

NORTHERN MICHIGAN UNIVERSITY
BOARD OF TRUSTEES
Minutes of the Special Formal Session
of
Thursday, October 28, 2021

A special formal session of the Board of Trustees of Northern Michigan University was held on Thursday, October 28, 2021, via Zoom Video Conference. The meeting was convened at 9:03 a.m. by Chair Tami M. Seavoy.

Trustees present included:

Ms. Tami M. Seavoy, Chair	Ms. Donna L. Murray-Brown
Ms. Lisa I. Fittante	Mr. Gregory J. Seppanen
Ms. Alexis M. Hart	Mr. Stephen E. Young, Vice Chair
Mr. Robert E. Mahaney	Dr. Kerri D. Schuiling, ex officio
Mr. Jason T. Morgan	

Senior Staff and Counsel present included:

Mr. Brad Canale, Chief Executive Officer – NMU Foundation
Dr. Dale Kapla, Associate Provost – Academic Affairs
Mr. R. Gavin Leach, Vice President for Finance and Administration and Treasurer of the Board of Trustees
Dr. Steven VandenAvond, Vice President for Extended Learning and Community Engagement
Ms. Deanna Hemmila, Executive Director – Board/Government Relations
Ms. Cathy A. Andrew, Secretary of the Board of Trustees
Mr. Kurt McCamman, Legal Counsel
Mr. Jamie Beauchamp, Controller
Ms. Rebecca Schneiderhan, Assistant Controller
Mr. Matt Franti, Director – Budget and Finance

Guests present included:

Mr. Steve Peacock, Principal – Rehmann Robson
Mr. Joshua Sullivan, Principal – Rehmann Robson
Ms. Kadra Kierczynski, Assurance Senior Manager – Rehmann Robson

The meeting was live-streamed on YouTube at <https://bit.ly/nmuavstreaming>

Chair Seavoy made the following announcement:

“As this is a special session for a specific agenda item, this meeting is held via Zoom. We are aware that there were comments made regarding Trustees not appearing in person. However, we were on campus less than a month ago for a public meeting and we had comments at that time. At this point, in order to preserve the resources of the University, we are meeting via Zoom.”

ROLL CALL

Secretary Andrew took roll call and noted that a quorum was met with all Trustees present.

MOMENT OF SILENCE

Dr. Kapla read a memorial for Dr. Jennifer Jezylo, Biology professor, who passed away on October 25, 2021. A moment of silence was held in her honor.

INDIVIDUAL REQUESTS TO ADDRESS THE BOARD

The following individuals addressed the Board:

Dr. Alexander Wilson, faculty member, addressed the Board regarding his views on needed expansion to the natural sciences facilities on campus.

Dr. Jon Barch, faculty member, addressed the Board regarding his views of the current state of student, faculty, and staff wellness, his research program, "ACORN," and faculty contract negotiations.

Mr. Donald McKaba, a fourth-year student, addressed the Board regarding his views on the state of the medicinal plant chemistry program.

Dr. Kathryn Newson, faculty member, addressed the Board regarding her views on the health and safety conditions for faculty during COVID and physical and mental health consultation availability for students, faculty, and staff.

Ms. Brynn Anderson, a fourth-year student, addressed the Board regarding her experience as a student and her support of the faculty.

Mr. Tedd Butler, a third-year student, addressed the Board recognizing and supporting the faculty.

Mr. Derek Baluyut, a chemistry student, addressed the Board regarding his views of the lack of funding in the chemistry and medicinal plant chemistry program.

Mr. John O'Bryan, alumni '21, addressed the Board regarding his views of the bonding proposal for new projects, renewable energy, and net zero carbon standards.

Chair Seavoy said the Board welcomes the engagement on these important issues by the student body, faculty, and community and thanked those individuals who provided comments.

AUDITED FINANCIAL STATEMENTS (Addendum #1)

Vice President Leach introduced Mr. Steve Peacock, Mr. Joshua Sullivan, and Ms. Kadra Kierczynski from Rehmann Robson, NMU's external auditors, who provided an overview of the audited financial statements for year ended June 30, 2021. Mr. Peacock noted that the dates contained on the Independent Auditors' Report on page 21 of the financial statements will be changed to the actual date the Board of Trustees approves the financial statements.

Mr. Peacock stated the audit went smoothly and they are issuing a clean audit report which is the highest level of assurance that can be placed on financial statements. Rehmann Robson staff also noted that the NMU staff involved in this process were very responsive and did a great job throughout.

Trustee Mahaney noted the Finance Committee met with Mr. Peacock and his team, as well as Vice President Leach and his team, and had extensive discussions related to these statements. The Finance Committee is very satisfied and appreciative of the work on the audit and the financial stewardship shown by the University during these uncertain times. He noted the University should be grateful for the fact that NMU is at a position where it has the opportunity to invest significant funds in its people, facilities, and programs going forward. He acknowledged the great work done by everyone during these challenging times of COVID and the multitude of demands placed on the University with the declining enrollment and flat support from the state and noted it's not easy to balance a budget let alone end up in a net positive position. Trustee Mahaney commended everyone involved in this effort.

The following action was taken:

It was moved by Trustee Mahaney and seconded by Trustee Murray-Brown that the Board of Trustees approve the audited financial statements for year-ended June 30, 2021.

Discussion followed:

Trustee Mahaney reiterated NMU has the opportunity to look forward from a strong financial point and make significant investments in NMU's people, facilities, and programs because of the strong financial stewardship the University has shown under the leadership of Vice President Leach.

Being no further discussion, Chair Seavoy called the question:

On a roll-call vote, the Board voted as follows:

<u>Aye</u>	<u>Nay</u>
Lisa I. Fittante	
Alexis M. Hart	
Robert E. Mahaney	
Jason T. Morgan	
Donna L. Murray-Brown	
Tami M. Seavoy	
Gregory J. Seppanen	
Stephen E. Young	

Secretary Andrew announced the vote passed 8 – 0.

FISCAL YEAR 2022 BUDGETS

Vice President Leach provided a report regarding the following recommended fiscal year 2022 budgets, noting that the overall change is a 1% increase in general fund base operations:

- General Fund Base Budget (Addendum #2)
- Designated Fund Base Budget (Addendum #3)
- Auxiliary Operations Budget (Addendum #4)
- Housing and Residence Life Budget (Addendum #5)

The following action was taken:

It was moved by Trustee Hart and seconded by Trustee Seppanen that the Board of Trustees approve the following Fiscal Year 2022 budgets: General Fund Base Budget, Designated Fund Base Budget, Auxiliary Operations Budget, and Housing and Residence Life Budget.

Discussion followed:

Trustee Hart reiterated the fiscal stewardship that Trustee Mahaney previously spoke about.

Chair Seavoy said she appreciates that the funds that come in for residence life are spent on residence life.

Trustee Morgan said Vice President Leach laid out an excellent understanding of dollars NMU will have to invest on a structural basis and then those that are only one-time in nature. He asked Vice President Leach to share if there is a proposed plan for use of those one-time dollars. Vice President Leach made the following statements:

- There are some areas where NMU can utilize those dollars to make some investments in faculty, staff, programs, and ensure there are funds that provide a safety net and long-term financial sustainability for the university.
- They provide NMU some dollars to make investments in faculty and staff wages – a number of one-time adjustments to support faculty, staff, and students have been looked at, and base commitments on the bargained contracts into the future are being made.
- They enable NMU to make new investments that can help drive future enrollment – facilities, student programs, faculty and staff positions, as well as reinvigorate the PIF program through the SISU Institute.
- They can provide a safety net to address the needs of projected enrollment declines and overall revenue that could occur as NMU moves forward.

Trustee Mahaney noted the following:

- He is very pleased with the initiatives that Interim President Schuiling has taken in regards to strategic planning and is looking forward to seeing the outcomes of those efforts.
- It's important to understand that just because NMU has received one-time funds, it doesn't mean it's all cash; we need to keep in mind we are living in uncertain times with state appropriations flat and projected enrollment declines.

Trustee Morgan thanked Vice President Leach and Trustee Mahaney for their explanations. He said he appreciated Vice President Leach hearing thoughts that some of those one-time dollars should go into different facility investments, some we are not able to use, and some of that with the intention of making sure it gets to faculty and staff. It's traditionally thought that one-time dollars are used for infrastructure or maintenance in government, but he believes it has been an unprecedentedly difficult couple of years so making sure NMU is investing in its people is important.

Vice Chair Young thanked Vice President Leach and his team and the administration for the hard work and effort that has gone into this. Vice President Leach and Ms. Deanna Hemmila have done yeoman's work regarding the MPSERS issue in Lansing to try and get the liability reduced for NMU, which was successful this year, which is a big item on our bottom line.

Being no further discussion, Chair Seavoy called the question:

On a roll-call vote, the Board voted as follows:

Aye

Nay

Lisa I. Fittante
Alexis M. Hart
Robert E. Mahaney
Jason T. Morgan
Donna L. Murray-Brown
Tami M. Seavoy
Gregory J. Seppanen
Stephen E. Young

Secretary Andrew announced the vote passed 8 – 0.

FACILITIES – BOND RESOLUTION (Addendum #6)

Vice President Leach said there are a number of capital projects that have been put forward and discussed with the campus community this week which are focused on the academic and student experience on campus. The projects include the following and are part of the Campus Master Plan:

- Renovation of the Career and Engineering Technology Center, which is part of the State capital outlay project, also known as the Jacobetti Complex.
- Relocation of Cosmetology and Hospitality Management into the Northern Center in currently unused space.
- New Health and Wellness Center located down campus by the students in the residence halls.
- Additional science teaching and research labs.
- Behavior Education Assessment and Research (BEAR) Center has outgrown its current space and needs a new facility that can accommodate increased clientele they serve.
- Northern Enterprise Center which would house the College of Business and academic departments currently located in Gries Hall.
- Upgrading and modernizing the existing classrooms in McClintock.
- Renovation of the Harden Hall Library.
- Ice making equipment at the Berry Events Center.
- Turf replacement at the Superior Dome.
- Demolition of West Hall and Gries Hall.
- Renovation of the existing Physical Education and Instruction (PEIF) natatorium.

Vice President Leach noted this would be part of the overall debt issuance of \$31.1 million included in the resolution. The resolution also accounts for the potential for capitalized interest of \$3 million; however, it is not believed it will be utilized – it just provides flexibility in the overall resolution.

The resolution will support the programs, in addition to state capital outlay dollars, donor dollars, and utilization of capital and maintenance funds that are reserved annually.

The following action was taken:

It was moved by Trustee Mahaney and seconded by Trustee Hart that the Board of Trustees approve the resolution authorizing the issuance and delivery of general revenue bonds.

Discussion followed:

Trustee Mahaney touched on the following:

- This represents is approximately \$90 million in total new facility investments and goes back to having the financial discipline that put NMU in the position to issue these bonds at very competitive rates
- This addresses the need for improved services for student, faculty, and staff health and wellness.
- The science facilities, renovation to the Library in Harden Hall, the Northern Enterprise Center – a new home for the College of Business – are projects that have been discussed for many years
- New facilities give NMU a chance to be more competitive in recruiting students and growing enrollment.
- He commended Vice President Leach, Interim President Schuiling, and the entire NMU team for being able to put NMU into this position and looks forward to seeing these facilities come to reality.

Chair Seavoy noted the following:

- These facilities support an array of academic programs, including career tech, engineering, general sciences, hospitality, cosmetology, business, the University library, and vital student services like health and wellness.
- These are not just brick and mortar investments; they are direct investments in NMU students, faculty, quality academic programs, and students services.
- These projects are fully aligned with NMU's vision to foster strong minds and bodies and to develop leaders capable of local and global impact.
- She is really excited about these projects as we move forward.

Being no further discussion, Chair Seavoy called the question:

On a roll-call vote, the Board voted as follows:

Aye

Nay

Lisa I. Fittante
Alexis M. Hart
Robert E. Mahaney
Jason T. Morgan
Donna L. Murray-Brown
Tami M. Seavoy
Gregory J. Seppanen
Stephen E. Young

Secretary Andrew announced the vote passed 8 – 0.

PRECONSTRUCTION SERVICES FOR HOSPITALITY/COSMETOLOGY (Addendum #7)

Vice President Leach reported on a capital project with a cost greater than \$250,000. All projects above this threshold must be approved by the full Board of Trustees. He said this particular project is related to the state capital outlay project and moving Hospital Management and Cosmetology to the Northern Center. NMU needs to complete the design and preconstruction services which amounts to \$355,000.

The following action was taken:

It was moved by Trustee Murray-Brown and seconded by Trustee Hart that the Board of Trustees approve the preconstruction services for Hospitality Management and Cosmetology Design at a cost of \$355,000.

Trustee Murray-Brown said what she appreciates about what she's heard today from the speakers and the presentation regarding this particular investment, is that it goes beyond the buildings we've been talking about. We're talking about enhancement of buildings that provide a greater integration of existing programs and enhancement of student life and makes her proud and hopeful about what is to come.

Trustee Morgan said that related to this project and the other items voted on today, NMU has a goal of getting to carbon neutral and the best opportunity to make significant progress towards that goal is reconstruction, renovation, and making sure we're incorporating those items as we move through these projects.

Vice President Leach said NMU does design towards the LEED level and these projects will be reducing NMU's overall carbon footprint as the square footage of the university will be reduced, which is also reduces energy usage and costs of operating the facilities.

Being no further discussion, Chair Seavoy called the question:

On a roll-call vote, the Board voted as follows:

<u>Aye</u>	<u>Nay</u>
Lisa I. Fittante	
Alexis M. Hart	
Robert E. Mahaney	
Jason T. Morgan	
Donna L. Murray-Brown	
Tami M. Seavoy	
Gregory J. Seppanen	
Stephen E. Young	

Secretary Andrew announced the vote passed 8 – 0.

Chair Seavoy announced that this brings a close all items on the special meeting agenda and as this is a special meeting, there will be no Good of the Order at this point,

Chair Seavoy congratulated Trustee Murray-Brown on the Sharon Parks Award she received from the Michigan League for Public Policy.

The following action was taken:

It was moved by Trustee Mahaney, seconded by Trustee Seppanen, and approved unanimously by a vote of 8 – 0 to adjourn the meeting.

Chair Seavoy adjourned the meeting at 10:20 a.m.

Respectfully submitted,

Cathy A. Andrew
Secretary of the Board of Trustees