it is? Dr. Sawyer said we have a Health Care Coalition and VP Davis (HR) leads the group along with representatives from each of the bargaining units. The Coalition has been in place since 2010. Prior to 2010 each of the nine bargaining units had their own benefits package. That never made any sense from economies of scale because the police officers would have a health care agreement with 25 people and the faculty would have theirs with 250 people. In 2010 all the unions agreed to create the Health Care Coalition. Every year VP Davis (previously VP Williams) leads the discussion with the Coalition and determine the best recommendation in terms of the rates provided by Blue Cross and the best situation to comply with Public Act 152 – the 80/20 or the hard cap. EVP Argiri added that when we were required to implement and comply with Public Act 152, the college, with HR leading the effort, did an analysis of which option would be best for the college and our employees. The hard cap option was chosen at that time. She believes if we were to stay with the 80/20, the board would not have to act upon a resolution because that is the default of the legislation, so if we agreed to the hard cap the board would have to approve that.

Trustee Cusumano asked if the difference is significant, is it a 50 percent less cost of the taxpayers? Dr. Sawyer said he hesitates to give a guess on that amount. Trustee Cusumano asked if the institution was opting out before 2010? Dr. Sawyer responded that this was legislation that was thrust upon the college, so the board of trustees at that time were trying to be compliant with the law yet were not interested in having a tremendous impact on the employees. They were committed to continue providing a solid benefit package but had to do it in such a way we complied with the law.

Trustee Cusumano explained that opt-out means if there is a super majority for the municipality or entity, they can pay it all for the employees. That’s what was going on in Macomb Township, but it’s been a hard cap now for as long as he can remember. EVP Argiri said we don’t have the option to opt-out, we have two options the 80/20 or the hard cap. Trustee Cusumano said so it
is different for the college. EVP Argiri said before 2011 we gave our employees the option to opt out of the college’s insurance and they could receive $1,000 or $2,000 whatever it was that benefit year. At the time, the thought was it would save the college money especially if it was a family, double or single on our plan, but based on the analysis HR did, which was very in-depth, it was determined that to manage the cost the opt out benefit could no longer be offered because it increased the overall costs to the college and our employees.

Trustee Cusumano said balancing all these factors you are confident to recommend that this is the best value overall for the employees and the taxpayers of the district. Dr. Sawyer said certainly for the employees, we are not looking to put it all on the backs of employees.

Trustee Dean asked for an explanation of “deed of ownership” on Item 11.5 (Capital Outlay Resolution Regarding the Skilled Trades and Advanced Technology Center)? Dr. Sawyer said this is a standard operating procedure for Capital Outlay projects with the State because they are providing funding, in our case of roughly $15 million, for the $40 million project. For them to do that, we have to deed our building (south campus R, S, and T buildings) over to the State and that resolution is what the board is approving. This procedure is the same for every college and university across the State. It has to be done this way because the State sells bonds to fund the actual construction. When the bonds are paid off, they deed the building back to the college.

Trustee Dean asked what would happen if the building were destroyed? EVP Argiri said our insurance would respond to that. Trustee Dean said there’s no risk involved in this process. General Counsel Steele said we have to warrant to the State that we have insurance to cover that. When they take possession of the property, they have an asset, and we have to insure that asset. The risk to the college is not great. The biggest risk would impair, or at least limit, our ability to sell the property in the future. Trustee Dean asked if the State give the college a quit claim deed at the end of this? Mr. Steele said they will deed it back to us. Trustee Dean asked a full warranty deed? Mr. Steele said he doesn’t know if it is called a warranty deed, but they no longer have full ownership of it, the ownership goes back to us.

Trustee Vitale asked why do they do it that way? Mr. Steele said it allows them to sell bonds. They sell bonds as a package statewide; it’s all these properties they’ve acquired through this process they sell bonds on and make money to pay for the projects. EVP Argiri said it is almost like collateral for this debt. The risk we run, if the resolution is not approved, the state cannot fulfill its obligation to finance about $15 million of this renovation. Mr. Steele said the college has done these at least two or three times already. EVP Argiri said we have done this numerous times. Mr. Steele said he has reviewed the documentation the State provided, and it is very similar to what has been approved in the past. EVP Argiri said we went through this same process in 2015/2016 with south campus C building and the board had to approve a very similar resolution and the documents that follow.

Trustee Cusumano asked if Item 11.4 (Appointment of Auditors) is a renewal of the contract of Rehmann? Dr. Sawyer said yes, we are recommending a one-year extension with Rehmann and we are committed to doing a full RFP next year for audit services.
Trustee Flynn asked for confirmation of the locations for the November and December board meetings. Dr. Sawyer stated the November meeting is on Thursday, November 17 at the Lorenzo Cultural Center and the December 14 meeting is at south campus.

6.0 ISSUES AND UPDATES

6.1 President’s Report

Dr. Sawyer introduced guest, Brandy Johnson, the president of the Michigan Community College Association for the past ten months. He said she’s done a fabulous job thus far leading the association. She brings with her a good familiarity of the higher ed landscape in Michigan. She built her career around the organization MCAN, Michigan College Access Network, that she founded and has turned into a very significant enterprise to encouraging students to create a college going culture, encouraging students to apply for FAFSA and attend higher education. Prior to joining MCCA she spent time in the legislature working for Governor Whitmer in a couple different roles. Later in this meeting she will give an introduction of herself, an update on policy and share the strategic plan for MCCA to give the trustees an idea of the direction MCCA is headed.

Enrollment – Dr. Sawyer stated that at this point, enrollment is steady. Credit hours are down 5.2 percent and headcount down 4.8 percent. We are doing yearlong registration now so in November he will start reporting the winter numbers as well. As of now they are up but again this is the second year for yearlong registration so he’s not certain we have a great frame of reference yet.

Audit Reports – Dr. Sawyer said we have representatives from Rehmann to present an overview of the audit reports to the board.

Personnel – Dr. Sawyer said we have one new hire for an administrator in the IT area. From his perspective this is a nice example of a person who has been with the college for a while and worked their way up through the ranks. It is always nice to see internal staff move up. It has also been a struggle to hire IT talent, so it is great we are able to make this recommendation.

Agenda 9.2 Health Care Benefits Recommendation – Dr. Sawyer said we have already talked about this, but we do have some changes occurring with the rates from Blue Cross and the Health Care Coalition is working through that, but the commitment the board is making tonight is to follow the hard cap process.

Purchases – Dr. Sawyer said there are two purchases – one is for two (2) 2023 Ford Pickup Trucks to replace two worn out maintenance vehicles. As we replace vehicles, we use the county pricing consortium and the State contract, MiDeal, to find the best deal, and the best deal is with Gorno Ford. The second purchase is for computer configuration management software. This is part of our security package, basic configuration software.

IDEA Update – Dr. Sawyer said we’ve been talking about our diversity, equity and inclusion work. The board has been intimately involved in pulling that together. He was pleased to share that yesterday the leadership team approved the objectives and action plans for Objective 6 which focuses on our IDEA work. We are now at the stage where teams are being developed and we will start working towards those things. One of the objectives focuses on the organization behind that, which was talked about during his
evaluation this summer, and another objective focuses on professional development. We have a lot of work in process, and it is nice to be at this stage. We are excited about starting this work.

**Administration Items** – Dr. Sawyer pointed out that per our discussion in June, the extension of Rehmann’s contract for one year is on the agenda. We have discussed the capital resolution and the reason behind it earlier.

**D3C3 Grant** – Dr. Sawyer said this is the grant that focuses on student success, K12 Relations and mobility through the Wilson and Ballmer Foundations led by the Detroit Chamber. We submitted our final proposal. Our ballpark award is to be somewhere in the $4.7 million range. They are supposed to make a final decision in November.

**Macomb Debt Forgiveness Update** – Dr. Sawyer said we talked in June about using some of our remaining HEERF funding to address student debt and through a recommendation of our financial services area we offered that to students. We had about 2,000 students who were eligible and 1,113 of them took advantage to the tune of $866,000 which is great to be able to remove that burden from students and helping them to be able to pursue a higher education now or in the future. In fact, 190 students registered for classes this fall that otherwise would not have been able to do so. As of a few weeks ago we had 75 students already register for winter. It was a great use of HEERF funds, using it remove those burdens for students.

**Veterans Stand Down Event** – Dr. Sawyer stated the college hosted the Veterans Stand Down Event on September 21. We have hosted this event for a number of years prior to the pandemic. The is an important event for the veterans and community. Veterans can come to the college and receive a variety of different services; dental services, haircuts, help with homelessness and financial insecurity. There are many resource agencies there to help them. We had about 200 veterans participate, which is less than we have had in the past, but it could have something to do with people not wanting to be in crowds. We want to continue hosting this event to serve our veterans.

**Comedy & Cocktails** – Dr. Sawyer unfortunately could not attend Comedy & Cocktails but knows some of the board did. The feedback he received was that it was an outstanding event. The event netted, the highest amount we have ever reached, about $120,000. This was our first Comedy & Cocktails with Continental Dining and the strolling dinner, everything went smoothly. This is a great event and our biggest fundraiser to support art and culture activities at the college.

**Vitale Family Art Show** – Dr. Sawyer announced the Vitale Family Art Exhibition at the college’s Art Gallery at center campus adjacent to L and M buildings. Trustee Vitale and her husband Carlo have a long history in the college’s Art Department. There will be a reception on November 18 from 5 to 8 p.m. in the Art Gallery. We will provide additional information soon and hope you can join us at the reception.

**Board Meeting Schedule** – Dr. Sawyer said during the September information session there was consensus to move the December 21 board meeting to December 14. That change is on the agenda for your approval. Also, a reminder, earlier this year the board agreed to move the November board meeting to Thursday, November 17 at the Lorenzo Cultural Center.
Questions:

Trustee Vitale asked if the number of participants at the Veterans Stand Down events was down a lot? Dr. Sawyer responded that in the past there has been between 300 and 400 veterans but this year only between 200 and 300. Trustee Vitale asked how do they do the outreach to the veterans? Dr. Sawyer said the veterans’ organizations do the outreach. The college’s role is to provide the venue and support. Trustee Vitale asked if it is only for Macomb County veterans and Dr. Sawyer said it is open to all veterans.

6.2 Auditor’s Report - Rehmann

Michelle Fowler and Michelle Hodges, from Rehmann, lead the audit for Macomb Community College. Ms. Fowler stated they gave a detailed presentation of the audit documentation to the audit committee (K. Lorenzo, R. DiMaria, J. Sawyer, L. Argiri, K. Poindexter) and will now give an overview of the results for the year, which were positive. For the financial statement audit, the college received an unmodified or clean opinion and the auditors did not have any audit adjustments. They did not have any internal control modifications that they need to communicate, it was a very clean audit. There was one new standard this year that needed to be implemented related to leases. There were some new balances on the college’s books this year related to certain assets, as well as liabilities, and some deferred inflows of resources. They did not have a significant impact, but they were items that needed to be recorded and some new disclosures added in the footnotes, but those would have been the only changes as it relates to accounting pronouncements.

Dr. Sawyer asked Ms. Fowler to give more details about the leases. Ms. Fowler explained that what the standard is that for any lease arrangements that are greater than a year the college must record future payments and receipts. As a lessor collecting rent, you had to put a receivable on the books, but can’t book the revenue right away, that will happen over time. If the college is leasing a facility you would have to set up a “right to use” asset. You would also have an obligation for that payable, so they equal each other and basically you end up booking the same rent expense by the end of the lease term. This doesn’t have a significant impact on the revenues and expenses, it is just putting things on your statement of net position.

Trustee Dean said you aren’t saying that we have these, you’re just putting it in the documentation so if in fact it does happen. Ms. Fowler said the college does have them, if you look at your statement of net position there are some new amounts related to these. You have a lease receivable and a new right to use lease asset that was recorded. Kathi Poindexter, Director, Finance and Budgets, explained that the college does have one of each. We receive lease payments from Michigan State University for space at the University Center for their Osteopathic Medicine Program, which is a long-term lease. We have a short-term lease that ends next June on the space at First Baptist Church, that we are renting while T building is being renovated. Ms. Fowler said if there are any future lease agreements this would be the accounting standard that management would need to look to for what would be the appropriate accounting and reporting.

Ms. Fowler said as part of the audit they have to audit the federal awards programs the college has and this year they look at the Higher Education Emergency Relief Funds (HEERF) because of the amount. They did not have any findings when they went through and tested for compliance with all the requirements.
for that program. They also have to make sure the internal controls over compliance are working effectively and they did not have issues there either.

Dr. Sawyer stated that it is great to get an unmodified opinion, which we consistently do. It is important to point out, as Treasurer DiMaria did in our audit meeting, that this doesn’t just happen. This is a reflection on K. Poindexter, L. Argiri, their staff and the good work they do. It is an impressive feat to always reach an unqualified opinion and sadly if you regularly do good work, it can be taken for granted. We are fortunate to have such a good group in the financial services area that can provide this to us.

6.3 Brandy Johnson, President, Michigan Community College Association
Brandy Johnson shared her background and gave an overview of the strategic plan for the Michigan Community College Association.

Trustee Vitale said she is grateful for the bridge program due to Covid, it’s amazing. Ms. Johnson said the law required we bring together a small group to define the parameters of that project. We invited President Sawyer to be on our workgroup and he has been hugely helpful.

Trustee Vitale asked Ms. Johnson to explain the MCCA’s role as advocacy for policies and explain the process of how that happens. Ms. Johnson said we have a very active, very engaged legislative committee. Of our 62 board members, we have an executive committee that helps manage the association and a legislative committee which is our first step in vetting for policy proposals. MCCA’s position is very well established on some things, for example increased funding for community colleges is not vetted through the legislative committee, but certainly issues related to the BSN legislation and issues related to the changes to Michigan Reconnect. The legislative committee meets monthly, and she provides updates to bills going through the process. On new issues, they talk it through and if there is very strong consensus among the legislative committee, we make a formal recommendation to the executive committee and the full board about what our position should be or what our advocacy strategy can be. But sometimes there is division on the legislative committee and when that happens she starts calling all the colleges individually to get a more rich set of feedback about policy issues.

Trustee Vitale said she wondered how things got done. Ms. Johnson said a huge part of it is relationships with legislators and their staff. It is a huge part of what she does, building relationships with legislators and then utilizing those relationships to help develop legislation and help get committees scheduled and get on agendas. Lansing is a small town at the end of the day, but we are going to have a tremendous turnover in our legislature because of redistricting and term limits. Early next year we will need to dedicate a lot of time to building relationships with new legislators and educating them not only about the value of community colleges but how they are financed, which is pretty complicated.

Dr. Sawyer added that the turnover of legislators is a big deal. There are some districts in the County where we don’t know any of the candidates, so we’ll have brand new legislators. He attended a meeting of the Macomb Education and Talent Roundtable with the ISD and the County’s Department Economic Development and we talked about making a joint effort to make those connections soon after the first of the year. We have a very collaborative approach in Macomb County and from what he hears that is not typical around the state. We want to bring those legislators onboard the right way because they aren’t
going to know anything. We are so passionate about education at community colleges but there is someone equally passionate about something else so the legislators will be getting inundated with all sorts of things they don’t know anything about. We are talking about how to do that strategically. He and Nicole McKee will be spending a lot of time the first quarter of 2023 establishing those connections both locally and spending time in Lansing trying to build those bridges. It is all about relationships and that is how things get done. Ms. Johnson added that Macomb is so big and politically diverse, she very often emails or calls President Sawyer to ask him to please reach out to this legislator, that is on this committee, and ask that they support this very specific bill and what it would mean for the college. Our colleges are incredibly good at having those relationships with legislators and being able to call someone on their cell phones and say, “wanted to bring this to your attention and here is how it will impact our college.” They are so very helpful and impactful in that arena, and she has to say that community colleges are not hard to lobby for in Lansing. The public perception of community colleges amongst legislators is very strong especially right now things are so divisive with the universities, it has created a real strong contrast to how legislators approach community colleges. They think they are highly affordable for their constituents, provide a great deal of service to their local employers and are the epicenters of their communities, so it is not hard to advocate for community colleges because of the great work of community colleges.

Dr. Sawyer said those relationships are key. Frequently Nicole McKee or he take calls from legislators from the floor, there’s a vote being taken, and they want to know what we think and how does it impact the college. If you don’t have those relations those calls don’t get made and they blindly make those decisions with whatever information they have available to them.

Trustee Flynn asked Ms. Johnson to share more about her family and she did.

Ms. Johnson commented that she can’t say enough good things about President Sawyer and Chairperson Lorenzo. They have showed tremendous leadership and have worked hard to strengthen MCCA for all 31 colleges. Just know that your peers have a great deal of respect for Macomb.

7.0  CLOSED SESSION
There was no need for a closed session.

8.0  ADJOURNMENT
MOTION by Cusumano, supported by Flynn, to adjourn the meeting.

Motion carried.

The meeting adjourned at 7:05 p.m.

COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF MACOMB BOARD OF TRUSTEES

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Secretary