

**NORTHERN MICHIGAN UNIVERSITY
BOARD OF TRUSTEES
Minutes of the Special Session
of
Monday, October 23, 2017**

A special session of the Board of Trustees of Northern Michigan University was held on Monday, October 23, 2017 in the Board of Trustees meeting room, 602 Cohodas Hall, at Northern Michigan University, Marquette, Michigan. The session was convened at 11:00 a.m. by Chair Scott L. Holman.

Trustees present included:

Mr. Scott L. Holman*, Chair	Mr. Robert E. Mahaney*
Ms. Lisa I. Fittante*	Mr. Steven M. Mitchell*
Ms. Alexis M. Hart*	Mr. Richard M. Popp*
Mr. James K. Haveman*	Dr. Fritz J Erickson, ex officio

Trustees absent included:

Ms. Tami M. Seavoy

Senior Staff present included:

Ms. Sandra Haavisto, Controller and Assistant Treasurer
Mr. R. Gavin Leach, Vice President for Finance and Administration and Treasurer of the Board
Mr. Kurt McCamman, General Counsel – Miller Canfield*
Dr. Kerri Schuiling, Provost and Vice President for Academic Affairs
Mr. Steven Stankewicz – Miller Canfield*
Dr. Steven A. VandenAvond, Vice President for Extended Learning and Community Engagement
Ms. Cathy A. Niemi, Secretary of the Board of Trustees

Senior Staff absent included:

Mr. Brad Canale, Chief Executive Officer – NMU Foundation

**via Conference Call*

Secretary Niemi took roll call of Trustees.

MICHIGAN STRATEGIC FUND INVESTMENT AGREEMENT

Vice President Leach reviewed the final terms of the \$6.5 million investment award agreement. The agreement's general purpose is to reimburse NMU for certain fees, costs, and expenses to build out the NMU Educational Access Network (EAN) across Michigan's Upper Peninsula. The key terms of the agreement included:

- Award amount and funding source (Michigan Strategic Fund – MSF)
- Key milestones and dates to be achieved by the project
- Required reporting for the award, including project revenue and net revenues
- Project revenue and net revenue definitions of the award
- Payment requirements of 35% of net revenue back to the MSF
- Twenty (20) year balloon payment if net revenue targets are not achieved and the potential for extension of the agreement
- Identified sections defining gross operating revenues and qualified expenses

- Identified that this would be included in our financial statements

Mr. Leach said that NMU will contribute \$3.2 million in matching funds to the project. As it recovers its expansion costs through subscriptions to its EAN, the university will return 35 percent of net proceeds back to the Michigan Strategic Fund to gradually repay the investment.

It was moved by Trustee Haveman and seconded by Trustee Popp to approve the Michigan Strategic Fund Investment agreement in substantially the form as provided to the Trustees and to authorize Vice President Leach to sign the agreement and take all steps necessary to effectuate the agreement.

Discussion followed.

Trustee Mahaney asked if the milestone payments from the State were being delivered pro-rata to their overall share of the project costs. Mr. Leach said that they were.

Trustee Haveman asked if there would be dashboards related to this for tracking purposes. Mr. Leach said that he will incorporate them as part of the financial dashboards provided at each meeting. Dr. VandenAvond said he would also include the academic offerings to the dashboards. Trustee Popp asked that the dashboards include actual vs. plan and forecast vs. forecasted plan for scenario planning to monitor if we are on track or not.

Trustee Haveman asked what the takeaways are for NMU with this agreement. Mr. Leach said that it enables NMU to build the network more quickly because the funds are available up front to purchase the equipment needed for the large number of sites. He said that NMU's partnerships with cities and townships across the U.P. have allowed us to place equipment on their water towers and other high structures. This is a great example of the university and communities working collaboratively for the benefit of creating an educated citizenry through access to broadband. In areas where high structures don't already exist, we'll have to build them, which adds to the cost. The right equipment in the right place is a critical aspect to building a strong, reliable network.

Mr. Leach also said that in the Upper Peninsula and beyond, many rural households continue to either lack broadband entirely or the minimal speeds required for educational use. Northern's EAN merges the broadband coverage and speed of the university's revolutionary LTE system with a growing array of courses for professional and personal development. NMU is also working with the region's K – 12 school districts and colleges to deliver broadband to students and their families.

Being no further discussion, Chair Holman called the question and the following action was taken:

The motion passed with seven (7) for and zero (0) against.

ADJOURNMENT

Chair Holman adjourned the meeting at 11: 10 a.m.

Respectfully submitted,

Cathy A. Niemi
Secretary of the Board of Trustees